



City Hall
555 Santa Clara Street
Vallejo, CA 94590

AGENDA VALLEJO CITY COUNCIL SPECIAL JOINT MEETING WITH VALLEJO REDEVELOPMENT AGENCY

FEBRUARY 26, 2008

MAYOR
Osby Davis

CITY COUNCIL
Tom Barteo, Vice Mayor
Hermie Sunga
Stephanie Gomes
Michael Wilson
Joanne Schivley
Erin Hannigan

VALLEJO SANITATION & FLOOD CONTROL DISTRICT MEETING 6:00 P.M.

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 – CLOSED SESSION** **4:30 P.M. – CITY COUNCIL CONFERENCE ROOM**

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION – INITIATION OF LITIGATION PURSUANT TO SUBDIVISION C OF GOVERNMENT CODE SECTION 54956.9 (NUMBER OF CASES: ONE)

- B. CONFERENCE WITH LABOR NEGOTIATOR PURSUANT TO GOVERNMENT CODE SECTION 54957.6. NEGOTIATORS: JOSEPH TANNER, CITY MANAGER; CRAIG WHITTON, ASSISTANT CITY MANAGER-COMMUNITY DEVELOPMENT; DENNIS MORRIS, HUMAN RESOURCES DIRECTOR; ROB STOUT, FINANCE DIRECTOR; EMPLOYEE ORGANIZATIONS: INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS, LOCAL 1186 (IAFF), VALLEJO POLICE OFFICERS ASSOCIATION (VPOA), INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 2376 (IBEW) AND CONFIDENTIAL, ADMINISTRATIVE AND MANAGERIAL PROFESSIONALS (CAMP)

- C. CONFERENCE WITH LEGAL COUNSEL PENDING LITIGATION/ADMINISTRATIVE HEARING MATTERS PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 54956.9(a): CITY OF VALLEJO V. INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS, LOCAL 1186, SOLANO COUNTY SUPERIOR COURT, CASE NO. FCS 030540; CITY OF VALLEJO V. INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS, LOCAL 1186 PUBLIC EMPLOYMENT RELATIONS BOARD (PERB), UNFAIR PRACTICE ASSOCIATION OF FIRE FIGHTERS, LOCAL 1186, PUBLIC EMPLOYMENT RELATIONS BOARD (PERB), UNFAIR PRACTICE CHARGE CASE NO. SF-CO-166-M

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
 - A. PRESENTATION OF MAYOR'S IMAGE AWARD
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
 - A. ADOPTION OF A RESOLUTION APPROVING CONTRACT CHANGE ORDER NO. 1 TO THE CONTRACT WITH W. BRADLEY ELECTRIC, INC., FOR ADDITIONAL IMPROVEMENTS; FINAL ACCEPTANCE OF CONTRACT COMPLETION FOR THE HAZARD ELIMINATION SYSTEM (HES) SIGNAL PROJECTS AT THE INTERSECTIONS OF BROADWAY AND TENNESSEE STREETS, TUOLUMNE & TENNESSEE STREETS, AND GEORGIA & ALAMEDA STREETS; AND AUTHORIZING THE CITY CLERK TO FILE A NOTICE OF COMPLETION

PROPOSED ACTION: Adopt the resolution approving Contract Change Order No. 1 with W. Bradley Electric, Inc., Novato, California for additional improvements; final acceptance of contract completion of the Hazard Elimination System (HES) Traffic Signal Modification Projects at the intersections of Broadway and Tennessee Streets, Tuolumne and Tennessee Streets, and Georgia and Alameda Streets, Federal Aid Projects STPLH-5030 (036) and STPLH-5030 (040); and authorizing the City Clerk to file a Notice of Completion with the Office of the Solano County Recorder.

- B. APPROVAL OF A RESOLUTION ACCEPTING THE RESIGNATION OF MEMUNA LEE FROM THE ECONOMIC DEVELOPMENT COMMISSION

PROPOSED ACTION: Accept the resignation of Memuna Lee from the Economic Development Commission.

- C. APPROVAL OF RESOLUTION ADOPITNG 1) THE CITY'S STATEMENT OF INVESTMENT POLICY PURSUANT TO GOVERNMENT CODE SECTION 53646 AND 2) DELEGATION OF INVESTMENT AUTHORITY TO CITY FINANCE DIRECTOR/TREASURER

PROPOSED ACTION: Adopt a resolution of the City Council of the City of Vallejo approving the revised Statement of Investment Policy, and continue delegation of investment authority to the City Finance Director/Treasurer for the period March 1, 2008 through February 28, 2009.

- D. APPROVAL OF CITY COUNCIL MINUTES FOR THE MEETING OF FEBRUARY 12, 2008

PROPOSED ACTION: Approve the minutes.

7. RECESS TO SPECIAL MEETING OF THE REDEVELOPMENT AGENCY

8. RECONVENE TO CITY COUNCIL MEETING

9. PUBLIC HEARINGS

- A. CONSIDERATION OF A MITIGATED NEGATIVE DECLARATION, A GENERAL PLAN AMENDMENT, A ZONING MAP AMENDMENT TO REZONE FOUR PARCELS AT THE NORTHWEST CORNER OF BENICIA ROAD AND ROLLINGWOOD DRIVE FROM PUBLIC FACILITY AND PEDESTRIAN COMMERCIAL TO PLANNED DEVELOPMENT RESIDENTIAL AND A MASTER PLAN/UNIT PLAN FOR A 214-UNIT SINGLE-FAMILY DETACHED RESIDENTIAL PROJECT ON THE SITE

PROPOSED ACTION: Adopt a resolution approving a mitigated negative declaration and mitigation monitoring program, approving the General Plan Amendment 07-0001, and holding on first reading an ordinance approving Zoning Map Amendment 07-0001 and the Master Plan/Unit Plan PD 07-0001.

10. POLICY ITEMS – NONE

11. ADMINISTRATIVE ITEMS

- A. COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2007

PROPOSED ACTION: Informational item only. No action will be taken.

- B. DISCUSSION REGARDING CHAPTER 9 BANKRUPTCY PROCEEDINGS

PROPOSED ACTION: Informational item only. No action will be taken.

PLEASE NOTE: A SPECIAL MEETING OF THE CITY COUNCIL WILL BE HELD ON THURSDAY, FEBRUARY 28TH TO CONSIDER AND TAKE ACTION ON THE ADOPTION OF A RESOLUTION OF INTENTION TO AMEND THE BUDGET, THE ADOPTION OF A FISCAL EMERGENCY PLAN AND OTHER ASSOCIATED MATTERS

12. APPOINTMENTS TO BOARDS, COMMISSIONS, AND COMMITTEES

A. APPOINTMENT OF TWO MEMBERS TO GREATER VALLEJO RECREATION DISTRICT BOARD OF DIRECTORS

PROPOSED ACTION: Adopt the resolution appointing two members to the Greater Vallejo Recreation District Board of Directors.

13. 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.

14. CITY MANAGER'S REPORT

15. CITY ATTORNEY'S REPORT

16. 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.

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

18. *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.*

19. ADJOURNMENT

VALLEJO REDEVELOPMENT AGENCY
SPECIAL MEETING 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 this notice before or during consideration of that item. No other items may be discussed at this special meeting.

1. CALL TO ORDER

A. ROLL CALL

2. CONSENT CALENDAR AND APPROVAL OF AGENDA

A. APPROVAL OF RESOLUTION ADOPTING 1) THE REDEVELOPMENT AGENCY'S STATEMENT OF INVESTMENT POLICY PURSUANT TO GOVERNMENT CODE SECTION 53646 AND 2) DELEGATION OF INVESTMENT AUTHORITY TO CITY FINANCE DIRECTOR/TREASURER

PROPOSED ACTION: Adopt a Resolution of the Redevelopment Agency of the City of Vallejo approving the revised Statement of Investment Policy, and continue delegation of investment authority to the City Finance Director/Treasurer for the period March 1, 2008 through February 28, 2009.

3. ADJOURNMENT

4. RECONVENE CITY COUNCIL MEETING




Agenda Item No. CONSENT A

COUNCIL COMMUNICATION

Date: February 26, 2008

TO: Honorable Mayor and Members of the City Council

FROM: Gary A. Leach, Public Works Director 

SUBJECT: ADOPTION OF A RESOLUTION APPROVING CHANGE ORDER NO. 1 TO THE CONTRACT WITH W. BRADLEY ELECTRIC, INC. FOR ADDITIONAL IMPROVEMENTS; FINAL ACCEPTANCE OF CONTRACT COMPLETION FOR THE HAZARD ELIMINATION SYSTEM (HES) TRAFFIC SIGNAL MODIFICATION PROJECTS AT THE INTERSECTIONS OF BROADWAY AND TENNESSEE STREETS, TUOLUMNE AND TENNESSEE STREETS, AND GEORGIA AND ALAMEDA STREETS; AND AUTHORIZING THE CITY CLERK TO FILE A NOTICE OF COMPLETION

BACKGROUND AND DISCUSSION

Due to an increase in vehicle volume and conflicts as well as increased pedestrian volume the City determined protected left turn phases should be installed for the minor legs of the intersections of Broadway at Tennessee Street and Tuolumne Street at Tennessee Street.

Currently, protected left turn phases are installed for the major legs of both intersections. Due to the growing number of vehicle conflicts and the increased pedestrian volume at the intersection of Georgia Street at Alameda Street, the City determined that protected left turn phases for all legs of the intersection should be installed to improve traffic and pedestrian safety at the intersection. The City submitted grant applications to Caltrans for both projects through the Hazard Elimination Safety (HES) Grant Program. Both applications were successful and received Federal funding.

Plans were approved in September of 2006. Soon thereafter, the City Clerk advertised the Notice to Construct. Bids were opened on Thursday, September 21, 2006, with three contractors bidding on the project.

The project was awarded to the lowest bidder W. Bradley Electric Inc., Novato, CA, on October 10, 2006 for a contract in the amount of \$445,832.50. Work began on March 14, 2007. Change Order items were added to cover additional improvements not included in the original construction contract. Final operations were concluded on July 20, 2007 including Punch List items. The project is now ready for final acceptance. Therefore, staff recommends that the City Council accept the work of W. Bradley Electric, Inc. as complete.



FISCAL IMPACT

The City has accepted a federal grant of \$310,230 with a local match of \$34,470 required. Additionally, the project budget included \$236,000 TIMF funds. Total funds budgeted for the project were \$580,700.

The total cost of Contract Change Order No. 1 is \$6,273.00, bringing the total value of the construction contract with W. Bradley Electric Inc., to \$363,959.74. The cost of Construction Engineering (contract administration, construction inspection and support by maintenance department) was \$100,000. Total expenditures to complete the project were approximately \$463,959.74 including construction engineering and construction inspection which is within the budget.

RECOMMENDATION

Staff recommends adoption of a resolution approving Contract Change Order No. 1 with W. Bradley Electric, Inc., Novato, California for additional improvements; final acceptance of contract completion of the Hazard Elimination System (HES) Traffic Signal Modification Projects at the intersections of Broadway and Tennessee Streets, Tuolumne and Tennessee Streets, and Georgia and Alameda Streets, Federal Aid Projects STPLH-5030 (036) and STPLH-5030 (040); and authorizing the City Clerk to file a Notice of Completion with the Office of the Solano County Recorder.

ENVIRONMENTAL REVIEW

On February 22, 2005 Jo Ann Cullom, the Environmental Coordinator for Caltrans Local Assistance Projects, issued a Programmatic Categorical Exclusion for the project to modify the traffic signals at the intersections of Broadway and Tennessee Streets and Tuolumne Street and Tennessee Streets.

On November 21, 2005 Jo Ann Cullom, the Environmental Coordinator for Caltrans Local Assistance Projects, issued a Programmatic Categorical Exclusion for the project to modify the traffic signal at the intersection of Georgia Street and Alameda Streets. No further CEQA action is required by the City Council.

PROPOSED ACTION

Adopt a resolution approving Contract Change Order No. 1 with W. Bradley Electric, Inc., Novato, California for additional improvements; accept the contract completion of the Hazard Elimination System (HES) Traffic Signal Modification Projects at the intersections of Broadway and Tennessee Streets, Tuolumne and Tennessee Streets, and Georgia and Alameda Streets, Federal Aid Projects STPLH-5030 (036) and



STPLH-5030 (040); and authorize the City Clerk to file a Notice of Completion with the Office of the Solano County Recorder.

DOCUMENTS AVAILABLE FOR REVIEW

- a. A resolution approving Contract Change Order No. 1; accepting the contract with W. Bradley Electric Inc., as complete; and authorizing the City Clerk to file a Notice of Completion with the Solano County Recorder's Office.

CONTACT PERSON

David A. Kleinschmidt, City Engineer
(707) 648-4301
david@ci.vallejo.ca.us

FEBRUARY 26, 2008
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RESOLUTION NO. 08-_____ N.C.

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

WHEREAS, on October 10, 2006, the City Council through Resolution No. 06-308 N.C. awarded a contract to W. Bradley Electric, Inc., Novato, California for the Hazard Elimination System (HES) Traffic Signal Modification Project at the intersections of Broadway and Tennessee Streets, Tuolumne and Tennessee Streets, and Georgia and Alameda Streets, Federal Aid projects STPLH-5030 (036) and (040); and

WHEREAS, additional improvements beyond the original contract amount under Change Order No. 1 in the amount of \$6,273 were required to provide a completely operational project prior to the City accepting the operation of the facility; and

WHEREAS, the work for the Hazard Elimination System (HES) Traffic Signal Modification Project at the intersections of Broadway and Tennessee Streets, Tuolumne and Tennessee Streets, and Georgia and Alameda Streets, Federal Aid Projects STPLH-5030 (036) and (040), within the City of Vallejo, County of Solano, California by W. Bradley Electric Inc., Novato, California, is now complete as detailed in their contract dated October 10, 2006, and the same is hereby accepted.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Vallejo that Contract Change Order No. 1 to W. Bradley Electric, Inc., Novato, California is hereby approved in the amount of Six Thousand Two Hundred Seventy Three Dollars (\$6,273.00) for additional improvements, bringing the total obligation to W. Bradley Electric, Inc. to \$363,959.74.

BE IT FURTHER RESOLVED that the City Clerk is hereby authorized and directed to file a Notice of Completion with the Recorder of Solano County, California.

FEBRUARY 26, 2008

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CONSENT B

From: "Memuna Lee" <memunalee@gmail.com>
To: <annette@ci.vallejo.ca.us>
Date: 2/8/2008 10:49 AM
Subject: Commissioner Lee

Annette,

As of today, February 8, 2007 I am tendering my resignation on the Economic Development Commission. Due to personal reasons I find that the commitment is one that I cannot at this time continue to uphold. I hope that in the future I will be able to serve the city of Vallejo in some helpful capacity.

Best regards,

Memuna Lee

RESOLUTION NO. N.C.

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

THAT WHEREAS, Memuna Lee was originally appointed to the Economic Development Commission on February 6, 2007.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Vallejo does hereby accept, with regret, the resignation of Memuna Lee from the Economic Development Commission.

ADOPTED by the Council of the City of Vallejo at a regular meeting held on February 26, 2008 with the following vote:

AYES:
NOES:
ABSENT:
ABSTENTIONS:

OSBY DAVIS, Mayor

ATTEST:

MARY ELLSWORTH, City Clerk



CC/RDA
CONSENT A

Agenda Item No.

**VALLEJO REDEVELOPMENT AGENCY
COUNCIL COMMUNICATION**

Date: February 26, 2008

TO: Honorable Chairperson and Members of the Redevelopment Agency
Honorable Mayor and Members of the City Council

FROM: Susan Mayer, Acting Finance Director

SUBJECT: APPROVAL OF RESOLUTIONS ADOPTING 1) THE CITY'S STATEMENT OF INVESTMENT POLICY PURSUANT TO STATE OF CALIFORNIA GOVERNMENT CODE SECTION 53646 AND 2) DELEGATION OF INVESTMENT AUTHORITY TO CITY FINANCE DIRECTOR/TREASURER.

BACKGROUND & DISCUSSION:

The City's Statement of Investment Policy requires that it be reviewed annually to ensure consistency with respect to the objectives of safety, liquidity, yield and relevance to current laws and financial and economic trends. California Government Code Section 53646 provides that the City's Investment Policy may be rendered annually to the City Council for consideration.

The City's Statement of Investment Policy has been revised (Attachment 3), based upon the written Investment Policy guidelines of the Association of Public Treasurers' of the United States and Canada. In addition, the City's outside professional investment managers, Wells Capital Management and Chandler Asset Management, also reviewed the proposed policy. The proposed changes in the Investment Policy are a result of this review process. The prior Council approved Investment Policy dated February 27, 2007, showing all proposed additions and deletions is also attached (Attachment 4).

In 2001, the City's investment policy was awarded the Association of Public Treasurers' of the United States and Canada (APT) Certification of Excellence Award. The revised Investment Policy continues to adhere to these standards.

California Government Code Section 53646 requires that the City's Statement of Investment Policy and any material changes in the Policy may be approved by Council annually at a public meeting. California Government Code Section 53607 limits the authorization of the legislative body to delegate investment authority to a one-year period, renewable annually.



The City Council last approved the Statement of Investment Policy and continued delegation of investment authority to the City Finance Director/Treasurer on February 27, 2007. This policy has routinely been updated on an annual basis.

The Finance Director/Treasurer has the responsibility for ensuring that any investment decision complies with the investment policy. The Treasurer is required to file a quarterly investment report with the City Council within 30 days following the end of the quarter covered by the report to ensure that the City Council has timely information. This requirement was met throughout Fiscal Year 2006-07.

The key provisions of the existing policy are as follows:

Safety of principal is the foremost objective of the investment policy. Diversification and maturity limitations are required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity. The portfolio will remain sufficiently liquid to enable the City to meet all cash flow requirements that might be reasonably anticipated for the next six months.

The resources of the pool notwithstanding, at the present time, it is uncertain whether the General Fund will be able to meet its financial obligations with its available resources for the next six months. As has been discussed with Council for some time, the General Fund has been steadily drawing down its reserves and fund balances for the last several years. The current economic uncertainty associated with the sub-prime mortgage crisis has caused several of the City's major revenue sources to plunge and made forecasting difficult. In addition, the large contractually required increases in payroll costs have made efforts to reduce expenditures problematic. The City management is currently engaged in discussions with all of its labor groups to develop a multi-year plan to reduce service levels and its cost structure. The City believes that it will be successful in those efforts.

Return on Investment. The portfolio will be maintained with the objectives of safety and liquidity first, and then the objective of obtaining a market-average rate of return.

This year, staff proposes making minor changes to the policy in order to delete obsolete language. Beginning in 2007, the City no longer has the requirement to submit its Investment Policies and Reports to CDIAC (California Debt and Investment Advisory Commission). AB 943 had a December 31, 2006 sunset date.

There is no budget or financial impacts resulting from this staff report. Although the State of California suspended the mandate requiring investment reporting set forth by Government Code Section 53646, the City Treasurer will continue to provide investment reporting and an annual update of the Investment Policy.



PROPOSED ACTION:

1. Adopt a Resolution of the City Council of the City of Vallejo ("City") approving the revised Statement of Investment Policy (Attachment 3), and continue delegation of investment authority to the City Finance Director/Treasurer for the period March 1, 2008, through February 28, 2009.
2. Adopt a Resolution of the Redevelopment Agency of the City of Vallejo ("Agency") approving the revised Statement of Investment Policy (Attachment 3), and continue delegation of investment authority to the City Finance Director/Treasurer for the period March 1, 2008, through February 28, 2009.

DOCUMENTS ATTACHED:

1. Resolution of the City Council of the City of Vallejo ("City") approving the revised Statement of Investment Policy (Attachment 3), and continue delegation of investment authority to the City Finance Director/Treasurer for the period March 1, 2008, through February 28, 2009.
2. Resolution of the Vallejo Redevelopment Agency ("Agency") approving the revised Statement of Investment Policy (Attachment 3), and continue delegation of investment authority to the City Finance Director/Treasurer for the period March 1, 2008, through February 28, 2009.
3. Attachment 3. Revised City of Vallejo, and Redevelopment Agency of the City of Vallejo Statement of Investment Policy Dated February 26, 2008.
4. Attachment 4. Prior Year City of Vallejo Statement of Investment Policy Dated February 27, 2007, Showing All Proposed Additions And Deletions.

PREPARED BY:

Jon R. Oiler, Auditor Controller
(707) 648-4593

CONTACT:

Susan Mayer, Acting Finance Director
(707) 648-4486.

RESOLUTION NO. _____ N.C.

RESOLUTION OF THE CITY COUNCIL APPROVING THE STATEMENT OF INVESTMENT POLICY PURSUANT TO STATE OF CALIFORNIA GOVERNMENT CODE SECTION 53646 AND DELEGATING INVESTMENT AUTHORITY TO THE CITY FINANCE DIRECTOR/TREASURER FOR THE PERIOD MARCH 1, 2008, THROUGH FEBRUARY 28, 2009

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

WHEREAS, Section 53646 of the Government Code requires that "...the treasurer or chief fiscal officer may annually render to the legislative body of the local agency and any oversight committee a Statement of Investment Policy..."; and

WHEREAS, Section 53607 of the Government Code provides that the legislative body may delegate the authority to invest to the treasurer on an annual basis; and

WHEREAS, the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Section 53601 et seq.; and

WHEREAS, Section 53646 (a) of the Government Code requires that the treasurer may annually prepare and submit a Statement of Investment Policy and such policy, and any changes thereto, shall be considered by the legislative body at a public meeting; and

WHEREAS, the Annual Statement of Investment Policy was last reviewed and adopted on February 27, 2007; now, therefore:

IT IS HEREBY RESOLVED BY THE COUNCIL OF THE CITY OF VALLEJO, CALIFORNIA, AS FOLLOWS:

- Section 1. The Statement of Investment Policy for the City of Vallejo, as amended and set forth in the attached "Attachment 3", is hereby approved and ratified.
- Section 2. The Vallejo City Council delegates investment authority to the Finance Director/Treasurer for a period of one year, from March 1, 2008, through February 28, 2009, in accordance with the Policy.
- Section 3. This Resolution shall be in full force and effect from and after its passage and signature as provided by law.

RESOLUTION NO. _____

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO APPROVING THE STATEMENT OF INVESTMENT POLICY PURSUANT TO STATE OF CALIFORNIA GOVERNMENT CODE SECTION 53646 AND DELEGATING INVESTMENT AUTHORITY TO THE CITY FINANCE DIRECTOR/TREASURER FOR THE PERIOD MARCH 1, 2008 THROUGH FEBRUARY 28, 2009

BE IT RESOLVED by the Redevelopment Agency of the City of Vallejo ("Agency"), as follows:

WHEREAS, Section 53646 of the Government Code requires that "...the treasurer or chief fiscal officer may annually render to the legislative body of the local agency and any oversight committee a Statement of Investment Policy..."; and

WHEREAS, Section 53607 of the Government Code provides that the legislative body may delegate the authority to invest to the treasurer on an annual basis; and

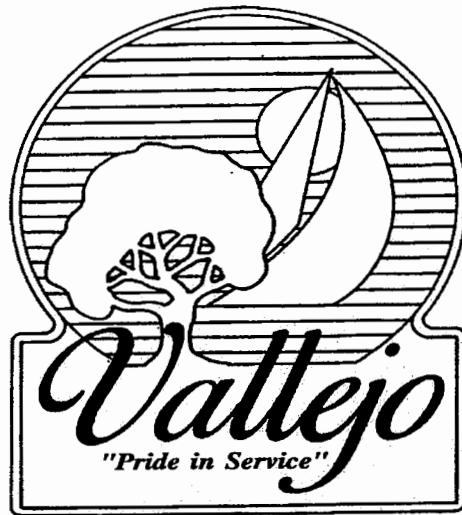
WHEREAS, the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Section 53601 et seq.; and

WHEREAS, Section 53646 (a) of the Government Code requires that the treasurer may annually prepare and submit a Statement of Investment Policy and such policy, and any changes thereto, shall be considered by the legislative body at a public meeting; and

WHEREAS, the Annual Statement of Investment Policy was last reviewed and adopted on February 27, 2007; now, therefore:

IT IS HEREBY RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO ("AGENCY"), AS FOLLOWS:

- Section 1. The Statement of Investment Policy for the Redevelopment Agency of the City of Vallejo, as amended and set forth in the attached "Attachment 3", is hereby approved and ratified.
- Section 2. The Redevelopment Agency of the City of Vallejo delegates investment authority to the City Finance Director/Treasurer for a period of one year, from March 1, 2008, through February 28, 2009, in accordance with the Policy.
- Section 3. This Resolution shall be in full force and effect from and after its passage and signature as provided by law.



**CITY OF VALLEJO, CALIFORNIA
REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO**

**STATEMENT OF
INVESTMENT POLICY**

**Adopted by the City Council and Redevelopment Agency of the City of Vallejo
On February 26, 2008**

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CITY OF VALLEJO
REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO
INVESTMENT POLICY

1.0 POLICY

It is the policy of the City of Vallejo and the Redevelopment Agency of the City of Vallejo (hereinafter collectively "City") to invest public funds of the City in a prudent manner which will provide security of principal and achieve a reasonable rate of return on public funds while maintaining sufficient liquidity to insure that the City is able to meet daily cash flow requirements, and conforming to all state and local statutes governing the investment of public funds.

2.0 SCOPE

Pursuant to California Government Code Section 53600 et. seq., the City Council as the legislative body of the City has primary responsibility for investment of money in the City Treasury not required for the immediate needs of the City. In accordance with the Charter of the City, the City Council has assigned the responsibility of investing the unexpended cash of the City Treasury to the City Manager. Furthermore, daily management responsibility for unexpended cash and the investment portfolio has been further delegated by the City Manager to the City Finance Director/Treasurer. This Investment Policy applies equally to both the City of Vallejo and the Redevelopment Agency of the City of Vallejo.

Therefore, as authorized under California Government Code Section 53607, the City Council hereby delegates its authority to invest or reinvest the funds of the City, and to buy, sell or exchange securities so purchased, to the City Finance Director/Treasurer who shall assume full responsibility for all such transactions until such time as this delegation of authority may expire or be revoked by the City Council.

A. This investment policy shall apply to all financial assets and investment activities of the City of Vallejo and the Vallejo Redevelopment Agency including the following fund types:

1. General Fund
2. Special Revenue Funds
3. Debt Service Funds
4. Capital Project Funds
5. Enterprise Funds
6. Internal Service Funds
7. Trust & Agency Funds

B. This policy does not cover funds held by the Public Employees Retirement System nor shall it apply to investments held by the administrators of the City's IRS Code Section 457 Deferred Compensation program.

C. Except for cash in certain restricted and special funds, the City will consolidate cash balances from all funds to maximize investment options.

D. The proceeds of City bond issues, notes or similar financings including, but not limited to reserve funds, project funds, debt service funds and capital trust funds derived from such financings, as well as funds set aside to defease City or RDA debt in conjunction with an advance refunding agreement, shall be invested pursuant to their respective bond or trust indentures or the State of California Government Code 53600 et. seq., as applicable and not necessarily in compliance with this policy.

3.0 INVESTMENT INCOME AND EXPENSE ALLOCATIONS

Investment income will be allocated to the various funds based on their respective participation based on the cash balance in each fund as a percentage of the entire pooled portfolio, or such other method as otherwise directed by the City Finance Director/Treasurer, and in accordance with generally accepted accounting principles.

The costs of managing the investment portfolio, including but not limited to: investment management fees; accounting for the investment activity; custody of the assets; oversight controls; are charged to the individual funds on an annual basis, based upon actual expenses incurred, or using such other method as otherwise directed by the City Finance Director/Treasurer.

4.0 PRUDENCE

The City will manage the investment portfolio under the Prudent Investor Standard, which as authorized under California Government Code Section 53600.3 states that:

"Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

In determining whether an investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over which the official had responsibility rather than consideration as to the prudence of a single investment and, whether the investment decision was consistent with the City's Investment Policy and written investment procedures.

The City recognizes that in a diversified portfolio selected losses may occur when selected securities are sold to meet cash flow needs or to improve the overall portfolio performance and must be considered within the context of the overall portfolio's investment return.

This standard of prudence shall be applied in the context of managing the City and RDA's investment portfolios.

5.0 INVESTMENT OBJECTIVES

The objective of this policy is to provide guidance to invest City funds in accordance with California Government Code Section 53600 et. seq., using sound treasury management principles with the following objectives, in order of priority:

- A. **Safety:** Safety of invested funds is the first and primary objective of the City's investment program. The highest priority must be accorded to the preservation and protection of capital.
- B. **Liquidity:** Maintenance of sufficient liquidity to meet all cash flow requirements that might be reasonably anticipated for at least six (6) months.
- C. **Return:** The City's investment portfolio shall be designed with the objective of attaining the best return, throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio, consistent with the higher priorities accorded to the safety and liquidity of principal.

Investments shall be selected in a manner that will attempt to ensure the safety of the City's capital. This will be accomplished through a program of investment instrument selection, diversification and maturity limitations. Investment transactions shall seek to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value.

A. SAFETY

To protect the value of the principal and interest of the invested funds, the City will invest only in securities with acceptable credit quality as outlined in the California Government Code Section 53600 et. Seq. which include, but are not limited to, those backed by the U.S. Government or its agencies; those which have insurance on principal backed by FDIC or FSLIC; or those which have legally required collateral backing of the invested principal.

Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. This statement refers to the overall portfolio as opposed to individual investments. The objective will be to minimize credit risk and market risk.

It is recognized that within a well-diversified portfolio, at any particular point in time, that security valuations are impacted by changes in interest rates and economic conditions. Accordingly, securities may at times be worth less than the original purchase price based on market fluctuations. It is further understood, that in the event of the need for a forced liquidation of investments to meet unplanned or unanticipated cash flow demands, a potential loss of investment principal might occur.

The City recognizes that investment risk can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to minimize and control these risks.

a. Credit Risk - Credit Risk is the risk of loss due to the failure of the security issuer or backer to fulfill its obligations. Credit risk will be mitigated by:

- Limiting investments to the acceptable credit quality as outlined in the California Government Code Section 53600 et. Seq.; and
- Pre-qualifying the financial institutions, broker/dealers and intermediaries with which the City will do business; and
- Diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the City's cash flow.

b. Market Risk - Market risk is the risk that the market value of securities in the portfolio will fall due to market influence such as changes in general interest rates. Market risk may be minimized by:

- Structuring the investment portfolio to limit the average maturity of the City's portfolio to a maximum of three years and the maximum legal final maturity of any one security in the portfolio to five years, and by structuring the portfolio with an adequate mix of highly liquid securities and maturities to meet major cash outflow requirements.

B. LIQUIDITY

Maturity dates of investments will be timed to make available funds for payment obligations that may be reasonably anticipated. Liquidity refers to the ability to sell investments at any given moment while minimizing the chance of losing some portion of principal or interest. Since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.

Furthermore, the City shall maintain short term investments which offer same day liquidity for short-term funds.

C. RETURN ON INVESTMENTS

The City of Vallejo's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. Return on investments is subordinate to the requirements of safety and liquidity. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

6.0 PERFORMANCE STANDARDS

The City's investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the city's investment risk constraints and cash flow. In order to assist in the evaluation of the portfolios' performance, the City will use a performance benchmark for the portfolio consistent with agreed-upon maturity targets that fall within the portfolio-established maturity parameters. Useful comparative benchmarks of the City's portfolio performance will be the quarter-to-date LAIF apportionment rate, and the two-year U.S. Treasury Note yield. This maturity range is an appropriate benchmark based on the objectives of the City. Whenever possible, and consistent with risk limitations as defined herein and prudent investment principles, the Treasurer shall seek to augment returns above the market-average rate of return.

7.0 DIVERSIFICATION

The City will diversify its investments to reduce credit risk or market risk losses to the portfolio as a whole, while still attaining a market-average rate of return. Diversification requires not just a mix of instrument types, but also a mix of maturities and issuers. No more than 5% of the portfolio is to be invested in any one issue (except the Local Agency Investment Fund). With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

8.0 REPORTING

In accordance with California Government Code Section 53646, the Treasurer may submit an investment report to the City Council on a quarterly basis within 30 days of the end of the quarter, which provides a review of investments and summarizes total investment return as described in items A through E found below within this section.

The report shall include the following information:

- A. Type of investment, issuer, date of maturity, par value and dollar amount invested in all securities, investments and money held by the City at the end of the reporting period; and
- B. A listing of individual securities held at the end of the reporting period by authorized investment category and percentage of portfolio represented by each investment category; and
- C. Average life and final maturity of all investments listed, and coupon, discount or earnings rate; and
- D. Par Value, Fair Value and Cost Value; and

- E. For all securities held by the City or under management by an outside party that is not a local agency pool or the State of California Local Agency Investment Fund, the current fair value as of the date of the report; and
- F. Statement that the portfolio complies with the Investment Policy or the manner in which the portfolio is not in compliance; and
- G. Statement that the City has the ability to meet its pooled expenditure requirements (cash flow) for the next six months or provide an explanation as to why sufficient money shall or may not be available.

If the City places all of its investments in the Local Agency Investment Fund, Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association (or any combination of these three), the Finance Director can simply submit, on at least a quarterly basis, the most recent statements from these institutions to meet the requirements of items A - D above, with a supplemental report addressing items E - H above, per California Government Code Section 53646(b)-(e).

9.0 **SAFEKEEPING AND CUSTODY**

All security transactions of the City and RDA, including collateral on repurchase agreements, will be executed by delivery-versus-payment (DVP). This ensures that securities are deposited in the eligible financial institution prior to the release of funds. A third party custodian, as designated by the Treasurer and as evidenced by safekeeping receipts, will hold securities of the City and RDA.

10.0 **AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

If deemed necessary by the Finance Director/Treasurer, the Treasurer's office will maintain a list of financial institutions authorized to provide investment services, including approved security broker/dealers.

- A. The City and Redevelopment Agency shall transact business only with banks, savings and loans, and with investment securities dealers as defined in Government Code Section 53601.5:

53601.5 – Designated entities from whom a local agency may purchase authorized investments:

“The purchase by a local agency of any investment authorized pursuant to Section 53601 or 53601.1, not purchased directly from the issuer, shall be purchased either from an institution licensed by the state as a broker-dealer, as defined in Section 25004 of the Corporations Code, or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a federal or state association (as defined by Section 5102 of the Financial Code) or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank.”

- B. Before accepting funds or engaging in investment transactions with the City, the supervising officer at each depository and recognized securities broker/dealer shall submit a certification that the officer has reviewed the investment policies and objectives and agrees to disclose potential conflicts or risks to public funds that might arise out of business transactions between the firm/depository and the City of Vallejo.

11.0 COLLATERALIZATION

Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level for any amount exceeding FDIC coverage shall be in accordance with California Government Code Section 53652 and/or 53651 (m)(1).

The City chooses to limit acceptable collateral to the following: Cash, U.S. Treasury Bills, Notes and Bonds, and Federal Agency issues.

Collateral will always be held in the City's name by an independent third party with whom the City of Vallejo has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City.

The right of collateral substitution is reserved by the City.

12.0 DELEGATION OF AUTHORITY

In accordance with State law (SB 109), the City Council designates the Finance Director/Treasurer and/or those person(s), city employees, outside professional investment managers or fund managers assigned or designated by the Finance Director/Treasurer, to perform the needed investment transactions in accordance with this Policy. At times of absence of the Finance Director/Treasurer, the Assistant Finance Director, or other City Finance Director/Treasurer designee shall perform those functions of the investment of City or RDA Funds. In the absence of the Finance Director/Treasurer, the Assistant Finance Director, and other City Finance Director/Treasurer designees, the City Manager shall assume this responsibility. The investment authority granted to the investing officers is effective until rescinded by the City Council or until termination of the person's employment by the City. No person may engage in an investment transaction except as provided for under the terms of this policy. Although the Finance Director/Treasurer may delegate these duties to another official in the Department of Finance, the Finance Director shall be responsible for all transactions undertaken and will establish a system of controls to regulate the activities of subordinate officials. Section 53607 of the State of California Government Code limits the authorization of the legislative body to delegate investment authority to a one-year period, renewable annually.

13.0 ETHICS AND CONFLICT OF INTEREST

In accordance with California Government Code Sections 1090 et seq. and 87100 et seq., officers and employees of the City will refrain from any activity that could conflict with the proper execution of the investment program or which could impair their ability to make impartial

investment decisions for the City or RDA. All investment personnel shall comply with the reporting requirements of the Political Reform Act, to include the annual filing of Statements of Economic Interest. No investments will be made with or through any family or blood-related relative or any firm that employs any family or blood-related relative of any City Elected Official, Appointed Official, or City employee.

14.0 **INTERNAL CONTROL**

The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

15.0 **POLICY REVISION AND ADOPTION**

This Investment Policy shall be reviewed and adopted at least annually by resolution of the City Council of Vallejo. Furthermore, it can be revised whenever necessary by the City Council or Finance Director with City Council approval, and any modifications made thereto must be approved by the City Council, as required by law.

16.0 **PROHIBITED TRANSACTIONS**

Certain investment practices and instruments may be inconsistent with the safety of invested funds, or prohibited by the State of California Government Code Section 53601.6 and are therefore prohibited transactions. Prohibited investments include securities not listed in Attachment A below, as well as but not limited to:

A. Investments Prohibited by State of California Government Code Section 53601.6:

1. Mortgage Derived Interest-Only Strips.
2. Any security that could result in zero interest accrual if held to maturity.
3. "Complex" derivative structures such as range notes or inverse floaters.

B. Additional Investments Prohibited by the City of Vallejo:

1. No direct investment in financial agreements whose returns are linked to or derived from the performance of some underlying assets such as stocks, bonds, currencies or commodities products ("Derivatives"). Only allowed as part of the City's investments in Government Investment Pools and sweep accounts. This may include dual index notes, leveraged or de-leveraged floating rate notes, or any other complex variable rate or structured note, and any other financial derivative.
2. Leveraged investing, such as in margin accounts or any form of borrowing against or otherwise obligating city investments for the purpose of investment.
3. Options and future contracts.

4. Taking short positions; that is, selling securities that the City does not own.
5. Equity Securities (Common or Preferred Stocks).

Purchasing these types of instruments does not coincide with the City's Investment Policy objectives and would require a thorough review and monitoring of the underlying security. Although some of these transactions are legal under California Government Code, they do not meet the objectives contained in this Investment Policy.

Prohibited investments already held in the portfolio at the time of adoption of this policy may continue to be held until maturity at the discretion of the Finance Director/Treasurer.

17.0 MAXIMUM MATURITY LIMIT

To the extent possible, the City of Vallejo will attempt to match its investments with anticipated cash flow requirements. In compliance with State of California Government Code Section 53601, the City will not directly invest in any securities with a legal final maturity of more than five years from the date of purchase unless specifically approved by the City Council.

Furthermore, in order to maintain liquidity, the weighted average time to maturity of the City's investment portfolio shall not exceed three years. The Treasurer shall adjust average portfolio maturity to market conditions and specific investment goals/return objectives, as needed.

18.0 PORTFOLIO MANAGEMENT

Following the primary objective of preservation of capital, the investment portfolio may be actively managed to take advantage of market opportunities. In doing so, negotiable securities may be sold prior to their maturity to provide liquid funds as needed for cash flow purposes, to enhance portfolio returns, or to restructure maturities to increase yield and/or decrease risk. In addition, fluctuations in market rates or changes in credit quality may produce situations where securities may be sold at a loss in order to mitigate further erosion of principal or to reinvest proceeds of sale in securities that will out-perform the original investment. In practice, however, it is primarily a hold to maturity portfolio.

19.0 USE OF EXTERNAL PROFESSIONAL INVESTMENT MANAGERS

The City may employ the services of professional investment managers to assist in the management of the City's investment portfolio. Such managers may be granted the discretion to purchase and sell investment securities in accordance with this Investment Policy. In addition, such managers may review cash flow requirements, formulate investment strategies, and execute security purchases, sales and deliveries. External investment managers must be well established and exceptionally reputable. Members of the staffs of such companies who will have primary responsibility for managing the City's investments must have a working familiarity with the special requirements and constraints of investing municipal funds in general and this City's funds in particular. Such managers shall only be retained by written agreement with the City, and approved by the City Council. They must contractually agree to conform to

the City's Investment Policy and all provisions of governing law and collateralization and other requirements contained herein.

Investment Managers shall exercise reasonable care in compliance with this Investment Policy and their Investment Management Agreements. If an Investment Manager causes a loss of funds to the City where the Manager is held to be liable for the loss of funds, compensation due to the City from the Investment Manager for such loss of funds is defined in each investment management agreement.

No more than 40 percent of the City's total investment portfolio may be placed in any one investment management account. In order to implement this requirement, the City's portfolio assets will be reallocated annually among its investment managers based on June 30 year-end values.

20.0 INDEMNIFICATION OF CITY INVESTMENT OFFICIALS

The City Finance Director/Treasurer and any other City of Vallejo employee designated or assigned to perform the investment transactions and/or manage the City's investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, will not be held personally liable for any individual investment losses or total portfolio losses and shall be relieved of personal responsibility and liability for any individual security's credit risk or market price changes. Such indemnity shall extend to judgments, fines, attorney fees, and any other amounts paid in settlement of any such claim, suit, or proceeding, including any appeal thereof.

21.0 ALLOCATION OF ANY INVESTMENT GAIN OR LOSS

Any gain or loss realized on any investments will be distributed on a pro rata basis to all non-restricted funds which at the time of the investment gain or loss were part of the City's portfolio, or such other method as otherwise directed by the City Finance Director/Treasurer, and in accordance with generally accepted accounting principles.

22.0 POLICY EXCEPTIONS

Occasionally, exceptions to some of the requirements specified in this Investment Policy may occur for pooled investments because of events subsequent to the purchase of investment instruments, e.g., the rating of a corporate note held in the portfolio is downgraded below an "A" rating, or total assets in the portfolio decline causing the percentage invested in corporate notes to rise above 30%.

State law is silent as to how exceptions should be corrected. Exceptions may be temporary or more lasting; they may be self-correcting or require specific action. If specific action is required, the City Finance Director/Treasurer should determine the course of action that would correct exceptions to move the portfolio into compliance with State and City requirements. Decisions to correct exceptions should not expose the assets of the portfolio to undue risk, and should not impair the meeting of financial obligations as they fall due. Evaluation of divestiture

of securities will be determined on a case-by-case basis. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

23. USE OF STATE GUIDELINES

State of California Government Code Sections 16429.1, 53601, 53635, and 53646 regulate investment practices. It is the policy of the City of Vallejo to use the State's provisions for local government investments as a guide in the developing and implementing the City's investment policies and practices with the exception of those investments listed as Prohibited Transactions in Section 16 above.

24. LEGISLATIVE CHANGES

Any State of California legislative action that further restricts allowable maturities, investment types or percentage allocations will be incorporated into the City of Vallejo Statement of Investment Policy and supersede any and all previous applicable language. If the City is holding an investment that is subsequently prohibited by a legislative change, the City may hold that investment until the maturity date, if it is deemed prudent by the Finance Director/Treasurer.

ATTACHMENT A

SCHEDULE OF AUTHORIZED INVESTMENT INSTRUMENTS

Allowable Investment Instruments

The City Finance Director/Treasurer is authorized to invest in any of the investment instruments allowed by Sections 53601, 53635 and 16429.1 of the California Government Code with the exception of those investments listed as Prohibited Transactions in Section 16 above. Exclusion of the instruments in Section 16 (B) is consistent with the City's and RDA's overall objective of achieving reasonable yields on public funds while minimizing risk and capital losses. Although the potential exists for greater interest yields with these instruments, it is believed that the potential level of risk exceeds their benefits except in very limited circumstances. Accordingly, City Council approval is required on a case-by-case basis for any investments listed in Prohibited Transactions Section 16 (B).

Term

Reserve funds from the proceeds of debt issues of the City or RDA may be invested by the City Finance Director/ Treasurer in government agency securities with terms exceeding five (5) years if the maturity of such investments is made to coincide as nearly as practicable with the life of the debt issue.

In all other cases, City Council approval to make investments with terms in excess of five (5) years is required on a case-by-case basis.

The City's and RDA's funds may be invested in any of the following instruments, which are not prohibited by law (California Government Code Section 53601.6):

- A. **LOCAL AGENCY INVESTMENT FUND (LAIF).** As authorized in Government Code Section 16429.1, local agencies may invest in the Local Agency Investment Fund (LAIF), a pooled investment money market fund established by the State of California, and overseen by the State Treasurer, which allows local agencies to pool their investment resources. Principal may be withdrawn on a one-day notice. Interest earned is paid quarterly. The fees charged are limited to one-quarter of one percent of the earnings of the fund. Current policies of LAIF set minimum and maximum amounts of monies that may be invested as well as maximum numbers of transactions that are allowed per month. Currently, there is a limitation of \$40 million per agency subject to a maximum of 15 total transactions per month. The LAIF is in trust in the custody of the State Treasurer. The City's right to withdraw its deposited monies from LAIF is not contingent upon the State's ability to adopt a State Budget by July 1st of each new fiscal year.
- B. **U.S. TREASURY BILLS.** Commonly referred to as T-Bills, these are short-term marketable securities sold as obligations of the U.S. Government. They are offered in three-month, six-month, and one-year maturities. T-Bills do not accrue interest but are sold at a discount to pay face value at maturity.
- C. **U.S. TREASURY NOTES.** These are marketable, interest-bearing securities sold as obligations of the U.S. Government with original maturities of one to ten years at

issuance. Interest is paid semiannually. Purchases of these assets are limited to a remaining maturity of 5 years or less.

- D. **U.S. TREASURY BONDS.** These are the same as U.S. Treasury Notes except they have original maturities of ten years or longer at issuance. Purchases of these assets are limited to a remaining maturity of 5 years or less.
- E. **U.S. GOVERNMENT AGENCY ISSUES.** This includes obligations, participations, or other instruments of, or issued by, a federal government agency or a United States government-sponsored enterprise.

These securities fall into three categories: 1) Issues which are backed by the full faith and credit of the United States, 2) Issues which are conditionally backed by the full faith and credit of the United States and 3) Issues which are not backed by the full faith and credit of the United States.

These Issues include, but are not limited to:

1. Issues, which are unconditionally backed by the full faith and credit of the United States, including: Small Business Administration (SBA) and General Services Administration (GSA).
 2. Issues which are not backed by the full faith and credit of the United States including but are not limited to: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Farm Credit System, Banks for Cooperation (Co-ops), Federal Lands Banks (FLB), Federal Intermediate Credit Banks (FICB), Tennessee Valley Authority (TVA), Student Loan Marketing Association (SLMA).
- F. **BANKER'S ACCEPTANCE.** Otherwise known as bills of exchange or time drafts, are negotiable instruments with a maturity of six months or less drawn on and accepted by a commercial bank. These instruments are usually created to finance the import or export of goods, or the shipment of goods within the United States.
 - G. **CERTIFICATE OF DEPOSIT (CDS).** As authorized in Government Code Section 53601.7 (7), local agencies may invest in Certificates of Deposit. These instruments must comply with Government Code Sections 16500 or 16600. This is a receipt for funds deposited in a Bank or Savings and Loan Association for a specified period at a specified rate of interest. The first \$100,000 of a CD is guaranteed by the FDIC if with a bank, or the FSLIC if with a savings and loan association. CD's with a face value in excess of \$100,000 can be collateralized by Treasury Department Securities, which must be at least 110% of the face value of the CD's in excess of the first \$100,000, or by first mortgage loans, which must be at least 150% of the face value of the CD balance in excess of the first \$100,000.

All institutions must: (1) have a minimum of \$100 million in assets; (2) have a demonstrated history of positive earnings; and, (3) must carry a minimum 3.5% equity ratio and hold that ratio for at least one year prior to the City's investment. All institutions must be located within the State of California. For collateralized or

negotiable certificates of deposit, the institution must have a minimum \$1 billion in assets, in addition to meeting the above criteria.

- H. **NEGOTIABLE CERTIFICATE OF DEPOSIT.** Allowable certificates of deposits must be issued by a nationally or state-chartered bank or a state or federal association or by a state-licensed branch of a foreign bank. The maturity period for this investment vehicle may not exceed five years unless approved by the Council.
- I. **COMMERCIAL PAPER.** As authorized in Government Code Section 53601(g), 25% of the City's portfolio may be invested in "prime" quality commercial paper of the highest ranking or of the highest letter and numerical rating as provided for by Moody's or Standard and Poor's, with maturities not to exceed 270 days. These notes are secured promissory notes of industrial corporations, utilities and bank holding companies. State law limits a city to investments in US corporations having assets in excess of five hundred million dollars with an "A" or higher rating.
- J. **REPURCHASE AGREEMENTS.** As authorized in Government Code Section 53601(i), repurchase agreements are agreements between the local agency and seller for the purchase of government securities to be resold at a specific date and for a specific amount. Repurchase agreements are generally used for short term investments for the City's daily automatic sweep account and will generally not exceed 30 days. The legal limitation on the maturity period for a repurchase agreement is for one year with the required market value underlying the agreement at 102% of the funds borrowed with the value adjusted quarterly.
- K. **BONDS OF THE STATE OF CALIFORNIA OR LOCAL AGENCIES.** Bonds of the State of California and any local government in the State of California, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency. In no event shall this classification of investment exceed 10% of the value of the portfolio.
- L. **MUTUAL FUNDS.** Mutual Funds are referred to in California Government Code, Section 53601(k), as "shares of beneficial interest issued by diversified management companies." The following mutual funds and money market funds are authorized investments for funds subject to the following provisions:
1. Shares of mutual funds with portfolios consisting only of United States government bonds or United States government guaranteed bonds issued by federal agencies with average maturities less than four years.
 2. Shares of money market funds with portfolios consisting of only bonds of states and local governments or other issuers authorized by State law for investment by local governments, which bonds have at the time of investment one of the two highest credit ratings of a nationally recognized rating agency.
 3. Shares of money market funds with portfolios consisting of securities otherwise authorized by State law for investment by local governments.
- M. **LOCAL GOVERNMENT INVESTMENT POOLS (LGIP).** Established by the State of California to enable Finance Directors to place funds in a pool for investments. In no

event shall this classification of investment exceed the maximum limit allowed by the pool.

- N. **CORPORATE NOTES.** As authorized in Government Code Sections 53601(j), local agencies may invest in corporate notes issued by corporations organized and operating in the United States that have an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and having a maximum remaining maturity period of five years or less in an amount not to exceed 30% of the agency's portfolio. Furthermore, the maximum principal amount in any one company will not exceed 5% of the City's portfolio.

Issuers must possess an acceptable long-term senior debt rating by one of the nationally recognized rating services, ie Moodys, Standard and Poors, or Fitch or Duff & Phelps, as detailed below:

1. For maturities of two years or less, a minimum rating of "A" or better.
2. For maturities of two to four years, a minimum rating of "AA" or better.
3. For maturities of four to five years, a minimum rating of "AAA".

- O. **ASSET BACKED SECURITIES.** As authorized in Government Code Section 53601(n), local agencies may invest in any equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable-backed bond with a maximum remaining maturity of five years.

Securities eligible for investment under this subdivision shall be rated "AAA" by a nationally recognized rating service. Purchases of securities authorized by this subdivision may not exceed 20% of the agency's portfolio.

- P. **MORTGAGE-BACKED SECURITIES.** As authorized in Government Code Section 53601(n), local agencies may invest in any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, with a maximum remaining maturity of five years.

Securities eligible for investment under this subdivision shall be rated "AAA" by a nationally recognized rating service. Purchases of securities authorized by this subdivision may not exceed 20% of the agency's portfolio.

It should be noted that while the Government Code specifies the maximum percentage of the portfolio that may be held in each type of investment at any one time, fluctuations in the portfolio balance will prevent strict adherence to such restrictions. Therefore, the constraints listed in this policy are to be applied at the time the investment is made and not necessarily to subsequent events which may change the percentage.

SUMMARY OF AUTHORIZED SECURITIES AND CRITERIA INCLUDING DIVERSIFICATION CRITERIA

The City's investment portfolio, in aggregate, will be diversified to limit market and credit risk by observing the following City Policy Legal limitations:

Permitted Investments	State Code Legal Limit (% or \$)	City Policy Legal Limit (% or \$)	City Maximum Maturity Constraints	City Policy Other Constraints
U.S. Government Treasury Bills	Unlimited	Unlimited	5 years	None
U.S. Government Treasury Notes	Unlimited	Unlimited	5 years	None
U.S. Government Treasury Bonds	Unlimited	Unlimited	5 years	None
U.S. Government Agencies (e.g., GNMA, FNMA)	Unlimited	50%	5 years	None
Repurchase Agreements	Unlimited	20%	N.A.	Collateralized by securities with a market value of at least 102% of the loan amount.
Bankers Acceptances	40%	5%	180 days	No more than \$1,000,000 invested in any one commercial bank
Commercial Paper	25%	25%	270 days	U.S. Corporations with assets in excess of \$500,000,000; "A" debt rating; maximum of \$1,000,000 from an issuing corporation
Corporate Medium Term Notes	30%	30%	5 years	U.S. Corporations; minimum "A" debt rating; maximum of 5% of portfolio per issuing company
Certificates of Deposit	Unlimited	10%	5 years	Must be collateralized to 110% of the CD value by other eligible securities
Negotiable Certificates of Deposit	30%	5%	5 years	State and Federally chartered banks and savings institutions, "AA" rating by one agency
LAIF State Pool	\$40,000,000	\$40,000,000	On Demand	Limited to 15 transactions per month, per account, per State Policy
State of California or Local Agency Bonds	Unlimited	10%	5 years	None
Mutual Funds	20%	20%	5 years	Funds invested as defined in Section 53601 (a) to (l); maximum of 10% in any one fund
Asset-backed Securities	20%	20%	5 years	Minimum "AAA" Debt rating
Mortgage-backed Securities	20%	20%	5 years	Minimum "AAA" Debt rating
Local Government Investment Pools	Unlimited	Unlimited	On Demand	None

1) Limits on percent of portfolio do not apply to investments made by LAIF or other Government Investment Pools.

2) U.S. Treasury Bonds are currently only available for 10 years or more, which currently prohibits the use of newly issued bonds as an investment tool. However, existing bonds could be purchased if remaining term to maturity is less than 5 years.

MASTER REPURCHASE AGREEMENT

If repurchase agreements are legal or authorized, a Master Repurchase Agreement must be signed with the bank or dealer.

ATTACHMENT B

GLOSSARY OF CASH MANAGEMENT TERMS

ACCRETION OF DISCOUNT - Periodic straight-line increases in the book or carrying value of a security so the amount of the purchase price discount below face value is completely eliminated by the time the bond matures or by the call date, if applicable.

ACCRUED INTEREST - Interest earned but not yet received. The interest accumulated on a bond since issue date or the last coupon payment. The buyer of the bond pays the market price and accrued interest, which is payable to the seller.

AGENCIES - A debt security issued by a federal or federally sponsored agency.

In the government securities industry, investors frequently refer to all debt instruments issued by U.S. government agencies, departments, and related instrumentalities as *agency* securities. Only those securities backed by the full faith and credit of the U. S. Government are true agency securities. Only securities issued by the Government National Mortgage Association (Ginnie Mae or GNMA) are widely used by public investors as true agency securities backed by the full faith and credit of the U.S. Government.

Generally, the underlying security associated with a U.S. agency is considered to be as risk-free as direct Treasury securities. The key difference in risk with these instruments is their liquidity and marketability, which is diminished as a result of smaller, irregular, and less familiar issues.

U.S. Government Instrumentalities, also known as government sponsored enterprises (GSEs), are financial intermediaries established by the federal government to fund loans to certain groups of borrowers, such as homeowners, farmers, and students. In short, GSEs are privately owned corporations with a public purpose. The most common instrumentalities are:

- Federal Farm Credit System Banks,
- Federal Home Loan Banks (FHLB),
- Federal Home Loan Mortgage Corporation (Freddie Mac or FHLMC),
- Federal National Mortgage Association (Fannie Mae or FNMA)
- Student Loan Marketing Association (Sallie Mae or SLMA), and
- Tennessee Valley Authority (TVA).

GSEs sell securities on a regularly scheduled basis through selling groups, which are chosen groups of dealers that the GSE uses to "bring the paper to the streets." Short-term securities are regularly issued as discount notes with maturities ranging from overnight to 360 days. GSEs also issue securities with fixed interest rates, ranging in maturity from three months to 30 years.

AMORTIZATION OF PREMIUM - Periodic straight-line decreases in the book or carrying value of a security so the premium paid for a bond above its face value or call price is completely eliminated.

ASK – The price at which securities are offered for sale.

ASSET BACKED SECURITIES (ABS) – Asset Backed Securities are pass-through instruments collateralized by installment loans, leases, revolving lines of credit or other consumer finance receivables. Securitizations are structured to separate the credit of the ABS issuer from the assets being securitized.

AVERAGE MATURITY - A weighted average of the expiration dates for a portfolio of debt securities. An income fund's volatility can be managed by shortening or lengthening the average maturity of its portfolio.

BANK WIRE - A virtually instantaneous electronic transfer of funds between two financial institutions.

BANKERS ACCEPTANCES (BAs) - Bankers Acceptances generally are created based on a letter of credit issued in a foreign trade transaction. They are used to finance the shipment of commodities between countries as well as the shipment of some specific goods within the United States. BAs are short-term, non-interest bearing notes sold at a discount and redeemed by the accepting bank at maturity for full face value. These notes trade at a rate equal to or slightly higher than Certificates of Deposit (CDs), depending on market supply and demand.

Bankers Acceptances are sold in amounts that vary from \$100,000 to \$5,000,000, or more, with maturities ranging from 30 - 270 days. They offer liquidity to the investor as it is possible to sell BAs prior to maturity at the current market price.

BASIS POINT - A measure of an interest rate, i.e., 1/100 of 1 percent, or .0001.

BID - The indicated price at which a buyer is willing to purchase a security or commodity. When selling a security a bid is obtained.

BOND - A long-term debt security, or IOU, issued by a government or corporation that generally pays a stated rate of interest and returns the face value on the maturity date.

BOOK ENTRY SECURITIES - U.S. government and federal agency securities that do not exist in definitive (paper) form; they exist only in computerized files maintained by the Federal Reserve Bank.

BOOK VALUE - The amount at which an asset is carried on the books of the owner. The book value of an asset does not necessarily have a significant relationship to market value.

BROKER – A broker brings buyers and sellers together for a commission.

CALLABLE BOND - A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions. Bonds are generally called when interest rates fall so that the bond issuer can save money by floating new bonds at the lower rate. The first call date is the date which a specific call price will be offered by the issuer, usually a premium price to par, as an incentive to the bondholder to redeem the bond.

CALL PRICE - The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

CALL RISK - The risk to a bondholder that a bond may be redeemed prior to maturity.

CASH SALE\PURCHASE - A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

CERTIFICATES OF DEPOSIT - Certificates of Deposit, familiarly known as CDs, are certificates issued against funds deposited in a bank for a definite period of time and earning a specified rate of return. Certificates of Deposit bear rates of interest in line with money market rates current at the time of issuance.

COLLATERALIZATION - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

COMMERCIAL PAPER - Commercial paper is an unsecured promissory note issued by a corporation for a specific amount and maturing on a specific day that cannot be farther into the future than 270 days. Commercial Paper is typically rated by credit agencies that attempt to evaluate the liquidity, cash flow, profitability, and backup credit availability of the entity that is issuing the paper.

COMPETITIVE BID PROCESS - A process by which three or more institutions are contacted via the telephone to obtain interest rates for specific securities.

CONVEXITY - A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

COUPON RATE - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

CREDIT QUALITY - The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

CREDIT RISK - The risk that another party to an investment transaction will not fulfill its obligations. Credit risk can be associated with the issuer of a security, a financial institution holding the entity's deposit, or a third party holding securities or collateral. Credit risk exposure can be affected by a concentration of deposits or investments in any one investment type or with any one party.

CUSIP NUMBER - A nine-digit number established by the Committee on Uniform Securities Identification Procedures that is used to identify publicly traded securities. Each publicly traded security receives a unique CUSIP number when the security is issued.

CURRENT YIELD - A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

CUSTODIAN - An independent third party (usually bank or trust company) that holds securities in safekeeping as an agent for the city.

DEBENTURE - A bond secured only by the general credit of the issuer.

DEFEASE - To discharge the lien of an ordinance, resolution, or indenture relating to a bond issue, and in the process, render inoperative restrictions under which the issuer has been obliged to operate. Comment: Ordinarily an issuer may defease an indenture requirement by depositing with a trustee an amount sufficient to fully pay all amounts under a bond contract as they become due.

DELIVERY - The providing of a security in an acceptable form to the City or to an agent acting on behalf of the City and independent of the seller. Acceptable forms can be physical securities or the

transfer of book entry securities. The important distinction is that the transfer accomplishes absolute ownership control by the City.

DELIVERY VS PAYMENT - There are two methods of delivery of securities: Delivery vs. payment and delivery vs. receipt (also called free). Delivery vs. payment is delivery of securities with an exchange of money for the securities. Delivery vs. receipt is delivery of securities with an exchange of a signed receipt for the securities.

DEPOSITORY BANK - A local bank used as the point of deposit for cash receipts.

DEPOSITORY INSURANCE - Insurance on deposits with financial institutions. For purposes of this policy statement, depository insurance includes: a) Federal depository insurance funds, such as those maintained by the Federal Deposit Insurance Corporation (FDIC) AND Federal Savings and Loan Insurance Corporation (FSLIC).

DERIVATIVE SECURITY - Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

DISCOUNT - 1. (n.) selling below par; e.g., a \$1,000 bond selling for \$900. 2. (v.) anticipating the effects of news on a security's value; e.g., "The market had already discounted the effect of the labor strike by bidding the company's stock down."

DISCOUNT SECURITIES - Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

DIVERSIFICATION - Dividing available funds among a variety of securities and institutions so as to minimize market risk.

DOLLAR-WEIGHTED AVERAGE MATURITY - The sum of the amount of each outstanding investment multiplied by the number of days to maturity, divided by the total amount of outstanding investment.

EFFECTIVE RATE - The yield you would receive on a debt security over a period of time taking into account any compounding effect.

FACE VALUE - The value of a bond stated on the bond certificate; thus, the redemption value at maturity. Most bonds have a face value, or par, of \$1,000.

FAIR VALUE - The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL AGENCY SECURITIES - Several government-sponsored agencies, in recent years, have issued short and long-term notes. Such notes typically are issued through dealers, mostly investment banking houses. These Federal government-sponsored agencies were established by the U.S. Congress to undertake various types of financing without tapping the public treasury. In order to do so, the agencies have been given the power to borrow money by issuing securities, generally under the authority of an act of Congress. These securities are highly acceptable and marketable for several reasons, mainly because they are exempt from state, municipal and local income taxes. Furthermore, agency securities must offer a higher yield than direct Treasury debt of the same maturity to find investors, partly because these securities are not direct obligations of the Treasury.

The main agency borrowing institutions are the Federal National Mortgage Association (FNMA), the Federal Home Loan Bank System (FHLB), and the Federal Farm Credit System (FFCS).

FLOATING-RATE NOTES - The term floating-rate notes includes different types of securities with a similar feature that the interest rate or coupon rate is adjusted periodically to a benchmark or base rate. A simple example of a floating-rate instrument is a Series EE savings bond where the semiannual interest rate is determined in May and November based on 85 percent of the average market return of the five-year Treasury note for the preceding six months. In theory, floating-rate notes are securities with coupons based on a short-term rate index.

FNMA - FEDERAL NATIONAL MORTGAGE ASSOCIATION - issues notes tailored to the maturity needs of the investor. Maturities range from 30 days up to 10 years. These notes are made attractive by their denominations from \$5,000 to \$1 million.

FHLB - FEDERAL HOME LOAN BANK SYSTEM - consists of twelve Federal Home Loan Banks, issues, in addition to long-term bonds, coupon notes with maturities of up to one year. Their attractiveness stems from their investment denominations of \$10,000 to \$1 million.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) - A Federal institution that insures bank deposits. The current limit is up to \$100,000 per depository account.

FEDERAL FUNDS (Fed Funds) - Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

FEDERAL FUNDS RATE - The rate of interest at which Fed Funds are traded between banks. Fed Funds are excess reserves held by banks that desire to invest or lend them to banks needing reserves. The particular rate is heavily influenced through the open market operations of the Federal Reserve Board. Also referred to as the "Fed Funds rate."

FEDERAL HOME LOAN BANKS (FHLB) - The institutions that regulate and lend to savings and loan associations. These are Government sponsored wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLB's is to liquefy the housing related assets of its members who must purchase stock in their district bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) - FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a Federal corporation working under the auspices of the Department of Housing and Urban Development, HUD. It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC) – Consists of seven members of the Federal Reserve Board and five of the twelve Federal reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM - The central bank of the United States which has regulated credit in the economy since its inception in 1913. Includes the Federal Reserve Bank, 12 district banks and the member banks of the Federal Reserve, and is governed by the Federal Board.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION (FSLIC) - A federal institution that insures savings and loan deposits. The current limit is up to \$100,000 per depository account.

FLEXIBLE REPURCHASE AGREEMENTS (Flex Repos) - Similar to a term repurchase agreement, a flex repo is a contractual transfer of U.S. government securities during the investment period, whereby the Seller agrees to repurchase the collateral securities from the Buyer on the Buyer's demand, subject to provisions of the agreement. The Seller is generally a financial institution such as a securities dealer or a bank. As buyers, most issuers require over-collateralization, marking-to-market of collateral and delivery-vs.-payment of collateral.

GINNIE MAES (GNMAs) - Mortgage securities issued and guaranteed, as to timely interest and principal payments, by the Government National Mortgage Association, an agency within the Department of Housing and Urban Development (HUD).

GOVERNMENT SECURITY - Any debt obligation issued by the U.S. government, its agencies or instrumentalities. Certain securities, such as Treasury bonds and Ginnie Maes, are backed by the government as to both principal and interest payments. Other securities, such as those issued by the Federal Home Loan Mortgage Corporation, or Freddie Mac, are backed by the issuing agency.

GOVERNMENT-SPONSORED ENTERPRISES (GSE's) - Payment of principal and interest on securities issued by these corporations is not guaranteed explicitly by the U.S. government, however, most investors consider these securities to carry an implicit U.S. government guarantee. The debt is fully guaranteed by the issuing corporations. GSE's include: Farm Credit System, Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Student Loan Marketing Association, and the Tennessee Valley Authority.

HAIRCUT - This term describes the way brokers and clients protect themselves from market risk in doing repos. An entity wanting to finance the purchase of \$100 million in Treasury bonds may borrow just \$98 million of the money. The two percent difference between the amount of securities purchased and the amount of money borrowed is the haircut. Similarly, an entity looking to borrow \$100 million may need to provide, as collateral, Treasury securities with a market price equal to \$102 million.

INTERNAL CONTROLS - An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. **Separation of transaction authority from accounting and record keeping** - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.

3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

INVERSE FLOATER - A bond or note that does not earn a fixed rate of interest. Rather, the interest rate that is earned is tied to a specific interest-rate index identified in the bond/note structure. The interest rate earned by the bond/note will move in the opposite direction of the index, e.g., if market interest rates as measured by the selected index rises, the interest rate earned by the bond/note will decline. An inverse floater increases the market rate risk and modified duration of the investment.

INVERTED YIELD CURVE - A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

INVESTMENT COMPANY ACT OF 1940- Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

INVESTMENT POLICY - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

INVESTMENT-GRADE OBLIGATIONS - An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

LIQUIDATION - Conversion into cash.

LIQUIDITY - Refers to the ease and speed with which an asset can be converted into cash without a substantial loss in value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOSS - The excess of the cost or book value of an asset over selling price.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP) - The aggregate of all funds from political subdivisions that are placed in the custody of the Treasurer for investment and reinvestment.

LONG-TERM INVESTMENTS - Investments considered long-term are generally defined as those instruments maturing in one year or longer.

MARK-TO-MARKET - The practice of valuing a security or portfolio according to its market value, rather than its cost or book value. An adjustment in the valuation of a securities portfolio to reflect the current market values of the respective securities in the portfolio.

MARKETABILITY - Ability to sell large blocks of money market instruments quickly and at competitive prices.

MARKET VALUE - The price at which a security is trading and could presumably be sold.

MARKET RISK - The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. The risk that the market value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement will decline.

MASTER REPURCHASE AGREEMENT - An agreement between the investor and the dealer or financial institute. This agreement defines the nature of the transactions, identifies the relationship between the parties, establishes normal practices regarding ownership and custody of the collateral securities during the term of the investment, provides for remedies in the event of a default by either party and otherwise clarifies issues of ownership.

MATURITY - The date upon which the principal or stated value of an investment becomes due.

MONEY MARKET – The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MORTGAGE-BACKED SECURITIES - Mortgage-backed securities have several unique characteristics, beginning with the payment of interest on a monthly basis. Mortgage Backed Securities also differ from standard Treasury investments in that the cash flow pattern is uncertain due to the risk of prepayments or the unscheduled payment of principal. Moreover, a change in the future assumption for prepayments will also affect the rate of return on the investment of a mortgage-backed security. Mortgage-backed securities are created when mortgage pools are collateralized into interest-bearing securities. This securitization process can be accomplished via either a sale of assets or as a debt obligation of the issuer. In the former, a mortgage pass-through security is created, while in the latter case a mortgage-backed bond is originated.

MUTUAL FUND - An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.

4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

MUTUAL FUND STATISTICAL SERVICES - Companies that track and rate mutual funds, e.g., IBC/Donoghue, Lipper Analytical Services, and Morningstar.

NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD) - A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

NEGOTIABLE CERTIFICATES OF DEPOSIT - Large denomination (\$100,000 or more) interest bearing time deposits, paying the holder a fixed amount of interest at maturity. Issues can be sold to a new owner before maturity.

NET ASSET VALUE - The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. $[(\text{Total assets}) - (\text{Liabilities})]/(\text{Number of shares outstanding})$

NO LOAD FUND - A mutual fund which does not levy a sales charge on the purchase of its shares.

NOMINAL YIELD - The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

OFFER - The indicated price at which a seller is willing to sell a security or commodity. When buying a security an offer is obtained.

OPEN MARKET OPERATIONS – Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PAR VALUE - The nominal or face value of a debt security; that is, the value at maturity.

PORTFOLIO – Collection of securities held by an investor.

POSITIVE YIELD CURVE - A chart formation that illustrates short-term securities having lower yields than long-term securities.

PREMIUM - The amount by which a bond sells above its par value.

PRIMARY DEALERS - A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC), registered securities broker-dealers, banks, and a few unregulated firms.

PRIME RATE - The interest rate a bank charges on loans to its most credit worthy customers. Frequently cited as a standard for general interest rate levels in the economy.

PRINCIPAL - An invested amount on which interest is charged or earned.

PRUDENT PERSON RULE – An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state – the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORY - A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated, for the benefit of the commission, eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RANGE NOTE - An investment whose coupon payment varies (e.g. either 7% or 3%) and is dependent on whether the current benchmark (e.g. 30 year Treasury) falls within a pre-determined range (e.g. between 6.75% and 7.25%).

RATE OF RETURN - The amount of income received from an investment, expressed as a percentage. A market rate of return is the yield that an investor can expect to receive in the current interest-rate environment utilizing a buy-and-hold to maturity investment strategy.

REGISTERED SECURITY - A security that has the name of the owner written on its face. A registered security cannot be negotiated except by the endorsement of the owner.

REINVESTMENT RISK - The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

REPURCHASE AGREEMENT (REPO) - The Repo is a contractual transaction between an investor and an issuing financial institution (not a secured loan). The investor exchanges cash for temporary ownership of specific securities, with an agreement between the parties that on a future date, the financial institution will repurchase the securities at a prearranged price. An "Open Repo" does not have a specified repurchase date and the repurchase price is established by a formula computation.

REPRICING - The revaluation of the market value of securities.

REVERSE REPO's - The opposite of the transaction undertaken through a regular repurchase agreement. In a "reverse" the City initially owns securities and the bank or dealer temporarily exchanges cash for this collateral. This is, in effect, temporarily borrowing cash at a high interest rate. Most typically, a Repo is initiated by the lender of funds. Reverses are used by dealers to borrow securities they have shorted. Such investments are not authorized in the City of Vallejo's Investment Policy.

RULE 2a-7 OF THE INVESTMENT COMPANY ACT - Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13- month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

SAFEKEEPING - A service to customers rendered by banks for a fee whereby all securities and valuables of all types and descriptions are held in the bank's vaults for protection, or in the case of

book entry securities, are held and recorded in the customer's name and are inaccessible to anyone else.

SALLIE MAES - Pooling of student loans guaranteed by the Student Loan Marketing Association (SLMA) to increase the availability of education loans. The SLMA purchases the loans after buying them on the secondary market from lenders. SLMA stock is publicly traded.

SECONDARY MARKET – A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES - Bonds, notes, mortgages, or other forms of negotiable or non-negotiable instruments.

SECURITIES & EXCHANGE COMMISSION – Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SERIAL BOND - A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

SETTLEMENT DATES - The day on which payment is due for a securities purchase. For stocks and mutual funds bought through an investment dealer, settlement is normally five business days after the trade date. Bonds and options normally settle one business day after the trade date, mutual fund shares purchased directly by mail or wire settle on the day payment is received.

SHORT-TERM INVESTMENTS - Short-term investments are generally defined as those instruments maturing in one year or less.

SINKING FUND - Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

SPREAD - (a) Difference between the best buying price and the best selling price for any given security. (b) Difference between yields on or prices of two securities of differing quality or differing maturities. (c) In underwriting, difference between price realized by the issuer and price paid by the investor.

STRIPS - Separation of the principal and interest cash flows due from any interest-bearing securities into different financial instruments. Each coupon payment is separated from the underlying investment to create a separate security. Each individual cash flow is sold at a discount. The amount of the discount and the time until the cash flow is paid determine the investor's return.

STRIPPED TREASURIES - U.S. Treasury debt obligations in which coupons are removed by brokerage houses, creating zero-coupon bonds.

STRUCTURED NOTES – A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes that have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

Notes issued by government Sponsored Enterprises (GSE) such as FHLB, FNMA, SLMA and Corporations which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by

the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TERM BOND - Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

TOTAL RETURN - The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends and Interest received) + (Capital gains) = Total Return

TRIPARTITE CUSTODIAN AGREEMENT - An agreement that occurs when a third party or custodian becomes a direct participant in a repurchase transaction. The custodian ensures that the exchange occurs simultaneously and that appropriate safeguards are in place to protect the investor's interest in the underlying collateral.

THIRD-PARTY SAFEKEEPING - A safekeeping arrangement whereby the investor has full control over the securities being held and the dealer or bank investment department has no access to the securities being held.

TIME DEPOSIT - Interest-bearing deposit at a savings institution that has a specific maturity.

TREASURY BILLS - Treasury bills are short-term debt obligations of the U.S. Government. They offer maximum safety of principal since they are backed by the full faith and credit of the United States Government. Treasury bills, commonly called "T-Bills," account for the bulk of government financing, and are the major vehicle used by the Federal Reserve System in the money market to implement national monetary policy. T-Bills are sold in three, six, nine, and twelve-month bills. Because treasury bills are considered "risk-free," these instruments generally yield the lowest returns in the major money market instruments.

TREASURY NOTES AND BONDS - While T-Bills are sold at a discount rate that establishes the yield to maturity, all other marketable treasury obligations are coupon issued. These include Treasury Notes with maturities from one to ten years and Treasury Bonds with maturities of 10-30 years. The instruments are typically held by banks and savings and loan associations. Since Bills, Notes and Bonds are general obligations of the U.S. Government, and since the Federal Government has the lowest credit risk of all participants in the money market, its obligations generally offer a lower yield to the investor than do other securities of comparable maturities.

UNDERLYING SECURITIES - Securities transferred in accordance with a repurchase agreement.

UNIFORM NET CAPITAL RULE – Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

VARIABLE RATE - An interest rate which is adjusted periodically, usually based on a standard market rate outside the control of the bank or savings institution, such as that prevailing on a

Treasury bill or the prime interest rate. These rates often have a specified floor and/or ceiling, called a cap or a collar, which limit the adjustment. Also called adjustable rate or floating rate.

WEIGHTED AVERAGE MATURITY - The sum of the amount of each outstanding investment multiplied by the number of days to maturity, divided by the total amount of outstanding investment.

WHEN-ISSUED TRADES - Typically, there is a lag between the time a new bond is announced and sold and the time it is actually issued. During this interval, the security trades "wi," "when, as, and if issued."

Wi - When, as, and if issued. See When-issued trades.

YIELD - The rate at which an investment pays out interest or dividend income, expressed in percentage terms and calculated by dividing the amount paid by the price of the security and annualizing the result.

YIELD BASIS - Stated in terms of yield as opposed to price. As yield increases for a traded issue, price decreases and vice versa. Charts prepared on a yield basis appear exactly opposite of those prepared on a price basis.

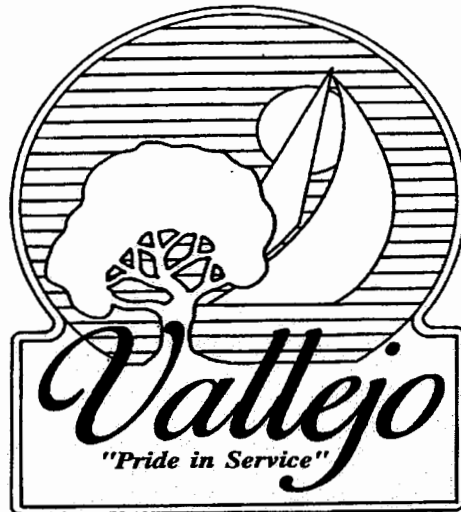
YIELD CURVE - A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

YIELD SPREAD - The variation between yields on different types of debt securities; generally a function of supply and demand, credit quality and expected interest rate fluctuations. Treasury bonds, for example, because they are so safe, will normally yield less than corporate bonds. Yields may also differ on similar securities with different maturities. Long-term debt, for example, carries more risk of market changes and issuer defaults than short-term debt and thus usually yields more.

YIELD-TO-CALL (YTC) - The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date. It is the percentage rate of a bond or note, if an investor were to buy and hold the security until the call date. This yield is valid only if the security is called prior to maturity. Generally bonds are callable over several years and normally are called at a slight premium. The calculation of yield to call is based on the coupon rate, length of time to the call and the market price.

YIELD-TO-MATURITY (YTM) - The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return. The calculation for YTM is based on the coupon rate, length of time to maturity and market price. It assumes that coupon interest paid over the life of the bond will be reinvested at the same rate.

ZERO-COUPON BONDS - Securities that do not pay interest but are instead sold at a deep discount from face value. They rise in price as the maturity date nears and are redeemed at face value upon maturity.



**CITY OF VALLEJO, CALIFORNIA
REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO**

**STATEMENT OF
INVESTMENT POLICY**

**Adopted by the City Council and Redevelopment Agency of the City of Vallejo
On February 26, 2008**

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CITY OF VALLEJO
REDEVELOPMENT AGENCY OF THE CITY OF VALLEJO
INVESTMENT POLICY

1.0 POLICY

It is the policy of the City of Vallejo and the Redevelopment Agency of the City of Vallejo (hereinafter collectively "City") to invest public funds of the City in a prudent manner which will provide security of principal and achieve a reasonable rate of return on public funds while maintaining sufficient liquidity to insure that the City is able to meet daily cash flow requirements, and conforming to all state and local statutes governing the investment of public funds.

2.0 SCOPE

Pursuant to California Government Code Section 53600 et. seq., the City Council as the legislative body of the City has primary responsibility for investment of money in the City Treasury not required for the immediate needs of the City. In accordance with the Charter of the City, the City Council has assigned the responsibility of investing the unexpended cash of the City Treasury to the City Manager. Furthermore, daily management responsibility for unexpended cash and the investment portfolio has been further delegated by the City Manager to the City Finance Director/Treasurer. This Investment Policy applies equally to both the City of Vallejo and the Redevelopment Agency of the City of Vallejo.

Therefore, as authorized under California Government Code Section 53607, the City Council hereby delegates its authority to invest or reinvest the funds of the City, and to buy, sell or exchange securities so purchased, to the City Finance Director/Treasurer who shall assume full responsibility for all such transactions until such time as this delegation of authority may expire or be revoked by the City Council.

A. This investment policy shall apply to all financial assets and investment activities of the City of Vallejo and the Vallejo Redevelopment Agency including the following fund types:

1. General Fund
2. Special Revenue Funds
3. Debt Service Funds
4. Capital Project Funds
5. Enterprise Funds
6. Internal Service Funds
7. Trust & Agency Funds

B. This policy does not cover funds held by the Public Employees Retirement System nor shall it apply to investments held by the administrators of the City's IRS Code Section 457 Deferred Compensation program.

C. Except for cash in certain restricted and special funds, the City will consolidate cash balances from all funds to maximize investment options.

D. The proceeds of City bond issues, notes or similar financings including, but not limited to reserve funds, project funds, debt service funds and capital trust funds derived from such financings, as well as funds set aside to defease City or RDA debt in conjunction with an advance refunding agreement, shall be invested pursuant to their respective bond or trust indentures or the State of California Government Code 53600 et. seq., as applicable and not necessarily in compliance with this policy.

3.0 INVESTMENT INCOME AND EXPENSE ALLOCATIONS

Investment income will be allocated to the various funds based on their respective participation based on the cash balance in each fund as a percentage of the entire pooled portfolio, or such other method as otherwise directed by the City Finance Director/Treasurer, and in accordance with generally accepted accounting principles.

The costs of managing the investment portfolio, including but not limited to: investment management fees; accounting for the investment activity; custody of the assets; oversight controls; are charged to the individual funds on an annual basis, based upon actual expenses incurred, or using such other method as otherwise directed by the City Finance Director/Treasurer.

4.0 PRUDENCE

The City will manage the investment portfolio under the Prudent Investor Standard, which as authorized under California Government Code Section 53600.3 states that:

"Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

In determining whether an investment official has exercised prudence with respect to an investment decision, the determination shall be made taking into consideration the investment of all funds over which the official had responsibility rather than consideration as to the prudence of a single investment and, whether the investment decision was consistent with the City's Investment Policy and written investment procedures.

The City recognizes that in a diversified portfolio selected losses may occur when selected securities are sold to meet cash flow needs or to improve the overall portfolio performance and must be considered within the context of the overall portfolio's investment return.

This standard of prudence shall be applied in the context of managing the City and RDA's investment portfolios.

5.0 INVESTMENT OBJECTIVES

The objective of this policy is to provide guidance to invest City funds in accordance with California Government Code Section 53600 et. seq., using sound treasury management principles with the following objectives, in order of priority:

- A. **Safety:** Safety of invested funds is the first and primary objective of the City's investment program. The highest priority must be accorded to the preservation and protection of capital.
- B. **Liquidity:** Maintenance of sufficient liquidity to meet all cash flow requirements that might be reasonably anticipated for at least six (6) months.
- C. **Return:** The City's investment portfolio shall be designed with the objective of attaining the best return, throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio, consistent with the higher priorities accorded to the safety and liquidity of principal.

Investments shall be selected in a manner that will attempt to ensure the safety of the City's capital. This will be accomplished through a program of investment instrument selection, diversification and maturity limitations. Investment transactions shall seek to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value.

A. SAFETY

To protect the value of the principal and interest of the invested funds, the City will invest only in securities with acceptable credit quality as outlined in the California Government Code Section 53600 et. Seq. which include, but are not limited to, those backed by the U.S. Government or its agencies; those which have insurance on principal backed by FDIC or FSLIC; or those which have legally required collateral backing of the invested principal.

Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. This statement refers to the overall portfolio as opposed to individual investments. The objective will be to minimize credit risk and market risk.

It is recognized that within a well-diversified portfolio, at any particular point in time, that security valuations are impacted by changes in interest rates and economic conditions. Accordingly, securities may at times be worth less than the original purchase price based on market fluctuations. It is further understood, that in the event of the need for a forced liquidation of investments to meet unplanned or unanticipated cash flow demands, a potential loss of investment principal might occur.

The City recognizes that investment risk can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to minimize and control these risks.

a. Credit Risk - Credit Risk is the risk of loss due to the failure of the security issuer or backer to fulfill its obligations. Credit risk will be mitigated by:

- Limiting investments to the acceptable credit quality as outlined in the California Government Code Section 53600 et. Seq.; and
- Pre-qualifying the financial institutions, broker/dealers and intermediaries with which the City will do business; and
- Diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the City's cash flow.

b. Market Risk - Market risk is the risk that the market value of securities in the portfolio will fall due to market influence such as changes in general interest rates. Market risk may be minimized by:

- Structuring the investment portfolio to limit the average maturity of the City's portfolio to a maximum of three years and the maximum legal final maturity of any one security in the portfolio to five years, and by structuring the portfolio with an adequate mix of highly liquid securities and maturities to meet major cash outflow requirements.

B. LIQUIDITY

Maturity dates of investments will be timed to make available funds for payment obligations that may be reasonably anticipated. Liquidity refers to the ability to sell investments at any given moment while minimizing the chance of losing some portion of principal or interest. Since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.

Furthermore, the City shall maintain short term investments which offer same day liquidity for short-term funds.

C. RETURN ON INVESTMENTS

The City of Vallejo's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. Return on investments is subordinate to the requirements of safety and liquidity. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed.

6.0 PERFORMANCE STANDARDS

The City's investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the city's investment risk constraints and cash flow. In order to assist in the evaluation of the portfolios' performance, the City will use a performance benchmark for the portfolio consistent with agreed-upon maturity targets that fall within the portfolio-established maturity parameters. Useful comparative benchmarks of the City's portfolio performance will be the quarter-to-date LAIF apportionment rate, and the two-year U.S. Treasury Note yield. This maturity range is an appropriate benchmark based on the objectives of the City. Whenever possible, and consistent with risk limitations as defined herein and prudent investment principles, the Treasurer shall seek to augment returns above the market-average rate of return.

7.0 DIVERSIFICATION

The City will diversify its investments to reduce credit risk or market risk losses to the portfolio as a whole, while still attaining a market-average rate of return. Diversification requires not just a mix of instrument types, but also a mix of maturities and issuers. No more than 5% of the portfolio is to be invested in any one issue (except the Local Agency Investment Fund). With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

8.0 REPORTING

In accordance with California Government Code Section 53646, the Treasurer may submit an investment report to the City Council on a quarterly basis within 30 days of the end of the quarter, which provides a review of investments and summarizes total investment return as described in items A through E found below within this section.

The report shall include the following information:

- A. Type of investment, issuer, date of maturity, par value and dollar amount invested in all securities, investments and money held by the City at the end of the reporting period; and
- B. A listing of individual securities held at the end of the reporting period by authorized investment category and percentage of portfolio represented by each investment category; and
- C. Average life and final maturity of all investments listed, and coupon, discount or earnings rate; and
- D. Par Value, Fair Value and Cost Value; and

- E. For all securities held by the City or under management by an outside party that is not a local agency pool or the State of California Local Agency Investment Fund, the current fair value as of the date of the report; and
- F. Statement that the portfolio complies with the Investment Policy or the manner in which the portfolio is not in compliance; and
- G. Statement that the City has the ability to meet its pooled expenditure requirements (cash flow) for the next six months or provide an explanation as to why sufficient money shall or may not be available.

If the City places all of its investments in the Local Agency Investment Fund, Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association (or any combination of these three), the Finance Director can simply submit, on at least a quarterly basis, the most recent statements from these institutions to meet the requirements of items A - D above, with a supplemental report addressing items E - H above, per California Government Code Section 53646(b)-(e).

~~Reports to California Debt and Investment Advisory Commission (CDIAC)~~

~~With the passage of AB 943, reporting to the California Debt and Investment Advisory Commission (CDIAC) commenced in January 2001. Cities and Counties are now required to forward copies of their second and fourth quarter calendar year investment portfolio reports and copies of their investment policies to the CDIAC. The City has 60 days following the close of the quarter to provide CDIAC with its investment portfolio report.~~

~~In addition, with the passage of SB 1326 in 2002, Cities and Counties are now required to submit copies of their investment policies to the CDIAC within 60 days after the close of the second quarter of each calendar year and within 60 days of any subsequent amendment. The City of Vallejo will comply with CDIAC oversight agency reporting requirements.~~

9.0 SAFEKEEPING AND CUSTODY

All security transactions of the City and RDA, including collateral on repurchase agreements, will be executed by delivery-versus-payment (DVP). This ensures that securities are deposited in the eligible financial institution prior to the release of funds. A third party custodian, as designated by the Treasurer and as evidenced by safekeeping receipts, will hold securities of the City and RDA.

10.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

If deemed necessary by the Finance Director/Treasurer, the Treasurer's office will maintain a list of financial institutions authorized to provide investment services, including approved security broker/dealers.

- A. The City and Redevelopment Agency shall transact business only with banks, savings and loans, and with investment securities dealers as defined in Government Code Section 53601.5:

53601.5 – Designated entities from whom a local agency may purchase authorized investments:

“The purchase by a local agency of any investment authorized pursuant to Section 53601 or 53601.1, not purchased directly from the issuer, shall be purchased either from an institution licensed by the state as a broker-dealer, as defined in Section 25004 of the Corporations Code, or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a federal or state association (as defined by Section 5102 of the Financial Code) or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank.”

- B. Before accepting funds or engaging in investment transactions with the City, the supervising officer at each depository and recognized securities broker/dealer shall submit a certification that the officer has reviewed the investment policies and objectives and agrees to disclose potential conflicts or risks to public funds that might arise out of business transactions between the firm/depository and the City of Vallejo.

11.0 COLLATERALIZATION

Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level for any amount exceeding FDIC coverage shall be in accordance with California Government Code Section 53652 and/or 53651 (m)(1).

The City chooses to limit acceptable collateral to the following: Cash, U.S. Treasury Bills, Notes and Bonds, and Federal Agency issues.

Collateral will always be held in the City's name by an independent third party with whom the City of Vallejo has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City.

The right of collateral substitution is reserved by the City.

12.0 DELEGATION OF AUTHORITY

In accordance with State law (SB 109), the City Council designates the Finance Director/Treasurer and/or those person(s), city employees, outside professional investment managers or fund managers assigned or designated by the Finance Director/Treasurer, to perform the needed investment transactions in accordance with this Policy. At times of absence of the Finance Director/Treasurer, the Assistant Finance Director, or other City Finance Director/Treasurer designee shall perform those functions of the investment of City or RDA Funds. In the absence of the Finance Director/Treasurer, the Assistant Finance Director, and other City Finance Director/Treasurer designees, the City Manager shall assume this

responsibility. The investment authority granted to the investing officers is effective until rescinded by the City Council or until termination of the person's employment by the City. No person may engage in an investment transaction except as provided for under the terms of this policy. Although the Finance Director/Treasurer may delegate these duties to another official in the Department of Finance, the Finance Director shall be responsible for all transactions undertaken and will establish a system of controls to regulate the activities of subordinate officials. Section 53607 of the State of California Government Code limits the authorization of the legislative body to delegate investment authority to a one-year period, renewable annually.

13.0 ETHICS AND CONFLICT OF INTEREST

In accordance with California Government Code Sections 1090 et seq. and 87100 et seq., officers and employees of the City will refrain from any activity that could conflict with the proper execution of the investment program or which could impair their ability to make impartial investment decisions for the City or RDA. All investment personnel shall comply with the reporting requirements of the Political Reform Act, to include the annual filing of Statements of Economic Interest. No investments will be made with or through any family or blood-related relative or any firm that employs any family or blood-related relative of any City Elected Official, Appointed Official, or City employee.

14.0 INTERNAL CONTROL

The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

15.0 POLICY REVISION AND ADOPTION

This Investment Policy shall be reviewed and adopted at least annually by resolution of the City Council of Vallejo. Furthermore, it can be revised whenever necessary by the City Council or Finance Director with City Council approval, and any modifications made thereto must be approved by the City Council, as required by law.

16.0 PROHIBITED TRANSACTIONS

Certain investment practices and instruments may be inconsistent with the safety of invested funds, or prohibited by the State of California Government Code Section 53601.6 and are therefore prohibited transactions. Prohibited investments include securities not listed in Attachment A below, as well as but not limited to:

- A. Investments Prohibited by State of California Government Code Section 53601.6:
 - 1. Mortgage Derived Interest-Only Strips.
 - 2. Any security that could result in zero interest accrual if held to maturity.

3. "Complex" derivative structures such as range notes or inverse floaters.

B. Additional Investments Prohibited by the City of Vallejo:

1. No direct investment in financial agreements whose returns are linked to or derived from the performance of some underlying assets such as stocks, bonds, currencies or commodities products ("Derivatives"). Only allowed as part of the City's investments in Government Investment Pools and sweep accounts. This may include dual index notes, leveraged or de-leveraged floating rate notes, or any other complex variable rate or structured note, and any other financial derivative.
2. Leveraged investing, such as in margin accounts or any form of borrowing against or otherwise obligating city investments for the purpose of investment.
3. Options and future contracts.
4. Taking short positions; that is, selling securities that the City does not own.
5. Equity Securities (Common or Preferred Stocks).

Purchasing these types of instruments does not coincide with the City's Investment Policy objectives and would require a thorough review and monitoring of the underlying security. Although some of these transactions are legal under California Government Code, they do not meet the objectives contained in this Investment Policy.

Prohibited investments already held in the portfolio at the time of adoption of this policy may continue to be held until maturity at the discretion of the Finance Director/Treasurer.

17.0 MAXIMUM MATURITY LIMIT

To the extent possible, the City of Vallejo will attempt to match its investments with anticipated cash flow requirements. In compliance with State of California Government Code Section 53601, the City will not directly invest in any securities with a legal final maturity of more than five years from the date of purchase unless specifically approved by the City Council.

Furthermore, in order to maintain liquidity, the weighted average time to maturity of the City's investment portfolio shall not exceed three years. The Treasurer shall adjust average portfolio maturity to market conditions and specific investment goals/return objectives, as needed.

18.0 PORTFOLIO MANAGEMENT

Following the primary objective of preservation of capital, the investment portfolio may be actively managed to take advantage of market opportunities. In doing so, negotiable securities may be sold prior to their maturity to provide liquid funds as needed for cash flow purposes, to enhance portfolio returns, or to restructure maturities to increase yield and/or decrease risk. In addition, fluctuations in market rates or changes in credit quality may produce situations where securities may be sold at a loss in order to mitigate further erosion of principal or to reinvest proceeds of sale in securities that will out-perform the original investment. In practice,

however, it is primarily a hold to maturity portfolio.

19.0 USE OF EXTERNAL PROFESSIONAL INVESTMENT MANAGERS

The City may employ the services of professional investment managers to assist in the management of the City's investment portfolio. Such managers may be granted the discretion to purchase and sell investment securities in accordance with this Investment Policy. In addition, such managers may review cash flow requirements, formulate investment strategies, and execute security purchases, sales and deliveries. External investment managers must be well established and exceptionally reputable. Members of the staffs of such companies who will have primary responsibility for managing the City's investments must have a working familiarity with the special requirements and constraints of investing municipal funds in general and this City's funds in particular. Such managers shall only be retained by written agreement with the City, and approved by the City Council. They must contractually agree to conform to the City's Investment Policy and all provisions of governing law and collateralization and other requirements contained herein.

Investment Managers shall exercise reasonable care in compliance with this Investment Policy and their Investment Management Agreements. If an Investment Manager causes a loss of funds to the City where the Manager is held to be liable for the loss of funds, compensation due to the City from the Investment Manager for such loss of funds is defined in each investment management agreement.

No more than 40 percent of the City's total investment portfolio may be placed in any one investment management account. In order to implement this requirement, the City's portfolio assets will be reallocated annually among its investment managers based on June 30 year-end values.

20.0 INDEMNIFICATION OF CITY INVESTMENT OFFICIALS

The City Finance Director/Treasurer and any other City of Vallejo employee designated or assigned to perform the investment transactions and/or manage the City's investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, will not be held personally liable for any individual investment losses or total portfolio losses and shall be relieved of personal responsibility and liability for any individual security's credit risk or market price changes. Such indemnity shall extend to judgments, fines, attorney fees, and any other amounts paid in settlement of any such claim, suit, or proceeding, including any appeal thereof.

21.0 ALLOCATION OF ANY INVESTMENT GAIN OR LOSS

Any gain or loss realized on any investments will be distributed on a pro rata basis to all non-restricted funds which at the time of the investment gain or loss were part of the City's portfolio, or such other method as otherwise directed by the City Finance Director/Treasurer, and in accordance with generally accepted accounting principles.

22.0 POLICY EXCEPTIONS

Occasionally, exceptions to some of the requirements specified in this Investment Policy may occur for pooled investments because of events subsequent to the purchase of investment instruments, e.g., the rating of a corporate note held in the portfolio is downgraded below an "A" rating, or total assets in the portfolio decline causing the percentage invested in corporate notes to rise above 30%.

State law is silent as to how exceptions should be corrected. Exceptions may be temporary or more lasting; they may be self-correcting or require specific action. If specific action is required, the City Finance Director/Treasurer should determine the course of action that would correct exceptions to move the portfolio into compliance with State and City requirements. Decisions to correct exceptions should not expose the assets of the portfolio to undue risk, and should not impair the meeting of financial obligations as they fall due. Evaluation of divestiture of securities will be determined on a case-by-case basis. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

23. USE OF STATE GUIDELINES

State of California Government Code Sections 16429.1, 53601, 53635, and 53646 regulate investment practices. It is the policy of the City of Vallejo to use the State's provisions for local government investments as a guide in the developing and implementing the City's investment policies and practices with the exception of those investments listed as Prohibited Transactions in Section 16 above.

24. LEGISLATIVE CHANGES

Any State of California legislative action that further restricts allowable maturities, investment types or percentage allocations will be incorporated into the City of Vallejo Statement of Investment Policy and supersede any and all previous applicable language. If the City is holding an investment that is subsequently prohibited by a legislative change, the City may hold that investment until the maturity date, if it is deemed prudent by the Finance Director/Treasurer.

ATTACHMENT A

SCHEDULE OF AUTHORIZED INVESTMENT INSTRUMENTS

Allowable Investment Instruments

The City Finance Director/Treasurer is authorized to invest in any of the investment instruments allowed by Sections 53601, 53635 and 16429.1 of the California Government Code with the exception of those investments listed as Prohibited Transactions in Section 16 above. Exclusion of the instruments in Section 16 (B) is consistent with the City's and RDA's overall objective of achieving reasonable yields on public funds while minimizing risk and capital losses. Although the potential exists for greater interest yields with these instruments, it is believed that the potential level of risk exceeds their benefits except in very limited circumstances. Accordingly, City Council approval is required on a case-by-case basis for any investments listed in Prohibited Transactions Section 16 (B).

Term

Reserve funds from the proceeds of debt issues of the City or RDA may be invested by the City Finance Director/ Treasurer in government agency securities with terms exceeding five (5) years if the maturity of such investments is made to coincide as nearly as practicable with the life of the debt issue.

In all other cases, City Council approval to make investments with terms in excess of five (5) years is required on a case-by-case basis.

The City's and RDA's funds may be invested in any of the following instruments, which are not prohibited by law (California Government Code Section 53601.6):

- A. **LOCAL AGENCY INVESTMENT FUND (LAIF).** As authorized in Government Code Section 16429.1, local agencies may invest in the Local Agency Investment Fund (LAIF), a pooled investment money market fund established by the State of California, and overseen by the State Treasurer, which allows local agencies to pool their investment resources. Principal may be withdrawn on a one-day notice. Interest earned is paid quarterly. The fees charged are limited to one-quarter of one percent of the earnings of the fund. Current policies of LAIF set minimum and maximum amounts of monies that may be invested as well as maximum numbers of transactions that are allowed per month. Currently, there is a limitation of \$40 million per agency subject to a maximum of 15 total transactions per month. The LAIF is in trust in the custody of the State Treasurer. The City's right to withdraw its deposited monies from LAIF is not contingent upon the State's ability to adopt a State Budget by July 1st of each new fiscal year.
- B. **U.S. TREASURY BILLS.** Commonly referred to as T-Bills, these are short-term marketable securities sold as obligations of the U.S. Government. They are offered in three-month, six-month, and one-year maturities. T-Bills do not accrue interest but are sold at a discount to pay face value at maturity.
- C. **U.S. TREASURY NOTES.** These are marketable, interest-bearing securities sold as obligations of the U.S. Government with original maturities of one to ten years at

issuance. Interest is paid semiannually. Purchases of these assets are limited to a remaining maturity of 5 years or less.

- D. **U.S. TREASURY BONDS.** These are the same as U.S. Treasury Notes except they have original maturities of ten years or longer at issuance. Purchases of these assets are limited to a remaining maturity of 5 years or less.
- E. **U.S. GOVERNMENT AGENCY ISSUES.** This includes obligations, participations, or other instruments of, or issued by, a federal government agency or a United States government-sponsored enterprise.

These securities fall into three categories: 1) Issues which are backed by the full faith and credit of the United States, 2) Issues which are conditionally backed by the full faith and credit of the United States and 3) Issues which are not backed by the full faith and credit of the United States.

These Issues include, but are not limited to:

1. Issues, which are unconditionally backed by the full faith and credit of the United States, including: Small Business Administration (SBA) and General Services Administration (GSA).
 2. Issues which are not backed by the full faith and credit of the United States including but are not limited to: Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Farm Credit System, Banks for Cooperation (Co-ops), Federal Lands Banks (FLB), Federal Intermediate Credit Banks (FICB), Tennessee Valley Authority (TVA), Student Loan Marketing Association (SLMA).
- F. **BANKER'S ACCEPTANCE.** Otherwise known as bills of exchange or time drafts, are negotiable instruments with a maturity of six months or less drawn on and accepted by a commercial bank. These instruments are usually created to finance the import or export of goods, or the shipment of goods within the United States.
 - G. **CERTIFICATE OF DEPOSIT (CDS).** As authorized in Government Code Section 53601.7 (7), local agencies may invest in Certificates of Deposit. These instruments must comply with Government Code Sections 16500 or 16600. This is a receipt for funds deposited in a Bank or Savings and Loan Association for a specified period at a specified rate of interest. The first \$100,000 of a CD is guaranteed by the FDIC if with a bank, or the FSLIC if with a savings and loan association. CD's with a face value in excess of \$100,000 can be collateralized by Treasury Department Securities, which must be at least 110% of the face value of the CD's in excess of the first \$100,000, or by first mortgage loans, which must be at least 150% of the face value of the CD balance in excess of the first \$100,000.

All institutions must: (1) have a minimum of \$100 million in assets; (2) have a demonstrated history of positive earnings; and, (3) must carry a minimum 3.5% equity ratio and hold that ratio for at least one year prior to the City's investment. All institutions must be located within the State of California. For collateralized or

negotiable certificates of deposit, the institution must have a minimum \$1 billion in assets, in addition to meeting the above criteria.

- H. **NEGOTIABLE CERTIFICATE OF DEPOSIT.** Allowable certificates of deposits must be issued by a nationally or state-chartered bank or a state or federal association or by a state-licensed branch of a foreign bank. The maturity period for this investment vehicle may not exceed five years unless approved by the Council.
- I. **COMMERCIAL PAPER.** As authorized in Government Code Section 53601(g), 25% of the City's portfolio may be invested in "prime" quality commercial paper of the highest ranking or of the highest letter and numerical rating as provided for by Moody's or Standard and Poor's, with maturities not to exceed 270 days. These notes are secured promissory notes of industrial corporations, utilities and bank holding companies. State law limits a city to investments in US corporations having assets in excess of five hundred million dollars with an "A" or higher rating.
- J. **REPURCHASE AGREEMENTS.** As authorized in Government Code Section 53601(i), repurchase agreements are agreements between the local agency and seller for the purchase of government securities to be resold at a specific date and for a specific amount. Repurchase agreements are generally used for short term investments for the City's daily automatic sweep account and will generally not exceed 30 days. The legal limitation on the maturity period for a repurchase agreement is for one year with the required market value underlying the agreement at 102% of the funds borrowed with the value adjusted quarterly.
- K. **BONDS OF THE STATE OF CALIFORNIA OR LOCAL AGENCIES.** Bonds of the State of California and any local government in the State of California, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency. In no event shall this classification of investment exceed 10% of the value of the portfolio.
- L. **MUTUAL FUNDS.** Mutual Funds are referred to in California Government Code, Section 53601(k), as "shares of beneficial interest issued by diversified management companies." The following mutual funds and money market funds are authorized investments for funds subject to the following provisions:
1. Shares of mutual funds with portfolios consisting only of United States government bonds or United States government guaranteed bonds issued by federal agencies with average maturities less than four years.
 2. Shares of money market funds with portfolios consisting of only bonds of states and local governments or other issuers authorized by State law for investment by local governments, which bonds have at the time of investment one of the two highest credit ratings of a nationally recognized rating agency.
 3. Shares of money market funds with portfolios consisting of securities otherwise authorized by State law for investment by local governments.
- M. **LOCAL GOVERNMENT INVESTMENT POOLS (LGIP).** Established by the State of California to enable Finance Directors to place funds in a pool for investments. In no

event shall this classification of investment exceed the maximum limit allowed by the pool.

- N. **CORPORATE NOTES.** As authorized in Government Code Sections 53601(j), local agencies may invest in corporate notes issued by corporations organized and operating in the United States that have an "A" or higher rating for the issuer's debt as provided by a nationally recognized rating service and having a maximum remaining maturity period of five years or less in an amount not to exceed 30% of the agency's portfolio. Furthermore, the maximum principal amount in any one company will not exceed 5% of the City's portfolio.

Issuers must possess an acceptable long-term senior debt rating by one of the nationally recognized rating services, ie Moodys, Standard and Poors, or Fitch or Duff & Phelps, as detailed below:

1. For maturities of two years or less, a minimum rating of "A" or better.
2. For maturities of two to four years, a minimum rating of "AA" or better.
3. For maturities of four to five years, a minimum rating of "AAA".

- O. **ASSET BACKED SECURITIES.** As authorized in Government Code Section 53601(n), local agencies may invest in any equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable-backed bond with a maximum remaining maturity of five years.

Securities eligible for investment under this subdivision shall be rated "AAA" by a nationally recognized rating service. Purchases of securities authorized by this subdivision may not exceed 20% of the agency's portfolio.

- P. **MORTGAGE-BACKED SECURITIES.** As authorized in Government Code Section 53601(n), local agencies may invest in any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, with a maximum remaining maturity of five years.

Securities eligible for investment under this subdivision shall be rated "AAA" by a nationally recognized rating service. Purchases of securities authorized by this subdivision may not exceed 20% of the agency's portfolio.

It should be noted that while the Government Code specifies the maximum percentage of the portfolio that may be held in each type of investment at any one time, fluctuations in the portfolio balance will prevent strict adherence to such restrictions. Therefore, the constraints listed in this policy are to be applied at the time the investment is made and not necessarily to subsequent events which may change the percentage.

SUMMARY OF AUTHORIZED SECURITIES AND CRITERIA INCLUDING DIVERSIFICATION CRITERIA

The City's investment portfolio, in aggregate, will be diversified to limit market and credit risk by observing the following City Policy Legal limitations:

Permitted Investments	State Code Legal Limit (% or \$)	City Policy Legal Limit (% or \$)	City Maximum Maturity Constraints	City Policy Other Constraints
U.S. Government Treasury Bills	Unlimited	Unlimited	5 years	None
U.S. Government Treasury Notes	Unlimited	Unlimited	5 years	None
U.S. Government Treasury Bonds	Unlimited	Unlimited	5 years	None
U.S. Government Agencies (e.g., GNMA, FNMA)	Unlimited	50%	5 years	None
Repurchase Agreements	Unlimited	20%	N.A.	Collateralized by securities with a market value of at least 102% of the loan amount.
Bankers Acceptances	40%	5%	180 days	No more than \$1,000,000 invested in any one commercial bank
Commercial Paper	25%	25%	270 days	U.S. Corporations with assets in excess of \$500,000,000; "A" debt rating; maximum of \$1,000,000 from an issuing corporation
Corporate Medium Term Notes	30%	30%	5 years	U.S. Corporations; minimum "A" debt rating; maximum of 5% of portfolio per issuing company
Certificates of Deposit	Unlimited	10%	5 years	Must be collateralized to 110% of the CD value by other eligible securities
Negotiable Certificates of Deposit	30%	5%	5 years	State and Federally chartered banks and savings institutions, "AA" rating by one agency
LAIF State Pool	\$40,000,000	\$40,000,000	On Demand	Limited to 15 transactions per month, per account, per State Policy
State of California or Local Agency Bonds	Unlimited	10%	5 years	None
Mutual Funds	20%	20%	5 years	Funds invested as defined in Section 53601 (a) to (l); maximum of 10% in any one fund
Asset-backed Securities	20%	20%	5 years	Minimum "AAA" Debt rating
Mortgage-backed Securities	20%	20%	5 years	Minimum "AAA" Debt rating
Local Government Investment Pools	Unlimited	Unlimited	On Demand	None

1) Limits on percent of portfolio do not apply to investments made by LAIF or other Government Investment Pools.

2) U.S. Treasury Bonds are currently only available for 10 years or more, which currently prohibits the use of newly issued bonds as an investment tool. However, existing bonds could be purchased if remaining term to maturity is less than 5 years.

MASTER REPURCHASE AGREEMENT

If repurchase agreements are legal or authorized, a Master Repurchase Agreement must be signed with the bank or dealer.

ATTACHMENT B

GLOSSARY OF CASH MANAGEMENT TERMS

ACCRETION OF DISCOUNT - Periodic straight-line increases in the book or carrying value of a security so the amount of the purchase price discount below face value is completely eliminated by the time the bond matures or by the call date, if applicable.

ACCRUED INTEREST - Interest earned but not yet received. The interest accumulated on a bond since issue date or the last coupon payment. The buyer of the bond pays the market price and accrued interest, which is payable to the seller.

AGENCIES - A debt security issued by a federal or federally sponsored agency.

In the government securities industry, investors frequently refer to all debt instruments issued by U.S. government agencies, departments, and related instrumentalities as *agency* securities. Only those securities backed by the full faith and credit of the U. S. Government are true agency securities. Only securities issued by the Government National Mortgage Association (Ginnie Mae or GNMA) are widely used by public investors as true agency securities backed by the full faith and credit of the U.S. Government.

Generally, the underlying security associated with a U.S. agency is considered to be as risk-free as direct Treasury securities. The key difference in risk with these instruments is their liquidity and marketability, which is diminished as a result of smaller, irregular, and less familiar issues.

U.S. Government Instrumentalities, also known as government sponsored enterprises (GSEs), are financial intermediaries established by the federal government to fund loans to certain groups of borrowers, such as homeowners, farmers, and students. In short, GSEs are privately owned corporations with a public purpose. The most common instrumentalities are:

- Federal Farm Credit System Banks,
- Federal Home Loan Banks (FHLB),
- Federal Home Loan Mortgage Corporation (Freddie Mac or FHLMC),
- Federal National Mortgage Association (Fannie Mae or FNMA)
- Student Loan Marketing Association (Sallie Mae or SLMA), and
- Tennessee Valley Authority (TVA).

GSEs sell securities on a regularly scheduled basis through selling groups, which are chosen groups of dealers that the GSE uses to "bring the paper to the streets." Short-term securities are regularly issued as discount notes with maturities ranging from overnight to 360 days. GSEs also issue securities with fixed interest rates, ranging in maturity from three months to 30 years.

AMORTIZATION OF PREMIUM - Periodic straight-line decreases in the book or carrying value of a security so the premium paid for a bond above its face value or call price is completely eliminated.

ASK – The price at which securities are offered for sale.

ASSET BACKED SECURITIES (ABS) – Asset Backed Securities are pass-through instruments collateralized by installment loans, leases, revolving lines of credit or other consumer finance receivables. Securitizations are structured to separate the credit of the ABS issuer from the assets being securitized.

AVERAGE MATURITY - A weighted average of the expiration dates for a portfolio of debt securities. An income fund's volatility can be managed by shortening or lengthening the average maturity of its portfolio.

BANK WIRE - A virtually instantaneous electronic transfer of funds between two financial institutions.

BANKERS ACCEPTANCES (BAs) - Bankers Acceptances generally are created based on a letter of credit issued in a foreign trade transaction. They are used to finance the shipment of commodities between countries as well as the shipment of some specific goods within the United States. BAs are short-term, non-interest bearing notes sold at a discount and redeemed by the accepting bank at maturity for full face value. These notes trade at a rate equal to or slightly higher than Certificates of Deposit (CDs), depending on market supply and demand.

Bankers Acceptances are sold in amounts that vary from \$100,000 to \$5,000,000, or more, with maturities ranging from 30 - 270 days. They offer liquidity to the investor as it is possible to sell BAs prior to maturity at the current market price.

BASIS POINT - A measure of an interest rate, i.e., 1/100 of 1 percent, or .0001.

BID - The indicated price at which a buyer is willing to purchase a security or commodity. When selling a security a bid is obtained.

BOND - A long-term debt security, or IOU, issued by a government or corporation that generally pays a stated rate of interest and returns the face value on the maturity date.

BOOK ENTRY SECURITIES - U.S. government and federal agency securities that do not exist in definitive (paper) form; they exist only in computerized files maintained by the Federal Reserve Bank.

BOOK VALUE - The amount at which an asset is carried on the books of the owner. The book value of an asset does not necessarily have a significant relationship to market value.

BROKER – A broker brings buyers and sellers together for a commission.

CALLABLE BOND - A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions. Bonds are generally called when interest rates fall so that the bond issuer can save money by floating new bonds at the lower rate. The first call date is the date which a specific call price will be offered by the issuer, usually a premium price to par, as an incentive to the bondholder to redeem the bond.

CALL PRICE - The price at which an issuer may redeem a bond prior to maturity. The price is usually at a slight premium to the bond's original issue price to compensate the holder for loss of income and ownership.

CALL RISK - The risk to a bondholder that a bond may be redeemed prior to maturity.

CASH SALE/PURCHASE - A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

CERTIFICATES OF DEPOSIT - Certificates of Deposit, familiarly known as CDs, are certificates issued against funds deposited in a bank for a definite period of time and earning a specified rate of return. Certificates of Deposit bear rates of interest in line with money market rates current at the time of issuance.

COLLATERALIZATION - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

COMMERCIAL PAPER - Commercial paper is an unsecured promissory note issued by a corporation for a specific amount and maturing on a specific day that cannot be farther into the future than 270 days. Commercial Paper is typically rated by credit agencies that attempt to evaluate the liquidity, cash flow, profitability, and backup credit availability of the entity that is issuing the paper.

COMPETITIVE BID PROCESS - A process by which three or more institutions are contacted via the telephone to obtain interest rates for specific securities.

CONVEXITY - A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

COUPON RATE - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

CREDIT QUALITY - The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

CREDIT RISK - The risk that another party to an investment transaction will not fulfill its obligations. Credit risk can be associated with the issuer of a security, a financial institution holding the entity's deposit, or a third party holding securities or collateral. Credit risk exposure can be affected by a concentration of deposits or investments in any one investment type or with any one party.

CUSIP NUMBER - A nine-digit number established by the Committee on Uniform Securities Identification Procedures that is used to identify publicly traded securities. Each publicly traded security receives a unique CUSIP number when the security is issued.

CURRENT YIELD - A yield calculation determined by dividing the annual interest received on a security by the current market price of that security.

CUSTODIAN - An independent third party (usually bank or trust company) that holds securities in safekeeping as an agent for the city.

DEBENTURE – A bond secured only by the general credit of the issuer.

DEFEASE - To discharge the lien of an ordinance, resolution, or indenture relating to a bond issue, and in the process, render inoperative restrictions under which the issuer has been obliged to operate. Comment: Ordinarily an issuer may defease an indenture requirement by depositing with a trustee an amount sufficient to fully pay all amounts under a bond contract as they become due.

DELIVERY - The providing of a security in an acceptable form to the City or to an agent acting on behalf of the City and independent of the seller. Acceptable forms can be physical securities or the

transfer of book entry securities. The important distinction is that the transfer accomplishes absolute ownership control by the City.

DELIVERY VS PAYMENT - There are two methods of delivery of securities: Delivery vs. payment and delivery vs. receipt (also called free). Delivery vs. payment is delivery of securities with an exchange of money for the securities. Delivery vs. receipt is delivery of securities with an exchange of a signed receipt for the securities.

DEPOSITORY BANK - A local bank used as the point of deposit for cash receipts.

DEPOSITORY INSURANCE - Insurance on deposits with financial institutions. For purposes of this policy statement, depository insurance includes: a) Federal depository insurance funds, such as those maintained by the Federal Deposit Insurance Corporation (FDIC) AND Federal Savings and Loan Insurance Corporation (FSLIC).

DERIVATIVE SECURITY - Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

DISCOUNT - 1. (n.) selling below par; e.g., a \$1,000 bond selling for \$900. 2. (v.) anticipating the effects of news on a security's value; e.g., "The market had already discounted the effect of the labor strike by bidding the company's stock down."

DISCOUNT SECURITIES – Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

DIVERSIFICATION - Dividing available funds among a variety of securities and institutions so as to minimize market risk.

DOLLAR-WEIGHTED AVERAGE MATURITY - The sum of the amount of each outstanding investment multiplied by the number of days to maturity, divided by the total amount of outstanding investment.

EFFECTIVE RATE - The yield you would receive on a debt security over a period of time taking into account any compounding effect.

FACE VALUE - The value of a bond stated on the bond certificate; thus, the redemption value at maturity. Most bonds have a face value, or par, of \$1,000.

FAIR VALUE - The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL AGENCY SECURITIES - Several government-sponsored agencies, in recent years, have issued short and long-term notes. Such notes typically are issued through dealers, mostly investment banking houses. These Federal government-sponsored agencies were established by the U.S. Congress to undertake various types of financing without tapping the public treasury. In order to do so, the agencies have been given the power to borrow money by issuing securities, generally under the authority of an act of Congress. These securities are highly acceptable and marketable for several reasons, mainly because they are exempt from state, municipal and local income taxes. Furthermore, agency securities must offer a higher yield than direct Treasury debt of the same maturity to find investors, partly because these securities are not direct obligations of the Treasury.

The main agency borrowing institutions are the Federal National Mortgage Association (FNMA), the Federal Home Loan Bank System (FHLB), and the Federal Farm Credit System (FFCS).

FLOATING-RATE NOTES - The term floating-rate notes includes different types of securities with a similar feature that the interest rate or coupon rate is adjusted periodically to a benchmark or base rate. A simple example of a floating-rate instrument is a Series EE savings bond where the semiannual interest rate is determined in May and November based on 85 percent of the average market return of the five-year Treasury note for the preceding six months. In theory, floating-rate notes are securities with coupons based on a short-term rate index.

FNMA - FEDERAL NATIONAL MORTGAGE ASSOCIATION - issues notes tailored to the maturity needs of the investor. Maturities range from 30 days up to 10 years. These notes are made attractive by their denominations from \$5,000 to \$1 million.

FHLB - FEDERAL HOME LOAN BANK SYSTEM - consists of twelve Federal Home Loan Banks, issues, in addition to long-term bonds, coupon notes with maturities of up to one year. Their attractiveness stems from their investment denominations of \$10,000 to \$1 million.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) - A Federal institution that insures bank deposits. The current limit is up to \$100,000 per depository account.

FEDERAL FUNDS (Fed Funds) - Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

FEDERAL FUNDS RATE - The rate of interest at which Fed Funds are traded between banks. Fed Funds are excess reserves held by banks that desire to invest or lend them to banks needing reserves. The particular rate is heavily influenced through the open market operations of the Federal Reserve Board. Also referred to as the "Fed Funds rate."

FEDERAL HOME LOAN BANKS (FHLB) - The institutions that regulate and lend to savings and loan associations. These are Government sponsored wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLB's is to liquefy the housing related assets of its members who must purchase stock in their district bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) - FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a Federal corporation working under the auspices of the Department of Housing and Urban Development, HUD. It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC) – Consists of seven members of the Federal Reserve Board and five of the twelve Federal reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM - The central bank of the United States which has regulated credit in the economy since its inception in 1913. Includes the Federal Reserve Bank, 12 district banks and the member banks of the Federal Reserve, and is governed by the Federal Board.

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION (FSLIC) - A federal institution that insures savings and loan deposits. The current limit is up to \$100,000 per depository account.

FLEXIBLE REPURCHASE AGREEMENTS (Flex Repos) - Similar to a term repurchase agreement, a flex repo is a contractual transfer of U.S. government securities during the investment period, whereby the Seller agrees to repurchase the collateral securities from the Buyer on the Buyer's demand, subject to provisions of the agreement. The Seller is generally a financial institution such as a securities dealer or a bank. As buyers, most issuers require over-collateralization, marking-to-market of collateral and delivery-vs.-payment of collateral.

GINNIE MAES (GNMAs) - Mortgage securities issued and guaranteed, as to timely interest and principal payments, by the Government National Mortgage Association, an agency within the Department of Housing and Urban Development (HUD).

GOVERNMENT SECURITY - Any debt obligation issued by the U.S. government, its agencies or instrumentalities. Certain securities, such as Treasury bonds and Ginnie Maes, are backed by the government as to both principal and interest payments. Other securities, such as those issued by the Federal Home Loan Mortgage Corporation, or Freddie Mac, are backed by the issuing agency.

GOVERNMENT-SPONSORED ENTERPRISES (GSE's) - Payment of principal and interest on securities issued by these corporations is not guaranteed explicitly by the U.S. government, however, most investors consider these securities to carry an implicit U.S. government guarantee. The debt is fully guaranteed by the issuing corporations. GSE's include: Farm Credit System, Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Student Loan Marketing Association, and the Tennessee Valley Authority.

HAIRCUT - This term describes the way brokers and clients protect themselves from market risk in doing repos. An entity wanting to finance the purchase of \$100 million in Treasury bonds may borrow just \$98 million of the money. The two percent difference between the amount of securities purchased and the amount of money borrowed is the haircut. Similarly, an entity looking to borrow \$100 million may need to provide, as collateral, Treasury securities with a market price equal to \$102 million.

INTERNAL CONTROLS - An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. **Separation of transaction authority from accounting and record keeping** - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.

3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

INVERSE FLOATER - A bond or note that does not earn a fixed rate of interest. Rather, the interest rate that is earned is tied to a specific interest-rate index identified in the bond/note structure. The interest rate earned by the bond/note will move in the opposite direction of the index, e.g., if market interest rates as measured by the selected index rises, the interest rate earned by the bond/note will decline. An inverse floater increases the market rate risk and modified duration of the investment.

INVERTED YIELD CURVE - A chart formation that illustrates long-term securities having lower yields than short-term securities. This configuration usually occurs during periods of high inflation coupled with low levels of confidence in the economy and a restrictive monetary policy.

INVESTMENT COMPANY ACT OF 1940- Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

INVESTMENT POLICY - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

INVESTMENT-GRADE OBLIGATIONS - An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

LIQUIDATION - Conversion into cash.

LIQUIDITY - Refers to the ease and speed with which an asset can be converted into cash without a substantial loss in value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOSS - The excess of the cost or book value of an asset over selling price.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP) - The aggregate of all funds from political subdivisions that are placed in the custody of the Treasurer for investment and reinvestment.

LONG-TERM INVESTMENTS - Investments considered long-term are generally defined as those instruments maturing in one year or longer.

MARK-TO-MARKET - The practice of valuing a security or portfolio according to its market value, rather than its cost or book value. An adjustment in the valuation of a securities portfolio to reflect the current market values of the respective securities in the portfolio.

MARKETABILITY - Ability to sell large blocks of money market instruments quickly and at competitive prices.

MARKET VALUE - The price at which a security is trading and could presumably be sold.

MARKET RISK - The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. The risk that the market value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement will decline.

MASTER REPURCHASE AGREEMENT - An agreement between the investor and the dealer or financial institute. This agreement defines the nature of the transactions, identifies the relationship between the parties, establishes normal practices regarding ownership and custody of the collateral securities during the term of the investment, provides for remedies in the event of a default by either party and otherwise clarifies issues of ownership.

MATURITY - The date upon which the principal or stated value of an investment becomes due.

MONEY MARKET – The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

MORTGAGE-BACKED SECURITIES - Mortgage-backed securities have several unique characteristics, beginning with the payment of interest on a monthly basis. Mortgage Backed Securities also differ from standard Treasury investments in that the cash flow pattern is uncertain due to the risk of prepayments or the unscheduled payment of principal. Moreover, a change in the future assumption for prepayments will also affect the rate of return on the investment of a mortgage-backed security. Mortgage-backed securities are created when mortgage pools are collateralized into interest-bearing securities. This securitization process can be accomplished via either a sale of assets or as a debt obligation of the issuer. In the former, a mortgage pass-through security is created, while in the latter case a mortgage-backed bond is originated.

MUTUAL FUND - An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.

4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus which is updated and filed by the SEC annually.

MUTUAL FUND STATISTICAL SERVICES - Companies that track and rate mutual funds, e.g., IBC/Donoghue, Lipper Analytical Services, and Morningstar.

NATIONAL ASSOCIATION OF SECURITIES DEALERS (NASD) - A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

NEGOTIABLE CERTIFICATES OF DEPOSIT - Large denomination (\$100,000 or more) interest bearing time deposits, paying the holder a fixed amount of interest at maturity. Issues can be sold to a new owner before maturity.

NET ASSET VALUE - The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. $[(\text{Total assets}) - (\text{Liabilities})]/(\text{Number of shares outstanding})$

NO LOAD FUND - A mutual fund which does not levy a sales charge on the purchase of its shares.

NOMINAL YIELD - The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

OFFER - The indicated price at which a seller is willing to sell a security or commodity. When buying a security an offer is obtained.

OPEN MARKET OPERATIONS – Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PAR VALUE - The nominal or face value of a debt security; that is, the value at maturity.

PORTFOLIO – Collection of securities held by an investor.

POSITIVE YIELD CURVE - A chart formation that illustrates short-term securities having lower yields than long-term securities.

PREMIUM - The amount by which a bond sells above its par value.

PRIMARY DEALERS - A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC), registered securities broker-dealers, banks, and a few unregulated firms.

PRIME RATE - The interest rate a bank charges on loans to its most credit worthy customers. Frequently cited as a standard for general interest rate levels in the economy.

PRINCIPAL - An invested amount on which interest is charged or earned.

PRUDENT PERSON RULE – An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state – the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORY - A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated, for the benefit of the commission, eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RANGE NOTE - An investment whose coupon payment varies (e.g. either 7% or 3%) and is dependent on whether the current benchmark (e.g. 30 year Treasury) falls within a pre-determined range (e.g. between 6.75% and 7.25%).

RATE OF RETURN - The amount of income received from an investment, expressed as a percentage. A market rate of return is the yield that an investor can expect to receive in the current interest-rate environment utilizing a buy-and-hold to maturity investment strategy.

REGISTERED SECURITY - A security that has the name of the owner written on its face. A registered security cannot be negotiated except by the endorsement of the owner.

REINVESTMENT RISK - The risk that a fixed-income investor will be unable to reinvest income proceeds from a security holding at the same rate of return currently generated by that holding.

REPURCHASE AGREEMENT (REPO) - The Repo is a contractual transaction between an investor and an issuing financial institution (not a secured loan). The investor exchanges cash for temporary ownership of specific securities, with an agreement between the parties that on a future date, the financial institution will repurchase the securities at a prearranged price. An "Open Repo" does not have a specified repurchase date and the repurchase price is established by a formula computation.

REPRICING - The revaluation of the market value of securities.

REVERSE REPO's - The opposite of the transaction undertaken through a regular repurchase agreement. In a "reverse" the City initially owns securities and the bank or dealer temporarily exchanges cash for this collateral. This is, in effect, temporarily borrowing cash at a high interest rate. Most typically, a Repo is initiated by the lender of funds. Reverses are used by dealers to borrow securities they have shorted. Such investments are not authorized in the City of Vallejo's Investment Policy.

RULE 2a-7 OF THE INVESTMENT COMPANY ACT - Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13- month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

SAFEKEEPING - A service to customers rendered by banks for a fee whereby all securities and valuables of all types and descriptions are held in the bank's vaults for protection, or in the case of

book entry securities, are held and recorded in the customer's name and are inaccessible to anyone else.

SALLIE MAES - Pooling of student loans guaranteed by the Student Loan Marketing Association (SLMA) to increase the availability of education loans. The SLMA purchases the loans after buying them on the secondary market from lenders. SLMA stock is publicly traded.

SECONDARY MARKET – A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES - Bonds, notes, mortgages, or other forms of negotiable or non-negotiable instruments.

SECURITIES & EXCHANGE COMMISSION – Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SERIAL BOND - A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

SETTLEMENT DATES - The day on which payment is due for a securities purchase. For stocks and mutual funds bought through an investment dealer, settlement is normally five business days after the trade date. Bonds and options normally settle one business day after the trade date, mutual fund shares purchased directly by mail or wire settle on the day payment is received.

SHORT-TERM INVESTMENTS - Short-term investments are generally defined as those instruments maturing in one year or less.

SINKING FUND - Money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

SPREAD - (a) Difference between the best buying price and the best selling price for any given security. (b) Difference between yields on or prices of two securities of differing quality or differing maturities. (c) In underwriting, difference between price realized by the issuer and price paid by the investor.

STRIPS - Separation of the principal and interest cash flows due from any interest-bearing securities into different financial instruments. Each coupon payment is separated from the underlying investment to create a separate security. Each individual cash flow is sold at a discount. The amount of the discount and the time until the cash flow is paid determine the investor's return.

STRIPPED TREASURIES - U.S. Treasury debt obligations in which coupons are removed by brokerage houses, creating zero-coupon bonds.

STRUCTURED NOTES – A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes that have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

Notes issued by government Sponsored Enterprises (GSE) such as FHLB, FNMA, SLMA and Corporations which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by

the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TERM BOND - Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

TOTAL RETURN - The sum of all investment income plus changes in the capital value of the portfolio. For mutual funds, return on an investment is composed of share price appreciation plus any realized dividends or capital gains. This is calculated by taking the following components during a certain time period. (Price Appreciation) + (Dividends and Interest received) + (Capital gains) = Total Return

TRIPARTITE CUSTODIAN AGREEMENT - An agreement that occurs when a third party or custodian becomes a direct participant in a repurchase transaction. The custodian ensures that the exchange occurs simultaneously and that appropriate safeguards are in place to protect the investor's interest in the underlying collateral.

THIRD-PARTY SAFEKEEPING - A safekeeping arrangement whereby the investor has full control over the securities being held and the dealer or bank investment department has no access to the securities being held.

TIME DEPOSIT - Interest-bearing deposit at a savings institution that has a specific maturity.

TREASURY BILLS - Treasury bills are short-term debt obligations of the U.S. Government. They offer maximum safety of principal since they are backed by the full faith and credit of the United States Government. Treasury bills, commonly called "T-Bills," account for the bulk of government financing, and are the major vehicle used by the Federal Reserve System in the money market to implement national monetary policy. T-Bills are sold in three, six, nine, and twelve-month bills. Because treasury bills are considered "risk-free," these instruments generally yield the lowest returns in the major money market instruments.

TREASURY NOTES AND BONDS - While T-Bills are sold at a discount rate that establishes the yield to maturity, all other marketable treasury obligations are coupon issued. These include Treasury Notes with maturities from one to ten years and Treasury Bonds with maturities of 10-30 years. The instruments are typically held by banks and savings and loan associations. Since Bills, Notes and Bonds are general obligations of the U.S. Government, and since the Federal Government has the lowest credit risk of all participants in the money market, its obligations generally offer a lower yield to the investor than do other securities of comparable maturities.

UNDERLYING SECURITIES - Securities transferred in accordance with a repurchase agreement.

UNIFORM NET CAPITAL RULE – Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

VARIABLE RATE - An interest rate which is adjusted periodically, usually based on a standard market rate outside the control of the bank or savings institution, such as that prevailing on a

Treasury bill or the prime interest rate. These rates often have a specified floor and/or ceiling, called a cap or a collar, which limit the adjustment. Also called adjustable rate or floating rate.

WEIGHTED AVERAGE MATURITY - The sum of the amount of each outstanding investment multiplied by the number of days to maturity, divided by the total amount of outstanding investment.

WHEN-ISSUED TRADES - Typically, there is a lag between the time a new bond is announced and sold and the time it is actually issued. During this interval, the security trades "wi," "when, as, and if issued."

Wi - When, as, and if issued. See When-issued trades.

YIELD - The rate at which an investment pays out interest or dividend income, expressed in percentage terms and calculated by dividing the amount paid by the price of the security and annualizing the result.

YIELD BASIS - Stated in terms of yield as opposed to price. As yield increases for a traded issue, price decreases and vice versa. Charts prepared on a yield basis appear exactly opposite of those prepared on a price basis.

YIELD CURVE - A graphic representation that depicts the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity. A normal yield curve may be alternatively referred to as a positive yield curve.

YIELD SPREAD - The variation between yields on different types of debt securities; generally a function of supply and demand, credit quality and expected interest rate fluctuations. Treasury bonds, for example, because they are so safe, will normally yield less than corporate bonds. Yields may also differ on similar securities with different maturities. Long-term debt, for example, carries more risk of market changes and issuer defaults than short-term debt and thus usually yields more.

YIELD-TO-CALL (YTC) - The rate of return an investor earns from a bond assuming the bond is redeemed (called) prior to its nominal maturity date. It is the percentage rate of a bond or note, if an investor were to buy and hold the security until the call date. This yield is valid only if the security is called prior to maturity. Generally bonds are callable over several years and normally are called at a slight premium. The calculation of yield to call is based on the coupon rate, length of time to the call and the market price.

YIELD-TO-MATURITY (YTM) - The rate of return yielded by a debt security held to maturity when both interest payments and the investor's potential capital gain or loss are included in the calculation of return. The calculation for YTM is based on the coupon rate, length of time to maturity and market price. It assumes that coupon interest paid over the life of the bond will be reinvested at the same rate.

ZERO-COUPON BONDS - Securities that do not pay interest but are instead sold at a deep discount from face value. They rise in price as the maturity date nears and are redeemed at face value upon maturity.

**VALLEJO CITY COUNCIL
MINUTES**

FEBRUARY 12, 2008

The Council met in closed session on the following matters (1) conference with legal counsel – anticipated litigation – initiation of litigation pursuant to Government Code Subdivision (c) of Section 54956.9 (number of cases: one); (2) Conference with Labor Negotiator pursuant to Government Code Section 54957.6. Negotiators: Joseph Tanner, City Manager; Craig Whittom, Assistant City Manager-Community Development; Dennis Morris, Human Resources Director; Rob Stout, Finance Director; Employee Organizations: International Association of Fire Fighters, Local 1186 (IAFF), Vallejo Police Officers Association (VPOA), International Brotherhood of Electrical Workers, Local 2376 (IBEW) and Confidential, Administrative and Managerial Professionals (CAMP). The meeting was called to order at 4:15 p.m. by Mayor Osby Davis. All Councilmembers were present. The meeting adjourned at 5:45 p.m. No action was taken on either matter.

The Council met in a special meeting to interview applicants for appointment to the Greater Vallejo Recreation District Board of Directors from 5:55 to 6:50 p.m. All Councilmembers were present.

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 7:03 p.m. by Mayor Osby Davis.

2. PLEDGE OF ALLEGIANCE - was led by Mayor Davis.

3. ROLL CALL

Present: Mayor Davis, Vice Mayor Bartee, Councilmembers Gomes, Hannigan, Schivley, Sunga and Wilson

Absent: None

Staff: Assistant City Manager/Community Development Craig Whittom
City Attorney Fred Soley
City Clerk Mary Ellsworth

4. PRESENTATIONS AND COMMENDATIONS - None

5. PUBLIC COMMENT REGARDING CONSENT CALENDAR ITEMS - None

6. CONSENT CALENDAR AND APPROVAL OF AGENDA

Referring to Consent Item 6-C concerning Insurance Binder Application with Lincoln Financial, Councilmember Schivley stated that this is a contract with an outside provider and it appears that the cost is considerably lower than the other bids. She stated that she wants to be sure this

is not a "low ball" bid and it will not be increased in the second year. Debora Boutte', Assistant Human Resources Director, replied that the rate is guaranteed for two years.

Mayor Davis noted a correction to the resolution on Consent Item 6C, in the third Whereas reads Life and "Dental" insurance and it should be corrected to read "Life and Disability".

Mayor Davis referred to Consent Item 6F, approval of the Council Committee and Liaison Appointments noting the following changes: Interagency Committee should include, Mayor Davis, Vice Mayor Bartee and Councilmember Sunga (remove Councilmember Wilson); Marina Council Committee should include Councilmembers Gomes, Hannigan, and Schivley, remove Vice Mayor Bartee; Travis Regional Armed Forces Committee will include Councilmember Sunga; Ad Hoc Council Committee for Street Naming should include Mayor Davis, Councilmembers Gomes and Sunga, remove Councilmember Hannigan. The Carquinez Heights Heritage Coordinating Committee meets on call and will include Vice Mayor Bartee.

Hearing no further addition, corrections or deletions, the agenda was approved as corrected and the following resolutions, ordinance and minutes were offered by Vice Mayor Bartee:

RESOLUTION NO. 08-13 N.C. AUTHORIZING THE CITY MANAGER AND/OR HIS DESIGNEE TO SIGN THE SECOND AMENDMENT TO APPENDIX I OF THE MASTER LEASE BETWEEN THE CITY OF VALLEJO AND GREATER VALLEJO RECREATION DISTRICT TO INCREASE THE LEASE TERM FOR CHILDREN'S WONDERLAND PARK FOR THE PURPOSE OF OBTAINING GRANT FUNDS

ORDINANCE NO. 1604 N.C. (2d) RELATING TO COMMUNITY FORUM AND ITS PLACEMENT ON THE CITY COUNCIL'S REGULAR MEETING AGENDA

RESOLUTION NO. 08-14 N.C. AUTHORIZING THE CITY MANAGER AND/OR HIS DESIGNEE TO SIGN AN INSURANCE BINDER APPLICATION WITH THE LINCOLN FINANCIAL GROUP TO PROVIDE THE CURRENT LEVEL OF BENEFITS FOR LIFE AND DISABILITY INSURANCE FOR THE CITY OF VALLEJO EMPLOYEES FOR CALENDAR YEAR 2008 AND 2009

RESOLUTION NO. 08-15 N.C. RATIFYING THE PAYMENT OF CLAIMS FOR THE TIME PERIOD OF DECEMBER 31, 2007 TO JANUARY 30, 2008

APPROVED MINUTES FOR THE CITY COUNCIL MEETINGS OF JANUARY 8, JANUARY 15, AND JANUARY 29, 2008

RESOLUTION NO. 08-16 N.C. CONFIRMING APPOINTMENTS TO CITY COUNCIL COMMITTEES, COUNCIL LIAISONS TO VARIOUS CITY COMMISSIONS, BOARDS, COMMITTEES AND OTHER BODIES; AND TO VARIOUS COUNTY, REGIONAL AND STATEWIDE BOARDS AND COMMISSIONS AND OTHER AGENCIES TO SERVE AS BOARD MEMBERS, MEMBERS AND DELEGATES

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

AYES: Mayor Davis, Vice Mayor Bartee, Councilmembers Gomes, Hannigan, Schively, Sunga and Wilson

NOES: None
ABSENT: None
ABSTENTIONS: None

7. PUBLIC HEARINGS - None

8. POLICY ITEMS – None

9. ADMINISTRATIVE ITEMS

A. DISCUSSION OF ANTI-GRAFFITI VOLUNTEER PILOT PROGRAM
(REQUESTED BY COUNCILMEMBER GOMES)

Councilmember Gomes explained the different types of graffiti, and stated that graffiti contributes to an overall sense of decline throughout the City. She stressed the importance of removing graffiti quickly within the first 24-48 hours; and noted that the key is, without the property owners consent, graffiti is vandalism. She stated that the plan is to partner with volunteers to eliminate the visual blight throughout the City. The program will be funded through donations and there will be no impact to the City's general fund.

Councilmember Gomes introduced Nimat Shakoor Grantham, Code Enforcement Manager, who explained gang graffiti. Ms. Shakoor Grantham stated that the concept is to adopt a block, a wall, a fence or a K- rail. There will be three pilot project areas: Old Wilson Avenue, the K-rails on Florida Street near the Little League Park, and a wall on Marquette Street in College Park. The kick-off is March 1. Additional areas will be added to the program in April. A volunteer application is available. One of the duties of the volunteers will be to track the graffiti to determine how successful the program is. Phase 2 of the project will include working with Caltrans, GVRD and utility companies get graffiti off their property and/or to provide funding for City employees to do that.

John Cerini , Maintenance Superintendent, stated that he has had productive meetings with Cal Trans about possible funding. Phase 3 will include public art and education which will encourage groups such as youth groups, church groups, and Fighting Back Partnership to help with the project.

Councilmember Gomes thanked Ms. Shakoor Grantham and Mr. Cerini for their help, and IBEW employees who volunteered but were unable to help because the rules will not allow it. She also thanked Debora Boutte' and former Councilmember Tony Pearsall. She stated that the business community has been very supportive.

Suggestions and comments made by Councilmembers included involving the schools, noting a program aimed at the K-rails by students at Vallejo High School; and the use of graffiti resistance paint for sound walls and utility boxes. Councilmember Schivley commended Councilmember Gomes and City Staff for moving forward with this program.

The following speakers spoke in support of the program: Vallejo Heights Neighborhood Association members Patricia Gatz, Kathleen O'Sullivan, and Katy Miessner;; Sam Kursham, and Kim White. Clarissa Roberts, Administrative Director, VCAT, stated that VCAT would like to document this program. Suggestions offered by the speakers included using

people sentenced to community service to help with this project; and include in the graffiti program the elimination of bill boards in the City.

Ms. Shakoor Grantham thanked Councilmembers who supported the project.

Mr. Cerini thanked Councilmember Gomes and Ms. Shakoor Grantham for their support and acknowledged Councilmember Sunga for his involvement in the overall City volunteer program. He provided phone numbers for the public to call with complaints or information.

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

11. WRITTEN COMMUNICATIONS - None

12. CITY MANAGER'S REPORT

Assistant City Manager/Community Development Craig Whittom announced that the Council will have a study session on February 13, 6:30 p.m. to discuss the updated financial projections of the General Fund and the fiscal emergency plan.

13. CITY ATTORNEY'S REPORT - None

14. COMMUNITY FORUM

Julio Jolivette expressed concern about the proposed reductions in the Police Department budget and offered to volunteer his time to help. Karl J. Uebel, Foreman, Solano County Grand Jury, explained the duties, function and how to become a member of the Grand Jury and asked for applicants for the 2008-2009 Grand Jury. Shane McAfee, Executive Director, GVRD, reported that GVRD will have an open house at the McIntyre Ranch on February 23, 10 a.m. to 12 noon to give the public an opportunity to look at the property and provide input. The following people spoke about the abuse of paid Union Business Leave by members of the IAFF, each speaker read a section of the City's investigator's report and at the conclusion asked Council to take action on the issue: Marc Garman, Kim White, Wendell Quigley, Alan Whittaker, Alan Whittaker, Kathy Wildermuth, Tim MacDonald, Susan MacDonald, Diana Lang, Katy Meissner, Jeff Kingman.

Alan Wildermuth thanked the City Council for their efforts on the graffiti program. Sam Kursham addressed the public safety contracts.

Drishan Rana and Raman Goswanni asked the Councilmember for their help in getting a visiting visa for the son of Mr. Kumar to come to the United States from India to attend the funeral of his father. Mr. Kumar was murdered in Vallejo on February 8.

Mayor Davis and Councilmember Schivley responded to Ms. Goswanni and Mr. Rana. Councilmember Schivley expressed the Council's condolences to the family of Mr. Kumar.

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

16. CLOSED SESSION - None

17. ADJOURNMENT

The meeting adjourned at 8:34 p.m. in memory of Howard Gordon, father of City of Vallejo Police Officer Steve Gordon.

OSBY DAVIS, MAYOR

ATTEST:

MARY ELLSWORTH, CITY CLERK

MEMO

TO: Mayor and Members of the City Council

FROM: Brian Dolan, Development Services Director *BD*
Don Hazen, Planning Manager *DH*

SUBJECT: Rollingwood Development Park Condition

Staff recommends the addition of the following Condition of Approval to the Rollingwood Development Project (Application Nos. GPA07-0001, 07-0002 and PD 07-0007) to ensure follow-through of the agreement between the City and the project Applicant to exchange land for park space within the project site.

CONDITION NO. 14a.

Prior to approval of the Final Tract Map, and subject to City Council approval, the applicant shall exchange with the City a 4.1-acre parcel to be improved as a park, as shown on the approved Tentative Map, for the 4.3 acre City-owned parcel within the development site to be incorporated into the development project. The applicant shall reimburse the City for the 0.2-acre difference in the property at the same rate as was paid for the Vallejo Unified School District property.



COUNCIL COMMUNICATION

Date: February 26, 2008

TO: Mayor and Members of the City Council

FROM: Craig Whittom, Assistant City Manager / Community Development *W*
Brian Dolan, Development Services Director *BD*
Don Hazen, Planning Manager *DH*

SUBJECT: Consideration of a General Plan Amendment, Zoning Map Amendment and a Master Plan/Unit Plan and adoption of the associated Mitigated Negative Declaration for the project consisting of a 214-unit subdivision and a 4.1-acre neighborhood park on property previously developed with ball fields and drive-in theatre at the northwest corner of Benicia Drive and Rollingwood Avenue. The General Plan Amendment, Zoning Map Amendment, and Master Plan/Unit Plan are reviewed by the Planning Commission and approved by City Council. The Vesting Tentative Map is approved by the Planning Commission.

BACKGROUND & DISCUSSION

Project Description. The project site is located at the northwest corner of Benicia Road and Rollingwood Drive in Vallejo. The 31.8 acre site contains four little league baseball fields and ancillary buildings at the north end of the property. The existing terrain is varied and covered with patchy vegetation. Elevations range from 140' above sea level at the northwest corner of the site to a high point of 200' above sea level along Rollingwood Avenue. The site generally drains to the west.

The project site is primarily vacant with the exception of the little league baseball fields that are owned by the Vallejo City Unified School District (VCUSD) and operated by East Vallejo Little League (EVLL). A former drive-in theatre is located in the area near the intersection of Rollingwood Drive and Benicia Road. A vacant residential structure is located near Benicia Road that was once the residence of the drive-in theatre caretaker. The structure is now abandoned and dilapidated. The remaining property is vacant. The project site contains four separate parcels owned by the VCUSD, City of Vallejo and Syufy Enterprises. KB Home is under contract to purchase the lands owned by the VCUSD and Syufy Enterprises. The City of Vallejo would trade the 4.3-acre city owned parcel near Rollingwood Drive for the proposed fully improved 4.1-acre public park.

The applicant is requesting approval of an application for 214 housing units and a 4.1-acre park. The actions proposed include a General Plan Amendment for a portion of the property from Retail to Low Density Residential, Zoning Map Amendment from

Public Facility and Pedestrian Commercial to Planned Development Residential, Master Plan/Unit Plan and Tentative Map for a 214 lot subdivision including a 4.1-acre public park.

The proposed southerly entrance road (Street 'G') from Rollingwood Avenue separates the project into two distinct neighborhoods: single-family homes and Paseo homes. The lower density (6.7 du/ac) single-family homes are located on predominately 45 foot by 75 foot lots and home sizes range from 2,114 to 2,424 square feet. The proposed single-family neighborhood is located along the site's northern end, adjacent to existing single-family residences.

Paseo homes are two story homes with garages to the rear of the homes that are accessed by private alleys. The Paseo home sizes range from 1,942 to 2,248 square feet. The higher density (9.1 du/ac) Paseo homes are located adjacent to Benicia Road. Each neighborhood has its own unique design and character and unit types. The proposed park is centrally located towards the center of the site. The proposed land use summary is presented below.

Land Use Summary				
Land Use	Units	Acres	Density (du/ac)	% of Acreage
Single-Family (45'x75' lots)	104	15.6	6.7	49.1
Paseo Homes (with alleys)	110	12.1	9.1	38.0
Park	--	4.1	--	12.9
Project Total	214	31.8	6.7	100%

The project site is adjacent to unincorporated neighborhood in Solano County which is developed with rural homes and businesses. Subsequent to the Planning Commission meeting on December 3, 2007, in response to comments raised by residents of Hargus Avenue (unincorporated County), City staff is recommending a change to the plan. The project site is not proposed to directly connect to this neighborhood via a street connection, as was originally proposed, but will connect through a pedestrian/bicycle trail and emergency vehicle access (EVA) easement. This trail and EVA will be maintained as Public Right-of-Way (ROW). The ROW will be a total of 54 feet wide allowing for future public street connection should there ever be a need. The EVA will be maintained at 20 feet, constructed of materials suitable to support emergency vehicles, and the bicycle and pedestrian trail will be eight feet of paved surface. The area that is not reserved for the path itself will be landscaped with turf block and trees, shrubs and ground cover. This path will connect to Hargus Avenue in the unincorporated neighborhood to the west of the site.

Analysis.

The current General Plan land use designation for a portion of the site is Retail (the remainder is designated Low Density Residential). The applicant is requesting a change to Low Density Residential. The existing Zoning designation is Public Facilities (PF) and Pedestrian Commercial (CP) with a requested change to Planned Development

Residential (PDR). The proposed General Plan and Zoning Amendments would result in a compatible land use pattern in this area due to the existing surrounding land uses. The area is developed primarily with residential and cemetery uses. The existing General Plan and Zoning Designations for retail uses on a portion of the site could result in potentially incompatible uses. The PDR zone would allow for maximum flexibility to provide for multiple unit types and site specific site planning.

The applicant hosted three neighborhood meetings on the project on March 29, 2007, May 14, 2007, and July 30, 2007 as well a presentation to the Glen Cove Homeowners Association. The meetings were well attended with 30 to 50 people attending each meeting. Issues of concern included the Little League fields, traffic, connection to Hargus Avenue, and drainage. Staff also received several letters, emails, and telephone calls related to the same issues.

Planning Commission Public Hearing. The project was heard by the Planning Commission on December 3, 2007. Six members of the public spoke on the project other than the applicants. Issues that were discussed by the Planning Commission included parking, possible future traffic issues, the little league fields and the land use change from Retail to Residential. The Planning Commission voted 6-1 to recommend approval of the Zoning Map Amendment to City Council.

Fiscal Impact. The costs to serve this development in the future are expected to be offset by the additional tax revenue associated with the project and future residents.

RECOMMENDATION

Staff recommends that City Council **ADOPT** the resolution approving the Mitigated Negative Declaration, Mitigation Monitoring and Reporting Program, and the General Plan Amendment GPA07-0001, and **APPROVE** the ordinance approving the Zoning Map Amendment 07-0002 and the Master Plan/Unit Plan PD 07-0007 based on the findings and conditions of approval.

ALTERNATIVES CONSIDERED

The current zoning would allow the development of retail type uses at the southern portion of the site, but would not be as compatible with the residential development in the vicinity. The applicant and City Economic Development staff also discussed a partial retail scenario, but concurred that the site is not desirable from a retail market standpoint, considering the proximity of retail in the Glen Cove area. Prior to the school district selling the property, the City Council held a workshop to consider the preferred land uses for each of the school sites to be sold, and it was determined that the subject site was most suitable for residential development. Higher density residential development was discussed during the neighborhood meetings, but it was apparent that the neighbors desired a similar single family detached product, and a higher density would result in an attached multiple-family product.

ENVIRONMENTAL REVIEW

Based on the Initial Study prepared by Design, Community and Environment (DCE), an environmental planning firm, for the City of Vallejo, it has been determined that with the mitigation measures proposed in the initial study, the proposed project would not have a significant effect on the environment. All recommended mitigation measures would be included in the conditions of approval with a mitigation monitoring plan (during the building permit stage).

An Initial Study and Mitigated Negative Declaration, including Mitigation Monitoring Program, were prepared for the project. Potentially significant impacts were determined in the areas of Air Quality, Biological Resources, Cultural Resources, Geology and Soils, Hazards/Hazardous Materials, Noise and Transportation/Traffic. In all cases, mitigation measures were included that would reduce the potentially significant impacts to a less-than-significant level.

Air Quality. Construction-related air quality impacts are normal for a project of any significant size. Standard mitigation measures provided by the Bay Area Air Quality Management District (BAAQMD) can reduce these impacts to a less-than-significant level. These mitigation measures are generally aimed at reducing particulate matter that is normally released during construction. These measures include wetting down soil and sweeping and removing dirt from paved roadways at regular intervals.

Biological Resources. The biological resources on-site were evaluated including plants, trees, habitat and wildlife. A number of mitigation measures were developed to ensure there would be no impact in the areas of sensitive plant and animal species, wetlands, and raptors. Focused surveys prior to project construction would provide additional information to confirm the absence of the sensitive plant and animal species and raptors, none of which have been identified on the site. The project is required to prepare a Wetland Mitigation Program subject to Army Corps and/or State Regional Water Quality Control Board (RWQCB) jurisdiction.

Cultural Resources. Whenever a project includes grading or digging, there is a chance that unsuspected historical, archaeological, or paleontological resource or human remains may be discovered. In the event that such resources or human remains are discovered during any phase of the project, land alteration work in the vicinity shall be halted and a qualified professional consulted to evaluate the resource and determine an appropriate management plan. If human remains are discovered, the County Coroner shall be notified. If the Coroner determines that the remains are of Native American decent, the Coroner shall contact the Native American Heritage Commission within 24 hours of the determination.

Geology and Soils. The Bay Area is a seismically active area. Construction within seismically active areas has the potential of exposing people and structures to seismic-related hazards. Construction techniques appropriate to the Seismic Zone and project-specific engineering techniques would be required to reduce potential impacts to a less-than-significant level.

specific engineering techniques would be required to reduce potential impacts to a less-than-significant level.

Hazards/Hazardous Materials. The Department of Toxic Substances Control (DTSC) database records indicate that the site sampled for lead, arsenic and pesticides. Relatively minimal concentrations of lead and pesticides are indicated, but arsenic levels in excess of residential Environmental Screening Levels are documented. Clean up to DTSC standards is required, if elevated levels of hazardous materials are confirmed by additional soil sampling. Before and soil can be exported off-site it shall be profiled for landfill disposal requirements.

Noise. Mitigation measures require the installation of sound walls or equivalent in several locations along Rollingwood Drive to ensure that the outside yard areas meet the 60dBA Ldn level. These sound walls need to be six feet high in some locations and eight feet high along the rear of seven parcels along Rollingwood Avenue. This mitigation measure can be satisfied with a specially designed wood fence rather than a concrete wall.

Transportation/Traffic. The traffic analysis for the proposed project considered the project-related traffic as well as cumulative traffic until the year 2020, which anticipates traffic to occur with buildout of the City's General Plan. The traffic analysis concluded that there were no potentially significant off-site traffic impacts from the proposed project. An on-site mitigation measure was identified to include adequate turnaround space for fire trucks and garbage/recycling trucks within the paseo portion of the development, if required by the Fire Department and Vallejo Garbage Service.

PROPOSED ACTIONS

ADOPT the resolution approving the Mitigated Negative Declaration, including the Mitigation Monitoring and Reporting Program, and approving the General Plan Amendment GPA07-0001, and;

APPROVE the ordinance approving the Zoning Map Amendment 07-0002 and the Master Plan/Unit Plan PD 07-0007 based on the findings and conditions of approval.

DOCUMENTS ATTACHED

- Attachment A - Resolution
- Attachment B - Ordinance
- Attachment C - Minutes from December 3, 2007 Planning Commission meeting
- Attachment D - Planning Commission staff report from November 19, 2007, including:
 - Attachment 1 - Zoning Map Amendment Resolution
 - Attachment 2 – General Plan, Tentative Map and Master Plan/Unit Plan Resolution
 - Attachment 3 – Project Plans

Attachment 5 - Master Plan/Project Description

Attachment 6 - Initial Study, Mitigated Negative Declaration, and
Mitigation Monitoring Program

Attachment 7 – Emailed letter from Fernando Maldonado

Attachment 7.a – Letter from Anthony Intintoli, Mayor dated 10/31/07

Attachment 8 – Letter from Vallejo City Unified School District

Attachment 9 - Conflict of Interest Map

Attachment 10 - Driving directions

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Geoff I. Bradley, Consulting Planner
408-730-4106; geoff@mplanninggroup.com

RESOLUTION NO. _____ N.C.

A RESOLUTION ADOPTING THE MITIGATED NEGATIVE DECLARATION AND MONITORING PROGRAM, APPROVING THE GENERAL PLAN AMENDMENT FROM RETAIL TO LOW DENSITY RESIDENTIAL, HOLDING ON FIRST READING AN ORDINANCE AMENDING THE ZONING MAP TO REZONE THE PROPERTY AT THE NORTHWEST CORNER OF BENICIA ROAD AND ROLLINGWOOD DRIVE FROM PUBLIC FACILITY AND PEDESTRIAN COMMERCIAL TO PLANNED DEVELOPMENT RESIDENTIAL AND ADOPTING THE MASTER PLAN/UNIT PLAN FOR THE SITE

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

WHEREAS, an application was filed by KB Home South Bay, Inc. seeking approval of a General Plan Amendment (07-0001) Zoning Map Amendment (07-0002) to allow a change in the zoning of the properties identified by Assessor's Parcel Numbers 0072-170-60, 0072-170-50, 0072-170-210 and 0072-170-200 from Public Facility and Pedestrian Commercial to Planned Development Residential; Planned Development 07-0007 for a Master Plan/Unit Plan to develop 214 single-family detached residential units on individual parcels on the property; Vesting Tentative Map 07-0008 to subdivide the four existing parcels into 214 parcels, common lots and a 4.1 acre public park; and,

WHEREAS, the City of Vallejo Planning Commission conducted a duly noticed public hearing to consider the application for General Plan Amendment (GPA07-0001), Zoning Map Amendment (07-0002), Planned Development (07-0007) and Vesting Tentative Map (07-0008) on December 3, 2007, at which testimony and evidence, both written and oral, were presented to and considered by the Planning Commission; and

WHEREAS, on December 3, 2007, on completion of the public hearing, the Planning Commission voted 6-1 to approve the Tentative Map (07-0008) and to recommend that the City Council Adopt the Mitigated Negative Declaration, including the Mitigation Monitoring Program and Approve the General Plan Amendment (GPA07-0001), Zoning Map Amendment (07-0008), and Planned Development (07-0007) ; and,

WHEREAS, based on the whole record, including the staff report and evidence received at the public hearing, the Planning Commission made the following factual findings, and reports such findings to the Council of the City of Vallejo:

- 1. An Initial Study and Notice of Intent to Adopt a Mitigated Negative Declaration were prepared by the City and made available to the public for review on October**

11, 2007. The Notice of Intent to Adopt the Mitigated Negative Declaration was duly sent and posted and the Mitigated Negative Declaration was available for public review.

2. The Initial Study identifies potentially significant effects for which the project's proponent agrees to make project revisions and follow mitigation procedures that clearly mitigate the effects, and the revised project, with mitigation, will not have a significant environmental effect.

3. The applicant submitted an application for an Amendment to the City of Vallejo's Zoning Ordinance, in that the applicant seeks a change to the zoning map to allow for the development of four parcels into a 214-unit single-family detached project.

4. The amendment to the City of Vallejo's Zoning Ordinance is subject to the procedures contained in Chapter 16.86 of the City of Vallejo Municipal Code, and such amendment may be initiated by a verified petition of one or more property owners pursuant to Vallejo Municipal Code section 16.86.030.

5. The amendment is consistent with the General Plan, zoning regulations, and subdivision regulations in that:

a) The General Plan Land Use Element, as amended by GPA07-0001, designates the entire property as Low Density Residential. The proposed rezoning to Planned Development Residential is clearly compatible with the General Plan Land Use Designation.

b) The proposed 214-unit single-family detached project, at 6.7 dwelling units per acre, is consistent with the General Plan Land Use designation of Low Density Residential (.5 to 8.7 dwelling units per acre) and with the proposed zoning map designation of Planned Development Residential.

c) The tentative map for the project provides 214 residential parcels ranging in size from 2,359 minimum square feet for the Paseo homes to 3,375 square feet minimum for the single-family traditional homes, with remainder parcels containing access driveways, private landscaped areas, and paseos and one parcel for the 4.1 acre public park.

And,

WHEREAS, the City Council has reviewed a report provided to the Vallejo Planning Commission on the General Plan Amendment (07-0001) Zoning Map Amendment (07-0002), Planned Development (07-0007), and the associated Mitigated Negative Declaration and Mitigation Monitoring Program; and

WHEREAS, on,February 26, 2008, the City Council held a public hearing in the City Council Chambers of City Hall, 555 Santa Clara Street, on Zoning Map Amendment 07-0002 and Planning Development 07-0007; and

WHEREAS, the City Council finds that the notice of the hearing was given for the time and in the manner prescribed by law; and

WHEREAS, all interested persons filed written comments with the City Clerk at or before the hearing, all persons desiring to be heard were given an opportunity to be heard in this matter, and all such verbal and written testimony was considered by the City Council; and

THEREFORE LET IT BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALLEJO, Based on the findings and report of the Planning Commission, the staff report attached hereto and incorporated herein by this reference, and given the evidence presented at the public hearings, and subject to the conditions of approval required for this project, the City Council hereby finds that:

SECTION 1. ENVIRONMENTAL.

Section 1.1. The City Council finds that an Initial Study and Mitigated Negative Declaration, including a Mitigation Monitoring Program, were prepared by the City and made available to the public for review from October 11, 2007 to November 30, 2007 and the Notice of Intent to Adopt the Mitigated Negative Declaration was duly sent and posted and the Mitigated Negative Declaration was available for public review; and

Section 1.2. The City Council finds that the Initial Study identifies potentially significant effects for which the project's proponent agrees to make project revisions and follow mitigation procedures that clearly mitigate the effects, and the revised project, with mitigation, will not have a significant environmental effect.

Section 1.3. The City Council finds that a Notice of Intent to Adopt a Mitigated Negative declaration was duly circulated and posted.

Section 1.4 The City Council has considered the Mitigated Negative Declaration, together with any comments received, and concludes, based on the whole record before it, including the initial study and any comment received that there is no substantial evidence that the project will have a significant effect on the environment and that the mitigated negative declaration reflects the City of Vallejo's independent judgment and analysis.

Section 1.5 The Planning Manager shall be custodian of records, and the Planning Division, located at 555 Santa Clara Ave. Vallejo, CA, 94589, shall be the location where the records or documents which constitute the record of proceedings supporting this ordinance shall be kept .

SECTION 2. GENERAL PLAN AMENDMENT

Section 2.1 The City Council finds that the proposed General Plan Amendment is consistent with the Goals, Objectives, Policies, and intent of the Vallejo General Plan; and

Section 2.2 The proposed General Plan Amendment is necessary for the future orderly and consistent development of the subject area; and

Section 2.3 The City Council has determined, based on all evidence in the record, including the staff report, written correspondence, and testimony, that the General Plan Amendment will not have a significant adverse impact on the environment;

SECTION 3. REZONING

Section 3.1 The City Council finds that this rezoning was initiated via a resolution of intention of the Planning Commission, and has received the Planning Commission's report, which found that the project is consistent with the General Plan.

Section 3.2 Based on the findings and report of the Planning Commission, as well as the evidence presented at this hearing, the City Council finds that the petition for rezoning , Zoning Map Amendment 07-0002 and Planned Development 07-0007 are consistent with the Goals, Objectives, Policies, and intent of the Vallejo General Plan;

Section 3.3 The General Plan Land Use Element designates the property as Retail and Low Density Residential. The proposed rezoning of the property to Planned Development Residential is compatible with the General Plan Land Use Designation as amended to include the entire property as Low Density Residential.

Section 3.4 The proposed 214-unit single-family residential project is consistent with the General Plan Land Use designation of Low Density Residential and with the proposed zoning map designation of Planned Development Residential.

Section 3.5. This rezoning ensures consistency of the zoning ordinance with the General Plan as required by Vallejo Municipal Code section 16.86.020 as provided by sections 16.02.030 and 16.02.090 respectively.

SECTION 4. MASTER PLAN/ UNIT PLAN APPROVAL.

Section 4.1. The City Council finds that the Master Plan/Unit Plan is consistent with the goals and policies of the Vallejo General Plan,

Section 4.2 The Master Plan/Unit Plan furthers the stated purpose of the Planned Development District.

Section 4.3 The Master Plan/Unit Plan is in conformity with public convenience, the general welfare, and good land use practice.

Section 4.4 The Master Plan/Unit Plan will not be detrimental to health, safety, and general welfare.

Section 4.5 The Master Plan/Unit Plan will not adversely affect the orderly development or the preservation of property values.

Section 4.6 The Unit Plans within the Master Plan are consistent with the intent, purpose, and development standards of the master plan. The Master Plan/Unit Plan furthers the stated purpose of the Planned Development District by providing workforce housing at an affordable price.

Section 4.7 The Master Plan/Unit Plan provides two distinct housing types, well-related to each other and, taken together, will result in a well-composed urban design, with consideration given to site, height, arrangement, texture, material, color, and appurtenances, the relation of these factors to other structures in the immediate area, and the relation of the development to the total setting as seen from key points in the surrounding area.

Section 4.8 The Master Plan Unit Plan is of a quality and character that harmonizes with, and serves to protect the values of, private and public investments in the area.

Section 4.9 The Master Plan Unit Plan is of a quality and character which harmonizes with and serves to protect the value of private and public investments in the area.

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby adopts the Mitigated Negative Declaration and Mitigation Monitoring Program; and

LET IT FURTHER BE RESOLVED that the City Council approves the General Plan Amendment for the property at the northwest corner of Benicia Road and Rollingwood Avenue, from Retail to Low Density Residential; and

LET IT FURTHER BE RESOLVED that the City Council holds on first reading an ordinance approving Zoning Map Amendment 07-0002 to rezone the northwest corner of Benicia Road and Rollingwood Avenue, also identified as Assessor's Parcels 0072-170-60, 0072-170-50, 0072-170-210 and 0072-170-200 from Public Facility and Pedestrian Retail to Planned Development Residential; and

LET IT FURTHER BE RESOLVED that the City Council holds on first reading an ordinance approving Planned Development 07-0007 for a Master Plan/Unit Plan to develop 214 single-family detached homes on individual parcels on property at the northwest corner of Benicia Road and Rollingwood Drive, also identified as Assessor's Parcels 0072-170-60, 0072-170-50, 0072-170-210 and 0072-170-200.

ORDINANCE NO. ____ N.C. (2d)

AN ORDINANCE OF THE CITY OF VALLEJO REZONING PROPERTY AT THE NORTHWEST CORNER OF BENICIA ROAD AND ROLLINGWOOD DRIVE TO PLANNED DEVELOPMENT RESIDENTIAL AND APPROVING A MASTER PLAN/UNIT PLAN FOR THE SITE.

THE COUNCIL OF THE CITY OF VALLEJO DOES ORDAIN AS FOLLOWS:

SECTION 1. Findings and Determination.

The City Council hereby finds and determines that:

- a. City Council of the City of Vallejo has made findings and determinations related to the environmental determination, has adopted the Mitigated Negative Declaration in the accompanying resolution, and has therein made findings concerning the approval of the rezoning application, and the Master Plan/Unit Plan application concerning a proposed project located at the northwest corner of Benicia Road and Rollingwood Drive; and
- b. Those findings and determinations are contained in the accompanying resolution and are hereby incorporated by reference into this ordinance; and
- c. Vallejo Municipal Code Chapter 16.86 and Charter section 313 require that the amendment to the zoning ordinance be done by ordinance; and
- d. Vallejo Municipal Code section 16.116.090 requires that Master Plan/Unit Plans be adopted by ordinance.

SECTION 2. Approval of Zoning Map Amendment to Planned Development Residential.

Based on the findings herein and in the resolution recited above and in the accompanying resolution, the City Council hereby approves the rezoning of the northwest corner of Benicia Road and Rollingwood Drive, identified as Assessor's Parcel Numbers 0072-170-60, 0072-170-50, 0072-170-210 and 0072-170-200, from Public Facility and Pedestrian Commercial to Planned Development Residential.

SECTION 3. Approval of Master Plan/Unit Plan.

Based on the findings herein above, and in the accompanying resolution, the City Council hereby adopts the Master Plan/Unit Plan (Planned Development 07-0007) subject to the mitigation measures identified in the Initial Study and conditions of approval as set forth in Exhibit 1 attached hereto and incorporated by this reference.

SECTION 4. Effective Date.

The effective date of this ordinance shall be thirty (30) days after the final passage.

FIRST READ at a regular meeting of the Council of the City of Vallejo held the 26th day of February 2008 and finally passed and adopted at a regular meeting of the Council held the ___ day of _____ by the following vote:

AYES:
NOES:
ABSENT:
ABSTENTIONS:

OSBY DAVIS, Mayor

ATTEST:

MARY ELLSWORTH, City Clerk

2/15/08
Rollingwood Project (GPA 07-0001, ZMA 07-0002, PD 07-0007, TM 07-0008)

CITY OF VALLEJO

PLANNING DIVISION

THE FOLLOWING STANDARD COMMENTS/CONDITIONS APPLICABLE TO THE SUBJECT:

1. **CONSTRUCTION TRAILER.** Prior to building permit issuance, obtain administrative permit from the **Planning Division** for any temporary office or construction trailer per Chapter 16.58.090 (VMC).
2. **SCHOOL FEES.** Prior to building permit issuance for residential construction, obtain written certification from the School District (or show cause why the mitigation proposed by the District should not be required) that the applicant has mitigated the school-related impacts of this project satisfactory to the District per Chapter 3.14 (VMC). The methods under which the school-related impacts are to be mitigated include, but are not limited to, those methods set forth in the Government Code. This condition shall not be constructed as a limitation on the District's choice of legal mitigation alternatives.
3. **OBTAIN SIGN PERMIT.** Prior to occupancy/final building inspection, obtain a sign permit from the **Planning Division** prior to the erection of any sign, including flags, banners, etc. All signs shall comply with Chapter 16.64 (VMC)
4. **OUTDOOR STORAGE.** There shall be no outdoor storage or display of any kind except as allowed per Chapters 16.70 and 16.77 (VMC)
5. **SCREENING OF UTILITIES.** All mechanical equipment and utility meters shall be screened in a manner approved by the **Planning Division**. Electrical transformers shall be screened or placed underground. Chapter 16.75.030 D (VMC)
6. **SCREENING OF ROOF EQUIPMENT.** All roof-mounted mechanical devices and their components such as air conditioners, heating equipment, exhaust fans, vents or ducts or similar equipment shall be screened from view in a manner approved by the **Planning Division**. All wall-mounted air conditioners shall be flush-mounted. Chapter 16.75.0530 D (VMC).
7. **TRASH ENCLOSURE.** Prior to building permit issuance, submit details of trash enclosure to the **Planning Division** for review and approval. Trash enclosure shall meet the requirements of the Vallejo Garbage Service. Materials and colors shall be similar to those approved for the building. Chapter 16.75.030 C (VMC)
8. **LANDSCAPING.** Landscaping plans shall comply with Chapter 16.70 (VMC) for the zone in which the project is located and shall include the provisions listed in the Landscape and Irrigation condition of the Standard Conditions.
9. **MAINTENANCE OF LANDSCAPING.** Required landscaping shall be maintained in a neat, clean and healthy condition per Chapter 16.70.090 (VMC). This shall include pruning, mowing of lawns, weeding, removal of litter, fertilizing, replacement of plants when necessary, and the regular watering of all plantings.
10. **REVOCATION.** If the Planning Division, either independently or as a result of complaints from the public, becomes aware that this use is being conducted in a manner which violates the conditions of this use permit or other applicable City regulations, and the Planning staff is unable to obtain compliance or abatement, staff will refer the use permit to the Planning Commission for possible suspension or revocation per Section 16.82.110, Vallejo Municipal Code.

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PROJECT SPECIFIC CONDITIONS AND OTHER COMMENTS/CONDITIONS NOT COVERED BY THE STANDARD CONDITIONS LISTED:

11. **HOW PROJECT CONDITIONS SATISFIED.** Prior to building permit issuance, submit a numbered list to the **Planning Division** stating how each condition of project approval contained in this report will be satisfied. The list should be submitted to the project planner who will coordinate development of the project.
12. **ARCHITECTURE.** Prior to building permit issuance, the applicant shall submit a color board indicating exterior materials and colors to the **Planning Division** for review and approval. Color chips shall be attached to the building elevation drawings. Once installed, all improvements are to be maintained in accordance with the approved plans. Any changes which affect the exterior character shall be resubmitted to the Planning Division for approval.
 - a. All single-family corner units shall be articulated with additional architectural features including, but not limited to architectural projections and wrap around porches. The applicant shall submit revised plans for approval by the Development Services Director prior to the issuance of building permits.
 - b. Provide details of proposed exterior trim for both the single family homes and Paseo homes. Shutters shall be solid material other than stucco over foam.
 - c. The design of the garage doors on the single-family homes shall be varied from house to house. The applicant shall submit details of the garage doors for approval by the Development Services Director prior to the issuance of building permits.
13. **LANDSCAPING AND IRRIGATION.** Prior to building permit issuance, submit 3 sets of landscaping plans prepared by a registered landscape architect to the Planning Division for review and approval. The requirement for a registered landscape architect may be waived at the discretion of the Planning Manager. Landscape plans shall comply with Chapter 16.70 (VMC), and are to include the following:
 - a. Location, species and size of all mature trees six inches in trunk diameter or greater;
 - b. Replacement of any mature trees to be removed;
 - c. City-approved street trees to be planted at least 6 feet from any sewer line;
 - d. Specification of low growth type species adjacent to doors, windows and walkways;
 - e. Low-water using and drought-resistant plant materials;
 - f. Screening of required backflow preventer;
 - g. All trees to be minimum of 15 gallon, double staked; at least 50% of the proposed shrubs shall be a minimum of 5 gallon;
 - h. Irrigation plan indicating all components of the irrigation system including sprinklers and other outlets, valves, backflow prevention devices, controllers, piping and water usage; and
 - i. 6 inch high curbing around planters
 - j. Prior to occupancy/final building inspection install landscaping and irrigation per approved plans. The landscape architect shall verify in writing that the landscaping and irrigation have been installed in accordance with the approved landscaped plans with respect to size, health, number and species of plants and the overall design concept.
14. **PUBLIC PARK.** Complete Park improvements prior to occupancy or final inspection of the first unit, other than model homes. The Development Services Director may approve adjustments to the park delivery schedule based on satisfactory progress and evidence of

CITY OF VALLEJO

adjustments to the park delivery schedule based on satisfactory progress and evidence of factors such as weather that may delay completion of the park. Continue to explore opportunities to decrease the depth of the public park relative to surrounding street level subject to review and approval of the Development Services Director prior to issuance of Building Permits.

15. **FENCING.** Prior to building permit issuance, submit details and location of any proposed fencing to the **Planning Division** for review and approval. Fencing shall comply with Chapter 16.70 (VMC).
16. **LIGHTING PLAN.** Prior to building permit issuance, submit site lighting plan to the Planning Division for review and approval. Exterior illumination shall be provided by lighting fixtures utilizing high pressure sodium vapor (HPS) or metal halide lamps, or their equivalent. All pole mounted or raised fixtures shall be a minimum of 8 feet in height from the ground to the lower base of the light fixture. The fixture housing shall be constructed so that the light is diffused downward. All light devices shall be protected by weather and vandal resistant covers.
17. **VENTS, GUTTERS, FLASHINGS.** All vents, gutters, downspouts, flashings, electrical conduits, etc., shall be painted to match the color of the adjacent surface.
18. **INSTALL PARKING.** Prior to occupancy/final building inspection, install parking lot per approved plans. Each parking space designated for compact cars shall be identified by a permanent marking reading "compact".
19. **CONFORMITY WITH APPROVED PLANS.** The building techniques, materials, elevations, and appearance of the project as presented for approval at the appropriate City meeting (Planning Commission, City Council, etc.) or staff decision on (date) which are prepared by the firm that prepared the plans, on (date), shall be the same as required for submittal of a building permit. Minor modifications or revisions to the project shall be subject to review and approval by the Planning Division. Modifications not deemed minor by the Planning Manager shall require review and approval by the original decision-making body.
20. **PLANNING DIVISION INSPECTION.** Obtain an inspection form from the Planning Division prior to occupancy/final building inspection. All inspections require a minimum 24 hour notice. Occupancy permits shall not be granted until all construction and landscaping is completed and finalized in accordance with the approved plans and required conditions of approval, or a bond has been posted to cover all costs of the unfinished work as agreed to by the Planning Manager.
21. **CONSTRUCTION HOURS.** Construction-related activities shall be limited to between the hours of 7 a.m. and 6 p.m., Monday through Saturday. No construction is to occur on Sunday or federal holidays. Construction equipment noise levels shall not exceed the City's maximum allowable noise levels.
22. **CONDITIONS RUN WITH PROPERTY.** The conditions herein contained shall run with the property and shall be binding on the applicant, and all heirs, executors, administrators, and successors in interest to the real property that is the subject of this approval.
23. **INDEMNIFICATION.** The applicant shall defend, indemnify, and hold harmless the City of Vallejo or its agents, officers, and employees from any claim, action, or proceeding against the City or its agents, officers, or employees to attack, set aside, void, or annul, this approval by the City. The City may elect, in its discretion, to participate in the defense of any action.

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24. **Mitigation Measures.** These mitigation measures are included in the Conditions of Approval:

Mitigation Measure AQ-1: To ensure incorporation of appropriate Clean Air Plan TCMs, the features listed below shall be included in the project. Implementation of the measures listed below along with the City's General Plan requirements would reduce vehicle use and vehicle miles traveled consistent with the current Clean Air Plan TCMs:

- ◆ Bicycle amenities should be provided. This would include appropriate bike lane connections and bicycle parking at the planned park.
- ◆ Provide appropriate transit amenities in coordination with the City and Vallejo Transit (Route 6), such as sheltered bus stops and bus pullouts.
- ◆ Implement a landscape plan that provides shade trees along adjacent sidewalks and at bus stops.

Mitigation Measure AQ-2: The applicant shall include the following measures to control dust and exhaust emissions:

- ◆ Water all active construction areas at least twice daily and more often during windy periods. Active areas adjacent to residences should be kept damp at all times.
- ◆ Cover all hauling trucks or maintain at least two feet of freeboard. Dust-proof chutes shall be used as appropriate to load debris onto trucks during demolition.
- ◆ Pave, apply water at least twice daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas, and staging areas.
- ◆ Sweep daily (with water sweepers) all paved access roads, parking areas, and staging areas and sweep streets daily (with water sweepers) if visible soil material is deposited onto the adjacent roads.
- ◆ Hydroseed or apply (non-toxic) soil stabilizers to inactive construction areas (i.e., previously-graded areas that are inactive for 10 days or more).
- ◆ Enclose, cover, water twice daily, or apply (non-toxic) soil binders to exposed stockpiles.
- ◆ Limit traffic speeds on any unpaved roads to 15 mph.
- ◆ Replant vegetation in disturbed areas as quickly as possible.
- ◆ Suspend construction activities that cause visible dust plumes to extend beyond the construction site.
- ◆ During renovation and demolition activities, removal or disturbance of any materials containing asbestos, lead paint or other hazardous pollutants will be conducted in accordance with BAAQMD rules and regulations.
- ◆ Prohibit use of "dirty" equipment. Equipment with noticeably dirty emissions shall be prohibited from operation at the site until proper maintenance has been performed to reduce the visible emissions to acceptable levels. If necessary, opacity shall be used as an indicator of exhaust particulate emissions from off-road diesel powered equipment, where the project shall ensure that emissions from all construction diesel powered equipment used on the project site do not exceed 40 percent opacity for more than three minutes in

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any one hour. Any equipment found to exceed 40 percent opacity (or Ringelmann 2.0) shall be repaired immediately.

- ◆ Signs shall be clearly posted at the construction site indicating that diesel equipment standing idle for more than five minutes shall be turned off. This would include trucks waiting to deliver or receive soil, aggregate, or other bulk materials. Rotating drum concrete trucks could keep their engines running continuously as long as they are onsite.
- ◆ Properly tune and maintain equipment in accordance with manufacturer specifications.
- ◆ During grading, stage construction equipment at least 200 feet away from any sensitive uses.
- ◆ The contractor shall install temporary electrical service whenever possible to avoid the need for independently powered equipment (e.g., compressors).
- ◆ A Disturbance Coordinator will be assigned to the project when active construction is occurring within 200 feet of residences. This coordinator will ensure that all air quality construction period mitigation measures are enforced. In addition, the Disturbance Coordinator will respond to complaints from the public regarding air quality issues in a timely manner. The contact information for this Coordinator will be posted in plain view at the project site.
- ◆ A Disturbance Coordinator shall suspend construction activities that cause visible dust plumes to extend beyond the construction site.

Mitigation Measure BIO-1: The applicant shall obtain all necessary permits from the Army Corps of Engineers (the Corps), U.S. Fish and Wildlife Service (USFWS), California Department of Fish and Game (CDFG), and the Regional Water Quality Control Board (RWQCB) as required by federal and State law to avoid, minimize or offset impacts to any species listed under either the State or federal Endangered Species Acts or protected under any other State or federal law as follows:

- ◆ Before project implementation, a delineation of waters of the United States, including wetlands that could be affected by development, shall be made by a qualified wetland specialist through the formal Clean Water Act (CWA) Section 404 process.
- ◆ If based on the verified delineation, it is determined that fill of waters of the United States would result from project implementation, authorization for such fill shall be secured from the Corps through the Section 404 permitting process and from the RWQCB as part of the Section 401 water quality certification process.
- ◆ Consultation or incidental take permitting may be required under the Endangered Species Act (ESA). The applicant shall obtain all legally-required permits from the USFWS for the "take" of protected species under the ESA.
- ◆ Evidence that the applicant has secured any required authorization from these agencies shall be submitted to the Vallejo Planning Division prior to issuance of any grading or building permits for the project.

Mitigation Measure BIO-2: Any active raptor or other bird nests in the vicinity of proposed grading shall be avoided until young birds are able to leave the nest (i.e., fledged) and forage on their own. Avoidance may be accomplished either by scheduling grading and vegetation removal during the non-nesting period (September through February), or if this

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is not feasible, by conducting a pre-construction survey for active nests. Provisions of the pre-construction survey and nest avoidance, if necessary, shall include the following:

- ◆ If grading is scheduled during the active nesting period (March through August), a qualified wildlife biologist shall be retained by the applicant to conduct a pre-construction nesting survey no more than 30 days prior to initiation of grading to provide confirmation on presence or absence of active nests in the vicinity.
- ◆ If active nests are encountered, species-specific measures shall be prepared by a qualified biologist in consultation with the CDFG and implemented to prevent nest abandonment. At a minimum, grading in the vicinity of the nest shall be deferred until the young birds have fledged. A nest-setback zone of at least 300 feet shall be established for raptors and 100 feet for loggerhead shrike and passerine birds within which all construction-related disturbances shall be prohibited. The perimeter of the nest-setback zone shall be fenced or adequately demarcated, and construction personnel restricted from the area.
- ◆ If permanent avoidance of the nest is not feasible, impacts shall be minimized by prohibiting disturbance within the nest-setback zone until a qualified biologist verifies that the birds have either a) not begun egg-laying and incubation, or b) that the juveniles from the nest are foraging independently and capable of independent survival at an earlier date. A survey report by the qualified biologist verifying that the young have fledged shall be submitted to the Vallejo Planning Division prior to initiation of grading in the nest-setback zone.

Mitigation Measure BIO-3: Focused surveys for the special-status plant species considered to have a remote potential for occurrence on the site shall be conducted during the flowering season by a qualified botanist to confirm absence of these species from the site. Species of concern identified in the BRA include: bent-flowered fiddleneck (*Amsinckia lunaris*), Congdon's tarplant (*Centromadia parryi* ssp. *congdonii*), dwarf downingia (*Downingia pusilla*), Santa Cruz tarplant (*Holocarpha macradenia*), Contra Costa goldfields (*Lasthenia conjugens*), and legenere (*Legenere limosa*). If populations of special-status plant species are found, then a detailed mitigation plan shall be prepared which includes specifics on the species, habitat and natural community preservation/conservation strategies designed to protect this species, and compensatory mitigation developed in accordance with any CDFG and USFWS requirements. If no special-status plants are found during the focused surveys, then no further mitigation would be required.

Mitigation Measure BIO-4: Directed surveys shall be conducted for Monarch butterfly, vernal pool fairy shrimp, burrowing owl, and pallid bat as recommended in the BRA by the applicant's biological consultant. Appropriate mitigation shall be provided in the remote instance that any of these species are encountered on the site. Mitigation shall be coordinated with representatives of the CDFG and/or USFWS as required by law, and may include on-site avoidance, compensatory mitigation, or other acceptable mitigation strategies. If none of these special-status animal species are found during the focused surveys, then no further mitigation would be required.

Mitigation Measure BIO-5: A Wetland Mitigation Program shall be prepared by a qualified wetland specialist to provide for the protection, replacement, and management of jurisdictional waters on the site affected by proposed development. The Wetland Mitigation Program shall include the following components and meet the following standards:

- ◆ Proposed grading and development shall be redesigned to preferably avoid removal or adverse impacts to areas verified as jurisdictional wetlands. Where avoidance is infeasible,

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adequate mitigation for any direct or indirect impacts on jurisdictional waters shall be provided as coordinated with the Corps and/or RWQCB. Replacement wetlands shall be provided at a minimum 2:1 replacement ratio and shall be established in suitable locations within undeveloped open space areas, preferably on-site but possible off-site if an acceptable location is selected and approved by jurisdictional agencies. The wetlands replacement component of the Wetland Mitigation Program shall emphasize establishment of native freshwater marsh and seasonal wetlands to replace and enhance existing habitat values.

- ◆ The wetland replacement component of the Wetland Mitigation Program shall specify performance criteria, maintenance and long-term management responsibilities, monitoring requirements, and contingency measures. Monitoring shall be conducted by the qualified wetland specialist for a minimum of five years and continue until the success criteria are met.

Mitigation Measure CUL-1. In the event that unique historical, archeological paleontological or geologic features are discovered during construction, a qualified archeologist or geologist shall be contacted immediately to determine the significance of the resource. Construction activities shall be halted and not commence until the expert has issued an opinion about the resource and appropriate mitigation has been determined.

Mitigation Measure CUL-2. In the event that human remains are discovered on the project site during construction activities, the following steps shall be taken according to CEQA Guidelines Section 15064.5 (e)(1). First there shall be no further excavation of the site or any nearby area until the Solano County coroner is contacted to determine that no investigation of the cause of death is required. Second, if the coroner determines that the remains are of Native American decent, the coroner will contact the Native American Heritage Commission within 24 hours.

Mitigation Measure GEO-1: In portions of the site where clayey soils and fill material will not be removed during grading and where proposed improvements (new fill, pavements, slabs on grade) will be constructed, these existing sub-surface materials should be removed and recompacted. The process may consist of removing the upper two feet of these materials, and scarifying and re-compacting the lower one foot prior to placing new fill or improvements. The process will need to be confirmed during a future geotechnical investigation. Subsequent to this investigation and prior the issuance of a grading permit, the applicant shall submit a plan to the City for review and approval, which will identify the steps for removal or treatment of soils on-site.

Mitigation Measure GEO-2: To reduce the potential for post-construction distress to the proposed residential structures resulting from swelling and shrinkages of clayey soils, post-tensioned slabs should be used for foundation support over the engineered and compacted fill after the removal of the clay-rich overburden.

Mitigation Measure HAZ-1: Prior to any site improvements, including grading and preliminary site work, the applicant shall review the Kleinfelder study at the DTSC Sacramento offices. Depending on the extent of the soil sampling completed to date and the determinations of the Kleinfelder study, additional sampling shall be conducted to better define the extent of contamination on-site. Once sufficient sampling has been completed in

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accordance with DTSC guidelines, the samples shall be evaluated and mitigation measures developed, as appropriate.

Mitigation Measure HAZ-2: Before any soil can be exported off-site it shall be profiled for landfill disposal requirements. If harmful concentrations of pesticides, lead and arsenic are reported in the soil, per DTSC guidelines, the contaminated soil shall not be reused for landscaping. Rather, landscaping soils shall be imported from an off site source.

Mitigation Measure NOISE-1: Where noise-sensitive exterior use areas would be exposed to an Ldn greater than 60 dBA, mitigation would be required to reduce noise levels to meet exterior and interior noise level limits.

- ◆ Construct noise barriers to reduce exterior noise levels to 60 dBA Ldn or less as shown in Figure 4-4. If the City determines that it is not economically or aesthetically reasonable to meet the 60 dBA Ldn standard, construct noise barriers as shown in Figure 4-5 to reduce noise levels to 65 dBA Ldn or less. Noise barriers shall be constructed out of materials with a minimum surface weight of 3 lbs./ft². Suitable materials include 1-in. thick wood fence boards, concrete, masonry, or metal provided that the barrier is solid over its face and at its base. In locations identified for noise barriers, the applicant shall examine the creation of earthen berms as an alternative option. Provided that berms can reduce potential impacts to a less than significant level and would not conflict with right-of-way constraints, the applicant shall coordinate with the City to identify the preferable option. The applicant shall also examine the option of combining noise barriers and berms, such as a four foot berm atop a four foot wall to achieve comparable noise reduction.
- ◆ Retain a qualified Acoustical Specialist to prepare for City review and approval a detailed acoustical analysis of interior noise reduction requirements and specifications for all units proposed within the 60 dBA Ldn contours of area roadways, in accordance with City standards. Interior noise levels must be maintained at or below 45 dBA Ldn. Building sound insulation requirements shall include forced air mechanical ventilation in noise environments exceeding 60 dBA Ldn. Special building construction techniques (e.g., sound-rated windows and building facade treatments) may be required where exterior noise levels exceed 65 dBA CNEL. Because the noise exposure is between 65 dBA Ldn and 70 dBA Ldn these treatments would be limited to sound rated windows and doors at the most affected rooms. Special sound rated exterior wall assemblies would not be required. The specific determination of required door and window sound transmission ratings shall be made on a unit-by-unit basis during project design. Results of the analysis, including the description of the necessary noise control treatments, shall be submitted to the City along with the building plans prior to issuance of a building permit.

Mitigation Measure TRAF-1: Prior to project approval, the project applicant shall revise the site plan to include turnaround space at the ends of the alleys for garbage trucks and emergency vehicles. The project applicant shall coordinate with the City of Vallejo to determine the specific requirements for these turnarounds.

FIRE PREVENTION DIVISION

THE FOLLOWING STANDARD COMMENTS/CONDITIONS APPLICABLE TO THE SUBJECT:

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25. **HOW FIRE PREVENTION CONDITIONS SATISFIED.** Submit a numbered list to the Fire Prevention Division stating how each condition of project approval will be satisfied.
26. **FIRE CODE CONFORMANCE.** The project shall conform to all applicable requirements of Title 19-Public Safety, 2001 CFC and all VMC Amendments.
27. **WATER SUPPLY.** Prior to the building permit issuance, the applicant shall install an approved and tested water supply system capable of supplying the required fire flow as determined by the Fire Chief. Water supply systems for staged construction shall provide required fire flows at all stages. (2001 CFC Section 903, Appendix III-A)
28. **ADDRESSING.** Prior to occupancy/final building inspection, install approved numbers or addresses on all buildings in such a position as to be clearly visible and legible from the street. Residential buildings shall have numerals or letters not less than 3 inches in heights, and approved color that contrasts the background. Commercial occupancies shall have numerals or letters not less than 6 inches in height of contrasting background, and illuminated at night. (2001 CFC Section 901.4.4; added VMC Section 12.28.170)
29. **WEED FREE PROPERTY.** Development sites shall be maintained weed free during construction. (2001 CFC Section 1103.2.4)

PROJECT SPECIFIC CONDITIONS AND OTHER COMMENTS/CONDITIONS NOT COVERED BY THE STANDARD CONDITIONS LISTED:

30. Additional fire hydrant(s) is/are required. Hydrants are required in the street right-of-way and hydrants are required on-site as shown in the Fire Department copy of the plans. Submit a complete set of plans for review and approval. All fire hydrants are to have "blue dot" highway reflectors installed on the adjacent street of the driveway to clearly identify the fire hydrant locations. (2001 CFC Section 903, Appendix III-B)
31. In residential (Group R) Occupancies, single station smoke detectors shall be installed prior to occupancy/final building inspection in each sleeping area and at a point centrally located in the corridor or area giving access to each separate sleeping area. When the dwelling unit is of more than one story (including basements), there shall be a smoke detector on each story. When a story is split, into more than one level, the smoke detector shall be installed on the upper level. (2001 CBC Section 310.9.1.1)
32. Every sleeping room below the fourth story shall have at least one exterior opening for rescue purposes. The opening shall be a minimum of 5.7 square feet and 20 inches wide by 24 inches high. The finished sill height of the opening shall be no higher than 44 inches from the floor. Ladder access provided for building over the first floor. (2001 CBC Section 310.4)

PUBLIC WORKS DEPARTMENT

33. Submit a comprehensive geotechnical investigation report for this project for review. City of Vallejo may decide that an independent geotechnical consultant to review the soils report and cost of this review will be born by the developer.
34. Submit grading, drainage, erosion control, improvement, utility, joint trench, street light, signing & striping and landscaping plan for review and approval.

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35. Surface runoff from the subdivision shall be intercepted, piped and tied into public storm drain system.
36. Rollingwood Drive improvements includes but not limited to pavement widening, grading, drainage, curb, gutter sidewalk, street lights and under-grounding overhead utility wires.
 - a. The submittal does not provide limit of widening and signing & striping along Rollingwood Drive.
 - b. The traffic study does not provide any proposed signal or stop sign or left turn pocket for proposed "A" & "G" street intersections.
 - c. The proposed sidewalk along Rollingwood Drive should have three feet flat bench behind sidewalk.
 - d. The plan does not show "NO Parking" sign along Rollingwood Drive.

To satisfy the above comments there may be a need for re-design of submitted plans.

37. Benicia Road full improvements from intersection of Rollingwood Drive up to west property line of project includes but not limited to widening, grading, drainage, curb, gutter, sidewalk, left turn pocket, street lights, under-grounding over head utility wires, bus bay and bus shelter pad.
 - a. The submittal does not provide limit of widening and signing & striping along Benicia Road.
 - b. The traffic study does not provide any proposed signal and stop sign along Benicia Road.
 - c. The plan does not show location of bus bay and bus shelter pad along Benicia Road.

To satisfy the above comments there may be a need for re-design of submittal plans.

38. Proposed perpendicular parking areas within parcels "H", "W" and "Z" shall have five feet buffer between access driveway and parking stalls. (Traffic Engineer)
39. Provide turnaround template at the end of alleys for review. (Traffic Engineer)
40. Driveway approach location serving lot one shall be on far side of the lot to meet curve sight distance requirements and proximity of driveway to intersection. (Traffic Engineer)
41. Construct 100 feet westbound right turn lane for the project main entrance (Street "D") with appropriate taper along Benicia Road to improve safety. (Traffic Engineer)
42. Construct 75 feet eastbound left turn lane on Benicia Road and modify existing striping to coincide with change. (Traffic Engineer)
43. Submit a detailed signing and striping plan for Rollingwood Drive and Benicia Road for review and approval.
44. Make sure the corner buildings at the intersection of Rollingwood Drive and proposed "A" and "G" streets have appropriate setback to provide adequate sight distance. (Traffic Engineer)
45. Designate required public utility easement area between buildings and back of curb for utility facilities on both sides of alley homes area. Provide a detail showing all utility facilities/boxes will fit within easement area.

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46. Establish private reciprocal drainage easement behind lots 58 -64 and 83-111 for the backyard surface drainage terminates into common v-ditch. V-ditch shall be maintained by respective lot owners. This responsibility shall be addressed in the CC&R.
47. Install standard handicap ramp at each curb return.
48. Prior to building permit all existing easements crossing proposed lots shall be quitclaimed.
49. Additional right of way up to back of proposed meandering sidewalk along Rollingwood Drive shall be dedicated to the City of Vallejo.
50. Install "NO Parking" sign along Rollingwood Drive fronting the project.
51. All proposed intersections in the project shall have standard stop sign.
52. The landscape area common to the Paseo homes shall be maintained by the Home Owners Association established for this neighborhood. The landscaped area maintained shall include the landscaping adjacent to the Paseo homes along Rollingwood Avenue and Benicia Road, as well as any common landscaped paseo areas. Any landscape areas common to the single-family homes, including but not limited to, the five foot interior park strip along sidewalks fronting the single-family homes and the Rollingwood Avenue frontage shall be part of a Landscape Maintenance District.
53. Street lights within alleys shall be maintained by Homeowners Association.
54. Proposed cal de sac "C" bulb has seven driveway approaches. It appears too tight to accommodate all utility facilities, street trees and street lights. Provide a detail showing how it works.
55. Surface drainage of this project shall not adversely affect the neighboring properties.
56. Prior to recording the final or parcel map, the owner shall pay the City charges required by Solano County for providing copies of the recorded map to the City (\$15.00/sheet).
57. Submit street names for proposed public streets and private alleys to **Public Works Department** for review and approval by Fire, Police, and Public Works departments and U.S. Postal Service.
58. Concurrent to submittal of Final Map, submit CC&R for standard lots that have access through proposed public streets and for paseo homes that have access through alleys for review.
59. Vertical and horizontal alignment of all streets shall conform to City of Vallejo standards.
60. Prior to building permit issuance, the developer shall file with the City of Vallejo, pursuant to the State of California Vehicle Code, a petition requesting that the provisions of said Vehicle Code be applied to private Alleys in the subdivision and post and maintain signs at the entrances to the subdivision giving notice of enforcement of said Vehicle Code. This activity shall be coordinated with the Fire Department.
61. Prior to occupancy of first lot within the proposed Alleys install Vehicle Code sign at the entrance of each Alley per City standard and install "No Parking" sign along the Alleys.
62. Prior to building permit issuance for the lots associated with the Alleys, establish a Homeowners Association for operation and maintenance of improvements, irrigation

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62. Prior to building permit issuance for the lots associated with the Alleys, establish a Homeowners Association for operation and maintenance of improvements, irrigation system, drainage ditches, fences, masonry walls, private Alleys, signage and hardware, private street light system, private open spaces and other private facilities subject to the approval of the Planning Division, Public Works Director, and the City Attorney. The Covenants, Conditions and Restrictions of all deeds issued for lots have access to the Alleys shall contain provisions requiring participation in the said Homeowners Association. The Homeowners Association must accept the above private elements of subdivision improvements prior to acceptance.
63. If the subject property is within an assessment district, the subdivider shall provide apportionment of the assessment resulting from the subdivision prior to approval of the final or parcel map.
64. During construction, it shall be the responsibility of the contractor to provide for safe traffic control in and around the site. This may include but not be limited to signs, flashing lights, barricades and flag persons.
65. If any lot is to be re-graded after mass grading is completed, a new grading permit is required. Review of the proposed grading by a soils engineer and field testing of the grading shall be required.
66. Prior to occupancy of any unit, underground overhead utility wires along Rollingwood Drive and Benicia Road fronting the property shall be completed.
67. Once subdivision improvements are accepted by the City as public rights-of-way, they are not to be used for staging building construction activities, including but not limited to, storage of construction material and equipment. The street and sidewalks must be kept free of construction debris, mud, and other obstacles and must remain open to traffic at all times.
68. Prior to acceptance of the project, the landscape architect for the project must perform a complete and thorough field review of the landscape irrigation and planting within the project and provide the City in writing a certificate that all landscaping, planting, and irrigation within the project is in full compliance with the City ordinances and guidelines and approved landscape, planting and irrigation plans.
 - a. Alley's parcels "X","J","H" &"G" shows 22 feet width, demonstrate how garbage bins can be accommodated and collected.
 - b. The submittal does not show location of proposed mail boxes. Mailbox locations, if clustered, shall not impact flow of traffic.
 - c. Within paseo parcels "EE","FF" & "GG" proposed pedestrian accesses crossing the alleys. Demonstrate that this situation be safe for pedestrians.

THE FOLLOWING STANDARD COMMENTS/CONDITIONS APPLICABLE TO THE SUBJECT ARE SO MARKED:

Note: The following are City of Vallejo Code & Standard requirements, deviation from these requirements requires City Council approval. All Code and Standard exceptions shall be identified on the Tentative Map.

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69. Submit a final map prepared by a qualified registered civil engineer or Land Surveyor for review and approval. Submit preliminary title report and all pertinent documents for map review. (VMC 15.12.030).
70. Prior to occupancy provide six inches of topsoil on the lot. (VMC Section 12.40.070-G).
71. Install standard driveway approach per City standard. (COV, Regulations & Standard Specifications, 1992).
72. Maintain five feet set back from the property line to the beginning of driveway approach flare fronting the property.
73. (COV, Regulations & Standard Specifications, 1992).
74. Provide 3 feet flat area behind the sidewalk along proposed public streets. (COV, Regulations & Standard Specifications, 1992).
75. Signing and striping shall be per City standard. (VMC, Section 16.62.140)

PROJECT SPECIFIC CONDITIONS AND OTHER COMMENTS/CONDITIONS NOT COVERED BY THE STANDARD CONDITIONS LISTED:

76. **HOW PROJECT CONDITIONS SATISFIED.** Prior to building permit issuance, submit a numbered list to the **Planning Division** stating how each condition of project approval contained in this report will be satisfied. The list should be submitted to the project planner who will coordinate development review of the project.
77. **PUBLIC IMPROVEMENT STANDARDS.** All public improvements shall be designed to City of Vallejo standards and to accepted engineering design standards. The **City Engineer** has all such standards on file and the Engineer's decision shall be final regarding the specific standards that shall apply. (COV, Regulations & Standard Specifications, 1992).
78. **IMPROVEMENT PLANS.** Prior to building permit submittals, submit three sets of plans to the **Department of Public Works** for plan check review and approval. (Improvement or civil plans are to be prepared by a licensed civil engineer.) Plans are to include, but may not be limited to, grading and erosion control plans, improvement plans, joint trench utility, street light plans, and landscaping, irrigation and fencing plans and all supporting documentation, calculations and pertinent reports. (COV, Regulations & Standard Specifications, 1992 Section 1.1.7-A).
79. **GRADING** Prior to issuance of grading permit, submit a soils report for review. An independent soils and geological review of the project may be required. The City shall select the soils engineer with the cost of the study to be borne by the developer/project sponsor. Site grading shall comply with City Municipal Code. (VMC, Chapter 12.40).
80. **LINE OF SIGHT CRITERION.** In design of grading and landscaping, line of sight distance shall be provided based on Caltrans standards. Installation of fencing, signage, above ground utility boxes, etc. shall not block the line of sight of traffic and must be set back as necessary. (VMC, Section 10.14).
81. **ON-SITE SOILS ENGINEER.** During grading operations, the project geologist or soils engineer and necessary soils testing equipment must be present on site. In the absence of the soils engineer or his representative on site, the **Department of Public Works** shall shut down the grading operation. (VMC, Section 12.40.080).

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82. **DUST AND EROSION CONTROL.** All dust and erosion control shall be in conformance with City standards and ordinances. (VMC, Sections 12.40.050 & 12.40.070).
83. **COMPACTION TESTS.** Prior to building permit issuance or acceptance of grading, compaction test results and certification letter from the project soils engineer and civil engineer confirming that the grading is in conformance with the approved plans must be submitted to the **Department of Public Works** for review and approval. Test values must meet minimum relative compaction recommended by the soils engineer (usually at least 90 percent). (VMC, Section 12.40.070-R).
84. **DRIVEWAY STANDARDS.** Entrances to any private project must be standard driveway approaches unless deviation is permitted by the **City Engineer**. (VMC, Section 12.04.100).
85. **STREET EXCAVATION PERMIT.** Obtain a street excavation permit from the **Department of Public Works** prior to performing any work within City streets or rights-of-way, or prior to any cutting and restoration work in existing public streets for utility trenches. All work shall conform to City standards. (VMC, Section 10.08).
86. **ENCROACHMENT PERMIT.** Prior to building permit issuance, obtain an encroachment permit from the **Department of Public Works** for all work proposed within the public right-of-way. (VMC, Section 10.16).
87. **TRAFFIC CONTROL PLAN.** Prior to start of construction, submit a traffic control plan to the **Department of Public Works** for review and approval. (Caltrans Traffic Manual).
88. **COORDINATION OF CONSTRUCTION INSPECTION.** Construction inspection shall be coordinated with the **Department of Public Works** and no construction shall deviate from the approved plans. (COV, Regulation & Standard Specification Sections 1.1.4 & 1.1.5).
89. **PLAN CHANGES.** The project design engineer shall be responsible for the project plans. If plan deviations are necessary, the project engineer must first prepare a revised plan or details of the proposed change for review by the **Department of Public Works** and, when applicable, by **Vallejo Sanitation and Flood Control District**. Changes shall be made in the field only after approval by the City. At the completion of the project, the design engineer must prepare and sign the "as built" plans. (COV, Regulation & Standard Specification Section 1.1.9).
90. **BONDS AND FEES.** Prior to approval of construction plans, provide bonds and pay applicable fees. Bonding shall be provided to the City in the form of a "Performance Surety" and a separate "Labor and Materials Surety" in amounts stipulated by City ordinance. (VMC, Section 15.12.090, Resolution Nos. 84-554 N. C. and 02-55 N. C.)
91. **INSTALL IMPROVEMENTS.** Prior to occupancy/final building inspection, install the improvements required by the **Department of Public Works** including but not limited to streets and utilities. (VMC, Section 12.04.060).
92. **STREET TREES.** Prior to release for occupancy, plant required street trees in accordance with City Municipal Code. The list of approved trees is available in the office of the Public Works Director. The minimum standard shall be at least one tree for each 50 feet of street frontage or fraction thereof, including secondary or side streets. Street tree(s) shall be inspected by Public Works Landscape Inspector prior to release for occupancy. (VMC, Section 15.06.190 and Regulations and Standard Specifications Section 3.3.48).

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93. **JOINT TRENCH.** The developer shall provide joint trench plans for the underground electrical, gas, telephone, cable television and communications conduits and cables including the size, location and details of all trenches, location of all building utility service stubs and meters and placement or arrangements of junction structures as a part of the Improvement Plans submitted for the project. The composite drawings and/or utility improvement plans shall be signed by a licensed civil engineer. (VMC, Sections 15.06.160&170).
94. **SIGNAL INTERCONNECT CABLES.** There are fiber optic and /or copper signal inter connect cables located at the edge of the roadway or under the sidewalk. The plans should address either the relocation of these cables or a note should be made of the cable location. A warning should be included on the plans stating that if the cable damaged, the entire length of the cable between the two nearest hubs will be replaced by the contractor unless otherwise authorized by the City Engineer.
95. Corner of Benicia Road and Rollingwood Drive shall be improved for right turn and may require additional right of way dedication to the City.
96. No designated parking area allowed fronting the property along Rollingwood Drive.
97. Necessary turn lane shall be provided for cemetery access on Benicia Road and Rollingwood Drive.
98. Provide turnaround at the end of proposed alleys (minimum hammer head).
99. Designate required public utility easement area between buildings and back of curb for utility facilities in alley homes area.
100. Surface drainage of this project shall not adversely affect the neighboring properties.
101. **COUNTY ENCROACHMENT PERMIT: A Solano County encroachment permit must be obtained for all work conducted in the County Right-of-Way on Hargus Avenue.**
102. **SEWER AND WATER LINE INSTALLATION: To reduce construction disturbance to residents on Hargus Avenue, the sewer and water line installation shall occur back to back so that it is completed as quickly as possible.**

WATER DIVISION

THE FOLLOWING STANDARD COMMENTS/CONDITIONS APPLICABLE TO THE SUBJECT ARE SO MARKED:

103. **WATER SYSTEM PLANS.** All water system improvements shall be consistent with the Vallejo Water System Master Plan, 1985, prepared by Kennedy/Jenks Engineers as updated by Brown & Caldwell, 1996. Prior to Improvement Plan approval and building permit issuance, water system improvement plans shall be submitted to the **Water Division** for review and approval, and shall contain at least:
 - a. Location and size of fire sprinkler service connection(s).
 - b. Location and size of domestic service connection(s).
 - c. Location and size of irrigation service connection(s).
 - d. Location of fire hydrants.
 - e. Location of structures with respect to existing public water system improvements, such as mains, meters, etc.

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- f. Location and size of any new water mains.
 - g. Location and size of backflow prevention devices (required on water service connections to irrigation systems, certain commercial water users, and to commercial fire sprinkler systems, per City Ordinance 922 N.C. (2d).
104. **FIRE FLOW REQUIREMENTS.** Fire flow requirements of the Fire department shall be complied with. Fire flow at no less than 25 psig residual pressure shall be available within 1,000 feet of any structure. One half of the fire flow shall be available within 300 feet of any structure.
- a. For single family residential units, the fire flow is 1,500 gpm.
 - b. For other developments, see the Vallejo Water System Master Plan, 1985, prepared by Kennedy Jenks and its latest update by Brown and Caldwell dated April 1996.
105. **HYDRAULIC CALCULATIONS.** Prior to Improvement Plan approval and building permit issuance, hydraulic calculations shall be submitted to the **Water Superintendent** demonstrating that the fire flow requirements are complied with.
106. **FIRE PROTECTION SYSTEMS.** Fire hydrant placement and fire sprinkler system installation, if any, shall meet the requirements of the Fire Department. For combined water and fire services, the requirements of both the Fire Department and the Vallejo Water System Master Plan, with latest revisions, shall be satisfied.
107. **WATER EASEMENTS.** Easements shall be granted for all water system improvements installed outside the public right-of-way in the City's Standard Form for Grant of Water Line Easement with the following widths:
- a. 15 ft. wide (minimum) for water mains.
 - b. 10 ft. wide (minimum) for fire hydrants, water meters, backflow preventers, double detector check valves, etc.
 - c. Other facilities will be reviewed by the Water Division.
108. **WATER SERVICE BONDS AND FEES.** Water service shall be provided by the City of Vallejo following completion of the required water system improvements and payment of applicable fees. Performance and payment bonds shall be provided to the City of Vallejo prior to construction of water system improvements. Fees include those fees specified in the Vallejo Municipal Code including connection and elevated storage fees, etc., and fees for tapping, tie-ins, inspections, disinfection, construction water, and other services provided by the City with respect to the water system improvements. The Water Division may be contacted for a description of applicable fees.
109. **WATER SYSTEM INSTALLATION.** Prior to occupancy or final building inspection, install water system improvements as required. Backflow device/s where required shall be installed in areas hidden from public view and/or shall be mitigated by landscaping.

PROJECT SPECIFIC CONDITIONS AND OTHER COMMENTS/CONDITIONS NOT COVERED BY THE STANDARD CONDITIONS LISTED ABOVE:

- 110. There is insufficient water pumping capacity, insufficient pipe supply capacity, and insufficient maximum day water storage for this development in the 400 water pressure zone that will serve this development.
- 111. A comprehension water study (master plan) must be done for the 400 water zone and the water zones fed from the 400 water zone (Kathy Ellen 337, Devlin 262, Burnham 329, Capital 280, Bay Village 292, Maritime Academy 267, and Crystal 400 zones) to determine existing capacities and future demands and required improvements to water mains, pump

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stations, water reservoirs, etc. The Developer shall prepare this comprehension water study, including a unit cost benefit calculation, consistent with the existing Water Master Plan and submit it to the Water Division for review and approval. The study shall be prepared by a California Registered Civil Engineer with experienced in such field.

112. The developer shall pay to the city its prorated share of the costs of these improvements including but not limited to, 400 zone master plan preparation costs, right of way costs, planning and engineering costs, construction costs, etc before the development improvements plans can be approved.
113. The Developer's cost for compliance for Conditions W11, W12 and W13 shall be in addition to the costs required to be paid to the Water Division as mentioned in Condition W9 with the one exception that no elevated Storage Fee shall be charged.
114. The developer can, in lieu of complying with conditions W11, W12, W13, and W14, pay to the Water Division a sum to be determined by agreement to be made with the Water Division for the city to provide water storage and zone pumping capacity for this project. In order to expedite development, similar projects have agreed to an amount between \$6,500 and \$10,000 (in 11/2005 dollars) per unit to forgo the conditions W11-W14. This amount is for the 400 water zone supplement capacity fee charged for new projects in the 400 water zone to allow the city to construct the required storage, pumping, and pipeline modifications necessary. This money shall be paid to the Water Division before the improvements can be approved by the city. At the time that the amount is paid the amount shall be adjusted for inflation from the date of the agreement to the date of payment. This negotiated amount is in lieu of the elevated storage fee only. All other water fees are due and applicable as per condition W9.
115. The master meters and back flow devices for the Paseo Homes shall be placed in landscaped areas at the back of public sidewalks in a PUE.

BUILDING DIVISION

116. In January 2007 the Building Division will be using the 2007 California Building Code, which requires that anything closer than five feet from property line be a fire wall. This may require that some of the windows on the sides in the paseo homes be fire rated.

VALLEJO SANITATION AND FLOOD CONTROL DISTRICT

GENERAL COMMENTS:

117. After plans are approved submit a Connection Permit Application (SSI) Form for connection fee calculation (\$20 submittal fee). Non-residential developments shall also submit a Pretreatment Questionnaire for review by VSFCO Pollution Control Department. (See note below)

THE FOLLOWING STANDARD COMMENTS/CONDITIONS APPLICABLE TO THE SUBJECT ARE SO MARKED:

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118. If any of the VSFCDC comments are in conflict with comments from other reviewing agencies, please request clarification.
119. The existing storm drain systems, downstream of Dryden Drive and downstream of Benicia Road, are undersized for the existing runoff and the intended runoff from the project. The secondary use of the park for storm water detention is intended to mitigate the increased runoff from the project.
120. **STORM WATER QUALITY AND PRE-TREATMENT.** Pretreatment of storm water runoff is required. Refer below to standard conditions of approval. If the first flush of storm water is filtered over the landscaped area of the park, this should satisfy the requirement for pre-treatment.
118. **GRADING.** The storm overflow pattern will need to be shown on the grading plans. Determine the 100-year storm tributary area. This may differ from the 15-year tributary area. Ensure that there are no buildings within the limits of the 100-year storm overflow pattern. Where practicable, the overland release shall be into the Park Parcel A so that the overland release does not end up going down to the bottom of Court I.
121. Grading and improvement plans shall include storm water pollution prevention plans for use during site development and building construction to mitigate impacts of this development. Refer below to standard conditions of approval.
122. **SEWER.** SS Laterals: On the improvement plans, the proposed locations of SS laterals will need to be coordinated with the location of proposed street trees. Sanitary Sewer laterals are to split the distance between street trees.
123. **MAINTENANCE ACCESS TO FACILITIES.** Refer to comment below related to standard access for maintenance vehicles to VSFCDC facilities. It appears that standard maintenance access to SD/SS structures may be an issue at the following locations:
 - a. 2 SDMH west of Parcel D. It appears that the SD can be realigned so that the VSFCDC structures will be accessible for maintenance from Benicia Road.
 - b. SD in Parcel C and D.

PROJECT SPECIFIC CONDITIONS AND OTHER COMMENTS/CONDITIONS NOT COVERED BY THE STANDARD CONDITIONS LISTED:

124. Applicant shall pay all fees (plan review fees, connection fees, etc.) required by VSFCDC for the subject project.
125. Improvement plans shall comply with the VSFCDC Engineering Design Standards and Policies, within the Master Bid Document dated March 2007 or later, regarding design and construction of storm drains (SD) and sanitary sewer (SS) facilities. Improvement plans shall indicate that proposed improvements are to be constructed in accordance with Standard Plans And Specifications included in the VSFCDC Master Bid Document dated March 2007, or later edition.
126. Grading and improvement plans shall include storm water pollution prevention plans for use during site development and building construction to mitigate impacts of this development. This plan shall include calculations, measures related to debris, refueling areas, disposal of excess materials, site cleanup, hazardous substance containment, street cleaning, catch basin cleaning, and other similar measures (see Section 10 Storm Water Runoff of the VSFCDC Engineering Design Standards and Policies).

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127. Gravity sewer mains with lateral connections shall be no more than 10-feet deep.
128. Pretreatment of storm drainage water runoff is required, storm drainage runoff shall be conveyed over landscaped areas, or otherwise treated, using structures before discharging into the public system. This is to improve the stormwater quality leaving the site. As much as practicable, developer shall incorporate measures described in "Start at the Source" a residential site planning and design guidance manual for storm water quality protection (written by BASMA) as a means of mitigating project impacts, and reduce impacts of increases in impervious surfaces.
129. The development shall be planned so that all VSFCDD SD and SS facilities shall be accessible by standard access. Standard access means that each structure (MH or CB) shall be accessible by an AC paved path, 15-foot wide from the public street to each maintenance structure (MH, CB, etc.), such that VSFCDD maintenance vehicles can drive to and park over the facilities. Unless otherwise allowed by VSFCDD, District vehicles must be able to drive forward in and forward out. The designer shall refer to VSFCDD standard detail No 25 for access criteria.
130. Existing storm drain and/or sanitary sewer facilities that are to be abandoned in place shall be filled with grout, otherwise they shall be removed.
131. The grading and landscaping (planting and irrigation) in Parcels B, C and LL will be limited by the requirement for the standard maintenance vehicle access to the storm drain structures (SDDI and SDMH in Parcels B and C) and account for any proposed public SD that is below ground in Parcel B and LL.

Sheet 3 and 4 - Grading and Utility Plan.

132. **Western Slope of Park Parcel A:** Some treatment will be required at the toe of this slope because of the amount of water that will be draining along the toe. Treatment may include bio-swale or turf reinforcement, or other. This toe of slope may become saturated and will be the last place in the park to dry out after a storm, especially in the area of the outlet works. The solution will also need to be coordinated with, and approved by Greater Vallejo Recreation District (GVRD). Assuming that the access road will be for pedestrian use also, and depending on the treatment for the toe of slope, the proposed location for the access road will need to be evaluated as part of the review of the grading and improvement plans.
133. VSFCDD has no objection to the concept of using the park for pre-treatment of the first flush of storm water runoff. We recommend that the heavier flows do not run on the surface of the park, but bypass the park into the storm drain outlet and/or detention system. This will need to be coordinated with GVRD. VSFCDD has no objection to the concept of using the storage capacity of the park to detain peak flows in heavy or moderate storm events. However, VSFCDD does have some comments on the particulars of the current design of the system as proposed on the VTM. The system will require some slide gates and weirs in drainage structures in order to operate as intended by VSFCDD. After approval of the tentative map, VSFCDD Engineering and Field Operations (FOPS) staff will meet with the developer to discuss these particulars.
134. **Parcel B SD Alignment:** After approval of the tentative map, VSFCDD Engineering and Field Operations (FOPS) staff will meet with the developer's engineer to discuss the SD alignment and the ownership and maintenance responsibility of the SD in Parcel B and the off-site SD to the north of Parcel B.

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135. Parcel B wall adjacent to vehicle turnaround: Note the clear area required adjacent to the pavement as described in note 4 of VSFCD standard detail No. 25.
136. **Grading in Parcel LL:** VSFCD will waive the requirement for an all weather (paved) surface over this public SD. However, the ground surface over the SD needs to be graded in accordance with VSFCD requirements for standard vehicle maintenance access.
137. **Hydrology and Hydraulic Report:** Will be required for the storm drain system. The report will need to compare the pre-development and post-development storm water discharge for flows leaving the site to the north through Parcel B and to the south into Benicia Road.
138. Where landscaping is allowed over SD or SS public utilities owned and maintained by VSFCD, landscaping will be limited to mulch, turf or low ground cover. Trees and bushes are not allowed. This may apply in Parcels LL and Parcel B.
139. Drainage along the west boundary of Parcels B, C, LL, Lots 83-104 and north boundary of Lots 58-69: It appears that this drainage is intended to be in a concrete J-ditch. This J-ditch will not be maintained by VSFCD. The map must address the responsibility for maintenance of this J-ditch. Consult with City of Vallejo (COV) on the proper method (reciprocal easement or agreement) to address maintenance of this drainage ditch.
140. **SD between Lots 91 and 92:** In order for this to be a VSFCD owned and maintained SD it will need to be constructed to VSFCD standards for vehicle maintenance access, easement width, construction materials, pipe size, and inlet size.
141. **Drainage along north boundary of Lots 58-69:** VSFCD will not maintain the slope or above ground drainage on these private lots. Refer also to section C on sheet 2. If the developer hopes to collect and convey public drainage to be maintained by VSFCD then the drainage collection will have to be by VSFCD standard inlet facilities and the drainage conveyance will have to be by VSFCD standard drainage pipe. Vehicle maintenance access, that meets the standards of VSFCD, will be required to all VSFCD facilities. The drainage J-ditch appears to end at the west boundary of Lot 64. If the flow is intended to discharge to the ground and flow overland, then there should be engineered means of erosion control/slope protection.
142. **Off-site Sanitary Sewer:** The limits of improvement of the offsite sanitary sewer are pending the final analysis of the impacts of the development on the VSFCD system. Any new offsite sewer that is not below a paved surface will need to be constructed of butt-fused high density polyethylene pipe (HDPE).
143. **Off-site Storm Drain north of Parcel B:** The developer will be required to negotiate any easements required for new storm drains including the new SD shown north of Parcel B on the Land of Humphreys.
144. SS and SD utilities in the public right-of-way (R/W) will need to be publicly owned and maintained by VSFCD. Once a given facility is public, the downstream extension of that facility must also be public. The downstream extensions of the SD or SS facilities cannot revert back to private ownership and maintenance. It appears that this may be an issue where the private SD and SS exit Parcels X, Y, and Z and enter the public R/W of Street D. The downstream extensions of these utilities continue into the private streets of Parcels H and J. There are a couple of options for addressing this situation. The SD and SS can be realigned so that the downstream extensions of the utilities, once public, remain in the public R/W. It appears that this can conveniently be done for the SD from Parcel Y and Z. Alternately the SS and SD in Parcels J, I, and H can be publicly owned and maintained by VSFCD provided that VSFCD rights are addressed (by easement or other) on the final

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map. Note that the sewers in Parcel K and G cannot be publicly owned and maintained as shown on the VTM because they do not satisfy the VSFCO requirement for access to the manholes at the upper end of the sewer mains.

Sheet 5 Ownership and Maintenance

145. VSFCO rights to maintain the SD in Parcels B, C and LL will be by easement or agreement (on COV owned property). VSFCO will not own the parcels as shown on sheet 5 of the VTM.
146. **Private Streets maintained by Homeowners Association (HOA):** We understand that the intent is that the SD and SS utilities below these private streets will also be maintained by HOA.
147. SS constructed in the private streets will be installed to VSFCO standards for design, materials and construction except that MH covers shall not be marked "VSFCO."

**STAFF REPORT – PLANNING
CITY OF VALLEJO
PLANNING COMMISSION**

DATE OF MEETING: December 3, 2007

PREPARED BY: Geoff I. Bradley, Planning Consultant 

PROJECT NUMBER: GPA07-0001, ZMA07-0002, TM07-0008, PD07-0007

PROJECT DESCRIPTION: The project consists of a 214-unit subdivision and a 4.1-acre neighborhood park on property previously developed with ball fields and drive-in theatre. The subdivision would have two housing types: 104 single-family homes on minimum 3,375 square foot lots and 110 paseo homes on minimum 2,359 square foot lots. The paseo homes would have garage access off alleys located at the rear of the lots, with landscaped pedestrian pathways (paseos) to the property frontages. The project requires approval of a General Plan Amendment, a Zoning Map Amendment, a Master Plan/Unit Plan, and a Vesting Tentative Map.

The General Plan Amendment, Zoning Map Amendment, and Master Plan/Unit Plan are reviewed by the Planning Commission and approved by City Council. The Vesting Tentative Map is approved by the Planning Commission.

RECOMMENDATION: Forward a recommendation of approval of the General Plan Amendment, the Zoning Map Amendment, and the Master Plan/Unit Plan to the City Council and approve Vesting Tentative Map with Conditions.

CEQA: Mitigated Negative Declaration with Monitoring Plan.

PROJECT DATA SUMMARY

Name of Applicant: KB Home South Bay, Inc.

Date of Application Completion: October 11, 2007

General Plan Designation: Existing: Retail/ Low Density Residential
Proposed: Low Density Residential

Zoning Designation: Existing: Public Facility & Pedestrian Commercial
Proposed: Planned Development Residential

Site: Northwest corner of Benicia Road and Rollingwood Avenue

Surrounding Land Uses:

North: Single-family residential
South: Cemetary
East: Cemetary, with single-family residential uses beyond.
West: Unincorporated (Solano County) Rural Residential

Lot Area:	31.8 Acres
Total Floor Area/Ratio:	471,781 S.F./34% Floor Area Ratio
Landscape Area/Coverage:	.3 acres in single-family portion/2.8 acres in paseo portion
Parking Required/Provided:	Single Family Homes – 208 required/416 proposed Paseo Homes – 242 required/284 provided

BACKGROUND SUMMARY

The project site is primarily vacant with the exception of the little league baseball fields that are owned by the Vallejo City Unified School District (VCUSD) and operated by East Vallejo Little League (EVLL). A former drive-in theatre is located in the area near the intersection of Rollingwood Drive and Benicia Road. A vacant residential structure is located near Benicia Road that was once the residence of the drive-in theatre caretaker. The structure is now abandoned and dilapidated. The remaining property is vacant. The project site contains four separate parcels owned by the VCUSD, City of Vallejo and Syufy Enterprises. KB Home is under contract to purchase the lands owned by the VCUSD and Syufy Enterprises. The City of Vallejo would trade the 4.3 city owned parcel near Rollingwood Drive for the proposed fully improved 4.1 public park.

ANALYSIS

Proposed Project

The applicant is requesting approval of an application for 214 housing units and a 4.1-acre park. The actions proposed include a General Plan Amendment for a portion of the property from Retail to Low Density Residential, Zoning Map Amendment from Public Facility and Pedestrian Commercial to Planned Development Residential, Master Plan/Unit Plan and Tentative Map for a 214 lot subdivision including a 4.1 acre public park.

The proposed southerly entrance road (Street 'G') from Rollingwood Avenue separates the project into two distinct neighborhoods: single-family homes and Paseo homes. The lower density (6.7 du/ac) single-family homes are located on 45 foot by 75 foot lots and home sizes range from 2,114 to 2,424 square feet. The proposed single-family neighborhood is located along the site's northern end, adjacent to existing single-family residences.

Paseo homes are two story homes with garages to the rear of the homes that are accessed by private alleys. The paseo home sizes range from 1,942 to 2,248 square feet. The higher density (9.1 du/ac) paseo homes are located adjacent to Benicia Road. Each neighborhood has its own unique design and character and unit types. The proposed park is centrally located towards the center of the site. The proposed land use summary is presented below.

Land Use Summary				
Land Use	Units	Acres	Density (du/ac)	% of Acreage
Single-Family (45'x75' lots)	104	15.6	6.7	49.1
Paseo Homes (with alleys)	110	12.1	9.1	38.0
Park	--	4.1	--	12.9
Project Total	214	31.8	6.7	100%

These modified development standards may be considered through the Planned Development Residential (PDR) zoning district. The purpose of the Planned Development Residential zoning is to provide for flexible development standards in consideration of public benefits. The provision of 214 units on 31.4 acres yields a density of 6.7 units per acre. Exclusive of the park, the density is 7.7 units per acre. The provision of for-sale housing at this density results in smaller individual parcels, more common open space and generally more affordable "ownership units" that allow homeownership and residents to build equity and be a part of the community. These public benefits may be considered when evaluating the proposed PDR zoning.

Existing Setting

The project site is located at the northwest corner of Benicia Road and Rollingwood Avenue in Vallejo. The 31.8 acre site contains four little league baseball fields and ancillary buildings at the north end of the property. The southern portion of the property is primarily vacant with the exception of the one-story structure that used to be the residence of the drive-in theatre caretaker. The existing terrain is varied and covered with patchy vegetation. Elevations range from 140' above sea level at the northwest corner of the site to a high point of 200' above sea level along Rollingwood Avenue. The site generally drains to the west. Benicia Road and Rollingwood Avenue are bordered by a row of trees.

Surrounding Setting

Existing land uses surrounding the property include a single-family housing development to the north, rural homes and businesses in the unincorporated area to the west and cemeteries to the south and east. The zoning districts for the surrounding properties are:

North: Low Density Residential
 South: Public and Quasi-Public Facilities
 East: Low Density Residential and Public and Quasi-Public Facilities
 West: Rural Residential (unincorporated Solano County)

Proposed Land Use

The current General Plan land use designation for a portion of the site is Retail (the remainder is designated Low Density Residential). The applicant is requesting a

change to Low Density Residential. The existing Zoning designation is Public Facilities (PF) and Pedestrian Commercial (CP) with a requested change to Planned Development Residential (PDR). The proposed General Plan and Zoning Amendments would result in a compatible land use pattern in this area due to the existing surrounding land uses. The area is developed primarily with residential and cemetery uses. The existing General Plan and Zoning Designations for retail uses on a portion of the site could result in potentially incompatible uses. The PDR zone would allow for maximum flexibility to provide for multiple unit types and site specific site planning.

Development Standards

Residential development regulations have been established to ensure that the proposed buildings and site plan achieve the desired character and development quality. The regulations set forth the minimum requirements necessary and are consistent with the proposed project. Refer to the City of Vallejo Zoning Ordinance for any regulations that are not specified below.

	Single-Family (45'x75')	Paseo Homes
Minimum Lot Area	3,375 s.f.	2,359 s.f.
Setbacks (minimum)		
Front	15' to building	9.5' to building
	10' to porch	4' to porch
Rear	10'	4' to face of garage
Side	5'	4' to property line
		8' between buildings
Minimum Building Separation	10'	8'
Maximum Height	32'-1.5"	25'-7.5"
Maximum Lot Coverage	46.5%	65.2%
Accessory Structures	Allowed per requirements of the Low Density Residential District	Not Allowed
Permitted Uses	Allowed per requirements of the Low Density Residential District	Allowed per requirements of the Low Density Residential District
Parking Required	Two spaces per unit	Two spaces per unit Plus one guest space per 5 units (22 guest)
Parking Provided	Two garage spaces plus two space in the driveway per unit plus 166 total on-street spaces	Two garage spaces plus one guest space per 1.7 units (64 guest spaces)

These modified development standards may be considered through the Planned Development Residential (PDR) zoning district. The purpose of the Planned Development Residential zoning is to provide for flexible development standards in consideration of public benefits. The provision of 214 units on 31.4 acres yields a density of 6.7 units per acre. Exclusive of the park, the density is 7.7 units per acre. The provision of for-sale ownership housing at this density results in smaller individual parcels, more common open space and generally more affordable homes. Ownership units allow more opportunities for homeownership and for residents to build equity and be a more permanent part of the community. These public benefits may be considered when evaluating the proposed PDR zoning.

Project Architecture

The project has been designed in a variety of styles to be compatible with the existing residential development in the vicinity.

For the single-family portion of the project, there are three floor plans and three different elevations. The three proposed architectural styles are contemporary Tudor, contemporary Mission, and Craftsman style.

The level of architectural detailing of the project is similar to and compatible with the existing residential development in the vicinity.

The paseo homes feature three floor plans and three separate elevation designs. The architectural design consists of two different Craftsman style elevations and one contemporary Mission style.

Circulation

The project site is served by Benicia Road and Rollingwood Avenue. Benicia Road is a two-lane arterial road connecting Vallejo and Benicia. Rollingwood Avenue is a collector road that serves the residential areas to the north. The intersection of Benicia Road and Rollingwood Avenue is a signalized intersection. Both roads currently have unimproved frontages. Installation of full curb, gutter and sidewalk public improvements on the property frontage would be required as a condition of project approval.

Vehicle and pedestrian access to the site is available from Benicia Road and Rollingwood Avenue. Access to the project would be provided by two entrances along Rollingwood Avenue and one entrance along Benicia Road. All internal streets would provide convenient access to the public park.

The project as proposed includes a full public street connection from Hargus Avenue to the project site. This connection would provide a fourth point of access to the site and would promote an interconnected community with circulation to promote efficient delivery of public services including police, fire, and trash/recycling collection. A number of residents of the Hargus Avenue area have expressed opposition to this connection. The concerns have been focused on potential increases in vehicular traffic.

The single-family residences are served by public streets. The proposed street section is 36 feet curb-to-curb with parking on both sides of the street. This street section includes a detached 5-foot sidewalk with a 5-foot planter strip between the sidewalk and curb. This design allows for a pedestrian friendly streetscape with street trees placed close to the street for shade and maximum aesthetic value. The paseo homes are served by private 24-foot-wide alleys providing access to the garages at the rear of the homes.

Utilities

Water. The project would be served by the City of Vallejo water system. The current system is inadequate for the amount of development planned. Therefore, the project would be required to contribute to the overall system as well as to construct limited project-specific off-site improvements. The applicant will pay a fee to be used by the City towards the construction of an 18-inch water line from the Benicia/Rollingwood intersection to the Keats/Devlin intersection and/or the demolition of two existing 0.5 million gallon water tanks and the construction of the a new approximately 2.5 million gallon water tank. In addition, the applicant is required to install approximately 1,150 lineal feet of 12-inch water line along the project frontage in Benicia Road to a newly installed 12-inch water line that currently ends near the western property line. The existing 6-inch line in this location will be abandoned in place. Also, roughly 350 lineal feet of 12-inch water line will be in Hargus Avenue connection the existing system and abandoning and existing 6 inch line in place.

On-site improvements include a 12-inch water line from Hargus Avenue along the west and the south side of the park and connections to both Rollingwood Drive and Benicia Road. The remainder of the site will be served with 8-inch mains. The single-family homes will have standard water service and meters. The paseo homes will have a main running through the common driveways. The mains will have master meters and each paseo home will be sub-metered to be read by the homeowner's association.

Sanitary Sewer. Sewage will be collected and conveyed along standard 8 inch lines from the subdivision and directed to the existing system via Hargus Avenue.

Park

As part of the project, the City agreed to exchange a 4.3-acre City-owned parcel that was donated to the City to be used for recreational purposes for a 4.1-acre turnkey park at a different location within the subdivision. The City agreed to this exchange, in part, because the original property was awkwardly located, with site topography that made it difficult to use for recreational purposes. KB Home reimbursed the City for the 0.2-acre difference in the property at the same rate as was paid for the Vallejo Unified School District property.

The design of the proposed 4.1-acre public park has been reviewed by the Greater Vallejo Recreation District, which would lease the park from the City and be responsible for its maintenance. The park would be considered a Neighborhood Park, serving residents in the immediate area. Amenities and uses within the park would include: baseball diamond with backstop, dug outs and bleacher seating, public restroom, group

picnic area, play area for children (tot lot), open grass area and half basketball court. Other features include a drinking table, picnic tables and covered seating areas. The northwest corner of the park also serves as a storm water detention facility. As a result the park is graded into a depression with depths ranging from five to 12 feet. The sloped portions have been designed as landscaped areas with walkways and also provide seating around the baseball diamond. A condition of approval has been included to continue to attempt to minimize the depth of the park relative to the surrounding streets.

Ballfields

The property owned by the Vallejo Unified School District contains four ballfields that were used through an agreement with by the East Vallejo Little League. As part of its efforts to stabilize its financial situation, the School district is selling off surplus land. One of the parcels that was included in the surplus land sale was the parcel that had previously been used by the East Vallejo Little League. The agreement regarding the use of the parcel expired prior to the sale of the property; however, as it had been used by the Little League for many years, there is strong sentiment in the community that equivalent playing fields should be provided as part of the project.

The Little League agreement with the School District has expired and neither the School District nor the project proponent have any legal obligation to provide property to the Little League. However, the proposed park would provide one regulation ballfield that could be used by the Little League through an agreement with GVRD and the School District has been negotiating with the East Vallejo Little League to provide three additional fields in the vicinity: two at Springstown Junior High School and one at Pennycook Elementary School. The school district properties would be available for two years and KB Home has agreed to build the fields for the Little League on the School District property.

Vesting Tentative Map

The proposed vesting tentative map would provide 214 residential parcels and one common lot for the paseo homes containing the access driveways, pocket parks, and paseos. This common area would be owned and maintained by the Homeowners Association.

The streets within the single-family portion of the project would be public streets, owned and maintained by the City of Vallejo. The parkstrips and roadway landscaping adjacent to Rollingwood Avenue and Benicia Road would be maintained by a proposed Landscape Maintenance District.

The vesting tentative map has been reviewed and found to be in conformance with the Subdivision Map Act and with the requirements of the Vallejo Municipal Code. The Vesting Tentative Map has been designed to include the street linkage of the proposed project and the existing neighborhood to the west (Hargus Avenue).

ENVIRONMENTAL DETERMINATION

Based on the Initial Study prepared by Design, Community and Environment, an environmental planning firm, for the City of Vallejo, it has been determined that with the mitigation measures proposed in the initial study, the proposed project would not have a significant effect on the environment. All recommended mitigation measures would be included in the conditions of approval with a mitigation monitoring plan (during the building permit stage).

An Initial Study and Mitigated Negative Declaration, including Mitigation Monitoring Program, were prepared for the project. Potentially significant impacts were determined in the areas of Air Quality, Biological Resources, Cultural Resources, Geology and Soils, Hazards/Hazardous Materials, Noise and Transportation/Traffic. In all cases, mitigation measures were included that would reduce the potentially significant impacts to a less-than-significant level.

Air Quality. Construction-related air quality impacts are normal for a project of any significant size. Standard mitigation measures provided by the Bay Area Air Quality Management District (BAAQMD) can reduce these impacts to a less-than-significant level. These mitigation measures are generally aimed at reducing particulate matter that is normally released during construction. These measures include wetting down soil and sweeping and removing dirt from paved roadways at regular intervals.

Biological Resources. The biological resources on-site were evaluated including plants, trees, habitat and wildlife. A number of mitigation measures were developed to ensure there would be no impact in the areas of sensitive plant and animal species, wetlands, and raptors. Focused surveys prior to project construction would provide additional information to confirm the absence of the sensitive plant and animal species and raptors, none of which have been identified on the site. The project is required to prepare a Wetland Mitigation Program subject to Army Corps and/or RWQCB jurisdiction.

Cultural Resources. Whenever a project includes grading or digging, there is a chance that unsuspected historical, archaeological, or paleontological resource or human remains may be discovered. In the event that such resources or human remains are discovered during any phase of the project, land alteration work in the vicinity shall be halted and a qualified professional consulted to evaluate the resource and determine an appropriate management plan. If human remains are discovered, the County Coroner shall be notified. If the Coroner determines that the remains are of Native American decent, the Coroner shall contact the Native American Heritage Commission within 24 hours of the determination.

Geology and Soils. The Bay Area is a seismically active area. Construction within seismically active areas has the potential of exposing people and structures to seismic-related hazards. Construction techniques appropriate to the Seismic Zone and project-specific engineering techniques would be required to reduce potential impacts to a less-than-significant level.

Hazards/Hazardous Materials. The Department of Toxic Substances Control (DTSC) database records indicate that the site sampled for lead, arsenic and pesticides. Relatively minimal concentrations of lead and pesticides are indicated, but arsenic levels in excess of residential Environmental Screening Levels are documented. The arsenic is from previous use as a weed control application. Clean up to DTSC standards is required, if elevated levels of hazardous materials are confirmed by additional soil sampling. Before soil can be exported off-site it shall be profiled for landfill disposal requirements.

Noise. Mitigation measures require the installation of sound walls or equivalent in several locations along Rollingwood Drive to ensure that the outside yard areas meet the 60dBA Ldn level. These sound walls need to be six feet high in some locations and eight feet high along the rear of seven parcels along Rollingwood Avenue. This mitigation measure can be satisfied with a specially designed wood fence rather than a concrete wall.

Transportation/Traffic. The traffic analysis for the proposed project considered the project-related traffic as well as cumulative traffic until the year 2020, which anticipates traffic to occur with buildout of the City's General Plan. The traffic analysis concluded that there were no potentially significant off-site traffic impacts from the proposed project. An on-site mitigation measure was identified to include adequate turnaround space for fire trucks and garbage/recycling trucks within the paseo portion of the development, if required by the Fire Department and Vallejo Garbage Service.

Public Comments

The applicant hosted three neighborhood meetings on the project; on March 29, 2007, May 14, 2007, and July 30, 2007 as well as a presentation to the Glen Cove Homeowners Association. The meetings were well attended with 30 to 50 people attending each meeting. Issues of concern included the Little League fields, traffic, and drainage. Staff also received several letters, emails, and telephone calls related to the same issues.

CONCLUSION/RECOMMENDATION

Staff has determined that the proposed project, as conditioned, is consistent with the City's General Plan and Municipal Code, and all applicable ordinances, standards, guidelines, and policies. Therefore, staff recommends that the Planning Commission forward a recommendation of approval to the City Council on the General Plan Amendment, the Zoning Map Amendment, and the Master Plan/Unit Plan (GPA07-0001, ZMA07-0008, and PD 07-0007). Staff also recommends that the Planning Commission approve the Vesting Tentative Map (TM 07-0008) based on the findings and subject to the attached Conditions of Approval.

ATTACHMENTS

1. Zoning Map Amendment Resolution (Petition)
2. General Plan, Tentative Map, and Master Plan/Unit Plan Resolution
3. Project plans
4. Photographs of Existing Site
5. Master Plan/Project Description
6. Initial Study/Mitigated Negative Declaration
7. Emailed letter from Fernando Maldonado
- 7.a Letter from Anthony Intintoli, Mayor dated 10/31/07
8. Letter from Vallejo City Unified School District
9. Conflict of Interest Map
10. Driving directions

CITY OF VALLEJO PLANNING COMMISSION

RESOLUTION NO. PC-07-31

**RESOLUTION OF INTENTION
TO AMEND THE ZONING ORDINANCE
Zoning Map Amendment
ZMA 07-0002**

**Rollingwood Project
Benicia Road and Rollingwood Avenue, Vallejo
APN: 0072-170-050, 0072-170-060, 0072-170-200, 0072-170-210**

I. GENERAL FINDINGS

WHEREAS an application was filed by KB Home South Bay, Inc. seeking approval for a General Plan Amendment, zone change, tentative map and planned development permit to allow the residential uses and park space.

WHEREAS the City of Vallejo Planning Commission conducted a duly noticed public hearing to consider the application for the related permits and approvals on December 3, 2007, at which testimony and evidence, both written and oral, was presented to and considered by the Planning Commission.

WHEREAS based on evidence received at the public hearing, the Planning Commission makes the following factual findings:

II. CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS.

Section 1. An Initial Study and Notice of Intent to Adopt a Mitigated Negative Declaration were prepared by the City and made available to the public for review on October 11, 2007. The Notice of Intent to Adopt the Mitigated Negative Declaration was duly sent, posted, and available for public review.

Section 2. The Planning Commission finds that the Initial Study identifies potentially significant impacts for which the project’s proponent has made or agrees to make project revisions that clearly mitigate the impacts, and the revised project, with mitigation, will not have a significant environmental impact.

Section 3. The planning commission hereby makes these findings based on the whole record, including the environmental findings contained in Section 2 “*Environmental*

Review” of the staff report attached hereto as "Exhibit 1" and incorporated herein by this reference.

III. FINDINGS RELEVANT TO REZONING, PROJECT APPROVAL AND FOR DETERMINATION OF PROJECT CONSISTENCY WITH APPLICABLE GENERAL PLAN

Section 4. The Planning Commission finds that applicant submitted an application for an Amendment to the City of Vallejo’s Zoning Ordinance, in that the applicant seeks a change to the zoning map to allow for a 214-unit subdivision and a 4.1 acre neighborhood park on property previously developed with ball fields and drive-in theatre. The subdivision would have two housing types: 104 single-family homes on a minimum 3,375 square foot lots and 110 paseo homes on a minimum 2,359 square foot lots. The paseo homes would have garage access off alleys located at the rear of the lots, with landscaped pedestrian pathways (paseos) to the property frontages. A landscape maintenance district would be created for the main frontages at Rollingwood Drive and Benicia Road.

Section 5. The Planning Commission finds that amendments to the City of Vallejo’s Zoning Ordinance are subject to the procedures contained in Chapter 16.86 of the City of Vallejo Municipal Code, and that such amendment may be initiated by a Resolution of Intention of the Planning Commission pursuant to Vallejo Municipal Code section 16.86.030.

Section 6. The Planning Commission finds that the amendment is consistent with the General Plan, municipal code, and all applicable ordinances, standards, guidelines and policies, zoning regulations and subdivision regulations in that,

1. The General Plan Land Use Element designates the property as Low Density Residential. The proposed rezoning of the four parcels to Planned Development Residential is compatible with the General Plan Designation and the existing surrounding land uses.
2. The proposed density of 6.7 dwelling units per acre is consistent with the General Plan allowed density of 0.5 to 8.7 dwelling units per acre.
3. The proposed lot sizes are 2,359 to 3,375 square feet, which are allowed by approval of the related Planned Development Permit.

IV. RESOLUTION RECOMMENDING AMENDMENT TO THE ZONING ORDINANCE FOR ROLLINGWOOD PROJECT

NOW, THEREFORE, LET IT BE RESOLVED that the Planning Commission hereby ADOPTS the Mitigated Negative Declaration and associated Mitigation Monitoring and Reporting Program.

LET IT FURTHER BE RESOLVED that the Planning Commission APPROVES this resolution of intent to amend the zoning ordinance by adopting Zoning Amendment (ZMA 07-0002) for the Rollingwood project, based on the findings contained in this resolution, with reference to the staff report attached hereto and incorporated herein as "Exhibit 1" and subject to the Conditions of Approval contained in "Exhibit 2" attached hereto and incorporated herein by reference. The monitoring or reporting program included in the Mitigated Negative Declaration is hereby adopted.

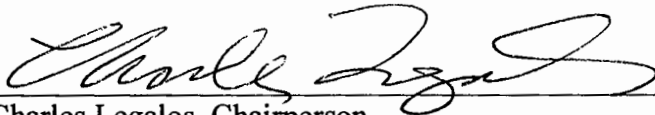
V. VOTE

PASSED and APPROVED at a regular meeting of the Planning Commission of the City of Vallejo, State of California, on the 3rd day of December, 2007, by the following vote to-wit:

AYES: Gourley, Manning, Legalos, Peterman, Turley, Harrington-Cole.

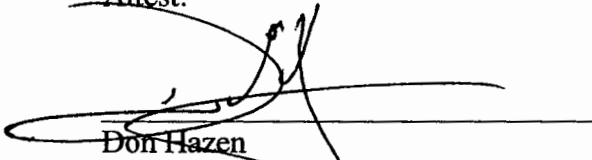
NOES: McConnell

ABSENT: None.



Charles Legalos, Chairperson
City of Vallejo Planning Commission

Attest:



Don Hazen
Planning Commission Secretary

CITY OF VALLEJO PLANNING COMMISSION

RESOLUTION NO. PC-07-30

**A RESOLUTION OF THE PLANNING COMMISSION
APPROVING A VESTING TENTATIVE MAP APPLICATION
(TM 07-0008)**

and

**RECOMMENDING CITY COUNCIL APPROVE
A GENERAL PLAN AMENDMENT
(GPA 07-0001)**

and

**A MASTER PLAN/UNIT PLAN
(PD 07-0007)**

for

**Rollingwood Project – KB Home
Northwest corner of Rollingwood Drive and Benicia Road
APNs 0072-170-050, -060, -180, -200 and -210**

I. GENERAL FINDINGS

WHEREAS an application was filed by KB Home South Bay, Inc. seeking approval for a Master Plan/Unit Plan and Vesting Tentative Map to allow the development of a 214-unit single family residential project of five existing parcels,

WHEREAS the City of Vallejo Planning Commission conducted a duly noticed public hearing to consider the application for the Master Plan/Unit Plan, Vesting Tentative Map, on November 19, 2007, at which testimony and evidence, both written and oral, was presented to and considered by the Planning Commission,

WHEREAS based on evidence received at the public hearing, the Planning Commission makes the following factual findings:

II. CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS.

Section 1. An Initial Study and Notice of Intent to Adopt a Mitigated Negative Declaration were prepared by Design, Community & Environment for the City and made available to the public for review on October 11, 2007. The Notice of Intent to Adopt the Mitigated Negative Declaration was duly sent, posted, and available for public review.

Section 2. The Planning Commission finds that the Initial Study identifies potentially significant effects for which the project’s proponent agrees to make project revisions and follow mitigation procedures that clearly mitigate the effects, and the revised project, with mitigation, will not have a significant environmental effect.

Section 3. The Planning Commission hereby makes these findings based on the whole record, including the environmental findings contained in Section 7 “*Environmental Determination*” of the staff report attached hereto and incorporated herein by this reference.

III. FINDINGS RELEVANT TO VESTING TENTATIVE MAP APPROVAL

Section 4. The Planning Commission finds that the applicant submitted an application for a Vesting Tentative Map, which is required for the 214-unit single family development project. Vesting Tentative Map approval is governed by Chapter 15.08 of City of Vallejo Municipal Code.

Section 5. The Planning Commission finds, based on the facts contained in the staff report attached hereto and incorporated herein by this reference, and given the evidence presented at the public hearing, and subject to the conditions attached to this resolution, that:

1. As conditioned, the tentative map is consistent with the goals and policies of the Vallejo General Plan.
2. The design and improvements of the proposed subdivision are in conformance with Title 15 “Subdivisions” and Title 16 “Zoning Ordinance” of the Vallejo Municipal Code.
3. The vesting tentative map is in conformance with the Subdivision Map Act.
4. The site is physically suitable for the proposed density of development.
5. The design of the subdivision and proposed improvements would not cause significant environmental damage or substantially injure fish or wildlife or their habitat.
6. The design of the subdivision and improvements will not cause serious public health problems.
7. The design of the subdivision and improvements would not conflict with easements of record, or established by a court of competent jurisdiction acquired by the public at large, for access through or use of property within the proposed subdivision.
8. The subdivision and improvements are no proposed for lands subject to the Williamson Act and are consistent with the requirements of Section 66474.4 of the Government Code.

IV. FINDINGS RELEVANT TO RECOMMENDATION OF APPROVAL OF GENERAL PLAN AMENDMENT

Section 6. The Planning Commission finds that the applicant submitted an application for a General Plan Amendment, which is required for the 214-unit single family development project. General Plan Amendment approval is governed by Chapter 17.04 of City of Vallejo Municipal Code.

Section 7. The Planning Commission finds, based on the facts contained in the staff report attached hereto and incorporated herein by this reference, and given the evidence presented at the public hearing, and subject to the conditions attached to this resolution, that the proposed General Plan Amendment is internally consistent with the Vallejo General Plan and that it is in the public interest to approve the proposed amendment.

V. FINDINGS RELEVANT TO RECOMMENDATION OF APPROVAL OF MASTER PLAN/UNIT PLAN

Section 8. The Planning Commission finds that the applicant submitted an application for a Master Plan/Unit Plan, which is required for the 214-unit single family development project. Master Plan/Unit Plan approval is governed by Chapter 16.116 of City of Vallejo Municipal Code.

Section 9. The Planning Commission finds, based on the facts contained in the staff report attached hereto and incorporated herein by this reference, and given the evidence presented at the public hearing, and subject to the conditions attached to this resolution, that:

1. The master plan/unit plan is consistent with the goals and policies of the Vallejo General Plan.
2. The master plan/unit plan furthers the stated purpose of the planned development district.
3. The master plan/unit plan is in conformity with public convenience, the general welfare, and good land use practice.
4. The master plan/unit plan will not be detrimental to health, safety, and general welfare.
5. The master plan/unit plan will not adversely affect the orderly development or the preservation of property values.
6. The unit plan is consistent with the intent, purpose, and development standards of the master plan.
7. The unit plan provides six floor plans with three elevations each that are well-related to each other and, taken together, will result in a well-composed urban design, with consideration given to site, height, arrangement, texture, material, color, and appurtenances, the relation of these factors to other structures in the immediate area, and the relation of the development to the total setting as seen from key points in the surrounding area.
8. The unit plan is of a quality and character that harmonizes with, and serves to protect the values of, private and public investments in the area.

VI. RESOLUTION RECOMMENDING APPROVAL OF THE VESTING TENTATIVE MAP FOR THE ROLLINGWOOD PROJECT – KB HOME, SUBJECT TO THE CONDITIONS OF APPROVAL

NOW, THEREFORE, LET IT BE RESOLVED that the Planning Commission hereby APPROVES the Vesting Tentative Map and (TM 07-0008) for the Rollingwood Project, based on the findings contained in the staff report attached hereto and incorporated herein and subject to the Conditions of Approval (EXHIBIT A) attached hereto and incorporated herein by

reference, contingent upon the approval and adoption by City Council of the General Plan Amendment (GPA 07-0001), the Zoning Map Amendment (ZMA 07-0002), and the Master Plan/Unit Plan (PD 07-0007).

VII. RESOLUTION FORWARDING A RECOMMENATION OF APPROVAL OF THE GENERAL PLAN AMENDMENT FOR THE ROLLINGWOOD PROJECT

LET IT FURTHER BE RESOLVED that the Planning Commission hereby APPROVES the General Plan Amendment (GPA 07-0001) for the Rollingwood Project, based on the findings contained in the staff report attached hereto and incorporated herein and subject to the Conditions of Approval attached hereto and incorporated herein by reference.

VIII. RESOLUTION FORWARDING A RECOMMENATION OF APPROVAL OF THE MASTER PLAN/UNIT PLAN FOR THE ROLLINGWOOD PROJECT, SUBJECT TO CONDITIONS OF APPROVAL

LET IT FURTHER BE RESOLVED that the Planning Commission hereby recommends that the City Council APPROVE the Master Plan/Unit Plan application (PD 07-0007) for the Rollingwood Project, based on the findings incorporated herein and subject to the Conditions of Approval attached hereto and incorporated herein by reference.


VI. VOTE

PASSED and APPROVED at a regular meeting of the Planning Commission of the City of Vallejo, State of California, on the 3rd day of December, 2007, by the following vote, to-wit:

AYES: Gourley, Manning, Legalos, Peterman, Turley, Harrington-Cole.


NOES: McConnell.

ABSENT: None.



Charles Legalos, Chairperson
City of Vallejo Planning Commission

Attest:



Don Hazen
Planning Commission Secretary

PLANNING DIVISION**THE FOLLOWING STANDARD COMMENTS/CONDITIONS APPLICABLE TO THE SUBJECT ARE SO MARKED:**

1. **CONSTRUCTION TRAILER.** Prior to building permit issuance, obtain administrative permit from the **Planning Division** for any temporary office or construction trailer per Chapter 16.58.090 (VMC).
2. **SCHOOL FEES.** Prior to building permit issuance for residential construction, obtain written certification from the School District (or show cause why the mitigation proposed by the District should not be required) that the applicant has mitigated the school-related impacts of this project satisfactory to the District per Chapter 3.14 (VMC). The methods under which the school-related impacts are to be mitigated include, but are not limited to, those methods set forth in the Government Code. This condition shall not be constructed as a limitation on the District's choice of legal mitigation alternatives.
3. **OBTAIN SIGN PERMIT.** Prior to occupancy/final building inspection, obtain a sign permit from the **Planning Division** prior to the erection of any sign, including flags, banners, etc. All signs shall comply with Chapter 16.64 (VMC)
4. **OUTDOOR STORAGE.** There shall be no outdoor storage or display of any kind except as allowed per Chapters 16.70 and 16.77 (VMC)
5. **SCREENING OF UTILITIES.** All mechanical equipment and utility meters shall be screened in a manner approved by the **Planning Division**. Electrical transformers shall be screened or placed underground. Chapter 16.75.030 D (VMC)
6. **SCREENING OF ROOF EQUIPMENT.** All roof-mounted mechanical devices and their components such as air conditioners, heating equipment, exhaust fans, vents or ducts or similar equipment shall be screened from view in a manner approved by the **Planning Division**. All wall-mounted air conditioners shall be flush-mounted. Chapter 16.75.0530 D (VMC).
7. **TRASH ENCLOSURE.** Prior to building permit issuance, submit details of trash enclosure to the **Planning Division** for review and approval. Trash enclosure shall meet the requirements of the Vallejo Garbage Service. Materials and colors shall be similar to those approved for the building. Chapter 16.75.030 C (VMC)
8. **LANDSCAPING.** Landscaping plans shall comply with Chapter 16.70 (VMC) for the zone in which the project is located and shall include the provisions listed in the Landscape and Irrigation condition of the Standard Conditions.
9. **MAINTENANCE OF LANDSCAPING.** Required landscaping shall be maintained in a neat, clean and healthy condition per Chapter 16.70.090 (VMC). This shall include pruning, mowing of lawns, weeding, removal of litter, fertilizing, replacement of plants when necessary, and the regular watering of all plantings.
10. **REVOCATION.** If the Planning Division, either independently or as a result of complaints from the public, becomes aware that this use is being conducted in a manner which violates the conditions of this use permit or other applicable City regulations, and the Planning staff is unable to obtain compliance or abatement, staff will refer the use permit to the Planning Commission for possible suspension or revocation per Section 16.82.110, Vallejo Municipal Code.

PROJECT SPECIFIC CONDITIONS AND OTHER COMMENTS/CONDITIONS NOT COVERED BY THE STANDARD CONDITIONS LISTED:

11. **HOW PROJECT CONDITIONS SATISFIED.** Prior to building permit issuance, submit a numbered list to the **Planning Division** stating how each condition of project approval contained in this report will be satisfied. The list should be submitted to the project planner who will coordinate development of the project.
12. **COLORS AND MATERIALS.** Prior to building permit issuance, the applicant shall submit a color board indicating exterior materials and colors to the **Planning Division** for review and approval. Color chips shall be attached to the building elevation drawings. Once installed, all improvements are to be maintained in accordance with the approved plans. Any changes which affect the exterior character shall be resubmitted to the Planning Division for approval.
 - a. Provide details of proposed exterior trim for both the single family homes and paseo homes. Shutters shall be solid material other than stucco over foam.
13. **LANDSCAPING AND IRRIGATION.** Prior to building permit issuance, submit 3 sets of landscaping plans prepared by a registered landscape architect to the Planning Division for review and approval. The requirement for a registered landscape architect may be waived at the discretion of the Planning Manager. Landscape plans shall comply with Chapter 16.70 (VMC), and are to include the following:
 - a. Location, species and size of all mature trees six inches in trunk diameter or greater;
 - b. Replacement of any mature trees to be removed;
 - c. City-approved street trees to be planted at least 6 feet from any sewer line;
 - d. Specification of low growth type species adjacent to doors, windows and walkways;
 - e. Low-water using and drought-resistant plant materials;
 - f. Screening of required backflow preventer;
 - g. All trees to be minimum of 15 gallon, double staked; at least 50% of the proposed shrubs shall be a minimum of 5 gallon;
 - h. Irrigation plan indicating all components of the irrigation system including sprinklers and other outlets, valves, backflow prevention devices, controllers, piping and water usage; and
 - i. 6 inch high curbing around planters
 - j. Prior to occupancy/final building inspection install landscaping and irrigation per approved plans. The landscape architect shall verify in writing that the landscaping and irrigation have been installed in accordance with the approved landscaped plans with respect to size, health, number and species of plants and the overall design concept.
14. **PARK.** Complete Park improvements prior to occupancy or final inspection of the first unit, other than model homes. Consider to explore opportunities to decrease the depth of the public park relative to surrounding street level subject to review and approval of Public Works Director prior to issuance of Building Permits.
15. **FENCING.** Prior to building permit issuance, submit details and location of any proposed fencing to the **Planning Division** for review and approval. Fencing shall comply with Chapter 16.70 (VMC).
16. **LIGHTING PLAN.** Prior to building permit issuance, submit site lighting plan to the Planning Division for review and approval. Exterior illumination shall be provided by lighting fixtures utilizing high pressure sodium vapor (HPS) or metal halide lamps, or their equivalent. All pole mounted or raised fixtures shall be a minimum of 8 feet in height from the ground to the lower base of the light fixture. The fixture housing shall be constructed so

- that the light is diffused downward. All light devices shall be protected by weather and vandal resistant covers.
17. **VENTS, GUTTERS, FLASHINGS.** All vents, gutters, downspouts, flashings, electrical conduits, etc., shall be painted to match the color of the adjacent surface.
 18. **INSTALL PARKING.** Prior to occupancy/final building inspection, install parking lot per approved plans. Each parking space designated for compact cars shall be identified by a permanent marking reading "compact".
 19. **CONFORMITY WITH APPROVED PLANS.** The building techniques, materials, elevations, and appearance of the project as presented for approval at the appropriate City meeting (Planning Commission, City Council, etc.) or staff decision on (date) which are prepared by the firm that prepared the plans, on (date), shall be the same as required for submittal of a building permit. Minor modifications or revisions to the project shall be subject to review and approval by the Planning Division. Modifications not deemed minor by the Planning Manager shall require review and approval by the original decision-making body.
 20. **PLANNING DIVISION INSPECTION.** Obtain an inspection form from the Planning Division prior to occupancy/final building inspection. All inspections require a minimum 24 hour notice. Occupancy permits shall not be granted until all construction and landscaping is completed and finalized in accordance with the approved plans and required conditions of approval, or a bond has been posted to cover all costs of the unfinished work as agreed to by the Planning Manager.
 21. **CONSTRUCTION HOURS.** Construction-related activities shall be limited to between the hours of 7 a.m. and 6 p.m., Monday through Saturday. No construction is to occur on Sunday or federal holidays. Construction equipment noise levels shall not exceed the City's maximum allowable noise levels.
 22. **CONDITIONS RUN WITH PROPERTY.** The conditions herein contained shall run with the property and shall be binding on the applicant, and all heirs, executors, administrators, and successors in interest to the real property that is the subject of this approval.
 23. **INDEMNIFICATION.** The applicant shall defend, indemnify, and hold harmless the City of Vallejo or its agents, officers, and employees from any claim, action, or proceeding against the City or its agents, officers, or employees to attack, set aside, void, or annul, this approval by the City. The City may elect, in its discretion, to participate in the defense of any action.

FIRE PREVENTION DIVISION**THE FOLLOWING STANDARD COMMENTS/CONDITIONS APPLICABLE TO THE SUBJECT ARE SO MARKED:**

24. **HOW FIRE PREVENTION CONDITIONS SATISFIED.** Submit a numbered list to the Fire Prevention Division stating how each condition of project approval will be satisfied.
25. **FIRE CODE CONFORMANCE.** The project shall conform to all applicable requirements of Title 19-Public Safety, 2001 CFC and all VMC Amendments.
26. **WATER SUPPLY.** Prior to the building permit issuance, the applicant shall install an approved and tested water supply system capable of supplying the required fire flow as determined by the Fire Chief. Water supply systems for staged construction shall provide required fire flows at all stages. (2001 CFC Section 903, Appendix III-A)
27. **ADDRESSING.** Prior to occupancy/final building inspection, install approved numbers or addresses on all buildings in such a position as to be clearly visible and legible from the street. Residential buildings shall have numerals or letters not less than 3 inches in heights, and approved color that contrasts the background. Commercial occupancies shall have numerals or letters not less than 6 inches in height of contrasting background, and illuminated at night. (2001 CFC Section 901.4.4; added VMC Section 12.28.170)
28. **WEED FREE PROPERTY.** Development sites shall be maintained weed free during construction. (2001 CFC Section 1103.2.4)

PROJECT SPECIFIC CONDITIONS AND OTHER COMMENTS/CONDITIONS NOT COVERED BY THE STANDARD CONDITIONS LISTED:

29. Additional fire hydrant(s) is/are required. Hydrants are required in the street right-of-way and hydrants are required on-site as shown in the Fire Department copy of the plans. Submit a complete set of plans for review and approval. All fire hydrants are to have "blue dot" highway reflectors installed on the adjacent street of the driveway to clearly identify the fire hydrant locations. (2001 CFC Section 903, Appendix III-B)
30. In residential (Group R) Occupancies, single station smoke detectors shall be installed prior to occupancy/final building inspection in each sleeping area and at a point centrally located in the corridor or area giving access to each separate sleeping area. When the dwelling unit is of more than one story (including basements), there shall be a smoke detector on each story. When a story is split, into more than one level, the smoke detector shall be installed on the upper level. (2001 CBC Section 310.9.1.1)
31. Every sleeping room below the fourth story shall have at least one exterior opening for rescue purposes. The opening shall be a minimum of 5.7 square feet and 20 inches wide by 24 inches high. The finished sill height of the opening shall be no higher than 44 inches from the floor. Ladder access provided for building over the first floor. (2001 CBC Section 310.4)

PUBLIC WORKS DEPARTMENT

32. Submit a comprehensive geotechnical investigation report for this project for review. City of Vallejo may decide that an independent geotechnical consultant to review the soils report and cost of this review will be born by the developer.
33. Submit grading, drainage, erosion control, improvement, utility, joint trench, street light, signing & striping and landscaping plan for review and approval.
34. Surface runoff from the subdivision shall be intercepted, piped and tied into public storm drain system.
35. Rollingwood Drive improvements includes but not limited to pavement widening, grading, drainage, curb, gutter sidewalk, street lights and under-grounding overhead utility wires.
 - a. The submittal does not provide limit of widening and signing & striping along Rollingwood Drive.
 - b. The traffic study does not provide any proposed signal or stop sign or left turn pocket for proposed "A" & "G" street intersections.
 - c. The proposed sidewalk along Rollingwood Drive should have three feet flat bench behind sidewalk.
 - d. The plan does not show "NO Parking" sign along Rollingwood Drive.

To satisfy the above comments there may be a need for re-design of submitted plans.

36. Benicia Road full improvements from intersection of Rollingwood Drive up to west property line of project includes but not limited to widening, grading, drainage, curb, gutter, sidewalk, left turn pocket, street lights, under-grounding over head utility wires, bus bay and bus shelter pad.
 - a. The submittal does not provide limit of widening and signing & striping along Benicia Road.
 - b. The traffic study does not provide any proposed signal and stop sign along Benicia Road.
 - c. The plan does not show location of bus bay and bus shelter pad along Benicia Road.

To satisfy the above comments there may be a need for re-design of submittal plans.

37. Proposed perpendicular parking areas within parcels "H", "W" and "Z" shall have five feet buffer between access driveway and parking stalls. (Traffic Engineer)
38. Provide turnaround template at the end of alleys for review. (Traffic Engineer)
39. Driveway approach location serving lot one shall be on far side of the lot to meet curve sight distance requirements and proximity of driveway to intersection. (Traffic Engineer)
40. Construct 100 feet westbound right turn lane for the project main entrance (Street "D") with appropriate taper along Benicia Road to improve safety. (Traffic Engineer)
41. Construct 75 feet eastbound left turn lane on Benicia Road and modify existing striping to coincide with change. (Traffic Engineer)

42. Submit a detailed signing and striping plan for Rollingwood Drive and Benicia Road for review and approval.
43. Make sure the corner buildings at the intersection of Rollingwood Drive and proposed "A" and "G" streets have appropriate setback to provide adequate sight distance. (Traffic Engineer)
44. Designate required public utility easement area between buildings and back of curb for utility facilities on both sides of alley homes area. Provide a detail showing all utility facilities/boxes will fit within easement area.
45. Establish private reciprocal drainage easement behind lots 58 -64 and 83-111 for the backyard surface drainage terminates into common v-ditch. V-ditch shall be maintained by respective lot owners. This responsibility shall be addressed in the CC&R.
46. Install standard handicap ramp at each curb return.
47. Prior to building permit all existing easements crossing proposed lots shall be quitclaimed.
48. Additional right of way up to back of proposed meandering sidewalk along Rollingwood Drive shall be dedicated to the City of Vallejo.
49. Install "NO Parking" sign along Rollingwood Drive fronting the project.
50. All proposed intersections in the project shall have standard stop sign.
51. The project does not specify who will maintain the landscaping fronting Benicia Road, Rollingwood Drive and five feet interior park strip along sidewalks. The applicant shall provide a mechanism to maintain these areas.
52. Street lights within alleys shall be maintained by Homeowners Association.
53. Proposed cal de sac "C" bulb has seven driveway approaches. It appears too tight to accommodate all utility facilities, street trees and street lights. Provide a detail showing how it works.
54. Surface drainage of this project shall not adversely affect the neighboring properties.
55. Prior to recording the final or parcel map, the owner shall pay the City charges required by Solano County for providing copies of the recorded map to the City (\$15.00/sheet).
56. Submit street names for proposed public streets and private alleys to **Public Works Department** for review and approval by Fire, Police, and Public Works departments and U.S. Postal Service.
57. Concurrent to submittal of Final Map, submit CC&R for standard lots that have access through proposed public streets and for paseo homes that have access through alleys for review.
58. Vertical and horizontal alignment of all streets shall conform to City of Vallejo standards.
59. Prior to building permit issuance, the developer shall file with the City of Vallejo, pursuant to the State of California Vehicle Code, a petition requesting that the provisions of said Vehicle Code be applied to private Alleys in the subdivision and post and maintain signs at the entrances to the subdivision giving notice of enforcement of said Vehicle Code. This activity shall be coordinated with the Fire Department.

60. Prior to occupancy of first lot within the proposed Alleys install Vehicle Code sign at the entrance of each Alley per City standard and install "No Parking" sign along the Alleys.
61. Prior to building permit issuance for the lots associated with the Alleys, establish a Homeowners Association for operation and maintenance of improvements, irrigation system, drainage ditches, fences, masonry walls, private Alleys, signage and hardware, private street light system, private open spaces and other private facilities subject to the approval of the Planning Division, Public Works Director, and the City Attorney. The Covenants, Conditions and Restrictions of all deeds issued for lots have access to the Alleys shall contain provisions requiring participation in the said Homeowners Association. The Homeowners Association must accept the above private elements of subdivision improvements prior to acceptance.
62. If the subject property is within an assessment district, the subdivider shall provide apportionment of the assessment resulting from the subdivision prior to approval of the final or parcel map.
63. During construction, it shall be the responsibility of the contractor to provide for safe traffic control in and around the site. This may include but not be limited to signs, flashing lights, barricades and flag persons.
64. If any lot is to be re-graded after mass grading is completed, a new grading permit is required. Review of the proposed grading by a soils engineer and field testing of the grading shall be required.
65. Prior to occupancy of any unit, underground overhead utility wires along Rollingwood Drive and Benicia Road fronting the property shall be completed.
66. Once subdivision improvements are accepted by the City as public rights-of-way, they are not to be used for staging building construction activities, including but not limited to, storage of construction material and equipment. The street and sidewalks must be kept free of construction debris, mud, and other obstacles and must remain open to traffic at all times.
67. Prior to acceptance of the project, the landscape architect for the project must perform a complete and thorough field review of the landscape irrigation and planting within the project and provide the City in writing a certificate that all landscaping, planting, and irrigation within the project is in full compliance with the City ordinances and guidelines and approved landscape, planting and irrigation plans.
 - a. Alley's parcels "X", "J", "H" & "G" shows 22 feet width, demonstrate how garbage bins can be accommodated and collected.
 - b. The submittal does not show location of proposed mail boxes. Mailbox locations, if clustered, shall not impact flow of traffic.
 - c. Within paseo parcels "EE", "FF" & "GG" proposed pedestrian accesses crossing the alleys. Demonstrate that this situation be safe for pedestrians.

THE FOLLOWING STANDARD COMMENTS/CONDITIONS APPLICABLE TO THE SUBJECT ARE SO MARKED:

Note: The following are City of Vallejo Code & Standard requirements, deviation from these requirements requires City Council approval. All Code and Standard exceptions shall be identified on the Tentative Map.

68. Submit a final map prepared by a qualified registered civil engineer or Land Surveyor for review and approval. Submit preliminary title report and all pertinent documents for map review. (VMC 15.12. 030).
69. Prior to occupancy provide six inches of topsoil on the lot. (VMC Section 12.40.070-G).
70. Install standard driveway approach per City standard. (COV, Regulations & Standard Specifications, 1992).
71. Maintain five feet set back from the property line to the beginning of driveway approach flare fronting the property.
72. (COV, Regulations & Standard Specifications, 1992).
73. Provide 3 feet flat area behind the sidewalk along proposed public streets. (COV, Regulations & Standard Specifications, 1992).
74. Signing and striping shall be per City standard. (VMC, Section 16.62.140)

PROJECT SPECIFIC CONDITIONS AND OTHER COMMENTS/CONDITIONS NOT COVERED BY THE STANDARD CONDITIONS LISTED:

75. **HOW PROJECT CONDITIONS SATISFIED.** Prior to building permit issuance, submit a numbered list to the **Planning Division** stating how each condition of project approval contained in this report will be satisfied. The list should be submitted to the project planner who will coordinate development of the project.
76. **PUBLIC IMPROVEMENT STANDARDS.** All public improvements shall be designed to City of Vallejo standards and to accepted engineering design standards. The **City Engineer** has all such standards on file and the Engineer's decision shall be final regarding the specific standards that shall apply. (COV, Regulations & Standard Specifications, 1992).
77. **IMPROVEMENT PLANS.** Prior to building permit submittals, submit three sets of plans to the **Department of Public Works** for plan check review and approval. (Improvement or civil plans are to be prepared by a licensed civil engineer.) Plans are to include, but may not be limited to, grading and erosion control plans, improvement plans, joint trench utility, street light plans, and landscaping, irrigation and fencing plans and all supporting documentation, calculations and pertinent reports. (COV, Regulations & Standard Specifications, 1992 Section 1.1.7-A).
78. **GRADING** Prior to issuance of grading permit, submit a soils report for review. An independent soils and geological review of the project may be required. The City shall select the soils engineer with the cost of the study to be borne by the developer/project sponsor. Site grading shall comply with City Municipal Code. (VMC, Chapter 12.40).
79. **LINE OF SIGHT CRITERION.** In design of grading and landscaping, line of sight distance shall be provided based on Caltrans standards. Installation of fencing, signage, above ground utility boxes, etc. shall not block the line of sight of traffic and must be set back as necessary. (VMC, Section 10.14).
80. **ON-SITE SOILS ENGINEER.** During grading operations, the project geologist or soils engineer and necessary soils testing equipment must be present on site. In the absence of the soils engineer or his representative on site, the **Department of Public Works** shall shut down the grading operation. (VMC, Section 12.40.080).

81. **DUST AND EROSION CONTROL.** All dust and erosion control shall be in conformance with City standards and ordinances. (VMC, Sections 12.40.050 & 12.40.070).
82. **COMPACTION TESTS.** Prior to building permit issuance or acceptance of grading, compaction test results and certification letter from the project soils engineer and civil engineer confirming that the grading is in conformance with the approved plans must be submitted to the **Department of Public Works** for review and approval. Test values must meet minimum relative compaction recommended by the soils engineer (usually at least 90 percent). (VMC, Section 12.40.070-R).
83. **DRIVEWAY STANDARDS.** Entrances to any private project must be standard driveway approaches unless deviation is permitted by the **City Engineer**. (VMC, Section 12.04.100).
84. **STREET EXCAVATION PERMIT.** Obtain a street excavation permit from the **Department of Public Works** prior to performing any work within City streets or rights-of-way, or prior to any cutting and restoration work in existing public streets for utility trenches. All work shall conform to City standards. (VMC, Section 10.08).
85. **ENCROACHMENT PERMIT.** Prior to building permit issuance, obtain an encroachment permit from the **Department of Public Works** for all work proposed within the public right-of-way. (VMC, Section 10.16).
86. **TRAFFIC CONTROL PLAN.** Prior to start of construction, submit a traffic control plan to the **Department of Public Works** for review and approval. (Caltrans Traffic Manual).
87. **COORDINATION OF CONSTRUCTION INSPECTION.** Construction inspection shall be coordinated with the **Department of Public Works** and no construction shall deviate from the approved plans. (COV, Regulation & Standard Specification Sections 1.1.4 & 1.1.5).
88. **PLAN CHANGES.** The project design engineer shall be responsible for the project plans. If plan deviations are necessary, the project engineer must first prepare a revised plan or details of the proposed change for review by the **Department of Public Works** and, when applicable, by **Vallejo Sanitation and Flood Control District**. Changes shall be made in the field only after approval by the City. At the completion of the project, the design engineer must prepare and sign the "as built" plans. (COV, Regulation & Standard Specification Section 1.1.9).
89. **BONDS AND FEES.** Prior to approval of construction plans, provide bonds and pay applicable fees. Bonding shall be provided to the City in the form of a "Performance Surety" and a separate "Labor and Materials Surety" in amounts stipulated by City ordinance. (VMC, Section 15.12.090, Resolution Nos. 84-554 N. C. and 02-55 N. C.)
90. **INSTALL IMPROVEMENTS.** Prior to occupancy/final building inspection, install the improvements required by the **Department of Public Works** including but not limited to streets and utilities. (VMC, Section 12.04.060).
91. **STREET TREES.** Prior to release for occupancy, plant required street trees in accordance with City Municipal Code. The list of approved trees is available in the office of the Public Works Director. The minimum standard shall be at least one tree for each 50 feet of street frontage or fraction thereof, including secondary or side streets. Street tree(s) shall be inspected by Public Works Landscape Inspector prior to release for occupancy. (VMC, Section 15.06.190 and Regulations and Standard Specifications Section 3.3.48).
92. **JOINT TRENCH.** The developer shall provide joint trench plans for the underground electrical, gas, telephone, cable television and communications conduits and cables

including the size, location and details of all trenches, location of all building utility service stubs and meters and placement or arrangements of junction structures as a part of the Improvement Plans submitted for the project. The composite drawings and/or utility improvement plans shall be signed by a licensed civil engineer. (VMC, Sections 15.06.160&170).

93. **SIGNAL INTERCONNECT CABLES.** There are fiber optic and /or copper signal inter connect cables located at the edge of the roadway or under the sidewalk. The plans should address either the relocation of these cables or a note should be made of the cable location. A warning should be included on the plans stating that if the cable damaged, the entire length of the cable between the two nearest hubs will be will be replaced by the contractor unless otherwise authorized by the City Engineer.
94. Corner of Benicia Road and Rollingwood Drive shall be improved for right turn and may require additional right of way dedication to the City. Traffic study shall address this concern.
95. No designated parking area allowed fronting the property along Rollingwood Drive.
96. Necessary turn lane shall be provided for cemetery access on Benicia Road and Rollingwood Drive.
97. Provide turnaround at the end of proposed alleys (minimum hammer head).
98. Designate required public utility easement area between buildings and back of curb for utility facilities in alley homes area.
99. Surface drainage of this project shall not adversely affect the neighboring properties.

WATER DIVISION**THE FOLLOWING STANDARD COMMENTS/CONDITIONS APPLICABLE TO THE SUBJECT ARE SO MARKED:**

100. **WATER SYSTEM PLANS.** All water system improvements shall be consistent with the Vallejo Water System Master Plan, 1985, prepared by Kennedy/Jenks Engineers as updated by Brown & Caldwell, 1996. Prior to Improvement Plan approval and building permit issuance, water system improvement plans shall be submitted to the **Water Division** for review and approval, and shall contain at least:
- a. Location and size of fire sprinkler service connection(s).
 - b. Location and size of domestic service connection(s).
 - c. Location and size of irrigation service connection(s).
 - d. Location of fire hydrants.
 - e. Location of structures with respect to existing public water system improvements, such as mains, meters, etc.
 - f. Location and size of any new water mains.
 - g. Location and size of backflow prevention devices (required on water service connections to irrigation systems, certain commercial water users, and to commercial fire sprinkler systems, per City Ordinance 922 N.C. (2d).
101. **FIRE FLOW REQUIREMENTS.** Fire flow requirements of the Fire department shall be complied with. Fire flow at no less than 25 psig residual pressure shall be available within 1,000 feet of any structure. One half of the fire flow shall be available within 300 feet of any structure.
- a. For single family residential units, the fire flow is 1,500 gpm.
 - b. For other developments, see the Vallejo Water System Master Plan, 1985, prepared by Kennedy Jenks and its latest update by Brown and Caldwell dated April 1996.
102. **HYDRAULIC CALCULATIONS.** Prior to Improvement Plan approval and building permit issuance, hydraulic calculations shall be submitted to the **Water Superintendent** demonstrating that the fire flow requirements are complied with.
103. **FIRE PROTECTION SYSTEMS.** Fire hydrant placement and fire sprinkler system installation, if any, shall meet the requirements of the Fire Department. For combined water and fire services, the requirements of both the Fire Department and the Vallejo Water System Master Plan, with latest revisions, shall be satisfied.
104. **WATER EASEMENTS.** Easements shall be granted for all water system improvements installed outside the public right-of-way in the City's Standard Form for Grant of Water Line Easement with the following widths:
- a. 15 ft. wide (minimum) for water mains.
 - b. 10 ft. wide (minimum) for fire hydrants, water meters, backflow preventers, double detector check valves, etc.
 - c. Other facilities will be reviewed by the Water Division.
105. **WATER SERVICE BONDS AND FEES.** Water service shall be provided by the City of Vallejo following completion of the required water system improvements and payment of applicable fees. Performance and payment bonds shall be provided to the City of Vallejo prior to construction of water system improvements. Fees include those fees specified in the Vallejo Municipal Code including connection and elevated storage fees, etc., and fees for tapping, tie-ins, inspections, disinfection, construction water, and other services

provided by the City with respect to the water system improvements. The Water Division may be contacted for a description of applicable fees.

106. **WATER SYSTEM INSTALLATION.** Prior to occupancy or final building inspection, install water system improvements as required. Backflow device/s where required shall be installed in areas hidden from public view and/or shall be mitigated by landscaping.

PROJECT SPECIFIC CONDITIONS AND OTHER COMMENTS/CONDITIONS NOT COVERED BY THE STANDARD CONDITIONS LISTED ABOVE:

107. There is insufficient water pumping capacity, insufficient pipe supply capacity, and insufficient maximum day water storage for this development in the 400 water pressure zone that will serve this development.
108. A comprehension water study (master plan) must be done for the 400 water zone and the water zones fed from the 400 water zone (Kathy Ellen 337, Devlin 262, Burnham 329, Capital 280, Bay Village 292, Maritime Academy 267, and Crystal 400 zones) to determine existing capacities and future demands and required improvements to water mains, pump stations, water reservoirs, etc. The Developer shall prepare this comprehension water study, including a unit cost benefit calculation, consistent with the existing Water Master Plan and submit it to the Water Division for review and approval. The study shall be prepared by a California Registered Civil Engineer with experienced in such field.
109. The developer shall pay to the city its prorated share of the costs of these improvements including but not limited to, 400 zone master plan preparation costs, right of way costs, planning and engineering costs, construction costs, etc before the development improvements plans can be approved.
110. The Developer's cost for compliance for Conditions W11, W12 and W13 shall be in addition to the costs required to be paid to the Water Division as mentioned in Condition W9 with the one exception that no elevated Storage Fee shall be charged.
111. The developer can, in lieu of complying with conditions W11, W12, W13, and W14, pay to the Water Division a sum to be determined by agreement to be made with the Water Division for the city to provide water storage and zone pumping capacity for this project. In order to expedite development, similar projects have agreed to an amount between \$6,500 and \$10,000 (in 11/2005 dollars) per unit to forgo the conditions W11-W14. This amount is for the 400 water zone supplement capacity fee charged for new projects in the 400 water zone to allow the city to construct the required storage, pumping, and pipeline modifications necessary. This money shall be paid to the Water Division before the improvements can be approved by the city. At the time that the amount is paid the amount shall be adjusted for inflation from the date of the agreement to the date of payment. This negotiated amount is in lieu of the elevated storage fee only. All other water fees are due and applicable as per condition W9.
112. The master meters and back flow devices for the Paseo Homes shall be placed in landscaped areas at the back of public sidewalks in a PUE.

BUILDING DIVISION

113. In January 2007 the Building Division will be using the 2007 California Building Code, which requires that anything closer than five feet from property line be a fire wall. This may require that some of the windows on the sides in the paseo homes be fire rated.

VALLEJO SANITATION AND FLOOD CONTROL DISTRICT**GENERAL COMMENTS:**

114. After plans are approved submit a Connection Permit Application (SSI) Form for connection fee calculation (\$20 submittal fee). Non-residential developments shall also submit a Pretreatment Questionnaire for review by VSFCDD Pollution Control Department. (See note below)

THE FOLLOWING STANDARD COMMENTS/CONDITIONS APPLICABLE TO THE SUBJECT ARE SO MARKED:

115. If any of the VSFCDD comments are in conflict with comments from other reviewing agencies, please request clarification.
116. The existing storm drain systems, downstream of Dryden Drive and downstream of Benicia Road, are undersized for the existing runoff and the intended runoff from the project. The secondary use of the park for storm water detention is intended to mitigate the increased runoff from the project.
117. **STORM WATER QUALITY AND PRE-TREATMENT.** Pretreatment of storm water runoff is required. Refer below to standard conditions of approval. If the first flush of storm water is filtered over the landscaped area of the park, this should satisfy the requirement for pre-treatment.
118. **GRADING.** The storm overflow pattern will need to be shown on the grading plans. Determine the 100-year storm tributary area. This may differ from the 15-year tributary area. Ensure that there are no buildings within the limits of the 100-year storm overflow pattern. Where practicable, the overland release shall be into the Park Parcel A so that the overland release does not end up going down to the bottom of Court I.
118. Grading and improvement plans shall include storm water pollution prevention plans for use during site development and building construction to mitigate impacts of this development. Refer below to standard conditions of approval.
119. **SEWER.** SS Laterals: On the improvement plans, the proposed locations of SS laterals will need to be coordinated with the location of proposed street trees. Sanitary Sewer laterals are to split the distance between street trees.
120. **MAINTENANCE ACCESS TO FACILITIES.** Refer to comment below related to standard access for maintenance vehicles to VSFCDD facilities. It appears that standard maintenance access to SD/SS structures may be an issue at the following locations:
- a. 2 SDMH west of Parcel D. It appears that the SD can be realigned so that the VSFCDD structures will be accessible for maintenance from Benicia Road.
 - b. SD in Parcel C and D.

PROJECT SPECIFIC CONDITIONS AND OTHER COMMENTS/CONDITIONS NOT COVERED BY THE STANDARD CONDITIONS LISTED:

121. Applicant shall pay all fees (plan review fees, connection fees, etc.) required by VSFCO for the subject project.
122. Improvement plans shall comply with the VSFCO Engineering Design Standards and Policies, within the Master Bid Document dated March 2007 or later, regarding design and construction of storm drains (SD) and sanitary sewer (SS) facilities. Improvement plans shall indicate that proposed improvements are to be constructed in accordance with Standard Plans And Specifications included in the VSFCO Master Bid Document dated March 2007, or later edition.
123. Grading and improvement plans shall include storm water pollution prevention plans for use during site development and building construction to mitigate impacts of this development. This plan shall include calculations, measures related to debris, refueling areas, disposal of excess materials, site cleanup, hazardous substance containment, street cleaning, catch basin cleaning, and other similar measures (see Section 10 Storm Water Runoff of the VSFCO Engineering Design Standards and Policies).
124. Gravity sewer mains with lateral connections shall be no more than 10-feet deep.
125. Pretreatment of storm drainage water runoff is required, storm drainage runoff shall be conveyed over landscaped areas, or otherwise treated, using structures before discharging into the public system. This is to improve the stormwater quality leaving the site. As much as practicable, developer shall incorporate measures described in "Start at the Source" a residential site planning and design guidance manual for storm water quality protection (written by BASMA) as a means of mitigating project impacts, and reduce impacts of increases in impervious surfaces.
126. The development shall be planned so that all VSFCO SD and SS facilities shall be accessible by standard access. Standard access means that each structure (MH or CB) shall be accessible by an AC paved path, 15-foot wide from the public street to each maintenance structure (MH, CB, etc.), such that VSFCO maintenance vehicles can drive to and park over the facilities. Unless otherwise allowed by VSFCO, District vehicles must be able to drive forward in and forward out. The designer shall refer to VSFCO standard detail No 25 for access criteria.
127. Existing storm drain and/or sanitary sewer facilities that are to be abandoned in place shall be filled with grout, otherwise they shall be removed.
128. The grading and landscaping (planting and irrigation) in Parcels B, C and LL will be limited by the requirement for the standard maintenance vehicle access to the storm drain structures (SDDI and SDMH in Parcels B and C) and account for any proposed public SD that is below ground in Parcel B and LL.

Sheet 3 and 4 - Grading and Utility Plan.

129. **Western Slope of Park Parcel A:** Some treatment will be required at the toe of this slope because of the amount of water that will be draining along the toe. Treatment may include bio-swale or turf reinforcement, or other. This toe of slope may become saturated and will be the last place in the park to dry out after a storm, especially in the area of the outlet works. The solution will also need to be coordinated with, and approved by Greater Vallejo Recreation District (GVRD). Assuming that the access road will be for pedestrian use also, and depending on the treatment for the toe of slope, the proposed location for the access road will need to be evaluated as part of the review of the grading and improvement plans.
130. VSFCO has no objection to the concept of using the park for pre-treatment of the first flush of storm water runoff. We recommend that the heavier flows do not run on the surface of

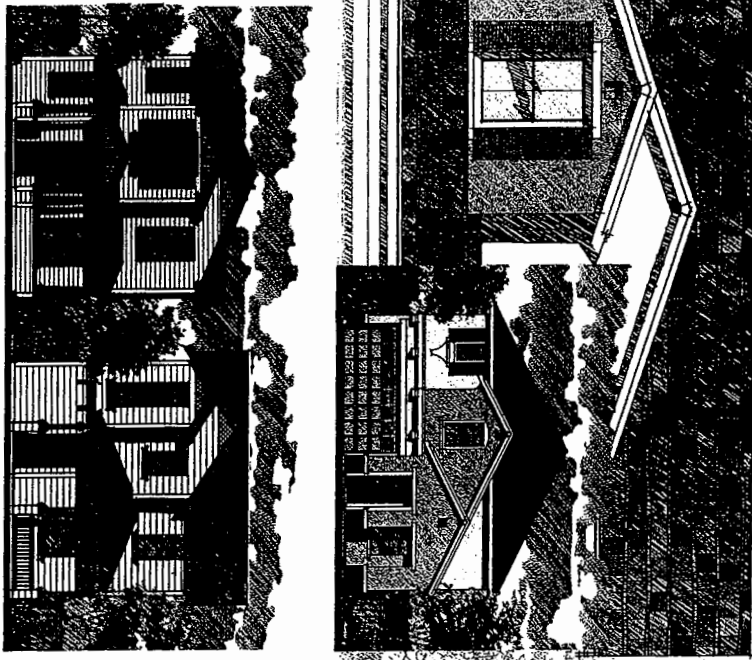
the park, but bypass the park into the storm drain outlet and/or detention system. This will need to be coordinated with GVRD. VSFCDC has no objection to the concept of using the storage capacity of the park to detain peak flows in heavy or moderate storm events. However, VSFCDC does have some comments on the particulars of the current design of the system as proposed on the VTM. The system will require some slide gates and weirs in drainage structures in order to operate as intended by VSFCDC. After approval of the tentative map, VSFCDC Engineering and Field Operations (FOPS) staff will meet with the developer to discuss these particulars.

131. **Parcel B SD Alignment:** After approval of the tentative map, VSFCDC Engineering and Field Operations (FOPS) staff will meet with the developer's engineer to discuss the SD alignment and the ownership and maintenance responsibility of the SD in Parcel B and the off-site SD to the north of Parcel B.
132. Parcel B wall adjacent to vehicle turnaround: Note the clear area required adjacent to the pavement as described in note 4 of VSFCDC standard detail No. 25.
133. **Grading in Parcel LL:** VSFCDC will waive the requirement for an all weather (paved)- surface over this public SD. However, the ground surface over the SD needs to be graded in accordance with VSFCDC requirements for standard vehicle maintenance access.
134. **Hydrology and Hydraulic Report:** Will be required for the storm drain system. The report will need to compare the pre-development and post-development storm water discharge for flows leaving the site to the north through Parcel B and to the south into Benicia Road.
135. Where landscaping is allowed over SD or SS public utilities owned and maintained by VSFCDC, landscaping will be limited to mulch, turf or low ground cover. Trees and bushes are not allowed. This may apply in Parcels LL and Parcel B.
136. Drainage along the west boundary of Parcels B, C, LL, Lots 83-104 and north boundary of Lots 58-69: It appears that this drainage is intended to be in a concrete J-ditch. This J-ditch will not be maintained by VSFCDC. The map must address the responsibility for maintenance of this J-ditch. Consult with City of Vallejo (COV) on the proper method (reciprocal easement or agreement) to address maintenance of this drainage ditch.
137. **SD between Lots 91 and 92:** In order for this to be a VSFCDC owned and maintained SD it will need to be constructed to VSFCDC standards for vehicle maintenance access, easement width, construction materials, pipe size, and inlet size.
138. **Drainage along north boundary of Lots 58-69:** VSFCDC will not maintain the slope or above ground drainage on these private lots. Refer also to section C on sheet 2. If the developer hopes to collect and convey public drainage to be maintained by VSFCDC then the drainage collection will have to be by VSFCDC standard inlet facilities and the drainage conveyance will have to be by VSFCDC standard drainage pipe. Vehicle maintenance access, that meets the standards of VSFCDC, will be required to all VSFCDC facilities. The drainage J-ditch appears to end at the west boundary of Lot 64. If the flow is intended to discharge to the ground and flow overland, then there should be engineered means of erosion control/slope protection.
139. **Off-site Sanitary Sewer:** The limits of improvement of the offsite sanitary sewer are pending the final analysis of the impacts of the development on the VSFCDC system. Any new offsite sewer that is not below a paved surface will need to be constructed of butt-fused high density polyethylene pipe (HDPE).

140. **Off-site Storm Drain north of Parcel B:** The developer will be required to negotiate any easements required for new storm drains including the new SD shown north of Parcel B on the Land of Humphreys.
141. SS and SD utilities in the public right-of-way (R/W) will need to be publicly owned and maintained by VSFCO. Once a given facility is public, the downstream extension of that facility must also be public. The downstream extensions of the SD or SS facilities cannot revert back to private ownership and maintenance. It appears that this may be an issue where the private SD and SS exit Parcels X, Y, and Z and enter the public R/W of Street D. The downstream extensions of these utilities continue into the private streets of Parcels H and J. There are a couple of options for addressing this situation. The SD and SS can be realigned so that the downstream extensions of the utilities, once public, remain in the public R/W. It appears that this can conveniently be done for the SD from Parcel Y and Z. Alternately the SS and SD in Parcels J, I, and H can be publicly owned and maintained by VSFCO provided that VSFCO rights are addressed (by easement or other) on the final map. Note that the sewers in Parcel K and G cannot be publicly owned and maintained as shown on the VTM because they do not satisfy the VSFCO requirement for access to the manholes at the upper end of the sewer mains.

Sheet 5 Ownership and Maintenance

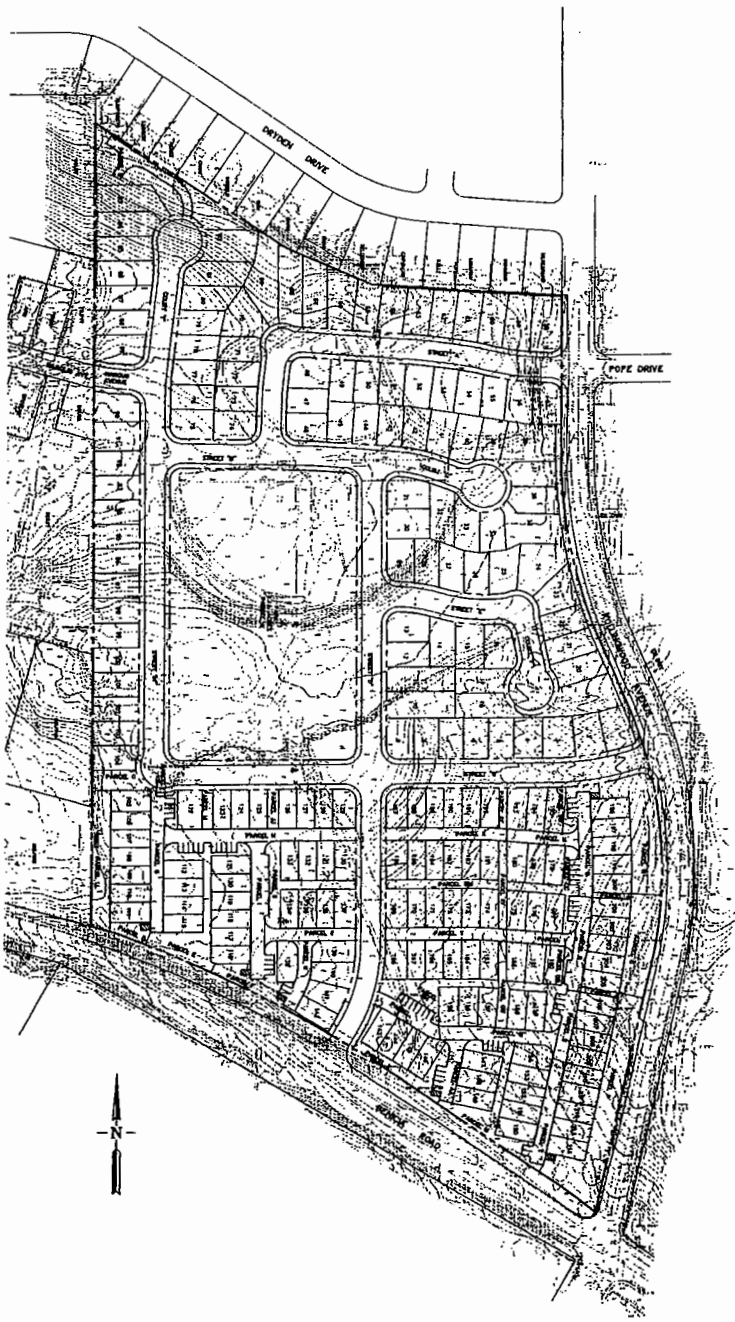
142. VSFCO rights to maintain the SD in Parcels B, C and LL will be by easement or agreement (on COV owned property). VSFCO will not own the parcels as shown on sheet 5 of the VTM.
143. **Private Streets maintained by Homeowners Association (HOA):** We understand that the intent is that the SD and SS utilities below these private streets will also be maintained by HOA.
144. SS constructed in the private streets will be installed to VSFCO standards for design, materials and construction except that MH covers shall not be marked "VSFCO."



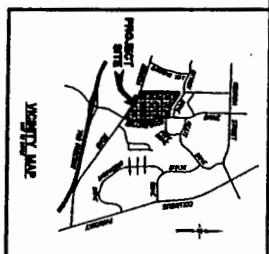
ROLLINGWOOD

9 NOVEMBER 07

PLANNED UNIT DEVELOPMENT ROLLINGWOOD CITY OF VALLEJO, SOLANO COUNTY, CALIFORNIA



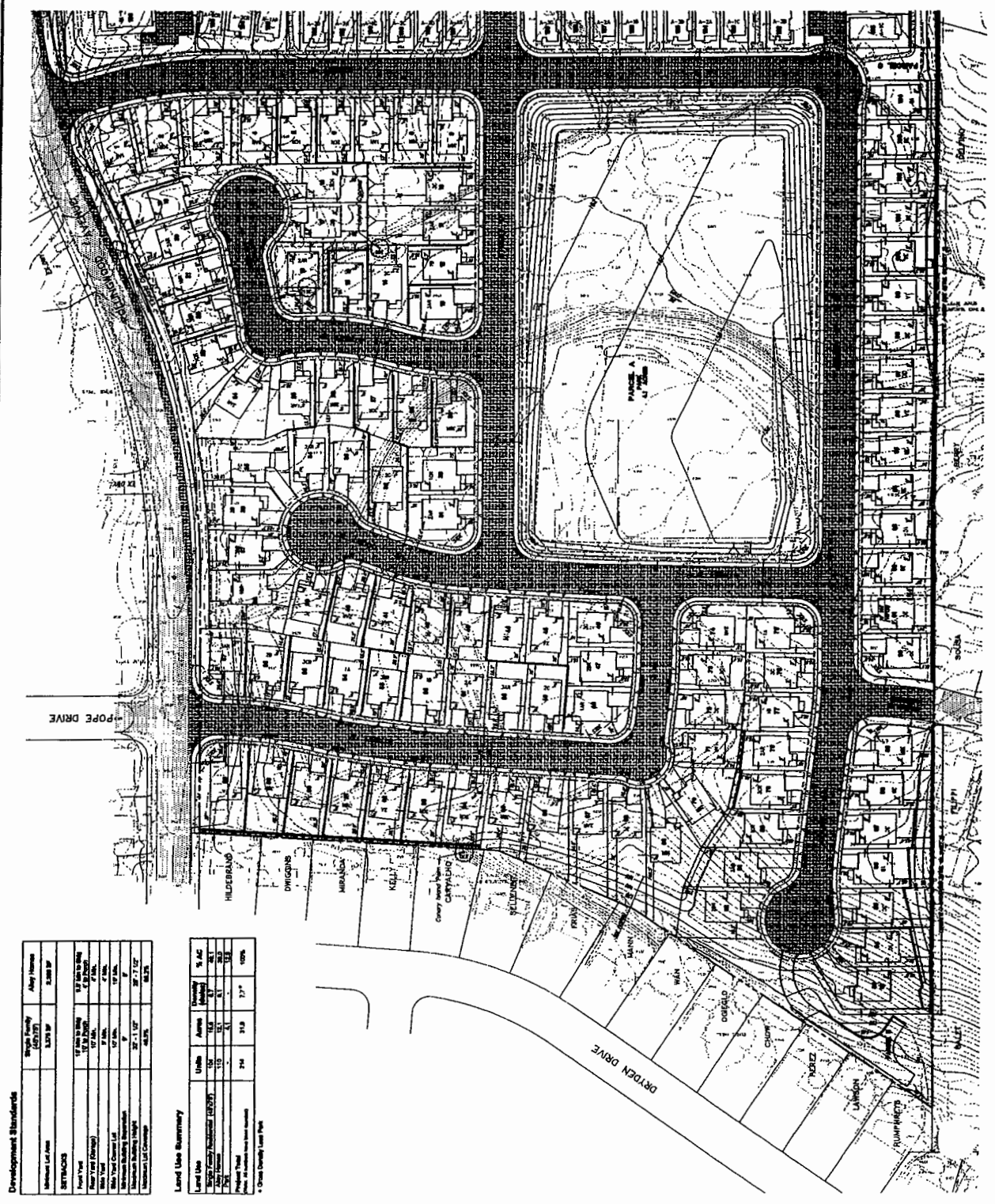
LOCATION MAP
OF THE



SHEET INDEX

1. TITLE SHEET
 2. SITE PLAN
 3. SITE PLAN
 4. SITE PLAN
 5. OVERSIGHT AND LANDMARK RECONSTRUCTED SHEET
- TENTATIVE MAP**
6. TENTATIVE MAP
 7. TYPICAL SECTIONS AND DETAILS
 8. GRADING AND UTILITY PLAN
 9. TYPICAL SECTIONS AND DETAILS
 10. DIVISION CONTROL PLAN
 11. DIVISION CONTROL PLAN

Rollingwood
 Planning Associates
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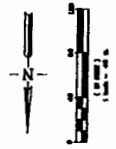
Land Use Summary

Category	Count	Area (sq. ft.)	Area (Acres)
Single-Family Homes	10	10,000	0.23
Other Homes	24	24,000	0.55
Total	34	34,000	0.78

Site Plan Summary

Category	Count	Area (sq. ft.)	Area (Acres)
Single-Family Homes	10	10,000	0.23
Other Homes	24	24,000	0.55
Total	34	34,000	0.78

SEE PUD SHEET 4 FOR CONTINUATION



SITE PLAN
ROLLINGWOOD

Robert J. Zandi Associates
 1000 West 10th Street, Suite 100
 Portland, Oregon 97201
 Phone: 503-228-1111
 Fax: 503-228-1112

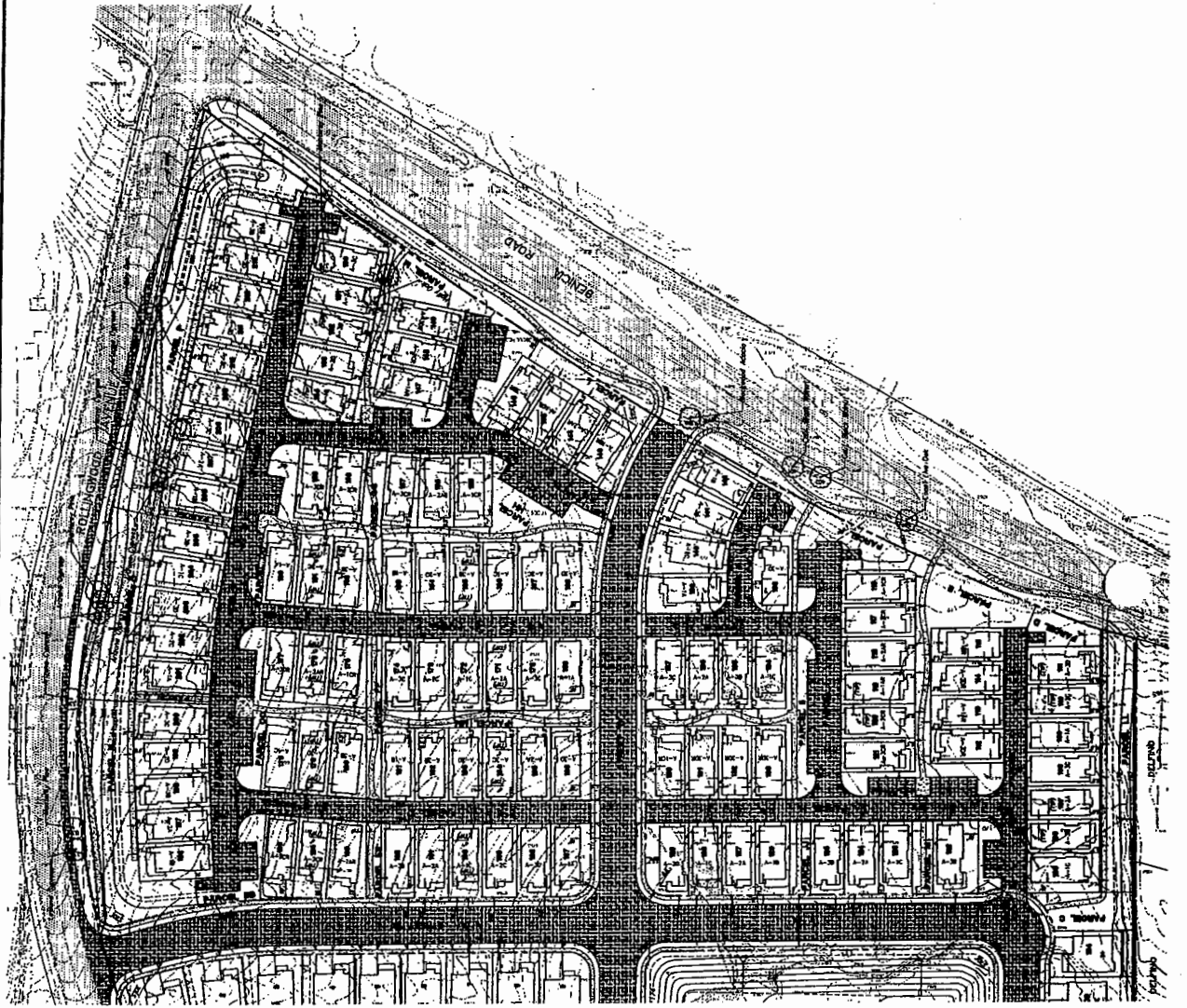
Development Standards

Category	Value
Minimum Lot Area	5,000 SF
Minimum Front Yard Setback	5.0 FT
Minimum Side Yard Setback	5.0 FT
Minimum Rear Yard Setback	5.0 FT
Minimum Lot Coverage	40.0%

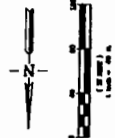
Land Use Summary

Category	Count	Area (sq. ft.)	Area (Acres)
Single-Family Homes	10	10,000	0.23
Other Homes	24	24,000	0.55
Total	34	34,000	0.78

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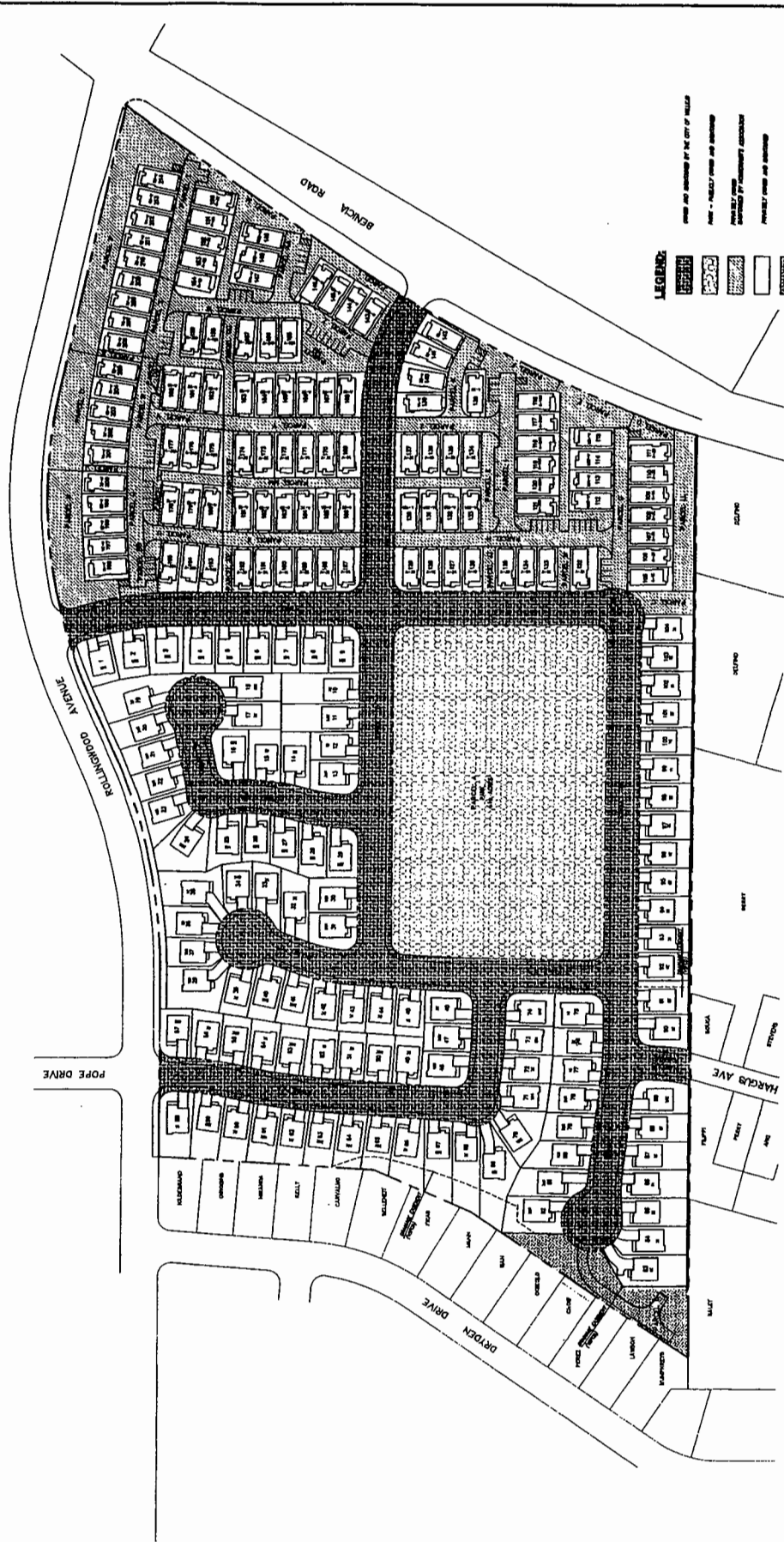


SEE PUD SHEET 3 FOR CONTINUATION



SITE PLAN
ROLLINGWOOD

Rollingwood
JAMES A. ASSOCIATES
10000 ROLLINGWOOD DRIVE, SUITE 100
DALLAS, TEXAS 75244
PHONE 972-342-1111
FAX 972-342-1112
WWW.JAA.COM



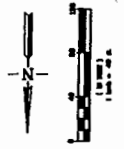
LEGEND

- AREA UNDER MAINTENANCE BY THE CITY OF ROLLINGWOOD
- AREA - MAINTAINED BY THE DEVELOPER
- MAINTAINED BY THE HOMEOWNERS ASSOCIATION
- PRIVATELY OWNED AND MAINTAINED
- AREA - MAINTAINED BY THE CITY

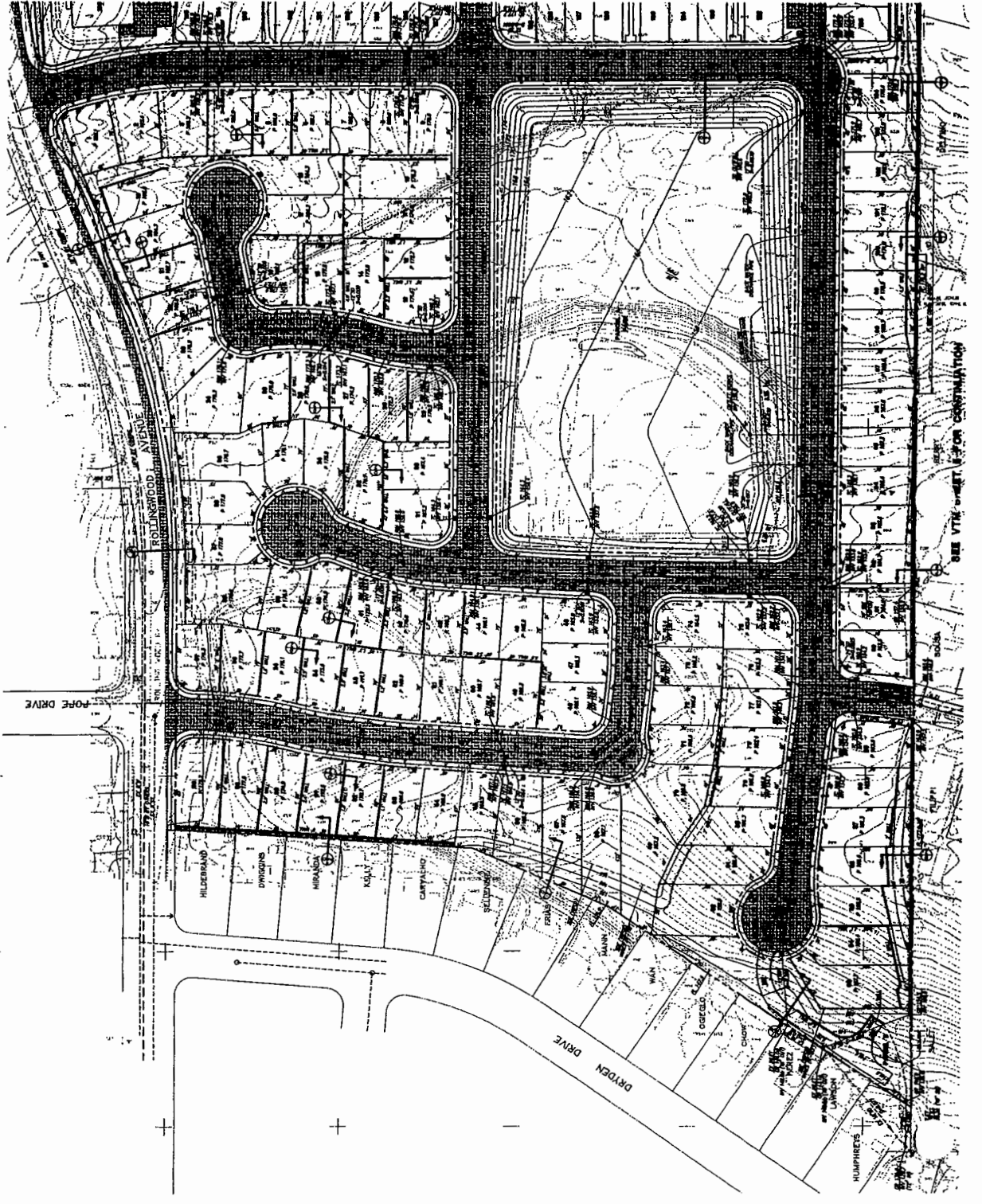


Prepared by:
Rollingwood
 Planning & Associates
 1000 WEST 10TH STREET, SUITE 100
 ROLLINGWOOD, TEXAS 75081
 DATE: 10/15/84
 SHEET NO. 1 OF 1

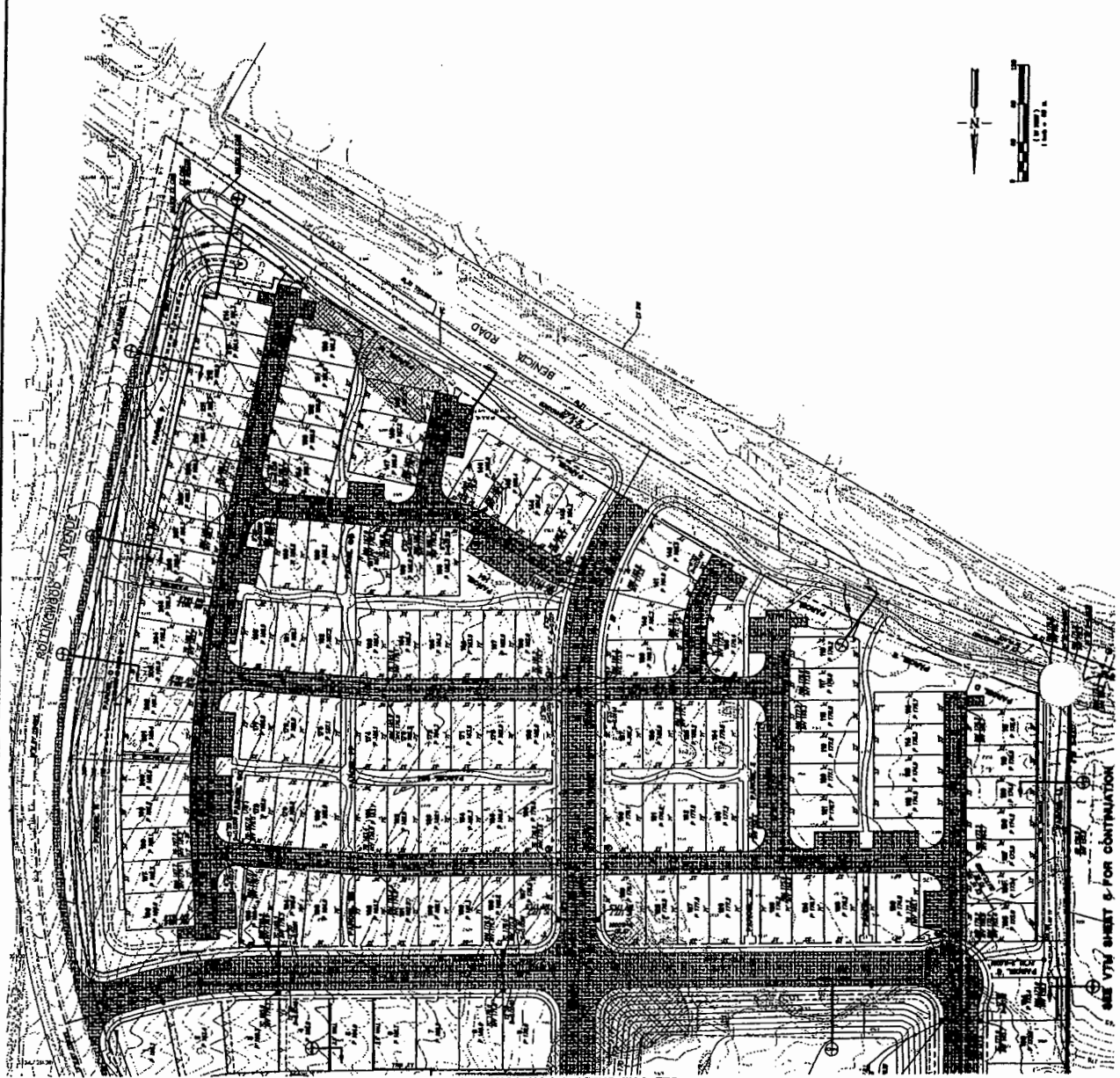
**OWNERSHIP AND MAINTENANCE
 RESPONSIBILITIES E - 117 - ROLLINGWOOD**



SEE VTM SHEET 4 FOR CONTINUATION



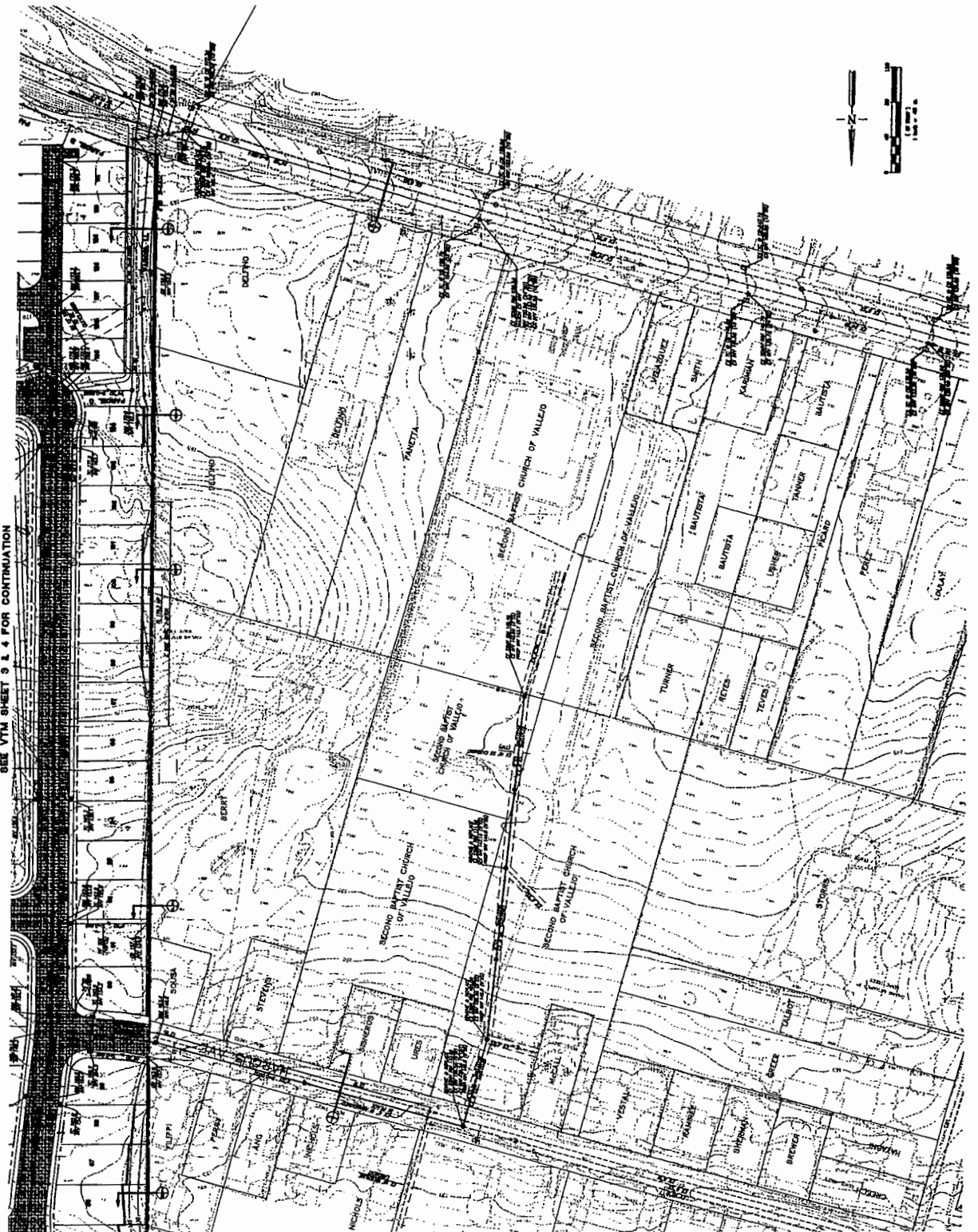
SEE VTM SHEET 4 FOR CONTINUATION



SEE VTM SHEET 3 FOR CONTINUATION

SEE VTM SHEET 9 FOR CONTINUATION

SEE VTM SHEET 9 1 4 FOR CONTINUATION



Russell
 Russell & Associates
 1000 Broadway, Vallejo, CA 94590
 Phone: (707) 444-1111
 Fax: (707) 444-1112

WESTING TENTATIVE MAP
 OFF-SITE UTILITY PLAN
 ROLLWOOD
 CITY OF VALLEJO, SOLANO COUNTY, CALIFORNIA

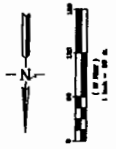
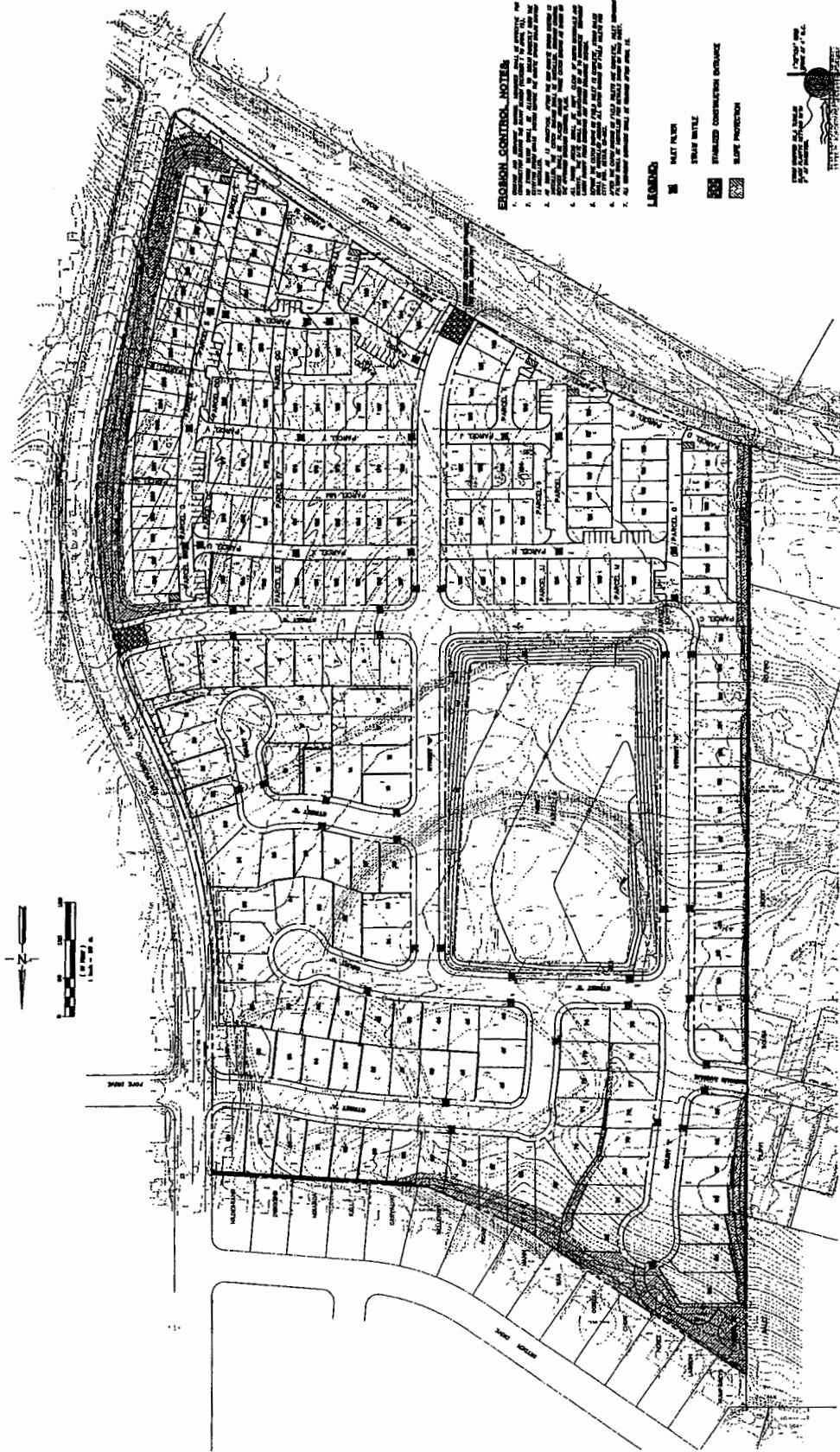
DATE: 11/11/03
 SHEET: 9
 TOTAL SHEETS: 10

NO.	DESCRIPTION	DATE
1	PRELIMINARY	11/11/03
2	REVISED	11/11/03
3	REVISED	11/11/03
4	REVISED	11/11/03
5	REVISED	11/11/03
6	REVISED	11/11/03
7	REVISED	11/11/03
8	REVISED	11/11/03
9	REVISED	11/11/03
10	REVISED	11/11/03

Russell -
 Asst. Associates
 10000 Wilshire Blvd., Suite 1000
 Los Angeles, California 90024
 Phone: (213) 776-1000

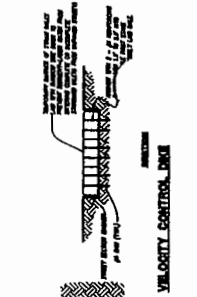
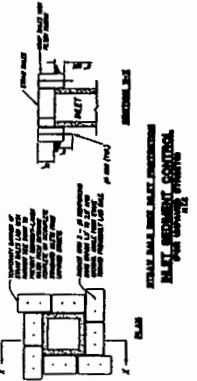
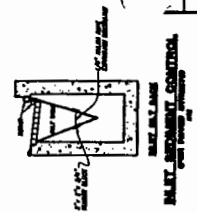
WESTING TENTATIVE MAP
 EROSION CONTROL PLAN
 ROLLINGWOOD
 CITY OF VALLEJO, SOLANO COUNTY, CALIFORNIA

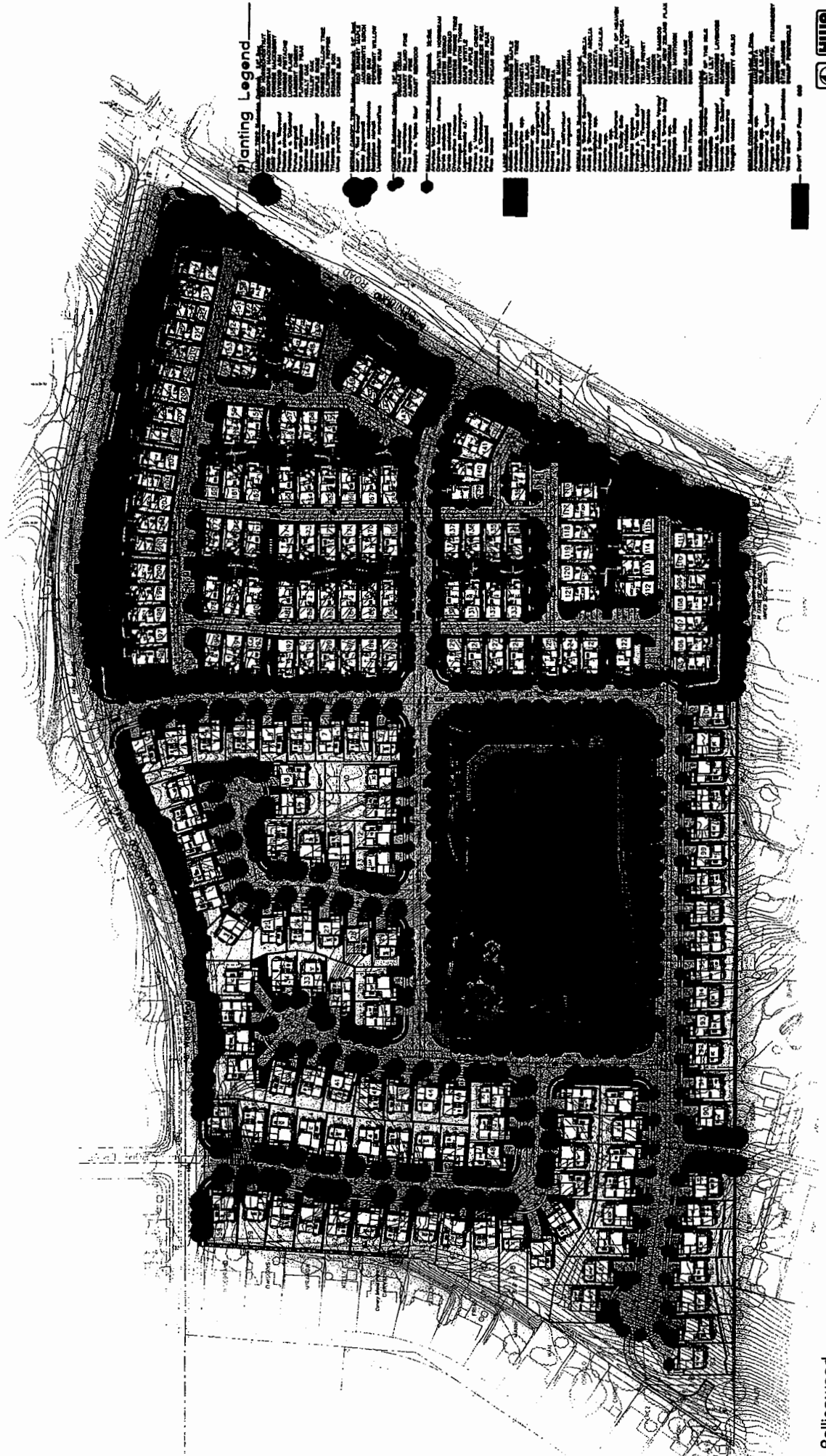
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98	1/4" = 1' SCALE
99	1/4" = 1' SCALE
100	1/4" = 1' SCALE



EROSION CONTROL NOTES:
 1. ALL EROSION CONTROL MEASURES SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE CITY OF VALLEJO EROSION CONTROL MANUAL.
 2. ALL EROSION CONTROL MEASURES SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE CITY OF VALLEJO EROSION CONTROL MANUAL.
 3. ALL EROSION CONTROL MEASURES SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE CITY OF VALLEJO EROSION CONTROL MANUAL.
 4. ALL EROSION CONTROL MEASURES SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE CITY OF VALLEJO EROSION CONTROL MANUAL.
 5. ALL EROSION CONTROL MEASURES SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE CITY OF VALLEJO EROSION CONTROL MANUAL.
 6. ALL EROSION CONTROL MEASURES SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE CITY OF VALLEJO EROSION CONTROL MANUAL.
 7. ALL EROSION CONTROL MEASURES SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE CITY OF VALLEJO EROSION CONTROL MANUAL.
 8. ALL EROSION CONTROL MEASURES SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE CITY OF VALLEJO EROSION CONTROL MANUAL.
 9. ALL EROSION CONTROL MEASURES SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE CITY OF VALLEJO EROSION CONTROL MANUAL.
 10. ALL EROSION CONTROL MEASURES SHALL BE INSTALLED AND MAINTAINED IN ACCORDANCE WITH THE CITY OF VALLEJO EROSION CONTROL MANUAL.

- LEGEND:**
- 1. RETENTION BASIN
 - 2. TRAP AND FILTER
 - 3. STABILIZED CONSTRUCTION ENTRANCE
 - 4. SLOPE PROTECTION

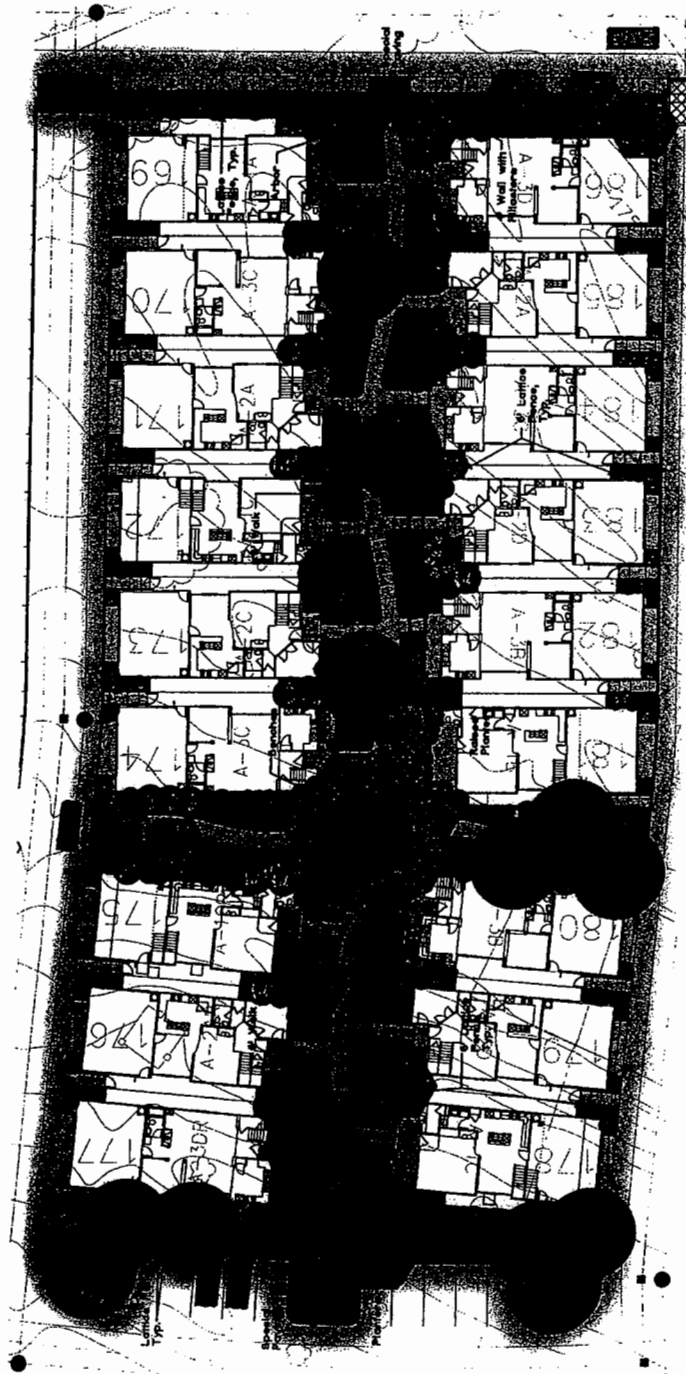




Planting Legend

1. 10' x 10' x 10' Tree	11. 10' x 10' x 10' Tree	21. 10' x 10' x 10' Tree	31. 10' x 10' x 10' Tree
2. 10' x 10' x 10' Tree	12. 10' x 10' x 10' Tree	22. 10' x 10' x 10' Tree	32. 10' x 10' x 10' Tree
3. 10' x 10' x 10' Tree	13. 10' x 10' x 10' Tree	23. 10' x 10' x 10' Tree	33. 10' x 10' x 10' Tree
4. 10' x 10' x 10' Tree	14. 10' x 10' x 10' Tree	24. 10' x 10' x 10' Tree	34. 10' x 10' x 10' Tree
5. 10' x 10' x 10' Tree	15. 10' x 10' x 10' Tree	25. 10' x 10' x 10' Tree	35. 10' x 10' x 10' Tree
6. 10' x 10' x 10' Tree	16. 10' x 10' x 10' Tree	26. 10' x 10' x 10' Tree	36. 10' x 10' x 10' Tree
7. 10' x 10' x 10' Tree	17. 10' x 10' x 10' Tree	27. 10' x 10' x 10' Tree	37. 10' x 10' x 10' Tree
8. 10' x 10' x 10' Tree	18. 10' x 10' x 10' Tree	28. 10' x 10' x 10' Tree	38. 10' x 10' x 10' Tree
9. 10' x 10' x 10' Tree	19. 10' x 10' x 10' Tree	29. 10' x 10' x 10' Tree	39. 10' x 10' x 10' Tree
10. 10' x 10' x 10' Tree	20. 10' x 10' x 10' Tree	30. 10' x 10' x 10' Tree	40. 10' x 10' x 10' Tree





Typical Passageway Landscaping



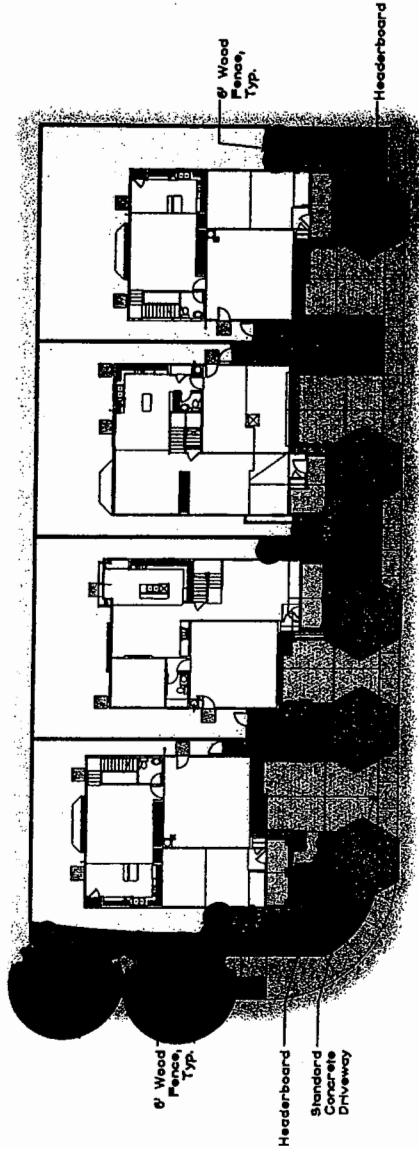
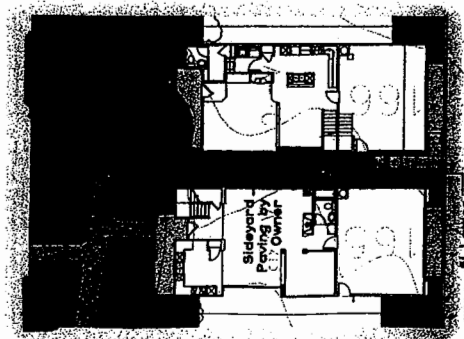
Typical Central Common Area



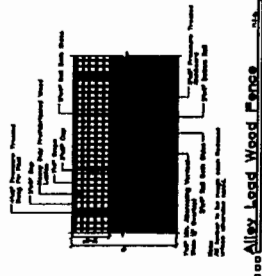
Bench



Planter

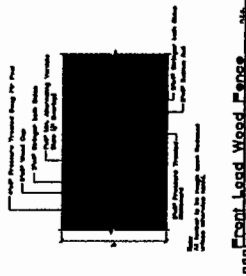


Alley-load Sidewalk by Owner VP 1.22

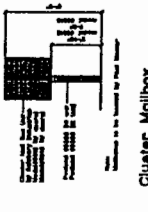


Alley Load Wood Fence VP 1.23

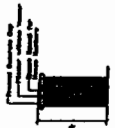
Typical Front-Load Streetscape VP 1.25



Front Load Wood Fence VP 1.24



Cluster Mailbox N/A



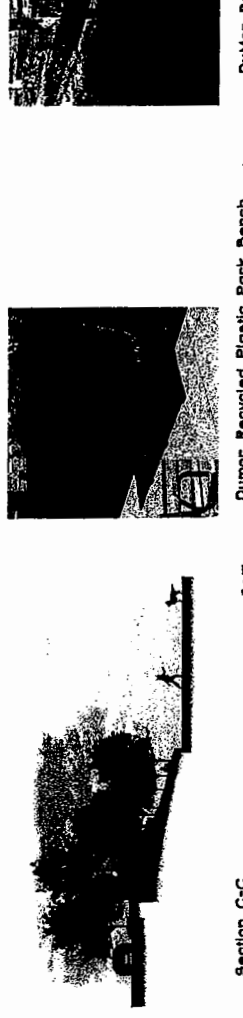
Address Pillar VP 1.26



Section A-A



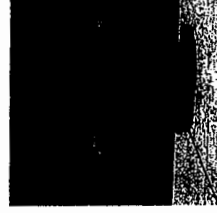
Section B-B



Section C-C



Playstructure



Trash Receptacle



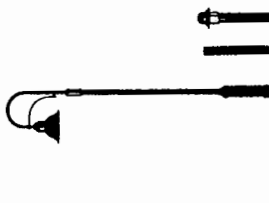
Picnic Table



Restroom



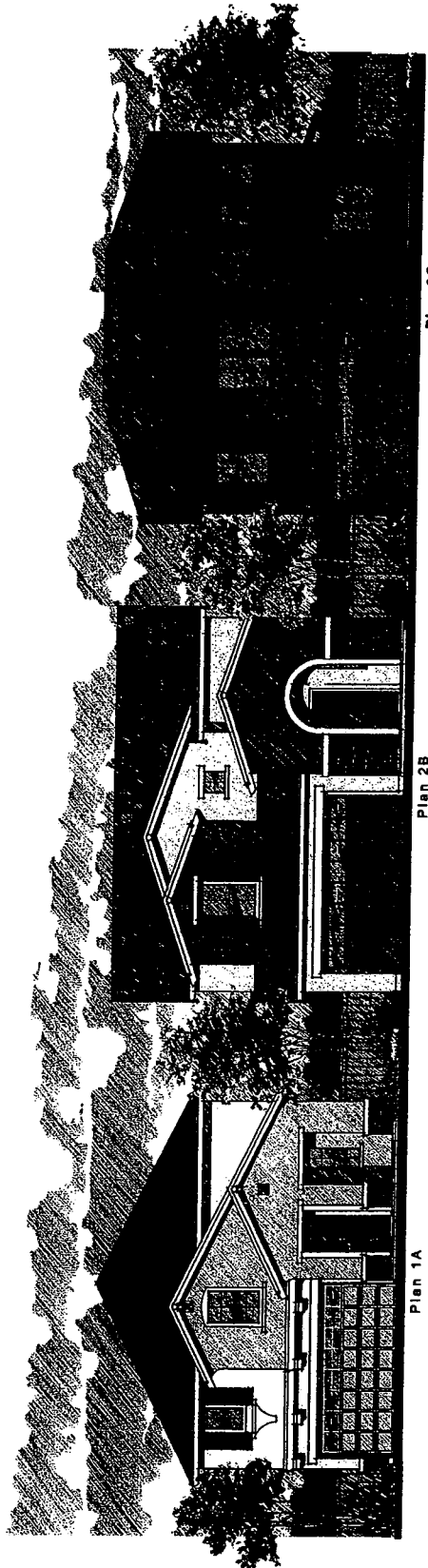
Park Bench



Lightpost and Bollards



Congestion Stand



Standard Product
Rollingwood
Vallejo, California

500 A ROLLINGWOOD, INC.
925.836.7888
08 AUGUST 07

EXTERIOR MATERIALS

A ELEVATIONS

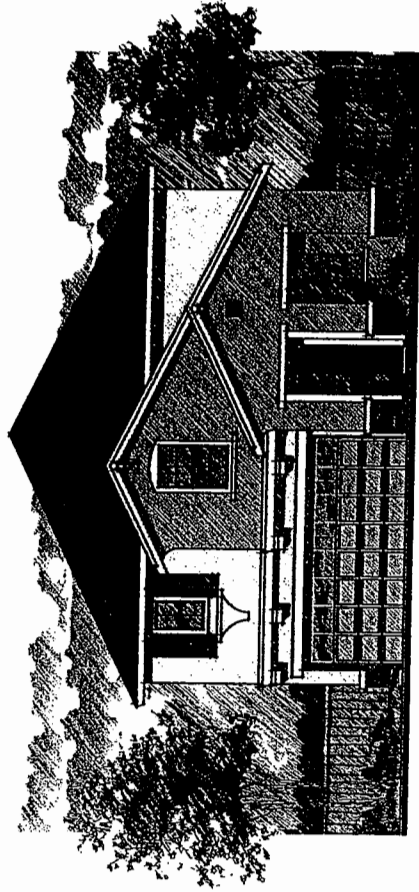
Flat concrete tile roofing
 Gable & hip roofs
 Stucco exterior finish
 Decorative stucco over foam corbels
 Roll-up garage doors with optional glass
 Stone veneer

B ELEVATIONS

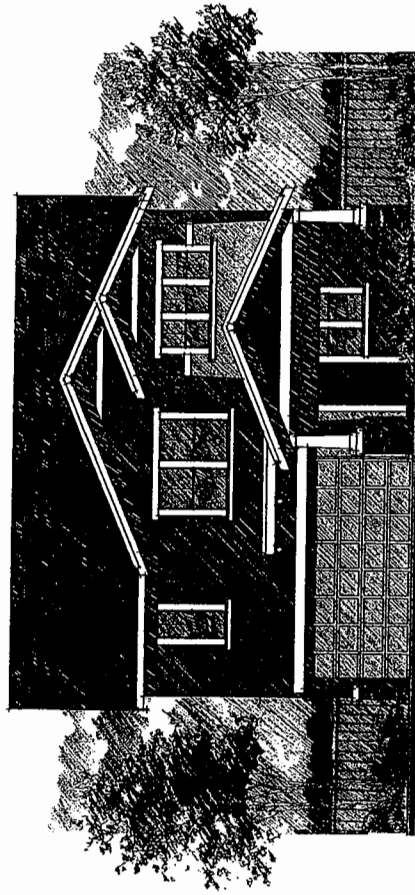
Flat concrete tile roofing
 Gable & hip roofs
 Stucco exterior finish
 Decorative stucco over foam corbels
 Roll-up garage doors with optional glass
 Decorative wrought iron accents
 Stone veneer

C ELEVATIONS

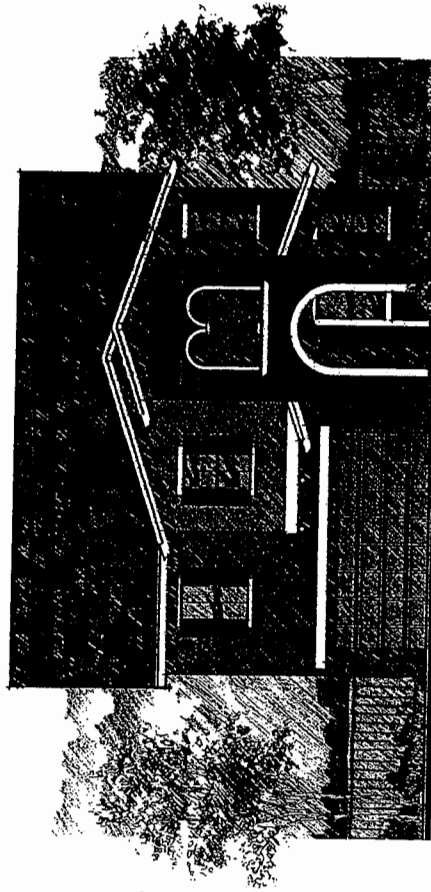
Flat concrete tile roofing
 Gable roofs
 Stucco exterior finish w/ wood siding accents
 Decorative stucco over foam sills & trim
 Roll-up garage doors with optional glass
 Stone veneer



Elevation A



Elevation B



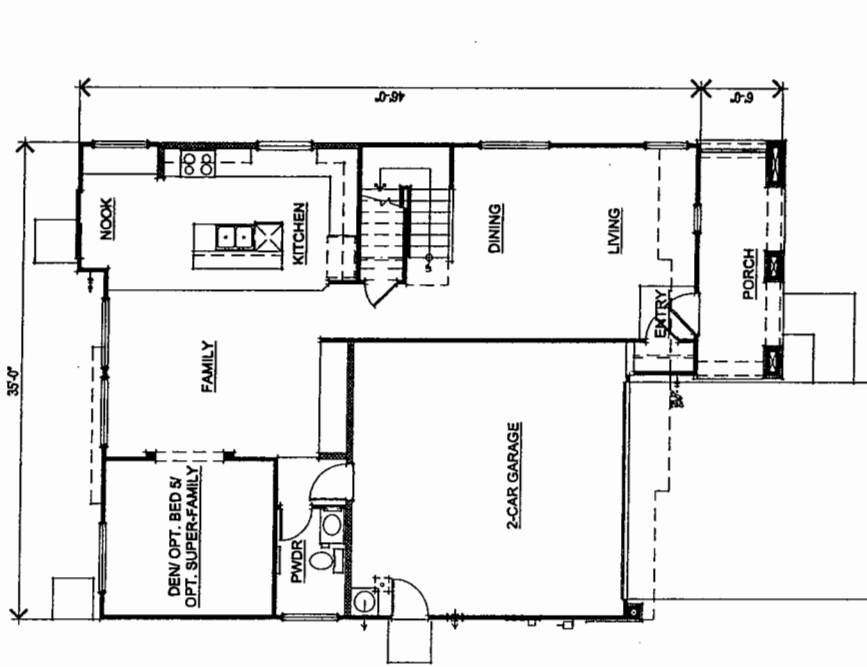
Elevation C

PLAN 1
 STANDARD LOT PRODUCT

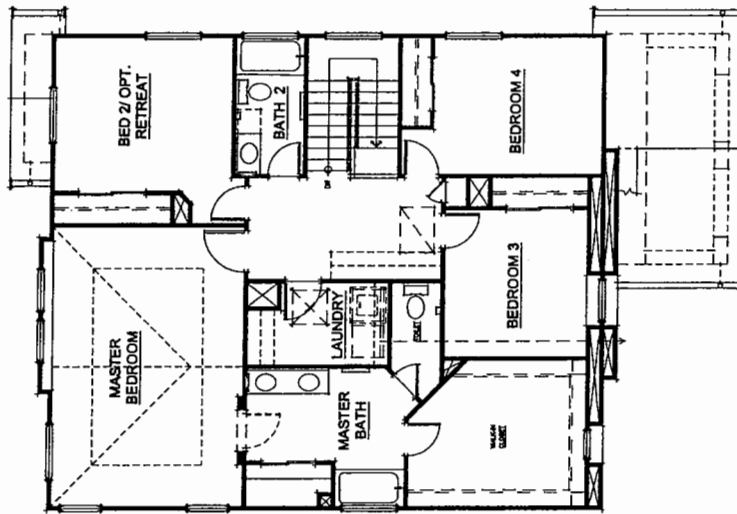
R o l i n g w o o d
 V A L L E J O , C A L I F O R N I A

800 A R C H I T E C T U R A L I N C .





FIRST FLOOR PLAN



SECOND FLOOR PLAN

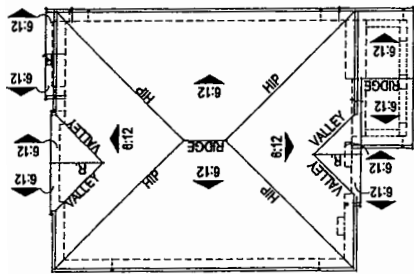
SQUARE FOOTAGE	
FIRST FLOOR:	1086 SQ. FT.
SECOND FLOOR:	2427 SQ. FT.
TOTAL:	4114 SQ. FT.
2-CAR GARAGE:	414 SQ. FT.

PLAN 1

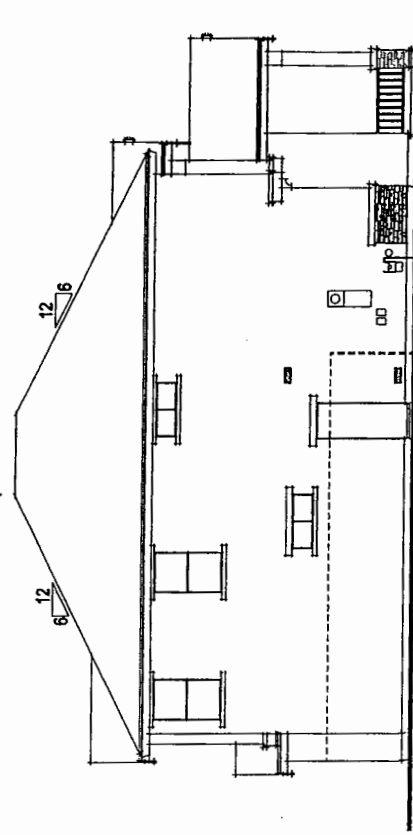
STANDARD LOT PRODUCT

R o l l i n g w o o d
Vallejo, California

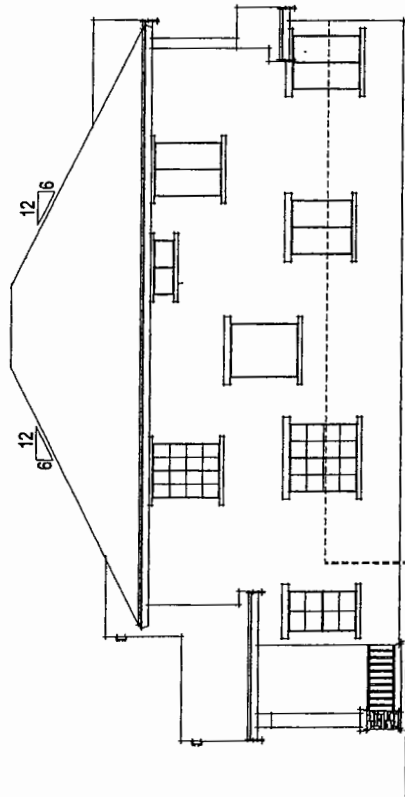
500 A S.H.I. 9661 N. Inc.
926-632-7669
08 August 07



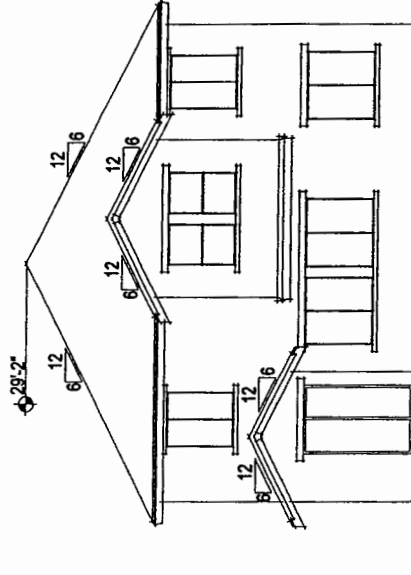
ROOF PLAN 'A'



LEFT ELEVATION 'A'



RIGHT ELEVATION 'A'

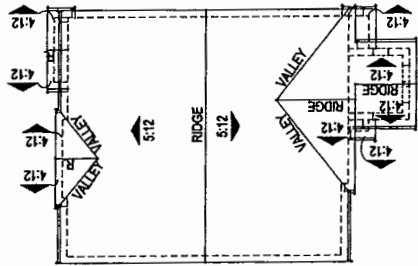


REAR ELEVATION 'A'

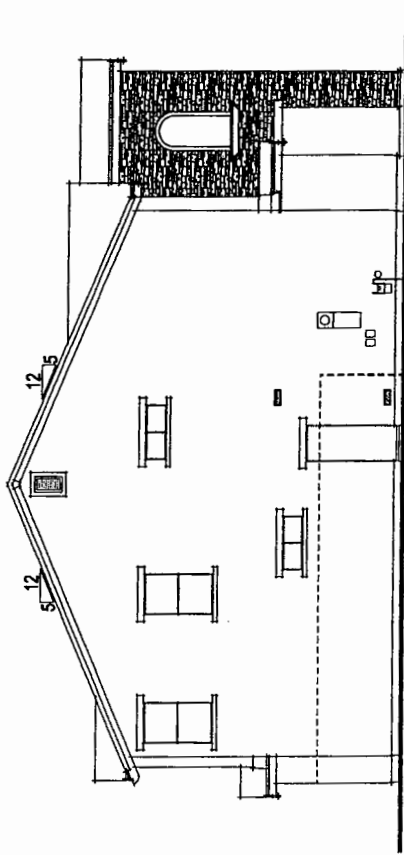
PLAN 1
STANDARD LOT PRODUCT

R o l l i n g w o o d
V a l l e j o , C a l i f o r n i a

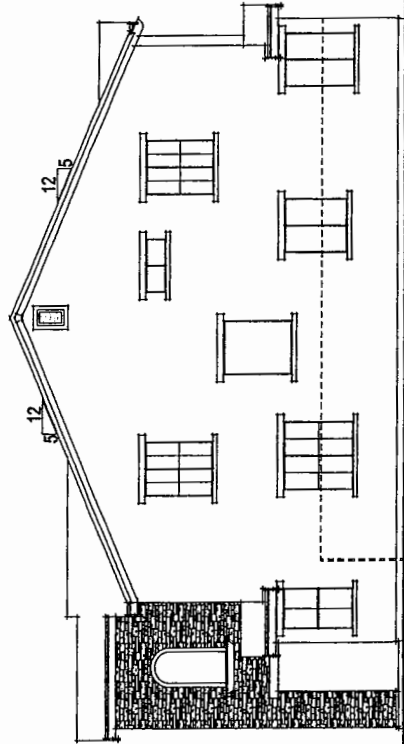
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5 5 5 4 3 2 7 5 6 9
0 6 A u g u s t 6 7



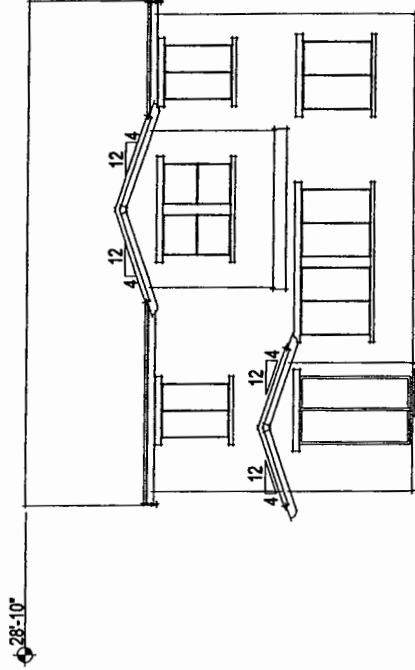
ROOF PLAN 'B'



LEFT ELEVATION 'B'



RIGHT ELEVATION 'B'

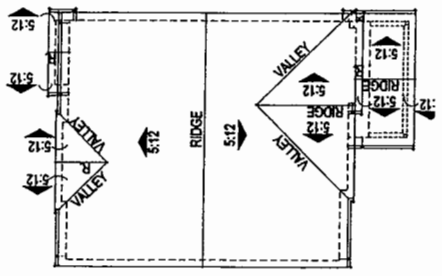


REAR ELEVATION 'B'

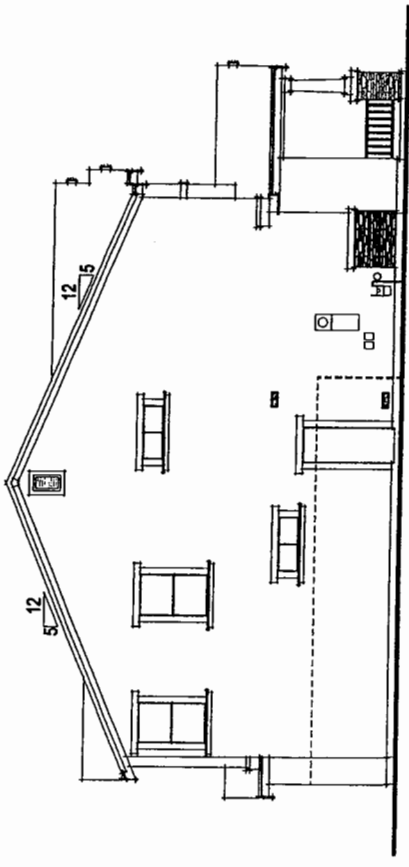
PLAN 1
STANDARD LOT PRODUCT

R o l l i n g w o o d
Vallejo, California

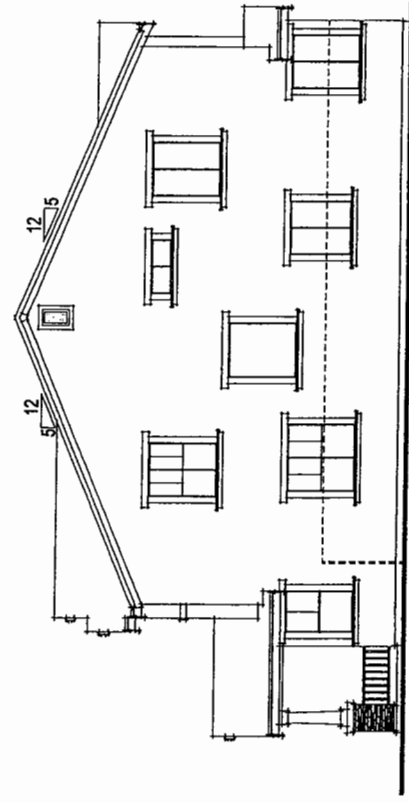
B D O A R C H I T E C T S, I N C.
938, 934, 766
08 August 07



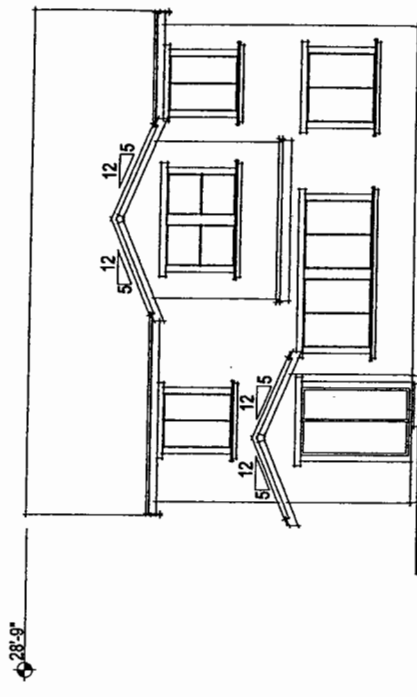
ROOF PLAN 'C'



LEFT ELEVATION 'C'



RIGHT ELEVATION 'C'

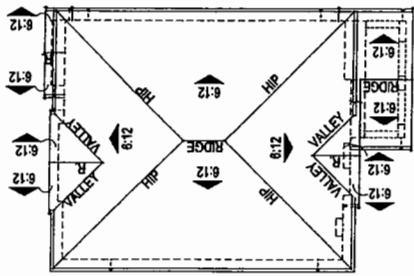


REAR ELEVATION 'C'

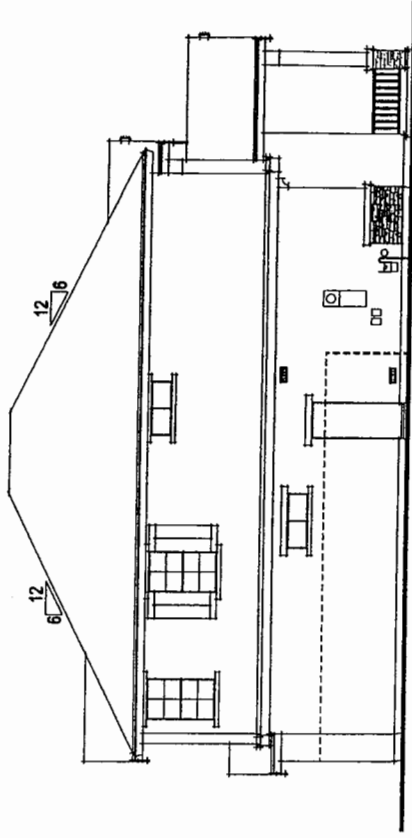
PLAN 1
STANDARD LOT PRODUCT

R o l i n g w o o d
Vallejo, California

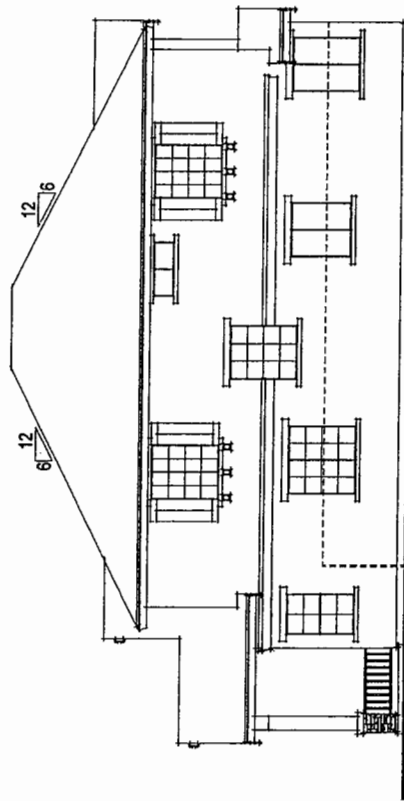
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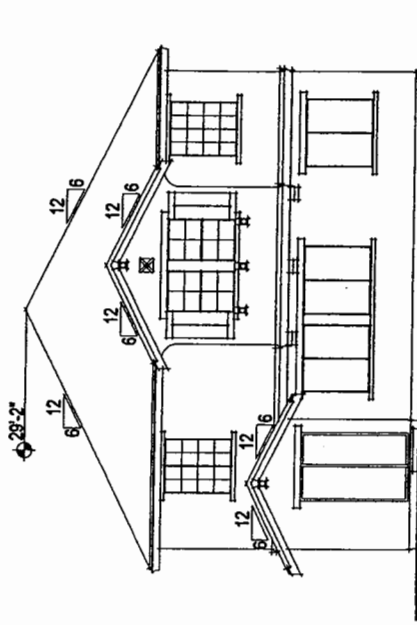
ROOF PLAN 'A'



LEFT ELEVATION 'A'



RIGHT ELEVATION 'A'

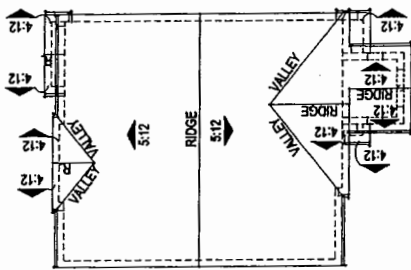


REAR ELEVATION 'A'

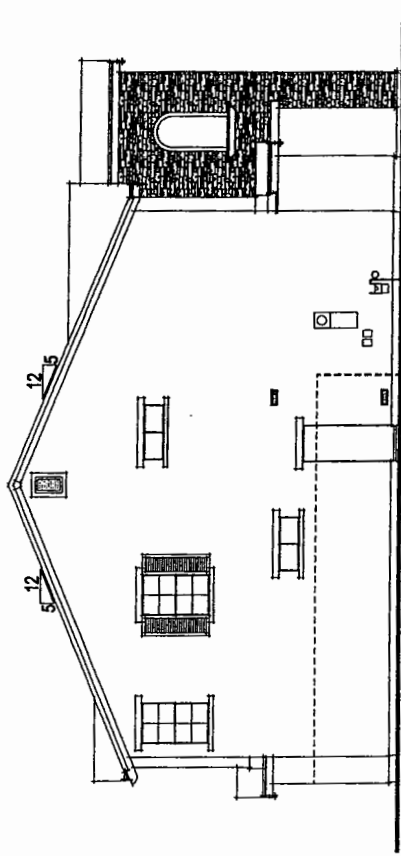
PLAN 1
STANDARD LOT PRODUCT
ENHANCED ELEVATIONS WHERE
LOT IS ADJACENT TO ROADWAY

R o l l i n g w o o d
Vallejo, California

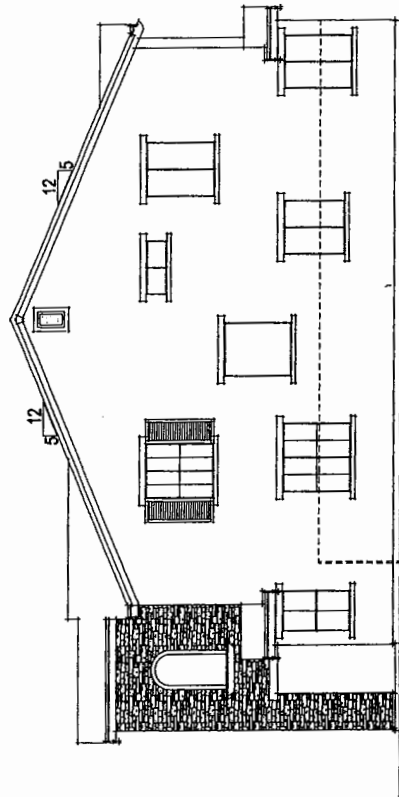
500 A R C H I T E C T S, I N C.
928-632-7900
98 August 07



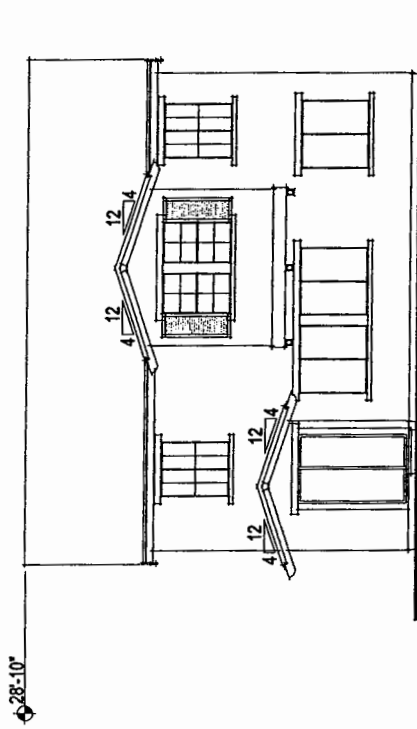
ROOF PLAN 'B'



LEFT ELEVATION 'B'



RIGHT ELEVATION 'B'



REAR ELEVATION 'B'

PLAN 1
STANDARD LOT PRODUCT
ENHANCED ELEVATIONS WHERE
LOT IS ADJACENT TO ROADWAY



R o l i n g w o o d
Vallejo, California

EXTERIOR MATERIALS

A ELEVATIONS

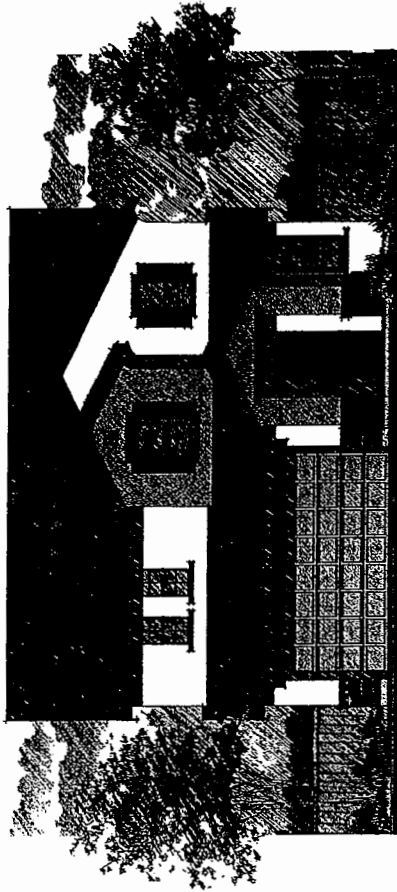
Flat concrete tile roofing
 Gable roofs
 Stucco exterior finish
 Decorative stucco over foam slabs & trims
 Roll-up garage doors with optional glass
 Stone veneer

B ELEVATIONS

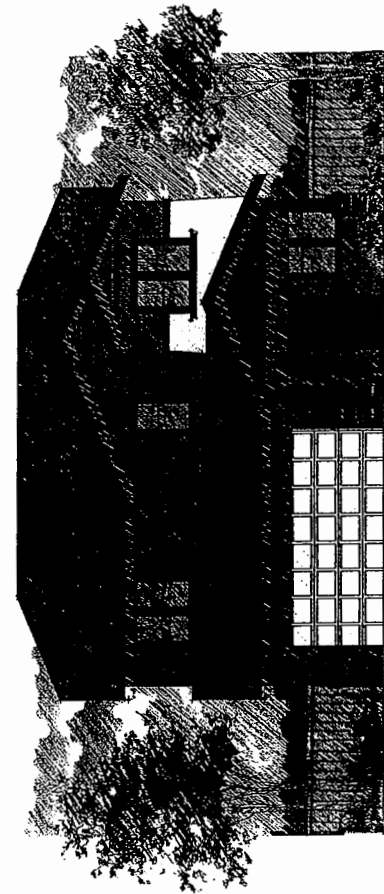
Flat concrete tile roofing
 Gable & shed roofs
 Stucco exterior finish
 Decorative stucco over foam slabs & trims
 Roll-up garage doors with optional glass
 Stone veneer

C ELEVATIONS

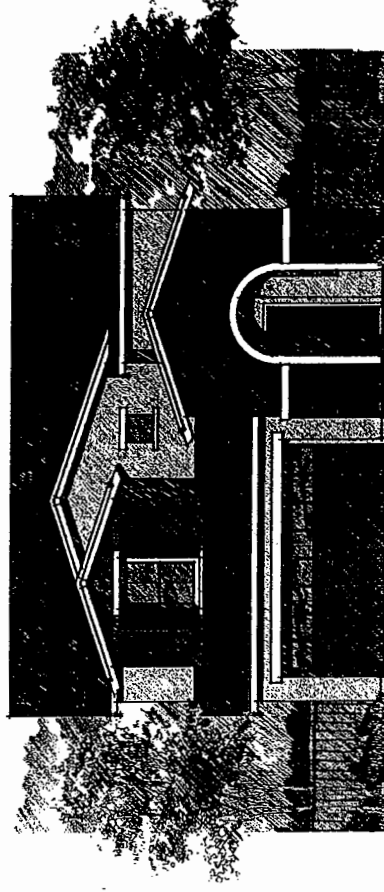
Flat concrete tile roofing
 Gable roofs
 Stucco exterior finish w/ wood siding accents
 Decorative stucco over foam slabs & trims
 Roll-up garage doors with optional glass
 Wood garage doors
 Stone veneer



Elevation A



Elevation C



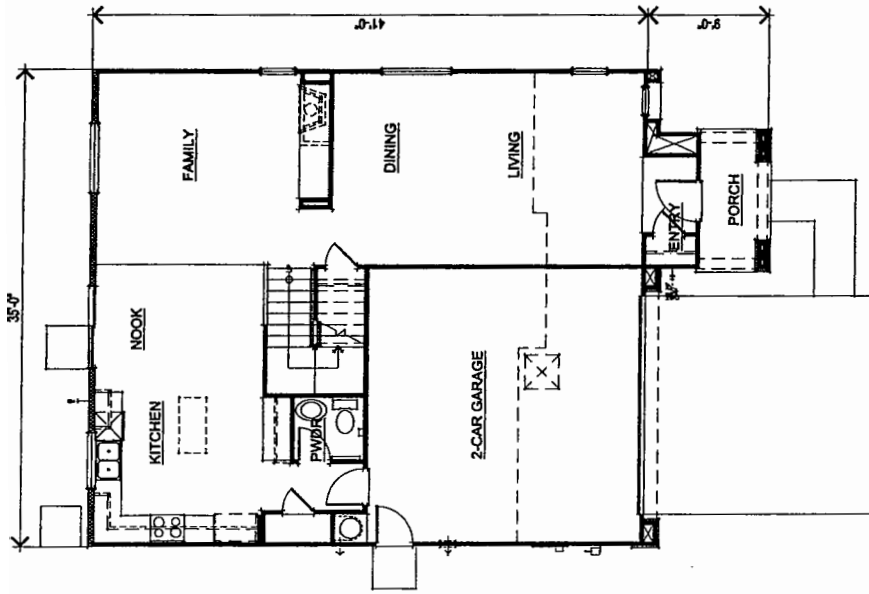
Elevation B



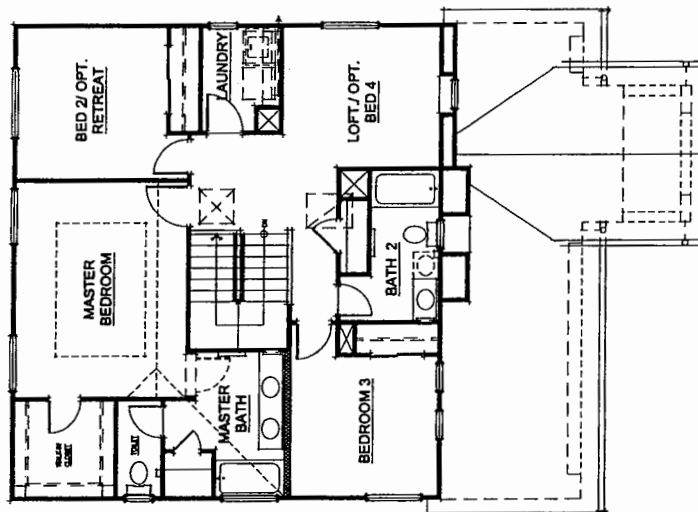
PLAN 2
 STANDARD LOT PRODUCT

R o l l i n g w o o d
 Vallejo, California

© 2004 A. J. ...
 August 07



FIRST FLOOR PLAN



SECOND FLOOR PLAN

SQUARE FOOTAGE	
FIRST FLOOR:	1047 SQ. FT.
SECOND FLOOR:	1064 SQ. FT.
TOTAL:	2111 SQ. FT.
2-CAR GARAGE:	421 SQ. FT.

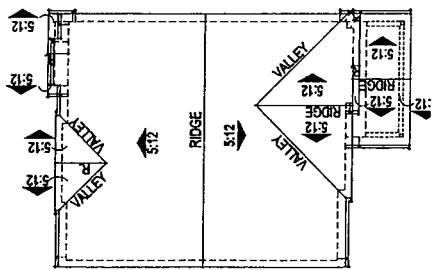
PLAN 2

STANDARD LOT PRODUCT

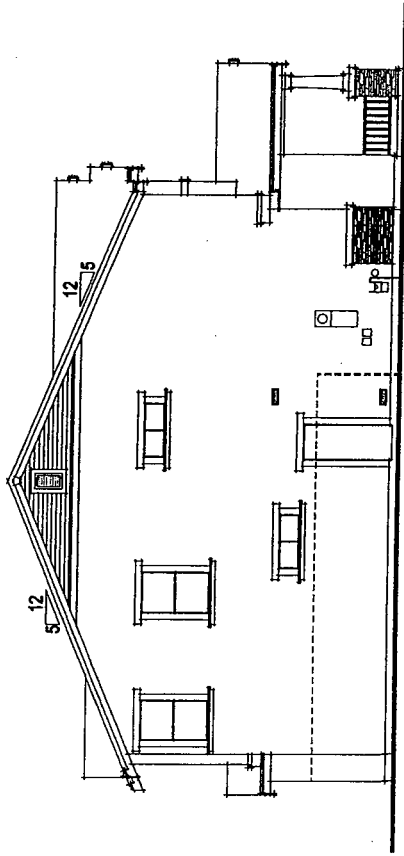
R o l i d g w o d

Vallejo, California

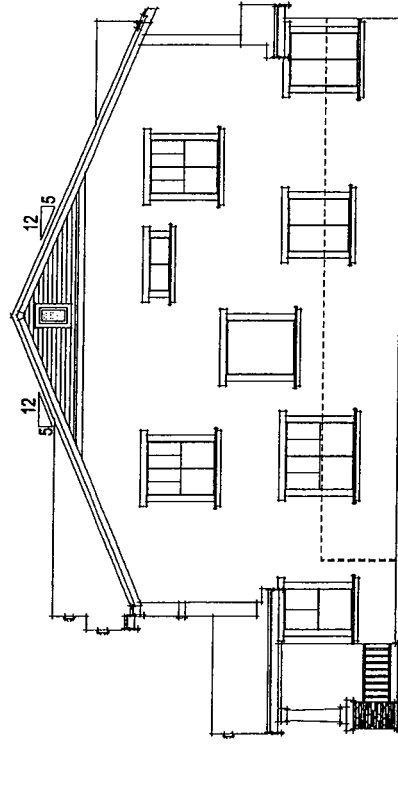
300 A 192nd St., Redwood City, CA 94061
 650-962-7661
 03 AUGUST 97



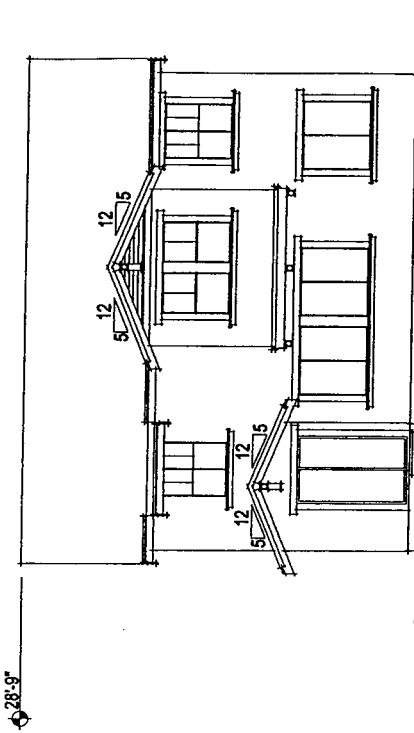
ROOF PLAN 'C'



LEFT ELEVATION 'C'



RIGHT ELEVATION 'C'



REAR ELEVATION 'C'

PLAN 1
STANDARD LOT PRODUCT
ENHANCED ELEVATIONS WHERE
LOT IS ADJACENT TO ROADWAY

R o l i n g W o o d

Vallejo, California

800 A R...
07 August 07



EXTERIOR MATERIALS

A ELEVATIONS

Flat concrete tile roofing
 Cable rock
 Stucco exterior finish
 Decorative stucco over foam corbels
 Decorative stucco over foam sills & trim
 Roll-up garage doors with optional glass
 Stone veneer

B ELEVATIONS

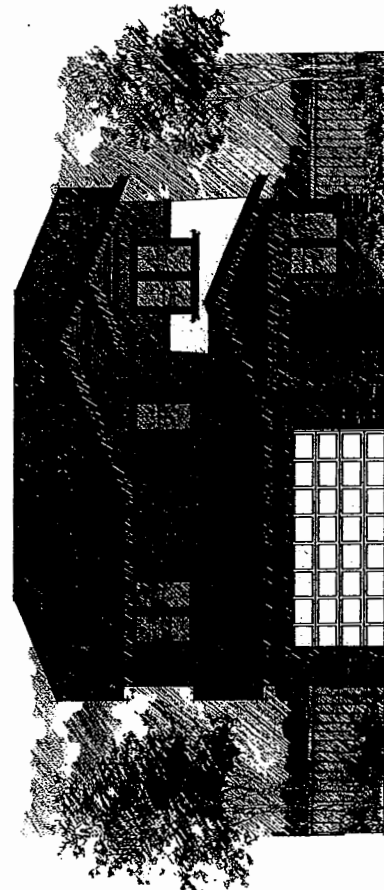
Flat concrete tile roofing
 Cable rock
 Stucco exterior finish
 Decorative wrought iron accents
 Decorative stucco over foam sills & trim
 Roll-up garage doors with optional glass
 Stone veneer

C ELEVATIONS

Flat concrete tile roofing
 Cable rock
 Stucco exterior finish w/ wood siding accents
 Decorative stucco over foam sills & trim
 Roll-up garage doors with optional glass
 Wood corbels
 Stone veneer



Elevation A



Elevation C



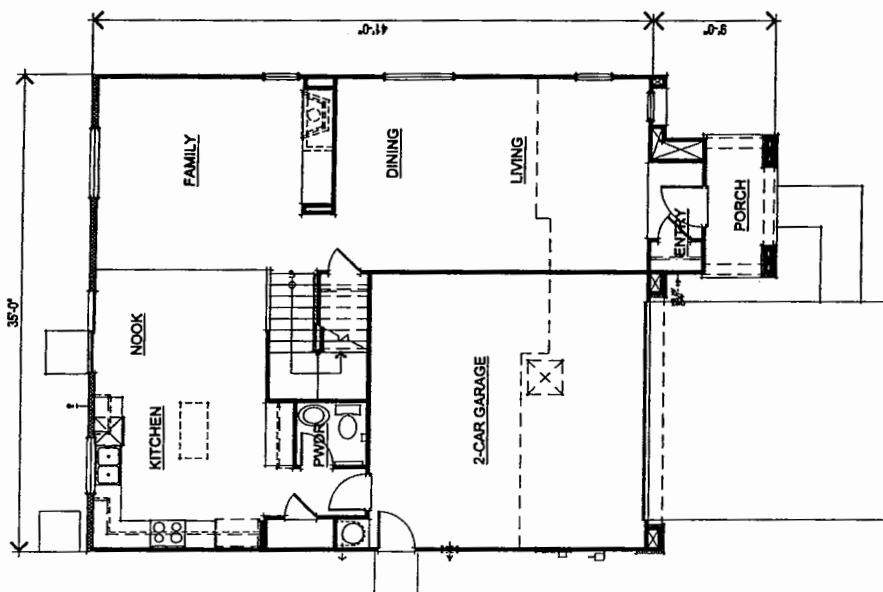
Elevation B



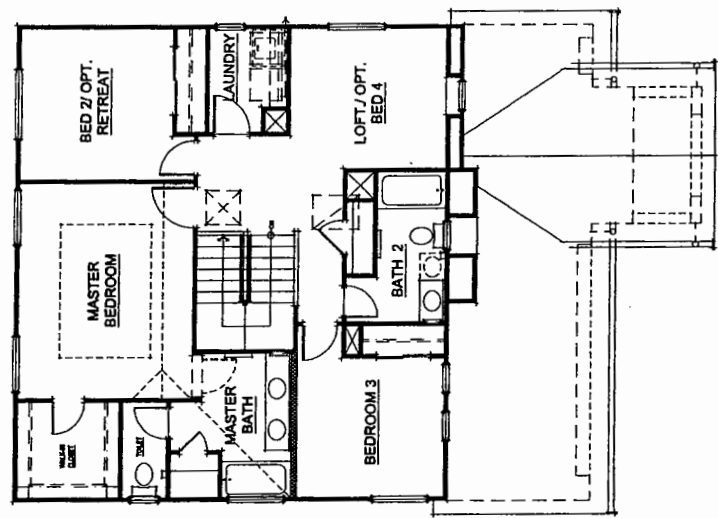
PLAN 2
 STANDARD LOT PRODUCT

R o l l i n g w o o d
 Vallejo, California

S O O A R C H I T E C T S, I N C.
 1000 S. 10th Street
 August 07



FIRST FLOOR PLAN



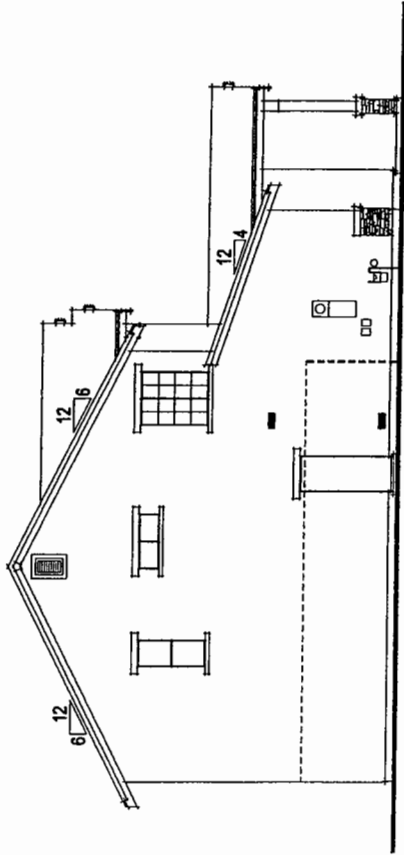
SECOND FLOOR PLAN

SQUARE FOOTAGE	
FIRST FLOOR:	1047 SQ. FT.
SECOND FLOOR:	1064 SQ. FT.
TOTAL:	2111 SQ. FT.
2-CAR GARAGE:	421 SQ. FT.

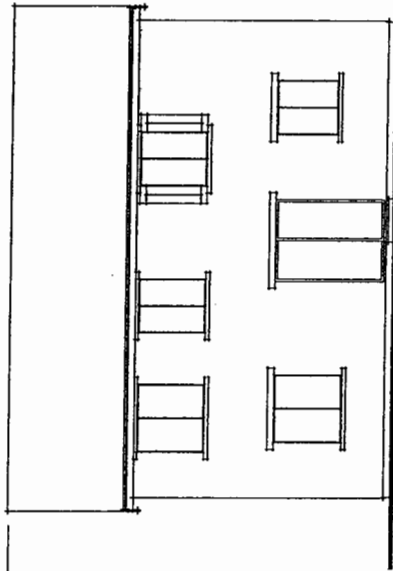
PLAN 2
STANDARD LOT PRODUCT

R o l i n g w o o d
V a l i e j o , C a l i f o r n i a

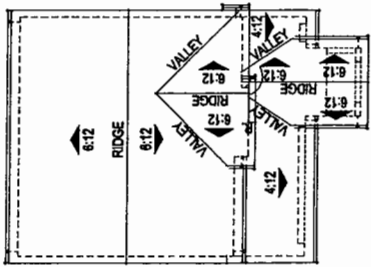
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9 2 6 . 6 5 4 . 7 8 8 9
0 8 A u g u s t 0 7



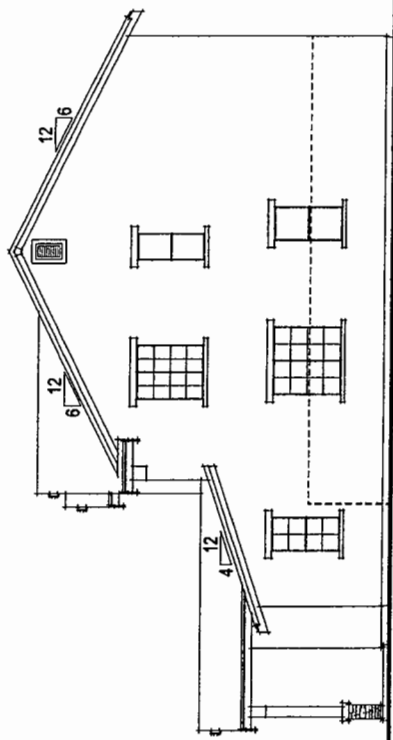
LEFT ELEVATION 'A'



REAR ELEVATION 'A'



ROOF PLAN 'A'

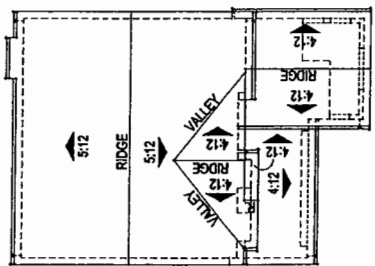


RIGHT ELEVATION 'A'

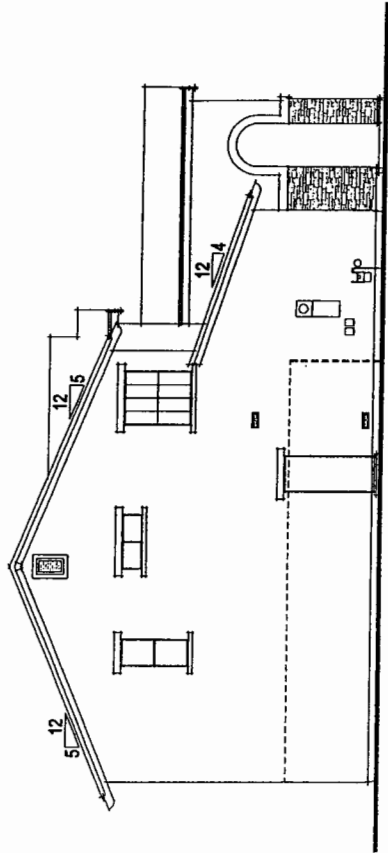
PLAN 2
STANDARD LOT PRODUCT

R o l l i n g w o o d
Vallejo, California

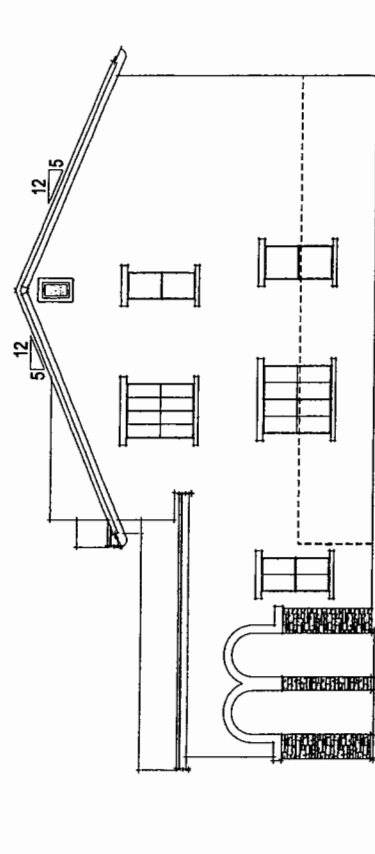
800 A R C H I T E C T S, I N C.
926.633.7988
08 August 07



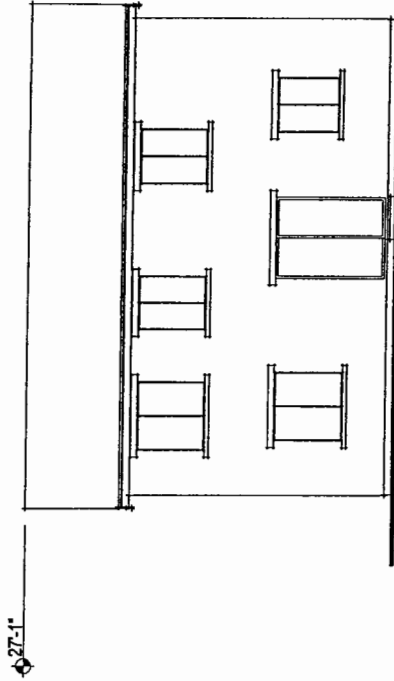
ROOF PLAN 'B'



LEFT ELEVATION 'B'



RIGHT ELEVATION 'B'



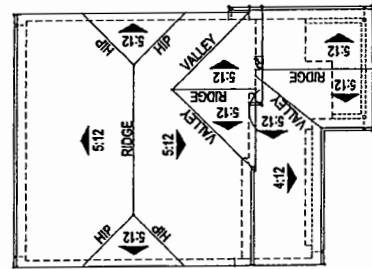
REAR ELEVATION 'B'

PLAN 2
STANDARD LOT PRODUCT

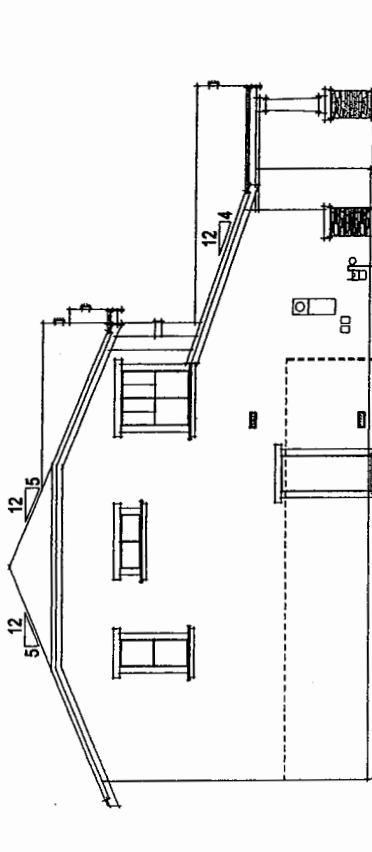
R o l i n g w o o d
Vallejo, California



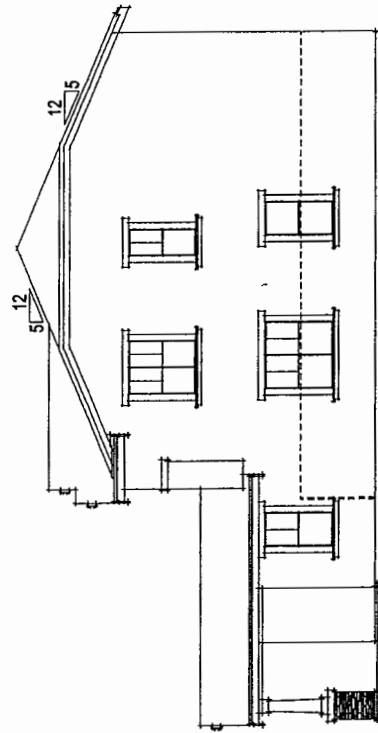
B O O A ' S T A L ' P L A N ' S , I N C .
08 AUGUST 07



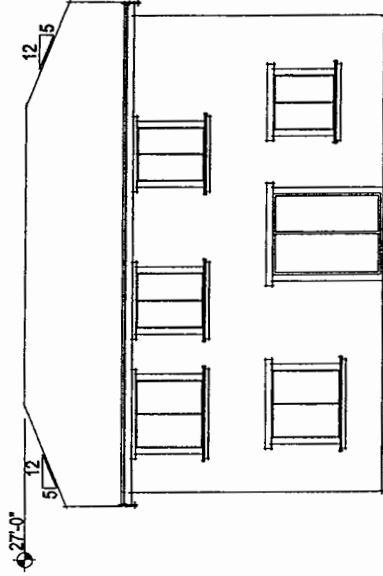
ROOF PLAN 'C'



LEFT ELEVATION 'C'



RIGHT ELEVATION 'C'

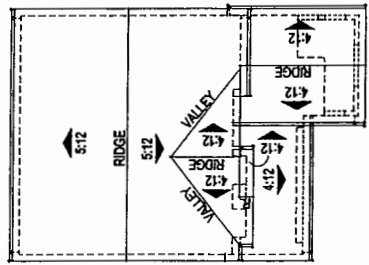


REAR ELEVATION 'C'

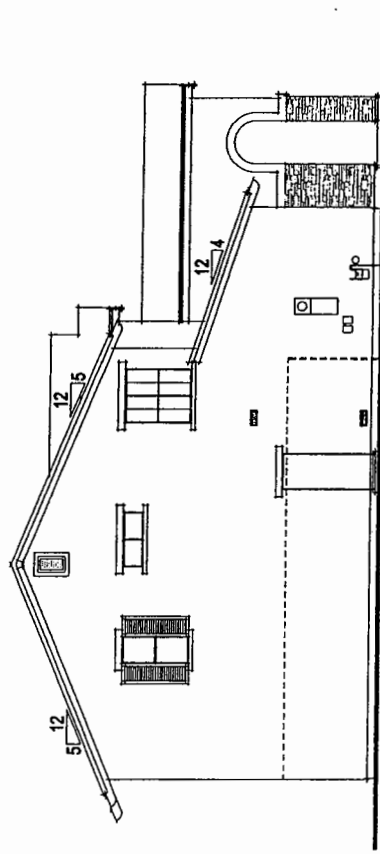
PLAN 2
STANDARD LOT PRODUCT

R o l i n g w o o d
V a l l e j o , C a l i f o r n i a

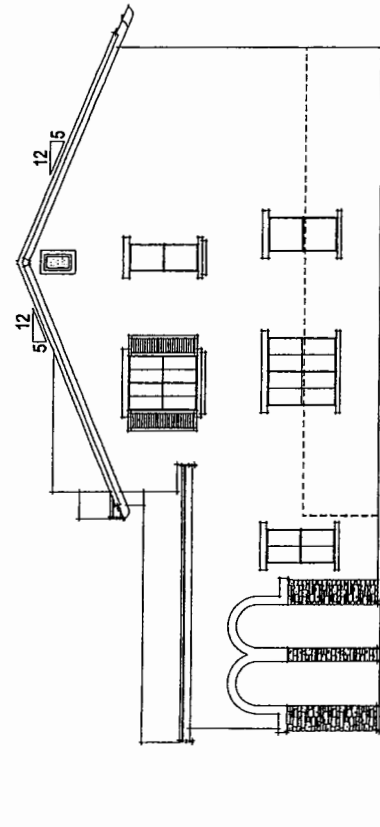
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O R A C C O U N T G T



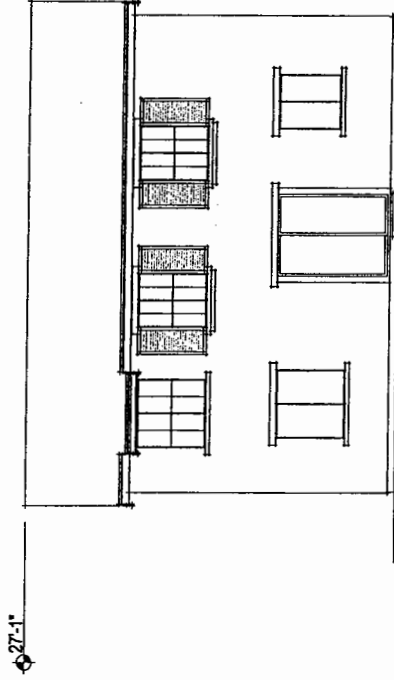
ROOF PLAN 'B'



LEFT ELEVATION 'B'



RIGHT ELEVATION 'B'

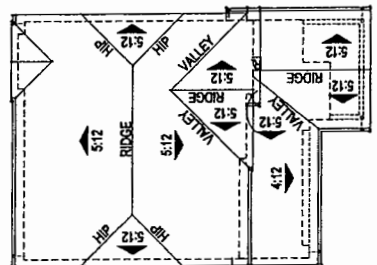


REAR ELEVATION 'B'

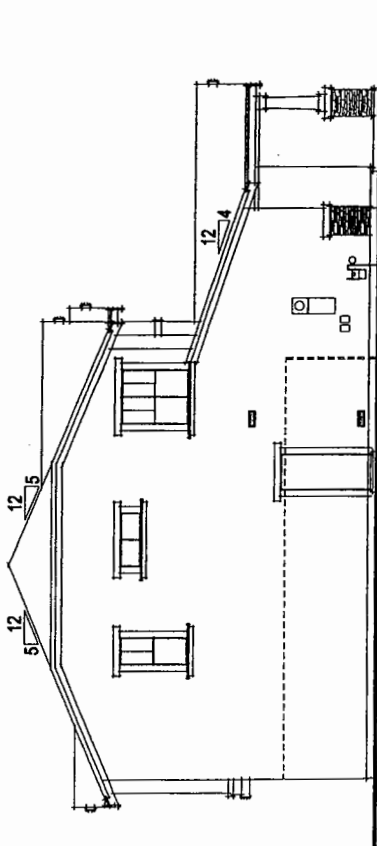
PLAN 2
STANDARD LOT PRODUCT
ENHANCED ELEVATIONS WHERE
LOT IS ADJACENT TO ROADWAY

R o l l i n g w o o d
Vallejo, California

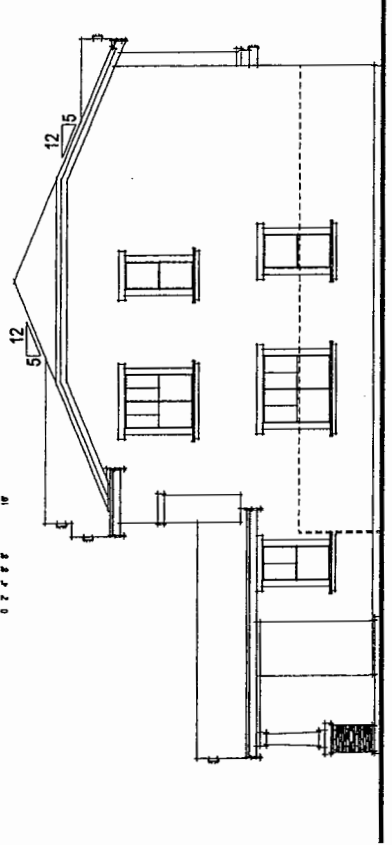
SDO ARCHITECTURE, INC.
1000 10TH STREET, SUITE 100
VALLEJO, CA 94591-0100



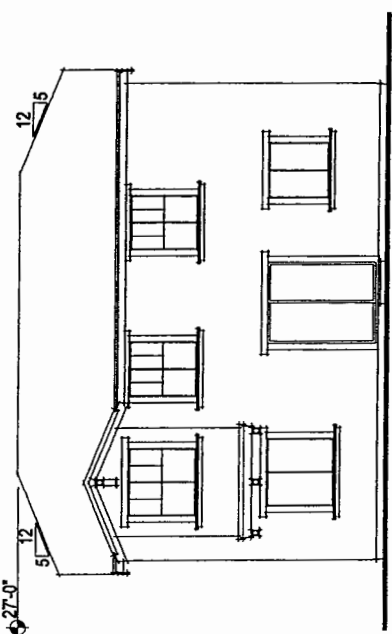
ROOF PLAN 'C'



LEFT ELEVATION 'C'



RIGHT ELEVATION 'C'



REAR ELEVATION 'C'

PLAN 2
 STANDARD LOT PRODUCT
 ENHANCED ELEVATIONS WHERE
 LOT IS ADJACENT TO ROADWAY

R o l l i n g w o o d
 Vallejo, California

S D O A R C H I T E C T S, I N C.
 924.634.7000
 08 August 07



EXTERIOR MATERIALS

A ELEVATIONS

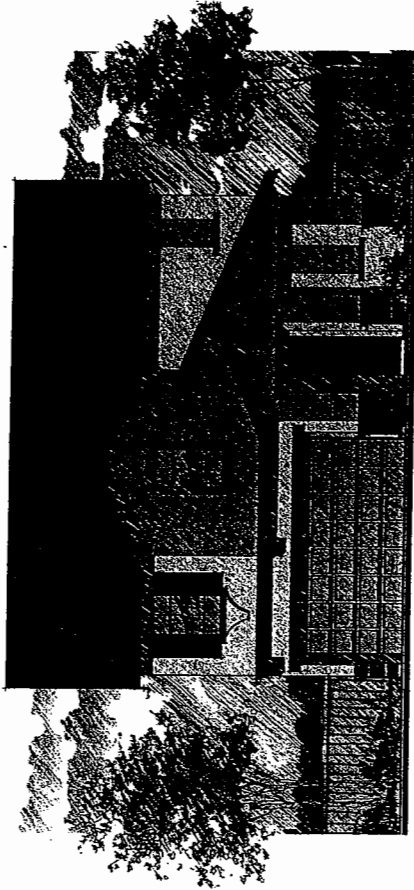
Flat concrete tile roofing
 Gable roofs
 Stucco exterior finish
 Decorative stucco over foam corbels
 Decorative stucco over foam sills & trims
 Roll-up garage doors with optional glass
 Stone veneer

B ELEVATIONS

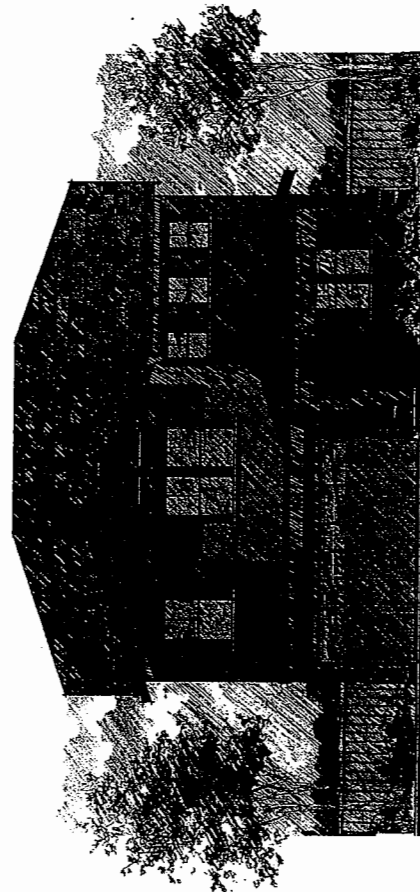
Flat concrete tile roofing
 Gable & shed roofs
 Stucco exterior finish
 Decorative stucco over foam corbels
 Decorative stucco over foam sills & trims
 Roll-up garage doors with optional glass
 Decorative wrought iron accents
 Stone veneer

C ELEVATIONS

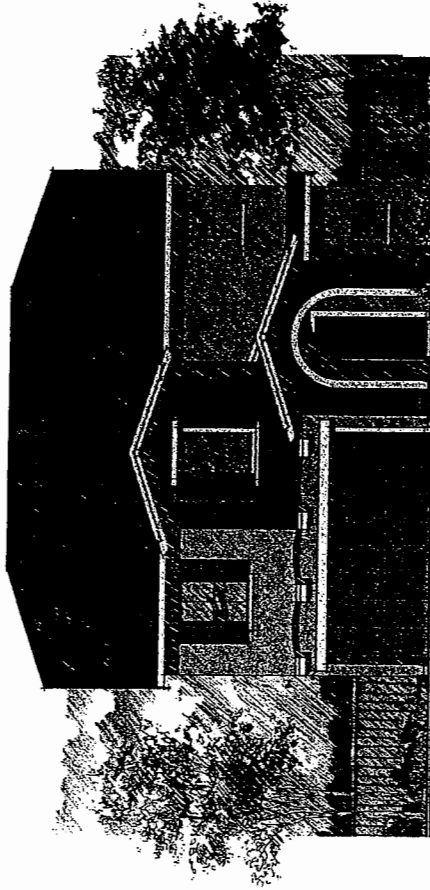
Flat concrete tile roofing
 Gable roofs
 Stucco exterior finish w/ wood siding accents
 Wood corbels
 Decorative stucco over foam sills & trims
 Roll-up garage doors with optional glass
 Stone veneer



Elevation A



Elevation C



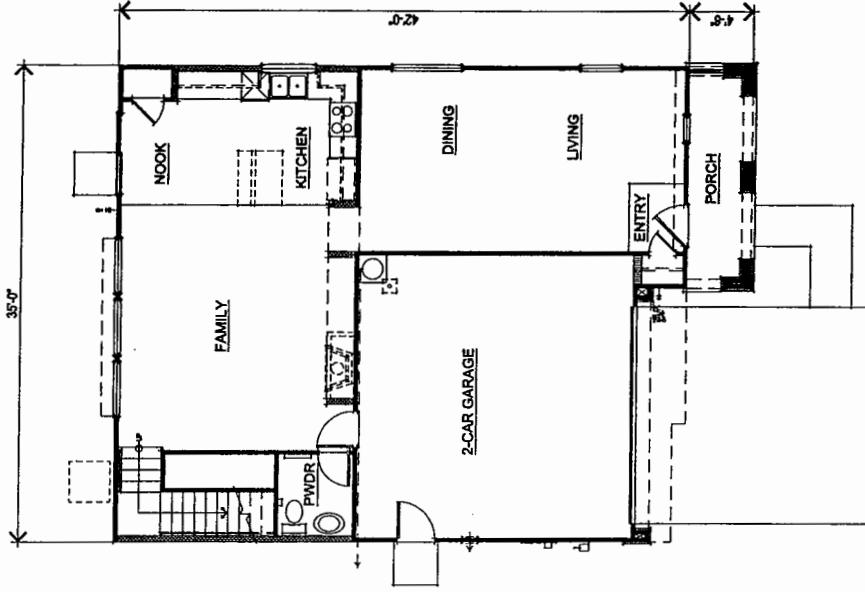
Elevation B

PLAN 3
 STANDARD LOT PRODUCT

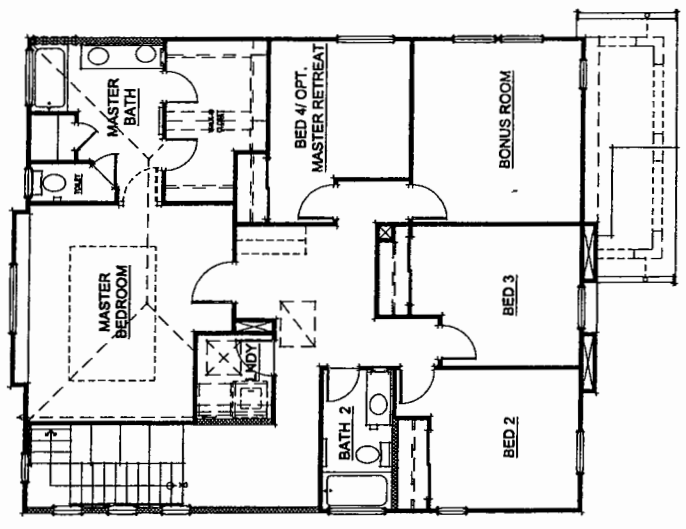
R o l i n g w o o d
 Vallejo, California

928.632.7888
 04 August 07





FIRST FLOOR PLAN



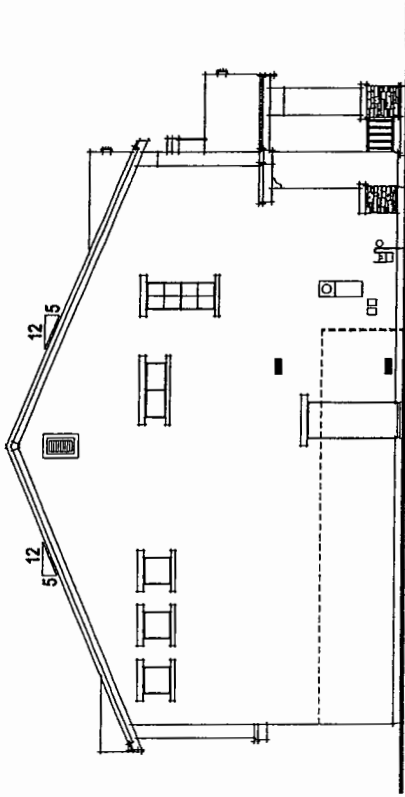
SECOND FLOOR PLAN

SQUARE FOOTAGE	
FIRST FLOOR:	874 SQ. FT.
SECOND FLOOR:	1408 SQ. FT.
TOTAL:	2282 SQ. FT.
2-CAR GARAGE:	428 SQ. FT.

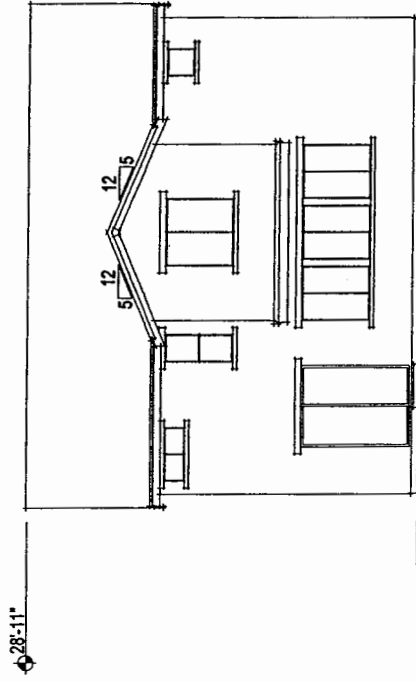
PLAN 3
STANDARD LOT PRODUCT

R o l l i n g w o o d
Vallejo, California

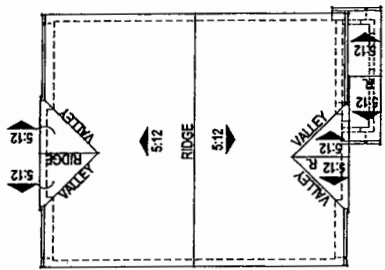
S D O A R C H I T E C T S, I N C.
226-842-7868
08 August 07



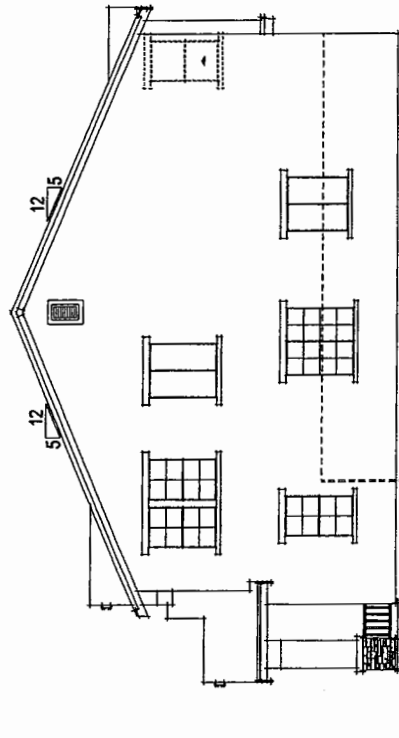
LEFT ELEVATION 'A'



REAR ELEVATION 'A'



ROOF PLAN 'A'



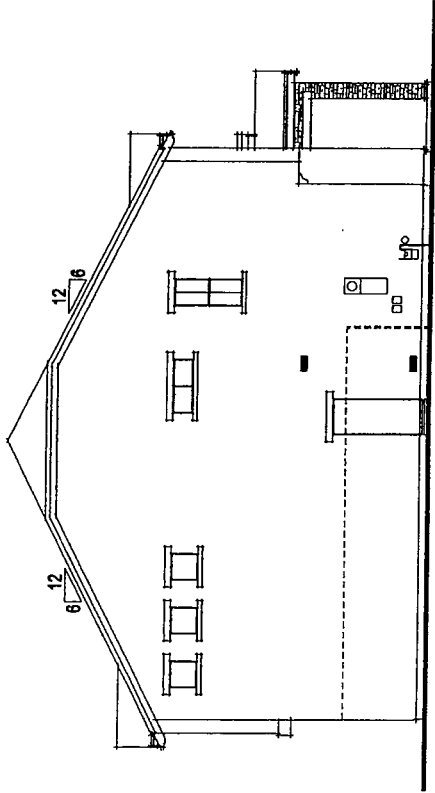
RIGHT ELEVATION 'A'

PLAN 3
STANDARD LOT PRODUCT

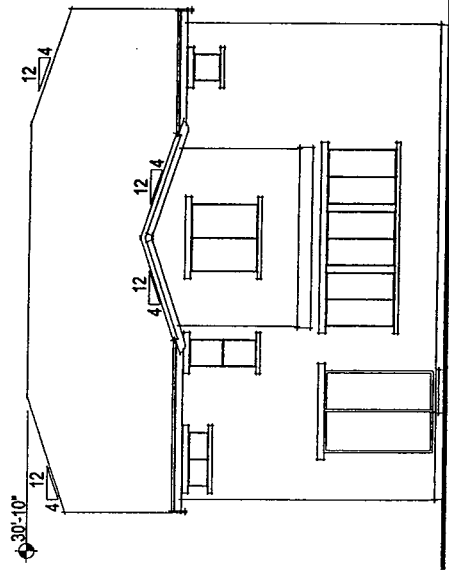
R o l i n g w o o d

V e l i j o , C a l i f o r n i a

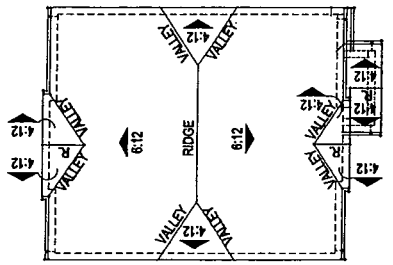
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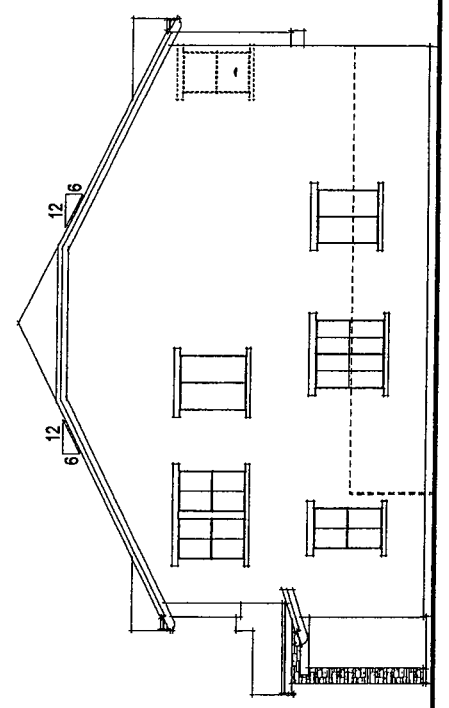
LEFT ELEVATION 'B'



REAR ELEVATION 'B'



ROOF PLAN 'B'

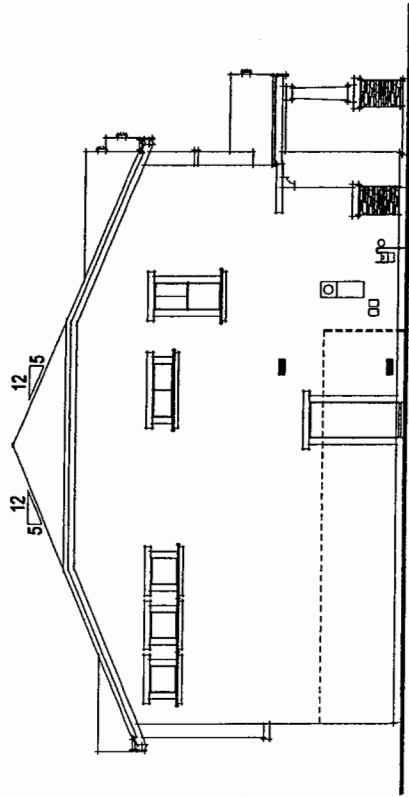


RIGHT ELEVATION 'B'

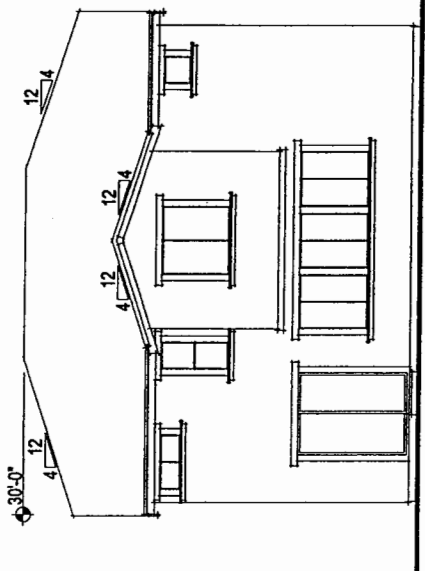
PLAN 3
STANDARD LOT PRODUCT

R o l i d g w o d
Vallejo, California

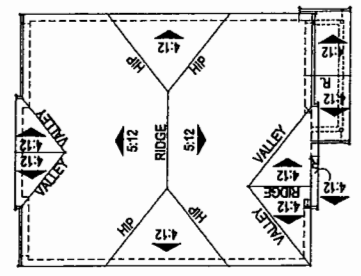
800 A 1524 7661 s. i. n. c.
928 634 7668
08 August 07



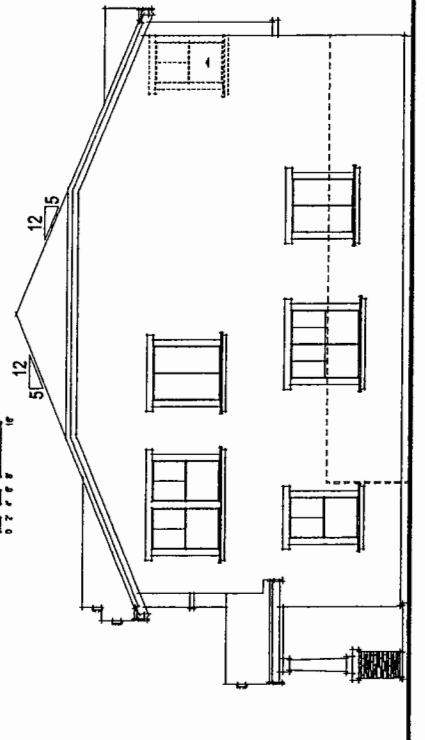
LEFT ELEVATION 'C'



REAR ELEVATION 'C'



ROOF PLAN 'C'

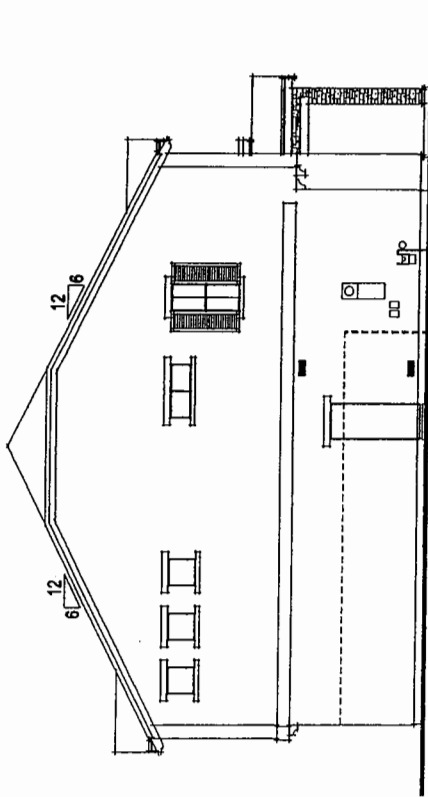


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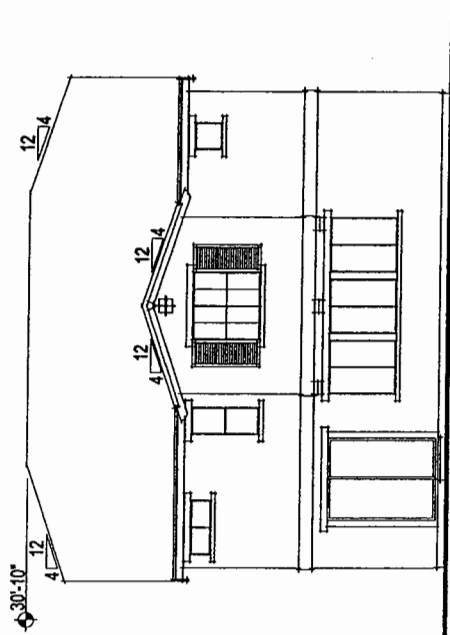
PLAN 3
STANDARD LOT PRODUCT

R o l l i n g w o o d
Vallejo, California

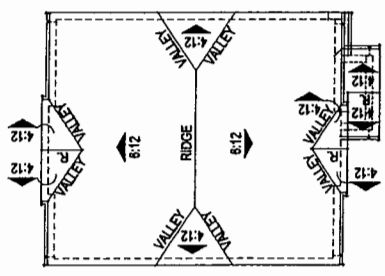
S D O A R C H I T E C T S, I N C.
525 - 633 - 7900
30 August 07



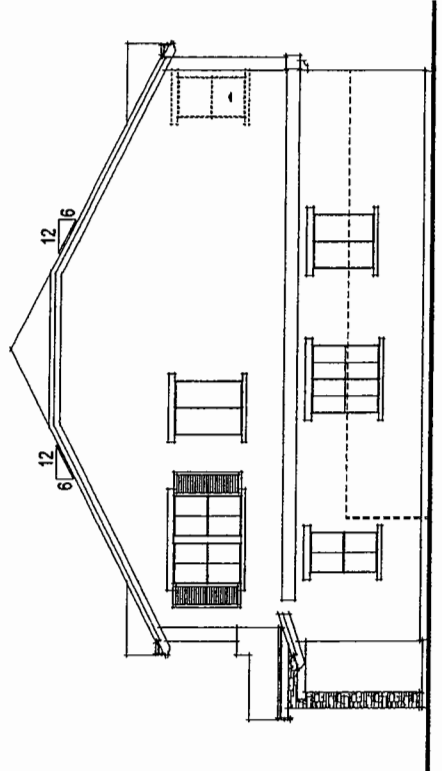
LEFT ELEVATION 'B'



REAR ELEVATION 'B'



ROOF PLAN 'B'



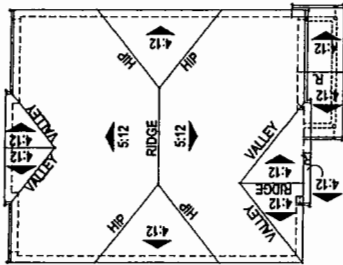
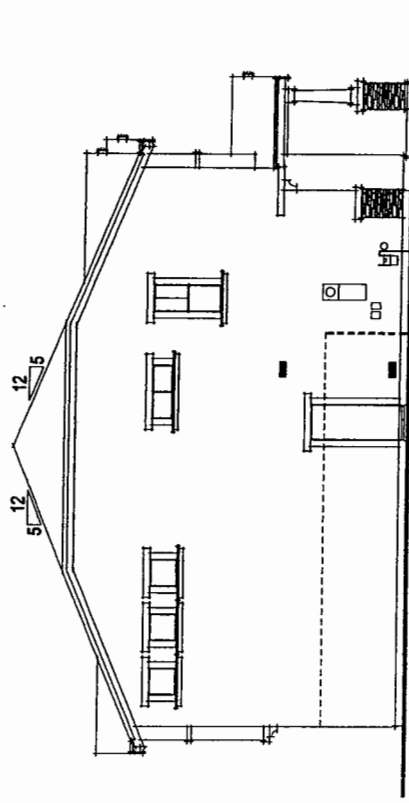
RIGHT ELEVATION 'B'

PLAN 3
 STANDARD LOT PRODUCT
 ENHANCED ELEVATIONS WHERE
 LOT IS ADJACENT TO ROADWAY

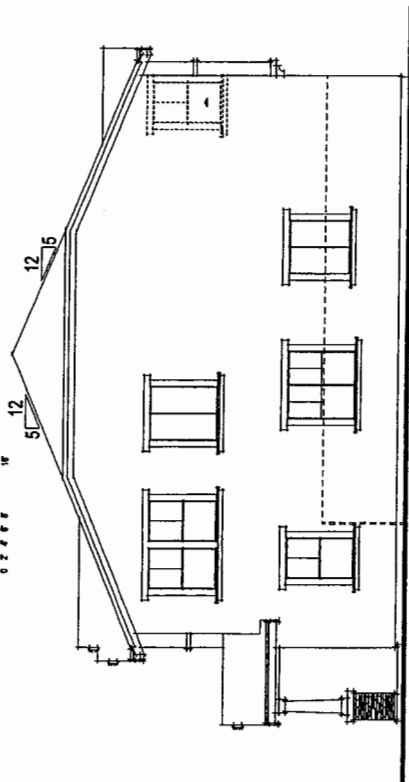


R o l l i n g w o o d
 Vallejo, California

500 A. ...
 ...
 ...

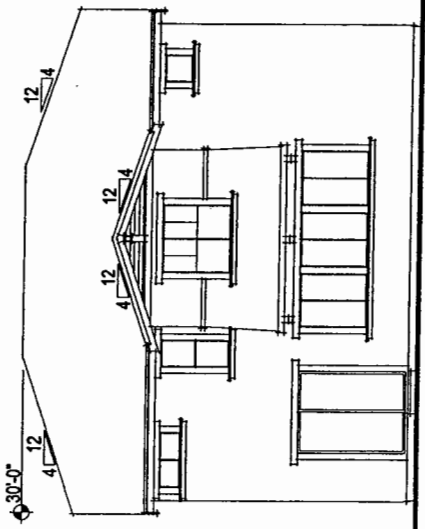


ROOF PLAN 'C'



RIGHT ELEVATION 'C'

LEFT ELEVATION 'C'



REAR ELEVATION 'C'

PLAN 3
 STANDARD LOT PRODUCT
 ENHANCED ELEVATIONS WHERE
 LOT IS ADJACENT TO ROADWAY



R o l l i n g w o o d
 Vallejo, California

500 A Rollingwood, Inc.
 925-Adapt, Inc.
 08 August 07



Plan 1A Traditional
(Extended Porch Option Shown)

Plan 3D Victorian

Plan 2C Italianate

Plan 1B Bungalow

Note: Extended Porch Option to be Offered on Paseo Homes Plans 1 and 3 at Corner Lots only

Paseo Homes

Rollingwood
Vallejo, California

800 A.R.C. DEVELOPMENT, INC.
928.634.7666
08 August 07

EXTERIOR MATERIALS

A ELEVATIONS

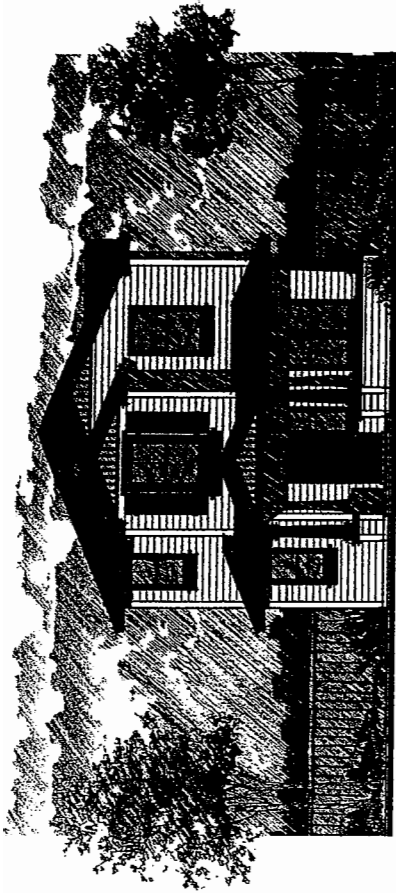
Flat concrete tile roofing
 Gable & hip roofs
 Wood siding
 Wood trim
 Decorative sills & trims
 Roll-up garage doors with optional glass

B ELEVATIONS

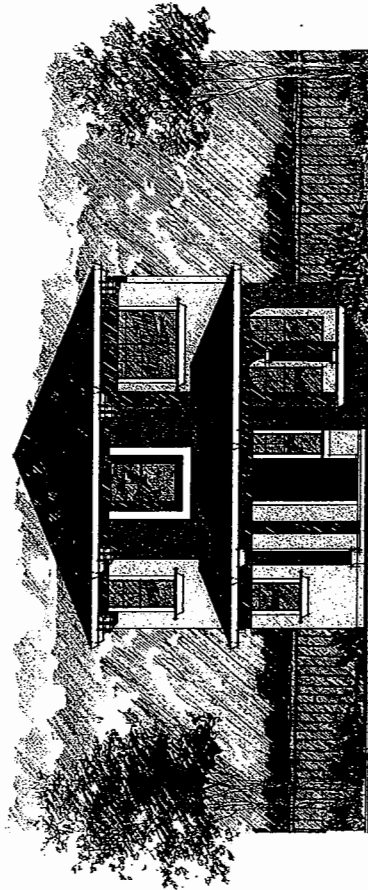
Flat concrete tile roofing
 Gable & hipped roofs
 Wood siding
 Wood trim
 Wood corbels
 Decorative sills & trims
 Roll-up garage doors with optional glass
 Stone veneer

C ELEVATIONS

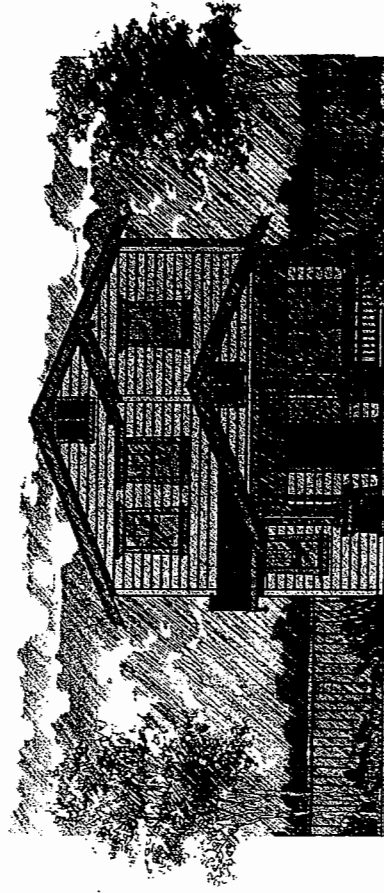
Flat concrete tile roofing
 Hip roofs
 Stucco exterior finish
 Decorative corbels
 Decorative sills & trims
 Roll-up garage doors with optional glass



Elevation A



Elevation B



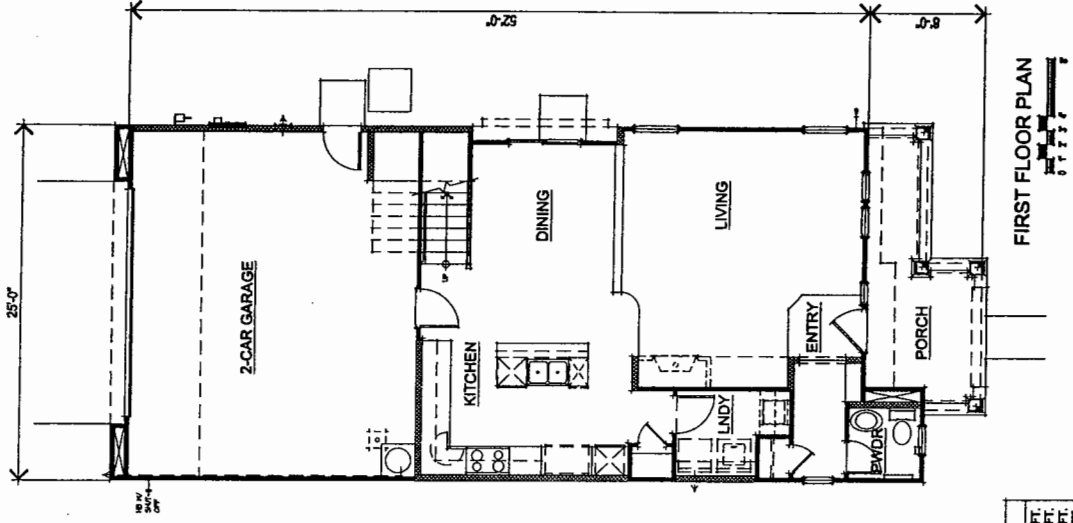
Elevation C



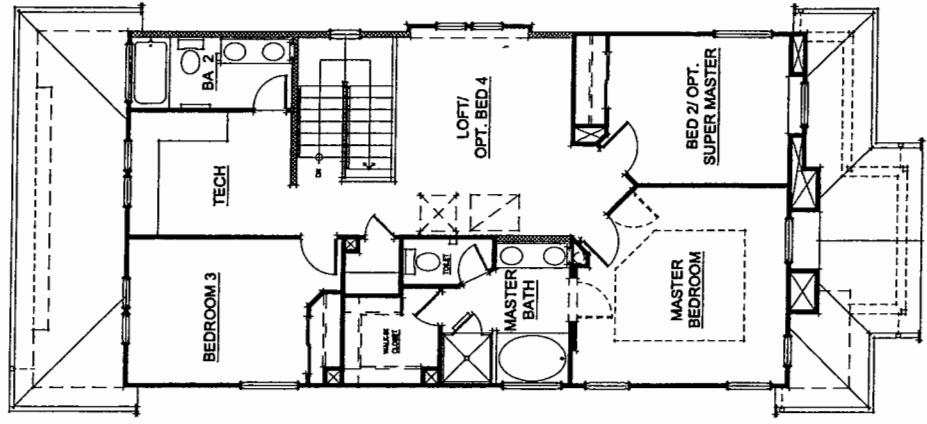
PLAN 1
 PASEO HOMES

R o l i n g w o o d
 V a l l e j o , C a l i f o r n i a

8 0 0 A S H L E Y
 S E R V I S E S , I N C .
 3 0 1 A l l e n w o o d D R



FIRST FLOOR PLAN



SECOND FLOOR PLAN

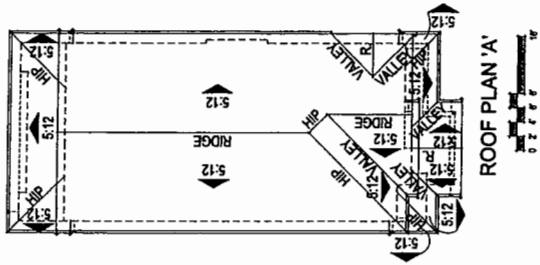
SQUARE FOOTAGE	
FIRST FLOOR:	805 SQ. FT.
SECOND FLOOR:	1137 SQ. FT.
TOTAL:	1942 SQ. FT.
2-CAR GARAGE:	509 SQ. FT.

PLAN 1
PASEO HOMES

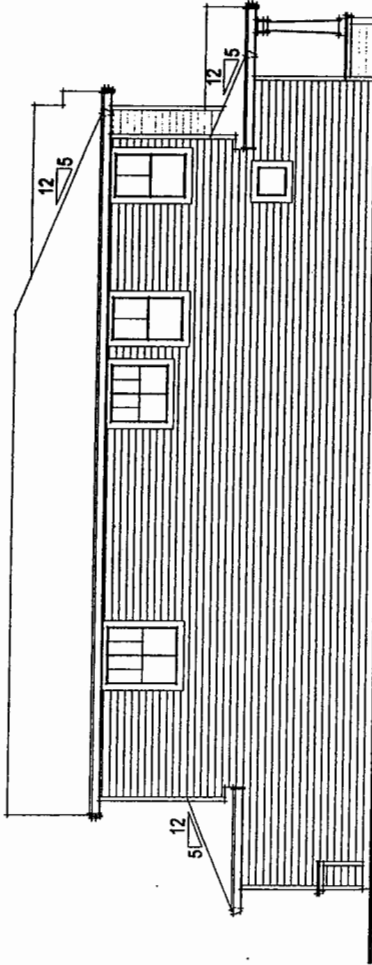
R o l l i n g w o o d

Vallejo, California

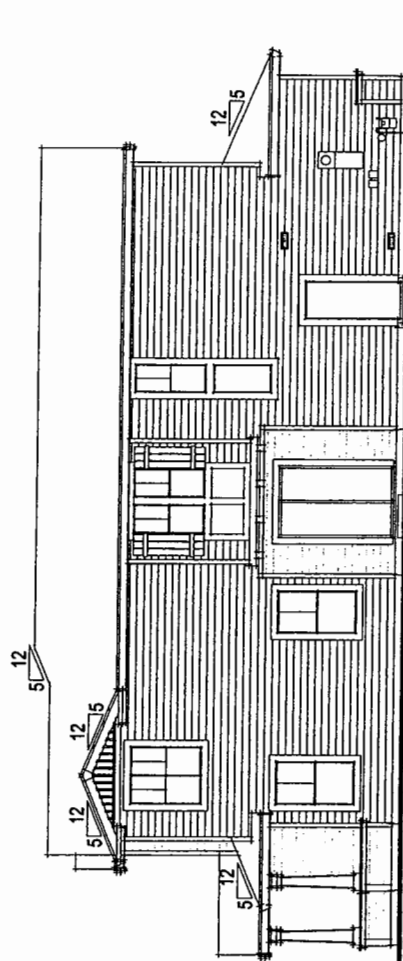
S D O A R C H I T E C T S, I N C.
928.034.7800



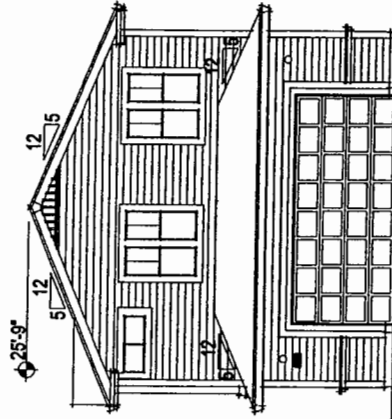
ROOF PLAN 'A'



LEFT ELEVATION 'A'



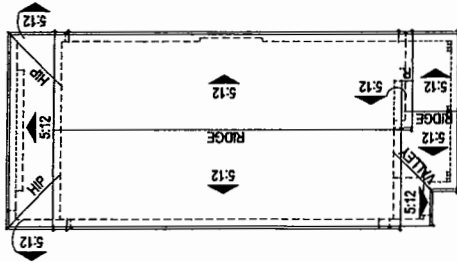
RIGHT ELEVATION 'A'



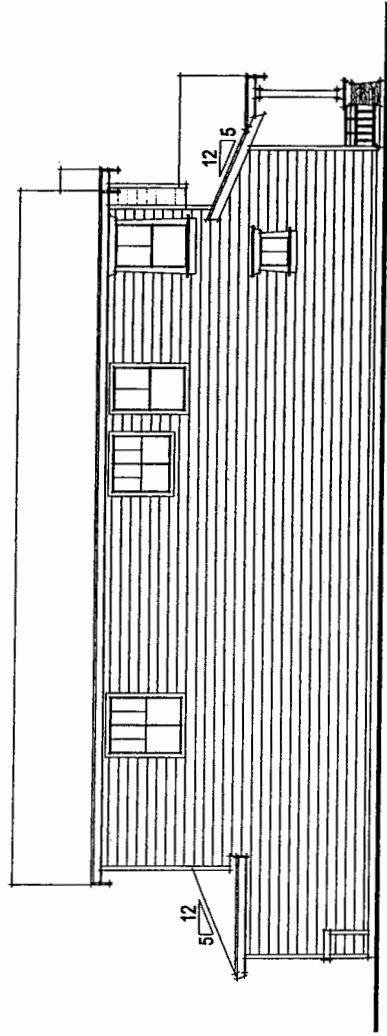
REAR ELEVATION 'A'

PLAN 1
 PASEO HOMES
 R o l i n g w o o d
 Vallejo, California

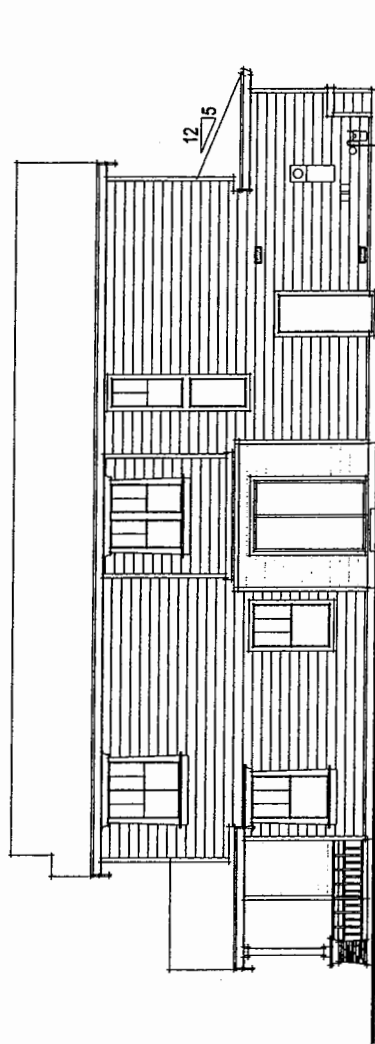
300 A, 1980-04-1980-11-11, I. N. O.



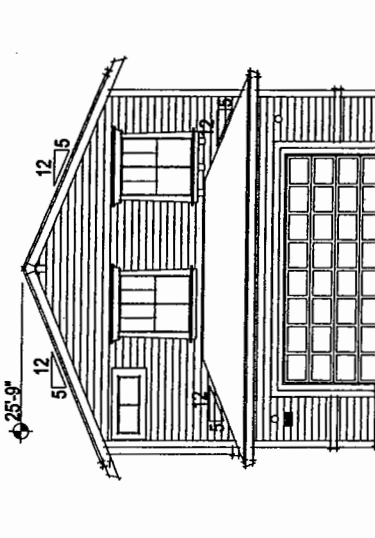
ROOF PLAN 'B'



LEFT ELEVATION 'B'



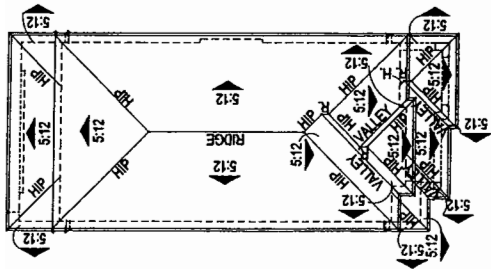
RIGHT ELEVATION 'B'



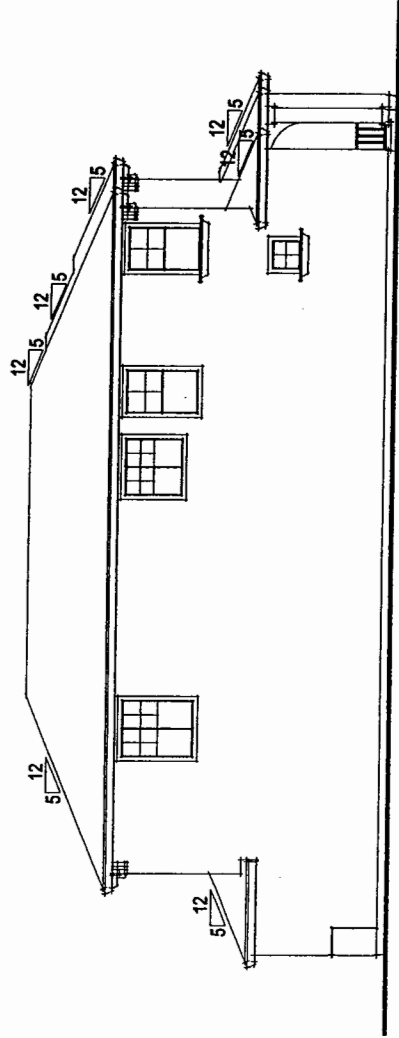
REAR ELEVATION 'B'

PLAN 1
 PASEO HOMES
 R o l i n g w o o d
 Vallejo, California

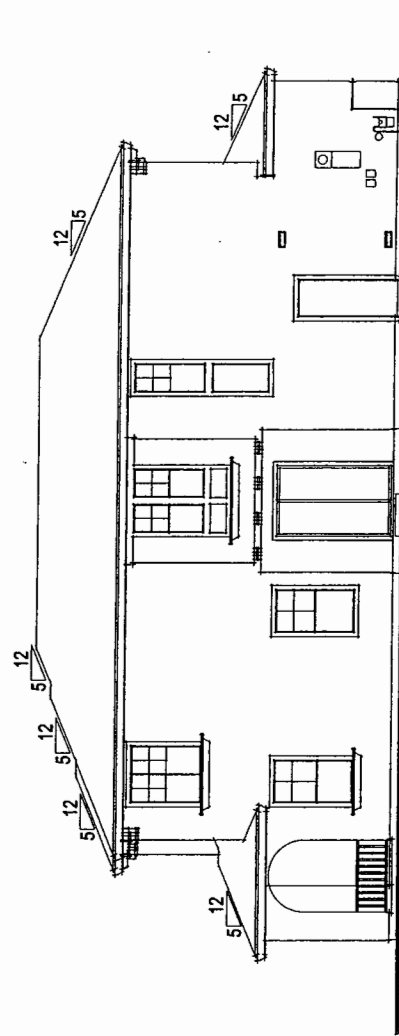
S D O Architects, Inc.



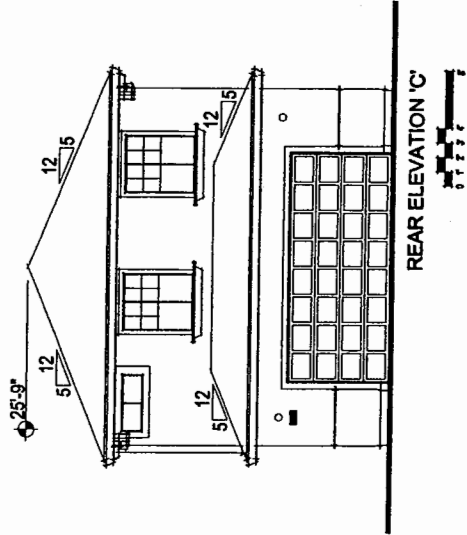
ROOF PLAN 'C'



LEFT ELEVATION 'C'



RIGHT ELEVATION 'C'

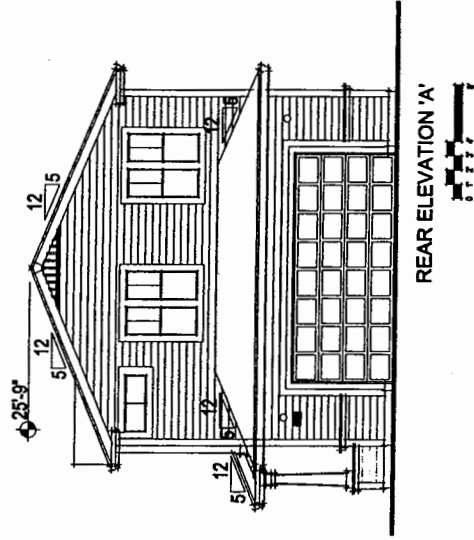
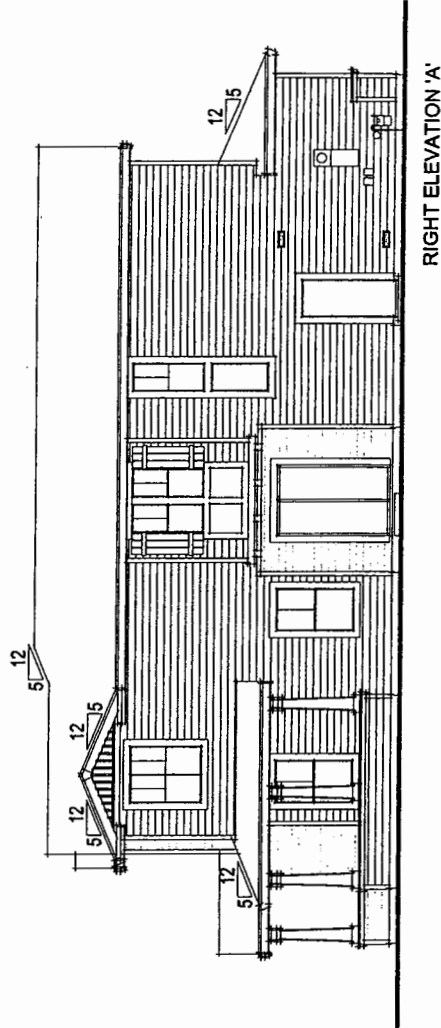
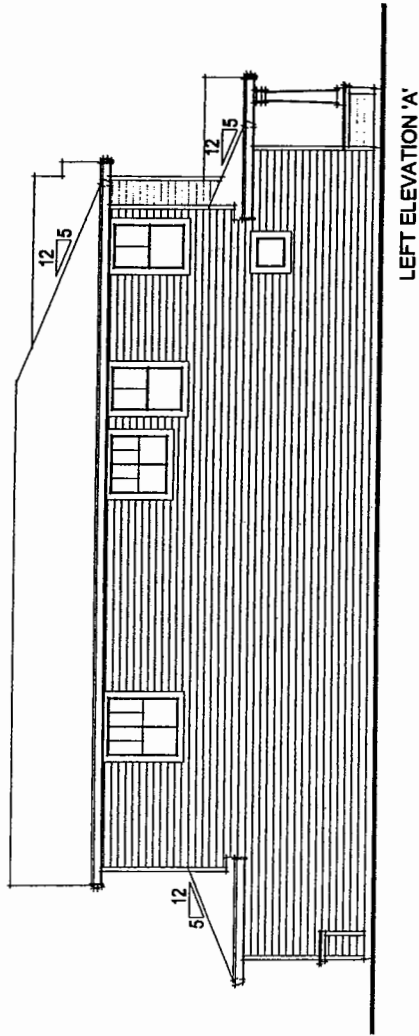
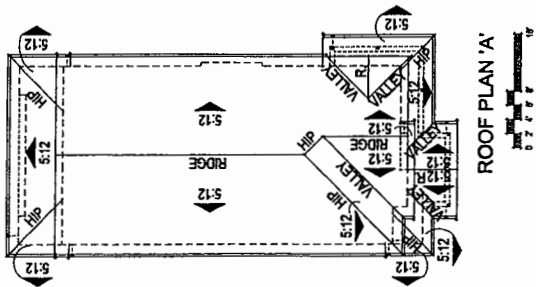


REAR ELEVATION 'C'

PLAN 1
PASEO HOMES

R o l l i n g w o o d
Vallejo, California

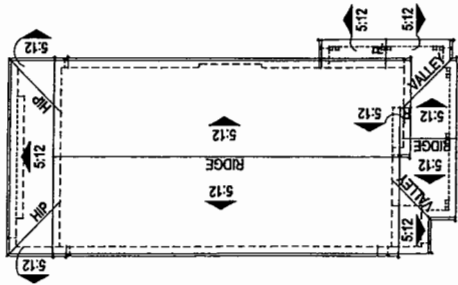
S D O A 1 6 2 8 7 3 3 4 7 0 0 0 I n c .



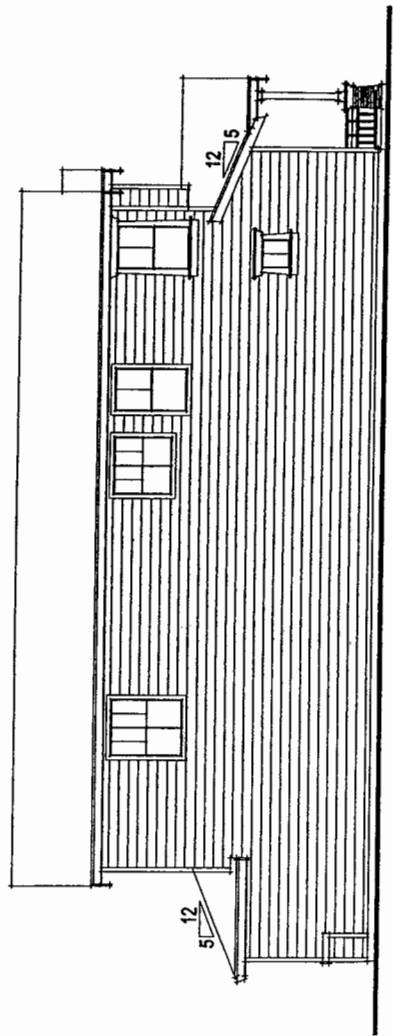
PLAN 1
ALLEY LOAD @ EXTENDED PORCH PRODUCT

R o l l i n g w o o d
V A L L E J O , C A L I F O R N I A

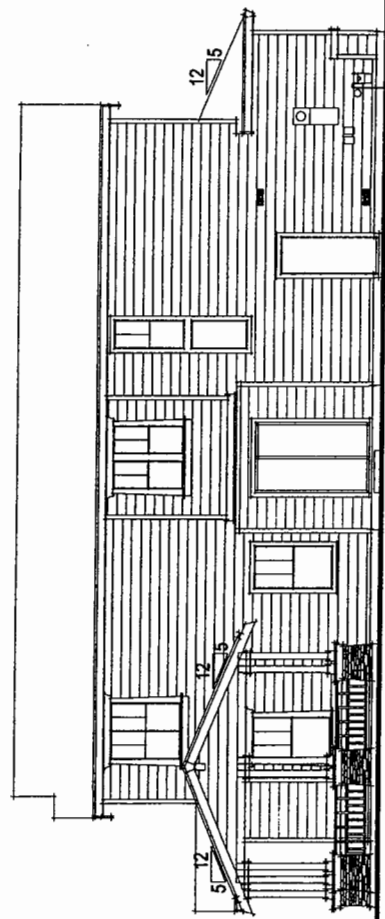
3 0 0 A 1 5 5 1 1 7 0 0 0 I N C .



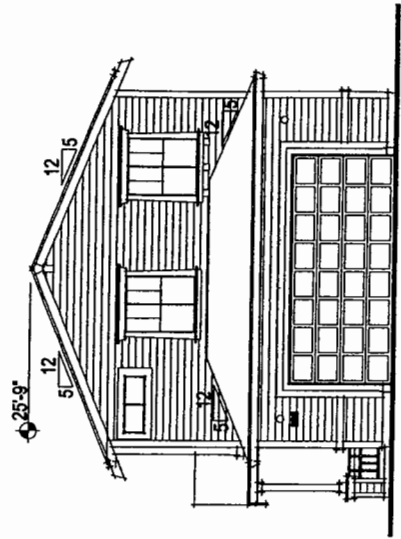
ROOF PLAN 'B'



LEFT ELEVATION 'B'



RIGHT ELEVATION 'B'



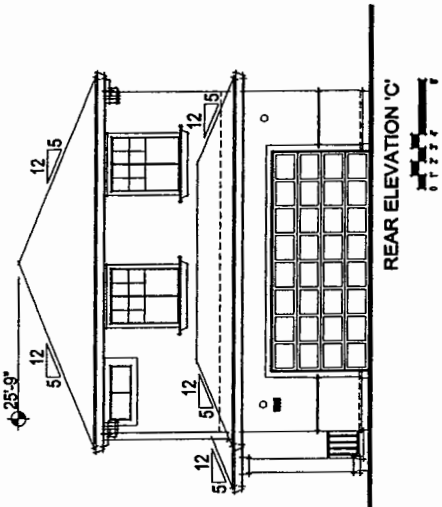
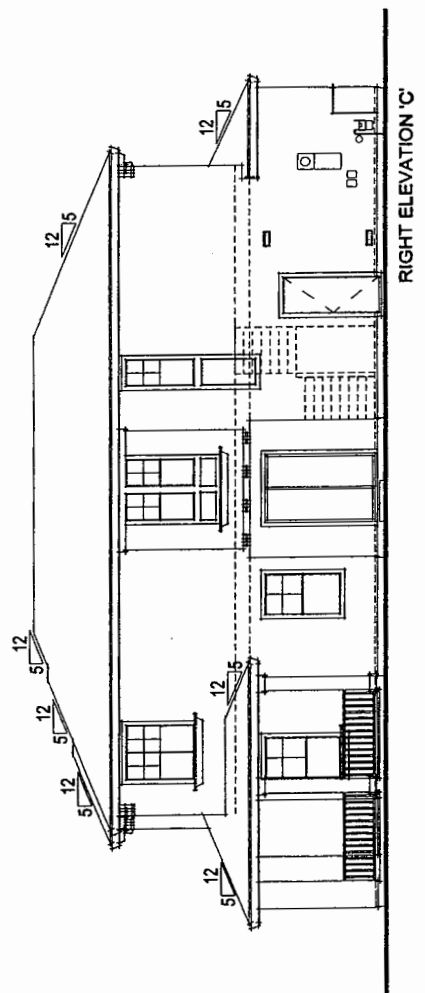
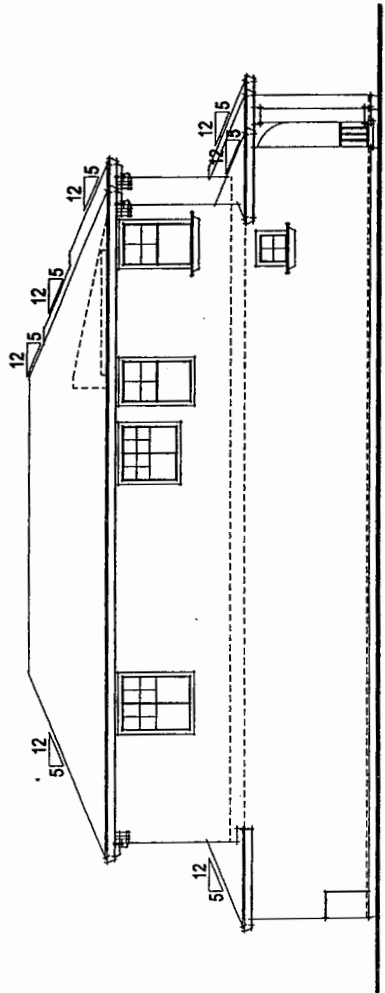
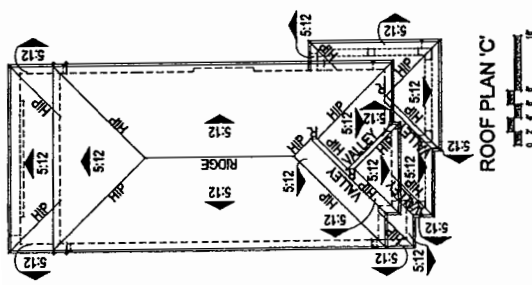
REAR ELEVATION 'B'

PLAN 1
ALLEY LOAD @ EXTENDED PORCH PRODUCT

R o l l i n g w o o d
V a l l e j o C a l i f o r n i a



800 A 1 0 2 8 3 3 1 7 0 0 0 1 5, I N C.



PLAN 1
ALLEY LOAD @ EXTENDED PORCH PRODUCT

R o l l i n g w o o d
Vallejo California

800 A R S H I L L C O N T R A C T I N G I N C.
926-034-7000
08 August 07

EXTERIOR MATERIALS

A ELEVATIONS

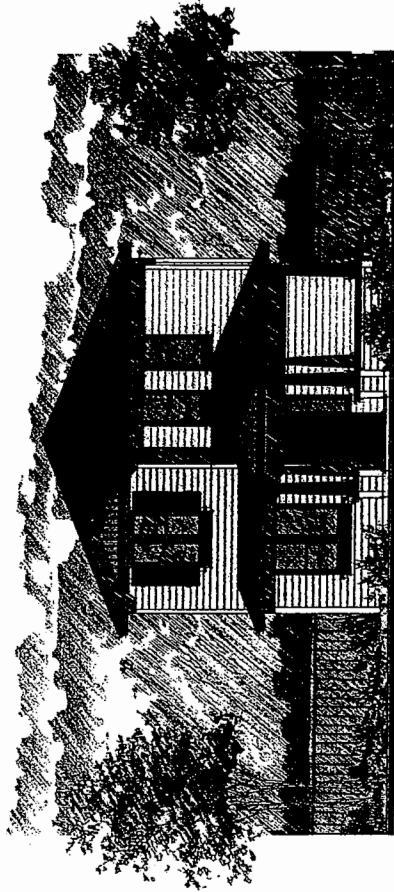
Flat concrete tile roofing
 Gable & hip roofs
 Wood siding w/ board and batten accents
 Decorative wood shutters
 Decorative wood sills & trims
 Roll-up garage doors with optional glass

C ELEVATIONS

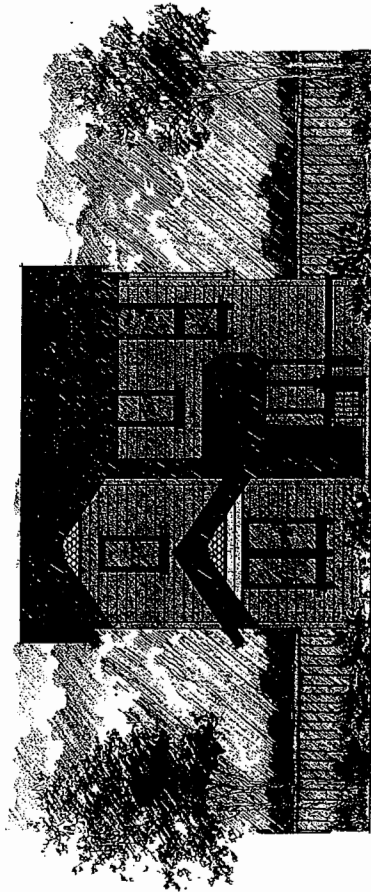
Flat concrete tile roofing
 Hip roof
 Stucco exterior finish
 Decorative stucco over foam corbels
 Decorative wood sills & trims
 Roll-up garage doors with optional glass
 Decorative wrought iron railing

D ELEVATIONS

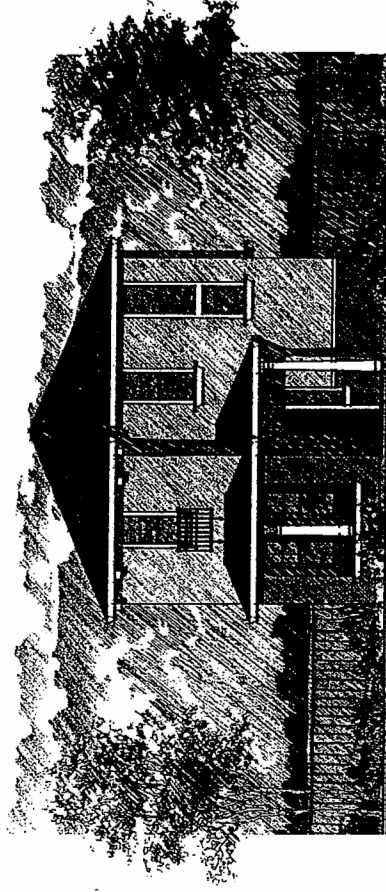
Flat concrete tile roofing
 Gable roof
 Wood siding w/ fasciated shingle siding accents
 Decorative wood sills & trims
 Roll-up garage doors with optional glass



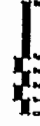
Elevation A



Elevation D



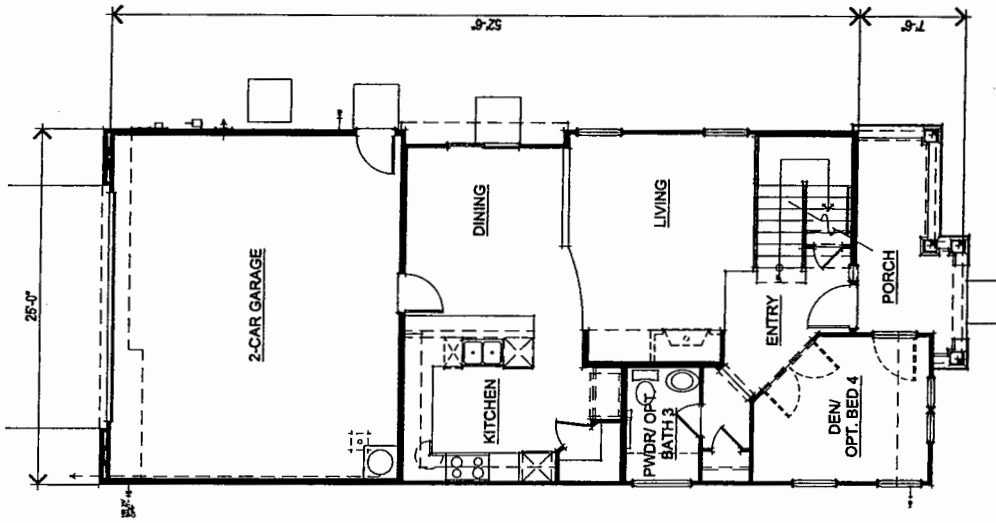
Elevation C



PLAN 2
 PASEO HOMES

R o l i n g w o o d
 Vallejo, California

800 ARTS HOMES, Inc.
 926.334.7888
 08 August 07



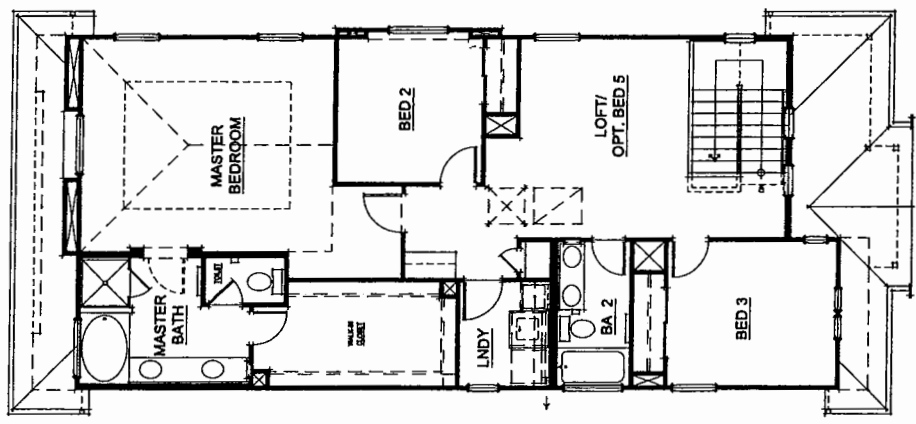
FIRST FLOOR PLAN

SQUARE FOOTAGE	
FIRST FLOOR:	881 SQ. FT.
SECOND FLOOR:	1268 SQ. FT.
TOTAL:	2149 SQ. FT.
2-CAR GARAGE:	599 SQ. FT.

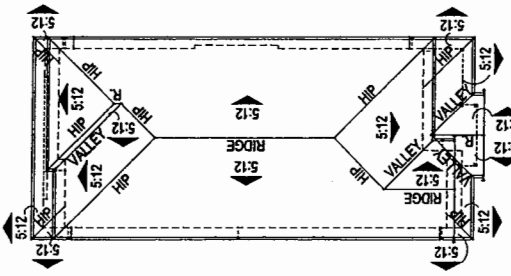
PLAN 2
PASEO HOMES

R o l i n g w o o d
Vallejo, California

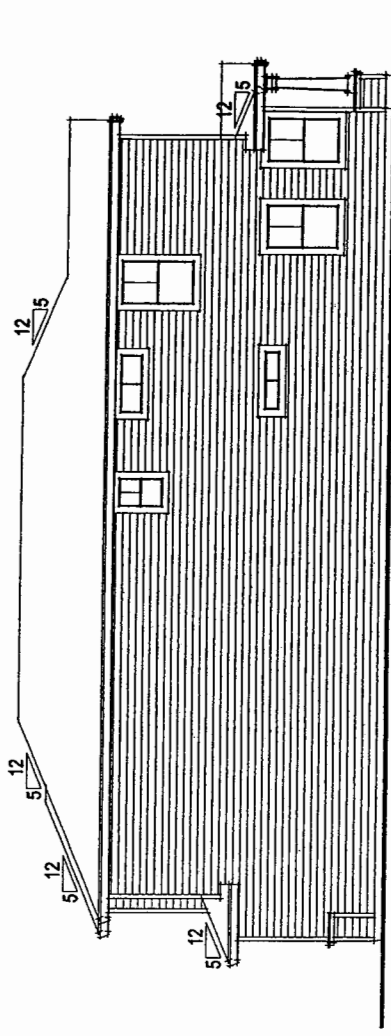
800 A 1020.534.7000 s. i. n. c.



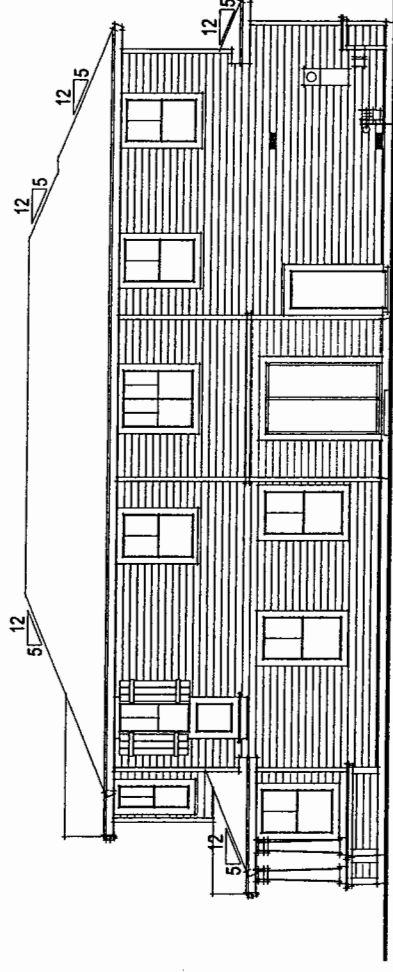
SECOND FLOOR PLAN



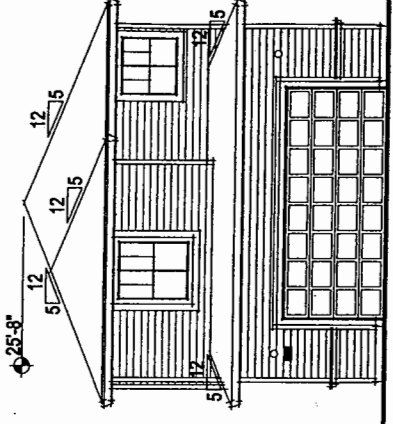
ROOF PLAN 'A'



LEFT ELEVATION 'A'



RIGHT ELEVATION 'A'

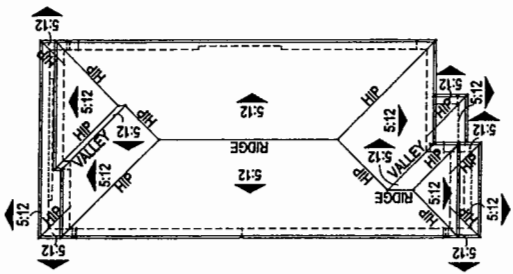


REAR ELEVATION 'A'

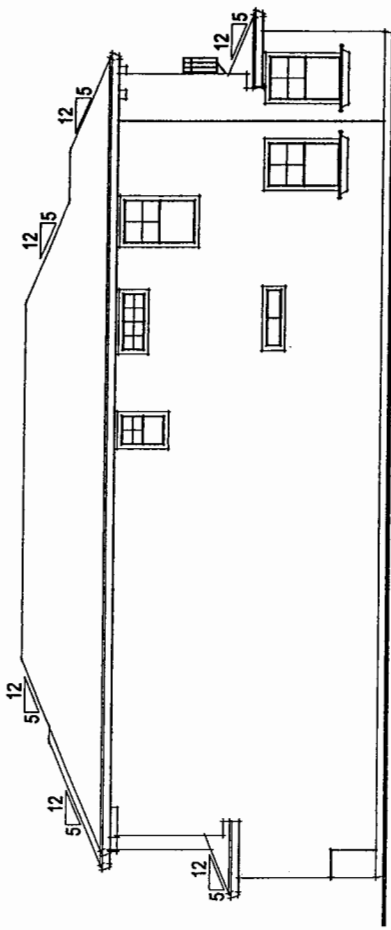
PLAN 2
PASEO HOMES

R o l l i n g w o o d
Vallejo, California

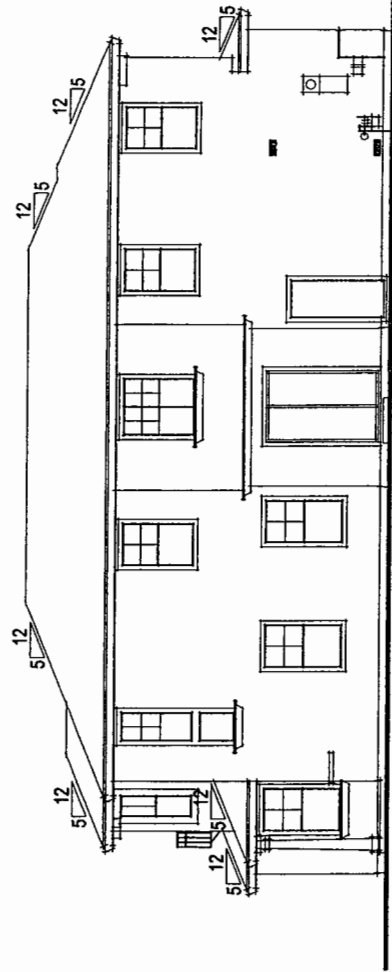
800 A R T I S T S P O O L I N C.



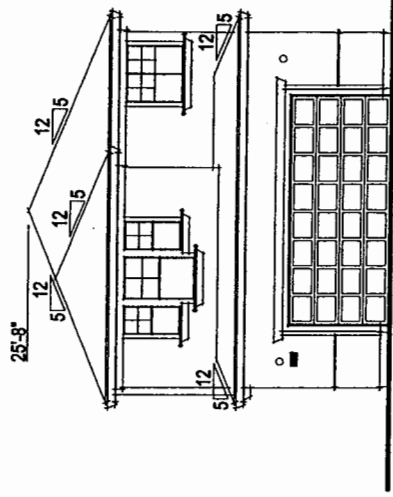
ROOF PLAN 'C'



LEFT ELEVATION 'C'



RIGHT ELEVATION 'C'



REAR ELEVATION 'C'



PLAN 2
 PASEO HOMES
 R o l i n g w o o d
 Vallejo, California

800 A 958-4788 • I n c .

EXTERIOR MATERIALS

B ELEVATIONS

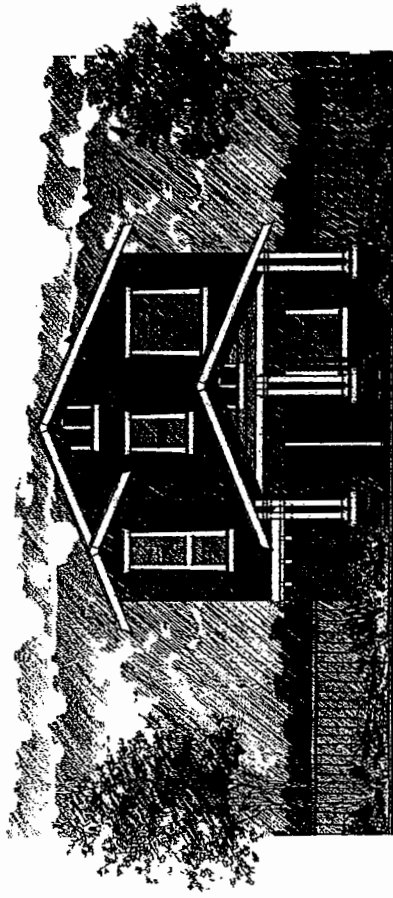
- Flat concrete tile roofing
- Cable & steel rock
- Wood siding
- Stone veneer
- Wood corbels
- Decorative wood sills & trims
- Roll-up garage doors with optional glass

C ELEVATIONS

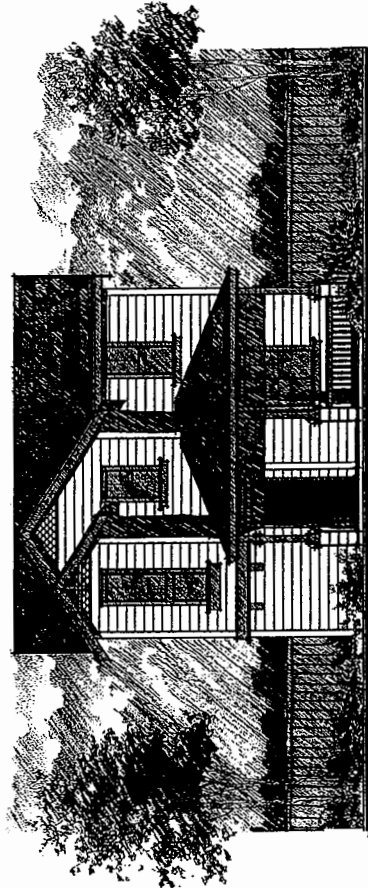
- Flat concrete tile roofing
- Hip rock
- Stucco exterior finish
- Decorative stucco over foam corbels
- Decorative wood sills & trim
- Roll-up garage doors with optional glass
- Decorative wrought iron railing

D ELEVATIONS

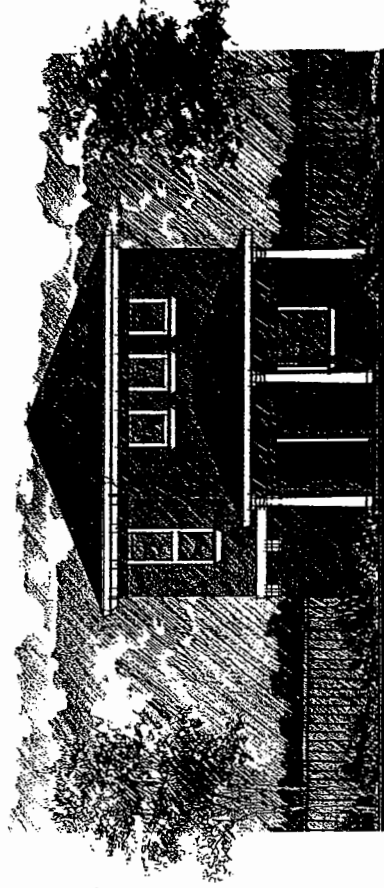
- Flat concrete tile roofing
- Cable rock
- Wood siding w/ scalloped siding accents
- Decorative wood sills & trims
- Roll-up garage doors with optional glass



Elevation B



Elevation D

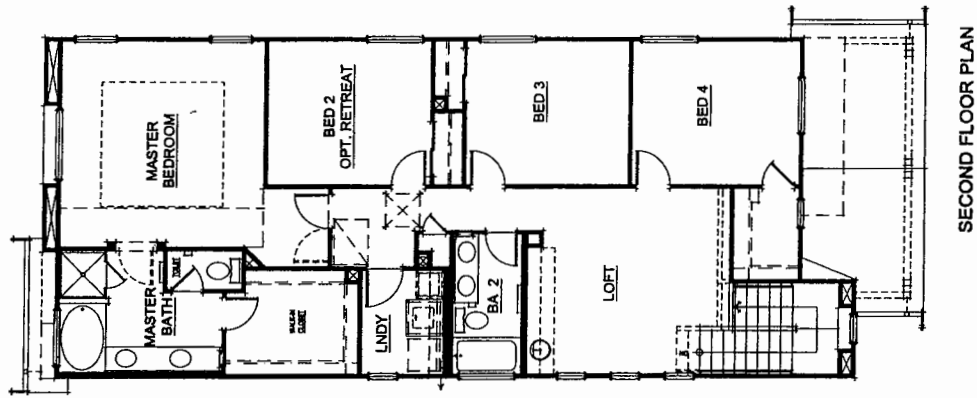
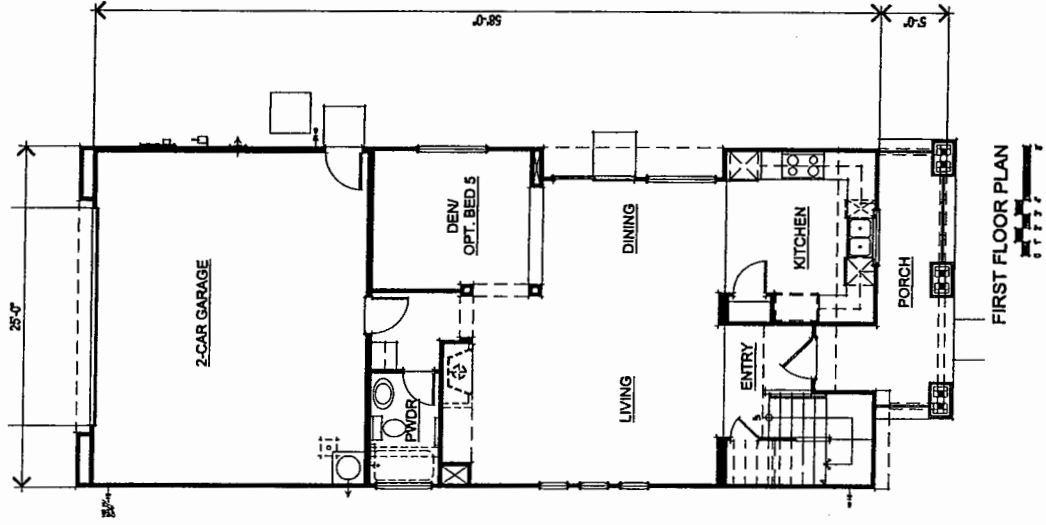


Elevation C



PLAN 3
 PASEO HOMES
 R o l l i n g W o o d
 Vallejo, California

S D O A R C H I T E C T S, I N C.
 925.934.7986
 28 August 07

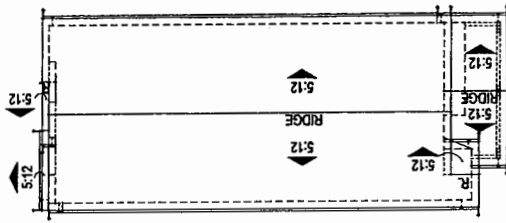


SQUARE FOOTAGE	
FIRST FLOOR:	187 SQ. FT.
SECOND FLOOR:	137 SQ. FT.
TOTAL:	224 SQ. FT.
2-CAR GARAGE:	509 SQ. FT.

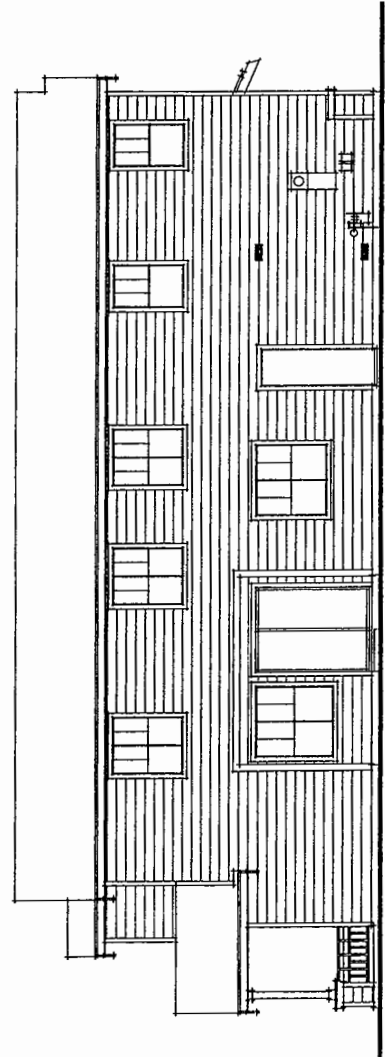
PLAN 3
PASEO HOMES

R o l l i n g w o o d
Vallejo, California

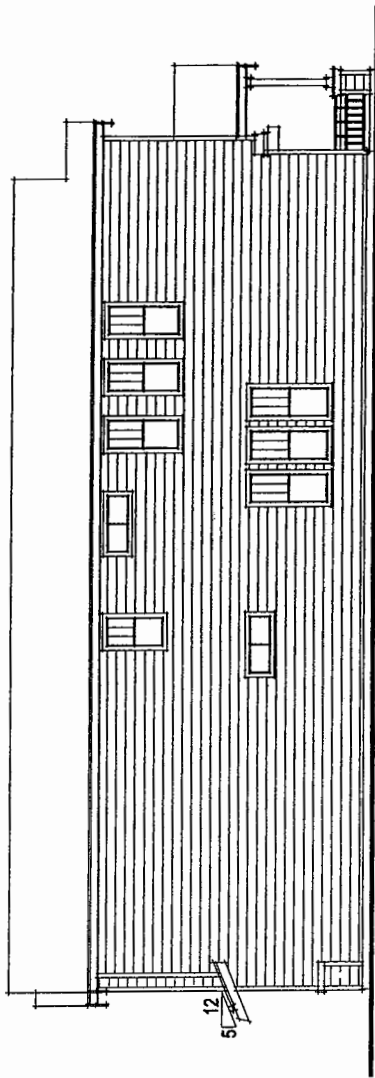
800 A P E S H A J P O S T E R, I N C.
08 August 07



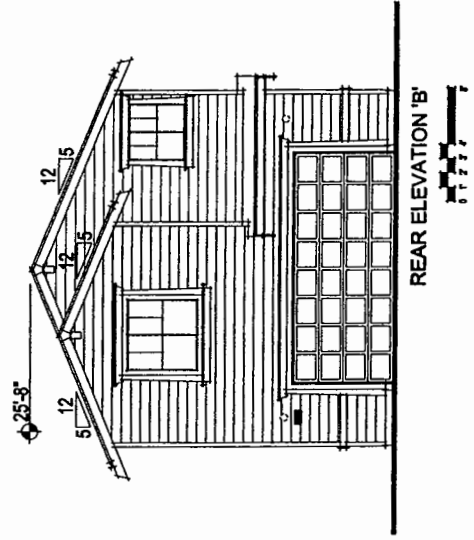
ROOF PLAN 'B'



RIGHT ELEVATION 'B'



LEFT ELEVATION 'B'

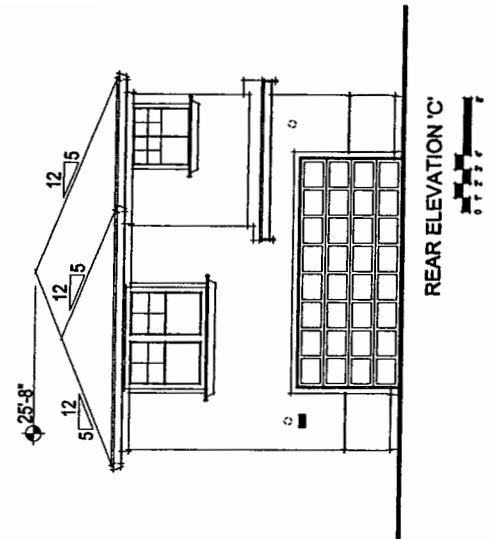
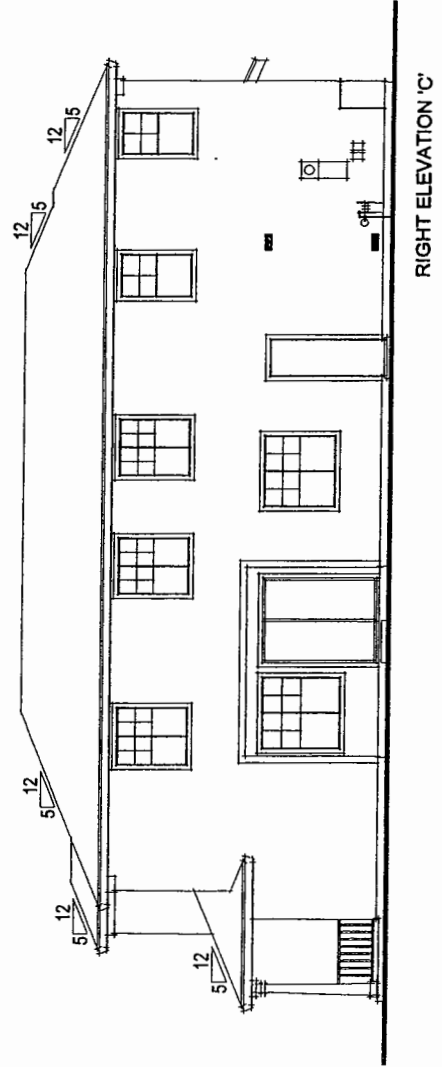
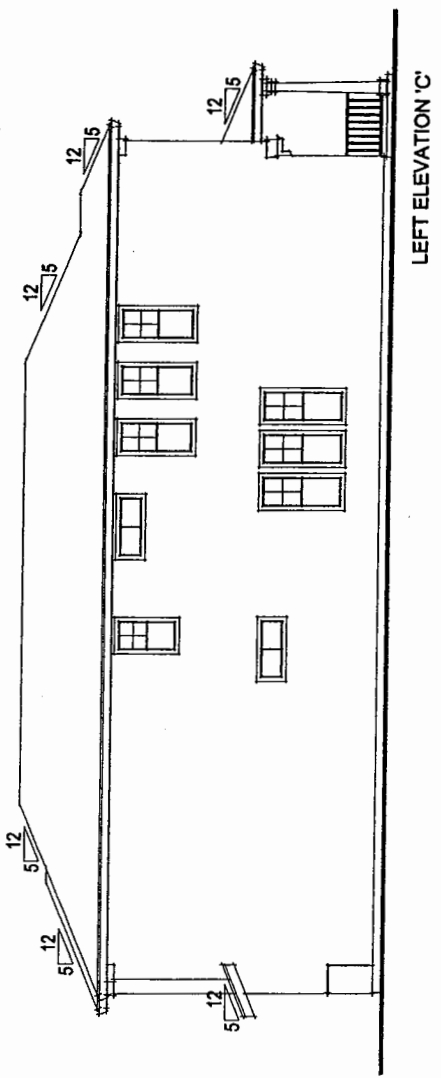
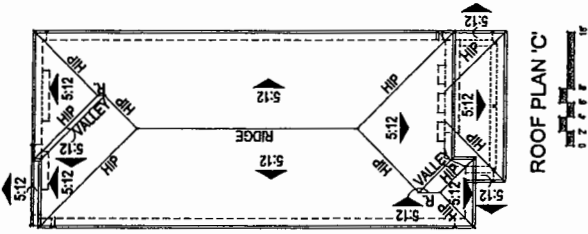


REAR ELEVATION 'B'

PLAN 3
PASEO HOMES

R o l i n g w o o d
Vallejo, California

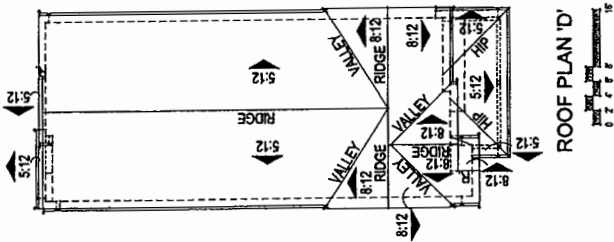
300 A 192nd St., Torrance, Calif. 90503
Tel. (310) 201-7000



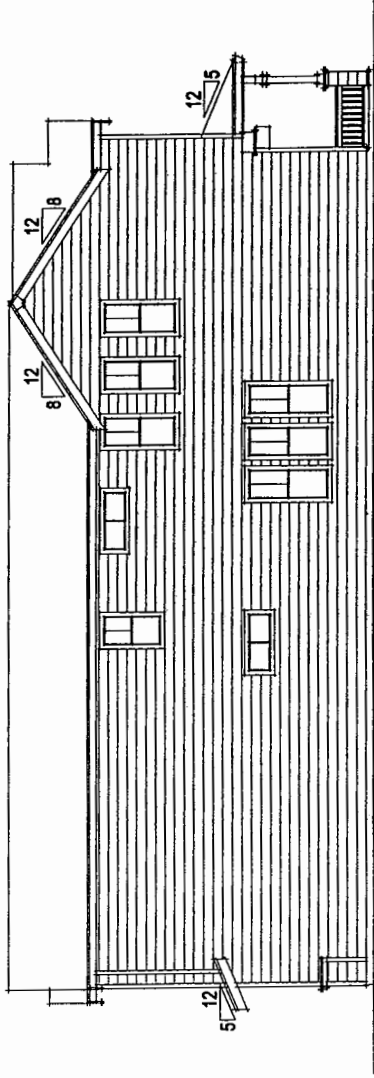
PLAN 3
PASEO HOMES

R o l i n g w o o d
Vallejo, California

S D G A R C H I T E C T S, I N C.

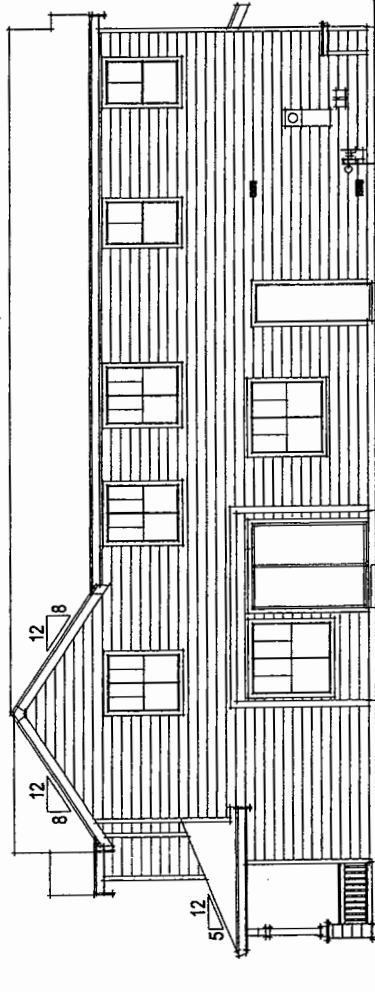


ROOF PLAN 'D'

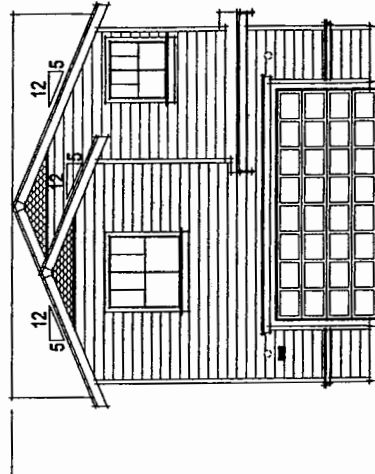


LEFT ELEVATION 'D'

25'-8"



RIGHT ELEVATION 'D'

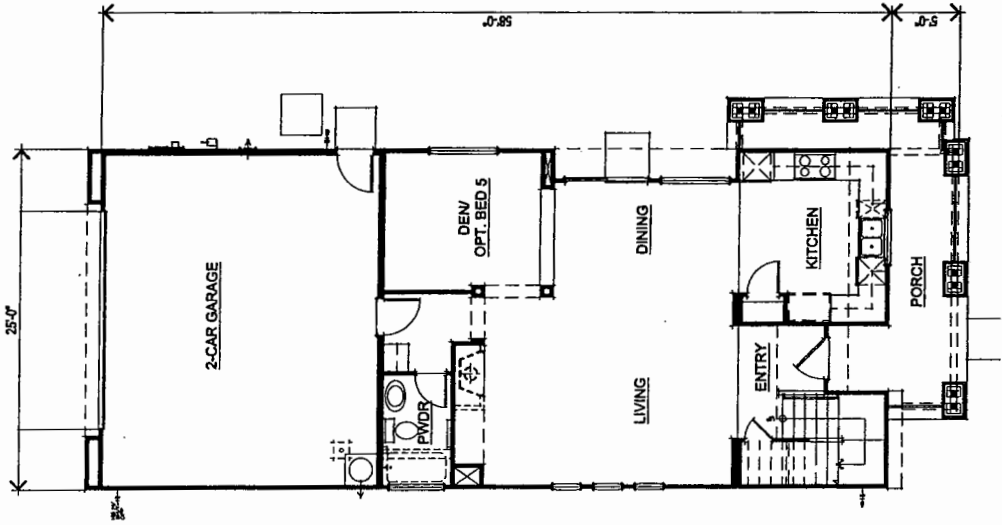


REAR ELEVATION 'D'

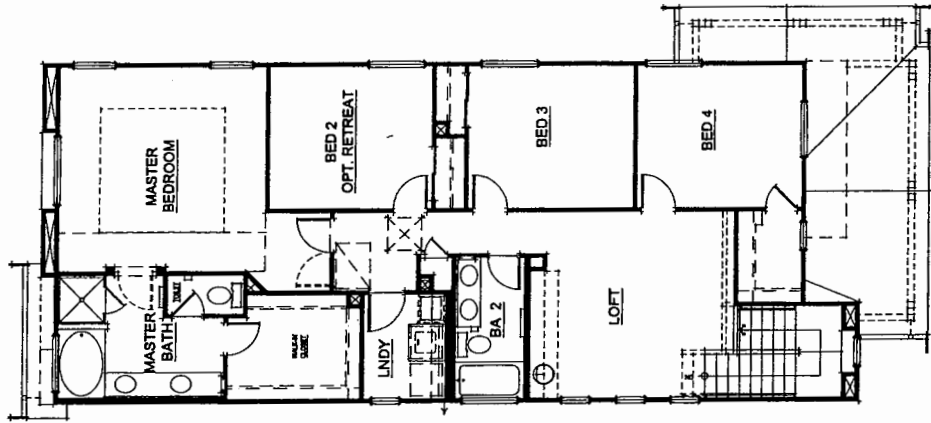
PLAN 3
PASEO HOMES

R o l i n g w o o d
V a l l e j o , C a l i f o r n i a

300 A T... .., I n c.



FIRST FLOOR PLAN



SECOND FLOOR PLAN

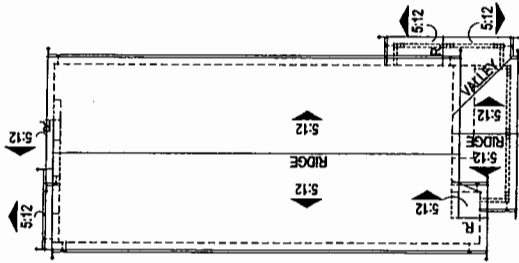
SQUARE FOOTAGE	
FIRST FLOOR:	891 SQ. FT.
SECOND FLOOR:	1387 SQ. FT.
TOTAL:	2278 SQ. FT.
2-CAR GARAGE:	509 SQ. FT.

PLAN 3

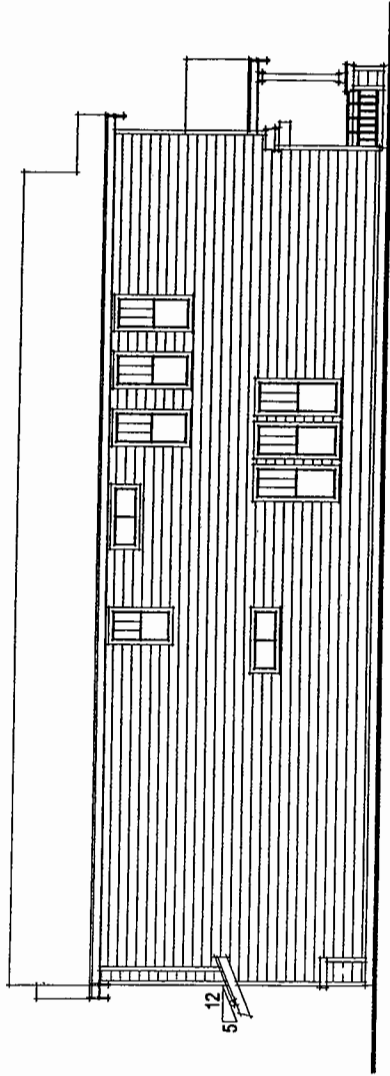
ALLEY LOAD @ EXTENDED PORCH PRODUCT

R o l l i n g w o o d
V a l i e j o C a l i f o r n i a

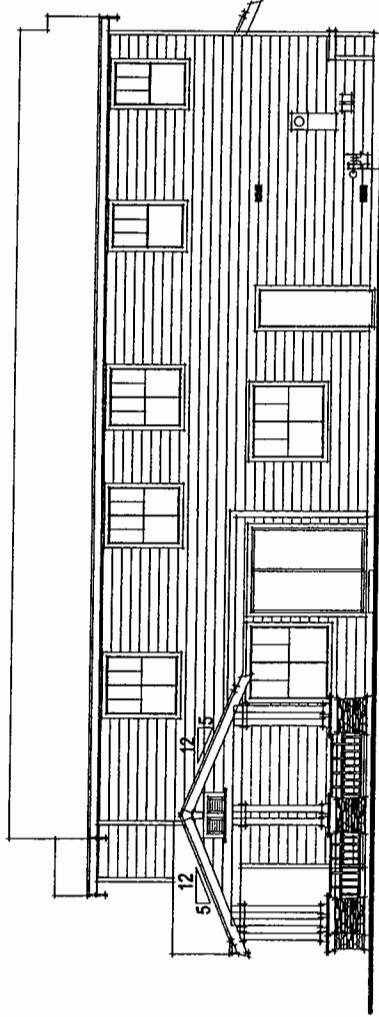
6 0 0 A S O H I I 8 1 1 s. i. n. e.
8 8 A u g u s t 9 7



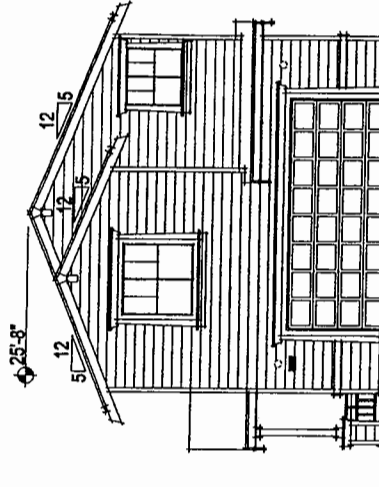
ROOF PLAN 'B'



LEFT ELEVATION 'B'



RIGHT ELEVATION 'B'

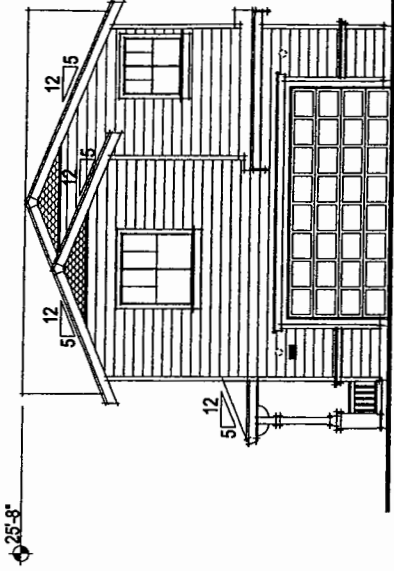
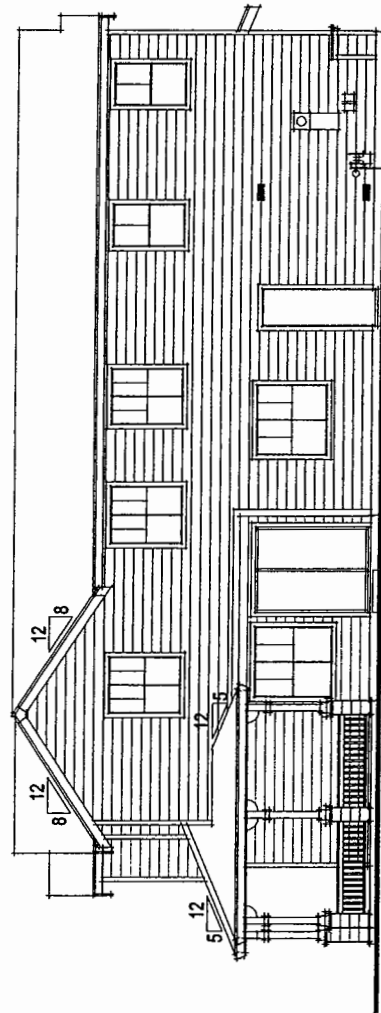
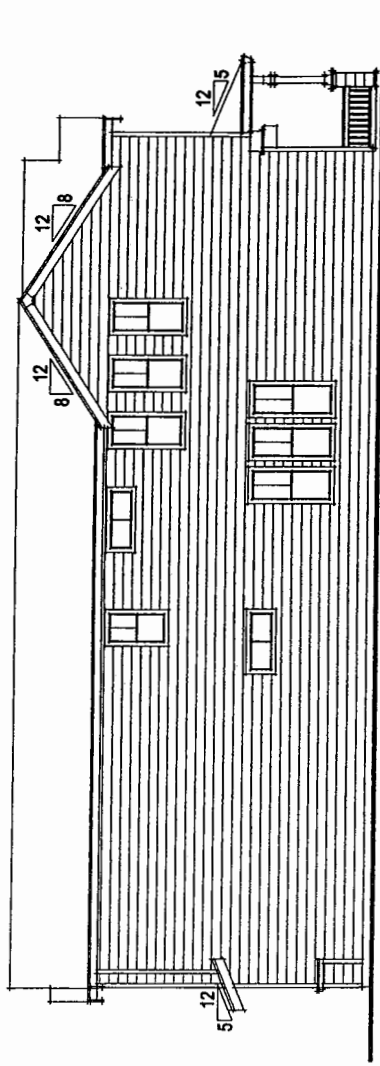
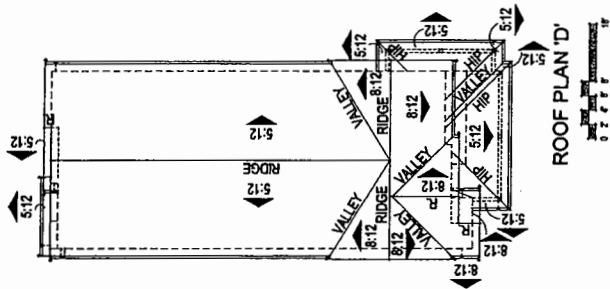


REAR ELEVATION 'B'

PLAN 3
ALLEY LOAD @ EXTENDED PORCH PRODUCT

R o l l i n g w o o d
Vallejo, California

S D O A 1 6 8 8 0 0 1 7 0 0 0 E . I N C .



PLAN 3

ALLEY LOAD @ EXTENDED PORCH PRODUCT

R o l l i n g w o o d
Vallejo, California

S D G A T C B N 0 6 1 9 . I n c .
6 2 8 . 4 3 1 . 7 0 0 0

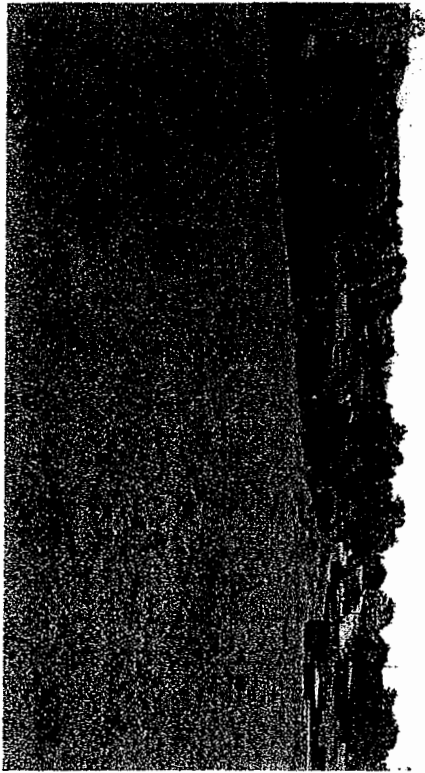


Photo 1



Photo 2

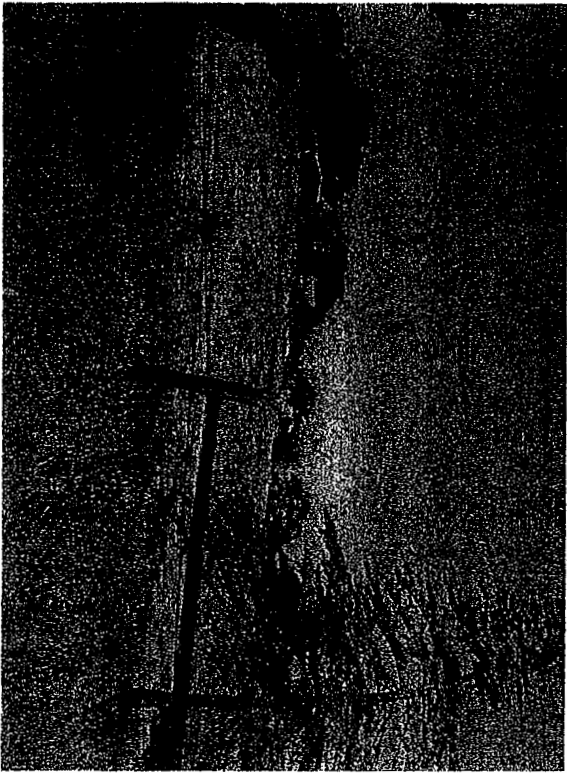


Photo 3



Photo 4

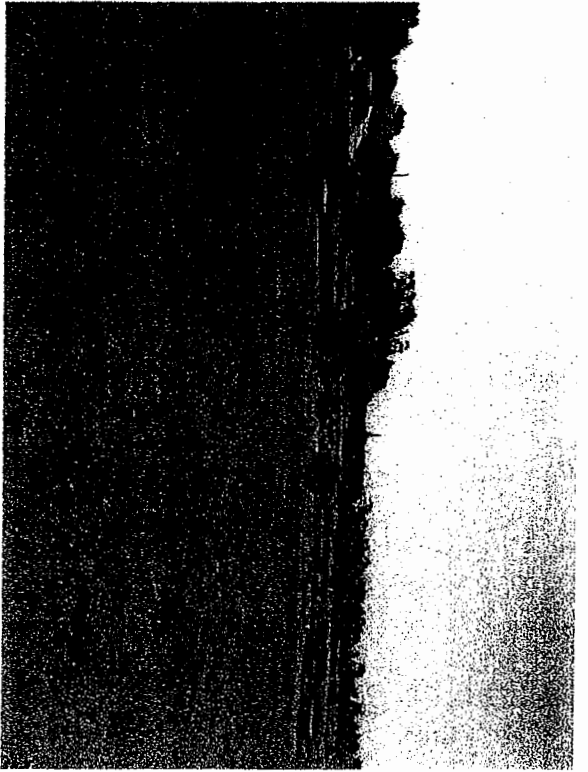


Photo 5

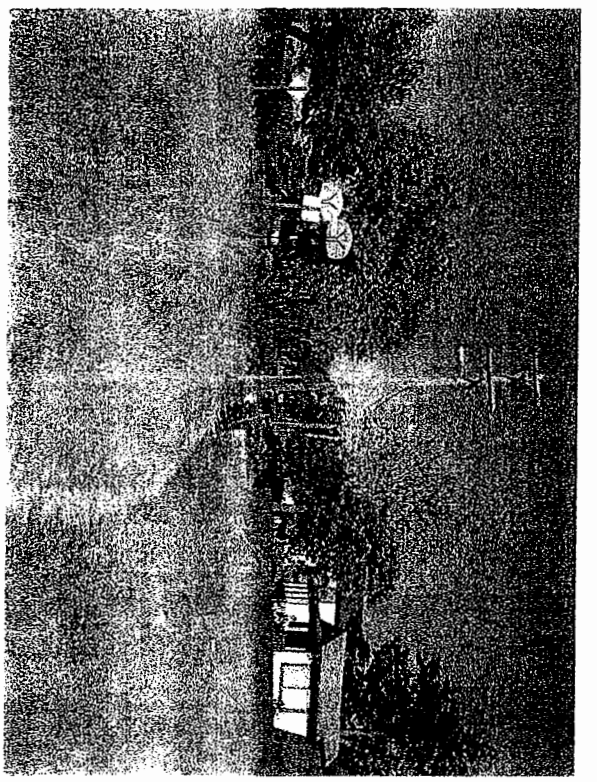


Photo 6

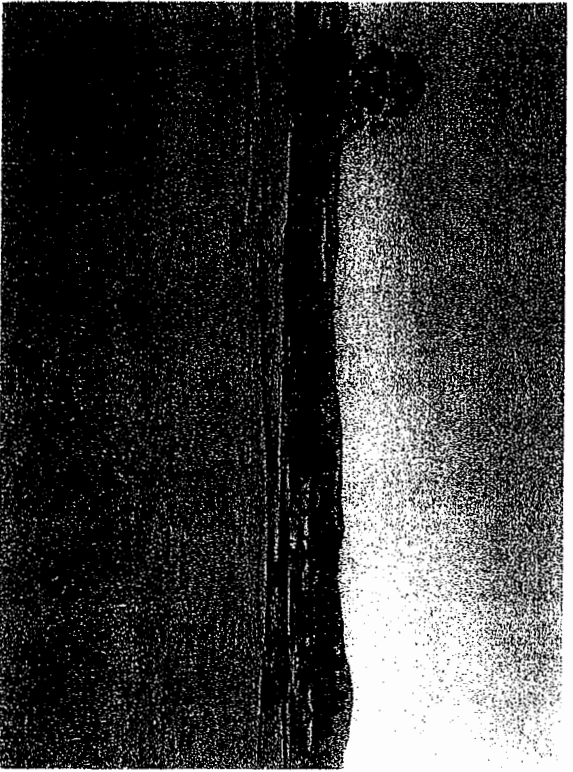


Photo 7



Photo 8



Photo 9

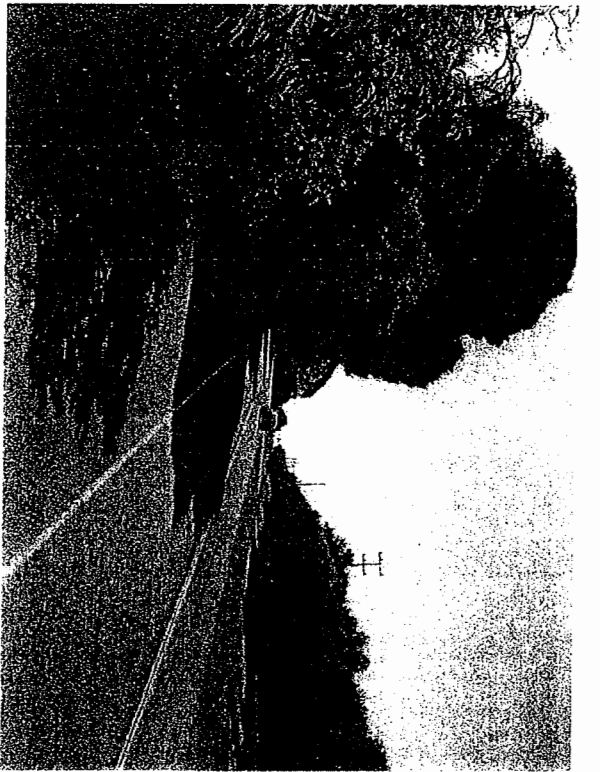


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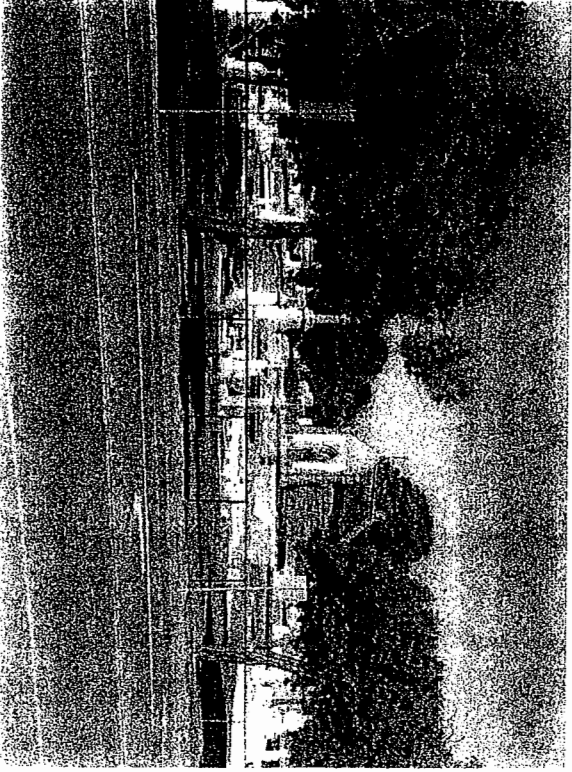


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Photo 12

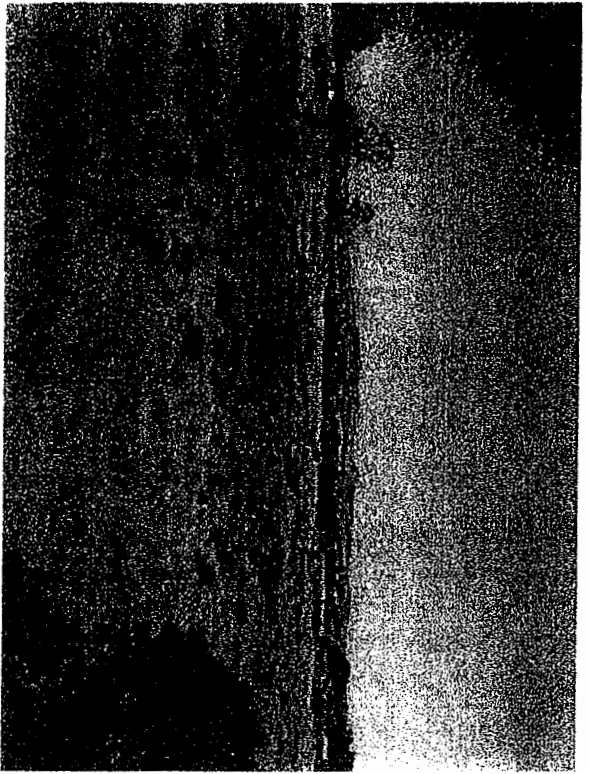


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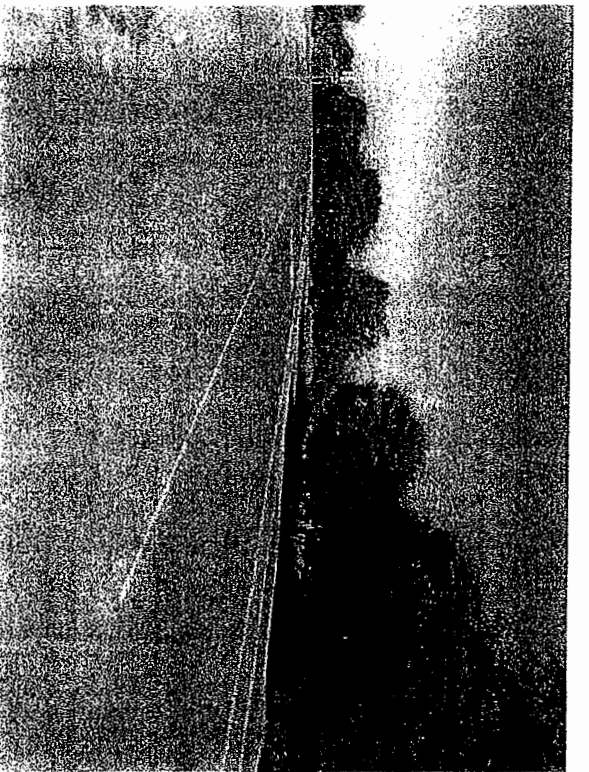


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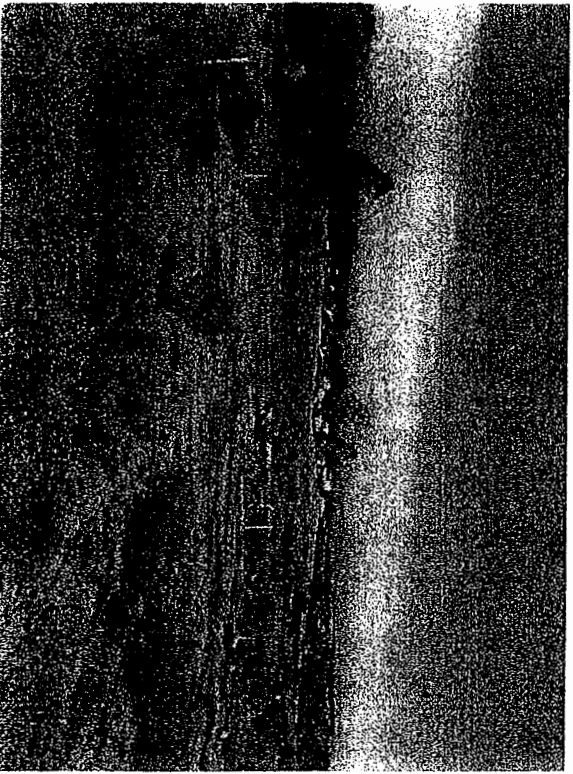


Photo 15



Photo 16



Photo 17



Photo 18

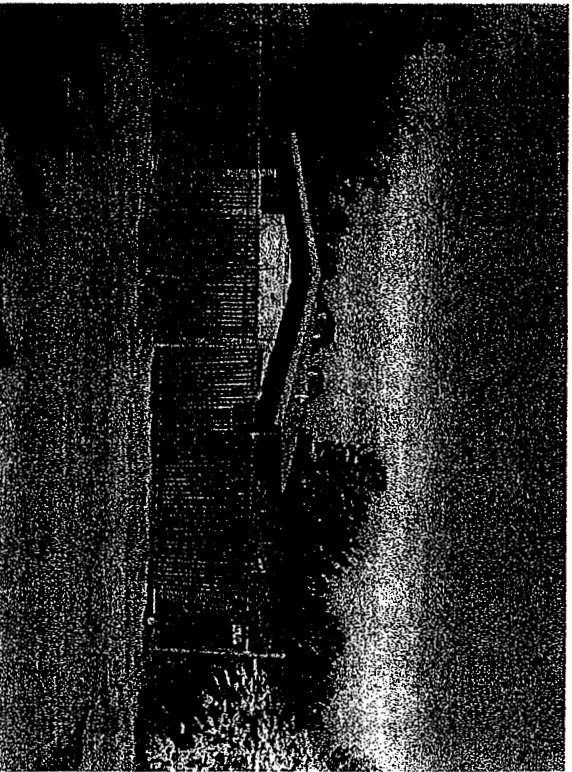


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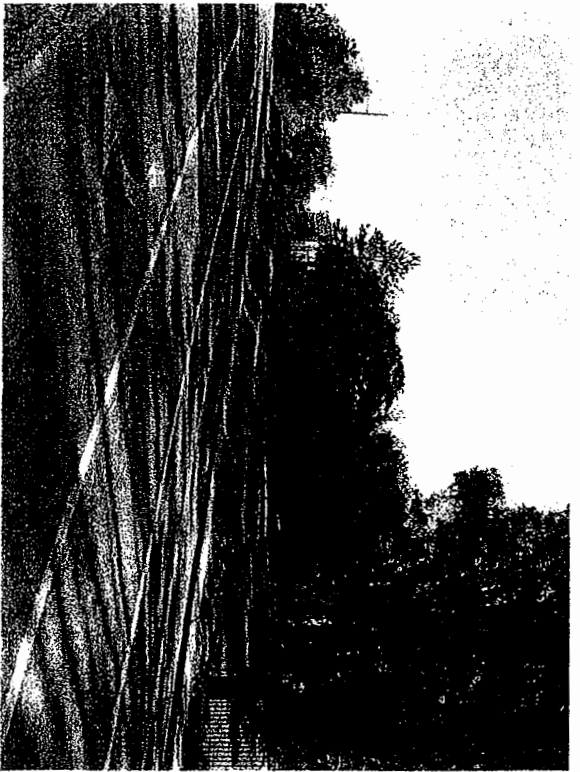


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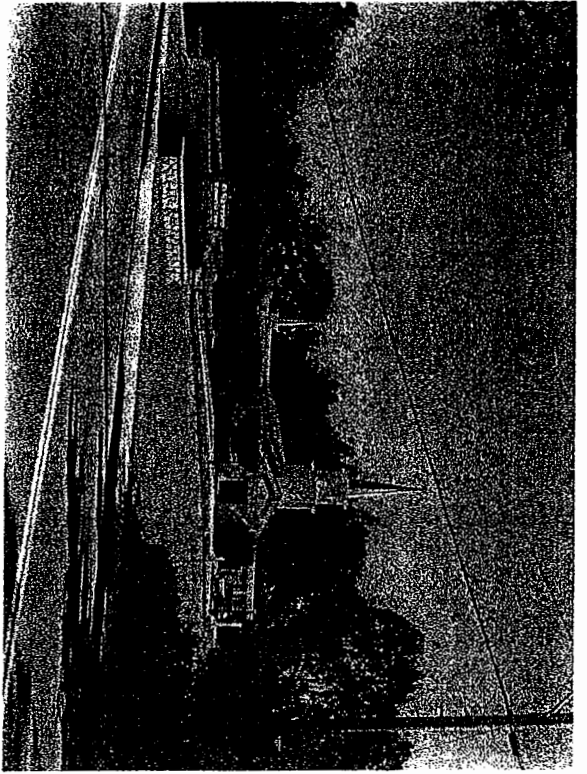


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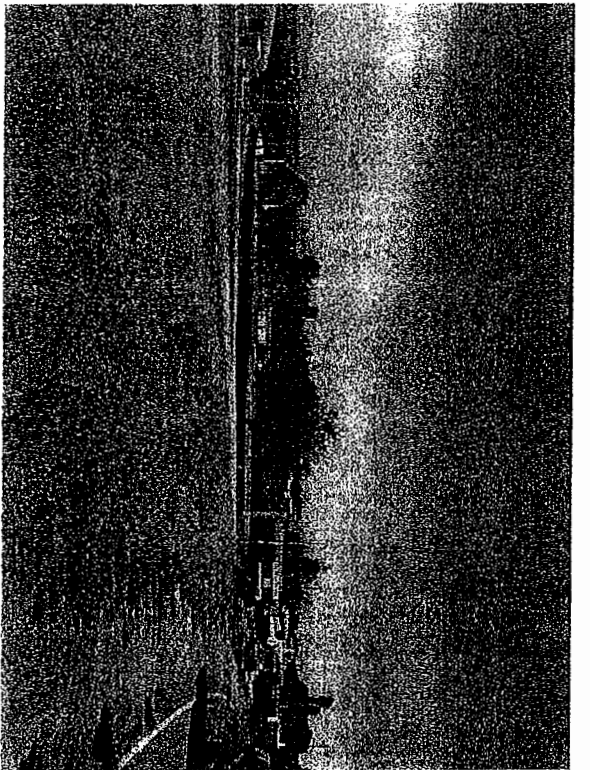


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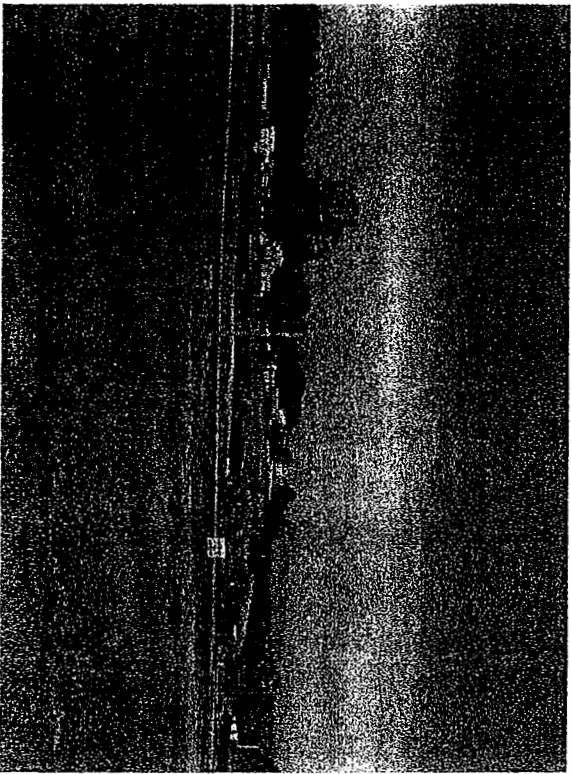


Photo 23



Photo 24

May 28, 2007
Job No. 061033

Project Description Rollingwood Vallejo, California

Existing Setting

The Rollingwood property is located at the northwest corner of Benicia Road and Rollingwood Avenue in southeastern Vallejo. The 31.8 acre site currently contains two functional baseball fields and ancillary buildings at the north end of the property. The southern end of the property is primarily vacant with the exception of a small one-story structure near the southeast corner of the site. The existing terrain is varied and the site has been previously graded. A portion of the site was formerly used as a drive-in movie theater. Elevations range from a low of about 140' at the northwest corner of the site to a high point of 200' along Rollingwood Avenue. This site generally drains from east to west. The vacant portions of the site are primarily covered in native grasses/shrubs. Benicia Road and Rollingwood Avenue are bordered by a row of trees. Photos of the site and surrounding area are shown on pages 7-13.

Surrounding Uses

Existing land uses surrounding the property include a single family housing development to the north, rural residential homes and scattered businesses to the west, and cemeteries to the south and east. There is a single family residential area along Pope Drive across from the northwest corner of the site. The zoning districts for the surrounding properties are as follows:

North:	Low Density Residential
East:	Low Density Residential and Public & Quasi-Public Facilities
South:	Public & Quasi-Public Facilities
West:	Rural Residential (Solano County)

Existing and Proposed Ownership

The project site contains 4 separate parcels owned by the Vallejo Unified School District, City of Vallejo, and Syufy Enterprises.

KB Home is under contract to purchase the lands owned by the School District and Syufy. The project includes utilizing the City of Vallejo's 4.3 acre portion of the site for a public park. The applicant plans to construct the proposed improvements and provide a turnkey park to GVRD. The City's portion of the site is an irregularly shaped parcel located along Rollingwood Drive. KB Home proposes to relocate the park site within the project to create a centrally located park with a rectangular shape that would allow for maximum efficiency of use.

Proposed Land Use

The current General Plan land use designation for the site is Retail. The existing zoning is PF – Public and Quasi-Public Facilities and CP – Pedestrian Commercial. KB Home proposes a General Plan Amendment to change the land use designation of the site from Retail to Low Density Residential. The site will also be rezoned from PF (Public Facilities) and CP (Pedestrian Commercial) to PDR (Planned Development Residential). The proposed PDR zoning will allow for flexibility in the site layout and design of the development. The proposed residential use would be compatible with the surrounding low density residential land uses and provide for new housing in the southwestern portion of the City.

Proposed Plan

The applicant proposes a planned residential development featuring 214 housing units and a 4.1 acre park. The proposed southerly entrance road from Rollingwood Avenue divides the project into two distinct neighborhoods: Conventional single family homes on 45'x75' lots to the north, and paseo homes to the south. Each neighborhood has its own design character and unit types. Three plan types are proposed for the single family neighborhood ranging from 2,114 - 2,424 s.f. The paseo homes will range from 1,942 – 2,248 s.f. The proposed Land Use Summary is presented below:

Land Use Summary				
Land Use	# Units	Acres	Density (du/ac)	% AC
Single Family Residential (45'x75')	104	15.6	6.7	49.1
Paseo Homes	110	12.1	9.1	38.0
Park	-	4.1	-	12.9
Project Total	214	31.8	7.7*	100%

*Gross density less park

The proposed single family neighborhood is located along the site's northern and eastern boundaries, adjacent to existing single family neighborhoods. The higher density paseo homes are located along Benicia Road.

The paseo homes consist of 2 story homes with garages at the rear of the homes that are accessed by private alleys. The entry to these homes is provided either off of Street D, Street G, Rollingwood Avenue or from a landscaped paseo on the opposite side of the home from the garages. The landscaped paseo is minimum of 24' wide between buildings and features a pathway for pedestrian circulation. Additional paseo's are oriented in a north/south direction to provide pedestrian access to Street D and the neighborhood park. Each home has a private patio at the front of the house as well as useable side yard space including private yard easements on the side yards. Shared open spaces are scattered throughout the development.

The proposed 4.1 acre park is centrally located within the site. The types of recreational uses to be included in the park are still being formulated by the City, the applicant and GVRD. The site could include a sports field(s), picnic areas, and play structures.

Circulation

Vehicular and Pedestrian access to the site will be provided from Benicia Road and Rollingwood Avenue. Benicia Road is currently a 2-lane arterial road connecting the cities of Vallejo and Benicia. Rollingwood Avenue is a collector road extending northward from Benicia Road and serves the residential areas to the north. South of Benicia Road, Rollingwood Avenue becomes Glen Cove Road which provides access to Highway 780. The Benicia Road/Rollingwood Avenue intersection is currently signalized.

Vehicle and pedestrian access to the site is available from both Benicia Road and Rollingwood Avenue. Access to the project will be provided by 3 entrances along Rollingwood Avenue and one entrance intersecting Benicia Road. The middle street (Street E) intersecting Rollingwood Avenue will provide direct vehicular and pedestrian access to the proposed park. The northern entrance will align with Pope Drive to the east. All of the internal streets provide convenient access to the park.

Two public street sections are proposed within the proposed development. Street E is 36' curb-to-curb with parking on both sides of the street. This street includes a detached 5' sidewalk with a 5' planter strip between the sidewalk and the curb. The remainder of the public streets conforms to the City standard 50' ROW with a 36' curb-to-curb dimension with attached sidewalks.

The paseo homes are served by private 22' wide alleys providing access to the garages at the rear of the homes. 65 guest parking spaces are provided in open parking bays and 56 on-street spaces are available on Streets D and G.

Phasing

The project will be developed in one phase.

Water Supply

The project will be served by the City of Vallejo water system. The current system is inadequate for the amount of development currently planned therefore the project will be required to contribute to the over-all system as well as to construct limited project specific off-site improvements. The Rollingwood project will contribute a fee to be used by the City towards the construction of an 18" water line from the Benicia/Rollingwood intersection to the Keats/Devlin intersection and/or the demolition of two existing 0.5 million gallon water tanks and the construction of a new approximately 2.5 million gallon water tank.

In addition, the project will be required to install approximately 1,150 lineal feet of 12" water line along the project frontage in Benicia Road connecting to a newly installed 12"

water line that currently ends near the western property line. The existing 6" line in this location will be abandoned in place. Also, roughly 350 lineal feet of 12" water line will be installed in Hargus Avenue connecting the existing system and abandoning an existing 6" line in place.

On-site improvements include a 12" water line from Hargus Avenue, along the west and then south side of the park and connecting to both Rollingwood Drive and Benicia Road. The remainder of the site will be served with 8" mains.

The single family homes will have standard water services and meters. The paseo homes will have a main running through the common driveways. The mains will have master meters as they leave the City right of way for Water Division billing purposes and each paseo home will be sub-metered to be read by the Home Owner's Association.

Sanitary Sewer

Sewage will be collected and conveyed in 8" main lines from the subdivision and taken to the existing system in existing easements on the Second Baptist Church property via Hargus Avenue. The existing system between Hargus Avenue and the connection point on the Church property will be removed and replaced at a lower elevation to allow gravity flow. The existing line between the tract boundary and the most down stream manhole on Hargus Avenue will be protected in place while a new, lower, main line is installed to serve the site. Existing services between the project and the most down stream manhole on Hargus Avenue will remain connected to the higher existing line.

Storm Drainage

Of the 31.8+/- project acres, approximately 6 acres currently drain to a swale that straddles the northern boundary of the project. The swale drains to an existing storm drain system in Dryden Drive. The project proposes to reduce the tributary area to this swale to 2.1+/- acres thus decreasing the flow to Dryden Drive. Storm runoff from the rest of the site will be collected in standard inlets and piped to the park to travel through landscaping for treatment. From the park, storm water will drain via gravity flow to Benicia Road. In order to accomplish gravity flow approximately 450 lineal feet of existing storm drain will be removed and replaced at a lower elevation.

Project Architecture

Two neighborhoods are proposed for the Rollingwood community, each of which utilizes a distinct housing type. There are a total of seven architectural elevation styles between the two neighborhoods: French, Tuscan, Craftsman, Bungalow, Traditional, Italianate, and Victorian. These elevation styles are articulated through the use of such materials as Hardi Plank siding, stucco, and wrought iron.

The community is also characterized by two housing types, Traditional Lot Homes and Paseo homes.

Traditional Lot Home – Single family detached homes consisting of three floor plans on traditionally sized lots with front porches and attached garages oriented to small residential streets. Each plan also has a private fenced back yard. Elevation styles for these homes are French, Tuscan, and Craftsman.

Paseo Homes – Single family detached homes consisting of three floor plans on smaller lots with attached garages loading from a private rear ally, and front porches and entries fronting a common pedestrian-only “paseo.” In addition, each plan has a private fenced courtyard patio oriented to the side yard of each home. The side yards between homes will be in a “zero-lot line” configuration using side yard easements. This will allow each home to have an 8’ useable side yard space.

Project Landscaping

The landscape at Rollingwood has been designed to enhance both housing types within the project. The landscaping for the single family lots consists of front yard landscaping, including lawns, shrubs, groundcovers and street trees with individual homeowner maintained irrigation systems. Paseo home landscaping shall consist of landscaped paseos with connecting walks, seating areas, gazebos, special accented entries, lawns, trees, shrub and groundcover areas. All planting areas will be irrigated with a common irrigation system which will be maintained by future homeowners association.

A 40’+ landscape buffer separates Benicia Road and Rollingwood Avenue from the paseo homes. The landscape buffer includes meandering sidewalks, retaining walls, benches, lawn areas, trees, shrubs and groundcovers. All improved landscape areas will be irrigated with an automatic irrigation system.

Development Standards

Residential development regulations have been established to ensure that the proposed buildings and site plan achieve the desired character and development quality. The regulations set forth the minimum requirements necessary for planning of the property. Refer to the City of Vallejo Zoning Ordinance for any regulations not specified below.

	Single Family (45'x75')	Paseo Homes
Minimum Lot Area	3,375 S.F.	2,359 S.F.
Setbacks:		
Front Yard	15' minimum to bldg. 10' minimum to porch	9.5' minimum to bldg. 4' minimum to porch
Rear Yard (Garage)	10' min.	4' min. to face of garage
Side Yard	5' min.	4' min. to the property line – 8' between buildings with additional yard easement
Minimum Building Separation	10' min.	8' min.
Max. Height Limit	32' 1 ½"	25' 7 ½"
Max Lot Coverage	46.5%	65.2%

Accessory Structures

Allowed in single family neighborhood per the requirements of the Low Density Residential District. Accessory structures are not permitted in the paseo home neighborhood.

Permitted and Conditional Land Use

Allowed per the requirements of the Low Density Residential District.

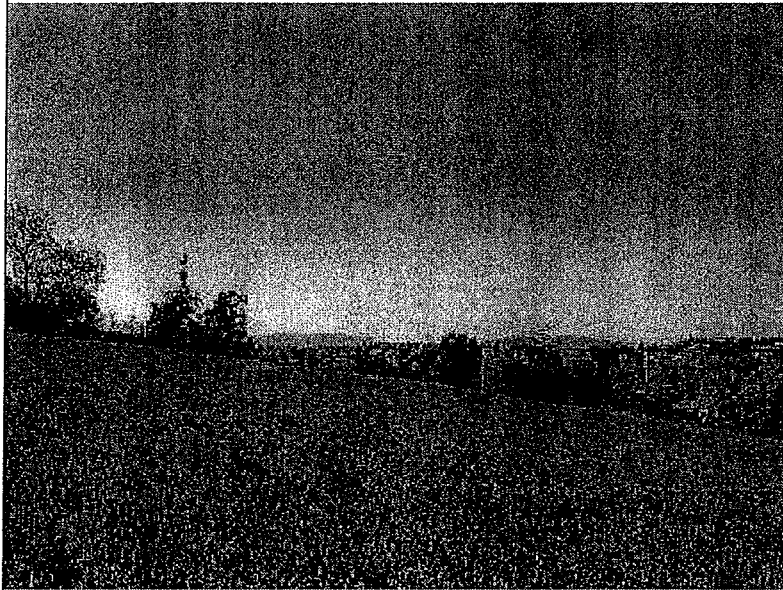
Parking/Garages

Single Family: Each unit shall be provided with a two-car garage and full driveway apron. 166 on-street guest parking spaces will be available.

Paseo Homes: Each unit shall be provided with a two-car garage. 65 guest spaces are provided in open parking bays. Guest parking is provided at a ratio of .6 spaces per unit. On-street guest parking is also available on Streets D and G.

ROLLINGWOOD DRIVE

INITIAL STUDY AND MITIGATED NEGATIVE DECLARATION



City of Vallejo | October 11, 2007



DESIGN, COMMUNITY & ENVIRONMENT



Draft

ROLLINGWOOD DRIVE

INITIAL STUDY AND MITIGATED NEGATIVE DECLARATION

Submitted to
City of Vallejo | October 11, 2007



DESIGN, COMMUNITY & ENVIRONMENT

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Appendix A Traffic Analysis

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MITIGATED NEGATIVE DECLARATION

The following proposed project has been reviewed pursuant to the provisions of the California Environmental Quality Act (CEQA) for the purpose of determining the likelihood of a significant adverse environmental impact occurring as a result of project completion.

LEAD AGENCY

City of Vallejo, Community Development Department
555 Santa Clara Street, Vallejo, CA 94590

CONTACT PERSON AND PHONE NUMBER

Katherine Donovan, (707) 648-4327

CONSULTING FIRM

Design, Community & Environment (DC&E)
1625 Shattuck Avenue, Suite 300
Berkeley, CA 94709

PROJECT TITLE

Rollingwood Drive Initial Study and Mitigated Negative Declaration

DESCRIPTION OF PROJECT

See attached project description

PROJECT LOCATION

Northwest corner of Benicia Road and Rollingwood Drive in southeastern Vallejo

APN: 0072-170-050, 0072-170-060, 0072-170-200, 0072-170-210

Please see Figure 2-2 of this Initial Study.

DETERMINATION

The proposed project would not have a significant effect on the environment. As described in the attached Initial Study, all environmental issue areas have been considered, and any potentially significant impacts would be mitigated as part of the mitigation measures specified in the Initial Study. The envi-

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ronmental analysis results in less-than-significant impacts regarding the issues of most concern: biological resources, cultural resources, hydrology, noise, traffic, and geology. Air quality is a regional concern, which the project would not impact significantly.

See attached Initial Study for documentation to support the findings.

MITIGATION MEASURES

The following mitigation measures are included in the Initial Study to avoid potentially significant impacts.

1. Mitigation Measure AQ-1: To ensure incorporation of appropriate Clean Air Plan TCMs, the features listed below shall be included in the project. Implementation of the measures listed below along with the City's General Plan requirements would reduce vehicle use and vehicle miles traveled consistent with the current Clean Air Plan TCMs:
 - ◆ Bicycle amenities should be provided. This would include appropriate bike lane connections and bicycle parking at the planned park.
 - ◆ Provide appropriate transit amenities in coordination with the City and Vallejo Transit (Route 6), such as sheltered bus stops and bus pullouts.
 - ◆ Implement a landscape plan that provides shade trees along adjacent sidewalks and at bus stops.
2. Mitigation Measure AQ-2: The applicant shall include the following measures to control dust and exhaust emissions:
 - ◆ Water all active construction areas at least twice daily and more often during windy periods. Active areas adjacent to residences should be kept damp at all times.
 - ◆ Cover all hauling trucks or maintain at least two feet of freeboard. Dust-proof chutes shall be used as appropriate to load debris onto trucks during demolition.

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- ◆ Pave, apply water at least twice daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas, and staging areas.
- ◆ Sweep daily (with water sweepers) all paved access roads, parking areas, and staging areas and sweep streets daily (with water sweepers) if visible soil material is deposited onto the adjacent roads.
- ◆ Hydroseed or apply (non-toxic) soil stabilizers to inactive construction areas (i.e., previously-graded areas that are inactive for 10 days or more).
- ◆ Enclose, cover, water twice daily, or apply (non-toxic) soil binders to exposed stockpiles.
- ◆ Limit traffic speeds on any unpaved roads to 15 mph.
- ◆ Replant vegetation in disturbed areas as quickly as possible.
- ◆ Suspend construction activities that cause visible dust plumes to extend beyond the construction site.
- ◆ During renovation and demolition activities, removal or disturbance of any materials containing asbestos, lead paint or other hazardous pollutants will be conducted in accordance with BAAQMD rules and regulations.
- ◆ Prohibit use of “dirty” equipment. Equipment with noticeably dirty emissions shall be prohibited from operation at the site until proper maintenance has been performed to reduce the visible emissions to acceptable levels. If necessary, opacity shall be used as an indicator of exhaust particulate emissions from off-road diesel powered equipment, where the project shall ensure that emissions from all construction diesel powered equipment used on the project site do not exceed 40 percent opacity for more than three minutes in any one hour. Any equipment found to exceed 40 percent opacity (or Ringelmann 2.0) shall be repaired immediately.
- ◆ Signs shall be clearly posted at the construction site indicating that diesel equipment standing idle for more than five minutes shall be turned off. This would include trucks waiting to deliver or receive

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soil, aggregate, or other bulk materials. Rotating drum concrete trucks could keep their engines running continuously as long as they are onsite.

- ◆ Properly tune and maintain equipment in accordance with manufacturer specifications.
 - ◆ During grading, stage construction equipment at least 200 feet away from any sensitive uses.
 - ◆ The contractor shall install temporary electrical service whenever possible to avoid the need for independently powered equipment (e.g., compressors).
 - ◆ A Disturbance Coordinator will be assigned to the project when active construction is occurring within 200 feet of residences. This coordinator will ensure that all air quality construction period mitigation measures are enforced. In addition, the Disturbance Coordinator will respond to complaints from the public regarding air quality issues in a timely manner. The contact information for this Coordinator will be posted in plain view at the project site.
 - ◆ A Disturbance Coordinator shall suspend construction activities that cause visible dust plumes to extend beyond the construction site.
3. Mitigation Measure BIO-1: The applicant shall obtain all necessary permits from the Army Corps of Engineers (the Corps), U.S. Fish and Wildlife Service (USFWS), California Department of Fish and Game (CDFG), and the Regional Water Quality Control Board (RWQCB) as required by federal and State law to avoid, minimize or offset impacts to any species listed under either the State or federal Endangered Species Acts or protected under any other State or federal law as follows:
- ◆ Before project implementation, a delineation of waters of the United States, including wetlands that could be affected by development, shall be made by a qualified wetland specialist through the formal Clean Water Act (CWA) Section 404 process.

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- ◆ If based on the verified delineation, it is determined that fill of waters of the United States would result from project implementation, authorization for such fill shall be secured from the Corps through the Section 404 permitting process and from the RWQCB as part of the Section 401 water quality certification process.
 - ◆ Consultation or incidental take permitting may be required under the Endangered Species Act (ESA). The applicant shall obtain all legally-required permits from the USFWS for the “take” of protected species under the ESA.
 - ◆ Evidence that the applicant has secured any required authorization from these agencies shall be submitted to the Vallejo Planning Department prior to issuance of any grading or building permits for the project.
4. Mitigation Measure BIO-2: Any active raptor or other bird nests in the vicinity of proposed grading shall be avoided until young birds are able to leave the nest (i.e., fledged) and forage on their own. Avoidance may be accomplished either by scheduling grading and vegetation removal during the non-nesting period (September through February), or if this is not feasible, by conducting a pre-construction survey for active nests. Provisions of the pre-construction survey and nest avoidance, if necessary, shall include the following:
- ◆ If grading is scheduled during the active nesting period (March through August), a qualified wildlife biologist shall be retained by the applicant to conduct a pre-construction nesting survey no more than 30 days prior to initiation of grading to provide confirmation on presence or absence of active nests in the vicinity.
 - ◆ If active nests are encountered, species-specific measures shall be prepared by a qualified biologist in consultation with the CDFG and implemented to prevent nest abandonment. At a minimum, grading in the vicinity of the nest shall be deferred until the young birds have fledged. A nest-setback zone of at least 300 feet shall be established for raptors and 100 feet for loggerhead shrike and passerine birds

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within which all construction-related disturbances shall be prohibited. The perimeter of the nest-setback zone shall be fenced or adequately demarcated, and construction personnel restricted from the area.

- ◆ If permanent avoidance of the nest is not feasible, impacts shall be minimized by prohibiting disturbance within the nest-setback zone until a qualified biologist verifies that the birds have either a) not begun egg-laying and incubation, or b) that the juveniles from the nest are foraging independently and capable of independent survival at an earlier date. A survey report by the qualified biologist verifying that the young have fledged shall be submitted to the Vallejo Planning Department prior to initiation of grading in the nest-setback zone.

5. Mitigation Measure BIO-3: Focused surveys for the special-status plant species considered to have a remote potential for occurrence on the site shall be conducted during the flowering season by a qualified botanist to confirm absence of these species from the site. Species of concern identified in the BRA include: bent-flowered fiddleneck (*Amsinckia lunaris*), Congdon's tarplant (*Centromadia parryi* ssp. *congdonii*), dwarf downingia (*Downingia pusilla*), Santa Cruz tarplant (*Holocarpha macradenia*), Contra Costa goldfields (*Lasthenia conjugens*), and legenere (*Legenere limosa*). If populations of special-status plant species are found, then a detailed mitigation plan shall be prepared which includes specifics on the species, habitat and natural community preservation/conservation strategies designed to protect this species, and compensatory mitigation developed in accordance with any CDFG and USFWS requirements. If no special-status plants are found during the focused surveys, then no further mitigation would be required.
6. Mitigation Measure BIO-4: Directed surveys shall be conducted for Monarch butterfly, vernal pool fairy shrimp, burrowing owl, and pallid bat as recommended in the BRA by the applicant's biological consultant. Appropriate mitigation shall be provided in the remote instance that any of these species are encountered on the site. Mitigation shall be coordi-

nated with representatives of the CDFG and/or USFWS as required by law, and may include on-site avoidance, compensatory mitigation, or other acceptable mitigation strategies. If none of these special-status animal species are found during the focused surveys, then no further mitigation would be required.

7. Mitigation Measure BIO-5: A Wetland Mitigation Program shall be prepared by a qualified wetland specialist to provide for the protection, replacement, and management of jurisdictional waters on the site affected by proposed development. The Wetland Mitigation Program shall include the following components and meet the following standards:
 - ◆ Proposed grading and development shall be redesigned to preferably avoid removal or adverse impacts to areas verified as jurisdictional wetlands. Where avoidance is infeasible, adequate mitigation for any direct or indirect impacts on jurisdictional waters shall be provided as coordinated with the Corps and/or RWQCB. Replacement wetlands shall be provided at a minimum 2:1 replacement ratio and shall be established in suitable locations within undeveloped open space areas, preferably on-site but possible off-site if an acceptable location is selected and approved by jurisdictional agencies. The wetlands replacement component of the Wetland Mitigation Program shall emphasize establishment of native freshwater marsh and seasonal wetlands to replace and enhance existing habitat values.
 - ◆ The wetland replacement component of the Wetland Mitigation Program shall specify performance criteria, maintenance and long-term management responsibilities, monitoring requirements, and contingency measures. Monitoring shall be conducted by the qualified wetland specialist for a minimum of five years and continue until the success criteria are met.
8. Mitigation Measure CUL-1. In the event that unique historical, archeological paleontological or geologic features are discovered during construction, a qualified archeologist or geologist shall be contacted immediately to determine the significance of the resource. Construction activi-

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ties shall be halted and not commence until the expert has issued an opinion about the resource and appropriate mitigation has been determined.

9. Mitigation Measure CUL-2. In the event that human remains are discovered on the project site during construction activities, the following steps shall be taken according to CEQA Guidelines Section 15064.5 (e)(1). First there shall be no further excavation of the site or any nearby area until the Solano County coroner is contacted to determine that no investigation of the cause of death is required. Second, if the coroner determines that the remains are of Native American decent, the coroner will contact the Native American Heritage Commission within 24 hours.
10. Mitigation Measure GEO-1: In portions of the site where clayey soils and fill material will not be removed during grading and where proposed improvements (new fill, pavements, slabs on grade) will be constructed, these existing sub-surface materials should be removed and recompacted. The process may consist of removing the upper two feet of these materials, and scarifying and re-compacting the lower one foot prior to placing new fill or improvements. The process will need to be confirmed during a future geotechnical investigation. Subsequent to this investigation and prior the issuance of a grading permit, the applicant shall submit a plan to the City for review and approval, which will identify the steps for removal or treatment of soils on-site.
11. Mitigation Measure GEO-2: To reduce the potential for post-construction distress to the proposed residential structures resulting from swelling and shrinkages of clayey soils, post-tensioned slabs should be used for foundation support over the engineered and compacted fill after the removal of the clay-rich overburden.
12. Mitigation Measure HAZ-1: Prior to soil sampling, the applicant shall review the Kleinfelder study at the DTSC Sacramento offices. Depending on the extent of the soil sampling completed to date and the determinations of the Kleinfelder study, additional sampling shall be conducted

to better define the extent of contamination on-site. Once sufficient sampling has been completed in accordance with DTSC guidelines, the samples shall be evaluated and mitigation measures developed, as appropriate.

13. Mitigation Measure HAZ-2: Before any soil can be exported off-site it shall be profiled for landfill disposal requirements. If harmful concentrations of pesticides, lead and arsenic are reported in the soil, per DTSC guidelines, the contaminated soil shall not be reused for landscaping. Rather, landscaping soils shall be imported from an off site source.

14. Mitigation Measure NOISE-1: Where noise-sensitive exterior use areas would be exposed to an Ldn greater than 60 dBA, mitigation would be required to reduce noise levels to meet exterior and interior noise level limits.
 - ◆ Construct noise barriers to reduce exterior noise levels to 60 dBA Ldn or less as shown in Figure 4-4. If the City determines that it is not economically or aesthetically reasonable to meet the 60 dBA Ldn standard, construct noise barriers as shown in Figure 4-5 to reduce noise levels to 65 dBA Ldn or less. Noise barriers shall be constructed out of materials with a minimum surface weight of 3 lbs./ft². Suitable materials include 1-in. thick wood fence boards, concrete, masonry, or metal provided that the barrier is solid over its face and at its base. In locations identified for noise barriers, the applicant shall examine the creation of earthen berms as an alternative option. Provided that berms can reduce potential impacts to a less than significant level and would not conflict with right-of-way constraints, the applicant shall coordinate with the City to identify the preferable option. The applicant shall also examine the option of combining noise barriers and berms, such as a four foot berm atop a four foot wall to achieve comparable noise reduction.

 - ◆ Retain a qualified Acoustical Specialist to prepare for City review and approval a detailed acoustical analysis of interior noise reduction requirements and specifications for all units proposed within the 60

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dBa Ldn contours of area roadways, in accordance with City standards. Interior noise levels must be maintained at or below 45 dBa Ldn. Building sound insulation requirements shall include forced air mechanical ventilation in noise environments exceeding 60 dBa Ldn. Special building construction techniques (e.g., sound-rated windows and building facade treatments) may be required where exterior noise levels exceed 65 dBa CNEL. Because the noise exposure is between 65 dBa Ldn and 70 dBa Ldn these treatments would be limited to sound rated windows and doors at the most affected rooms. Special sound rated exterior wall assemblies would not be required. The specific determination of required door and window sound transmission ratings shall be made on a unit-by-unit basis during project design. Results of the analysis, including the description of the necessary noise control treatments, shall be submitted to the City along with the building plans prior to issuance of a building permit.

15. Mitigation Measure TRAF-1: Prior to project approval, the project applicant shall revise the site plan to include turnaround space at the ends of the alleys for garbage trucks and emergency vehicles. The project applicant shall coordinate with the City of Vallejo to determine the specific requirements for these turnarounds.

I INITIAL STUDY SUMMARY

1. **Project title:** Rollingwood Drive Initial Study and Mitigated Negative Declaration
2. **Lead agency name and address:**
City of Vallejo, Community Development Department
555 Santa Clara Street
Vallejo, CA 94590
3. **Contact person and phone number:**
Katherine Donovan, (707) 648-4327
4. **Project location:**
Northwest corner of Benicia Road and Rollingwood Drive in southeastern Vallejo. Please see Figure 2-2 of this Initial Study.
APN: 0072-170-050, 0072-170-060, 0072-170-200, 0072-170-210
5. **Project sponsor's name and address:**
KB Home South Bay
6700 Koll Center Parkway
Pleasanton, CA 94566
6. **City of Vallejo General Plan and Zoning designations:**
Retail land use designation
PF- Public and Quasi-Public Facilities and CP – Pedestrian Commercial
7. **Description of project:**
See attached project description, Chapter 2 of this Initial Study.
8. **Surrounding land uses and setting:**
The site is surrounded by single family housing development to the north, rural residential homes and scattered businesses to the west, and cemeteries to the south and east.
9. **Other public agencies whose approval is required:**
 - ◆ Regional Water Quality Control Board
 - ◆ U.S. Fish and Wildlife Service
 - ◆ County of Solano
 - ◆ City of Vallejo
 - ◆ U.S. Army Corps of Engineers

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ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, as indicated by the checklist on the following pages, involving at least one impact that could have a significant impact, which has been reduced to less-than-significant impacts by incorporation of mitigation measures.

<input type="checkbox"/> Aesthetics	<input type="checkbox"/> Agriculture Resources	<input checked="" type="checkbox"/> Air Quality
<input checked="" type="checkbox"/> Biological Resources	<input checked="" type="checkbox"/> Cultural Resources	<input checked="" type="checkbox"/> Geology / Soils
<input checked="" type="checkbox"/> Hazards / Hazardous Materials	<input type="checkbox"/> Hydrology / Water Quality	<input type="checkbox"/> Land Use
<input type="checkbox"/> Mineral Resources	<input checked="" type="checkbox"/> Noise	<input type="checkbox"/> Population / Housing
<input type="checkbox"/> Public Services	<input type="checkbox"/> Recreation	<input checked="" type="checkbox"/> Transportation / Traffic
<input type="checkbox"/> Utilities / Service Systems	<input type="checkbox"/> Mandatory Findings of Significance	

DETERMINATION: (To be completed by the Lead Agency) On the basis of this initial evaluation:

I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.

I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.

I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.

I find that the proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.

I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

 Signature _____
 Date

2 PROJECT DESCRIPTION

This Initial Study was prepared for the Rollingwood subdivision project (the Project) which includes 214 housing units and a 4.1-acre park. The Project is divided into two distinct neighborhoods that includes single-family homes to the north and paseo homes, single-family homes with garages at the rear, to the south.

This environmental document provides an assessment of the potential impacts that the development of 214 houses may have on the project site and its surrounding areas.

A. Local Setting

The 31.8-acre site is located at the northwest corner of Benicia Road and Rollingwood Drive in southeastern Vallejo. The site is surrounded by a single-family housing tract to the north, rural residential homes and scattered businesses to the west, and cemeteries to the south and east. The project's regional and local locations are illustrated in Figures 2-1 and 2-2.

Surrounding land uses are as follows:

- ◆ **North:** Single-family housing is located along Dryden Drive
- ◆ **South:** To the south of the site, the Carquinez Cemetery and St. Vincent's All Souls Cemetery are located across Benicia Road.
- ◆ **West:** Single-family housing located along Hargus Avenue, and large vacant lots and Second Baptist Church are located to the west of the project site.
- ◆ **East:** To the East of the site, the Skyview Memorial Lawn Cemetery is located across Rollingwood Drive.

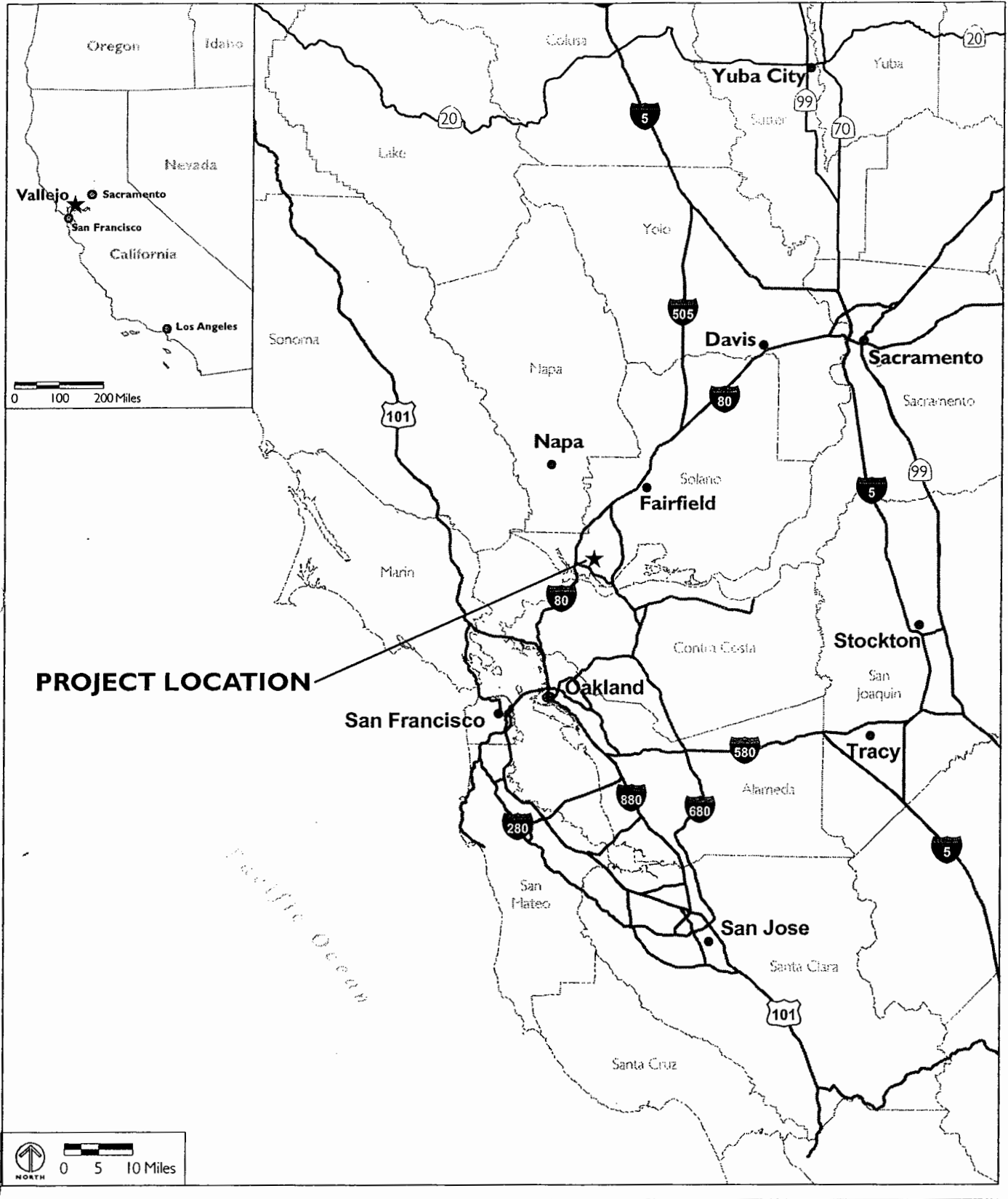


FIGURE 2-1
REGIONAL LOCATION

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Source: Google Earth, 2007

FIGURE 2-2
LOCAL LOCATION

B. Existing Site Character

The proposed site is comprised of 31.8 acres that have been previously graded. Four functional baseball fields and ancillary buildings are located at the north end of the property. One small one-story vacant residential structure is located on the southern end of the property. The existing terrain is varied as elevations range from 140 feet at the northwest corner of the site to a high point of 200 feet along Rollingwood Drive. As a result, site drainage generally flows from east to west.

1. Existing Vegetation and Animal Life

The site is largely undeveloped and supports a cover of disturbed ruderal grassland and mature trees. Four little league fields are located on the northeast corner of the project site. A large portion of the site is paved over in asphalt where a drive-in theatre operated. The asphalt has cracked in many areas and ruderal grasses and weeds are present. Figure 2-3 shows the heavily disturbed nature of the project site.

C. Existing Uses

The following provides a brief overview of existing uses (including vacant parcels) and discusses how each would be affected by the proposed project.

1. East Vallejo Little League Ball Fields

The northwest corner of the project site, contains four operating recreational little league baseball fields. The fields are owned by the Vallejo City Unified School District (VCUSD) and are operated by East Vallejo Little League (EVLL). The four little league fields are located within close proximity to one another. Several electrical sheds and dugouts are also located adjacent to the fields. A standalone structure along Rollingwood Drive serves as a snack-bar and restroom facility. This structure is adjacent to parking spaces.

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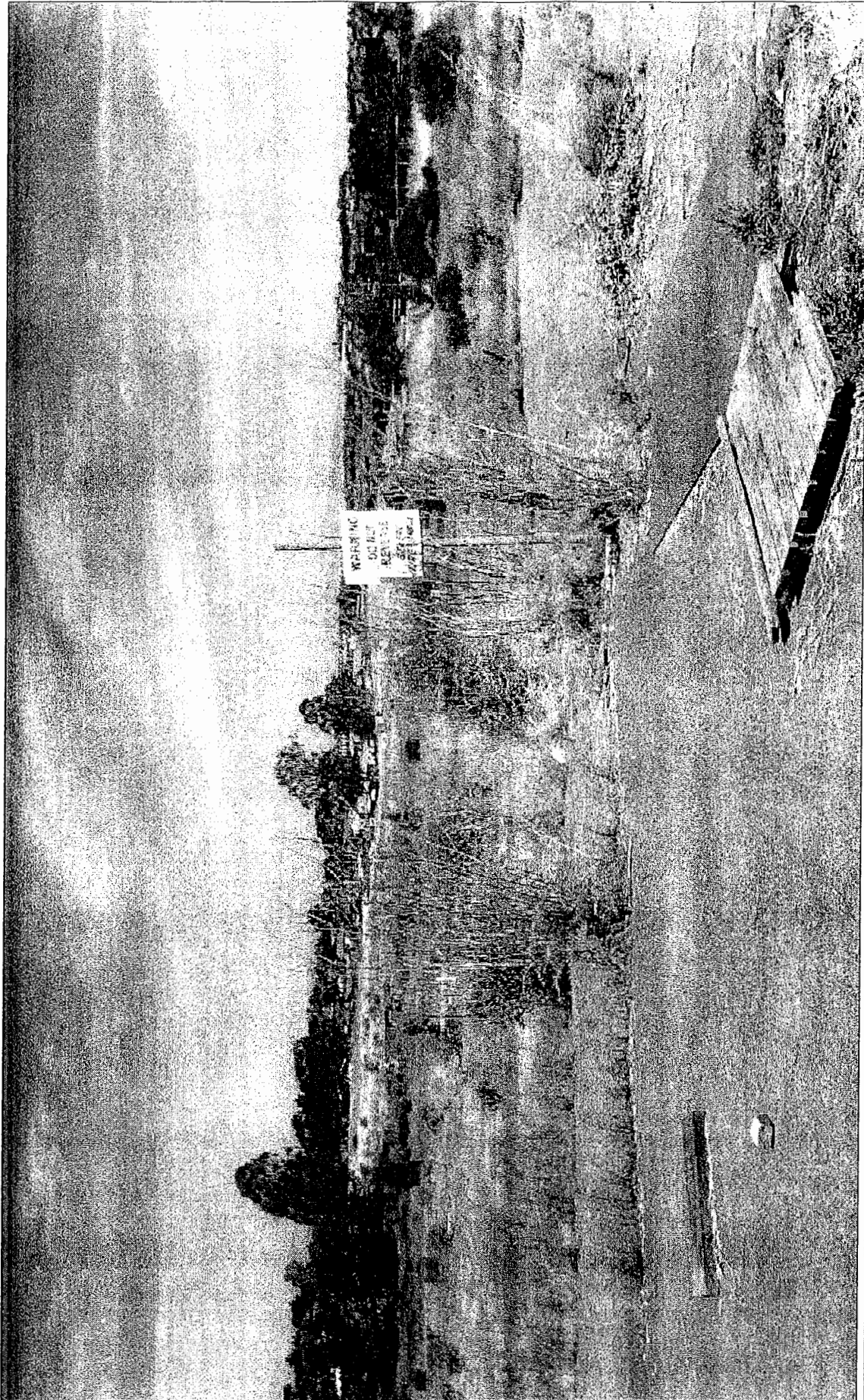


FIGURE 2-3
EXISTING SITE CONDITIONS

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EVLL has operated the little league fields without a lease agreement with VCUSD. Little league activities on the project site will not continue past the 2007 season, however, VCUSD has arranged for a 2-year lease with EVLL at a nearby middle school in Vallejo to accommodate the same level of use.

2. City-owned Parcel

The city owns a vacant parcel south of the existing little league fields along Rollingwood Drive. The parcel is covered in ruderal vegetation.

3. Vacant Residential and Commercial Properties

A former drive-in theatre is located near the intersection of Rollingwood Drive and Benicia Road. A vacant residential unit is located near Benicia Road and was once the residence of the drive-in theatre caretaker. It is now abandoned, dilapidated, and surrounded by fencing and dense brush.

All that remains of the drive-in theatre is fencing, electrical boxes and a large area covered in asphalt pavement. Since the ending of commercial use, the asphalt pavement has since cracked and now supports ruderal vegetation over large portions of the former parking area and driveway.

D. Policy Setting

1. City of Vallejo General Plan and Zoning

The Project site is currently zoned as PF (Public and Quasi-Public Facilities) and CP (Pedestrian Commercial). The General Plan land use designation for the site is Retail.

2. Site Ownership

The project site is comprised of 4 separate parcels owned by the Vallejo Unified School District, City of Vallejo, and Syufy Enterprises.

E. Project Characteristics

As summarized in Tables 2-1 and 2-2, the planned residential development features 214 housing units and a 4.1-acre park. The proposed southerly entrance road from Rollingwood Avenue divides the project into two distinct neighborhoods. The north side of the site will feature single-family homes with differing design character from the southern side of the project. The southern side will feature paseo homes which include garages at the rear and access through private alleys.

The 4.1-acre park will be developed as a fully improved park in tandem with the project. Once constructed the park will be managed by the Greater Vallejo Recreation District.

1. Housing

The planned residential development features 214 residential units. 104 single-family residential units will be located on the northern portion of the site. These units will comprise 15.6 acres of the project site and will result in a density of 6.7 dwelling units per acre.

The southern half of the project site will be comprised of 110 paseo homes. Paseo homes are characterized as 2-story homes with garages at the rear of the structure that are accessed by private alleys. Entry to paseo units is provided from Street D, Street G, Rollingwood Avenue or from a landscaped paseo on the opposite side of the unit from the garage. See Figure 2-4 for the project site map. These units will comprise 21.1 acres of the project site and will result in a density of 9.1 dwelling units per acre.

Figures 2-5 and 2-6 are conceptual elevations of the single-family homes and paseo homes within the project, respectively. Several variations of each housing type exist materials and floor plans vary.

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TABLE 2-1 **SUMMARY OF PROJECT COMPONENTS: BUILDINGS**

Project Component	Number of Units	Acres	Density (du/acres)	% Acreage
Single-Family Residential	104	15.6	6.7	49.1
Paseo Residential	110	21.1	9.1	38.0
Total	214	36.7		87.1

Source: Rollingwood Site Plan, KB Home.

TABLE 2-2 **SUMMARY OF PROJECT COMPONENTS: PARKING**

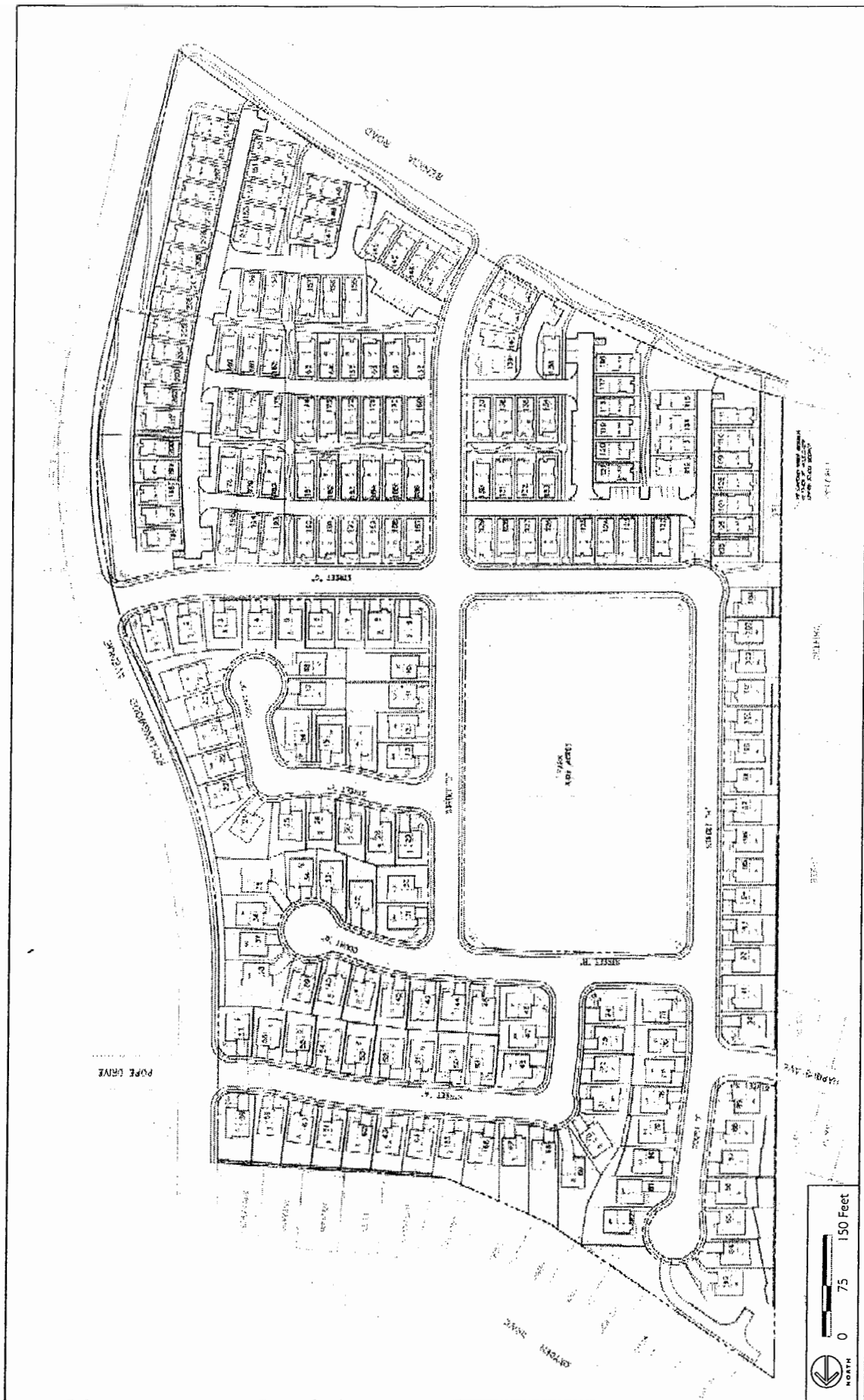
Project Component	Parking Spaces Required	Project Component	Parking Spaces Provided
Residential		Covered Parking	428
Guest Parking	65		65
On-Street Parking	56		164
Total Parking Provided			657

Source: Rollingwood Site Plan, KB Home.

2. Park

The Project will utilize the City of Vallejo's ownership of 4.3 acres of the project site for a public park. KB Home proposes to relocate the park site within the project to create a centrally located park with a rectangular shape that would allow for maximum efficient of use. Two community meetings were held on May 14, 2007 and July 30, 2007 to receive comments and discuss park plans. Upon completion of construction, the applicant will provide the fully improved park to the Greater Vallejo Recreation District.

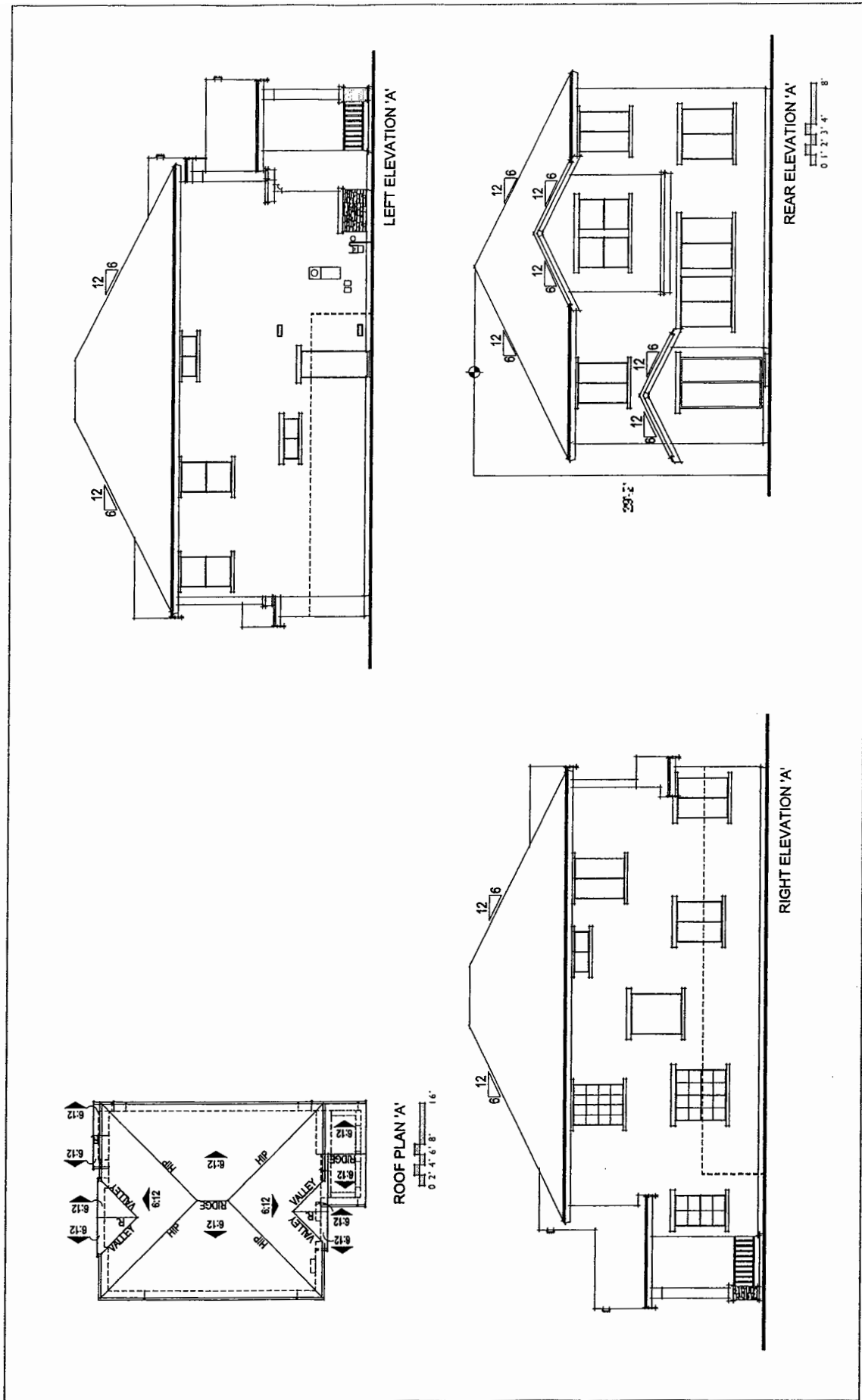
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Source: Ruggieri, Jensen, Azar and Associates

FIGURE 2-4
 PROJECT SITE PLAN

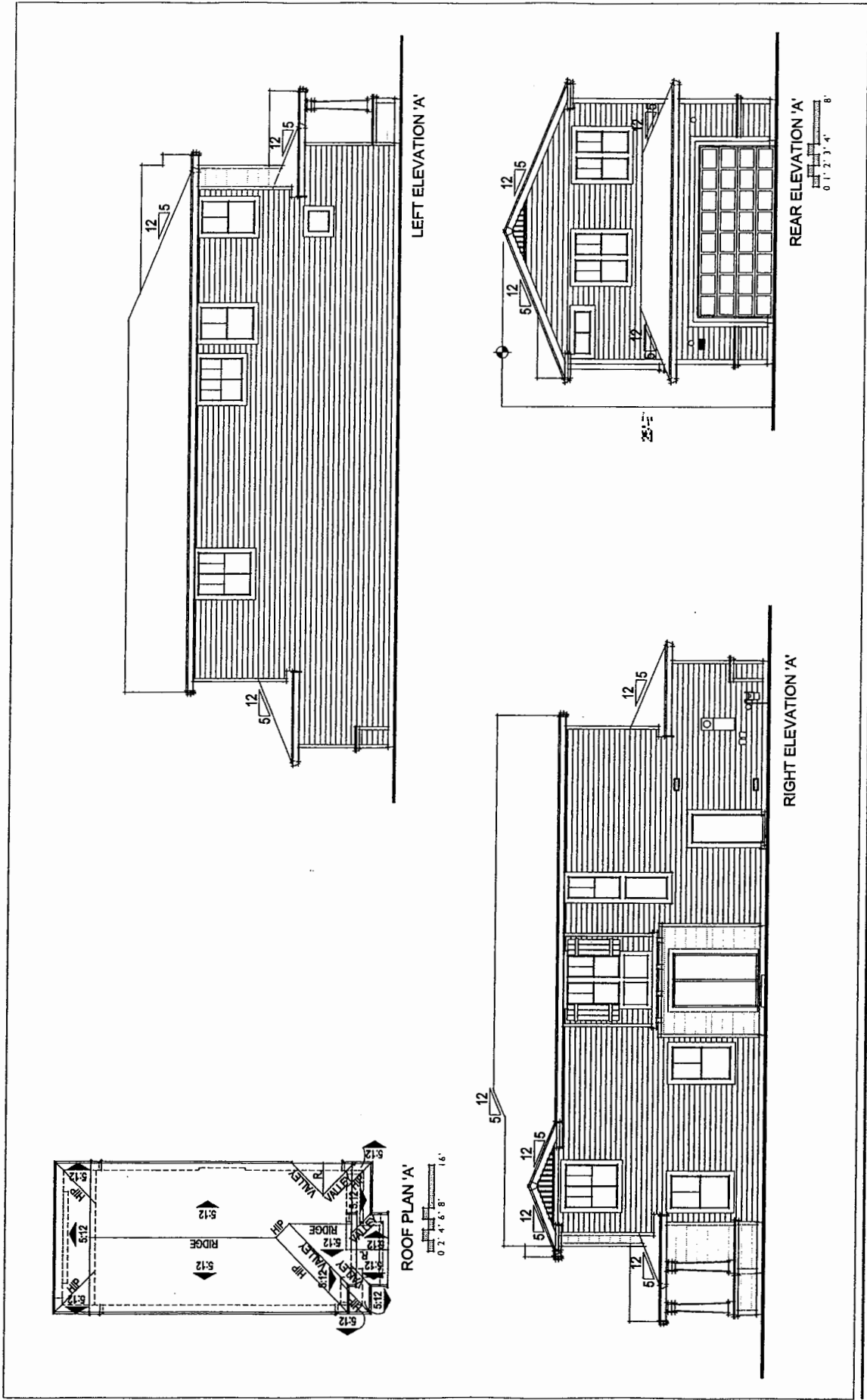
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Note: As shown above, 6:12 and 12:6 indicate that the pitch of the roof will rise 6-inches for every 12-inches of horizontal distance.

FIGURE 2-5
 CONCEPTUAL ELEVATION - SINGLE FAMILY HOME

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Note: As shown above, 5:12 and 12:5 indicate that the pitch of the roof will rise 5-inches for every 12-inches of horizontal distance.

FIGURE 2-6
 CONCEPTUAL ELEVATION - PASEO HOME

3. Policies

KB Home proposes a General Plan Amendment to change the land Use designation of the site from Retail to Low Density Residential. The site will also be rezoned from PF and CP to PDR (Planned Development Residential). The PDR zoning will allow for flexibility in the site layout and design of the development. The proposed residential use would be compatible with the surrounding low density residential land uses and provide for new housing in the southwestern portion of the City.

4. Other Improvements

a. Parking

Sixty-five guest parking spaces are provided in open parking bays and 166 on-street spaces on streets located within the project site.

b. Irrigation

Homeowner maintained irrigation systems will be used to maintain single-family lots consisting of front yard landscaping which includes lawns, shrubs, groundcovers, and street trees. Landscaping surrounding paseo homes, which will include lawns, trees, and groundcovers, will be irrigated with a common irrigation system maintained by the future homeowners association.

c. Storm Drainage

The majority storm runoff from the project site will be collected in standard inlets and piped to the park to travel through landscaping for treatment. Stormwater will then drain via gravity flow from the park to Benicia Road.

Approximately 6 acres of the project site currently drain to a swale that straddles the northern extent of the site. The swale drains to an existing storm drain system on Dryden Drive. The project proposes to reduce the tributary area to this swale to approximately 2.1 acres.

d. Sanitary Sewer

Wastewater will be collect and conveyed in 8-inch main lines from the subdivision and taken into the existing system through an existing easement on the Second Baptist Church property via Hargus Avenue. The existing system between Hargus Avenue and the connection point on the Church property will be removed and replaced at a lower elevation to allow gravity flow. An existing sewer line is located between the subdivision boundary and the most downstream manhole on Hargus Avenue. This line will be protected in place while a new, lower main line is installed to serve the needs of the project. The most downstream manhole on Hargus Avenue and the existing services will remain connected to the higher sewer line.

e. Little League Fields Replacement

As previously noted, East Vallejo Little League (EVLL) operates the recreational baseball fields within the project site without a lease agreement with Vallejo City Unified School District (VCUSD). Little league fields will be constructed at Springstowne Middle School and possibly Pennycook Elementary School to accommodate EVLL. The new fields will be operated by EVLL under a two-year lease.

f. Site Access and Circulation

As shown in Figure 2-4, the Project site will be accessed through three streets; two along Rollingwood Drive and one along Benicia Road. An emergency vehicle access road would be provided via Hargus Avenue.

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3 ENVIRONMENTAL CHECKLIST

This chapter contains the Environmental Checklist used by the City of Vallejo to evaluate impacts of the proposed project. An explanation of each checklist item is presented in Chapter 4.

Environmental Topic	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
1. Aesthetics				
Would the project:				
a. Substantially degrade the existing visual character or quality of the site and its surroundings?			X	
b. Have a substantial adverse effect on a scenic vista?				X
c. Substantially degrade the view from a scenic highway, including, but not limited to, trees, rock outcroppings and historic buildings?				X
d. Expose people on- or off-site to substantial light or glare?			X	
2. Agriculture Resources				
In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:				
a. Convert Prime Farmland, Unique Farmland or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?				X
b. Conflict with an existing Williamson Act contract?				X
c. Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland to non-agricultural use?				X

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Environmental Topic	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
3. Air Quality				
Where available, the significance of criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:				
a. Conflict with or obstruct implementation of the applicable air quality plan?		X		
b. Violate any air quality standard or contribute substantially to an existing or projected air quality violation?			X	
c. Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is in non-attainment under applicable federal or State ambient air quality standards (including releasing emissions that exceed quantitative thresholds for ozone precursors or other pollutants)?			X	
d. Expose sensitive receptors to substantial pollutant concentrations?		X		
e. Create objectionable odors affecting a substantial number of people?			X	
4. Biological Resources				
Would the project:				
a. Have a substantial adverse effect, either directly or through habitat modifications, on a plant or animal population, or essential habitat, defined as a candidate, sensitive or special-status species?		X		
b. Have a substantial adverse effect on any riparian habitat or other sensitive natural community type?				X
c. Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act, through direct removal, filling, hydrological interruption or other means?		X		

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Environmental Topic	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
d. Interfere substantially with the movement of any native resident or migratory fish or wildlife species, their wildlife corridors or nursery sites?			X	
e. Conflict with any local ordinances or policies protecting biological resources?				X
f. Conflict with an adopted Habitat Conservation Plan, Natural Community Conservation Plan or other approved local, regional or State habitat conservation plan?				X
5. Cultural Resources				
Would the project:				
a. Cause a substantial adverse change in the significance of a historical resource?		X		
b. Cause a substantial adverse change in the significance of an archaeological resource?		X		
c. Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?		X		
d. Disturb any human remains, including those interred outside of formal cemeteries?		X		
6. Geology and Soils.				
Would the project:				
a. Expose people or structures to potential substantial adverse effects, including the risk of loss, injury or death involving:				
i. Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault?				X

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Environmental Topic	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
ii. Strong seismic ground shaking?			X	
iii. Seismic-related ground failure, including liquefaction?			X	
iv. Landslides, mudslides or other similar hazards?				X
b. Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?		X		
c. Result in substantial soil erosion or the loss of topsoil?			X	
d. Be located on expansive soil, creating substantial risks to life or property?		X		
e. Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?				X
7. Hazards and Hazardous Materials				
Would the project:				
a. Create a significant hazard to the public or the environment through the routine transport, use or disposal of hazardous materials?			X	
b. Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?			X	
c. Emit hazardous emissions or handle hazardous materials, substances or waste within one-quarter mile of an existing or proposed school?				X

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Environmental Topic	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
d. Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, create a significant hazard to the public or the environment?		X		
e. Expose people or structures to a significant risk of loss, injury or death involving wildland fires?			X	
f. Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?				X
g. For a project within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people living or working in the project area?				X
h. For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people living or working in the project area?				X
8. Hydrology and Water Quality				
Would the project:				
a. Require or result in the construction of new stormwater drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?			X	
b. Violate any water quality standards or waste discharge requirements?			X	
c. Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a significant lowering of the local groundwater table level?			X	

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Environmental Topic	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
d. Substantially alter the existing drainage pattern of the site or area in a manner which would result in substantial erosion, siltation or flooding on- or off-site?			X	
e. Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems?			X	
f. Provide substantial additional sources of polluted runoff, or otherwise substantially degrade water quality?				X
g. Place occupied development within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?				X
h. Place within a 100-year flood hazard area structures which would impede or redirect flood flows?				X
i. Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?				X
j. Potentially be inundated by seiche, tsunami or mudflow?				X
9. Land Use				
Would the project:				
a. Physically divide an established community?				X
b. Create or exacerbate a conflict between land uses on the project site and in the surrounding area?				X

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Environmental Topic	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
c. Conflict with any applicable land use plan, policy or regulation of an agency with jurisdiction over the project (including, but not limited to, the general plan, specific plan, local coastal program or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?			X	
10. Mineral Resources				
Would the project:				
a. Result in the loss of availability of a known mineral resource that would be of value to the region or the State, or of a locally-important mineral resource recovery site delineated on a mineral resource plan, local general plan, specific plan or other land use plan?				X
11. Noise				
Would the project:				
a. Expose people to or generate noise levels in excess of standards established in the local general plan or noise ordinance, or other applicable standards?		X		
b. Expose people to or generate excessive groundborne vibration or groundborne noise levels?			X	
c. Create a substantial temporary, periodic or permanent increase in ambient noise levels in the project vicinity above levels existing without the project?			X	
d. Expose people living or working in the project area to excessive noise from a public or private airport?			X	

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Environmental Topic	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
12. Population and Housing				
Would the project:				
a. Induce substantial unexpected population growth or growth for which inadequate planning has occurred, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?			X	
b. Displace substantial numbers of existing housing units, necessitating the construction of replacement housing elsewhere?				X
c. Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?				X
13. Public Services				
Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, or result in the need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:				
a. Fire protection?			X	
b. Police protection?			X	
c. Schools?			X	
d. Parks?				X
e. Libraries?			X	
f. Other public facilities?				X

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Environmental Topic	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
14. Recreation				
Would the project:				
a. Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?				X
b. Result in substantial adverse physical impacts associated with the provision of new or physically altered park and recreational facilities, or result in the need for new or physically altered park and recreational facilities, the construction of which could cause significant environmental impacts.			X	
15. Transportation/Traffic				
Would the project:				
a. Cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system?			X	
b. Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?			X	
c. Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?		X		
d. Result in inadequate emergency access?				X
e. Result in inadequate parking capacity?				X
f. Conflict with adopted policies, plans or programs supporting alternative transportation?				X

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g. Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?				X
16. Utilities and Services				
Would the project:				
a. Have insufficient water supplies available to serve the project from existing and identified entitlements and resources?			X	
b. Require or result in the construction of new water facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?			X	
c. Require or result in the construction of new wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?			X	
d. Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?			X	
e. Have insufficient wastewater treatment capacity available to serve the project's projected demand in addition to existing demand?			X	
f. Require or result in the construction of new stormwater drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?			X	
g. Not be served by a landfill with sufficient permitted capacity to accommodate the buildout of the project's solid waste disposal needs?				X
h. Not comply with federal, State and local statutes and regulations related to solid waste and recycling?			X	

Environmental Topic	Potentially Significant Impact	Potentially Significant Unless Mitigation Incorporated	Less Than Significant Impact	No Impact
17. Mandatory Findings of Significance				
Does the project:				
a. Have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?			X	
b. Have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects and the effects of probable future projects.)			X	
c. Have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly?			X	

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The following provides an explanation of the analysis completed to make the determination of significance contained in the previous checklist in Chapter 3.

1. AESTHETICS

- a. *Less than Significant.* The project site currently contains two structures; an abandoned residential unit is located near the intersection of Benicia Road and Rollingwood Drive, and a restroom/snack bar is located along Rollingwood Drive at the north end of the site. Other auxiliary sheds used for maintenance of the little league fields are also located on-site. Residential uses are found adjacent to the project site on the north and west sides of the site. The neighborhoods that define these areas generally consist of low-density single-family detached housing units that are one to two stories in height. The architectural styles of the homes in these areas vary to some degree, but generally consist of the California bungalow and ranch style home. These neighborhoods have views of the ruderal grassland and little league fields on site. Cemeteries are located across Rollingwood Drive to the east and across Benicia Road to the south of the site.

The introduction of 214 residential units, constructed as 2-story structures with articulated facades, would change the visual appearance of the project site from primarily open space to a suburban development pattern. However, the proposed project would include landscaping amenities, setbacks and architectural features designed to preserve and enhance the appearance of the structures, and to be compatible with the visual character and quality of its surroundings, such that long term aesthetic degradation will not occur. Therefore, implementation of the project would have a *less-than-significant* impact on the existing visual character and quality of the site and its surroundings.

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- b. *No Impact.* Nearby hills, which are visible from higher portions of the project site and surrounding areas, are located to the north and northeast of the project site? Existing vegetation and trees bordering the site, as well as topography of the site and surrounding area prevent expansive views and limit scenic vistas from adjacent public viewpoints. Therefore, the project would have *no impact* on scenic vistas.
- c. *No Impact.* The proposed project is not located near a State scenic highway; therefore, implementation of the Project would result in *no impact* to scenic highways.¹
- d. *Less than Significant.* There is potential for an increase in light and glare as a result of the project. Exterior lighting would be limited to new overhead street lighting and exterior lighting for individual residences. The field of light generated by overhead, exterior lights would be directed downward onto roadways and sidewalks within the development through the use of hooded lights. Spillover of excess light onto neighboring properties would be minimized through the use of hooded light poles and the appropriate positioning of the poles themselves in relation to neighboring parcels. The project could also cause an increase in the level of glare from the site due to the introduction of reflective surfaces on new homes and supporting exterior infrastructure (e.g. signage). However, the new landscaping that would be included as part of the site plan, especially the new trees, would reduce the amount of refracted glare that would escape from the site. As a result, a *less-than-significant* impact would occur in relation to excess light and glare.

¹ California Department of Transportation, website, <http://www.dot.ca.gov/hq/LandArch/scenic/schwy1.html>, accessed on July 24, 2007.

2. AGRICULTURAL RESOURCES

- a-c. *No Impact.* The site is not part of the Williamson Act contract, as the site's parcels are zoned as PF (Public and Quasi-Public Facilities) and CP (Pedestrian Commercial) in the City's zoning ordinance. Furthermore, based on criteria for Williamson Act farmland, namely the necessity of 100 acres of farmland, the project site would not qualify as Williamson Act farmland.² Based on the absence of Williamson Act contracts and any agricultural activity on the site, the project would have *no impact* on Prime Farmland, Unique Farmland, or farmland of Statewide Importance.

3. AIR QUALITY

- a. *Potentially Significant Unless Mitigation Incorporated.* The most current Clean Air Plan (CAP), the 2005 Bay Area Ozone Strategy, was adopted by BAAQMD in 2006. This plan is based on population projections through 2020 compiled by the Association of Bay Area Governments (ABAG). The project proposes new single-family residences on a site that is mostly unused, but designated for retail uses. The neighborhood surrounding the project site is predominately residential. The Project would increase the number of residential units in Vallejo by 214 and increase the population by approximately 600 residents by 2010. According to ABAG's projections, the City's population is expected to increase from 122,900 in 2005 to 129,800 in 2010, amounting in an increase of 6,900 people. During the same period, the number of households in the City is projected to increase by 2,040.³ Therefore, the projected increase in population and dwelling units associated with the construction of the Project through 2010 would not exceed ABAG's growth projections for the City of Vallejo. Therefore, the project would not affect

² State of California, Division of Land Resource Protection, "Williamson Act Basics."

³ Association of Bay Area Governments, *Projections 2007*, page 200.

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population or Vehicle Miles Traveled (VMT) forecasts that were used for in the development of the regional Clean Air Plan.

Determining consistency with the Clean Air Plan also involves assessing whether Transportation Control Measures (TCMs) contained in the 2005 Bay Area Ozone Strategy are implemented. The 2005 Ozone Strategy (i.e., BAAQMD's most recent Clean Air Plan) includes 20 transportation control measures, of which seven require participation at the local level. The latest set of adopted TCMs, which identify local governments as implementing agencies, is listed by the BAAQMD in their CEQA Guidelines. These TCMs that would apply to projects are designed to reduce motor vehicle travel by encouraging use of other transportation modes. For single-family residential projects, these would include amenities that would encourage transit, bicycle and pedestrian modes of transportation. Without appropriate implementation of project-level transportation measures, this would be a significant impact.

Mitigation Measure AQ-1: To ensure incorporation of appropriate Clean Air Plan TCMs, the features listed below shall be included in the project. Implementation of the measures listed below along with the City's General Plan requirements would reduce vehicle use and vehicle miles traveled consistent with the current Clean Air Plan TCMs:

- ◆ Bicycle amenities should be provided. This would include appropriate bike lane connections and bicycle parking at the planned park.
- ◆ Provide appropriate transit amenities in coordination with the City and Vallejo Transit (Route 6), such as sheltered bus stops and bus pullouts.
- ◆ Implement a landscape plan that provides shade trees along adjacent sidewalks and at bus stops.

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Significance after Mitigation: Less than significant.

- b. *Less than Significant.* Carbon monoxide emissions from traffic generated by the project would be the pollutant of greatest concern at the local level. Congested intersections with a large volume of traffic have the greatest potential to cause high-localized concentrations of carbon monoxide. Air pollutant monitoring data indicate that carbon monoxide levels have been at healthy levels (i.e., below State and Federal standards) in the Bay Area since the early 1990s. As a result, the region has been designated as attainment for the standard. There is an ambient air quality monitoring station in Vallejo that measures carbon monoxide concentrations. The highest measured level over any 8-hour averaging period during the last 3 years is 3.4 parts per million (ppm). The contribution of project-generated traffic to these levels was predicted using the BAAQMD-recommended screening methods based on the Caline4 Line-Source Dispersion Model. Carbon monoxide concentrations were predicted for existing, existing plus project and cumulative conditions. The intersection of Rollingwood Drive and Benicia Road is considered the worst intersection (in terms of elevated carbon monoxide levels from traffic) that would be affected by project-generated traffic. This is due to a combination of higher traffic volumes and congestion. Future carbon monoxide levels were predicted near this intersection with the project in place using traffic projections provided by DMJM Harris/AECOM. Emission factors used were calculated using the EMFAC2007 model, developed by the California Air Resources Board, with default assumptions for the Bay Area during winter that include a temperature of 45 deg. F. The highest 8-hour concentration with the project in place (in 2010) is predicted to be 4.4 ppm over an 8-hour averaging period. The results of modeling indicate that levels would be below the California ambient air quality standards (used to judge the significance of the impact) or 9.0 ppm; therefore the impact is *considered less-than-significant*.

- c. *Less than Significant.* The Bay Area is considered a non-attainment area for ground-level ozone under both the Federal Clean Air Act and the California Clean Air Act. The area is also considered non-attainment for respirable particulates or particulate matter with a diameter of less than 10 micrometers (PM₁₀), and particulate matter with a diameter of less than 2.5 micrometers (PM_{2.5}) under the California Clean Air Act, but not the federal act. As explained in the response to criteria b), the area has attained both State and federal ambient air quality standards for carbon monoxide. As part of an effort to attain and maintain ambient air quality standards for ozone and PM₁₀, the BAAQMD has established thresholds of significance for air pollutants. These thresholds are for ozone precursor pollutants (reactive organic gases and nitrogen oxides) and PM₁₀.

The project would add new traffic trips, which would lead to increased emissions of air pollutants. Emissions of project-related air pollutants were predicted using the URBEMIS2007 model (Version 9.2), distributed by Rimpo Associates and recommended for use by the BAAQMD. This model predicts daily emissions associated with land use developments. The model combines predicted daily traffic activity, associated with the different land use types, with emission factors from the State's mobile emission factor model (i.e., EM-FAC2007). The model also predicts area source emissions associated with the proposed project, which are minor compared to emissions associated with traffic. Area sources for residential projects are associated with water and space heating and landscape maintenance. Vehicle mix, travel characteristics and temperature inputs were based on URBEMIS2007 defaults for Solano County. Since the City of Vallejo does not have a residential wood smoke ordinance, emissions of PM₁₀ from residential wood burning were predicted by the model for winter conditions. Daily summer and winter emissions predicted with full build out of the project are shown in Table 4-1.

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Emissions associated with the project would not exceed BAAQMD thresholds; as a result, the project would have a *less-than-significant* cumulative impact on regional air quality.

- d. *Potentially Significant Unless Mitigation Incorporated.* Operation of the project is not expected to cause any localized emissions that could expose sensitive receptors to unhealthy air pollutant levels. Construction activities would result in localized emissions of dust and diesel exhaust that could result in temporary impacts to adjacent land uses.

During grading and construction activities, dust would be generated. Most of the dust would result during site grading activities. The amount of dust generated would be highly variable and is dependent on the size of the area disturbed, amount of activity, soil conditions, and meteorological conditions. Typical winds during late spring through summer are from the southwest. Residential uses are located near the site, especially to the north and northeast. These areas could be adversely affected by dust generated during construction activities.

Although grading and construction activities would be temporary, they would have the potential to cause both nuisance and health air quality impacts. PM_{10} is the pollutant of greatest concern associated with dust. If uncontrolled, PM_{10} levels downwind of actively disturbed areas could possibly exceed State standards. In addition, dust fall on adjacent properties could be a nuisance. If uncontrolled, dust generated by demolition, grading and construction activities represents a potentially significant impact.

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TABLE 4-1 EMISSIONS AT PROJECT BUILDOUT

Scenario	Emissions of ROG ^a	Emissions of NOx ^b	Emissions of PM ₁₀ ^c
Daily Summer Emissions	35 pounds/day	28 pounds/day	31 pounds/day
Daily Winter Emissions (includes wood burning)	- ^d	- ^d	49 pounds/day
<i>BAAQMD Thresholds</i>	<i>80 pounds/day</i>	<i>80 pounds/day</i>	<i>80 pounds/day</i>

^a ROG = Reactive Organic Gases

^b NOx = Nitrogen Oxide

^c PM₁₀ = Particulate Matter 10 (particulate matter with a diameter of less than 10 micrometers)

^d Not applicable. Ozone season runs from late spring through early fall.

Construction equipment and associated heavy-duty truck traffic generates diesel exhaust, which is a known Toxic Air Contaminant. Diesel exhaust poses both a health and nuisance impact to nearby receptors. Diesel exhaust is also a substantial source of NOx emissions that affect regional ozone levels. These construction activities would be near sensitive receptors, but only for relatively short time periods. Therefore, the impacts are considered to be less than significant if reasonable available control measures are applied.

Mitigation Measure AQ-2: The applicant shall include the following measures to control dust and exhaust emissions:

- ◆ Water all active construction areas at least twice daily and more often during windy periods. Active areas adjacent to residences should be kept damp at all times.
- ◆ Cover all hauling trucks or maintain at least two feet of free-board. Dust-proof chutes shall be used as appropriate to load debris onto trucks during demolition.

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- ◆ Pave, apply water at least twice daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas, and staging areas.
- ◆ Sweep daily (with water sweepers) all paved access roads, parking areas, and staging areas and sweep streets daily (with water sweepers) if visible soil material is deposited onto the adjacent roads.
- ◆ Hydroseed or apply (non-toxic) soil stabilizers to inactive construction areas (i.e., previously-graded areas that are inactive for 10 days or more).
- ◆ Enclose, cover, water twice daily, or apply (non-toxic) soil binders to exposed stockpiles.
- ◆ Limit traffic speeds on any unpaved roads to 15 mph.
- ◆ Replant vegetation in disturbed areas as quickly as possible.
- ◆ Suspend construction activities that cause visible dust plumes to extend beyond the construction site.
- ◆ During renovation and demolition activities, removal or disturbance of any materials containing asbestos, lead paint or other hazardous pollutants will be conducted in accordance with BAAQMD rules and regulations.
- ◆ Prohibit use of "dirty" equipment. Equipment with noticeably dirty emissions shall be prohibited from operation at the site until proper maintenance has been performed to reduce the visible emissions to acceptable levels. If necessary, opacity shall be used as an indicator of exhaust particulate emissions from off-road diesel powered equipment, where the project shall ensure that emissions from all construction diesel powered equipment used on the project site do not exceed 40 percent opacity for more than three minutes in any one hour. Any equipment found to exceed 40

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percent opacity (or Ringelmann 2.0) shall be repaired immediately.

- ◆ Signs shall be clearly posted at the construction site indicating that diesel equipment standing idle for more than five minutes shall be turned off. This would include trucks waiting to deliver or receive soil, aggregate, or other bulk materials. Rotating drum concrete trucks could keep their engines running continuously as long as they are onsite.
- ◆ Properly tune and maintain equipment in accordance with manufacturer specifications.
- ◆ During grading, stage construction equipment at least 200 feet away from any sensitive uses.
- ◆ The contractor shall install temporary electrical service whenever possible to avoid the need for independently powered equipment (e.g., compressors).
- ◆ A Disturbance Coordinator will be assigned to the project when active construction is occurring within 200 feet of residences. This coordinator will ensure that all air quality construction period mitigation measures are enforced. In addition, the Disturbance Coordinator will respond to complaints from the public regarding air quality issues in a timely manner. The contact information for this Coordinator will be posted in plain view at the project site.
- ◆ A Disturbance Coordinator shall suspend construction activities that cause visible dust plumes to extend beyond the construction site.

Significance after Mitigation: Less than significant.

- e. *Less than Significant.* During construction the various diesel powered vehicles and equipment in use on the site would create localized odors. These odors would be temporary and not likely to be notice-

able for extended periods of time much beyond the project's site boundaries. The potential for diesel odor impacts is therefore less-than-significant. The proposed residential uses that would be constructed are not likely to produce any offensive odors in the long-term; therefore this would be a *less-than-significant* impact.

4. BIOLOGICAL RESOURCES

Biological resources were identified through the review and compilation of existing information and a field reconnaissance survey. The review provided information on general resources in the area, potential jurisdictional wetlands and other waters, and the distribution and habitat requirements of special-status species which have been recorded from or are suspected to occur in the Vallejo vicinity. This included a preliminary wetland delineation (Olberding Environmental, 2006) a *Preliminary Tree Report* (Hortscience, 2006), and a *Biological Resources Analysis* (Olberding Environmental, 2006), all of which were prepared for the applicant. The preliminary wetland delineation provides a detailed assessment and mapping of the extent of potential jurisdictional wetlands based on the opinion of the applicant's biological consultant. The U.S. Army Corps of Engineers (Corps) conducted a field visit with the applicant's biological consultant as part of the verification in March 2007, but the verification process has not been completed at this point. The *Biological Resources Analysis* (BRA) provides information on vegetation and wildlife habitat, potential for occurrence of special-status species, summary of potential jurisdictional wetlands and other waters, conclusions regarding presence or absence of sensitive resources, and recommendations for additional surveys and mitigation. The *Preliminary Tree Report* provides a summary of the location and condition of each tree on the site at the time of the survey. A peer review of the applicant's studies was conducted by Environmental Collaborative, which involved a field reconnaissance survey of the site on August 7, 2007, followed by preparation of the following discussion. (Note: The background information provided in the BRA, it is available for review at Vallejo Planning Division.)

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- a. *Potentially Significant Unless Mitigation Incorporated.* The potential for occurrence of any special-status species on the site is considered remote, given the existing site conditions and previous uses. However, there remains the potential for nesting birds, including burrowing owl, loggerhead shrike, and other raptors and passerine birds to establish nests on the site in advance of construction. Grading and vegetation removal could result in the inadvertent destruction of any nests in active use, which would be a possible violation of the Migratory Bird Treaty Act. Preconstruction surveys would be necessary to confirm absence of any nesting bird species, particularly burrowing owl and other raptors. Mitigation Measure BIO-2 below would serve to ensure that adequate avoidance of possible bird nesting activity occurs as part of the project, and would serve to mitigate this potentially significant impact to a less-than-significant level.

In addition to the potential for nesting raptors on the site, there remains a remote possibility that other important plant and animal species may be present on the site. These species include six special-status plant species, vernal pool fairy shrimp, Monarch butterfly, and the pallid bat. The BRA recommends directed surveys to confirm absence of these species, and identifies mitigation if they are encountered. If one or more of these species is in fact present on the site, grading and construction could destroy the existing habitat and could result in inadvertent take of individuals, which would be a potentially significant impact of the project. Completion of the recommended additional surveys, implementation of any required mitigation, and compliance with applicable State and federal laws would serve to mitigate this potentially significant impact to a *less-than-significant* level.

Mitigation Measure BIO-1: The applicant shall obtain all necessary permits from the Army Corps of Engineers (the Corps), U.S. Fish and Wildlife Service (USFWS), California Department of Fish and Game (CDFG), and the Regional Water Quality Control Board (RWQCB) as required by federal and State law to

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avoid, minimize or offset impacts to any species listed under either the State or federal Endangered Species Acts or protected under any other State or federal law as follows:

- ◆ Before project implementation, a delineation of waters of the United States, including wetlands that could be affected by development, shall be made by a qualified wetland specialist through the formal Clean Water Act (CWA) Section 404 process.
- ◆ If based on the verified delineation, it is determined that fill of waters of the United States would result from project implementation, authorization for such fill shall be secured from the Corps through the Section 404 permitting process and from the RWQCB as part of the Section 401 water quality certification process.
- ◆ Consultation or incidental take permitting may be required under the Endangered Species Act (ESA). The applicant shall obtain all legally-required permits from the USFWS for the “take” of protected species under the ESA.
- ◆ Evidence that the applicant has secured any required authorization from these agencies shall be submitted to the Vallejo Planning Division prior to issuance of any grading or building permits for the project.

Mitigation Measure BIO-2: Any active raptor or other bird nests in the vicinity of proposed grading shall be avoided until young birds are able to leave the nest (i.e., fledged) and forage on their own. Avoidance may be accomplished either by scheduling grading and vegetation removal during the non-nesting period (September through February), or if this is not feasible, by conducting a pre-construction survey for active nests. Provisions of the pre-construction survey and nest avoidance, if necessary, shall include the following:

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- ◆ If grading is scheduled during the active nesting period (March through August), a qualified wildlife biologist shall be retained by the applicant to conduct a pre-construction nesting survey no more than 30 days prior to initiation of grading to provide confirmation on presence or absence of active nests in the vicinity.
- ◆ If active nests are encountered, species-specific measures shall be prepared by a qualified biologist in consultation with the CDFG and implemented to prevent nest abandonment. At a minimum, grading in the vicinity of the nest shall be deferred until the young birds have fledged. A nest-setback zone of at least 300 feet shall be established for raptors and 100 feet for loggerhead shrike and passerine birds within which all construction-related disturbances shall be prohibited. The perimeter of the nest-setback zone shall be fenced or adequately demarcated, and construction personnel restricted from the area.
- ◆ If permanent avoidance of the nest is not feasible, impacts shall be minimized by prohibiting disturbance within the nest-setback zone until a qualified biologist verifies that the birds have either a) not begun egg-laying and incubation, or b) that the juveniles from the nest are foraging independently and capable of independent survival at an earlier date. A survey report by the qualified biologist verifying that the young have fledged shall be submitted to the Vallejo Planning Division prior to initiation of grading in the nest-setback zone.

Mitigation Measure BIO-3: Focused surveys for the special-status plant species considered to have a remote potential for occurrence on the site shall be conducted during the flowering season by a qualified botanist to confirm absence of these species from the site. Species of concern identified in the BRA include: bent-flowered fiddleneck (*Amsinckia lunaris*), Congdon's tarplant (*Centromadia parryi* ssp. *congdonii*), dwarf downingia

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(*Downingia pusilla*), Santa Cruz tarplant (*Holocarpha macradenia*), Contra Costa goldfields (*Lasthenia conjugens*), and legenere (*Legenere limosa*). If populations of special-status plant species are found, then a detailed mitigation plan shall be prepared which includes specifics on the species, habitat and natural community preservation/conservation strategies designed to protect this species, and compensatory mitigation developed in accordance with any CDFG and USFWS requirements. If no special-status plants are found during the focused surveys, then no further mitigation would be required.

Mitigation Measure BIO-4: Directed surveys shall be conducted for Monarch butterfly, vernal pool fairy shrimp, burrowing owl, and pallid bat as recommended in the BRA by the applicant's biological consultant. Appropriate mitigation shall be provided in the remote instance that any of these species are encountered on the site. Mitigation shall be coordinated with representatives of the CDFG and/or USFWS as required by law, and may include on-site avoidance, compensatory mitigation, or other acceptable mitigation strategies. If none of these special-status animal species are found during the focused surveys, then no further mitigation would be required.

Significance after Mitigation: Less than significant.

- b. *No Impact.* Due to the extent of past disturbance, there are no sensitive natural community types on the site, including riparian habitat. The potential jurisdictional wetlands and non-jurisdictional waters are generally the result of man-made conditions, such as irrigation runoff from the baseball fields, residential yard areas, and the parking lot of the former drive-in theater. These features are dominated by non-native species and are they are not considered sensitive natural community types. However, some or all of these potential wetlands and waters may be regulated by the Corps, regardless of whether

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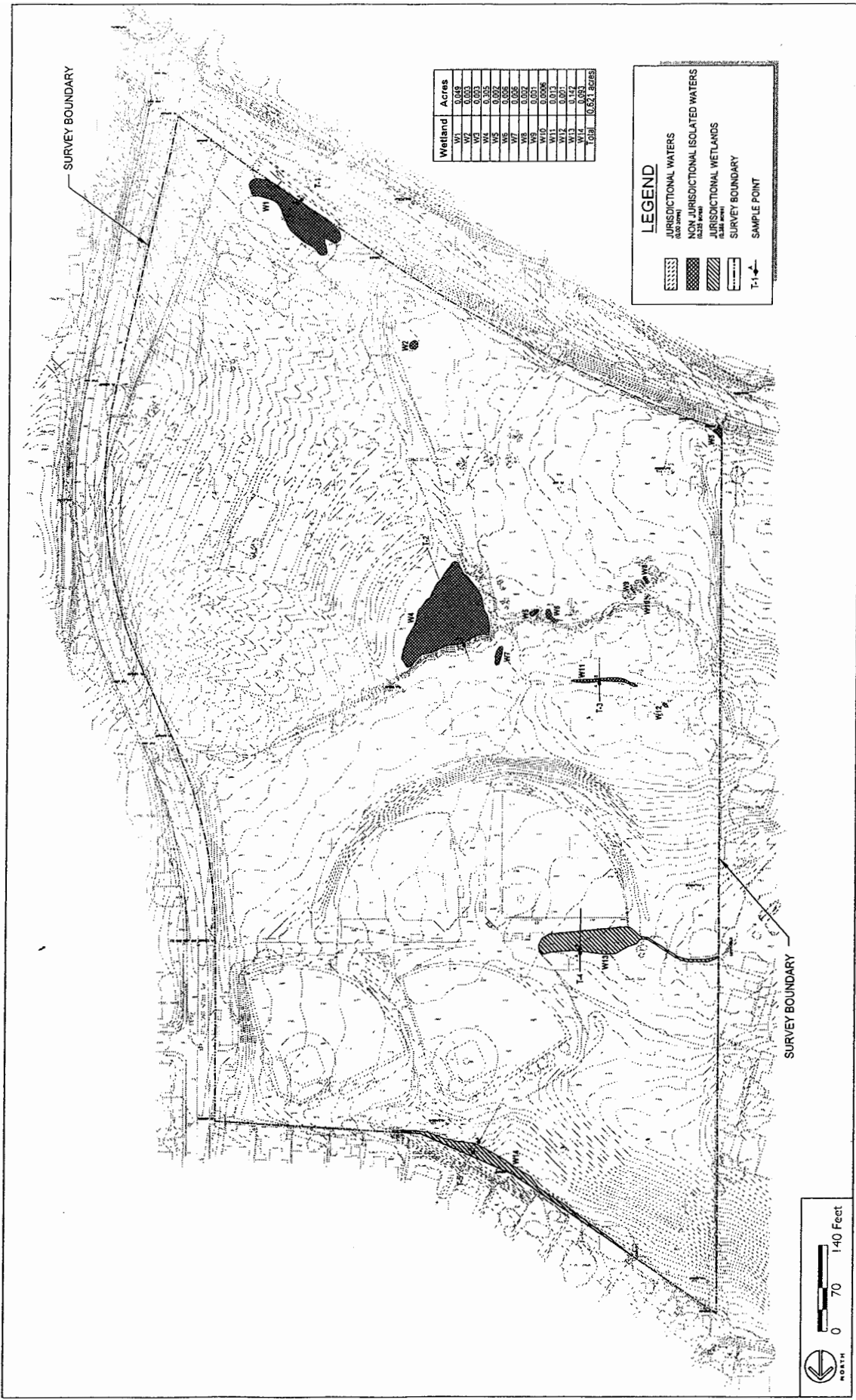
they are man-made or support native vegetation. *No impact* on sensitive natural communities is anticipated and no mitigation is therefore required.

- c. *Potentially Significant Unless Mitigation Incorporated.* As currently proposed, the project would eliminate all of the potential jurisdictional and non-jurisdictional waters mapped in the preliminary wetland delineation prepared by the applicant's biological consultant. Collectively, this consists of up to 0.621 acres of potential waters, the extent of which has not yet been verified by the Corps. Of this total, the applicant's biological consultant estimates that 0.386 acre is potentially jurisdictional wetlands, consisting of the drainage swales along the northern and west-central portions of the site (see Figure 4-1). Although these potential jurisdictional and non-jurisdictional features have only limited habitat value and are dominated by non-native species, collectively this represents a significant impact. Implementation of an adequate mitigation plan and securing any necessary authorizations from jurisdictional agencies, as called for in Mitigation Measure BIO-5, would ensure that potential impacts on wetlands and waters are mitigated to a less-than-significant level.

The wetland replacement component of the Wetland Mitigation Program shall specify performance criteria, maintenance and long-term management responsibilities, monitoring requirements, and contingency measures. Monitoring shall be conducted by the qualified wetland specialist for a minimum of five years and continue until the success criteria are met.

Mitigation Measure BIO-5: A Wetland Mitigation Program shall be prepared by a qualified wetland specialist to provide for the protection, replacement, and management of jurisdictional waters on the site affected by proposed development. The Wetland

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Source: Oiberding Environmental

FIGURE 4-1
 WETLAND DELINEATION MAP

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Mitigation Program shall include the following components and meet the following standards:

- ◆ Proposed grading and development shall be redesigned to preferably avoid removal or adverse impacts to areas verified as jurisdictional wetlands. Where avoidance is infeasible, adequate mitigation for any direct or indirect impacts on jurisdictional waters shall be provided as coordinated with the Corps and/or RWQCB. Replacement wetlands shall be provided at a minimum 2:1 replacement ratio and shall be established in suitable locations within undeveloped open space areas, preferably on-site but possible off-site if an acceptable location is selected and approved by jurisdictional agencies. The wetlands replacement component of the Wetland Mitigation Program shall emphasize establishment of native freshwater marsh and seasonal wetlands to replace and enhance existing habitat values.
- ◆ The wetland replacement component of the Wetland Mitigation Program shall specify performance criteria, maintenance and long-term management responsibilities, monitoring requirements, and contingency measures. Monitoring shall be conducted by the qualified wetland specialist for a minimum of five years and continue until the success criteria are met.

Significance after Mitigation: Less than significant.

- d. *Less than Significant.* Proposed development would eliminate most of the existing habitat on the site, but the site is generally defined by degraded non-native, ruderal grasslands and areas of pavement or turf, with little habitat value. Development currently surrounds the entire site, limiting opportunities for movement and dispersal. Pre-construction surveys recommended in Mitigation Measure BIO-2 would ensure that any bird nests in active use are protected. Given the relatively low habitat value of the site, proposed development is

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not expected to have a significant impact on wildlife, and no mitigation is considered necessary.

- e. *No Impact.* The proposed project is not expected to conflict with any local ordinances or policies related to biological resources. Numerous non-native trees would be removed to accommodate proposed development, but new landscaping would include trees, shrubs, and groundcovers, that would serve to replace their existing habitat value. The City does not have a heritage-tree preservation ordinance that would need to be considered during tree removal.⁴ Mitigation measures recommended above would serve to address any potential adverse impacts on wetland or other sensitive resources on the site. *No impact* would occur.
- f. *No Impact.* There are no adopted Habitat Conservation Plans, Natural Community Conservation Plans, or other approved local, regional, or state habitat conservation plans encompassing the site and vicinity, so *no impact* would occur. No mitigation measures are required.

5. CULTURAL RESOURCES

- a.-d. *Potentially Significant Unless Mitigation Incorporated.* A record search by William Self Associates indicates that four structures existed on the project site by 1863. A visual inspection of the site was conducted by William Self Associates in Fall 2006 and there were no visual indicators of significant historical structures. Although a large portion of the site remains covered in asphalt, compacted gravel dried grasses and weeds, the possibility exists that potentially significant historic resources are buried, and could be discovered during construction. These resources may include, but are not necessarily limited to, the foundations, of the previously existing structures.

⁴ Chapter 10.12 of the City of Vallejo Municipal Code (Trees). <http://municipalcodes.lexisnexis.com/codes/vallejo/>. Accessed August 23, 2007.

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According to the William Self Associates study, no archeological or paleontological resources, geologic features, or human remains are known to exist at the project site. However, the possibility remains that such resources may exist and be encountered during construction activities.⁵

In the event that such resources, features or human remains are discovered during construction, the following mitigation measures would reduce potential impacts to a *less-than-significant* level.

Mitigation Measure CUL-1. In the event that unique historical, archeological paleontological or geologic features are discovered during construction, a qualified archeologist or geologist shall be contacted immediately to determine the significance of the resource. Construction activities shall be halted and not commence until the expert has issued an opinion about the resource and appropriate mitigation has been determined.

Mitigation Measure CUL-2. In the event that human remains are discovered on the project site during construction activities, the following steps shall be taken according to CEQA Guidelines Section 15064.5 (e)(1). First there shall be no further excavation of the site or any nearby area until the Solano County coroner is contacted to determine that no investigation of the cause of death is required. Second, if the coroner determines that the remains are of Native American decent, the coroner will contact the Native American Heritage Commission within 24 hours.

Significance after Mitigation: Less than significant.

⁵ William Self Associates, *Archaeological Survey and Cultural Resources Assessment for 1300 Benicia Road Vallejo, Solano County, California*, October 30, 2006.

6. GEOLOGY AND SOILS

- a.
- i. *No Impact.* The property is not located within the Alquist-Priolo Earthquake Fault Zone as defined by the California Geologic Survey.⁶ The project site is therefore is not susceptible to ground surface rupture during an earthquake.⁷ *No impact* would occur.
- ii. *Less than Significant.* As noted in the 2006 Geotechnical Feasibility study (Stevens, Ferrone, and Bailey; 2006), the site is located in a seismically active region, and within 25 miles of three active fault zones: the Green Valley (South) Fault Zone, West Napa Fault Zone, and Rodgers Creek Fault Zone. Due to the close proximity of these zones, the site will probably be subjected to at least one moderate to severe earthquake that will cause strong ground shaking and has a 10 percent probability within the next 50 years of exceeding a peak ground acceleration of about 0.43g.⁸ Although potential ground shaking at a site cannot be mitigated, the project would be required to adhere to the specifications of the California Building Code as a condition of approval. Because the site is located in Seismic Zone 4, the specifications for construction within Zone 4 would be followed and no mitigation is required. As a result, a *less-than-significant* impact would occur.
- iii. *Less than Significant.* Soil liquefaction is a phenomenon primarily associated with saturated, cohesionless soil layers located close to the

⁶ The City of Vallejo is not listed as a city affected by the Alquist-Priolo Earthquake Fault Zones as listed by the California Geologic Survey, <http://www.consrv.ca.gov/CGS/rghm/ap/affected.htm>, accessed August 22, 2007.

⁷ The Alquist-Priolo Earthquake Fault Zone is a 500 foot zone on either side of an active fault trace where, among other things, the possibility of ground-rupture from fault movement is considered to exist.

⁸ This measurement is 0.43 the acceleration due to gravity or 43% of the acceleration of gravity.

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ground surface. Soils that are most susceptible to liquefaction are loose, sandy soils subject to water intrusion. The potential risk of liquefaction at the site location is low, because rock was encountered at one-half foot to seven feet below ground surface, and medium dense, saturated granular soils were not encountered below groundwater.⁹ As a result, of the solid composition below the site, a *less-than-significant* impact would occur.

- iv. *No Impact.* The site is located in a relatively flat area, surrounded by gently rolling slopes. The threat of a mudslide or landslide is, therefore, highly unlikely. *No impact* would occur.

- b. *Potentially Significant Unless Mitigation Incorporated.* As stated in response to criteria a.iv), the site terrain is relatively flat and is not bordered by any steep slopes. Therefore, the potential for landslides is low. As explained in the response to criteria a.iii), the potential for liquefaction was determined to be low in the 2006 geotechnical study.

Lateral spreading and subsidence have the potential to occur in areas where non-uniform soils are subjected to seismic forces or load-bearing. As stated in the 2006 geotechnical report, fill material and soft, weak and potentially compressible clayey soils exist within the upper ½ to 5 feet on-site; on average these materials are estimated to extend to depths of about 3 feet over 80 percent of the site.¹⁰ Lateral spreading and subsidence of these soils could occur if exposed to sufficient force or bearing. Implementation of Mitigation Measure GEO-1 would reduce potentially significant impacts to a *less-than-significant* level.

⁹ Stevens, Ferrone, and Bailey; 2006, Geotechnical Feasibility Investigation, Rollingwood Drive Residential Development, Vallejo, CA. Page 6.

¹⁰ Stevens, Ferrone, and Bailey; 2006, Geotechnical Feasibility Investigation, Rollingwood Drive Residential Development, Vallejo, CA. Page 8.

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Mitigation Measure GEO-1: In portions of the site where clayey soils and fill material will not be removed during grading and where proposed improvements (new fill, pavements, slabs on grade) will be constructed, these existing sub-surface materials should be removed and recompact. The process may consist of removing the upper two feet of these materials, and scarifying and re-compacting the lower one foot prior to placing new fill or improvements. The process will need to be confirmed during a future geotechnical investigation. Subsequent to this investigation and prior the issuance of a grading permit, the applicant shall submit a plan to the City for review and approval, which will identify the steps for removal or treatment of soils on-site.

Significance after Mitigation: Less than significant.

- c. *Less than Significant.* The project will result in the loss of topsoil due to excavation and grading activities during construction. Unless mitigated, construction-period erosion is considered a potentially significant impact. Erosion prevention would be addressed through the development of a Storm Water Pollution Prevention Plan (SWPPP). The SWPPP, which would be required as part of project approval, would identify a series of Best Management Practices (BMPs) that would be employed to mitigate the potentially significant impacts associated with erosion, such as sedimentation of receiving water bodies Best Management Practices could include, but may not be limited to spraying water and placing berms on disturbed areas, and covering soil stock piles with tarps. Beyond the SWPPP, no mitigation is required to address topsoil loss and possible erosion. A *less-than-significant* impact would occur.
- d. *Potentially Significant Unless Mitigation Incorporated.* This site exhibits clayey expansive surface materials, which could be subject to volume changes during seasonal fluctuations in moisture levels. Ex-

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pansion of soils during periods of high-moisture could result in subsidence as described in the Stevens, Ferrone, and Bailey geotechnical report (2006). Implementation of Mitigation Measure GEO-2 would reduce potential impacts to a *less-than-significant* level.

Mitigation Measure GEO-2: To reduce the potential for post-construction distress to the proposed residential structures resulting from swelling and shrinkages of clayey soils, post-tensioned slabs should be used for foundation support over the engineered and compacted fill after the removal of the clay-rich overburden.

Significance after Mitigation: Less than significant.

- e. *No Impact.* Septic tanks and/or alternative waste water disposal systems are not included as part of this project. As a result, *no impact* would occur.

7. HAZARDS AND HAZARDOUS MATERIALS

- a. *Less than Significant.* Hazardous materials used during construction are a potential concern. These materials typically include gasoline, diesel fuel, lubricating oil, grease, hydraulic fluid, solvents, caulking and paint. Potential impacts during construction, including unforeseen accidents, from the use of these materials on-site would be reduced to less-than-significant levels through compliance with applicable regulations, as well as the use of standard handling practices followed by trained personnel.

Following construction, the project would involve the use of hazardous materials at volumes typically associated with residential development. Types of materials commonly utilized are cleaners (various types of detergents), fertilizers, and pesticides. Considering the types and volumes of materials to be used on-site, a potential accident

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(spill of a solvent) does not represent a significant hazard to the environment. Furthermore, the project would not involve the disposal of hazardous materials on-site such that a potentially significant risk to public health would exist. As a result, a *less-than-significant* impact would occur.

- b. *Less than Significant.* The proposed project would create a significant hazard to the public or the environment if it resulted in the reasonably foreseeable upset or release of hazardous materials into the environment. As discussed in response to criteria a) above, residential use at the property will result in the use of commonly employed household chemicals and hazardous materials. The residential uses would be expected to generate only small quantities of hazardous materials, such as household batteries, paint, and cleaners. The accidental release of hazardous materials is unlikely to have a substantial affect on the environment. As a result, the potential impact is *less than significant*.
- c. *No Impact.* There are no schools within ¼ mile of the project site. The nearest school is Saint Patrick's High School at 1500 Benicia Road, which is located approximately 0.6 mile from the project site.¹¹ As a result, *no impact* would occur.
- d. *Potentially Significant Unless Mitigation Incorporated.* The project site is listed on the HAZNET regulatory database. HAZNET is a Department of Toxic Substances Control (DTSC) database with information on over 500,000 annual hazardous waste shipments entered from over one million shipping manifests per year. The HAZNET record indicates that 0.03 tons of organic solids and 8.42 tons of asbestos containing waste were removed from the site on September 20, 2002. The site was subsequently listed as inactive (no

¹¹ Google Maps confirmed that 1500 Benicia Road is 0.6 miles from the intersection of Benicia Road and Rollingwood Drive, <http://maps.google.com>, accessed August 21, 2007.

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longer producing waste) on August 19, 2003. This documented waste removal was most likely related to demolition or renovation activities which involved the removal of asbestos containing building materials.

The site is also listed as having some lead and arsenic in the soil as a result of a study completed by Kleinfelder, Inc. on behalf of Rollingwood Middle School in 2003. The physical address of this study became attached to the Rollingwood Middle School address and thus does not show up as an issue in the regulatory database as a listed site for potential lead and arsenic concern. The DTSC provided oversight per the requirements of the California Department of Education, approving the preliminary endangerment assessment in September 2003. In June 2004, at the request of the Vallejo Unified School District, the DSTC placed the property on the inactive list because the school district decided not to pursue the development of the property.

According to DTSC, the Kleinfelder study completed for Rollingwood Middle School sampled for lead, arsenic and pesticides.¹² The Kleinfelder study found relatively minimal concentrations of lead and pesticides in the soil, but up to 110 mg/kg arsenic in the areas of the former drive-in and Little League ballpark. The residential Environmental Screening Level (ESL) for arsenic is 0.06 mg/kg. The arsenic was thought to result from historical use of weed suppression. The specific details of the study, such as number and depth of samples, locations or range of concentrations is not known at this time but can be reviewed at the DTSC Sacramento offices. The depth of soil affected is likely to be shallow based on low solubility and mobility of arsenic in soil. Based on the indication of significantly higher arsenic concentrations in soils compared with the ESLs, the

¹² Kamili Siglowide, Department of Toxic Substance Control, State of California, personal communication with Stellar Environmental Solutions, September 2007.

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impact is considered *potentially significant*. The following mitigation measures would be implemented to reduce potential impacts to a less than significant level.

Mitigation Measure HAZ-1: Prior to any site improvements, including grading and preliminary site work, the applicant shall review the Kleinfelder study at the DTSC Sacramento offices. Depending on the extent of the soil sampling completed to date and the determinations of the Kleinfelder study, additional sampling shall be conducted to better define the extent of contamination on-site. Once sufficient sampling has been completed in accordance with DTSC guidelines, the samples shall be evaluated and mitigation measures developed, as appropriate.

Mitigation Measure HAZ-2: Before any soil can be exported off-site it shall be profiled for landfill disposal requirements. If harmful concentrations of pesticides, lead and arsenic are reported in the soil, per DTSC guidelines, the contaminated soil shall not be reused for landscaping. Rather, landscaping soils shall be imported from an off site source.

Significance after Mitigation: Less than significant. If impacts related to hazardous materials cannot be mitigated to a less than significant level, a new environmental review would be required.

- e. *Less than Significant.* As shown on Figure 2-2 of the Project Description, the project site is within a largely urbanized area where the level of risk associated with wildland fires is relatively low. The proposed project will lessen the potential for wildfires compared to the existing open space on the majority of the site, which contains flammable weeds and vegetation that are susceptible to burning. Potential impacts related to wildland fires are therefore *less than significant*.

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- f. *No Impact.* The project would not involve any permanent changes to existing roads or other infrastructure that could adversely affect the implementation of an emergency response or evacuation plan. During construction, temporary lane closures may be required; however these closures would be adjusted, as necessary, to accommodate the passage of emergency vehicles at all times. Therefore, *no impact* would occur.
- g. *No Impact.* The project site is not within an airport land use plan or within two miles of a public airport or public use airport. The closest airports are the Napa County Airport, approximately 13.4 miles from the site, Buchanan Field Airport, approximately 13.2 miles from the site, and the Oakland International Airport, approximately 30 miles to the south. As a result, *no impact* would occur.
- h. *No Impact.* The project site is not located within the vicinity of a private airstrip such that potentially significant impacts to public safety would exist.¹³ As a result, *No impact* would occur.

8. HYDROLOGY AND WATER QUALITY

- a. *Less than Significant.* The proposed project would result in the replacement of permeable surfaces, such as the existing Little League fields, with impervious surfaces, such as streets and building roofs. This change would reduce the natural infiltration of storm water that would take place on-site, increasing stormwater peak flows and runoff volumes.

Approximately six acres of the project site currently drain to a swale that straddles the northern boundary of the project site. The swale drains to an existing storm drain system located on Dryden Drive. The Project would reduce the runoff area from six to two acres, thus

¹³ My Airport/Facility Directory website, <http://www.myafd.com>, accessed on August 22, 2007.

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reducing stormwater runoff to Dryden Drive. Storm runoff throughout the remainder of the site will be collected in standard street level inlets and piped to the on-site park where it will be naturally filtered through landscaping for treatment. From the park, stormwater will drain via gravity flow to an existing storm drain below Benicia Road. The increase in storm water runoff will require the replacement of an approximately 450-foot portion of the existing storm drain within the right of way for Benicia Road.

The drainage improvements specified above will be constructed within areas that have already been disturbed through the installation of existing infrastructure or areas that would already be disturbed as a result of the project. Therefore, construction of the drainage improvements would not, by themselves, result in a potentially significant impact beyond those already identified in this analysis. As a result, a *less than-significant* impact would occur.

- b. *Less than Significant Impact.* Construction activities could result in soil erosion and siltation that could harm water quality by increasing turbidity and may allow for runoff contaminated with diesel fuel, gasoline, paint, concrete, wood preservatives, or any other construction-materials likely to be used or stored on the site during construction.

Construction materials and equipment could also contaminate site soils and the ground surface. This contamination could be spread by runoff of storm water, wash water, or moisture used to condition soils during site grading and construction. This represents a potentially significant impact.

The project applicant is required to comply with all Phase II NPDES Permit requirements for the construction period because the construction site is larger than 1 acre in size. Under the Phase II program, the applicant is required to submit a Notice of Intent (NOI)

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with the State Water Resource Control Board's (SWRCB) Division of Water Quality. The NOI includes general information on the types of construction activities that will occur on the site.

As previously discussed in the Geology and Soils section, the applicant will also be required to prepare a Storm Water Pollution Prevention Plan (SWPPP). The SWPPP will include a description of appropriate Best Management Practices (BMPs) to minimize the discharge of pollutants from the site. Typical requirements include, but are not limited to, the following:

- ◆ Performing major vehicle maintenance, repair jobs, and equipment washing at appropriate off-site locations;
- ◆ Maintaining all vehicles and heavy equipment and frequently inspecting for leaks;
- ◆ Designating one area of the construction site, well away from streams or storm drain inlets, for auto and equipment parking and routine vehicle and equipment maintenance;
- ◆ Cleaning-up spilled dry materials immediately. Spills are not to be "washed away" with water or buried;
- ◆ Using the minimum amount of water necessary for dust control;
- ◆ Cleaning-up liquid spills on paved or impermeable surfaces using "dry" cleanup methods (e.g. absorbent materials such as cat litter, and/or rags);
- ◆ Cleaning-up spills on dirt areas by removing and properly disposing of the contaminated soil;
- ◆ Storing stockpiled materials, wastes, containers and dumpsters under a temporary roof or secured plastic sheeting;
- ◆ Properly storing containers of paints, chemicals, solvents, and other hazardous materials in garages or sheds with double containment during rainy periods;

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- ◆ Applying concrete, asphalt, and seal coat during dry weather. Keeping contaminants from fresh concrete and asphalt out of the storm drains and creeks by scheduling paving jobs during periods of dry weather and allowing new pavement to cure before storm water flows across it;
- ◆ Covering catch basins and manholes when applying seal coat, slurry seal and fog seal.

BMPs identified in the SWPPP could also include soil stabilization techniques such as: hydroseeding and short-term biodegradable erosion control blankets; silt fences or some kind of inlet protection at downstream storm drain inlets; post-construction inspection of all drainage facilities for accumulated sediment; and post-construction clearing of all drainage structures of debris and sediment. Finally, the project applicant will be required to submit a Notice of Termination (NOT) when site soils are stable and permanent erosion and sediment control is in place.

Following construction, project development would increase the resident population at the site, therefore requiring more waste treatment, potentially hazardous materials storage, and disposal. Wastewater would be routed into the City's sewer system and therefore be subject to all discharge requirements. The impact of the project on water quality standards or on waste discharge requirements will depend on the adequacy of infrastructure for liquid waste disposal.

The project would also increase the potential for non-point source (NPS) pollutants by increasing impermeable surface area and runoff velocities. NPS pollutants are washed by rainwater from rooftops, landscape areas, streets and parking areas into the drainage network. Increased levels of NPS pollutants and litter entering downstream drainage facilities could have adverse effects on wildlife, fauna, and human health.

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Non-point pollutants from the proposed project would likely be consistent with suburban high-density residential areas and parking lots. Increases in the levels of oil and grease, petroleum hydrocarbons, metals, and possibly nutrients on the project site are likely. This is considered a *significant* impact. As part of the final project approval process, the applicant would be required to submit a drainage plan for review and approval by the Regional Water Quality Control Board (RWQCB). The drainage plan would identify the features that would be incorporated into the project to ensure that the development does not result in a substantial increase in NPS pollutants to receiving water bodies. These features would include, but may not be limited, bio-filtration of storm water runoff through the on-site park.

Therefore, completion of a construction-period SWPPP and a post-construction drainage plan, subject to approval by the RWQCB, would reduce potential impacts to a *less-than-significant* level.

- c. *Less than Significant.* Groundwater recharge occurs on the majority of the site through direct infiltration of storm water among unpaved areas. The degree of groundwater recharge will be reduced due to an increase in impervious surface area and collection of storm water through a network of new storm drains and pipes. However, given the surface area of the site in relation to undeveloped land in the surrounding areas where recharge would continue to occur, the amount of groundwater recharge occurring below the site that would be lost is considered to be insignificant. Furthermore, the project would not rely upon groundwater as a water source. As a result, the project would have a *less-than-significant* impact in regards to groundwater supply.
- d. *Less than Significant.* The predominant drainage pattern on the site is from south to north, consistent with the slope of the terrain. This pattern would be maintained during and after construction. A natu-

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rally occurring drainage swale that parallels the north side of the property appears to have some potential riparian habitat and may be considered an annual drainage area. The swale was dry at the time of the site inspection on August 3, 2007, however the presence of riparian vegetation within (or adjacent to the swale) indicates the semi-regular existence of water.

Increased erosion and siltation are frequently associated with new construction when excavation, earth movement, and stockpiling of materials take place. Erosion and siltation could temporarily impact the drainage swale on the north side of the site during construction. Siltation or sedimentation of the swale is a potentially significant impact in that obstruction of flows within it could cause erosion, siltation or flooding in other portions of the site or on adjacent parcels. Through the development of a construction-period SWPPP, as discussed above in response to criteria b), potential impacts related to sedimentation of the drainage swale would be reduced to a *less-than-significant* level.

- e. *Less than Significant.* The project applicant has completed a preliminary hydrologic analysis to calculate the potential hydrologic increase in stormwater volumes that would result from the project. Based on this analysis, it was determined that the project would not cause an increase in stormwater runoff.¹⁴ As a result, a *less-than-significant* impact would occur.

- f. *No Impact.* Beyond potentially significant impacts to water quality identified above in response to criteria b, the project would not otherwise degrade surface or groundwater quality. All potential impacts to these resources were identified in this response and no additional impact would occur.

¹⁴ Falgout, Mark A. Project Engineer, Ruggeri-Jensen-Azar and Associates. Email correspondence, August 16, 2007.

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- g. *No Impact.* The property site is not within a 100-year flood zone as the property is not included within the Federal Emergency Management Agency's (FEMA) Flood Insurance Rate Map (FIRM) of Vallejo.¹⁵ *No impact* would occur.
- h. *No Impact.* As stated in response to criteria g, the project site is not located within a 100-year flood hazard area and would therefore not have any effect on flood flows generated during a 100-year storm event. *No impact* would occur.
- i. *No Impact.* Lake Chabot Dam and Lake Herman Dam are the closest dams to the proposed project; however, the project site does not lie down gradient from either dam.¹⁶ Additionally, no levees are within close proximity to the project site.¹⁷ The proposed project would not be impacted by flooding as a result of a levee or dam failure.
- j. *No Impact.* The project location is not within close proximity of a large body of enclosed or open water that could be the source of a seiche or tsunami. Furthermore, the project location is within a developed area of Vallejo where undeveloped hillsides do not pose a risk related to mudflows. As a result, the project would experience no impact related to the possibility of seiche, tsunami, or mudflows.

¹⁵ Federal Emergency Management Agency, Flood Insurance Rate Map 0606310625B.

¹⁶ Google Maps confirmed that Lake Chabot Dam and Lake Herman Dam are the closest dams to the project site, <http://maps.google.com>, accessed August 21, 2007.

¹⁷ City of Vallejo General Plan does not cite levees as a possible threat to residents.

9. LAND USE

- a. *No Impact.* The proposed project includes the construction of 214 residential units on an infill site, located near the intersection of Rollingwood Drive and Benicia Road. The site currently contains four little league fields, but is otherwise vacant. Although residential development would be a new use of the site, it would represent a continuation of existing residential uses that define the adjacent areas to the north and west of the project site. Furthermore, the project does not include any construction off-site that would potentially affect the cohesion of surrounding communities. As a result, the project would have *no impact* in terms of physically dividing a community.
- b. *No Impact.* Due to the residential nature of the surrounding area, the project would not create or exacerbate a conflict between land uses. As stated above in response to criteria a), the project would represent a continuance of residential uses located to the north and west of the site. Furthermore, the project would not adversely affect the function or quality of the cemeteries to the south and east of the project site. The cemeteries would continue to operate during and after construction. As a result, *no impact* would occur.
- c. *Less than Significant.* The Project will require a change in the City's General Plan land use and zoning designations. Currently, the project site is designated as Retail, and zoned as PF – Public and Quasi-Public Facilities and CP – Pedestrian Commercial.¹⁸ The project applicant proposes a change in the land use designation to Low Density Residential, and the zoning to Planned Development Residential. The land use designation and zoning changes will not conflict with any land use plan, policy or regulation that has been adopted for the purpose of avoiding or mitigating an environmental impact. As a result, the project will result in a *less-than-significant* impact.

¹⁸ City of Vallejo, Enterprise GIS Website, <http://gis.ci.vallejo.ca.us/welcome.asp>, accessed July 16, 2007.

10. MINERAL RESOURCES

- a. *No Impact.* There are no known mineral resources located on the project site.¹⁹ A deposit of greenstone and greywacke has been identified at Sulphur Springs Mountain, a portion of which is within the City of Vallejo's Sphere of Influence. However, the site is approximately two miles from the project site and will not be affected by the project. As a result, *no impact* would occur.

11. NOISE

- a. *Potentially Significant unless Mitigation Incorporated.* The project includes the development of 214 housing units and a 4.1-acre park. Primary outdoor use areas for residences (e.g., private rear yard areas in single-family developments or common use areas in multi-family developments) are considered "normally acceptable" in noise environments up to 60 dBA Ldn. Noise levels up to 65 dBA Ldn may be allowed at the discretion of the City where it is not economically or aesthetically reasonable to meet the more restrictive outdoor goal. Small decks and entry porches do not need to meet these goals. Interior noise levels are required to be maintained at or below 45 dBA Ldn.

Noise measurements were made to establish the existing noise environment at the project site and vicinity. Ambient noise levels result primarily from local traffic along Rollingwood Drive and Benicia Road. Noise levels generated by traffic along Rollingwood Drive were 66 dBA Ldn at a distance of 65 feet from the centerline. Traffic along Benicia Road generated a day-night average noise level of 62 dBA Ldn at a distance of 50 feet from the roadway centerline. Am-

¹⁹ City of Vallejo, General Plan 1999 Update, page XI-5.

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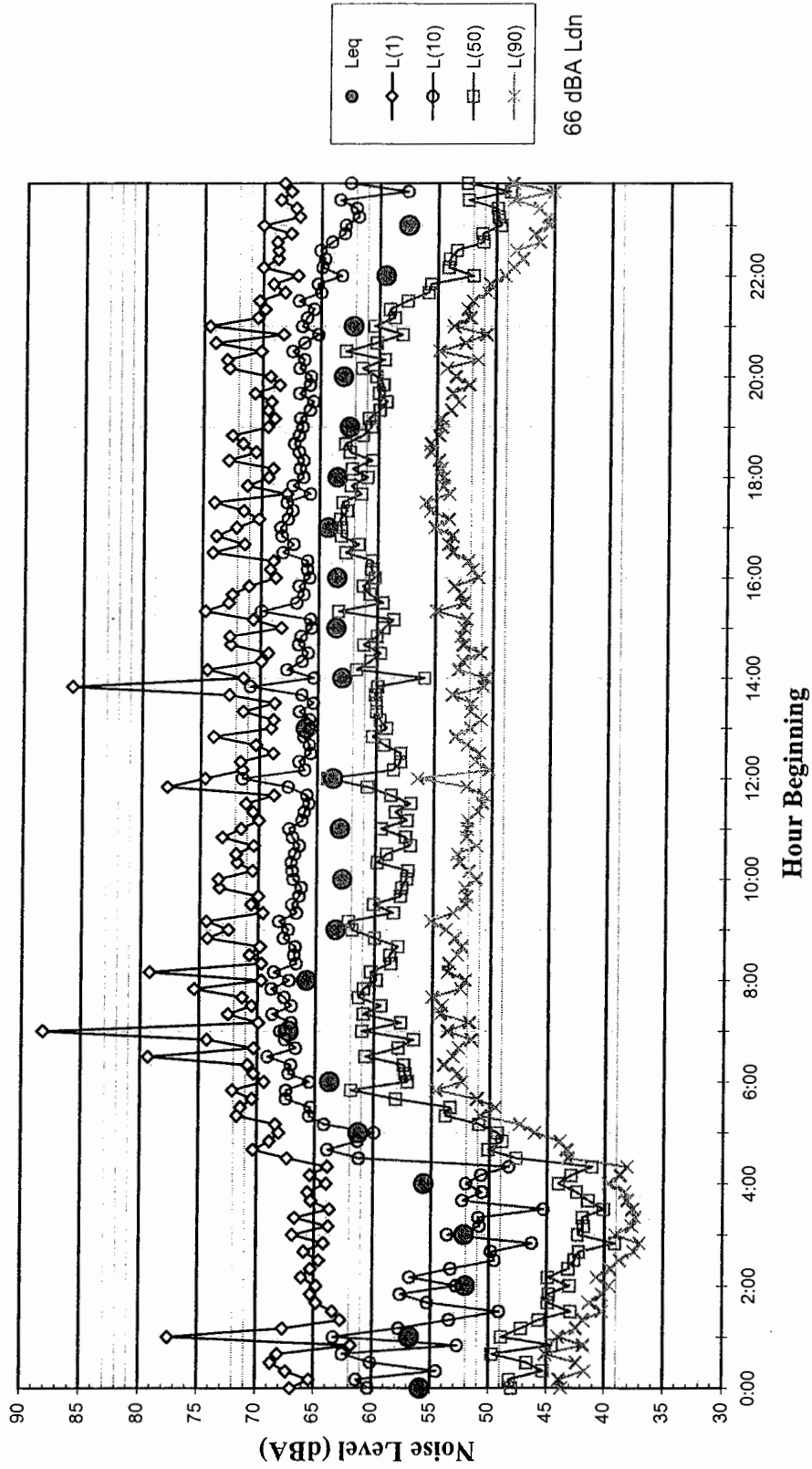
bient noise data measured at this site are summarized on Figures 4-2 and 4-3.

The future noise environment at the project site is anticipated to increase by about 2 dBA Ldn as traffic increases along adjacent roadways. Noise levels generated by future traffic anticipated along Rollingwood Drive are calculated to be 68 dBA Ldn at a distance of 65 feet from the centerline. Future traffic noise levels along Benicia Road are calculated to be 64 dBA Ldn at a distance of 50 feet from the roadway centerline. Assuming no additional attenuation from structures or topography, future noise levels would exceed 60 dBA Ldn within 250 feet of the centerline of Rollingwood Drive and within 115 feet of Benicia Road.

Paseo homes proposed nearest Rollingwood Drive and Benicia Road would be exposed to future exterior noise levels ranging from 60 dBA Ldn to 66 dBA Ldn. These homes would have small entry porches and no private exterior use areas. The exterior noise and land use compatibility standard would not be applicable at these entry porches and mitigation in the form of noise barriers would not be required.

Single-family homes proposed nearest Rollingwood Drive would be exposed to future exterior noise levels ranging from 63 dBA Ldn to 68 dBA Ldn. The exterior noise and land use compatibility standard of 60 dBA Ldn would be applicable at proposed private outdoor use areas adjoining Rollingwood Drive and mitigation would be required to reduce noise levels to "normally acceptable" levels. Six- to eight-foot noise barriers, located as shown on Figure 4-4, would be required to meet the 60 dBA Ldn noise standard. Six-foot noise barriers, located as shown on Figure 4-5, would be required to meet the 65 dBA Ldn noise standard.

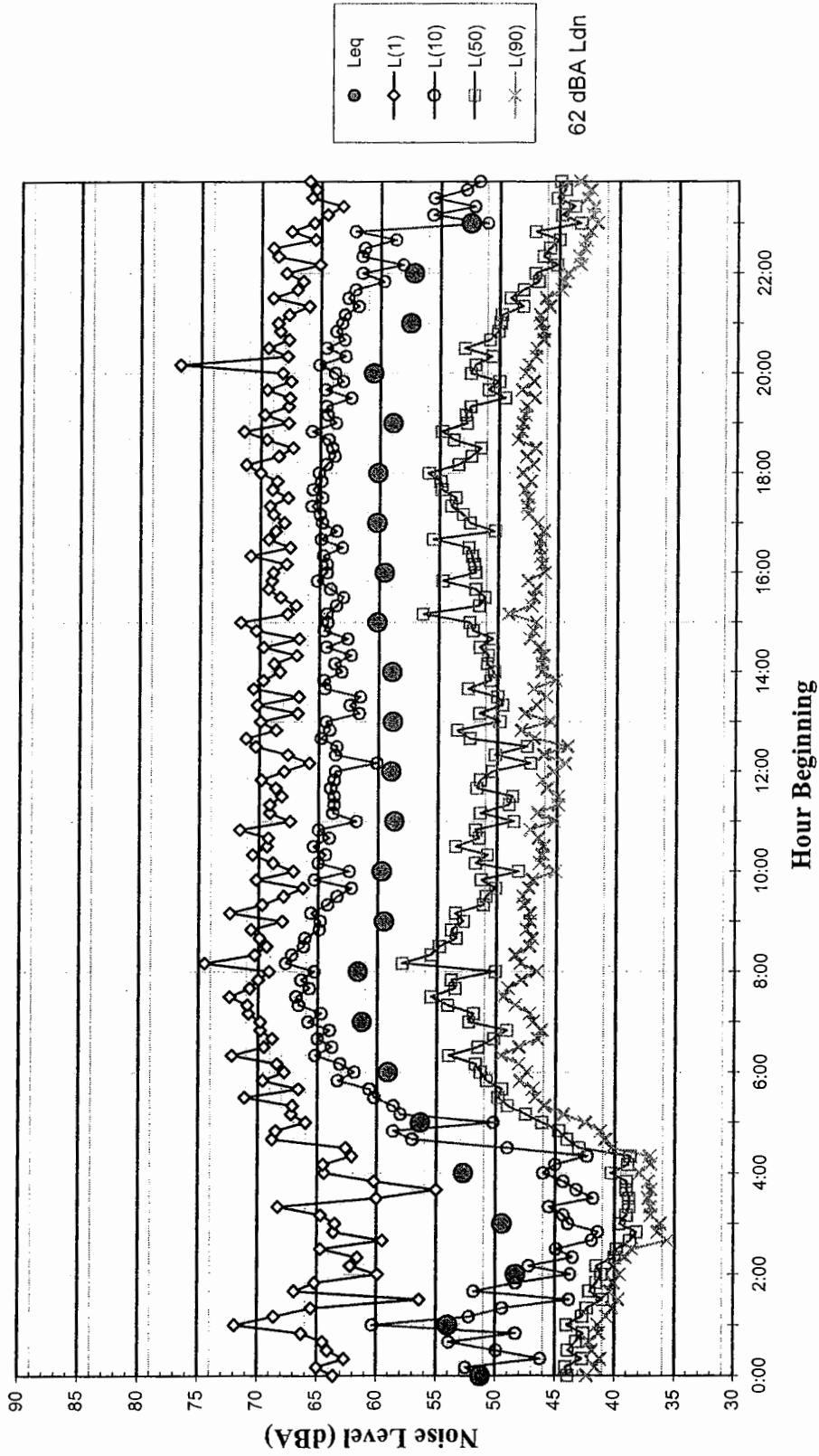
**Noise Levels at LT-1
~65 feet from the Center of Rollingwood Avenue
Wednesday, July 18, 2007**



Source: Illingworth & Rodkin

FIGURE 4-2
AMBIENT NOISE LEVELS AT LT-1

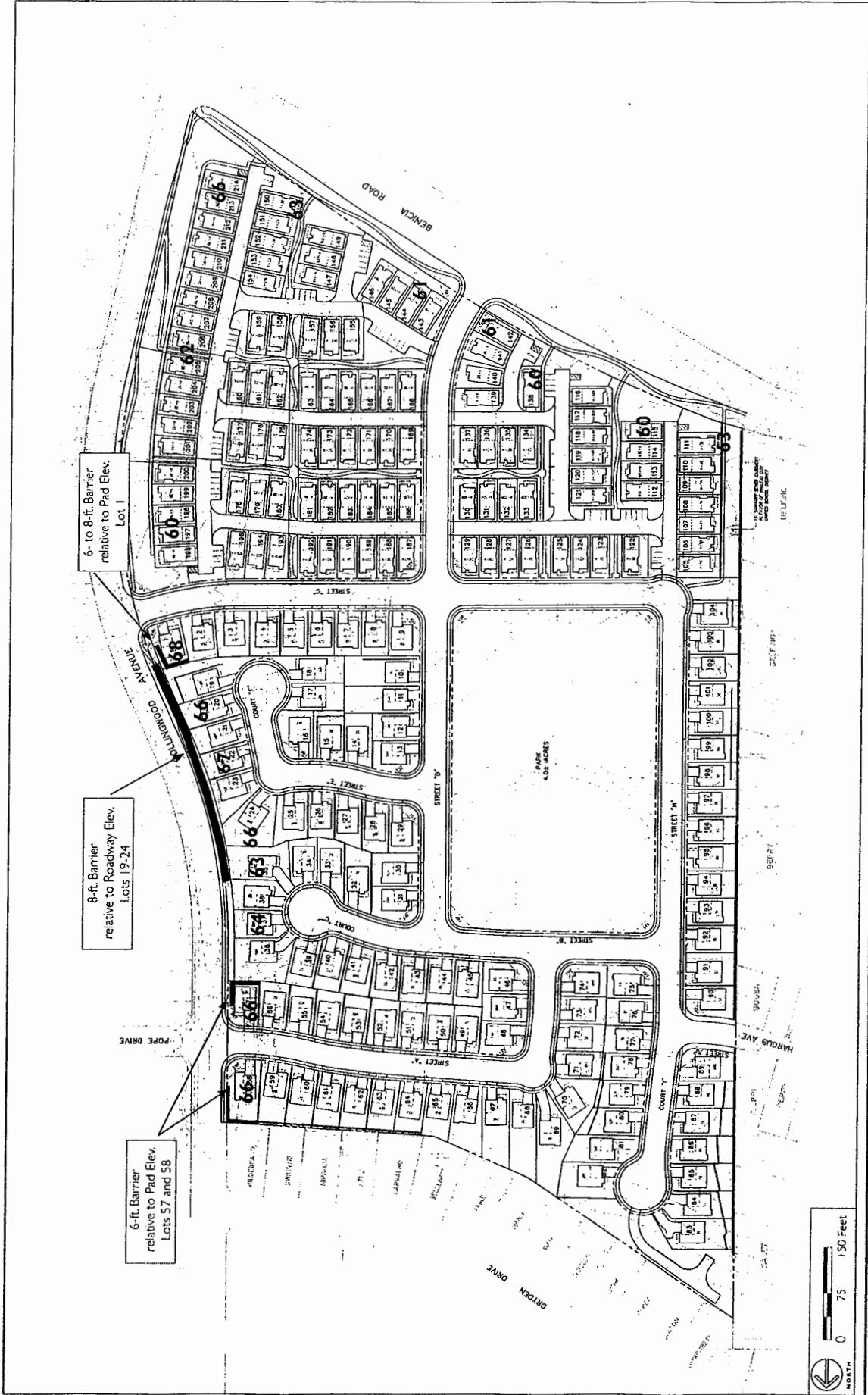
**Noise Levels at LT-2
 ~50 feet from the Center of Benicia Road
 Wednesday, July 18, 2007**



Source: Illingworth & Rodkin

FIGURE 4-3
 AMBIENT NOISE LEVELS AT LT-2

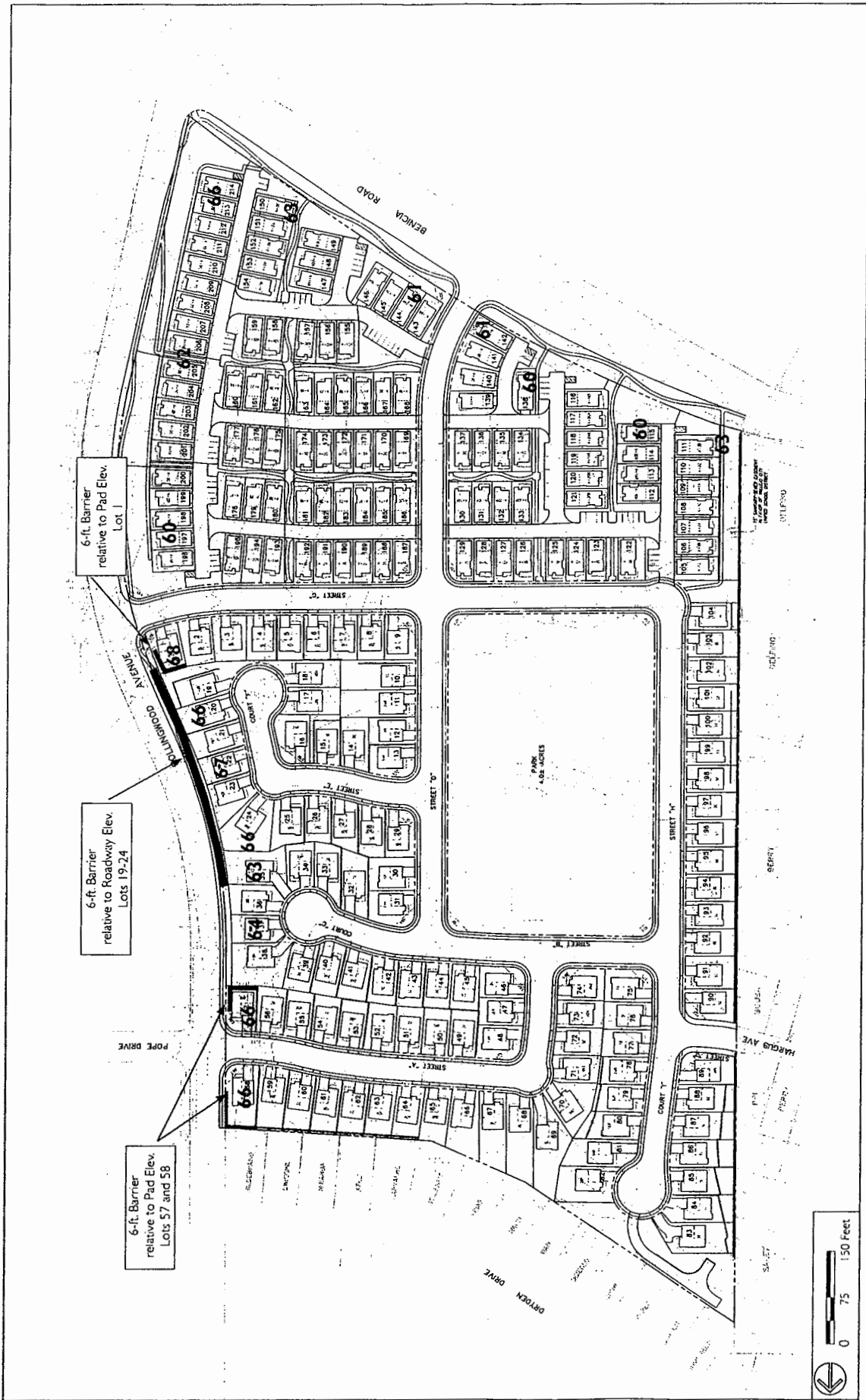
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Source: Illingworth & Rodkin

FIGURE 4-4
 FUTURE NOISE LEVELS AND NOISE BARRIERS - 60 dBA L_{dn} EXTERIOR STANDARD

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Source: Illingworth & Rodkin

FIGURE 4-5
 FUTURE NOISE LEVELS AND NOISE BARRIERS - 65 dBA L_dn EXTERIOR STANDARD

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TABLE 4-2 DEFINITIONS OF ACOUSTICAL TERMS

Term	Definitions
Decibel, dB	A unit describing the amplitude of sound.
A-Weighted Sound Level, dBA	Decibel level as measured using the A-weighting filter network which de-emphasizes the very low and very high frequency components of the sound in a manner similar to the frequency response of the human ear and correlating well with subjective reactions to noise. All sound levels in this report are A-weighted, unless reported otherwise.
L ₀₁ , L ₁₀ , L ₅₀ , L ₉₀	The A-weighted noise levels that are exceeded 1%, 10%, 50%, and 90% of the time during the measurement period.
Community Noise Equivalent Level, CNEL	The average A-weighted noise level during a 24-hour day, obtained after addition of 5 decibels to sound levels measured from 7:00 p.m. to 10:00 p.m. and 10 decibels to sound levels measured between 10:00 p.m. and 7:00 a.m.
Day/Night Noise Level, L _{dn}	The average A-weighted noise level during a 24-hour day, obtained after addition of 10 decibels to levels measured in the night between 10:00 p.m. and 7:00 a.m.
Ambient Noise Level	The composite of noise from all sources near and far. The normal or existing level of environmental noise at a given location.

Source: Illingworth and Rodkin.

Standard residential construction provides approximately 15 dBA of exterior to interior noise reduction assuming the windows are partially open for ventilation. Interior noise levels would exceed 45 dBA L_{dn} where exterior noise levels exceed 60 dBA L_{dn} assuming that the residential units are constructed following standard California building practices.

Exterior and interior noise levels at portions of the project site would exceed the City of Vallejo's noise and land use compatibility standards for residential land uses. This is a potentially significant impact.

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Mitigation Measure NOISE-1: Where noise-sensitive exterior use areas would be exposed to an Ldn greater than 60 dBA, mitigation would be required to reduce noise levels to meet exterior and interior noise level limits.

- ◆ Construct noise barriers to reduce exterior noise levels to 60 dBA Ldn or less as shown in Figure 4-4. If the City determines that it is not economically or aesthetically reasonable to meet the 60 dBA Ldn standard, construct noise barriers as shown in Figure 4-5 to reduce noise levels to 65 dBA Ldn or less. Noise barriers shall be constructed out of materials with a minimum surface weight of 3 lbs./ft². Suitable materials include 1-in. thick wood fence boards, concrete, masonry, or metal provided that the barrier is solid over its face and at its base. In locations identified for noise barriers, the applicant shall examine the creation of earthen berms as an alternative option. Provided that berms can reduce potential impacts to a less than significant level and would not conflict with right-of-way constraints, the applicant shall coordinate with the City to identify the preferable option. The applicant shall also examine the option of combining noise barriers and berms, such as a four foot berm atop a four foot wall to achieve comparable noise reduction.
- ◆ Retain a qualified Acoustical Specialist to prepare for City review and approval a detailed acoustical analysis of interior noise reduction requirements and specifications for all units proposed within the 60 dBA Ldn contours of area roadways, in accordance with City standards. Interior noise levels must be maintained at or below 45 dBA Ldn. Building sound insulation requirements shall include forced air mechanical ventilation in noise environments exceeding 60 dBA Ldn. Special building construction techniques (e.g., sound-rated windows and building facade treatments) may be required where exterior noise levels exceed 65 dBA

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CNEL. Because the noise exposure is between 65 dBA Ldn and 70 dBA Ldn these treatments would be limited to sound rated windows and doors at the most affected rooms. Special sound rated exterior wall assemblies would not be required. The specific determination of required door and window sound transmission ratings shall be made on a unit-by-unit basis during project design. Results of the analysis, including the description of the necessary noise control treatments, shall be submitted to the City along with the building plans prior to issuance of a building permit.

Significance after Mitigation: Less than significant.

- b. *Less than Significant.* Construction techniques including the use of jackhammers, rock drills and other high-power or vibratory tools, and the operation of rolling stock equipment during earthmoving activities (tracked vehicles, compactors, etc.) may generate perceptible vibration at residential land uses in the immediate vicinity of the project site. Construction phases that have the highest potential of producing vibration would be short-term in duration and perceptible vibration would be intermittent. This is a less significant impact.
- c. *Less than Significant.* Turning Movement Volume data for eight intersections in the site vicinity²⁰ were reviewed to calculate the relative change in traffic noise levels resulting from the project. The addition of project traffic would increase noise levels by less than 1 dBA at receivers along roadways affected by project trips. This is a less-than-significant impact because the increase would not be perceptible or substantial.

²⁰ DMJM Harris/AECOM, Rollingwood Residential Turning Movement Volumes, August 10, 2007.

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Project construction activities would generate noise, and would temporarily increase noise levels at adjacent land uses. Construction-related noise levels are normally highest during the earthmoving phase and during the construction of project infrastructure. These phases of construction require heavy equipment, which generate the highest noise levels over extended periods of time. Typical hourly average construction generated noise levels are about 81 dBA Leq to 88 dBA Leq measured at a distance of 50 feet from the center of the site during busy construction periods (e.g., earth moving equipment, impact tools, etc.). Construction-related noise levels are normally less during building erection, finishing, and landscaping phases. There would be variations in construction noise levels on a day-to-day basis depending on the actual activities occurring at the site. Construction generated noise levels drop off at a rate of about 6 dBA per doubling of distance between the source and receptor. Shielding by buildings or terrain could provide an additional 5 to 10 decibels of attenuation at distant receptors.

Noise impacts resulting from construction activities would depend on the noise generated by various pieces of construction equipment, the timing and duration of noise generating activities, and the distance between construction noise sources and noise sensitive receptors. Construction noise impacts primarily occur when construction activities occur during noise-sensitive times of the day (early morning, evening, or nighttime hours), the construction occurs in areas immediately adjoining noise sensitive land uses, or when construction durations last over extended periods of time. Where noise from construction activities exceeds 60 dBA Leq and exceeds the ambient noise environment by at least 5 dBA Leq at noise-sensitive uses in the project vicinity for a period greater than one construction season, the impact would be considered significant.

Typically, small residential projects do not generate significant noise impacts when standard construction noise control measures are en-

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forced at the project site and when the duration of the noise generating construction period affecting a particular receiver or group of receivers is limited to one construction season (typically one year) or less. Construction noises associated with projects of this type are disturbances that are necessary for the construction or repair of buildings and structures in urban areas. Reasonable regulation of the hours of construction, as well as regulation of the arrival and operation of heavy equipment and the delivery of construction materials, are necessary to protect the health and safety of persons, promote the general welfare of the community, and maintain the quality of life. Limiting the hours when construction can occur to daytime hours is often a simple method to reduce the potential for noise impacts. In areas immediately adjacent to construction, controls such as constructing temporary noise barriers and utilizing "quiet" construction equipment can also reduce the potential for noise impacts.

The following standard controls are assumed to be included in the project:

- ◆ Noise-generating construction activities shall be limited to the hours between 7:00 a.m. and 6:00 p.m., Monday through Friday. No construction shall occur on weekends or holidays.
- ◆ Locate stationary noise generating equipment as far as possible from sensitive receptors. Acoustically shield stationary noise sources when located in areas adjoining sensitive receptors.
- ◆ Utilize "quiet" air compressors and other "quiet" equipment where technology exists.
- ◆ Prohibit unnecessary idling of construction equipment.
- ◆ Properly maintain and muffle all internal combustion-driven construction equipment.
- ◆ The contractor shall prepare a detailed construction plan identifying the schedule for major noise-generating construction activities. The construction plan shall identify a procedure for co-

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ordination with the adjacent noise sensitive residential uses so that construction activities can be scheduled to minimize noise disturbances.

- ◆ Designate a "disturbance coordinator" who would be responsible for responding to any local complaints about construction noise. The disturbance coordinator will determine the cause of the noise complaint (e.g., starting too early, bad muffler, etc.) and will require that reasonable measures warranted to correct the problem be implemented. Conspicuously post a telephone number for the disturbance coordinator at the construction site and include it in the notice sent to neighbors regarding the construction schedule. (The City shall be responsible for designating a noise disturbance coordinator and the individual project sponsor shall be responsible for posting the phone number and providing construction schedule notices).

With the incorporation of these standards measures, the noise impact resulting from project construction would be considered *less-than-significant*.

- d. *Less than Significant*. There are no public or private airports within the site vicinity. Noise levels generated by aircraft that may occasionally fly over the site would be compatible with the proposed residential land uses. This is a less than significant impact.

12. POPULATION AND HOUSING

- a. *Less than Significant*. The Project would increase the number of residential units in Vallejo by 214 and increase the population by approximately 616 residents by 2010.²¹ According to the Association of

²¹ Average household size calculated from ABAG's Projections 2007 for the City of Vallejo. Household population of 128,000 / 44,370 households = 2.88 persons per household. Project population assumes an average household size of 2.88 persons

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Bay Area Government's (ABAG) Projections 2007, the City's population is expected to increase from 122,900 in 2005 to 129,800 in 2010, amounting to an increase of 6,900 people. During the same period, the number of households in the City is projected to increase by 2,040.²² Therefore, the projected increase in population and dwelling units associated with the construction of the Project through 2010 would not exceed ABAG's growth projections for the City of Vallejo and not result in unexpected or unplanned growth.²³ As a result, a *less-than-significant* impact would occur.

- b-c. *No Impact.* The project site contains one abandoned, dilapidated residential structure, the demolition of which will not displace any habitable dwelling units or residents. Additionally, the project will result in a net increase of 214 residential units within the City, contributing to Vallejo's fair share housing allocation. The project would not displace a substantial number of housing units or people that would necessitate construction of replacement housing. As a result, *no impact* would occur.

13. PUBLIC SERVICES

- a. *Less than Significant.* The Project would add 214 residential units to a site that does not contain any residences. Current fire codes would be incorporated into all design aspects of the units and project site. While these features would not eliminate the risk of a fire altogether, they would reduce the potential for impacts from fires.

The closest fire station is located approximately 0.6 miles from the proposed project site at 1335 Fulton Avenue. The station is operated

x 214 new dwelling units = 616 people.

²² Association of Bay Area Governments, *Projections 2007*, page 200.

²³ City of Vallejo population estimates included in the Vallejo General Plan were not used. The age of the data resulted in population estimates that were higher than projections provided by ABAG and the U.S. Census Bureau.

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by the City of Vallejo Fire Department and includes 1 engine and 1 utility vehicle and is continuously staffed with 1 captain, 1 engineer and 1 fire fighter. Based on the inclusion of on-site fire prevention features and, the close proximity of the fire station, it is not expected that the Project would require new or expanded fire protection services that could result in significant impacts. As a result, a less-than-significant impact would occur.²⁴

- b. *Less than Significant.* The Project would result in a population increase of approximately 616 people.²⁵ The officer-to-population ratio in Vallejo is roughly 1.2 officers per 1,000 residents.²⁶ Based on this ration, the proposed project would require roughly 0.5 new police officers. It is not expected that new or expanded facilities would be required to accommodate additional officers that may be needed as a result of the project. As a result, a less-than-significant impact would occur.
- c. *Less than Significant.* The introduction of 214 residential units will result in approximately 25-35 new students attending Vallejo City Unified School District.²⁷ The school district is currently experienc-

²⁴ White, Greg. Inspector, City of Vallejo Fire Department. Personal communication with Kyle Simpson, DC&E, August 29, 2007.

²⁵ Average household size calculated from ABAG's Projections 2007 for the city of Vallejo. Household population of 128,000 / 44,370 households = 2.88 persons per household. Project population assumes an average household size of 2.88 persons x 214 new dwelling units = 616 people.

²⁶ Florendo, Rick. Sergeant, Vallejo Police Department. Personal communication with Kyle Simpson, DC&E, August 20, 2007.

²⁷ Gonella, Floyd. Superintendent, Vallejo City Unified School District, personal communication with Kyle Simpson, DC&E. August 24, 2007. The generation of 25-35 new students as a result of the project was calculated by VCUSD and is based on the square-footage of the residential development and the price per unit.

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ing excess capacity and will be able to accommodate students generated as a result of this project.²⁸

- d. *No Impact.* The proposed project includes one 4.1-acre park centrally located within the park. The fully improved park will be given to the Greater Vallejo Recreation District and will include a sports field, picnic areas, and play structures. As a result, the project would not cause substantial adverse impacts associated with constructing new or physically altering existing parks. *No impact* would occur.
- e. *Less than Significant.* The Solano County Library system would serve the Project with the main library, John F. Kennedy Library in downtown Vallejo, and Springstowne Library in eastern Vallejo. The Solano County library has service ratios of 0.76 square feet per capita and 2.9 volumes per capita. These ratios are currently achieved.²⁹

Springstowne Library, the closest library to the project site, is 3,024 square feet (SF) and is located at 1003 Oakwood Avenue. In February 2001, the Solano County Library Facilities Master Plan called for the relocation of Springstowne Library and the construction of a 36,000 SF library facility in eastern Vallejo by 2020. A construction timeline has not been established for the new Springstowne Library.³⁰ The construction of the new library facility is not required as a result of the proposed project, and will require a complete environmental review for the construction.

²⁸ Gonella, Floyd. Superintendent, Vallejo City Unified School District, personal communication with Kyle Simpson, DC&E, August 14, 2007.

²⁹ Cousineau, Ann. Director of Library Services, Solano County Library, personal communication with Kyle Simpson, DC&E, August 9, 2007.

³⁰ Cousineau, Ann. Director of Library Services, Solano County Library, personal communication with Kyle Simpson, DC&E, August 9, 2007.

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The proposed development will not result in the construction of a new library facility. The construction of the new Springstowne Library was identified separately as part of the Library Facilities Master Plan. As a result, a *less-than-significant* impact related to library services is anticipated.

- f. *No Impact.* Beyond the public services already examined within this analysis, no other impacts related to public services would occur.

14. RECREATION

- a. *No Impact.* The Project includes the creation of a 4.1-acre park that would be centrally located within the development. The park will be maintained by the Greater Vallejo Recreation District (GVRD). The public park will be accessible to residents of the proposed project as well as the surrounding community. The introduction of approximately 616 residents to eastern Vallejo will increase local park usage; however, the park included as part of the proposed project will offset local usage and would minimize deterioration of other parks in the City of Vallejo. As a result, a *less-than-significant* impact would occur.³¹
- b. *Less than Significant.* Portions of the project site are currently used for little league baseball and operated by East Vallejo Little League (EVLL). The little league fields are owned by Vallejo City Unified School District (VCUSD), but no lease agreement currently exists between EVLL and the school district.

The school district will discontinue little league activities at the current site in fall/winter of 2007. In late 2007, one or possibly two lit-

³¹ Average household size calculated from ABAG's Projections 2007 for the city of Vallejo. Household population of 128,000 / 44,370 households = 2.88 persons per household. Project population assumes an average household size of 2.88 persons x 214 new dwelling units = 616 people.

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tle league fields will be constructed at Springstowne Middle School in Vallejo to accommodate EVLL and to maintain the current level of little league baseball activities. One additional tee ball field will be built at Pennycook Elementary in Vallejo. Upon completion of the little league fields, EVLL will use the fields under a two-year lease agreement with VCUSD.³² Recreational use at the middle and elementary schools will increase as a result of the construction of the little league fields.

The movement of the little league fields is not occurring as a result of the project and any potential environmental impacts related to the construction of the new little league fields would be examined through a separate environmental review processes. As a result, the proposed project will not create significant environmental impacts related to the construction of new recreational facilities. A *less-than-significant* impact would occur.

15. TRAFFIC/TRANSPORTATION

a. *Less than Significant.*

Study Scope and Approach

This analysis evaluates the traffic-related impacts of the proposed development project at eight key intersections in the study area for the following four scenarios:

- ◆ Existing Conditions;
- ◆ Existing plus Project Conditions;
- ◆ Cumulative (2020) Conditions; and
- ◆ Cumulative (2020) plus Project Conditions.

³² Gonella, Floyd. Advisor to the State Administrator, Vallejo City Unified School District, personal communication with Kyle Simpson, DC&E. August 14, 2007.

The Cumulative scenario represents traffic conditions projected to occur in the year 2020. Cumulative traffic volumes have been developed based on forecasts from the City of Vallejo demand forecast model, which represents conditions anticipated to occur with buildout of the City's General Plan.

Trip generation rates for the proposed project were calculated using published Institute of Transportation Engineers (ITE) trip generation rates taken from the Trip Generation Manual, Seventh Edition.

The traffic analysis focuses on the following eight study intersections:

1. Rollingwood Drive / Keats Drive;
2. Rollingwood Drive / Dryden Drive;
3. Rollingwood Drive / Glen Cove Road / Benicia Road;
4. Glen Cove Road / I-780 Westbound Ramps;
5. Glen Cove Road / I-780 Eastbound Ramps;
6. Columbus Parkway / Benicia Road;
7. Street D / Benicia Road (study site access intersection); and,
8. Rollingwood Drive / Street G (study site access intersection).

Figure 1 in Appendix A shows the location of the project site and Figure 2, also in Appendix A, shows the study intersections (six existing, two proposed). Figure 3, located in Appendix A, shows the project's site layout.

Roadway Network

General vehicle access to the proposed project would be provided via Rollingwood Drive to the east and Benicia Road to the south. An emergency vehicle access would also be provided via Hargus Avenue to the west. Access to these three local roadways would be provided by four roadways to be constructed with the development. Street G is planned to intersect Rollingwood Drive, while Street D, the main

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north-south roadway within the development, is planned to intersect Benicia Road. Street A, at the northernmost section of the proposed project, is planned to intersect Rollingwood Drive and Pope Drive. An emergency vehicle access (EVA), via Hargus Avenue, is to be extended to the east to intersect Court I.

Interstate 780 (I-780)

Interstate 780 is a major east-west interstate highway connecting Interstate 80 (I-80) in Vallejo to Interstate 680 (I-680) in Benicia, with an interchange at Glen Cove Road. In the vicinity of the project site, I-780 is comprised of four lanes, with average daily traffic on this stretch of freeway approximately 64,000 vehicles.³³

Interstate 80 (I-80)

Interstate 80 is a major north-south interstate highway through the San Francisco Bay Area extending west from San Francisco via the San Francisco-Oakland Bay Bridge through Berkeley, Vallejo, and Sacramento, into Nevada. Three lanes are provided in each direction in the vicinity of the project site, with average daily traffic on this stretch of freeway of approximately 142,000 vehicles.³⁴ Access to I-80 from the project site is provided by I-780.

State Route 29 (SR 29)

State Route 29 is a north-south highway connecting Interstate 80 (I-80) in Vallejo with State Route 20 northwest of Clear Lake. It connects Vallejo with Napa and serves as a major arterial through the Napa Valley. In Vallejo, it runs on Sonoma Boulevard and operates as a four-lane divided roadway in the vicinity of the project site. Average daily traffic on this stretch of freeway is approximately 15,100

³³ 2006 *Traffic Volumes on the California State Highway System*, Department of Transportation, State of California.

³⁴ 2006 *Traffic Volumes on the California State Highway System*, Department of Transportation, State of California.

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vehicles.³⁵ Access to SR 29 from the project site is provided by I-780, which turns into Curtola Parkway and intersects Sonoma Boulevard.

State Route 37 (SR 37)

State Route 37 is an east-west freeway extending from I-80 in the east to U.S. Highway 101 (U.S. 101) in Novato in the west. SR 37 is a four-lane freeway in Vallejo and connects Vallejo with points in the North Bay. Primary access to State Route 37 is via I-780, Curtola Parkway, Mare Island Way and Wilson Avenue. Average daily traffic on this stretch of freeway is 35,000 vehicles.³⁶

Glen Cove Road

Glen Cove Road is a major north-south roadway extending from Magazine Street to Benicia Road where it becomes Rollingwood Drive. Glen Cove Road consists of four lanes with a two-way left turn lane from Benicia Road to Warren Avenue which is located just north of the I-780 interchange. Through the interchange, Glen Cove Road has a single through lane in each direction with a single left turn lane in the southbound direction and two left turn lanes in the northbound direction. Just south of the I-780 interchange, Glen Cove Road consists of four lanes until Carrot Lane where it splits off from Glen Cove Parkway, a four-lane principal artery that provides access to the Glen Cove subdivision, and becomes a single lane, one-way residential roadway until Belmont Avenue. South of Belmont Avenue, Glen Cove Road is a two-lane residential roadway.

Benicia Road

Benicia Road is a two-lane east-west collector roadway running from Columbus Parkway to Solano Avenue.

³⁵ 2006 Traffic Volumes on the California State Highway System, Department of Transportation, State of California.

³⁶ 2006 Traffic Volumes on the California State Highway System, Department of Transportation, State of California.

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Columbus Parkway

Columbus Parkway is a major north-south roadway currently consisting of two lanes in the vicinity of the project between Springs Road and Benicia Road, and four lanes from Springs Road north to the I-80 interchange. The remaining two-lane section is scheduled to be widened in conjunction with the Bordoni Residential Development approved on the east side of Columbus Parkway between Regents Park Drive and Benicia Road. Columbus Parkway runs from an I-780 interchange near the Vallejo city limits to an I-80 interchange in northern Vallejo.

Rollingwood Drive

Rollingwood Drive is a two-lane, north-south residential roadway, extending from Benicia Road to Tennessee Street. Rollingwood Drive becomes Glen Cove Road south of the Benicia Road intersection.

Dryden Drive

Dryden Drive is a two-lane, east-west residential roadway, extending from Rollingwood Drive to Brooke Drive.

Keats Drive

Keats Drive is a two-way residential roadway, extending from Rollingwood Drive to Georgia Street.

Data Collection

Traffic counts were conducted at each of the study intersections during the morning (7-9 AM) and evening (4-6 PM) peak periods on Wednesday, July 11, 2007. It should be noted that these traffic counts were conducted while existing schools in the area were not in session. Trip generation for the five schools in the vicinity of the project was manually calculated and added to the traffic network to provide an accurate depiction of worst-case traffic conditions in the area. The distribution of the school trips was determined based on the City of Vallejo's travel demand model. Located in Appendix A,

Figure A shows the trip distribution for the schools located within the project vicinity. The trip generation for the five schools is included in the Technical Appendix and is available for review at the Vallejo Planning Division. The driving distance of the five schools from the project site and the number of students that attend each school (while in session) is shown below:

◆ St. Patrick-St. Vincent High School	0.5 mi	663 students
◆ Hogan High School	1.3 mi	1,835 students
◆ Springstowne Junior High School	1.6 mi	1,024 students
◆ Annie Pennycook Elementary School	0.8 mi	604 students
◆ Glen Cove Elementary School	1.2 mi	585 students

Located in Appendix A, Figure 4 shows the existing traffic volumes (including forecast school related traffic) and Figure 5 (located in Appendix A) shows the existing intersection geometry and traffic control at each of the study intersections.

Public Transit

The project area is directly served by two Vallejo Transit (VT) routes: the 3 and 6. Route 6 is a loop route, with a terminal at the York & Marin Transfer Center, which offers connections to the other VT routes. It runs hourly, from 5:30 AM to 7:30 PM on weekdays and from 7:00 AM to 7:30 PM on weekends, with a stop at Benicia Road and Rollingwood Drive. Route 3 runs only three trips between the York & Marin Transfer Center and Glen Cove Road—one AM trip and two PM trips, passing by the project site along Rollingwood Drive. Figure 6, located in Appendix A, displays the existing transit service within the vicinity of the project site.

Although not within walking distance of the project site, regional transit service in and out of Vallejo is provided by the following services: VT Routes 80 to the El Cerrito del Norte BART station and 85 to Fairfield and Solano Mall; the Baylink Ferry and Baylink Express Route 200 to San Francisco; Benicia Breeze Route 75 to Benicia

and the Pleasant Hill BART station; the Napa VINE Routes 10S and 10N to Calistoga; and American Canyon Transit.

Bicycle and Pedestrian Facilities

Currently, bicycles on the road must share the road with vehicular traffic as there are no existing bike lanes on most roadways. However, Glen Cove Road between Benicia Road and Fulton Avenue offers sufficient shoulder width for bicycles, and Columbus Parkway includes a Class II bicycle lane. Benicia Road also offers sufficient shoulder width on some segments that can accommodate bicyclists. According to the Solano Countywide Bicycle Plan, issued in October 2004, Class II bike lanes are under consideration for both Benicia Road and Georgia Street. Figure 7, located in Appendix A, shows the existing and proposed bicycle network in the vicinity of the project site.

Within the project site, the roadways are expected to operate as low-speed, low-volume facilities. Bike lanes would not be provided, however, the residential roadways are expected to adequately accommodate bicyclists. Pedestrian sidewalks are proposed on all streets and cul-de-sacs within the project site. Pedestrian sidewalks are not proposed on the alley roadways. However, landscaped pedestrian walkways are proposed between alley home units. These walkways would connect to the proposed sidewalks along the Benicia Road and Rollingwood Drive frontages.

Currently, there are no sidewalks directly adjacent to the project site. Sidewalks exist along the east side of Rollingwood Drive across the project site and on Benicia Road east of the Rollingwood Drive / Glen Cove Road intersection, on both sides of the roadway. There are also sidewalks on Glen Cove Road south of the Benicia Road / Rollingwood Drive intersection and on Rollingwood Drive in both directions north of Pope Drive. Most local roadways north and east of the project site also have sidewalks. Currently, the only marked

crosswalks in the vicinity of the project site are at the Benicia Road / Glen Cove Road intersection, on the south and east legs. There is an additional marked crosswalk across Benicia Road at Banning Way / Taylor Avenue.

Pedestrians and bicyclists would have access to the Glen Cove Commercial Center (south of the project site at the intersection of Glen Cove Road and Robles Way) via the aforementioned pedestrian and bicyclist facilities. Pedestrians and bicyclists would not have convenient access to the Rose Drive Center (east of the project site at the intersection of Rose Drive and Columbus Parkway) via the existing facilities. Currently, accessing the Rose Drive Center would be difficult for project-based pedestrians and bicyclists as Benicia Road is a two-lane road with low shoulders and no sidewalks for a significant portion of the route.

Analysis Methodology

Traffic conditions in the study area are assessed through the evaluation of peak hour Levels of Service (LOS) at critical intersections. The LOS concept qualitatively characterizes traffic conditions associated with varying levels of traffic. An LOS determination is a measure of congestion, which is the principal measure of roadway service. Levels of Service criteria for signalized intersections are illustrated in Table 4-3. These range from LOS A which indicates a free-flow condition to LOS F which indicates a jammed condition. LOS A, B and C are generally considered to be satisfactory service levels while LOS D is marginally acceptable, LOS E is undesirable, and LOS F is unacceptable.

Traffic conditions at study intersections are evaluated for morning and evening peak hours using the methodology of the Transportation Research Board's 2000 Highway Capacity Manual. With this methodology, a level of service is assigned based on average vehicle delay. For signalized and all-way stop intersections, delay is

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TABLE 4-3 LEVEL OF SERVICE METHODOLOGY

LOS	Description	Signalized Intersections (sec/veh)	Unsignalized Intersections (sec/veh)
A	Little or no delay	≤ 10.0	≤ 10.0
B	Short traffic delay	> 10.0 and ≤ 20.0	> 10.0 and ≤ 15.0
C	Average traffic delay	> 20.0 and ≤ 35.0	> 15.0 and ≤ 25.0
D	Long traffic delay	> 35.0 and ≤ 55.0	> 25.0 and ≤ 35.0
E	Very long traffic delay	> 55.0 and ≤ 80.0	> 35.0 and ≤ 50.0
F	Extreme traffic delay	> 80.0	> 50.0

Source: Highway Capacity Manual, Transportation Research Board, 2000.

presented in terms of average controlled delay for all movements. For side-street stop-controlled intersections, delay is presented for the worst case stop-controlled approach.

Intersection Operations

Table 4-4 shows the Existing Conditions for the eight study intersections. Each of the study intersections currently operate at LOS C or better during the AM and PM peak hours.

Standards of Significance

A project would normally have a significant effect on the environment if it would cause an increase in traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., results in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads or congestion at intersections), or change the condition of an existing street (i.e., street closures, changing direction of travel) in a manner that would substantially affect access or traffic load and capacity of the street system.

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TABLE 4-4 INTERSECTION LOS SUMMARY – EXISTING CONDITIONS

#	Intersection	Traffic Control	Existing Conditions		
			Peak Hour	LOS	Delay (sec/veh)
1	Rollingwood Drive / Keats Drive	1-Way Stop	AM	B	13.2
			PM	C	16.2
2	Rollingwood Drive / Dryden Drive	1-Way Stop	AM	B	11.0
			PM	B	11.6
3	Rollingwood Drive / Benicia Road	Signal	AM	B	13.2
			PM	B	17.8
4	Glen Cove Road / I-780 WB Ramps	Signal	AM	B	12.0
			PM	B	15.7
5	Glen Cove Road / I-780 EB Ramps	Signal	AM	C	26.4
			PM	B	17.5
6	Columbus Parkway / Benicia Road	1-Way Stop	AM	C	20.3
			PM	C	19.7
7	Street B ^a / Benicia Road	1-Way Stop	AM	-	-
			PM	-	-
8	Rollingwood Drive / Street C ^a	1-Way Stop	AM	-	-
			PM	-	-

^a New streets within the proposed project
 Source: DMJM Harris, 2007.

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The City of Vallejo's specific criteria utilized for this analysis are listed below:

- ◆ Impact Significance Criterion #1: At a study intersection the project would cause the existing baseline level of service to degrade to worse than LOS D.
- ◆ Impact Significance Criterion #2: At a study intersection where the baseline level of service is worse than LOS D, the project would cause the total intersection delay to increase by five or more seconds, or the project would cause the intersection's volume to capacity ratio to increase by five or more percent.
- ◆ Impact Significance Criterion #3: As a transportation facility on the Metropolitan Transportation System (MTS) roadway network, the project would cause the level of service to degrade below the adopted CMP standard of LOS E. In the study area the MTS network includes SR 29 and SR 37.
- ◆ Impact Significance Criterion #4: Result in projected parking demand that would exceed the proposed parking supply on a regular and frequent basis.
- ◆ Impact Significance Criterion #5: Result in potential conflicts for pedestrians or bicyclists, or fail to provide adequate bicycle and pedestrian access.
- ◆ Impact Significance Criterion #6: Increase transit demand above the levels able to be adequately provided by local transit operators or agencies.
- ◆ Impact Significance Criterion #7: Create direct transportation or circulation impacts associated with inconsistencies with General Plan policies.

Trip Generation

The project proposes to build 214 housing units and 657 parking spaces (428 covered spaces and 229 on-street spaces) on 32 acres in the City of Vallejo. The number of vehicle trips that would be gener-

ated by the proposed project was estimated through a trip generation analysis. Trip generation rates and inbound/outbound splits for the land use under consideration were taken from the Institute of Transportation Engineers (ITE) Trip Generation Manual, Seventh Edition. Table 4-5 summarizes the vehicle trip generation characteristics of the proposed project.

All of the dwelling units within the proposed project site were analyzed as Single Family Detached Housing (ITE LU 210). This land use was utilized because it yields the highest trip generation of all applicable housing types and is the most conservative. Where applicable, the trip generation results were developed utilizing the fitted curve equation. If the fitted curve equation was not applicable, the average rate was applied.

The park was to be analyzed using the City Park land use (ITE LU 411). However, insufficient data was available to use the City Park land use trip generation rate. In lieu of the City Park land use, the County Park land use (ITE LU 412) was applied. The average rate was applied as the fitted curve equation was not available due to insufficient data.

Trip Distribution

In the Existing plus Project scenario, traffic forecast to be generated by the proposed project was added to existing traffic levels. Project traffic was assigned to the local roadway network based on travel patterns developed using the City of Vallejo's current travel demand model. Figure 8 (located in Appendix A) summarizes the assignment used to distribute project-generated vehicles.

Existing plus Project Conditions

Figure 9, in Appendix A, shows the project traffic volumes. Table 4-6 presents the results of the Existing and Existing plus Project analyses at each of the study intersections. Level of Service

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TABLE 4-5 PROJECT TRIP GENERATION SUMMARY

Land Use	Size	Time Period	Generated Trips		
			In	Out	Total
Residential ^a	214 DU	AM Peak Hour	40	119	159
		PM Peak Hour	134	79	213
		Daily	1,047	1,047	2,094
Park ^b	4.1 acres	AM Peak Hour	0	0	0
		PM Peak Hour	0	0	0
		Daily	5	5	10
Total		AM Peak Hour	40	119	159
		PM Peak Hour	134	79	213
		Daily	1,052	1,052	2,104

^a ITE Land Use Code 210 - Single Family Detached Housing

^b ITE Land Use Code 412 - County Park

Notes:

No peak hour information is provided for the City Park land use

Average rate used for the City Park land use as insufficient data provided for fitted curve equation

ITE Land Use Code 210 - Daily Equation: $\ln(T) = 0.92 \ln(X) + 2.71$, where X = dwelling units

ITE Land Use Code 210 - AM Peak Hour Equation: $T = 0.70(X) + 9.43$, where X = dwelling units

ITE Land Use Code 210 - PM Peak Hour Equation: $\ln(T) = 0.90 \ln(X) + 0.53$, where X = dwelling units

ITE Land Use Code 412 - Daily Equation: $T = 2.28(X)$, where X = acres

ITE Land Use Code 412 - AM Peak Hour Equation: $T = 0.01(X)$, where X = acres

ITE Land Use Code 412 - PM Peak Hour Equation: $T = 0.06(X)$, where X = acres

Source: DMJM Harris, 2007; ITE Trip Generation Manual, Seventh Edition.

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TABLE 4-6 INTERSECTION LOS SUMMARY – EXISTING PLUS PROJECT CONDITIONS

#	Intersection	Traffic Control	Existing Conditions		Existing plus Project Conditions		
			Peak Hour	LOS	Delay (sec/veh)	LOS	Delay (sec/veh)
1	Rollingwood Drive / Keats Drive	1-Way Stop	AM	B	13.2	B	13.4
			PM	C	16.2	C	16.5
2	Rollingwood Drive / Dryden Drive	1-Way Stop	AM	B	11.0	B	11.0
			PM	B	11.6	B	11.7
3	Rollingwood Drive / Benicia Road	Signal	AM	B	13.2	B	14.1
			PM	B	17.8	C	20.6
4	Glen Cove Road / I-780 WB Ramps	Signal	AM	B	12.0	B	12.1
			PM	B	15.7	B	15.7
5	Glen Cove Road / I-780 EB Ramps	Signal	AM	C	26.4	C	27.4
			PM	B	17.5	B	19.1
6	Columbus Parkway / Benicia Road	1-Way Stop	AM	C	20.3	C	20.5
			PM	C	19.7	C	20.2
7	Street B* / Benicia Road	1-Way Stop	AM	-	-	B	11.3
			PM	-	-	B	10.9
8	Rollingwood Drive / Street C ^a	1-Way Stop	AM	-	-	B	11.5
			PM	-	-	B	12.3

* New streets within the proposed project.
 Source: DMJM Harris, 2007.

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calculation worksheets for all scenarios are located in the Technical Appendix, available for review at the Vallejo Planning Division.

Street A is expected to be utilized by project trips. Although project trips from this roadway are not shown in Figure 9 (Appendix A), traffic volumes were assigned. During the AM peak hour, 127 project trips (32 inbound, 95 outbound) are expected to utilize Street D and Street G. The remaining 32 trips, or 20%, are expected to utilize Street A. During the PM peak hour, 172 project trips (108 inbound, 64 outbound) are expected to utilize Street D and Street G. The remaining 41 trips, or 20 percent, are expected to utilize Street A.

As proposed, the project site is to provide emergency vehicle access via Hargus Avenue. General traffic would not be permitted to utilize this access point. However, if full vehicle access was permitted on Hargus Avenue, project trips would likely utilize the access point.

Based on the expected trip generation and distribution, approximately 29 trips (7 inbound, 22 outbound) would utilize Hargus Avenue during the AM peak hour and 39 trips (24 inbound, 15 outbound) would utilize Hargus Avenue during the PM peak hour. Approximately 380 daily trips (190 inbound, 190 outbound) would utilize Hargus Avenue on a weekday. Although the City of Vallejo has no significance standards regarding traffic congestion on a street of this size and capacity, the street could accommodate increased trips, and the level of service on Hargus Avenue would not fail as a result of increased traffic congestion. A *less-than-significant* impact would occur.

- b. *Less than Significant.* The Cumulative scenario represents traffic forecasts for the year 2020, and includes the anticipated growth in the City of Vallejo consistent with the buildout of the General Plan.

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The Cumulative baseline traffic volumes were developed based on demand model forecasts by the City of Vallejo, which estimate a yearly growth rate in traffic generally between 2 to 3 percent per year in the study area. Traffic volumes for the Cumulative base scenario are shown in Appendix A, Figure 10.

Traffic operations at the study intersections were assessed during the weekday morning and evening peak hours of travel. Table 4-7 summarizes the traffic operations at each of the study intersections under the Cumulative scenario without the project. As shown in Table 4-7, all eight intersections would continue to operate at acceptable levels of service (LOS D or better) in the Cumulative scenario during the AM and PM peak hours.

Traffic volumes from the proposed project were added to the Cumulative scenario to determine Cumulative traffic impacts that may result from the proposed project. Table 4-8 summarizes the traffic operations at the eight study intersections under the Cumulative plus Project scenario. Detailed LOS calculations worksheets are available for review at the Vallejo Planning Division.

All eight intersections continue to operate at an acceptable level of service (LOS D or better) with the addition of the proposed project traffic during the AM and PM peak hours. Based on City standards, the increased delay as a result of the project is not considered a significant impact. A *less-than-significant* impact would occur.

c. *Potentially Significant Unless Mitigation Incorporated.*

Internal Site Access

Access to the proposed project would be provided by four new roadways; two with access to Rollingwood Drive, one with access to Benicia Road, and one with access to Hargus Avenue (for emergency vehicles only). The new intersections would be one-way stop controlled coming out of the project site. As shown on the site plan

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TABLE 4-7 INTERSECTION LOS SUMMARY –CUMULATIVE CONDITIONS

#	Intersection	Traffic Control	Peak Hour	Cumulative Conditions	
				LOS	Delay (sec/veh)
1	Rollingwood Drive / Keats Drive	1-Way Stop	AM	C	17.0
			PM	C	23.9
2	Rollingwood Drive / Dryden Drive	1-Way Stop	AM	B	12.6
			PM	B	13.8
3	Rollingwood Drive / Benicia Road	Signal	AM	B	14.2
			PM	C	33.6
4	Glen Cove Road / I-780 WB Ramps	Signal	AM	B	13.7
			PM	B	19.1
5	Glen Cove Road / I-780 EB Ramps	Signal	AM	C	32.0
			PM	B	19.9
6	Columbus Parkway / Benicia Road	1-Way Stop	AM	D	33.8
			PM	D	32.6
7	Street B ^a / Benicia Road	1-Way Stop	AM	-	-
			PM	-	-
8	Rollingwood Drive / Street C ^a	1-Way Stop	AM	-	-
			PM	-	-

^aNew streets within the proposed project.
 Source: DMJM Harris, 2007.

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TABLE 4-8 INTERSECTION LOS SUMMARY – CUMULATIVE PLUS PROJECT CONDITIONS

#	Intersection	Traffic Control	Peak Hour	Cumulative Conditions		Cumulative plus Project Conditions	
				LOS	Delay (sec/veh)	LOS	Delay (sec/veh)
1	Rollingwood Drive / Keats Drive	1-Way Stop	AM	C	17.0	C	17.3
			PM	C	23.9	C	24.5
2	Rollingwood Drive / Dryden Drive	1-Way Stop	AM	B	12.6	B	12.7
			PM	B	13.8	B	14.0
3	Rollingwood Drive / Benicia Road	Signal	AM	B	14.2	B	15.7
			PM	C	33.6	D	35.9
4	Glen Cove Road / I-780 WB Ramps	Signal	AM	B	13.7	B	14.2
			PM	B	19.1	B	19.7
5	Glen Cove Road / I-780 EB Ramps	Signal	AM	C	32.0	C	33.4
			PM	B	19.9	C	21.8
6	Columbus Parkway / Benicia Road	1-Way Stop	AM	D	33.8	D	34.5
			PM	D	32.6	D	34.2
7	Street B ^a / Benicia Road	1-Way Stop	AM	-	-	B	12.2
			PM	-	-	B	11.5
8	Rollingwood Drive / Street C ^a	1-Way Stop	AM	-	-	B	13.2
			PM	-	-	B	14.9

Source: DMJM Harris, 2007.

^a New streets within the proposed project.

(Figure 3 of Appendix A), the roadways providing access to Rollingwood Drive and Benicia Road are tentatively titled Street A, Street D, and Street G. These three roadways are all planned to be 36 feet wide. The Hargus Avenue extension is planned to be 20 feet wide.

At the intersections with Rollingwood Drive and Benicia Road, each stop controlled approach would accommodate a right turn and a left turn movement for exiting vehicles. Internal circulation would be provided by six new two-way roadways within the project site. Sidewalks are to be provided throughout the proposed project site. Safety concerns were not identified at any of these locations.

The roadways within the northern portion of the proposed project are planned to be 36 feet wide. The three cul-de-sacs within this section of the proposed project are designed with sufficient space for vehicles to turn around. The roadway design would adequately accommodate all vehicle types - including vehicles without reversible operations, such as garbage trucks and emergency vehicles.

The roadways within the southern portion of the proposed project are planned to range from 22 to 24 feet wide. The minimum roadway cross section width within the City of Vallejo is 20 feet per the City of Vallejo emergency access protocols. Six of the roadway segments (ranging from 100-200 feet long) within this section include designated areas for passenger vehicles to turn around. However, garbage trucks and emergency vehicles would be unable to access these locations due to insufficient space for such maneuvers. Implementation of Mitigation Measure TRAF-1 will reduce this impact to a less-than-significant level.

External Site Access

Near the project site, Rollingwood Drive is a two-way, 30-foot wide street with no center median and minimal shoulders. The project proposes to construct two full movement access points intersecting

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with Rollingwood Drive. Vehicles entering the project site from Rollingwood Drive would utilize shared through-left and shared through-right turn lanes. Project-related traffic traveling northbound on Rollingwood Drive attempting to turn left onto the project streets (Street A and Street G) would delay northbound vehicles. Northbound vehicles, traveling past the project site, would be unable to pass on the right side due to the narrow roadways and minimal shoulders.

The northbound left turn movement at the Rollingwood Drive / Street G intersection would serve fewer than 50 left turning vehicles per hour resulting in no more than nine seconds of delay to northbound vehicles in the Cumulative plus Project Conditions scenario. The northbound movement is expected to operate at LOS A. The intersection is expected to operate at LOS B. Fewer left turning vehicles and lower movement delays are expected at the Rollingwood Drive / Street A. These delays are insignificant and would not warrant left turn pockets on Rollingwood Drive. Queuing at these intersections is expected to be no more than one vehicle and the intersections are not expected to be unsafe for motorists.

A cemetery is located on the eastern side of Rollingwood Drive. The cemetery access point is a one way stop controlled intersection located between the proposed Rollingwood Drive / Street "A" / Pope Drive intersection (to the north) and the proposed Rollingwood Drive / Street "G" intersection (to the south). The cemetery generates varied traffic demands based on scheduled events. Although this demand would increase delays on Rollingwood Drive, cemetery-generated traffic is unrelated to the proposed project and would not require any mitigation by the project sponsor.

Near the project site, Benicia Road is a two-way, 40-foot wide street with shoulders and no center median. The project proposes to construct one access point intersecting with Benicia Road approximately

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550 feet west of Rollingwood Drive. Vehicles entering the project site from Rollingwood Drive or Benicia Road would utilize shared through-left and shared through-right turn lanes. Project-related traffic traveling eastbound on Benicia Road attempting to turn left onto Street D would delay eastbound vehicles. Eastbound vehicles, traveling past the project site, would be able to pass on the right side as the shoulder, without a sidewalk, is of adequate width to accommodate a passing vehicle. When a pedestrian is present, passing vehicles will not be able to utilize the shoulder and must wait for the turning vehicle to complete its turn onto Street D. Eastbound vehicles not able to use the shoulder will be delayed no more than eight seconds and Benicia Road will operate at LOS A.

The eastbound left turn movement at the Rollingwood Drive / Street D intersection would serve no more than ten left turning vehicles per hour resulting in less than eight seconds of delay to eastbound vehicles in the Cumulative plus Project Conditions. The eastbound movement is expected to operate at LOS A. The intersection is expected to operate at LOS B. Additionally, eastbound through vehicles would likely experience less delay as they would utilize the shoulder, without a sidewalk, to pass vehicles attempting to turn left. These delays are insignificant and would not warrant a left turn pocket on Benicia Road. Queuing at this intersection is expected to be no more than one vehicle and the intersection is not expected to be unsafe for motorists.

The proposed project access point on Benicia Road would be located approximately 550 feet west of the Rollingwood Drive / Benicia Road intersection. At the Rollingwood Drive / Benicia Road intersection, the eastbound left turn (EBL) pocket is approximately 200 feet long and the eastbound right turn (EBR) pocket is approximately 250 feet long.

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The longest eastbound queue would be 200 feet (EBR during the AM peak hour) in the Cumulative plus Project Conditions. The proposed project access point would be located 350 feet from the back of this queue. The proposed project access point is not expected to impact intersection operations at the Rollingwood Drive / Benicia Road intersection or create hazardous driving conditions. The proposed project access point is to be constructed at an acceptable location.

Currently, the southbound right turn pocket on Rollingwood Drive intersects Benicia Road at an acute angle. The relocation of this movement to form an orthogonal, right angle has been considered and evaluated. However, this modification has been discarded as the existing intersection configuration is operationally acceptable and not hazardous to motorists.

The proposed project is not expected to impact bus operations and would not alter any existing bus facility. Safety for motorists and transit riders would not be compromised with the implementation of the proposed project.

Sidewalks are provided near the proposed project site, and striped pedestrian crosswalks and pedestrian signals are provided at all signalized study intersections. Sidewalks are proposed along the Rollingwood Drive and Benicia Road frontages. Sidewalks would be constructed along these frontages to provide access to local pedestrian facilities. The sidewalk would be designed and constructed to meet City of Vallejo standards and tie in to the existing sidewalk facilities. In addition to sidewalks, the following improvements are required to meet City of Vallejo standards along Rollingwood Drive and Benicia Road, where applicable: road widening, grading, drainage, pavement, curb, gutter, street lights, the under-grounding of overhead utility wires, a bus bay and bus shelter. Signage to prohibit parking on Rollingwood Drive and Benicia Road must be installed, as well.

Sight Distance

Requirements pertaining to the obstruction and visibility at roadway intersections are defined in the City of Vallejo Municipal Code 10.14.010. Based on the Code, no obstructions (e.g., buildings, landscaping, etc.) may exist within a 35 foot “triangle” - where the apex meets the intersection of the property lines nearest the intersection. All project roadways intersecting with Rollingwood Drive and Benicia Road would provide adequate sight distance for drivers given the speed of the roadways.

Mitigation Measure TRAF-1: Prior to project approval, the project applicant shall revise the site plan to include turnaround space at the ends of the alleys for garbage trucks and emergency vehicles. The project applicant shall coordinate with the City of Vallejo to determine the specific requirements for these turn-arounds.

Significance after Mitigation: Less than significant.

- d. *No Impact.* The City of Vallejo emergency access protocols are based on the guidelines outlined within the Uniform Fire Code and the 2001 California Fire Code. All units within the project site should be designed in accordance with these codes. Emergency vehicles, such as fire trucks, would be able to make turns at all intersections within the proposed project site. No obstructions (e.g., gates) would prohibit emergency vehicles from entering the proposed project site from Rollingwood Drive or Benicia Road. The project sponsor should coordinate emergency vehicle access control and procedures at the Hargus Avenue access point.

As discussed in the site access section, several roadways within the proposed project do not provide an adequate turning radius for emergency vehicles. This could hinder emergency access to certain

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units within the site. Such roadways should be designed in accordance with the emergency access protocols defined by the City of Vallejo. All road widths are greater than 20 feet and would adequately accommodate emergency vehicles.

- e. *No Impact.* The project proposes two covered spaces per residential unit (428 spaces), plus an additional 229 uncovered spaces – 657 total parking spaces. The City of Vallejo Municipal Code 16.62.100 and 16.62.150 require at least 428 parking spaces for this project, 214 of which must be covered. The project proposes to supply enough parking to meet City requirements. The parking demand summary is shown in Table 4-9.

According to the ITE Parking Generation Manual, Third Edition, approximately 1.83 spaces per residential unit are needed to meet parking demand expected from a project similar to the proposed project. The project meets City of Vallejo requirements and national demand rates, and therefore is not anticipated to result in any significant parking related impacts.

The parking demand was determined by using the average rate for the Single Family Detached Housing (ITE LU 210) and City Park (ITE LU 411). The fitted curve equation was not utilized for either of these land uses as the sample sizes were unreliable.

The four roadways surrounding the park would provide 1,600 linear feet of on-street parking space. This on-street parking would accommodate approximately 64 vehicles. This would exceed the peak parking demand at the park.

Parking would not be required on Rollingwood Drive. The existing parking restrictions on Rollingwood Drive would not be changed by the proposed project. Parking within the proposed project site would adequately accommodate the parking demand.

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TABLE 4-9 PARKING DEMAND SUMMARY

Land Use	Rate	Demand
Residential ^a	1.83 spaces / DU	392 spaces
Park ^b	15 spaces / acre	62 spaces
Total		454 spaces

^a ITE Land Use Code 210 – Single Family Detached Housing

^b ITE Land Use Code 411 – City Park

Notes: Average rate used as insufficient data provided for fitted curve equation.

ITE Land Use Code 210 – Peak Period Equation: $P = 1.83(X)$, where X = dwelling units

ITE Land Use Code 411 – Peak Period Equation: $P = 15.00(X)$, where X = acres

Source: DMJM Harris, 2007; ITE Parking Generation Manual, Third Edition.

- f. *No Impact.* The proposed project would not conflict with any policies, plans or programs supporting alternative transportation. As a result, *no impact* would occur.
- g. *No Impact.* The closest airports are the Napa County Airport, approximately 13.4 miles from the site, Buchanan Field Airport, approximately 13.2 miles from the site, and the Oakland International Airport, approximately 30 miles to the south. As a result, the proposed project would not result in a change in air traffic patterns, air traffic levels or safety risks. *No impact* would occur.

16. UTILITIES AND SERVICES

- a. *Less than Significant.* The City of Vallejo water supply is secured through agreements with the State Water Project (SWP) and Solano County Water Project, as well as utilization of local lakes. Two separate water systems, including the City of Vallejo water system and the Lakes System serve the City of Vallejo. The water supply for the project site comes from the City of Vallejo water system.

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Water entering the City of Vallejo water system is processed at the Fleming Hill Water Treatment Plant. The WTP has a production capacity of 42 million gallons per day (MGD). In 2006, the City of Vallejo water system used a maximum of 31.5 MGD. Therefore, there was an excess capacity of 11.5 MGD in 2006.³⁷

Residential units in the City of Vallejo use an average demand of 261.8 gallons per day.³⁸ The addition of 214 residential units would add an average demand of approximately 56,025 gallons per day.³⁹ Based on the availability of 11.5 MGD in 2006, the project average demand for 56,025 gallons per day would result in a *less-than-significant* impact on water supply.

- b. *Less than Significant.* A fee would be assessed on the Project to be used by the City for the construction of an 18-inch water line from the Benicia/Rollingwood intersection to the Keats/Devlin intersection and/or the demolition of two existing 0.5 million gallon water tanks and the construction of a new approximately 2.5 million gallon water tank. The Project will also be required to install approximately 1,150 linear feet of a 12-inch water line along the project frontage on Benicia Road that will connect to an existing 12-inch water line ending near the western property line. The existing 6-inch line will be abandoned in place.

Roughly 350 linear feet of 12-inch water line will be installed along Hargus Avenue that will connect to the existing system. The existing 6-inch water line will be abandoned in place.

³⁷ Judy, Roger. Administration Analyst, City of Vallejo, Water Division. Personal communication with Kyle Simpson, DC&E, August 2, 2007.

³⁸ Judy, Roger. Administration Analyst, City of Vallejo, Water Division. Personal communication with Kyle Simpson, DC&E, August 2, 2007.

³⁹ 214 residential units x 261.8 gallons of water per day = 56,025.2 gallons of water per day.

CITY OF VALLEJO
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MITIGATED NEGATIVE DECLARATION
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On-site improvements include the construction of a 12-inch water line from Hargus Avenue along the west and south side of the park that will connect to both Rollingwood Drive and Benicia Road. The remainder of the site will be served with 8-inch mains.

The construction and installation of the water mains identified above would require earthwork and grading activities that could lead to construction-period erosion. Soils that are currently covered by ruderal vegetation and asphalt paving will be excavated and exposed during construction. As discussed in the Geology and Soils section of this chapter, project impacts associated with construction-related erosion are considered to be potentially significant. In addition, erosion could result if drainage was concentrated from the development and allowed to erode through neighboring land. Siltation could result from loose disturbed soil being mobilized by storm water that could affect adjacent storm drains and waterways. Erosion and siltation are most likely to occur on steep slopes where the potential for erosion and sediment transport is highest; however, erosion could also occur in areas where soils are stockpiled.

As previously discussed in the Geology and Hydrology sections of this chapter, the applicant would be required to develop a Storm Water Pollution Prevention Plan (SWPPP), which would identify a series of Best Management Practices (BMPs); the BMPs would collectively reduce the potential impacts associated with erosion, as discussed above, to a *less-than-significant* level.

- c. - e. *Less than Significant.* The Project includes construction of an 8-inch main line from the project site to the existing Vallejo Sanitation and Flood Control District (VSFCD) wastewater collection system. The 8-inch main would connect to the existing system on the property of the Second Baptist Church, located at 1170 Benicia Road, via Hargus Avenue. The connection through Hargus Avenue would not result in significant environmental impacts, as construction would occur

CITY OF VALLEJO
ROLLINGWOOD DRIVE DRAFT INITIAL STUDY AND
MITIGATED NEGATIVE DECLARATION
EXPLANATION OF CHECKLIST FINDINGS

within the existing right of way where disturbance has already occurred.

Wastewater generated as a result of the project would flow to the current wastewater treatment plant, located at 450 Ryder Street in southwest Vallejo. The average dry weather wastewater flow into the wastewater treatment plant is 10 MGD.⁴⁰ The treatment plant has a permitted dry weather capacity of 15.5 million gallons per day (MGD) and a wet weather capacity of 60 MGD. An additional 30 MGD storage basin is located onsite to accommodate overflow.

The project will generate approximately 46,200 gallons of wastewater per day.⁴¹ The wastewater treatment plant has an excess capacity of 5.5 MGD and would be able to accommodate the wastewater generated by the project. As a result, the project would not necessitate the expansion of the treatment plant, construction of a new plant, or contribute to the exceedance of Regional Water Quality Control Board requirements. As a result, the project would result in a *less-than-significant* impact.

- f. *Less than Significant.* Approximately six acres of the project site currently drain to a swale that straddles the northern boundary of the project site. The swale drains to an existing storm drain system located north of the project site, on Dryden Drive. As a result of the

⁴⁰ Tafolla, Dan. Environmental Services Director, Vallejo Sanitation and Flood Control District, personal communication with Kyle Simpson, DC&E, July 31, 2007.

⁴¹ Silva, Jillian. Environmental Specialist, Vallejo Sanitation and Flood Control District, personal communication with Kyle Simpson, DC&E, August 17, 2007. VSFCDD estimates that Vallejo residents generate approximately 80 gallons of wastewater per day, and, on average, each residential unit is occupied by 2.7 residents. $2.7 \text{ people} \times 80 \text{ gallons} = 216 \text{ gallons per household per day}$. The proposed project contains 214 residential units. $214 \text{ residential units} \times 216 \text{ gallons per day} = 46,224 \text{ gallons of wastewater per day}$.

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ROLLINGWOOD DRIVE DRAFT INITIAL STUDY AND
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on-site drainage plan, the Project would reduce the runoff area from six to two acres, thus reducing the volume of stormwater runoff that flows to the Dryden Drive system. Stormwater runoff throughout the remainder of the site will be collected in standard inlets and piped to the on-site park where it will be passed through the park landscaping for retention and treatment. After percolating through the park, stormwater will drain from the park to street-level drain inlets on a portion of the storm drain located within Benicia Road. Approximately 450-feet of the storm drain within Benicia Road will need to be replaced to achieve gravity flow. Replacement would take place within the right-of-way for Benicia Road. As a result, a *less-than-significant* impact would occur.

- g. *No Impact.* The City of Vallejo has an exclusive contract with Vallejo Garbage Service, Inc. for the collection and transportation of solid waste and recyclable material to the Devlin Road Transfer Station in American Canyon, CA. Waste from the Devlin Road facility is transported to Keller Canyon Landfill in Contra Costa County for ultimate disposal.⁴² Keller Canyon Landfill is permitted to receive up to 3,500 tons of waste per day and currently receives about 2,500 tons of waste per day. The California Integrated Waste Management Board lists the expected closure date of the landfill to be December 31, 2030. The landfill has a total capacity of 75 million cubic yards and a remaining capacity of over 68 million cubic yards. Therefore, the proposed project would be served by a landfill with sufficient permitted capacity to accommodate its solid waste disposal needs. As a result, *no impact* would occur.
- h. *Less than Significant.* The proposed project would comply with federal, State and local statutes and regulations related to solid waste and recycling. California's Integrated Waste Management Act of 1989 (AB 939) set a requirement for cities and counties throughout the

⁴² Trent Cave, Manager, Napa-Vallejo Waste Management Agency, personal conversation with Kyle Simpson, DC&E, on July 26, 2007.

CITY OF VALLEJO
ROLLINGWOOD DRIVE DRAFT INITIAL STUDY AND
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State to divert 50 percent of all solid waste from landfills by January 1, 2000, through source reduction, recycling and composting. To help achieve this, the Act requires that each city and county prepare and submit a Source Reduction and Recycling Element. AB 939 also establishes the goal for all California counties to provide at least 15 years of on-going landfill capacity. Furthermore, the City of Vallejo has adopted a construction and demolition (C&D) debris recycling ordinance to redirect C&D materials away from landfills.⁴³ The ordinance requires that at least 50 percent of the C&D debris generated from a project site be salvaged and/or recycled and at least 75 percent of concrete and asphalt generated from the project site be salvaged and/or recycled. In addition, the City of Vallejo requires that curbside recycling and yardwaste collection be provided for all residential subdivisions within the City's jurisdiction.⁴⁴

Compliance with the City's C&D ordinance during construction and the provision of curbside recycling and yardwaste collection service after construction will ensure that the project complies with local and state laws related to waste reduction. A *less-than-significant* impact would occur.

17. MANDATORY FINDINGS OF SIGNIFICANCE

- a. The proposed project was not found to have any biological or cultural resources-related impacts that could not be mitigated to a *less-than-significant level* through the implementation of mitigation measures.
- b. The project would not result in any potentially significant cumulative impacts.

⁴³ City of Vallejo Municipal Code, Chapter 7.53, Construction and Demolition Debris Recycling Ordinance.

⁴⁴ Derek Crutchfield, City of Vallejo Recycling Coordinator, personal communication with Ted Heyd, DC&E, August 24, 2007.

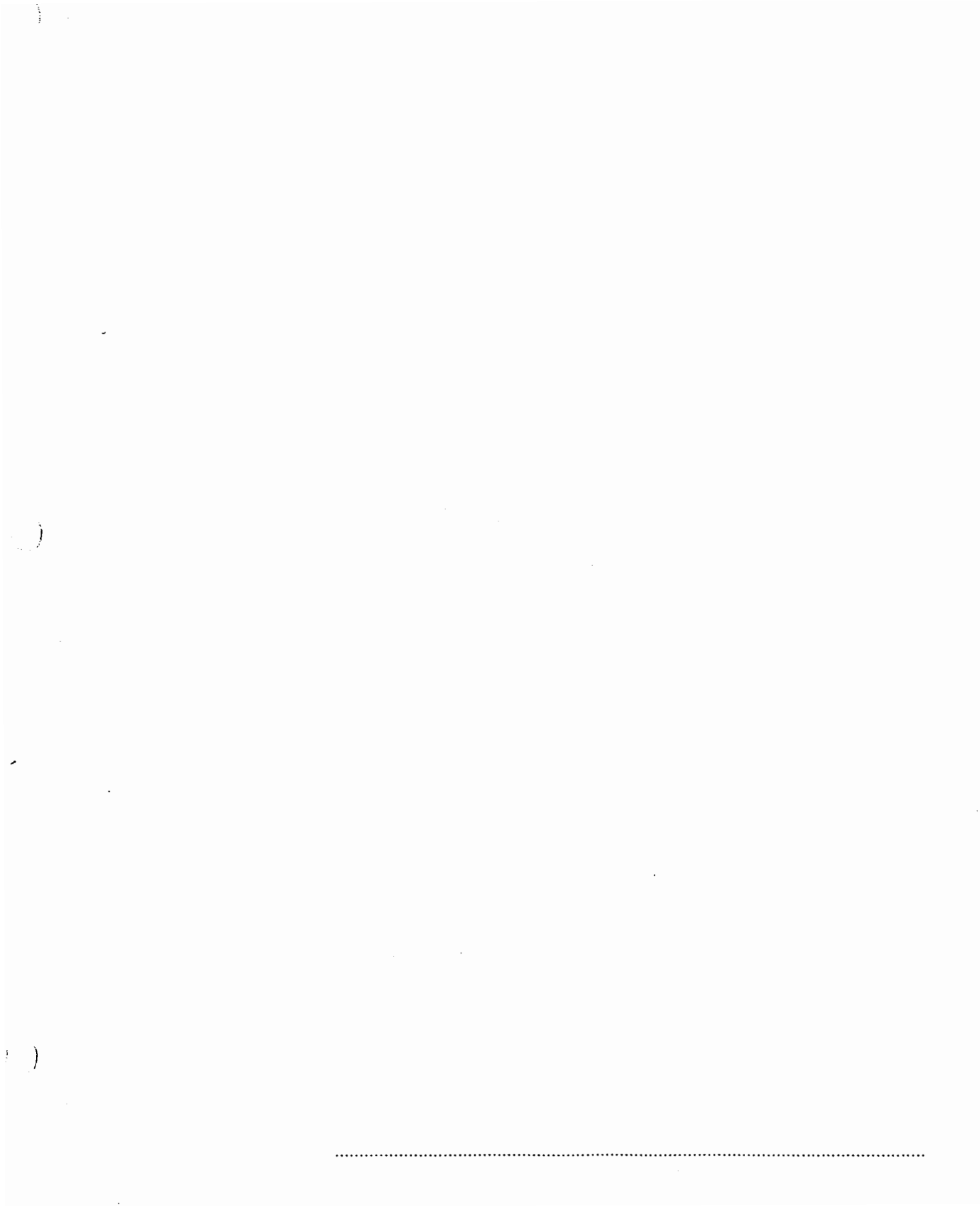
CITY OF VALLEJO
ROLLINGWOOD DRIVE DRAFT INITIAL STUDY AND
MITIGATED NEGATIVE DECLARATION
EXPLANATION OF CHECKLIST FINDINGS

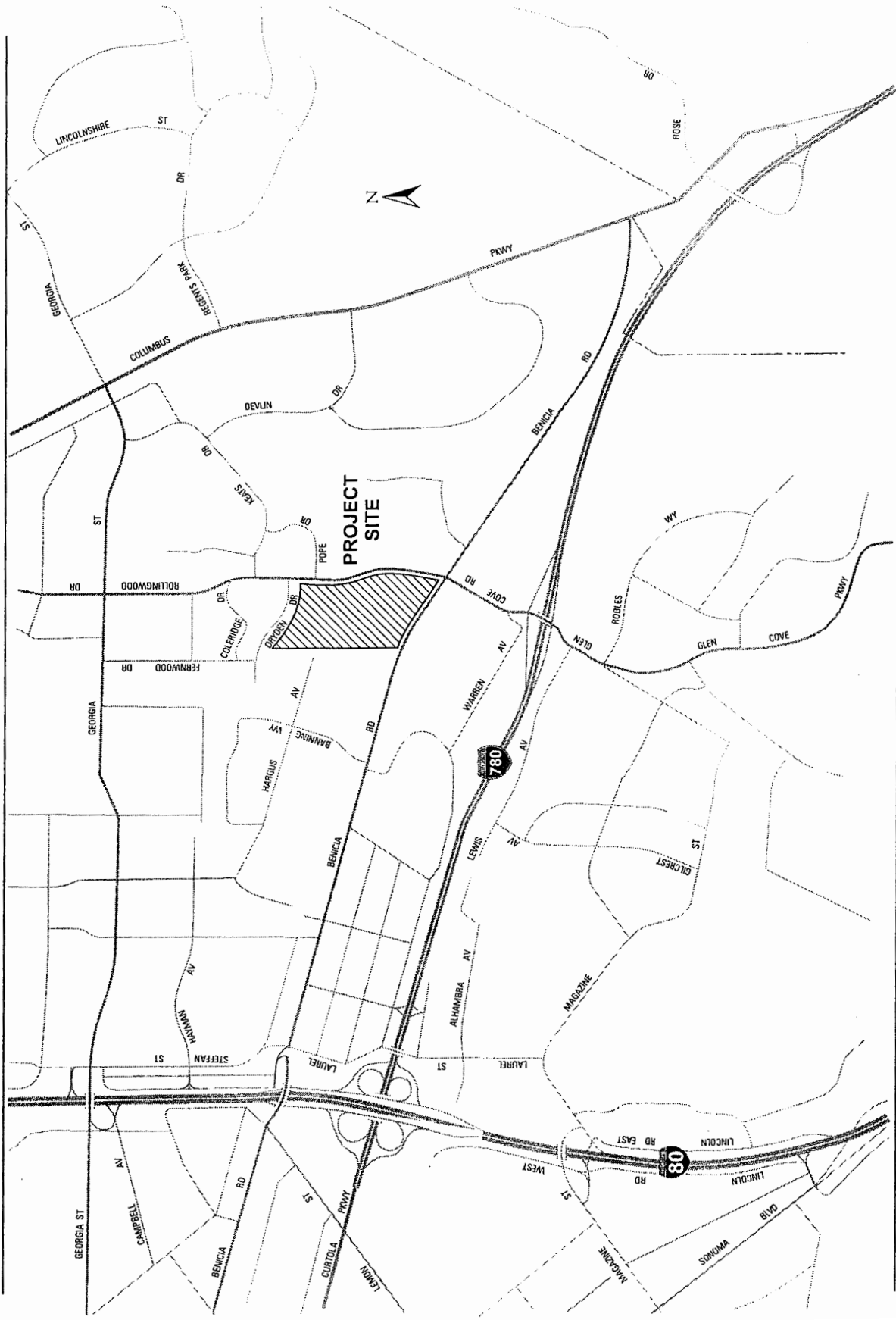
- c. The proposed project would not have any environmental effects which would cause substantial adverse effects on human beings, either directly or indirectly, that could not be mitigated to a less-than-significant level. As such, no significant impacts are anticipated.

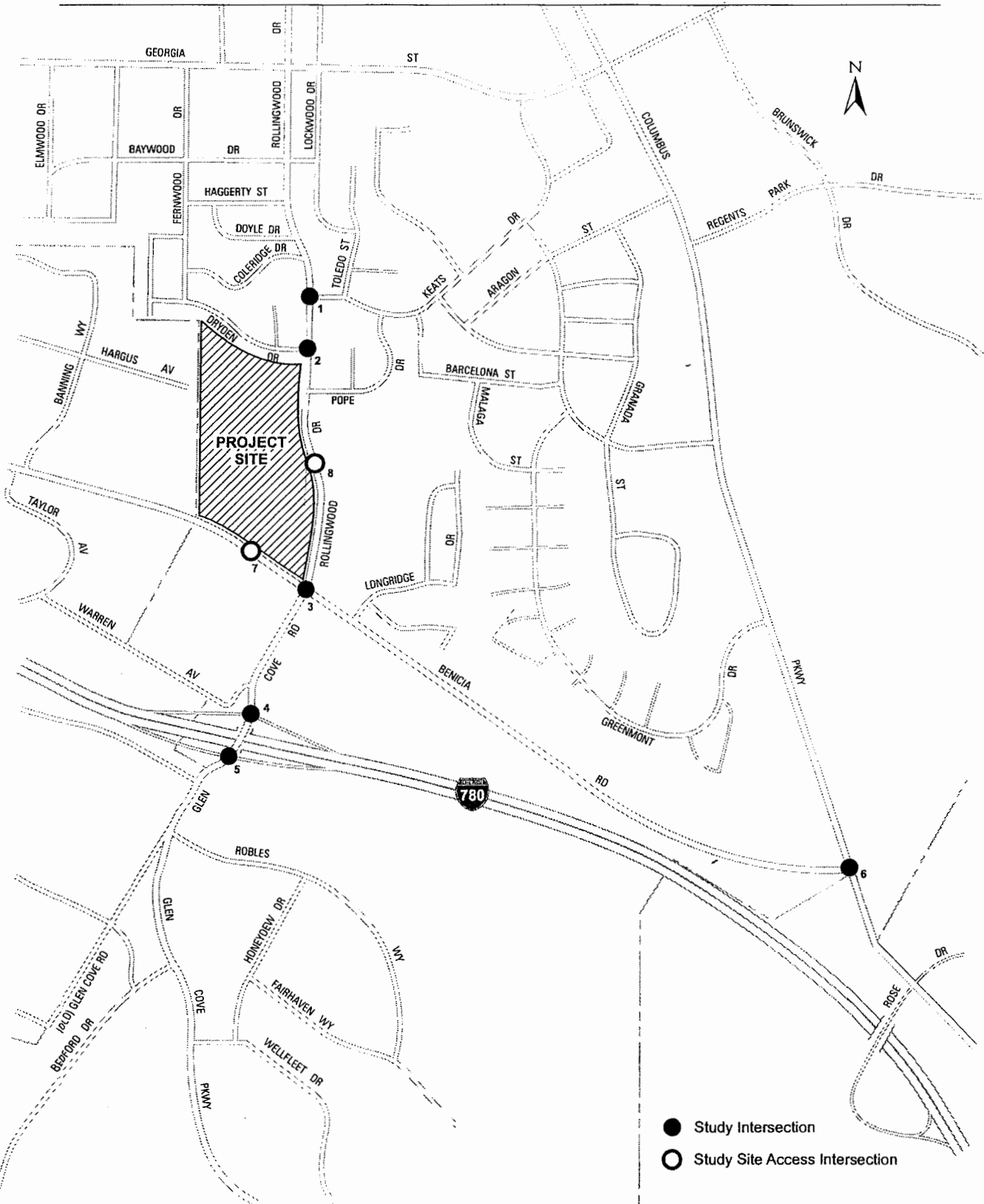
A P P E N D I X A

TRAFFIC ANALYSIS
FIGURES





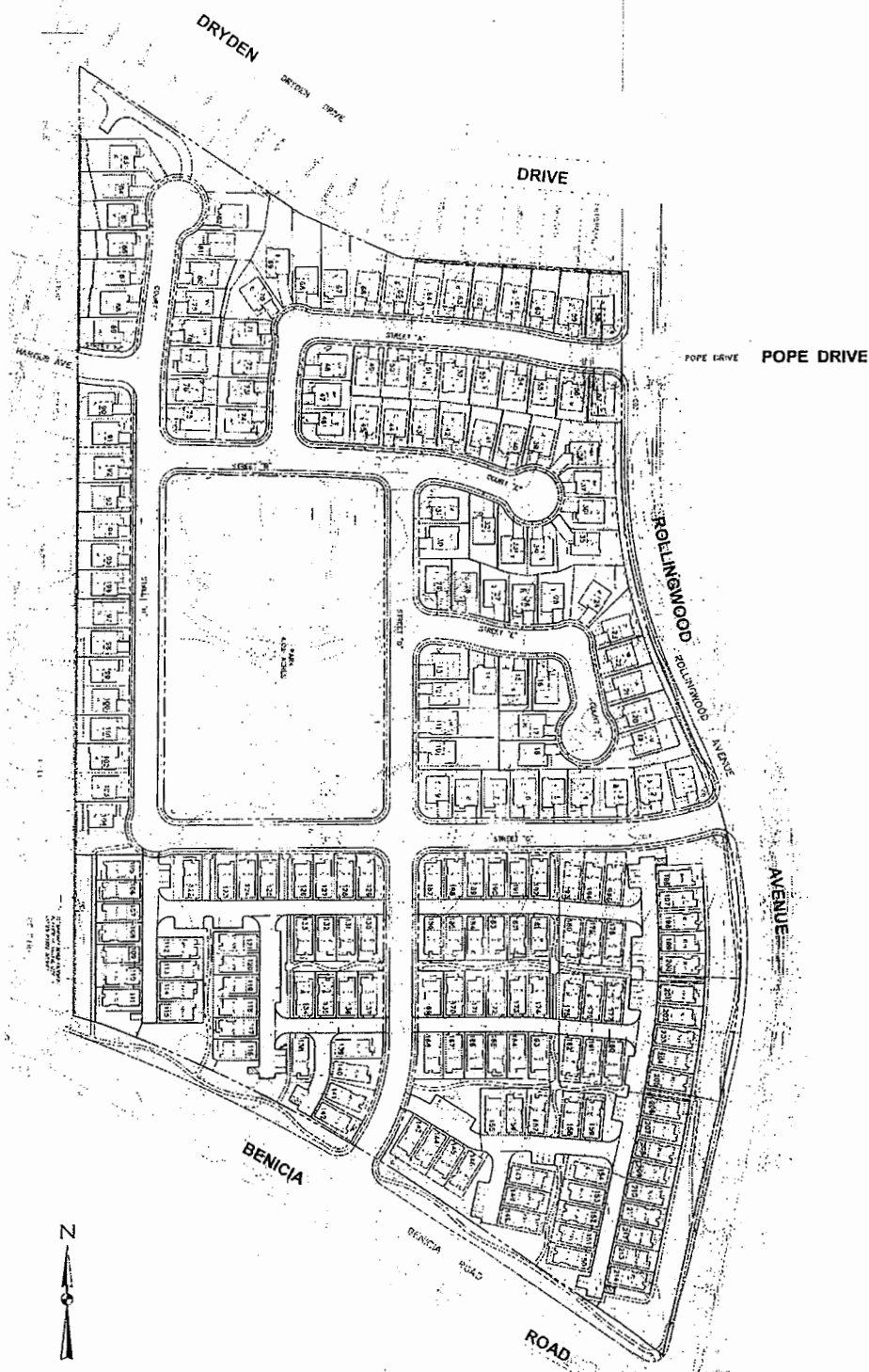




Study Intersections.cdr

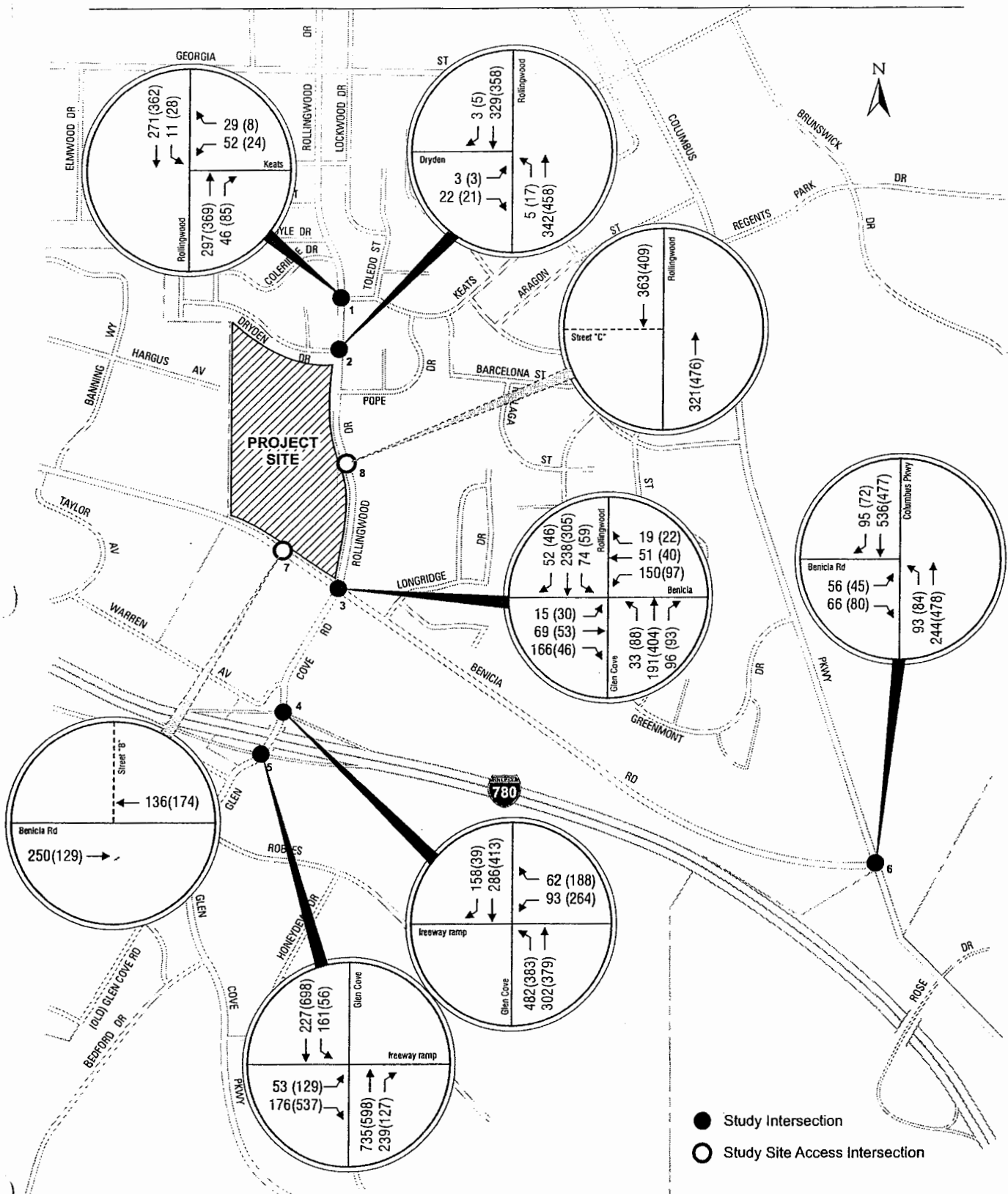
ROLLINGWOOD RESIDENTIAL

Figure 2
STUDY INTERSECTIONS



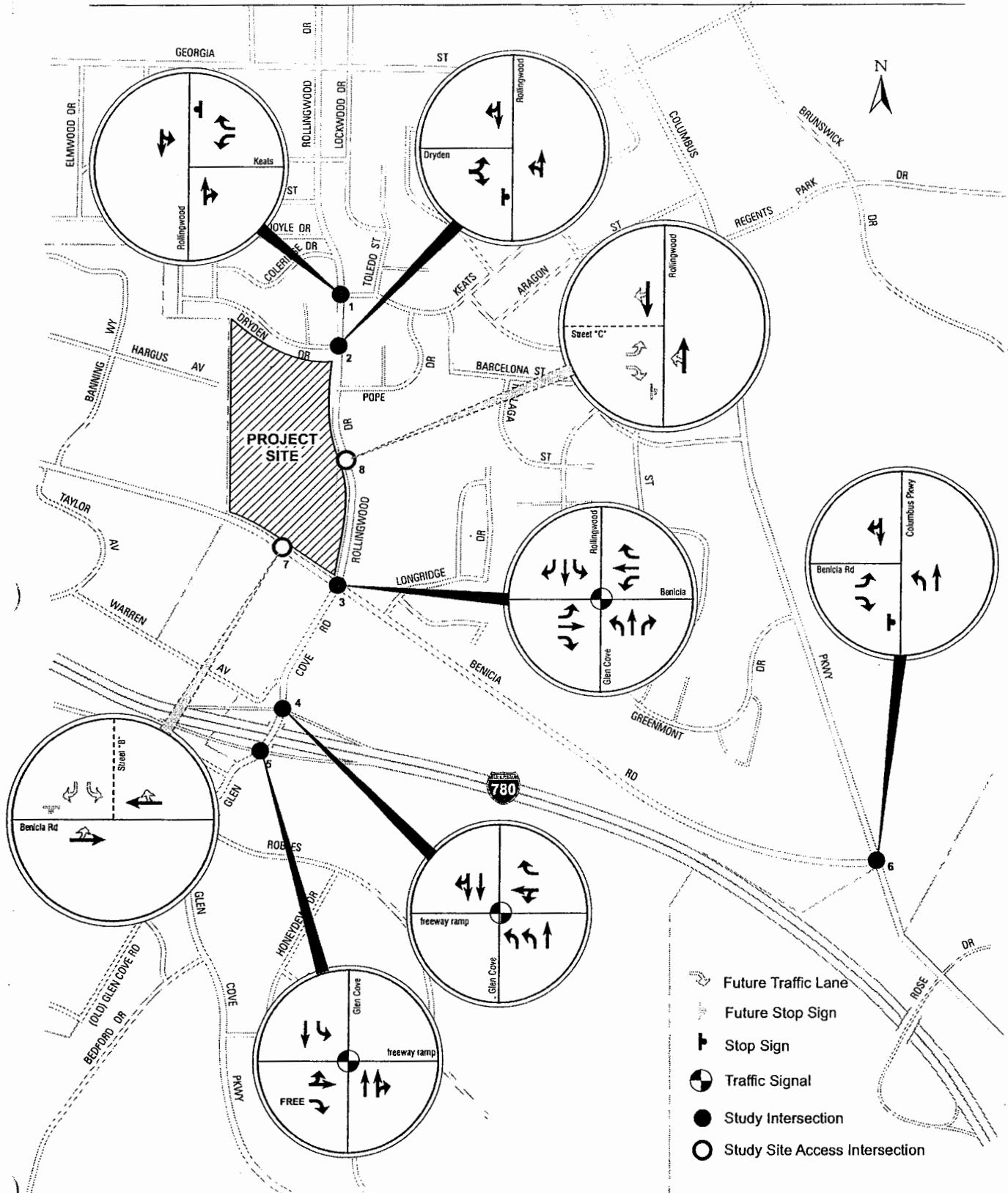
Site Layout.dwg

ROLLINGWOOD RESIDENTIAL
Figure 3
PROJECT SITE LAYOUT



Existing Volumes.cdr

ROLLINGWOOD RESIDENTIAL
Figure 4
EXISTING TRAFFIC VOLUMES
 AM (PM) Peak Hour

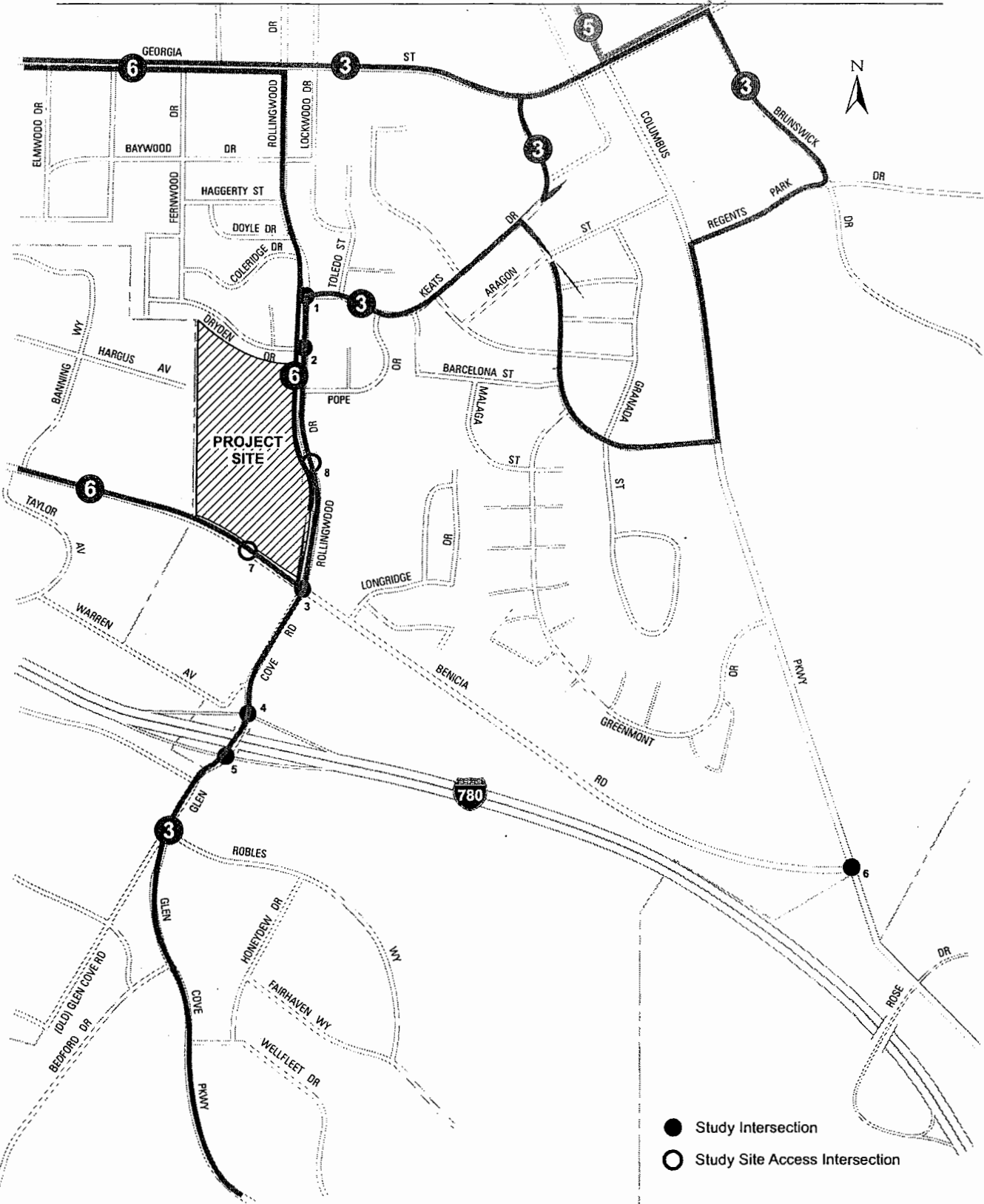


Existing Geometry.cdr

ROLLINGWOOD RESIDENTIAL

Figure 5

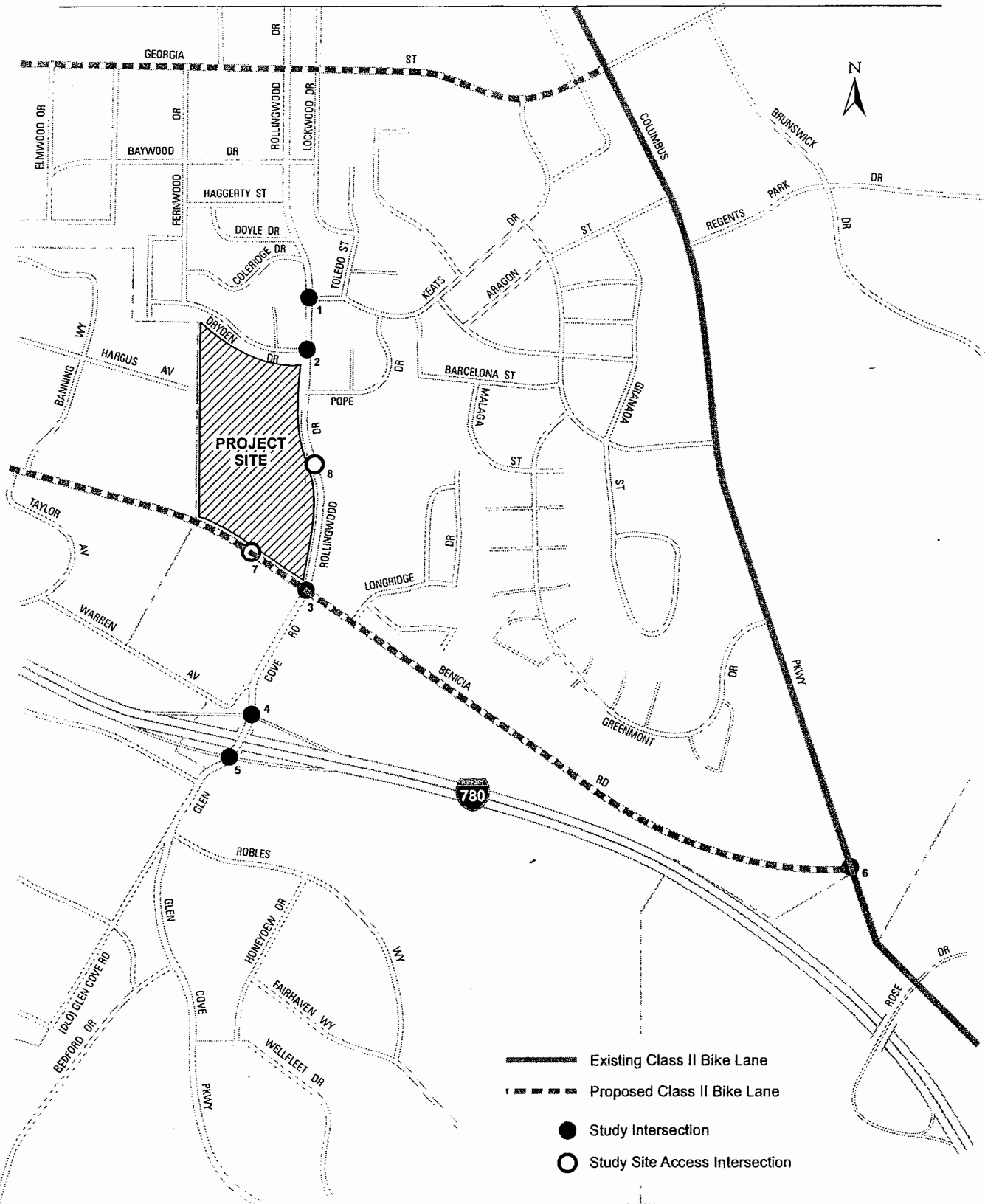
EXISTING INTERSECTION GEOMETRY







Transit.cad

ROLLINGWOOD RESIDENTIAL

Figure 6
TRANSIT ROUTES IN PROJECT VICINITY

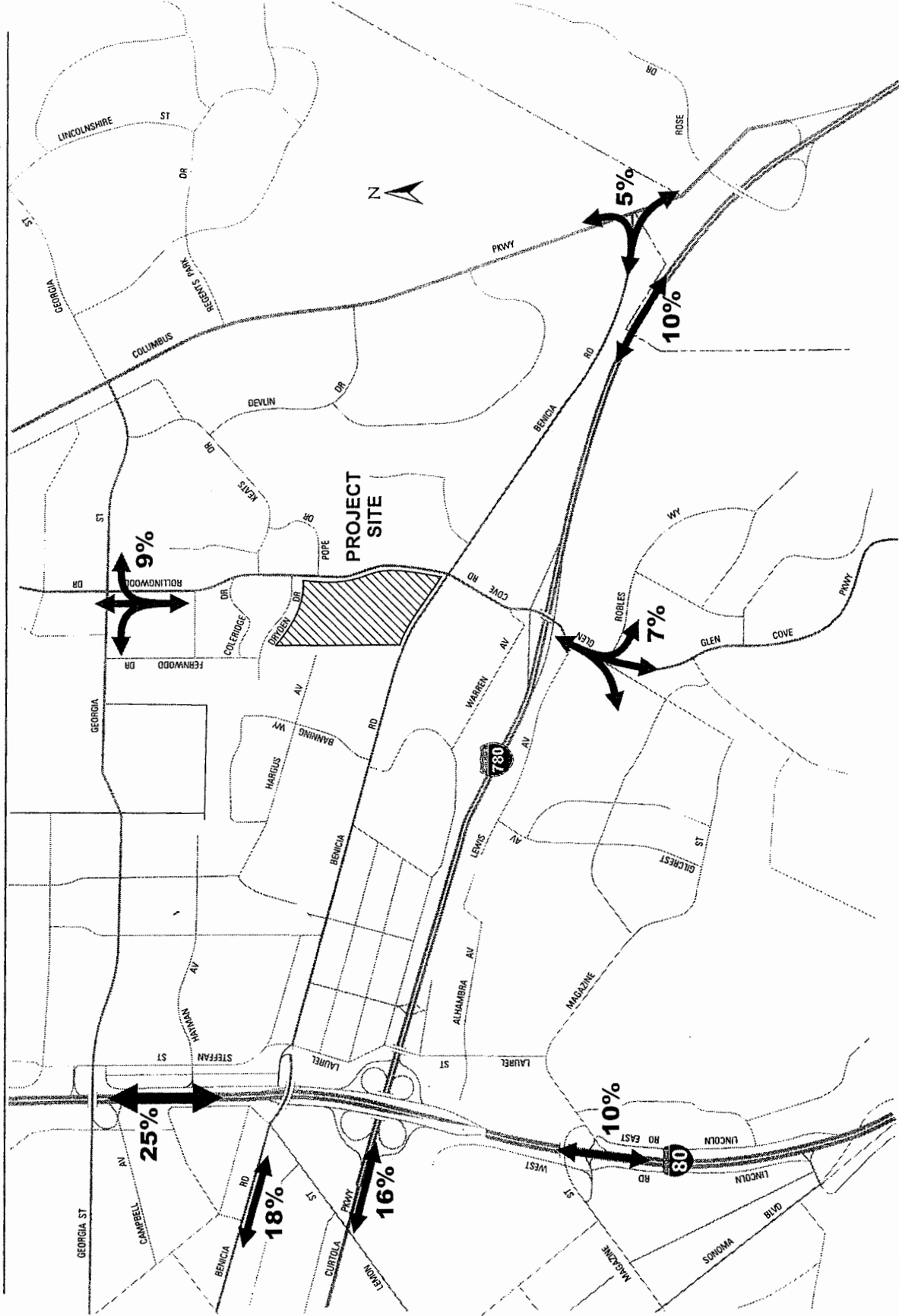


-  Existing Class II Bike Lane
-  Proposed Class II Bike Lane
-  Study Intersection
-  Study Site Access Intersection

11/01/16

ROLLINGWOOD RESIDENTIAL

Figure 7
BICYCLE ROUTES IN PROJECT VICINITY

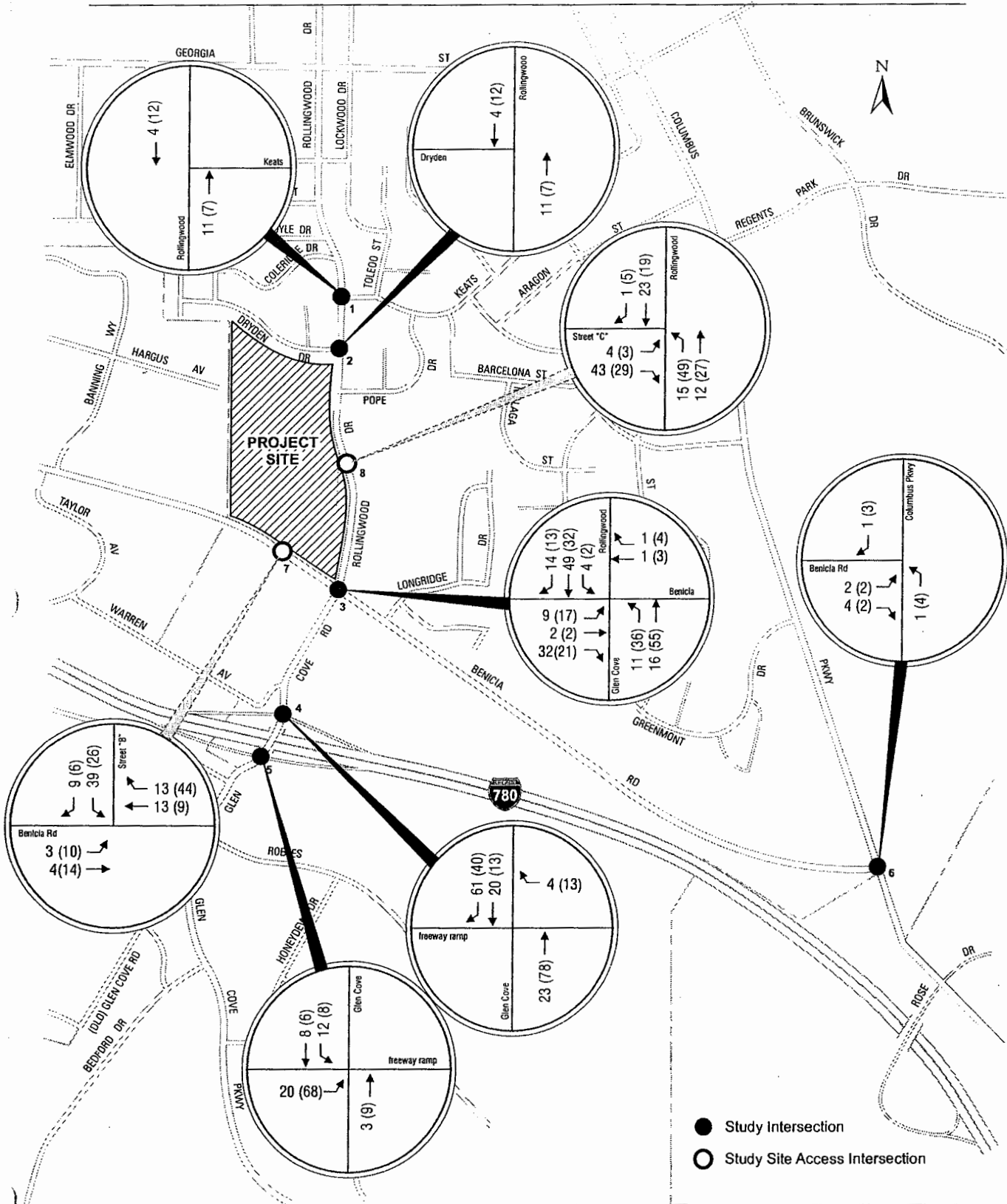


ROLLINGWOOD RESIDENTIAL

Figure 8

PROJECT TRIP DISTRIBUTION

The Distribution of

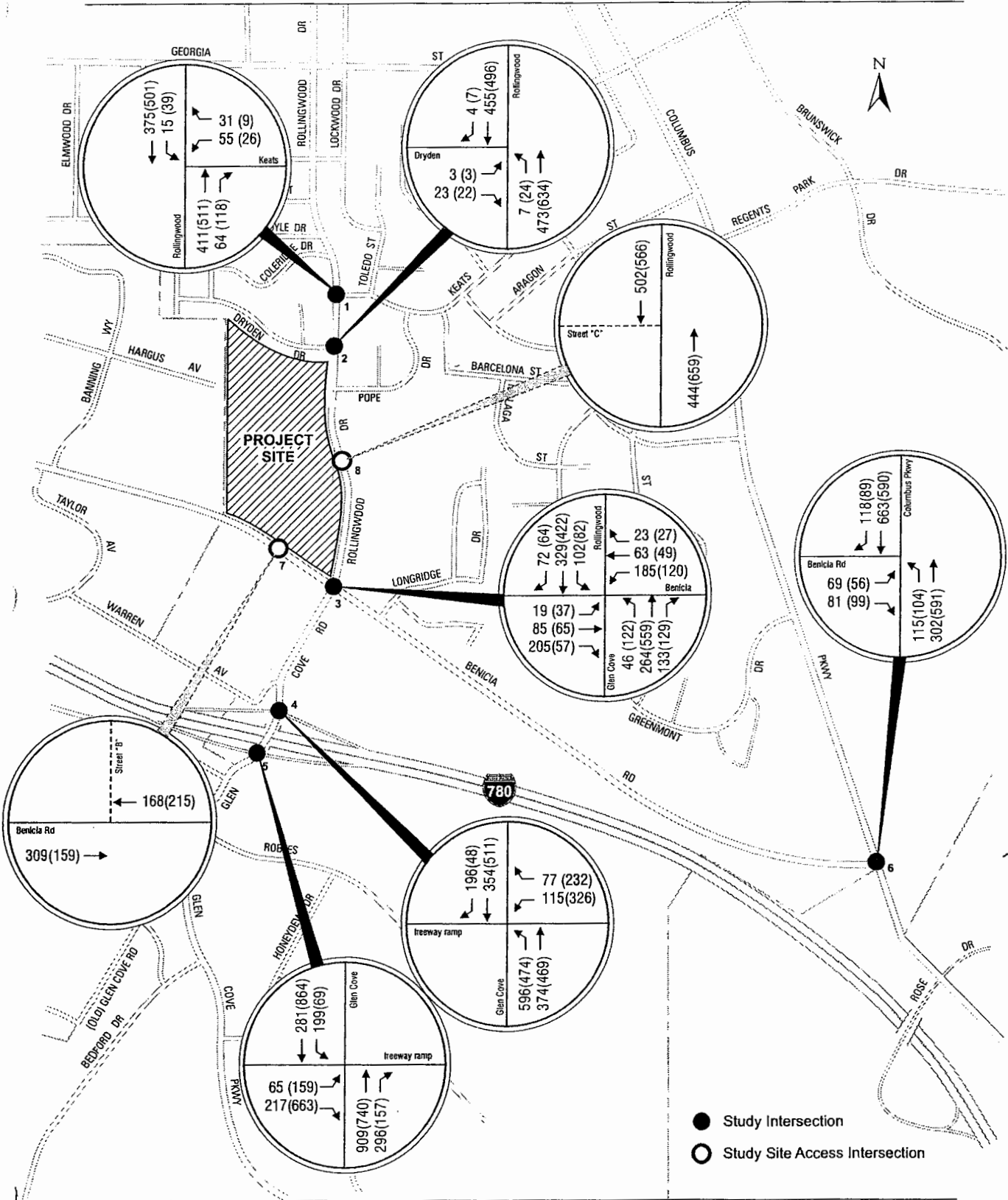


Project Volumes.cdr

ROLLINGWOOD RESIDENTIAL

Figure 9

**PROJECT TRAFFIC VOLUMES
AM (PM) Peak Hour**



Cumulative Volumes.cdr

ROLLINGWOOD RESIDENTIAL
Figure 10

CUMULATIVE (YEAR 2020) TRAFFIC VOLUMES
AM (PM) Peak Hour

To The Citizens of Vallejo, California

I am writing to voice my concern over the recent decision to destroy our East Vallejo Baseball Field used daily by our children and their families, to allow developers to build more housing.

While I am not opposed to "controlled" growth in our community, I am absolutely against replacing the limited play areas in our neighborhood and replace them with homes, especially when homes are plentiful while Baseball Fields are not.

I expect that since I am just a "home-owner" and not a rich developer, my comments are not given much weight, but I am NOT the only voice concerned over the apparent decision made to tear down our East Vallejo Baseball Field.

Please consider what the greater impact will be when our Baseball Field is destroyed:

- 1) Children will no longer be able to walk down the street and play in a healthy environment.**
- 2) Parents will have to transport their children to another location just to allow them to play.**
- 3) Our children will be relegated to playing in the streets.**
- 4) And most importantly,
Children will wander the neighborhood with the possibility of getting into trouble.**

Are new homes truly more important than a Baseball Field, a place for family and friends to congregate and enjoy a peaceful, serene environment? Are we as a city that much in need of more concrete and asphalt that we are willing to destroy a place that our children can meet and play? I WOULD HOPE NOT!!

Should you find it in your heart to review and reconsider, I believe you will agree that leaving the Baseball Field for our neighborhood families is far more important than another "subdivision" of over-priced homes.

Thank you for giving me, along with other concerned citizens, the opportunity to voice our feelings over this very sensitive issue.

Please allow for the possibility that the residence that live and play in East Vallejo Baseball Field may actually know what is best in this situation and truly have the health and welfare of our children at heart.

Thanks for your time and attention to this letter, please email with any concerns on this matter at fmaldo07@yahoo.com

Sincerely,
Fernando Maldonado

CITY OF VALLEJO

Development Services Department

Attachment 7 - A



Planning Division
707-648-4326
707-552-0163 Fax

Building Division
707-648-4374
707-552-0163 Fax

Code Enforcement Division
707-648-4469
707-649-3540 Fax

555 SANTA CLARA STREET • P.O. BOX 3056 • VALLEJO • CA • 94590-5934

October 31, 2007

Fernando Maldonado
Fmaldo07@yahoo.com

Dear Mr. Maldonado,

I am writing in response to the email you sent "To the Citizens of Vallejo, California" regarding the development proposed at the site utilized by the East Vallejo Little League. The property on which the East Vallejo Little League ball fields are located was owned by the Vallejo Unified School District and leased to the East Vallejo Little League (EVLL). As you probably know, the School District has been suffering financial difficulties and, in an attempt to increase financial stability, has been selling off surplus properties. This property was determined to be surplus as no new schools are anticipated in the vicinity and was sold to a private developer. As the lease to EVLL has expired, the School District has no legal responsibility to continue providing use of the property to EVLL.

The proposed housing development includes a 4.1 acre neighborhood park, which would include one ball field along with other park amenities including a playground, a half basketball court, and soccer field that would provide recreational opportunities to the community at large. This new park will give children of all ages a place to play a variety of sports and will have picnicking and barbeque areas for families. In addition, the School District has been working with EVLL and has offered to provide space for three additional playing fields for their use, two at Springtown Junior High School and one at Pennycook Elementary School.

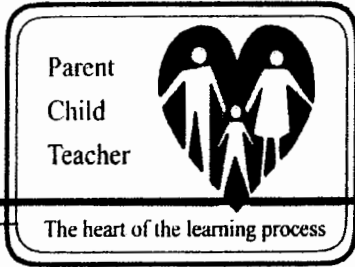
I appreciate your concern about the children of Vallejo and am glad to be able to assure you that the proposed development will provide a neighborhood park to serve the children and families in the area. As your letter was sent by email and did not include a return address, I am sending this response by email.

Sincerely,

Anthony Intintoli, Mayor

BOARD OF EDUCATION

Hazel Wilson
Daniel Glaze
Bill Pendergast
Catherine Prevolos
Cris "Oggee" Villanueva



Vallejo City Unified School District

STATE ADMINISTRATOR
Richard J. Damelio, Ed. D.

November 26, 2007

Ms. Alicia Griffin
East Vallejo Little League
1201 Granada Street
Vallejo, CA 94591

Subject: Application / Permit to Use School Property

Dear Alicia:

The Vallejo City Unified School District is in receipt of your application to use the fields at Springstowne Middle and Pennycook Elementary Schools for the purpose of Little League Baseball. The final approval of your application is pending the outcome of KB Home's meeting with the City of Vallejo on December 3, 2007, and receipt of an Insurance Certificate in the minimum amount of \$1,000,000 naming the Vallejo City Unified School District as additionally insured. However, we have tentatively scheduled both fields.

If you have any questions, please don't hesitate to call my office at (707) 556-8921 ext. 50112.

Sincerely,

A handwritten signature in black ink that reads "Becky Oraboni".

Becky Oraboni
Facilities Coordinator

Cc: Floyd Gonella, Ed.D., Advisor to the State Administrator
Mel Jordan, Assistant Superintendent, Business Services and Operations
Brian Dolan, City of Vallejo
Todd Callaghan, KB Home

500 ft Conflict of Interest Map



CONFLICT OF INTEREST MAP (500-foot radius)

**GPA 07-0001, ZMA 07-0002, PD 07-0007, and TM 07-0008
Northwest corner of Benicia Road and Rollingwood Avenue;
APNs: 0072-170-050, -060, -200, and -210**



Start: 555 Santa Clara St
Vallejo, CA 94590-5922, US

End: [1-205] Rollingwood Dr
Vallejo, CA 94591, US










Notes:

Only text visible within note field will print.

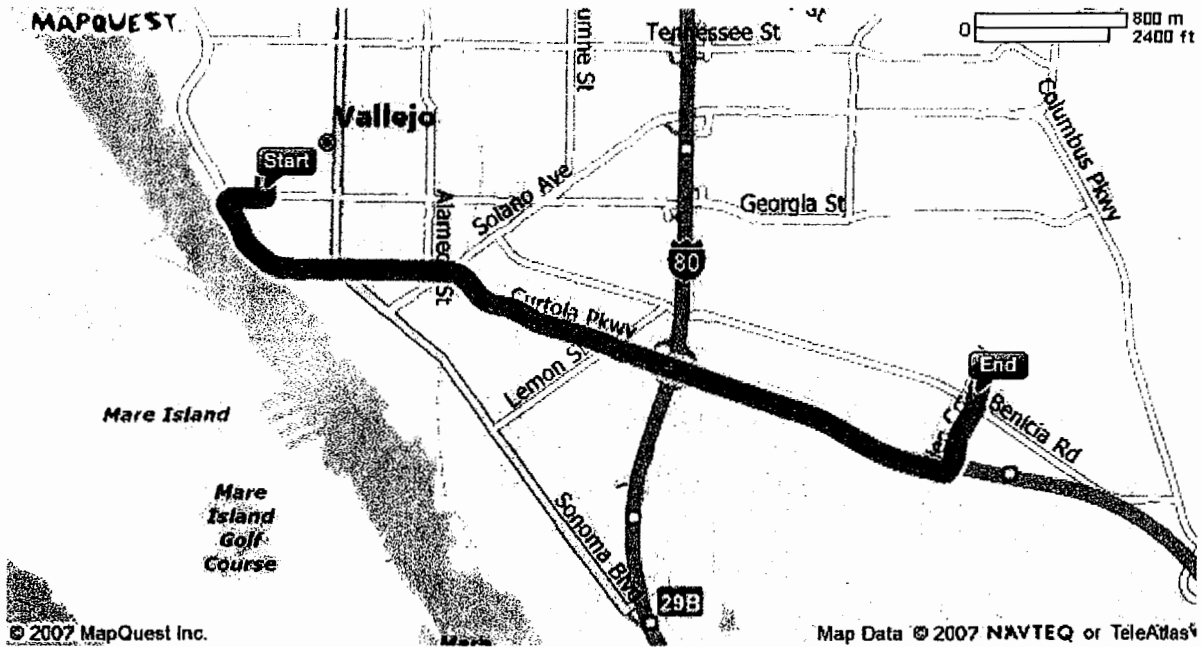
Directions

Distance

Total Est. Time: 7 minutes **Total Est. Distance:** 3.78 miles

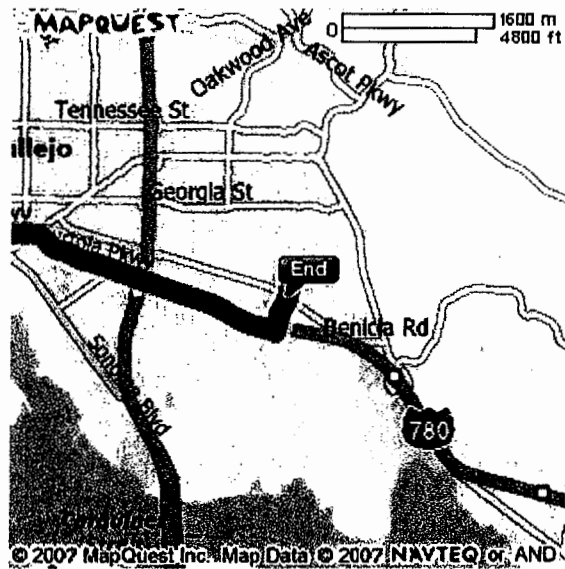
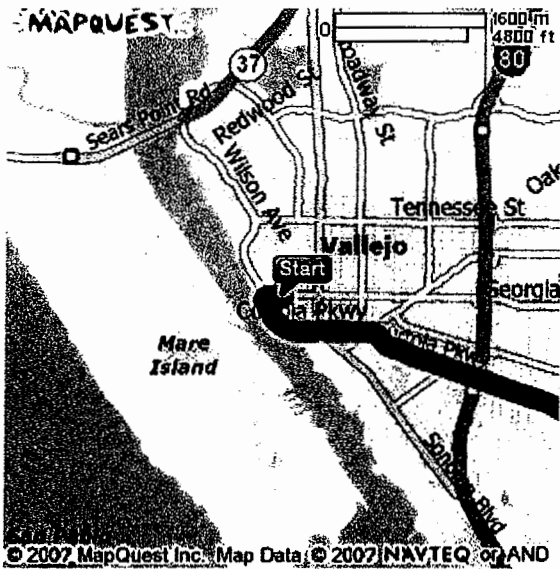
-  **1:** Start out going SOUTH on SANTA CLARA ST toward GEORGIA ST. <0.1 miles
-  **2:** Turn RIGHT onto GEORGIA ST. 0.1 miles
-  **3:** Turn LEFT onto MARE ISLAND WAY. 0.3 miles
-  **4:** MARE ISLAND WAY becomes CURTOLA PKWY. 1.4 miles
-  **5:** CURTOLA PKWY becomes I-780 E. 1.1 miles
-  **6:** Take the GLEN COVE RD exit. 0.2 miles
-  **7:** Turn LEFT onto GLEN COVE RD. 0.2 miles
-  **8:** GLEN COVE RD becomes ROLLINGWOOD DR. 0.1 miles
-  **9:** End at [1-205] Rollingwood Dr
Vallejo, CA 94591, US

Total Est. Time: 7 minutes **Total Est. Distance:** 3.78 miles



Start:
555 Santa Clara St
Vallejo, CA 94590-5922, US

End:
[1-205] Rollingwood Dr
Vallejo, CA 94591, US



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These directions are informational only. No representation is made or warranty given as to their content, road conditions or route usability or expeditiousness. User assumes all risk of use. MapQuest and its suppliers assume no responsibility for any loss or delay resulting from such use.



December 3, 2007

Planning Commission
City of Vallejo
555 Santa Clara Street
Vallejo, California 94590

Dear Members of the Planning Commission:

The mission statement of Vallejo Heights Neighborhood Association (VHNA) – to protect property values, establish and maintain an open line of communications with the City of Vallejo and other local groups, and promote a community spirit to enhance the livability of the Vallejo Heights area – provides a guide for situations such as the 145 B Street remodel that have been challenging to resolve for all parties.

In this instance, when looking at the 145 B Street remodel/addition, the mission statement is a great resource:

To Protect Property Values:

Property values are inextricably linked to views. The hillside location next to the Napa River and wetlands offers wonderful views; some vast, some more narrow through trees and houses. The VHNA is keen to protect these views, as are homeowners. 145 B Street will have an impact on some neighbor's views, and one neighbor in particular has a more narrow view from only one area of the house. Loss of that view is more of an impact as it does not exist in other parts of the residence.

Also linked to property values is the condition of neighboring homes. The home at 145 B Street was abandoned and in disrepair for many years, and appraisal of neighboring homes was certainly affected by it. VHNA supports the opportunity to have the owner restore and occupy this residence. Not only will it address a blighted property, but having the home occupied, especially near the path down to Wilson Avenue, will hopefully create a safer neighborhood.

Maintain an open line of communications with the City of Vallejo & promote a community spirit to enhance the livability of the Vallejo Heights area:


The VHNA is eager to provide assistance to neighbors, encouraging compromise, in facilitating a situation that is satisfactory for all parties involved in and affected by the 145 B Street Remodel as well as the City's planning department. We would like the end result to include portions of all parties' needs incorporated into final design. It is in this spirit that we encourage the owners of 145 B Street and the surrounding neighbors to continue a dialogue, so that the property can be restored with the least amount of impact to the neighbor's views as possible.

We would like to see the plans for 145 B Street approved with our recommendation for the following conditions added:

- It is our understanding that the current version of the improvements will create an additional 110 square feet of "conditioned space" at 467 as compared to the prior improvement plans at 357 brought to the Commission a

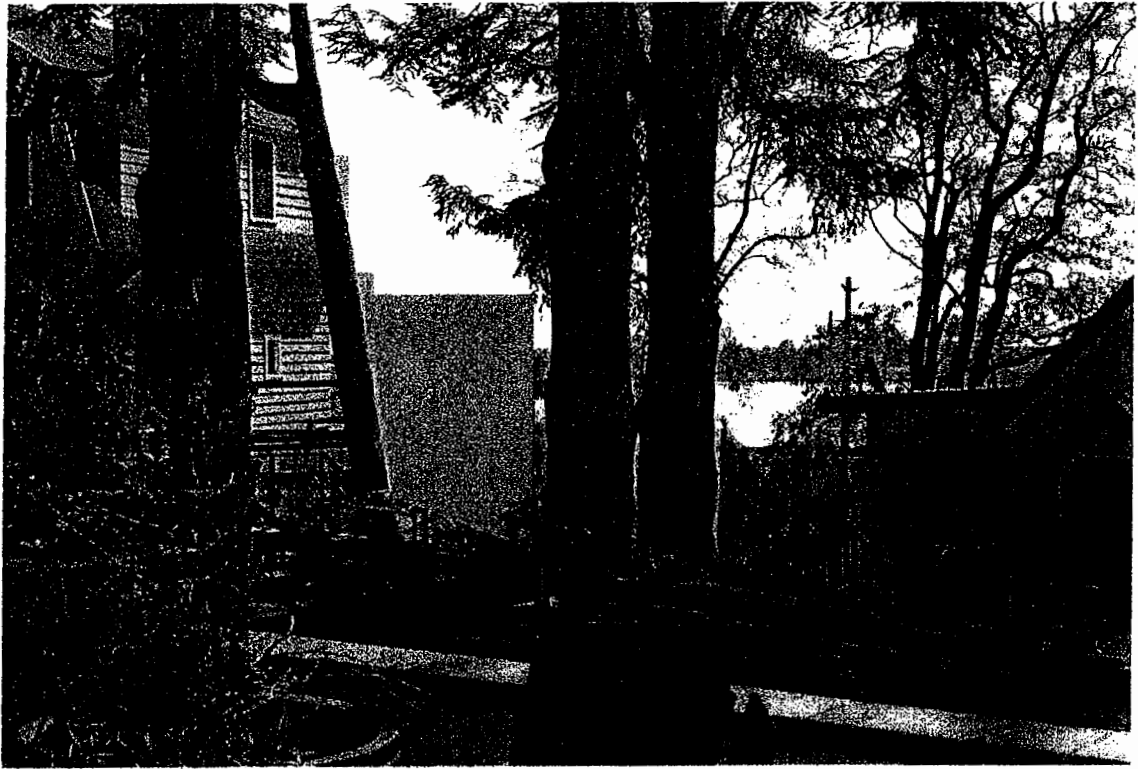
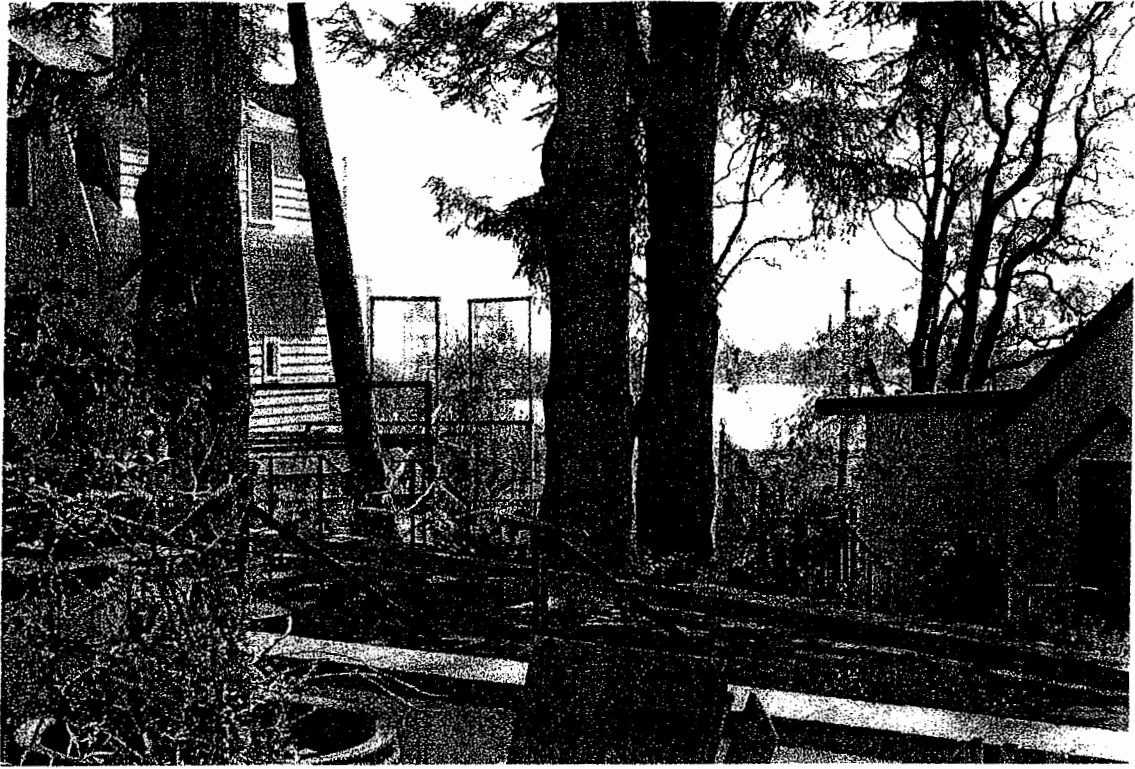
- few months ago. It is also our understanding that the addition on the back of the house will now extend an additional 4 feet out at 13.5 feet, compared to the prior plans with an extension out at 9.5 feet. We are recommending that the plans be scaled back by the additional 110 feet, and that the square footage removed be taken from the second story extension – that this portion be pushed back by however many feet that the 110 square feet of new conditional space adds up to be. It is our hope that because the prior version of the remodel plans included 357 feet of additional “conditioned” space, that removing the additional 110 added to this version would be an acceptable request. We are asking that the reduction in conditioned space be applied to the top floor of the addition by pushing the top floor of the addition back a bit.
- We are also requesting that the deck railing on the north side of the house not exceed 36’ as the deck will have a significant impact to the homeowner to the northeast’s only view, and that deck materials remain transparent.

We appreciate the significant changes already made by the owners of 145 B Street and we are hopeful that these few additional changes can be incorporated in order to meet the needs of all parties. We also appreciate the Planning Commission’s consideration of our request and their continued support of the view district within Vallejo Heights.

Sincerely

David D Cates
President
Vallejo Heights Neighborhood Association

Cc: Don Hazen, Planning Manager COV
Katherine Donovan, Planner

View from 10 & 13 Street



CITY OF VALLEJO – MEMO

DATE: December 3, 2007

TO: Vallejo Planning Commission

FROM: Geoff I. Bradley, Planning Consultant

RE: Rollingwood Project – Item K.3

Please accept this memo as an amendment to the Conditions of Approval included in your packet. These mitigations and the Mitigation Monitoring and Reporting Plan should be included in the Conditions of Approval which are Exhibit A to Attachment 2.

Mitigation Measure AQ-1: To ensure incorporation of appropriate Clean Air Plan TCMs, the features listed below shall be included in the project. Implementation of the measures listed below along with the City's General Plan requirements would reduce vehicle use and vehicle miles traveled consistent with the current Clean Air Plan TCMs:

- ◆ Bicycle amenities should be provided. This would include appropriate bike lane connections and bicycle parking at the planned park.
- ◆ Provide appropriate transit amenities in coordination with the City and Vallejo Transit (Route 6), such as sheltered bus stops and bus pullouts.
- ◆ Implement a landscape plan that provides shade trees along adjacent sidewalks and at bus stops.

Mitigation Measure AQ-2: The applicant shall include the following measures to control dust and exhaust emissions:

- ◆ Water all active construction areas at least twice daily and more often during windy periods. Active areas adjacent to residences should be kept damp at all times.
- ◆ Cover all hauling trucks or maintain at least two feet of freeboard. Dust-proof chutes shall be used as appropriate to load debris onto trucks during demolition.
- ◆ Pave, apply water at least twice daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas, and staging areas.
- ◆ Sweep daily (with water sweepers) all paved access roads, parking areas, and staging areas and sweep streets daily (with water sweepers) if visible soil material is deposited onto the adjacent roads.
- ◆ Hydroseed or apply (non-toxic) soil stabilizers to inactive construction areas (i.e., previously-graded areas that are inactive for 10 days or more).
- ◆ Enclose, cover, water twice daily, or apply (non-toxic) soil binders to exposed stockpiles.

CITY OF VALLEJO - MEMO

- ◆ Limit traffic speeds on any unpaved roads to 15 mph.
- ◆ Replant vegetation in disturbed areas as quickly as possible.
- ◆ Suspend construction activities that cause visible dust plumes to extend beyond the construction site.
- ◆ During renovation and demolition activities, removal or disturbance of any materials containing asbestos, lead paint or other hazardous pollutants will be conducted in accordance with BAAQMD rules and regulations.
- ◆ Prohibit use of “dirty” equipment. Equipment with noticeably dirty emissions shall be prohibited from operation at the site until proper maintenance has been performed to reduce the visible emissions to acceptable levels. If necessary, opacity shall be used as an indicator of exhaust particulate emissions from off-road diesel powered equipment, where the project shall ensure that emissions from all construction diesel powered equipment used on the project site do not exceed 40 percent opacity for more than three minutes in any one hour. Any equipment found to exceed 40 percent opacity (or Ringelmann 2.0) shall be repaired immediately.
- ◆ Signs shall be clearly posted at the construction site indicating that diesel equipment standing idle for more than five minutes shall be turned off. This would include trucks waiting to deliver or receive soil, aggregate, or other bulk materials. Rotating drum concrete trucks could keep their engines running continuously as long as they are onsite.
- ◆ Properly tune and maintain equipment in accordance with manufacturer specifications.
- ◆ During grading, stage construction equipment at least 200 feet away from any sensitive uses.
- ◆ The contractor shall install temporary electrical service whenever possible to avoid the need for independently powered equipment (e.g., compressors).
- ◆ A Disturbance Coordinator will be assigned to the project when active construction is occurring within 200 feet of residences. This coordinator will ensure that all air quality construction period mitigation measures are enforced. In addition, the Disturbance Coordinator will respond to complaints from the public regarding air quality issues in a timely manner. The contact information for this Coordinator will be posted in plain view at the project site.
- ◆ A Disturbance Coordinator shall suspend construction activities that cause visible dust plumes to extend beyond the construction site.

Mitigation Measure BIO-1: The applicant shall obtain all necessary permits from the Army Corps of Engineers (the Corps), U.S. Fish and Wildlife Service (USFWS), California Department of Fish and Game (CDFG), and the Regional Water Quality Control Board (RWQCB) as required by federal and State law to avoid, minimize or

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offset impacts to any species listed under either the State or federal Endangered Species Acts or protected under any other State or federal law as follows:

- ◆ Before project implementation, a delineation of waters of the United States, including wetlands that could be affected by development, shall be made by a qualified wetland specialist through the formal Clean Water Act (CWA) Section 404 process.
- ◆ If based on the verified delineation, it is determined that fill of waters of the United States would result from project implementation, authorization for such fill shall be secured from the Corps through the Section 404 permitting process and from the RWQCB as part of the Section 401 water quality certification process.
- ◆ Consultation or incidental take permitting may be required under the Endangered Species Act (ESA). The applicant shall obtain all legally-required permits from the USFWS for the "take" of protected species under the ESA.
- ◆ Evidence that the applicant has secured any required authorization from these agencies shall be submitted to the Vallejo Planning Division prior to issuance of any grading or building permits for the project.

Mitigation Measure BIO-2: Any active raptor or other bird nests in the vicinity of proposed grading shall be avoided until young birds are able to leave the nest (i.e., fledged) and forage on their own. Avoidance may be accomplished either by scheduling grading and vegetation removal during the non-nesting period (September through February), or if this is not feasible, by conducting a pre-construction survey for active nests. Provisions of the pre-construction survey and nest avoidance, if necessary, shall include the following:

- ◆ If grading is scheduled during the active nesting period (March through August), a qualified wildlife biologist shall be retained by the applicant to conduct a pre-construction nesting survey no more than 30 days prior to initiation of grading to provide confirmation on presence or absence of active nests in the vicinity.
- ◆ If active nests are encountered, species-specific measures shall be prepared by a qualified biologist in consultation with the CDFG and implemented to prevent nest abandonment. At a minimum, grading in the vicinity of the nest shall be deferred until the young birds have fledged. A nest-setback zone of at least 300 feet shall be established for raptors and 100 feet for loggerhead shrike and passerine birds within which all construction-related disturbances shall be prohibited. The perimeter of the nest-setback zone shall be fenced or adequately demarcated, and construction personnel restricted from the area.
- ◆ If permanent avoidance of the nest is not feasible, impacts shall be minimized by prohibiting disturbance within the nest-setback zone until a qualified biologist verifies that the birds have either a) not begun egg-laying and incubation, or b) that the juveniles from the nest are foraging independently and capable of independent survival at an earlier date. A survey report by the qualified biologist verifying that the

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young have fledged shall be submitted to the Vallejo Planning Division prior to initiation of grading in the nest-setback zone.

Mitigation Measure BIO-3: Focused surveys for the special-status plant species considered to have a remote potential for occurrence on the site shall be conducted during the flowering season by a qualified botanist to confirm absence of these species from the site. Species of concern identified in the BRA include: bent-flowered fiddleneck (*Amsinckia lunaris*), Congdon's tarplant (*Centromadia parryi* ssp. *congdonii*), dwarf downingia (*Downingia pusilla*), Santa Cruz tarplant (*Holocarpha macradenia*), Contra Costa goldfields (*Lasthenia conjugens*), and legenere (*Legenere limosa*). If populations of special-status plant species are found, then a detailed mitigation plan shall be prepared which includes specifics on the species, habitat and natural community preservation/conservation strategies designed to protect this species, and compensatory mitigation developed in accordance with any CDFG and USFWS requirements. If no special-status plants are found during the focused surveys, then no further mitigation would be required.

Mitigation Measure BIO-4: Directed surveys shall be conducted for Monarch butterfly, vernal pool fairy shrimp, burrowing owl, and pallid bat as recommended in the BRA by the applicant's biological consultant. Appropriate mitigation shall be provided in the remote instance that any of these species are encountered on the site. Mitigation shall be coordinated with representatives of the CDFG and/or USFWS as required by law, and may include on-site avoidance, compensatory mitigation, or other acceptable mitigation strategies. If none of these special-status animal species are found during the focused surveys, then no further mitigation would be required.

Mitigation Measure BIO-5: A Wetland Mitigation Program shall be prepared by a qualified wetland specialist to provide for the protection, replacement, and management of jurisdictional waters on the site affected by proposed development. The Wetland Mitigation Program shall include the following components and meet the following standards:

- ◆ Proposed grading and development shall be redesigned to preferably avoid removal or adverse impacts to areas verified as jurisdictional wetlands. Where avoidance is infeasible, adequate mitigation for any direct or indirect impacts on jurisdictional waters shall be provided as coordinated with the Corps and/or RWQCB. Replacement wetlands shall be provided at a minimum 2:1 replacement ratio and shall be established in suitable locations within undeveloped open space areas, preferably on-site but possible off-site if an acceptable location is selected and approved by jurisdictional agencies. The wetlands replacement component of the Wetland Mitigation Program shall emphasize establishment of native freshwater marsh and seasonal wetlands to replace and enhance existing habitat values.
- ◆ The wetland replacement component of the Wetland Mitigation Program shall specify performance criteria, maintenance and long-term management responsibilities, monitoring requirements, and contingency measures. Monitoring

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shall be conducted by the qualified wetland specialist for a minimum of five years and continue until the success criteria are met.

Mitigation Measure CUL-1. In the event that unique historical, archeological paleontological or geologic features are discovered during construction, a qualified archeologist or geologist shall be contacted immediately to determine the significance of the resource. Construction activities shall be halted and not commence until the expert has issued an opinion about the resource and appropriate mitigation has been determined.

Mitigation Measure CUL-2. In the event that human remains are discovered on the project site during construction activities, the following steps shall be taken according to CEQA Guidelines Section 15064.5 (e)(1). First there shall be no further excavation of the site or any nearby area until the Solano County coroner is contacted to determine that no investigation of the cause of death is required. Second, if the coroner determines that the remains are of Native American decent, the coroner will contact the Native American Heritage Commission within 24 hours.

Mitigation Measure GEO-1: In portions of the site where clayey soils and fill material will not be removed during grading and where proposed improvements (new fill, pavements, slabs on grade) will be constructed, these existing sub-surface materials should be removed and recompacted. The process may consist of removing the upper two feet of these materials, and scarifying and re-compacting the lower one foot prior to placing new fill or improvements. The process will need to be confirmed during a future geotechnical investigation. Subsequent to this investigation and prior the issuance of a grading permit, the applicant shall submit a plan to the City for review and approval, which will identify the steps for removal or treatment of soils on-site.

Mitigation Measure GEO-2: To reduce the potential for post-construction distress to the proposed residential structures resulting from swelling and shrinkages of clayey soils, post-tensioned slabs should be used for foundation support over the engineered and compacted fill after the removal of the clay-rich overburden.

Mitigation Measure HAZ-1: Prior to any site improvements, including grading and preliminary site work, the applicant shall review the Kleinfelder study at the DTSC Sacramento offices. Depending on the extent of the soil sampling completed to date and the determinations of the Kleinfelder study, additional sampling shall be conducted to better define the extent of contamination on-site. Once sufficient sampling has been completed in accordance with DTSC guidelines, the samples shall be evaluated and mitigation measures developed, as appropriate.

Mitigation Measure HAZ-2: Before any soil can be exported off-site it shall be profiled for landfill disposal requirements. If harmful concentrations of pesticides, lead and arsenic are reported in the soil, per DTSC guidelines, the contaminated soil shall not be

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reused for landscaping. Rather, landscaping soils shall be imported from an off site source.

Mitigation Measure NOISE-1: Where noise-sensitive exterior use areas would be exposed to an Ldn greater than 60 dBA, mitigation would be required to reduce noise levels to meet exterior and interior noise level limits.

- ◆ Construct noise barriers to reduce exterior noise levels to 60 dBA Ldn or less as shown in Figure 4-4. If the City determines that it is not economically or aesthetically reasonable to meet the 60 dBA Ldn standard, construct noise barriers as shown in Figure 4-5 to reduce noise levels to 65 dBA Ldn or less. Noise barriers shall be constructed out of materials with a minimum surface weight of 3 lbs./ft². Suitable materials include 1-in. thick wood fence boards, concrete, masonry, or metal provided that the barrier is solid over its face and at its base. In locations identified for noise barriers, the applicant shall examine the creation of earthen berms as an alternative option. Provided that berms can reduce potential impacts to a less than significant level and would not conflict with right-of-way constraints, the applicant shall coordinate with the City to identify the preferable option. The applicant shall also examine the option of combining noise barriers and berms, such as a four foot berm atop a four foot wall to achieve comparable noise reduction.
- ◆ Retain a qualified Acoustical Specialist to prepare for City review and approval a detailed acoustical analysis of interior noise reduction requirements and specifications for all units proposed within the 60 dBA Ldn contours of area roadways, in accordance with City standards. Interior noise levels must be maintained at or below 45 dBA Ldn. Building sound insulation requirements shall include forced air mechanical ventilation in noise environments exceeding 60 dBA Ldn. Special building construction techniques (e.g., sound-rated windows and building facade treatments) may be required where exterior noise levels exceed 65 dBA CNEL. Because the noise exposure is between 65 dBA Ldn and 70 dBA Ldn these treatments would be limited to sound rated windows and doors at the most affected rooms. Special sound rated exterior wall assemblies would not be required. The specific determination of required door and window sound transmission ratings shall be made on a unit-by-unit basis during project design. Results of the analysis, including the description of the necessary noise control treatments, shall be submitted to the City along with the building plans prior to issuance of a building permit.

Mitigation Measure TRAF-1: Prior to project approval, the project applicant shall revise the site plan to include turnaround space at the ends of the alleys for garbage trucks and emergency vehicles. The project applicant shall coordinate with the City of Vallejo to determine the specific requirements for these turnarounds.

MITIGATION MONITORING AND REPORTING PROGRAM INTRODUCTION

This document is a Mitigation Monitoring Program (MMP) for the proposed Rollingwood Drive Project. The MMP contains the following components:

- ◆ Table 1: Mitigation Monitoring and Reporting Program

The purpose of the MMP is to ensure the implementation of mitigation measures identified as part of the environmental review for the Project. The MMP includes the following information:

- ◆ A list of mitigation measures (including any revisions resulting from the Final Initial Study/Mitigated Negative Declaration).
- ◆ The party responsible for implementing the mitigation measures.
- ◆ The timing and procedure for implementation of the mitigation measure.
- ◆ The agency responsible for monitoring the implementation.
- ◆ The monitoring action.
- ◆ The timing or frequency of monitoring activities.

The City of Vallejo must adopt this Mitigation Monitoring Program, or an equally effective program, if it approves the proposed Project with the mitigation measures included in the Final Initial Study/Mitigated Negative Declaration. Public Resources Code sec. 21081.6(a) requires an agency to adopt a program for reporting or monitoring mitigation measures that were adopted or made conditions of Project approval.

**CITY OF VALLEJO
ROLLINGWOOD DRIVE INITIAL STUDY/MITIGATED NEGATIVE DECLARATION
MITIGATION MONITORING PROGRAM**

TABLE 1 | MITIGATION MONITORING AND REPORTING PROGRAM

AIR QUALITY	Party Responsible for Implementation	Implementation Trigger/Timing	Agency Responsible for Monitoring	Monitoring Action	Monitoring Frequency
<p>AQ-1: To ensure incorporation of appropriate Clean Air Plan TCMs, the features listed below shall be included in the project. Implementation of the measures listed below along with the City's General Plan requirements would reduce vehicle use and vehicle miles traveled consistent with the current Clean Air Plan TCMs:</p> <ul style="list-style-type: none"> ◆ Bicycle amenities should be provided. This would include appropriate bike lane connections and bicycle parking at the planned park. ◆ Provide appropriate transit amenities in coordination with the City and Vallejo Transit (Route 6), such as sheltered bus stops and bus pullouts. ◆ Implement a landscape plan that provides shade trees along adjacent sidewalks and at bus stops. 	Applicant	Prior to issuance of building permit	City	Plan review	Once, at building permit approval
<p>AQ-2: The applicant shall include the following measures to control dust and exhaust emissions:</p> <ul style="list-style-type: none"> ◆ Water all active construction areas at least twice daily and more often during windy periods. Active areas adjacent to residences should be kept damp at all times. ◆ Cover all hauling trucks or maintain at least two feet of free-board. Dust-proof chutes shall be used as appropriate to load debris onto trucks during demolition. ◆ Pave, apply water at least twice daily, or apply (non-toxic) soil stabilizers on all unpaved access roads, parking areas, 	Applicant	Prior to issuance of grading permit, applicable notes shall be placed on grading plans. At onset of construction, monitoring for compliance with air quality mitigation shall commence.	City	Site inspections	Weekly, during construction

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Mitigation Measures and staging areas.	Party		Agency	
	Responsible for Implementation	Implementation Trigger/Timing	Responsible for Monitoring	Monitoring Action Monitoring Frequency
<ul style="list-style-type: none"> ◆ Sweep daily (with water sweepers) all paved access roads, parking areas, and staging areas and sweep streets daily (with water sweepers) if visible soil material is deposited onto the adjacent roads. ◆ Hydroseed or apply (non-toxic) soil stabilizers to inactive construction areas (i.e., previously graded areas that are inactive for 10 days or more). ◆ Enclose, cover, water twice daily, or apply (non-toxic) soil binders to exposed stockpiles. ◆ Limit traffic speeds on any unpaved roads to 15 mph. ◆ Replant vegetation in disturbed areas as quickly as possible. ◆ Suspend construction activities that cause visible dust plumes to extend beyond the construction site. ◆ During renovation and demolition activities, removal or disturbance of any materials containing asbestos, lead paint or other hazardous pollutants will be conducted in accordance with BAAQMD rules and regulations. ◆ Prohibit use of "dirty" equipment. Equipment with noticeably dirty emissions shall be prohibited from operation at the site until proper maintenance has been performed to reduce the visible emissions to acceptable levels. If necessary, opacity shall be used as an indicator of exhaust particulate emissions from off-road diesel powered equipment, where the project shall ensure that emissions from all construction diesel powered equipment used on the 				

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	Party		Agency		Monitoring Action	Monitoring Frequency
	Responsible for Implementation	Implementation Trigger/Timing	Responsible for Monitoring			
<p>♦ Signs shall be clearly posted at the construction site indicating that diesel equipment standing idle for more than five minutes shall be turned off. This would include trucks waiting to deliver or receive soil, aggregate, or other bulk materials. Rotating drum concrete trucks could keep their engines running continuously as long as they are onsite.</p> <p>♦ Properly tune and maintain equipment in accordance with manufacturer specifications.</p> <p>♦ During grading, stage construction equipment at least 200 feet away from any sensitive uses.</p> <p>♦ The contractor shall install temporary electrical service whenever possible to avoid the need for independently powered equipment (e.g., compressors).</p> <p>♦ A Disturbance Coordinator will be assigned to the project when active construction is occurring within 200 feet of residences. This coordinator will ensure that all air quality construction period mitigation measures are enforced. In addition, the Disturbance Coordinator will respond to complaints from the public regarding air quality issues in a timely manner. The contact information for this Coordinator will be posted in plain view at the project site.</p> <p>♦ A Disturbance Coordinator shall suspend construction activities that cause visible dust plumes to extend beyond</p>						

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Mitigation Measures	Party		Agency	
	Responsible for Implementation	Implementation Trigger/Timing	Responsible for Monitoring	Monitoring Action
the construction site.				Monitoring Frequency

BIOLOGICAL RESOURCES

BIO-1: The applicant shall obtain all necessary permits from the Army Corps of Engineers (the Corps), U.S. Fish and Wildlife Service (USFWS), California Department of Fish and Game (CDFG), and the Regional Water Quality Control Board (RWQCB) as required by federal and State law to avoid, minimize or offset impacts to any species listed under either the State or federal Endangered Species Acts or protected under any other State or federal law as follows:

- ◆ Before project implementation, a delineation of waters of the United States, including wetlands that could be affected by development, shall be made by a qualified wetland specialist through the formal Clean Water Act (CWA) Section 404 process.
- ◆ If based on the verified delineation, it is determined that fill of waters of the United States would result from project implementation, authorization for such fill shall be secured from the Corps through the Section 404 permitting process and from the RWQCB as part of the Section 401 water quality certification process.
- ◆ Consultation or incidental take permitting may be required under the Endangered Species Act (ESA). The applicant shall obtain all legally-required permits from the USFWS for the "take" of protected species under the ESA.
- ◆ Evidence that the applicant has secured any required authorization from these agencies shall be submitted to the

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 MITIGATION MONITORING PROGRAM

Mitigation Measures	Party		Agency		Monitoring	Monitoring
	Responsible for Implementation	Implementation Trigger/Timing	Responsible for Monitoring	Monitoring	Action	Frequency
Vallejo Planning Division prior to issuance of any grading or building permits for the project.						

BIO-2: Any active raptor or other bird nests in the vicinity of proposed grading shall be avoided until young birds are able to leave the nest (i.e., fledged) and forage on their own. Avoidance may be accomplished either by scheduling grading and vegetation removal during the non-nesting period (September through February), or if this is not feasible, by conducting a pre-construction survey for active nests. Provisions of the pre-construction survey and nest avoidance, if necessary, shall include the following:

- ◆ If grading is scheduled during the active nesting period (March through August), a qualified wildlife biologist be shall retained by the applicant to conduct a pre-construction nesting survey no more than 30 days prior to initiation of grading to provide confirmation on presence or absence of active nests in the vicinity.
- ◆ If active nests are encountered, species-specific measures shall be prepared by a qualified biologist in consultation with the CDFG and implemented to prevent nest abandonment. At a minimum, grading in the vicinity of the nest shall be deferred until the young birds have fledged. A nest-setback zone of at least 300 feet shall be established for raptors and 100 feet for loggerhead shrike and passerine birds within which all construction-related disturbances shall be prohibited. The perimeter of the nest-setback zone shall be fenced or adequately demarcated, and construction personnel restricted from the area.

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MITIGATION MONITORING PROGRAM**

	Party		Agency		Monitoring Action	Monitoring Frequency
	Responsible for Implementation	Implementation Trigger/Timing	Responsible for Monitoring	Monitoring		
<p>◆ If permanent avoidance of the nest is not feasible, impacts shall be minimized by prohibiting disturbance within the nest-setback zone until a qualified biologist verifies that the birds have either a) not begun egg-laying and incubation, or b) that the juveniles from the nest are foraging independently and capable of independent survival at an earlier date. A survey report by the qualified biologist verifying that the young have fledged shall be submitted to the Vallejo Planning Division prior to initiation of grading in the nest-setback zone.</p>						

BIO-3:	Applicant	Prior to issuance of	City/CDFG/USFWS	Evidence of	Once, at
<p>Focused surveys for the special-status plant species considered to have a remote potential for occurrence on the site shall be conducted during the flowering season by a qualified botanist to confirm absence of these species from the site. Species of concern identified in the BRA include: bent-flowered fiddleneck (<i>Amsinckia linearis</i>), Congdon's tarplant (<i>Centromadia parryi</i> ssp. <i>congdonii</i>), dwarf downingia (<i>Downingia pusilla</i>), Santa Cruz tarplant (<i>Holocarpha macradenia</i>), Contra Costa goldfields (<i>Lasthenia conjugens</i>), and leguener (<i>Legenere linosa</i>). If populations of special-status plant species are found, then a detailed mitigation plan shall be prepared which includes specifics on the species, habitat and natural community preservation/conservation strategies designed to protect this species, and compensatory mitigation developed in accordance with any CDFG and USFWS requirements. If no special-status plants are found during the focused surveys, then no further mitigation would be required.</p>		grading permit		CDFG/USFWS determination	grading permit approval
				Site inspection during construction	As determined by CDFG/USFWS

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Mitigation Measures	Party		Agency		Monitoring Action	Monitoring Frequency
	Responsible for Implementation	Implementation Trigger/Timing	Responsible for Monitoring	Monitoring		
<p><u>BIO-4:</u> Directed surveys shall be conducted for Monarch butterfly, vernal pool fairy shrimp, burrowing owl, and pallid bat as recommended in the BRA by the applicant's biological consultant. Appropriate mitigation shall be provided in the remote instance that any of these species are encountered on the site. Mitigation shall be coordinated with representatives of the CDFG and/or USFWS as required by law, and may include on-site avoidance, compensatory mitigation, or other acceptable mitigation strategies. If none of these special-status animal species are found during the focused surveys, then no further mitigation would be required.</p>	Applicant	Prior to issuance of grading permit	City/CDFG/USFWS	Plan review	Once, at grading permit approval	As specified in mitigation plan
<p><u>BIO-5:</u> A Wetland Mitigation Program shall be prepared by a qualified wetland specialist to provide for the protection, replacement, and management of jurisdictional waters on the site affected by proposed development. The Wetland Mitigation Program shall include the following components and meet the following standards:</p> <ul style="list-style-type: none"> ◆ Proposed grading and development shall be redesigned to preferably avoid removal or adverse impacts to areas verified as jurisdictional wetlands. Where avoidance is infeasible, adequate mitigation for any direct or indirect impacts on jurisdictional waters shall be provided as coordinated with the Corps and/or RWQCB. Replacement wetlands shall be provided at a minimum 2:1 replacement ratio and shall be established in suitable locations within undeveloped open space areas, preferably on-site but possible off-site if an acceptable location is selected and approved by jurisdictional agencies. The wetlands replacement component of the 	Applicant	Prior to issuance of grading permit	City/RWQCB	Plan review and verification of approval by RWQCB	Once, at grading permit approval	Site inspections during construction and operation for a 5-year period. As required in mitigation plan for 5-year period

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	Party		Agency	
	Responsible for Implementation	Implementation Trigger/Timing	Responsible for Monitoring	Monitoring Action
<p>Wetland Mitigation Program shall emphasize establishment of native freshwater marsh and seasonal wetlands to replace and enhance existing habitat values.</p> <p>◆ The wetland replacement component of the Wetland Mitigation Program shall specify performance criteria, maintenance and long-term management responsibilities, monitoring requirements, and contingency measures. Monitoring shall be conducted by the qualified wetland specialist for a minimum of five years and continue until the success criteria are met.</p>				Monitoring Frequency

CULTURAL RESOURCES

	Applicant	Prior to issuance of grading permit, note shall be place on grading plan	City	Grading plan review	Once, during grading permit approval
<p>CUL-1. In the event that unique historical, archeological paleontological or geologic features are discovered during construction, a qualified archeologist or geologist shall be contacted immediately to determine the significance of the resource. Construction activities shall be halted and not commence until the expert has issued an opinion about the resource and appropriate mitigation has been determined.</p>	Applicant	Discovery of human remains	City/California Native American Heritage Commission	Confirm that appropriate procedures are followed	As needed
<p>CUL-2. In the event that human remains are discovered on the project site during construction activities, the following steps shall be taken according to CEQA Guidelines Section 15064.5 (e)(1). First there shall be no further excavation of the site or any nearby area until the Solano County coroner is contacted to determine that no investigation of the cause of death is required. Second, if the coroner determines that the remains are of Native American decent, the coroner will contact the Native American Heritage Commission within 24 hours.</p>	Applicant	Discovery of human remains	City/California Native American Heritage Commission	Confirm that appropriate procedures are followed	As needed

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Mitigation Measures	Party		Agency		Monitoring Action	Monitoring Frequency
	Responsible for Implementation	Trigger/Timing	Responsible for Monitoring	Monitoring		

GEOLOGY AND SOILS

<p><u>GEO-1:</u> In portions of the site where clayey soils and fill material will not be removed during grading and where proposed improvements (new fill, pavements, slabs on grade) will be constructed, these existing sub-surface materials should be removed and re-compacted. The process may consist of removing the upper two feet of these materials, and scarifying and re-compacting the lower one foot prior to placing new fill or improvements. The process will need to be confirmed during a future geotechnical investigation. Subsequent to this investigation and prior the issuance of a grading permit, the applicant shall submit a plan to the City for review and approval, which will identify the steps for removal or treatment of soils on-site.</p>	Applicant	Prior to issuance of grading permit	City	Grading plan review	Once, at grading plan approval
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<p><u>GEO-2:</u> To reduce the potential for post-construction distress to the proposed residential structures resulting from swelling and shrinkages of clayey soils, post-tensioned slabs should be used for foundation support over the engineered and compacted fill after the removal of the clay-rich overburden.</p>	Applicant	Approval of building permits	City	Review and approval of building plan	Once, during plan review
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HAZARDS AND HAZARDOUS MATERIALS

<p><u>HAZ-1:</u> Prior to any site improvements, including grading and preliminary site work, the applicant shall review the Kleinfelder study at the DTSC Sacramento offices. Depending on the extent of the soil sampling completed to date and the determinations of the Kleinfelder study, additional sampling shall be conducted to better define the extent of contamination on-site. Once sufficient sampling has been completed in</p>	Applicant	Prior to issuance of grading permit	City	Review of study	Once
<p>Soil sampling, if necessary</p>					Once

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Mitigation Measures	Party		Agency	
	Responsible for Implementation	Implementation Trigger/Timing	Responsible for Monitoring	Monitoring Action Frequency
accordance with DTSC guidelines, the samples shall be evaluated and mitigation measures developed, as appropriate.				Development of mitigation measure, if necessary

HAZ-2: Before any soil can be exported off-site it shall be profiled for landfill disposal requirements. If harmful concentrations of pesticides, lead and arsenic are reported in the soil, per DTSC guidelines, the contaminated soil shall not be reused for landscaping. Rather, landscaping soils shall be imported from an off site source.	Applicant	Prior to issuance of grading permit	City	Soil profiling	Once, before removal of soil from site

NOISE

NOISE-1: Where noise-sensitive exterior use areas would be exposed to an Ldn greater than 60 dBA, mitigation would be required to reduce noise levels to meet exterior and interior noise level limits.	Applicant	Prior to issuance of building permit	City	Site design and architectural review, approval of study	Twice, once at approval of building permit and again during final site inspection.
	<ul style="list-style-type: none"> Construct noise barriers to reduce exterior noise levels to 60 dBA Ldn or less as shown in Figure 4-4. If the City determines that it is not economically or aesthetically reasonable to meet the 60 dBA Ldn standard, construct noise barriers as shown in Figure 4-5 to reduce noise levels to 65 dBA Ldn or less. Noise barriers shall be constructed out of materials with a minimum surface weight of 3 lbs./ft². Suitable materials include 1-inch thick wood fence boards, concrete, masonry, or metal provided that the barrier is solid over its face and at its base. In locations identified for noise barriers, the applicant shall examine the creation of earthen berms as an alternative option. Provided that berms can reduce potential impacts to a less than 		During construction		

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Mitigation Measures	Party		Agency	
	Responsible for Implementation	Implementation Trigger/Timing	Responsible for Monitoring	Monitoring Action Frequency
<p>significant level and would not conflict with right-of-way constraints, the applicant shall coordinate with the City to identify the preferable option. The applicant shall also examine the option of combining noise barriers and berms, such as a four foot berm atop a four foot wall to achieve comparable noise reduction.</p> <p>◆ Retain a qualified Acoustical Specialist to prepare for City review and approval a detailed acoustical analysis of interior noise reduction requirements and specifications for all units proposed within the 60 dBA Ldn contours of area roadways, in accordance with City standards. Interior noise levels must be maintained at or below 45 dBA Ldn. Building sound insulation requirements shall include forced air mechanical ventilation in noise environments exceeding 60 dBA Ldn. Special building construction techniques (e.g., sound-rated windows and building facade treatments) may be required where exterior noise levels exceed 65 dBA CNEL. Because the noise exposure is between 65 dBA Ldn and 70 dBA Ldn these treatments would be limited to sound rated windows and doors at the most affected rooms. Special sound rated exterior wall assemblies would not be required. The specific determination of required door and window sound transmission ratings shall be made on a unit-by-unit basis during project design. Results of the analysis, including the description of the necessary noise control treatments, shall be submitted to the City along with the building plans prior to issuance of a building permit.</p>				

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 MITIGATION MONITORING PROGRAM

Mitigation Measures	Party		Agency	
	Responsible for Implementation	Implementation Trigger/Timing	Responsible for Monitoring	Monitoring Action Frequency


TRAFFIC AND CIRCULATION

<p><u>TRAF-1:</u> Prior to project approval, the project applicant shall revise the site plan to include turnaround space at the ends of the alleys for garbage trucks and emergency vehicles. The project applicant shall coordinate with the City of Vallejo to determine the specific requirements for these turnarounds.</p>	Applicant	Prior to approval of final map	City	Site design and architectural review	Once, prior to approval of building permit
--	-----------	--------------------------------	------	--------------------------------------	--

**COUNCIL COMMUNICATION**

Date: February 26, 2008

TO: Honorable Mayor and Members of the City Council

FROM: Susan Mayer, Acting Finance Director **SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2007.****BACKGROUND & DISCUSSION**

This report transmits the City's audited financial statements for the Fiscal Year ended June 30, 2007. These financial statements are published in the accompanying Comprehensive Annual Financial Report (CAFR) (Attachment A).

Each year, the City is required by Charter Section 721 to have an independent audit of its financial records. For Fiscal Year 2006-2007 the City Council engaged Maze & Associates, an independent certified public accounting firm, to perform the annual audit of the City of Vallejo and its component units.

The audit has been completed. No changes have been made to the ending balances reported in the draft financial statements published on the City's web page last month.

The Auditor has opined that the numbers in the financial statements are fairly presented in accordance with Generally Accepted Accounting Principles (GAAP). However, it is important to note that the Auditor has qualified its report with concern about the City's weakened financial condition and its ability to meet its financial obligations and continue operations through the 2007-08 fiscal year. This form of audit report is called a "going concern" report. The Auditor's observations are further emphasized in their Memorandum on Internal Control Structure (Attachment B).

The CAFR is a comprehensive document reflecting the financial position of the City and its related component units. The 2006-2007 CAFR has been prepared in conformance with Generally Accepted Accounting Principles (GAAP) and with the additional requirements of presentation as set by the Government Finance Officers Association (GFOA). The CAFR Transmittal Letter and Management's Discussion and Analysis provide an overview and analysis of the financial activities of the year ended June 30, 2007.

There is no budget or fiscal impact resulting from this staff report, since this is an



informational report to the Council. The audited balances for the General Fund are the same as those included in the ongoing budget updates provided to City Council.

RECOMMENDATION

None. For information only.

ENVIRONMENTAL REVIEW

This action is not a project as defined by the California Environmental Quality Act and is not subject to CEQA review.

PROPOSED ACTION

None. For information only.

DOCUMENTS ATTACHED

Attachment A - Comprehensive Annual Financial Report for the
Fiscal Year ended June 30, 2007

Attachment B - Memorandum on Internal Control Structure for the
Fiscal Year ended June 30, 2007

PREPARED BY:

Jon R. Oiler, Auditor Controller (707) 648-4593

CONTACT:

Susan Mayer, Acting Finance Director (707) 648-4592

ATTACHMENT A

CITY OF VALLEJO, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2007

PREPARED BY THE
FINANCE DEPARTMENT

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CITY OF VALLEJO, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

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CITY OF VALLEJO, CALIFORNIA

Comprehensive Annual Financial Report
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CITY OF VALLEJO

OFFICE OF THE FINANCE DIRECTOR

555 SANTA CLARA STREET • P.O. BOX 3068 • VALLEJO • CALIFORNIA • 94590-5934 • (707) 648-4592
FAX (707) 649-5406

February 15, 2008

To the Honorable Mayor, Members of the City Council And Citizens of the City of Vallejo, California

It is our pleasure to present to you the 2007 Comprehensive Annual Financial Report (CAFR) of the City of Vallejo, California. This CAFR has been prepared by the Finance Department in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB). The Finance Department has prepared this report to present the financial position of the City of Vallejo at June 30, 2007, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in accordance with Generally Accepted Accounting Principles.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge, we believe the data, as presented, is accurate in all material aspects and presented in a manner designed to fairly set forth the financial position, and changes in financial position, of the City as measured by the financial activity of its governmental activities, business-type activities, each major fund, and the aggregate remaining fund information, and that all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

The City's basic financial statements have been audited by Maze & Associates CPA, a public accounting firm fully licensed and qualified to perform audits of the State and local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2007, are free of material misstatement. The independent auditors' report is presented as the first component of the financial section of this report.

Management's Discussion & Analysis (MD&A) provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

PROFILE OF GOVERNMENT

Vallejo, California is located in southern Solano County. With a current population of 121,425 Vallejo is the largest City in Solano County and the 47th largest City in population among California's 478 cities. Vallejo is located approximately 30 miles northeast of San Francisco and 50 miles southwest of Sacramento on Interstate 80. The Sacramento, Napa and San Joaquin Rivers all flow into the San Francisco Bay at Vallejo. Rolling hills surround the City, protecting it from fogs and wind typical of many coastal towns. The climate is mild Mediterranean. It is connected to the Greater Bay Area, the Pacific Rim, and the rest of the world by ship, rail, car and air.

The City of Vallejo, a municipal corporation incorporated in March 1868, under the laws of the State of California is a Charter City located within Solano County in Northern California. The City operates under a City Charter originally adopted in 1911 and last amended in November 2000. The Charter provides for a Council-Manager form of government. Under the Charter, the City Manager recommends policy, program and budget priorities to the City Council, which in turn develops legislation and policies to direct the City.

The City Manager is appointed by the Council and serves as the chief administrative officer of the City and is responsible for implementation of Council policies, administration of City affairs, day-to-day operations, and for appointing the Assistant City Manager and the Directors of the City's departments and overseeing all City personnel and all municipal operations. The Mayor, elected by the community at-large to a four-year term, acts as the formal representative of the City and presides over Council meetings. The City Council is elected on a nonpartisan basis and has six members elected by the community at-large to four-year, staggered terms, with three Councilmembers elected every two years.

The City provides a wide range of municipal services, including public safety (police and fire protection), a municipal water system, a mass transit bus and ferry-boat system, street maintenance and other public works infrastructure functions, housing assistance, golf courses, planning, building inspection, public marina, and general administration. The Greater Vallejo Recreation District (GVRD), however, provides for Parks and Recreation.

The City of Vallejo's governing body is elected by the citizens in a general, popular election. This report includes all organizations and activities for which elected City officials exercise financial accountability. The notes to the financial statements further discuss the City as a financial reporting entity.

Accordingly, the following entities, although legally separate, are component units and are incorporated in the accompanying financial statements:

- Redevelopment Agency of the City of Vallejo (the Agency),
- Parking Authority of the City of Vallejo (the Parking Authority),
- Housing Authority of the City of Vallejo (the Housing Authority),
- Public Financing Authority of the City of Vallejo (the Financing Authority),
- Vallejo Sanitation and Flood Control District (VSFCD),
- Marine World Joint Powers Authority (the Marine World JPA).

ECONOMIC CONDITION AND OUTLOOK

The robust growth the City had experienced during the last several years slowed rapidly in the last half of the fiscal year as the early impact of the decline in housing activity and the escalation of energy costs began to be felt. General Fund revenues increased only slightly as compared to Fiscal Year 2005-06. General Fund revenues, including transfers in, totaled \$82,507,579 in fiscal year 2006-07, an increase of 1.7% over the prior fiscal year.

During the current year, the effects of the economic slowdown that is severely impacting the entire country intensified in Vallejo. The City has experienced a significant decline in the number of new construction permits and in the number of sales of existing single family homes. These declines have caused a reduction or flattening of some of the City's major revenue sources.

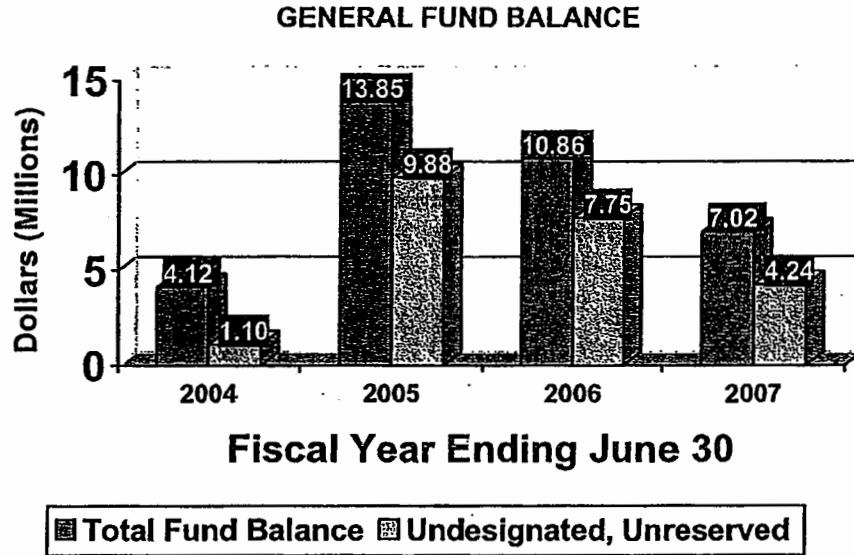
While property tax revenues increased this past year, many other major City revenues, especially sales tax, motor vehicle in-lieu fees, and utility users tax, remained relatively flat during Fiscal Year 2006-07. However, due to the economy, increasing foreclosures and decline in property values, it is projected that these tax revenues will decrease in Fiscal Year 2007-08. Because of uncertainty in the economic markets, it is likely that this slowdown will continue for some period of time.

Three long planned major mixed-use projects all of which were planned to capitalize on the growing recognition of Vallejo as a regional transportation hub, have either been delayed or significantly slowed by the sub-prime mortgage crisis. These projects, which, when complete, will inject thousands of residents into the middle of the downtown/waterfront area, promise a revival of the City's core. Their delay will accentuate the economic difficulties the City is facing for the next several years.

During the last several years, the City has taken numerous steps to balance the budget; including, eliminating personnel positions, left vacant positions unfilled, frozen existing positions, refinanced outstanding debt issues, and cancelled construction of new capital facilities. Although the City adopted a balanced budget for Fiscal Year 2007 – 2008, it is now clear that two assumptions were incorrect. First,

the City assumed a relatively modest economic downturn in the economy due to the financial difficulties related to the sub-prime mortgage crisis. It has now become apparent that the economic downturn is much more severe than originally projected, and this has led to a greater reduction in revenues than originally anticipated. Second, the budget assumed significant reductions in public safety staffing levels; however, due to labor arbitration rulings, public safety staffing levels may actually increase.

The graph below illustrates the City's lack of recent success in balancing its budget. It presents the changes in fund balance for the General Fund for the fiscal year ending June 30, 2007, as compared with the three prior years. The large increase in General Fund balance for Fiscal Year 2004-2005, was the result of the combined efforts of the City Council, management and City employees to reduce costs and find new revenues as an effort to continue essential City services. The graph illustrates a four-year trend for this same information:



Current projections for Fiscal Year 2007 – 2008 are that, without significant changes, expenditures will exceed revenues by over \$10 million. As of the date of this report, the City is engaged in a multi-pronged comprehensive process to reduce expenditures and increase revenues. It is negotiating with all of its labor groups, including public safety, to reduce costs and is evaluating alternative means of increasing both one-time and ongoing revenues. The objective is to achieve consensus on a plan to assure financial stability through at least the end of Fiscal Year 2009 – 2010. While the City believes that success is achievable, that outcome cannot be assured at this time. The City intends to move aggressively to reduce costs should a consensus plan not be achieved.

Other Factors Affecting Financial Condition

On July 31, 2007, the City of Vallejo, Marine World Joint Powers Authority, and Redevelopment Agency of the City of Vallejo, collectively, as Sellers, and Park Management Corp. as Buyer, completed the sale of Six Flags Discovery Kingdom. The purchase price for the property was \$53,982,765, which together with the bond reserve funds of \$5,323,455 was sufficient to pay off the outstanding \$55,285,000 principal balance of the 1997 Marine World Project Certificates of Participation. This transaction also ends our revenue-sharing arrangement and results in a net loss in excess of a million dollars to the General Fund.

FINANCIAL ISSUES UNIQUE TO CALIFORNIA

During the last thirty years, the City has lost its ability to set tax rates without voter approval, and the State of California has diverted local revenues to offset its own budget problems. In Fiscal Year 2005-2006, the State shifted \$1.2 million of property taxes from the City to help solve its own budget problems. The State has recently notified the City that the State will be withholding 4-months of Gas Tax payments to the City for the remainder of FY 2007-08 in order to help solve its own budget problems. In addition, the State has continued to withhold reimbursement for the cost of complying with most State mandates.

In 2004, California voters approved a \$15 billion bond measure to refinance existing State debt and by their action, approved the "triple flip" provision. Under the triple flip measure beginning July 1, 2004, the State began transferring ¼% of a local government's 1% sales tax rate to the State to guarantee repayment of the State bonds. In order to make local governments whole, the local government's lost ¼% of sales tax revenue was replaced with property tax that had previously been transferred from local governments. The triple flip revenue shift began in Fiscal Year 2004-2005 and will continue until the deficit bonds issued by the State to finance its budget shortfalls are repaid.

State and local governments came to another agreement for an additional revenue swap. This agreement provides that Vehicle License Fees, or VLF, will be permanently reduced from 2% to .65% of a vehicles fair value assessment, and the State backfill of this revenue is suspended. To make local government whole, the State increased local government property tax revenues that had previously been transferred from local governments.

Another significant change during Fiscal Year 2004-2005 was the passage of Proposition 1A, a constitutional amendment passed by state voters on November 2, 2004, which provides protection for local government revenues. Proposition 1A limits the State's ability to take local government revenues starting in Fiscal Year 2006-2007. Proposition 1A recharacterizes future reductions of local government revenue as "loans" rather than "takeaways". It also limits the State's ability to borrow local revenue allocations to twice every ten years. In addition, Proposition 1A allows the State to borrow local government revenues only in the event of a fiscal emergency. The State may borrow under the following conditions:

- o A separate emergency bill must be passed by a 2/3 vote of the legislature;
- o The legislature must pass a law to fully repay the loan with interest within three years;
- o New borrowings are prohibited until prior borrowings have been fully repaid;
- o No more than two loans may occur during a ten year period;
- o The borrowing is capped at 8% of local government property tax amounts.

MAJOR INITIATIVES

Each year provides the City an opportunity to identify, address and resolve issues facing the community and its citizens. The City's major challenge is to provide the services needed to maintain the quality of life that has attracted considerable growth to the Vallejo community. The City is positioning itself so that despite all the immediate economic challenges, new investments and development will continue to take place.

New development projects are currently planned for Downtown Vallejo, including the Triad Downtown Development project. However, due to the current economic housing environment, it is uncertain when the first phase of the Triad project will begin. The first phase will include the construction of 158 condominium units, 9% of which will be affordable to moderate income families, and 11,500 square feet of commercial space on Virginia Street. The total Triad project is proposed to include more than 800 condominium units, and 68,000 square feet of commercial retail space. Condominium units are estimated to be marketed at a median price of more than \$400,000.

Mare Island

Mare Island continues to be one of the primary catalysts for the future strength and development of the City. The Mare Island Naval Shipyard transfer to the City of Vallejo is one of the City's primary projects. Since the closing of the Naval Shipyard in 1996, the City has actively pursued the conversion of this 100 year old Naval base to civilian use. The Mare Island conversion to the City of Vallejo has been cited as a model for military base reuse.

Redevelopment of the former military site is expected to positively impact the City's tax revenues and employment base.

The Touro University Seimens Cancer Treatment facility project is moving forward. The 125,000 square foot facility will be located on a 20 acre parcel on the northern portion of Mare Island. The facility is projected to cost \$330 million to build. The City anticipates entering into an Acquisition and Development Agreement with Touro University in Spring of 2008.

Redevelopment in Downtown and Waterfront Areas

The City of Vallejo's Redevelopment Agency ("Agency") continues to make progress toward Downtown revitalization as the City completed renovation activities on the Empress Theater, which is scheduled to open by Summer of 2008.

In an effort to kick-start the Waterfront district redevelopment activities, planning efforts continue for other Waterfront residential housing and a mixed-use, master planned area. Discussions continued with other private entities for various Waterfront development projects.

In addition, the Agency continued its planning efforts to provide affordable single and multifamily housing in the Downtown and Waterfront neighborhoods. Finally, the Agency completed the merger of three of the City's existing redevelopment project areas.

The City and Agency are beginning design work on the Vallejo Station Project. This project is also in the downtown area and will help transform downtown Vallejo into a new transportation hub for the region, with new residential housing, office, retail and community amenities in walking distance of the existing ferry terminal and a new bus transit center.

AWARDS

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA (GFOA) CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

We are pleased to report that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Vallejo for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports: In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year. We believe the current CAFR continues to meet these requirements and we will be submitting it for review.

ACKNOWLEDGEMENTS

The preparation and publication of this Comprehensive Annual Financial Report on a timely basis was made possible by the outstanding efforts, dedication, and teamwork throughout the year of the entire Finance Department who prepared and compiled this report with the cooperation and assistance of all City departments. We would like to express our appreciation to all members of the Finance Department.

I would like to express special thanks to Susan Mayer, Assistant Finance Director; Elena Adair, Accounting Manager; and Jon R. Oiler, Auditor Controller, as they have worked closely with the auditors in finalizing this report. Additionally, we would like to thank the City's audit firm of Maze & Associates CPA for the professional support and guidance they have given us.

I would also like to thank the Mayor and the members of the City Council for their support and commitment to the fiscal integrity and financial leadership of the City in a responsible and progressive manner to protect, preserve and enhance the quality of life for present and future generations.

Through the team effort of the City Council, City Manager, Department Managers, and employees, the City expects to continue the high level of service, which is currently provided to the citizens of our community.

Respectively submitted,

A handwritten signature in black ink that reads "Robert V. Stout". The signature is written in a cursive style with a large, stylized initial "R".

Robert V. Stout
Finance Director

CITY OF VALLEJO

Public Officials

City Council

As of June 30, 2007

Term Expires

Anthony J. Intintoli, Jr., Mayor	December 2007
Gary Cloutier, Vice Mayor	December 2007
Anthony Pearsall, Councilmember	December 2007
Gerald Davis, Councilmember	December 2007
Tom Bartee, Councilmember	December 2009
Hermie Sunga, Councilmember	December 2009
Stephanie Gomes, Councilmember	December 2009

City Manager

Joseph M. Tanner

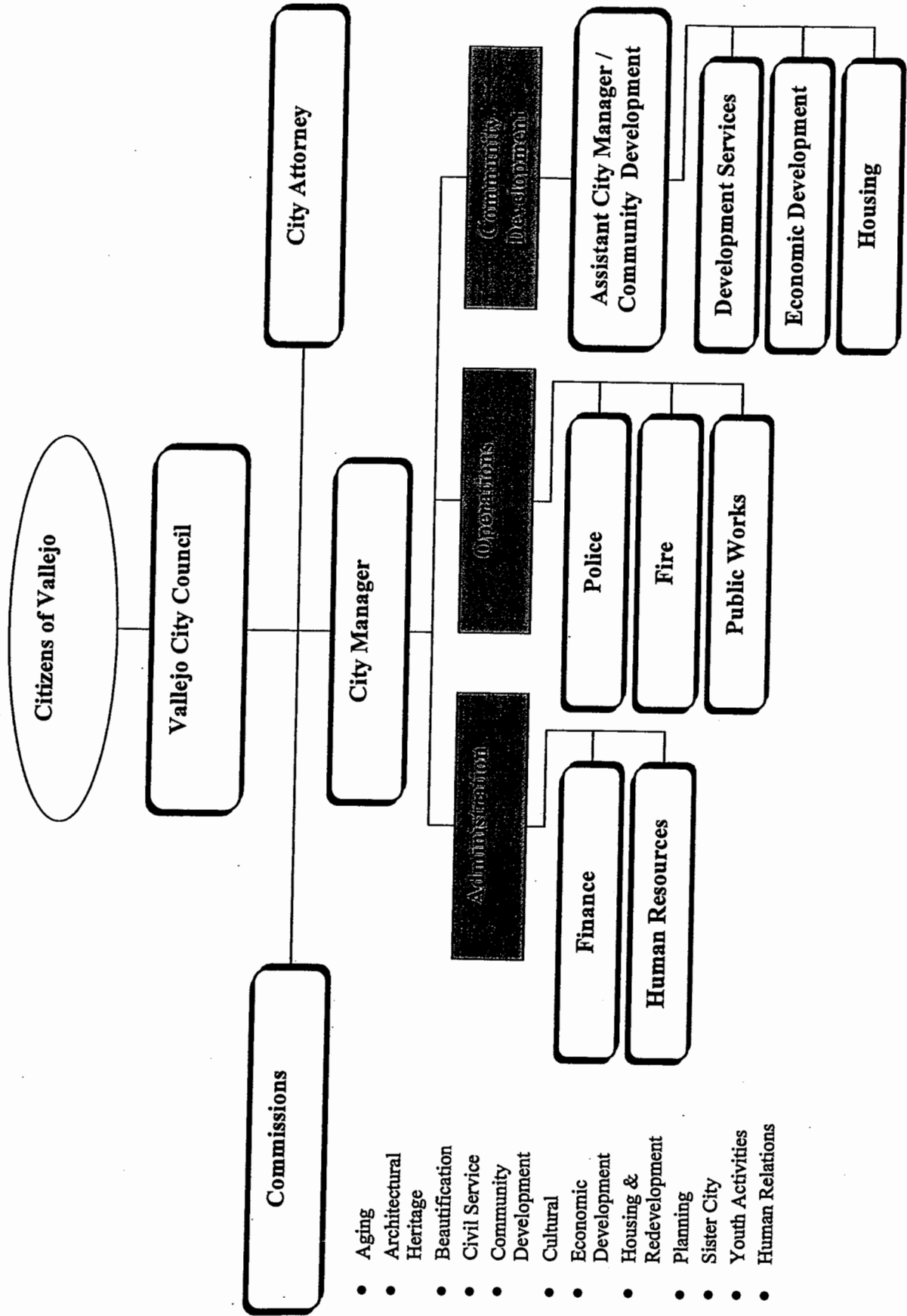
City Attorney

Frederick G. Soley

Executive Management Team

Craig Whittom, Assistant City Manager/Community Development Director
Robert V. Stout, Finance Director
Dennis Morris, Human Resources Director
Brian Dolan, Development Services Director
Robert Nichelini, Police Chief
Russ Sherman, Acting Fire Chief
Gary Leach, Public Works Director

City of Vallejo Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Vallejo
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of City Council, and City Auditor
City of Vallejo, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vallejo, California, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Vallejo Sanitation and Flood Control District (VSFCD), which represents 53.8% of assets, 17.8% of revenues, 32.7% of liabilities, and 16.4% of expenses of the business-type activities. These component unit financial statements were audited by other auditors whose report thereon has been furnished to us. Our opinion, insofar as it relates to the amounts included for this entity, is based solely on the report of the other auditor.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the basic financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditor, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vallejo, California as of June 30, 2007, and the respective changes in the financial position and cash flows where applicable thereof, and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the City, will continue as a going concern. As discussed in Note 17 to the financial statements, as of June 30, 2007, the General Fund undesignated fund balance had been reduced to \$4,242,256. Management projects that these funds will be depleted before June 30, 2008, unless significant cost reduction or other measures are taken. These conditions raise substantial doubt about the City's ability to continue as a going concern. Management's plans regarding those matters also are described in Note 17. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our reports dated January 25, 2008 on our consideration of the City's internal control structure and on its compliance with laws and regulations.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and we express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic statements of the City of Vallejo. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the table of contents were not audited by us and we do not express an opinion on this information.

Mayer + Associates

January 25, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2007

INTRODUCTION

This narrative is presented to provide readers of these Basic Financial Statements with an overview and analysis of the financial activities of the City of Vallejo for the year ended June 30, 2007. This overview should be read in conjunction with the accompanying Transmittal Letter, the Basic Financial Statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City's General Fund experienced a \$3.8 million annual operating deficit in fiscal year 2006-07. The structural imbalance between revenues and expenditures, combined with a diminished fund balance, raises substantial doubt about the City's ability to continue paying its General Fund obligations through the end of the 2007-08 fiscal year and beyond. Anticipated development on the former Mare Island Naval base and in the downtown redevelopment project areas have slowed or been postponed in part due to the soft housing market and the national sub-prime mortgage debacle. Labor contracts with the City's four employee associations extend through June 2010 with annual salary increases and minimum staffing requirements that the City's revenue base cannot support. The City continues to negotiate with its employee associations for cost concessions and is also developing plans for staff reductions and other savings to conserve cash with the goal to maintain fiscal solvency through June 30, 2008 and to achieve longer-term fiscal stability.
- Two Enterprise Funds report fund balance deficits at June 30, 2007. The Golf and Marina Funds have debt-financed capital assets that are depreciating faster than the amortization of the long-term debt used to finance these assets. Both maintain positive operating cash flows and working capital at June 30, 2007, and are expected to have continued positive cash flows and working capital in the subsequent fiscal year. Marina Fund operations are further supported by annual transfers from the State Lands Commission Fund. The source of State Lands Commission Fund are annual lease revenues generated from the City's waterfront properties that are restricted for use in the waterfront area by terms of the lease on these parcels from the State Lands Trust.
- The City's Risk Management/Insurance Internal Service Fund also reports a deficit fund balance of \$2.3 million at June 30, 2007. A new rate structure was implemented to update the internal charges to City programs based upon 5 years of actual loss experience which increased fund revenues from \$4.9 to \$6.0 million from the prior year. However, claims expenditures and outstanding liabilities, at June 30, 2007 also increased, creating a net fund annual operating deficit of \$1.3 million. The fund retains a positive cash and working capital position, and rates will continue to be adjusted in future operating cycles to rebalance this internal fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report is presented in the following sections:

- 1) This introductory commentary, *Management's Discussion and Analysis*
- 2) *Basic Financial Statements*, including:
 - a. Government-wide financial statements
 - b. Fund financial statements
 - c. Notes
- 3) Supplemental Information:
 - a. Non-major governmental funds
 - b. Internal service funds
 - c. Agency funds

The Basic Financial Statements

The *Basic Financial Statements* are comprised of the *Government-wide Financial Statements* and the *Fund Financial Statements*. These two sets of financial statements provide two different views of the City's financial activities and financial position.

The *Government-wide Financial Statements* provide a long-term view of the City's activities as a whole. *The Statement of Net Assets* provides information about financial position, including capital assets and long-term liabilities on the full accrual basis, similar to that used by commercial enterprises. *The Statement of Activities* provides information about the City's revenues and expenses, also on the full accrual basis, with the emphasis on measuring the net revenues or expenses of City programs. Information is presented both in total and separately for governmental activities, which are generally tax and grant supported, and business-type activities, which are generally supported by user fees.

The *Fund Financial Statements* report the City's operations in more detail than the government-wide statements. The focus is on the individual funds that are used to report the status of restricted or otherwise segregated resources and to demonstrate compliance with finance-related legal requirements. The governmental funds focus primarily on short-term activities by measuring current revenues and expenditures and excluding capital assets and long-term obligations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Government-wide Net Assets

The following is a summary of the City's government-wide net assets as of June 30, 2006 and 2007, as measured on the accrual basis of accounting, along with a discussion of some of the most significant balances (in millions):

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and other assets	\$165.3	\$188.6	\$114.7	\$128.3	\$280.0	\$316.9
Capital assets	291.3	283.9	411.7	412.6	703.0	696.5
Total assets	456.6	472.5	526.4	540.9	983.0	1,013.4
Liabilities						
Current and other liabilities	35.1	28.8	31.4	39.3	66.5	68.1
Long-term liabilities	60.3	69.0	231.7	238.4	292.0	307.4
Total liabilities	95.4	97.8	263.1	277.7	358.5	375.5
Net assets						
Invested in capital assets, net of related debt	260.2	254.3	215.4	200.9	475.6	455.2
Restricted	119.8	136.3	47.2	50.0	167.0	186.3
Unrestricted	(18.8)	(15.9)	0.7	12.3	(18.1)	(3.6)
Total net assets	\$361.2	\$374.7	\$263.3	\$263.2	\$624.5	\$637.9

- Total Net Assets have declined during the year by \$13 million from \$638 to \$625 million.
- Current and other assets have declined by \$37 million during the year, primarily due to the draw down of restricted cash. The Mare Island Conversion Governmental Activities program drew \$17 million of restricted Federal cash advances for the ongoing clean-up/remediation of this former Naval Base. The Sanitation and Flood Control Enterprise activity also drew \$17 million of restricted debt proceeds from last year's bond issue for its ongoing capital program. In addition, current assets in the General Fund declined by \$4 million from \$15 to \$11 million.
- Long-term liabilities have decreased by \$17 million due to \$7 million in scheduled bond payments, \$2 million for a bond call for early debt retirement, and for \$8 million for updated estimates of the long-term portion of compensated absences and claims payable.
- With minor exceptions, the City's Net Assets are either invested in capital assets or restricted by source for specific purposes. Since the statement above reports City assets for all funds on the accrual basis of accounting, it differs from the fund presentation of unrestricted, current resources available for the City's General Fund programs. The City's General Fund financial position is discussed in the fund section later in this report.

Government-wide Activities

The table below is a summary of the City's government-wide activities for the years ended June 30, 2006 and 2007, as measured on the accrual basis of accounting (in thousands).

(In Thousands)	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues						
Charges for services	\$28,957	\$27,434	\$121,405	\$119,839	\$150,362	\$147,273
Operating grants and contributions	34,636	36,629	16,154	13,454	50,790	50,083
Capital grants and contributions	2,724	3,188	7,431	10,571	10,155	13,759
General revenues						
Property taxes, sales and other	50,170	47,511			50,170	47,511
Motor vehicle license fees						
User utility	12,747	12,712			12,747	12,712
Other	16,244	11,534	4,290	1,588	20,534	13,122
Total revenues	145,478	139,008	149,280	145,452	294,758	284,460
Expenses						
Governmental activities						
Legislative and advisory	278	328			278	328
Executive	1,444	1,336			1,444	1,336
Finance	2,062	1,953			2,062	1,953
Human resources	1,325	1,274			1,325	1,274
Law	860	722			860	722
Development services	2,839	3,681			2,839	3,681
Community development	44,541	37,306			44,541	37,306
Fire services	29,683	25,373			29,683	25,373
Police services	41,702	37,892			41,702	37,892
Public works	24,422	25,855			24,422	25,855
Nondepartmental	7,284	6,827			7,284	6,827
Interest on long-term debt	2,650	2,704			2,650	2,704
Business-type activities						
Water			32,401	32,419	32,401	32,419
Local transportation			30,667	29,664	30,667	29,664
Waterstone development						
Sanitation and flood control			26,013	24,902	26,013	24,902
Marine World JPA			55,981	58,204	55,981	58,204
Marina			3,170	3,048	3,170	3,048
Golf			854	1,042	854	1,042
Total expenses	159,090	145,251	149,086	149,279	308,176	294,530
Excess before transfers	(13,612)	(6,243)	194	(3,827)	(13,418)	(10,070)
Transfers	73	191	(73)	(191)		
Increase in net assets	(\$13,539)	(\$6,052)	\$121	(\$4,018)	(\$13,418)	(\$10,070)

- The City has invested \$159 million through program expenditures in its governmental programs and another \$149 million in business-type activities, for total annual expenses of \$308 million.

- The largest governmental programs include community development (includes housing and redevelopment) and public safety. Community development expenditures increased to \$45 million from \$37 million in the prior year primarily due to an \$11 million increase in federally-funded hazardous remediation expenditures at the former Mare Island naval base with an offsetting reduction of \$5 million in the federally-funded Section 8 low-income housing voucher program. Combined Police and Fire Public Safety expenses increased by 13% from \$63 million to \$71 million due to wage and benefit increases and for new grant-supported programs.
- The largest business-type programs include water, regional transportation, sanitation/flood control, and the Marine World joint powers authority (amusement park). Business-type expenses in total remained at \$149 million, the same as the prior year.
- The City's annual expenses of \$308 million have been funded with \$295 million of revenues, including \$211 million of program revenues, generated for the used of specific programs, and \$83 million of general revenues, available for general use. City programs in total drew down \$13 million of net asset reserves during the year.

Net Program Revenues

The following table presents the net program cost for each governmental activity by subtracting program-specific revenues from program expenses. The balance is the amount funded by general City revenues.

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Revenue (Expense) of Activities</u>
Governmental Activities			
General government	(\$15,903,047)	\$1,762,726	(\$14,140,321)
Fire services	(29,682,741)	3,635,536	(26,047,205)
Police services	(41,702,454)	4,984,606	(36,717,848)
Public works	(24,422,136)	15,471,497	(8,950,639)
Community and development services	(47,379,572)	40,462,845	(6,916,727)
	<u>(\$159,089,950)</u>	<u>\$66,317,210</u>	<u>(\$92,772,740)</u>

The following table presents the same net program cost information for business-type activities. In these programs, annual surpluses or deficits are retained in the programs as an increase or decrease in the program's net assets.

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Revenue (Expense) of Activities</u>
Business-type Activities			
Water utility	(\$32,401,050)	\$34,992,268	\$2,591,218
Local transportation	(30,667,114)	26,749,238	(3,917,876)
Sanitation and flood control	(26,012,630)	24,608,506	(1,404,124)
Marine World JPA	(55,980,978)	56,138,928	157,950
Other proprietary funds	(4,023,841)	2,500,488	(1,523,353)
	<u>(\$149,085,613)</u>	<u>\$144,989,428</u>	<u>(\$4,096,185)</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

In addition to the accrual-basis government-wide statements described above, the City also maintains financial records at the fund level for budgetary control. Individual funds are generally established to track the resources and operating results for specific, restricted programs. The results for governmental funds below differ from the results reported above in the government-wide statements since here the focus is on current, available resources. The following are financial highlights from the City's most significant funds:

Governmental Funds *(including budgetary highlights)*

General Fund – The General Fund earned general tax and other revenues of \$81 million during the year which paid for \$83 million in operating expenditures. Including transfers, the net change in Fund Balance was a deficit of \$3.8 million. Transfers included funds to pay debt service obligations, \$600,000 for capital programs including the acquisition of an updated computer-aided public safety dispatch system and improvements to City buildings to facilitate the consolidation of Police operations, and \$425,000 to support the City's Transportation system. No further transfers to other operating programs have been budgeted in the subsequent fiscal year.

In total, revenues were \$2.6 million less than the annual budget updated by City Council in March of 2007. This loss in revenues was offset by expenditure savings in General Fund programs. Ending undesignated Fund Balance was \$372,000 favorable to the balance assumed when adopting the 2007-08 annual budget in June 2007.

The net impact to fund balance was a draw of \$3.8 million of fund balance reserves during the year. Total Fund Balance of \$7.0 million at June 30, 2007 includes \$2.8 million of restricted and other program commitments. Undesignated General Fund balance at June 30, 2007 was \$4.2 million, or 5% of annual expenditures.

The final fiscal year 06-07 budget differs from the original budget in that it contains carry-forward appropriations (encumbrances) of \$0.7 million for various programs and projects, and supplemental appropriations of \$3.7 million approved during the fiscal year for personnel and other operating costs.

Housing Authority – The Housing Fund received \$27 million in federal HUD grants during the year to support its Section 8 Housing Assistance Voucher Program. The Authority increased its governmental fund reserves by \$9 million during the year as grant allocations were not fully utilized. The Authority has taken steps to increase the leverage of these federal dollars by adjusting its tenant payment standards and by updating the tenant waiting list to increase lease-up rates.

Mare Island – This fund holds \$27 million of restricted federal funds to pay for the environmental remediation of the former Mare Island Naval base. \$18 million was expended during the year on this effort.

Enterprise Funds

Water Fund – This fund collected \$30 million in user fees to sustain the City's water system. The fund has \$113 million of capital assets, financed with \$71 million of long-term debt. The

fund made \$6 million in debt service payments during the year. Rates continue to adjust annually through a five-year rate package approved by City Council in effect through 2008-009.

Local Transportation – This fund operates bus, ferry, and other mass transit options for the citizens of Vallejo and the surrounding region. \$11 million in user fees were supplemented by \$16 million in federal, state, and local grants to support operations. The fund realized a \$3.5 million accrual-basis loss for the year, of which \$4.4 million was depreciation. The General Fund advanced a \$425,000 working capital loan during the year to continue program operations, for a cumulative of \$3.1 million over the past two years. For financial reporting in compliance with government accounting standards, this advance has been presented as an operating transfer while the City evaluates options for long-term financial stability.

Sanitation and Flood Control – This utility district operated during the year with \$21 million of user fees. \$14 million was invested in capital assets during the year, primarily funded from bonds issued in the prior year.

Marine World JPA – This joint powers authority operated the Marine World amusement park with \$56 million in user fees. These fees supported operating costs and as well as \$5.6 million of debt service on its \$56 million of outstanding long-term debt.

Marina – The Marina collected \$1.8 million in user fees to support is operating and debt service costs. Debt service paid during the year was \$0.9 million. The fund continues to operate at a loss, which was \$0.5 million for the year. The City transferred cash from the State Lands Commission fund to fund this operating deficit. The Marina Fund has a net deficit position of \$209 thousand as of June 30, 2007, since the capital assets are depreciating faster than the principal payments on the debt that financed the assets.

Golf – The Golf fund collected pass-through annual revenues of \$0.7 million from the municipal course operator to fund debt service on its \$10 million of outstanding long-term debt. This debt was issued to acquire the capital assets of the fund. The Golf Fund has a net deficit position of \$213 thousand as of June 30, 2007, since the capital assets are depreciating faster than the principal payments on the debt that financed the assets.

CAPITAL ASSETS

The Capital Assets of the City are those assets that are used in the performance of the City's functions, including infrastructure assets. This investment in capital assets includes land and easements, infrastructure, buildings and improvements, equipment, intangible assets, and construction in progress.

Infrastructure assets are assets that are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. These assets are classified by the City in major categories which include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. The City's decision to depreciate infrastructure capital assets results in recording a large non-cash depreciation amount each year that offsets additions to capital assets.

The City's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water

damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair.

The following is a summary of the City's capital assets at June 30, 2006, and 2007. Total capital assets have increased from \$696 million to \$703 million, primarily due to the City's investment in two major street projects— Wilson and Columbus Avenues.

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$135,204,112	\$135,204,112	\$14,839,847	\$14,714,538	\$150,043,959	\$149,918,650
Building and improvement	44,903,754	46,723,699	301,635,601	282,878,519	346,539,355	329,602,218
Machinery and equipment	7,391,856	8,383,241	34,328,354	37,447,572	41,720,210	45,830,813
Infrastructure	79,054,417	83,339,802	42,030,633	44,047,181	121,085,050	127,386,983
Construction in progress	24,792,942	10,283,654	18,911,792	33,478,475	43,704,734	43,762,129
Total	\$291,347,081	\$283,934,508	\$411,746,227	\$412,566,285	\$703,093,308	\$696,500,793

DEBT ADMINISTRATION

The City has established the following equally important objectives in administering its long-term debt financing program. However, recent declines in the financial stability of the City's General Fund have challenged its ability to achieve these objectives.

- Minimize debt service and issuance costs
- Maintain access to cost-effective borrowing
- Achieve the highest practical credit rating
- Full and timely repayment of debt
- Maintain full and complete financial disclosure and reporting
- Ensure compliance with applicable State and Federal laws

The following is a summary of the City's long-term debt obligations at June 30, 2006 and 2007. In total, long-term debt decreased during the year by \$9 million due to \$7 million in scheduled bond payments and \$2 million for a bond call for early debt retirement.

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Tax Allocation Bonds	\$11,721,320	\$11,380,000			\$11,721,320	\$11,380,000
Certificate of Participation	26,612,742	29,715,144	\$153,269,877	\$156,721,379	179,882,619	186,436,523
Capital Lease Obligations	1,395,579	1,939,491			1,395,579	1,939,491
Revenue Bonds			65,882,818	67,288,083	65,882,818	67,288,083
Loans & Notes Payable			17,780,129	18,807,307	17,780,129	18,807,307
Total	\$39,729,641	\$43,034,635	\$236,932,824	\$242,816,769	\$276,662,465	\$285,851,404

The percentage of net bonded debt to taxable property valuation, and the amount of bonded debt per capita are useful indicators of the City's debt position to management, citizens, and investors. A comparison of these indicators follows. Per capita debt outstanding increased to \$2,278 from \$2,360 per capita compared to the prior fiscal year.

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Net debt	\$276,662,465	\$285,851,404
Net debt per capita	\$2,278	\$2,360
Net debt per capita as a percentage of per capita personal income	6.45%	6.82%
Net debt as a percentage of net assessed value	2.91%	3.46%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City faces significant economic and operating fiscal challenges in the subsequent 2007-08 fiscal year. The national sub-prime mortgage debacle has severely impacted both new housing development and the foreclosure rate for existing homes which has dramatically slowed the city's General Fund revenue flow. In addition, the City was unable to implement over \$4 million of fire department staffing reductions assumed when the 2007-08 budget was adopted by City Council in June, 2007, due to an arbitration ruling. As a result, the balanced fiscal operating plan included in the original 2007-08 budget has subsequently deteriorated to projected deficit operations of \$10 million.

To mitigate this deficit, the City is in active dialogue with its employee associations and program staff to identify employee cost and program reductions that can bring anticipated expenditures in line with available revenues. The City's long-term goal is to rebuild a "sustainable budget" in which the cost of city services is in line with available revenues and are invested to support a breadth of services to support the quality of life for its citizens.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the Office of the Finance Director at 555 Santa Clara Street, Vallejo, California, 94590, phone 707-648-4592.

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GOVERNMENT WIDE FINANCIAL STATEMENTS

**STATEMENT OF NET ASSETS
AND STATEMENT OF ACTIVITIES**

CITY OF VALLEJO
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and investments (Note 2)	\$80,103,036	\$56,578,471	\$136,681,507
Accounts receivable	3,546,640	13,064,475	16,611,115
Interfund balances (Note 3)	298,422	(298,422)	
Loan to Marine World JPA (Note 3E)	7,313,734		7,313,734
Due from other governments	6,281,884	3,239,607	9,521,491
Material, parts, and supplies	179,307	3,143,421	3,322,728
Prepays	185,471	711,448	896,919
Total Current Assets	97,908,494	76,439,000	174,347,494
Restricted cash and investments (Note 2)	42,160,881	19,520,287	61,681,168
Land held for redevelopment	1,843,279		1,843,279
Notes and loans receivable (Note 4)	23,366,497	2,818,117	26,184,614
Goodwill (Note 14)		12,025,908	12,025,908
Issuance cost		3,108,722	3,108,722
Deferred lease		740,614	740,614
Capital assets (Note 5):			
Nondepreciable	159,997,054	33,751,639	193,748,693
Depreciable, net of accumulated depreciation	131,350,027	377,994,588	509,344,615
Total Noncurrent Assets	358,717,738	449,959,875	808,677,613
Total Assets	456,626,232	526,398,875	983,025,107
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	10,224,282	10,068,758	20,293,040
Accrued interest payable	623,915	3,262,906	3,886,821
Due to other governments	351,099		351,099
Revenue anticipation notes payable (Note 6)	7,000,000		7,000,000
Unearned revenues	538,330	36,256	574,586
Deposits payable	2,514,727	4,051,384	6,566,111
Employee benefits payable (Note 10)	9,279,327	1,212,775	10,492,102
Claims liability, due within one year (Note 13)	3,244,180		3,244,180
Long-term debt, due within one year (Note 7)	1,374,446	5,736,333	7,110,779
Marine World revenue sharing (Note 14)		6,942,781	6,942,781
Total Current Liabilities	35,150,306	31,311,193	66,461,499
Noncurrent liabilities:			
Claims liability (Note 13)	8,520,820		8,520,820
Employee benefits payable (Note 10)	13,423,829	542,607	13,966,436
Long-term debt (Note 7)	38,355,195	231,196,491	269,551,686
Total Noncurrent Liabilities	60,299,844	231,739,098	292,038,942
Total Liabilities	95,450,150	263,050,291	358,500,441
NET ASSETS (Note 12)			
Invested in capital assets, net of related debt	260,245,020	215,396,608	475,641,628
Restricted for:			
Debt service		17,620,099	17,620,099
Capital projects	40,807,898	29,655,123	70,463,021
Special projects and programs	78,934,067		78,934,067
Total Restricted Net Assets	119,741,965	47,275,222	167,017,187
Unrestricted	(18,810,903)	676,754	(18,134,149)
Total Net Assets	\$361,176,082	\$263,348,584	\$624,524,666

See accompanying notes to financial statements

CITY OF VALLEJO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
Legislative and advisory	\$277,713				(\$277,713)		(\$277,713)
Executive	1,443,648	\$156			(1,443,492)		(1,443,492)
Finance	2,061,912				(2,061,912)		(2,061,912)
Human resources	1,325,483	227,255			(1,098,228)		(1,098,228)
Law	860,128				(860,128)		(860,128)
Development services	2,839,027	2,799,369		\$9,700	(29,958)		(29,958)
Community development	44,540,545	7,896,852	\$29,756,924		(6,886,769)		(6,886,769)
Fire services	29,682,741	3,635,536			(26,047,205)		(26,047,205)
Police services	41,702,454	3,770,559	1,214,047		(36,717,848)		(36,717,848)
Public works	24,422,136	9,123,587	3,633,603	2,714,307	(8,950,639)		(8,950,639)
Nondepartmental	7,284,198	1,503,609	31,706		(5,748,883)		(5,748,883)
Interest on long term debt	2,649,965				(2,649,965)		(2,649,965)
Total Governmental Activities	159,089,950	28,956,923	34,636,280	2,724,007	(92,772,740)		(92,772,740)
Business-type Activities:							
Water	32,401,050	30,184,605		4,807,663		\$2,591,218	2,591,218
Local Transportation	30,667,114	10,971,275	15,128,086	649,877		(3,917,876)	(3,917,876)
Sanitation and Flood Control	26,012,630	21,609,340	1,026,061	1,973,105		(1,404,124)	(1,404,124)
Marine World JPA	55,980,978	56,138,928				157,950	157,950
Marina	3,169,731	1,848,925				(1,320,806)	(1,320,806)
Golf	854,110	651,563				(202,547)	(202,547)
Total Business-type Activities	149,085,613	121,404,636	16,154,147	7,430,645		(4,096,185)	(4,096,185)
Total	\$308,175,563	\$150,361,559	\$50,790,427	\$10,154,652	(92,772,740)	(4,096,185)	(96,868,925)
General revenues:							
Taxes:							
Property taxes/In-lieu property tax					33,349,205		33,349,205
Incremental property taxes					4,302,203		4,302,203
Sales taxes					12,517,648		12,517,648
User Utility					12,746,862		12,746,862
Franchise					3,113,116		3,113,116
Transit occupancy					1,618,954		1,618,954
Other					2,392,839		2,392,839
Investment earnings					6,686,545	4,225,630	10,912,175
Miscellaneous					2,433,895	64,536	2,498,431
Transfers (Note 3)					72,871	(72,871)	
Total general revenues and transfers					79,234,138	4,217,295	83,451,433
Change in Net Assets					(13,538,602)	121,110	(13,417,492)
Net Assets-Beginning					374,714,684	263,227,474	637,942,158
Net Assets-Ending					\$361,176,082	\$263,348,584	\$624,524,666

See accompanying notes to financial statements

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FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Governmental Funds by the City in the year ended June 30, 2007. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND is used for all general revenues of the City not specifically levied or collected for other City funds and the related expenditures.

HOUSING AUTHORITY SPECIAL REVENUE FUND is used to account for monies received and expended in the HUD Section 8 Housing Assistance Program for low and moderate income families.

MARE ISLAND CONVERSION SPECIAL REVENUE FUND is used to account for monies received from federal grants which are used for activities relating to the conversion of the Mare Island Naval Shipyard to civilian use.

CITY OF VALLEJO
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Housing Authority	Mare Island Conversion	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 2)	\$2,609,264	\$16,627,718	\$2,402,379	\$47,385,169	\$69,024,530
Restricted cash and investments held with fiscal agent (Note 2)			27,539,146	14,621,735	42,160,881
Accounts receivable	3,164,222	139,178		198,056	3,501,456
Notes and loans receivable (Note 4)	781,119	81,900		22,503,478	23,366,497
Due from other governments	4,214,254			2,067,630	6,281,884
Loan to Marine World JPA (Note 3E)				7,313,734	7,313,734
Advance to other funds (Note 3)				5,192,846	5,192,846
Material, parts, and supplies	1,577				1,577
Prepays	156,783			28,688	185,471
Land held for redevelopment	499,684			1,343,595	1,843,279
Total Assets	\$11,426,903	\$16,848,796	\$29,941,525	\$100,654,931	\$158,872,155
LIABILITIES					
Accounts payable and accrued liabilities	\$3,440,050	\$178,611	\$393,423	\$4,128,074	\$8,140,158
Accrued interest payable				313,734	313,734
Due to other funds (Note 3)				3,198,216	3,198,216
Due to other governments	185,567			165,532	351,099
Revenue anticipation notes payable (Note 6)				7,000,000	7,000,000
Deferred revenues	510,798			8,050,127	8,560,925
Advances from other funds (Note 3)				5,363,721	5,363,721
Deposits payable	269,091	495,227		1,589,544	2,353,862
Total Liabilities	4,405,506	673,838	393,423	29,808,948	35,281,715
FUND BALANCES (Note 12)					
Fund balance					
Reserved for:					
Encumbrances	339,682	770		2,005,170	2,345,622
Materials, parts, supplies	1,577				1,577
Prepays	156,783			28,688	185,471
Debt service				1,516,350	1,516,350
Capital projects			27,539,146		27,539,146
Loan program		1,500,000			1,500,000
Notes and loans	777,221	81,900		15,020,807	15,879,928
Advances to other funds				4,796,000	4,796,000
Land held for redevelopment	499,684			1,343,595	1,843,279
Housing programs		14,074,088			14,074,088
Prepayment reserve/Six Flags				380,553	380,553
Unreserved:					
Designated for					
Program commitments:					
General Fund	244,472				244,472
Special Revenue Funds		500,000		1,244,211	1,744,211
Capital Projects Funds				278,402	278,402
Capital projects:					
Special Revenue Funds				155,390	155,390
Capital Projects Funds				19,831,348	19,831,348
State budget impact/SB 1096	759,722				759,722
Undesignated, Reported in:					
General Fund	4,242,256				4,242,256
Special Revenue Funds		18,200		10,081,701	10,099,901
Capital Projects Funds			2,008,956	19,366,422	21,375,378
Debt Service Funds				(5,322,945)	(5,322,945)
Permanent Fund				120,291	120,291
Total Fund Balances	7,021,397	16,174,958	29,548,102	70,845,983	123,590,440
Total Liabilities and Fund Balances	\$11,426,903	\$16,848,796	\$29,941,525	\$100,654,931	\$158,872,155

See accompanying notes to financial statements

CITY OF VALLEJO
 Reconciliation of
 NET CHANGE IN GOVERNMENTAL FUND BALANCE S
 with
 GOVERNMENTAL NET ASSETS
 JUNE 30, 2007

Total fund balances reported on the governmental funds balance sheet \$123,590,440

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 288,927,866

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Assets.

Cash and investments	\$11,078,506	
Accounts receivable	45,184	
Materials, parts, and supplies	177,730	
Due from other funds	3,496,638	
Advances to other funds	170,875	
Capital assets	2,419,215	
Accounts payable	(2,084,124)	
Claims payable	(11,765,000)	
Employee benefits payable	(169,926)	
Deposits payable	(160,865)	
		3,208,233

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities. 8,022,595

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Long-term debt	(39,729,641)	
Interest payable	(310,181)	
Non-current portion of compensated absences	(22,533,230)	
		(39,729,641)

NET ASSETS OF GOVERNMENTAL ACTIVITIES

\$361,176,082

See accompanying notes to financial statements

CITY OF VALLEJO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	General	Housing Authority	Mare Island Conversion	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$55,617,416			\$4,302,203	\$59,919,619
Licenses, permits, and fees	2,749,888			1,928,075	4,677,963
Fines and forfeitures	1,483,923			199,988	1,683,911
Intergovernmental	11,553,159	\$27,533,217		9,737,665	48,824,041
Use of money and property	262,559	518,343	\$1,740,819	5,267,895	7,789,616
Charges for services	5,867,269			12,057,773	17,925,042
Other	3,017,544	346,332		1,179,212	4,543,088
Total Revenues	80,551,758	28,397,892	1,740,819	34,672,811	145,363,280
EXPENDITURES					
Current:					
Legislative and advisory	270,743				270,743
Executive	1,312,440			113,401	1,425,841
Finance	1,926,168				1,926,168
Human resources	1,319,304				1,319,304
Law	871,733				871,733
Development services	2,726,448			59,783	2,786,231
Community development	559,173	19,384,245	18,457,325	8,311,305	46,712,048
Fire services	25,238,098			2,834,404	28,072,502
Police services	38,050,873			2,201,236	40,252,109
Public works	4,052,169			9,434,542	13,486,711
Nondepartmental	6,228,746			1,055,452	7,284,198
Capital outlay				18,761,691	18,761,691
Debt Service:					
Principal	543,912			3,422,402	3,966,314
Interest and fiscal agent fees	78,727			2,589,233	2,667,960
Total Expenditures	83,178,534	19,384,245	18,457,325	48,783,449	169,803,553
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,626,776)	9,013,647	(16,716,506)	(14,110,638)	(24,440,273)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of obligations (Note 7)				661,320	661,320
Transfers in	1,955,821			8,688,253	10,644,074
Transfers out	(3,164,320)			(7,416,174)	(10,580,494)
Total Other Financing Sources (Uses)	(1,208,499)			1,933,399	724,900
NET CHANGE IN FUND BALANCES	(3,835,275)	9,013,647	(16,716,506)	(12,177,239)	(23,715,373)
BEGINNING FUND BALANCES	10,856,672	7,161,311	46,264,608	83,023,222	147,305,813
ENDING FUND BALANCES	\$7,021,397	\$16,174,958	\$29,548,102	\$70,845,983	\$123,590,440

See accompanying notes to financial statements

CITY OF VALLEJO
 Reconciliation of the
NET CHANGE IN GOVERNMENTAL FUND BALANCES
 with the
CHANGE IN GOVERNMENT NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2007

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$23,715,373)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

The capital outlay and other capital expenditures are therefore added back to fund balance 15,917,671

Depreciation expense is deducted from the fund balance
 (Depreciation expense is net of internal service fund depreciation
 of \$876,470 which has already been allocated to serviced funds) (8,197,823)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Proceeds from obligation is deducted from fund balance (661,320)
 Repayment of debt principal is added back to fund balance 3,966,314

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Interest payable 17,995
 Deferred revenue 1,902,191
 Compensated absences (2,086,017)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Assets - All Internal Service Funds (682,240)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (\$13,538,602)

See accompanying notes to financial statements

CITY OF VALLEJO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$55,321,304	\$56,740,799	\$55,617,416	(\$1,123,383)
Licenses, permits and fees	3,957,100	3,338,113	2,749,888	(588,225)
Fines and forfeitures	1,555,100	1,566,000	1,483,923	(82,077)
Intergovernmental	11,598,800	12,091,162	11,553,159	(538,003)
Use of money and property	294,000	205,000	262,559	57,559
Charges for services	6,044,628	6,267,291	5,867,269	(400,022)
Other	3,370,034	2,940,835	3,017,544	76,709
Total Revenues	82,140,966	83,149,200	80,551,758	(2,597,442)
EXPENDITURES:				
Current:				
Legislative and advisory	273,045	273,045	270,743	2,302
Executive	1,194,226	1,318,373	1,312,440	5,933
Finance	2,026,769	2,157,987	1,926,168	231,819
Human resources	1,292,083	1,342,121	1,319,304	22,817
Law	927,242	912,242	871,733	40,509
Development services	3,008,643	3,022,853	2,726,448	296,405
Community development	627,000	644,000	559,173	84,827
Fire services	22,808,885	25,644,615	25,238,098	406,517
Police services	38,190,604	39,307,266	38,050,873	1,256,393
Public works	5,276,018	5,179,415	4,052,169	1,127,246
Nondepartmental	6,202,605	6,457,986	6,228,746	229,240
Debt Service:				
Principal	543,912	543,912	543,912	
Interest	97,612	97,612	78,727	18,885
Total Expenditures	82,468,644	86,901,427	83,178,534	3,722,893
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(327,678)	(3,752,227)	(2,626,776)	1,125,451
OTHER FINANCING SOURCES (USES)				
Transfers in	2,615,000	1,716,000	1,955,821	239,821
Transfers (out)	(2,287,322)	(3,260,724)	(3,164,320)	96,404
Total other financing sources (uses)	327,678	(1,544,724)	(1,208,499)	336,225
NET CHANGE IN FUND BALANCES		(\$5,296,951)	(3,835,275)	\$1,461,676
Fund balance, July 1			10,856,672	
Fund balance, June 30			\$7,021,397	

See accompanying notes to financial statements

CITY OF VALLEJO
HOUSING AUTHORITY FUND
STATEMENT OF REVENUES, AND EXPENDITURES
AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$27,538,500	\$27,547,500	\$27,533,455	(\$14,045)
Use of money and property	76,000	76,000	518,343	442,343
Other	30,923	21,923	346,094	324,171
Total Revenues	<u>27,645,423</u>	<u>27,645,423</u>	<u>28,397,892</u>	<u>752,469</u>
EXPENDITURES:				
Current:				
Community development	29,745,723	29,745,723	19,384,245	10,361,478
Total Expenditures	<u>29,745,723</u>	<u>29,745,723</u>	<u>19,384,245</u>	<u>10,361,478</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,100,300)</u>	<u>(2,100,300)</u>	<u>9,013,647</u>	<u>11,113,947</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,000	6,000		(6,000)
Total Other Financing Sources (Uses)	<u>6,000</u>	<u>6,000</u>		<u>(6,000)</u>
NET CHANGE IN FUND BALANCES	<u>(\$2,094,300)</u>	<u>(\$2,094,300)</u>	<u>9,013,647</u>	<u>\$11,107,947</u>
Fund balance, July 1			<u>7,161,311</u>	
Fund balance, June 30			<u>\$16,174,958</u>	

See accompanying notes to financial statements

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CITY OF VALLEJO, CALIFORNIA

MAJOR PROPRIETARY FUNDS

The City reported all enterprise funds as major funds in fiscal 2007.

WATER FUND is used to account for the production and distribution of water to residents and businesses located within the City. Water service is also provided to Lakes District and Travis Air Force Base customers outside the City limits.

LOCAL TRANSPORTATION FUND is used to account for the operations and management of the City transit operations, which includes bus, ferry, paratransit and taxi subsidy operations.

SANITATION AND FLOOD CONTROL FUND is used to account for the activities of the Vallejo Sanitation and Flood Control District. The District provides for the collection and treatment of wastewater and storm drain run-off.

MARINE WORLD JOINT POWERS AUTHORITY FUND is used to account for the activities of the Marine World Joint Powers Authority. The Authority provides for the operations, improvements and management of the Six Flags Marine World Africa USA theme park.

MARINA FUND is used to account for the operations, improvement and management of the City marina operations.

GOLF FUND is used to account for the capital assets of the City's municipal golf course and the course operator's pass-through revenues that service the City debt used to acquire and improve the assets of the fund.

CITY OF VALLEJO
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2007

	Business-type Activities-Enterprise Funds			
	Water	Local Transportation	Sanitation and Flood Control	Marine World JPA as of December 31, 2006
ASSETS				
Current assets:				
Cash and investments (Note 2)	\$8,374,161		\$44,480,126	\$3,335,936
Accounts receivable (net of allowance for uncollectibles)	6,645,874		6,005,149	266,112
Due from other governments		\$3,239,607		
Material, parts and supplies	497,712	1,549,290	234,043	854,191
Prepays	100,915			610,533
Due from other funds (Note 3)				
Total current assets	15,618,662	4,788,897	50,719,318	5,066,772
Noncurrent assets:				
Restricted cash and investments (Note 2)	4,406,853		8,192,884	5,303,718
Goodwill (Note 14)				12,025,908
Issuance costs	1,540,951		982,188	
Notes receivable (Note 4)	2,157,392		310,725	
Deferred lease			740,614	
Advance to other funds (Note 3)				
Capital assets (Note 5):				
Nondepreciable	4,204,165	5,835,737	11,483,667	
Depreciable, net	108,929,004	28,572,631	211,001,691	17,603,903
Total noncurrent assets	121,238,365	34,408,368	232,711,769	34,933,529
Total assets	136,857,027	39,197,265	283,431,087	40,000,301
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	2,397,219	2,756,490	2,423,875	2,368,828
Accrued interest payable	441,599		1,053,279	1,682,704
Due to other funds (Note 3)		298,422		
Deferred revenue				
Deposits payable	2,053,576	1,125	1,881,540	
Marine World JPA revenues and reimbursement payable (Note 14)				6,942,781
Claims payable, current (Note 13)				
Employee benefits payable, current (Note 10)	1,130,900	46,892		
Long-term debt, due within one year (Note 7)	1,243,910		2,896,026	1,140,000
Total current liabilities	7,267,204	3,102,929	8,254,720	12,134,313
Long-term liabilities:				
Certificates of participation (Note 7)			66,512,863	
Bonds payable, net (Note 7)	65,609,129			55,285,000
Loans payable (Note 7)	5,782,687		11,230,797	
Claims payable, noncurrent (Note 13)				
Employee benefits payable, noncurrent (Note 10)	535,310			
Total noncurrent liabilities	71,927,126		77,743,660	55,285,000
Total Liabilities	79,194,330	3,102,929	85,998,380	67,419,313
NET ASSETS (Note 12)				
Invested in capital assets, net of related debt	40,497,443	34,408,368	143,607,780	
Restricted for capital improvements			28,843,900	
Restricted for debt service	4,406,853		7,103,919	5,303,718
Unrestricted	12,758,401	1,685,968	17,877,108	(32,722,730)
Total Net Assets	\$57,662,697	\$36,094,336	\$197,432,707	(\$27,419,012)

See accompanying notes to financial statements

Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
Marina	Golf	Totals	
\$342,546	\$45,702	\$56,578,471	\$11,078,506
33,066	114,274	13,064,475	45,184
		3,239,607	
8,185		3,143,421	177,730
		711,448	
			3,496,638
<u>383,797</u>	<u>159,976</u>	<u>76,737,422</u>	<u>14,798,058</u>
194,250	1,422,582	19,520,287	
		12,025,908	
266,509	319,074	3,108,722	
	350,000	2,818,117	
		740,614	170,875
10,736,670	1,491,400	33,751,639	
6,020,977	5,866,382	377,994,588	2,419,215
<u>17,218,406</u>	<u>9,449,438</u>	<u>449,959,875</u>	<u>2,590,090</u>
<u>17,602,203</u>	<u>9,609,414</u>	<u>526,697,297</u>	<u>17,388,148</u>
115,642	6,704	10,068,758	2,084,124
54,523	30,801	3,262,906	
		298,422	
36,256		36,256	
115,143		4,051,384	160,865
		6,942,781	
			3,244,180
34,983		1,212,775	137,142
291,397	165,000	5,736,333	
<u>647,944</u>	<u>202,505</u>	<u>31,609,615</u>	<u>5,626,311</u>
17,156,259	9,619,756	66,512,863	
		147,670,144	
		17,013,484	8,520,820
7,297		542,607	32,784
<u>17,163,556</u>	<u>9,619,756</u>	<u>231,739,098</u>	
<u>17,811,500</u>	<u>9,822,261</u>	<u>263,348,713</u>	<u>14,179,915</u>
(690,009)	(2,426,974)	215,396,608	2,419,215
	811,223	29,655,123	
194,250	611,359	17,620,099	
286,462	791,545	676,754	789,018
<u>(\$209,297)</u>	<u>(\$212,847)</u>	<u>\$263,348,584</u>	<u>\$3,208,233</u>

**CITY OF VALLEJO
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2007**

	Business-type Activities-Enterprise Funds			Marine World JPA as of December 31, 2006
	Water	Local Transportation	Sanitation and Flood Control	
OPERATING REVENUES				
Charges for services	\$29,812,795	\$10,971,275	\$21,033,004	\$55,721,478
Other	371,810		576,336	417,450
Total operating revenues	30,184,605	10,971,275	21,609,340	56,138,928
OPERATING EXPENSES				
Operations expenses	16,054,820	25,798,267	12,156,703	43,364,091
Revenue-sharing				5,816,394
General and administrative	6,757,463	505,436	2,905,974	500,000
Insurance and claims				
Depreciation	6,315,987	4,363,411	7,283,459	1,780,096
Total operating expenses	29,128,270	30,667,114	22,346,136	51,460,581
Operating income (loss)	1,056,335	(19,695,839)	(736,796)	4,678,347
NONOPERATING REVENUES (EXPENSES)				
Investment income	791,749		3,111,249	228,420
Intergovernmental revenue		15,789,429	1,026,061	
Gain (Loss) on sale of capital assets		(11,466)		
Interest expense and fiscal charges	(3,188,325)		(3,666,494)	(4,520,397)
Bond issuance cost	(84,455)			
Other revenues (expenses)			64,536	
Total nonoperating revenues (expenses)	(2,481,031)	15,777,963	535,352	(4,291,977)
Contributions	4,807,663		1,973,105	
Transfers in (Note 3)	94,280	425,000		
Transfers (out) (Note 3)				(1,454,098)
Change in net assets	3,477,247	(3,492,876)	1,771,661	(1,067,728)
BEGINNING NET ASSETS	54,185,450	39,587,212	195,661,046	(26,351,284)
ENDING NET ASSETS	\$57,662,697	\$36,094,336	\$197,432,707	(\$27,419,012)

See accompanying notes to financial statements

Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
Marina	Golf	Totals	
\$1,848,925	\$651,563	\$120,039,040	\$9,686,725
		1,365,596	49,112
<u>1,848,925</u>	<u>651,563</u>	<u>121,404,636</u>	<u>9,735,837</u>
1,379,716		98,753,597	3,527,698
		5,816,394	
113,227	18,256	10,800,356	
			6,686,957
<u>1,034,160</u>	<u>376,562</u>	<u>21,153,675</u>	<u>876,470</u>
<u>2,527,103</u>	<u>394,818</u>	<u>136,524,022</u>	<u>11,091,125</u>
<u>(678,178)</u>	<u>256,745</u>	<u>(15,119,386)</u>	<u>(1,355,288)</u>
9,912	84,300	4,225,630	517,003
		16,815,490	
		(11,466)	146,754
(633,165)	(419,844)	(12,428,225)	
(9,463)	(39,448)	(133,366)	
		64,536	
<u>(632,716)</u>	<u>(374,992)</u>	<u>8,532,599</u>	<u>663,757</u>
861,947		6,780,768	
		1,381,227	431,732
		(1,454,098)	(422,441)
<u>(448,947)</u>	<u>(118,247)</u>	<u>121,110</u>	<u>(682,240)</u>
<u>239,650</u>	<u>(94,600)</u>	<u>263,227,474</u>	<u>3,890,473</u>
<u>(\$209,297)</u>	<u>(\$212,847)</u>	<u>\$263,348,584</u>	<u>\$3,208,233</u>

CITY OF VALLEJO
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities-Enterprise Funds			
	Water	Local Transportation	Sanitation and Flood Control	Marine World JPA as of December 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$26,079,282	\$10,459,873	\$21,418,223	\$56,256,980
Payments to suppliers	(15,366,316)	(25,749,208)	(11,855,168)	(42,799,364)
Payments to employees	(6,715,234)	(504,637)	(8,985,020)	(7,395,901)
Claims paid				
Cash Flows from Operating Activities	3,997,732	(15,793,972)	578,035	6,061,715
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in (out)	94,280	425,000		(2,480,628)
Increase (decrease) in due from other funds				
Increase (decrease) in due to other funds		(1,282,176)		
Increase (decrease) in advance to other funds				
Intergovernmental receipts		16,651,148	1,026,061	
Cash Flows from Noncapital Financing Activities	94,280	15,793,972	1,026,061	(2,480,628)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(4,892,779)	(649,877)	(14,341,387)	
Intergovernmental receipts		649,877		
Sale of capital assets				
Deferred lease			(512,785)	
Proceeds from long term debt	47,662,792			
Payments to escrow	(47,326,410)			
Principal payments on capital debt	(2,204,350)		(2,811,124)	(1,070,000)
Interest paid	(3,915,295)		(3,867,553)	(4,548,931)
Capital contributions	4,807,663		1,444,013	
Cash Flows from Capital and Related Financing Activities	(5,868,379)		(20,088,836)	(5,618,931)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	791,749		3,111,249	228,420
Cash Flows from Investing Activities	791,749		3,111,249	228,420
Net Cash Flows	(984,618)		(15,373,491)	(1,809,424)
Cash and investments at beginning of period	13,765,632		68,046,501	10,449,078
Cash and investments at end of period	\$12,781,014		\$52,673,010	\$8,639,654
Noncash transactions				
Retirement of capital assets				
Issuance costs	(\$650,487)			
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:				
Operating income (loss)	\$1,056,335	(\$19,695,839)	(\$736,796)	\$4,678,347
Adjustments to reconcile operating income to cash flows from operating activities:				
Depreciation	6,315,987	4,363,411	7,283,459	1,780,096
Change in assets and liabilities:				
Receivables, net	(2,376,194)		(428,689)	118,052
Inventory and prepaids	(43,518)	(66,886)		22,959
Other assets	(2,064,523)		176,024	
Accounts payable and other accrued expenses	732,022	115,945	(5,945,580)	(537,739)
Employee benefits payable	42,229	799		
Due to other governments				
Deposits payable	335,394	(328,749)	229,617	
Deferred revenue		(182,653)		
Claims payable				
Cash Flows from Operating Activities	\$3,997,732	(\$15,793,972)	\$578,035	\$6,061,715

See accompanying notes to financial statements

Marina	Golf	Totals	Governmental Activities- Internal Service Funds
\$1,864,502	\$327,952	\$116,406,812	\$11,045,228
(1,909,457)	(50,458)	(97,729,971)	(1,608,023)
7,913		(23,592,879)	(1,929,919)
			(4,919,957)
(37,042)	277,494	(4,916,038)	2,587,329
861,947		(1,099,401)	9,291
		(1,282,176)	581,498
		17,677,209	(2,833)
861,947		15,295,632	587,956
		(19,884,043)	(437,999)
		649,877	15,558
		(512,785)	
		47,662,792	
		(47,326,410)	
(280,951)	(159,891)	(6,526,316)	
(636,164)	(429,696)	(13,397,639)	
		6,251,676	
(917,115)	(589,587)	(33,082,848)	(422,441)
9,912	84,300	4,225,630	517,003
9,912	84,300	4,225,630	517,003
(82,298)	(227,793)	(18,477,624)	3,269,847
619,094	1,696,077	94,576,382	7,808,659
\$536,796	\$1,468,284	\$76,098,758	\$11,078,506
			(\$61,424)
(\$9,463)	(\$7,000)	(\$666,950)	
(\$678,178)	\$256,745	(\$15,119,386)	(\$1,355,288)
1,034,160	376,562	21,153,675	876,470
(9,424)	26,389	(2,669,866)	16,475
15,297	45,150	(26,998)	
	(350,000)	(2,238,499)	909
(431,811)	(77,352)	(6,144,515)	1,191,358
7,913		50,941	(70,460)
18,947		255,209	160,865
6,054		(176,599)	
			1,767,000
(\$37,042)	\$277,494	(\$4,916,038)	\$2,587,329

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CITY OF VALLEJO, CALIFORNIA

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City as a trustee agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

The City uses agency fiduciary funds to account for its Improvement District and Assessment District funds. These funds account for the annual collection of assessments and disbursement to district bond holders for debt without City commitment.

CITY OF VALLEJO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2007

	<u>Agency Funds</u>
ASSETS	
Cash and investments (Note 2)	\$8,588,425
Restricted cash and investments (Note 2)	<u>4,310,768</u>
Total Assets	<u><u>\$12,899,193</u></u>
LIABILITIES	
Due to bondholders	<u>\$12,899,193</u>
Total Liabilities	<u><u>\$12,899,193</u></u>

See accompanying notes to financial statements

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Financial Reporting Entity*

The City was incorporated in 1868 as a charter City, with a Council-Manager form of Government, and provides all municipal services, excluding garbage disposal and electricity.

The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, *blended* component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's component units, which are described below, are all blended.

- Housing Authority of the City of Vallejo
- Marine World Joint Powers Authority
- Parking Authority of the City of Vallejo
- Public Financing Authority of the City of Vallejo
- Redevelopment Agency of the City of Vallejo
- Vallejo Sanitation and Flood Control District
- Vallejo Sanitation and Flood Control District Financing Corporation

Additional financial information for each of these entities can be obtained from the Finance Department, City of Vallejo, 555 Santa Clara Street, Vallejo, CA 94590.

The Housing Authority of the City of Vallejo—was formed in June 1942 and is organized under the California Health and Safety Code. The objectives of the Housing Authority are to aid low-income families in obtaining decent, safe and sanitary housing through federal assistance programs and mortgage revenue bond program. The Housing Authority is governed by a Board of Commissioners composed of the City Council members and two tenants of the Housing Authority. The operations of the Housing Authority are reported as a governmental fund of the City.

The Marine World Joint Powers Authority— was formed in October 1996, pursuant to the Joint Exercise of Powers Act of the Government Code of the State of California for the purpose of assuming ownership of the Marine World Africa USA theme park from the Marine World Foundation. The City Council is the governing body of the Marine World JPA. The operations of the Marine World JPA are reported as a proprietary fund of the City. The Marine World JPA's financial information is for the year ended December 31, 2006.

The Parking Authority of the City of Vallejo—was formed in May 1975, pursuant to the provisions of California statutes. Operations of the Parking Authority began in May 1977, with the execution of a joint powers agreement with the City. The purpose of this agreement was to provide the acquisition, construction, financing and operation of parking facilities in the downtown area of the City. The City Council is the governing board of the Parking Authority. The Authority has had no activity and had no assets during the year ended June 30, 2007.

The Public Financing Authority—of the City of Vallejo was formed in July 1990. The primary purpose of the PFA is to provide financing for City projects. The City Council is the governing board of the PFA. The PFA is reported as governmental fund of the City.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Redevelopment Agency of the City of Vallejo –was formed in July 1956 and is organized under the State of California Community Redevelopment Law. The Agency is comprised of two project areas – Flosden Acres and the Merged Downtown/Waterfront projects. The Merged Project Area was created upon the merger of three redevelopment projects, Marina Vista, Waterfront and Vallejo Central, effective December 28, 2006. The effect of this merger was to: a) increase and merge the tax increment limits for the three project areas to establish one combined tax increment limit applicable to the entire merged project area, b) establish one combined bonded indebtedness limit applicable to the entire merged project area, c) extend the time limit on the effectiveness of the plan and the time limit for the receipt of tax increment and repayment of debt for the Marina Vista Redevelopment Plan, and d) replace the three individual Redevelopment Plans with one Amended and Restated Redevelopment Plan covering the entire merged project area. The City Council is the governing board of the Agency. The Agency is reported as governmental funds of the City.

Vallejo Sanitation and Flood Control District (VSFCD) was created by an act of the California legislature and began operations in May 1952. The purpose of the Act was to give autonomous authority to VSFCD to provide for the collection, treatment and disposal of wastewater and to control and dispose of storm waters. From 1993 to 1999 VSFCD was part of the City’s operations. Commencing July 1, 1999 the VSFCD became a separate district from the City. The Board now consists of seven elected City Council members and one member appointed by the Solano County Board of Supervisors. The VSFCD is reported as a proprietary fund of the City.

Vallejo Sanitation and Flood Control District Financing Corporation is a non-profit public benefit corporation organized in July 1993, under the laws of the State of California for the purpose of assisting the VSFCD in funding certain projects and other matters relating to the purpose of VSFCD. Members of the Board for VSFCD serve as Directors of the VSFCDFC. The VSFCDFC is reported as part of the VSFCD proprietary fund of the City.

B. Basis of Presentation

These *Basic Financial Statements* are prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The City’s financial position and results of operations are presented from two perspectives in the following two sets of financial statements:

Government-wide Statements: The government-wide financial statements, including the *Statement of Net Assets* and the *Statement of Activities*, report the financial activities of the overall City using an economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of when the related cash flows take place.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary activities of the City, which are custodial in nature, are not included in these statements and are presented separately. Eliminations have been made to minimize the double counting of internal activities. All internal balances in the *Statement of Net Assets* have been eliminated except those representing balances between the governmental and business-type activities.

The *Statement of Activities* presents a comparison between direct expenses and program revenues for each function of the City. Direct expenses are those that are specifically associated with a program or function. Certain indirect costs are included in program expenses reported for individual functions and activities. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) operating grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) capital fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

The City may pay for its programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Fund Financial Statements: In addition to the government-wide statements described above, the City also presents *Fund Financial Statements*. The accounts of the City are organized on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Each fund is established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. The City accounts for its operations in governmental, proprietary and fiduciary funds, which include the following categories:

Governmental Funds:

General Fund – To account for resources traditionally associated with general government operations of the City that are not required legally or by sound financial management to be accounted for in another fund.

Special Revenue Funds – To account for the proceeds of specific revenue sources that are legally restricted to be expended for specified purposes.

Debt Service Funds – To account for the servicing of long-term debt not being financed by business-type funds.

Capital Projects Funds – To account for the acquisition and construction of capital improvements.

Proprietary Funds:

Enterprise Funds – To account for operations that are financed substantially through user fees and are operated in a manner similar to private business enterprises.

Internal Service Funds – To account for the financing of goods and services provided by one City department to other departments on a cost reimbursement basis.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds:

Agency Funds - To account for assets held by the City as an agent for third parties, such as bonded assessment districts. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

C. *Basis of Accounting*

Governmental Funds: Governmental funds are used to report the majority of the City's programs. These funds are reported in the *Fund Financial Statements* on the modified accrual basis of accounting, with a focus on current financial resources. This basis differs from the accrual basis of accounting used to report the government-wide financial statements and proprietary fund financial statements.

Revenues are recognized when measurable and available. The City considers revenues reported in the governmental funds to be available if the revenues are collected within ninety days after year-end. This period is extended to seven months for the County's final distribution of Senate Bill 1096 "Triple Flip" sales tax and motor vehicle license revenue, and to one year for grant programs. Revenues susceptible to accrual include taxes, intergovernmental revenues, charges for services and interest revenue. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary Funds: The proprietary funds of the City are reported on the accrual basis of accounting in the *Fund Financial Statements*. Private sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the funds. All other expenses are reported as non-operating expenses.

The City also reports the following fund types:

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Internal Service Funds: These funds account for equipment maintenance and replacement; employee benefits plans; and for workers' compensation, unemployment self-insurance, general liability self-insurance, and property insurance coverage; all of which are provided to other departments on a cost-reimbursement basis. Revenues are recognized based on cycle billings rendered to customers.

Fiduciary Funds: Agency funds are used to account for assets held by the City as an agent for the bondholders of the improvement and assessment land-based debt districts within the City.

D. Major Funds

The *Fund Financial Statements* focus on the individual *major* funds of the City, each of which is displayed in a separate column, and the aggregate of remaining funds, which are labeled as *non-major* funds. *Major* funds are defined as funds with assets, liabilities, revenues, expenditures, or expenses equal to ten percent of their fund-type total, and five percent of the grand total, or other funds of reporting significance.

The City reports the following major funds in the accompanying *Fund Financial Statements*:

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Housing Authority Special Revenue Fund - is used to account for monies received and expended in housing assistance to low and moderate income families. Funds are provided by receipts from the Federal Section 8 HUD programs.

Mare Island Conversion Special Revenue Fund - is used to account for monies received from various sources (federal, state and local) which are used for activities relating to the conversion of the Mare Island Naval Shipyard to civilian use.

The City reports all its enterprise funds as major funds in the accompanying financial statements:

Water Fund - is used to account for the production and distribution of water to residents and businesses located within the City. Water service is also provided to Lakes District and Travis Air Force Base customers outside the City limits.

Local Transportation Fund - is used to account for the operations and management of the City transit operations, which includes bus, ferry, para-transit and taxi subsidy operations.

Sanitation and Flood Control Fund - is used to account for the collections and treatment of wastewater and storm drain run-off.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marine World Joint Powers Agreement Fund – is used to account for the operations, improvement and management of the Marine World operations.

Marina Fund – is used to account for the operations, improvement and management of the City marina operations.

Golf Fund – is used to account for the capital assets of the City's municipal golf course and the course operator's pass-through revenues that service the City debt used to acquire and improve the assets of the fund.

E. *Budgeting Procedures*

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

The City Charter requires the City Manager to submit to the City Council a proposed operating budget by May 15th for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the financing sources. Public hearings are conducted to obtain taxpayer comments. The budget is legally enacted through passage of a resolution.

Level of Budgetary Control - Budgetary control is established at the following levels: a) General Fund – Department level; b) Other Funds – Fund level; and Capital Projects – Project level. The City Manager may authorize line item budget transfers within a General Fund department, or within a fund other than the General Fund.

Budget Amendments - City Council authorization is required to transfer appropriations between General Fund departments, or between funds. City Council authorization is also required to establish or amend capital project budgets. The Budget may be amended at such times as the City Council may deem necessary, in accordance with the requirements and procedures contained in the City Charter and Municipal Code.

Budgets are adopted for the General Fund and Special Revenue Funds except Utility Billing Administration Special Revenue Fund.

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principals.

F. *Encumbrance Accounting*

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities and are reappropriated in the following year. Unexpended appropriations lapse at year end and must be reappropriated in the following year. Encumbrances outstanding at year-end do not lapse and are included as part of the following year budget.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. *Property Tax Revenues*

Solano County assesses properties and bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year. Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they become available as defined above.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed.

H. *Materials, Parts, and Supplies*

Materials, parts and supplies are held for consumption and are valued at average cost. Enterprise fund supplies consist of materials and supplies which are held for future use. General fund supplies are recorded as expenditure at the time individual supply items are purchased.

I. *Use of Estimates*

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. *Closed and New Funds*

The FEMA Disaster Recovery and Office of Traffic Safety Special Revenue Funds were established as of July 1, 2006.

During the fiscal year, the Redevelopment Agency merged the Marina Vista, Waterfront and Vallejo Central Project Areas effective December 28, 2006. Thus, the Agency split the former combined Redevelopment Agency Capital Projects Fund into separate Redevelopment Agency Flosden and Redevelopment Agency Downtown Capital Projects Fund to provide better accountability for activities in the respective project areas. Beginning fund balance of \$11,464,327 in total remains unchanged.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

NOTE 2 - CASH AND INVESTMENTS

A. Administration

Cash and investments are administered separately by the City and by its two blended component units, Marine World JPA and the Vallejo Sanitation and Flood Control District (VSFCD). The respective cash and investment positions as of June 30, 2007 for each of these administrative units is as follows:

	City	Marine World JPA	Sanitation and Flood Control District	Total
Cash on hand	\$6,600	\$6,400		\$13,000
Deposits	11,237,028	3,329,536	\$445,971	15,012,535
Investments	138,705,576	5,303,718	52,227,039	196,236,333
	<u>\$149,949,204</u>	<u>\$8,639,654</u>	<u>\$52,673,010</u>	<u>\$211,261,868</u>

B. Classification

Cash and investments are classified in the financial statements as shown below. Restrictions are imposed by debt instruments and other agreements.

Statement of Net Assets

Cash and investments available for operations:

City			
General Fund		\$2,609,264	
Redevelopment Agency		9,402,994	
Housing Authority		16,627,718	
Other funds		<u>60,225,469</u>	
Total, City			\$88,865,445
Marine World JPA			3,335,936
Sanitation & Flood Control District			44,480,126
			<u>136,681,507</u>

Restricted cash and investments:

City			
Redevelopment Agency		1,545,186	
Other funds		<u>46,639,380</u>	
Total, City			48,184,566
Marine World JPA			5,303,718
Sanitation & Flood Control District			8,192,884
			<u>61,681,168</u>
			<u>198,362,675</u>

Fiduciary Funds

Cash and investments available for operations	8,588,425
Restricted investments	4,310,768
	<u>12,899,193</u>

Total cash and investments \$211,261,868

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

NOTE 2 - CASH AND INVESTMENTS (Continued)

C. Policies

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except Cash with Fiscal Agents, the Marine World Joint Powers Authority and the Sanitation and Flood Control District so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

Investment income is allocated among funds on the basis of average month-end cash and investment balances in these funds.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City managed investments, regardless of their form.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

Cash and cash equivalents, including restricted cash, are considered to be liquid assets for purpose of measuring cash flows.

D. Investments Authorized by the California Government Code and the City's Investment Policy

The City's and the Sanitation and Flood Control District's Investment Policies and the California Government Code allow these entities to invest in the following investments, provided the credit ratings of the issuers are acceptable to these entities; and approved percentages and maturities are not exceeded. The tables below also identify certain provisions of the California Government Code, or these entities Investment Policies these entities Investment Policy's are more restrictive, that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of these entities, rather than the general provisions of the California Government Code or these entities investment policies.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

NOTE 2 - CASH AND INVESTMENTS (Continued)

City

The City's investment policy and the California Government Code allow the City to invest in the following investments:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U.S. Government Treasury Bills and Notes	5 Years	No Limit	No Limit	No Limit
U.S. Government Treasury Bonds	5 Years	No Limit	No Limit	No Limit
U.S. Government Agencies	5 Years	No Limit	50%	No Limit
Repurchase Agreements	30 days	No Limit	20%	No Limit
Bankers Acceptances	180 days	No Limit	5%	\$1,000,000
Commercial Paper	270 days	Highest Category	25%	\$1,000,000
Corporate Medium Term Notes:				
Maturing in 2 years or less	5 Years	A	30%	5%
Maturing in 2 to 4 years	5 Years	AA	30%	5%
Maturing in 4 to 5 years	5 Years	AAA	30%	5%
Certificates of Deposits	5 Years	No Limit	10%	No Limit
Negotiable Certificates of Deposits	5 Years	AA	5%	No Limit
Local Agency Investment Fund State Pool	No Limit	No Limit	\$40 million per account	No Limit
State of California or Local Agency Bonds	5 Years	No Limit	10%	No Limit
Mutual Funds	5 Years	No Limit	20%	10%
Asset Backed Securities	5 Years	AAA	20%	No Limit
Mortgage Backed Securities	5 Years	AAA	20%	No Limit
Local Government Investment Pools	On Demand	No Limit	No Limit	No Limit

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

NOTE 2 - CASH AND INVESTMENTS (Continued)

Marine World JPA

The Marine World JPA's only investments are governed by bond indentures and therefore do not have a separately adopted investment policy.

VSFCD

The Sanitation and Flood Control District's investment policy and the California Government Code allow the Sanitation and Flood Control District to invest in the following investments:

Authorized Investment Type	Limits
United States Treasury Securities	None
Obligations of United States Government Agencies	None
Repurchase Agreements and Reverse Repurchase Agreements	Various
Negotiable Certificates of Deposits	30%
Bankers' Acceptances of U.S. Commercial Banks	40%
Commercial Paper of "Prime" Quality	15%
Corporate Medium Term Notes, rated A or better	30%
10-Year Maturity Eligible Investments	10%
Shares in Beneficial Interest Money Funds, two AAA ratings	20%
State of California Local Agency Investment Fund	\$30 million

E. *Investments Authorized by Debt Agreements*

The City, Marine World JPA and Sanitation and Flood Control District must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if these entities fail to meet their obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with resolutions, bond indentures or State statutes. The tables below identify, by entity, the investment types that are authorized for investments held by fiscal agents. The tables also identify certain provisions of these debt agreements.

CITY OF VALLEJO
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

NOTE 2 - CASH AND INVESTMENTS (Continued)

City Debt Agreements

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	No Limit	No Limit	No Limit	No Limit
U.S. Government Agency Obligations	No Limit	Two highest ratings	No Limit	10%
Money Market Funds	No Limit	Prime-1/AA-m	No Limit	No Limit
Government Money Market Funds	360 days	Highest rating	No Limit	No Limit
Insured FDIC deposits	No Limit	No Limit	No Limit	No Limit
Interest-Bearing & Time Deposits – Banks or Savings and Loans or Mutual Savings Banks	No Limit	A-1	No Limit	No Limit
Bankers Acceptance	180 days	Two highest ratings	No Limit	No Limit
Commercial Paper	270 days	A-1+	No Limit	No Limit
Repurchase Agreements	180 days	A	No Limit	No Limit
Tax-Exempt Obligations	No Limit	Two highest ratings	No Limit	No Limit
Rated Investment Agreements and Contracts	No Limit	Three highest ratings	No Limit	No Limit
State (or Municipality) Bonds/Notes	No Limit	Two highest ratings	No Limit	No Limit
Local Agency Investment Fund	No Limit	No Limit	No Limit	No Limit
Local Government Investment Pools	No Limit	No Limit	No Limit	No Limit
Taxable Bonds	No Limit	A-1	No Limit	No Limit

Marine Word JPA Debt Agreements

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Bonds, Notes and Bills	No Limit	No Limit
U.S. Government Agency Obligations	No Limit	No Limit
Money Market Funds	No Limit	Highest
Interest Bearing and Time Deposits – Banks or Savings and Loans	No Limit	Highest
Bankers Acceptance	270 days	A
Commercial Paper	180 days	Highest
US Corporate Obligations having assets in excess of \$500,000,000	No Limit	A
Municipal Bonds	No Limit	A

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NOTE 2 - CASH AND INVESTMENTS (Continued)

Sanitation and Flood Control District Debt Agreements

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Bonds, Notes and Bills	No Limit	No Limit
U.S. Government Agency Obligations	No Limit	Highest
Money Market Funds	No Limit	Highest
Repurchase Agreements	180 days	Highest
Bankers Acceptance	180 days	A
Commercial Paper	270 days	P-1
Local Agency Investment Fund	No Limit	No limit
State (or Municipality) Bonds/Notes	No Limit	Highest
Government Money Market Funds	360 days	Highest
Corporate Guarantee	No Limit	No Limit

F. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City, the Marine World JPA and Sanitation and Flood Control District manage their exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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NOTE 2 - CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of these entities investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following tables that show the distribution of these entities investments by maturity at June 30, 2007.

City Interest Rate Risk

Investment Type	Less than 1 year	1 - 5 years	Total
<i>Available for operations:</i>			
U.S. Government Agencies	\$3,017,591	\$22,787,443	\$25,805,034
Corporate Notes	1,211,552	14,989,941	16,201,493
U.S. Treasury Notes	1,690,006	8,609,299	10,299,305
California Local Agency Investment Fund	34,633,673		34,633,673
Money Market Deposit Account	181,597		181,597
Repurchase Agreements	50,000		50,000
<i>Held by Fiscal Agent:</i>			
Money Market Deposit Account	5,768,780		5,768,780
Money Market Mutual Funds	45,765,694		45,765,694
Total Investments	<u>\$92,318,893</u>	<u>\$46,386,683</u>	<u>\$138,705,576</u>

Money market funds are available for withdrawal on demand and at June 30, 2007, have an average maturity which ranged from 1 to 4 days.

Marine World Joint Powers Authority Interest Rate Risk

Marine World Joint Powers Authority investments are in money market funds in the amount of \$5,303,718. Money market funds are available for withdrawal on demand and at December 31, 2006, had an average maturity of 9 days.

Sanitation and Flood Control District's Interest Rate Risk

Investment Type	Less than 1 year	1 - 5 years	6-10 years	More than 10 years	Total
U.S. Government Agencies	\$3,979,390	\$30,539,670			\$34,519,060
Corporate Notes and Bonds			\$1,967,860		1,967,860
California Local Agency Investment Fund	4,854,396				4,854,396
Guaranteed Investment Contract				\$2,873,784	2,873,784
Money Market Funds	8,011,939				8,011,939
Total Investments	<u>\$16,845,725</u>	<u>\$30,539,670</u>	<u>\$1,967,860</u>	<u>\$2,873,784</u>	<u>\$52,227,039</u>

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NOTE 2 - CASH AND INVESTMENTS (Continued)

Local Agency Investment Fund

The City, Marine World JPA, and the Sanitation and Flood Control District are participants in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City, Marine World JPA, and the Sanitation and Flood Control District report their investments in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2007, these investments have an average maturity of 176 days.

G. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the actual rating as of June 30, 2007 for each entity by investment type as provided by Moody's investment rating system.

City Credit Rate Risk

Investment Type	Aaa	AA1 to AA3	A1 to A3	Total
<i>Available for Operations:</i>				
U.S. Sponsored Enterprise Agencies				
Non-callable	\$25,805,034			\$25,805,034
Corporate Notes	4,421,623	\$10,952,671	\$827,199	16,201,493
Money Market Mutual Funds	181,597			181,597
Repurchase Agreements	50,000			50,000
<i>Held by Fiscal Agent:</i>				
Money Market Deposit Account		5,768,780		5,768,780
Money Market Mutual Funds		45,765,694		45,765,694
Totals	<u>\$30,458,254</u>	<u>\$62,487,145</u>	<u>\$827,199</u>	93,772,598
<i>Not rated:</i>				
California Local Agency Investment Fund				34,633,673
<i>Exempt from credit rating disclosure:</i>				
U.S. Treasury Notes				10,299,305
Total Investments				<u>\$138,705,576</u>

Marine World Joint Powers Authority Credit Rate Risk

As of December 31, 2006 the Marine World Joint Powers Authority's investments consisted of money market funds which were rated Aaa by Moody's investment rating system.

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NOTE 2 - CASH AND INVESTMENTS (Continued)

Sanitation and Flood Control District's Credit Rate Risk

Investment Type	Aaa	AAA	AA	A1 to A2	Total
<i>Available for Operations:</i>					
U.S. Sponsored Enterprise Agencies					
Non-callable	\$34,519,060				\$34,519,060
Corporate Bond and Notes				\$1,967,860	1,967,860
Guaranteed Investment Contract			\$2,873,784		2,873,784
Money Market Funds		\$8,011,939			8,011,939
Totals	<u>\$34,519,060</u>	<u>\$8,011,939</u>	<u>\$2,873,784</u>	<u>\$1,967,860</u>	<u>47,372,643</u>
<i>Not rated:</i>					
California Local Agency Investment Fund					4,854,396
Total Investments					<u>\$52,227,039</u>

H. Concentration Risk

The City, Marine World JPA and the Sanitation and Flood Control District's investment policies regarding the amount that can be invested in any one issuer are stipulated by the California Government Code. However, these entities are required to disclose investments that represent a concentration of 5.0 percent or more of investments in any one issuer, held by individual Funds in the securities of issuers other than U. S. Treasury securities, mutual funds and external investment pools.

At June 30, 2007, these entities' investments that represent a concentration of investments in the securities of any individual issuers, other than U. S. Treasury securities or mutual funds, are set forth below.

City Concentration Risk

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity-wide	Federal National Mortgage Association	Federal agency securities	\$10,554,474
	Federal Home Loan Bank	Federal agency securities	9,999,268

Marine World Joint Powers Authority Concentration Risk

At December 31, 2006 the Marine World JPA's investments consisted solely of Mutual Funds and are therefore not considered a concentration risk.

Sanitation and Flood Control District Concentration Risk

Of the Sanitation and Food Control District's controllable portfolio at June 30, 2007, 42% of investments were with Federal Home Loan Bank, 16% were with Federal National Mortgage Association, and 11% were with Federal Home Loan Mortgage Corporation.

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NOTE 2 - CASH AND INVESTMENTS (Continued)

H. Custodial Credit Risk

The custodial credit risk for cash deposits is the risk that, in the event of the failure of the financial institution holding the deposits, the depositor will not be able to recover the value of its deposits.

At June 30, 2007, the **Sanitation and Flood Control District** had a total bank balance of deposits of \$652,492. \$525,492 of the deposits were uninsured and collateralized with securities held by the pledging bank's trust department or agent not in the District's name. At June 30, 2007, the District held a Guaranteed Investment Contract for \$352,959, which was uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name.

At December 31, 2006, the **Marine World JPA** had a bank balance of deposits of \$3,235,936 with financial institutions in excess of federal depository insurance limits that were not collateralized.

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NOTE 3 - INTERFUND TRANSACTIONS

A. Transfers Between Funds

Transfers between funds during the fiscal year ended June 30, 2007 were as follows:

Fund Making Transfers	Fund Receiving Transfers	Amount Transferred
<u>General Fund</u>		
For debt service	Non-Major Governmental COPS Debt Service Fund	\$1,452,387
For operations	Non-Major Governmental Redevelopment Administration	333,531
For operations	Non-Major Governmental Gas Tax	375,000
For operations	Non-Major Governmental Capital Projects	578,402
For operations	Enterprise Local Transportation	425,000
		<u>3,164,320</u>
<u>Non-major Governmental Funds</u>		
<u>Redevelopment Debt Service</u>		
20% affordable housing set-aside	Non-Major Governmental Affordable Housing	692,731
For capital projects	Non-Major Governmental Redevelopment Capital Projects	2,621,110
<u>Redevelopment Capital Projects</u>		
Marine World Revenue Sharing	General Fund	1,454,098
For debt service	Non-Major Governmental Redevelopment Debt Service	586,817
For capital projects	Non-Major Governmental City Downtown Development CIP	33,122
<u>Other Non-major Governmental funds</u>		
<u>For debt service</u>		
COPS Capital Projects	Non-Major Governmental COPS Debt Service	442,161
Mare Island Leasing	Non-Major Governmental COPS Debt Service	53,766
Police Grant Funds	General Fund CAD Debt Service	285,000
<u>For operations</u>		
COPS Capital Projects	Enterprise Marina	409,877
State Lands	Enterprise Marina	452,070
FEMA Flood Recovery	General Fund	62,083
FEMA Flood Recovery	Non-Major Governmental Various	65,128
FEMA Flood Recovery	Enterprise Water	93,256
FEMA Flood Recovery	Internal Service Corporation Yard	6,458
<u>To transfer investment income</u>		
Admin Trust	General Fund	32,957
Outside Funded Services	General Fund	63,540
Solid Waste Disposal	General Fund	29,292
Repair and Demolition	General Fund	9,700
Hazmat Revolving Fund	General Fund	19,151
Utility Trust	Enterprise Water	1,024
		<u>7,413,341</u>
<u>Enterprise</u>		
<u>Marine World</u>		
Marine World Revenue Sharing	Non-Major Governmental Redevelopment Capital Projects	<u>1,454,098</u>
<u>Internal Service</u>		
Equipment Replacement	Internal Service Corporation Yard	422,441
Intra-Governmental Loans	Internal Service Redevelopment Capital Projects	2,833
		<u>425,274</u>
	Total	<u>\$12,457,033</u>

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NOTE 3 – INTERFUND TRANSACTIONS (Continued)

City Council has approved long-term working capital advances from the General Fund to the Local Transportation Fund. Because of the financial status of the Transportation Fund, the ultimate repayment date of the advances is uncertain. Generally Accepted Accounting Principals require that such advances be treated as transfers. Accordingly, advances by the City to the Fund have been accounted for as operating transfers.

The following is a summary of long-term working capital advances extended by the City that have been recorded as transfers:

<u>Year Ended June 30</u>	<u>Amount</u>
2006	\$2,627,000
2007	425,000
	<u>\$3,052,000</u>

B. Current Interfund Balances

As of June 30, 2007, the City's Insurance Internal Service fund had provided \$3.5 million in short-term lending to the following funds with deficit cash positions. These balances are expected to be repaid shortly after the end of the fiscal year upon receipt of grant reimbursements or draws from bond trustee capital project accounts.

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Special Revenue Funds		
Community Development Block Grant		\$185,774
HOME Program		58,159
FEMA Disaster Recovery		42,411
Office of Traffic Safety		109,649
Capital Projects Funds		
COPS Capital Projects		954,652
N.E. Quadrant Improvement District 03-1		1,568,431
Downtown Development Capital Projects		12,503
Capital Grant and Contribution		266,637
Enterprise Fund		
Local Transportation		298,422
Internal Service Fund		
Insurance	<u>\$3,496,638</u>	
Total	<u>\$3,496,638</u>	<u>\$3,496,638</u>

CITY OF VALLEJO
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NOTE 3 – INTERFUND TRANSACTIONS (Continued)

C. Long-Term Advances

The Bridge Construction, Arts and Convention Center, and Hiddenbrook Overpass Capital Projects Funds have loaned the Redevelopment Agency Debt Service Fund \$560,000, \$4,084,988, and \$503,750, respectively, to fund the Meyer Cookware and Empress Theatre Associates development loans discussed below in Note 4. Interest accrues at 3.5%-4% per annum on unpaid principal balance until repaid in full. The advances are expected to be repaid from loan repayments and property tax increments of the project areas when available.

The Downtown Development Capital Projects Fund and Intragovernmental Internal Service Fund advanced \$44,108 and \$170,875, respectively, to fund the Triad Project as mentioned in Note 15A below.

The following is a summary of long-term advances as reported in the fund financial statements:

	<u>Advances from Other Funds</u>	<u>Advances to Other Funds</u>
Debt Service Funds		
Redevelopment Agency	\$5,148,738	
Capital Project Funds		
Bridge Construction		\$560,000
Arts & Convention Center		4,084,988
Hiddenbrook Overpass		503,750
Downtown Development		44,108
Redevelopment Agency Downtown	214,983	
Internal Service Fund		
Intra-Governmental Loans		<u>170,875</u>
 Total	 <u>\$5,363,721</u>	 <u>\$5,363,721</u>

D Long-term Advances – Redevelopment Agency

The City has advanced additional funds to the Redevelopment Agency that are not included in the financial statements because of the Agency's limited ability to repay these advances at this time. Should additional tax increment become available, these obligations will be recognized and repaid to the City. The advances continue to accrue interest at 4% per year at June 30, 2007. The balances of these additional advances as of June 30, 2007, including interest, were as follows.

<u>Project Area</u>	<u>Balance Due June 30, 2007</u>
Marina Vista	\$3,163,718
Waterfront	4,355,017
Vallejo Central	<u>1,650,286</u>
	<u>\$9,169,021</u>

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NOTE 3 – INTERFUND TRANSACTIONS (Continued)

E. *Loan to Marine World JPA*

Pursuant to a Loan Agreement signed in January 2007, the Financing Authority loaned \$7,313,734 to Marine World JPA to provide for the JPA's anticipated seasonal operating cash flow shortfall, and debt service payments related to the Marine World JPA 1997 COPS. The loan was repaid subsequent to the City's June 30, 2007 fiscal year end, during July 2007. The audited financial statements of Marine World JPA included in this report are as of December 31, 2006 and therefore do not reflect this liability due to the difference in fiscal year ends.

F. *Internal Balances*

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

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NOTE 4 – NOTES & LOANS RECEIVABLE

A. Summary of Notes and Loans Receivable

The following notes and loans receivable were outstanding as of June 30, 2007:

<u>Types of Loans</u>	<u>Fund Type</u>	<u>Amounts</u>
<u>Redevelopment Agency</u>		
Affordable housing (20% Set Aside)	Non-major Governmental	
Avian Glen		\$3,093,750
Citizens Housing II		2,500,000
Simpson/Bayview		1,700,000
Marina Towers		750,000
Simpson/Solano Vista I		500,000
Single family residential		1,231,437
Accrued interest		1,112,469
		<u>10,887,656</u>
Tax increment programs:	Non-major Governmental	
Meyers Cookware		365,000
Empress Theater		4,041,860
		<u>4,406,860</u>
<u>HUD/Housing Authority Programs</u>		
Home Program	Non-major Governmental	
Avian Glen		900,000
Marina Towers		500,000
Graham Gardens		800,842
Single family residential		2,267,306
Total		<u>4,468,148</u>
CDBG	Non-major Governmental	
Reynnaissance Family Center		526,947
Vallejo Outreach		83,932
Single family residential		1,279,662
		<u>1,890,541</u>
Housing Authority	Major Governmental	
Residential Rehabilitation		<u>81,900</u>
<u>Development Programs</u>		
<u>Sereno Village Apartments</u>		
General Fund	Major Governmental	781,119
Neighborhood Park Funds	Non-major Governmental	140,160
VSFCD	Major Enterprise	191,507
		<u>1,112,786</u>
<u>MIT Academy</u>		
Transportation Mitigation	Non-major Governmental	10,113
Water Fund	Major Enterprise	14,667
VSFCD		119,218
		<u>143,998</u>
<u>Other</u>		
Water Fund - Trailer City	Major Enterprise	59,785
Water Fund - American Canyon	Major Enterprise	2,082,940
Golf Fund - Golf Cart Storage	Major Enterprise	350,000
Transportation Mitigation		
Garthe Ranch	Non-major Governmental	700,000
		<u>3,192,725</u>
	Total	<u>\$26,184,614</u>

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NOTE 4 – NOTES & LOANS RECEIVABLE (Continued)

B. *Affordable Housing*

Various residential purchase and rehabilitation loan programs are offered to qualifying low- to moderate-income individuals by the Redevelopment Agency through the Affordable Housing Special Revenue Fund. These loans are secured by first or second mortgages on the residential property and are insured by private guaranty mortgage insurance. The terms vary greatly depending on the ability of the property owner to repay the loan. Interest rates on these loans were ranged from 3.0% to 8.0% and the principal maturity dates were ranged from 5 years to 30 years. Deferred interest loans are offered as well as below-market-rate 30-year loans. Interest income is recorded in the Affordable Housing Special Revenue Fund as payments are received. In addition, the Redevelopment Agency has entered into agreements with developers to assist in the development of affordable housing. The notes receivable are secured by deeds of trust and bear varying interest rates. The outstanding balances at June 30, 2007 were \$10,887,656.

C. *Meyer Cookware Industries, Inc*

Pursuant to a Disposition and Development Agreement between the Redevelopment Agency and Meyer Cookware Industries, Inc., the Redevelopment Agency paid certain development fees on behalf of Meyer totaling \$1,500,000. Meyer agreed to repay \$500,000 of these fees to the Redevelopment Agency over a 24-year period commencing in 1998. This loan to Meyer is secured by a corporate guarantee and non-interest bearing. As of June 30, 2007 the outstanding balance of the loan was \$365,000. The terms of the agreement call for Meyer to repay the note in increasing annual installments, as follows:

Fiscal 2004-2008	\$20,000 per year
Fiscal 2009-2013	\$25,000 per year
Fiscal 2014-2018	\$40,000 per year

D. *Empress Theatre Associates, LLC*

Pursuant to an Owner Participation Agreement between the Redevelopment Agency and Empress Theatre Associates, LLC, the Redevelopment Agency issued a loan not to exceed \$4,296,000 for the rehabilitation and renovation of the Empress Theatre. Interest rate for the note is 3% per annum, which shall accrue commencing upon issuance of a Certificate of Completion by the Redevelopment Agency. Payments of principal and interest are to be made annually for twenty years beginning one year after the Redevelopment Agency issues a Certificate of Completion. The note is secured by a deed of trust on the property. At June 30, 2007 the outstanding balance of the loan was \$4,041,860. Subsequent to June 30, 2007, the remaining balance of this loan was drawn to the authorized amount of \$4,296,000.

Also, subsequent to June 30, 2007, the Agency leveraged its loan investment in the Empress Theatre Project through the New Market Tax Credit Program. Through this program, Empress Theatre Associates, LLC repaid its \$4,296,000 loan to the Agency, and the Agency issued a new loan to Empress Investment Fund, LLC, for a seven year tax credit period. The Vallejo Community Arts Foundation retains an operating lease for the theatre during this period. Through a put/call option agreement, the City will acquire site control at the end of seven years, in 2015. The Vallejo Community Arts Foundation has an option to purchase the Theatre at that time.

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NOTE 4 – NOTES & LOANS RECEIVABLE (Continued)

E. HOME Program, CDBG Program, and Housing Authority

Various residential purchase and rehabilitation loan programs are offered to qualifying low- to moderate-income individuals by the City through the CDBG, HOME Program and Housing Authority funds. These loans are secured by first or second mortgages on the residential property and are insured by private guaranty mortgage insurance. The terms vary greatly depending on the ability of the property owner to repay the loan. Interest rates on these loans were ranged from 3.0% to 5.0% and the principal maturity dates were ranged from 5 years to 30 years. The outstanding balances at June 30, 2007 were \$4,468,148 \$1,890,542 and \$81,900 in the HOME, CDBG Program, and Housing Authority funds respectively.

F. Sereno Village Apartments

In May 2003, the City entered into a \$1,400,000 loan agreement with Sereno Village Associates for the development of a 125 unit very low income rental housing project. The note bears 3% simple interest and will be due in full to the City in 15 years. The loan is secured by a deed of trust. To the extent there is excess cash flow from the project, the developer is required to repay all accrued interest and principal annually. At June 30, 2007 the outstanding balance of this loan, including accrued interest, was \$921,279.

During fiscal 2002, the Vallejo Sanitation and Flood Control District loaned \$351,635 to Sereno Village Association. The loan is secured by deed of trust, bearing simple interest at 3% and it is due in 15 years. The outstanding balance at June 30, 2007 was \$191,507.

G. Mare Island Technology Academy

During fiscal 2003, the City provided the Mare Island Technology (MIT) Academy deferment of the City's mitigation and water division fees for the construction of new school facilities. The outstanding balance at June 30, 2007 for the Mitigation and Water Division Fees were \$10,113 and \$14,667. This note is recorded in the City's Traffic Impact Mitigation Capital Projects Fund and Water Enterprise Fund. During fiscal 2003, the Vallejo Sanitation and Flood Control District loaned \$109,105 to MIT Academy for connection fees. The loan is unsecured, bears interest at 2.103%, and is due in five installments of \$23,349 commencing January 1, 2004. The outstanding balance at June 30, 2007 was \$119,218.

H. Trailer City Water Loan

In April 2004, the City entered into a \$68,080 loan agreement with Trailer City Sales Company for the construction of improvements allowing Trailer City Sales Company to be connected to the City's water system. The loan also provides assistance for payments of water connection and facilities fee. The note bears zero interest and will be due in full to the City in 20 years. The loan is secured by a deed of trust. At June 30, 2007 the outstanding balance of this loan was \$59,785. This note is recorded in the City's Water Enterprise Fund.

I. American Canyon Loan

During fiscal year 2007, the City entered into a \$2,346,860 loan agreement with the City of American Canyon for a share of capital improvements to the Vallejo Water Facilities and for the purchase of water supply for the American Canyon water service area. The loan bears 6% annual interest and is due in full to the City in eight years. At June 30, 2007 the outstanding balance of this loan was \$2,082,940.

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NOTE 4 – NOTES & LOANS RECEIVABLE (Continued)

J. *Golf Cart Storage*

During Fiscal year 2007, the City entered into a \$350,000 loan agreement with Vallejo Golf Club, Inc. for the construction of a golf care storage building. The loan bears zero interest. The monthly payment of \$5,833 will commence in September 2007 and will be due in full no later than August 12, 2012. The loan is secured by the revenue stream of the golf club. At June 30, 2007 the outstanding balance of this loan was \$350,000.

K. *Garthe Ranch*

During fiscal year 2007, the City approved a fee deferral agreement in conjunction with the development of Garthe Ranch. \$700,000 in water development fees were paid by the Transportation Mitigation Fund on behalf of the developer. The developer's fee obligation is to be settled through the construction and contribution of future transportation infrastructure improvements to the City.

NOTE 5 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of three years.

Depreciation is provided using the straight line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets.

The following is a summary of capital asset activity for the year ended June 30, 2007:

Buildings and improvements	25 to 50 years
Improvements	5 to 50 years
Machinery and equipment	3 to 10 years
Marine Mammals and land animals	5 years
Traffic signals	20 years
Street lights	50 years
Bridges and culverts	60 years
Sidewalks, curbs and gutters	40 years
Streets and roads	40 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

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NOTE 5 – CAPITAL ASSETS (Continued)

A. Capital Asset Activity

The following is a summary of capital asset activity for the year ended June 30, 2007:

	Balance at June 30, 2006	Additions	Retirements	Transfers	Balance at June 30, 2007
Governmental activities					
Capital assets not being depreciated:					
Land	\$135,204,112				\$135,204,112
Construction in progress	10,283,654	\$15,783,017		(\$1,273,729)	24,792,942
Total capital assets not being depreciated	145,487,766	15,783,017		(1,273,729)	159,997,054
Capital assets being depreciated:					
Building and improvement	61,308,809				61,308,809
Machinery and equipment	23,016,336	765,273	(\$582,810)		23,198,799
Infrastructure	185,034,329			1,273,729	186,308,058
Total capital assets being depreciated	269,359,474	765,273	(582,810)	1,273,729	270,815,666
Less accumulated depreciation for:					
Building and improvement	(14,585,110)	(1,819,945)			(16,405,055)
Machinery and equipment	(14,633,095)	(1,695,234)	521,386		(15,806,943)
Infrastructure	(101,694,527)	(5,559,114)			(107,253,641)
Total accumulated depreciation	(130,912,732)	(9,074,293)	521,386		(139,465,639)
Net capital assets being depreciated	138,446,742	(8,309,020)	(61,424)	1,273,729	131,350,027
Governmental activity capital assets, net	<u>\$283,934,508</u>	<u>\$7,473,997</u>	<u>(\$61,424)</u>		<u>\$291,347,081</u>
Business-type activities					
Capital assets, not being depreciated:					
Land	\$14,714,538			\$125,309	\$14,839,847
Construction in progress	33,478,475	\$18,128,231	(\$124,165)	(32,570,749)	18,911,792
Total capital assets not being depreciated	48,193,013	18,128,231	(124,165)	(32,445,440)	33,751,639
Capital assets, being depreciated:					
Building and improvement	419,947,382	817,525		30,072,677	450,837,584
Machinery and equipment	75,089,267	1,571,059	(2,648,345)	609,572	74,621,553
Marine mammals and land animals	1,516,908				1,516,908
Infrastructure	109,492,160	17,700		1,763,191	111,273,051
Total capital assets being depreciated	606,045,717	2,406,284	(2,648,345)	32,445,440	638,249,096
Less accumulated depreciation for:					
Building and improvement	(137,068,863)	(12,133,120)			(149,201,983)
Machinery and equipment	(37,641,695)	(5,223,116)	2,571,612		(40,293,199)
Marine mammals and land animals	(1,516,908)				(1,516,908)
Infrastructure	(65,444,979)	(3,797,439)			(69,242,418)
Total accumulated depreciation	(241,672,445)	(21,153,675)	2,571,612		(260,254,508)
Net capital assets being depreciated	364,373,272	(18,747,391)	(76,733)	32,445,440	377,994,588
Business-type activity capital assets, net	<u>\$412,566,285</u>	<u>(\$619,160)</u>	<u>(\$200,898)</u>		<u>\$411,746,227</u>

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NOTE 5 – CAPITAL ASSETS (Continued)

B. Depreciation Allocation

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function were as follows:

Governmental Activities

Executive	\$2,034
Finance	76,644
Human Resources	768
Development Services	14,938
Community Development	5,827
Fire services	176,771
Police services	502,074
Public works	7,418,767
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	876,470
	<u>\$9,074,293</u>

Business-Type Activities

Water	\$6,315,987
Local Transportation	4,363,411
Sanitation and Flood Control	7,283,459
Marine World JPA	1,780,096
Marina	1,034,160
Golf	376,562
	<u>\$21,153,675</u>

NOTE 6 – REVENUE ANTICIPATION NOTES, 2007 SERIES A

In January 2007, the Vallejo Financing Authority Board authorized the issuance of Revenue Anticipation Notes (RANs), 2007 Series A note to exceed \$14,000,000. The Authority issued RANs in the amount of \$7,000,000 at 8.61% interest. The Authority subsequently loaned the funds to the Marine World JPA as discussed in Note 3 above. The RANs were retired during July 2007.

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NOTE 7 - LONG-TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. Bond discounts and issuance costs of long-term debt issues are amortized over the life of the related debt, if material.

A. Current Year Transactions and Balances

The City's long-term debt issues and transactions were as follows:

	Original Issue Amount	Balance June 30, 2006	Additions	Retirements	Balance June 30, 2007	Current Portion
Governmental Activity Debt:						
Tax Allocation Bonds:						
Waterfront Redevelopment Project 7.9%, due 5/1/19	\$2,485,000	\$2,190,000		\$75,000	\$2,115,000	\$85,000
Marina Vista Project 6.0-7.5%, due 9/1/20	3,335,000	2,415,000		95,000	2,320,000	100,000
Vallejo Central Project 6.0-7.5%, due 9/1/20	1,900,000	1,695,000		35,000	1,660,000	45,000
Vallejo Housing Set Aside 7.0%, due 10/1/31	5,410,000	5,080,000		115,000	4,965,000	120,000
Other Obligation:						
Redevelopment Waterfront DDA			\$661,320		661,320	
Total Tax Allocation Bonds and other obligations	13,130,000	11,380,000	661,320	320,000	11,721,320	350,000
Certificates of Participation:						
1999 COPs 3.60-5.25%, due 7/15/29	4,815,000	4,310,000		95,000	4,215,000	100,000
2000 COPs variable rate, due 9/1/40	12,786,942	9,643,072		2,418,037	7,225,035	109,162
2002 COPs variable rate, due 12/1/23	11,497,776	9,448,751		353,353	9,095,398	371,709
2003 COPs variable rate, due 12/1/23	6,743,199	6,313,321		236,012	6,077,309	244,441
Total Certificates of Participation	35,842,917	29,715,144		3,102,402	26,612,742	825,312
Capital Lease Obligations:						
2001 Site & Facility Lease 6%, due 6/1/21	1,150,000	990,194		42,251	947,943	44,821
Police CAD/RMS 4.85%, due 9/1/07	1,881,919	513,998		408,696	105,302	105,302
Police Mobile Computers 3.9%, due 11/11/06	416,163	46,745		46,745		
Police Holding Cell 2.97%, due 1/30/13	675,000	388,554		46,220	342,334	49,011
Total Capital Leases Obligations	4,123,082	1,939,491		543,912	1,395,579	199,134
Total Governmental Activity Debt	\$53,095,999	\$43,034,635	\$661,320	\$3,966,314	\$39,729,641	\$1,374,446

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NOTE 7 - LONG-TERM DEBT (Continued)

	Original Issue Amount	Balance June 30, 2006	Additions	Retirements	Balance June 30, 2007	Current Portion
Business-type Activity Debt:						
Revenue Bonds:						
1996 Water Revenue Bonds, 4.8-5.9%, due 5/1/26	\$55,615,000	\$45,755,000		\$45,755,000		
Less: Unamortized bond discount		(346,917)		(346,917)		
1999 Water Parity Refunding, 5.25%, due 5/1/29	7,890,000	525,000		525,000		
2001 Water Revenue Bonds, variable rate, due 6/1/31	23,075,000	21,355,000		480,000	\$20,875,000	\$500,000
2006 Water Revenue Refunding Bonds, 4-5%, due 5/1/26	45,790,000		\$45,790,000	705,000	45,085,000	555,000
Plus: Unamortized bond premium			1,872,792	93,640	1,779,152	
Less: Unamortized loss			(1,954,036)	(97,702)	(1,856,334)	
Total Revenue Bonds	<u>132,370,000</u>	<u>67,288,083</u>	<u>45,708,756</u>	<u>47,114,021</u>	<u>65,882,818</u>	<u>1,055,000</u>
Certificates of Participation:						
Marine World JPA 1997 COPs 5.25-7.4%, due 2/1/28	63,465,000	57,495,000		1,070,000	56,425,000	1,140,000
2002 COPs, variable rate, due 12/1/23	917,224	846,249		31,647	814,602	33,291
2003 COPs, variable rate, due 12/1/23	1,256,801	1,176,679		43,988	1,132,691	45,559
2000 COPs, variable rate, due 9/1/40	17,593,058	16,551,928		236,963	16,314,965	245,838
2001 COP Golf Course Facilities, variable rate, due 6/1/40	16,350,000	10,000,000		165,000	9,835,000	165,000
Less: Unamortized bond discount		(55,353)		(5,109)	(50,244)	
Vallejo Sanitation and Flood Control District 1993 Sanitation and Flood Control	38,905,000	27,410,000		1,390,000	26,020,000	1,460,000
2001 Sanitation and Flood Control, variable rate, due 5/1/28	25,645,000	4,000,000		130,000	3,870,000	130,000
2006 Sanitation and Flood Control District rate 4-5%, due 2036		39,665,000		445,000	39,220,000	695,000
Less: Unamortized bond discount		(368,124)		(55,987)	(312,137)	
Total Certificates of Participation	<u>164,132,083</u>	<u>156,721,379</u>		<u>3,451,502</u>	<u>153,269,877</u>	<u>3,914,688</u>
Loans & Notes Payable:						
Vallejo Sanitation and Flood Control State Clean Water 2.5%, due 2023	13,798,201	12,437,945		\$596,122	11,841,823	611,026
US Dept of Commerce, Water Fund 2.5%, due 8/1/23	2,560,923	1,210,300		125,092	1,085,208	
State Safe Drinking Water 0%, due 1/1/25	68,080	62,974		3,404	59,570	1,702
State Safe Drinking Water 2.32%, due 1/2/21	6,675,000	5,096,088		302,560	4,793,528	153,917
Total Loans & Notes Payable	<u>23,102,204</u>	<u>18,807,307</u>		<u>1,027,178</u>	<u>17,780,129</u>	<u>766,645</u>
Total Business-type Activity Debt	<u>\$319,604,287</u>	<u>\$242,816,769</u>	<u>\$45,708,756</u>	<u>\$51,592,701</u>	<u>\$236,932,824</u>	<u>\$5,736,333</u>

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NOTE 7 - LONG-TERM DEBT (Continued)

B. Debt Service Requirements

Annual debt service requirements to maturity are shown below for all long-term debt:

For the Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2008	\$1,374,446	\$1,914,620	\$5,736,333	\$11,737,664
2009	1,344,318	1,851,668	7,329,467	11,462,999
2010	1,434,429	1,782,615	7,664,925	11,114,871
2011	2,174,710	1,709,020	8,017,789	10,766,484
2012	1,608,843	1,630,715	8,380,469	10,400,656
2013-2017	9,223,953	6,813,887	48,076,471	45,524,540
2018-2022	10,605,050	4,140,274	54,445,670	32,978,869
2023-2027	5,662,284	2,046,489	50,497,876	19,611,994
2028-2032	3,441,537	987,818	28,333,463	7,432,879
2033-2037	1,477,537	424,847	14,337,463	2,556,488
2038-2041	1,382,534	129,702	4,552,464	403,239
Total	<u>\$39,729,641</u>	<u>\$23,431,654</u>	237,372,387	<u>\$163,990,683</u>
			1,779,152	
			(1,856,334)	
			<u>(362,381)</u>	
			<u>\$236,932,824</u>	

Plus: Unamortized bond premium
Less: Unamortized loss
Less: Unamortized bond discount

Net long-term debt

C. Tax Allocation Bonds

Waterfront Redevelopment Project – In January 1989, Tax Allocation Refunding Bonds in the amount of \$2,485,000 were issued to repay certain advances made to the Redevelopment Agency from the City. The bonds mature in May 2019. Semi-annual interest payments are due on May 1 and November 1 and annual principal payments are due May 1. Bonds became eligible to be redeemed, in whole or in part, at the option of the Redevelopment Agency on May 1, 1996, or on any Interest Payment Date thereafter. The bonds are subject to mandatory sinking fund redemption and are secured by amounts in the related Debt Service Fund and by incremental property tax revenues. The debt is serviced through the Redevelopment Agency's Waterfront Debt Service Fund.

Marina Vista and Vallejo Central Projects – In August 1990, the Vallejo Public Financing Authority (PFA) issued in the amount of \$5,235,000 to provide funds to the Redevelopment Agency for use in the Marina Vista Project (\$3,335,000) and in the Vallejo Central Project (\$1,900,000). Net proceeds allocated to the Marina Vista Project were used to defease all future debt service payments on certain lease revenue bonds used to finance the construction of City Hall. Net proceeds allocated to the Vallejo Central Project were used to fund infrastructure improvements in the project area.

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NOTE 7 - LONG-TERM DEBT (Continued)

The bonds are secured by loan agreements between the Redevelopment Agency and the PFA. The semi-annual loan payments by the Agency are expected to meet all debt service requirements of the bonds. Semi-annual interest payments are due on March 1 and September 1 and annual principal payments are due September 1. The loan payments are made solely from the tax increment revenues within the redevelopment project areas, and the bonds are reflected as a liability of the Redevelopment Agency. The debt is serviced through the Redevelopment Agency's Marina Vista Debt Service Fund.

Vallejo Housing Set Aside – In August 2001, the Redevelopment Agency issued Tax Allocation Bonds in the amount of \$5,410,000 to finance housing activities of the Agency and to repay a loan from the PFA. Semi-annual interest payments are due on April 1 and October 1 and annual principal payments are due October 1. The bonds are subject to mandatory sinking fund redemption and payment is made solely from, and secured by, housing set-aside tax increment revenues generated within the redevelopment project areas.

D. Waterfront DDA

In accordance with the Amended and Restated Disposition and Development Agreement between the Agency, the City, and Callahan and DeSilva Vallejo, LLC signed on November 28, 2006, the Agency has agreed to repay various costs incurred by the developer in the preparation of the Environmental Impact Review, planning studies, and legal fees associated with the development of the Waterfront Project. As of June 30, 2007, the developer has incurred \$661,320. The obligation will be repaid upon sale of certain Agency property to the developer.

E. Certificates of Participation (COPs)

Interest rates on the City's 2000 COPs, 2002 COPs, 2003 COPs, and 2001 COP Golf Course Facilities are reset periodically, using the "put" mechanism described below. The COPs are periodically subject to repurchase at par, referred to as a "put". Once a put occurs, a remarketing agent resells the COPs at par to new investors by setting new interest rates. The City has obtained irrevocable Letters of Credit as listed below to ensure that investors receive timely payments of principal and interest and that the City will not be required to repurchase any COPs that may be tendered for purchase prior to maturity:

<u>Issue</u>	<u>Outstanding Balance at 6/30/07</u>	<u>Letter of Credit Amount</u>	<u>Expiration Date</u>
2000 COP	\$23,540,000	\$26,982,791	August 18, 2010
2002 COP	9,991,000	12,651,736	December 4, 2007
2003 COP	7,210,000	8,152,548	December 10, 2008
2001 Golf COP	9,835,000	16,661,770	May 16, 2011

1999 COPs – In July 1999, the City issued \$4,815,000 of Certificates of Participation (1999 Capital Improvements Project) to finance City capital improvements. Principal payments are payable annually on July 15. Interest payments are due semiannually on January 15 and July 15. Since the lease is in essence a financing arrangement with ownership of the financed assets reverting to the City, the debt evidenced by the Certificates of Participation has been included in the City's financial statements.

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NOTE 7 - LONG-TERM DEBT (Continued)

2000 COPs – In September 2000, the City issued \$30,380,000 of Certificates of Participation (2000 Capital Improvement Project) to finance City Capital Improvements, Marina Capital Improvements and repay the Marina Fund loan from the State. The 2000 COPS Capital Projects Fund received \$12,786,942 and the Marina Enterprise Fund \$17,593,058. Principal payments are payable annually on September 1. Interest is payable at the beginning of each month at a variable rate. The future interest payment is an estimate based on the interest rate as of the basic financial statements date, which was approximately 3.710%. The City has the option of converting the COPs to a fixed interest rate, which interest is payable on March 1 and September 1. The Marina Enterprise portion of the debt is secured and serviced through the marina operations. On September 1, 2004, the City exercised its optional prepayment rights and retired \$2,420,000 of the outstanding principal on this debt. On November 1, 2006, the City exercised its optional prepayment rights and retired \$2,280,000 of the outstanding principal on this debt.

2002 COPs – In November 2003, the City issued \$12,415,000 of Certificates of Participation (2002 Capital Improvements Project) to finance the construction, installation and equipping of various capital improvements through out the geographic boundaries of the City. The 2002 COPs Capital Projects Fund received \$11,497,776 and the Water Enterprise Fund \$917,224. Principal payments are payable annually on December 1. Interest is payable at the beginning of each month at a variable rate. The future interest payment is an estimate based on the interest rate as of the basic financial statements date, which was approximately 3.630%. The City has the option of converting the COPs to a fixed interest rate, after which interest is payable on June 1 and December 1. The Water Enterprise portion of the debt is secured and serviced by the water system operations. On September 1, 2004, the City exercised its optional prepayment rights and retired \$1,000,000 of the outstanding principal on this debt.

2003 COPs – In December 2003, the City issued \$8,000,000 of Certificates of Participation (2003 Capital Improvement Project) to provide funding Springstowne Library improvements, solar energy projects and various public works projects. The COPS Capital Projects Fund received \$4,125,602, the Marina Vista Capital Projects Fund received \$2,617,597, and the Marina Enterprise Fund received \$1,256,801. Principal payments are payable annually on December 1. Interest is payable at the beginning of each month at a variable rate. The future interest payment is an estimate based on the interest rate as of the basic financial statements date, which was approximately 3.630%. The City has the option of converting the COPs to a fixed interest rate, after which interest is payable on June 1 and December 1.

Marine World JPA 1997 COPs – In January 1997, the JPA issued \$63,465,000 of COPs to refund the 1990 COPs, issued to refund the 1985 and 1986 COPs, which were issued to finance the construction and acquisition of the Marine World facilities; and the 1991 Community Facilities District Bonds issued to fund new attractions and capital improvements to the facilities.

To the extent the Marine World JPA fails to make timely debt payments, the City is required to make payments necessary to assure timely payment of principal and interest on the 1997 COPs. The Marine World JPA may prepay the 1997 COPs without penalty at which time Marine World is sold, otherwise the 1997 COPs mature February 2028. Principal payments are payable annually on February 1. Interest is payable semiannually on February 1 and August 1. The bonds are subject to mandatory sinking fund redemption through 2007. The 1997 COPs debt service is funded through a series of leases and subleases among the City, the Redevelopment Agency and Marine World JPA. On July 31, 2007, the City, Marine World JPA, and Redevelopment Agency, collectively, as Sellers, and Park Management Corp., as Buyer, completed the sale of Six Flags Discovery Kingdom as described in Note 14C below, and the Bonds were retired.

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NOTE 7 - LONG-TERM DEBT (Continued)

2001 COP Golf Course Facilities – In May 2001 the City issued \$16,350,000 a Certificate of Participation to refund Golf Course Revenue Bonds issued in 1992 and to finance golf course facility improvements. The amount of principal defeased was \$8,235,000. Interest is payable at the beginning of each month at a variable rate. The future interest payment is an estimate based on the interest rate as of the basic financial statements date which is approximately 3.710%. The City has the option of converting the COPs to a fixed interest rate, after which interest is payable on December 1 and June 1. Annual principal payments are due June 1. The COPS are secured by and serviced by golf operations.

1993 Sanitation and Flood Control District (VSFCD) – In July 1993, the VSFCD Financing Corporation issued \$38,905,000 of certificates of participation, the net proceeds of which were used to finance the construction of sewage collection and treatment and flood control facilities and, to defease VSFCD's 1988 COP's. Certificates maturing on or before July 2008 are not callable prior to maturity. Certificates maturing on or after July 2009 are callable at VSFCD's option on any interest date. Annual principal payments are due July 1.

2001 Sanitation and Flood Control – In fiscal year ended 2001, VSFCD issued \$25,645,000 of COPs through California Water Reuse Finance Authority (CWFA), at a variable rate of interest calculated weekly. In May 2006, the District retired \$19,075,000 principal amount of the 2001 Certificates of Participation leaving an outstanding balance of \$4,000,000. Interest shall not exceed the statutory rate of 12%. The interest rate at June 30, 2007 was 3.66%. Annual principal payments are due May 1. The COPs are secured and serviced by VSFCD operations.

2006 Sanitation and Flood Control - On March 13, 2006, VSFCD issued \$39,665,000 of Certificates of Participation at premium of \$878,234. The Certificates are to be used to refund in part the outstanding Series 2001 Certificates of Participation, to finance construction of the overflow elimination project, to fund in whole or in part, a reserve fund for the Certificates, and to pay certain costs of issuing the Certificates. The Certificates are fully registered with principal due annually on May 1 and interest payable semi-annually on May 1 and November 1. The Certificates are subject to optional prepayment on any date on or after May 1, 2015 together with accrued interest to the prepayment date, without premium.

F. Revenue Bonds

1996 Water Revenue Bonds – In May 1996 the City issued \$55,615,000 of Refunding Revenue Bonds 1996 Series A to advance refund and defease \$52,590,000 of outstanding 1992 Revenue Bonds which were used to finance improvements to the City's water system. Interest is payable semiannually on May 1 and November 1. Annual principal payments are due May 1. The debt is secured and serviced by water system operations. On July 11, 2006, the remaining \$45,755,000 of the 1996 Water Revenue Bonds was defeased by the 2006 Water Revenue Refunding Bonds as discussed below.

1999 Water Parity Refunding Revenue Bonds – In June 1999, the City issued \$7,890,000 of Parity Refunding Revenue Bonds, 1999 Series A to refund outstanding 1997 Bond Anticipation Notes (Water Improvement Project) which were used to finance improvements of the City's water system. In June 1999, the City prepaid all but \$525,000 of the principal balance. Interest payments are due semiannually on May 1 and November 1. Principal payments are deferred until May 2021, and are due annually thereafter on May 1. The bonds are secured and serviced by Water System operations. On July 11, 2006, the remaining \$525,000 of the 1999 Water Parity Refunding Revenue Bonds was defeased by the 2006 Water Revenue Refunding Bonds as discussed below.

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NOTE 7 - LONG-TERM DEBT (Continued)

2001 Water Revenue Bonds – In December 2000 the City issued \$23,075,000 of Water Revenue Bonds, 2001 Series A to finance improvements to the City’s water system. Interest is payable at the beginning of each month at a variable rate. The City has the option to convert the Bonds to a fixed interest rate, which interest is payable on December 1 and June 1. The debt is secured and serviced from the water system operations. The future interest payment is an estimate based on the interest rate as of the basic financial statements date, which was approximately 3.710%. Principal on the bonds is due annually.

2006 Water Revenue Refunding Bonds - On July 11, 2006, the City issued \$45,790,000 in Water Revenue Refunding Bonds with a true interest cost of 4.6 percent to current refund \$45,755,000 of outstanding 1996 Series A Refunding Revenue Bonds and advance refund \$525,000 of outstanding 1999 Series A Parity refunding Revenue Bonds. The net proceeds of \$46,524,725 (including bond premium received of \$1,872,792 and after payment of \$1,138,067 underwriting fees, insurance and other issuance costs) plus an additional \$5,181,322 of 1996 and 1999 reserve funds monies were used to deposit \$3,843,000 to the Reserve Fund and purchase \$47,863,046 of U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on 1996 Series A and 1999 Series A bonds. As a result, the 1996 Series A and 1999 Series A bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,399,297. This difference will be reported in the financial statements as a deduction from bonds payable, and will be charged to operations through the year 2026 using the straight line method. The City completed the refunding to reduce its total debt service payments over the next 20 years by \$5,102,917 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$2,991,960.

G. Notes and Loans Payable

Vallejo Sanitation and Flood Control State Clean Water -In August 2004 the VSFCD entered into a loan agreement with the Division of Financial Assistance of the State Water Resources Control Board under the Clean Water State Revolving Fund loan program in the amount of \$13,798,201. Payments in the amount of \$907,072 with interest at 2.5% commencing May 1, 2005 and are due annually thereafter until maturity in 2023.

U.S. Department of Commerce, Water Fund – The loan is due to the U.S. Department of Commerce/Economic Development Administration and accrues interest at 2.5%. Principal and interest payments are due annually July 1, through 2017.

State Safe Drinking Water – The loan from the State of California, Department of Water Resources was used to finance construction of a project which enables the City to meet safe drinking water standards. The interest rate is 0%. Semiannual principal and interest payments are due on July 1 and January 2.

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NOTE 7 - LONG-TERM DEBT (Continued)

State Safe Drinking Water – The loan from the State of California, Department of Water Resources was used to partially refund the 1999 Water Parity Refunding Revenue Bonds. The amount of outstanding principal defeased was \$6,675,000. The interest rate is 2.32%. Semiannual principal and interest payments are due on July 1 and January 2.

H. Capital Lease Obligations

The City entered into a long-term contract for the lease of the John F. Kennedy Library, part of the Vallejo Public Library System, and certain parcels of real property within the City. The City has also entered into contracts for the capital lease/purchase of computer software and various public safety equipment which cost \$4,808,087 and had net book values of \$2,759,860 at June 30, 2007.

I. Debt Defeased in Prior Years

In 2006 the City defeased the 1999 Water Parity Refunding Revenue Bonds by establishing an irrevocable trust to provide for all future debt service payments. As of June 30, 2007 the remaining balance of the defeased debt was \$525,000.

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NOTE 8 – DEBT WITHOUT CITY COMMITMENT

A. *Improvement and Assessment Districts*

Special Assessment and Improvement Districts in various parts of the City have issued debt to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability for the payment of this debt. Therefore, this debt is not reported as long-term debt of the City. The outstanding balance of each of these issues as of June 30, 2007 is as follows:

<i>Special Assessment Bonds</i>	
Fairgrounds Drive #65	\$2,720,000
Glen Cove 2003-1	6,640,000
<i>Improvement Bonds</i>	
2004 Hiddenbrooke Improvement District Series A	20,000,000
Northeast Improvement District 2003-1	7,930,000
<i>Revenue Bonds</i>	
2003 Series B (Northeast Quadrant)	<u>3,325,000</u>
Total	<u><u>\$40,615,000</u></u>

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NOTE 9 – CONDUIT DEBT

The following bonds do not constitute or create a debt or pledge of the general credit or taxing power of the City, and, accordingly, are not reported as long-term debt of the City.

Mortgage Revenue Bonds

Sea Breeze- Mortgage Revenue Refunding Bonds, Series 1993A and 1993B (FHA Insured Mortgage Loan – Sea Breeze Apartment Project) in the amount of \$6,340,000. Interest rates range from 5.0% to 6.0%. Principal payments are due semiannually through May 2027. The bonds are dated September 1993, and were issued to refund a \$6,430,000 prior issuance of multifamily housing revenue bonds. On June 30, 2007, \$5,590,000 of these bonds remained outstanding.

Fountain Plaza- Variable Rate Demand Multifamily Mortgage Revenue Refunding Bonds, Series 1992A (Fountain Plaza Hills Apartments) in the amount of \$5,585,000. The bonds bear interest at a variable rate determined weekly by a remarketing agent, and mature in May 2022. The bonds are dated May 1992, and were issued to refund \$8,775,000 prior issuance of multifamily housing revenue bonds. On June 30, 2007, \$5,585,000 of these bonds remained outstanding.

Cross-Western -Weekly Rate Demand Multifamily Housing Revenue Bonds, Series 1985C (Cross-Western Project Phase II) in the amount of \$14,500,000. The bonds bear interest at a variable rate determined weekly by a remarketing agent, and mature in January 2008. The bonds were issued in December 1985 as fixed rate bonds and were converted to weekly rate bonds in December 1993. On June 30, 2007 \$14,500,000 of these bonds remained outstanding.

Variable Rate Demand Industrial Development Revenue Bonds

Myers Cookware - In December 1993, the Vallejo Industrial Development Authority issued \$9,700,000 of variable rate demand industrial development revenue bonds to finance the construction of the Meyer Cookware industries, Inc. manufacturing facility. The bonds bear interest at a variable rate determined periodically by a remarketing agent and are due in December 2023. On June 30, 2007, \$9,700,000 of these bonds remained outstanding.

Certificates of Participation

Touro University – In October 1999, the City issued \$16,830,000 of Certificate of Participation to finance the construction, equipping and installation of a new medical school facility on the real property leased by Touro University from the City. The Bonds bear interest rate from 7.25% to 7.375% and are due in June 2029. On June 30, 2007, \$16,830,000 of these bonds remained outstanding.

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NOTE 10 - EMPLOYEE BENEFITS PAYABLE

Employee benefits payable consist of vested vacation and sick leave. For governmental activities, the current portion of the obligation, which is expected to be paid from current resources, is reported as an expenditure and liability of the fund. The remaining non-current governmental activities portion is reported on the Statement of Net Assets. For proprietary activities, which are reported on the accrual basis at the fund level, all earned but unpaid benefits are recorded as an expense and liability of the fund in which it is earned.

Compensated absences activity for the year ended June 30, 2007 is as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$21,324,835	\$1,704,441	\$23,029,276
Additions	10,706,366	1,271,286	11,977,652
Payments	(9,328,045)	(1,220,345)	(10,548,390)
Ending Balance	<u>\$22,703,156</u>	<u>\$1,755,382</u>	<u>\$24,458,538</u>
Current Portion	<u>\$9,279,327</u>	<u>\$1,212,775</u>	<u>\$10,492,102</u>

NOTE 11 - RETIREMENT BENEFITS

California Public Employees' Retirement System

A. Plan Description

The City participates in the California Public Employees retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, annual cost of living adjustments, and death benefits to plan member and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State Statute and City ordinance. Copies of PERS annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

B. Funding Policy

Both Safety and Miscellaneous active plan members are required by State statute to contribute 9% of their annual covered salary which amounted to \$4,823,416 for the year ended June 30, 2007. The City employer is required to contribute for fiscal year 2007 at an actuarially determined rate of 27.310% and 16.143% of annual covered payroll for safety and miscellaneous employees respectively.

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NOTE 11 - RETIREMENT BENEFITS (Continued)

C. Annual Pension Cost

The City's annual pension cost of \$9,599,955, \$11,293,291 and \$11,734,043 for PERS was equal to the City's required and actual contributions in fiscal years 2005, 2006, and 2007, respectively. The required contribution was determined as part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method with contributions determined as a percentage of pay. Actuarial assumptions included (1) 7.75% investment rate of return (net of administrative expenses), (2) projected salary increases range from 3.25% to 14.45% for miscellaneous employees and 3.25% to 13.15% for safety employees, depending on age, service and type of employment, and (3) 3.0% per year cost-of-living adjustments. Both (1) and (2) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of the short-term volatility in the market value of investments over a three year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis over twenty years.

D. Three Year Trend Information and Funding Progress

The following schedule of funding progress is presented for the most recent actuarial valuations as of June 30, 2007:

Safety Plan:

Actuarial						
Valuation Date	Value of Assets	Entry Age Accrued Liability	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2004	\$191,485,009	\$238,020,648	\$46,535,639	80.4%	\$27,861,707	167.0%
2005	206,376,622	255,201,742	48,825,120	80.9%	27,340,845	178.6%
2006	223,181,766	274,817,621	51,635,855	81.2%	29,037,822	177.8%

Miscellaneous Plan:

Actuarial						
Valuation Date	Value of Assets	Entry Age Accrued Liability	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2004	\$106,547,839	\$133,789,591	\$27,241,752	79.6%	\$23,366,948	116.6%
2005	114,849,667	144,567,677	29,718,010	79.4%	22,452,186	132.4%
2006	124,180,938	156,449,899	32,268,961	79.4%	23,497,878	137.3%

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NOTE 11 - RETIREMENT BENEFITS (Continued)

E. Post Retirement Health Benefits - City

In addition to providing the retirement benefits described above, the City provides post retirement health care benefits, in accordance with City ordinances, to all employees who retire from the City at or after age 50. As of June 30, 2007, 407 retirees meet those eligibility requirements. The City pays the employer's share of the medical premiums incurred by retirees and their dependents. These costs for fiscal year 2007 were \$2,678,166.

Expenditures for post retirement health care benefits are incurred monthly and are paid as part of the overall health care benefits program. The City does not provide dental or vision benefits to retirees.

F. Post Retirement Health Benefits - VSFCD

VSFCD provides post-retirement health and life insurance in accordance with union contracts and Board policy. Employees covered by union agreement, who retire from VSFCD on or after attaining age 55, with at least five years of creditable service, are eligible for post-retirement health insurance. Management employees, covered by Board policy, who retire from VSFCD on or after attaining age 55, with at least five years of creditable service are eligible for post-retirement health insurance. Currently, 42 retirees meet those eligibility requirements. The insurance provides approximately 100% coverage. Certain health coverage options involve deductibles and co-pays.

NOTE 12 - NET ASSETS AND FUND BALANCES

A. Net Assets

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income purposes.

Unrestricted describes the portion of Net Assets which is not restricted to use.

B. Fund Balance

Fund balance consists of reserved and unreserved amounts. Reserved fund balance represents that portion of a fund balance, which has been appropriated for expenditure or is legally segregated for a specific future use. The remaining portion is unreserved.

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NOTE 12 – NET ASSETS AND FUND BALANCES (Continued)

A portion of unreserved fund balance may be designated to indicate plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans are subject to change and may never be legally authorized or result in expenditures.

C. Deficits

The funds below had fund deficits or net asset deficits at June 30, 2007:

Marine World JPA Enterprise Fund (as of December 31, 2006)	\$27,419,012
Marina Enterprise Fund	209,297
Golf Enterprise Fund	212,847
Redevelopment Agency Debt Service Fund	4,167,393
Insurance Internal Service Fund	2,313,582

D. Expenditures in Excess of Budget

The funds below had expenditures in excess of budgets:

Special Revenue Funds:	
Mare Island Leasing	\$274,967
State Lands	65,195

Sufficient resources were available within the funds to finance these excesses.

NOTE 13 – SELF-INSURANCE PROGRAM

The City of Vallejo manages risk by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by members beyond their representation on that board. Obligations and liabilities of these risk pools are not the City's responsibility.

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NOTE 13 – SELF-INSURANCE PROGRAM (Continued)

A. Risk Coverage

City—The City of Vallejo is a member of the California Joint Powers Risk Management Authority (CJPRMA) which covers general liability claims in excess of \$500,000 up to \$40,000,000 per occurrence. The City has a self-insured retention or deductible of \$500,000 per claim. Once the self-insured retention is met CJPRMA becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2007, the City contributed \$543,529 for coverage during the current year and received a refund of \$62,567 of prior year excess contributions.

The City is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) which covers workers' compensation claims up to statutory limits. The City has self-insured retention of up to \$500,000 per claim up to \$2,000,000 covered by local agency workers' compensation excess insurance (LAWXC). Losses above \$2,000,000 up to \$150,000,000 are insured with California Public Entity Insurance Authority. During the fiscal year ended June 30, 2007, the City contributed \$334,871 for current year coverage.

The contributions made to each risk pool equal the ratio of their respective payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

Vallejo Sanitation and Flood Control District—VSFCD is a member of the California Sanitation Risk Management Authority which provides coverage up to \$750,000 for the general liability. Excess public entity general liability insurance is obtained for coverage up to \$15,000,000 associated with either sanitary sewer or storm drain operations. Liability coverage for employment practices is subject to a deductible of \$500,000. Auto liability is subject to a deductible of \$1,000 with coverage up to \$250,000.

California Sanitation Risk Management Authority also provides coverage up to \$750,000 for workers' compensation. Excess insurance provides coverage up to \$25,000,000 associated with either sanitary sewer or storm drain operations.

Marine World Joint Powers Authority—The Park Management Corporation, a wholly owned subsidiary of Six Flags, Inc., provides Marine World with general and workers' compensation liability insurance coverage.

B. Liability for Uninsured Claims

The following is a summary changes in City recorded claim liabilities during the years ended June 30:

	June 30, 2007	June 30, 2006
Beginning balance	\$9,998,000	\$11,299,000
Increase (decrease) in current year claims and changes in estimates	5,206,934	1,547,267
Claims paid	(3,439,934)	(2,848,267)
Ending balance	<u>\$11,765,000</u>	<u>\$9,998,000</u>
Current portion	<u>\$3,244,180</u>	<u>\$3,776,000</u>

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NOTE 13 – SELF-INSURANCE PROGRAM (Continued)

The City has not significantly reduced its insurance coverage from the prior year. Furthermore, settlements have not exceeded insurance coverage for the past three fiscal years.

NOTE 14 – MARINE WORLD JOINT POWERS AUTHORITY

Marine World provides regularly scheduled programs and amusement rides to members of the public, who pay an admission charge for admission to Marine World. Marine World includes various stadiums, exhibits, and arena designed for the presentation of programs related to specific marine mammals (including whales, dolphins and sea lions), exotic land animals (including lions, tigers, chimpanzees and elephants) and birds, in addition to thrill rides. Marine World also includes various incidental commercial establishments (food and gift shops) to service both operating staff and the members of the public.

In 1985, through a series of lease and sublease agreements, the Marine World Theme Park facilities were subleased by the City to the Redevelopment Agency, and by the Redevelopment Agency to the Marine World Foundation, a California non-profit public benefit corporation.

During 1996, the Foundation defaulted on debt owed to the Redevelopment Agency and City. As a result, the City and the Redevelopment Agency formed the Marine World Joint Powers Authority, a component unit of the City. The JPA took over the ownership of Marine World on November 1, 1996. The Foundation conveyed all of its rights, title and interest in its permits, policies and assets to the Marine World JPA, and the Marine World JPA assumed all the obligations and liabilities of the Foundation.

In January 1997, the Marine World JPA issued \$63,465,000 of COPs under similar lease and sublease agreements. The proceeds were used to refund the 1990 COPs, issued to refund the 1985 and 1986 COPs, which were issued to finance the construction and acquisition of the Marine World facilities; and the 1991 Community Facilities District Bonds issued to fund new attractions and capital improvements to the facilities. The 1997 COPs are due through 2028 and may be prepaid without penalty after 2002. In February 2007, principal payments in the amount of \$1,140,000 were made. As of July 31, 2007, the outstanding principal balance was \$55,285,000.

The various leases and subleases described above expire when the 1997 COPs have been retired, at which time title to the facilities passes from the Marine World JPA to the City. Lease payments are equal to the annual principal and semi-annual interest payments related to the 1997 COPs and continue through February 1, 2028, unless the COPs are paid earlier. To the extent the JPA fails to make timely lease payments, the City is required to make payments necessary to assure timely payment of principal and interest on the 1997 COPs. The Redevelopment Agency is responsible for sublease payments only to the extent it receives lease payments from the Marine World JPA.

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NOTE 14 – MARINE WORLD JOINT POWERS AUTHORITY (Continued)

A. *Agreements with the Park Management Corporation*

The Marine World JPA and the Park Management Corporation, a wholly owned subsidiary of Six Flags, Inc., entered into a management agreement commencing April 1, 1997. In 2005, the Marine World JPA and the Corporation amended the Management Agreement. The 2005 amended agreement expires February 1, 2010, although it is subject to certain termination clauses. The management fee is \$250,000, plus 20% of gross revenue in excess of \$35 million up to a maximum of \$250,000, payable annually. Under this agreement, the Marine World JPA management fee due to the Corporation amounted to \$500,000 for the year ended December 31, 2006. In addition, the Corporation provides Marine World with general and workers' compensation liability insurance coverage for a fee. The reimbursement payable to Park Management Corporation at December 31, 2006 amounted to \$2,472,290 and represents fiscal year 2006 unpaid management and insurance fees.

B. *Commitments and Contingencies*

The Marine World JPA has an agreement with the City for use of its Parking Facilities by patrons of Marine World. In consideration for the use of the Parking Facilities, the Marine World JPA makes minimum rent payments through the year 2011. The minimum rent payable for the Parking Facilities corresponds to a portion of the debt service due annually on the Fairgrounds Drive Assessment District No. 65 Assessment Bonds. In addition, under the agreement, a percentage of net parking revenues in excess of the minimum rent payments is to be paid quarterly to Solano County.

C. *Marine World Discovery Kingdom Sale*

On July 31, 2007, the City of Vallejo, Marine World Joint Powers Authority, and Redevelopment Agency of the City of Vallejo, collectively, as Sellers, and Park Management Corp., as Buyer, completed the sale of Six Flags Discovery Kingdom.

Buyer purchased the property in accordance with the terms and provisions of that certain Amended and Restated Purchase Option Agreement, dated as of April 21, 2005, between Sellers and Buyer.

The purchase price for the property was \$53,982,765, which together with the bond reserve funds of \$5,323,455 was sufficient to pay off the outstanding \$55,285,000 principal balance of the 1997 Marine World Project Certificate of Participation.

D. *Revenue-sharing Agreement*

In November 1997, the JPA, the Redevelopment Agency and the Corporation entered into a revenue-sharing agreement. The agreement states that revenues are to be applied to operating expenses of the Marine World JPA, working capital borrowings, and the annual payment of the obligations under the 1997 COPs and any other tax exempt notes or obligations under the Parking Facilities Lease. During fiscal 2006-07, the JPA remitted \$1,454,098 to the Agency in satisfaction of the 20% revenue allocation. The Agency in lieu remitted this amount plus certain additional funds released pursuant to the Agreement.

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NOTE 14 – MARINE WORLD JOINT POWERS AUTHORITY (Continued)

The following is the revenue-sharing calculation as of October 31, 2006, the measurement date to determine the revenue sharing base:

Operating revenues	\$55,311,952
Cost of goods sold	(4,757,628)
Operations expense	(37,372,285)
Management fee	(500,000)
Interest income	193,816
Interest expense	(4,535,363)
1997 COPs principal payment	<u>(1,070,000)</u>
 Net revenue	 <u>\$7,270,492</u>
 Revenue Sharing - Park Management Corporation, 80%	 <u>\$5,816,394</u>
 Revenue Sharing - City of Vallejo, 20%	 <u>\$1,454,098</u>

Subsequent to October 31, 2006, the JPA made payments to the Corporation and City reducing its liability to \$3,816,393 and \$654,098, respectively, at December 31, 2006.

E. Contributed Goods and Services

The JPA receives contributed goods and services that support Marine World's operations. Contributed goods and services are accounted for at their fair market value as revenue and expenses if the services meet the following criteria:

1. the service creates or enhances non-financial assets, or
2. the service requires specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of unpaid volunteers have made significant contributions of their time to support the JPA. The value of this contributed time is not reflected in the accompanying financial statements because the services do not meet the above criteria.

F. Goodwill

Goodwill arising from the acquisition of Marine World by the JPA had been amortized over a period of 25 years on a straight-line basis until October 31, 2002. At that date the JPA adopted FASB 142 and ceased amortizing goodwill.

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NOTE 15 - COMMITMENTS AND CONTINGENCIES

A. Vallejo Redevelopment Agency

Triad Downtown Vallejo Mixed-Use Development

In accordance with a Disposition and Development Agreement (“DDA”) between the Agency, the City, and Triad Downtown Vallejo, LLC (“Triad”) dated October 28, 2005 (as amended on January 13, 2006; January 1, 2007; and April 19, 2007); the Agency is required to provide an estimated \$10.8 million of public improvements and programs related to the proposed development. In addition, as part of a Fee Deferral Agreement between the Agency and City dated October 28, 2005, the City will defer an estimated \$6.6 million in development impact fees for this project, which the Agency will repay to the City on behalf of the developer over an estimated twenty (20) year period. The total estimated Agency financial commitment for this DDA totals \$17.4 million. Both the City and Triad have agreements to provide the Agency with interim cash flow financing until the project generates tax increment and other revenue.

According to the terms of the DDA, Triad was scheduled to acquire Agency property and commence construction on the first parcel, Parcel A, by June 12, 2007. The Agency and Triad continue negotiations on an extension to the schedule of performance outlined in the DDA.

Waterfront Development Project Area

In accordance with the amended and restated Disposition and Development Agreement between the Agency, the City, and Callahan and DeSilva Vallejo, LLC signed on October 27, 2005, the Agency is obligated to provide as estimated \$23.7 million of public improvements and programs related to the proposed development. These include the following estimated commitments:

Vallejo Station parking garage (Parcel L3)	\$ 5,000,000
City Hall parking garage and improvements	4,900,000
Park and street improvements	9,850,000
Remediation (Southern Waterfront)	<u>4,000,000</u>
	<u>\$23,750,000</u>

The last item listed, remediation, reflects the Agency’s contingent liability for remediation costs for contaminants on certain property located within the Waterfront Project Area.

An independent soils’ engineering firm has developed four alternatives for remediation of the contaminants, depending upon future land use. The alternatives range from “No Action” with an estimated cost of \$1.2 million for basic containment and highly restricted land use to complete removal of contaminants for unrestricted land use with an estimated cost of \$33 million. Discussions are ongoing with the previous owner and the Regional Water Quality Control Board having jurisdiction over the property as to the preferred remedial approach based on anticipated future land uses. The Agency believes that the previous owner may be responsible for part or all of such costs and therefore has not recorded a liability for any remediation costs.

The Agency incurred \$661,320 of legal, investigative and remediation costs through June 30, 2007 and believes it may be entitled to recover some of this cost from the previous owner. The Agency paid approximately \$2.4 million for this property in 1988. Given the uncertainty over remediation costs, the property is carried at no value in the accompanying Government-Wide Statement of Net Assets.

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NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued)

Pass-through Payments

The Redevelopment Agency has entered into various tax-sharing agreements with Solano County and other taxing entities in the Vallejo Central, Flosden Acres, and Southeast Vallejo Project Areas. Portions of tax increments from those project areas are received by the Redevelopment Agency and remitted to these entities. In fiscal year 2007, the Redevelopment Agency calculated and remitted \$854,131 in pass-through payments to these entities.

B. Vallejo Sanitation and Flood Control District

The Vallejo Sanitation and Flood Control District has numerous ongoing capital projects that involve long-term construction contracts with payments billed and paid on a percentage-of-completion basis. Construction commitments related to these contracts at June 30, 2007 amounted to approximately \$4,349,000.

NOTE 16 - SUBSEQUENT EVENTS

Subsequent to year end, on October 14, 2007, State of California Senate Bill 976 was approved and will become law on January 1, 2008. This legislation repeals prior legislation that created the San Francisco Bay Area Water Transit Authority (WTA) and establishes a new agency, the Water Emergency Transportation Authority (WETA). The WETA will have specified powers and duties, including but not limited to, taking over the City of Vallejo's Baylink ferry service operation and facilities and coordinating the emergency activities of all water transportation on the bay.

As currently defined, the primary purpose of the authority will be to operate a comprehensive nine-county San Francisco Bay Area regional public water transit system. In this capacity, the new authority plans to acquire, own, lease, construct and operate water transit vessels and equipment, including but not limited to, real and personal property, and equipment, and any facilities of the authority (excepting those under the direction of the national parks system).

As the bill is written, there remain questions regarding implementation, potential compensation for assets, Board governance, operational guidelines, agreements regarding land use and facilities, and other issues. The impact to the City of Vallejo's Transportation Enterprise Fund ferry and bus service may include but is not limited to:

- Transfer of ownership of the city's ferries and ferry assets;
- Transfer of grant funding for current and future transit operation and capital funding;
- Financial impact to transit-oriented development projects currently underway and planned for the future.

The new WETA Board is required to have a transition plan developed within one year of its creation. In addition, it is expected that there will be "clean up" legislation early next year that addresses the uncertainties of the bill.

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NOTE 17 – GOING CONCERN

For each of the last several years, the City's General Fund has struggled to balance its revenues and expenditures. It began Fiscal Year 2005 - 2006 with almost \$10 million in available fund balances. Two years later, it finished Fiscal Year 2006 - 2007 with unreserved, undesignated fund balance of only \$4.2 million.

The budget adopted for Fiscal Year 2007 - 2008, was balanced but was based on, what is now clear, two flawed assumptions. First, the City assumed a relative modest economic downturn due to the financial difficulties related to the sub-prime mortgage debacle, and, second, it assumed significant reductions in public safety staffing levels. The economic downturn has turned out to have a much more dramatic negative impact on revenues than anticipated and, because of the results of the labor arbitration process, public safety staffing levels may actually increase.

Current projections for Fiscal Year 2007 - 2008 are that, without significant changes, expenditures will exceed revenues by over \$10 million. As of the date of this report, the City is engaged in a multi-pronged comprehensive process to reduce expenditures and increase revenues. It is negotiating with all of its labor groups, including public safety, to reduce costs and is evaluating alternative means of increasing both one-time and ongoing revenues. The objective is to achieve consensus on a plan to assure financial stability through at least the end of Fiscal Year 2009 - 2010. While the City believes that success is achievable, that outcome cannot be assured at this time.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Community Development Block Grant Fund accounts for monies received and expended by the City as a participant in the Federal Community Development Block Grant program.

HOME Program Fund accounts for monies received and expended by the City as a participant in the Federal HOME Grant program.

Mare Island Leasing Fund accounts for monies received from tenants placed on the former Mare Island Naval Shipyard during the conversion process. It also accounts for operating costs to support ongoing development programs on the island. Funds are restricted for use on the island.

FEMA Disaster Recovery Fund accounts for monies received and expended under the Department of Homeland Security Programs.

Mare Island CFD 2002 Fund accounts for monies received from General taxes and from property owner assessments for maintenance and repair of infrastructure and facilities on the former Mare Island Naval Shipyard.

Mare Island CFD 2005 1A (State) Fund accounts for transactions of this district formed under state statute to provide municipal services within the district.

Mare Island CFD 2005 1B (Local) Fund accounts for transactions of this district formed under local statute to provide municipal services within the district.

State Gas Tax Fund accounts for monies received from the state gas tax allocation and expended on construction, improvement and maintenance of public streets and related infrastructure.

Solid Waste Disposal Fund accounts for monies received from garbage collection fines and expended on enforcing major portions of the mandatory garbage subscription ordinance. This fund is also used for the mandatory city-wide recycling program and related recycling program grants.

Hiddenbrooke Community Services District Fund accounts for monies collected as the result of special taxes which are used to fund a variety of municipal services provided to the residents of the Hiddenbrooke development.

Landscape Maintenance Districts Fund accounts for special assessments on property within district boundaries for the restricted purpose of providing landscape services within the specified districts.

Asset Seizure Fund accounts for monies received from police confiscated drug money and property. Funds are held until final court disposition is received. The funds are then restricted for police related activities only.

Traffic Offender/Vehicle Impound Program Fund accounts for monies received and expended from vehicle impound fees.

Office of Traffic Safety Grant Fund accounts for the award and expenditure of grants from the California Office of Traffic Safety.

Local Law Enforcement Grant Fund accounts for revenues received from the Local Law Enforcement Block Grant.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Supplemental Law Enforcement Grant Fund accounts for revenues received from the Supplemental Law Enforcement Services Grant.

Cadet Program Fund accounts for fee revenues and related staff costs of the Police Cadet Program. The Cadets provide security services to various city programs.

Outside Services Fund accounts for one-time billings to third parties and the related expenditures of these funds. The primary activity is development review.

State Lands Fund accounts for lease rentals generated from City-owned waterfront property subject to State Lands Commission restrictions.

Repair & Demolition Revolving Fund accounts for monies that are expended and received to repair or demolish blighted buildings in the City.

Hazmat Revolving Fund accounts for monies received and expended for hazardous material removal.

Redevelopment Administration Fund accounts for the Agency's administrative activities. Costs are allocated to individual project areas.

Redevelopment Affordable Housing Fund accounts for the State-mandated 20% low-moderate income set-aside of property tax increment revenue. The set-aside finances development and rehabilitation of low and moderate income housing projects, including related loan programs.

Administration Trust Fund accounts for funds held for special programs, including performance bonds for construction projects.

Utility Billing Administration Fund accounts for utility billing pass-through revenues.

DEBT SERVICE FUNDS

Financing Authority Fund accounts for the issuance of revenue anticipation notes and loans made to Marine World Joint Powers Agency. It also accounts for the accumulation of revenues and payment of the annual debt service requirements of these revenue anticipation notes.

Certificates of Participation Fund accounts for the accumulation of lease revenue and the payments of annual General Fund debt service requirements. Debt issues include the 1999, 2000, 2002, and 2003 certificates of participations.

Redevelopment Agency Debt Service Fund - is to account for the accumulation of resources, most importantly property tax increment receipts, necessary for the payment of long term debt and other obligations incurred by the Redevelopment Project Areas.

CAPITAL PROJECTS FUNDS

Capital Outlay Fund accounts for the expenditure of General Fund and grant funded capital projects, including acquisitions and improvements of public property, public works projects, facilities, equipment and systems.

Transportation Impact Mitigation Fund accounts for monies received from the Transportation Impact fee imposed on commercial and residential development and expended on transportation improvements necessitated by such development.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Bridge Construction Fund accounts for monies received from the Bridge Construction Development Tax Ordinance.

Fire Station #7 Fund accounts for development fees that are to be used for the construction of a fire station to service area #7.

Arts and Convention Center Fund accounts for monies set aside for the design and construction of an Arts and Convention Center within the City. These funds have been allocated through advances to the Redevelopment Agency to support rehabilitation of the historic Empress Theater.

Northgate Fee & Benefit District #93-1 Fund accounts for monies received from the development of the Northgate District #93-1 and expended for public improvements within that development area.

Northgate Fee & Benefit District #94-1 Fund accounts for monies received from the development of the Northgate District #94-1 and expended for public improvements within that development area.

Hiddenbrooke Overpass Fund accounts for monies received from the Hiddenbrooke Overpass fee imposed on commercial and residential development within the Hiddenbrooke development area. These funds will be used to renovate the existing Hiddenbrooke overpass.

Certificates of Participations Fund accounts for bond proceeds to be used for the acquisition, construction, installation and equipping of certain capital improvements of the City. Debt issues include the 1999, 2000, 2002, 2003 Certificates of Participation.

Mare Island Benefit CFD 2005 1A Facilities Fund accounts for transactions of this district formed under state statute to provide municipal facilities within the district.

N.E. Quadrant Improvement District 03-1 Fund accounts for bond proceeds to be used to improvements financed by the Northeast Quadrant Improvement District.

Traffic Congestion Relief Fund accounts for street maintenance and capital expenditures to be paid from State Proposition 42 allocations.

Downtown Development Capital Project Fund accounts for capital project expenditures incurred by the City on behalf of the Redevelopment Agency for projects connected to the Downtown Development and Disposition Agreement.

Capital Grants & Contributions Fund accounts for capital project expenditures to be reimbursed from by granting agencies, developers, or other third parties.

Neighborhood Parks Fund accounts for park development impact fee revenue and for contributions to the Greater Vallejo recreation District for park improvements.

Redevelopment Agency Flosden Capital Projects Fund - accounts for the capital activities and reserves of the Flosden redevelopment project area. Fund balance includes property tax increment monies received in excess of amounts needed to fulfill the debt service obligations of the areas.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Redevelopment Agency Downtown Capital Projects Fund - accounts for the capital activities and reserves of the Downtown redevelopment project area. Fund balance includes property tax increment monies received in excess of amounts needed to fulfill project obligations of the areas. This project area was formed through the merger of the Marina Vista, Waterfront, and Central project areas. Project area commitments include the Downtown Development and Waterfront Development agreements.

PERMANENT FUND

McCune Collection Fund accounts for monies held for the Library which consists of donations and sales of rare books to maintain the McCune book collection.

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CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

SPECIAL REVENUE FUNDS

	Community Development Block Grant Fund #101	HOME Program Fund #102	Mare Island Leasing Fund #107	FEMA Disaster Recovery Fund #109	Mare Island CFD 2002 Fund #112	Mare Island CFD 2005 1A (State) Fund #113
ASSETS						
Cash and investments			\$1,301,990		\$2,667,901	\$228,945
Restricted cash and investments						
Accounts receivable	\$2,035	\$29,961	22,226			
Due from other governments	249,799	324,301		\$95,204		
Prepays						
Advance to other funds						
Advance to Marine World JPA						
Notes and loans receivable	1,890,541	4,468,148				
Land held for redevelopment						
Total assets	\$2,142,375	\$4,822,410	\$1,324,216	\$95,204	\$2,667,901	\$228,945
LIABILITIES						
Accounts payable and accrued liabilities	\$66,060	\$160,255	\$163,923	\$45,439	\$38,805	
Accrued interest payable						
Due to other funds	185,774	58,159		42,411		
Due to other governments		120,772				
Revenue anticipation notes payable						
Deferred revenues	1,890,541	4,483,224		7,354		
Deposits payable						
Advance from other funds						
Total liabilities	2,142,375	4,822,410	163,923	95,204	38,805	
FUND EQUITY						
Fund balances						
Reserved for:						
Encumbrances						
Prepaid						
Debt service						
Notes and loans receivable						
Land held for redevelopment						
Prepayment reserve						
Advance to other funds						
Unreserved, designated for:						
Program commitments						
Capital projects						
Unreserved, undesignated			1,160,293		2,629,096	\$228,945
Total fund balances			1,160,293		2,629,096	228,945
Total liabilities and fund balances	\$2,142,375	\$4,822,410	\$1,324,216	\$95,204	\$2,667,901	\$228,945

SPECIAL REVENUE FUNDS

Mare Island CFD 2005 1B (Local) Fund #114	State Gas Tax Fund #133	Solid Waste Disposal Fund #135	Hiddenbrooke Community Services District Fund #138	Landscape Maintenance Districts Fund #161	Assets Seizure Fund #139	Traffic Offender/ Vehicle Impound Program Fund #140	Office of Traffic Safety Fund #146
\$103,843	\$632,838	\$861,344	\$1,551,929 13,567	\$2,655,022	\$554,428	\$641,695	
	33,000 204,687	30,125					\$139,944
<u>\$103,843</u>	<u>\$870,525</u>	<u>\$891,469</u>	<u>\$1,565,496</u>	<u>\$2,655,022</u>	<u>\$554,428</u>	<u>\$641,695</u>	<u>\$139,944</u>
	\$195,275	\$289,490	\$47,589	\$212,922	\$62,665		\$30,295
					44,760		109,649
			9,000		230,182		
	<u>195,275</u>	<u>289,490</u>	<u>56,589</u>	<u>212,922</u>	<u>337,607</u>		<u>139,944</u>
	216,143				2,515		
	325,000 90,390		919,211				
<u>\$103,843</u>	<u>43,717</u>	<u>601,979</u>	<u>589,696</u>	<u>2,442,100</u>	<u>214,306</u>	<u>\$641,695</u>	
<u>103,843</u>	<u>675,250</u>	<u>601,979</u>	<u>1,508,907</u>	<u>2,442,100</u>	<u>216,821</u>	<u>641,695</u>	
<u>\$103,843</u>	<u>\$870,525</u>	<u>\$891,469</u>	<u>\$1,565,496</u>	<u>\$2,655,022</u>	<u>\$554,428</u>	<u>\$641,695</u>	<u>\$139,944</u>

(Continued)

CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

SPECIAL REVENUE FUNDS

	Local Law Enforcement Grant Fund #149	Supplemental Law Enforcement Grant Fund #151	Cadet Program Fund #152	Outside Services Fund #129	State Lands Fund #134
ASSETS					
Cash and investments	\$335	\$106,049	\$12,900	\$909,518	\$15,267
Restricted cash and investments					
Accounts receivable					70,409
Due from other governments					
Prepays					
Advance to other funds					
Advance to Marine World JPA					
Notes and loans receivable					
Land held for redevelopment					
Total assets	\$335	\$106,049	\$12,900	\$909,518	\$85,676
LIABILITIES					
Accounts payable and accrued liabilities			\$4,149	\$64,252	\$85,676
Accrued interest payable					
Due to other funds					
Due to other governments					
Revenue anticipation notes payable					
Deferred revenues					
Deposits payable				524,509	
Advance from other funds					
Total liabilities			4,149	588,761	85,676
FUND EQUITY					
Fund balances					
Reserved for:					
Encumbrances					
Prepaid					
Debt service					
Notes and loans receivable					
Land held for redevelopment					
Prepayment reserve					
Advance to other funds					
Unreserved, designated for:					
Program commitments					
Capital projects					
Unreserved, undesignated	\$335	\$106,049	8,751	320,757	
Total fund balances	335	106,049	8,751	320,757	
Total liabilities and fund balances	\$335	\$106,049	\$12,900	\$909,518	\$85,676

SPECIAL REVENUE FUNDS					DEBT SERVICE FUNDS		
Repair & Demolition Revolving Fund #142	Hazmat Revolving Fund #143	Redevelopment Administration Fund #710	Redevelopment Affordable Housing Fund #711	Administrative Trust Fund #601	Utility Billing Administration Fund #611	Financing Authority Fund #301	Certificates of Participation Fund #-various
\$177,166	\$328,700	\$75,606	\$1,296,179	\$555,468		\$9,081	\$38,000
	10,000			300			351,717
							28,688
			10,887,656			7,313,734	
<u>\$177,166</u>	<u>\$338,700</u>	<u>\$75,606</u>	<u>\$12,183,835</u>	<u>\$555,768</u>		<u>\$7,322,815</u>	<u>\$418,405</u>
		\$75,606	\$756,906	\$28,495		\$313,734	\$38,000
			1,112,469	527,273		7,000,000	
		75,606	1,869,375	555,768		7,313,734	38,000
			9,775,187				28,688
\$65,000							351,717
112,166	\$338,700		539,273			9,081	
177,166	338,700		10,314,460			9,081	380,405
<u>\$177,166</u>	<u>\$338,700</u>	<u>\$75,606</u>	<u>\$12,183,835</u>	<u>\$555,768</u>		<u>\$7,322,815</u>	<u>\$418,405</u>

(Continued)

CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007

	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS			
	Redevelopment Agency Debt Service Fund #-various	Capital Outlay Fund #201	Transportation Impact Mitigation Fund #203	Bridge Construction Fund #204	Fire Station #7 Fund #205
ASSETS					
Cash and investments	\$127,582	\$926,786	\$6,969,444	\$3,542,932	
Restricted cash and investments	1,164,633				
Accounts receivable					
Due from other governments		628,753			
Prepays					
Advance to other funds				560,000	
Advance to Marine World JPA					
Notes and loans receivable			710,113		
Land held for redevelopment					
Total assets	\$1,292,215	\$1,555,539	\$7,679,557	\$4,102,932	
LIABILITIES					
Accounts payable and accrued liabilities	\$127,582	\$100,090	\$670,890	\$59,710	
Accrued interest payable					
Due to other funds					
Due to other governments					
Revenue anticipation notes payable					
Deferred revenues	183,288		10,113	60,000	
Deposits payable					
Advance from other funds	5,148,738				
Total liabilities	5,459,608	100,090	681,003	119,710	
FUND EQUITY					
Fund balances					
Reserved for:					
Encumbrances			165,022	195,711	
Prepaid					
Debt service	1,164,633				
Notes and loans receivable			700,000		
Land held for redevelopment					
Prepayment reserve					
Advance to other funds				500,000	
Unreserved, designated for:					
Program commitments		278,402			
Capital projects		882,538	4,750,131	2,307,540	
Unreserved, undesignated	(5,332,026)	294,509	1,383,401	979,971	
Total fund balances	(4,167,393)	1,455,449	6,998,554	3,983,222	
Total liabilities and fund balances	\$1,292,215	\$1,555,539	\$7,679,557	\$4,102,932	

CAPITAL PROJECTS FUNDS

<u>Art and Convention Center Fund #206</u>	<u>Northgate Fee & Benefit District #93-1 Fund #207</u>	<u>Northgate Fee & Benefit District #94-1 Fund #208</u>	<u>Hiddenbrooke Overpass Fund #211</u>	<u>Certificates of Participation Fund #-various</u>	<u>Mare Island CFD 2005 1A Facilities Fund #213</u>	<u>N.E. Quadrant Improvement District 03-1 Fund #218</u>	<u>Traffic Congestion Relief Fund #219</u>
\$205,380	\$473,213 277,875	\$269,949 360,919	\$6,342,309	\$1,090,024 8,484,333	\$167,616	\$3,579,057	\$1,039,679
4,084,988			503,750				
<u>\$4,290,368</u>	<u>\$751,088</u>	<u>\$630,868</u>	<u>\$6,846,059</u>	<u>\$9,574,357</u>	<u>\$167,616</u>	<u>\$3,579,057</u>	<u>\$1,039,679</u>
	\$12,304	\$3,640	\$2,420	\$65,190 954,652		\$381,001 1,568,431	\$104,875
\$288,988			3,750				
<u>288,988</u>	<u>12,304</u>	<u>3,640</u>	<u>6,170</u>	<u>1,019,842</u>		<u>1,949,432</u>	<u>104,875</u>
		117,538		150,977		\$1,101,881	
3,796,000			500,000				
205,380	407,646 331,138	445,345 64,345	\$772,696 5,567,193	3,956,197 4,447,341	\$167,616	527,744	934,804
<u>4,001,380</u>	<u>738,784</u>	<u>627,228</u>	<u>6,839,889</u>	<u>8,554,515</u>	<u>167,616</u>	<u>1,629,625</u>	<u>934,804</u>
<u>\$4,290,368</u>	<u>\$751,088</u>	<u>\$630,868</u>	<u>\$6,846,059</u>	<u>\$9,574,357</u>	<u>\$167,616</u>	<u>\$3,579,057</u>	<u>\$1,039,679</u>

(Continued)

CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007

CAPITAL PROJECTS FUNDS

	Downtown Development Capital Projects Fund #220	Capital Grants & Contributions Fund #221	Neighborhood Parks (GVRD) Fund #137	Redevelopment Agency Florsden Fund #721	Redevelopment Agency Downtown Fund # - various
ASSETS					
Cash and investments			\$3,491,214	\$6,303,181	\$1,600,446
Restricted cash and investments				380,553	
Accounts receivable					
Due from other governments	\$8,305	\$416,637			
Prepays					
Advance to other funds	44,108				
Advance to Marine World JPA					
Notes and loans receivable			140,160		4,406,860
Land held for redevelopment					1,343,595
Total assets	<u>\$52,413</u>	<u>\$416,637</u>	<u>\$3,631,374</u>	<u>\$6,683,734</u>	<u>\$7,350,901</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$7,330	\$150,000			\$77,240
Accrued interest payable					
Due to other funds	12,503	266,637			
Due to other governments					
Revenue anticipation notes payable					
Deferred revenues			\$1,400		
Deposits payable	32,580		37,000		238,000
Advance from other funds					214,983
Total liabilities	<u>52,413</u>	<u>416,637</u>	<u>38,400</u>		<u>530,223</u>
FUND EQUITY					
Fund balances					
Reserved for:					
Encumbrances					55,383
Prepaid					
Debt service					
Notes and loans receivable			138,760		4,406,860
Land held for redevelopment					1,343,595
Prepayment reserve				\$380,553	
Advance to other funds					
Unreserved, designated for:					
Program commitments					
Capital projects			3,454,214	1,755,100	165,137
Unreserved, undesignated				4,548,081	849,703
Total fund balances			<u>3,592,974</u>	<u>6,683,734</u>	<u>6,820,678</u>
Total liabilities and fund balances	<u>\$52,413</u>	<u>\$416,637</u>	<u>\$3,631,374</u>	<u>\$6,683,734</u>	<u>\$7,350,901</u>

PERMANENT
FUND

<u>McCune Collection Fund #603</u>	<u>Total Nonmajor Governmental Funds</u>
\$120,291	\$47,385,169
	14,621,735
	198,056
	2,067,630
	28,688
	5,192,846
	7,313,734
	22,503,478
	1,343,595
<u>\$120,291</u>	<u>\$100,654,931</u>
	\$4,128,074
	313,734
	3,198,216
	165,532
	7,000,000
	8,050,127
	1,589,544
	5,363,721
	<u>29,808,948</u>
	2,005,170
	28,688
	1,516,350
	15,020,807
	1,343,595
	380,553
	4,796,000
	1,522,613
	19,986,738
<u>\$120,291</u>	<u>24,245,469</u>
<u>120,291</u>	<u>70,845,983</u>
<u>\$120,291</u>	<u>\$100,654,931</u>

CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

SPECIAL REVENUE FUNDS

	Community Development Block Grant Fund #101	HOME Program Fund #102	Mare Island Leasing Fund #107	FEMA Disaster Recovery Fund #109	Mare Island CFD 2002 Fund #112	Mare Island CFD 2005 1A (State) Fund #113
REVENUES						
Taxes					\$705,702	
Licenses, permits and fees					251,733	
Fines and forfeitures						
Intergovernmental	\$945,023	\$900,566		\$516,624		
Use of money and property	310,966	215,269	\$455,853		66,266	\$4,399
Charges for services			675,976		5,024,002	194,698
Other		75	500,000		92	
Total Revenues	1,255,989	1,115,910	1,631,829	516,624	6,047,795	199,097
EXPENDITURES						
Current:						
Executive						
Finance						
Development services						
Community development	1,255,989	1,115,910	1,938,740			
Fire services				191,304	2,603,100	
Police services					1,123,700	
Public works				52,289	1,398,076	12,199
Nondepartmental				46,106		9,894
Capital outlay						
Debt Service:						
Principal						
Interest and fiscal agent fees						
Total Expenditures	1,255,989	1,115,910	1,938,740	289,699	5,124,876	22,093
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			(306,911)	226,925	922,919	177,004
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of obligations						
Transfers in						
Transfers (out)			(53,766)	(226,925)		
Total Other Financing Sources (Uses)			(53,766)	(226,925)		
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES			(360,677)		922,919	177,004
BEGINNING FUND BALANCES			1,520,970		1,706,177	51,941
ENDING FUND BALANCES			\$1,160,293		\$2,629,096	\$228,945

SPECIAL REVENUE FUNDS

Mare Island CFD 2005 1B (Local) Fund #114	State Gas Tax Fund #133	Solid Waste Disposal Fund #135	Hiddenbrooke Community Services District Fund #138	Landscape Maintenance Districts Fund #161	Asset Seizure Fund #139	Traffic Offender/ Vehicle Impound Program Fund #140	Office of Traffic Safety Fund #146
		\$53,364				\$177,235	
	\$2,342,984	25,838			\$174,150		\$528,165
\$1,183	45,502	225,349	\$76,355	\$126,107	19,255	36,986	\$105
104,001	132,000	1,004,775	644,262	2,417,587			
	85,663		117,675	10,055		6,485	
<u>105,184</u>	<u>2,606,149</u>	<u>1,338,617</u>	<u>838,292</u>	<u>2,553,749</u>	<u>193,405</u>	<u>220,706</u>	<u>528,270</u>
					26,960	293,313	528,270
8,987	3,713,337	875,675	787,803	2,502,284			
<u>8,987</u>	<u>3,713,337</u>	<u>875,675</u>	<u>787,803</u>	<u>2,502,284</u>	<u>26,960</u>	<u>293,313</u>	<u>528,270</u>
96,197	(1,107,188)	462,942	50,489	51,465	166,445	(72,607)	
	375,000		33,730	30,881		517	
		(29,292)			(75,000)		
	375,000	(29,292)	33,730	30,881	(75,000)	517	
96,197	(732,188)	433,650	84,219	82,346	91,445	(72,090)	
7,646	1,407,438	168,329	1,424,688	2,359,754	125,376	713,785	
<u>\$103,843</u>	<u>\$675,250</u>	<u>\$601,979</u>	<u>\$1,508,907</u>	<u>\$2,442,100</u>	<u>\$216,821</u>	<u>\$641,695</u>	

(Continued)

CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

SPECIAL REVENUE FUNDS

	Local Law Enforcement Grant Fund #149	Supplemental Law Enforcement Grant Fund #151	Cadet Program Fund #152	Outside Services Fund #129	State Lands Fund #134
REVENUES					
Taxes					
Licenses, permits and fees					
Fines and forfeitures					
Intergovernmental		\$235,704			
Use of money and property		4,296		\$67,836	\$553,827
Charges for services			\$220,000	1,349,097	82,900
Other			11,555	24,073	
Total Revenues		240,000	231,555	1,441,006	636,727
EXPENDITURES					
Current:					
Executive				113,401	
Finance					
Development services				59,783	
Community development					184,657
Fire services					
Police services			228,993		
Public works				968,554	
Nondepartmental				4,296	
Capital outlay					
Debt Service:					
Principal					
Interest and fiscal agent fees					
Total Expenditures			228,993	1,146,034	184,657
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		240,000	2,562	294,972	452,070
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of obligations					
Transfers in					
Transfers (out)		(210,000)		(63,540)	(452,070)
Total Other Financing Sources (Uses)		(210,000)		(63,540)	(452,070)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		30,000	2,562	231,432	
BEGINNING FUND BALANCES	\$335	76,049	6,189	89,325	
ENDING FUND BALANCES	\$335	\$106,049	\$8,751	\$320,757	

SPECIAL REVENUE FUNDS						DEBT SERVICE FUNDS	
Repair & Demolition Revolving Fund #142	Hazmat Revolving Fund #143	Redevelopment Administration Fund #710	Redevelopment Affordable Housing Fund #711	Administrative Trust Fund #601	Utility Billing Administration Fund #611	Financing Authority Fund #301	Certificates of Participation Fund #-various
\$9,700	\$19,151 40,000		\$103,920	\$32,957	\$43 981	\$314,121 57,171	\$5,006
9,700	59,151		103,920	32,957	1,024	371,292	5,006
	40,000	\$333,531	914,306				
						36,706	25,776
						325,505	3,010,786 1,167,020
	40,000	333,531	914,306			362,211	4,203,582
9,700	19,151	(333,531)	(810,386)	32,957	1,024	9,081	(4,198,576)
(9,700)	(19,151)	333,531	692,731 (464,813)	(32,957)	(1,024)		1,933,660
(9,700)	(19,151)	333,531	227,918	(32,957)	(1,024)		1,933,660
			(582,468)			9,081	(2,264,916)
177,166	338,700		10,896,928				2,645,321
<u>\$177,166</u>	<u>\$338,700</u>		<u>\$10,314,460</u>			<u>\$9,081</u>	<u>\$380,405</u>

(Continued)

CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS			
	Redevelopment Agency Debt Service Fund #-various	Capital Outlay Fund #201	Transportation Impact Mitigation Fund #203	Bridge Construction Fund #204	Fire Station #7 Fund #205
REVENUES					
Taxes	\$3,463,653				
Licenses, permits and fees			\$696,813		\$19,394
Fines and forfeitures					
Intergovernmental		\$284,667	1,602		
Use of money and property	63,316	31,089	428,346	\$194,668	582
Charges for services		110,323			
Other		423,539			
Total Revenues	3,526,969	849,618	1,126,761	194,668	19,976
EXPENDITURES					
Current:					
Executive					
Finance					
Development services					
Community development	925,118				
Fire services					
Police services					
Public works					
Nondepartmental		4,296	4,296	4,300	
Capital outlay		1,029,157	3,121,874	380,403	
Debt Service:					
Principal	411,616				
Interest and fiscal agent fees	1,096,708				
Total Expenditures	2,433,442	1,033,453	3,126,170	384,703	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,093,527	(183,835)	(1,999,409)	(190,035)	19,976
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of obligations					
Transfers in	586,817	593,056			
Transfers (out)	(3,313,841)				(19,976)
Total Other Financing Sources (Uses)	(2,727,024)	593,056			(19,976)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(1,633,497)	409,221	(1,999,409)	(190,035)	
BEGINNING FUND BALANCES	(2,533,896)	1,046,228	8,997,963	4,173,257	
ENDING FUND BALANCES	(\$4,167,393)	\$1,455,449	\$6,998,554	\$3,983,222	

CAPITAL PROJECTS FUNDS

<u>Arts and Convention Center Fund #206</u>	<u>Northgate Fee & Benefit District #93-1 Fund #207</u>	<u>Northgate Fee & Benefit District #94-1 Fund #208</u>	<u>Hiddenbrooke Overpass Fund #211</u>	<u>Certificates of Participation Fund #-various</u>	<u>Mare Island CFD 2005 1A Facilities Fund #213</u>	<u>N.E. Quadrant Improvement District 03-1 Fund #218</u>	<u>Traffic Congestion Relief Fund #219</u>
	\$99,302		\$28,711 525,024		\$104,137		
\$27,468	44,083	\$38,015	332,052	\$486,530	5,018	\$197,002	\$892,907 63,711
<u>27,468</u>	<u>143,385</u>	<u>38,015</u>	<u>885,787</u>	<u>486,530</u>	<u>109,155</u>	<u>197,002</u>	<u>956,618</u>
2,037	4,300 1,082,189	4,300 305,276	4,300 30,556	12,900 4,450,911	1,041	4,300 2,788,032	473,997
<u>2,037</u>	<u>1,086,489</u>	<u>309,576</u>	<u>34,856</u>	<u>4,463,811</u>	<u>1,041</u>	<u>2,792,332</u>	<u>473,997</u>
<u>25,431</u>	<u>(943,104)</u>	<u>(271,561)</u>	<u>850,931</u>	<u>(3,977,281)</u>	<u>108,114</u>	<u>(2,595,330)</u>	<u>482,621</u>
				(832,062)			
				(832,062)			
25,431	(943,104)	(271,561)	850,931	(4,809,343)	108,114	(2,595,330)	482,621
<u>3,975,949</u>	<u>1,681,888</u>	<u>898,789</u>	<u>5,988,958</u>	<u>13,363,858</u>	<u>59,502</u>	<u>4,224,955</u>	<u>452,183</u>
<u>\$4,001,380</u>	<u>\$738,784</u>	<u>\$627,228</u>	<u>\$6,839,889</u>	<u>\$8,554,515</u>	<u>\$167,616</u>	<u>\$1,629,625</u>	<u>\$934,804</u>

(Continued)

CITY OF VALLEJO
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	<u>CAPITAL PROJECTS FUNDS</u>				
	<u>Downtown Development Capital Projects Fund #220</u>	<u>Capital Grants & Contributions Fund #221</u>	<u>Neighborhood Parks (GVRD) Fund #137</u>	<u>Redevelopment Agency Florsden Fund #721</u>	<u>Redevelopment Agency Merged Fund # - various</u>
REVENUES					
Taxes					
Licenses, permits and fees			\$105,210		
Fines and forfeitures					
Intergovernmental	\$8,305	\$2,855,769			
Use of money and property			292,683	\$375,138	\$183,530
Charges for services					
Other					
Total Revenues	<u>8,305</u>	<u>2,855,769</u>	<u>397,893</u>	<u>375,138</u>	<u>183,530</u>
EXPENDITURES					
Current:					
Executive					
Finance					
Development services					
Community development				358,698	1,284,356
Fire services					
Police services					
Public works					
Nondepartmental					
Capital outlay	\$41,427	2,855,769	2,202,100		
Debt Service:					
Principal					
Interest and fiscal agent fees					
Total Expenditures	<u>41,427</u>	<u>2,855,769</u>	<u>2,202,100</u>	<u>358,698</u>	<u>1,284,356</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(33,122)</u>		<u>(1,804,207)</u>	<u>16,440</u>	<u>(1,100,826)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of obligations					661,320
Transfers in	33,122			2,103,139	1,972,069
Transfers (out)				(1,454,098)	(157,959)
Total Other Financing Sources (Uses)	<u>33,122</u>			<u>649,041</u>	<u>2,475,430</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES			<u>(1,804,207)</u>	<u>665,481</u>	<u>1,374,604</u>
BEGINNING FUND BALANCES			<u>5,397,181</u>	<u>6,018,253</u>	<u>5,446,074</u>
ENDING FUND BALANCES			<u>\$3,592,974</u>	<u>\$6,683,734</u>	<u>\$6,820,678</u>

<u>PERMANENT FUND</u>	
<u>McCune Collection Fund #603</u>	<u>Total Nonmajor Governmental Funds</u>
	\$4,302,203
	1,928,075
	199,988
	9,737,665
\$6,270	5,267,895
	12,057,773
	1,179,212
<u>6,270</u>	<u>34,672,811</u>
	113,401
	59,783
	8,311,305
	2,834,404
	2,201,236
	9,434,542
1,942	1,055,452
	18,761,691
	3,422,402
	2,589,233
<u>1,942</u>	<u>48,783,449</u>
<u>4,328</u>	<u>(14,110,638)</u>
	661,320
	8,688,253
	<u>(7,416,174)</u>
	1,933,399
4,328	(12,177,239)
<u>115,963</u>	<u>83,023,222</u>
<u>\$120,291</u>	<u>\$70,845,983</u>

CITY OF VALLEJO
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	COMMUNITY DEVELOPMENT BLOCK GRANT			HOME PROGRAM		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses, permits and fees						
Fines and forfeitures						
Intergovernmental	\$1,215,884	\$945,023	(\$270,861)	\$638,689	\$900,566	\$261,877
Use of money and property	200,000	310,966	110,966	200,000	215,269	15,269
Charges for services						
Other					75	75
Total Revenues	<u>1,415,884</u>	<u>1,255,989</u>	<u>(159,895)</u>	<u>838,689</u>	<u>1,115,910</u>	<u>277,221</u>
EXPENDITURES						
Current:						
Executive						
Finance						
Development services						
Community development	2,394,165	1,255,989	1,138,176	1,567,511	1,115,910	451,601
Fire services						
Police services						
Public works						
Nondepartmental						
Capital Outlay	3,000		3,000			
Debt service:						
Principal						
Interest and fiscal agent fees						
Total Expenditures	<u>2,397,165</u>	<u>1,255,989</u>	<u>1,141,176</u>	<u>1,567,511</u>	<u>1,115,910</u>	<u>451,601</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(981,281)</u>		<u>981,281</u>	<u>(728,822)</u>		<u>728,822</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$981,281)</u>		<u>\$981,281</u>	<u>(\$728,822)</u>		<u>\$728,822</u>
BEGINNING FUND BALANCES						
ENDING FUND BALANCES						

MARE ISLAND LEASING			FEMA DISASTER RECOVERY			MARE ISLAND CFD 2002		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
						\$455,000	\$705,702	\$250,702
						148,500	251,733	103,233
			\$641,304	\$516,624	(\$124,680)	126,800		(126,800)
\$326,000	\$455,853	\$129,853				46,000	66,266	20,266
350,000	675,976	325,976				4,945,200	5,024,002	78,802
500,000	500,000						92	92
<u>1,176,000</u>	<u>1,631,829</u>	<u>455,829</u>	<u>641,304</u>	<u>516,624</u>	<u>(124,680)</u>	<u>5,721,500</u>	<u>6,047,795</u>	<u>326,295</u>
1,663,773	1,938,740	(274,967)	191,304	191,304		2,603,100	2,603,100	
			450,000	52,289	397,711	1,123,700	1,123,700	
				46,106	(46,106)	1,994,700	1,398,076	596,624
<u>1,663,773</u>	<u>1,938,740</u>	<u>(274,967)</u>	<u>641,304</u>	<u>289,699</u>	<u>351,605</u>	<u>5,721,500</u>	<u>5,124,876</u>	<u>596,624</u>
<u>(487,773)</u>	<u>(306,911)</u>	<u>180,862</u>		<u>226,925</u>	<u>226,925</u>		<u>922,919</u>	<u>922,919</u>
<u>(2,319,210)</u>	<u>(53,766)</u>	<u>2,265,444</u>		<u>(226,925)</u>	<u>(226,925)</u>			
<u>(2,319,210)</u>	<u>(53,766)</u>	<u>2,265,444</u>		<u>(226,925)</u>	<u>(226,925)</u>			
<u>(\$2,806,983)</u>	<u>(360,677)</u>	<u>\$2,446,306</u>					<u>922,919</u>	<u>\$922,919</u>
	<u>1,520,970</u>						<u>1,706,177</u>	
	<u>\$1,160,293</u>						<u>\$2,629,096</u>	

(Continued)

CITY OF VALLEJO
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	MARE ISLAND CFD 2005 1A (State)			STATE GAS TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses, permits and fees						
Fines and forfeitures						
Intergovernmental				\$2,457,000	\$2,342,984	(\$114,016)
Use of money and property	\$1,100	\$4,399	\$3,299	20,000	45,502	25,502
Charges for services	167,000	194,698	27,698	132,000	132,000	
Other				318,000	85,663	(232,337)
Total Revenues	168,100	199,097	30,997	2,927,000	2,606,149	(320,851)
EXPENDITURES						
Current:						
Executive						
Finance						
Development services						
Community development						
Fire services						
Police services						
Public works	151,430	12,199	139,231	4,326,146	3,713,337	612,809
Nondepartmental	16,670	9,894	6,776			
Capital Outlay						
Debt service:						
Principal						
Interest and fiscal agent fees						
Total Expenditures	168,100	22,093	146,007	4,326,146	3,713,337	612,809
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		177,004	177,004	(1,399,146)	(1,107,188)	291,958
OTHER FINANCING SOURCES (USES)						
Transfers in				375,000	375,000	
Transfers (out)						
Total Other Financing Sources (Uses)				375,000	375,000	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES		177,004	\$177,004	(\$1,024,146)	(732,188)	\$291,958
BEGINNING FUND BALANCES		51,941			1,407,438	
ENDING FUND BALANCES		\$228,945			\$675,250	

SOLID WASTE DISPOSAL			HIDDENBROOKE COMMUNITY SERVICES DISTRICT			LANDSCAPE MAINTENANCE DISTRICTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$57,118	\$53,364	(\$3,754)						
	25,838	25,838						
75,037	225,349	150,312						
	29,291	29,291	\$29,554	\$76,355	\$46,801	\$50,683	\$126,107	\$75,424
1,487,494	1,004,775	(482,719)	623,463	644,262	20,799	2,322,331	2,417,587	95,256
			122,515	117,675	(4,840)		10,055	10,055
<u>1,619,649</u>	<u>1,338,617</u>	<u>(281,032)</u>	<u>775,532</u>	<u>838,292</u>	<u>62,760</u>	<u>2,373,014</u>	<u>2,553,749</u>	<u>180,735</u>
			793,469	787,803	5,666	2,527,663	2,502,284	25,379
1,645,648	875,675	769,973				2,756		2,756
<u>1,645,648</u>	<u>875,675</u>	<u>769,973</u>	<u>793,469</u>	<u>787,803</u>	<u>5,666</u>	<u>2,530,419</u>	<u>2,502,284</u>	<u>28,135</u>
<u>(25,999)</u>	<u>462,942</u>	<u>488,941</u>	<u>(17,937)</u>	<u>50,489</u>	<u>68,426</u>	<u>(157,405)</u>	<u>51,465</u>	<u>208,870</u>
				33,730	33,730		30,881	30,881
	<u>(29,292)</u>	<u>(29,292)</u>						
	<u>(29,292)</u>	<u>(29,292)</u>		33,730	33,730		30,881	30,881
<u>(\$25,999)</u>	433,650	<u>\$459,649</u>	<u>(\$17,937)</u>	84,219	<u>\$102,156</u>	<u>(\$157,405)</u>	82,346	<u>\$239,751</u>
	168,329			1,424,688			2,359,754	
	<u>\$601,979</u>			<u>\$1,508,907</u>			<u>\$2,442,100</u>	

(Continued)

CITY OF VALLEJO
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	ASSET SEIZURE			TRAFFIC OFFENDER/VEHICLE IMPOUND PROGRAM		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses, permits and fees				\$210,000	\$177,235	(\$32,765)
Fines and forfeitures	\$90,000	\$174,150	\$84,150			
Intergovernmental						
Use of money and property	5,000	19,255	14,255		36,986	36,986
Charges for services						
Other				18,000	6,485	(11,515)
Total Revenues	95,000	193,405	98,405	228,000	220,706	(7,294)
EXPENDITURES						
Current:						
Executive						
Finance						
Development services						
Community development						
Fire services						
Police services	36,642	26,960	9,682	408,000	293,313	114,687
Public works						
Nondepartmental						
Capital Outlay						
Debt service:						
Principal						
Interest and fiscal agent fees						
Total Expenditures	36,642	26,960	9,682	408,000	293,313	114,687
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	58,358	166,445	108,087	(180,000)	(72,607)	107,393
OTHER FINANCING SOURCES (USES)						
Transfers in					517	517
Transfers (out)	(75,000)	(75,000)				
Total Other Financing Sources (Uses)	(75,000)	(75,000)			517	517
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(\$16,642)	91,445	\$108,087	(\$180,000)	(72,090)	\$107,910
BEGINNING FUND BALANCES		125,376			713,785	
ENDING FUND BALANCES		\$216,821			\$641,695	

LOCAL LAW ENFORCEMENT GRANT			SUPPLEMENTAL LAW ENFORCEMENT GRANT			CADET PROGRAM		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$35,000		(\$35,000)	\$175,000	\$235,704 4,296	\$60,704 4,296	\$220,000 10,000	\$220,000 11,555	\$1,555
35,000		(35,000)	175,000	240,000	65,000	230,000	231,555	1,555
						230,000	228,993	1,007
						230,000	228,993	1,007
35,000		(35,000)	175,000	240,000	65,000		2,562	2,562
(35,000)		35,000	(175,000)	(210,000)	(35,000)			
(35,000)		35,000	(175,000)	(210,000)	(35,000)			
				30,000	\$30,000		2,562	\$2,562
	\$335			76,049			6,189	
	\$335			\$106,049			\$8,751	

(Continued)

CITY OF VALLEJO
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGE IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	OUTSIDE SERVICES			STATE LANDS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses, permits and fees						
Fines and forfeitures						
Intergovernmental						
Use of money and property	\$19,300	\$67,836	\$48,536	\$486,000	\$553,827	\$67,827
Charges for services	1,344,811	1,349,097	4,286		82,900	82,900
Other	100,000	24,073	(75,927)			
Total Revenues	<u>1,464,111</u>	<u>1,441,006</u>	<u>(23,105)</u>	<u>486,000</u>	<u>636,727</u>	<u>150,727</u>
EXPENDITURES						
Current:						
Executive	217,950	113,401	104,549			
Finance						
Development services	304,811	59,783	245,028			
Community development				119,462	184,657	(65,195)
Fire services						
Police services						
Public works	1,040,000	968,554	71,446			
Nondepartmental	4,300	4,296	4			
Capital Outlay						
Debt service:						
Principal						
Interest and fiscal agent fees						
Total Expenditures	<u>1,567,061</u>	<u>1,146,034</u>	<u>421,027</u>	<u>119,462</u>	<u>184,657</u>	<u>(65,195)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(102,950)</u>	<u>294,972</u>	<u>397,922</u>	<u>366,538</u>	<u>452,070</u>	<u>85,532</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(15,000)	(63,540)	(48,540)	(234,800)	(452,070)	(217,270)
Total Other Financing Sources (Uses)	<u>(15,000)</u>	<u>(63,540)</u>	<u>(48,540)</u>	<u>(234,800)</u>	<u>(452,070)</u>	<u>(217,270)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$117,950)</u>	<u>231,432</u>	<u>\$349,382</u>	<u>\$131,738</u>		<u>(\$131,738)</u>
BEGINNING FUND BALANCES		<u>89,325</u>				
ENDING FUND BALANCES		<u>\$320,757</u>				

HAZMAT REVOLVING FUND			REDEVELOPMENT ADMINISTRATION			REDEVELOPMENT AFFORDABLE HOUSING		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$3,700	\$19,151	\$15,451				\$127,000	\$103,920	(\$23,080)
40,000	40,000					400		(400)
43,700	59,151	15,451				127,400	103,920	(23,480)
			\$366,000	\$333,531	\$32,469	923,894	914,306	9,588
40,000	40,000		366,000	333,531	32,469	923,894	914,306	9,588
3,700	19,151	15,451	(366,000)	(333,531)	32,469	(796,494)	(810,386)	(13,892)
	(19,151)	(19,151)	353,000	333,531	(19,469)	677,422	692,731	15,309
	(19,151)	(19,151)	353,000	333,531	(19,469)	(466,575)	(464,813)	1,762
						210,847	227,918	17,071
<u>\$3,700</u>		<u>(\$3,700)</u>	<u>(\$13,000)</u>		<u>\$13,000</u>	<u>(\$585,647)</u>	<u>(582,468)</u>	<u>\$3,179</u>
	338,700						10,896,928	
	<u>\$338,700</u>						<u>\$10,314,460</u>	

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INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

CITY OF VALLEJO
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007

	Corporation Shop	Equipment Replacement	Insurance	Intra- Governmental Loans	Payroll Benefits	Total
ASSETS						
Cash and investments	\$244,724	\$2,884,461	\$6,025,587	\$160,865	\$1,762,869	\$11,078,506
Accounts receivable	18,969	4,876			21,339	45,184
Due from other funds			3,496,638			3,496,638
Materials, parts, and supplies	177,730					177,730
Advance to other funds				170,875		170,875
Capital assets, net	2,419,215					2,419,215
Total Assets	2,860,638	2,889,337	9,522,225	331,740	1,784,208	17,388,148
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	153,524	75,585	70,807		1,784,208	2,084,124
Claims payable, current			3,244,180			3,244,180
Deposits payable				160,865		160,865
Employee benefits payable, current	137,142					137,142
Current liabilities	290,666	75,585	3,314,987	160,865	1,784,208	5,626,311
Long-term liabilities:						
Claims payable			8,520,820			8,520,820
Employee benefits payable, long term	32,784					32,784
Total Liabilities	323,450	75,585	11,835,807	160,865	1,784,208	14,179,915
NET ASSETS						
Invested in capital assets, net of related debt	2,419,215					2,419,215
Unrestricted	117,973	2,813,752	(2,313,582)	170,875		789,018
Total Net Assets	\$2,537,188	\$2,813,752	(\$2,313,582)	\$170,875		\$3,208,233

CITY OF VALLEJO
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Corporation Shop	Equipment Replacement	Insurance	Intra- Governmental Loans	Payroll Benefits	Total
OPERATING REVENUES						
Charges for services	\$2,549,277	\$1,090,832	\$6,046,616			\$9,686,725
Other	48,790	322				49,112
Total Operating revenues	2,598,067	1,091,154	6,046,616			9,735,837
OPERATING EXPENSES						
Operating expenses	2,490,138		1,037,560			3,527,698
Insurance and claims			6,686,957			6,686,957
Depreciation	876,470					876,470
Total Operating expenses	3,366,608		7,724,517			11,091,125
Operating income (loss)	(768,541)	1,091,154	(1,677,901)			(1,355,288)
NONOPERATING REVENUES (EXPENSES)						
Investment income (expense)	3,586	131,141	382,276			517,003
Gain on sale of capital assets	146,754					146,754
Total nonoperating revenues (expenses)	150,340	131,141	382,276			663,757
Income (loss) before transfers	(618,201)	1,222,295	(1,295,625)			(691,531)
Transfers in	428,899			\$2,833		431,732
Transfers (out)		(422,441)				(422,441)
Change in net assets	(189,302)	799,854	(1,295,625)	2,833		(682,240)
BEGINNING NET ASSETS	2,726,490	2,013,898	(1,017,957)	168,042		3,890,473
ENDING NET ASSETS	\$2,537,188	\$2,813,752	(\$2,313,582)	\$170,875		\$3,208,233

CITY OF VALLEJO
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	Corporation Shop	Equipment Replacement	Insurance	Intra- Governmental Loans	Payroll Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$2,603,342	\$1,086,278	\$6,046,616	\$160,865	\$1,148,127	\$11,045,228
Payments to suppliers	(879,177)	64,905	(793,751)			(1,608,023)
Payments to employees	(1,644,786)		(285,133)			(1,929,919)
Claims paid			(4,919,957)			(4,919,957)
Cash Flows from Operating Activities	79,379	1,151,183	47,775	160,865	1,148,127	2,587,329
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in (out)	428,899	(422,441)		2,833		9,291
Increase (decrease) in due from other funds			581,498			581,498
Increase (decrease) in advances to other funds				(2,833)		(2,833)
Cash Flows from Noncapital Financing Activities	428,899	(422,441)	581,498			587,956
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(437,999)					(437,999)
Proceeds from sale of capital assets	15,558					15,558
Cash Flows from Capital and Related Financing Activities	(422,441)					(422,441)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest	3,586	131,141	382,276			517,003
Cash Flows from Investing Activities	3,586	131,141	382,276			517,003
Net Cash Flows	89,423	859,883	1,011,549	160,865	1,148,127	3,269,847
Cash and investments at beginning of period	155,301	2,024,578	5,014,038		614,742	7,808,659
Cash and investments at end of period	<u>\$244,724</u>	<u>\$2,884,461</u>	<u>\$6,025,587</u>	<u>\$160,865</u>	<u>\$1,762,869</u>	<u>\$11,078,506</u>
Noncash transactions						
Retirement of capital assets	(561,424)					(561,424)
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	(\$768,541)	\$1,091,154	(\$1,677,901)			(\$1,355,288)
Adjustments to reconcile operating income to net cash flows from operating activities:						
Depreciation	876,470					876,470
Change in assets and liabilities:						
Receivables, net	5,275	(4,876)			16,076	16,475
Other assets	909					909
Accounts payable and accrued liabilities	8,636	64,905	(14,234)		1,132,051	1,191,358
Deposit payable				160,865		160,865
Employee benefits payable	(43,370)		(27,090)			(70,460)
Claims payable			1,767,000			1,767,000
Cash Flows from Operating Activities	\$79,379	\$1,151,183	\$47,775	\$160,865	\$1,148,127	\$2,587,329

AGENCY FUNDS

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations.

The City's Agency funds include the Improvement Districts and Assessment Districts Agency Funds. These funds account for the collection of assessment and the disbursement to district bond holders for debt without City Commitment.

CITY OF VALLEJO
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
<u>Improvement Districts</u>				
<u>Assets</u>				
Cash and investments	\$2,752,258	\$3,461,357	\$2,752,258	\$3,461,357
Restricted cash and investments	2,284,289	2,674,358	2,284,289	2,674,358
Total Assets	\$5,036,547	\$6,135,715	\$5,036,547	\$6,135,715
<u>Liabilities</u>				
Deposits payable	\$1,495		\$1,495	
Due to bondholders	5,035,052	\$6,135,715	5,035,052	\$6,135,715
Total Liabilities	\$5,036,547	\$6,135,715	\$5,036,547	\$6,135,715
<u>Assessment Districts</u>				
<u>Assets</u>				
Cash and investments	\$4,958,613	\$5,127,068	\$4,958,613	\$5,127,068
Restricted cash and investments	1,689,487	1,636,410	1,689,487	1,636,410
Total Assets	\$6,648,100	\$6,763,478	\$6,648,100	\$6,763,478
<u>Liabilities</u>				
Due to bondholders	\$6,648,100	\$6,763,478	\$6,648,100	\$6,763,478
Total Liabilities	\$6,648,100	\$6,763,478	\$6,648,100	\$6,763,478
<u>TOTAL AGENCY FUNDS</u>				
<u>Assets</u>				
Cash and investments	\$7,710,871	\$8,588,425	\$7,710,871	\$8,588,425
Restricted cash and investments	3,973,776	4,310,768	3,973,776	4,310,768
Total Assets	\$11,684,647	\$12,899,193	\$11,684,647	\$12,899,193
<u>Liabilities</u>				
Deposits payable	\$1,495		\$1,495	
Due to bondholders	11,683,152	\$12,899,193	11,683,152	\$12,899,193
Total Liabilities	\$11,684,647	\$12,899,193	\$11,684,647	\$12,899,193

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

- Net Assets by Components
- Changes in Net Assets
- Fund Balances of Governmental Funds
- Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Taxes Rates
- Principal Property Tax Payers
- Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

- Ratios of Outstanding Debt by Type
- Ratio of General Bonded Debt Outstanding
- Direct and Overlapping Debt
- Legal Debt Margin Information
- Pledged Revenue Coverage

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

- Demographic and Economic Information
- Principal Employers
- Full-time and Part-time City Employees by Function

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

- Operating Indicators
- Capital Asset Statistics

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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CITY OF VALLEJO
Net Assets by Component
Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ 180,968,562	\$ 266,448,146	\$ 260,617,039	\$ 254,306,071	\$ 260,245,020
Restricted	139,275,023	144,466,722	135,874,545	136,337,716	119,741,965
Unrestricted	12,679,669	(31,040,505)	(15,725,473)	(15,929,104)	(18,810,903)
Total governmental activities net assets	<u>\$332,923,254</u>	<u>\$379,874,363</u>	<u>\$380,766,111</u>	<u>\$374,714,683</u>	<u>\$361,176,082</u>
Business-type activities:					
Invested in capital assets, net of related debt	\$ 177,280,242	\$ 184,052,727	\$ 218,315,891	\$ 200,899,895	\$ 215,396,608
Restricted	68,290,291	52,058,389	41,716,706	49,930,075	47,275,222
Unrestricted	25,287,824	30,546,597	6,179,510	12,397,504	676,754
Total business-type activities net assets	<u>\$270,858,357</u>	<u>\$266,657,713</u>	<u>\$266,212,107</u>	<u>\$263,227,474</u>	<u>\$263,348,584</u>
Primary government:					
Invested in capital assets, net of related debt	\$ 358,248,804	\$ 450,500,873	\$ 478,932,930	\$ 455,205,966	\$ 475,641,628
Restricted	207,565,314	196,525,111	177,591,251	186,267,791	167,017,187
Unrestricted	37,967,493	(493,908)	(9,545,963)	(3,531,600)	(18,134,149)
Total primary government net assets	<u>\$603,781,611</u>	<u>\$646,532,076</u>	<u>\$646,978,218</u>	<u>\$637,942,157</u>	<u>\$624,524,666</u>

*The City of Vallejo implemented GASB 34 for the fiscal year ended June 30, 2003.
Information prior to the implementation of GASB 34 is not available.*

**CITY OF VALLEJO
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ending June 30				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
Legislative and Advisory	\$ 385,570	\$ 374,331	\$ 322,556	\$ 327,583	\$ 277,713
Executive	1,295,966	1,368,798	1,307,999	1,335,818	1,443,648
Finance	1,655,368	1,824,278	1,479,210	1,952,829	2,061,912
Human Resources	912,034	919,935	1,041,490	1,273,713	1,325,483
Law	778,393	756,854	687,908	722,436	860,128
Development Services	3,455,967	3,273,016	3,188,959	3,681,143	2,839,027
Community Development	46,230,453	58,210,217	51,914,880	37,306,492	44,540,545
Fire services	20,012,832	23,696,187	23,985,109	25,373,064	29,682,741
Police services	31,574,229	34,287,574	34,720,623	37,892,335	41,702,454
Public Works	13,809,365	13,939,915	14,793,797	25,854,625	24,422,136
Nondepartmental	12,832,301	12,151,426	11,710,331	6,826,980	7,284,198
Depreciation (not allocated)	7,254,472	-	-	-	-
Interest on long-term debt	6,821,567	2,835,728	2,455,183	2,703,849	2,649,965
Total governmental activities expenses	147,018,517	153,638,259	147,608,045	145,250,867	159,089,950
Business-type activities:					
Water	24,905,227	31,696,161	29,329,743	32,418,880	32,401,050
Local Transportation	18,183,460	20,882,570	24,165,435	29,663,516	30,667,114
Waterstone Development	2,766,951	2,747,357	65,305	-	-
Sanitation & Flood Control	19,919,415	22,240,114	22,672,873	24,902,110	26,012,630
Marine World JPA	55,545,895	57,942,325	54,198,128	58,203,991	55,980,978
Other proprietary funds	2,707,183	3,118,887	3,301,665	4,090,063	4,023,841
Total business-type activities expenses	124,028,131	138,627,414	133,733,149	149,278,560	149,085,613
Total primary government expenses	\$ 271,046,648	\$ 292,265,673	\$ 281,341,194	\$ 294,529,427	\$ 308,175,563
Program Revenues					
Governmental activities:					
Charges for services	\$ 27,950,704	\$ 19,337,363	\$ 25,022,210	\$ 27,434,458	\$ 28,956,923
Operating grants and contributions	29,887,552	33,810,077	34,786,028	36,629,191	34,636,280
Capital grants and contributions	41,716,347	20,492,269	13,790,057	3,188,226	2,724,007
Total governmental activities program revenues	99,554,603	73,639,709	73,598,295	67,251,875	66,317,210
Business-type activities:					
Charges for services	107,706,944	109,134,399	110,851,695	119,838,664	121,404,636
Operating grants and contributions	28,924,089	9,542,098	9,980,364	13,454,404	16,154,147
Capital grants and contributions	1,015,699	12,241,899	7,974,031	10,571,163	7,430,645
Total business-type activities program revenues	137,646,732	130,918,396	128,806,090	143,864,231	144,989,428
Total primary government program revenues	\$ 237,201,335	\$ 204,558,105	\$ 202,404,385	\$ 211,116,106	\$ 211,306,638
Net revenue/(expense)					
Governmental activities	\$ (47,463,914)	\$ (79,998,550)	\$ (74,009,750)	\$ (77,998,992)	\$ (92,772,740)
Business-type activities	13,618,601	(7,709,018)	(4,927,059)	(5,414,329)	(4,096,185)
Total primary government net expense	\$ (33,845,313)	\$ (87,707,568)	\$ (78,936,809)	\$ (83,413,321)	\$ (96,868,925)

**CITY OF VALLEJO
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ending June 30				
	2003	2004	2005	2006	2007
(Continued)					
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	\$ 13,242,560	\$ 12,612,335	\$ 20,900,386	\$ 20,826,439	\$ 23,812,446
Incremental property taxes	2,489,068	19,428,752	3,581,499	4,466,603	4,302,203
Special assessments	3,548,185	2,877,767	-	-	-
Sales taxes	14,581,035	13,336,714	13,913,459	14,479,613	12,517,648
Utility user taxes	11,697,172	11,707,588	11,882,250	12,711,868	12,746,862
Motor vehicles	6,875,520	5,688,734	12,185,788	8,592,520	9,536,759
Other taxes	10,054,753	14,094,574	5,330,846	5,290,946	7,124,909
Investment earnings	4,822,338	1,927,541	4,008,728	4,985,424	6,686,545
Gain on sale of capital assets	-	250,000	-	-	-
Miscellaneous	6,631,958	2,687,677	1,988,937	403,163	2,433,895
Transfers	(380,487)	(796,567)	1,109,605	190,988	72,871
Total governmental activities	<u>73,562,102</u>	<u>83,815,115</u>	<u>74,901,498</u>	<u>71,947,564</u>	<u>79,234,138</u>
Business-type activities:					
Property taxes	566,511	716,352	286,096	-	-
Investment earnings	4,957,815	1,600,870	3,067,039	1,549,559	4,225,630
Miscellaneous	1,176,453	(674,084)	43,604	37,705	64,536
Gain on sales of assets	(3,812,225)	-	2,194,319	-	-
Contributions	5,392,050	-	-	-	-
Transfers	380,487	796,567	(1,109,605)	(190,988)	(72,871)
Total business-type activities	<u>8,661,091</u>	<u>2,439,705</u>	<u>4,481,453</u>	<u>1,396,276</u>	<u>4,217,295</u>
Total primary government	<u>\$ 82,223,193</u>	<u>\$ 86,254,820</u>	<u>\$ 79,382,951</u>	<u>\$ 73,343,840</u>	<u>\$ 83,451,433</u>
Change in Net Assets					
Governmental activities	\$ 26,098,188	\$ 3,816,565	\$ 891,748	\$ (6,051,428)	\$ (13,538,602)
Business-type activities	22,279,692	(5,269,313)	(445,606)	(4,018,053)	121,110
Total primary government	<u>\$ 48,377,880</u>	<u>\$ (1,452,748)</u>	<u>\$ 446,142</u>	<u>\$ (10,069,481)</u>	<u>\$ (13,417,492)</u>

The City of Vallejo implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

**CITY OF VALLEJO
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year Ending June 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$ 263,688	\$ 202,254	\$ 1,036,264	\$ 987,769	\$ 964,936	\$ 3,833,393	\$ 2,692,874	\$ 1,926,691	\$ 2,117,143	\$ 1,774,947
Unreserved	(1,347,601)	3,057,717	6,051,445	7,303,879	5,465,289	4,012,922	1,433,060	11,929,653	8,739,529	5,246,450
Total General Fund	\$(1,083,913)	\$ 3,259,971	\$ 7,087,709	\$ 8,291,648	\$ 6,430,225	\$ 7,846,315	\$ 4,125,934	\$ 13,856,344	\$ 10,856,672	\$ 7,021,397
All Other Governmental Funds										
Reserved	\$27,785,307	\$22,128,447	\$21,799,901	\$27,505,743	\$ 69,315,928	\$ 35,172,419	\$ 29,522,909	\$ 76,608,552	\$ 75,584,065	\$ 68,287,067
Unreserved, reported in:										
Special revenue funds	4,051,726	6,889,126	11,033,632	32,249,288	50,843,678	73,640,662	72,737,570	16,415,761	10,410,295	11,999,502
Debt service funds	-	-	-	-	(7,536,268)	(3,121,481)	-	(3,531,237)	(3,686,077)	(5,322,945)
Capital projects funds	2,227,053	9,163,749	15,864,175	33,058,157	(1,809,505)	33,583,423	42,544,807	46,545,596	54,024,894	41,485,128
Permanent funds	-	-	-	-	-	-	-	-	115,963	120,291
Total all other governmental funds	\$34,064,086	\$38,181,322	\$48,697,708	\$92,813,188	\$110,813,833	\$139,275,023	\$144,805,286	\$136,038,672	\$136,449,140	\$116,569,043

CITY OF VALLEJO
 Changes in Fund Balances of Governmental Funds
 Last Five Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year Ending June 30				
	2003	2004	2005	2006	2007
Revenues:					
Taxes	\$ 66,537,857	\$ 69,534,702	\$ 55,161,490	\$ 57,550,479	\$ 59,919,619
Licenses and permits	7,900,520	9,133,758	11,852,968	6,000,434	4,677,963
Fines and forfeitures	1,216,869	1,434,419	1,450,743	3,887,337	1,683,911
Intergovernmental	78,159,185	53,864,845	55,423,739	49,780,261	48,824,041
Investment income	4,663,955	3,902,344	6,419,396	6,702,584	7,789,616
Charges for services	5,159,696	9,485,786	14,692,748	11,326,489	17,925,042
Contributions from property owners	-	6,201,378	-	-	-
Other	9,859,110	5,717,645	2,717,589	4,448,399	4,543,088
Total revenues	<u>173,497,192</u>	<u>159,274,877</u>	<u>147,718,673</u>	<u>139,695,983</u>	<u>145,363,280</u>
Expenditures					
Current:					
Legislative and Advisory	384,957	368,718	311,994	323,174	270,743
Executive	1,292,900	1,316,730	1,413,534	1,374,916	1,425,841
Finance	1,797,388	1,620,253	1,286,935	1,864,644	1,926,168
Human resources	910,174	890,623	973,717	1,282,442	1,319,304
Law	775,735	733,749	628,677	764,614	871,733
Development services	3,463,252	3,224,521	3,078,353	3,650,863	2,786,231
Community Development	21,590,216	21,566,642	52,217,190	39,856,041	46,712,048
Fire services	20,210,256	22,497,654	22,742,661	24,723,674	28,072,502
Police services	30,637,749	32,143,536	32,898,573	36,630,148	40,252,109
Public works	13,466,028	13,001,968	12,204,692	13,793,065	13,486,711
Redevelopment and housing	23,015,880	36,460,200	-	-	-
Nondepartmental	9,803,497	5,531,421	6,120,498	6,826,980	7,284,198
Capital Outlay	13,250,922	11,979,002	5,867,421	5,218,215	18,761,691
Debt service:					
Principal	7,349,406	1,450,153	5,056,682	1,657,337	3,966,314
Interest	6,828,458	4,169,649	2,463,555	2,705,865	2,667,960
Total expenditures	<u>154,776,818</u>	<u>156,954,819</u>	<u>147,264,482</u>	<u>140,671,978</u>	<u>169,803,553</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,720,374</u>	<u>2,320,058</u>	<u>454,191</u>	<u>(975,995)</u>	<u>(24,440,273)</u>
Other financing sources (uses):					
Gain (loss) on sale of assets	-	1,411,000	-	-	-
Transfers in	5,110,638	27,281,154	17,448,772	11,854,692	10,644,074
Transfers out	(5,451,508)	(28,038,104)	(16,939,167)	(13,467,901)	(10,580,494)
Proceeds from long-term debt issuance	11,497,776	6,743,199	-	-	661,320
Payment to bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	<u>11,156,906</u>	<u>7,397,249</u>	<u>509,605</u>	<u>(1,613,209)</u>	<u>724,900</u>
Net change in fund balances	<u>\$ 29,877,280</u>	<u>\$ 9,717,307</u>	<u>\$ 963,796</u>	<u>\$ (2,589,204)</u>	<u>\$ (23,715,373)</u>
Beginning fund balance	<u>\$117,244,058</u>	<u>\$147,121,338</u>	<u>\$148,931,220</u>	<u>\$149,895,016</u>	<u>\$147,305,813</u>
Prior period adjustments	-	(7,907,425)	-	-	-
Ending fund balance	<u>\$147,121,338</u>	<u>\$148,931,220</u>	<u>\$149,895,016</u>	<u>\$147,305,812</u>	<u>\$123,590,440</u>
Debt service as a percentage of noncapital expenditures					
	11%	4%	6%	3%	5%

The City of Vallejo has elected to show only four years of data for this schedule.

CITY OF VALLEJO

**Assessed Value and Estimated Actual Value of Taxable Property
Last Four Fiscal Years¹**

Fiscal Year Ended June 30	City				Redevelopment Agency				Total Direct Tax Rate	
	Secured	Unsecured	Nonunitary Utilities	Taxable Assessed Value	Secured	Unsecured	Nonunitary Utilities	Less: Exemptions		Taxable Assessed Value
2004	\$5,792,272,565	\$157,477,590	\$2,347,749	\$5,662,455,919	\$1,074,848,243	\$62,214,784	\$424,402	\$ (29,917,394)	\$1,107,570,035	0.24622%
2005	7,232,989,239	175,329,560	984,376	7,017,115,830	274,917,737	52,823,788	165,846	(28,424,461)	299,482,910	0.24622%
2006	8,166,353,064	171,754,178	1,690,797	7,935,990,160	299,392,380	59,923,297	161,333	(29,371,477)	330,105,533	0.24622%
2007	9,405,082,519	181,006,723	323,460	9,169,413,943	319,454,849	76,150,836	151,717	(48,168,099)	347,589,303	0.24622%

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

¹ The City of Vallejo has elected to show only four years of data for this schedule.

Source: County Assessor's Office

CITY OF VALLEJO
 Direct and Overlapping Property Tax Rates
 (Rate per \$100 of assessed value)
 Last Six Fiscal Years¹

Fiscal Year Ending June 30	2002	2003	2004	2005	2006	2007
City Direct Rates:						
City basic rate	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622
Total City Direct Rate	0.24622	0.24622	0.24622	0.24622	0.24622	0.24622
Overlapping Rates:						
Acc Capital Outlay	0.00807	0.00807	0.00807	0.00807	0.00807	0.00807
Aviation	0.00119	0.00119	0.00119	0.00119	0.00119	0.00119
BAAQMD	0.00219	0.00219	0.00219	0.00219	0.00219	0.00219
County Free Library	0.02743	0.02743	0.02743	0.02743	0.02743	0.02743
County General	0.31331	0.31331	0.31331	0.31331	0.31331	0.31331
County School Service Fund Support	0.01134	0.01134	0.01134	0.01134	0.01134	0.01134
County Support-Board of Education	0.00334	0.00334	0.00334	0.00334	0.00334	0.00334
Development Center	0.00217	0.00217	0.00217	0.00217	0.00217	0.00217
GVRD	0.06490	0.06490	0.06490	0.06490	0.06490	0.06490
Library Special Tax Zone 7	0.01385	0.01385	0.01385	0.01385	0.01385	0.01365
Mosquito Abatement	0.00567	0.00567	0.00567	0.00567	0.00567	0.00587
Recreation	0.00203	0.00203	0.00203	0.00203	0.00203	0.00203
SCC Voter Debt	0.02758	0.02758	0.02758	0.02758	0.02758	0.02758
Solano County Water District	0.01527	0.01527	0.01527	0.01527	0.01527	0.01527
Vallejo Unified School District M&O	0.24069	0.24069	0.24069	0.24069	0.24069	0.24069
VSFCD Operating	0.01474	0.01474	0.01474	0.01474	0.01474	0.01474
Total Prop. 13 Direct Rate	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Sc Fld State Wtr Fj Zone Ben #1	0.02000	0.02000	0.02000	0.02000	0.02000	0.02000
Scs GOB Series 2003-A	0.00000	0.00000	0.01432	0.01532	0.01643	0.01211
Vallejo Usd Bond 97 Measure A	0.02335	0.01603	0.00000	0.00000	0.00000	0.00000
Vallejo Usd Measure A 2002	0.00000	0.06657	0.05221	0.02566	0.02238	0.01852
Vallejo Usd Measure A 2004	0.00000	0.00000	0.00000	0.01620	0.00874	0.01019
Vallejo Usd Measure A 1999	0.03277	0.02313	0.00000	0.00000	0.00000	0.00000
Vallejo Usd Measure A 2000	0.01533	0.01851	0.00000	0.00000	0.00000	0.00000
Vallejo Usd State Repay	0.00022	0.00033	0.00014	0.00007	0.00001	0.00000
Vallejo Usd 2002-A GOB Refunding	0.00000	0.00000	0.05723	0.04535	0.04267	0.03828
Vallejo Usd Measure A - 2006	0.00000	0.00000	0.00000	0.00000	0.00000	0.01643
Scs GOB Series 2006B	0.00000	0.00000	0.00000	0.00000	0.00000	0.00336
Total Voter Approved Rate	0.09167	0.14457	0.14390	0.12260	0.11023	0.11888
Total Direct Rate	1.09167	1.14457	1.14390	1.12260	1.11023	1.11888

NOTE:

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

¹ The City of Vallejo has elected to show only six years of data for this schedule.

Source: County Assessor's Office

CITY OF VALLEJO
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2007		1998	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Kaiser Foundation Hospitals	\$ 250,558,097	3.03%	\$ -	-
Centro Watt Property Owner II	68,325,981	0.83%	-	-
Sutter Community Hospitals	64,290,971	0.78%	-	-
Park Management Corp.	54,570,033	0.66%	-	-
Vallejo Highlands Associates	30,617,144	0.37%	-	-
Sundance Vallejo	30,374,890	0.37%	-	-
Pan Pacific Retail Properties	27,013,561	0.33%	-	-
Centro Watt Operating Partnership	24,888,000	0.30%	-	-
Ogino LLC	23,154,000	0.28%	-	-
Misawa Homes USA Inc.	18,083,580	0.22%	-	-
Sky Vallejo San Francisco LLP	-	-	60,246,779	1.49%
Northwestern Mutual Life Insurance	-	-	23,144,869	0.57%
Arism/Lacaze Vallejo Plaza Assoc.	-	-	22,991,062	0.57%
Security Capital Pacific Trust	-	-	17,700,000	0.44%
General Mills, Inc.	-	-	16,301,967	0.40%
Meyer Cookware Industries Inc.	-	-	15,426,077	0.38%
Vallejo Highlands Associates	-	-	12,616,000	0.31%
Vallejo Somerset Limited Partners	-	-	12,616,000	0.31%
Western Investment Real Estate Trust	-	-	11,732,400	0.29%
Wal-Mart Stores, Inc.	-	-	11,715,859	0.29%
Top Ten Totals	\$ 591,876,257	7.16%	\$ 204,491,013	5.05%

The amounts shown above include assessed value data for both the City and the Redevelopment Agency.

Source: County Assessor's Office

CITY OF VALLEJO
Property Tax Levies and Collections
Last Six Fiscal Years¹

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2002	\$10,470,818	\$10,340,488	98.76%	not available	not available	n.a.
2003	11,253,848	11,099,274	98.63%	not available	not available	n.a.
2004	13,508,164	13,350,246	98.83%	not available	not available	n.a.
2005	15,792,705	15,628,710	98.96%	not available	not available	n.a.
2006	18,159,046	17,995,707	99.10%	not available	not available	n.a.
2007	19,935,587	19,725,185	98.94%	not available	not available	n.a.

NOTE:

The amounts presented include only City property taxes (excluding Redevelopment Agency tax increment).

¹ The City of Vallejo has elected to show only six years of data for this schedule.

CITY OF VALLEJO
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				
	General Obligation Bonds	Tax Allocation Bonds	Certificates of Participation	Capital Lease Obligations	Total Governmental Activities
1998	-	7,545,000	-	271,554	7,816,554
1999	-	7,505,000	-	1,794,046	9,299,046
2000	-	7,450,000	4,815,000	1,397,841	13,662,841
2001	-	7,380,000	17,792,411	1,082,351	26,254,762
2002	-	12,305,000	17,577,787	1,980,513	31,863,300
2003	-	12,150,000	28,582,725	3,722,883	44,455,608
2004	-	11,925,000	34,735,683	3,087,971	49,748,654
2005	-	11,665,000	30,505,614	2,521,358	44,691,972
2006	-	11,380,000	29,715,144	1,939,491	43,034,635
2007	-	11,721,320	26,612,742	1,395,579	39,729,641

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ These ratios are calculated using personal income and population for the prior calendar year.

Business-type Activities

Water Revenue Bonds	Certificates of Participation	Loans & Notes Payable	Capital Lease Obligations	Total Business-type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ¹
61,340,000	97,940,000	19,542,391	554,255	179,376,646	187,193,200	7.29%	1,677
68,055,000	96,175,000	12,340,831	317,476	176,888,307	186,187,353	6.86%	1,661
67,205,498	95,883,460	12,340,829	1,852,567	177,282,354	190,945,195	6.61%	1,675
74,194,868	153,471,393	8,852,447	217,821	236,736,529	262,991,291	8.17%	2,252
73,523,119	150,856,361	28,991,182	-	253,370,662	285,233,962	8.38%	2,409
72,020,610	149,071,766	28,257,039	-	249,349,415	293,805,023	8.34%	2,452
70,543,101	147,143,583	27,834,693	-	245,521,377	295,270,031	8.12%	2,450
68,955,592	138,299,106	19,981,202	-	227,235,900	271,927,872	7.02%	2,243
67,288,083	156,721,379	18,807,307	-	242,816,769	285,851,404	7.05%	2,368
65,882,818	153,269,877	17,780,129	-	236,932,824	276,662,465	6.61%	2,285

CITY OF VALLEJO

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years
(In Thousands, except Per Capita)

Fiscal Year Ended June 30	Outstanding General Bonded Debt			Percent of Assessed Value ¹	Per Capita ²
	General Obligation Bonds	Tax Allocation Bonds	Total		
1998	-	7,545	7,545	N/A	68
1999	-	7,505	7,505	N/A	67
2000	-	7,450	7,450	N/A	65
2001	-	7,380	7,380	N/A	63
2002	-	12,305	12,305	N/A	104
2003	-	12,150	12,150	N/A	101
2004	-	11,925	11,925	0.18%	99
2005	-	11,665	11,665	0.16%	96
2006	-	11,380	11,380	0.14%	94
2007	-	11,721	11,721	0.12%	97

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

² These ratios are calculated using personal income and population for the prior calendar year.

CITY OF VALLEJO
Direct and Overlapping Debt
June 30, 2007

City Assessed Valuation	\$ 9,169,413,943
Redevelopment Agency Incremental Valuation	347,589,303
Total Assessed Valuation	<u>\$ 9,517,003,246</u>

	Percentage Applicable ¹	Total Outstanding Debt 6/30/07	City's Estimated Share of Overlapping Debt 6/30/07
Overlapping Debt Repaid with Property Taxes:			
Solano County Community College District	27.406%	\$ 122,220,090	\$ 33,495,638
Vallejo Unified School District	98.092%	101,125,000	99,195,535
Vallejo Unified School District CFD No. 2	100.000%	25,090,000	25,090,000
City of Vallejo Hiddenbrooke Improvement District No. 1998	100.000%	20,410,000	20,410,000
City of Vallejo 1915 Act Bonds	100.000%	20,615,000	20,615,000
Total overlapping debt repaid with property taxes		<u>289,460,090</u>	<u>198,806,173</u>
Direct and Overlapping General Fund Debt:			
Solano County Certificates of Participation	26.427%	142,410,000	37,634,691
Solano County Pension Obligations	26.427%	132,805,000	35,096,377
Solano County Board of Education Certificates of Participatio	26.427%	3,440,000	909,089
Vallejo Unified School District Certificates of Participation	98.092%	44,295,000	43,449,851
City of Vallejo General Fund Obliations	100.000%	120,915,000	120,915,000
Total Direct and Overlapping General Fund Debt		<u>443,865,000</u>	<u>238,005,008</u>
Total overlapping debt		<u>\$ 443,865,000</u>	238,005,008
City direct debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 436,811,181</u>

Notes:

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

CITY OF VALLEJO
Legal Debt Margin Information
Last Four Fiscal Years¹

	Fiscal Year Ending June 30			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Assessed valuation	\$5,662,455,919	\$7,017,115,830	\$7,935,990,160	\$9,169,413,943
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	1,415,613,980	1,754,278,958	1,983,997,540	2,292,353,486
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$ 212,342,097	\$ 263,141,844	\$ 297,599,631	\$ 343,853,023
Total net debt applicable to limit: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 212,342,097</u>	<u>\$ 263,141,844</u>	<u>\$ 297,599,631</u>	<u>\$ 343,853,023</u>
Total debt applicable to the limit as a percentage of debt limit ²	0.0%	0.0%	0.0%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City Finance Department
County Tax Assessor's Office

¹ The City of Vallejo has elected to show only four years of data for this schedule.

² Section 43605 of the California Government Code for General Obligation bonds.

CITY OF VALLEJO
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Water Revenue Bonds (a)									
	Gross Water Revenues (b)	Less Expenses (c)	Net Available Revenues	Less Non-city system Available Revenues	City system Net Available Revenues	Total Debt Service (d)	Less Non-city system Debt Service	City system Net Debt Service	City system Coverage	
1998	-	-	-	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-	-	-	-
2005	30,566,714	19,762,044	10,804,670	512,209	10,292,461	5,466,341	544,186	4,922,155	2.09	
2006	31,721,072	22,646,495	9,080,577	547,320	8,533,257	6,050,834	585,468	5,465,366	1.56	
2007	35,878,297	22,812,283	13,066,014	295,470	12,770,544	4,869,604	1,123,013	3,746,591	3.41	

- a) Data is not readily available prior to fiscal year 2005.
- b) Includes operating revenues, investment earnings, contributions and transfers.
- c) Excludes depreciation and debt service payments.
- d) Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Data source - City of Vallejo Comprehensive Annual Financial Report
Debt Service Schedules

CITY OF VALLEJO
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Wastewater (a)										Coverage Ratio	
	Utility Service Charges	Less Operating Expenses	Net Available Revenues	Debt Service (Principal and Interest)			State Revenue	Notes Payable	Total	Coverage Ratio		
				2006 COP	2001 COP	1993 COP						Fund Loan
1998	-	-	-	-	-	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-	-	-	-	-	-
2000	13,851,512	8,252,719	5,598,793	-	-	2,660,782	-	-	112,817	2,773,599	2,773,599	2.02
2001	15,579,884	8,862,038	6,717,846	49,920	-	2,795,611	-	-	123,073	2,968,604	2,968,604	2.26
2002	16,994,606	9,795,195	7,199,411	995,929	-	2,648,148	-	-	123,073	3,767,150	3,767,150	1.91
2003	18,133,377	9,889,928	8,243,449	924,219	-	2,647,330	-	-	123,073	3,694,622	3,694,622	2.23
2004	19,746,266	10,101,814	9,644,452	891,393	-	2,783,017	-	-	123,073	3,797,483	3,797,483	2.54
2005	21,170,567	11,182,735	9,987,832	1,108,710	-	2,708,413	961,320	-	123,073	4,901,516	4,901,516	2.04
2006	21,896,473	11,974,517	9,921,956	1,260,243	576,089	2,705,508	904,648	-	61,537	5,508,025	5,508,025	1.80
2007	22,674,374	12,156,158	10,518,216	2,247,115	268,459	2,699,270	904,588	-	-	6,119,432	6,119,432	1.72

a) Data not available prior to 2000

Data source - Vallejo Sanitation and Flood Control District Comprehensive Annual Financial Report

City of Vallejo

Pledged Revenue Coverage
Last Ten Fiscal Years

Tax Allocation Bonds

Fiscal Year Ended June 30	Tax Increment	Debt Service (a)		Coverage
		Principal	Interest	
1998	1,862,048	30,000	573,828	3.08
1999	2,507,896	40,000	571,520	4.10
2000	1,276,053	55,000	568,455	2.05
2001	1,651,524	70,000	564,075	2.60
2002	2,092,182	485,000	788,651	1.64
2003	1,981,895	155,000	900,980	1.88
2004	1,942,673	225,000	887,270	1.75
2005	2,841,319	260,000	869,753	2.51
2006	3,261,701	285,000	849,983	2.87
2007	3,463,653	320,000	827,959	3.02

a) Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Data source - City of Vallejo Comprehensive Annual
Financial Report - Debt Service Schedules

CITY OF VALLEJO
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
1998	112,100	2,712,596	24,198	5.6%
1999	114,000	2,888,988	25,342	4.6%
2000	116,760	3,220,007	27,578	5.7%
2001	118,405	3,403,433	28,744	5.8%
2002	119,836	3,521,860	29,389	7.3%
2003	120,516	3,636,811	30,177	7.9%
2004	121,256	3,876,191	31,967	7.4%
2005	120,724	4,054,033	33,581	6.8%
2006	121,099	4,188,572	34,588	5.7%
2007	121,425	4,287,638	35,311	6.5%

Sources:

- (1) State Department of Finance (revised)
- (2) U.S. Bureau of Economic Analysis
- (3) State of California Employment Development Department (data shown is for the City)

CITY OF VALLEJO
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2007</u>		<u>1998</u>	
	<u>Number of Employees</u>	<u>Percent of Total Employment</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
Kaiser Permanente	2,735	4.49%	2,000	3.66%
Six Flags Discovery Kingdom	2,000	3.28%	-	0.00%
Vallejo Unified School District	2,000	3.28%	1,840	3.37%
Kaiser Permanente Call Center	950	1.56%	-	0.00%
Sutter Solano Medical Center	670	1.10%	514	0.94%
City of Vallejo	602	0.99%	-	0.00%
CA Highway Patrol, Regional Off	400	0.66%	-	0.00%
U.S. Forest Service	300	0.49%	-	0.00%
U.S. Postal Service	215	0.35%	260	0.48%
CA Maritime Academy	215	0.35%	-	0.00%
Marine World Africa USA (seasonal)	-	0.00%	1,200	2.20%
City of Vallejo/Sanitation & Flood Control	-	0.00%	628	1.15%
TIMEC Co	-	0.00%	500	0.91%
U.S. Navy (Mare Island Detachment)	-	0.00%	252	0.46%
Stoneridge Healthcare Center	-	0.00%	185	0.34%
Crestwood Hospitals Inc.	-	0.00%	181	0.33%

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: Vallejo Chamber of Commerce
City of Vallejo
California Employment Development Department

CITY OF VALLEJO
Full-time and Part-time City Employees
by Function
Last Eight Fiscal Years¹

<u>Function</u>	<u>Full-Time and Part-Time Employees as of June 30</u>							
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government	64	65	59	62	66	62	61	49
Public safety	320	344	350	355	350	320	325	329
Public works	58	60	61	63	67	59	59	63
Mare Island Coop/CFD	-	14	14	4	4	3	2	5
Development Services	20	22	23	26	23	20	21	23
Community Dev	24	23	23	25	26	24	25	22
Solid Waste Disp	-	-	1	1	1	1	1	1
Landscape District	3	4	4	4	3	5	5	6
Risk Management	-	3	3	3	2	3	3	3
Water	91	79	84	82	83	75	77	95
Transportation	4	4	4	4	4	6	6	6
Marina	4	4	4	4	4	4	3	3
Corp Yard	-	23	23	17	17	16	16	11
Total	<u>588</u>	<u>645</u>	<u>653</u>	<u>650</u>	<u>650</u>	<u>598</u>	<u>604</u>	<u>615</u>

¹ The City of Vallejo has elected to show only eight years of data for this schedule.

Source: City of Vallejo Budget

CITY OF VALLEJO
 Operating Indicators
 by Function
 Last Ten Fiscal Years

	Fiscal Year Ending June 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police:										
Arrests	9,354	5,696	5,250	7,689	7,783	7,618	2,610	5,250	7,658	8,682
Parking citations issued ⁴	-	-	-	-	4,127	16,054	16,971	15,097	14,108	13,200
Fire:										
Number of emergency calls	9,261	9,638	9,553	10,232	10,257	10,313	10,363	10,547	11,030	11,194
Inspections (Fire Prevention)	-	-	-	-	1,344	1,547	2,071	1,079	967	1,371
Inspections (Code Enforcement)	7,228	6,211	5,805	6,791	5,601	6,187	4,148	3,240	4,305	4,247
Public works:										
Street resurfacing (miles)	4.33	4.61	3.82	13.33	1.93	3.69	1.82	2.95	27.70	2.20
Water:										
New connections	243	627	610	464	541	397	436	559	314	139
Average daily consumption (thousands of gallons)	18,243	18,181	22,780	22,130	21,050	21,500	22,350	20,620	21,030	21,208
Development Services:										
Building permits	2,499	2,747	3,274	3,634	3,381	3,772	3,702	3,473	3,357	3,427
Housing Rental units ¹	-	-	-	-	-	2,266	2,266	2,266	2,266	2,266
Housing Vouchers ²	-	-	-	-	-	2,171	2,246	2,210	2,105	2,041
Golf course:										
Golf rounds played ³	154,728	164,918	154,886	152,731	150,904	146,415	130,651	114,353	96,750	112,296

¹ Amounts listed represent the number of rental units contracted. Amounts unavailable from 1997 to 2002.

² Amounts listed represent actual vouchers issued. Amounts unavailable from 1997 to 2002.

³ Amounts listed represent the combined total for the following three golf courses: Joe Mortara and Blue Rocks Springs East and West Golf Courses

⁴ Amounts unavailable from 1997 to 2001.

Source: City of Vallejo
 Enforcement Technology

CITY OF VALLEJO
 Capital Asset Statistics
 by Function
 Last Ten Fiscal Years

	Fiscal Year Ending June 30									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police:										
Stations	4	4	4	4	4	4	4	4	4	4
Fire:										
Fire stations	6	7	7	8	8	8	8	8	8	8
Public works:										
Streets (miles)	297	306	306	315	315	315	315	315	350	351
Traffic signals	122	122	124	131	131	131	131	134	134	151
Water:										
Water mains (miles)	390	390	605	600	600	600	600	605	622	623
Maximum daily capacity (thousands of gallons) ¹	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Golf Course:										
Municipal golf courses	3	3	3	3	3	3	3	3	3	3

¹ Represents combined capacity for Fleming Hill WTP, Travis WTP and Green Valley WTP.

Source: City of Vallejo

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ATTACHMENT B

**CITY OF VALLEJO
MEMORANDUM ON
INTERNAL CONTROL STRUCTURE
FOR THE YEAR ENDED JUNE 30, 2007**

MAZE & ASSOCIATES

January 25, 2008

To the Honorable Mayor and Members of City Council
Of the City of Vallejo
Vallejo, California

ACCOUNTANCY CORPORATION
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In planning and performing our audit of the financial statements of the City of Vallejo as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

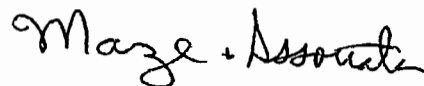
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We identified certain deficiencies in internal control that we consider to be material weaknesses that are included on the Schedule of Material Weaknesses.

The City's written responses included in this report have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, City Council, others within the organization, and agencies and pass-through entities requiring compliance with generally accepted government auditing standards, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



CITY OF VALLEJO
MEMORANDUM ON INTERNAL CONTROL STRUCTURE
SCHEDULE OF MATERIAL WEAKNESSES

2007-01 General Fund Financial Position & Going Concern

As auditors of the City, Council has engaged us to perform an audit of the City's financial statements and opine on the City's financial statements and provide assurance to readers of the statements, including Council, that they are prepared in accordance with generally accepted accounting principles. The City's financial statements are prepared assuming the City is a going concern. That is, the assumption that City has the ability to pay its bills as they come due without substantial disposition of assets outside the normal course of operations, restructuring of debt or forced revisions of its operations. As part of that work we are required to consider conditions and events which indicate that there is substantial doubt about the City's ability to continue as a going concern through June 30, 2008, its next year end.

As part of our audit last year, we reported to Council our comments on *Budgets and Cash Balances* in which we reported the very low level of reserves in the General Fund and our concern that fund balances were expected to decline further in fiscal 2006-07. We discussed the need for close monitoring and emphasized the need to make balancing the budget for the General Fund a top priority.

Unfortunately, the City has been unable to eliminate deficit spending in the General Fund and for the year ended June 30 2007 expenditures exceeded revenues by another \$3.8 million. This has reduced unreserved, undesignated fund balance to \$4.2 million. Compared to General Fund expenditures and transfers out which totaled \$86.3 million for fiscal 2006-07, fund balance represents only 17 days of reserves. This level is simply too low to ensure resources in the General Fund will be sufficient to finance General Fund expenditures when they come due.

Through fiscal 2006-07 staff have been reporting the General fund's financial picture including its "significant financial difficulties." In its latest report dated December 18, 2007 to Council, staff project expenditures will exceed revenues by \$8.8 million and the General Fund will be out of money before June 30, 2008. If this occurs and the General Fund runs out of funds, it will have to borrow cash from other funds. This present serious ramifications as the vast majority of moneys the City has are restricted and cannot be legally used for General Fund purposes.

Staff made a recommendation to the Council about the projection and recommended certain departmental reductions which would save an estimated \$3.5 million. However, we understand action has not been taken on this recommendation, nor has the City adopted a comprehensive plan to address the deficit spending.

Because of the above conditions, we have modified our opinion on the financial statements to include an explanatory paragraph discussing this going concern uncertainty. We also met with staff and indicated that financial statement disclosures of these facts were required under generally accepted accounting principals which were added to this year's financial statements.

CITY OF VALLEJO
MEMORANDUM ON INTERNAL CONTROL STRUCTURE
SCHEDULE OF MATERIAL WEAKNESSES

2007-01 General Fund Financial Position & Going Concern (Continued)

We have seen other municipalities address financial difficulties and there are a few common processes the successful ones use to manage their way out of difficulty. They are as follows:

- Accept that there is a problem. Since fiscal 2005 General Fund unreserved, undesignated fund balance has dropped from \$10 million to just over \$4.2 million. Deficits for the fiscal years ended June 30, 2006 and 2007 amounted to \$3 million and \$3.8 million. This history shows a problem.
- Act quickly. The longer decisions are delayed, the deeper the cuts must be to return to financial health.

Management Response

For each of the last several years, the City's General Fund has struggled to balance its revenues and expenditures. It began Fiscal Year 2005 -2006 with almost \$10 million in available fund balances. Two years later, it finished Fiscal Year 2006 – 2007 with unreserved, undesignated fund balance of only \$4.2 million.

The budget adopted for Fiscal Year 2007 – 2008, was balanced but was based on what is now clear were two flawed assumptions. First, the City assumed a relative modest economic downturn due to the financial difficulties related to the sub-prime mortgage debacle, and, second, it assumed significant reductions in public safety staffing levels. The economic downturn has turned out to have a much more dramatic negative impact on revenues than anticipated and, because of the results of the labor arbitration process, public safety staffing levels may actually increase.

Current projections for Fiscal Year 2007 – 2008 are that, without significant changes, expenditures will exceed revenues by over \$10 million. As of the date of this report, the City is engaged in a multi-pronged comprehensive process to reduce expenditures and increase revenues. It is negotiating with all of its labor groups, including public safety, to reduce costs and is evaluating alternative means of increasing both one-time and ongoing revenues. The objective is to achieve consensus on a plan to assure financial stability through at least the end of Fiscal Year 2009 – 2010. While the City believes that success is achievable, that outcome cannot be assured at this time.