

AGENDA

TEHACHAPI CITY COUNCIL REGULAR MEETING, TEHACHAPI REDEVELOPMENT SUCCESSOR AGENCY REGULAR MEETING, TEHACHAPI PUBLIC FINANCING AUTHORITY REGULAR MEETING, AND TEHACHAPI CITY FINANCING CORPORATION REGULAR MEETING

**Beekay Theatre
110 South Green Street
Tuesday, February 21, 2012 - 6:00 P.M.**

Persons desiring disability-related accommodations should contact the City Clerk no later than ten days prior to the need for the accommodation. A copy of any writing that is a public record relating to an open session of this meeting is available at City Hall, 115 South Robinson Street, Tehachapi, California.

CALL TO ORDER

ROLL CALL

INVOCATION

Participation in the invocation is strictly voluntary. Each City Councilmember, city employee, and each person in attendance may participate or not participate as he or she chooses.

PLEDGE TO FLAG

CONSENT AGENDA/OPPORTUNITY FOR PUBLIC COMMENT

All items listed with an asterisk (*) are considered to be routine and non-controversial by city staff. Consent items will be considered first and may be approved by one motion if no member of the council or audience wishes to comment or ask questions. If comment or discussion is desired by anyone, the item will be removed from the consent agenda and will be considered in listed sequence with an opportunity for any member of the public to address the city council concerning the item before action is taken. Staff recommendations are shown in caps. Please turn all cellular phones off during the meeting.

AUDIENCE ORAL AND WRITTEN COMMUNICATIONS

The City Council welcomes public comments on any items within the subject matter jurisdiction of the Council. We respectfully request that this public forum be utilized in a positive and constructive manner. Persons addressing the Council should first state their name and area of residence, the matter of City business to be discussed, and the organization or persons represented, if any. To ensure accuracy in the minutes, please fill out a speaker's card at the podium. Comments directed to an item on the agenda should be made at the time the item is called for discussion by the Mayor. Questions on non-agenda items directed to the Council or staff should be first submitted to the City Clerk in written form no later than 12:00 p.m. on the Wednesday preceding the Council meeting; otherwise response to the question may be carried over to the next City Council meeting. No action can be taken by the Council on matters not listed on the agenda except in certain specified circumstances. The Council reserves the right to limit the speaking time of individual speakers and the time allotted for public presentations.

**TEHACHAPI CITY COUNCIL REGULAR MEETING,
TEHACHAPI REDEVELOPMENT SUCCESSOR AGENCY REGULAR MEETING,
TEHACHAPI PUBLIC FINANCING AUTHORITY REGULAR MEETING, AND
TEHACHAPI CITY FINANCING CORPORATION REGULAR MEETING
TUESDAY, FEBRUARY 21, 2012 - 6:00 P.M. - PG. 2**

1. General public comments regarding matters not listed as an agenda item.
2. Mayor Grimes to present a Proclamation to the Safely Surrendered Baby Coalition.

CITY CLERK REPORTS

Tehachapi City Council Unassigned Res. No. 05-12
Tehachapi City Council Unassigned Ord. No. 12-01-709
Tehachapi Redevelopment Successor Agency Unassigned Res. No. 05-12
Tehachapi Public Financing Authority Unassigned Res. No. 01-12

- *3. **ALL ORDINANCES SCHEDULED FOR INTRODUCTION OR ADOPTION AT THIS MEETING SHALL BE READ BY TITLE ONLY**
- *4. Minutes for the Tehachapi City Council, Tehachapi Public Financing Authority, and the Tehachapi City Financing Corporation regular meeting on February 6, 2012 and the Tehachapi Redevelopment Successor Agency special meeting on February 6, 2012 - **APPROVE AND FILE**

FINANCE DIRECTOR REPORTS

- *5. Disbursements, bills, and claims for February 14, 2012, through February 14, 2012 – **AUTHORIZE PAYMENTS**
- *6. City of Tehachapi Treasurer's Report through January 2012 – **RECEIVE REPORT**
- *7. California Government Code Section 53646(a) requires council members to review and approve the Investment Policy each year – **ADOPT A RESOLUTION ADOPTING AN INVESTMENT POLICY AND REPEALING RESOLUTION NO. 04-11**
8. **PUBLIC HEARING** – As part of the annual Public Transit Claim for Transportation Development Act funding, it is necessary to conduct a public hearing to receive public testimony concerning the transit needs within the City. Currently, the City of Tehachapi provides a transit service named Dial-A-Ride, through Kern Regional Transit. The average cost per rider from July 2010 to June 2011 is \$21.97 and the subsidized cost per rider during the same period is \$21.20 – **OPEN HEARING; NOTICE OF PUBLIC HEARING AND CORRESPONDENCE; STAFF REPORT; RECEIVE PUBLIC COMMENT; CLOSE HEARING; ADOPT A RESOLUTION FINDING THAT THERE ARE NO UNMET TRANSIT NEEDS THAT ARE REASONABLE TO MEET WITHIN THE CITY**
9. Annual financial report for the year ended June 30, 2011 - **RECEIVE REPORT**

AIRPORT MANAGER REPORTS

- *10. Mr. Marshall Bottorff's original 15-year hangar ground lease has expired – **APPROVE THE NEW GROUND LEASE AGREEMENT BETWEEN THE CITY OF TEHACHAPI AND MARSHALL BOTTORFF FOR HANGAR 38W**

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TUESDAY, FEBRUARY 21, 2012 - 6:00 P.M. - PG. 3**

- *11. A new lease agreement needs to be approved in order to standardized lease agreements and fee practices at Tehachapi Municipal Airport – **APPROVE THE NEW GROUND LEASE AGREEMENT BETWEEN THE CITY OF TEHACHAPI AND GEORGE T. SANDY FOR HANGAR 24E**

CITY ATTORNEY REPORTS

12. Present options to City Council regarding open seat on Council due to former Councilmember Vernon's resignation – **DIRECT STAFF**

CITY MANAGER REPORTS

- *13. Council adopted Resolution No. 11-06 establishing a Park and Recreational Facility Fee. According to Government Code section 66001, a five year report must be completed which identifies the historical revenues and projects costs – **APPROVE THE FIVE-YEAR IMPACT FEE REPORT FOR PARK AND RECREATION IMPACT FEES AND MAKE THE NECESSARY FINDINGS REQUIRED IN CALIFORNIA GOVERNMENT CODE SECTION 66001**
14. Report to Council regarding current activities and programs – **VERBAL REPORT**

MAYOR APPOINTMENTS

15. Appoint one member to LAFCO to fill the vacancy created by former Councilmember Vernon's resignation.

COUNCILMEMBER ANNOUNCEMENTS OR REPORTS

On their own initiative, a Councilmember may ask a question for clarification, make a brief announcement, provide a reference to staff or other resources for factual information, take action to have staff place a matter of business on a future agenda, request staff to report back at a subsequent meeting concerning any matter, or make a brief report on his or her own activities. (Per Gov't. Code §54954.2(a))

CLOSED SESSION

1. Approval of closed session minutes of February 6, 2012.

ADJOURNMENT

MINUTES

TEHACHAPI CITY COUNCIL REGULAR MEETING, TEHACHAPI PUBLIC FINANCING AUTHORITY REGULAR MEETING, AND TEHACHAPI CITY FINANCING CORPORATION REGULAR MEETING

BeeKay Theatre
110 South Green Street
Monday, February 6, 2012 – 6:00 P.M.

NOTE: Sm, Ve, Gr, Wi and Ni are abbreviations for Council Members Smith, Vernon, Grimes, Wiggins and Nixon, respectively. For example, Gr/Sm denotes Council Member Grimes made the motion and Council Member Smith seconded it. The abbreviation Ab means absent, Abd abstained, Ns noes, and NAT no action taken.

ACTION TAKEN

CALL TO ORDER

Meeting called to order by Mayor Grimes at 6:00 p.m.

ROLL CALL

Roll call by City Clerk Denise Jones.

Present: Mayor Grimes, Mayor Pro-Tem Smith, Councilmembers
Vernon & Wiggins

Absent: Councilmember Nixon

INVOCATION

By Ron Barker of the First Baptist Church.

PLEDGE TO THE FLAG

Led by Chief Kermodé.

CONSENT AGENDA

Approved consent agenda.

Approved Consent Agenda
Ve/Sm Motion Carried
Ab: Ni

AUDIENCE ORAL COMMUNICATIONS

1. Presentation from the Jeremy Staat Foundation.
2. General public comments regarding matters not listed as an agenda item were received from:
 - a. Robert Moran, Old West Ranch resident, thanked Council for support of Option Map B in regards to wind boundary and spoke to wind boundary issue.

- b. Nancy Buge, city resident, asked about cost of branding program for City.
- c. Christy Cowee thanked Council and staff for their continued service to the community.
- d. Carl Gehricke commented on Chamber of Commerce having visitor information.
- e. Charles White, city resident, commented on branding program.
- f. Mary Beth Garrison, General Manager of Stallion Springs Community Services District, spoke about branding process.

CITY CLERK REPORTS

*3. **ALL ORDINANCES SCHEDULED FOR INTRODUCTION OR ADOPTION AT THIS MEETING SHALL BE READ BY TITLE ONLY.**

All Ord. Read By Title Only
 Ve/Sm Motion Carried
 Ab: Ni

*4. Minutes for the Tehachapi City Council, Tehachapi Redevelopment Agency, Tehachapi Public Financing Authority, and the Tehachapi City Financing Corporation regular meeting on January 17, 2012 - **APPROVED AND FILED.**

Approved & Filed
 Ve/Sm Motion Carried
 Ab: Ni

*5. The Jeremy Staat Foundation has submitted a special use application for the Wall To Wall Cross Country Bicycle Ride event. This event will be held on Sunday, February 19, 2012, from 9:00 am until 10:00 pm. They are requesting the closure of F Street from Curry Street to the Green Street and the use of Centennial Plaza – **APPROVED THE SPECIAL USE APPLICATION AND ASSOCIATED STREET CLOSURE FOR THE WALL TO WALL CROSS COUNTRY BICYCLE RIDE EVENT, SUBJECT TO CITY CONDITIONS AND CITY ATTORNEY APPROVAL OF INSURANCE**

Approved The Special Use Application & Associated Street Closure For The Wall To Wall Cross Country Bicycle Ride Event, Subject To City Conditions & City Attorney Approval Of Insurance
 Ve/Sm Motion Carried
 Ab: Ni

FINANCE DIRECTOR REPORTS

*6. Disbursements, bills, and claims for January 10, 2012, through January 31, 2012 –**AUTHORIZED PAYMENTS.**

Authorized Payments
 Ve/Sm Motion Carried
 Ab: Ni

*7. The State of California reimburses local agencies for costs incurred in complying with certain state-mandated programs. The City has been working with Andy Nichols for SB90 Mandated Cost Claims filing since 2001/02 – **APPROVED THE CONTRACT WITH NICHOLS CONSULTING FOR THE SB90 FILING SERVICE**

Approved The Contract With Nichols Consulting For The SB90 Filing Service
 Ve/Sm Motion Carried
 Ab: Ni

AIRPORT COMMISSION REPORTS

8. Airport Commissioner David Bushman has been absent three consecutive Airport Commission Meetings. According to the Tehachapi Municipal code, he needs to be declared retired and his position deemed vacant – **AIRPORT COMMISSION CHAIRMAN**

NAT

ERIC HANSEN GAVE REPORT; DAVID BUSHMAN EXPLAINED HIS SIDE OF CURRENT SITUATION AND EXPRESSED HIS DESIRE TO STAY ON COMMISSION

UTILITY MANAGER REPORTS

- *9. Consideration of the annual agreement with Golden Hills Community Service District to allow the City to pump an additional 333 acre-feet of ground water in the calendar year 2012 – **APPROVED ANNUAL WATER RIGHTS LEASE AGREEMENT WITH GOLDEN HILLS COMMUNITY SERVICES DISTRICT**

Approved Annual Water Rights Lease Agreement With Golden Hills Community Services District
Ve/Sm Motion Carried
Ab: Ni

POLICE CHIEF REPORTS

- *10. The city receives \$100,000.00 from the State of California through the Supplemental Law Enforcement Services Fund (SLESF) also commonly referred to as state "COPS" funds. The Police Department has developed a proposed spending plan for the 2011-2012 SLESF funds – **APPROVED SLESF SPENDING PLAN**

Approved SLESF Spending Plan
Ve/Sm Motion Carried
Ab: Ni

11. The current police station is woefully inadequate as a modern public safety facility. With Council approval, staff continued its due diligence associated with a new facility. Based upon the information developed by staff, we are now prepared to recommend the purchase and remodel of an existing structure located at 220 W "C" Street – **CHIEF KERMODE GAVE REPORT; STAN BECKHAM, CITY RESIDENT, ASKED ABOUT LEASING THE BUILDING AND SUGGESTED DISSOLVING POLICE DEPARTMENT; MARY BETH GARRISON, SSCSD MANAGER, COMMENTED ON COST OF NEW POLICE FACILITY; CARL GEHRICKE, CITY RESIDENT, REQUESTED THAT CITY BUILDING INSPECTOR GO THROUGH BUILDING; GEORGE BARKER ASKED ABOUT PRICE NEGOTIATION; ANDREW GOSSAGE, CITY RESIDENT, FEELS SAFER WITH CITY POLICE DEPARTMENT; COUNCILMEMBER WIGGINS COMMENTED ON RISKS OF LEASING A BUILDING AND THE LIABILITY OF CONTINUED USE OF CURRENT POLICE FACILITY; COUNCILMEMBER SMITH ASKED ABOUT ESTIMATE OF BUILDING A NEW POLICE FACILITY FROM THE GROUND UP; COUNCILMEMBER VERNON EXPRESSED HER SUPPORT AND APPRECIATION TO STAFF FOR WORK ON PROJECT AND ASKED ABOUT PUBLIC SAFETY IMPACT FUND; CHIEF BURRIS, STALLION SPRINGS POLICE DEPARTMENT, COMMENTED ON BENEFITS OF THEIR NEW POLICE FACILITY; MAYOR GRIMES COMMENTED ON BENEFITS OF LOCAL CONTROL OF LAW ENFORCEMENT; AUTHORIZED THE MAYOR TO SIGN ESCROW INSTRUCTIONS AND REQUIRED DOCUMENTS TO PURCHASE 220 W C STREET FOR THE PRICE OF \$400,000.00 AND AUTHORIZED**

Authorized The Mayor To Sign Escrow Instructions & Required Documents To Purchase 220 W C Street For The Price Of \$400,000.00 & Authorized Staff To Issue A Request For Qualifications ("RFQ") For An Architect With Experience In Designing Police Facilities
Ve/Wi Motion Carried
Ab: Ni

STAFF TO ISSUE A REQUEST FOR QUALIFICATIONS (“RFQ”) FOR AN ARCHITECT WITH EXPERIENCE IN DESIGNING POLICE FACILITIES

CITY MANAGER REPORTS

*12.It is necessary for certain employees to access confidential documents or information during the course of their work duties. Staff feels it is necessary for Council to allow the City Manager to designate certain officers or employees as confidential officers – **APPROVED RESOLUTION NO. 04-12 ALLOWING THE CITY MANAGER TO DESIGNATE CERTAIN OFFICERS OR EMPLOYEES AS CONFIDENTIAL OFFICERS.**

Approved Res. No. 04-12
Allowing The City Manager
To Designate Certain
Officers Or Employees As
Confidential Officers
Ve/Sm Motion Carried
Ab: Ni

*13.Report to Council regarding current activities and programs – **VERBAL REPORT.**

Gave Report

MAYOR APPOINTMENTS

14. Appoint two members to the Oversight Committee of Successor Agency to the Tehachapi Redevelopment Agency – **MAYOR GRIMES APPOINTED HIMSELF AND CITY MANAGER GREG GARRETT TO OVERSIGHT COMMITTEE**

Mayor Grimes Appointed
Himself & City Manager Greg
Garrett To Oversight
Committee

ADJOURNMENT TO A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE TEHACHAPI REDEVELOPMENT AGENCY

COUNCIL MEMBER ANNOUNCEMENTS OR REPORTS

1. Mayor Grimes reminded everyone about the Jeremy Staat Wall to Wall fundraiser event on February 19, 2012.
2. Councilmember Vernon submitted her resignation effective February 7, 2012.

CLOSED SESSION

1. Conference with legal counsel regarding potential claim from the Broome Family Trust per Government Code Section 54956.9(c).

ADJOURNMENT

The City Council/Boards adjourned at 8:04 p.m. to a Tehachapi City Council, Tehachapi Redevelopment Successor Agency, Tehachapi Public Financing Authority and Tehachapi City Financing Corporation Regular Meeting to be held on Tuesday, February 21, 2012, at 6:00p.m.

MINUTES

A SPECIAL MEETING OF THE TEHACHAPI CITY COUNCIL ACTING AS GOVERNING BODY OF THE SUCCESSOR AGENCY TO THE TEHACHAPI REDEVELOPMENT AGENCY AND A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE TEHACHAPI REDEVELOPMENT AGENCY

BeeKay Theatre
110 South Green Street
Monday, February 6, 2012 – 6:00 P.M.

NOTE: Sm, Ve, Gr, Wi and Ni are abbreviations for Council Members Smith, Vernon, Grimes, Wiggins and Nixon respectively. For example, Gr/Sm denotes Council Member Grimes made the motion and Council Member Smith seconded it. The abbreviation Ab means absent, Abd abstained, Ns noes, and NAT no action taken.

ACTION TAKEN

BUSINESS

1. ADOPTED RESOLUTION NO. 01-12 OF THE CITY COUNCIL ACTING AS THE GOVERNING BODY FOR THE SUCCESSOR AGENCY TO THE TEHACHAPI REDEVELOPMENT AGENCY ESTABLISHING RULES AND REGULATIONS FOR THE OPERATIONS OF THE SUCCESSOR AGENCY AS A NEW LEGAL ENTITY SEPARATE FROM THE CITY AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH.
2. ADOPTED RESOLUTION NO. 02-12 OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE TEHACHAPI REDEVELOPMENT AGENCY CREATING A REDEVELOPMENT OBLIGATION RETIREMENT FUND AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH
3. ADOPTED RESOLUTION NO. 03-12 OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE TEHACHAPI REDEVELOPMENT AGENCY ADOPTING AN ENFORCEABLE OBLIGATION PAYMENT SCHEDULE AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH
4. ADOPTED RESOLUTION NO. 04-12 OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE TEHACHAPI REDEVELOPMENT AGENCY AUTHORIZING THE INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND OF THE STATE OF CALIFORNIA AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH

Wi/Ve Motion Carried
Ab: Ni

ADJOURNMENT TO THE TEHACHAPI CITY COUNCIL REGULAR MEETING

<u>Invoice No</u>	<u>Description</u>	<u>Reference</u>	<u>Invoice Date</u>	<u>Check Amount</u>
Check No: 0 41816055	Check Date: ? PW/industrial acetylene	Vendor: 0015	211 Praxair Distribution, Inc. 01/20/2012	120.01
			Check Total:	120.01
Check No: 0 IO335021 UT IO335021	Check Date: ? Use Tax Swr/dreamsicle	Vendor: 0027	Atco International 01/31/2012 01/31/2012	-10.72 158.52
			Check Total:	147.80
Check No: 0 B115374 1 B115283 B115472 B115728 1 B114953 1 B115374 2 B115728 2 B115473 B114953 2 B115289 B114926 B115284 B115730	Check Date: ? Wtr/samples/Curry Well Wtr/samples/Dennison Well Wtr/samples/Dennison Well Wtr/samples/600 Dennison/Mojave Well Wtr/samples/309 East I/222 West D Wtr/samples/Curry Well Wtr/samples/600 Dennison/Mojave Well Wtr/samples/Curry Resv Wtr/samples/309 East I/222 West D Wtr/samples/Curry Resv Swr/samples/WWTP headwork Swr/samples/WWTP headwork Swr/samples/WWTP headwork	Vendor: 0035	BC Laboratories, Inc. 01/31/2012 01/31/2012 02/06/2012 02/06/2012 01/23/2012 01/31/2012 02/06/2012 02/06/2012 01/23/2012 01/31/2012 01/23/2012 02/06/2012 02/06/2012	75.00 15.00 15.00 50.00 50.00 24.00 36.00 15.00 24.00 15.00 210.00 210.00 210.00
			Check Total:	949.00
Check No: 0 238143363 238143362	Check Date: ? PW/tank lease Strts/yard bottles	Vendor: 0041	Benz Propane Company, Inc. 12/31/2011 12/31/2011	368.95 108.96
			Check Total:	477.91
Check No: 0 A202575	Check Date: ? Swr/storm water Jan 2012	Vendor: 0060	BSK Analytical Laboratories 02/01/2012	120.00
			Check Total:	120.00
Check No: 0 7616893	Check Date: ? Swr/ph buffer solution kit/gel crtg	Vendor: 0193	Hach Company 02/09/2012	71.00
			Check Total:	71.00
Check No: 0 6044219 6044222 6044219 CR 6044237 6044240 6044517	Check Date: ? PW/replace fuel tank vent valve grom PW/gas cap PW/repair order voided/CR PW/State smog inspection Wtr/State smog inspection Swr/replace O2 sensor	Vendor: 0214	J&H Automotive Unlimited 12/09/2011 12/08/2011 01/02/2012 12/12/2011 12/12/2011 02/06/2012	216.11 66.98 -44.57 51.70 51.70 252.53
			Check Total:	594.45
Check No: 0 492162 492161 2 492161 1 492161 3	Check Date: ? PW/flat 20' PW/120 rect tube 20' Wtr/2 5" blk pipe p.e. 6" Swr/raised exp metal/round 20'	Vendor: 0218	Jim's Supply Company, Inc. 01/26/2012 01/26/2012 01/26/2012 01/26/2012	313.74 568.64 16.75 111.01
			Check Total:	1,010.14
Check No: 0 59817	Check Date: ? Strts/material/cold mix to yard	Vendor: 0241	Kern Bros. Trucking, Inc. 01/13/2012	2,066.21
			Check Total:	2,066.21

<u>Invoice No</u>	<u>Description</u>	<u>Reference</u>	<u>Invoice Date</u>	<u>Check Amount</u>
Check No: 0	Check Date: ?	Vendor: 0263	Lebeau, Thelen, LLP	
1 12312011	GG/legal service/general business		12/31/2011	536.50
11 013112	GG/legal services/Broome Ranch		01/31/2012	3,154.00
10 12312011	GG/legal service extra		12/31/2011	1,069.50
7 12312011	GG/legal service/WalMart		12/31/2011	665.00
8 013112	GG/legal services/WalMart		01/31/2012	14,098.00
25 12312011	PW/legal fees		12/31/2011	18.50
13 013112	PD/Pitchess motions		01/31/2012	618.00
12 12312011	PD/legal service/Pitchess		12/31/2011	745.00
38 013112	Teh funding/Legal services-extra 89-		01/31/2012	2,122.23
37 12312011	LLD/legal service/Teh funding LLC		12/31/2011	621.00
			Check Total:	23,647.73
Check No: 0	Check Date: ?	Vendor: 0275	Lubrication Engineers, Inc.	
186718	Swr/gear lube/monolec R&O/engine oil		01/27/2012	3,156.76
			Check Total:	3,156.76
Check No: 0	Check Date: ?	Vendor: 0300	Mission Linen & Uniform Servic	
140182906	PW/srvc chrg/auto cover/twl cntr/dis		01/24/2012	75.64
140184061	PW/srvc chrg/auto cover/twl cntr/dis		01/31/2012	71.66
			Check Total:	147.30
Check No: 0	Check Date: ?	Vendor: 0304	Mojave Sanitation	
1875449 08/31/1	PW/rolloff service/KC gate/recycling		08/31/2011	476.91
1954661 612989	PW/cash truck		12/19/2012	20.00
1954661 1875433	PW/finance charge		01/01/2012	11.47
1824163 04/30/1	PW/finance charge		04/30/2011	4.37
1875433 08/31/1	PW/trailer		08/31/2011	764.51
			Check Total:	1,277.26
Check No: 0	Check Date: ?	Vendor: 0347	Quinn Company	
PC080282519	PW/ethercyl assy		01/19/2012	121.43
			Check Total:	121.43
Check No: 0	Check Date: ?	Vendor: 0362	RSI Petroleum Products	
0249315	PW/fuel		01/10/2012	1,261.09
0249491	PW/fuel		01/17/2012	343.51
0249647	PW/fuel		01/24/2012	2,170.39
			Check Total:	3,774.99
Check No: 0	Check Date: ?	Vendor: 0426	Tehachapi-Cummings County Wate	
013112 1	Wtr/service charge/Benz San		01/31/2012	4.50
013112 2	Wtr/service charge/Chemtool		01/31/2012	4.50
013112 3	Wtr/service charge/Henway		01/31/2012	4.50
013112 4	Wtr/service charge/TUSD		01/31/2012	4.50
013112 7	LLD/service charge/Warrior park		01/31/2012	4.50
013112 5	LLD/service charge/landscaping		01/31/2012	4.50
013112 6	LLD/service charge/Median		01/31/2012	4.50
			Check Total:	31.50
Check No: 0	Check Date: ?	Vendor: 0441	Vulcan Materials Company	
636939	PW/ae 6.0sk		01/09/2012	683.37
			Check Total:	683.37
Check No: 0	Check Date: ?	Vendor: 0450	USA Bluebook	
567807	Wtr/pressure data logger/fire hydran		01/05/2012	968.82
			Check Total:	968.82

<u>Invoice No</u>	<u>Description</u>	<u>Reference</u>	<u>Invoice Date</u>	<u>Check Amount</u>
Check No: 0 824266560	Check Date: ? PD/subscription/CA penal code pamphl	Vendor: 0471	West Payment Center 01/04/2012	352.05
			Check Total:	352.05
Check No: 0 121051-0 121102-0 120974-0 121078-0 120991-0 120950-0 121047-0 120793-0 120873-0 120986-0	Check Date: ? GG/paper GG/bndr ltr index GG/paper GG/headset GG/binders/paper GG/paper/binder clips GG/pads/calculator Lndsc/inkcart CD/custom stamp CD/inkcart	Vendor: 0476	WITTS Everything for the Offic 02/07/2012 02/09/2012 02/01/2012 02/09/2012 02/03/2012 02/01/2012 02/08/2012 01/24/2012 01/27/2012 02/02/2012	68.62 6.80 19.24 9.11 72.90 109.55 38.47 32.16 68.59 72.91
			Check Total:	498.35
Check No: 0 22235576	Check Date: ? PW/battery replacement	Vendor: 0498	Interstate Battery System 01/26/2012	102.91
			Check Total:	102.91
Check No: 0 132186	Check Date: ? A/service/inspection & blades	Vendor: 0560	Kern Machinery 02/09/2012	274.04
			Check Total:	274.04
Check No: 0 949427	Check Date: ? Strts/valve asy	Vendor: 0745	Jim Burke Ford 01/26/2012	113.58
			Check Total:	113.58
Check No: 0 03012012 4 03012012 1 03012012 2 03012012 3	Check Date: ? Life/AD&D Medical Dental Vision	Vendor: 0832	ACWA Health Benefits Authority 03/01/2012 03/01/2012 03/01/2012 03/01/2012	935.32 59,837.55 7,219.50 861.91
			Check Total:	68,854.28
Check No: 0 072011 2 082011 2 092011 2 102011 2 112011 2 122011 2 072011 1 082011 1 092011 1 102011 1 112011 1 122011 1	Check Date: ? Passenger fares July 2011 Passenger fares Aug. 2011 Passenger fares Sept. 2 Passenger fares Oct. 2011 Passenger fares Nov. 2011 Passenger fares Dec. 2011 Dial-A-Ride/Operation costs July 201 Dial-A-Ride/Operation costs Aug. 201 Dial-A-Ride/Operation costs Sept. 20 Dial-A-Ride/Operation costs Oct. 201 Dial-A-Ride/Operation costs Nov. 201 Dial-A-Ride/Operation costs Dec. 201	Vendor: 0842	Kern County Roads Department 02/02/2012 02/02/2012 02/02/2012 02/02/2012 02/02/2012 02/02/2012 02/02/2012 02/02/2012 02/02/2012 02/02/2012 02/02/2012	-396.08 -396.08 -396.08 -396.08 -396.08 -396.08 9,157.30 9,513.36 9,257.85 8,879.85 8,730.51 10,190.43
			Check Total:	53,352.82
Check No: 0 98024	Check Date: ? Strts/local roads & streets needs as	Vendor: 0956	League of California Cities 12/20/2011	200.00
			Check Total:	200.00
Check No: 0 68909	Check Date: ? CD/4 tires	Vendor: 0972	The Tire Store 10/18/2011	360.00
			Check Total:	360.00

<u>Invoice No</u>	<u>Description</u>	<u>Reference</u>	<u>Invoice Date</u>	<u>Check Amount</u>
Check No: 0	Check Date: ?	Vendor: 1286	M&M's Sports Uniforms & Embroi	
25249 RI	GG/artwork/design/embroidery		12/26/2011	2,019.39
25471	GG/5 jackets/embroidery		01/31/2012	279.06
25425	GG/hats/embroidery		01/23/2012	283.68
23298 RI	PD/tailoring/sew on patches		03/22/2011	2.44
25092 RI	PD/metal nametag CDC Fire Dept.or Sh		12/06/2011	10.73
25361	PD/tailoring/remove patches/sew patc		01/13/2012	42.26
			Check Total:	2,637.56
Check No: 0	Check Date: ?	Vendor: 1321	Culligan Water Conditioning	
020112	PD/acd rental		02/01/2012	29.00
			Check Total:	29.00
Check No: 0	Check Date: ?	Vendor: 1413	Kern Turf Supply, Inc.	
308624	Centennial Plaza/flow transmitter/kt		01/20/2012	528.85
			Check Total:	528.85
Check No: 0	Check Date: ?	Vendor: 1442	FLEX ONE AFLAC	
127356	GG/admin fees		02/01/2012	50.00
			Check Total:	50.00
Check No: 0	Check Date: ?	Vendor: 1676	T.H.E. Tec	
12007	PD/hard drive3		02/01/2012	203.76
			Check Total:	203.76
Check No: 0	Check Date: ?	Vendor: 1801	HD Supply Waterworks, LTD	
4354568	Wtr/meter spud wrench		02/03/2012	365.61
4248786	Wtr/4" roll seal rep kit		01/26/2012	190.31
4332325	Wtr/redi clmps		01/31/2012	298.24
4248617	Wtr/flg ring gskt/bug screen 3/4"		01/25/2012	256.01
4332315	Wtr/redi clmp for cts		01/27/2012	218.08
4332162	Wtr/ball valve/redi clamp		01/27/2012	282.57
4302680	Wtr/brss nppl low lead		01/27/2012	318.01
			Check Total:	1,928.83
Check No: 0	Check Date: ?	Vendor: 2111	Swift Napa Auto Parts	
729932	PW/filler neck hose/fuel line hose/c		01/30/2012	156.42
729986	PW/lamp/work Imp		01/30/2012	70.74
729623	PW/moltan 25 diat earth		01/26/2012	6.42
729404	PW/retn riv/bumper clip/assessor/ret		01/24/2012	19.27
730031	Strts/fuel filter		01/31/2012	5.35
729520	Strts/carb kit		01/25/2012	92.12
729443	Strts/electrical fuel pump		01/25/2012	183.39
			Check Total:	533.71
Check No: 0	Check Date: ?	Vendor: 2147	Coffee Break Service, Inc.	
FEB3316	GG/rental water cooler		02/08/2012	26.95
			Check Total:	26.95
Check No: 0	Check Date: ?	Vendor: 2178	The Daily Independent	
021112	GG/annual subscription renewal		02/11/2012	162.72
			Check Total:	162.72
Check No: 0	Check Date: ?	Vendor: 2182	BLR	
2-7057790	Wtr/safety training presentations		12/30/2011	428.58
			Check Total:	428.58
Check No: 0	Check Date: ?	Vendor: 2200	Argo Chemical	
1201148	Wtr/chlor sol		01/25/2012	753.51

<u>Invoice No</u>	<u>Description</u>	<u>Reference</u>	<u>Invoice Date</u>	<u>Check Amount</u>
Check Total:				753.51
Check No: 0	Check Date: ?	Vendor: 2490	QT Technologies	
42449	A/gold service agreement		12/04/2011	995.00
Check Total:				995.00
Check No: 0	Check Date: ?	Vendor: 2636	High Desert Wireless Broadband	
18708	IT/January 2012 monthly consulting f		02/01/2012	2,000.00
18781	IT/hard drive		02/08/2012	160.86
18778	PD/vip car light/circuit breaker		02/08/2012	259.51
Check Total:				2,420.37
Check No: 0	Check Date: ?	Vendor: 2723	CCI Central, Inc.	
15288	GG/15k imprinting cartridge		01/31/2012	178.73
Check Total:				178.73
Check No: 0	Check Date: ?	Vendor: 2892	Mountain Maintenance Group, In	
4324 1	GG/cleaning/115 S Robinson		02/01/2012	240.00
4304 1	GG/cleaning/115 S Robinson		01/18/2012	240.00
4331 1	GG/cleaning/115 S Robinson		02/12/2012	240.00
4324 2	PD/cleaning/129 E F		02/01/2012	300.00
4304 2	PD/cleaning/129 E F		01/18/2012	300.00
4331 2	PD/cleaning/129 E F		02/12/2012	300.00
4333	Depot/cleaning/101 W Teh		02/12/2012	250.00
4306	Depot/cleaning/101 W Teh		01/18/2012	250.00
4326	Depot/cleaning/101 W Teh blv		02/01/2012	250.00
4332	A/cleaning/314 N Hayes		02/12/2012	50.00
4305	A/cleaning/314 N Hayes		01/18/2012	50.00
4325	A/cleaning/314 N Hayes		02/01/2012	50.00
Check Total:				2,520.00
Check No: 0	Check Date: ?	Vendor: 2914	CivicPlus	
96574	GG/redesign setup fee/annual fee		01/31/2012	8,529.34
Check Total:				8,529.34
Check No: 0	Check Date: ?	Vendor: 2955	Maureen Kane & Associates, Inc.	
020712 2	Clerk/TTC registration/A. Whitmore		02/07/2012	280.00
020712 1	Clerk/TTC registration/A. Whitmore		02/07/2012	1,000.00
Check Total:				1,280.00
Check No: 0	Check Date: ?	Vendor: 2981	Burke, Williams & Sorenson, LL	
153643	GG/general fees		02/06/2012	1.60
153641	A/R foreclosure-various AD 89-2		02/06/2012	16,771.88
Check Total:				16,773.48
Check No: 0	Check Date: ?	Vendor: 2989	My Fleet Center.com	
679733	PD/full service/08 Ford Explr		01/08/2012	98.51
Check Total:				98.51
Check No: 0	Check Date: ?	Vendor: 2994	Richards, Watson & Gershon	
181539	Consulting/legal service/Wind Energy		12/30/2011	600.00
Check Total:				600.00
Check No: 0	Check Date: ?	Vendor: 3045	Precision Supply	
33215	PW/1 dz no seize		01/27/2012	271.69
Check Total:				271.69
Check No: 0	Check Date: ?	Vendor: 3051	Tehachapi Transmissions, Inc.	
3037	PD/shifter selector mechanism		02/01/2012	312.93

<u>Invoice No</u>	<u>Description</u>	<u>Reference</u>	<u>Invoice Date</u>	<u>Check Amount</u>
3056	PD/serpentine belt/trans fluid/pan g		02/01/2012	250.75
3034	PD/blower motor/prob light		01/27/2012	222.95
			Check Total:	786.63
Check No: 0	Check Date: ?	Vendor: 3073	CA Department of Public Health	
1191013	Wtr/Recycled water review/fees		01/30/2012	970.20
			Check Total:	970.20
Check No: 0	Check Date: ?	Vendor: 3179	Liberty Composting, Inc.	
004358	Swr/December biosolids		01/06/2012	6,465.60
			Check Total:	6,465.60
Check No: 0	Check Date: ?	Vendor: 3194	Roto-Rooter Service & Plumbing	
1210001579	Swr/cable thru 3" cleanout/run camer		01/27/2012	235.00
			Check Total:	235.00
Check No: 0	Check Date: ?	Vendor: 3217	Office Depot	
594396991001	PD/staples cartridges		01/17/2012	68.66
			Check Total:	68.66
Check No: 0	Check Date: ?	Vendor: 3219	Seifel Consulting, Inc.	
11161	Tehachapi on-call redevelopment srvc		01/31/2012	1,521.08
			Check Total:	1,521.08
Check No: 0	Check Date: ?	Vendor: 3264	Trader Bo's Western & Work Wea	
326610 1	PW/safety sweatshirts/orange		02/02/2012	178.01
326610 3	PW/safety sweatshirts/orange		02/02/2012	178.01
326609	Swr/annual safety shoes/JParks		02/01/2012	178.02
326610 2	A/safety sweatshirts/yellow		02/02/2012	89.01
			Check Total:	623.05
Check No: 0	Check Date: ?	Vendor: 3281	Statewide Safety & Signs, Inc.	
2420	Strts/marker egg red		01/25/2012	77.22
2426	Strts/eg wht/grn street name sign		01/26/2012	48.26
2446	Strts/marker egg red/int blk/ylw end		01/30/2012	125.48
			Check Total:	250.96
Check No: 0	Check Date: ?	Vendor: 3437	Tehachapi Lifestyle Magazine	
576	GG/full page ad		01/13/2012	500.00
578	GG/full page/qrtr page display ad 12		02/01/2012	1,550.00
			Check Total:	2,050.00
Check No: 0	Check Date: ?	Vendor: 3440	Dennis Artzer	
020812	Cnstr/mileage reimb/welding training		02/08/2012	426.24
			Check Total:	426.24
Check No: 0	Check Date: ?	Vendor: 3449	Stepp Manufacturing Co., Inc.	
42469	Strts/hose hot tar long/pipe plug/bu		01/19/2012	1,942.27
			Check Total:	1,942.27
Check No: 0	Check Date: ?	Vendor: 3450	NTS Mikedon, LLC	
0182961	Strts/signs		01/26/2012	291.28
			Check Total:	291.28
Check No: 0	Check Date: ?	Vendor: 3453	Myron Corp.	
80733918	PD/3" rosemont med/hot stamp/calenda		12/13/2011	240.19
			Check Total:	240.19

<u>Invoice No</u>	<u>Description</u>	<u>Reference</u>	<u>Invoice Date</u>	<u>Check Amount</u>
Check No: 0	Check Date: ?	Vendor: 3455	Tehachapi Tourism Commission	
012512	GG/sponsorship on 26 brochure racks		01/25/2012	1,000.00
012512 2	GG/two standing brochure racks		01/25/2012	315.80
			Check Total:	1,315.80
Check No: 0	Check Date: ?	Vendor: 3456	The Plumbing Company	
5990	Swr/main line install clean out		01/26/2012	450.63
			Check Total:	450.63
			Report Total:	222,061.89

<u>Invoice No</u>	<u>Description</u>	<u>Reference</u>	<u>Invoice Date</u>	<u>Check Amount</u>
Check No: 35218 01312012	Check Date: 02/01/2012 Cnstrc/mileage reimbursement/trvl/we	Vendor: 3440	Dennis Artzer 01/31/2012	426.24
			Check Total:	426.24
Check No: 35219 2959041	Check Date: 02/01/2012 PD/subscriber access line	Vendor: 2963	AT&T 01/13/2012	177.75
			Check Total:	177.75
Check No: 35220 01-3489	Check Date: 02/01/2012 City Hall frnt Office rehab/deposit/	Vendor: 1287	Century Glass 01/25/2012	600.00
			Check Total:	600.00
Check No: 35221 012612	Check Date: 02/01/2012 Finance/fuel/SCMFO Chptr mtg/AB1x26	Vendor: 1097	Hannah H. Chung 01/26/2012	60.53
			Check Total:	60.53
Check No: 35222 020812	Check Date: 02/01/2012 GG/heating/108 Pinon	Vendor: 0395	The Gas Company 02/08/2012	108.67
			Check Total:	108.67
Check No: 35223 011012 RI	Check Date: 02/01/2012 PD/Entry Fee/Baker to Vegas/Team 253	Vendor: 3305	LAPRAAC - Baker to Vegas 01/10/2012	2,000.00
			Check Total:	2,000.00
Check No: 35224 0126125	Check Date: 02/01/2012 GG/111 W I st	Vendor: 0372	Southern California Edison 01/26/2012	61.91
0120126	GG/115 S Robinson		01/20/2012	670.71
0120128	GG/303 E D		01/20/2012	32.11
0120129	GG/108 Pinon		01/20/2012	23.62
0124121	GG/311 E D		01/24/2012	91.80
0125122	GG/200 W Teh blv		01/25/2012	24.19
0126123	GG/1125 Capital Hills		01/26/2012	24.19
0126124	GG/109 E Teh blv		01/26/2012	96.53
01201212	PW/800 Enterprise		01/20/2012	85.04
01201214	PW/800 Enterprise-shop		01/20/2012	243.10
0120127	PD/129 E F		01/20/2012	685.87
01241215	City Parks/114 S Green		01/24/2012	162.14
01281217	Strts/Curry/D		01/28/2012	17.13
01261219	Strts/209 1/2 E Teh blv		01/26/2012	24.19
012612110	Strts/333 1/2 E Teh blv		01/26/2012	200.14
011812111	Strts/800 S Curry st #A		01/18/2012	41.39
012712112	Traffic Signal/801 Mountain View		01/27/2012	48.02
01281218	Wtr/358 E D		01/28/2012	1,309.61
01201210	Wtr/100 CommWay		01/20/2012	148.22
01201211	Wtr/101 CommWay		01/20/2012	138.36
012712113	Swr/880 Enterprise		01/27/2012	1,576.27
012812114	Swr/800 Enterprise		01/28/2012	4,445.17
01201213	Swr/800 Enterprise-Maintenance		01/20/2012	389.63
01201220	A/409 Bryan ct		01/20/2012	327.72
01201221	A/West end Teh airport		01/20/2012	31.57
01201222	A/314 N Hayes st #B		01/20/2012	285.25
01201223	A/NE cor Teh airport		01/20/2012	23.46
01201224	A/314 N Hayes st #G3		01/20/2012	32.75
01201225	A/Dennison S/O Hwy 58		01/20/2012	165.04
01201226	A/Teh airport 4		01/20/2012	15.19
01201227	A/314 N Hayes st #50		01/20/2012	28.54
01201228	A/314 N Hayes st #50		01/20/2012	19.95
01201229	A/314 N Hayes st		01/20/2012	141.42
01201216	A/314 N Hayes		01/20/2012	73.98
01201217	A/9999 1/2 Hayes		01/20/2012	61.75

<u>Invoice No</u>	<u>Description</u>	<u>Reference</u>	<u>Invoice Date</u>	<u>Check Amount</u>
01201218	A/316 S Mojave		01/20/2012	44.69
01201219	A/314 N Hayes PAPI		01/20/2012	69.51
01241216	LLD/318 E E st		01/24/2012	86.53
012512115	LLD/329 1/2 D		01/25/2012	100.21
Check Total:				12,046.90

<u>Check No:</u>	<u>35225</u>	<u>Check Date:</u>	<u>02/01/2012</u>	<u>Vendor:</u>	<u>3011</u>	<u>Verizon Wireless</u>		
1048202427	1	GG/mobile broadband				01/13/2012		38.01
1048202427	2	Finance/mobile broadband				01/13/2012		38.01
1050411203	1	Wtr/mobile broadband				01/20/2012		15.01
1049527712	1	Wtr/mobile broadband				01/18/2012		15.01
1048202427	3	Wtr/mobile broadband				01/13/2012		15.01
1050411203	2	Swr/mobile broadband				01/20/2012		15.01
1049527712	2	Swr/mobile broadband				01/18/2012		15.01
1048202427	4	Swr/mobile broadband				01/13/2012		15.01
Check Total:								166.08
Report Total:								15,586.17

<u>Invoice No</u>	<u>Description</u>	<u>Reference</u>	<u>Invoice Date</u>	<u>Check Amount</u>
Check No: 35226	Check Date: 02/01/2012	Vendor: 2940	U.S. Bank Corporate Payment Sy	
6040239	GG/coaster occasional sofa table	Acct. No. 9510 C. Kirk	12/27/2011	121.36
1138567	GG/cassette 12 pack	Acct. No. 9510 C. Kirk	01/05/2012	99.27
2689860	GG/1 ntbk ac adapter	Acct. No. 9510 C. Kirk	01/11/2012	14.00
000024	GG/meals/Kern Cnty Board of Trade mtg	Acct. No. 3333 G. Garrett	12/21/2011	17.72
219	GG/snack pack/soft drinks/party tray	Acct. No. 9510 C. Kirk	01/10/2012	52.40
101000572	GG/meals/State of Cournty	Acct. No. 9510 C. Kirk	01/19/2012	200.00
8236518 1	GG/branded shirts	Acct. No. 9510 C. Kirk	12/27/2011	278.40
25249	GG/branded merchandise/logo design	Acct. No. 9510 C. Kirk	12/26/2011	2,019.40
074267	GG/meals/branding mtg	Acct. No. 9510 C. Kirk	01/10/2012	530.88
39	GG/soft drinks/pp plates/water/brand	Acct. No. 9510 C. Kirk	01/11/2012	39.81
8236518 2	GG/branded shirts	Acct. No. 9510 C. Kirk	01/17/2012	53.09
8281496	GG/squall jacket/return status	Acct. No. 9510 C. Kirk	01/18/2012	166.43
8236518 3	GG/branded shirts	Acct. No. 9510 C. Kirk	01/19/2012	159.27
010412	Finance/annual membership	Acct. No. 3341 H. Chung	01/04/2012	100.00
122811	PW/cleaning supplies	Acct. No. 3790 D. Wahlstrom	12/28/2011	39.54
713	CD/CalDAG 2011 guidebook	Acct. No. 3366 D. James	01/11/2012	94.50
280382	PD/ink stick bundle	Acct. No. 3374 J. Kermode	12/27/2011	388.00
51316	PD/OS2-11 training/P. Graff	Acct. No. 3374 J. Kermode	01/30/2012	800.00
011912 1	PD/registration/training	Acct. No. 3374 J. Kermode	01/19/2012	40.00
010412 2	PD/hotel reservation	Acct. No. 3374 J. Kermode	01/04/2012	450.00
242	PD/membership dues/BFINAA	Acct. No. 3374 J. Kermode	01/04/2012	90.00
117877675	PD/power supply	Acct. No. 3374 J. Kermode	12/28/2011	43.96
99879029	PD/cable tripp lite	Acct. No. 3374 J. Kermode	01/09/2012	15.78
000008 2	Council/meals	Acct. No. 3275 E. Grimes	01/19/2012	11.28
000003	Council/meals	Acct. No. 3275 E. Grimes	01/20/2012	11.28
1275153	Council/meals & lodging	Acct. No. 3275 E. Grimes	01/17/2012	781.59
003665	Strts/repairs/parts/86 Ford f350	Acct. No. 3790 D. Wahlstrom	12/28/2011	2,462.44
0300	Bike Plan/meeting room	Acct. No. 9510 C. Kirk	01/18/2012	100.00
0000013	General Plan update/meals	Acct. No. 3366 D. James	12/27/2011	27.72
090698	Valley Shoulder Exten-HSIP/record fe	Acct. No. 3366 D. James	12/29/2011	50.00
081424	Wtr/car wash	Acct. No. 9309 J. Curry	01/17/2012	10.00
337309	Swr/OWTP1/course package/A. Gambl	Acct. No. 9309 J. Curry	12/21/2011	111.55
338555	Swr/WTPO1/course package/W. Misiu	Acct. No. 9309 J. Curry	01/12/2012	115.55
30057012	A/French roast coffee	Acct. No. 2516 T. Glasgow	01/03/2012	69.90
077935	A/baking soda/sea salt/vinegar	Acct. No. 2516 T. Glasgow	01/09/2012	15.17
046262	A/pilot supply	Acct. No. 2516 T. Glasgow	01/13/2012	4.36
436158107979	A/hdx-4 mc 900	Acct. No. 2516 T. Glasgow	01/03/2012	70.33
SFMK7NC76	A/xps 8300 Dell pc	Acct. No. 2516 T. Glasgow	01/05/2012	1,251.45
Check Total:				10,906.43
Report Total:				10,906.43

<u>Invoice No</u>	<u>Description</u>	<u>Reference</u>	<u>Invoice Date</u>	<u>Check Amount</u>
Check No: 35227 01232012	Check Date: 02/06/2012 PD/lodging/A.Thompson	Vendor: 3451	Holiday Inn Express Hotel & Su 01/23/2012	341.58
			Check Total:	341.58
Check No: 35228 123111	Check Date: 02/06/2012 New Treatment Plant/Pay#5/Dec.31,201	Vendor: 3415	W.M. Lyles Company 12/31/2011	335,968.20
			Check Total:	335,968.20
			Report Total:	336,309.78

<u>Invoice No</u>	<u>Description</u>	<u>Reference</u>	<u>Invoice Date</u>	<u>Check Amount</u>
Check No: 35304	Check Date: 02/08/2012	Vendor: 2893	Cardmember Service	
3928228	GG/Xerox drum cartrdge Phaser 5500	Acct. No. 8217 Business Card	01/18/2012	280.00
000035	PW/8 7/16 hex/nylocks	Acct. No. 8217 Business Card	01/11/2012	10.73
21523	City Hall frnt Office Rehab/refrig/s	Acct. No. 8217 Business Card	01/25/2012	955.36
31118G	CD/processing fee/successor agency	Acct. No. 8803 Business Card	01/11/2012	50.00
Check Total:				1,296.09
Check No: 35305	Check Date: 02/08/2012	Vendor: 3452	Forma Engineering Inc.	
06011-01E	TR 6216 Bond Completion		01/25/2012	22,725.00
04032-16	TR 6216 Bond Completion		01/25/2012	3,403.25
04032-18	TR 6216 Bond Completion		01/25/2012	7,992.86
Check Total:				34,121.11
Check No: 35306	Check Date: 02/08/2012	Vendor: 2113	Fuel Controls, Inc.	
73162	A/100 Octane wholesale		01/30/2012	20,270.96
Check Total:				20,270.96
Check No: 35307	Check Date: 02/08/2012	Vendor: 2636	High Desert Wireless Broadband	
18500	IT/MS ov frfrnt srv user license/75		12/02/2011	5,389.31
Check Total:				5,389.31
Check No: 35308	Check Date: 02/08/2012	Vendor: 0372	Southern California Edison	
0128125	Strts/110 S Mill st		01/28/2012	167.08
0203126	Strts/Highway 202		02/03/2012	30.70
0203127	Strts/Highway 202		02/03/2012	1,251.85
0203128	Strts/Highway 202		02/03/2012	61.15
0204129	Strts/Curry st/Walnut		02/04/2012	15.05
02021210	Strts/326 E D st		02/02/2012	19.37
02031215	Strts/Highway 202/late charge		02/04/2012	0.30
0202121	Strts/303 E ave D		02/02/2012	14.97
0128122	Strts/Teh blv W/O Green		01/28/2012	17.65
0128123	Strts/103 Teh blv		01/28/2012	103.09
0128124	Strts/101 Teh blv #B		01/28/2012	196.86
02041211	Wtr/Curry		02/04/2012	4,372.30
02041212	LLD/1347 Clasico dr PED		02/04/2012	21.26
02041213	LLD/1115 Alder av PED		02/04/2012	22.16
02041214	LLD/1415 Alder av PED		02/04/2012	21.26
Check Total:				6,315.05
Check No: 35309	Check Date: 02/08/2012	Vendor: 0433	Tehachapi Recycling, Inc.	
1032012	Recycling contract		02/10/2012	13,489.67
Check Total:				13,489.67
Check No: 35310	Check Date: 02/08/2012	Vendor: 0434	Tehachapi Sanitation	
1012012	Kern County gate fees		02/10/2012	12,947.23
1022012	Refuse contract		02/10/2012	63,312.23
Check Total:				76,259.46
Report Total:				157,141.65

<u>Invoice No</u>	<u>Description</u>	<u>Reference</u>	<u>Invoice Date</u>	<u>Check Amount</u>
Check No: 35311 02062012	Consultant fee	Vendor: 3280	Nicholas Consulting 02/06/2012	800.00
			Check Total:	800.00
			Report Total:	0.00
				800.00

**CITY OF TEHACHAPI
TREASURER'S REPORT
FY 2011-2012**

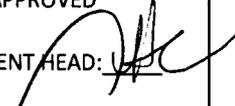
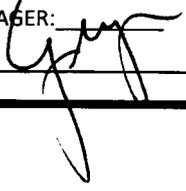
		MONTH END BANK STATEMENT BALANCE						
<u>BANK ACCOUNTS</u>	<u>Institution</u>	<u>Acct#</u>	<u>8/31/2011</u>	<u>9/30/2011</u>	<u>10/31/2011</u>	<u>11/30/2011</u>	<u>12/31/2011</u>	<u>1/31/2012</u>
General Checking	Bank of the Sierra	21002-06457	377,630.94	833,002.83	786,350.75	584,995.13	2,016,409.39	479,322.68
Water Deposit Trust	Bank of the Sierra	21002-08503	92,101.88	96,371.88	90,921.88	94,081.88	96,501.88	91,260.00
AD 83-1/87-1, Tucker	Bank of the Sierra	21004-80193	87,474.32	87,483.80	87,493.28	87,502.76	87,509.44	87,515.27
AD 89-3	Bank of the Sierra	21002-81054	2,590.77	1,489.36	1,489.36	46,762.75	37,226.11	32,378.96
RDA Checking	Bank of the Sierra	21002-18650	22,077.02	22,077.76	22,078.50	22,079.24	22,079.41	22,079.41
Payroll	Bank of the West	709-031215	49,644.41	50,363.65	50,342.65	50,333.65	50,324.65	50,101.75
AFLAC Flex Spending	Bank of the West	709-039747	12,808.29	13,854.93	14,210.63	14,921.32	14,124.73	14,144.86
Airport key Deposit/Cr Card Purch	Bank of the West	709-029821	50,876.54	88,150.46	117,112.01	149,832.64	28,609.50	56,608.43
Ashtown Water Escrow	Bank of the West	CD 709-000-855969	106,148.99	106,148.99	106,148.99	106,148.99	106,148.99	106,330.57
1994/2004 Refunding Bond	Bank of New York	870513-870517	0.00	0.00	184,759.38	0.00	0.00	0.00
CFD 90-1	Union Bank	67170669300-308	89,552.16	20,583.81	20,583.81	20,583.81	20,583.81	171,927.16
RDA 2007	Bank of New York	870951/52/53/54	615,401.65	615,401.65	615,401.65	1,002,336.65	615,401.65	615,401.65
RDA 2005	Bank of New York	870711-16	596,929.87	596,929.87	596,929.87	957,505.53	577,854.28	577,854.28
LAIF	State of California	98-15-914	11,413,764.06	11,213,764.06	10,824,888.17	12,524,888.17	12,224,888.17	13,535,751.23
Total Funds in Banks			13,517,000.90	13,745,623.05	13,518,710.93	15,661,972.52	15,897,662.01	15,840,676.25
INVESTMENTS								
Various Money Market Funds	Morgan Stanley (2)	117-067378-235	5,801.79	6,872.24	452,118.08	531.12	516,208.39	516,208.39
Govt. Securities-Fed Farm Cr Bk	Morgan Stanley (2)	117-067378-235	538,000.00	538,000.00	538,000.00	538,000.00	538,000.00	538,000.00
Govt. Securities-Fed Home Ln Bk	Morgan Stanley (2)	117-067378-235	510,000.00	510,000.00	510,000.00	510,000.00	0.00	0.00
Various Certificates of Deposit	Morgan Stanley (2)	117-067378-235	1,166,936.35	1,166,936.35	735,936.35	735,936.35	735,936.35	735,936.35
Federal Hm Ln Bank/Fannie Mae	BNY-Custodian (3) E	76214906	1,021,250.00	1,021,250.00	1,021,250.00	1,031,875.00	1,031,875.00	1,031,875.00
* Loaned to Wtr/Swr to pay-off COP2000			1,238,006.00	1,238,006.00	1,238,006.00	1,238,006.00	1,108,498.66	1,108,498.66
Total Investments			4,479,994.14	4,481,064.59	4,495,310.43	4,054,348.47	3,930,518.40	3,930,518.40
TOTAL PORTFOLIO			17,996,995.04	18,226,687.64	18,014,021.36	19,716,320.99	19,828,180.41	19,771,194.65



COUNCIL REPORTS

AGENDA SECTION: FINANCE DIRECTOR

MEETING DATE: February 21, 2012

APPROVED
DEPARTMENT HEAD: 
CITY MANAGER: 

TO: HONORABLE MAYOR GRIMES AND COUNCIL MEMBERS

FROM: Hannah Chung, Finance Director

DATE: February 14, 2012

SUBJECT: Investment Policy

BACKGROUND

California Government Code Section 53646(a) requires council members to review and approve the Investment Policy each year. The only change made to the current policy is the replacement of the Redevelopment Agency Fund with the RDA Successor Agency.

OPTIONS

1. Approve the Investment Policy with above mentioned change.
2. Make other change(s) to the existing investment policy.

RECOMMENDATION

Approve the amended Investment Policy.

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF TEHACHAPI ADOPTING AN
INVESTMENT POLICY AND REPEALING
RESOLUTION NO. 04-11**

WHEREAS, the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code Sections 53600.6 and 53630.1; 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 Sections 5921, 16249.1 and 53600 et seq.; and

WHEREAS, the Treasurer of the City of Tehachapi shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the City Council at a public meeting in accordance with the provisions of California Government Code Section 53646(a).

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Tehachapi as follows:

1. That the Investment Policy, as contained in Exhibit "A" attached hereto and made a part hereof, is adopted.

2. That Resolution No. 04-11 is hereby repealed.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Tehachapi this 21st day of February, 2012 by the following vote:

AYES: COUNCIL MEMBERS: _____

NOES: COUNCIL MEMBERS: _____

ABSENT: COUNCIL MEMBERS: _____

ABSTAIN: COUNCIL MEMBERS: _____

ED GRIMES, Mayor
of the City of Tehachapi, California

ATTEST:

DENISE JONES, CMC
City Clerk of the City of Tehachapi, California

I hereby certify that the foregoing resolution was duly and regularly adopted by the City Council of the City of Tehachapi at a regular meeting thereof held on February 21, 2012.

DENISE JONES, CMC
City Clerk of the City of Tehachapi, California

EXHIBIT A

CITY OF TEHACHAPI INVESTMENT POLICY

1. **POLICY:**

It shall be the policy of the City of Tehachapi to invest funds in the manner which will:

- (a) Provide the maximum security while meeting the daily cash flow demands of the City and achieve a return on investment; and
- (b) Conform to all statutes governing the investment of City of Tehachapi funds.

2. **SCOPE:**

This investment policy applies to all financial assets of the City of Tehachapi as identified in the City's audited Annual Financial Report, with the exception of those financial assets governed by bond indentures or bond resolutions. The following is a list of funds included:

- (a) General Fund
- (b) Special Revenue Funds
- (c) Capital Projects Funds
- (d) Enterprise Funds
- (e) Special District Funds
- (f) RDA Successor Agency Fund
- (g) Low and Moderate Income Housing Fund

3. **PRUDENCE:**

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (CGC S53600.3) and shall be applied in the context of managing an overall

portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4. **OBJECTIVES:**

As specified in CGC S53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities will be:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City of Tehachapi shall be undertaken in a manner that seeks to ensure the preservation of principal.
2. **Liquidity:** The investment portfolio shall remain sufficiently liquid to enable the City of Tehachapi to meet all operating requirements which might be reasonably anticipated.
3. **Return on Investments:** The investment portfolio shall be designed to attain a return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

5. **DELEGATION OF AUTHORITY:**

Authority to manage the investment program is derived from California Government Code Sections 53600, et seq. Management responsibility for the investment program is hereby delegated to the Treasurer (CGC S53607), who shall establish procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Under the provisions of the California Government Code Section 53600.3, the persons authorized to make investment decisions on behalf of the City of Tehachapi are trustees and fiduciaries subject to the prudent investor standard.

6. ETHICS AND CONFLICTS OF INTEREST:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict or appear to conflict with the proper execution of the investment policy, or which could impair their ability to make impartial investment decisions.

7. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS:

The Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the Treasurer shall select only brokers/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commissions, the National Association of Securities Dealers or other applicable self-regulatory organizations. Before engaging in investment transaction with a broker/dealer, the Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the City of Tehachapi's account with that firm has reviewed the City of Tehachapi's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the City of Tehachapi that are appropriate under the terms and conditions of the Investment Policy.

8. AUTHORIZED AND SUITABLE INVESTMENTS:

The City of Tehachapi having money in a sinking fund or surplus money in its treasury not required for the immediate necessities of the City may invest any portion of the money that it deems wise or expedient in those investments set forth below as empowered by California Government Code Sections 16249.1, 53601 and 53635 (as further restricted by the City of Tehachapi):

- A. United States Treasury Bills, Notes and Bonds.
- B. Local Agency Investment Fund administered by the California State Treasurer (LAIF).
- C. Obligations issued by Agencies or Instrumentality of the US Government.

- D. Negotiable Certificates of Deposit issued by federally or state chartered banks or associations. Not more than 30% of surplus funds can be invested in certificates of deposit.
- E. Shares of beneficial interest issued by diversified management companies (Money Market Mutual Funds) investing in the securities and obligations authorized by CGC S53601 et seq. Such Funds must carry the highest rating of at least two of the three largest national rating agencies. Not more than 15% of surplus funds can be invested in Money Market Mutual Funds.
- F. Funds held under the terms of a Trust Indenture, or other contract, or agreement may be invested according to the provisions of those indentures or agreements.

Also, see CGC S53601 for a detailed summary of the limitations and special conditions that apply to each of the above listed investment securities. CGC S53601 is included by reference in this investment policy except as further restricted by the City of Tehachapi.

Prohibited Investments: Under the provisions of CGC S53601.6 and S53631.5, the City of Tehachapi shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips that are derived from a pool mortgages or any security that could result in zero interest accrual if held to maturity.

9. MAXIMUM TERM TO MATURITY:

No investment shall be made which, at the time of the investment, has a term remaining to maturity in excess of five years. The City Council may grant express authority to make an investment either specifically or as a part of an investment program that exceeds the five-year maximum, as long as that authority is granted no less than three months prior to the investment.

10. COLLATERALIZATION:

All certificates of deposits must be collateralized by U.S. Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis.

11. SAFEKEEPING AND CUSTODY:

All security transactions entered into by the City of Tehachapi shall be

conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the City of Tehachapi by book entry, physical delivery, or by third party custodial agreement as required by CGC S53601.

12. DIVERSIFICATION:

The City of Tehachapi will diversify its investments by security type and institution. Investments shall be diversified to eliminate the risk of loss resulting from over concentration of investments in a specific maturity, a specific issuer (except the U.S. Treasury) or a specific class of securities.

Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- (a) Investment maturity dates shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.
- (b) Maturities selected shall provide for stability of income and liquidity.
- (c) Disbursement and payroll dates shall be covered through investment maturities, marketable U.S. Treasury bills or other cash equivalent instruments such as money market mutual funds.

Note: Investments in LAIF shall be deemed as meeting the diversification requirement.

13. REPORTING:

In accordance with CGC S53646(b)(1), the Treasurer shall submit to each member of the City Council and the City Manager a quarterly investment report. The quarterly report shall be submitted within 30 days following the end of the quarter covered by the report. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for the City of Tehachapi by third party contracted managers. The report will also include the source of the portfolio valuation. As specified in CGC S53646(e), if all funds are placed in LAIF, FDIC-insured accounts, in a county investment pool or any combination of these, the foregoing report elements may be replaced by copies of the most recent statements from such institutions. The report must also include a statement that (1) all

investments are in full compliance with the Investment Policy, with any exception disclosed and, (2) the City of Tehachapi will meet its expenditure obligations for the next six months, as required by CGC S53646 (b)(2) and (3) respectively. The Treasure shall assure that a complete and timely record of all investment transactions is maintained.

14. INVESTMENT POLICY ADOPTION:

The Investment Policy shall be adopted by resolution of the City of Tehachapi. Moreover, the Policy shall be reviewed at a public meeting on an annual basis, and all modifications must be approved by the City Council.



TEHACHAPI CITY COUNCIL
NOTICE OF PUBLIC HEARING
COMMUNITY TRANSIT NEEDS

Notice is hereby given that a Public Hearing will be held by the City Council of the City of Tehachapi at 6:00 p.m., or thereafter, on Tuesday, February 21, 2012, at the BeeKay Theatre, 110 S. Green Street, Tehachapi, California, to consider possible unmet transit needs for residents within the City of Tehachapi.

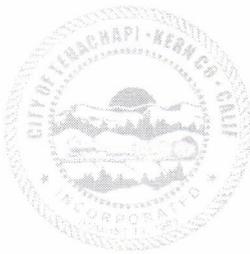
All interested persons are invited to attend the public hearing and will be given an opportunity to be heard.

TEHACHAPI CITY COUNCIL



Denise Jones, CMC
City Clerk of the City of Tehachapi, California

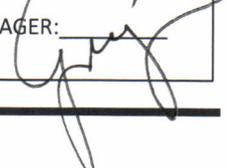
Dated: January 9, 2012
Publish: January 17, 2012



COUNCIL REPORTS

AGENDA SECTION: FINANCE

MEETING DATE: FEBRUARY 21, 2012

APPROVED
DEPARTMENT HEAD: 
CITY MANAGER: 

TO: HONORABLE MAYOR GRIMES AND COUNCIL MEMBERS

FROM: HANNAH CHUNG, FINANCE DIRECTOR

DATE: FEBRUARY 15, 2012

SUBJECT: Public Hearing and Proposed Resolution Dealing with Transit Needs within the City

BACKGROUND

As part of the annual Public Transit Claim for Transportation Development Act (TDA) funds, it is necessary to conduct a public hearing to receive public testimony concerning the transit needs within the City.

City of Tehachapi provides transit service, Dial-A-Ride, through Kern Regional Transit. Utilizing two buses, transit services are provided from 5:30am to 7:00pm, Monday through Friday within the City limits of Tehachapi and between the City and certain areas of the County. One bus runs from 5:30am to 8:30am and 10:30am to 3:30pm. The other bus runs from 7:30am to 11:15am and 12:45pm to 7:00pm. The current one-way fares are as listed below:

General Public	\$1.00	Seniors (62 and over)	\$0.75
Disabled	\$0.75	Youth (5 ~ 15)	\$0.75
Children 4 and under	Free		

The average cost per rider from July, 2010 through June, 2011 is \$21.97 and the subsidized cost per rider during the same period is \$21.20.

The City is required to adopt a resolution annually proving that "there are no areas within the City with unmet public transit needs which could be reasonably met by expansion of the existing system or establishment of a new system." This resolution also authorizes the City Manager to execute and file claims for TDA apportionment and allocations for FY 2012-13.

FISCAL IMPACT

This resolution allows the City to file for TDA funds that are used both for transit needs and our public roads. The TDA apportionment for the fiscal year 2011/12 for the City was \$467,790. The apportionment for the fiscal year 2012/13 is not available yet.

RECOMMENDATION

Adopt the Resolution finding that there are no unmet transit needs that are reasonable to meet within the City.

**City of Tehachapi
Tehachapi Dial-A-Ride
From July 1, 2010 through June 30, 2011**

O:\Transit\Dial A Ride Summary10-11.xls\10-11

446-4410

Month	Days of Service		Operating Hours		Ridership		Mileage		Fairbox Revenue \$		Expenditure \$	
	City	County	City	County	City	County	City	County	City	County	City	County
July	22	22	176	176	477	477	1780.5	1780.5	381.45	381.45	9,157.30	9,157.30
August	22	22	176	176	463	463	1935.5	1935.5	379.77	379.77	9,513.36	9,513.36
September	22	22	168	168	542.5	542.5	2190.5	2190.5	436.13	436.13	9,257.85	9,257.85
October	23	23	184	184	591	591	2398.5	2398.5	485.67	485.67	8,879.85	8,879.85
November	21	21	168	168	655	655	1973	1973	522.62	522.62	8,730.51	8,730.51
December	23	23	184	184	483.5	483.5	1947.5	1947.5	371.50	371.5	10,190.44	10,190.44
January	21	21	168	168	745	745	1988.5	1988.5	395.52	395.52	9,472.79	9,472.79
February	21	21	160	160	566.5	566.5	1929	1929	458.27	458.27	7,900.28	7,900.28
March	23	23	184	184	713.5	713.5	2335.5	2335.5	573.94	573.94	9,598.08	9,598.08
April	21	21	168	168	549.5	549.5	663.5	663.5	428.32	428.32	8,970.42	8,970.42
May	21	21	168	168	499	499	2107.5	2107.5	394.11	394.11	10,608.95	10,608.95
June	22	22	176	176	380	380	2000	2000	293.79	293.79	11,350.69	11,350.69
Total	262	262	2,080	2,080	6,666	6,666	23,250	23,250	\$5,121.09	\$5,121.09	\$113,630.52	\$113,630.52
Average	21.83	21.83	173.33	173.33	555	555	1,937.46	1,937.46	\$ 426.76	\$ 426.76	\$ 9,469.21	9,469.21
	Days per Month		Operating Hrs per Mo.		Passengers per Month		Miles per Month		Avg Fairbox Revenue/Mo.		Avg. Expense/ Mo.	

RIDERSHIP

	General Public		Seniors		Disabled		Youth			Total Passengers
	within zone	B/W zones	within zone	B/W zones	within zone	B/W zones	within zone	B/W zones	Non Paying	
July	186	16	67	10	95	51	18	3	32	477
August	163	17	61	2	83	4	68	36	31	463
September	206	18	35	2	50	23	138	18	55	543
October	215	19	53	7	61	38	180	3	18	591
November	230	17	78	1	121	32	135	5	38	655
December	158	21	58	7	72	29	93	4	43	484
January	138	15	66	16	72	37	127	11	265	745
February	195	15	66	10	76	38	141	6	22	567
March	236	26	103	18	122	23	139	16	31	714
April	175	17	73	7	90	29	117	4	39	550
May	159	19	50	4	93	17	125	4	30	499
June	118	15	50	6	69	13	70	11	30	380
Total	2,176	213	757	88	1,002	331	1,349	120	632	6,666
	2,388		845		1,333		2,100			
Percentage	36%		13%		20%		32%			100%

OPERATIONAL CONTRACT COSTS

CITY ONLY	446-446-6737									Total
	Ryder/ATE	Insurance	Maint	Fuel	Admin	Storage	CHP Cert	Advertising	Misc	
July	7,209.55	403.04	730.01	712.20		102.50				9,157.30
August	7,227.16	403.04	851.62	929.04		102.50				9,513.36
September	6,952.51	384.72	876.20	941.92		102.50				9,257.85
October	6,917.55	384.72	899.44	575.64		102.50				8,879.85
November	6,956.79	384.72	707.58	578.92		102.50				8,730.51
December	7,574.29	421.36	1,265.88	826.41		102.50				10,190.44
January	6,955.98	384.72	1,252.76	776.83		102.50				9,472.79
February	5,742.40	238.40	1,311.72	505.26		102.50				7,900.28
March	6,603.76	274.16	1,494.72	1,122.94		102.50				9,598.08
April	6,029.52	250.32	1,579.36	1,008.72		102.50				8,970.42
May	6,603.76	274.16	2,465.78	1,162.75		102.50				10,608.95
June	6,316.64	262.24	2,759.31	1,910.00		102.50				11,350.69
Total	81,089.91	4,065.60	16,194.38	11,050.63	0.00	1,230.00	0.00	0.00	0.00	113,630.52

Based on Total Expenses

2010/11 Total Expense: 146,447.66

Total Cost per rider / Ride \$ 21.97
Subsidized Cost per Rider / Ride \$ 21.20

Contract Cost per rider / Ride \$ 17.05
Subsidized Contracted Cost per Rider / Ride \$ 16.28

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF TEHACHAPI FINDING THAT THERE ARE
NO UNMET TRANSIT NEEDS THAT ARE
REASONABLE TO MEET WITHIN THE CITY.**

WHEREAS, the City of Tehachapi City Council conducted a public hearing on Tuesday, February 21, 2012, to consider possible unmet transit needs within the City, and;

WHEREAS, the City of Tehachapi currently provides public transportation service within the City of Tehachapi, and;

WHEREAS, the objectives of providing the public transportation system are to meet the public need for limited cost transportation, to serve the mobility limited population, and to provide an alternative to private vehicle transportation.

NOW, THEREFORE, BE IT RESOLVED by the City of Tehachapi City Council that, after holding a duly advertised public hearing and receiving public testimony, it finds there are no areas within the City with unmet public transit needs which could be reasonably met by expansion of the existing system or establishment of a new system.

BE IT FURTHER RESOLVED, that a copy of this resolution be transmitted to the Kern County Council of Governments in conjunction with the filing of claims for Transportation Development Act Funds for Fiscal Year 2012-13 and that the City Manager is authorized to execute said claims.

PASSED AND ADOPTED by the City Council of the City of Tehachapi this 21st day
of February, 2012.

AYES: COUNCIL MEMBERS: _____

NOES: COUNCIL MEMBERS: _____

ABSENT: COUNCIL MEMBERS: _____

ABSTAIN: COUNCIL MEMBERS: _____

ED GRIMES, Mayor
of the City of Tehachapi,
California

ATTEST:

DENISE JONES, CMC
City Clerk of the City of Tehachapi, California

I hereby certify that the foregoing resolution was duly and regularly
adopted by the City Council of the City of Tehachapi at a regular meeting thereof
held on February 21, 2012.

DENISE JONES, CMC
City Clerk of the City of Tehachapi, California

CITY OF TEHACHAPI
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2011

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

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Independent Auditors' Report

The Honorable City Council
City of Tehachapi, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tehachapi (the "City"), California, as of and for the year ended June 30, 2011, 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 of Tehachapi's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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 about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tehachapi, California, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the financial statements, there have been recent changes in legislation affecting redevelopment agencies in the State of California which requires the dissolution of redevelopment agencies as of February 1, 2012, including the Tehachapi Redevelopment Agency.

As described in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and budgetary comparison information on pages 58 and 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tehachapi's financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Jeaman Ramirez & Smith, Llc.

February 6, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Tehachapi ("City") provides a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2011. The City encourages readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements which are included with this report.

Financial Highlights

- The City's net assets increased 7.7% to \$37,296,603 as a result of this year's operations.
- Total City revenues, including program and general revenues, were \$16,260,430 which is \$1,712,294 more than the prior year.
- Net assets in governmental funds increased \$470,057, and net assets in business activities increased \$2,194,981.
- Governmental revenue was decreased by \$107,125 to \$8,951,522.
- Governmental expense was increased by \$386,115 to \$8,728,179.
- Revenues from business-type activities increased by \$1,819,419 to \$7,308,908.
- Expenses from business-type activities increased by \$232,945 to \$5,113,927.
- General fund revenue was increased by \$169,479 to \$5,262,894.
- General fund balance as of June 30, 2011 is \$5,814,682 an increase of \$743,717 from the prior year.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of:

1. The Basic Financial Statements, which include the Government-wide Financial Statements, Fund Financial Statements, and Notes to Financial Statements
2. Required Supplementary Information
3. Supplementary Information

The Government-wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the government as a whole. These financial statements are constructed around the concept of a primary government. The primary government is then broken down into two different activities, governmental activities and business-type activities.

The governmental activities include general government, public safety, public works, general administration and Redevelopment Agency (RDA). Although the RDA is a separate agency, because it functions as part of the City and the City Council serves as the RDA governing board, the RDA is included in the governmental activities column. The services under governmental activities are supported by taxes and by specific program revenue.

The major notable event to most cities in the State of California after the fiscal year end 2010/11 is the elimination of all redevelopment agencies. The California Supreme Court largely upheld AB 26 (which provides for the winding up and dissolution of redevelopment agencies), invalidated AB 27 (which provided for an alternative voluntary redevelopment program), and held that AB 26 may be severed from AB 27 and will be enforced independently. As a result of the Supreme Court's decision, on February 1, 2012, all redevelopment agencies were considered dissolved, consequently the cities do not have the option of making remittance payments to enable the continued operation of redevelopment agencies. The City opted to become the successor agency for the Tehachapi Redevelopment Agency effective February 1, 2012.

The business-type activities include Refuse, Water, Sewer, Transit and Airport funds. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

The basic financial statements are comprised of the following:

- Statement of Net Assets

The Statement of Net Assets is prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net assets is to attempt to report all assets held and liabilities owed by the City. The difference between the City's total assets and total liabilities is labeled as *net assets* and this difference is similar to the total owners' equity presented by a commercial enterprise. Although the purpose of the City is not to accumulate net assets, in general, increases or decreases of net assets may serve as an indicator of the financial position of the City.

- Statement of Activities

The purpose of the statement of activities is to present the revenues and expenses of the City. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned and expenses are recognized when incurred. The difference between revenue and expense is called *net income* in commercial enterprise whereas it is called *change in net assets* in the City's financial report.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the City rather than the City as a whole. All of the City's funds are divided into two categories: governmental funds and proprietary funds.

Fund financial statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major fund, and the determination of which funds are major, was established by Governmental Accounting Standard Boards (GASB) 34 and replaces the concept of combining like funds and presenting them in total. Instead, each major fund is presented individually, while all non-major funds are summarized and presented in a single column.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The City of Tehachapi maintains 27 individual governmental funds (active funds only). Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditure and Changes in Fund Balances for the General Fund, RDA Low and Moderate Housing Fund, RDA Fund and Railroad Depot capital project fund which are considered to be major funds. Data from the other 23 governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The only type of Proprietary funds the City of Tehachapi maintains is enterprise funds. The Refuse, Water, Sewer, Transit and Airport funds are presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City considers Water, Sewer, Refuse and Airport funds to be major funds. The Transit fund is categorized as a non-major proprietary fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information includes California Public Employees' Retirement System Plan Schedule and budgetary comparison schedules for major governmental funds.

Overview of the City's Financial Position and Operations

The City's overall financial position and operations for the past two years are summarized based on the information included in the government-wide financial statements. Net assets may serve

over time as an indicator of a government's financial position. For the City of Tehachapi, assets exceeded liabilities by \$37,296,603 at June 30, 2011.

The largest portion of the City's net assets is in investments in capital assets. The Investments in Capital Assets (e.g. land, infrastructures, buildings, machineries and equipments) Net of Related Debt was increased to \$20,728,668 (56% of total net assets) from \$19,333,025. The increase was mainly due to the reclassification of a loan granted by RDA to the Water Fund. Initially, the Water Fund had borrowed \$1.37 million from RDA to aid in financing a portion of a water capacity increase related project. The total cost of which is approximately \$5 million. However, since the water capacity increase project also accommodates the anticipated business and population growth within the RDA project area, it is a logically sound decision to convert such a loan into a project cost expense. The reclassification of the loan was justified based on the acreage the RDA project area covers compared to the rest of the City.

The City uses these capital assets to provide services to residents; accordingly, these assets are not available for future spending. Although the City's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted fund balance was decreased from the prior year by \$438,299. The above mentioned re-classification of the loan for the water capacity increase project had contributed the main reason for the restricted fund decrease. The bond proceeds balance in the RDA which has been used for any RDA capital projects are categorized as restricted funds.

The unrestricted fund balance was increased to \$5,844,403 from \$4,136,709. This increase was attributed to the fund balance increase in the General Fund and payments from Federal and State authorities for various grants. Grant funds are typically received upon completion of capital projects. During the course of capital project construction, generally the General Fund advances funds to capital project funds to pay for construction costs. Once grants are received, the advanced amounts are paid; consequently, to replenish the unrestricted funds.

Summary of Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	14,898,206	16,111,558	4,548,831	4,141,736	19,447,037	20,253,294
Capital Assets	25,201,144	24,002,430	15,899,380	16,343,247	41,100,524	40,345,677
Total Assets	<u>40,099,350</u>	<u>40,113,988</u>	<u>20,448,211</u>	<u>20,484,983</u>	<u>60,547,561</u>	<u>60,598,971</u>
Current Liabilities	1,336,429	1,317,000	848,695	1,284,622	2,185,124	2,601,622
Long-term Liabilities	17,007,783	17,511,907	4,058,051	5,853,877	21,065,834	23,365,784
Total Liabilities	<u>18,344,212</u>	<u>18,828,907</u>	<u>4,906,746</u>	<u>7,138,499</u>	<u>23,250,958</u>	<u>25,967,406</u>
Investments in Capital, Net of related debt	8,469,619	9,392,632	12,259,049	9,940,393	20,728,668	19,333,025
Restricted	6,825,505	9,756,061	3,898,027	1,405,770	10,723,532	11,161,831
Unrestricted	6,460,014	2,136,388	(615,611)	2,000,321	5,844,403	4,136,709
Total Net Assets	<u>21,755,138</u>	<u>21,285,081</u>	<u>15,541,465</u>	<u>13,346,484</u>	<u>37,296,603</u>	<u>34,631,565</u>

The City started capturing its capital assets in governmental funds beginning fiscal year 2002/2003. In accordance with GASB 34, the City was not required to retroactively capture the capital assets because the City fell under the Implementation Phase III due to the size of its revenue in fiscal year 1999/2000.

Statement of Activities

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue						
Program Revenues:						
Charges for Services	821,079	-	5,692,378	4,995,863	6,513,457	4,995,863
Operating contribution & Grant	592,393	-	158,105	128,881	750,498	128,881
Capital Grants & Contribution	1,742,770	779,867	-	-	1,742,770	779,867
General Revenues:						
Property taxes	3,199,699	2,868,727	-	-	3,199,699	2,868,727
Sales Taxes	1,421,347	1,447,323	-	-	1,421,347	1,447,323
Other Taxes	2,354,582	898,509	-	-	2,354,582	898,509
License and permits		1,176,769	-	-	-	1,176,769
Other sources of funds		798,631	-	-	-	798,631
Miscellaneous	30,582	1,002,569	105,946	249,839	136,528	1,252,408
Interest	109,028	164,720	32,521	36,438	141,549	201,158
Transfers	(1,319,958)	(78,468)	1,319,958	78,468	-	-
	8,951,522	9,058,647	7,308,908	5,489,489	16,260,430	14,548,136
Expenses						
Primary Government						
General Government	2,679,826	1,804,904	-	-	2,679,826	1,804,904
Administration		1,062,187	-	-	-	1,062,187
Public Works & Planning	2,233,054	2,240,441	-	-	2,233,054	2,240,441
Police	2,524,093	2,154,979	-	-	2,524,093	2,154,979
Fire Department		63,431	-	-	-	63,431
Council		48,314	-	-	-	48,314
City Clerk		66,734	-	-	-	66,734
Treasurer		22,318	-	-	-	22,318
Parks		3,314	-	-	-	3,314
Pass-throughs	396,866	-	-	-	396,866	-
Interest	894,340	875,442	-	-	894,340	875,442
Business-type Activities						
Refuse		-	971,974	1,038,916	971,974	1,038,916
Water		-	1,828,318	1,541,337	1,828,318	1,541,337
Sewer		-	1,465,372	1,556,259	1,465,372	1,556,259
Transit		-	146,448	128,956	146,448	128,956
Airport		-	701,815	615,514	701,815	615,514
Total Expense	8,728,179	8,342,064	5,113,927	4,880,982	13,842,106	13,223,046
Change in Net Assets	223,343	716,583	2,194,981	608,507	2,418,324	1,325,090
Net Assets at beginning of yr	21,285,081	20,568,498	13,346,484	13,000,707	34,631,565	33,569,205
Prior Period Adj	246,714	-	-	(262,730)	246,714	(262,730)
Net Assets at end of year	21,755,138	21,285,081	15,541,465	13,346,484	37,296,603	34,631,565

Governmental Activities

Governmental activities increased the City's net assets by \$470,057 thereby accounting for 18% of the total growth in the City's net assets mainly due to \$484,695 reduction in liabilities in governmental funds.

Business-Type Activities

The City operates five business-type activities. These activities are captured in Refuse, Water, Sewer, Transit and Airport funds. Of the total \$2,665,038 City wide net assets increase, \$2,194,981 (82% of total increase) was attributed to the business-type activities. The reduction in liability by making principal payments on outstanding debts and reclassification of the RDA loan was the main factor for the net assets increase.

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Please note that unlike the Government-Wide financial statements discussed previously, the fund statements are reflected on a modified accrual basis.

Governmental Funds

As of June 30, 2011, the City's governmental funds reported a combined ending fund balance of \$13,452,448. This number shows approximately 8% (\$1,202,708) fund balance decrease from the prior year. Again, the reclassification of the loan from RDA to the Water Fund for the capacity project resulted in this decrease. This fund balance is available for spending on the government's ongoing obligations to citizens and creditors; although, 18% of the total governmental fund balance is dedicated for specific purposes such as street and road maintenance, various capital projects associated with special fees collected and other capital projects paid by specific grants.

The *General Fund* is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$3,449,467 which included \$1,045,989 of advances made to other funds such as Airport, special district funds and various capital project funds. Although the amount is labeled as advances, there is a possibility that the General Fund may end up writing them off in a manner of an operating transfer as happened in the past. The General Fund wrote off an outstanding loan balance of \$359,533 in fiscal year 2000/01 for the Airport fund expecting the Airport fund would self sustain from that time on. However, the Airport Fund still has not generated enough revenues to support its expenses.

The fund balance, after the deduction of any outstanding advances made to other funds, will be used to pay for various City services such as police, contracted fire, public works and the City's general operations.

The *Redevelopment fund* has a total fund balance of \$1,056,725 of which \$959,386 is reserved for outstanding 2005 & 2007 RDA Tax Increment Revenue Bonds. The decrease of \$2,997,988 in the RDA fund balance was from the use of bond proceeds for various capital projects such as

downtown and infrastructure improvement including blight elimination and water capacity increase project.

Twenty percent of 2005 & 2007 RDA Tax Revenue Allocation Bond proceeds were allocated to the *RDA Low and Moderate Housing Fund* and as a result, this fund was presented as one of the major governmental funds. To date, no major housing projects have occurred using the housing fund.

Proprietary Fund

Unrestricted net assets of the Water and Sewer funds at the end of the year are negative \$330,689 and positive \$157,209 respectively. The negative balance in unrestricted net assets of the Water fund was caused by the construction of two water tanks (T & T tanks) back in 2008. This project was constructed using internal borrowing instead of outside financing sources in the form of bonds. In return, the Water Fund is to pay back the loan principal over time utilizing future connection fees. This decision resulted in over a half-million dollar cost savings to the Water Fund since the internal funding eliminates the need to pay issuance costs as well as interest payment associated with issuing bonds. In addition, by not having additional bonds outstanding, the water fund will have more leverage when issuing bonds in the future to pay for bigger capital projects.

Also, another sound decision that benefited the City as a whole by more than half a million dollars is the refunding of 2000 Certificates of Participation (2000 COP) with an outstanding balance of \$1,365,600 using an internal Investment Fund. The savings are recognized as follows:

- The City's investment fund will earn approximately 1.5% higher interest rate than when investing funds with outside financial institutions.
- The Water and Sewer fund will pay approximately 1.5% lower interest rate for the remaining term of the loan which is for the next six years.
- The Water and Sewer fund did not have to pay for issuance costs, such as underwriter discounts, bond attorneys' fees, document-printing costs, and other miscellaneous fees associated with issuing bonds.

The net assets of the Sewer fund were increased by \$1,385,057 from the prior year. Approximately 36% of the Sewer fund balance increase was from Sewer connection fees. The restricted net assets in Sewer fund, \$3,583,785, will be used for the construction and expansion of a new sewer plant over the next two to three years.

As of June 30, 2011, the Airport Fund owes \$724,522 to General Fund and this loan was a result of continuous deficits in Airport Fund operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the year ended June 30, 2011 is presented as required supplementary information following the notes to the financial statements. The final budget amounts are different from those presented in the 2010/11 – 2014/15 original five-year budget documents. It is due to changes that occurred between the original budget and the mid-year budget adjustments.

	Original Budget	Final Budget	2010/11 Actual	Variance Actual vs. Final Budget
Revenues incl. Other Sources	4,607,545	4,746,774	5,262,894	516,120
Expenditures incl. Other Uses	4,605,176	4,728,276	4,612,277	115,999
Net changes in fund balances	2,369	18,498	650,617	632,119
Fund Balance Beginning (Adjusted)	5,164,065	5,164,065	5,164,065	0
Fund Balance - Ending	5,166,434	5,182,563	5,814,682	632,119

Overall, the General Fund actual ending fund balance is \$632,119 more than what was budgeted in the final budget. The major contributions to positive revenue variance are from property tax revenue, \$50,591, sales tax, \$225,568, transient occupancy tax, \$119,780, motor vehicle license fee, \$31,889, and landscape and construction charges, \$73,829.

The major reasons for the favorable variance in expenditures are due to the reimbursements from the Tehachapi Unified School District for a School Resource Officer, \$19,443; reduction in operation cost, \$69,485; and under spent legal cost, \$27,072.

The departments in General Fund which contributed a major positive variance to the total expenditure are General Government \$62,321; Finance \$10,094; Public Works, \$31,095; and Community Development department, \$45,809. Contrarily, the major unfavorable variance in the General Fund is from the engineering expenses not subject to reimbursement, \$21,001 and overhead allocation to other funds, \$21,102. The budgeted allocation was \$222,526; however, because of less actual spending in the General Fund, the actual allocated cost was \$201,424 resulting \$21,102 of unfavorable variance.

During the fiscal year 2010/11, the economy stayed at a status quo from prior years. In spite of the status of economy downturn in general, the City actually increased fund balances in most major funds. The General Fund was greatly benefited from sales tax generated by Love's Truck Stop and it experienced a slight growth in sales taxes in general. Another substantial General Fund revenue increase was from the transient occupancy tax which is also known as lodging tax. This is due to additional payments received from one of the hotels for their prior year's delinquent accounts.

There was \$169,477 increase in General Fund revenue but the expenditures in the same fund were also increased by \$245,987. However, staff managed to increase the fund balance in General Fund by \$76,510. The major General Fund revenues that contributed to a favorable revenue variance are sales tax, \$265,792 and transient occupancy tax, \$249,180.

CAPITAL & DEBT ADMINISTRATION

Capital Assets

	Governmental Activities	Business-type Activities	Totals
Non-Depreciable Assets:			
Land	2,865,833	3,893,063	6,758,896
Total non-depreciable assets	2,865,833	3,893,063	6,758,896
Depreciable Assets (net of accumulated depreciation)			
Infrastructure, Machinery, CIP	22,335,311	12,006,317	34,341,628
Total depreciable assets-net	22,335,311	12,006,317	34,341,628
Total Capital Assets	25,201,144	15,899,380	41,100,524

The City of Tehachapi's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$41,100,524 (net of accumulated depreciation) which is a \$754,847 increase from fiscal year 2009/10. This investment in capital assets includes land, buildings, improvements, machineries and equipments, roads, sidewalks, airport runways, water and sewer systems.

Additional information on the City of Tehachapi's capital assets can be found in Note 2-C.

Long-Term Debt

	Governmental Activities	Business-type Activities	Totals
Bonds	16,559,109	3,969,456	20,528,565
Loans		70,589	70,589
Capital Leases	741,509	336,025	1,077,534
Compensated absences	245,735	76,434	322,169
Total Long-Term Liabilities	17,546,353	4,452,504	21,998,857

The City of Tehachapi's total long term debt was decreased by \$2,275,397 during the current fiscal year. This decrease was mainly from making payments on principals of various outstanding debts without incurring additional debt as well as from internal refunding of 2000 COP as mentioned earlier.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The RDA Revenue Allocation Bonds are not general obligation debt.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In June, 2011, the Council adopted the 2011/12 through 2015/16 five-year budget, with total appropriations of \$17,360,973 in fiscal year 2011/12. The following factors were taken into consideration for the next fiscal year budget:

- 0.7% cost of living increase was granted for all employees; however, there will still be no merit increases at this time.
- The 2011/12 General Fund revenue budget (\$4,607,545) was projected at \$360,910 less than the actual revenue received in 2010/11. A \$100,000 of COPS grant is not included in this budget since there is no certainty that the State will pay for such a grant. The \$114,080 reduction in lodging tax was due to nonexistence of delinquent tax payment from a hotel. Finally, no police grant was budgeted since \$87,493 grant received in 2010/11 was just a one-time grant.
- The 2012/13 General Fund expenditure budget (\$4,861,961) was projected at \$249,686 more than the actual expenditure in 2010/11.
- Twenty equivalent dwelling units (EDU) of connections were considered for any development related fees such as water and sewer connections, facilities impact, traffic mitigation and park and recreation capital improvement.
- Various capital projects were included in this budget and they are:
 - Purchase of snow plow \$37,000
 - Service body vehicle, \$70,000
 - Water Radio Meters Replacement, \$50,000
 - Water Banking Program, \$120,000
 - New Sewer Plant \$4,250,000.

As always, this budget was put together in a very conservative manner. Although our City was fortunate enough to generate a positive fund balance, the City is not putting its guard down in securing its financial security. For example, in spite of favorable fund balances in most major funds, the merit increases for employees continue to remain in frozen status.

The City of Tehachapi is small but our staff has pride in keeping the city financially secure.

BASIC FINANCIAL STATEMENTS

City of Tehachapi
Statement of Net Assets
June 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 10,700,406	\$ 1,020,916	\$ 11,721,322
Receivables (Net of Allowance)	1,194,499	599,590	1,794,089
Loans Receivable	195,344	-	195,344
Due from Agency Funds	137,880	-	137,880
Internal Balances	1,962,528	(1,962,528)	-
Restricted Cash and Investments	-	3,919,702	3,919,702
Prepays	138,456	412	138,868
Deferred Charges	569,093	735,739	1,304,832
Capital Assets, Not Being Depreciated	2,865,833	3,893,063	6,758,896
Capital Assets, Depreciated, Net	22,335,311	12,006,317	34,341,628
Other	-	235,000	235,000
	<u>40,099,350</u>	<u>20,448,211</u>	<u>60,547,561</u>
Total Assets			
LIABILITIES			
Current Liabilities:			
Accounts Payable	653,075	323,017	976,092
Accrued Liabilities	4,598	25	4,623
Accrued Interest Payable	89,351	41,023	130,374
Deposits Payable	50,835	90,177	141,012
Noncurrent Liabilities:			
Due within One Year	538,570	394,453	933,023
Due in More Than One Year	17,007,783	4,058,051	21,065,834
	<u>18,344,212</u>	<u>4,906,746</u>	<u>23,250,958</u>
Total Liabilities			
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	8,469,619	12,259,049	20,728,668
Restricted for:			
Maintenance of Water Lines	-	106,149	106,149
Construction and Expansion of Facilities	-	3,704,701	3,704,701
Highways and Streets	1,108,759	-	1,108,759
Public Safety	539,037	-	539,037
Debt Service	-	87,177	87,177
RDA	5,177,709	-	5,177,709
Unrestricted	6,460,014	(615,611)	5,844,403
	<u>\$ 21,755,138</u>	<u>\$ 15,541,465</u>	<u>\$ 37,296,603</u>
Total Net Assets			

The accompanying notes are an integral part of this statement.

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City of Tehachapi
Statement of Activities
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 2,679,826	\$ 273,355	\$ 56	\$ -
Public Works	1,850,761	278,874	-	1,053,153
Public Safety	2,524,093	268,850	510,733	-
Community Development	382,293	-	81,604	689,617
Pass-throughs	396,866	-	-	-
Interest	894,340	-	-	-
Total Governmental Activities	8,728,179	821,079	592,393	1,742,770
Business-type Activities:				
Refuse	971,974	976,370	-	-
Water	1,828,318	2,067,381	-	-
Sewer	1,465,372	2,174,712	-	-
Transit	146,448	4,867	158,105	-
Airport	701,815	469,048	-	-
Total Business-type Activities	5,113,927	5,692,378	158,105	-
Total Primary Government	\$ 13,842,106	\$ 6,513,457	\$ 750,498	\$ 1,742,770

General Revenues:
Property Taxes
Sales and Use Taxes
Property Tax in Lieu
Transient Occupancy Tax
Franchise Tax
Other Taxes
Miscellaneous Revenues
Investment Earnings
Transfers In (Out)

Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year

Prior Period Adjustment

Net Assets - End of Year

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (2,406,415)	\$ -	\$ (2,406,415)
(518,734)	-	(518,734)
(1,744,510)	-	(1,744,510)
388,928	-	388,928
(396,866)	-	(396,866)
(894,340)	-	(894,340)
<u>(5,571,937)</u>	<u>-</u>	<u>(5,571,937)</u>
-	4,396	4,396
-	239,063	239,063
-	709,340	709,340
-	16,524	16,524
-	(232,767)	(232,767)
<u>-</u>	<u>736,556</u>	<u>736,556</u>
<u>(5,571,937)</u>	<u>736,556</u>	<u>(4,835,381)</u>
3,199,699	-	3,199,699
1,421,347	-	1,421,347
1,443,215	-	1,443,215
499,780	-	499,780
186,562	-	186,562
225,025	-	225,025
30,582	105,946	136,528
109,028	32,521	141,549
(1,319,958)	1,319,958	-
<u>5,795,280</u>	<u>1,458,425</u>	<u>7,253,705</u>
223,343	2,194,981	2,418,324
21,285,081	13,346,484	34,631,565
<u>246,714</u>	<u>-</u>	<u>246,714</u>
<u>\$ 21,755,138</u>	<u>\$ 15,541,465</u>	<u>\$ 37,296,603</u>

The accompanying notes are an integral part of this statement.

City of Tehachapi
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	RDA Low and Moderate Housing	RDA Fund
ASSETS			
Cash and Investments	\$ 2,801,650	\$ 4,095,765	\$ 994,607
Receivables	608,410	25,219	75,655
Loans Receivable	195,344	-	-
Due from Agency Funds	39,647	-	-
Due from Other Funds	1,006,342	-	-
Prepays	135,956	-	2,500
Advances to Other Funds	1,336,239	-	-
	Total Assets	\$ 4,120,984	\$ 1,072,762
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 253,473	\$ -	\$ 16,037
Accrued Liabilities	4,598	-	-
Due to Other Funds	-	-	-
Deferred Revenue	-	-	-
Deposits Payable	50,835	-	-
	Total Liabilities	-	16,037
Fund Balances:			
Nonspendable	1,667,539	-	2,500
Restricted	-	4,120,984	1,054,225
Committed	697,676	-	-
Assigned	-	-	-
Unassigned	3,449,467	-	-
	Total Fund Balances	4,120,984	1,056,725
	Total Liabilities and Fund Balances	\$ 4,120,984	\$ 1,072,762

The accompanying notes are an integral part of this statement.

Railroad Depot	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 2,808,384	\$ 10,700,406
-	485,215	1,194,499
-	-	195,344
-	-	39,647
-	-	1,006,342
-	-	138,456
-	-	1,336,239
<u>\$ -</u>	<u>\$ 3,293,599</u>	<u>\$ 14,610,933</u>
\$ -	\$ 383,565	\$ 653,075
-	281,820	4,598
-	168,157	281,820
-	-	168,157
-	-	50,835
<u>-</u>	<u>833,542</u>	<u>1,158,485</u>
-	-	1,670,039
-	2,288,718	7,463,927
-	-	697,676
-	294,987	294,987
-	(123,648)	3,325,819
<u>-</u>	<u>2,460,057</u>	<u>13,452,448</u>
<u>\$ -</u>	<u>\$ 3,293,599</u>	<u>\$ 14,610,933</u>

The accompanying notes are an integral part of this statement.

City of Tehachapi
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011

Fund Balances of Governmental Funds \$ 13,452,448

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:

Capital Assets	31,989,117
Accumulated Depreciation	(6,787,973)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:

Bonds Payable	(16,835,000)
Issuance Discount	275,891
Capital Leases Payable	(741,509)
Compensated Absences	(245,735)

Accrued interest payable is not reported in the governmental funds. (89,351)

Long-term assets that are not available for current use. Amounts are recorded as deferred revenue under the modified accrual basis of accounting. 168,157

Deferred charge for issuance costs on bonds. 569,093

Net Assets of Governmental Activities \$ 21,755,138

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City of Tehachapi
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011

	General Fund	RDA Low and Moderate Housing	RDA Fund
REVENUES			
Taxes	\$ 4,625,942	\$ 396,866	\$ 1,587,464
Licenses, Permits, and Fines	76,582	-	-
Intergovernmental	188,424	-	-
Charges for Services	289,414	-	-
Investment Earnings	49,537	27,952	15,465
Miscellaneous Revenues	32,995	-	-
	<u>5,262,894</u>	<u>424,818</u>	<u>1,602,929</u>
Total Revenues			
EXPENDITURES			
Current:			
General Government	822,662	91,250	582,319
Public Works	989,697	-	29,093
Public Safety	2,524,093	-	-
Community Development	267,555	-	-
Pass-throughs	-	-	396,866
Capital Outlay	-	2,895	-
Debt Service:			
Interest Expense	-	168,005	672,019
Principal	-	67,000	268,000
	<u>4,604,007</u>	<u>329,150</u>	<u>1,948,297</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>658,887</u>	<u>95,668</u>	<u>(345,368)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(8,270)	-	(2,652,620)
	<u>(8,270)</u>	<u>-</u>	<u>(2,652,620)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	650,617	95,668	(2,997,988)
Fund Balances, Beginning of Year	5,070,965	4,025,316	4,054,713
Prior Period Adjustment	93,100	-	-
	<u>\$ 5,814,682</u>	<u>\$ 4,120,984</u>	<u>\$ 1,056,725</u>
Fund Balances, End of Year			

The accompanying notes are an integral part of this statement.

<u>Railroad Depot</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 636,897	\$ 7,247,169
-	346,535	423,117
-	1,811,735	2,000,159
-	-	289,414
-	16,075	109,029
-	1,440	34,435
<u>-</u>	<u>2,812,682</u>	<u>10,103,323</u>
-	5,837	1,502,068
-	893,959	1,912,749
-	-	2,524,093
-	114,738	382,293
-	-	396,866
-	2,288,111	2,291,006
-	24,195	864,219
-	24,493	359,493
<u>-</u>	<u>3,351,333</u>	<u>10,232,787</u>
<u>-</u>	<u>(538,651)</u>	<u>(129,464)</u>
688,657	947,954	1,636,611
<u>-</u>	<u>(295,679)</u>	<u>(2,956,569)</u>
<u>688,657</u>	<u>652,275</u>	<u>(1,319,958)</u>
688,657	113,624	(1,449,422)
(688,657)	2,192,819	14,655,156
-	153,614	246,714
<u>\$ -</u>	<u>\$ 2,460,057</u>	<u>\$ 13,452,448</u>

The accompanying notes are an integral part of this statement.

City of Tehachapi
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2011

Net Changes in Fund Balances - Total Governmental Funds \$ (1,449,422)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as an expenditures. However in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlay	2,409,352
Disposal of Capital Assets	(56,358)
Depreciation Expense	(1,154,280)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premium discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal Repayments	
Tax Allocation Bonds	335,000
Capital Leases	24,493
Amortization of Issuance Costs	(22,962)
Amortization of Bond Discounts	(10,968)

Accrued interest payable is not reported in the governmental funds. 3,809

Some revenues reported in the Statement of Activities are not considered to be available to finance current expenditures and therefore are not reported as revenues in the governmental funds. 168,157

To record the net change in compensated absences in the statement of activities. (23,478)

Change in Net Assets of Governmental Activities \$ 223,343

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City of Tehachapi
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Water Fund	Sewer Fund	Airport Fund
ASSETS			
Current Assets:			
Cash and Investments	\$ 345,976	\$ 506,520	\$ 30,300
Receivables (Net of Allowance)	251,776	210,252	4,832
Restricted Cash and Investments	317,334	3,602,368	-
Prepays	-	412	-
Total Current Assets	<u>915,086</u>	<u>4,319,552</u>	<u>35,132</u>
Noncurrent Assets:			
Deferred Charges	171,609	564,130	-
Other Assets	-	-	-
Capital Assets, Not Being Depreciated	<u>1,673,882</u>	<u>2,161,638</u>	<u>57,543</u>
Capital Assets, Net of Accumulated Depreciation	<u>5,245,224</u>	<u>4,606,555</u>	<u>2,154,538</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>6,919,106</u>	<u>6,768,193</u>	<u>2,212,081</u>
Total Noncurrent Assets	<u>7,090,715</u>	<u>7,332,323</u>	<u>2,212,081</u>
Total Assets	<u>8,005,801</u>	<u>11,651,875</u>	<u>2,247,213</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	43,965	33,862	46,216
Accrued Liabilities	-	-	25
Accrued Interest Payable	7,164	32,076	1,783
Due to Other Funds	-	-	724,522
Customer Deposits Payable	90,177	-	-
Compensated Absences - Current	24,604	20,921	4,018
Capital Leases Payable - Current	1,538	20,653	-
Notes and Bonds Payable - Current	<u>19,200</u>	<u>289,957</u>	<u>9,440</u>
Total Current Liabilities	<u>186,648</u>	<u>397,469</u>	<u>786,004</u>
Noncurrent Liabilities:			
Advances Payable	755,184	482,822	-
Compensated Absences	10,439	8,877	1,705
Capital Leases Payable	43,131	270,703	-
Notes and Bonds Payable	<u>566,907</u>	<u>3,093,391</u>	<u>61,150</u>
Total Noncurrent Liabilities	<u>1,375,661</u>	<u>3,855,793</u>	<u>62,855</u>
Total Liabilities	<u>1,562,309</u>	<u>4,253,262</u>	<u>848,859</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,459,939	3,657,619	2,141,491
Restricted:			
Maintenance of Water Lines	106,149	-	-
Construction and Expansion of Facilities	120,916	3,583,785	-
Debt Service	87,177	-	-
Unrestricted	<u>(330,689)</u>	<u>157,209</u>	<u>(743,137)</u>
Total Net Assets	<u>\$ 6,443,492</u>	<u>\$ 7,398,613</u>	<u>\$ 1,398,354</u>

The accompanying notes are an integral part of this statement.

Refuse Fund	Nonmajor Transit Fund	Total
\$ 97,438	\$ 40,682	\$ 1,020,916
132,730	-	599,590
-	-	3,919,702
-	-	412
<u>230,168</u>	<u>40,682</u>	<u>5,540,620</u>
-	-	735,739
<u>235,000</u>	<u>-</u>	<u>235,000</u>
-	-	3,893,063
<u>-</u>	<u>-</u>	<u>12,006,317</u>
-	-	15,899,380
<u>235,000</u>	<u>-</u>	<u>16,870,119</u>
<u>465,168</u>	<u>40,682</u>	<u>22,410,739</u>
177,703	21,271	323,017
-	-	25
-	-	41,023
-	-	724,522
-	-	90,177
2,309	1,813	53,665
-	-	22,191
<u>-</u>	<u>-</u>	<u>318,597</u>
<u>180,012</u>	<u>23,084</u>	<u>1,573,217</u>
-	-	1,238,006
980	768	22,769
-	-	313,834
<u>-</u>	<u>-</u>	<u>3,721,448</u>
<u>980</u>	<u>768</u>	<u>5,296,057</u>
<u>180,992</u>	<u>23,852</u>	<u>6,869,274</u>
-	-	12,259,049
-	-	106,149
-	-	3,704,701
-	-	87,177
<u>284,176</u>	<u>16,830</u>	<u>(615,611)</u>
<u>\$ 284,176</u>	<u>\$ 16,830</u>	<u>\$ 15,541,465</u>

The accompanying notes are an integral part of this statement.

City of Tehachapi
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
Year Ended June 30, 2011

	Water Fund	Sewer Fund	Airport Fund
OPERATING REVENUES			
Charges for Services	\$ 2,067,381	\$ 2,174,712	\$ 469,048
Miscellaneous	60,424	24,134	11,003
Total Operating Revenues	<u>2,127,805</u>	<u>2,198,846</u>	<u>480,051</u>
OPERATING EXPENSES			
Personnel Services	731,269	521,968	181,873
Maintenance and Operations	656,292	339,947	365,852
Depreciation	261,150	353,629	150,299
Total Operating Expenses	<u>1,648,711</u>	<u>1,215,544</u>	<u>698,024</u>
Operating Income (Loss)	<u>479,094</u>	<u>983,302</u>	<u>(217,973)</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	-	-	-
Investment Earnings	7,321	24,894	-
Interest Expense	(118,063)	(249,828)	(3,791)
Loss on Disposal of Capital Assets	(61,544)	-	-
Total Nonoperating Revenues (Expenses)	<u>(172,286)</u>	<u>(224,934)</u>	<u>(3,791)</u>
Income (Loss) Before Operating Transfers	306,808	758,368	(221,764)
Transfers In	<u>685,000</u>	<u>626,688</u>	<u>8,270</u>
Change in Net Assets	991,808	1,385,056	(213,494)
Net Assets - Beginning of Year	<u>5,451,684</u>	<u>6,013,556</u>	<u>1,611,849</u>
Net Assets - End of Year	<u>\$ 6,443,492</u>	<u>\$ 7,398,612</u>	<u>\$ 1,398,355</u>

The accompanying notes are an integral part of this statement.

Refuse Fund	Nonmajor Transit Fund	Total
\$ 976,370	\$ 4,867	\$ 5,692,378
10,385	-	105,946
<u>986,755</u>	<u>4,867</u>	<u>5,798,324</u>
55,501	27,583	1,518,194
916,473	118,865	2,397,429
-	-	765,078
<u>971,974</u>	<u>146,448</u>	<u>4,680,701</u>
<u>14,781</u>	<u>(141,581)</u>	<u>1,117,623</u>
-	158,105	158,105
-	306	32,521
-	-	(371,682)
-	-	(61,544)
<u>-</u>	<u>158,411</u>	<u>(242,600)</u>
14,781	16,830	875,023
<u>-</u>	<u>-</u>	<u>1,319,958</u>
14,781	16,830	2,194,981
<u>269,395</u>	<u>-</u>	<u>13,346,484</u>
<u>\$ 284,176</u>	<u>\$ 16,830</u>	<u>\$ 15,541,465</u>

The accompanying notes are an integral part of this statement.

City of Tehachapi
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2011

	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 2,147,742
Payments to Employees for Services	(731,269)
Payments to Suppliers for Goods and Services	(2,023,467)
	(606,994)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Cash Received from Other Funds	-
Intergovernmental Revenue	-
	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(122,393)
Interest Paid	(96,255)
Proceeds from Interfund Advances	833,016
Cash Received from Other Funds	685,000
Payments on Interfund Advance	(77,832)
Payments on Capital Lease Obligations	(1,476)
Payments on Long-term Debt	(1,206,950)
	13,110
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	7,321
	7,321
Net Increase (Decrease) in Cash and Cash Equivalents	(586,563)
Cash and Cash Equivalents, Beginning of the Year	1,249,873
Cash and Cash Equivalents, End of the Year	\$ 663,310

The accompanying notes are an integral part of this statement.

Sewer Fund	Airport Fund	Refuse Fund	Nonmajor Transit Fund	Total
\$ 2,220,650	\$ 470,992	\$ 996,713	\$ 39,858	\$ 5,875,955
(521,968)	(181,873)	(55,501)	(27,583)	(1,518,194)
(308,479)	(264,165)	(911,980)	(130,079)	(3,638,170)
<u>1,390,203</u>	<u>24,954</u>	<u>29,232</u>	<u>(117,804)</u>	<u>719,591</u>
-	8,270	-	-	8,270
-	-	-	158,105	158,105
-	8,270	-	158,105	166,375
(230,284)	(30,079)	-	-	(382,756)
(206,141)	(4,018)	-	-	(306,414)
532,584	-	-	-	1,365,600
626,688	-	-	-	1,311,688
(49,762)	-	-	-	(127,594)
(19,813)	-	-	-	(21,289)
(1,041,783)	(8,955)	-	-	(2,257,688)
<u>(388,511)</u>	<u>(43,052)</u>	<u>-</u>	<u>-</u>	<u>(418,453)</u>
24,894	-	-	306	32,521
<u>24,894</u>	<u>-</u>	<u>-</u>	<u>306</u>	<u>32,521</u>
1,026,586	(9,828)	29,232	40,607	500,034
<u>3,082,302</u>	<u>40,128</u>	<u>68,206</u>	<u>75</u>	<u>4,440,584</u>
<u>\$ 4,108,888</u>	<u>\$ 30,300</u>	<u>\$ 97,438</u>	<u>\$ 40,682</u>	<u>\$ 4,940,618</u>

(Continued)

City of Tehachapi
Statement of Cash Flows
Proprietary Funds - Continued
Year Ended June 30, 2011

	Water Fund
Reconciliation of Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 479,094
Adjustments to Reconcile Operating Income (Loss) to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation	261,150
Changes in Operating Assets and Liabilities:	
Decrease (Increase) in Receivables	8,182
Decrease (Increase) in Prepaid Expenses	-
Increase (Decrease) in Accounts Payable	(32,218)
Increase (Decrease) in Accrued Liabilities	-
Increase (Decrease) in Compensated Absences	35,043
Increase (Decrease) in Due to Other Funds	(1,370,000)
Increase (Decrease) in Deposits Payable	11,755
	<u>11,755</u>
TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (606,994)
 NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
 Amortization Related to Long-term Debt	\$ 3,323

The accompanying notes are an integral part of this statement.

<u>Sewer Fund</u>	<u>Airport Fund</u>	<u>Refuse Fund</u>	<u>Nonmajor Transit Fund</u>	<u>Total</u>
\$ 983,302	\$ (217,973)	\$ 14,781	\$ (141,581)	\$ 1,117,623
353,629	150,299	-	-	765,078
16,432	(359)	9,958	34,991	69,204
5,372	-	-	-	5,372
1,670	16,782	1,204	5,740	(6,822)
-	25	-	-	25
29,798	5,723	3,289	2,581	76,434
-	79,157	-	(19,535)	(1,310,378)
-	(8,700)	-	-	3,055
<u>\$ 1,390,203</u>	<u>\$ 24,954</u>	<u>\$ 29,232</u>	<u>\$ (117,804)</u>	<u>\$ 719,591</u>
\$ 20,412	\$ -	\$ -	\$ -	\$ 23,735

The accompanying notes are an integral part of this statement.

City of Tehachapi
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
Year Ended June 30, 2011

	Total Agency Funds
ASSETS	
Cash and Investments	\$ 1,525,368
Cash with Fiscal Agent	4,550
Receivables	22,837
Advances to Other Funds	98,233
Other Assets	257,222
	257,222
Total Assets	\$ 1,908,210
LIABILITIES	
Accounts Payable	\$ 14,764
Advances from Other Funds	196,466
Due to Other Funds	39,647
Due to Bond Holders	1,657,333
	1,657,333
Total Liabilities	\$ 1,908,210

The accompanying notes are an integral part of this statement.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

The City of Tehachapi was incorporated August 13, 1909 under the general laws of the State of California. The City operates under a Council/City Manager form of government and provides the following services: public safety (police and fire); community services; public works; general administrative services; and capital improvements.

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

The following is a brief overview of the component units included in the accompanying financial statements of the City.

Tehachapi Redevelopment Agency - The Tehachapi Redevelopment Agency was established pursuant to the State of California Health and Safety Code, Section 33000. The Agency is responsible for rehabilitation and economic revitalization of certain areas within the City.

Tehachapi City Financing Corporation (TCFC) - The Tehachapi City Financing Corporation was formed on September 26, 1990, as a Nonprofit Public Benefit Corporation to render financial assistance to the City by issuing debt instruments.

Detailed financial statements are available for the Tehachapi Redevelopment Agency from the City's Finance Department. The TCFC does not issue separate financial statements.

B) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Agency funds also use the accrual basis of accounting. The Agency funds are custodial in nature and therefore do not involve measurement of results of operations.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *RDA Low and Moderate Housing Fund* is used to account for the portion of Agency tax increment revenue legally restricted to expenditures for low and moderate income housing purposes.

The *RDA Fund* is used to account for the interest and principal payments on the Agency's long-term debt issuance and to fund redevelopment projects.

The *Railroad Depot Fund* is used to account for the expenditures related to the construction of the new railroad depot structure.

The City reports the following major proprietary funds:

The *Sewer Utility, Water Utility, Refuse and Airport Funds* are used to account for those operations that are financed and operated in a manner similar to a private business enterprise where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Additionally, the City reports the following fund types:

The *Agency Funds* are used to account for funds that are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City accounts for transactions of its special assessment districts and community facilities districts as agency funds.

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 this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

For purposes of the Statement of Cash Flows, the City's cash and investments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

In accordance with the California Government Code, and as further restricted by the City's adopted investment policy, the City may invest in the following types of investments:

- U.S. Treasury Bills, Notes and Bonds.
- Local Agency Investment Fund administered by the California State Treasurer.
- Obligations issued by agencies or instrumentality of the U.S. Government.
- Negotiable Certificates of Deposit issued by federally or state chartered banks or associations.
- Money Market Mutual Funds investing in the securities and obligations authorized by CGC Section 53601.
- Guaranteed Investment Contract.

Investments held by bond trustees and/or fiscal agents are invested in accordance with separate trust agreements.

For all investments at June 30, 2011, amortized cost approximates fair market value.

The City follows the practice of pooling cash and investments of all funds except for funds held in separate trust agreements.

Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on the average of the beginning and ending cash balances. Interest income from cash and investments of funds excluded from pooled cash is credited directly to the related fund.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of the interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of the interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of allowance for uncollectibles.

Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied to the extent that they result in current receivables.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Assets, Liabilities, and Net Assets or Equity - Continued

Receivables and Payables - Continued

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year. The City receives a share of this basic levy.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Amounts shown as restricted assets have been restricted by either bond indenture, by law, or contractual obligations to be used for specified purposes, such as servicing bonded debt and construction of capital assets.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the proprietary funds during the current fiscal year was \$371,682. Of this amount, \$0 was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Buildings	30 years
Machinery and Equipment	5 - 30 years
Structures and Other Improvements	10 - 40 years

Capital lease obligations of the Proprietary Funds are accounted for in the year of inception as a liability of the fund. The related asset is recorded as an asset of the fund.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Assets, Liabilities, and Net Assets or Equity - Continued

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Assets and Fund Balances

GASB Statement No. 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

1) Net Assets

Net assets are the excess of all the City's assets over all its liabilities, regardless of fund. Net assets are divided into three captions under GASB Statement No. 34. These captions apply only to net assets, which is determined only at the government-wide level and for proprietary funds 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 regulation, 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.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Assets, Liabilities, and Net Assets or Equity - Continued

Net Assets and Fund Balances - Continued

1) Net Assets - Continued

Unrestricted describes the portion of net assets which is not restricted to use.

2) Fund Balances

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of June 30, 2011. Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts constrained for a specific purpose by City Council action. It would require the same action by City Council to remove the constraint. The City's committed fund balance includes:

General Fund Emergency Contingency - The City's General Fund balance committed for emergency contingencies has been set by resolution and is for specific uses listed as the declaration of a state or federal state of emergency or a local emergency.

Assigned Fund Balance - Amounts that are constrained by the City Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed. The City's fund balance policy delegates the authority to assign amounts to be used for specific purposes to the Finance Director for the purpose of reporting these amounts in the annual financial statements.

Unassigned Fund Balance - These are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Assets, Liabilities, and Net Assets or Equity - Continued

2) Fund Balances - Continued

Deficit Fund Equity

The following funds had material deficit fund balances at June 30, 2011:

Nonmajor Capital Projects Funds:	
Green Street Lighting Project	(117,566)

The City expects to abate these deficits by operating transfers from the general fund and future revenue.

2) DETAILED NOTES ON ALL FUNDS

A) Cash and Investments

The City's cash and investments consisted of the following at June 30, 2011:

Deposits	\$ 647,717
Investments	<u>16,523,225</u>
 Total Cash and Investments	 <u>\$ 17,170,942</u>

The City's deposits and investments are reflected in the accompanying basic financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and Investments	\$ 10,700,406	\$ 1,020,916	\$ 1,525,368	\$ 13,246,690
Restricted Cash	<u>-</u>	<u>3,919,702</u>	<u>4,550</u>	<u>3,924,252</u>
	<u>\$ 10,700,406</u>	<u>\$ 4,940,618</u>	<u>\$ 1,529,918</u>	<u>\$ 17,170,942</u>

Deposits

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy requires deposits to be covered by the federal depository insurance and collateral having a market value of 110% of the uninsured deposit. As of June 30, 2011, none of the City's deposits were exposed to custodial credit risk.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

2) DETAILED NOTES ON ALL FUNDS

A) Cash and Investments

Investments

As of June 30, 2011, the City had the following investments:

Investment Type	Total	Maturities in Years	
		Less than 1	1 to 5
Local Agency Investment Funds	\$ 11,963,764	\$ 11,963,764	\$ -
Government Securities	2,048,000	-	2,048,000
Negotiable Certificates of Deposit	1,199,239	619,597	579,642
Money Market Mutual Funds	3,695	3,695	-
Corporate Bonds	91,646	91,646	-
Held by Bond Trustee:			
Money Market Mutual Funds	1,216,881	1,216,881	-
Total	\$ 16,523,225	\$ 13,895,583	\$ 2,627,642

Authorized Investments

The investments listed above are managed by the City Treasurer and Fiscal Agents (bond trustees acting in accordance with bond covenants). Investments managed by the City Treasurer are invested in accordance with the City's investment policy. Investments managed by bond trustees are invested in accordance with provisions of the respective bond agreements, rather than the general provisions of the California Government Code or the City's investment policy.

The City's investments by the investments manager are as follows:

City Treasurer	\$ 15,306,344
Fiscal Agents (Bond trustees for the City and its component units)	<u>1,216,881</u>
	<u>\$ 16,523,225</u>

The City Treasurer has direct oversight over the City's pooled investment fund which covers cash and investments of the City's governmental funds, proprietary funds, and agency funds which are invested in accordance with the City's investment policy. The investment policy generally complies with California Government Code Section 53601 and its primary detail is as follows:

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

Authorized Investments - Continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	Minimum Ratings
U.S. Agencies	5 years	100%	100%	None
U.S. Treasury Bills, Notes and Bonds	5 years	100%	100%	None
Local Agency Investment Fund (LAIF)	N/A	None	None	None
Guaranteed Investment Contract	N/A	None	None	AA
Certificates of Deposit (CDs)	5 years	30%	100%	A
Money Market Mutual Funds	N/A	15%	None	None
Commercial Paper	5 years	15%	None	
Trust Indenture	N/A	None	None	

Investments with fiscal agents are investments held by the bond trustee. The City and its investment advisor selects the investment under the terms of the applicable trust agreement, directs the bond trustee to acquire the investment, and the bond trustee then holds the investment on behalf of the City and/or its component units. Proceeds of bonds administered by bond trustees are also generally covered under the City Treasurer's investment policy; however, specific provisions of each issuance are usually used in managing such investments.

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. Information about the sensitivity of the fair values of the City's and its component units' investments to market rate fluctuations is provided in the table above that shows the distribution by maturity.

The City's investment policy generally complies with the State Government Code with respect to allowable investment instruments as a means of managing its fair value losses arising from changing interest rates. Guaranteed investment contracts are investments held by fiscal agents (bond trustees) and are restricted for construction projects and debt service.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations 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 minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the Standard and Poor's rating as of year end for each investment type.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

Credit Risk - Continued

Investment Type	Total as of June 30, 2011	Minimum Legal Rating	AAA	Other	Unrated	Not Required to be Rated
LAIF	\$ 11,963,764	None	\$ -	\$ -	\$ 11,963,764	\$ -
Government Securities	2,048,000	None	2,048,000	-	-	-
Negotiable Certificates or Deposit	1,199,239	None	-	-	1,199,239	-
Money Market Mutual Funds	3,695	AAA	3,695	-	-	-
Corporate Bonds	91,646	A	91,646	-	-	-
Held by Bond Trustee:						
Money Market Mutual Funds	1,216,881	AAA	1,216,881	-	-	-
Total	\$ 16,523,225		\$3,360,222	\$ -	\$ 13,163,003	\$ -

Concentration of Credit Risk

Concentration of credit risk is the increased risk of loss if the City has a significant amount of investments with a single issuer. In accordance with the Investment Policy of the City, none of the investments categories listed exceeded the maximum allowable percentage of its portfolio. The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of the total of the City's investments are as follows:

Issuer	Type of Investment	Amount
Federal National Mortgage Association	Government Security	\$ 1,000,000

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Custodial credit risk for LAIF is not determinable.

Investment in State Investment Pool

The City is a voluntary participant 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 fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

A) Cash and Investments - Continued

Included in cash and investments are restricted cash assets of \$4,559,461 held by the various bond trustees and fiscal agents, and \$87,177 of customer deposits in the Water Utility Fund.

B) Receivables

Receivables as of year-end for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	RDA Low/Moderate Housing Fund	RDA Debt Service	Railroad Depot	Nonmajor Fund	Total
Governmental Activities						
Taxes	\$ 431,355	\$ 25,219	\$ 75,655	\$ -	\$ 42,963	\$ 575,192
Others	177,055	-	-	-	442,252	619,307
Net Total Receivables	<u>\$ 608,410</u>	<u>\$ 25,219</u>	<u>\$ 75,655</u>	<u>\$ -</u>	<u>\$ 485,215</u>	<u>\$ 1,194,499</u>
	Water Fund	Sewer Fund	Refuse Fund	Airport Fund	Nonmajor Fund	Total
Business-Type Activities						
Others	\$ 258,500	\$ 216,459	\$ 136,405	\$ 4,832	\$ -	\$ 616,196
Gross Receivables	258,500	216,459	136,405	4,832	-	616,196
Less: Allowance for Uncollectibles	<u>(6,724)</u>	<u>(6,207)</u>	<u>(3,675)</u>	<u>-</u>	<u>-</u>	<u>(16,606)</u>
Net Total Receivables	<u>\$ 251,776</u>	<u>\$ 210,252</u>	<u>\$ 132,730</u>	<u>\$ 4,832</u>	<u>\$ -</u>	<u>\$ 599,590</u>

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

C) Capital Assets

Capital assets activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 941,007	\$ -	\$ -	\$ 941,007
Construction in Progress	2,648,572	589,528	(1,313,274)	1,924,826
Total Capital Assets, Not Depreciated	3,589,579	589,528	(1,313,274)	2,865,833
Capital Assets Being Depreciated:				
Buildings and Improvements	4,042,159	-	-	4,042,159
Machinery and Equipment	2,982,857	131,579	(106,936)	3,007,500
Improvements other than Buildings	18,794,244	3,001,519	-	21,795,763
Parks	277,862	-	-	277,862
Total Capital Assets Being Depreciated	26,097,122	3,133,098	(106,936)	29,123,284
Less Accumulated Depreciation:				
Buildings and Improvements	(1,113,809)	(153,617)	-	(1,267,426)
Machinery and Equipment	(2,295,711)	(262,343)	50,578	(2,507,476)
Improvements other than Buildings	(2,260,838)	(731,373)	-	(2,992,211)
Parks	(13,913)	(6,947)	-	(20,860)
Total Accumulated Depreciation	(5,684,271)	(1,154,280)	50,578	(6,787,973)
Total Capital Assets Being Depreciated, Net	20,412,851	1,978,818	(56,358)	22,335,311
Governmental Activities Capital Assets, Net of Depreciation	\$ 24,002,430	\$ 2,568,346	\$ (1,369,632)	\$ 25,201,144

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

C) Capital Assets - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Depreciated:				
Land	\$ 684,609	\$ -	\$ -	\$ 684,609
Water Rights*	1,585,795	110,527	(47,759)	1,648,563
Construction in Progress	1,448,925	137,639	(26,673)	1,559,891
Total Capital Assets, Not Depreciated	<u>3,719,329</u>	<u>248,166</u>	<u>(74,432)</u>	<u>3,893,063</u>
Capital Assets Being Depreciated:				
Buildings	11,125,195	-	-	11,125,195
Machinery and Equipment	1,658,290	-	(12,382)	1,645,908
Improvements other than Building	10,600,986	147,477	-	10,748,463
Total Capital Assets Being Depreciated	<u>23,384,471</u>	<u>147,477</u>	<u>(12,382)</u>	<u>23,519,566</u>
Less Accumulated Depreciation:				
Building and Improvements	(6,933,607)	(324,390)	-	(7,257,997)
Machinery and Equipment	(897,786)	(80,366)	12,382	(965,770)
Improvements other than Building	(2,929,160)	(360,322)	-	(3,289,482)
Total Accumulated Depreciation	<u>(10,760,553)</u>	<u>(765,078)</u>	<u>12,382</u>	<u>(11,513,249)</u>
Total Capital Assets Being Depreciated, Net	<u>12,623,918</u>	<u>(617,601)</u>	<u>-</u>	<u>12,006,317</u>
Business-Type Activities Capital Assets, Net of Depreciation	<u>\$ 16,343,247</u>	<u>\$ (369,435)</u>	<u>\$ (74,432)</u>	<u>\$ 15,899,380</u>

* This amount was included in Land in the Water Fund in prior years. The balance is now properly classified as Water Rights.

Depreciation was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government \$ 1,154,280

Total Depreciation Expense - Governmental Activities \$ 1,154,280

Business-Type Activities:

Water \$ 261,150
Sewer 353,629
Airport 150,299

Total Depreciation Expense - Business-Type Activities \$ 765,078

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

D) Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2011 is as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 1,045,989	\$ -
Non-major Governmental Funds	-	281,820
Enterprise Funds:		
Airport Fund	-	724,522
Agency Funds	<u>-</u>	<u>39,647</u>
Total	<u>\$ 1,045,989</u>	<u>\$ 1,045,989</u>

The General Fund has loaned monies to the Non-major Governmental Funds, the Airport Fund, and the Agency Funds to cover operating cash deficits. These amounts are expected to be paid back in the following fiscal year.

Advances to/from consist of the following at June 30, 2011:

	<u>Receivable Fund</u>	<u>Payable Fund</u>
General Fund	\$ 1,336,239	\$ -
Proprietary Funds:		
Water Fund	-	755,184
Sewer Fund	-	482,822
Agency Funds	<u>-</u>	<u>98,233</u>
Total	<u>\$ 1,336,239</u>	<u>\$ 1,336,239</u>

The General Fund advanced the Water and Sewer Funds \$755,184 and \$482,822 respectively, in order for the Water and Sewer funds to payoff bonds early.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

D) Interfund Receivables, Payables and Transfers - Continued

Interfund transfers for the year ended June 30, 2011 are as follows:

		TRANSFERS IN					
		Railroad Depot Fund	Non-major Governmental Funds	Water Fund	Sewer Fund	Airport Fund	Total
TRANSFERS OUT	General Fund	\$ -	\$ -	\$ -	\$ -	\$ 8,270	\$ 8,270
	RDA Fund	688,657	652,275	685,000	626,688	-	2,652,620
	Non-Major Governmental Funds	-	295,679	-	-	-	295,679
	Total	\$ 688,657	\$ 947,954	\$ 685,000	\$ 626,688	\$ 8,270	\$ 2,956,569

The RDA Fund transferred \$2,652,620 to the Railroad Depot, Non-major Governmental, Water, and Sewer funds for various capital projects. The transfers from the Non-major Governmental Funds to the Non-Major Governmental Funds were for capital projects.

E) Other Assets

Other assets at June 30, 2011 consist of the following:

	Agency Funds	Total
Foreclosure Receivables	\$ 257,222	\$ 257,222

Foreclosure Receivables

The City has provided infrastructure improvements to various property owners in exchange for special taxes on those properties. Non-payment of these taxes has occurred on selected properties and the City has taken steps toward foreclosure. Funds have been expended during the foreclosure process that are expected to be received at completion of the foreclosure action. Due to the uncertainty as to the date upon which the City will receive reimbursement for the funds expended, those receivables have been reclassified as Other Assets within the Fiduciary Funds.

Joint Venture in Recycling Project

During the year ended June 30, 1991, the City invested \$235,000 in a joint venture recycling plant with Benz Sanitation, a local sanitation company. The investment does not result in title to the plant. The City does, however, have a profit sharing interest of 5% of the gross profits and is held free from responsibility for any debts and obligations of the recycling project. The City did not receive a profit sharing payment for the year ending June 30, 2011.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

F) Long-Term Debt

Changes in General Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Tax Allocation Bonds	\$ 17,170,000	\$ -	\$ 335,000	\$ 16,835,000	\$ 350,000
Less Deferred Amounts:					
For Issuance Discounts	(286,859)	-	(10,968)	(275,891)	-
Total Bonds Payable	16,883,141	-	324,032	16,559,109	350,000
Capital Leases	766,002	-	24,493	741,509	25,279
Compensated Absences	222,257	196,012	172,534	245,735	163,291
Governmental Activity					
Long-term Liabilities	<u>\$ 17,871,400</u>	<u>\$ 196,012</u>	<u>\$ 521,059</u>	<u>\$ 17,546,353</u>	<u>\$ 538,570</u>
Business-type Activities:					
2004 Revenue Refunding Bonds	\$ 3,170,000	\$ -	\$ 125,000	\$ 3,045,000	\$ 125,000
1993 State Revolving Loan	728,509	-	174,134	554,375	179,357
1998 Sewer and Water COP	247,900	-	4,600	243,300	4,800
2000 Sewer and Water COP	1,945,000	-	1,945,000	-	-
Less Deferred Amounts:					
For Issuance Discounts	(125,414)	-	(14,846)	(110,568)	-
On Refunding	261,084	-	23,735	237,349	-
Total Bonds Payable	6,227,079	-	2,257,623	3,969,456	309,157
Department of Transportation					
Loan	79,545	-	8,956	70,589	9,440
Capital Leases	357,314	-	21,289	336,025	22,191
Compensated Absences	-	132,464	56,030	76,434	53,665
Business-type Activity					
Long-term Liabilities	<u>\$ 6,663,938</u>	<u>\$ 132,464</u>	<u>\$ 2,343,898</u>	<u>\$ 4,452,504</u>	<u>\$ 394,453</u>

Tax Allocation Bonds

In December 2005, the Tehachapi Redevelopment Agency issued Tax Allocation Bonds in the amount of \$8,780,000. These bonds were issued for the purpose of refunding the Agency's \$1,555,000 2004 Subordinate Tax Allocation Notes and the Agency's \$2,500,000 2002 Tax Allocation Notes. A portion of the net proceeds of the Bonds will also be used to fund certain redevelopment activities of benefit to the Tehachapi Redevelopment Agency ("the Project Area"), including amounts which will be deposited into a special escrow fund for future release. The

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

F) Long-Term Debt - Continued

Tax Allocation Bonds - Continued

Bonds will mature on December 1, 2035 and the interest rate ranges between 3.25% and 5.25% over the life of the Bonds. Interest is payable semiannually on June 1st and December 1st of each year, commencing June 1, 2006. The Bonds are subject to redemption at the option of the Agency on or after June 1, 2006.

The annual debt service requirements to maturity of the 2005 Tax Allocation Bonds are as follows:

2005 Bonds		
Year Ending June 30,	Principal	Interest
2012	\$ 185,000	\$ 385,626
2013	190,000	378,109
2014	195,000	370,256
2015	205,000	362,064
2016	210,000	353,525
2017-2021	1,210,000	1,616,515
2022-2026	1,520,000	1,303,741
2027-2031	1,910,000	884,449
2032-2036	2,460,000	327,457
Total	\$ 8,085,000	\$ 5,981,742

In December 2007, the Tehachapi Redevelopment Agency issued Tax Allocation Bonds in the amount of \$9,120,000. These Bonds were issued for the purpose of financing additional redevelopment activities for the Tehachapi Redevelopment Agency (the "Project Area"), including amounts which will be deposited into a special escrow fund for future release. Proceeds of the 2007 Bonds will also be used to fund capitalized interest for the 2007 Bonds which fund the special escrow fund, to provide money to meet the parity reserve fund requirement for the 2007 Bonds and the 2005 Bonds. The Bonds are secured by a pledge of tax revenues. The Bonds will mature on December 1, 2037 and the interest rate ranges between 3.4% and 5.313% over the life of the Bonds. Interest is payable semiannually, on June 1st and December 1st of each year, commencing June 1, 2009. The Bonds are subject to redemption at the option of the Agency on or after December 1, 2018.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

F) Long-Term Debt - Continued

Tax Allocation Bonds - Continued

The annual debt service requirements to maturity of the 2007 Tax Allocation Bonds are as follows:

2007 Bonds		
Year Ending June 30,	Principal	Interest
2012	\$ 165,000	\$ 440,226
2013	175,000	432,650
2014	175,000	424,785
2015	185,000	416,686
2016	195,000	407,933
2017-2021	1,125,000	1,886,612
2022-2026	1,425,000	1,572,900
2027-2031	1,825,000	1,161,636
2032-2036	2,355,000	622,800
2037-2038	1,125,000	60,441
Total	\$ 8,750,000	\$ 7,426,669

Capital Leases

The City, at various occasions, enters into lease agreements that qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Asset:		
Goodrick Drive	\$ 955,570	\$ 195,719
Less Accumulated Depreciation	(366,559)	(75,078)
Total	\$ 589,011	\$ 120,641

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

F) Long-Term Debt - Continued

Capital Leases - Continued

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities
2012	\$ 48,676	\$ 35,361
2013	48,663	35,358
2014	48,649	35,356
2015	48,635	35,353
2016	48,622	35,349
2017-2021	242,874	151,311
2022-2026	242,441	49,656
2027-2031	241,933	49,552
2032	48,318	9,897
Total	1,018,811	437,193
Less amount representing interest	(277,301)	(101,168)
Present value of net minimum lease payments	<u>\$ 741,510</u>	<u>\$ 336,025</u>

2004 Revenue Refunding Bonds

On November 1, 2004, the City issued Water and Sewer Revenue Refunding Bonds in the amount of \$3,770,000. These 2004 bonds were issued for the purpose of prepaying and defeasing the outstanding 1994 Water and Sewer Revenue Refunding Bond with an aggregated principal amount of \$2,970,000 and to pay the cost of issuance of the Bonds. The acquisition price exceeded the net carrying value of the old debt by \$261,937 which is being amortized over the life of the new debt, which is equal to the remaining life of the refunded debt. The bonds were issued with an interest rate ranging from 2% to 4.125% over the life of the bonds, with a debt service requirement of \$5,436,606 to be paid over the next 15 years.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

F) Long-Term Debt - Continued

2004 Revenue Refunding Bonds - Continued

The annual debt service requirements to maturity for the 2004 Water and Sewer Revenue Refunding Bonds are as follows:

Year Ending June 30,	Principal	Interest
2012	\$ 125,000	\$ 117,644
2013	125,000	113,737
2014	135,000	109,344
2015	140,000	104,444
2016	145,000	99,187
2017	150,000	93,469
2018	495,000	80,569
2019	555,000	59,569
2020	570,000	36,712
2021	605,000	12,478
Total	<u>\$ 3,045,000</u>	<u>\$ 827,153</u>

1993 State Revolving Loan

During fiscal year 1994-1995, the City obtained financing from the State of California for the construction of sewer facilities. The State established a line of credit upon which the City received \$2,882,112 in eleven disbursements from January 1993 to January 1994. The interest rate is 3.0% and repayment is scheduled in annual installments over 20 years commencing November 1, 1994.

The annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest
2012	\$ 179,357	\$ 16,631
2013	184,738	11,251
2014	190,280	5,708
Total	<u>\$ 554,375</u>	<u>\$ 33,590</u>

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

F) Long-Term Debt - Continued

1998 Sewer & Water COPs

In July 1998, the City obtained loans from the USDA Rural Development totaling \$289,900. The Sewer Fund received \$103,000 and Water Fund received \$186,900. The loans were made by purchase of Certificates of Participation (COP), which were issued by the Tehachapi City Financing Corp. (Financing Corp.) with an interest rate of 4.5%. The proceeds from the sale of the COPs were used to finance the building of a new sewer line to connect to the recently annexed Ashe tract. The COPs are secured by installments payments due from the City based on an Installment Sale Agreement between the Financing Corporation and the City.

The annual debt service requirements to maturity for the 1998 Sewer and Water COPs are as follows:

Year Ending June 30,	Principal	Interest
2012	\$ 4,800	\$ 10,948
2013	5,000	10,732
2014	5,300	10,508
2015	5,400	10,269
2016	5,700	10,026
2017-2021	32,600	46,039
2022-2026	40,900	38,016
2027-2031	50,700	27,940
2032-2036	63,400	15,444
2037-2038	29,500	2,007
Total	<u>\$ 243,300</u>	<u>\$ 181,929</u>

Department of Transportation Loan

In October 1998, the City obtained financing from the Department of Transportation Aeronautics Program for the purchase of a fuel tank for the airport. The cost of the fuel tank was \$139,900. The interest rate is 5.0% and repayment is scheduled in annual installments over 17 years commencing January 1, 2002.

The annual debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2012	\$ 9,440	\$ 3,565
2013	9,924	3,088
2014	10,408	2,587
2015	10,891	2,061
2016	11,376	1,511
2017	11,860	937
2018	6,690	338
Total	<u>\$ 70,589</u>	<u>14,087</u>

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

2) DETAILED NOTES ON ALL FUNDS - Continued

F) Long-Term Debt - Continued

No-Commitment Debt

The City issued limited obligation bonds to finance the construction of infrastructure improvements within the City through the use of Special Assessment Districts and Community Facilities Districts. The repayment of the bonds are payable from special assessments and special taxes levied each year, or from foreclosure proceeds. The bonds do not constitute indebtedness of the City, and the City is in no way obligated for their repayment and is only acting on behalf of bondholders and initiating foreclosure proceedings, if necessary. Accordingly, these special assessments and special tax bonds payable have been excluded from the accompanying primary government financial statements.

Limited obligation assessment district and community facilities district bonds outstanding amounted to \$2,630,000 at June 30, 2011.

Due to delinquent annual assessments, limited obligation bonds amounting to \$2,425,000 (principal only) are in default at June 30, 2011.

G) Fund Balances

The details of the fund balances as of June 30, 2011 are presented below:

	General Fund	RDA Low and Moderate Housing	RDA Fund	Railroad Depot	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepays	\$ 135,956	\$ -	\$ 2,500	\$ -	\$ -	\$ 138,456
Loans Receivable	195,344	-	-	-	-	195,344
Advances to Other Funds	1,336,239	-	-	-	-	1,336,239
Restricted for:						
Low/Mod Housing	-	4,004,228	-	-	-	4,004,228
Debt Service	-	116,756	959,386	-	-	1,076,142
Redevelopment Projects	-	-	94,839	-	-	94,839
Capital Projects	-	-	-	-	1,027,150	1,027,150
Transportation	-	-	-	-	1,062,592	1,062,592
Development	-	-	-	-	198,976	198,976
Committed to:						
Emergency Contingency	697,676	-	-	-	-	697,676
Assigned to:						
Capital Projects Equipment Replacement	-	-	-	-	174,002	174,002
	-	-	-	-	120,985	120,985
Unassigned:	3,449,467	-	-	-	(123,648)	3,325,819
Total Fund Balance	<u>\$ 5,814,682</u>	<u>\$ 4,120,984</u>	<u>\$ 1,056,725</u>	<u>\$ -</u>	<u>\$ 2,460,057</u>	<u>\$ 13,452,448</u>

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

3) OTHER INFORMATION

A) Risk Management

The City participates with other public entities in a joint venture under a joint powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA).

The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each workers' compensation claim through the CSJVRMA. The city has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability and workers' compensation losses under \$10,000. The City's share of estimated claims payable at June 30, 2011 and 2010 amounted to \$0. The CSJVRMA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$25,000,000. The CSJVRMA participates in an excess pool which provides workers' compensation coverage from \$500,000 to \$4,500,000 and purchases excess reinsurance above the \$5,000,000 to the statutory limit.

The CSJVRMA is a consortium of fifty-five (55) cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors, which meets 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA. At termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the cities in accordance with its governing documents.

B) City Employee Retirement Plans

Miscellaneous Plan and Safety Plan:

Plan Description

The City of Tehachapi contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The contract offers a "2% at 55" plan for Miscellaneous Plan members and "3% at 50" plan for Safety Police Plan Members. CalPERS 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 CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute a percentage of their annual covered salary. The City of Tehachapi pays the member contributions for both the Miscellaneous Plan and the Safety Plan: 7% and 9% respectively. The City is also required to make additional contributions at an actuarially determined rate. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rates for fiscal year 2010-2011 were 9.309% for the Miscellaneous Plan and 19.094% for the Safety Police Plan. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

3) OTHER INFORMATION - Continued

B) City Employee Retirement Plans - Continued

Miscellaneous Plan and Safety Plan: - Continued

Funding Policy - Continued

Three Year Trend Information for the City of Tehachapi Miscellaneous Employees' Retirement Plan

Fiscal Year	Required Contributions	Percent Contributed
6/30/09	\$ 188,420	100%
6/30/10	\$ 172,012	100%
6/30/11	\$ 233,113	100%

Three Year Trend Information for the City of Tehachapi Safety Police Employees' Retirement Plan

Fiscal Year	Required Contributions	Percent Contributed
6/30/09	\$ 127,716	100%
6/30/10	\$ 206,660	100%
6/30/11	\$ 171,299	100%

Safety Fire Plan

During the fiscal year ended June 30, 2008, the Safety Fire Plan of the City became inactive. As such the City paid the side fund in the amount of \$35,087 for the fiscal year June 30, 2008 and there will be no additional required contributions. The plan is now part of an inactive pool subject to future gains and losses. At any point in the future, the City may be required to make a contribution on the pools gain and losses. Currently the pool has a surplus and no additional contribution is required.

C) Prior Period Adjustment

A prior period adjustment of \$93,100 was made to the General Fund for sales tax not accrued properly in the prior year. Also, an adjustment was made to the Streets and Roads Fund for \$153,614 to record revenue that had been deferred in the prior year. These amounts are also reflected as prior period adjustments in the government-wide financial statements, governmental activities.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

3) OTHER INFORMATION - Continued

D) Commitments and Contingencies

Construction Commitments

The City has active construction projects as of June 30, 2011. At year-end the City's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Downtown Beautification Phase II	\$ 271,401	\$ 686,498
Total	<u>\$ 271,401</u>	<u>\$ 686,498</u>

The City has entered into a new debt agreement (Sewer Loan) as of May 2011. As of June 30, 2011, there was no activity by the City for this debt.

Recent Changes in Legislation Affecting California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each local government would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the city, special district or county "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Tehachapi intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

In the event that Assembly Bill X1 26 is upheld, the receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency would become uncollectible with a loss recognized to the City. Additionally, the City would be impacted by the elimination of reimbursements previously paid to the City by the redevelopment agency for shared administrative services.

City of Tehachapi
Notes to Financial Statements
Year Ended June 30, 2011

3) OTHER INFORMATION - Continued

D) Commitments and Contingencies - Continued

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that they violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that “the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012.” A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule (“EOPS”) by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule (“ROPS”) by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans, and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set for in AB X1 26.

On September 6, 2011, City of Tehachapi Ordinance No. 11-02-708 was adopted indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be \$316,877 with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$100,000 will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of ABX1 26.

As of December 29, 2011, the Supreme Court of California upheld the provisions of Assembly Bill X1 26 and invalidated Assembly Bill X1 27. The ruling provides for the wind up and dissolution of redevelopment agencies as of February 1, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

City of Tehachapi
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 4,072,385	\$ 4,171,889	\$ 4,625,942	\$ 454,053
Licenses, Permits, and Fines	80,000	68,876	76,582	7,706
Intergovernmental	85,000	160,000	188,424	28,424
Charges for Services	270,000	253,764	289,414	35,650
Investment Earnings	70,000	70,000	49,537	(20,463)
Miscellaneous Revenues	30,160	22,245	32,995	10,750
	<u>4,607,545</u>	<u>4,746,774</u>	<u>5,262,894</u>	<u>516,120</u>
Total Revenues				
EXPENDITURES				
Current:				
General Government	918,965	886,209	822,662	63,547
Public Works	539,399	602,959	989,697	(386,738)
Public Safety	2,383,917	2,506,650	2,524,093	(17,443)
Community Development	762,895	724,188	267,555	456,633
Capital Outlay:				
General Government	-	-	-	-
	<u>4,605,176</u>	<u>4,720,006</u>	<u>4,604,007</u>	<u>115,999</u>
Total Expenditures				
Excess (Deficiency) of Revenues over Expenditures	<u>2,369</u>	<u>26,768</u>	<u>658,887</u>	<u>632,119</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(8,270)	(8,270)	-
	<u>-</u>	<u>(8,270)</u>	<u>(8,270)</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	2,369	18,498	650,617	632,119
Fund Balance, Beginning of Year	5,070,965	5,070,965	5,070,965	-
Prion Period Adjustment	93,100	93,100	93,100	-
Fund Balance, End of Year	<u>\$ 5,166,434</u>	<u>\$ 5,182,563</u>	<u>\$ 5,814,682</u>	<u>\$ 632,119</u>

City of Tehachapi
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - RDA Low and Moderate Housing Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 489,163	\$ 489,163	\$ 396,866	\$ (92,297)
Investment Earnings	10,000	6,000	27,952	21,952
Total Revenues	<u>499,163</u>	<u>495,163</u>	<u>424,818</u>	<u>(70,345)</u>
EXPENDITURES				
Current:				
General Government	154,630	93,815	91,250	2,565
Capital Outlay		2,895	2,895	-
Debt Service				
Interest Expense	168,005	168,005	168,005	-
Principal	67,000	67,000	67,000	-
Total Expenditures	<u>389,635</u>	<u>331,715</u>	<u>329,150</u>	<u>2,565</u>
Excess (Deficiency) of Revenues Over Expenditures	109,528	163,448	95,668	(67,780)
Fund Balance, Beginning of Year	<u>4,025,316</u>	<u>4,025,316</u>	<u>4,025,316</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 4,134,844</u></u>	<u><u>\$ 4,188,764</u></u>	<u><u>\$ 4,120,984</u></u>	<u><u>\$ (67,780)</u></u>

City of Tehachapi
Notes to Required Supplementary Information
Year Ended June 30, 2011

Budgetary Accounting

Budgetary comparison schedules are presented as part of the Required Supplementary Information for major Special Revenue Funds as provided for by GASB Statement No. 34. The City budget is adopted on a basis consistent with accounting principles generally accepted in United States of America. The City Manager is required to prepare and submit to the City Council the annual budget of the City and administer it after the adoption. City Council approval is required for budget revisions that affect the total appropriations of the City.

SUPPLEMENTARY INFORMATION

City of Tehachapi
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - RDA Fund
Year Ended June 30, 2011

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ 1,145,370	\$ 1,587,464	\$ 442,094
Investment Earnings	11,600	15,465	3,865
	<u>1,156,970</u>	<u>1,602,929</u>	<u>445,959</u>
EXPENDITURES			
Current:			
General Government	661,431	582,319	79,112
Public Works	12,028	29,093	(17,065)
Pass-throughs	-	396,866	(396,866)
Debt Service:			
Interest Expense	672,019	672,019	-
Principal	268,000	268,000	-
	<u>1,613,478</u>	<u>1,948,297</u>	<u>(334,819)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(456,508)</u>	<u>(345,368)</u>	<u>111,140</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	<u>(2,465,393)</u>	<u>(2,652,620)</u>	<u>(187,227)</u>
	<u>(2,465,393)</u>	<u>(2,652,620)</u>	<u>(187,227)</u>
Net Change in Fund Balance	(2,921,901)	(2,997,988)	(76,087)
Fund Balance, Beginning of Year	<u>4,054,713</u>	<u>4,054,713</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,132,812</u>	<u>\$ 1,056,725</u>	<u>\$ (76,087)</u>

City of Tehachapi
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Railroad Depot
Year Ended June 30, 2011

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES			
Miscellaneous Revenues	\$ -	\$ -	\$ -
Total Revenues	-	-	-
EXPENDITURES			
Capital Outlay	-	-	-
Total Expenditures	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Transfers In	686,680	688,657	1,977
Net Change in Fund Balance	686,680	688,657	1,977
Fund Balance, Beginning of Year	(688,657)	(688,657)	-
Fund Balance, End of Year	<u>\$ (1,977)</u>	<u>\$ -</u>	<u>\$ 1,977</u>

City of Tehachapi
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and Investments	\$ 1,305,811	\$ 1,502,573	\$ 2,808,384
Receivables	254,150	231,065	485,215
Total Assets	\$ 1,559,961	\$ 1,733,638	\$ 3,293,599
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 76,124	\$ 307,441	\$ 383,565
Due to Other Funds	222,319	59,501	281,820
Deferred Revenue	-	168,157	168,157
Total Liabilities	298,443	535,099	833,542
Fund Balances:			
Restricted	1,261,568	1,027,150	2,288,718
Assigned	-	294,987	294,987
Unassigned	(50)	(123,598)	(123,648)
Total Fund Balances	1,261,518	1,198,539	2,460,057
Total Liabilities and Fund Balances	\$ 1,559,961	\$ 1,733,638	\$ 3,293,599

City of Tehachapi
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2011

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
REVENUES			
Taxes	\$ 636,897	\$ -	\$ 636,897
Licenses and Permits	243,179	103,356	346,535
Intergovernmental	1,372,117	439,618	1,811,735
Investment Earnings	9,258	6,817	16,075
Miscellaneous Revenue	-	1,440	1,440
	<u>2,261,451</u>	<u>551,231</u>	<u>2,812,682</u>
Total Revenues			
EXPENDITURES			
Current:			
General Government	5,837	-	5,837
Public Works	890,709	3,250	893,959
Community Development	13,062	101,676	114,738
Capital Outlay	1,202,615	1,085,496	2,288,111
Debt Service:			
Interest Expense	24,195	-	24,195
Principal	24,493	-	24,493
	<u>2,160,911</u>	<u>1,190,422</u>	<u>3,351,333</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over Expenditures	<u>100,540</u>	<u>(639,191)</u>	<u>(538,651)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	295,730	652,224	947,954
Transfers Out	<u>(295,679)</u>	<u>-</u>	<u>(295,679)</u>
	<u>51</u>	<u>652,224</u>	<u>652,275</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	100,591	13,033	113,624
Fund Balances, Beginning of Year	1,007,313	1,185,506	2,192,819
Prior Period Adjustment	<u>153,614</u>	<u>-</u>	<u>153,614</u>
Fund Balances, End of Year	<u>\$ 1,261,518</u>	<u>\$ 1,198,539</u>	<u>\$ 2,460,057</u>

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City of Tehachapi
Combining Balance Sheet
Non-major Special Revenue Funds
June 30, 2011

	<u>Streets and Roads</u>	<u>Traffic Signals</u>	<u>TDA 3 Bike Safety</u>	<u>Surface Transportation Program</u>
ASSETS				
Cash and Investments	\$ -	\$ 799,010	\$ -	\$ -
Receivables	195,426	-	3,171	-
Total Assets	<u><u>\$ 195,426</u></u>	<u><u>\$ 799,010</u></u>	<u><u>\$ 3,171</u></u>	<u><u>\$ -</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ 34,826	\$ 50	\$ -
Due to Other Funds	80,878	-	3,171	-
Deferred Revenue	-	-	-	-
Total Liabilities	<u>80,878</u>	<u>34,826</u>	<u>3,221</u>	<u>-</u>
Fund Balances:				
Restricted	114,548	764,184	-	-
Assigned	-	-	-	-
Unassigned	-	-	(50)	-
Total Fund Balances	<u>114,548</u>	<u>764,184</u>	<u>(50)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u><u>\$ 195,426</u></u>	<u><u>\$ 799,010</u></u>	<u><u>\$ 3,171</u></u>	<u><u>\$ -</u></u>

<u>TEA Grant Downtown Beautification</u>	<u>Beverage Container Recycling</u>	<u>Lighting District</u>	<u>Community Development Grant</u>	<u>Gas Tax</u>	<u>Mill & H Improvements ARRA Project</u>	<u>Safe Route to School Fund</u>
\$ -	\$ 5,226	\$ 297,150	\$ -	\$ 3,164	\$ 1,641	\$ -
-	5,000	7,590	-	42,963	-	-
<u>\$ -</u>	<u>\$ 10,226</u>	<u>\$ 304,740</u>	<u>\$ -</u>	<u>\$ 46,127</u>	<u>\$ 1,641</u>	<u>\$ -</u>
\$ -	\$ -	\$ 15,305	\$ -	\$ 24,302	\$ 1,641	\$ -
-	-	131,550	-	6,720	-	-
-	-	-	-	-	-	-
-	-	146,855	-	31,022	1,641	-
-	10,226	157,885	-	15,105	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	10,226	157,885	-	15,105	-	-
<u>\$ -</u>	<u>\$ 10,226</u>	<u>\$ 304,740</u>	<u>\$ -</u>	<u>\$ 46,127</u>	<u>\$ 1,641</u>	<u>\$ -</u>

Continued

City of Tehachapi
Combining Balance Sheet
Non-major Special Revenue Funds - Continued
Year Ended June 30, 2010

	Valley Boulevard Improvement Project	Oil Recycling Grant Fund	Facility Impact Fee Fund	Total Non-Major Funds
ASSETS				
Cash and Short-term Investments	\$ -	\$ 644	\$ 198,976	\$ 1,305,811
Receivables	-	-	-	254,150
	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,150</u>
Total Assets	<u>\$ -</u>	<u>\$ 644</u>	<u>\$ 198,976</u>	<u>\$ 1,559,961</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ -	\$ 76,124
Due to Other Funds	-	-	-	222,319
Deferred Revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,443</u>
Fund Balances:				
Restricted	-	644	198,976	1,261,568
Assigned	-	-	-	-
Unassigned	-	-	-	(50)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50)</u>
Total Fund Balances	<u>-</u>	<u>644</u>	<u>198,976</u>	<u>1,261,518</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 644</u>	<u>\$ 198,976</u>	<u>\$ 1,559,961</u>

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City of Tehachapi
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
Year Ended June 30, 2011

	Streets and Roads	Traffic Signals	TDA 3 Bike Safety	Surface Transportation Program
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	243,179	-	-
Intergovernmental	195,426	78,000	3,171	219,925
Investment Earnings	839	4,833	-	-
	<u>196,265</u>	<u>326,012</u>	<u>3,171</u>	<u>219,925</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Works	-	-	-	-
Community Development	-	-	-	-
Capital Outlay	-	80,540	3,221	5,262
Debt Service:				
Interest Expense	24,195	-	-	-
Principal	24,493	-	-	-
	<u>48,688</u>	<u>80,540</u>	<u>3,221</u>	<u>5,262</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>147,577</u>	<u>245,472</u>	<u>(50)</u>	<u>214,663</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	49,403	265	-	-
Transfers Out	(236,046)	(9,965)	-	(49,403)
	<u>(186,643)</u>	<u>(9,700)</u>	<u>-</u>	<u>(49,403)</u>
Net Change in Fund Balances	(39,066)	235,772	(50)	165,260
Fund Balances, Beginning of Year	-	528,412	-	(165,260)
Prior Period Adjustments	153,614	-	-	-
Fund Balances, End of Year	<u>\$ 114,548</u>	<u>\$ 764,184</u>	<u>\$ (50)</u>	<u>\$ -</u>

<u>TEA Grant Downtown Beautification</u>	<u>Beverage Container Recycling</u>	<u>Lighting District</u>	<u>Community Development Grant</u>	<u>Gas Tax</u>	<u>Mill & H Improvements ARRA Project</u>	<u>Safe Route to School Fund</u>
\$ -	\$ -	\$ 278,225	\$ -	\$ 358,672	\$ -	\$ -
-	-	-	-	-	-	-
-	5,000	-	-	-	466,474	250,000
-	37	1,848	-	22	-	-
-	5,037	280,073	-	358,694	466,474	250,000
-	-	5,837	-	-	-	-
-	-	252,663	-	637,781	-	-
-	-	13,062	-	-	-	-
-	-	-	-	-	463,429	257,461
-	-	-	-	-	-	-
-	-	271,562	-	637,781	463,429	257,461
-	5,037	8,511	-	(279,087)	3,045	(7,461)
-	-	-	2,174	197,000	6,206	30,717
-	-	-	-	-	-	-
-	-	-	2,174	197,000	6,206	30,717
-	5,037	8,511	2,174	(82,087)	9,251	23,256
-	5,189	149,374	(2,174)	97,192	(9,251)	(23,256)
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 10,226</u>	<u>\$ 157,885</u>	<u>\$ -</u>	<u>\$ 15,105</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

City of Tehachapi
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
Non-Major Special Revenue Funds
Year Ended June 30, 2010

	Valley Boulevard Improvement Project	Oil Recycling Grant Fund	Facility Impact Fee Fund	Total Non-Major Funds
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 636,897
Licenses and Permits	-	-	-	243,179
Intergovernmental	-	-	154,121	1,372,117
Investment Earnings	765	4	910	9,258
	<u>765</u>	<u>4</u>	<u>155,031</u>	<u>2,261,451</u>
Total Revenues	<u>765</u>	<u>4</u>	<u>155,031</u>	<u>2,261,451</u>
EXPENDITURES				
Current:				
General Government	-	-	-	5,837
Public Works	-	265	-	890,709
Community Development	-	-	-	13,062
Capital Outlay	392,702	-	-	1,202,615
Debt Service:				
Interest Expense	-	-	-	24,195
Principal	-	-	-	24,493
	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,493</u>
Total Expenditures	<u>392,702</u>	<u>265</u>	<u>-</u>	<u>2,160,911</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(391,937)</u>	<u>(261)</u>	<u>155,031</u>	<u>100,540</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	9,965	-	-	295,730
Transfers Out	(265)	-	-	(295,679)
	<u>9,700</u>	<u>-</u>	<u>-</u>	<u>51</u>
Total Other Financing Sources (Uses)	<u>9,700</u>	<u>-</u>	<u>-</u>	<u>51</u>
Net Change in Fund Balances	(382,237)	(261)	155,031	100,591
Fund Balances, Beginning of Year	382,237	905	43,945	1,007,313
Prior Period Adjustment	-	-	-	153,614
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 644</u>	<u>\$ 198,976</u>	<u>\$ 1,261,518</u>

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City of Tehachapi
Combining Balance Sheet
Non-major Capital Project Funds
June 30, 2011

	<u>Tucker Road / Valley Blvd. Exchange</u>	<u>Energy Efficiency Conservation Project</u>	<u>Green Street Lighting Project</u>	<u>Capital Equipment Replacement</u>
ASSETS				
Cash and Investments	\$ 46,891	\$ -	\$ 154,963	\$ 120,985
Receivables	<u>-</u>	<u>-</u>	<u>168,157</u>	<u>-</u>
Total Assets	<u><u>\$ 46,891</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 323,120</u></u>	<u><u>\$ 120,985</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 272,529	\$ -
Due to Other Funds	-	2,505	-	-
Deferred Revenue	<u>-</u>	<u>-</u>	<u>168,157</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>2,505</u>	<u>440,686</u>	<u>-</u>
Fund Balances:				
Restricted	46,891	-	-	-
Assigned	-	-	-	120,985
Unassigned	<u>-</u>	<u>(2,505)</u>	<u>(117,566)</u>	<u>-</u>
Total Fund Balances	<u>46,891</u>	<u>(2,505)</u>	<u>(117,566)</u>	<u>120,985</u>
Total Liabilities and Fund Balances	<u><u>\$ 46,891</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 323,120</u></u>	<u><u>\$ 120,985</u></u>

<u>Public Safety Capital Project Fee</u>	<u>General Plan Update</u>	<u>Valley Shoulder Ext - HSIP</u>	<u>Downtown Master Plan</u>	<u>Parks & Rec. Capital Project</u>	<u>Challenger Drive Exit</u>
\$ 539,037	\$ 22,350	\$ -	\$ 18,874	\$ 422,122	\$ 173,116
-	-	5,760	-	-	-
<u>\$ 539,037</u>	<u>\$ 22,350</u>	<u>\$ 5,760</u>	<u>\$ 18,874</u>	<u>\$ 422,122</u>	<u>\$ 173,116</u>
\$ -	\$ -	\$ 1,948	\$ 15,775	\$ 3,250	\$ 2,213
-	-	3,812	-	-	-
-	-	-	-	-	-
-	-	5,760	15,775	3,250	2,213
539,037	22,350	-	-	418,872	-
-	-	-	3,099	-	170,903
-	-	-	-	-	-
<u>539,037</u>	<u>22,350</u>	<u>-</u>	<u>3,099</u>	<u>418,872</u>	<u>170,903</u>
<u>\$ 539,037</u>	<u>\$ 22,350</u>	<u>\$ 5,760</u>	<u>\$ 18,874</u>	<u>\$ 422,122</u>	<u>\$ 173,116</u>

Continued

City of Tehachapi
Combining Balance Sheet
Non-major Capital Project Funds - Continued
Year Ended June 30, 2011

	Tehachapi Centennial Plaza	Tehachapi Blvd Imprv - Phase IV	Total Non-Major Funds
ASSETS			
Cash and Investments	\$ -	\$ 4,235	\$ 1,502,573
Receivables	57,148	-	231,065
	<u>57,148</u>	<u>-</u>	<u>231,065</u>
Total Assets	<u>\$ 57,148</u>	<u>\$ 4,235</u>	<u>\$ 1,733,638</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 4,669	\$ 7,057	\$ 307,441
Due to Other Funds	53,184	-	59,501
Deferred Revenue	-	-	168,157
	<u>57,853</u>	<u>7,057</u>	<u>535,099</u>
Total Liabilities	<u>57,853</u>	<u>7,057</u>	<u>535,099</u>
Fund Balances:			
Restricted	-	-	1,027,150
Assigned	-	-	294,987
Unassigned	(705)	(2,822)	(123,598)
	<u>(705)</u>	<u>(2,822)</u>	<u>(123,598)</u>
Total Fund Balances	<u>(705)</u>	<u>(2,822)</u>	<u>1,198,539</u>
Total Liabilities and Fund Balances	<u>\$ 57,148</u>	<u>\$ 4,235</u>	<u>\$ 1,733,638</u>

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City of Tehachapi
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
Year Ended June 30, 2011

	Tucker Road / Valley Blvd. Exchange	Energy Efficiency Conservation Project	Green Street Lighting Project	Capital Equipment Replacement
REVENUES				
Licenses, Permits, and Fines	-	-	-	-
Intergovernmental	-	-	14,306	-
Miscellaneous Revenue	-	-	-	-
Investment Earnings	326	-	-	-
	<u>326</u>	<u>-</u>	<u>14,306</u>	<u>-</u>
Total Revenues	<u>326</u>	<u>-</u>	<u>14,306</u>	<u>-</u>
EXPENDITURES				
Current:				
Public Works	-	-	-	-
Community Development	-	2,455	-	-
Capital Outlay	-	-	415,640	-
	<u>-</u>	<u>-</u>	<u>415,640</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>2,455</u>	<u>415,640</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>326</u>	<u>(2,455)</u>	<u>(401,334)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	200,000	-
Transfers Out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Net Change in Fund Balances	326	(2,455)	(201,334)	-
Fund Balances, Beginning of Year	<u>46,565</u>	<u>(50)</u>	<u>83,768</u>	<u>120,985</u>
Fund Balances, End of Year	<u>\$ 46,891</u>	<u>\$ (2,505)</u>	<u>\$ (117,566)</u>	<u>\$ 120,985</u>

<u>Public Safety Capital Project Fee</u>	<u>General Plan Update</u>	<u>Valley Shoulder Ext - HSIP</u>	<u>Downtown Master Plan</u>	<u>Parks & Rec. Capital Project</u>	<u>Challenger Drive Exit</u>
-	-	-	-	103,356	-
-	-	5,760	-	-	-
-	-	-	-	1,440	-
<u>3,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,741</u>	<u>-</u>
<u>3,750</u>	<u>-</u>	<u>5,760</u>	<u>-</u>	<u>107,537</u>	<u>-</u>
-	-	-	-	3,250	-
-	22,493	-	76,728	-	-
-	-	11,915	-	22,980	31,609
<u>-</u>	<u>22,493</u>	<u>11,915</u>	<u>76,728</u>	<u>26,230</u>	<u>31,609</u>
<u>3,750</u>	<u>(22,493)</u>	<u>(6,155)</u>	<u>(76,728)</u>	<u>81,307</u>	<u>(31,609)</u>
-	-	6,155	100,000	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>6,155</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
3,750	(22,493)	-	23,272	81,307	(31,609)
<u>535,287</u>	<u>44,843</u>	<u>-</u>	<u>(20,173)</u>	<u>337,565</u>	<u>202,512</u>
<u>\$ 539,037</u>	<u>\$ 22,350</u>	<u>\$ -</u>	<u>\$ 3,099</u>	<u>\$ 418,872</u>	<u>\$ 170,903</u>

Continued

City of Tehachapi
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Continued
Non-Major Capital Project Funds
Year Ended June 30, 2011

	Tehachapi Centennial Plaza	Tehachapi Blvd Imprv - Phase IV	Total Non-Major Funds
REVENUES			
Licenses, Permits, and Fines	-	-	103,356
Intergovernmental	419,552	-	439,618
Miscellaneous Revenue	-	-	1,440
Investment Earnings	-	-	6,817
	<u>419,552</u>	<u>-</u>	<u>551,231</u>
EXPENDITURES			
Current:			
Public Works	-	-	3,250
Community Development	-	-	101,676
Capital Outlay	549,716	53,636	1,085,496
	<u>549,716</u>	<u>53,636</u>	<u>1,190,422</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(130,164)</u>	<u>(53,636)</u>	<u>(639,191)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	295,255	50,814	652,224
Transfers Out	-	-	-
	<u>295,255</u>	<u>50,814</u>	<u>652,224</u>
Net Change in Fund Balances	165,091	(2,822)	13,033
Fund Balances, Beginning of Year	<u>(165,796)</u>	<u>-</u>	<u>1,185,506</u>
Fund Balances, End of Year	<u>\$ (705)</u>	<u>\$ (2,822)</u>	<u>\$ 1,198,539</u>

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City of Tehachapi
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2011

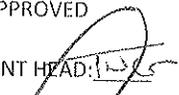
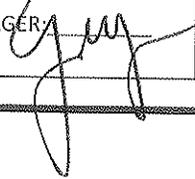
	Capital Hills 89-1	Tucker Road 87-1	East Tehachapi Blvd. Project 89-3	Summit 89-2
ASSETS				
Cash and Investments	\$ 1,169,952	\$ 87,455	\$ 6,059	\$ -
Cash with Fiscal Agent	-	-	4,467	-
Receivables	-	-	22,837	-
Advances to Other Funds	-	-	-	-
Other Assets	-	-	25,911	231,311
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,169,952</u>	<u>\$ 87,455</u>	<u>\$ 59,274</u>	<u>\$ 231,311</u>
LIABILITIES AND FUND BALANCES				
Accounts Payable	\$ 5,600	\$ -	\$ -	\$ 9,164
Advances From Other Funds	-	-	-	98,233
Due to Other Funds	-	-	-	39,647
Due to Bond Holders	1,164,352	87,455	59,274	84,267
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 1,169,952</u>	<u>\$ 87,455</u>	<u>\$ 59,274</u>	<u>\$ 231,311</u>

<u>Tehachapi Meadows 90-1</u>	<u>Special Districts Revolving Fund</u>	<u>Total Agency Funds</u>
\$ 261,902	\$ -	\$ 1,525,368
83	-	4,550
-	-	22,837
-	98,233	98,233
-	-	257,222
<u>\$ 261,985</u>	<u>\$ 98,233</u>	<u>\$ 1,908,210</u>
\$ -	\$ -	\$ 14,764
-	98,233	196,466
-	-	39,647
261,985	-	1,657,333
<u>\$ 261,985</u>	<u>\$ 98,233</u>	<u>\$ 1,908,210</u>

COUNCIL REPORTS

AGENDA SECTION: AIRPORT MANAGER REPORTS

MEETING DATE: FEBRUARY 21, 2012

APPROVED
DEPARTMENT HEAD: 
CITY MANAGER: 

TO: HONORABLE MAYOR GRIMES AND COUNCIL MEMBERS

FROM: TOM GLASGOW, AIRPORT MANAGER

DATE: FEBRUARY 14, 2012

SUBJECT: NEW NONCOMMERCIAL HANGAR GROUND LEASE AGREEMENT

Background:

Mr. Marshall Bottorff's original 15 year hangar ground lease dated October 10, 1996 has expired. He would like to enter into a new 20-5-5 hangar ground lease agreement.

Fiscal Impact:

This new lease agreement will generate \$73.48 per month for the airport.

Recommendation:

APPROVE THE NEW GROUND LEASE AGREEMENT BETWEEN THE CITY OF TEHACHAPI AND HANGAR 38W OWNER, MARSHALL BOTTORFF.

NONCOMMERCIAL HANGAR GROUND LEASE AGREEMENT

HANGAR 38W

(Tehachapi Airport)

THIS LEASE AGREEMENT, hereinafter referred to as this "Lease", is made and entered into this 21st day of February, 2012, by and between the CITY OF TEHACHAPI, hereinafter referred to as "LESSOR", and Marshall Bottorff, hereinafter referred to as "LESSEE".

IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN, THE PARTIES HERETO AGREE AS FOLLOWS:

1. **PREMISES:**

LESSOR does hereby demise and lease to LESSEE, and LESSEE hereby hires from LESSOR, those certain premises situated in the City of Tehachapi, County of Kern, State of California, hereinafter referred to as the "premises" or "demised premises", and more particularly delineated on Exhibit A, attached hereto and by this reference made a part hereof.

2. **TERM:**

The term of this Lease shall be for 20 years, commencing on February 21, 2012, and terminating on February 21, 2032 (the "Initial Term"). LESSEE is hereby granted option to renew the LEASE for an additional term of five years from the expiration of the Initial Term, and for a second additional term of five years, provided LESSEE gives LESSOR written notice of LESSEE'S exercise of its option to do so no more than 180 days and no less than 30 days prior to the expiration of the Initial Term or the first

additional term, whichever applies. In the event LESSEE exercises its option to renew the Lease, the renewal shall be on the same terms and conditions as described in this Lease except for rental and as to the rental to be charged, same shall be calculated based on the rental rate or rental formula then in effect by the LESSOR for new noncommercial hangar ground leases. In addition, the rental terms for the renewal period shall include requirements for such increases as is then required by the LESSOR for new noncommercial hangar ground leases.

3. HOLDING OVER:

In the event LESSEE shall hold over after the term herein granted with the expressed or implied consent of LESSOR, such holding over shall be a tenancy only from month to month at twice the rental rate then charged for noncommercial hangar ground leases; provided, however, that if LESSEE is otherwise in default under this Lease at the time of holding over, nothing herein shall expressly or impliedly cure the default and LESSOR shall have all rights to remedy the default in addition to all rights to the increased monthly rental provided for herein.

4. RENTAL CONSIDERATION:

As and for rental, LESSEE agrees to pay to LESSOR, the sum of \$73.48 per month payable in advance on the first day of each month commencing March 1st, 2012. On January 1 of each calendar year thereafter, the monthly rental shall increase or decrease for said calendar year by the percentage increase or decrease between the Consumer Price Index (All Urban Consumers) (Base Years 1982-1984=100) for Los Angeles-Anaheim-Riverside CMSA published by the United States Department of Labor, Bureau of Labor Statistics ("Index") which is published immediately preceding the commencement of the prior calendar year and the Index published immediately

preceding the commencement of the new calendar year. LESSOR shall notify LESSEE in writing of said rental increase/decrease prior to January 1. LESSOR shall bill LESSEE monthly for the rental and rental shall be due on the date set forth on the billing and shall be deemed delinquent if not received by that date. Notwithstanding the foregoing, rental may also be increased as described in Paragraphs 15 and 24.

5. **INTEREST:**

If the payments required herein are not paid within fifteen (15) days after they become due, then, in addition to such sums are due, LESSEE shall also pay interest at the rate of ten percent (10%) per month on the unpaid balance or portion thereof, until paid in full.

6. **PURPOSE; NUISANCE:**

(a) The demised premises shall be used by the LESSEE for one or more of the following purposes: aircraft storage, maintenance, repair, restoration, and for the construction of aircraft to be certified in the experimental category; provided that such aircraft are owned or leased by LESSEE or partnership or other business association approved by the City Manager or designated representative in which LESSEE is a member, except for such aircraft permitted on the premises pursuant to an assignment or sublease approved by LESSOR pursuant to Paragraph 24; and provided further, that LESSEE shall conduct no activity for profit or commercial purpose under this lease.

(b) LESSEE shall not do or permit any act or thing to be done upon the premises which constitutes a nuisance or which may disturb the quiet enjoyment of LESSOR or any tenant of LESSOR on adjacent or neighboring property. LESSEE shall abate or cure any nuisance on the demised premises or for which LESSEE is responsible within ten (10) days after written notice thereof from LESSOR. In the event LESSEE has not taken corrective action within ten (10) days, LESSOR may take any

action necessary to abate or cure such condition at LESSEE'S sole cost and expense, without further written notice and LESSOR shall have no liability to LESSEE therefore nor for any damages to the premises or to the hangar or to property therein or thereon. Notwithstanding the foregoing, if any such nuisance creates, in LESSOR'S reasonable determination, a condition immediately hazardous to health or safety, LESSOR may immediately, without written notice to LESSEE, enter the premises to abate or cure the condition at LESSEE'S sole cost and expense and LESSOR shall have no liability to LESSEE therefore nor for any damage to the premises or to the hangar or to property therein or thereon.

(c) The use of combustible chemicals or cleaning solvents, stripping or painting, or welding or repair to any aircraft on the demised premises are allowed only to the extent permitted under all applicable federal, state and local regulation governing the use of hazardous materials and equipment, and only in a manner consistent with such regulation.

7. CONDITION OF PREMISES:

LESSEE has inspected the demised premises and knows the extent and condition thereto and accepts same in its present condition, as is, subject to and including all defects, latent and/or patent.

8. SAFETY:

Any area that is within the control of the LESSEE at the airport shall be kept clear of accumulation of oil, grease, fuel, trash and debris which are potential fire, environmental, or safety hazards, and LESSEE shall comply with all local, state and federal laws, statutes, rules and regulations with regard thereto.

9. ALTERATIONS:

LESSEE shall not construct any improvements or make any alterations of any

kind (whether permanent or otherwise) on the demised premises without the written consent of the City Manager or designated representative first being obtained..

10. **SIGNS:**

LESSEE shall not construct or place or permit to be constructed or placed, signs, awnings, marquees, or other structures projecting from the exterior of the premises without LESSOR'S prior written consent thereof. LESSEE further agrees to remove signs, displays, advertisements, or decorations it has placed or permitted to be placed on the premises, which, in LESSOR'S opinion are offensive or otherwise objectionable. If LESSEE fails to remove such signs, displays, advertisements or decorations within ten (10) days after having received written notice to remove same from LESSOR, LESSOR reserves the right to re-enter the premises and remove them at LESSEE'S expense.

11. **UTILITY EXTENSION OR MODIFICATION:**

LESSEE shall pay any and all expenses that may be incurred in obtaining the extension of public utility services to the demised premises from existing facilities or any modification of same.

12. **UTILITIES:**

LESSEE agrees to pay during the term of this Lease, or any holding over, all utilities used by LESSEE. The term "utilities" as used herein shall include, but is not limited to, gas, electricity, water, sewer, telephone, and trash and refuse disposal service.

13. **MAINTENANCE:**

LESSEE agrees to provide maintenance, repair, and upkeep on any structures situated on the demised premises and any grounds around the structures in a good, clean, sanitary, and safe condition.

14. **FAILURE TO REPAIR:**

In the event LESSEE shall fail, neglect, or refuse to commence the repair or maintenance work required herein within ten (10) days after receipt of a written notice service by LESSOR, or in the event that LESSEE fails, neglects or refuses to pursue said repair or maintenance work with reasonable diligence to completion, LESSOR may perform or cause to be performed such repair or maintenance work and add the cost thereof to the installments of rent due for this Lease as a charge to LESSEE.

15. **SALE OR REMOVAL OF IMPROVEMENTS:**

(a) Unless otherwise agreed upon by the parties hereto, if LESSEE desires to sell or otherwise transfer any or all buildings, hangars and other improvements (the "Improvements") made to or constructed and placed on the premises during or prior to the term of this Lease, or any extensions thereof, LESSOR shall have a right of first refusal (the "Right of First Refusal") to purchase the improvements and the LESSEE shall give LESSOR a notice in writing at least thirty (30) days before such sale or transfer of the terms of same (the "Lessee Notice"). Any sale or transfer or agreement to sell or transfer the Improvements without LESSEE first complying with the requirements of LESSOR'S Right of First Refusal shall be void and, in addition thereto, shall constitute a breach and material default of this Lease. If LESSEE has received an offer to purchase the Improvements that LESSEE is prepared to accept, the Lessee Notice shall contain a complete copy of the offer (the "Offer"), or if LESSEE does not have any such Offer but nevertheless wishes to sell or transfer the Improvements to a third party, the Lessee Notice shall include all of LESSEE'S terms and conditions for such sale or transfer. Lessor's Right of First Refusal to purchase the Improvements shall be under the same terms and conditions as described in the Lessee Notice. The Lessee Notice shall be personally delivered or mailed to LESSOR by registered mail, return receipt requested. LESSOR shall have thirty (30) days from receipt of the Lessee Notice in

which to exercise its Right of First Refusal (the "Exercise Period"). If LESSOR wishes to exercise its Right of First Refusal, LESSOR shall do so in writing to LESSEE prior to expiration of the Exercise Period, provided however that if the Exercise Period terminates on a weekend or holiday, the Exercise Period shall be extended to 11:59 p.m. (California time) on the next business day thereafter. In the event LESSOR exercises its Right of First Refusal, LESSOR shall complete the purchase of the Improvements within a reasonable time thereafter. If LESSOR does not exercise its Right of First Refusal, LESSEE shall have the right, only for the next sixty (60) days, to complete the sale or transfer of the improvements to the offer or of the offer, or, if none, to any other third party under the same terms and conditions as described in the Lessee Notice, provided however that if the sale or transfer is not completed within sixty (60) days of the expiration of the Exercise Period or if the terms and conditions of the sale or transfer are modified, then LESSOR'S Right of First Refusal shall be revived and LESSEE shall once again give LESSOR the Lessee Notice containing the terms and conditions or, if applicable, the revised terms and conditions of the sale or transfer and LESSOR shall have all rights with regard thereto previously described herein. LESSEE shall not place a lien or otherwise encumber the Improvements as part of any sale or transfer without LESSOR'S prior written consent, which consent may be denied or conditioned in LESSOR'S sole and absolute discretion. If a sale is completed during the term of this Lease, no assignment or subletting of this Lease or of the premises shall occur without compliance with Paragraph 24 and, additionally, LESSOR shall have the right to increase the rental to the rental then being charged by LESSOR for new noncommercial hangar ground leases as then determined by LESSOR. Notwithstanding the foregoing, if the purchaser of the Improvements requests a new Lease, LESSOR may, in LESSOR'S sole and absolute discretion, enter into a new

Lease with the purchaser.

(b) If at the termination of this Lease a new Lease has not been entered into by the parties or their successors, then LESSEE shall remove the Improvements and all fixtures and contents therein no later than 30 days after the expiration of the Lease Term without unnecessary damage to the premises and during the 30 day period after expiration of the Lease Term LESSEE shall pay rental to Lessor as a holdover tenant pursuant to Paragraph 3 of this Lease. If LESSEE does not effect such removal, LESSOR shall have the right to do so and LESSEE shall be obligated to LESSOR for the costs thereof; provided, however, that all right, title and interest in and to the Improvements without their removal may be acquired by LESSOR upon terms and conditions mutually agreeable to both LESSOR and LESSEE. Notwithstanding the foregoing, if LESSEE has failed to effect the removal as required herein and LESSOR and LESSEE have not agreed upon the terms by which LESSOR would acquire the Improvements, LESSEE shall be in breach of this Agreement and LESSOR shall have all rights described in Paragraph 28 of this Lease with regard thereto.

16. **COMPLIANCE WITH LAW:**

LESSEE shall, at its expense, promptly comply with any and all laws, ordinances, rules, regulations, requirements and orders whatsoever, present or future, of the national, state, county, or city governments which may in any way apply to the use, maintenance, or occupation of, or operations on the demised property.

17. **RIGHT OF INSPECTION:**

LESSOR shall have the right to enter upon the demised premises at all reasonable times to inspect the premises and LESSEE'S operations thereon. LESSOR reserves all rights in and with respect to the premises, not inconsistent with LESSEE'S use of the premises as in the Lease provided, including (without limiting the generality of

the foregoing) the right of LESSOR to enter upon the premises for the purpose of installing, using, maintaining, renewing, and replacing such underground oil, gas, water, sewer, and other pipelines, and such underground or aboveground telephone, telegraph, and electric power conduits or lines as LESSOR may deem desirable in connection with the development or use of the demised premises or any other property on the airport or in the neighborhood of the premises. LESSOR shall compensate LESSEE for any and all damage to LESSEE'S improvements and personal property caused by the exercise of the rights reserved in this paragraph.

18. **INDEMNIFICATION:**

LESSEE agrees to indemnify, defend (upon request by the LESSOR) and save harmless the LESSOR, its Council persons, agents, officers and employees, and each of them, from any and all losses, costs, expenses, claims, liabilities, actions, and damages, including liability for injuries to person or persons, or damage to property of third persons arising out of or in any way connected with (a) the LESSEE'S use, occupancy and/or operation of the demised premises during the term of this Lease or any holding over, and (b) the construction or the removal of any facilities or improvements on the demised premises during the term of this Lease or any holding over.

19. **WORKERS COMPENSATION:**

LESSEE agrees to observe and obey the Workers' Compensation Act of the State of California as from time to time amended, and will indemnify and save and hold harmless LESSOR from any and all liability hereunder.

20. **LIABILITY INSURANCE:**

LESSEE, in order to protect LESSOR, its agents, officers and employees, against all claims and liability for death, injury, loss, and damage as a result of

LESSEE'S use, occupancy and/or operation of the demised premises or in a connection therewith, shall secure and maintain in force during the entire term of this Lease and covering all LESSEE'S operations and activities on the airport, a Comprehensive General Liability insurance policy in the amount of \$ 500,000 with a reliable insurance carrier approved by the City and authorized to do such public liability and property damage insurance business in the State of California. Said policies of insurance:

(a) shall expressly name LESSOR, Council persons, agents, officers, and employees as additional insured; and

(b) shall be primary insurance as regards any other valid and collectible insurance LESSOR possesses, and any other insurance that LESSOR may possess shall be considered excess insurance only; and

(c) shall contain a Severability of Interest or cross liability clause, which is to say, such policy shall act as though a separate policy were written for each insured and additional named insured in the policy; and

(d) shall not be subject to cancellation and/or coverage reduction without thirty (30) day's prior written notice to LESSOR.

Within ten (10) days from the date of the Lease, LESSEE shall file with the City Manager a duly certified Certificate of Insurance evidencing that the hereinabove mentioned public liability and property damage (and hangar-keeper liability, where applicable) provisions have been complied with, and setting forth that LESSOR, its councilpersons, agents, officers, and employees are named as additional insured. In the event that LESSEE shall fail to obtain or thereafter maintain such policies or to furnish evidence thereof to LESSOR, LESSOR may, in LESSOR'S sole discretion, (1) procure the same, pay the premium therefore, and collect same with the next payment of rental due from LESSEE, or (2) terminate this Lease pursuant to Paragraph 28 hereof.

21. TAXES AND ASSESSMENTS:

LESSEE agrees to pay all taxes and/or assessments levied by any governmental agency upon any interest acquired by LESSEE under the terms of this Lease. Providing further, that LESSEE is aware that certain possessory interests may be created by entering into this Lease and that LESSEE will be subject to the payment of property taxes levied on such interests.

22. LEASE SUBORDINATE TO AGREEMENTS WITH UNITED STATES GOVERNMENT:

This Lease shall be subordinate to the provisions and requirements of any existing or future agreements between the LESSOR and the United States relative to the development, operation or maintenance of the Airport.

23. AERONAUTICAL RESTRICTIONS:

(a) There is hereby reserved to LESSOR for the use and benefit of the public a right of flight for the passage of aircraft in the air space above the surface of the demised premises. This public right of flight shall include the right to cause in said air space any noise inherent in the lawful operation of any aircraft used for navigation or flight through the said air space or landing at, taking off from, or operation on the Tehachapi Airport.

(b) LESSEE shall not erect or permit the erection of any structure, building, or object of natural growth or other obstructions on the demised premises above the maximum elevation permitted by the Federal Aviation Administration. In the event the aforesaid covenant is breached, same shall be deemed a nuisance and a material breach of this Agreement and City shall have all rights described under Paragraph 6 (b) to abate the nuisance and City shall have all other rights and remedies available at law

or in equity.

(c) LESSEE shall not make use of the demised premises in any manner, which might interfere with lawful air navigation and communication, the landing or taking off of aircraft from Tehachapi Airport, or otherwise constitute an airport hazard. In the event the aforesaid covenant is breached, LESSOR reserves the right to enter on the demised premises and cause the abatement of such interference at the expense of LESSEE.

(d) LESSOR reserves the right to further develop or improve the landing area at the Tehachapi Airport as it sees fit regardless of the desires or views of LESSEE, and without interference or hindrance.

(e) LESSOR reserves the right, but shall not be obligated to LESSEE, to maintain and keep in repair the landing area at the Tehachapi Airport and all publicly owned facilities at the airport, together with the right to direct and control all activities of the LESSEE in this regard. Provided, however, that in the event of the taxiways or runways at the airport are determined to be unfit for aeronautical use by the Federal Aviation Administration or by LESSOR or by the Aeronautical Division of the California Department of Transportation, or the airport ceases to be operated as an airport, then this Lease may be terminated by LESSEE, at its option, by its giving of at least thirty (30) days written notice thereof LESSOR.

(f) Nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act.

24. **SUBLETTING:**

(a) LESSEE shall not assign this Lease or sublet the premises, or any part thereof, without the prior written consent of the LESSOR, which consent shall not be

unreasonably withheld but may be reasonably conditioned to include but not be limited to the following:

- (i) Any assignment or sublease shall be in writing and shall provide that the assignee or sublessee shall agree to and be bound by all of the terms and conditions of the Lease;
- (ii) The assignee or sublessee shall secure and maintain in force during the entire term of such sublease or assignment a liability insurance policy or policies in conformity with the requirements of Paragraph 20, Liability Insurance, with respect to any aircraft hangared on the premises that are owned by sublessee or assignee or other third party; and
- (iii) A rental adjustment, which shall be, based on the rental then in effect by LESSOR for new noncommercial hangar ground leases.

(b) In the event of an attempted assignment or subletting in violation of the foregoing provisions, then in addition to any and all other rights and remedies available to it, the LESSOR may, at its option, by written notice to the LESSEE, either (1) declare such sublease, assignment, transfer, mortgage, or other conveyance void, or (2) terminate this Lease and all rights and interest of LESSEE and all other persons hereunder pursuant to Paragraph 28. Any consent by the LESSOR to any assignment or sublease, shall not be deemed, or construed as a consent to any different or subsequent assignment or sublease. The remedies available herein are cumulative with all other remedies available under this Lease or at law or in equity and the exercise of any remedy herein or under this Lease or at law or in equity shall not prevent the exercise of any other remedy provided herein or in this Lease or at law or in equity.

25. RIGHT OF INGRESS AND EGRESS:

LESSEE shall have the reasonable right-of-way over property owned and controlled by LESSOR for ingress thereto and egress there from for pedestrian, vehicular, and air travel, together with the right to use in common with other LESSEE'S or licenses or LESSOR the airplane landing field adjacent to the demised premises. None of these rights are exclusive but shall be exercised in common with and subject to possible similar rights of other users of the airport. All the forgoing is subject to such reasonable rules and regulations as the LESSOR or its authorized agents may make from time to time. Such rules and regulations, however, shall be reasonable and shall not conflict in any way with similar rules and regulations adopted from time to time by the Federal Aviation Administration or its successor.

26. **BANKRUPTCY:**

In the event that (a) LESSEE shall file a voluntary petition in bankruptcy or shall be adjudged a bankrupt in any voluntary bankruptcy proceeding; (b) any voluntary or involuntary proceeding for the reorganization of LESSEE shall be instituted by anyone other than LESSEE under any of the provisions of the bankruptcy laws of the United States; or (c) a receiver or judicial trustee or custodian shall be appointed for LESSEE, or any lien or any writ of attachment, garnishment, execution or distraint shall be levied upon any LESSEE'S rights or interest under this Lease; or (d) there shall be any other assignment of any LESSEE'S rights or interests under this Lease by operation of law, then in addition to any and all other rights and remedies available to it, LESSOR may, at its option by written notice to LESSEE, terminate this Lease and all rights and interest of LESSEE and all other persons under this Lease. The term "LESSEE", as used in this paragraph, includes any individual, partnership, or corporation who is a LESSEE hereunder, even though several individuals, partnership, or corporations are such, and includes each partner of any partnership, which is LESSEE hereunder.

27. WAIVER OF BREACH:

The waiver by LESSOR of any breach by LESSEE of any provision contained herein shall not be deemed to be a continuing waiver of such provision, or a waiver of any other prior or subsequent breach thereof, or a waiver or any breach of any other provisions contained herein.

28. BREACH:

(a) In the event of a breach by LESSEE of any term, condition, or agreement herein contained, LESSEE shall have 30 days to cure the breach after written notice has been given to LESSEE by LESSOR, provided however that if any such breach cannot be reasonably cured within 30 days of such notice, then LESSEE shall have commenced reasonable efforts to cure same within said period. In the event of LESSEE'S failure to cure or commence the cure of any such breach within 30 days this Lease and all privileges herein granted shall be terminated and be of no further force or effect, and LESSEE shall immediately surrender to LESSOR possession of the premises, and in addition to all other remedies available to LESSOR hereunder or at law or equity, LESSOR shall have the remedies either to remove the Improvements on the premises at the expense of LESSEE or retain the Improvements and to thereafter be the sole and exclusive owner of same. Notwithstanding the foregoing, in the event LESSEE allows a nuisance to exist on the premises as described in Paragraph 6 of this Lease, LESSEE shall abate the nuisance as required therein, and nothing herein shall be deemed to waive or modify the requirements and remedies described in Paragraph 6. Providing further, that in the event LESSEE breaches this Lease and abandons the property before the end of the term, if LESSEE'S right to possession is terminated by LESSOR because of breach of this Lease, LESSOR shall have the right to recover damages from LESSEE as provided in the State of California Civil Code Section 1951.2.

(b) In the event of a breach by LESSOR of any term, condition, or agreement herein contained, that deprives LESSEE in any manner, in whole or part, of its quiet enjoyment of the demised premises or its right to utilize them fully as described in Paragraph 6 hereof, or of its rights of ingress and egress described in Paragraph 25 hereof, LESSEE shall not be obligated to LESSOR for any rental payments otherwise due and payable for the period of such breach.

29. **NEGATION OF PARTNERSHIP:**

LESSOR shall not become or be deemed a partner or joint venture with LESSEE or in any other relationship with LESSEE other than that of landlord and tenant by reason of the provisions of this Lease nor shall LESSEE for any purpose be considered an agent, officer, or employee of LESSOR.

30. **SURRENDER OF PREMISES:**

On the last day of the term, or extension thereof, or sooner termination of this Lease, and subject to the rights and remedies of LESSOR and LESSEE described in Paragraph 15 hereof, LESSEE shall peaceably and quietly leave, surrender and yield up to the LESSOR the demised premises in as good condition and repair as at the commencement of LESSEE'S occupancy, reasonable wear and tear thereof excepted.

31. **ENTIRE AGREEMENT:**

This Lease contains all agreements of the parties with respect to the subject matter described herein. No prior agreements or understandings whether oral or in writing pertaining to any such matter shall be effective or of any force or effect.

32. **VENUE AND GOVERNING LAW:**

This agreement is made, entered into and is to be performed in Kern County, California. This Lease shall be governed by and construed in accordance with the laws of the State of California.

33. **COVENANTS AND CONDITIONS:**

Each provision of this Lease performable by LESSEE shall be deemed both a covenant and a condition.

34. **TIME OF THE ESSENCE:**

Time is hereby expressly declared to be the essence of this Lease and of each and every provision thereof, and each such provision is hereby made and declared to be a material, necessary and essential part of this Lease.

35. **SEVERABILITY:**

If any provision of this Lease is determined by a Court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall in no way be affected thereby and same shall remain in full force and effect.

36. **AUTHORIZED AGENT OF LESSOR:**

The City Manager of the City of Tehachapi is the duly authorized agent of LESSOR for purposes of this Lease, and as to any obligations assumed herein by LESSEE, they shall be performed to the satisfaction of the City Manager.

37. **NOTICES:**

All notices required or permitted under this Agreement or at law shall be deemed to be given when personally served on the party to be noticed or when deposited in the United States mail, Registered or Certified, postage prepaid and addressed as follows:

TO LESSOR: City Manager
City of Tehachapi
115 South Robinson Street
Tehachapi, Ca. 93561

TO LESSEE: Marshall Bottorff
P.O. Box 839
Mojave, CA 93501

Any party may change its or their address by providing notice of same in the manner herein prescribed.

38. **BINDING:**

This Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors, and assigns.

39. **CAPTIONS:**

The captions appearing in this Lease are for convenience only, are not part of this Lease, and shall not be considered in interpreting this Lease.

40. **AMENDMENTS:**

This Lease may not be altered, amended, or modified except by a writing executed by duly authorized representatives of all parties.

41. **ATTORNEY'S FEES:**

In the event any action or proceeding is instituted arising out of or relating to this Lease or for the purpose of enforcing this Lease, the prevailing party shall be entitled to its reasonable attorney's fees and actual costs.

42. **RECORDATION:**

LESSEE acknowledges its understanding that the law of the State of California authorizes LESSOR to record this Lease or a memorandum of same. In that regard, LESSEE agrees to execute a memorandum of this Lease for the purposes of recordation in such reasonable form and content as may be proposed by Lessor.

43. **COUNTERPARTS:**

This Lease may be executed in counterparts and the respective signature pages for each party may thereafter be attached to the body of this Lease to constitute one integrated agreement which is as fully effective and binding as if the entire Lease had been signed at one time.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first above written.

LESSOR:

LESSEE:

CITY OF TEHACHAPI

By: _____
ED GRIMES

By: _____
Marshall Bottorff

Mayor of the City of Tehachapi, California

EXHIBIT - A



COUNCIL REPORTS

AGENDA SECTION: AIRPORT MANAGER REPORTS

MEETING DATE: FEBRUARY 21, 2011

APPROVED
DEPARTMENT HEAD: <u>JG</u>
CITY MANAGER: <u>[Signature]</u>

TO: HONORABLE MAYOR GRIMES AND COUNCIL MEMBERS

FROM: TOM GLASGOW, AIRPORT MANAGER

DATE: FEBRUARY 14, 2012

SUBJECT: NEW NONCOMMERCIAL GROUND LEASE, HANGAR 24E

Background:

In an effort to standardize lease agreements and fee practices at Tehachapi Municipal Airport, airport administration is currently reviewing all leases for accuracy and consistency. Airport Staff has reviewed and is now requesting a new ground lease for hangar 24E (George T. Sandy). Mr. Sandy currently pays the same price per square foot for ground inside the foot print of his hangar (*4.86 cents per sq. ft.) as he does for ground adjacent to and around his hangar. This is the only lease at the airport structured in this manner. A new lease agreement should be drafted for hangar 24E using the standard 20-5-5 airport lease and would include an adjustment (reduction) for ground to the same rate (*1.31 cents per sq. ft.) currently offered to and utilized by other tenants for adjacent ground at the Airport.

*CPI included

Fiscal Impact:

This new lease agreement will reduce the lease rate fee from **\$590.19** per month to **\$347.31** per month.

Recommendation:

APPROVE THE NEW GROUND LEASE AGREEMENT BETWEEN THE CITY OF TEHACHAPI AND HANGAR 24E OWNER, GEORGE T. SANDY.

NONCOMMERCIAL HANGAR GROUND LEASE AGREEMENT

HANGAR 24E

(Tehachapi Airport)

THIS LEASE AGREEMENT, hereinafter referred to as this "Lease", is made and entered into this 21st day of February, 2012, by and between the CITY OF TEHACHAPI, hereinafter referred to as "LESSOR", and George T. Sandy, hereinafter referred to as "LESSEE".

IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED HEREIN, THE PARTIES HERETO AGREE AS FOLLOWS:

1. PREMISES:

LESSOR does hereby demise and lease to LESSEE, and LESSEE hereby hires from LESSOR, those certain premises situated in the City of Tehachapi, County of Kern, State of California, hereinafter referred to as the "premises" or "demised premises", and more particularly delineated on Exhibit A, attached hereto and by this reference made a part hereof.

2. TERM:

The term of this Lease shall be for 20 years, commencing on February 21, 2012, and terminating on February 21, 2032 (the "Initial Term"). LESSEE is hereby granted option to renew the LEASE for an additional term of five years from the expiration of the Initial Term, and for a second additional term of five years, provided LESSEE gives LESSOR written notice of LESSEE'S exercise of its option to do so no more than 180 days and no less than 30 days prior to the expiration of the Initial Term or the first

additional term, whichever applies. In the event LESSEE exercises its option to renew the Lease, the renewal shall be on the same terms and conditions as described in this Lease except for rental and as to the rental to be charged, same shall be calculated based on the rental rate or rental formula then in effect by the LESSOR for new noncommercial hangar ground leases. In addition, the rental terms for the renewal period shall include requirements for such increases as is then required by the LESSOR for new noncommercial hangar ground leases.

3. **HOLDING OVER:**

In the event LESSEE shall hold over after the term herein granted with the expressed or implied consent of LESSOR, such holding over shall be a tenancy only from month to month at twice the rental rate then charged for noncommercial hangar ground leases; provided, however, that if LESSEE is otherwise in default under this Lease at the time of holding over, nothing herein shall expressly or impliedly cure the default and LESSOR shall have all rights to remedy the default in addition to all rights to the increased monthly rental provided for herein.

4. **RENTAL CONSIDERATION:**

As and for rental, LESSEE agrees to pay to LESSOR, the sum of \$347.31 per month payable in advance on the first day of each month commencing March 1st, 2012. On January 1 of each calendar year thereafter, the monthly rental shall increase or decrease for said calendar year by the percentage increase or decrease between the Consumer Price Index (All Urban Consumers) (Base Years 1982-1984=100) for Los Angeles-Anaheim-Riverside CMSA published by the United States Department of Labor, Bureau of Labor Statistics ("Index") which is published immediately preceding the commencement of the prior calendar year and the Index published immediately

preceding the commencement of the new calendar year. LESSOR shall notify LESSEE in writing of said rental increase/decrease prior to January 1. LESSOR shall bill LESSEE monthly for the rental and rental shall be due on the date set forth on the billing and shall be deemed delinquent if not received by that date. Notwithstanding the foregoing, rental may also be increased as described in Paragraphs 15 and 24.

5. **INTEREST:**

If the payments required herein are not paid within fifteen (15) days after they become due, then, in addition to such sums are due, LESSEE shall also pay interest at the rate of ten percent (10%) per month on the unpaid balance or portion thereof, until paid in full.

6. **PURPOSE; NUISANCE:**

(a) The demised premises shall be used by the LESSEE for one or more of the following purposes: aircraft storage, maintenance, repair, restoration, and for the construction of aircraft to be certified in the experimental category; provided that such aircraft are owned or leased by LESSEE or partnership or other business association approved by the City Manager or designated representative in which LESSEE is a member, except for such aircraft permitted on the premises pursuant to an assignment or sublease approved by LESSOR pursuant to Paragraph 24; and provided further, that LESSEE shall conduct no activity for profit or commercial purpose under this lease.

(b) LESSEE shall not do or permit any act or thing to be done upon the premises which constitutes a nuisance or which may disturb the quiet enjoyment of LESSOR or any tenant of LESSOR on adjacent or neighboring property. LESSEE shall abate or cure any nuisance on the demised premises or for which LESSEE is responsible within ten (10) days after written notice thereof from LESSOR. In the event LESSEE has not taken corrective action within ten (10) days, LESSOR may take any

action necessary to abate or cure such condition at LESSEE'S sole cost and expense, without further written notice and LESSOR shall have no liability to LESSEE therefore nor for any damages to the premises or to the hangar or to property therein or thereon. Notwithstanding the foregoing, if any such nuisance creates, in LESSOR'S reasonable determination, a condition immediately hazardous to health or safety, LESSOR may immediately, without written notice to LESSEE, enter the premises to abate or cure the condition at LESSEE'S sole cost and expense and LESSOR shall have no liability to LESSEE therefore nor for any damage to the premises or to the hangar or to property therein or thereon.

(c) The use of combustible chemicals or cleaning solvents, stripping or painting, or welding or repair to any aircraft on the demised premises are allowed only to the extent permitted under all applicable federal, state and local regulation governing the use of hazardous materials and equipment, and only in a manner consistent with such regulation.

7. CONDITION OF PREMISES:

LESSEE has inspected the demised premises and knows the extent and condition thereto and accepts same in its present condition, as is, subject to and including all defects, latent and/or patent.

8. SAFETY:

Any area that is within the control of the LESSEE at the airport shall be kept clear of accumulation of oil, grease, fuel, trash and debris which are potential fire, environmental, or safety hazards, and LESSEE shall comply with all local, state and federal laws, statutes, rules and regulations with regard thereto.

9. ALTERATIONS:

LESSEE shall not construct any improvements or make any alterations of any

kind (whether permanent or otherwise) on the demised premises without the written consent of the City Manager or designated representative first being obtained..

10. **SIGNS:**

LESSEE shall not construct or place or permit to be constructed or placed, signs, awnings, marquees, or other structures projecting from the exterior of the premises without LESSOR'S prior written consent thereof. LESSEE further agrees to remove signs, displays, advertisements, or decorations it has placed or permitted to be placed on the premises, which, in LESSOR'S opinion are offensive or otherwise objectionable. If LESSEE fails to remove such signs, displays, advertisements or decorations within ten (10) days after having received written notice to remove same from LESSOR, LESSOR reserves the right to re-enter the premises and remove them at LESSEE'S expense.

11. **UTILITY EXTENSION OR MODIFICATION:**

LESSEE shall pay any and all expenses that may be incurred in obtaining the extension of public utility services to the demised premises from existing facilities or any modification of same.

12. **UTILITIES:**

LESSEE agrees to pay during the term of this Lease, or any holding over, all utilities used by LESSEE. The term "utilities" as used herein shall include, but is not limited to, gas, electricity, water, sewer, telephone, and trash and refuse disposal service.

13. **MAINTENANCE:**

LESSEE agrees to provide maintenance, repair, and upkeep on any structures situated on the demised premises and any grounds around the structures in a good, clean, sanitary, and safe condition.

14. **FAILURE TO REPAIR:**

In the event LESSEE shall fail, neglect, or refuse to commence the repair or maintenance work required herein within ten (10) days after receipt of a written notice service by LESSOR, or in the event that LESSEE fails, neglects or refuses to pursue said repair or maintenance work with reasonable diligence to completion, LESSOR may perform or cause to be performed such repair or maintenance work and add the cost thereof to the installments of rent due for this Lease as a charge to LESSEE.

15. **SALE OR REMOVAL OF IMPROVEMENTS:**

(a) Unless otherwise agreed upon by the parties hereto, if LESSEE desires to sell or otherwise transfer any or all buildings, hangars and other improvements (the "Improvements") made to or constructed and placed on the premises during or prior to the term of this Lease, or any extensions thereof, LESSOR shall have a right of first refusal (the "Right of First Refusal") to purchase the improvements and the LESSEE shall give LESSOR a notice in writing at least thirty (30) days before such sale or transfer of the terms of same (the "Lessee Notice"). Any sale or transfer or agreement to sell or transfer the Improvements without LESSEE first complying with the requirements of LESSOR'S Right of First Refusal shall be void and, in addition thereto, shall constitute a breach and material default of this Lease. If LESSEE has received an offer to purchase the Improvements that LESSEE is prepared to accept, the Lessee Notice shall contain a complete copy of the offer (the "Offer"), or if LESSEE does not have any such Offer but nevertheless wishes to sell or transfer the Improvements to a third party, the Lessee Notice shall include all of LESSEE'S terms and conditions for such sale or transfer. Lessor's Right of First Refusal to purchase the Improvements shall be under the same terms and conditions as described in the Lessee Notice. The Lessee Notice shall be personally delivered or mailed to LESSOR by registered mail, return receipt requested. LESSOR shall have thirty (30) days from receipt of the Lessee Notice in

which to exercise its Right of First Refusal (the "Exercise Period"). If LESSOR wishes to exercise its Right of First Refusal, LESSOR shall do so in writing to LESSEE prior to expiration of the Exercise Period, provided however that if the Exercise Period terminates on a weekend or holiday, the Exercise Period shall be extended to 11:59 p.m. (California time) on the next business day thereafter. In the event LESSOR exercises its Right of First Refusal, LESSOR shall complete the purchase of the Improvements within a reasonable time thereafter. If LESSOR does not exercise its Right of First Refusal, LESSEE shall have the right, only for the next sixty (60) days, to complete the sale or transfer of the improvements to the offer or of the offer, or, if none, to any other third party under the same terms and conditions as described in the Lessee Notice, provided however that if the sale or transfer is not completed within sixty (60) days of the expiration of the Exercise Period or if the terms and conditions of the sale or transfer are modified, then LESSOR'S Right of First Refusal shall be revived and LESSEE shall once again give LESSOR the Lessee Notice containing the terms and conditions or, if applicable, the revised terms and conditions of the sale or transfer and LESSOR shall have all rights with regard thereto previously described herein. LESSEE shall not place a lien or otherwise encumber the Improvements as part of any sale or transfer without LESSOR'S prior written consent, which consent may be denied or conditioned in LESSOR'S sole and absolute discretion. If a sale is completed during the term of this Lease, no assignment or subletting of this Lease or of the premises shall occur without compliance with Paragraph 24 and, additionally, LESSOR shall have the right to increase the rental to the rental then being charged by LESSOR for new noncommercial hangar ground leases as then determined by LESSOR. Notwithstanding the foregoing, if the purchaser of the Improvements requests a new Lease, LESSOR may, in LESSOR'S sole and absolute discretion, enter into a new

Lease with the purchaser.

(b) If at the termination of this Lease a new Lease has not been entered into by the parties or their successors, then LESSEE shall remove the Improvements and all fixtures and contents therein no later than 30 days after the expiration of the Lease Term without unnecessary damage to the premises and during the 30 day period after expiration of the Lease Term LESSEE shall pay rental to Lessor as a holdover tenant pursuant to Paragraph 3 of this Lease. If LESSEE does not effect such removal, LESSOR shall have the right to do so and LESSEE shall be obligated to LESSOR for the costs thereof; provided, however, that all right, title and interest in and to the Improvements without their removal may be acquired by LESSOR upon terms and conditions mutually agreeable to both LESSOR and LESSEE. Notwithstanding the foregoing, if LESSEE has failed to effect the removal as required herein and LESSOR and LESSEE have not agreed upon the terms by which LESSOR would acquire the Improvements, LESSEE shall be in breach of this Agreement and LESSOR shall have all rights described in Paragraph 28 of this Lease with regard thereto.

16. COMPLIANCE WITH LAW:

LESSEE shall, at its expense, promptly comply with any and all laws, ordinances, rules, regulations, requirements and orders whatsoever, present or future, of the national, state, county, or city governments which may in any way apply to the use, maintenance, or occupation of, or operations on the demised property.

17. RIGHT OF INSPECTION:

LESSOR shall have the right to enter upon the demised premises at all reasonable times to inspect the premises and LESSEE'S operations thereon. LESSOR reserves all rights in and with respect to the premises, not inconsistent with LESSEE'S use of the premises as in the Lease provided, including (without limiting the generality of

the foregoing) the right of LESSOR to enter upon the premises for the purpose of installing, using, maintaining, renewing, and replacing such underground oil, gas, water, sewer, and other pipelines, and such underground or aboveground telephone, telegraph, and electric power conduits or lines as LESSOR may deem desirable in connection with the development or use of the demised premises or any other property on the airport or in the neighborhood of the premises. LESSOR shall compensate LESSEE for any and all damage to LESSEE'S improvements and personal property caused by the exercise of the rights reserved in this paragraph.

18. **INDEMNIFICATION:**

LESSEE agrees to indemnify, defend (upon request by the LESSOR) and save harmless the LESSOR, its Council persons, agents, officers and employees, and each of them, from any and all losses, costs, expenses, claims, liabilities, actions, and damages, including liability for injuries to person or persons, or damage to property of third persons arising out of or in any way connected with (a) the LESSEE'S use, occupancy and/or operation of the demised premises during the term of this Lease or any holding over, and (b) the construction or the removal of any facilities or improvements on the demised premises during the term of this Lease or any holding over.

19. **WORKERS COMPENSATION:**

LESSEE agrees to observe and obey the Workers' Compensation Act of the State of California as from time to time amended, and will indemnify and save and hold harmless LESSOR from any and all liability hereunder.

20. **LIABILITY INSURANCE:**

LESSEE, in order to protect LESSOR, its agents, officers and employees, against all claims and liability for death, injury, loss, and damage as a result of

LESSEE'S use, occupancy and/or operation of the demised premises or in a connection therewith, shall secure and maintain in force during the entire term of this Lease and covering all LESSEE'S operations and activities on the airport, a Comprehensive General Liability insurance policy in the amount of \$ 500,000 with a reliable insurance carrier approved by the City and authorized to do such public liability and property damage insurance business in the State of California. Said policies of insurance:

(a) shall expressly name LESSOR, Council persons, agents, officers, and employees as additional insured; and

(b) shall be primary insurance as regards any other valid and collectible insurance LESSOR possesses, and any other insurance that LESSOR may possess shall be considered excess insurance only; and

(c) shall contain a Severability of Interest or cross liability clause, which is to say, such policy shall act as though a separate policy were written for each insured and additional named insured in the policy; and

(d) shall not be subject to cancellation and/or coverage reduction without thirty (30) day's prior written notice to LESSOR.

Within ten (10) days from the date of the Lease, LESSEE shall file with the City Manager a duly certified Certificate of Insurance evidencing that the hereinabove mentioned public liability and property damage (and hangar-keeper liability, where applicable) provisions have been complied with, and setting forth that LESSOR, its councilpersons, agents, officers, and employees are named as additional insured. In the event that LESSEE shall fail to obtain or thereafter maintain such policies or to furnish evidence thereof to LESSOR, LESSOR may, in LESSOR'S sole discretion, (1) procure the same, pay the premium therefore, and collect same with the next payment of rental due from LESSEE, or (2) terminate this Lease pursuant to Paragraph 28 hereof.

21. TAXES AND ASSESSMENTS:

LESSEE agrees to pay all taxes and/or assessments levied by any governmental agency upon any interest acquired by LESSEE under the terms of this Lease. Providing further, that LESSEE is aware that certain possessory interests may be created by entering into this Lease and that LESSEE will be subject to the payment of property taxes levied on such interests.

22. LEASE SUBORDINATE TO AGREEMENTS WITH UNITED STATES GOVERNMENT:

This Lease shall be subordinate to the provisions and requirements of any existing or future agreements between the LESSOR and the United States relative to the development, operation or maintenance of the Airport.

23. AERONAUTICAL RESTRICTIONS:

(a) There is hereby reserved to LESSOR for the use and benefit of the public a right of flight for the passage of aircraft in the air space above the surface of the demised premises. This public right of flight shall include the right to cause in said air space any noise inherent in the lawful operation of any aircraft used for navigation or flight through the said air space or landing at, taking off from, or operation on the Tehachapi Airport.

(b) LESSEE shall not erect or permit the erection of any structure, building, or object of natural growth or other obstructions on the demised premises above the maximum elevation permitted by the Federal Aviation Administration. In the event the aforesaid covenant is breached, same shall be deemed a nuisance and a material breach of this Agreement and City shall have all rights described under Paragraph 6 (b) to abate the nuisance and City shall have all other rights and remedies available at law

or in equity.

(c) LESSEE shall not make use of the demised premises in any manner, which might interfere with lawful air navigation and communication, the landing or taking off of aircraft from Tehachapi Airport, or otherwise constitute an airport hazard. In the event the aforesaid covenant is breached, LESSOR reserves the right to enter on the demised premises and cause the abatement of such interference at the expense of LESSEE.

(d) LESSOR reserves the right to further develop or improve the landing area at the Tehachapi Airport as it sees fit regardless of the desires or views of LESSEE, and without interference or hindrance.

(e) LESSOR reserves the right, but shall not be obligated to LESSEE, to maintain and keep in repair the landing area at the Tehachapi Airport and all publicly owned facilities at the airport, together with the right to direct and control all activities of the LESSEE in this regard. Provided, however, that in the event of the taxiways or runways at the airport are determined to be unfit for aeronautical use by the Federal Aviation Administration or by LESSOR or by the Aeronautical Division of the California Department of Transportation, or the airport ceases to be operated as an airport, then this Lease may be terminated by LESSEE, at its option, by its giving of at least thirty (30) days written notice thereof LESSOR.

(f) Nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act.

24. SUBLETTING:

(a) LESSEE shall not assign this Lease or sublet the premises, or any part thereof, without the prior written consent of the LESSOR, which consent shall not be

unreasonably withheld but may be reasonably conditioned to include but not be limited to the following:

- (i) Any assignment or sublease shall be in writing and shall provide that the assignee or sublessee shall agree to and be bound by all of the terms and conditions of the Lease;
- (ii) The assignee or sublessee shall secure and maintain in force during the entire term of such sublease or assignment a liability insurance policy or policies in conformity with the requirements of Paragraph 20, Liability Insurance, with respect to any aircraft hangared on the premises that are owned by sublessee or assignee or other third party; and
- (iii) A rental adjustment, which shall be, based on the rental then in effect by LESSOR for new noncommercial hangar ground leases.

(b) In the event of an attempted assignment or subletting in violation of the foregoing provisions, then in addition to any and all other rights and remedies available to it, the LESSOR may, at its option, by written notice to the LESSEE, either (1) declare such sublease, assignment, transfer, mortgage, or other conveyance void, or (2) terminate this Lease and all rights and interest of LESSEE and all other persons hereunder pursuant to Paragraph 28. Any consent by the LESSOR to any assignment or sublease, shall not be deemed, or construed as a consent to any different or subsequent assignment or sublease. The remedies available herein are cumulative with all other remedies available under this Lease or at law or in equity and the exercise of any remedy herein or under this Lease or at law or in equity shall not prevent the exercise of any other remedy provided herein or in this Lease or at law or in equity.

25. RIGHT OF INGRESS AND EGRESS:

LESSEE shall have the reasonable right-of-way over property owned and controlled by LESSOR for ingress thereto and egress there from for pedestrian, vehicular, and air travel, together with the right to use in common with other LESSEE'S or licenses or LESSOR the airplane landing field adjacent to the demised premises. None of these rights are exclusive but shall be exercised in common with and subject to possible similar rights of other users of the airport. All the forgoing is subject to such reasonable rules and regulations as the LESSOR or its authorized agents may make from time to time. Such rules and regulations, however, shall be reasonable and shall not conflict in any way with similar rules and regulations adopted from time to time by the Federal Aviation Administration or its successor.

26. **BANKRUPTCY:**

In the event that (a) LESSEE shall file a voluntary petition in bankruptcy or shall be adjudged a bankrupt in any voluntary bankruptcy proceeding; (b) any voluntary or involuntary proceeding for the reorganization of LESSEE shall be instituted by anyone other than LESSEE under any of the provisions of the bankruptcy laws of the United States; or (c) a receiver or judicial trustee or custodian shall be appointed for LESSEE, or any lien or any writ of attachment, garnishment, execution or distraint shall be levied upon any LESSEE'S rights or interest under this Lease; or (d) there shall be any other assignment of any LESSEE'S rights or interests under this Lease by operation of law, then in addition to any and all other rights and remedies available to it, LESSOR may, at its option by written notice to LESSEE, terminate this Lease and all rights and interest of LESSEE and all other persons under this Lease. The term "LESSEE", as used in this paragraph, includes any individual, partnership, or corporation who is a LESSEE hereunder, even though several individuals, partnership, or corporations are such, and includes each partner of any partnership, which is LESSEE hereunder.

27. **WAIVER OF BREACH:**

The waiver by LESSOR of any breach by LESSEE of any provision contained herein shall not be deemed to be a continuing waiver of such provision, or a waiver of any other prior or subsequent breach thereof, or a waiver or any breach of any other provisions contained herein.

28. **BREACH:**

(a) In the event of a breach by LESSEE of any term, condition, or agreement herein contained, LESSEE shall have 30 days to cure the breach after written notice has been given to LESSEE by LESSOR, provided however that if any such breach cannot be reasonably cured within 30 days of such notice, then LESSEE shall have commenced reasonable efforts to cure same within said period. In the event of LESSEE'S failure to cure or commence the cure of any such breach within 30 days this Lease and all privileges herein granted shall be terminated and be of no further force or effect, and LESSEE shall immediately surrender to LESSOR possession of the premises, and in addition to all other remedies available to LESSOR hereunder or at law or equity, LESSOR shall have the remedies either to remove the Improvements on the premises at the expense of LESSEE or retain the Improvements and to thereafter be the sole and exclusive owner of same. Notwithstanding the foregoing, in the event LESSEE allows a nuisance to exist on the premises as described in Paragraph 6 of this Lease, LESSEE shall abate the nuisance as required therein, and nothing herein shall be deemed to waive or modify the requirements and remedies described in Paragraph 6. Providing further, that in the event LESSEE breaches this Lease and abandons the property before the end of the term, if LESSEE'S right to possession is terminated by LESSOR because of breach of this Lease, LESSOR shall have the right to recover damages from LESSEE as provided in the State of California Civil Code Section 1951.2.

(b) In the event of a breach by LESSOR of any term, condition, or agreement herein contained, that deprives LESSEE in any manner, in whole or part, of its quiet enjoyment of the demised premises or its right to utilize them fully as described in Paragraph 6 hereof, or of its rights of ingress and egress described in Paragraph 25 hereof, LESSEE shall not be obligated to LESSOR for any rental payments otherwise due and payable for the period of such breach.

29. **NEGATION OF PARTNERSHIP:**

LESSOR shall not become or be deemed a partner or joint venture with LESSEE or in any other relationship with LESSEE other than that of landlord and tenant by reason of the provisions of this Lease nor shall LESSEE for any purpose be considered an agent, officer, or employee of LESSOR.

30. **SURRENDER OF PREMISES:**

On the last day of the term, or extension thereof, or sooner termination of this Lease, and subject to the rights and remedies of LESSOR and LESSEE described in Paragraph 15 hereof, LESSEE shall peaceably and quietly leave, surrender and yield up to the LESSOR the demised premises in as good condition and repair as at the commencement of LESSEE'S occupancy, reasonable wear and tear thereof excepted.

31. **ENTIRE AGREEMENT:**

This Lease contains all agreements of the parties with respect to the subject matter described herein. No prior agreements or understandings whether oral or in writing pertaining to any such matter shall be effective or of any force or effect.

32. **VENUE AND GOVERNING LAW:**

This agreement is made, entered into and is to be performed in Kern County, California. This Lease shall be governed by and construed in accordance with the laws of the State of California.

33. **COVENANTS AND CONDITIONS:**

Each provision of this Lease performable by LESSEE shall be deemed both a covenant and a condition.

34. **TIME OF THE ESSENCE:**

Time is hereby expressly declared to be the essence of this Lease and of each and every provision thereof, and each such provision is hereby made and declared to be a material, necessary and essential part of this Lease.

35. **SEVERABILITY:**

If any provision of this Lease is determined by a Court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall in no way be affected thereby and same shall remain in full force and effect.

36. **AUTHORIZED AGENT OF LESSOR:**

The City Manager of the City of Tehachapi is the duly authorized agent of LESSOR for purposes of this Lease, and as to any obligations assumed herein by LESSEE, they shall be performed to the satisfaction of the City Manager.

37. **NOTICES:**

All notices required or permitted under this Agreement or at law shall be deemed to be given when personally served on the party to be noticed or when deposited in the United States mail, Registered or Certified, postage prepaid and addressed as follows:

TO LESSOR: City Manager
City of Tehachapi
115 South Robinson Street
Tehachapi, Ca. 93561

TO LESSEE: George T. Sandy
718 Silver Oak
Tehachapi, CA 93561

Any party may change its or their address by providing notice of same in the manner herein prescribed.

38. **BINDING:**

This Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, successors, and assigns.

39. **CAPTIONS:**

The captions appearing in this Lease are for convenience only, are not part of this Lease, and shall not be considered in interpreting this Lease.

40. **AMENDMENTS:**

This Lease may not be altered, amended, or modified except by a writing executed by duly authorized representatives of all parties.

41. **ATTORNEY'S FEES:**

In the event any action or proceeding is instituted arising out of or relating to this Lease or for the purpose of enforcing this Lease, the prevailing party shall be entitled to its reasonable attorney's fees and actual costs.

42. **RECORDATION:**

LESSEE acknowledges its understanding that the law of the State of California authorizes LESSOR to record this Lease or a memorandum of same. In that regard, LESSEE agrees to execute a memorandum of this Lease for the purposes of recordation in such reasonable form and content as may be proposed by Lessor.

43. **COUNTERPARTS:**

This Lease may be executed in counterparts and the respective signature pages for each party may thereafter be attached to the body of this Lease to constitute one integrated agreement which is as fully effective and binding as if the entire Lease had been signed at one time.

IN WITNESS WHEREOF, the parties have hereunto set their hands the day and year first above written.

LESSOR:

LESSEE:

CITY OF TEHACHAPI

By: _____
ED GRIMES

By: _____
George T. Sandy

Mayor of the City of Tehachapi, California

EXHIBIT - A



From the Desk of

Council Member Linda Vernon

February 7, 2012

The Honorable Mayor Ed Grimes
City of Tehachapi
115 South Robinson Street
Tehachapi, CA 93561

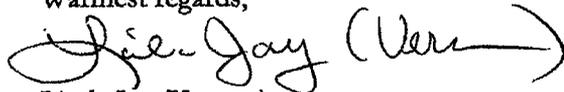
Dear Mayor Grimes;

For the past 12 years I have had the amazing honor and privilege of serving our community first on the Planning Commission, and for the past 10 years on the City Council. It has been an experience that has enriched and blessed my life in ways too numerous to list. That is why my letter to you is not an easy one.

Our lives may occasionally take a turn that is quite unexpected. While those changes can be wonderful and provide great opportunities and possibilities, it can result in requiring other decisions of us that are difficult at best. One such turn for me took place on January 28, 2012, when I was blessed to become the wife of Mr. Bruce Jay, a businessman and resident of Bakersfield. That is where we will make our home. To that end, it is with heartfelt sadness I submit my official letter of resignation as City Council Member for the City of Tehachapi, effective Tuesday, February 7, 2012. I would like to express by deepest gratitude to the residents of the City of Tehachapi for their confidence and support in allowing me not only to serve as a City Council Member, but also for the privilege of presiding as your Mayor for two years.

To my fellow council members and our City staff, for whom I have a profound respect and admiration, my deepest gratitude to you for your leadership, dedication and commitment to always doing the right thing for our community to make it the best it can be. Thank you for all your years of support and encouragement. I could not have done it without you! As my children and grandchildren live in Tehachapi, you will remain a big part of my life and always hold a very special place in my heart.

Warmest regards,



Linda Jay (Vernon)
Tehachapi City Council Member

cc: Mr. Greg Garrett, City Manager
Mr. Tom Schroeter, City Attorney



COUNCIL REPORTS

AGENDA SECTION: CITY MANAGER REPORTS

MEETING DATE: FEBRUARY 21, 2012

APPROVED
DEPARTMENT HEAD: _____
CITY MANAGER: _____

TO: HONORABLE MAYOR GRIMES AND COUNCIL MEMBERS

FROM: GREG GARRETT, CITY MANAGER

DATE: FEBRUARY 15, 2012

SUBJECT: FIVE-YEAR PARK IMPACT FEE REPORT

BACKGROUND:

In May 2006, the City Council adopted resolution 11-06 establishing a Park and Recreational Facility Fee to be collected from new development. This mitigation fee was created to offset the impact of new development on the parks and recreation facilities run by the Tehachapi Valley Recreation and Parks District (TVRPD). Similar fees are collected by the County of Kern, from new development in County areas, for the same purpose.

According to Government Code section 66001, a five year report must be completed which identifies the historical revenues and projects costs. Additionally, the Council must make four findings with respect to the remaining, unexpended portion of the collected mitigation fees. These findings are:

1. Identifying the purpose for which the fee is intended.
2. Demonstrating a reasonable relationship between the fee and its intended purpose.
3. Identifying all sources and amounts of funding anticipated to complete financing of the remaining proposed projects.
4. Designating the approximate dates on which funding identified in item 3 (above) is to be received.

To assist the Council in making a determination regarding these findings, a Five-Year Impact Fee Report has been created by Willdan Financial Services with assistance from City Staff.

In summary, the report identifies the amount of funds collected from the period beginning with the adoption of the fee in 2006 through the end of fiscal year 2011, as well as the park improvements constructed during the same timeframe. More specifically, the City has collected \$572,327 in Park Fees from new development and has expended \$177,644. These expenditures include the picnic area at Railroad Park, new lights at Central Park, enhancements to the pumping system at the Dye Natatorium, upgrades to the Ollie Mountain Skate Park and planning and engineering for a proposed community center and park on Cherry Lane.

Based upon the five years presented in the report, the planned future park projects from TVRPD, and the amount of Park Fees necessary to fund the demand for park facilities by the projected population growth in the City, there remains a reasonable relationship between the Park Fee and its intended purpose.

Lastly, included with the Five-Year Impact Fee Report are annual park impact fee reports for the Fiscal Years 2006-2011. These annual reports include a brief description of the type of fee, the amount of the fee during the fiscal year, the beginning and ending balance of the fund, the amount of fees collected and interest earned, an identification of public improvements constructed, a description of inter-fund transfers or loans, and the amount of any refunds made. This information is contained in each fiscal year's budget but has been formatted into annual reports pursuant to Government Code section 66006.

RECOMMENDATION:

APPROVE THE FIVE-YEAR IMPACT FEE REPORT FOR PARK AND RECREATION IMPACT FEES AND MAKE THE NECESSARY FINDINGS REQUIRED IN CALIFORNIA GOVERNMENT CODE SECTION 66001

CITY OF TEHACHAPI

FIVE-YEAR PARK IMPACT FEE REPORT
ANNUAL PARK IMPACT FEE REPORTS

FISCAL YEARS 2006 - 2011

FEBRUARY 7, 2012



Temecula Office:

27368 Via Industria
Suite 110
Temecula, CA 92590
Tel: (951) 587-3500
Tel: (800) 755-6864
Fax: (951) 587-3510

Corporate Office:

Anaheim, CA

Office Locations:

Oakland, CA
Sacramento, CA
Orlando, FL
Phoenix, AZ

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Introduction

The following is a report to the City of Tehachapi (the "City") City Council regarding the City's Park and Recreational Facility Fee program established pursuant to City Resolution No. 11-06 in May 2006 and authorized under the State's *Mitigation Fee Act*, California Government Code Sections 66000 through 66025. Similar fees are collected by the County of Kern (the "County") from neighboring unincorporated areas of the County and are reported on separately to the County Board of Supervisors. The Tehachapi Valley Recreation and Park District (the "TVRPD") coordinates the planning, construction and funding of joint use park and recreational facilities for the City and County service areas.

This report is prepared in compliance with the five-year and annual reporting requirements of Government Code Sections 66001 and 66006, respectively, and covers the five fiscal years from the fiscal year ending June 30, 2007, through the fiscal year ending June 30, 2011. The historical revenues and project costs shown in this report were provided by the City staff and are unaudited. Future project costs were provided by the TVRPD staff.

In accordance with California Government Code § 66001 (d) (1-4), every five years from the year of inception of the fees, the City Council must make four findings with respect to remaining unexpended portion of the impact fees, whether committed or uncommitted. Those findings include:

- 1) Identifying the purpose for which the fee is intended (California Government Code §66001 (d) (1) (A);
- 2) Demonstrating a reasonable relationship between the fee and its intended purpose (California Government Code §66001 (d) (1) (B);
- 3) Identifying all sources and amounts of funding anticipated to complete financing of the remaining proposed projects (California Government Code §66001 (d) (1) (C);
- 4) Designating the approximate dates on which funding identified in 3) is to be received (California Government Code §66001 (d) (1) (D).

The information presented in this report is intended to enable the City to determine if these finding have been satisfactorily achieved.

Additional information provided for each fiscal year (annual reports) are also incorporated into this study. The annual reports include findings as required by California Government Code §66006 (b) (1) (A-H), specifically:

- 1) Brief description of the fee;
- 2) Current amount of the fee;
- 3) Beginning and ending fund balances;
- 4) Sources and uses of funds;
- 5) Identification of public improvements funded by the fee, and the amount and percentage funded by the fee;
- 6) Identification of future projects and the approximate date the construction will commence.
- 7) Inter-fund transfers or loans; and
- 8) Refunds made.

Five-year Report for Park Fee

The City provides park and recreation facilities to the residents within the boundaries of the City and also joint use facilities servicing certain unincorporated areas of the County. A fee to provide funding for such facilities to accommodate growth in the City due to new development within the City (the “Park Fee”) was established pursuant to City Resolution No. 11-06 in May 2006 and has remained unchanged since its initial approval. The Park Fees shown below are applied to each new building permit issued in the City.

Residential single-family per dwelling unit	\$2,137.00
Residential multi-family per dwelling unit	\$1,276.00

All Park Fees collected by the City are deposited into a specific Park Fee fund account (Fund 128) and all park development expenditures are made from this fund account. The account accrues interest, which is added to the account balance.

Purpose of the Fee

A report entitled *Park & Recreation Facilities Fee Study* dated October 12, 2004 (the “2004 Report”) was prepared by MuniFinancial and served as the basis for the establishment of the Park Fee. The 2004 Report stipulates that the purpose of the Park Fee is “to provide a funding source from new development for park and recreation improvements to serve new development” (2004 Report, page 18). The County standard cited in the 2004 Report for per capita park and recreational facilities served as the measurement for additional facilities required to be constructed as the service population grows. The Park Fee continues to provide one of the funding sources for the \$3.2 million of additional facilities projected to be need in the City by 2025 as determined in **Table 1**.

Service Population

The City service population for park and recreational facilities includes all residents, excluding the prison population, within the boundaries of the City of Tehachapi (the “City Area”). For major joint use facilities within the County, the service population also includes several surrounding unincorporated areas of the County of Kern that have remained a part of TVRPD including the communities of Hart Flat, Keene, Golden Hills, Alpine Forest, Mountain Meadows, Old West Ranch and Sand Canyon (the “County Area”). A current boundary map of TVRPD showing the relative locations of the City Area and County Area is shown in **Exhibit A**. The estimated 2011 service population for both the City Area and County Area is 20,315 as shown in Table 1. This includes a City and County Area service populations of 8,747 and 11,568, respectively. Based on population growth rates within the City and County Areas as derived from the 2000 and 2010 U.S. censuses, the revised projected 2025 service populations for the City and County Areas are 12,841 and 16,147, respectively, for a total 2025 service population of 28,988, with 47% of the increase from the City Area and 53% from the County Area.

Table 1: Service Populations

	City Area	County Area	Total
Tehachapi Area population -Estimate at 2004 formation) (1)	12,227	17,773	30,000 (4)
Tehachapi Area population- 2010 (2)	14,414	20,795	35,209
Less - Stallion Springs population de-annexed (3)		(1,500)	(1,500)
Less - Bear Valley Springs population de-annexed (3)		(8,000)	(8,000)
Less - California Correctional Institution (3)	(5,903)		(5,903)
Estimated Population Served by TVRPD in 2010	8,511	11,295	19,806
Estimated Annualized Growth Rate (1)	2.8%	2.4%	
Estimated Population Served by TVRPD in 2011	8,747	11,568	20,315
% of Total	43%	57%	100%
Projected Service Population at 2025 (1)	12,841	16,147	28,988
% of Total	44%	56%	100%
Projected Increase in Service Population at 2025	4,094	4,579	8,673
% Increase in Population 2011 to 2025	48%	41%	46%
% of Total Increase	47%	53%	100%
Future Park (\$540/resident) and Facilities Costs (\$253/resident) \$	3,200,000	\$ 3,600,000	\$ 6,800,000
Required to maintain County standards through 2025 (to nearest \$100,000)			

(1) Based on growth rate for City and County populations as derived from 2000 and 2010 U.S. Census Bureau data.

(2) Source: 2010 US Census Bureau/Tehachapi Valley Unified School District 2010 Demographic report

(3) Source: TVRPD

(4) Estimated district population in 2004 per report prepared by Willdan Financial (formerly MuniFinancial)

Reasonable Fee Relationship and Its Intended Purpose

Pursuant to the 2004 Report, the TVRPD, and accordingly the City, would “restrict fee revenues to the acquisition of parkland, construction of adjacent street improvements; construction of park improvements, special use facilities and structures on parkland, and financing costs, if any, associated with these expenditures. Park and recreation facilities funded by the fee would provide district wide network of services accessible to the additional residents associated with new development” (2004 Report, page 19). Specific park improvements envisioned at the time of the 2004 Report and mentioned in that document included a community center, two park expansions, and an additional aquatics center.

City Resolution No. 11-06 established the amount of the Park Fees at \$2,137 per each new single family residence and \$1,267 per new multiple-family residential unit. The Park Fees have not been increased since adoption. Per the 2004 Report, The Park Fees are based on the Kern County and City General Plan standards for open space of three acres of parkland per 1,000 residents, which in 2004 was equivalent to \$540 per resident for park land and improvements and \$253 per resident for recreational facilities standard costs. At that time, projected population growth from 2004 to 2025 was 10,500 residents creating an expected cost for future park and recreational facilities of \$8.3 million to accommodate this growth through 2025. Using these same standard costs and the revised projected service population for TVRPD through 2025, the required future park and facilities costs through 2025 are approximately \$6.8 million as shown on Table 1. Of this amount, \$3.2 million will be required to accommodate projected growth within the City Area through 2025.

As noted above, fee revenue is designated to be used for the acquisition and development of park facilities needed to accommodate new development. For the five years from adoption of the Park Fee in 2006 through the end of Fiscal Year 2011, the City has collected \$572,327 in Park Fees and expended \$177,644 in new park facility improvements as shown in **Table 2**. A detail listing of facilities costs by fiscal year is shown in **Table 3**. Future planned park and recreation project costs for the TVRPD and percentage to be funded by the Park Fees are presented in **Table 4**. Based on the five years represented in this report, the planned future park projects for TVRPD, and the amount of Park Fees necessary to fund the demand for park facilities by the projected population growth in the City Area, there remains a reasonable relationship between the Park Fee and the purpose for which it is charged.

Five-year Financial Data

Table 2 presents the historic financial activity for the City Park Fee fund number 128 for fiscal years 2006-07 through 2010-11.

Table 2: City of Tehachapi - Park and Recreation Facility Fees

Fee Type:		Park and Recreation Facilities Fee				
Purpose/Use of Fee:		Expanded Recreation and Park Facilities to Accomodate New Development				
Fund Number:		128				
Total Fund Activity by Fiscal Year	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	Totals
Beginning Fund Balance	\$ -	\$ 249,838	\$ 436,137	\$ 236,869	\$ 337,566	
Receipts:						
Facility fees collected	247,420	177,371	42,740	-	104,796	572,327
Transfers in RDA ¹	-	-		119,813		119,813
Transfers in other			714			714
Interest Earnings	3,294	8,928	6,989	1,524	2,741	23,476
Total Receipts	\$ 250,714	\$ 186,299	\$ 50,443	\$ 121,337	\$ 107,537	\$ 716,330
Uses:						
Park & Recreation Improvements ²	\$ 876	\$ -	\$ 129,898	\$ 20,641	\$ 26,230	\$ 177,644
Transfers Out ¹			\$ 119,813			\$ 119,813
Impact fee refunds	-	-	-	-	-	-
Total Uses	\$ 876	\$ -	\$ 249,711	\$ 20,641	\$ 26,230	\$ 297,457
Ending Fund Balance	\$ 249,838	\$ 436,137	\$ 236,869	\$ 337,566	\$ 418,873	\$ 418,873

¹ Payment for portion of Pioneer Park construction on June 30, 2009. Reimbursed without interest by RDA on May 31, 2010.

² See Table 2 for detail

Sources: City of Tehachapi

For the five-year period from FY 2006-07 through FY 2010-11, total Park Fee collections were \$572,327. Other significant receipts deposited to Fund 128 included \$119,813 reimbursed in FY 2010 by the City's Redevelopment Agency for Pioneer Park improvements advance funded through Park Fees in FY 2009. Interest revenue for the five year period was \$23,476.

The total costs for park facilities improvements over the five fiscal years totaled \$177,644. Table 3 presents the project costs by improvement by fiscal year and the percent funded by Park Fees for each improvement. Significant facilities improvements included construction of a new picnic area at Railroad Park, and new lights at Central Park. The cost of some recent improvements completed in 2010 and 2011 were shared by TVRPD. The City reimbursed TVRPD for 50 percent, \$12,511 in FY 2009-10 and \$15,820 in FY 2010-11, of improvement costs related to the community pool upgrades. In FY 2010-11, the City also reimbursed TVRPD for \$7,000 of the \$7,678 of improvement costs for the Skate Park. Both of these TVRPD facilities are located within the City. The City used Park Fees collected within the City to reimburse TVRPD for these expenses. There were no Park Fee refunds during the five year period from FY 2006-07 through FY 2010-11. The FY 2010-11 ending balance in the City Park Fee fund was \$418,873.

Table 3 presents the historic park and recreational facilities improvement cost detail for the City Park Fee fund number 128 for fiscal years 2006-07 through 2010-11.

Table 3: City of Tehachapi - Park and Recreation Facility Fees

Park and Recreation Facilities Improvements	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	% Funded by Fees Collected City
Engineering for lighting and gazebo	\$ 876					100%
Railroad Park (new picnic area)			\$ 77,420	\$ 6,323		100%
West Park Activity Center (Replacement)			\$ 7,203			100%
Central Park Ampitheater (Labor)			\$ 275			100%
Central Park (Lighting)			\$ 45,000			100%
Community Pool (Filtration)				\$ 1,806	\$ 159	100%
Community Pool (Filtration) ¹				\$ 12,511	\$ 15,820	50%
Skateboard Park (Replacements/Upgrades) ²					\$ 7,000	91%
Antelope Park (Concept Engineering)					\$ 3,250	100%
Subtotal by fiscal year	<u>\$ 876</u>	<u>\$ -</u>	<u>\$ 129,898</u>	<u>\$ 20,641</u>	<u>\$ 26,230</u>	

¹ Payment to Tehachapi Valley Recreation and Park District (TVRPD) for 50 percent of pool improvement expenses.

² Payment to the Tehachapi Valley Recreation and Park District (TVRPD) City share of Skate Park improvements.

Sources: City of Tehachapi

Future Projects and Funding

The recently adopted TVRPD Capital Improvement Program (CIP) contained several high priority planned park facilities projects that were included in the 2006 adoption report. It is anticipated that these facilities will jointly benefit the service populations of the City and County Areas and will be funded by City and County Park Fees, public grants and developer contributions as further detailed in **Exhibit B**.

Table 4 presents the planned future park and recreational facilities project cost for TVRPD and the percentage anticipated to be funded by the City's Park Fees.

Table 4: City of Tehachapi - Park and Recreation Facility Fees

Future Projects	Anticipated Costs	% Funded by Fees	\$ Funded by Park Fees ⁽¹⁾	Anticipated Completion Date
Golden Hills Community Center	\$ 3,175,000	23%	\$ 742,500	FY 2011-2015
Morris Park Development - Phase 2 & 3	2,000,000	13%	250,000	FY 2016-2025
Golden Hills Park	1,525,000	43%	662,500	FY 2013-2016
Aquatic Center	1,300,000	48%	625,000	FY 2016-2025
	<u>\$ 8,000,000</u>		<u>\$ 2,280,000</u>	

(1) Allocation between City Fees and County Fees anticipated to be 50:50 per Exhibit B

Sources: TVRPD

Annual Reports for Park Fees

The following presents annual reports for fiscal year (FY) 2006-07 through FY 2010-11. It is anticipated that future annual reports will be prepared and presented to the City of Tehachapi City Council separately and on an annual basis.

PARK AND FACILITY IMPACT FEE ANNUAL REPORT FOR FY 2006-07

CITY OF TEHACHAPI

Government Code section 66006(b) requires an annual review and disclosure of the Public Facilities Fee adopted by the City. The information shown below constitutes the Annual Report for FY 2006-07 for the City Park Fee

A. A brief description of the type of fee

The impact fee is to be used to construct new or expand existing park and recreation facilities or opportunities.

B. The amount of the fee during the fiscal year

Single-Family Dwelling	\$2,137
Multi-Family Dwelling	\$1,267

C. The beginning and ending balance of the fund during the fiscal year

Beginning fund balance was \$0.

Ending fund balance was \$249,838.

D. The amount of fees collected and the interest earned

During the fiscal year, the amount of fees collected was \$247,420.

During the fiscal year, the amount of interest earned was \$3,294.

E. An identification of each public improvement on which fees were expended

The list of public improvements on which Park Fees were expended during the fiscal year is shown in Table 3 of the Five Year Report above.

F. An identification of an approximate date by which construction, expansion or other improvements to park or recreation facilities will commence.

A list of future public improvements and the anticipated construction period for each are shown in Table 4 of the Five Year Report above.

G. A description of any inter-fund transfer or loans

There were no inter-fund transfers or loans during the fiscal year.

H. The amount of any refunds made pursuant to section 66001(e) or section 66001(f)

There were no refunds during the fiscal year.

PARK AND FACILITY IMPACT FEE ANNUAL REPORT FOR 2007-08

CITY OF TEHACHAPI

Government Code section 66006(b) requires an annual review and disclosure of the Public Facilities Fee adopted by the City. The information shown below constitutes the Annual Report for FY 2007-08 for the City Park Fee

A. A brief description of the type of fee

The impact fee is to be used to construct new or expand existing park and recreation facilities or opportunities.

B. The amount of the fee during the fiscal year

Single-Family Dwelling	\$2,137
Multi-Family Dwelling	\$1,267

C. The beginning and ending balance of the fund during the fiscal year

Beginning fund balance was \$249,838.

Ending fund balance was \$436,137.

D. The amount of fees collected and the interest earned

During the fiscal year, the amount of fees collected was \$177,371.

During the fiscal year, the amount of interest earned was \$8,928.

E. An identification of each public improvement on which fees were expended

The list of public improvements on which Park Fees were expended during the fiscal year is shown in Table 3 of the Five Year Report above.

F. An identification of an approximate date by which construction, expansion or other improvements to park or recreation facilities will commence.

A list of future public improvements and the anticipated construction period for each is shown in Table 4 of the Five Year Report above.

G. A description of any inter-fund transfer or loans

There were no inter-fund transfers or loans during the fiscal year.

H. The amount of any refunds made pursuant to section 66001(e) or section 66001(f)

There were no refunds during the fiscal year.

PARK AND FACILITY IMPACT FEE ANNUAL REPORT FOR 2008-09

CITY OF TEHACHAPI

Government Code section 66006(b) requires an annual review and disclosure of the Public Facilities Fee adopted by the City. The information shown below constitutes the Annual Report for FY 2008-09 for the City Park Fee

A. A brief description of the type of fee

The impact fee is to be used to construct new or expand existing park and recreation facilities or opportunities.

B. The amount of the fee during the fiscal year

Single-Family Dwelling	\$2,137
Multi-Family Dwelling	\$1,267

C. The beginning and ending balance of the fund during the fiscal year

Beginning fund balance was \$436,137.
Ending fund balance was \$236,869.

D. The amount of fees collected and the interest earned

During the fiscal year, the amount of fees collected was \$42,740.
During the fiscal year, the amount of interest earned was \$6,989.

E. An identification of each public improvement on which fees were expended

The list of public improvements on which Park Fees were expended during the fiscal year is shown in Table 3 of the Five Year Report above.

F. An identification of an approximate date by which construction, expansion or other improvements to park or recreation facilities will commence.

A list of future public improvements and the anticipated construction period for each is shown in Table 4 of the Five Year Report above.

G. A description of any inter-fund transfer or loans

During the fiscal year, there were project cost advances of \$119,813 made on behalf of the City's Redevelopment Agency.

H. The amount of any refunds made pursuant to section 66001(e) or section 66001(f)

There were no refunds during the fiscal year.

PARK AND FACILITY IMPACT FEE ANNUAL REPORT FOR 2009-10

CITY OF TEHACHAPI

Government Code section 66006(b) requires an annual review and disclosure of the Public Facilities Fee adopted by the City. The information shown below constitutes the Annual Report for FY 2009-10 for the City Park Fee.

A. A brief description of the type of fee

The impact fee is to be used to construct new or expand existing park and recreation facilities or opportunities.

B. The amount of the fee during the fiscal year

Single-Family Dwelling	\$2,137
Multi-Family Dwelling	\$1,267

C. The beginning and ending balance of the fund during the fiscal year

Beginning fund balance was \$236,869.

Ending fund balance was \$337,566.

D. The amount of fees collected and the interest earned

During the fiscal year, the amount of fees collected was \$0.

During the fiscal year, the amount of interest earned was \$1,524.

E. An identification of each public improvement on which fees were expended

The list of public improvements on which Park Fees were expended during the fiscal year is shown in Table 3 of the Five Year Report above.

F. An identification of an approximate date by which construction, expansion or other improvements to park or recreation facilities will commence.

A list of future public improvements and the anticipated construction period for each is shown in Table 4 of the Five Year Report above.

G. A description of any inter-fund transfer or loans

During the fiscal year, there were reimbursements of \$119,813 from the City's Redevelopment Agency for project costs advances in FY 2008-09.

H. The amount of any refunds made pursuant to section 66001(e) or section 66001(f)

There were no refunds during the fiscal year.

PARK AND FACILITY IMPACT FEE ANNUAL REPORT FOR 2010-11

CITY OF TEHACHAPI

Government Code section 66006(b) requires an annual review and disclosure of the Public Facilities Fee adopted by the City. The information shown below constitutes the Annual Report for FY 2010-11 for the City Park Fee

A. A brief description of the type of fee

The impact fee is to be used to construct new or expand existing park and recreation facilities or opportunities.

B. The amount of the fee during the fiscal year

Single-Family Dwelling	\$2,137
Multi-Family Dwelling	\$1,267

C. The beginning and ending balance of the fund during the fiscal year

Beginning fund balance was \$337,566.
Ending fund balance was \$418,873.

D. The amount of fees collected and the interest earned

During the fiscal year, the amount of fees collected was \$104,796.
During the fiscal year, the amount of interest earned was \$2,741.

E. An identification of each public improvement on which fees were expended

The list of public improvements on which Park Fees were expended during the fiscal year is shown in Table 3 of the Five Year Report above.

F. An identification of an approximate date by which construction, expansion or other improvements to park or recreation facilities will commence.

A list of future public improvements and the anticipated construction period for each is shown in Table 4 of the Five Year Report above.

G. A description of any inter-fund transfer or loans

There were no inter-fund transfers or loans during the fiscal year.

H. The amount of any refunds made pursuant to section 66001(e) or section 66001(f)

There were no refunds during the fiscal year.

Exhibits

EXHIBIT A – Revised TVRPD Boundary Map

Tehachapi Valley Recreation & Parks District District Boundaries



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Bear Valley Springs & Stallion Springs are not included in the TVRPD

EXHIBIT B – Future Capital Improvement Projects

Tehachapi Valley Recreation and Park District
 Future Capital Improvement Project Budget Summary

PROJECT CLASSIFICATION:		PROJECT NUMBER:		ORIGINAL APPROPRIATION DATE:				
Construction		TBD		FY 2010-2011				
PROJECT TITLE:		TENTATIVE COMPLETION DATE:						
Summary sheet		various						
DESCRIPTION:								
Summary sheet								
Cost Estimate (2)	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016-25	TOTAL PROJECT
Land	\$ 50,000	-	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 125,000
Architecture/Engineering	100,000	-	50,000	-	-	-	100,000	250,000
Site preparation	-	25,000	-	100,000	-	-	200,000	325,000
Materials/Equipment/Furniture	-	-	-	200,000	-	-	150,000	350,000
Specialized Equipment	-	-	-	100,000	-	-	75,000	175,000
Construction	-	-	-	1,500,000	2,000,000	500,000	2,775,000	6,775,000
TOTAL	\$ 150,000	\$ 25,000	\$ 125,000	\$ 1,900,000	\$ 2,000,000	\$ 500,000	\$ 3,300,000	\$ 8,000,000
Source of Funds	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016-25	TOTAL PROJECT
Park Impact Fees (County)	\$ 30,000	\$ 12,500	\$ 62,500	\$ 800,000	\$ 250,000	\$ 250,000	\$ 875,000	\$ 2,280,000
Park Impact Fees (City)	30,000	12,500	62,500	800,000	250,000	250,000	875,000	2,280,000
Don Maben Discretionary Funds	90,000	-	-	-	-	-	-	90,000
State or Federal Grants	-	-	-	100,000	1,000,000	-	-	1,100,000
Developer or Other Donations	-	-	-	100,000	-	-	1,550,000	1,650,000
Other Funding	-	-	-	100,000	500,000	-	-	600,000
TOTAL	\$ 150,000	\$ 25,000	\$ 125,000	\$ 1,900,000	\$ 2,000,000	\$ 500,000	\$ 3,300,000	\$ 8,000,000
% Funded by County Fees (1)	20%	50%	50%	42%	13%	50%	27%	29%
% Funded by City Fees (1)	20%	50%	50%	42%	13%	50%	27%	29%
% Funded by Fees in Total	40%	100%	100%	84%	25%	100%	53%	57%

(1) Per City of Tehachapi Resolution No. 11-06, fees to be split 50:50 between City and County impact fees.

(2) See detail of improvements at pages 2 through 5

Source: TVRPD

Tehachapi Valley Recreation and Park District
Capital Improvement Project Budget

PROJECT CLASSIFICATION:		PROJECT NUMBER:										ORIGINAL APPROPRIATION DATE:	
Construction													
PROJECT TITLE:		TENTATIVE COMPLETION DATE:											
Golden Hills Community Center		FY 2011-2015											
DESCRIPTION:													
Construction of a community center to provide rooms for recreation classes and other community activities. Includes park and parking lot expansion. * Project from 2006 Report													
Cost Estimate	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016-25	TOTAL PROJECT					
Land	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -		
Architecture/Engineering	100,000	-	-	-	-	-	-	-	100,000	-	-		
Site preparation	-	25,000	-	-	-	-	-	-	25,000	-	-		
Materials/Equipment/Furniture	-	-	-	-	-	-	-	-	-	-	-		
Specialized Equipment	-	-	-	-	-	-	-	-	-	-	-		
Construction	-	-	-	1,500,000	1,500,000	-	-	-	3,000,000	-	-		
TOTAL	\$ 150,000	\$ 25,000	\$ -	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -	\$ -	\$ 3,175,000	\$ -	\$ -		
Source of Funds	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016-25	TOTAL PROJECT					
Park Impact Fees (County)	\$ 30,000	\$ 12,500	\$ -	\$ 700,000	\$ -	\$ -	\$ -	\$ 742,500	\$ -	\$ -	\$ -		
Park Impact Fees (City)	30,000	12,500	-	700,000	-	-	-	742,500	-	-	-		
Don Maben Discretionary Funds	90,000	-	-	-	1,000,000	-	-	90,000	-	-	-		
State or Federal Grants	-	-	-	-	-	-	-	1,000,000	-	-	-		
Developer or Other Donations	-	-	-	-	-	-	-	-	-	-	-		
Other Funding	-	-	-	100,000	500,000	-	-	600,000	-	-	-		
TOTAL	\$ 150,000	\$ 25,000	\$ -	\$ 1,500,000	\$ 1,500,000	\$ -	\$ -	\$ 3,175,000	\$ -	\$ -	\$ -		
% Funded by County Fees (1)	20%	50%	-	47%	0%	-	-	23%	-	-	-		
% Funded by City Fees (1)	20%	50%	-	47%	0%	-	-	23%	-	-	-		
% Funded by Fees in Total	40%	100%	-	93%	0%	-	-	47%	-	-	-		

(1) Per City of Tehachapi Resolution No. 11-06, fees to be split 50:50 between City and County impact fees.
Source: TVRPD

Tehachapi Valley Recreation and Park District
Capital Improvement Project Budget

PROJECT CLASSIFICATION:		PROJECT NUMBER:										ORIGINAL APPROPRIATION DATE:	
Park Construction												FY 2010-2011	
PROJECT TITLE:		MORRIS PARK DEVELOPMENT - PHASE 2 & 3										TENTATIVE COMPLETION DATE:	
		* Project from 2006 Report										FY 2016-2025	
DESCRIPTION:		Move Little League baseball diamond onto 5-8 acres, including fencing and irrigation. Completion of park including playground, picnic facilities, play courts, walking paths, security lights, etc.											
Cost Estimate	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016-25	TOTAL PROJECT					
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Architecture/Engineering	-	-	-	-	-	-	50,000	50,000	50,000	50,000			
Site preparation	-	-	-	-	-	-	100,000	100,000	100,000	100,000			
Materials/Equipment/Furniture	-	-	-	-	-	-	50,000	50,000	50,000	50,000			
Specialized Equipment	-	-	-	-	-	-	25,000	25,000	25,000	25,000			
Construction	-	-	-	-	-	-	1,775,000	1,775,000	1,775,000	1,775,000			
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000			
Source of Funds	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016-25	TOTAL PROJECT					
Park Impact Fees (City)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000			
Park Impact Fees (City)	-	-	-	-	-	-	250,000	250,000	250,000	250,000			
Don Maben Discretionary Funds	-	-	-	-	-	-	-	-	-	-			
State or Federal Grants	-	-	-	-	-	-	-	-	-	-			
Developer or Other Donations	-	-	-	-	-	-	1,500,000	1,500,000	1,500,000	1,500,000			
Other Funding	-	-	-	-	-	-	-	-	-	-			
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000			
% Funded by County Fees (1)							13%	13%	13%	13%			
% Funded by City Fees (1)							13%	13%	13%	13%			
% Funded by Fees in Total							25%	25%	25%	25%			

(1) Per City of Tehachapi Resolution No. 11-06, fees to be split 50:50 between City and County impact fees.

Source: TVRPD

Tehachapi Valley Recreation and Park District
Capital Improvement Project Budget

PROJECT CLASSIFICATION:		PROJECT NUMBER:										ORIGINAL APPROPRIATION DATE:		
New Park												2005-2006		
PROJECT TITLE:		TENTATIVE COMPLETION DATE:												
Golden Hills Park		FY 2013-2016												
DESCRIPTION:														
Acquire property and construct new park in Golden Hills.														
* Project from 2006 Report														
Cost Estimate	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016-25	TOTAL PROJECT						
Land	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000						
Architecture/Engineering	-	-	50,000	-	-	-	-	50,000						
Site preparation	-	-	-	100,000	-	-	-	100,000						
Materials/Equipment/Furniture	-	-	-	200,000	-	-	-	200,000						
Specialized Equipment	-	-	-	100,000	-	-	-	100,000						
Construction	-	-	-	-	500,000	500,000	-	1,000,000						
TOTAL	\$ -	\$ -	\$ 125,000	\$ 400,000	\$ 500,000	\$ 500,000	\$ -	\$ 1,525,000						
Source of Funds	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016-25	TOTAL PROJECT						
Park Impact Fees (County)	\$ -	\$ -	\$ 62,500	\$ 100,000	\$ 250,000	\$ 250,000	\$ -	\$ 662,500						
Park Impact Fees (City)	-	-	62,500	100,000	250,000	250,000	-	662,500						
Don Maben Discretionary Funds	-	-	-	-	-	-	-	-						
State or Federal Grants	-	-	-	100,000	-	-	-	100,000						
Developer or Other Donations	-	-	-	100,000	-	-	-	100,000						
Other Funding	-	-	-	-	-	-	-	-						
TOTAL	\$ -	\$ -	\$ 125,000	\$ 400,000	\$ 500,000	\$ 500,000	\$ -	\$ 1,525,000						
% Funded by County Fees (1)			50%	25%	50%	50%		43%						
% Funded by City Fees (1)			50%	25%	50%	50%		43%						
% Funded by Fees in Total			100%	50%	100%	100%		87%						

(1) Per City of Tehachapi Resolution No. 11-06, fees to be split 50:50 between City and County impact fees.

Source: TVRPD

Exhibit B

Tehachapi Valley Recreation and Park District
Capital Improvement Project Budget

PROJECT CLASSIFICATION:		PROJECT NUMBER:										ORIGINAL APPROPRIATION DATE:			
Park construction												FY 2010-2011			
PROJECT TITLE:												TENTATIVE COMPLETION DATE:			
Aquatic Center												FY 2016-2025			
DESCRIPTION:															
Construction of new aquatic center. * (Project from 2006 Report)															
Cost Estimate	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016-25	TOTAL PROJECT							
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Architecture/Engineering	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,000
Site preparation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000
Materials/Equipment/Furniture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100,000
Specialized Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,000
Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,300,000
Source of Funds	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016-25	TOTAL PROJECT							
Park Impact Fees (City)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 625,000
Park Impact Fees (City)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	625,000
Don Maben Discretionary Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
State or Federal Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Developer or Other Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,000
Other Funding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,300,000
% Funded by County Fees (1)															48%
% Funded by City Fees (1)															48%
% Funded by Fees in Total															96%

(1) Per City of Tehachapi Resolution No. 11-06, fees to be split 50:50 between City and County impact fees.
Source: TVRPD