

AGENDA
CITY COUNCIL OF THE CITY OF MORENO VALLEY
MORENO VALLEY COMMUNITY SERVICES DISTRICT
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF
MORENO VALLEY
BOARD OF LIBRARY TRUSTEES

February 9, 2010

REGULAR MEETING – 6:30 P.M.

City Council Closed Session

First Tuesday of each month – 6:00 p.m.

City Council Study Sessions

Third Tuesday of each month – 6:00 p.m.

City Council Meetings

Second and Fourth Tuesdays – 6:30 p.m.

City Hall Council Chamber - 14177 Frederick Street

Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, in compliance with the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Mel Alonzo, ADA Coordinator at 951.413.3027 at least 48 hours before the meeting. The 48-hour notification will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Robin N. Hastings, Mayor Pro Tem
Jesse L. Molina, Council Member

Bonnie Flickinger, Mayor

Richard A. Stewart, Council Member
William H. Batey II, Council Member

**AGENDA
JOINT MEETING OF THE
CITY COUNCIL OF THE CITY OF MORENO VALLEY
MORENO VALLEY COMMUNITY SERVICES DISTRICT
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO
VALLEY AND THE BOARD OF LIBRARY TRUSTEES**

**REGULAR MEETING - 6:30 PM
FEBRUARY 9, 2010**

CALL TO ORDER

(Joint Meeting of the City Council, Community Services District, Community Redevelopment Agency, and the Board of Library Trustees - actions taken at the Joint Meeting are those of the Agency indicated on each Agenda item)

PLEDGE OF ALLEGIANCE

INVOCATION - Pastor Mark Avila, Calvary Chapel of Moreno Valley

ROLL CALL

INTRODUCTIONS

PUBLIC COMMENTS ON MATTERS ON THE AGENDA WILL BE TAKEN UP AS THE ITEM IS CALLED FOR BUSINESS, BETWEEN STAFF'S REPORT AND CITY COUNCIL DELIBERATION (SPEAKER SLIPS MAY BE TURNED IN UNTIL THE ITEM IS CALLED FOR BUSINESS.)

PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA UNDER THE JURISDICTION OF THE CITY COUNCIL WILL BE HEARD PRIOR TO CITY COUNCIL REPORTS AND CLOSING COMMENTS. IN THE EVENT THAT THE AGENDA ITEM FOR SUCH PUBLIC COMMENTS HAS NOT BEEN CALLED BY 9:00 P.M., IT SHALL BE CALLED AS THE NEXT ITEM OF BUSINESS FOLLOWING THE CONCLUSION OF ANY ITEM BEING HEARD AT 9:00 P.M. Those wishing to speak should submit a BLUE speaker slip to the Bailiff. There is a three-minute time limit per person. All remarks and questions shall be addressed to the presiding officer or to the City Council and not to any individual Council member, staff member or other person.

JOINT CONSENT CALENDARS (SECTIONS A-D)

All items listed under the Consent Calendars, Sections A, B, C, and D are considered to be routine and non-controversial, and may be enacted by one motion unless a member of the Council, Community Services District, Redevelopment

Agency or the Board of Library Trustees requests that an item be removed for separate action. The motion to adopt the Consent Calendars is deemed to be a separate motion by each Agency and shall be so recorded by the City Clerk. Items withdrawn for report or discussion will be heard after public hearing items.

A. CONSENT CALENDAR-CITY COUNCIL

A.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

A.2 MINUTES - REGULAR MEETING OF JANUARY 26, 2010 (Report of: City Clerk)

Recommendation:

Approve as submitted.

A.3 ADOPT A MITIGATED NEGATIVE DECLARATION (MND) FOR IMPROVEMENTS TO CACTUS AVENUE EXTENDING FROM EASTERLY OF THE INTERSTATE 215 NEAR COMMERCE CENTER DRIVE TO HEACOCK STREET - PROJECT NOS. 07-41678527 AND 07-41683328 (Report of: Public Works Department)

Recommendation:

Adopt a Mitigated Negative Declaration (MND) for improvements to Cactus Avenue extending from easterly of the Interstate 215 near Commerce Center Drive to Heacock Street, in that mitigation measures included in the Final Initial Study/Environmental Assessment which will ultimately be incorporated into the project specifications and implemented through the Mitigation Monitoring and Reporting Program will reduce all potential environmental impacts to an acceptable level.

A.4 TRACT MAP 31494 – ADOPT THE RESOLUTION AUTHORIZING ACCEPTANCE OF THE PUBLIC IMPROVEMENTS AS COMPLETE AND ACCEPTING COLLIE COURT AND THE PORTION OF COTTONWOOD AVENUE AND DARWIN DRIVE ASSOCIATED WITH THE PROJECT INTO THE CITY’S MAINTAINED STREET SYSTEM - DEVELOPER: COLLIE COURT DEVELOPMENT, LLC, MORENO VALLEY, CA 92552-7599 (Report of: Public Works Department)

Recommendation:

Adopt Resolution No. 2010-09 authorizing acceptance of the public improvements for Tract 31494 as complete and accepting Collie Court, and the portions of Cottonwood Avenue and Darwin Drive associated with the project into the City’s maintained street system.

Resolution No. 2010-09

A Resolution of the City Council of the City of Moreno Valley, California, Authorizing the Acceptance of the Public Improvements as Complete Within Tract 31494, and Accepting Collie Court, and the Portions of Cottonwood Avenue and Darwin Drive Associated with the Project into the City's Maintained Street System

A.5 CITY COUNCIL REPORTS ON REIMBURSABLE ACTIVITIES (Report of: City Clerk)

Recommendation:

Receive and file the Reports on Reimbursable Activities for the period of January 20 - February 2, 2010.

A.6 NOTICE OF COMPLETION AND ACCEPTANCE OF TRAFFIC SIGNAL AND STREET IMPROVEMENTS AT LASSELLE STREET AND COTTONWOOD AVENUE - PROJECT NO. 08-41779126 (Report of: Public Works Department)

Recommendation:

1. Accept the work as complete for the Traffic Signal and Street Improvements at Lasselle Street and Cottonwood Avenue, constructed by All American Asphalt, PO Box 2229, Corona, CA 92787;
2. Direct the City Clerk to record the Notice of Completion within ten (10) calendar days at the office of the County Recorder of Riverside County, as required by Section 3093 of the California Civil Code;
3. Authorize the Financial and Administrative Services Director to release the retention to All American Asphalt, thirty-five (35) calendar days after the date of recordation of the Notice of Completion, if no claims are filed against the project; and
4. Accept the improvements into the City's maintained road system.

A.7 NOTICE OF COMPLETION AND ACCEPTANCE OF TRAFFIC SIGNAL AND STREET IMPROVEMENTS AT LASSELLE STREET AND BAY AVENUE - PROJECT NO. 08-41779426 (Report of: Public Works Department)

Recommendation:

1. Accept the work as complete for the Traffic Signal and Street Improvements at Lasselle and Bay Avenue, constructed by Pouk & Steinle, Inc., 2520 Rubidoux Boulevard, Riverside, CA 92519;
2. Direct the City Clerk to record the Notice of Completion within ten (10)

calendar days at the office of the County Recorder of Riverside County, as required by Section 3093 of the California Civil Code;

3. Authorize the Financial and Administrative Services Director to release the retention to Pouk & Steinle, Inc., thirty-five (35) calendar days after the date of recordation of the Notice of Completion, if no claims are filed against the project; and
4. Accept the improvements into the City's maintained road system.

A.8 APPROVE PROJECT RECOMMENDATIONS FOR REMAINING UNEXPENDED "PROPOSITION 1B" - TRANSPORTATION BOND PROGRAM FUNDS AS PART OF THE FY 09/10 PAVEMENT RESURFACING PROJECT - PROJECT NO. 10-12556330 (Report of: Public Works Department)

Recommendation:

1. Approve Project Recommendations for Remaining Unexpended Proposition 1B funds as part of the FY 09/10 Pavement Resurfacing Project; and
2. Authorize the City Engineer to update and submit the Proposition 1B Project Accountability Plan to the State Department of Finance.

A.9 RECEIPT OF QUARTERLY INVESTMENT REPORT - QUARTER ENDED DECEMBER 31, 2009 (Report of: Financial & Administrative Services Department)

Recommendation:

Receive and file the Quarterly Investment Report, in compliance with the City's Investment Policy.

B. CONSENT CALENDAR-COMMUNITY SERVICES DISTRICT

B.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

B.2 MINUTES - REGULAR MEETING OF JANUARY 26, 2010 (Report of: City Clerk)

Recommendation:

Approve as submitted.

C. CONSENT CALENDAR - COMMUNITY REDEVELOPMENT AGENCY

C.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

- C.2 MINUTES - REGULAR MEETING OF JANUARY 26, 2010 (Report of: City Clerk)

Recommendation:
Approve as submitted.

D. CONSENT CALENDAR - BOARD OF LIBRARY TRUSTEES

- D.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

- D.2 MINUTES - REGULAR MEETING OF JANUARY 26, 2010 (Report of: City Clerk)

Recommendation:
Approve as submitted.

E. PUBLIC HEARINGS - NONE

Questions or comments from the public on a Public Hearing matter are limited to five minutes per individual and must pertain to the subject under consideration. Those wishing to speak should complete and submit a GOLDENROD speaker slip to the Bailiff.

F. ITEMS REMOVED FROM CONSENT CALENDARS FOR DISCUSSION OR SEPARATE ACTION

G. REPORTS

- G.1 CITY COUNCIL REPORTS ON REGIONAL ACTIVITIES (Informational Oral Presentation - not for Council action)

a) Report by Mayor Bonnie Flickinger on Riverside Transit Agency (RTA)

b) Report by Mayor Bonnie Flickinger on Riverside County Transportation Commission (RCTC)

c) Report by Council Member Robin N. Hastings on Western Riverside Council of Governments (WRCOG)

- G.2 PARTICIPATION AGREEMENT WITH IHERB, INC. (Report of: Economic Development Department)

Recommendation: That the City Council:

Adopt Resolution No. 2010-10, a Resolution of the City of Moreno Valley approving and authorizing a Participation Agreement with iHerb, Inc.

Resolution No. 2010-10

A Resolution of the City Council of the City of Moreno Valley Authorizing a Participation Agreement with iHerb, Inc.

- G.3 CITY MANAGER'S REPORT (Informational Oral Presentation - not for Council action)

H. LEGISLATIVE ACTIONS

- H.1 ORDINANCES - 1ST READING AND INTRODUCTION - NONE
- H.2 ORDINANCES - 2ND READING AND ADOPTION - NONE
- H.3 ORDINANCES - URGENCY ORDINANCES - NONE
- H.4 RESOLUTIONS - NONE

PUBLIC COMMENTS ON ANY SUBJECT NOT ON THE AGENDA UNDER THE JURISDICTION OF THE CITY COUNCIL

Those wishing to speak should complete and submit a BLUE speaker slip to the Bailiff. There is a three-minute time limit per person. All remarks and questions shall be addressed to the presiding officer or to the City Council and not to any individual Council member, staff member or other person.

CLOSING COMMENTS AND/OR REPORTS OF THE CITY COUNCIL, COMMUNITY SERVICES DISTRICT, OR COMMUNITY REDEVELOPMENT AGENCY

Materials related to an item on this Agenda submitted to the City Council/Community Services District/Community Redevelopment Agency or the Board of Library Trustees after distribution of the agenda packet are available for public inspection in the City Clerk's office at 14177 Frederick Street during normal business hours.

CLOSED SESSION

A Closed Session of the City Council, Community Services District and Community Redevelopment Agency of the City of Moreno Valley will be held in the City Manager's Conference Room, Second Floor, City Hall. The City Council will meet in Closed Session to confer with its legal counsel regarding the following matter(s) and any additional matter(s) publicly and orally announced by the City Attorney in the Council Chamber at the time of convening the Closed Session.

• PUBLIC COMMENTS ON MATTERS ON THE CLOSED SESSION AGENDA UNDER THE JURISDICTION OF THE CITY COUNCIL

There is a three-minute time limit per person. Please complete and submit a BLUE speaker slip to the City Clerk. All remarks and questions shall be addressed to the presiding officer or to the City Council and not to any individual Council member, staff member or other person.

The Closed Session will be held pursuant to Government Code:

1 SECTION 54956.9(b)(1) - CONFERENCE WITH LEGAL COUNSEL - SIGNIFICANT EXPOSURE TO LITIGATION

Number of Cases: 2

2 SECTION 54956.9(c) - CONFERENCE WITH LEGAL COUNSEL - INITIATION OF LITIGATION

Number of Cases: 2

3 SECTION 54957 - PUBLIC EMPLOYEE APPOINTMENT/PUBLIC EMPLOYMENT

- a) City Attorney Recruitment
- b) City Manager Recruitment

REPORT OF ACTION FROM CLOSED SESSION, IF ANY, BY CITY ATTORNEY

ADJOURNMENT

**JOINT MEETING OF THE
CITY COUNCIL OF THE CITY OF MORENO VALLEY
MORENO VALLEY COMMUNITY SERVICES DISTRICT
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF MORENO VALLEY
BOARD OF LIBRARY TRUSTEES
MORENO VALLEY INDUSTRIAL DEVELOPMENT AUTHORITY (IDA),
MORENO VALLEY PUBLIC FACILITIES FINANCING CORPORATION
(MVPFFC)
MORENO VALLEY PUBLIC FINANCING AUTHORITY (MVPFA)
January 26, 2010**

CALL TO ORDER

SPECIAL PRESENTATIONS

1. Award for Excellence in Information Technology Practices to the City's Technology Services Division
2. Stater Bros. Donation
3. Employee of the Quarter - Denise Bagley

MINUTES
CITY COUNCIL OF THE CITY OF MORENO VALLEY
MORENO VALLEY COMMUNITY SERVICES DISTRICT
COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF MORENO VALLEY
BOARD OF LIBRARY TRUSTEES
MORENO VALLEY INDUSTRIAL DEVELOPMENT AUTHORITY (IDA),
MORENO VALLEY PUBLIC FACILITIES FINANCING CORPORATION
(MVPFFC)
MORENO VALLEY PUBLIC FINANCING AUTHORITY (MVPFA)

REGULAR MEETING - 6:30 PM
JANUARY 26, 2010

CALL TO ORDER

JOINT CONSENT CALENDARS (SECTIONS A-D) OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, MORENO VALLEY COMMUNITY SERVICES DISTRICT, COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY AND THE BOARD OF LIBRARY TRUSTEES

PLEDGE OF ALLEGIANCE – The Pledge of Allegiance was led by Mayor Flickinger

INVOCATION – Mayor Flickinger

ROLL CALL

Council:

Bonnie Flickinger	Mayor
Robin N. Hastings	Mayor Pro Tem
Jesse L. Molina	Council Member
Robin N. Hastings	Council Member
William H. Batey II	Council Member

Absent:

Richard A. Stewart	Council Member
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Staff:

Jane Halstead	City Clerk
Julienne Clay	Administrative Assistant
Steve Elam	Financial and Administrative Services Director
Robert Hansen	Interim City Attorney
William L. Bopf	Interim City Manager
John Anderson	Police Chief
Steve Curley	Fire Chief
	Public Works Director/City Engineer

Chris Vogt
Barry Foster
Kyle Kollar
Chris Paxton
Paula Smus
Mike McCarty

Economic Development Director
Community Development Director
Human Resources Director
Head Librarian
Parks & Community Services Director

JOINT CONSENT CALENDARS (SECTIONS A-D) OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, MORENO VALLEY COMMUNITY SERVICES DISTRICT, COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY AND THE BOARD OF LIBRARY TRUSTEES

Mayor Flickinger opened the agenda items for the Consent Calendars for public comments, which were received from Pete Bleckert (Items A6, A8 and A11), Deanna Reeder (Item A11) and Jan Beyers (Item A11).

A. CONSENT CALENDAR-CITY COUNCIL

A.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

A.2 MINUTES - REGULAR MEETING OF JANUARY 12, 2010 (Report of: City Clerk)

Recommendation:
Approve as submitted.

A.3 TRACT MAP 31212 - REDUCE FAITHFUL PERFORMANCE BOND AND ADOPT THE RESOLUTION AUTHORIZING ACCEPTANCE OF THE PUBLIC IMPROVEMENTS AS COMPLETE AND ACCEPTING QUARTZ ROAD, JADE WAY, BALSAWOOD LANE, OPAL STREET, SESAME ROAD, LARKSPUR WAY, SAFFRON CIRCLE, DIAMOND LANE, EMERALD AVENUE, CARDAMOM WAY, SAPPHIRE WAY, AND THE PORTION OF COTTONWOOD AVENUE, MORRISON STREET, AND BAY AVENUE ASSOCIATED WITH THE PROJECT INTO THE CITY'S MAINTAINED STREET SYSTEM - DEVELOPER: WESTERN PACIFIC HOUSING, INC., CORONA, CA 92880 (Report of: Public Works Department)

Recommendation:

1. Adopt Resolution No. 2010-03 authorizing the acceptance of the public improvements within Tract Map 31212 as complete and accepting Quartz Road, Jade Way, Balsawood Lane, Opal Street, Sesame Road, Larkspur Way, Saffron Circle, Diamond Lane, Emerald Avenue, Cardamom Way, Sapphire Way, and the portion of

Cottonwood Avenue, Morrison Street, and Bay Avenue associated with the project into the City's maintained street system; and

Resolution No. 2010-03

A Resolution of the City Council of the City Of Moreno Valley, California, Authorizing the Acceptance of the Public Improvements as Complete within Tract Map 31212 and Accepting Quartz Road, Jade Way, Balsawood Lane, Opal Street, Sesame Road, Larkspur Way, Saffron Circle, Diamond Lane, Emerald Avenue, Cardamom Way, Sapphire Way, and the Portion of Cottonwood Avenue, Morrison Street, and Bay Avenue Associated with the Project into the City's Maintained Street System

2. Authorize the City Engineer to execute the 90% reduction to the Faithful Performance Bond, exonerate the Material and Labor Bond in 90 days if there are no stop notices or liens on file with the City Clerk, and exonerate the final 10% of the Faithful Performance Bond in one year when all clearances are received.

A.4 AUTHORIZATION TO AWARD THE CONSTRUCTION CONTRACT FOR KITCHING STREET IMPROVEMENTS FROM CACTUS AVENUE TO ALESSANDRO BOULEVARD - PROJECT NO. 07-50182425 (Report of: Public Works Department)

Recommendation:

1. Award the construction contract for the Kitching Street Improvements from Cactus Avenue to Alessandro Boulevard to Hillcrest Contracting, the lowest responsible bidder;
2. Authorize the City Manager to execute a contract with Hillcrest Contracting;
3. Authorize the issuance of a Purchase Order to Hillcrest Contracting in the amount of \$2,014,820.42 (\$1,752,017.42 for the Base Bid, Additive Bid Alternatives A, B and C plus \$262,803.00 for the 15% contingency) when the contract has been signed by all parties; and
4. Authorize the Public Works Director/City Engineer to execute any subsequent change orders to the contract with Hillcrest Contracting, up to but not to exceed the Purchase Order contingency of \$262,803.00, subject to the approval of the City Attorney.

A.5 UPDATED STATE AND FEDERAL LEGISLATIVE ADVOCACY PRIORITIES FOR 2010 (Report of: City Manager's Office)

Recommendation:

Review and adopt the proposed State and Federal Legislative Advocacy Priorities for 2010.

- A.6 LICENSE AGREEMENT FOR JOINT USE OF SOUTHERN CALIFORNIA EDISON STREETLIGHT POLES (Report of: Public Works Department)

Recommendation:

Review, approve and authorize the Mayor to sign the License Agreement between the City of Moreno Valley and Southern California Edison (SCE) to permit the City to install non-electrified traffic regulating signs, American flags, Neighborhood Watch signs and other City sponsored event banners and related appurtenances (collectively the "Attachments") on SCE owned streetlight poles.

- A.7 APPROVAL OF THE AMENDED AND RESTATED ACQUISITION/FINANCING AGREEMENT BY AND AMONG THE CITY OF MORENO VALLEY, FOR AND ON BEHALF OF ITSELF AND COMMUNITY FACILITIES DISTRICT NO. 7, FR/CAL MORENO VALLEY, LLC, FIRST INDUSTRIAL, L.P., AND FR/CAL INDIAN AVENUE, LLC AND THE AREA DRAINAGE PLAN FEE AGREEMENT BY AND AMONG THE CITY OF MORENO VALLEY, FOR AND ON BEHALF OF ITSELF AND COMMUNITY FACILITIES DISTRICT NO. 7, FR/CAL MORENO VALLEY, LLC, FIRST INDUSTRIAL, L.P., AND FR/CAL INDIAN AVENUE, LLC (Report of: Public Works Department)

Recommendation:

1. Acting on behalf of itself and as the Legislative Body for Community Facilities District No. 7 adopt the following:

Resolution No. 2010-04; a Resolution approving the Amended and Restated Acquisition/Financing Agreement by and among the City of Moreno Valley, for and on behalf of itself and Community Facilities District No. 7, FR/CAL Moreno Valley, LLC, First Industrial, L.P., and FR/CAL Indian Avenue, LLC; and

Resolution No. 2010-04

A Resolution of the City Council of the City of Moreno Valley, California, Approving the Amended and Restated Acquisition/Financing Agreement By and Among the City of Moreno Valley, for and on Behalf of Itself and Community Facilities District No. 7, FR/CAL Moreno Valley, LLC, FR/CAL Indian Avenue, LLC And First Industrial, L.P.

2. Resolution No. 2010-05; a Resolution approving the Area Drainage Plan Fee Agreement by and among the City of Moreno Valley, for and

on behalf of itself and Community Facilities District No. 7, FR/CAL Moreno Valley, LLC, First Industrial, L.P., and FR/CAL Indian Avenue, LLC.

Resolution No. 2010-05

A Resolution of the City Council of the City of Moreno Valley, California, Approving the Area Drainage Plan Fee Agreement By and Among the City of Moreno Valley, for and on Behalf of Itself and Community Facilities District No. 7, FR/CAL Moreno Valley, LLC, FR/CAL Indian Avenue, LLC and First Industrial, L.P.

- A.8 ADOPT A MITIGATED NEGATIVE DECLARATION FOR EDGEMONT WATER MASTER PLAN UPDATE - PROJECT NO. 08-19319310 (Report of: Public Works Department)

Recommendation:

Adopt a Mitigated Negative Declaration (MND) for the City of Moreno Valley Edgemont Water Master Plan Update Program and find that implementation of the Mitigation Monitoring and Reporting Program therein will reduce all program potential environmental impacts to an acceptable level.

- A.9 CITY COUNCIL REPORTS ON REIMBURSABLE ACTIVITIES (Report of: City Clerk)

Recommendation:

Receive and file the Reports on Reimbursable Activities for the period of January 6-19, 2010.

- A.10 CALIFORNIA OFFICE OF TRAFFIC SAFETY (OTS) GRANT FUNDING OPPORTUNITY (Report of: Police Department)

Recommendation:

Approve the grant application and authorize acceptance (if awarded) of the California Office of Traffic Safety grant in the amount of \$204,749.21, entitled "DUI Enforcement and Awareness Program."

- A.11 EXPIRATION OF THE RED LIGHT PHOTO ENFORCEMENT PILOT PROGRAM (Report of: the Public Works Department)

Recommendation:

Officially confirm the City Council's consensus to terminate the existing red light photo enforcement service at the end of its 2-year pilot program.

- A.12 ANNUAL REPORT ON DEVELOPMENT IMPACT FEES (Report of: Financial & Administrative Services Department)

Recommendation:

1. Approve and accept the Annual Report on Development Impact Fees in compliance with California Government Code Section 66006; and
2. Approve the finding that staff has demonstrated a continuing need to hold unexpended Development Impact Fees.

B. CONSENT CALENDAR-COMMUNITY SERVICES DISTRICT

B.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

B.2 MINUTES - REGULAR MEETING OF JANUARY 12, 2010 (Report of: City Clerk)

Recommendation:

Approve as submitted.

B.3 ACCEPTANCE OF GRANT MONIES FROM THE CALIFORNIA DEPARTMENT OF EDUCATION, CHILD DEVELOPMENT SERVICES, FOR CHILD CARE SERVICES AND ADOPTION OF THE RESOLUTION TO CERTIFY THE APPROVAL OF THE GOVERNING BOARD (Report of: Parks and Community Services)

Recommendation:

1. Authorize the acceptance of grant money in the amount of \$755,308 for Fiscal Year 2009/2010 from the California Department of Education, Child Development Division, for the purpose of providing school age child care and development services; and
2. Adopt Resolution No. CSD 2010-02 to certify the approval of the governing board to enter into this transaction with the California Department of Education for the purpose of providing child care and development services and to authorize the designated personnel, as shown on the resolution, to sign contract documents for Fiscal Year 2009/2010.

Resolution No. CSD 2010-02

A Resolution of the Moreno Valley Community Services District of the City of Moreno Valley, California, Certifying the Approval of the Governing Board to Enter Into a Transaction with the California Department of Education for the Purpose of Providing Child Care and Development Services and to Authorize Designated Personnel to Sign Contract Documents for FY 2009/10

B.4 ACCEPTANCE OF ONE TIME GRANT MONIES FROM THE CALIFORNIA DEPARTMENT OF EDUCATION, CHILD DEVELOPMENT SERVICES, FOR INSTRUCTIONAL MATERIALS AND ADOPTION OF THE RESOLUTION TO CERTIFY THE APPROVAL OF THE GOVERNING BOARD (Report of: Parks and Community Services)

Recommendation:

1. Authorize the acceptance of one time grant money in the amount of \$1,345 for Fiscal Year 2009/2010 from the California Department of Education, Child Development Division, for the purpose of purchasing instructional materials and supplies for the child development program; and
2. Adopt Resolution No. CSD 2010-03 to certify the approval of the governing board to enter into this transaction with the California Department of Education for the purpose of purchasing instructional materials and supplies for the child development program and to authorize the designated personnel, as shown on the resolution, to sign contract documents for Fiscal Year 2009/2010.

Resolution No. CSD 2010-03

A Resolution of the Moreno Valley Community Services District of the City of Moreno Valley, California, Certifying the Approval of the Governing Board to Enter Into a Transaction with the California Department of Education for the Purpose of Providing Child Care and Development Services and to Authorize Designated Personnel to Sign Contract Documents for FY 2009/10

C. CONSENT CALENDAR - COMMUNITY REDEVELOPMENT AGENCY

C.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

C.2 MINUTES - REGULAR MEETING OF JANUARY 12, 2010 (Report of: City Clerk)

Recommendation:

Approve as submitted.

D. CONSENT CALENDAR - BOARD OF LIBRARY TRUSTEES

D.1 ORDINANCES - READING BY TITLE ONLY

Recommendation: Waive reading of all Ordinances.

D.2 MINUTES - REGULAR MEETING OF JANUARY 12, 2010 (Report of: City Clerk)

Motion to Approve Joint Consent Calendar Items A1 – D2, except Item A11, which was pulled for a separate vote. Motion by Council Member William H. Batey II, s/Mayor Pro Tem Robin N. Hastings. Approved by a vote of 4–0–1 vote, Stewart absent.

Motion to Approve Consent Calendar Item A11. Motion by Mayor Pro Tem Robin N. Hastings, s/Mayor Bonnie Flickinger. Approved by a vote of 3–1–1 vote, Batey opposed, Stewart absent.

ADJOURNMENT OF CITY COUNCIL MEETING TO ANNUAL/REGULAR MEETING OF THE MORENO VALLEY PUBLIC FACILITIES FINANCING CORPORATION (MVPFFC)

ANNUAL/REGULAR MEETING OF THE MORENO VALLEY PUBLIC FACILITIES FINANCING CORPORATION (MVPFFC)

CALL TO ORDER at 6:46 p.m.

ROLL CALL

Bonnie Flickinger	President
Robin Hastings	Vice President
Jesse L. Molina	Board Member
William H. Batey II	Board Member

ABSENT:

Richard A. Stewart	Board Member
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President Flickinger opened the agenda item for public comments, which were received from Pete Bleckert.

SPECIAL ORDER OF BUSINESS

There are no reports or issues before the corporation.

ADJOURNMENT OF THE MORENO VALLEY PUBLIC FACILITIES FINANCING CORPORATION (MVPFFC) TO ANNUAL/REGULAR MEETING OF THE MORENO VALLEY PUBLIC FINANCING AUTHORITY (MVPFA)

ANNUAL/REGULAR MEETING OF THE MORENO VALLEY PUBLIC

FINANCING AUTHORITY (MVPFA)

CALL TO ORDER 6:47 p.m.

ROLL CALL

Bonnie Flickinger	Chairperson
Robin Hastings	Vice Chairperson
Jesse L. Molina	Board Member
William H. Batey II	Board Member

ABSENT

Richard A. Stewart	Board Member
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PUBLIC COMMENTS ON MATTERS UNDER THE JURISDICTION OF THE AUTHORITY

Chairperson Flickinger opened the agenda item for public comments; there being none, public comments were closed.

SPECIAL ORDER OF BUSINESS

There are no reports or issues before the authority.

ADJOURNMENT OF THE ANNUAL/REGULAR MEETING OF THE MORENO VALLEY PUBLIC FINANCING AUTHORITY (MVPFA) TO ANNUAL REGULAR MEETING OF THE MORENO VALLEY INDUSTRIAL DEVELOPMENT AUTHORITY (IDA)

ANNUAL/REGULAR MEETING OF THE MORENO VALLEY INDUSTRIAL DEVELOPMENT AUTHORITY (IDA)

CALL TO ORDER at 6:48 p.m.

ROLL CALL

Bonnie Flickinger	Chairperson
Robin Hastings	Vice Chairperson
Jesse L. Molina	Board Member
William H. Batey II	Board Member

ABSENT:

Richard A. Stewart	Board Member
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MINUTES
January 26, 2010

Chairwoman Flickinger opened the agenda item for public comments; there being none, public comments were closed.

SPECIAL ORDER OF BUSINESS

There are no reports or issues before the authority.

Adjourned at 6:48 p.m. to regular City Council meeting.

RECONVENE JOINT MEETING OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, MORENO VALLEY COMMUNITY SERVICES DISTRICT, AND THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY

E. PUBLIC HEARINGS

E.1 PUBLIC HEARING REGARDING A MAIL BALLOT PROCEEDING FOR CALIFORNIA DRUG CONSULTANT, INC. - APN 486-280-041 BALLOTING FOR NPDES AND CSD ZONE M (Report of: Public Works Department)

Mayor Flickinger opened the public testimony portion of the public hearing; there being none, public testimony was closed.

Recommendation: That the City Council

1. After conducting the Public Hearing and accepting public testimony:
 - a. Direct the City Clerk to tabulate the National Pollutant Discharge Elimination System (NPDES) ballot for California Drug Consultant, Inc.—Assessor Parcel Number (APN) 486-280-041;

Motion to Approve by m/Council Member William H. Batey II, s/Mayor Pro Tem Robin N. Hastings
Approved by a vote of 4-0-1, Stewart absent.

- b. Verify and accept the result of the mail ballot proceeding as identified on the Official Tally Sheet and APN listing;
- c. Receive and file with the City Clerk’s office the accepted Official Tally Sheet and APN listing; and
- d. If approved, authorize and impose the NPDES maximum commercial/industrial regulatory rate to APN 486-280-041.

The City Clerk announced the results as follows: APN 486-280-041 passed.

Motion to Approve by m/Council Member William H. Batey II, s/Mayor Pro Tem Robin N. Hastings
Approved by a vote of 4-0-1, Stewart absent.

2. Acting in their capacity as President and Members of the Board of Directors of the CSD (“CSD Board”), after conducting the Public Hearing and accepting public testimony:
 - a. Direct the Secretary of the CSD Board (City Clerk) to tabulate the CSD Zone M ballot for California Drug Consultant, Inc.—APN 486-280-041;

Motion to Approve by m/Council Member William H. Batey II, s/Mayor Pro-Tem Robin N. Hastings
Approved by a vote of 4-0-1, Stewart absent.

- b. Verify and accept the result of the mail ballot proceeding as identified on the Official Tally Sheet and APN listing;
- c. Receive and file with the City Clerk’s office the accepted Official Tally Sheet and APN listing; and
- d. If approved, authorize and impose the annual CSD Zone M (Commercial, Industrial, and Multifamily Improved Median Maintenance) charge to APN 486-280-041.

The City Clerk announced the results as follows: APN 486-280-041 passed.

Motion to Approve by m/Council Member William H. Batey II, s/Mayor-Pro Tem Robin N. Hastings
Approved by a vote of 4-0-1, Stewart absent.

E.2 A PUBLIC HEARING FOR AN APPEAL OF A PLANNING COMMISSION DENIAL OF A GENERAL PLAN AMENDMENT (PA08-0020) FROM OFFICE/RESIDENTIAL (R/O) TO COMMUNITY COMMERCIAL (CC) AND A CHANGE OF ZONE (PA08-0019) FROM OFFICE COMMERCIAL AND RESIDENTIAL 15 (R15/O) TO NEIGHBORHOOD COMMERCIAL (NC). THE PROJECT CONSISTS OF TWO LOTS WITH A TOTAL OF 1.34 ACRES LOCATED ON THE SOUTHWEST CORNER OF DRACAEA AVENUE AND DAY STREET. THE APPLICANT IS WINCHESTER ASSOCIATES, INC. (Report of: Community Development Department)

Mayor Flickinger opened the public testimony portion of the public hearing. Public testimony was received from Pete Bleckert and Deanna Reeder.

Recommendation: That the City Council

1. ADOPT a Negative Declaration for application PA08-0020 (General Plan Amendment) and PA08-0019 (Change of Zone). The project will not result in a significant effect on the environment; and

Motion to Approve by m/Council Member Jesse L. Molina, s/Council Member William H. Batey II
Approved by a vote of 4-0-1, Stewart absent.

Recommendation: That the City Council

1. Approve a General Plan Amendment, a change of zone and direct staff to bring back a resolution of approval.

Motion to Approve by m/Council Member William H. Batey II, s/Council Member Jesse L. Molina
Approved by a vote of 4-0-1, Stewart absent.

- E.3 A PUBLIC HEARING ON THE APPEAL OF THE PLANNING COMMISSION'S JULY 23, 2009 APPROVAL OF MASTER PLOT PLAN PA07-0035 FOR SIX LIGHT INDUSTRIAL BUILDINGS, PLOT PLAN PA07-0039 TO CONSTRUCT A 409,598 SQUARE FOOT WAREHOUSE DISTRIBUTION FACILITY AND TENTATIVE PARCEL MAP NO. 35822 (PA08-0021) TO RE-CONFIGURE THE EXISTING 21 PARCELS LOCATED WITHIN THE PROJECT SITE AND CREATE SIX PARCELS RANGING IN SIZE FROM 1.33 TO 2.76 ACRES FOR MASTER PLOT PLAN PA07-0035 AND ONE 19.14 ACRE PARCEL FOR PLOT PLAN PA07-0039. THE PROJECT SITE IS LOCATED AT THE NORTHEAST CORNER OF HEACOCK STREET AND IRIS AVENUE (Report of: Community Development Department)

Mayor Flickinger opened the public testimony portion of the public hearing. Public testimony was received from Pete Bleckert and Sue Gilchrist.

Recommendation: That the City Council

1. After conducting a public hearing, ADOPT Resolution No. 2010-07 adopting a Negative Declaration for the project, in that these applications will not result in significant environmental impacts; and

Resolution No. 2010-07

A Resolution of the City Council of the City of Moreno Valley, California, Adopting a Negative Declaration for Application Nos. PA07-0035 (Master Plot Plan), PA07-0039 (Plot Plan), and PA08-0021 (Tentative Parcel Map No. 35822) to re-configure the property

lines and combine parcels for Assessor's Parcel Numbers 485-230-001 to 010 and 014 to 024 in order to develop six light Industrial Buildings ranging in size from 23,700 to 47,160 square feet and one 409,598 square foot Warehouse Distribution Building

Motion to Approve by m/Council Member William H. Batey II, s/Mayor Bonnie Flickinger
Approved by a vote of 4-0-1, Stewart absent.

2. ADOPT City Council Resolution No. 2010-08 approving Master Plot Plan PA07-0035, Plot Plan PA07-0039 and Tentative Parcel Map No. 35822 (PA08-0021), based on the findings in City Council Resolution No. 2010-07, and the conditions of approval as attached to the resolution as Exhibits 1 and 2, thereby upholding the Planning Commission's approval of the project.

Resolution No. 2010-08

A Resolution of the City Council of the City of Moreno Valley, California, Approving Application Nos. PA07-0035 (Master Plot Plan), PA07-0039 (Plot Plan), and PA08-0021 (Tentative Parcel Map No. 35822) to re-configure the Property Lines and Combine Parcels for Assessor's Parcel Numbers 485-230-001 to 010 and 014 to 024 in order to develop Six Light Industrial Buildings Ranging in size from 23,700 to 47,160 square feet and one 409,598 square foot Warehouse Distribution Building

Motion to Approve by m/Council Member William H. Batey II, s/Council Member Jesse L. Molina
Approved by a vote of 4-0-1, Stewart absent.

- E.4 PUBLIC HEARING TO ADOPT CDBG SUBSTANTIAL AMENDMENTS THAT REALLOCATE FUNDS BETWEEN APPROVED ACTIVITIES (Report of: Economic Development Department)

Mayor Flickinger opened the public testimony portion of the public hearing; there being none, public testimony was closed.

Recommendation: That the City Council

1. Review proposed FY 2009-10 Substantial Amendment 1 to expand and broaden the scope of the Moreno Valley Retail Business Incentive Program activity and allocate \$110,000 in CDBG funds from the FY 2009-10 Employment Resource Center (ERC) to the revised FY 2009-10 Moreno Valley New Business Incentive Program, then;

- a) Conduct a Public Hearing to allow the public an opportunity to

comment on the proposed 2009-10 Annual Action Plan Substantial Amendment #1;

b) Adopt the proposed Amendment #1; and

c) Authorize the transfer of \$110,000 from account #284.73939.6854 (Employment Resource Center) to 284.73939.6853 (newly expanded Moreno Valley New Business Incentive Program) account.

Motion to Approve by m/Mayor Pro Tem Robin N. Hastings, s/Mayor Bonnie Flickinger

Approved by a vote of 4-0-1, Stewart absent.

2. Review proposed Amendment to FY 2008-09 Substantial Amendment 1, NSP to reallocate \$2,701,788 CDBG (NSP) funds within the HUD-approved Neighborhood Stabilization Program (NSP) activities, then;

a) Conduct a Public Hearing to allow the public an opportunity to comment on the proposed substantial amendment to FY 2008-09 Annual Action Plan Amendment 1, NSP;

b) Adopt the proposed substantial amendment to the NSP program;

c) Authorize the transfer of \$2,701,788 from account #197.19710.6848.002 (NSP Homebuyer Assistance Program) with \$1,200,000 transferring to account # 197.19710.6848.001 (NSP Multi-family Residence Acquisition, Rehabilitation and Rental Program) and \$1,501,788 to account # 197.19710.6848.003 (NSP Single Family Residence Acquisition, Rehabilitation and Rental Program); and

d) Authorize the City Manager to reallocate NSP funds between HUD-approved grant activities.

Motion to Approve by m/Council Member William H. Batey II, s/Mayor Pro Tem Robin N. Hastings

Approved by a vote of 4-0-1, Stewart absent.

G. REPORTS

G.1 CITY COUNCIL REPORTS ON REGIONAL ACTIVITIES (Informational Oral Presentation - not for Council action)

Mayor Flickinger opened the agenda item for public comments, there being none, public comments were closed.

Report by Mayor Pro Tem Robin N. Hastings on Western Riverside Council

of Governments (WRCOG)

Attended an all day WRCOG workshop on January 15 to establish goals. What started out as goals for a year turned into a strategic plan. The number one goal is transportation and infrastructure, and the number two goal was a tie with water issues and economic development. Staff will compile the information, put it in a strategic plan, and send it to the Executive Committee. When it is available, it will be brought to Council and shared.

G.2 ANNUAL REPORT OF BOARDS AND COMMISSIONS (Informational Oral Presentation) (Report of: City Clerk's Department)

Mayor Flickinger opened the public testimony portion of the public hearing; there being none, public testimony was closed.

Brief oral reports were given by the representatives of each board and commission: Patricia Korzek (Arts Commission), Jan Beyers (Environmental and Historical Preservation Board), Kristin Streich (Library Commission), Stuart Swan (Parks and Recreation Commission), Maria Marzoecki (Planning Commission), Kim Nelson (Recreational Trails Board), Carrie Morris (Senior Citizens' Board), Frank Pavlik (Traffic Safety Commission).

G.3 APPOINTMENT TO THE PARKS AND RECREATION COMMISSION (TEENAGE MEMBER) (Report of: City Clerk's Department)

Mayor Flickinger opened the public testimony portion of the public hearing; there being none, public testimony was closed.

Recommendation: That the City Council

1. Appoint James Lucha to the Parks and Recreation Commission as a teenage member for a term expiring January 27, 2013, or until high school graduation, whichever comes first; or
2. If an appointment is not made, declare the position vacant and authorize the City Clerk to re-notice the position as vacant.

Motion to Approve by m/Mayor Pro Tem Robin N. Hastings, s/Council Member William H. Batey II

Approved by a vote of 4-0-1, Stewart absent.

G.4 APPROVAL OF AGREEMENT FOR INVESTMENT MANAGEMENT AND ADVISORY SERVICES (Report of: Financial & Administrative Services Department)

Mayor Flickinger opened the public testimony portion of the public hearing; there

being none, public testimony was closed.

Recommendation: That the City Council

Approve the Agreement for Investment Management and Advisory Services with Chandler Asset Management and authorize the Mayor to sign the Agreement.

Motion to Approve by m/Mayor Pro Tem Robin N. Hastings, s/Council Member Jesse L. Molina
Approved by a vote of 4-0-1, Stewart absent.

PUBLIC COMMENTS **ON ANY SUBJECT NOT ON THE AGENDA** UNDER THE JURISDICTION OF THE CITY COUNCIL

Orman Rowley

1. Police Department
2. Declaration of Independence and the rights of Moreno Valley residents

David Grube

1. Cedar Street Flooding

Patty Grube

1. Cedar Street Flooding

Motion by Council Member William H. Batey II, s/Mayor Bonnie Flickinger that the flood control issue be brought to Study Session as soon as possible.

Jose Chavez

1. Filling pot holes on Alessandro
2. DUI checkpoints
3. Spanish translators

Raul Wilson

1. Money to be used to expand the 60 Freeway

Dr. Gina Brockmueller

1. Flood control

Ray Carbajal

1. Home Buyers Assistance Program
2. 150 square foot warehouse

Pete Bleckert

1. Lehman Brothers loss
2. Road Commissioner
3. Traffic Lights

4. Edgemont Golf Course

**RECESS;
RECONVENED**

- G.5 RECOVERY ZONE BONDS - PLAN OF ISSUANCE (Report of: Economic Development Department)

Mayor Flickinger opened the public testimony portion of the public hearing. Public testimony was received from Jeff Sims and Pete Bleckert.

Recommendation: That the City Council

Consider adopting the Recovery Zone Bonds—Plan of Issuance and direct staff to submit it to the California Debt Limit Allocation Committee by January 31, 2010.

**Motion to Approve by m/Council Member William H. Batey II, s/Mayor Pro Tem Robin N. Hastings
Approved by a vote of 4-0-1, Stewart absent.**

- G.6 AN ALLOCATION FROM RDA HOUSING SET-ASIDE FUND BALANCE FOR FISCAL YEAR 2009-2010 TO RE-IMPLEMENT AND FUND THE CITY'S HOMEBUYERS ASSISTANCE PROGRAM (Report of: Economic Development Department)

Chairperson Flickinger opened the public testimony portion of the public hearing; there being none, public testimony was closed.

Recommendation: That the City Council and RDA

Authorize an allocation of \$300,000 from the RDA Housing Set-Aside Fund balance (Fund 894) to account # 894.91310.6812 for the re-implementation of the Redevelopment Agency's Homebuyer Assistance Program.

**Motion to Approve by m/Vice-Chairperson Robin N. Hastings, s/Agency Member William H. Batey II
Approved by a vote of 4-0-1, Stewart absent.**

- G.7 RANCHO BELAGO COMMUNITY SIGN PROGRAM (Molina/Stewart)

Mayor Flickinger opened the public testimony portion of the public hearing, which were received from Sue Gilchrist, Pete Bleckert, Deanna Reeder and Michael Greco.

Recommendation: That the City Council

Adopt a city-wide sign program, and authorize staff to come back with alternatives to financing the program.

**Motion to Approve by m/Council Member William H. Batey II,
s/Council Member Jesse L. Molina
Approved by a vote of 4-0-1, Stewart absent.**

G.8 CITY MANAGER'S REPORT (Informational Oral Presentation - not for Council action)

Mayor Flickinger opened the public testimony portion of the public hearing; there being none, public testimony was closed.

The Interim City Manager reported the following:

1. Mel Alonzo was named the ADA Coordinator.
2. John Ruiz was named Interim HR Director. He starts February 16.
3. City staff has been working with the U.S. Census Bureau, and received \$2,500 grant money for promotional items to be sent home with school kids. Census reps will set up a table in City Hall so they can talk with residents about the Census.
4. The October financials and revenues are slightly below projection, but fairly positive. Expenditures are below budget. We are doing a good job on cost control. There is no need to make any major changes at this time.
5. Fees for the upcoming job fair has been paid as established. Staff is recommending the Conference and Recreation Center fees be reviewed in April when all the other fees are provided to Council.

H. LEGISLATIVE ACTIONS

H.1 ORDINANCES – 1ST READING AND INTRODUCTION - NONE

H.2 ORDINANCES - 2ND READING AND ADOPTION - NONE

H.3 ORDINANCES - URGENCY ORDINANCES - NONE

H.4 RESOLUTIONS - NONE

**CLOSING COMMENTS AND/OR REPORTS OF THE CITY COUNCIL,
COMMUNITY SERVICES DISTRICT, OR COMMUNITY REDEVELOPMENT
AGENCY**

Council Member Jesse L. Molina

1. Need to move forward, and we need to start working together.
2. Don't know how the economy is going to come out.
3. Thanked Public Works for their help during the flooding.
4. The Senior Center needs computers donated, and volunteers to teach piano

lessons. High school and college students can receive credit for volunteering.

Council Member William H. Batey II

1. The reading program is starting next month, and it will run through April.
2. Proposed staff look at giving electric utility incentives similar to what Riverside is doing so we don't lose business.

Mayor Pro Tem Robin N. Hastings

1. The Rancho Belago Ravens presented a picture of their team the night of the swearing in. They're great kids and great parents.
2. Thanked Public Works for being so responsive. Called staff three times regarding flooding on Olive and Cactus and Cactus and Nason.
3. Does not sit on the County Board of Supervisors. The County Board has a meeting every Tuesday, and people can attend and voice their concerns.
4. Attended the Chamber installation dinner. Congratulations to Tracy Vackar. It was a well attended event, and there are some really positive things in the community. There are a lot of people giving their time to improve our quality of life, and your participation is encouraged.

Mayor Bonnie Flickinger

1. There are vacancies on several Commissions and Boards. Call the City Clerk's office at 413.3001, and they will give you the information on how to get on a Commission or Board.
2. We haven't lost money with Lehman Brothers. We are holding bonds that we're trying to get back to their original amount.
3. Flood Control, City staff, the County, Army Corp of Engineers and the March JPC are working on the Heacock channel flooding.
4. There will be a joint public meeting with the Planning Commission to discuss ways to change development standards to be more energy efficient, and to make the city greener.
5. Attended the Riverside State of the City meeting. The Mayor has proposed a long term economic plan for the city of Riverside. With a directly elected mayor, they can make those plans. Moreno Valley needs to consider a directly elected mayor.

There being no further business to conduct, the meeting was adjourned at 10:56 p.m.

CLOSED SESSION

- 1 SECTION 54956.9(b)(1) - CONFERENCE WITH LEGAL COUNSEL - SIGNIFICANT EXPOSURE TO LITIGATION

Number of Cases: 3

2 SECTION 54956.9(c) - CONFERENCE WITH LEGAL COUNSEL -
INITIATION OF LITIGATION

Number of Cases: 2

3 SECTION 54957 - PUBLIC EMPLOYEE APPOINTMENT/PUBLIC
EMPLOYMENT

a) City Attorney Recruitment

b) City Manager Recruitment

**REPORT OF ACTION FROM CLOSED SESSION, IF ANY, BY CITY ATTORNEY
NONE**

ADJOURNMENT

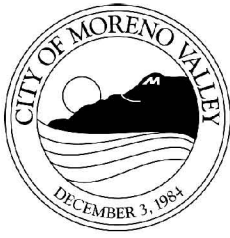
Submitted by:

Jane Halstead, City Clerk, CMC
Secretary, Moreno Valley Community Services District
Secretary, Community Redevelopment Agency of the City of Moreno Valley
Secretary, Board of Library Trustees

Approved by:

Bonnie Flickinger, Mayor
President, Moreno Valley Community Services District
Chairperson, Community Redevelopment Agency of the City of Moreno Valley
Chairperson, Board of Library Trustees

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APPROVALS	
BUDGET OFFICER	<i>caf</i>
CITY ATTORNEY	<i>SMB</i>
CITY MANAGER	<i>WBS</i>

Report to City Council

TO: Mayor and City Council

FROM: Chris A. Vogt, P.E., Public Works Director/City Engineer

AGENDA DATE: February 09, 2010

TITLE: ADOPT A MITIGATED NEGATIVE DECLARATION (MND) FOR IMPROVEMENTS TO CACTUS AVENUE EXTENDING FROM EASTERLY OF THE INTERSTATE 215 NEAR COMMERCE CENTER DRIVE TO HEACOCK STREET
PROJECT NOS. 07-41678527 AND 07-41683328

RECOMMENDED ACTION

Staff recommends that the City Council:

Adopt a Mitigated Negative Declaration (MND) for improvements to Cactus Avenue extending from easterly of the Interstate 215 near Commerce Center Drive to Heacock Street, in that mitigation measures included in the Final Initial Study/Environmental Assessment which will ultimately be incorporated into the project specifications and implemented through the Mitigation Monitoring and Reporting Program will reduce all potential environmental impacts to an acceptable level.

BACKGROUND

On June 24, 2008, the City Council for the City of Moreno Valley approved the Fiscal Year 2008/2009 budget, providing Development Impact Fee funding for the design phase for Stage I, the widening of eastbound Cactus Avenue from Interstate 215 northbound off-ramp to Veterans Way and Stage II, the widening of eastbound Cactus Avenue from Veterans Way to Heacock Street.

On November 25, 2008, the City Council approved the Agreement for Professional Design Services with Pro Active Engineering Consultants, Inc. to provide preliminary services for the street improvements, including an environmental assessment Initial Study in compliance with the California Environmental Quality Act (CEQA) and City requirements. The parameters of the assessment include eastbound Cactus Avenue from the NB 215 off-ramp to Veterans Way and eastbound Cactus Avenue from Veterans Way to Heacock Street.

DISCUSSION

Cactus Avenue eastbound narrows from three (3) lanes to two (2) lanes between the Interstate 215 northbound off-ramp and Elsworth Street. This two lane eastbound roadway configuration continues from Elsworth Street to Heacock Street. Widening the eastbound road to three (3) lanes will improve traffic flow along this major arterial as well as improve access to the March Air Reserve Base.

The California Environmental Quality Act (CEQA) Section 15070 (Title 14 – California Code of Regulations), states that a Negative Declaration (ND) or a Mitigated Negative Declaration (MND) may be prepared for a project when the Initial Study indicates that no significant effect on the environment will result from project implementation or when mitigation measures as described in the Initial Study are incorporated in the project implementation.

Based on the findings of the Initial Study prepared for the project, the City's Planning Staff has determined, in compliance with CEQA and the City's Rules to Implement CEQA, that preparation of a Mitigated Negative Declaration is recommended in that mitigation measures included in the Initial Study and ultimately incorporated into the project specifications will reduce all potential environmental impacts to an acceptable level. The Mitigated Negative Declaration and Initial Study/Environmental Checklist Form are attached.

A Notice of Intent to Adopt a Mitigated Negative Declaration (MND) was published on January 2, 2010 in the Press Enterprise Legal Notice Section describing the project and advising the public of the preparation of the MND, notice of time and place where the environmental documents could be inspected, and notice that the City Council would consider approval of the MND for the project (or appropriate modifications or alternatives to the project) on the date of this meeting. In addition to the public notification to satisfy CEQA requirements the MND was published in the local section of the Press Enterprise on January 6, 2010. Notices of the MND were also mailed to the property owners fronting the project. This notice advised that comments could be submitted to the City prior to or at this meeting. The public has the opportunity to submit comments either prior to or at the City Council meeting.

ALTERNATIVES

1. Adopt a Mitigated Negative Declaration (MND) for improvements to Cactus Avenue extending from easterly of the Interstate 215 near Commerce Center Drive to Heacock Street., in that mitigation measures included in the Final Initial Study/Environmental Assessment which will ultimately be incorporated into the project specifications and implemented through the Mitigation Monitoring and Reporting Program will reduce all potential environmental impacts to an acceptable level. *This alternative will provide for timely construction of the widening of this portion of Cactus Avenue.*

2. Do not adopt a Mitigated Negative Declaration (MND) for improvements to Cactus Avenue extending from easterly of the Interstate 215 near Commerce Center Drive to Heacock Street, in that mitigation measures included in the Final Initial Study/Environmental Assessment which will ultimately be incorporated into the project specifications and implemented through the Mitigation Monitoring and Reporting Program will reduce all potential environmental impacts to an acceptable level. *This alternative will delay this portion of the Cactus Avenue widening improvements*

FISCAL IMPACT

Acting on this matter in accordance with the staff recommendation has minimal fiscal impact to the City. If approved, the City will be required to file a Notice of Determination (NOD) with the County Recorder, which requires payment of a fee of \$2,074.25. This was anticipated and the amount has been included in the project budget. The City has funded the design phase of this improvement project from Development Impact Fee (DIF) Arterial Streets program.

AVAILABLE FUNDS:

DIF Arterial Streets for Stage I (Account No. 416.78527).....	\$217,000
DIF Arterial Streets for Stage II (Account No. 416.83328).....	<u>\$235,000</u>
Total Budgeted Funds	\$452,000

ESTIMATED PRELIMINARY DESIGN-RELATED COSTS:

Design costs for Stage I and II,	\$393,000
City Staff.....	\$ 34,000
City Support Staff Services.....	\$ 20,000
Environmental Fees.....	<u>\$ 5,000</u>
Total Budgeted Funds	\$452,000

There is no impact to the General Fund. The DIF arterial street funds can only be used for street widening capital improvements.

ANTICIPATED SCHEDULE:

Complete Construction Plans, Specifications and Estimate	February 2010
Right of Way and Construction (as funding becomes available).....	February 2011

CITY COUNCIL GOALS

Upon approval of the recommended action contained in this staff report the following City Council Goals would be furthered:

PUBLIC FACILITIES AND CAPITAL PROJECTS:

Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

POSITIVE ENVIRONMENT:

Create a positive environment for the development of Moreno Valley's future.

SUMMARY

The Initial Study for this project identifies mitigation measures to be incorporated into the project specifications. These mitigation measures will reduce all potential environmental impacts to an acceptable level in compliance with CEQA thus permitting the City to adopt a Mitigated Negative Declaration (MND) for the project.

ATTACHMENTS

Attachment "A" - Project Location Map

Attachment "B" - Mitigated Negative Declaration with Initial Study/Environmental Checklist Form

Prepared By:
 Guy Pegan
 Senior Engineer, P.E.

Concurred By:
 John Terell, AICP
 Planning Division Manager/Planning Official

Concurred By:
 Prem Kumar, P.E.
 Deputy Public Works Director/Assistant City Engineer

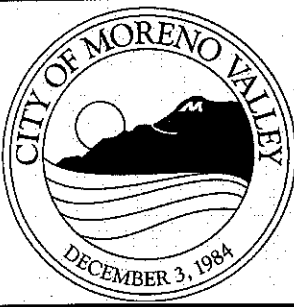
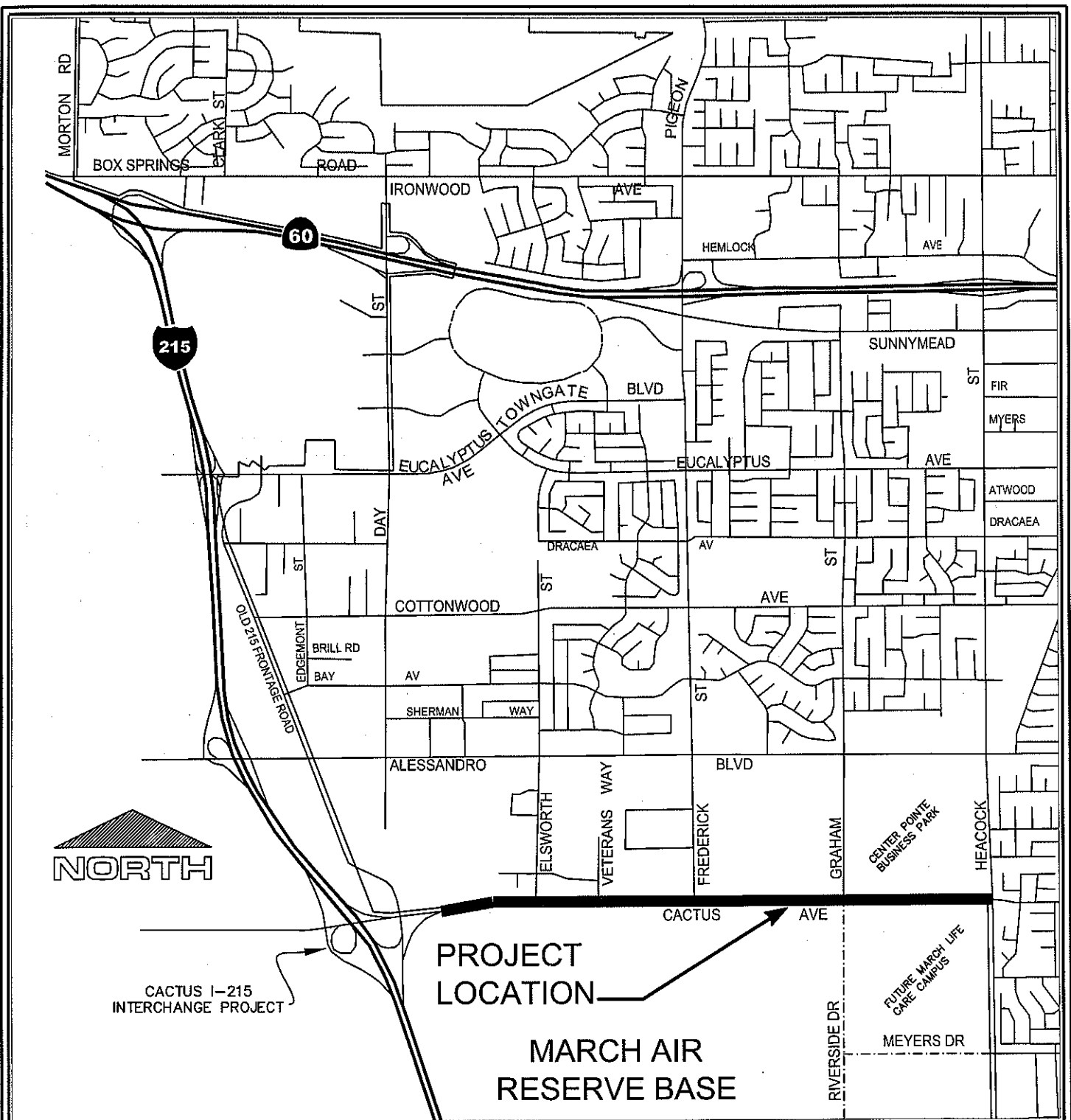
Department Head Approval:
 Chris A. Vogt, P.E.
 Public Works Director/City Engineer

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

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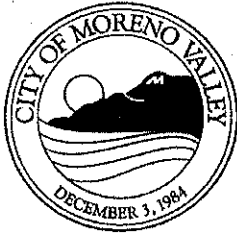
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Date: 22 Oct 09 - 2:45 pm
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 User: dmpattis



<h1>LOCATION MAP</h1>	
Public Works Department Capital Projects Division	CACTUS AVENUE FROM I-215 TO VETERANS WAY AND CACTUS AVENUE FROM VETERANS WAY TO HEACOCK STREET PROJECT NUMBERS 07-41678257 & 07-41683328
Scale: None	
ATTACHMENT "A"	

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INITIAL STUDY/
ENVIRONMENTAL CHECKLIST FORM
CITY OF MORENO VALLEY

1. Project Title: Street Improvement Project for Cactus Avenue
2. Lead Agency Name and Address: City of Moreno Valley
14177 Frederick St.
Moreno Valley, CA 92553
3. Contact Person and Phone Number: Chris Ormsby, AICP, Senior Planner
(951) 413-3229
4. Project Location: Cactus Avenue Easterly of the I-215 to Heacock Street
5. Project Sponsor's Name and Address: City of Moreno Valley
(same as above)
6. General Plan Designation: Within public right-of-way
7. Zoning: Within public right-of-way
8. Description of the Project: (Describe the whole action involved, including but not limited to later phases of the project, and any secondary, support, or off-site features necessary for its implementation. (Attach additional sheets if necessary)

The Proposed Project consists of street improvements to add a third eastbound lane to the south side of Cactus Avenue from the Interstate 215 (I-215) off-ramps near Commerce Center Drive to Heacock Street, totaling approximately 9,500 linear feet. The project would complete the eastbound portion of this roadway segment providing for a six (6) lane major arterial with 102 feet from curb to curb, and 120 feet of right-of-way (per City Standard 102A). Most segments will have substandard parkway and no sidewalk. An earthen parkway would be constructed along the south side of Cactus Avenue within segments where space is available.

The Proposed Project would construct street improvements including curbs, gutters, pavement, drainage facilities, traffic signals, etc. within the existing and acquired right-of-way along Cactus Avenue from I-215 to Heacock Street. The traffic signals would be relocated and/or modified as necessary to accommodate the new lane configuration of the roadway.

Project Components

I-215 to Veterans Way

This portion of the project would involve the addition of a third eastbound lane from Commerce Center Drive and modify existing striping to ensure a smooth connection to I-215 off-ramps and Cactus Avenue west of Commerce Center Drive. This portion would involve the following improvements:

- Construct modified width third eastbound lane with new street improvements.
- Provide an exclusive right turn lane into the March Air Reserve Base (MARB) at the Elsworth Street entrance.
- Extend existing double 4'X 3' RCB culvert southerly toward the existing Cactus channel.
- Upgrade/Modification of traffic signals at the Elsworth Street and Veterans Way intersections.
- Added/Modified four A.C. overside drains with grass swales downstream.

Veterans Way to Frederick Street

This portion of the project would involve the addition of a third eastbound lane and would involve the following improvements:

- Construct modified width third eastbound lane with new street improvements.
- Extend existing 36" RCP culvert southerly toward the existing Cactus channel.
- Upgrade/Modification of traffic signal at Frederick Street intersection.

Frederick Street to Graham Street/Riverside Drive

This portion of the project would involve the addition of a third eastbound lane and modify striping to ensure a smooth connection to the intersection and entrance to the MARB entrance at Graham Street. This portion would involve the following improvements:

- Construct modified width third eastbound lane with new street improvements.
- Improvement to curb returns and signal modifications at the entrance to March ARB at Graham Street.
- Extend several culverts (one 30" RCP, two 36" CMP, and two 24" RCP) southerly toward the existing Cactus channel.
- Upgrade/Modification of traffic signal including Joy Street intersection.

Graham Street/Riverside Drive to Heacock Street

This portion of the project would involve the addition of a third eastbound lane and modify striping to ensure a smooth connection to the intersection at Heacock Street. This portion of the project's 3rd lane would involve the following improvements:

- Construct modified width third eastbound lane with new street improvements.
- Extend existing 18" CMP culvert southerly toward the existing Cactus channel.
- Upgrade/Modification of traffic signals at the Gilbert Street intersection and at the Heacock Street intersection.
- Added/modified one A.C. overside drain.

Pavement Restriping

Upon completion of construction the entire south side of Cactus Avenue would be restriped and raised pavement markers installed to mark the new lanes.

Construction

The construction schedule for the Proposed Project would follow the City's standard construction hours and would be prohibited between 8 p.m. and 6 a.m. during the week and 8 p.m. and 7 a.m. weekends and holidays (Policy 6.3.6).

The project would implement traffic control measures per City Code 8.04.030, which incorporates the Manual on Uniform Traffic Control Devices (MUTCD) 2003, Parts 5 and 6, prepared by the Federal Highway Administration and MUTCD 2003 California Supplement, Parts 5 and 6, prepared by the state of California Department of Transportation (Caltrans).

Towards Heacock Street, a two to three foot retaining wall will be constructed just outside of the curb for approximately 180 linear feet. The purpose of the retaining wall is to avoid grading into the channel and possibly impacting existing habitat. There are two additional headwall/retaining walls. One is located at the Elsworth RCB outlet (approximately 34 linear feet, 7 foot high), and another is located at Graham CMP outlet (approximately 18 linear feet, 5 feet high).

Project Best Management Practices

Public Education - Practical education materials shall be distributed to property owners on general housekeeping practices that contribute to the protection of stormwater quality for occupancy. Educational materials will utilize brochures obtained from the County of Riverside Flood Control and Water Conservation District website available at <http://www.floodcontrol.co.riverside.ca.us/stormwater/>.

Street Sweeping - City Landscaping and Maintenance staff shall be employed to implement street sweeping of paved areas monthly, including prior to rainy season (October 1 through April 30).

Drainage Facility Inspection and Maintenance - City Landscaping and Maintenance staff shall be employed to implement drainage facility inspection and maintenance of drainage facilities. Drainage facilities must be cleaned if accumulated sediment / debris fills 25% or more of the sediment / debris storage capacity.

Storm Drain Stenciling and Signage - Project consists of existing and new catch basins along the street for capture of surface flows resulting from the site. The catch basins shall entail stenciling or labeling of all catch basins with prohibitive language stating "*No Dumping Only Rain in the Drain*" to discourage illegal dumping. Landscaping and Maintenance staff shall regularly inspect sign for legibility and repaint once per year.

Catch Basin Filter Insert - Project development includes five Clearwater BMP filter inserts for the new catch basins that outlet into the Cactus channel. These new catch basins are installed along the south side of Cactus Avenue between Veterans Way and Gilbert Street. The Clearwater BMP filters have a medium removal effectiveness in treating pollutants identified as sediment, trash, metals, bacteria, oil and grease, nutrients, organics, and low removal effectiveness in treating pesticides. The filter insert system provides a

multiple-stage treatment process to filter storm water flows, remove trash and debris, settle particulate matter, remove lead and zinc, plus absorb and retain hydrophobic hydrocarbon material.

Bio-Swale – Project development includes four grass swales downstream of the proposed AC overside drains that outlet into the Cactus channel. These grass swales are installed along the south side of Cactus Avenue, near the intersections of Commerce Center Drive, Elsworth, Veterans, and Graham Street. A grass swale is a wide, shallow densely vegetated channel that treats stormwater runoff as it is slowly conveyed into a downstream system. These swales have very shallow slopes in order to allow maximum contact time with the vegetation. Contact with vegetation improves water quality by plant uptake of pollutants, removal of sediment, and an increase in infiltration.

9. Surrounding Land Uses and Setting: (Briefly describe the project's surroundings)

The surrounding land uses to the north include commercial, business park, industrial and vacant lands. Immediately south of much of the length of the project is a drainage channel. Further south, there are a number of uses including the March Air Reserve Base, and further east, there are several buildings proposed for reuse.

10. Other public agencies whose approval is required (e.g. permits, financing approval, or participation agreement).

California Department of Fish and Game
March Joint Powers Authority
March Air Reserve Base

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

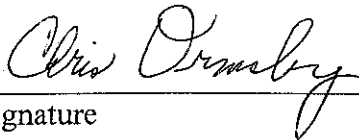
The environmental factors checked below () would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

<input type="checkbox"/>	Aesthetics	<input type="checkbox"/>	Hazards & Hazardous Materials	<input type="checkbox"/>	Public Services
<input type="checkbox"/>	Agricultural Resources	<input type="checkbox"/>	Hydrology/Water Quality	<input type="checkbox"/>	Recreation
<input type="checkbox"/>	Air Quality	<input type="checkbox"/>	Land Use/Planning	<input type="checkbox"/>	Transportation/Traffic
<input type="checkbox"/>	Biological Resources	<input type="checkbox"/>	Mineral Resources	<input type="checkbox"/>	Utilities/Service Systems
<input type="checkbox"/>	Cultural Resources	<input type="checkbox"/>	Noise	<input type="checkbox"/>	Mandatory Findings of Significance
<input type="checkbox"/>	Geology/Soils	<input type="checkbox"/>	Population/Housing	<input type="checkbox"/>	

DETERMINATION: (To be completed by the Lead Agency)

On the basis of this initial evaluation:

I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.	<input type="checkbox"/>
I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.	<input checked="" type="checkbox"/>
I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.	<input type="checkbox"/>
I find that the proposed project MAY have a "potential significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect (1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and (2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.	<input type="checkbox"/>
I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION , including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.	<input type="checkbox"/>



October 22, 2009

Signature

Date

Chris Ormsby, AICP, Senior Planner

Printed Name

For

EVALUATION OF ENVIRONMENTAL IMPACTS

- 1) A brief explanation is required for all answers except "No Impact" answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A "No Impact" answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g. the project falls outside a fault rupture zone). A "No Impact" answer should be explained where it is based on project-specific factors as well as general standards (e.g. the project will not expose sensitive receptors to pollutants, based on a project-specific screening analysis).
- 2) All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
- 3) Once the lead agency has determined that a particular physical impact may occur, then the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. "Potentially Significant Impact" is appropriate if there is substantial evidence that an effect may be significant. If there are one or more "Potentially Significant Impact" entries when the determination is made, an EIR is required.
- 4) "Negative Declaration: Potentially Significant Unless Mitigation Incorporated" applies where the incorporation of mitigation measures has reduced an effect from "Potentially Significant Impact" to a "Less Significant Impact." The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level (mitigation measures from Section 17, "Earlier Analysis," may be cross-referenced).
- 5) Earlier analysis may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration. Section 15063 (c) (3) (d). In this case, a brief discussion should identify the following:
 - (a) Earlier Analysis Used. Identify and state where they are available for review.
 - (b) Impacts Adequately Addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.
 - (c) Mitigation Measures. For effects that are "Less than Significant with Mitigation Measures Incorporated," describe the mitigation measures which were incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.
- 6) Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g. general plans, zoning ordinances). Reference to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated.
- 7) Supporting Information Sources: A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.
- 8) This is only a suggested form, and lead agencies are free to use different formats; however, lead agencies should normally address the questions from this checklist that are relevant to a project's environmental effects in whatever format is selected.
- 9) The analysis of each issue should identify: (a) the significance criteria or threshold used to evaluate each question; and (b) the mitigation measure identified, if any, to reduce the impact to less than significance.

Issues and Supporting Information	Potentially Significant Impact	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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1. AESTHETICS. Would the project:

a) Have a substantial adverse effect on a scenic vista?

The project frontage easterly of the I-215 to Heacock Street is not identified in the City's General Plan as having value as a scenic resource. The project area is generally flat, therefore there are no particular view opportunities of scenic resources. No impact is anticipated.

b) Substantially damage scenic resources, including, but not limited to trees, rock outcroppings, and historic buildings within a state scenic highway?

The roadway work will be in an area that is largely unpaved and unvegetated. Therefore, the project could not have the potential to damage scenic resources.

c) Substantially degrade the existing visual character or quality of the site and its surroundings?

Although the project will expand the roadway closer to a channel, it will not affect the visual character or quality of the channel or its surroundings. The roadway work will be in an area that is largely unpaved and unvegetated. Therefore, the project could not degrade the visual character of the site.

d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?

No light standards are proposed as part of the project. It is not expected that the project could directly or indirectly create new sources of light or glare. Therefore, there will be no impact.

2. AGRICULTURE RESOURCES: In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project?

a) Convert Prime Farmland, Unique Farmland or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency to non-agricultural use?

Based on the Riverside County Important Farmland Map, the project area is identified as "Urban and Built-up land." (State Department of Conservation, 2006) This designation represents lands that are already developed and would not be appropriate for farmland. Therefore, there is no potential for an impact on farmlands.

b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?

The lands southerly of Cactus Avenue are not under Williamson Act contract or affected by other policies pertaining to agricultural use. Therefore, there is no potential for conflict with existing zoning for agricultural use.

c) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use?

There is no existing farmland in or near the vicinity. Therefore, there is no possibility that the proposed road improvements could result in changes in the existing environment that could result in conversion of Farmland to non-agricultural use.

3. AIR QUALITY: Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:

a) Conflict with or obstruct implementation of the applicable air quality plan?

The proposed project would fall under the jurisdiction of the South Coast Air Quality Management Plan (SCAQMD). The current air quality plan is the 2007 Air Quality Management Plan (AQMP), adopted by the SCAQMD on June 1, 2007.

The proposed project is the widening of Cactus Avenue to include a third eastbound lane. The project will result in some short-term air quality impacts during project construction. The proposed widening is consistent with the City's General Plan. The City's General Plan EIR would have also considered and anticipated the widening of Cactus Avenue. In addition, the project would not either directly or indirectly increase population of vehicle miles traveled (VMT). Since the project is consistent with the General Plan and would be consistent with the AQMP, impacts will be less than significant.

Issues and Supporting Information	Potentially Significant Impact	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation.			X	
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The proposed project has some potential to impact air quality primarily through emissions associated with construction related activities. The extent of grading would be approximately 13,600 cubic yards. The amount of export would include about 11,000 cubic yards of material. The project is identified as being completed in two stages. Over the period of construction, this would result in at least a few truck trips per day during construction. When spread over the period of project construction, short-term air quality impacts would be less than significant. The project shall comply with applicable South Coast Air Quality Management District's rules. All provisions of Rule 403 pertaining to fugitive dust control shall be complied with during construction. The project would not contribute to an existing or projected air quality violation.

c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?			X	
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Since the project is consistent with the City's General Plan, it would not be anticipated that the project could result in a significant impact. The issue of a project's contribution of greenhouse gases and the connection to global warming has become a major policy issue in recent years at the State and Federal level. Recognizing that the proposed project's emissions of criteria air pollutants are below recommended South Coast Air Quality Management District thresholds, the proposed project would not represent a cumulatively considerable contribution to pollutant emissions contributing to this phenomenon.

d) Expose sensitive receptors to substantial pollutant concentrations?			X	
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The proposed project would result in short-term construction impacts that would result in some additional pollutant concentrations. However, there are no sensitive receptors in close proximity to the site. The nearest sensitive receptor to the north and south would be located at least 1/2 mile from the construction of the road. The very easterly edge of the project towards Heacock Street would be within approximately 300 feet of residential to the east and northeast. However, construction in this segment of the project would be of such a short duration that there would not be a potential for a significant impact.

e) Create objectionable odors affecting a substantial number of people?			X	
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During construction of the project, objectionable odors would be primarily limited to diesel exhaust from construction equipment that would be emitted. Considering the limited scope of the construction, these emissions will disperse rapidly from the project site.

4. BIOLOGICAL RESOURCES. Would the project:

a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U. S. Fish and Wildlife Service?		X		
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Issues and Supporting Information	Potentially Significant Impact	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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A habitat assessment was completed to assess potentially suitable habitat for burrowing owl and other sensitive plant and wildlife species. (Chambers Group, March 17, 2009)

Sensitive Plants

The habitat assessment identified only one plant species with a moderate chance to occur on the site, the smooth tarplant. This species is fully covered by the Western Riverside County - Multi-species Habitat Conservation Plan (WRC-MSHCP). Five species identified in the literature are federal and/or state listed endangered or threatened species, including Nevin's barberry and thread-leaved brodiaea. These species are all covered by the WRC-MSHCP, and therefore further study is not required.

Sensitive Wildlife

The study identified the potential for 18 sensitive wildlife species. All are covered by a habitat plan, except for additional survey requirements for the burrowing owl. The Stephens' Kangaroo Rat is covered as a single species by the SKR HCP. A mitigation fee would generally apply. However, the project would be exempt in that the roadway project is a City project. The other 17 species are covered by the WRC-MSHCP. The MSHCP does include requirements for additional survey requirements. Since burrowing owl habitat was identified by the habitat assessment, a focused presence/absence survey was prepared. The study by Chambers Group, Inc, dated May 20, 2009, indicates that although there were no burrowing owls observed within the project itself, there was one owl observed "occupying a vacant field within the adjacent 150 meter (approximately 500 foot) buffer of the Cactus Avenue Widening project..." The behavior of the owl did not indicate nesting behavior. Based on the recommendations of this report, a pre-construction survey will be prepared no sooner than 30 days prior to ground disturbance to avoid direct take of burrowing owls. A mitigation measure has been included to ensure that this requirement is included in the project specifications/plans.

Nesting Birds

The Chambers' study identifies that large trees adjacent to the project site may provide roosting or nesting habitat for raptors, such as hawks and owls, ravens, or other birds. Nesting birds are protected from take by the Migratory Bird Treaty Act (MBTA) of 1918, and or Sections 3503-3801 of the California Department of Fish and Game Code (CDFG). Violations of these laws would include causing destruction of active nests or causing nest abandonment and subsequent death of eggs or young. The study recommends that if tree removal is to take place during the nesting season, then pre-construction to determine presence/absence of nesting migratory birds shall be prepared.

Mitigation Measures

BM-1 The project specifications/plans shall include a statement that a pre-construction survey for burrowing owl shall be prepared no sooner than 30 days prior to ground disturbance to avoid direct take of burrowing owls.

BM-2 The project specifications/plans shall include a statement that a pre-construction nesting bird survey shall be completed if construction is scheduled to occur during the nesting bird season (February 1 to September 1).

b) Have a substantially adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or U. S. Wildlife Service?		X		
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A Jurisdictional Delineation Report for the project was prepared by Chambers Group, Inc, (dated March 17, 2009, incorporated by reference). The report identified an extremely small impact on wetlands. This impact is related to the construction of a retaining wall that will cut into the north bank of the drainage near the intersection of Cactus Avenue and Heacock Street. The project did not identify any wetland areas that would be under the jurisdiction of U.S. Fish and Wildlife Service or Regional Water Quality Control Board. The impacts to wetlands under California Department of Fish and Game was limited to 0.0032 acre. Impacts to this drainage require a 1602 Streambed Alteration Agreement from the California Department of Fish and Game. The permit shall be acquired prior to the commencement of construction and /or impact to the drainage.

BM-3 The project impacts to California Department of Fish and Game jurisdictional drainage shall be mitigated at a ratio of three to one (3:1) by the purchase of off-site mitigation land through the Santa Ana Watershed Authority for a total of 0.0096 acres of wetlands habitat restoration, or equivalent mitigation acceptable to California Department of Fish and Game. Any purchase agreement shall be approved prior to the commencement of construction and/or impact to the drainage.

Issues and Supporting Information	Potentially Significant Impact	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?			X	
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A Jurisdictional Delineation Report for the project was prepared by Chambers Group, Inc, (dated March 17, 2009, incorporated by reference). The report identified an extremely small impact on wetlands. This impact is related to the construction of a retaining wall that will cut into the north bank of the drainage near the intersection of Cactus and Heacock Street. The project did not identify any wetland areas that would be under the jurisdiction of U.S. Fish and Wildlife Service or Regional Water Quality Control Board.

d) Interfere substantially with the movement of any resident or migratory fish or wildlife species or with established native resident migratory wildlife corridors, or impede the use of native wildlife nursery sites?				X
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The project site is not located within any sensitive migratory wildlife corridor. The project is not located within proximity to wildlife core reserves or to other natural areas that might provide for migratory bird habitat.

e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?				X
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The proposal would not be in conflict with any local policies or ordinances protecting biological resources. It is not expected to directly impact any trees.

f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Conservation Community Plan, other approved local, regional, or state habitat conservation plan?				X
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The proposal as mitigated would comply with the Multi-species Habitat Conservation Plan (MSHCP). A general biological assessment indicated that there would be no direct impacts on species covered by the MSHCP, or other sensitive species. Furthermore, the project is not within a criteria cell as identified in the MSHCP. Therefore, the project is consistent with the adopted MSHCP. Applicable impact fees under the MSHCP may apply. The project would also be consistent with the Stephens' Kangaroo Rat Habitat Mitigation Plan. Although the project is within the fee area, the mitigation fee would not apply as a public project would be exempt from the fee by ordinance.

5. CULTURAL RESOURCES. Would the project:

a) Cause a substantial adverse change in the significance of a historical resource as defined in Section 15064.5?			X	
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A Phase I Cultural Resources Inventory was prepared for the project. (Chambers Group, February 24, 2009) Based on research and a field survey, the study concluded that no historical resources are present in the project area, and therefore no historical resources are expected to affect the project. Based on the conclusions of the report, no further cultural resource work is required, and no mitigation measures are needed.

b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to Section 15064.5?			X	
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A Phase I Cultural Resources Inventory was prepared for the project. (Chambers Group, February 24, 2009) Based on research and a field survey, the conclusion is that no archaeological resources were identified within the project area.

c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?			X	
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The City of Moreno Valley General Plan Environmental Impact Report identifies the area as having a low potential for paleontological resources (Figure 5.10-3 of the General Plan EIR). Based on this information and the limited amount of anticipated grading, impacts will be less than significant.

d) Disturb any human remains, including those interred outside of formal cemeteries?				X
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The site is just north of the former March Air Base. There is no known historical information that would suggest that this area or any neighboring areas were ever used for burial purposes.

6. GEOLOGY AND SOILS. Would the project:

a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury or death involving:

(i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.			X	
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The proposal does not involve the construction of any structures with the exception of retaining walls of less than seven feet in height. The proposed project is not bisected by a known earthquake fault.

Issues and Supporting Information	Potentially Significant Impact	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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(ii) Strong seismic ground shaking?			X	
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Since the project does not involve the construction of structures with the exception of three (3) retaining walls, no impact from ground shaking would be anticipated.

(iii) Seismic-related ground failure, including liquefaction?			X	
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There are no known faults in close proximity to the site. Liquefaction is a process whereby sand and silts lose strength during severe ground shaking and become like a liquid rather than a solid. Based on the General Plan EIR, dated June 2005, liquefaction would not be expected to occur because of the significant depth of groundwater levels.

(iv) Landslides?				X
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The project site is flat. There would be no possibility of landslides in the area.

(b) Result in substantial soil erosion or the loss of topsoil?			X	
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There would be limited soil erosion related to grading operations for the proposal. The limited impact would be during construction only.

(c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?			X	
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Based on available information about soils at the site, the geologic unit or soil would not be unstable. The predominate soil types that characterize the project would be the Monserate and Greenfield soil series. Soil types are primarily characterized by Monserate sandy loam soils (MmB). This soil series is characterized by well-drained soils that developed in alluvium from predominately granitic materials. The Monserate sandy loam, 0 to 5 percent, profile is similar to the Monserate series, but has a sandy clay subsoil. The runoff is regarded as slow, and the hazard of erosion is slight. Towards the easterly portion of the project, there are some limited areas characterized by soils of the Greenfield (GyA) sandy loam, 0 to 2 percent, profile. The Greenfield series is described as well-drained soils developed in alluvium primarily consist of granitic materials. The Greenfield (GyA) sandy loam profile is described as similar to the Greenfield series, except for its uneroded surface layer. This profile is also characterized by slow runoff, and hazard associated with erosion is slight. (United States Department of Agriculture, Soil Survey, Western Riverside Area, California, November 1971)

(d) Be located on expansive soil, as defined in Table 18-a-B of the Uniform Building Code (1994), creating substantial risks to life or property?				X
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The project would be built in accordance with all City codes. There is no information based on the soil types that would indicate the possibility of expansive soils at this location.

(e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?				X
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The proposal does not involve the construction of any uses that would require septic tanks. Further, there are no known septic tanks nearby to the project.

7. HAZARDS AND HAZARDOUS MATERIALS. Would the project?

a) Create a significant hazard to the public or the environment through the routine transport, use or disposal of hazardous materials?			X	
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The project is limited to road widening and related improvements. Materials used during construction will be required to meet all Code requirements and all applicable State and Federal regulations. Therefore, impacts would be less than significant.

b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the likely release of hazardous materials into the environment?			X	
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The project is limited to road widening and related improvements. Materials used during construction will be required to meet all Code requirements and all applicable State and Federal regulations. Therefore, impacts would be less than significant.

c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?			X	
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Since this is a street widening project, there would not be hazardous materials associated with the project. There is one school, Serrano Elementary, within one-quarter mile of the approximately easterly 500 feet of the project towards Heacock Street. Therefore, impacts will be less than significant.

Issues and Supporting Information	Potentially Significant Impact	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result would it create a significant hazard to the public or the environment? X

The roadway project is not on the site of a hazardous materials site compiled pursuant to Government Code Section 65962.5. The nearest listed site would be within March Air Reserve Base to the south. While there are several hazardous waste sites at March Air Reserve Base, none of these sites have the potential to impact the roadway beyond the boundaries of the reserve base itself. Therefore, the project would not result in a significant hazard to the public or the environment.

e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area? X

The project site is within the March Air Reserve Base Airport Influence Area. Since the project is limited to roadway widening and the construction would be limited to construction vehicles that would typically use a public street, there wouldn't be the potential for impacts during construction or after completion.

f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area? X

The project is not in vicinity of a private airstrip. There are no potentially significant impacts.

g) Impair implementation of, or physically interfere with an adopted emergency response plan or emergency evacuation plan? X

The proposed project would not permanently impair or physically interfere with an adopted emergency response plan. The implementation of a Traffic Control Plan would ensure that the project would not impair or interfere with the adopted emergency response plan or emergency evacuation plan.

h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands? X

The roadway improvements would not expose people or structures. The project is not within or in proximity to a high fire hazard area. There is not potential impact

8. HYDROLOGY AND WATER QUALITY. Would the project:

a) Violate any water quality standards or waste discharge requirements? X

The proposed project consists of the widening of Cactus Avenue easterly from I-215 to Heacock Street. The proposed project could result in short-term construction related impacts to surface water quality. Grading and construction will expose ground surfaces and create the potential for erosion and the off-site transport of sediment in storm water runoff. Additionally, the use of construction equipment and other materials could result in water quality impacts if spills come into contact with storm water and polluted runoff enters downstream receiving waters. Construction activities that involve one acre or more are required to obtain coverage under the Statewide National Pollutant Discharge Elimination System (NPDES) permits for construction and related activities from the State of California Department of Water Resources Board. The permit requires that the property owner/developer prepare and implement a project specific Storm Water Pollution Prevention Plan (SWPPP), which includes Best Management Practices (BMPs) intended to reduce erosion, sedimentation and non-permitted discharges of materials during construction. The BMPs to be used during the construction typically include gravel bags, silt fencing, and general measures to prevent storm water contact with construction materials. The contractor shall prepare and implement a SWPPP. No significant impacts to water quality are anticipated.

b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)? X

The project would have no direct impact on groundwater supplies.

c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site? X

The project would not substantially alter the existing drainage pattern of the site.

Issues and Supporting Information	Potentially Significant Impact	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or surface runoff in a manner which would result in flooding on- or off site?				X
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The proposal would not have a substantial impact on altering the existing drainage pattern of the site or area.

e) Create or contribute runoff which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?			X	
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The proposed project consists of the widening of Cactus Avenue easterly from I-215 to Heacock Street. The proposed project would extend six (6) existing culverts toward the existing Cactus Channel. Existing AC overside drains also would be relocated behind the new curb. The increase in runoff due to the proposed road widening is insignificant; therefore the proposal would not impact the existing or planned storm water drainage system. Currently, the existing Cactus Channel has limited drainage capacity and a future flood channel is planned by U.S. Army Corps of Engineers (ACOE) to handle the 100-year storm for flood protection.

The proposed project could result in short-term construction related impacts to surface water quality. Grading and construction will expose ground surfaces and create the potential for erosion and the off-site transport of sediment in storm water runoff. Additionally, the use of construction equipment and other materials could result in water quality impacts if spills come in to contact with storm water and polluted runoff enters downstream receiving waters. The Best Management Practices (BMPs) to be used during the construction typically include gravel bags, silt fencing, and general measures to prevent storm water contact with construction materials. The contractor shall prepare and implement a SWPPP. For Post Construction BMPs, Catch Basin Inserts and Bio-Swale/Channel are proposed to reduce runoff pollutants. No significant impacts to water quality are anticipated.

f) Otherwise substantially degrade water quality?				X
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The proposed Project would not result in any other actions that would degrade water quality. No impact would occur.

g) Place housing within a 100-year floodplain, as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?				X
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The project does not involve the construction of housing, and therefore would not place housing within a 100-year floodplain.

h) Place structures within a 100-year flood hazard area which would impede or redirect flood flows?				X
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The project would involve only the extension of five CMP culverts, one requiring a retaining wall. The addition of these structures would have no impact on the 100-year flood hazard area, and would not impede or redirect flood flows. There will be no impact.

i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?				X
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The proposal would not increase the risk of flooding in the vicinity of the project. Therefore, the proposal would not expose people or structures to a significant risk of loss, injury or death involving flooding. There are no levees or dams in the vicinity of the proposal.

j) Inundation by seiche, tsunami, or mudflow?				X
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There would be no possibility of a seiche, tsunami, or mudflow at this location. The site is too far from major bodies of water to be affected by a seiche or tsunami. The site is primarily flat with many improvements to the north and the south of the site so there is no risk of mudflow at this location.

9. LAND USE AND PLANNING. Would the project:

a) Physically divide an established community?				X
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The project will not have any potential to physically divide an established community. The proposed road improvements are consistent with the General Plan. The improvements are also along the southerly City limits, and will allow for improved access to the southerly portion of the City, and March Air Reserve Base and areas under the jurisdiction of March Joint Powers Authority.

b) Conflict with an applicable land use plan, policy or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?				X
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The project is not in conflict with any applicable land use plan, policy or regulation of an agency with jurisdiction over the project. The proposed road improvements will make Cactus Avenue more consistent with the Circulation Plan in the City's General Plan.

Issues and Supporting Information	Potentially Significant Impact	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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c) Conflict with any applicable habitat conservation plan or natural community conservation plan?				X
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The City participates in two habitat conservation plans. The proposed project will be consistent with both the SKR Habitat Conservation Plan (SKR HCP) and the Western Riverside County Multi-species Habitat Conservation Plan (WRC-MSHCP). The area is not located within, or in proximity to, a reserve in the SKR HCP, or in or near a criteria area or criteria cell of the WRC-MSHCP.

10. MINERAL RESOURCES. Would the project:

a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?				X
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There are no known mineral resources in this particular area of the City.

b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?				X
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The project site is not identified as a locally important mineral resource recovery site on the City's General Plan, a specific plan, or other land use plan. Therefore, there is no potential for impact.

11. NOISE. Would the project result in:

a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?			X	
---	--	--	---	--

The proposed improvements are consistent the identified General Plan standard for Cactus Avenue. The areas in proximity of the site are primarily designated for commercial, industrial, and business park uses. There are no known sensitive receptors in proximity of the project area.

b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?			X	
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During construction, there will be some temporary impacts associated with construction that would occur from the use of construction equipment. These impacts would be temporary. Upon the completion of construction, there would be no further impact. Therefore, a less than significant impact is anticipated.

c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?				X
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The addition of the third lane would slightly add to the ambient noise levels in the project vicinity. The noise from the roadway would have been anticipated by the adoption of the General Plan, since the proposed alignment is consistent with the cross-section identified in the General Plan.

d) A substantially temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?			X	
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During construction, there will be some temporary impacts associated with construction that would occur from the use of construction equipment. These impacts would be temporary. Upon the completion of construction, there would be no further impact. Therefore, a less than significant impact is anticipated.

e) For a project located within an airport land use plan, or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?				X
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Most of the project is just north of the March Air Reserve Base. The project is a roadway project, and includes no sensitive uses.

f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?				X
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The project is not within the vicinity of a private airstrip. The project would not expose people residing or working the project area to noise from a private air strip.

12. POPULATION AND HOUSING. Would the project:

a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?				X
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Since the proposed roadway improvements are consistent with the General Plan, the improvements would not induce substantial population growth in the area. However, the road improvements would have the benefit of improving access to existing commercial and industrial uses as well as future commercial and industrial uses in the area.

Issues and Supporting Information	Potentially Significant Impact	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?				X
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The proposed project will not affect any existing housing units. Therefore, there is no potential for impact.

c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?				X
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The proposed project would not affect existing housing units or existing development of any kind, therefore there would be no impact on housing and no requirement for replacement housing.

13. PUBLIC SERVICES. Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered government facilities, need for new or physically altered government facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:

a) Fire protection?				X
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The proposed project would have no direct impact on fire protection services. This project is consistent with the General Plan. Impacts to public services related to full build-out of the General Plan was considered in the General Plan EIR.

b) Police protection?				X
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The proposed project would have no direct impact on police protection.

c) Schools?				X
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The proposed project would have no impact on schools.

d) Parks?				X
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The proposed project would have no impact on the need to provide park services.

e) Other public facilities?				X
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The proposed project would add a negligible area of paved services that would require future road maintenance.

14. RECREATION.

a) Would the project increase the use of existing neighborhood or regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?				X
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The proposed project would have no direct or indirect impact on the use of existing neighborhood or regional parks. There are no parks in the immediate vicinity of the project area that would be potentially impacted during construction.

b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?				X
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The proposed project does not include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse effect on the environment.

15. TRANSPORTATION/TRAFFIC. Would the project:

a) Cause an increase in the traffic which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)?			X	
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Based on the General Plan Circulation element, Cactus Avenue is designated as a Divided Major Arterial with a reduced Cross-section. The lane will be added along the south side of Cactus Avenue, where there is currently two eastbound lanes. The purpose of this project is to relieve potential traffic congestion and improve circulation consistent with the General Plan. The consulting firm, RBI Traffic (March 3, 2009, incorporated herein by reference), performed an analysis of the major intersections along the project route to ensure that the proposed project provides adequate intersection capacity while minimizing the environmental impacts. The study focused on the existing and/or General Plan build-out traffic volume requirements at the intersection of Cactus Avenue and Elsworth Street, and the intersection of Graham Street and Heacock Street. The project is designed in accordance with the recommendations of the study. The project would not result in a substantial increase in number of vehicle trips, the volume to capacity ratio, or congestion at intersections. No mitigation measures were recommended. The impacts will be less than significant.

With regard to short-term impacts, during the period of grading, although there would be a few trips a day for construction workers and truck trips related to export of materials and soils, the volume of these trips would be negligible compared to the overall volume of trips for Cactus Avenue.

Issues and Supporting Information	Potentially Significant Impact	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways?				X
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Once the project is completed, the project would have no effect on level of service as it would improve the eastbound carrying capacity of the roadway. The project is intended to improve circulation along the roadway by making the roadway more consistent with the General Plan.

c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?				X
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The project would have no effect on air traffic patterns. There is no potential for impact.

d) Substantially increase hazards to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g. farm equipment)?				X
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The project is being designed to meet City standard. Therefore, the project will not increase hazards due to a design feature. The road widening is compatible with future land use in that it is consistent with future growth as anticipated by the City's General Plan.

e) Result in inadequate emergency access?				
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The additional lane would not have any negative impact with regard to emergency access. By providing a third lane, better access and flow of traffic would be available to the County Hospital to the east.

f) Result in inadequate parking capacity?				X
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The project would have no impact on parking.

g) Conflict with adopted policies or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)?				X
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The project would not conflict with or have any impact on adopted policies or programs supporting alternative transportation.

16. UTILITIES AND SERVICE SYSTEMS. Would the project:

a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?				X
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The proposed project is a roadway project that would not generate wastewater, and therefore would not exceed wastewater treatment requirements. No impact would occur.

b) Require or result in construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?				X
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The proposed project is a road improvement project that would not generate new waste and/or wastewater. Therefore, wastewater treatment facilities would not be affected. No impact would occur.

c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?			X	
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The proposed project will extend and/or use the existing storm drain infrastructure present in the area. The Cactus Avenue channel runs parallel to Cactus Avenue for the distance of the project. The area being paved is primarily limited to the addition of one lane. The additional run-off, which will be negligible will go into the storm drain.

d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?				X
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The project will not require any additional water supplies. No impact will occur.

e) Result in a determination by the wastewater treatment provider which serves or may serve the project determined that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?				X
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The proposed project will not generate wastewater, and will not require construction or expansion of wastewater treatment facilities. Therefore, no impacts will occur.

f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?			X	
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The solid waste generated by the project will be short term and minimal in volume, therefore landfills will be able to accommodate the limited solid waste disposal needs. Thus impacts will be less than significant.

g) Comply with federal, state, and local statues and regulations related to solid waste?			X	
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Any solid waste will be handled and disposed of in compliance with federal, State, and local laws related to solid waste. Impacts will be less than significant.

Issues and Supporting Information	Potentially Significant Impact	Less than Significant With Mitigation Incorporated	Less Than Significant Impact	No Impact
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17. MANDATORY FINDINGS OF SIGNIFICANCE.				
a) Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of an endangered, rare or threatened plant or animal, or eliminate important examples of the major periods of California history or prehistory?				X
Most of the affected roadway expansion had been disturbed as it is the shoulder of the existing roadway. The proposed project with the proposed mitigation measures will be consistent with the provisions of the Western Riverside County Multi-species Habitat Conservation Plan (MSHCP) and the Stephens' Kangaroo Rat Habitat Conservation Plan. The project site is not known to contain important archaeological or historical resources.				
b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of the past projects, the effects of other current projects, and the effects of probable future projects)?				X
The proposal is a road project that would be consistent with the General Plan Circulation Plan. The proposal would not disturb sensitive resources or exceed the capacity of service systems, and would be consistent with applicable local, regional, and State environmental programs.				
c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?				X
The project does not have the potential to cause substantial adverse effects on human beings, either directly or indirectly. The impacts are almost entirely short-term impacts associated with the construction of the roadway widening. As indicated by the discussions in the Initial Study, with the recommended mitigation measures, there will be no significant environmental impacts.				

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NEGATIVE DECLARATION

PROJECT TITLE AND FILE NUMBER:

Cactus Avenue Improvements

PROJECT APPLICANT:

City of Moreno Valley

TELEPHONE NUMBER:

(951) 413-3229

PROJECT LOCATION:

The project consists of improvements to Cactus Avenue extending from easterly of the Interstate 215 near Commerce Center Drive to Heacock Street.

PROJECT DESCRIPTION:

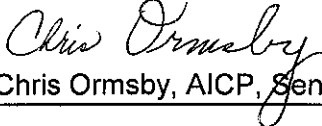
The Proposed Project consists of street improvements to add a third eastbound lane to the south side of Cactus Avenue from the Interstate 215 (I-215) off-ramps near Commerce Center Drive to Heacock Street. The project would complete the eastbound portion of this roadway segment providing a modified width third eastbound lane with new street improvements. The project provides an exclusive right turn lane into March Air Reserve Base at the Elsworth Street entrance. Also, the project includes extending culverts to the existing Cactus channel, and upgrading and/or modification of four traffic signals.

FINDING

The City of Moreno Valley has reviewed the above project in accordance with the City of Moreno Valley's Guidelines for the Implementation of the California Environmental Quality Act, and has determined that an Environmental Impact Report need not be prepared because:

- The proposed project will not have a significant effect on the environment.
- Although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because mitigation measures described in the attached Initial Study and hereby made a part of this Negative Declaration have been added to the project. The Final Conditions of Approval contain the final form and content of all mitigation measures.

This determination is based upon an Initial Study. The project file, including the Initial Study and related documents is available for review during normal business hours (8:00 a.m. to 5:00 p.m. Monday through Friday) at the City of Moreno Valley, Community Development Department, Planning Division, 14177 Frederick Street, Moreno Valley, California 92553, Telephone (951) 413-3206.

PREPARED BY:**DATE:**

Chris Ormsby, AICP, Senior Planner

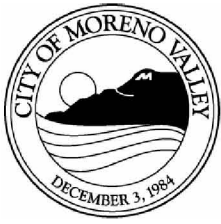
October 22, 2009

NOTICE

The public is invited to comment on the Negative Declaration. The appropriateness and adoption of the Negative Declaration is considered at the time of project approval in light of comments received.

DATE ADOPTED: _____

BY: _____



APPROVALS	
BUDGET OFFICER	<i>cof</i>
CITY ATTORNEY	<i>Rut</i>
CITY MANAGER	<i>WAB</i>

Report to City Council

TO: Mayor and City Council

FROM: Chris A. Vogt, P.E., Public Works Director/City Engineer

AGENDA DATE: February 9, 2010

TITLE: TRACT 31494 – ADOPT THE RESOLUTION AUTHORIZING ACCEPTANCE OF THE PUBLIC IMPROVEMENTS AS COMPLETE AND ACCEPTING COLLIE COURT, AND THE PORTIONS OF COTTONWOOD AVENUE AND DARWIN DRIVE ASSOCIATED WITH THE PROJECT INTO THE CITY'S MAINTAINED STREET SYSTEM

DEVELOPER: COLLIE COURT DEVELOPMENT, LLC
23205 SUNNYMEAD BOULEVARD, SUITE 100
MORENO VALLEY, CA 92552-7599

RECOMMENDED ACTION

Staff recommends that the City Council:

Adopt Resolution No. 2010-09 authorizing acceptance of the public improvements for Tract 31494 as complete and accepting Collie Court, and the portions of Cottonwood Avenue and Darwin Drive associated with the project into the City's maintained street system.

ADVISORY BOARD/COMMISSION RECOMMENDATION

Not applicable.

BACKGROUND

On September 11, 2007, the City Council approved Tract 31494 for recordation. The surety for the project's remaining public improvements was addressed with a cash deposit through the Encroachment Permit process. The public improvements received on-going inspection during the construction process. Upon completion of the street improvements, Public Works/Land Development performed an inspection, and a punch list was generated. All of the public improvements have been completed, which include but are not limited to the curb, gutter, sidewalk, pavement, drainage, signing and striping.

On July 14, 2009, the City Council accepted those improvements as complete and provided a partial reduction of \$111,200 to the Faithful Performance warranty security for Tract 31494 in accordance with LDD Policy No. 2008-09 and SMA Section 66499.7.a. Only after the developer completes the remaining punch list warranty items, will the City accept the streets and public improvements associated with the project into the maintained system. Those items remaining to be completed are the cleaning of the parkway area and repairs to the erosion control devices at the drainage outlet. The warranty period will be effective until all the improvements are complete and approved by City Council. This action reduced the remaining Faithful Performance warranty security for Tract 31494 from \$116,200 to \$5,000 for those improvements still to be completed.

DISCUSSION

The remaining improvements received a final inspection, and the improvements were completed in accordance with the approved plans and the standards of the City of Moreno Valley. Those items that were remaining to be completed were the cleaning of the parkway area and repairs to the erosion control devices at the drainage outlet. In accordance with the Streets and Highway Code, the method for acceptance of improvements, per Section 1806, (a), and (b), is by action of the governing body, by resolution. It is therefore appropriate to accept those improvements into the City's maintained street system.

Per the Council action on July 14, 2009, the City Engineer may exonerate the remaining portion of the Faithful Performance warranty security once the developer has completed the improvements and when all clearances are received, including final fee reconciliation.

ALTERNATIVES

1. Adopt the proposed Resolution authorizing the acceptance of the public improvements for Tract 31494 as complete and accepting Collie Court, and the

portions of Cottonwood Avenue and Darwin Drive associated with the project into the City's maintained street system. *The required improvements have been completed according to City of Moreno Valley Standards and therefore should be included in the City's maintained street system.*

2. Do not adopt the proposed Resolution authorizing the acceptance of the public improvements for Tract 31494 as complete and accepting Collie Court, and the portions of Cottonwood Avenue and Darwin Drive associated with the project into the City's maintained street system. *The required improvements have been completed according to City of Moreno Valley Standards and therefore should be included in the City's maintained street system.*

FISCAL IMPACT

The acceptance of these street improvements into the City's maintained street system will create an additional fiscal impact to the street maintenance program of the City. (Fund 121-Gas Tax, Fund 125-Measure "A", and Fund 152-NPDES: Fund 121 is restricted to the construction and maintenance of streets and roadways. Fund 125 is restricted for transportation projects only for the purposes of construction, maintenance and operation of streets and roadways. The County Service Area (CSA) levy collected from property owners support current NPDES Permit programs and reduce the level of General Fund support necessary to remain in compliance with unfunded federal mandates, as administered by the State. Funds collected from the CSA 152 annual levy are restricted for use only within the Storm Water Management program.)

CITY COUNCIL GOALS

Not applicable

NOTIFICATION

Publication of agenda

EXHIBITS

Exhibit "A" – Vicinity Map

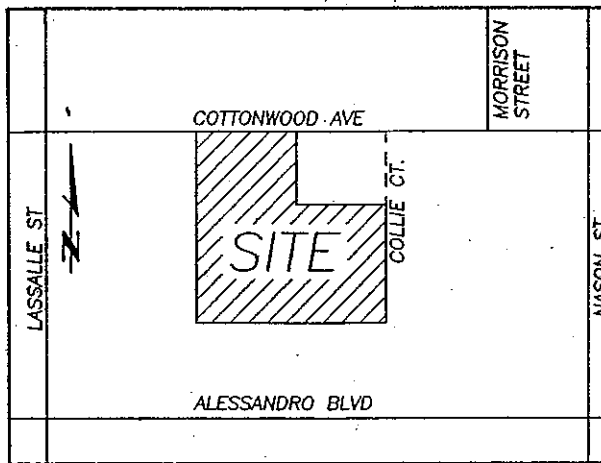
Exhibit "B" - Proposed Resolution

Prepared By
Mark W. Sambito
Engineering Division Manager

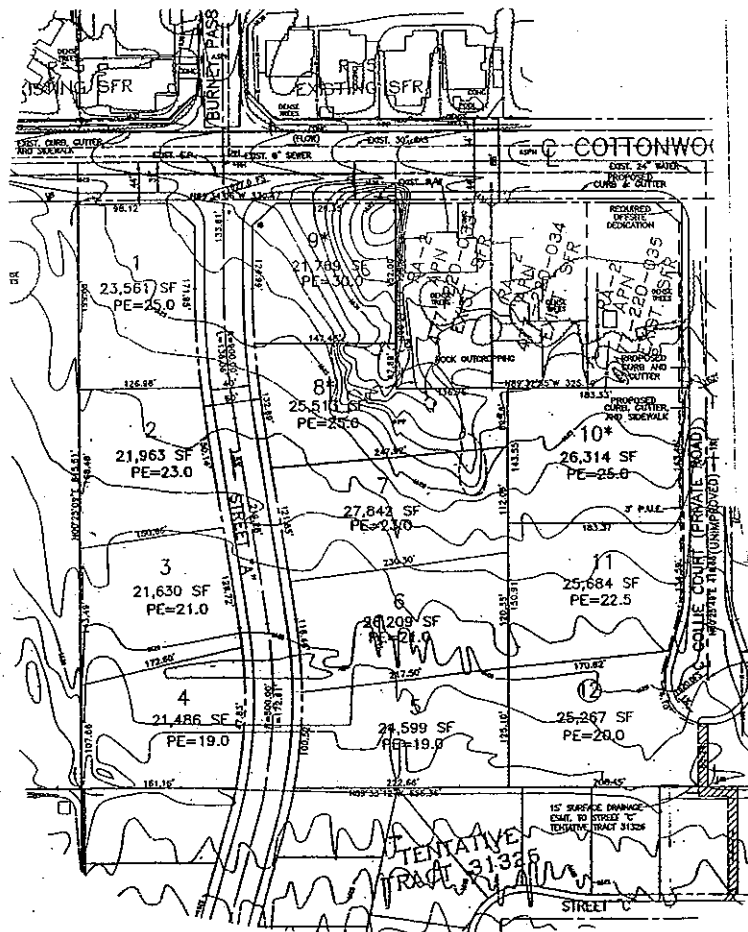
Department Head Approval
Chris A. Vogt, P.E.
Public Works Director/City Engineer

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

W:\LandDev\MANAGEMENT ASSISTANT\Staff Reports\2010\2-09-10 Tr. 31494 - Street Acceptance.doc



VICINITY MAP
NOT TO SCALE



CITY OF MORENO VALLEY
PUBLIC WORKS - LAND DEVELOPMENT

TRACT 31494
VICINITY MAP

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RESOLUTION NO. 2010-09

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY, CALIFORNIA, AUTHORIZING THE ACCEPTANCE OF THE PUBLIC IMPROVEMENTS AS COMPLETE WITHIN TRACT 31494, AND ACCEPTING COLLIE COURT, AND THE PORTIONS OF COTTONWOOD AVENUE AND DARWIN DRIVE ASSOCIATED WITH THE PROJECT INTO THE CITY'S MAINTAINED STREET SYSTEM

WHEREAS, the City Engineer has determined that the public improvements constructed by Collie Court Development, LLC on Collie Court, and the portions of Cottonwood Avenue and Darwin Drive associated with the project were constructed according to the approved plans on file with the City of Moreno Valley, and

WHEREAS, the City Engineer has determined that those improvements were inspected during construction and were completed in an acceptable manner, and

WHEREAS, the City Engineer has requested that the City Council authorize the acceptance of said public improvements as complete within Tract 31494 and accept Collie Court, and the portions of Cottonwood Avenue and Darwin Drive associated with the project into the City's maintained street system, and

WHEREAS, it is in accordance with Streets and Highway Code, Section 1806, (a) and (b), for City Council to perform this action by resolution,

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Moreno Valley that the public improvements within Tract 31494 are complete, and Collie Court, and the portions of Cottonwood Avenue and Darwin Drive associated with the project are accepted into the City's maintained street system.

APPROVED AND ADOPTED this 9th day of February, 2010.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

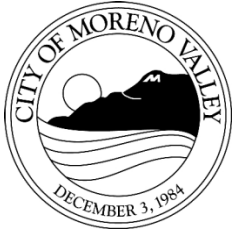
City Attorney

EXHIBIT "B"

RESOLUTION JURAT

[Clerk's office will prepare]

[NOTE: Any attachments or exhibits to this resolution should follow this jurat.]



Report to City Council

TO: Mayor and City Council

FROM: Jane Halstead, City Clerk

AGENDA DATE: February 9, 2010

TITLE: CITY COUNCIL REPORTS ON REIMBURSABLE ACTIVITIES

RECOMMENDED ACTION

Staff recommends that the City Council receive and file the Reports on Reimbursable Activities for the period of January 20 – February 2, 2010.

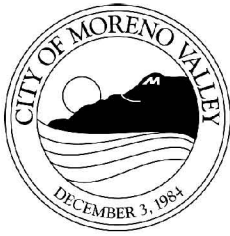
<i>Reports on Reimbursable Activities</i> January 20 – February 2, 2010		
Council Member	Date	Meeting
William H. Batey II		None
Bonnie Flickinger	1/21/10	City of Riverside – Mayor Loveridge State of the City Address
	1/25/10	Riverside County Transportation Commission (RCTC) San Jacinto Branch Line
	1/27/10	Moreno Valley Chamber of Commerce Wake-Up Moreno Valley
	1/30/10	Boy Scouts 5 Nations District Dinner
	2/2/10	Moreno Valley Hispanic Chamber of Commerce Adelante
Robin N. Hastings	1/20/10	Student of the Month Luncheon
	1/30/10	Boy Scouts 5 Nations District Dinner
Jesse L. Molina		None
Richard A. Stewart		None

Prepared By:
Cindy Miller
Executive Assistant to the Mayor/City Council

Department Head Approval:
Jane Halstead
City Clerk

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

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APPROVALS	
BUDGET OFFICER	<i>c. a. f.</i>
CITY ATTORNEY	<i>gmb</i>
CITY MANAGER	<i>wab</i>

Report to City Council

TO: Mayor and City Council

FROM: Chris A. Vogt, P.E., Public Works Director/City Engineer

AGENDA DATE: February 9, 2010

TITLE: NOTICE OF COMPLETION AND ACCEPTANCE OF TRAFFIC SIGNAL AND STREET IMPROVEMENTS AT LASSELLE STREET AND COTTONWOOD AVENUE
PROJECT NO. 08-41779126

RECOMMENDED ACTION

Staff recommends that the City Council:

1. Accept the work as complete for the Traffic Signal and Street Improvements at Lasselle Street and Cottonwood Avenue, constructed by All American Asphalt, PO Box 2229, Corona, CA 92787.
2. Direct the City Clerk to record the Notice of Completion within ten (10) calendar days at the office of the County Recorder of Riverside County, as required by Section 3093 of the California Civil Code.
3. Authorize the Financial and Administrative Services Director to release the retention to All American Asphalt, thirty-five (35) calendar days after the date of recordation of the Notice of Completion, if no claims are filed against the project.
4. Accept the improvements into the City's maintained road system.

BACKGROUND

On March 10, 2009, the City Council awarded a construction contract in the amount of \$283,000 to All American Asphalt, for the Traffic Signal and Street Improvements at Lasselle Street and Cottonwood Avenue. A Purchase Order in the amount of \$325,450, which included a 15% contingency, was issued to the Contractor.

DISCUSSION

All American Asphalt completed construction of the Traffic Signal and Street Improvements for Lasselle Street and Cottonwood Avenue in December 2009. The project consisted of installation of new traffic signals and related street improvements which enhanced safety and traffic control for both pedestrians and drivers.

The construction included new curb return and access ramp at the northwest corner and southwest corner of Lasselle Street and Cottonwood Avenue. New pavement widening and transitions on the west side of Lasselle Street and the north and south side of Cottonwood Avenue were also completed.

There were two Contract Change Orders for this project. Contract Change Order No. 1 increased the contract total by \$11,766.66. Contract Change Order No. 2 (Final) increased the contract total by \$44.75. The final contract total cost is \$294,811.41, which did not exceed the \$325,450 approved purchase order amount.

ALTERNATIVES

1. Accept the work as complete for the Traffic Signal and Street Improvements at Lasselle and Cottonwood Avenue, constructed by All American Asphalt, PO Box 2229, Corona, CA 92787; Direct the City Clerk to record the Notice of Completion within ten (10) calendar days at the office of the County Recorder of Riverside County, as required by Section 3093 of the California Civil Code; Authorize the Financial and Administrative Services Director to release the retention to All American Asphalt, thirty-five (35) calendar days after the date of recordation of the Notice of Completion, if no claims are filed against the project; Accept the improvements into the City's maintained road system. *This alternative will result in payment to the contractor and acceptance of the improvements into the City's maintained road system.*
2. Do not accept the work as complete for the Traffic Signal and Street Improvements at Lasselle and Cottonwood Avenue, constructed by All American Asphalt, PO Box 2229, Corona, CA 92787; do not direct the City Clerk to record the Notice of Completion within ten (10) calendar days at the office of the County Recorder of Riverside County, as required by Section 3093 of the California Civil Code; do not authorize the Financial and Administrative Services Director to release the retention to All American Asphalt, thirty-five (35) calendar days after the date of recordation of the Notice of Completion, if no claims are filed against the project; and do not accept the improvements into the City's maintained road system. *This alternative will result delaying payment to the contractor, delaying acceptance of the improvements into the City's maintained road system, and incurring extra cost to the City.*

FISCAL IMPACT

The construction phase of this project is included in Fiscal Year 2009-2010 Capital Improvement Project Budget. The construction phase is funded with DIF Arterial

Streets (Fund 416) and DIF Traffic Signals (Fund 417). **The funding for this project is restricted to capital improvements for arterial street widening and new traffic signals that are in the DIF Program and cannot be utilized for operational activities. There is no impact to the General Fund.**

AVAILABLE FUNDS:

Fiscal Year 2009/2010 Budget (Account No. 416.83227).....	\$207,000
Fiscal Year 2009/2010 Budget (Account No. 417.79126).....	<u>\$200,000</u>
Total Available Budget.....	\$407,000

FINAL CONSTRUCTION RELATED COSTS:

Contractor Construction Cost	\$295,000
Materials Testing and Surveying Services	\$ 11,000
Project Administration, Design Support and Inspection.....	\$ 25,000
Electric Service and Miscellaneous Costs	<u>\$ 9,000</u>
Total Construction-related Costs	\$340,000

CITY COUNCIL GOALS

PUBLIC SAFETY:

Provide a safe and secure environment for people and property in the community, control the number and severity of fire and hazardous material incidents, and provide protection for citizens who live, work and visit the City of Moreno Valley.

PUBLIC FACILITIES AND CAPITAL PROJECTS:

Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

POSITIVE ENVIRONMENT:

Create a positive environment for the development of Moreno Valley’s future.

SUMMARY

All American Asphalt has completed the construction of the Traffic Signal and Street Improvements for Lasselle Street and Cottonwood Avenue. The City Council is requested to accept the work as complete, direct the City Clerk to record the Notice of Completion, authorize the release of retention to All American Asphalt, and accept the improvements into the City’s maintained road system.

ATTACHMENTS

Attachment “A” – Location Map

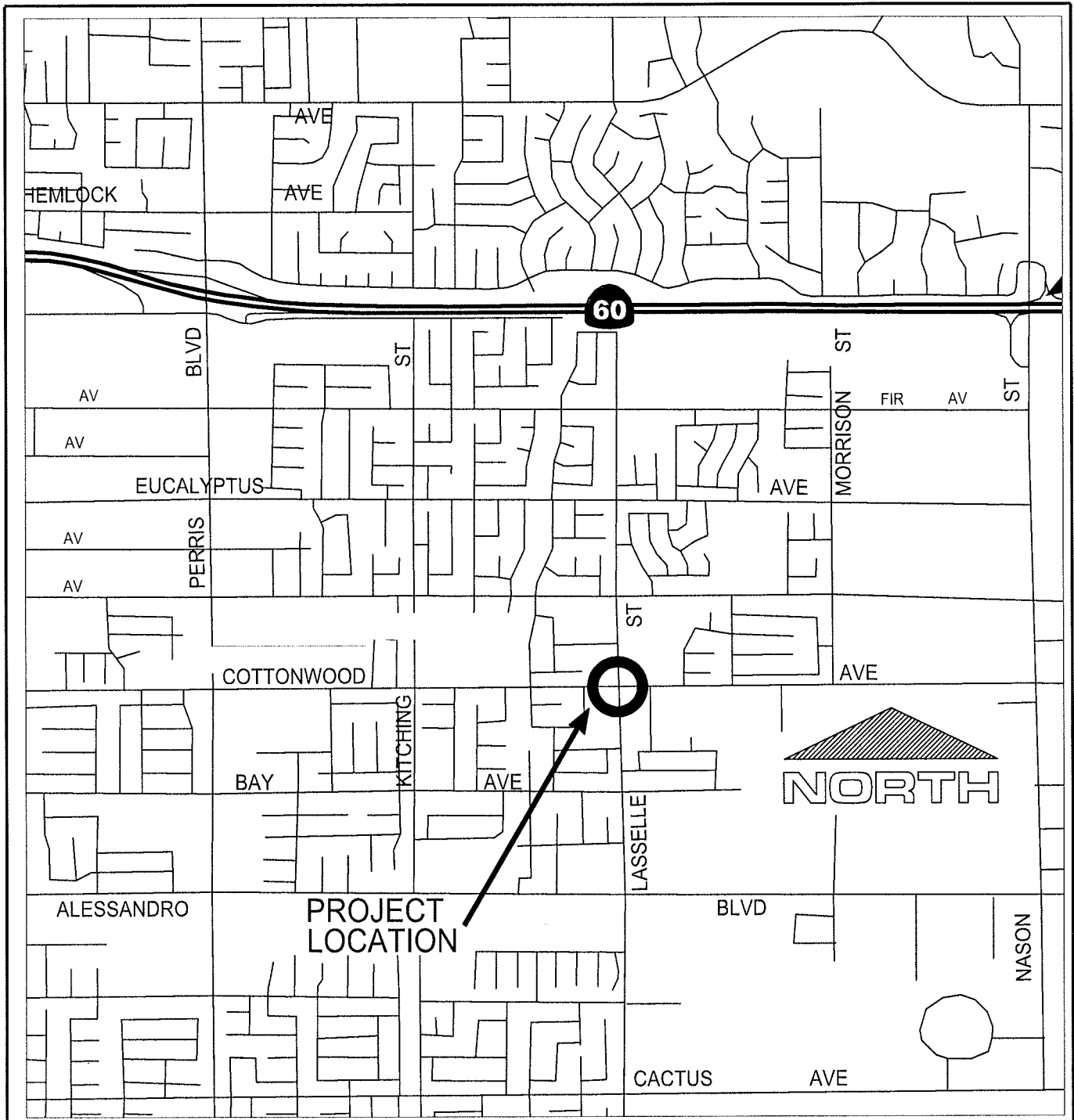
Prepared By:
 Viren Shah, P.E.
 Consultant Project Manager

Department Head Approval:
 Chris A. Vogt, P.E.
 Public Works Director/City Engineer

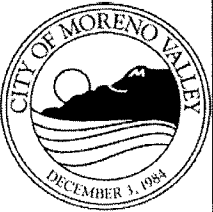
Concurred By:
 Prem Kumar, P.E.
 Deputy Public Works Director/Assistant City Engineer

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

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LASSELLE ST. AND COTTONWOOD AVE.



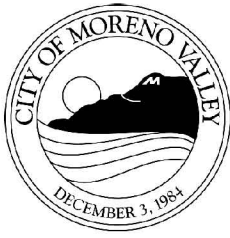
Public Works Department
Capital Projects Division

ATTACHMENT A

TRAFFIC SIGNAL
LASSELLE STREET AND COTTONWOOD AVENUE
Project No. 08-41779126

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APPROVALS	
BUDGET OFFICER	<i>caf</i>
CITY ATTORNEY	<i>Rst</i>
CITY MANAGER	<i>WBS</i>

Report to City Council

TO: Mayor and City Council

FROM: Chris A. Vogt, P.E., Public Works Director/City Engineer

AGENDA DATE: February 9, 2010

TITLE: NOTICE OF COMPLETION AND ACCEPTANCE OF TRAFFIC SIGNAL AND STREET IMPROVEMENTS AT LASSELLE STREET AND BAY AVENUE
PROJECT NO. 08-41779426

RECOMMENDED ACTION

Staff recommends that the City Council:

1. Accept the work as complete for the Traffic Signal and Street Improvements at Lasselle and Bay Avenue, constructed by Pouk & Steinle, Inc., 2520 Rubidoux Boulevard, Riverside, CA 92519.
2. Direct the City Clerk to record the Notice of Completion within ten (10) calendar days at the office of the County Recorder of Riverside County, as required by Section 3093 of the California Civil Code.
3. Authorize the Financial and Administrative Services Director to release the retention to Pouk & Steinle, Inc., thirty-five (35) calendar days after the date of recordation of the Notice of Completion, if no claims are filed against the project.
4. Accept the improvements into the City's maintained road system.

BACKGROUND

On March 10, 2009, the City Council awarded a construction contract in the amount of \$204,785 to Pouk & Steinle, Inc., for the Traffic Signal and Street Improvements at Lasselle Street and Bay Avenue. A Purchase Order in the amount of \$235,503, which included a 15% contingency, was issued to the Contractor.

DISCUSSION

Pouk & Steinle completed construction of the Traffic Signal and Street Improvements for Lasselle Street and Bay Avenue in November 2009. The project consisted of installation of new traffic signals and related street improvements which enhanced safety and traffic control for both pedestrians and drivers.

The work included a new curb return and access ramp at the southeast corner of Lasselle Street and Bay Avenue. Construction also included new pavement widening with transitions for the east side of Lasselle Street and the south side of Bay Avenue.

There were two Contract Change Orders for this project. Contract Change Order No. 1 increased the contract total by \$4,225.00. Contract Change Order No. 2 (FINAL) decreased the contract total by (\$3,000.90). The final contract total cost is \$206,009.10, which did not exceed the \$235,503 approved purchase order amount.

ALTERNATIVES

1. Accept the work as complete for the Traffic Signal and Street Improvements at Lasselle and Bay Avenue, constructed by Pouk & Steinle, Inc., 2520 Rubidoux Boulevard, Riverside, CA 92519; direct the City Clerk to record the Notice of Completion within ten (10) calendar days at the office of the County Recorder of Riverside County, as required by Section 3093 of the California Civil Code; authorize the Financial and Administrative Services Director to release the retention to Pouk & Steinle, Inc., thirty-five (35) calendar days after the date of recordation of the Notice of Completion, if no claims are filed against the project; accept the improvements into the City's maintained road system. *This alternative will result in payment to the contractor and acceptance of the improvements into the City's maintained road system.*
2. Do not accept the work as complete for the Traffic Signal and Street Improvements at Lasselle and Bay Avenue, constructed by Pouk & Steinle, Inc., 2520 Rubidoux Boulevard, Riverside, CA 92519; do not direct the City Clerk to record the Notice of Completion within ten (10) calendar days at the office of the County Recorder of Riverside County, as required by Section 3093 of the California Civil Code; do not authorize the Financial and Administrative Services Director to release the retention to Pouk & Steinle, Inc., thirty-five (35) calendar days after the date of recordation of the Notice of Completion, if no claims are filed against the project; and do not accept the improvements into the City's maintained road system. *This alternative will result in delaying payment to the contractor, delaying acceptance of the improvements into the City's maintained road system, and incurring extra cost to the City.*

FISCAL IMPACT

The construction phase of this project is included in Fiscal Year 2009-2010 Capital Improvement Project Budget. The construction phase is funded with DIF Arterial Streets (Fund 416) and DIF Traffic Signals (Fund 417). **The funding for this project is restricted to capital improvements for arterial street widening and new traffic signals that are in the DIF Program and cannot be utilized for operational activities. There is no impact to the General Fund.**

AVAILABLE BUDGET:

Fiscal Year 2009/2010 Budget (Account No. 416.83127).....	\$168,000
Fiscal Year 2009/2010 Budget (Account No. 417.79426).....	<u>\$156,295</u>
Total Available Budget.....	\$324,000

FINAL CONSTRUCTION RELATED COSTS:

Contractor Construction Cost	\$206,000
Materials Testing and Surveying Services.....	\$ 9,000
Project Administration, Design Support and Inspection.....	\$ 25,000
Miscellaneous Costs.....	<u>\$ 1,000</u>
Total Construction-related Costs	\$241,000

CITY COUNCIL GOALS

PUBLIC SAFETY:

Provide a safe and secure environment for people and property in the community, control the number and severity of fire and hazardous material incidents, and provide protection for citizens who live, work and visit the City of Moreno Valley.

PUBLIC FACILITIES AND CAPITAL PROJECTS:

Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

POSITIVE ENVIRONMENT:

Create a positive environment for the development of Moreno Valley’s future.

SUMMARY

Pouk & Steinle, Inc. has completed the construction of the Traffic Signal and Street Improvements at Lasselle Street and Bay Avenue. The City Council is requested to accept the work as complete, direct the City Clerk to record the Notice of Completion, authorize the release of retention to Pouk & Steinle, Inc., and accept the improvements into the City’s maintained road system.

ATTACHMENTS

Attachment “A” – Location Map

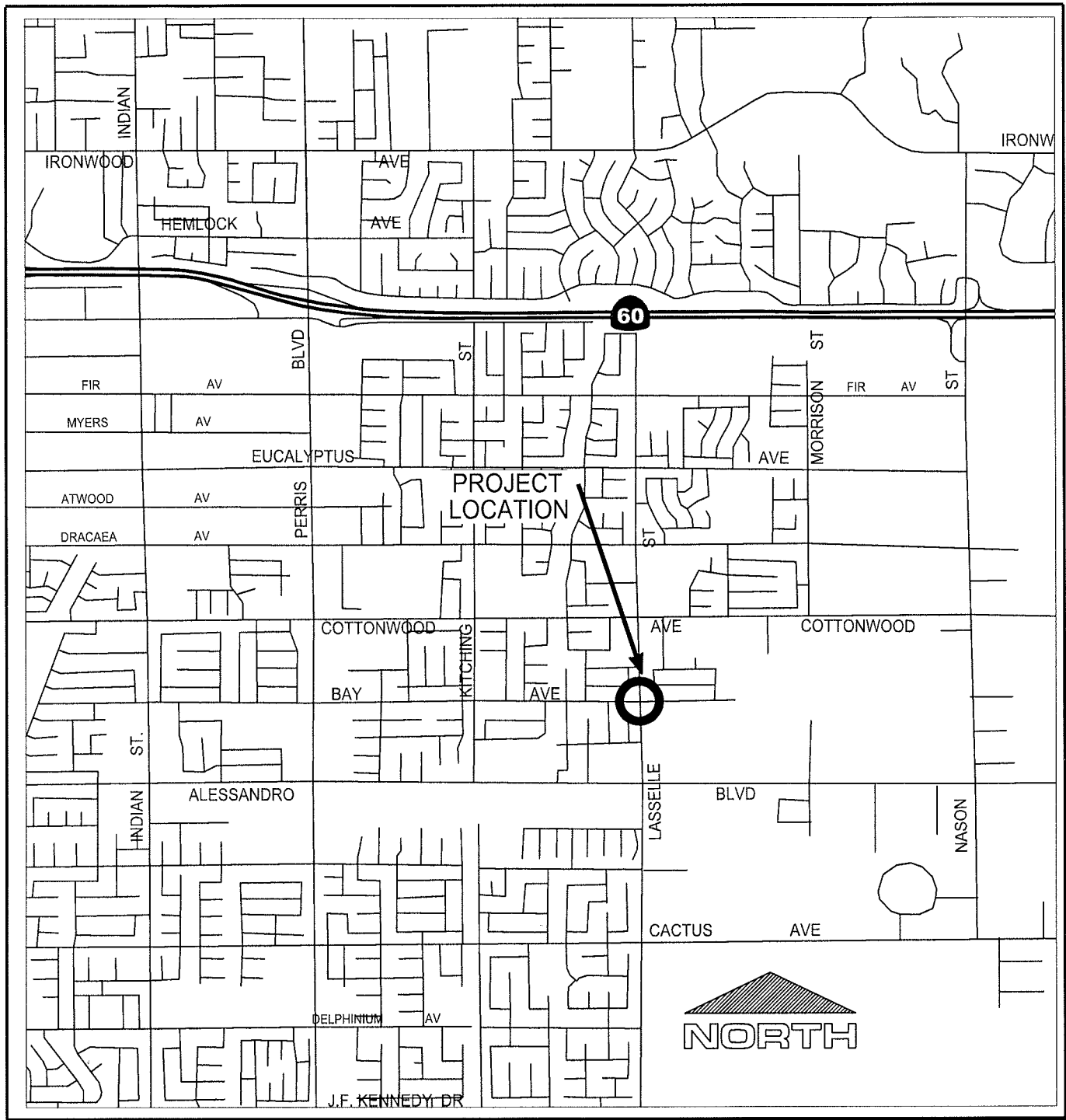
Prepared By:
Viren Shah, P.E.
Consultant Project Manager

Department Head Approval:
Chris A. Vogt, P.E.
Public Works Director/City Engineer

Concurred By:
Prem Kumar, P.E.
Deputy Public Works Director/Assistant City Engineer

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

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LASSELLE ST. AND BAY AVE.

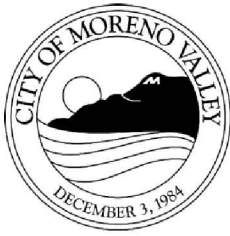


Public Works Department
 Capital Projects Division
 ATTACHMENT A

TRAFFIC SIGNAL
LASSELLE STREET AND BAY AVENUE
Project No. 08-41779426

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APPROVALS	
BUDGET OFFICER	<i>caf</i>
CITY ATTORNEY	<i>Rest</i>
CITY MANAGER	<i>WBS</i>

Report to City Council

TO: Mayor and City Council

FROM: Chris A. Vogt, Public Works Director/City Engineer

AGENDA DATE: February 9, 2010

TITLE: APPROVE PROJECT RECOMMENDATIONS FOR REMAINING UNEXPENDED "PROPOSITION 1B" - TRANSPORTATION BOND PROGRAM FUNDS AS PART OF THE FY 09/10 PAVEMENT RESURFACING PROJECT
PROJECT No. 10-12556330

RECOMMENDED ACTION

1. Staff recommends that the City Council approve project recommendations for remaining unexpended Proposition 1B funds as part of the FY 09/10 Pavement Resurfacing Project.
2. Authorize the City Engineer to update and submit the Proposition 1B Project Accountability Plan to the State Department of Finance.

BACKGROUND

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B on November 7, 2006, includes a program of funding for Local Streets and Roads Improvement, Congestion Relief and Traffic Safety. Proposition 1B (Prop 1B) provided \$2 billion for cities and counties to fund the maintenance and improvement of local transportation facilities.

The 2008 Budget Act appropriated \$250 million of Prop 1B funds in 2008-09. The City's allocation from the State Department of Finance was \$2,903,000. These funds must be expended within two years. On April 8, 2008, the City Council approved the use of \$2,603,000 for the Pavement Resurfacing Project for streets and \$300,000 for bridge maintenance and repair as designated in the Capital Program Plan Budget. These listing of projects were then submitted to the State Department of Finance as part of the Proposition 1B Project Accountability Plan.

DISCUSSION

The City received \$2,903,000 in Prop 1B funding from the State Department of Finance in FY 08/09. These funds were restricted to projects that would rehabilitate roadways from further deterioration, improve traffic flow or increase traffic safety. As previously approved by City Council, these funds were designated to improve the following streets in Phase 1 and Phase 2 of the Pavement Resurfacing Project (Account No. 226.79728):

<u>STREET NAME</u>	<u>FROM</u>	<u>TO</u>
Eucalyptus Avenue.....	Towngate Boulevard.....	Heacock Street
Town Circle.....	Heritage Way.....	Centerpointe Drive
Heritage Way	Town Circle.....	Towngate Boulevard
Indian Street	St. Thomas Avenue	Katrina Avenue
Heacock Street.....	s/o Gregory Lane.....	Gregory Lane
Dracaea Avenue.....	Frederick Street.....	Graham Street
Bay Avenue	Indian Street	Perris Boulevard
Delphinium Avenue	Indian Street	Perris Boulevard
Krameria Avenue.....	Perris Boulevard.....	Lasselle Street

This represents 5.02 miles of streets that have been improved and completed.

Additionally, the following six bridges will receive repair and maintenance measures (Account No. 226.79828) based on the recent construction contract awarded on November 10, 2009:

- John F. Kennedy Drive Bridge, west of Kitching Street (Bridge No.56C0332)
- Oleander Flood Control Channel Bridge at Perris Boulevard (Bridge No. 56C0511)
- Krameria Street Bridge (Bridge No. 56C0396)
- Perris Valley Storm Drain Bridge at Perris Boulevard (Bridge No. 56C0464)
- Moreno Beach Drive Storm Drain Channel Bridge (Bridge No. 56C0419)
- Redlands Boulevard Overcrossing at SR-60 (Bridge No.56C0488)

According to the Proposition 1B requirements, the funds must be expended within two years. Staff is recommending that all remaining unexpended Proposition 1B funds, approximately \$381,000, be designated for the rehabilitation of up to four additional streets currently identified in the FY 09/10 Capital Improvement Plan Budget, in the following priority order due to limited funding:

<u>STREET NAME</u>	<u>FROM</u>	<u>TO</u>
Old Lake Drive.....	Pigeon Pass Road.....	Sunnymead Ranch Parkway
Indian Street.....	Skyrock Drive	Manzanita Avenue
Kitching Street	Fir Avenue	Sunnymead Boulevard
Alessandro Boulevard	Old 215	Elsworth Street

This represents 1.88 miles of streets that will be improved.

The pavement rehabilitation of these streets will further help to eliminate the existing backlog of deteriorated streets. With this authorization, the City Engineer will update

and submit the Proposition 1B Project Accountability Plan to the State Department of Finance in order for the City to utilize the remaining unexpended funds consistent with the requirements of the Proposition 1B Transportation Bond Program.

ALTERNATIVES

1. Approve project recommendations for remaining unexpended Proposition 1B funds as part of the FY 9/10 Pavement Resurfacing Project, and authorize the City Engineer to update and submit the Proposition 1B Project Accountability Plan to the State Department of Finance. *This alternative supports funding for the eligible project.*

2. Do not approve project recommendations for remaining unexpended Proposition 1B funds as part of the FY 9/10 Pavement Resurfacing Project, and do not authorize the City Engineer to update and submit the Proposition 1B Project Accountability Plan to the State Department of Finance. *This alternative eliminates funding for the project.*

FISCAL IMPACT

A Phase 3 Pavement Resurfacing Project can be funded with the remaining Proposition 1B (Fund 226) and existing Proposition 42 (Fund 225) funds that are already designated for Pavement Rehabilitation in the FY 09/10 Capital Improvement Budget. Staff is recommending that all remaining unexpended Proposition 1B funds, approximately \$381,000, be designated for the rehabilitation of up to four additional streets currently identified in the FY 09/10 Capital Improvement Plan Budget.

Proposition 1B and Proposition 42 funds must be used for projects that will rehabilitate roadways from further deterioration, improving traffic flow or increasing traffic safety and cannot be used for non transportation related expenses. These Proposition 1B and Proposition 42 funds must be expended within two years. **There is no impact to the General Fund.**

PROJECT FUNDING:

Estimated unexpended Prop. 1B funds (Acct. No. 226.79728 & 226.79828)	\$ 381,000
Estimated unexpended Prop. 42 funds (Acct. No. 225.68722).....	<u>\$ 641,000</u>
Total	\$ 1,022,000

ESTIMATED PROJECT RELATED COSTS

Design Costs	\$50,000
Construction Costs	\$880,000
Construction Geotechnical Services	\$12,000
Construction Survey Services.....	\$30,000
Project Administration and Inspection (by City staff & consultants).....	<u>\$50,000</u>
Total Estimated Project Related Costs.....	\$1,022,000

ANTICIPATED PROJECT SCHEDULE

Complete Approval and Advertise the projectFebruary, 2010
Open Bids and Award ContractApril, 2010
Project Construction May - June, 2010

CITY COUNCIL GOALS

REVENUE DIVERSIFICATION AND PRESERVATION:

Develop a variety of city revenue sources and policies to create a stable revenue base and fiscal policies to support essential city services, regardless of economic climate.

PUBLIC SAFETY:

Construction of these improvements provides a safe and secure environment for people and property in the community.

PUBLIC FACILITIES AND CAPITAL PROJECTS:

Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

SUMMARY

Staff requests City Council approval of project recommendations for Prop 1B funding. Prop 1B provides funding to local agencies for the maintenance and improvement of local transportation facilities.

ATTACHMENTS

Attachment "A" – Location Map - Pavement Resurfacing Project – Phase 3

Prepared By:
Bruce E. Blank, P.E., L.S.
Consultant Project Manager

Department Head Approval:
Chris A. Vogt, P.E.
Public Works Director/City Engineer

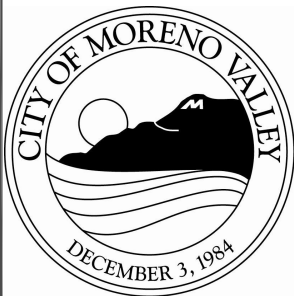
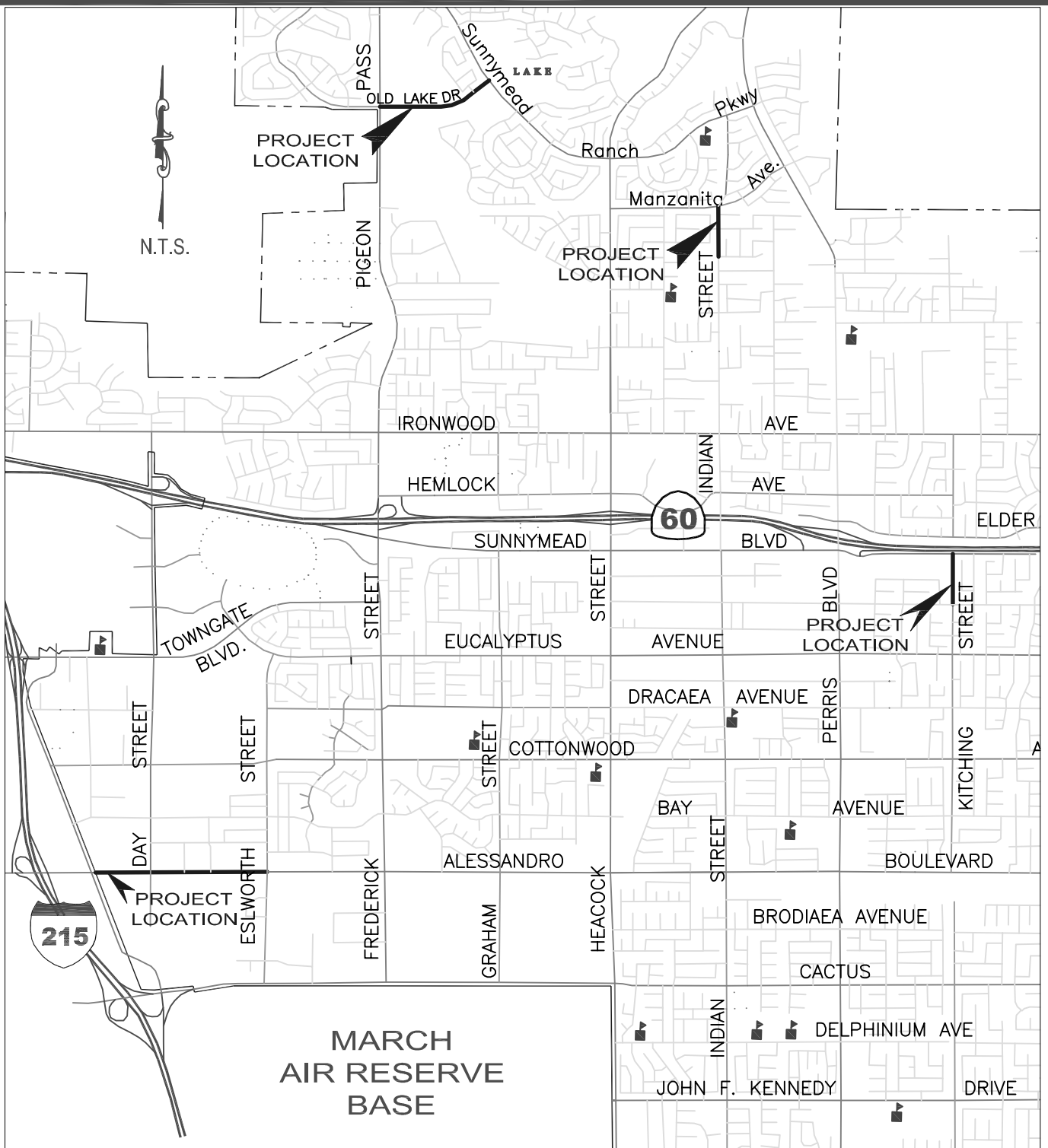
Concurred By:
Prem Kumar, P.E.
Deputy Public Works Director/Assistant City Engineer

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

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LOCATION MAP

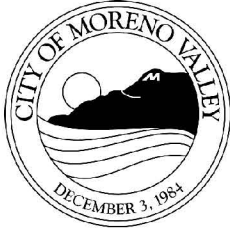
Public Works Department
Capital Projects Division

Scale: None

ATTACHMENT "A"

PAVEMENT RESURFACING PROJECT
PHASE 3

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APPROVALS	
BUDGET OFFICER	<i>caf</i>
CITY ATTORNEY	<i>But</i>
CITY MANAGER	<i>WCB</i>

Report to City Council

TO: Mayor and City Council

FROM: Steve Elam, City Treasurer

AGENDA DATE: February 9, 2010

TITLE: RECEIPT OF QUARTERLY INVESTMENT REPORT – QUARTER ENDED DECEMBER 31, 2009

RECOMMENDED ACTION

Staff recommends that the City Council receive and file the attached Quarterly Investment Report, in compliance with the City's Investment Policy.

BACKGROUND

In response to the Orange County bankruptcy and investment problems, and in order to deal with tightening regulations and controls over local investment of public funds, Senate Bills 866 and 564 were signed into law and became effective January 1, 1996, creating California Government Code Sections 53601 and 53646 respectively. The City's Investment Policy, adopted November 22, 2005 (and revised most recently on February 24, 2009), is in full compliance with the requirements of both of the above-mentioned Code Sections in addressing the types of investments allowed, the governing restrictions on these investments, the third-party custodian arrangement for certain investments, and the quarterly reporting requirements.

DISCUSSION

The attached Quarterly Investment Report presents the City's cash and investments for the quarter that ended December 31, 2009. This is the second quarterly report submitted for the 2009-10 fiscal year and is in compliance with California Government Code Section 53646 regarding the reporting of detailed information on all securities, investments, and monies of the City, as well as the reporting of the market value of the investments held. All of the investments contained within the portfolio are in full

compliance with the City's Investment Policy and Government Code Section 53601 as to the types of investments allowed. As stated in the attached report, there is more than adequate liquidity within the portfolio for the City to meet its budgeted expenditures over the next six months.

The City's investment approach is primarily passive, as discussed in past meetings with the Finance Sub-Committee of the Council. Utilizing a passive approach, securities purchased for investment are typically held to maturity and not actively traded, whereby the market value becomes immaterial to the portfolio return. The City's cash flow requirements are evaluated on an ongoing basis, with short-term needs accommodated through the City's pooled investment funds with the State Local Agency Investment Fund (LAIF). LAIF is a pool of public funds managed by the State Treasurer of California, providing 24-hour liquidity while yielding a rate of return approximately equivalent to a one-year treasury bill. With the combined use of a conservative approach to evaluating cash flow needs and LAIF liquidity, the City will not have to liquidate securities at current market rates that are intended to be held for longer-term investment. This is especially important considering that the average maturity of the general portfolio is 1.64 years.

An exception to the passive investment approach has been the City's recent strategy to reduce holdings in corporate notes that are not issued under the Temporary Liquidity Guarantee Program (TLGP) administered by the Federal Deposit Insurance Corporation (FDIC), given the destabilization of the financial markets. Consistent with this strategy, corporate notes with a principal value of \$12 million were sold during the first quarter at a net gain of \$127,090. The proceeds from these sales were immediately reinvested in instruments that do not have the current risk associated with corporate notes, although they will provide a lower yield. The City has reduced its holdings in non-TLGP corporate notes from \$50 million in September 2008 to \$8 million (par value) as of December 31, 2009, which represents just 3.8% of the City's general portfolio.

In accordance with California Government Code Section 53646, the City is properly reporting investments of all bond proceeds and Deferred Compensation Plan funds. These funds are not managed by the City Treasurer as part of the pooled investment program and were not included in the City's investment reports prior to the current legislation. Bond proceeds are held and invested by a Trustee; Deferred Compensation Plan funds are held and invested by the respective plan administrators.

FISCAL IMPACT

None

CITY COUNCIL GOALS

Revenue Diversification and Preservation. Develop a variety of City revenue sources and policies to create a stable revenue base and fiscal policies to support essential City services, regardless of economic climate.

SUMMARY

The attached Quarterly Investment Report presents the City's cash and investments for the quarter that ended December 31, 2009. This report is in compliance with California Government Code Section 53646 regarding the reporting of detailed information on all securities, investments, and monies of the City, as well as the reporting of the market value of the investments held. All of the investments contained within the portfolio are in full compliance with the City's Investment Policy and Government Code Section 53601 as to the types of investments allowed. It is recommended that the City Council receive and file the attached Quarterly Investment Report.

ATTACHMENTS/EXHIBITS

Attachment 1 - Treasurer's Cash and Investments Report – December 2009

Prepared By:
Steve Hargis
Acting Treasury Operations Division Manager

Department Head Approval:
Steve Elam
City Treasurer

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

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CITY OF MORENO VALLEY
Treasurer's Cash and Investments Report
December 2009



General Portfolio	Book Value	Market Value	Par Value	Average Maturity
Bank Accounts	512,901	512,901	512,901	
State of California LAIF Pool Investments	89,082,652	89,197,941	89,082,652	
	123,059,372	121,670,090	123,013,750	
Total General Portfolio	212,654,925	211,380,932	212,609,303	1.64 Years

Bond Proceeds with Fiscal Agents	Book Value	Market Value	Par Value	Average Maturity
Construction Funds	14,517,681	14,517,681	14,517,681	
Principal & Interest Accounts	2,444,491	2,444,491	2,444,491	
Debt Service Reserve Funds	8,907,553	8,907,553	8,907,553	
Custody Accounts	0	0	0	
Arbitrage Rebate Accounts	14,810	14,810	14,810	
Other Accounts	534,755	534,755	534,755	
Total Bond Proceeds	26,419,290	26,419,290	26,419,290	0.00 Years

Deferred Compensation Funds	Book Value	Market Value	Par Value
Nationwide	7,041,698	7,041,698	7,041,698
ICMA	3,701,665	3,701,665	3,701,665
Total Deferred Compensation Funds	10,743,363	10,743,363	10,743,363
Total Investment Portfolio	249,817,578	248,543,585	249,771,956

1. I hereby certify that the investments are in compliance with the investment policy adopted by the City Council. There are no items of non-compliance for this period.
2. The market values for the specific investments in the General Portfolio are provided by the City's investment custodian.
3. The market value for LAIF is provided by the State Treasurer.
4. The market values for investments held by fiscal agents and the deferred compensation plans are provided by each respective trustee or fiscal agent.
5. The City has the ability to meet its budgeted expenditures for the next six months pending any future action by City Council or any unforeseen catastrophic event.


 Steve Elam
 City Treasurer

Attachment 1

GENERAL PORTFOLIO

Issuer	CUSIP	Credit Rating S & P Moody's	Purchase Date	Maturity Date	Book Value	Market Value	Par Value	Stated Rate	Yield	Price	Days to Maturity	Percent of Portfolio	Weight to Average Maturity	Market Valuation Source
MMK ACCOUNTS														
Wells Fargo Bank			12/31/09	01/01/10	512,901	512,901	512,901			1.00000	1	0.002412	0.0024124	Union Bank
STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF)														
General Fund			12/31/09	01/01/10	38,731,644	38,768,355	38,731,644	0.925%	0.925%	1.00000	1	0.182173	0.1821729	LAIF
Community Services Districts			12/31/09	01/01/10	11,560,535	11,578,576	11,560,535	0.925%	0.925%	1.00000	1	0.054375	0.0543745	LAIF
Redevelopment Agency			12/31/09	01/01/10	38,790,473	38,851,010	38,790,473	0.925%	0.925%	1.00000	1	0.182450	0.1824496	LAIF
TOTAL STATE OF CALIFORNIA LAIF POOL					89,082,652	89,197,941	89,082,652							
INVESTMENTS														
MONEY MARKET ACCOUNTS														
MMkt Acct-Highmark US Gvmt			12/31/09	01/01/10	13,750	13,750	13,750			1.00000	1	0.000065	0.0000647	Union Bank
TOTAL MONEY MARKET ACCOUNTS					13,750	13,750	13,750							
CORPORATE BONDS AND NOTES (TEMPORARY LIQUIDITY GUARANTEE PROGRAM)														
Morgan Stanley	61757UA7		06/02/09	09/22/11	1,015,610	1,015,390	1,000,000	2.000%	1.310%	101.56100	630	0.004703	2.9631817	Union Bank
Wells Fargo Bank N.A.	949744AA4		05/01/09	12/09/11	1,037,390	1,032,370	1,000,000	3.000%	1.530%	103.73900	708	0.004703	3.3300518	Union Bank
Bank of America	06050BAG6		09/26/09	04/30/12	1,011,650	1,009,230	1,000,000	2.100%	1.690%	101.16500	851	0.004703	4.0026471	Union Bank
U.S. Bancorp	91160HAC1		06/15/09	05/15/12	990,140	1,005,230	1,000,000	1.800%	2.150%	99.01400	866	0.004703	4.0731990	Union Bank
Citibank	17314JAG8		06/04/09	06/04/12	996,990	1,005,730	1,000,000	1.875%	2.000%	99.69900	886	0.004703	4.1672683	Union Bank
TOTAL CORPORATE BONDS (TEMPORARY LIQUIDITY GUARANTEE PROGRAM)					5,051,780	5,067,950	5,000,000							
CORPORATE BONDS AND NOTES														
Lehman Bros Holding	52517PYN5	A+	06/08/07	01/27/10	972,030	195,000	1,000,000	4.250%	5.400%	97.20300	27	0.004703	0.1269935	Union Bank
International Lease Finance (AIG)	459745FP5	AA-	12/02/05	04/15/10	984,990	984,990	1,000,000	5.000%	5.090%	99.64500	105	0.004703	0.4938636	Union Bank
International Lease Finance (AIG)	459745FP5	AA-	03/26/07	04/15/10	996,210	984,990	1,000,000	5.000%	5.000%	99.99700	105	0.004703	0.4938636	Union Bank
Lehman Bros Holding	02635PSV6	A+	08/08/06	05/15/10	978,490	986,170	1,000,000	4.875%	5.510%	97.84900	135	0.004703	0.6349675	Union Bank
Lehman Bros Holding	52517PA35	A+	08/25/06	07/26/10	972,450	195,000	1,000,000	4.500%	5.286%	97.24500	207	0.004703	0.9736169	Union Bank
American General Finance (AIG)	02635PSR1	A+	06/08/07	09/01/10	972,900	969,170	1,000,000	4.625%	5.550%	97.29000	244	0.004703	1.1476450	Union Bank
American General Finance (AIG)	02635PSK0	A+	05/29/07	03/15/11	952,470	904,110	1,000,000	4.000%	5.400%	95.24700	439	0.004703	2.0648203	Union Bank
Lehman Bros Holding	52517PR60	A+	02/06/07	02/06/12	996,000	195,000	1,000,000	5.250%	5.340%	99.60000	767	0.004703	3.6075562	Union Bank
TOTAL CORPORATE BONDS					7,840,760	5,414,430	8,000,000							
U.S. GOVERNMENT AGENCY SECURITIES														
Fed Home Loan Bank	3133XPY57	AAA	04/28/08	03/12/10	995,080	1,005,000	1,000,000	2.750%	3.020%	99.50800	71	0.004703	0.3339459	Union Bank
Fed Home Loan Bank	3133XB5Q4	AAA	03/29/05	03/29/10	1,000,000	1,010,310	1,000,000	4.515%	4.515%	100.00000	88	0.004703	0.4139047	Union Bank
Fed Farm Credit	31331XMQ2	AAA	01/26/07	05/26/10	1,000,000	1,019,060	1,000,000	5.000%	5.000%	100.00000	146	0.004703	0.6867056	Union Bank
Fed Home Loan Bank	31331GGG5	AAA	12/11/08	06/11/10	1,000,000	1,007,500	1,000,000	2.000%	2.000%	100.00000	162	0.004703	0.7619610	Union Bank
Fed Home Loan Bank	3133XCJ38	AAA	11/29/05	08/10/10	989,860	1,024,060	1,000,000	4.700%	4.940%	98.98600	222	0.004703	1.0441688	Union Bank
Fed Home Loan Bank	3133XQMW9	AAA	04/15/08	10/15/10	1,000,000	1,019,380	1,000,000	3.050%	3.050%	100.00000	288	0.004703	1.3545974	Union Bank
Fed Home Loan Bank	3133XQ5X1	AAA	04/28/08	10/28/10	1,000,000	1,020,000	1,000,000	3.000%	3.000%	100.00000	301	0.004703	1.4157424	Union Bank
Fed Ag Mfg Co	307692AA1		06/05/06	01/14/11	976,000	1,043,960	1,000,000	4.875%	5.470%	97.60000	379	0.004703	1.7826125	Union Bank
Fed Home Loan Mfg Corp	3128X8U7	AAA	02/18/09	02/18/11	1,000,000	1,002,120	1,000,000	2.000%	2.000%	100.00000	414	0.004703	1.9472337	Union Bank
Fed Home Loan Mfg Corp	3128X8LN0	AAA	02/25/09	02/25/11	1,000,000	1,001,890	1,000,000	2.000%	2.000%	100.00000	421	0.004703	1.9801579	Union Bank
Fed Natl Mfg Assn	31398AVL3	AAA	03/02/09	03/02/11	999,750	1,002,810	1,000,000	2.000%	2.010%	99.97500	426	0.004703	2.0036753	Union Bank
Fed Farm Credit	31331YK82	AAA	05/19/08	05/02/11	996,360	1,031,560	1,000,000	3.250%	3.380%	99.63600	487	0.004703	2.2905865	Union Bank
Fed Home Loan Bank	3133XTRU2	AAA	06/01/09	06/01/11	1,000,000	1,004,380	1,000,000	1.300%	1.300%	100.00000	517	0.004703	2.4316904	Union Bank
Fed Home Loan Bank	3133XREB6	AAA	06/09/08	06/09/11	1,000,000	1,014,060	1,000,000	3.600%	3.600%	100.00000	525	0.004703	2.4693181	Union Bank
Fed Home Loan Bank	3133XRQR4	AAA	07/14/08	07/14/11	1,000,000	1,020,000	1,000,000	4.125%	4.125%	100.00000	560	0.004703	2.6339393	Union Bank
Fed Natl Mfg Assn	3136FHBU8	AAA	02/18/09	08/18/11	1,000,000	1,001,880	1,000,000	2.000%	2.000%	100.00000	595	0.004703	2.7985605	Union Bank
Fed Home Loan Bank	3133XUHK2	AAA	08/24/09	08/24/11	1,000,000	1,003,440	1,000,000	1.375%	1.380%	100.00000	601	0.004703	2.8267813	Union Bank
Fed Natl Mfg Assn	3136FH3N3	AAA	03/09/11	09/09/11	1,000,000	1,002,500	1,000,000	2.150%	2.150%	100.00000	617	0.004703	2.9020367	Union Bank
Fed Home Loan Bank	3133XRV30	AAA	10/28/08	10/28/10	1,000,000	1,020,940	1,000,000	4.000%	4.000%	100.00000	666	0.004703	3.1325064	Union Bank
Fed Natl Mfg Assn	3136FH4A0	AAA	08/17/09	11/17/11	999,375	1,004,380	1,000,000	1.550%	1.580%	99.93750	686	0.004703	3.2265756	Union Bank
Fed Natl Mfg Assn	3136FHGE9	AAA	03/23/09	12/23/11	1,000,000	1,004,060	1,000,000	2.250%	2.250%	100.00000	722	0.004703	3.3959003	Union Bank
Fed Home Loan Bank	3133XSWM6	AAA	01/23/09	01/23/12	1,000,000	1,016,250	1,000,000	2.100%	2.100%	100.00000	753	0.004703	3.5417077	Union Bank
Fed Natl Mfg Assn	3136F8U37	AAA	02/08/08	02/08/12	1,000,000	1,003,130	1,000,000	3.570%	3.570%	100.00000	769	0.004703	3.6169631	Union Bank
Fed Home Loan Bank	3133XT2T2	AAA	02/10/09	02/10/12	1,000,000	1,019,380	1,000,000	2.250%	2.250%	100.00000	771	0.004703	3.6263700	Union Bank

GENERAL PORTFOLIO

Issuer	CUSIP	Credit Rating S & P Moody's	Purchase Date	Maturity Date	Book Value	Market Value	Par Value	Stated Rate	Yield	Price	Days to Maturity	Percent of Portfolio	Weight to Average Maturity	Market Valuation Source
Fed Natl Mtg Assn	3136RHAQ8	AAA	02/17/09	02/17/12	1,000,000	1,001,560	1,000,000	2.00%	2.66%	100.00000	778	0.004703	3.6592943	Union Bank
Fed Home Loan Mtg Corp	3128X8JB9	AAA	02/17/09	02/17/12	998,000	1,002,080	1,000,000	2.45%	2.52%	100.00000	778	0.004703	3.6592943	Union Bank
Fed Home Loan Mtg Corp	3128X8MS8	AAA	03/02/09	03/02/12	997,800	1,008,780	1,000,000	2.35%	2.43%	99.78000	792	0.004703	3.7251427	Union Bank
Fed Home Loan Mtg Corp	3128X8RR5	AAA	03/19/09	03/19/12	1,000,000	1,004,830	1,000,000	2.625%	2.625%	100.00000	809	0.004703	3.8051016	Union Bank
Fed Home Loan Mtg Corp	3128X8N61	AAA	03/26/07	03/26/12	1,000,000	1,010,380	1,000,000	5.00%	5.00%	100.00000	816	0.004703	3.8380258	Union Bank
Fed Home Loan Bank	3133XKF83	AAA	04/19/07	04/19/12	1,000,000	1,013,440	1,000,000	5.02%	5.02%	100.00000	840	0.004703	3.9509090	Union Bank
Fed Natl Mtg Assn	3128X8FHF8	AAA	05/07/09	05/04/12	1,000,000	1,002,190	1,000,000	1.625%	2.30%	100.00000	855	0.004703	4.0214609	Union Bank
Fed Home Loan Mtg Corp	3128X8A93	AAA	05/11/09	05/11/12	1,000,000	1,002,640	1,000,000	2.05%	2.05%	100.00000	862	0.004703	4.0543851	Union Bank
Fed Home Loan Bank	3133XLA65	AAA	06/01/07	06/01/12	1,000,000	1,019,690	1,000,000	5.30%	5.30%	100.00000	883	0.004703	4.1531579	Union Bank
Fed Natl Mtg Assn	3136FHUY9	AAA	06/01/09	06/01/12	1,000,000	1,002,810	1,000,000	2.12%	2.12%	100.00000	883	0.004703	4.1531579	Union Bank
Fed Farm Credit	3131XG300	AAA	06/29/07	06/21/12	1,005,380	1,092,500	1,000,000	5.45%	5.325%	100.53800	903	0.004703	4.2472271	Union Bank
Fed Home Loan Mtg Corp	3128X8DC3	AAA	01/06/09	07/06/12	1,000,000	1,000,110	1,000,000	2.30%	2.30%	100.00000	918	0.004703	4.3177991	Union Bank
Fed Farm Credit	3131GZ336	AAA	10/19/09	07/19/12	1,000,000	996,880	1,000,000	1.55%	1.55%	100.00000	931	0.004703	4.3789241	Union Bank
Fed Natl Mtg Assn	3136FPY22	AAA	07/23/08	07/23/12	1,000,000	1,020,310	1,000,000	4.22%	4.22%	100.00000	935	0.004703	4.3977379	Union Bank
Fed Home Loan Bank	3133XT412	AAA	02/13/09	08/13/12	1,000,000	1,019,380	1,000,000	2.45%	2.45%	100.00000	956	0.004703	4.4965107	Union Bank
Fed Natl Mtg Assn	3136FHA11	AAA	08/01/07	08/01/12	1,000,000	1,008,440	1,000,000	2.625%	2.625%	100.00000	970	0.004703	4.5623592	Union Bank
Fed Natl Mtg Assn	3136FHCU7	AAA	03/10/09	09/10/12	1,000,000	1,002,810	1,000,000	2.50%	2.50%	100.00000	984	0.004703	4.6282076	Union Bank
Fed Natl Mtg Assn	3136FHDS1	AAA	03/24/09	09/24/12	1,000,000	1,003,750	1,000,000	2.65%	2.65%	100.00000	998	0.004703	4.6940561	Union Bank
Fed Home Loan Bank	3133XUTD5	AAA	09/24/09	09/24/12	1,000,000	1,000,000	1,000,000	2.00%	2.00%	100.00000	998	0.004703	4.6940561	Union Bank
Fed Farm Credit	31331GZ44	AAA	10/15/09	10/15/12	1,000,000	993,440	1,000,000	1.55%	1.55%	100.00000	1,019	0.004703	4.7928288	Union Bank
Fed Home Loan Mtg Corp	3128X8WZ1	AAA	04/29/09	10/29/12	1,000,000	1,003,750	1,000,000	2.35%	2.35%	100.00000	1,033	0.004703	4.8586773	Union Bank
Fed Natl Mtg Assn	3136FHJU0	AAA	04/29/09	10/29/12	999,150	1,007,190	1,000,000	2.50%	2.280%	99.91500	1,033	0.004703	4.8586773	Union Bank
Fed Home Loan Bank	3133XSKL1	AAA	11/05/08	11/05/12	1,000,000	1,027,500	1,000,000	4.125%	4.125%	100.00000	1,040	0.004703	4.8916016	Union Bank
Fed Home Loan Mtg Corp	3128X7SV7	AAA	05/23/08	11/23/12	1,000,000	1,024,930	1,000,000	3.70%	3.70%	100.00000	1,058	0.004703	4.9762639	Union Bank
Fed Home Loan Mtg Corp	3128X7SV7	AAA	05/23/08	11/23/12	992,500	1,024,930	1,000,000	3.70%	3.880%	99.25000	1,058	0.004703	4.9762639	Union Bank
Fed Home Loan Bank	3133XTRK4	AAA	06/18/09	12/18/12	1,000,000	1,001,560	1,000,000	2.10%	2.10%	100.00000	1,083	0.004703	5.0938505	Union Bank
Fed Home Loan Bank	3133XNTV1	AAA	01/07/08	01/07/13	1,000,000	1,000,310	1,000,000	4.625%	4.625%	100.00000	1,103	0.004703	5.1879197	Union Bank
Fed Natl Mtg Assn	3131GK635	AAA	01/14/09	01/14/13	1,007,520	1,016,250	1,000,000	2.50%	2.30%	100.75200	1,110	0.004703	5.2208440	Union Bank
Fed Home Loan Bank	31398ALB6	AAA	01/18/08	01/18/13	1,000,000	1,028,750	1,000,000	4.00%	4.00%	100.00000	1,114	0.004703	5.2396578	Union Bank
Fed Home Loan Bank	3133Y1SB7	AAA	02/01/08	02/01/13	1,000,000	1,002,500	1,000,000	3.79%	3.79%	100.00000	1,128	0.004703	5.3055063	Union Bank
Fed Home Loan Bank	3133XUDM2	AAA	08/14/09	02/14/13	1,000,000	1,004,380	1,000,000	2.40%	2.40%	100.00000	1,141	0.004703	5.3666513	Union Bank
Fed Natl Mtg Assn	3136FH451	AAA	08/20/09	02/19/13	1,000,000	1,007,190	1,000,000	2.375%	2.380%	100.00000	1,146	0.004703	5.3901687	Union Bank
Fed Farm Credit	31331GNG0	AAA	02/25/09	02/25/13	1,000,000	1,003,440	1,000,000	3.00%	3.00%	100.00000	1,152	0.004703	5.4183894	Union Bank
Tennessee Valley Authority	880591CW0	AAA	06/09/09	03/15/13	1,125,400	1,118,930	1,000,000	6.00%	2.940%	112.54000	1,170	0.004703	5.5030518	Union Bank
Fed Natl Mtg Assn	3136F8G16	AAA	03/19/08	03/19/13	1,000,000	1,007,810	1,000,000	4.00%	4.00%	100.00000	1,174	0.004703	5.5218656	Union Bank
Fed Home Loan Mtg Corp	3128X8T25	AAA	04/08/09	04/08/13	1,000,000	1,004,720	1,000,000	2.50%	2.50%	100.00000	1,194	0.004703	5.6159349	Union Bank
Fed Farm Credit	31331GV08	AAA	05/08/09	04/08/13	1,000,000	1,004,690	1,000,000	2.20%	2.20%	100.00000	1,194	0.004703	5.6159349	Union Bank
Fed Natl Mtg Assn	3133XQVY5	AAA	05/13/08	05/13/13	1,000,000	1,014,060	1,000,000	4.125%	4.125%	100.00000	1,229	0.004703	5.7805561	Union Bank
Fed Home Loan Mtg Corp	3128X8B84	AAA	05/13/09	05/13/13	1,000,000	1,006,370	1,000,000	2.40%	2.40%	100.00000	1,229	0.004703	5.7805561	Union Bank
Fed Home Loan Mtg Corp	3128X7R00	AAA	05/20/08	05/20/13	1,000,000	1,012,100	1,000,000	4.00%	4.00%	100.00000	1,236	0.004703	5.8134803	Union Bank
Fed Farm Credit	31331GXN4	AAA	06/03/09	06/03/13	1,000,000	1,009,060	1,000,000	2.70%	2.70%	100.00000	1,250	0.004703	5.8793288	Union Bank
Fed Home Loan Mtg Corp	3128X7VR2	AAA	06/10/08	06/10/13	1,000,000	1,016,290	1,000,000	4.00%	4.00%	100.00000	1,257	0.004703	5.9122530	Union Bank
Fed Farm Credit	31331YV64	AAA	06/10/08	06/10/13	1,000,000	1,017,810	1,000,000	4.30%	4.30%	100.00000	1,257	0.004703	5.9122530	Union Bank
Fed Home Loan Mtg Corp	3128X8416	AAA	07/23/09	07/23/13	1,000,000	1,003,170	1,000,000	2.40%	2.40%	100.00000	1,300	0.004703	6.1145020	Union Bank
Fed Home Loan Bank	3133XRT60	AAA	07/29/08	07/29/13	1,000,000	1,025,630	1,000,000	4.625%	4.625%	100.00000	1,306	0.004703	6.1427030	Union Bank
Fed Home Loan Bank	3133XUEC3	AAA	08/12/09	08/12/13	1,000,000	1,004,060	1,000,000	2.650%	6.250%	100.00000	1,320	0.004703	6.2085712	Union Bank
Fed Home Loan Bank	3133XRYG9	AAA	10/28/08	10/28/13	1,000,000	1,022,500	1,000,000	4.625%	4.625%	100.00000	1,328	0.004703	6.2461989	Union Bank
Fed Home Loan Mtg Corp	3128X9B03	AAA	09/03/09	09/03/13	1,000,000	1,004,360	1,000,000	3.00%	3.00%	100.00000	1,342	0.004703	6.3120474	Union Bank
Fed Farm Credit	31331G174	AAA	09/24/09	09/24/13	1,000,000	1,000,310	1,000,000	2.80%	2.80%	100.00000	1,363	0.004703	6.4108201	Union Bank
Fed Natl Mtg Assn	3128X9GG4	AAA	03/30/09	09/30/13	1,000,000	1,005,940	1,000,000	3.00%	4.50%	100.00000	1,369	0.004703	6.4390409	Union Bank
Home Loan Mtg Corp	3128X9GH7	AAA	10/01/09	10/01/13	999,000	1,002,240	1,000,000	2.50%	2.50%	100.00000	1,370	0.004703	6.4437444	Union Bank
Farm Credit	31331GDF3	AAA	10/15/10	10/15/13	1,000,000	1,026,250	1,000,000	4.250%	4.250%	100.00000	1,384	0.004703	6.5095929	Union Bank
Natl Mtg Assn	3136FJGM7	AAA	11/22/09	10/22/13	1,000,000	996,560	1,000,000	4.25%	4.25%	100.00000	1,391	0.004703	6.5425171	Union Bank
Home Loan Bank	3133XSLV8	AAA	11/26/08	11/26/13	1,000,000	1,029,380	1,000,000	3.50%	3.50%	100.00000	1,426	0.004703	6.7071383	Union Bank
Home Loan Bank	3133XSMU9	AAA	11/26/08	11/26/13	1,000,000	1,028,750	1,000,000	4.05%	4.05%	100.00000	1,426	0.004703	6.7071383	Union Bank
Home Loan Bank	3133XHW57	AAA	06/18/09	12/13/13	1,080,060	1,094,380	1,000,000	4.875%	2.960%	108.00600	1,443	0.004703	6.7870972	Union Bank
Home Loan Bank	3133XSRU4	AAA	01/07/09	01/07/14	998,000	994,060	1,000,000	3.00%	3.00%	100.00000	1,468	0.004703	6.9046838	Union Bank
Natl Mtg Assn	3136F93Z4	AAA	01/28/09	01/28/14	1,000,000	997,500	1,000,000	2.00%	2.00%	100.00000	1,489	0.004703	7.0034565	Union Bank
Farm Credit	31331GMV8	AAA	02/12/09	02/12/14	1,000,000	1,002,810	1,000,000	3.240%	3.240%	100.00000	1,504	0.004703	7.0740084	Union Bank

GENERAL PORTFOLIO

Issuer	CUSIP	Credit Rating S & P Moody's	Purchase Date	Maturity Date	Book Value	Market Value	Par Value	Stated Rate	Yield	Price	Days to Maturity	Percent of Portfolio	Weight to Average Maturity	Market Valuation Source
Home Loan Bank	3133XSZ43	AAA	02/18/09	02/18/14	1,000,000	1,010,630	1,000,000	3.000%	3.000%	100.00000	1,510	0.004703	7.1022292	Union Bank
Natl Mtg Assn	3136FDF9	AAA	03/18/09	03/18/14	1,000,000	1,010,000	1,000,000	3.200%	3.200%	100.00000	1,538	0.004703	7.2339262	Union Bank
Natl Mtg Assn	31288QM7	AAA	03/24/09	03/24/14	999,000	1,015,870	1,000,000	2.375%	2.428%	99.90000	1,544	0.004703	7.2621469	Union Bank
Fed Natl Mtg Assn	31398AWH1	AAA	06/08/09	04/07/14	996,406	997,500	1,000,000	2.900%	2.980%	99.64000	1,558	0.004703	7.3279954	Union Bank
Fed Natl Mtg Assn	3136FHHH1	AAA	04/14/09	04/14/14	1,000,000	990,940	1,000,000	3.160%	3.160%	100.00000	1,565	0.004703	7.3609197	Union Bank
Fed Natl Mtg Assn	3136FHGK5	AAA	04/16/09	04/16/14	1,000,000	1,005,940	1,000,000	3.000%	3.000%	100.00000	1,567	0.004703	7.3703266	Union Bank
Fed Natl Mtg Assn	3136FHMK8	AAA	05/01/09	05/01/14	1,000,000	1,002,810	1,000,000	2.250%	2.920%	100.00000	1,582	0.004703	7.4408785	Union Bank
Fed Natl Mtg Assn	3136FHPX7	AAA	05/14/09	05/14/14	1,000,000	998,130	1,000,000	2.125%	3.030%	100.00000	1,595	0.004703	7.5020236	Union Bank
Fed Farm Credit	31331GYT0	AAA	06/17/09	06/17/14	1,000,000	1,010,940	1,000,000	3.750%	3.750%	100.00000	1,629	0.004703	7.6619413	Union Bank
Fed Home Loan Mtg Corp	3128X8Y89	AAA	07/02/09	07/02/14	999,531	1,007,830	1,000,000	3.400%	3.410%	99.95300	1,644	0.004703	7.7324932	Union Bank
Fed Home Loan Bank	3133XTXW1	AAA	07/09/09	07/09/14	1,000,000	1,001,560	1,000,000	2.500%	3.690%	100.00000	1,651	0.004703	7.7654175	Union Bank
Fed Natl Mtg Assn	31398AYN6	AAA	07/28/09	07/28/14	1,000,000	1,006,880	1,000,000	3.000%	3.000%	100.00000	1,670	0.004703	7.8547833	Union Bank
Fed Home Loan Bank	3133XUBN2	AAA	08/08/09	08/05/14	1,000,000	1,004,060	1,000,000	3.200%	3.200%	100.00000	1,678	0.004703	7.8924110	Union Bank
Fed Home Loan Mtg Corp	3128X9AE0	AAA	08/26/09	08/26/14	1,000,000	1,001,670	1,000,000	3.625%	3.630%	100.00000	1,699	0.004703	7.9911837	Union Bank
Fed Home Loan Bank	3133XUPX5	AAA	09/15/09	09/15/14	1,000,000	1,005,630	1,000,000	3.100%	3.100%	100.00000	1,719	0.004703	8.0852530	Union Bank
Fed Home Loan Bank	3133XV2K6	AAA	10/15/09	10/15/14	1,000,000	999,380	1,000,000	2.000%	3.734%	100.00000	1,749	0.004703	8.2263569	Union Bank
Fed Home Loan Bank	3133XV3B5	AAA	10/22/09	10/22/14	1,000,000	991,880	1,000,000	2.000%	3.152%	100.00000	1,756	0.004703	8.2592811	Union Bank
Fed Natl Mtg Assn	3136FJKD2	AAA	10/27/09	10/27/14	1,000,000	990,310	1,000,000	2.800%	2.800%	100.00000	1,761	0.004703	8.2827984	Union Bank
Fed Natl Mtg Assn	31398AZS4	AAA	10/29/09	10/29/14	998,910	992,190	1,000,000	3.000%	3.000%	100.00000	1,763	0.004703	8.2922054	Union Bank
Fed Home Loan Mtg Corp	3128X9KE9	AAA	11/05/09	11/05/14	1,000,000	993,060	1,000,000	3.000%	3.000%	100.00000	1,770	0.004703	8.3251296	Union Bank
Fed Natl Mtg Assn	3136FJPL9	AAA	11/25/09	11/25/14	1,000,000	994,380	1,000,000	3.400%	3.400%	100.00000	1,790	0.004703	8.4191989	Union Bank
Fed Farm Credit	31331G7L7	AAA	12/22/09	12/22/14	1,000,000	980,000	1,000,000	2.820%	2.820%	100.00000	1,817	0.004703	8.5461924	Union Bank
Fed Farm Credit	31331JAA1	AAA	12/22/09	12/22/14	1,000,000	985,000	1,000,000	3.000%	3.000%	100.00000	1,817	0.004703	8.5461924	Union Bank
Fed Home Loan Bank	3133XWBQ1	AAA	12/29/09	12/29/14	1,000,000	984,060	1,000,000	3.000%	3.000%	100.00000	1,824	0.004703	8.5791166	Union Bank
Fed Natl Mtg Assn	3136FJZA2	AAA	12/30/09	12/30/14	1,000,000	988,750	1,000,000	3.050%	3.050%	100.00000	1,825	0.004703	8.5838201	Union Bank

86 TOTAL U.S. GOVERNMENT AGENCY SECURITIES

TOTAL INVESTMENTS

TOTAL GENERAL PORTFOLIO

110,153,082	111,173,960	110,000,000
125,059,372	121,670,090	125,013,750
212,654,925	211,380,932	212,609,303

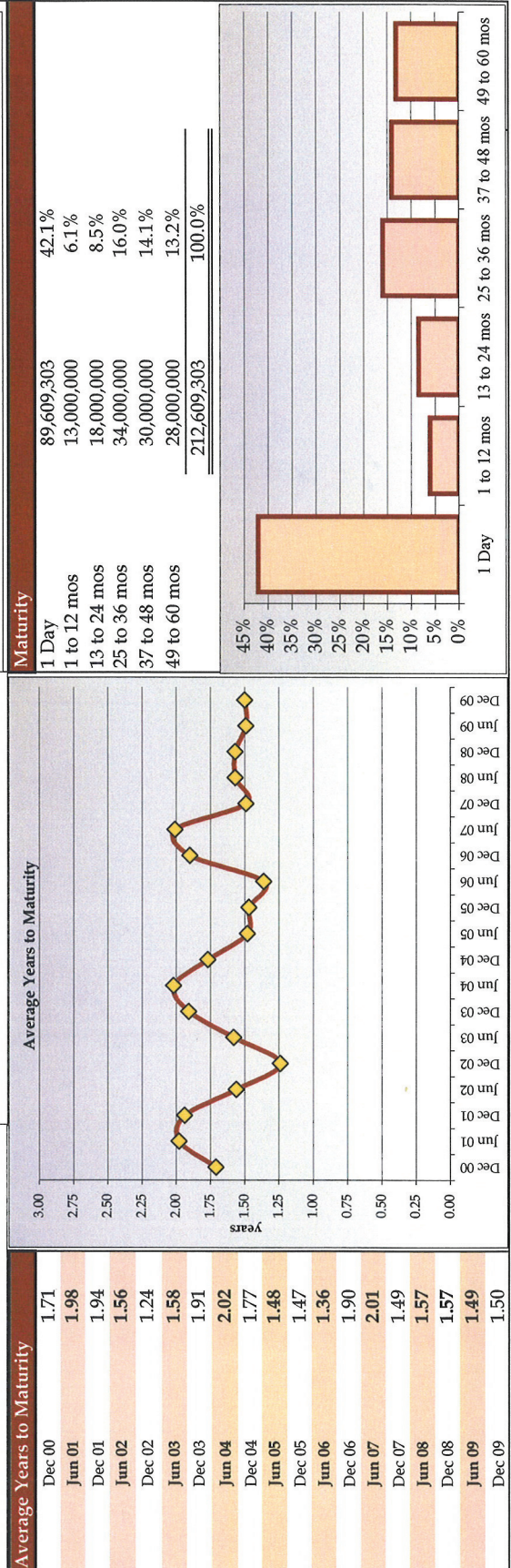
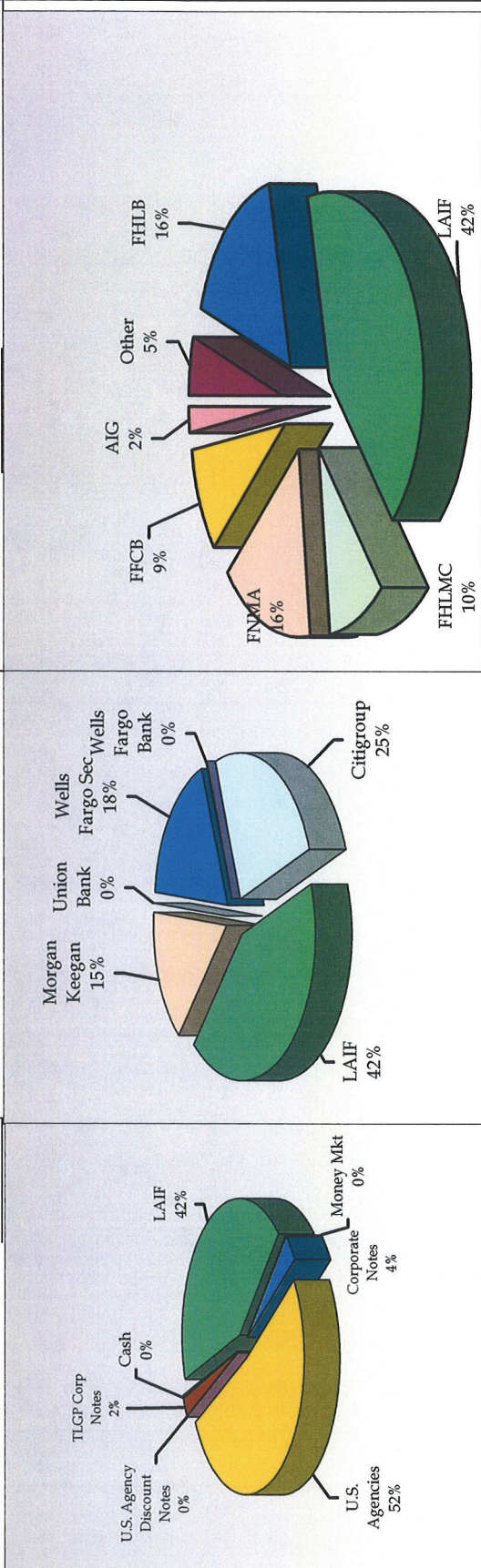
598 days

1.00000

1.64 years

PORTFOLIO CHARACTERISTICS (Par Value)

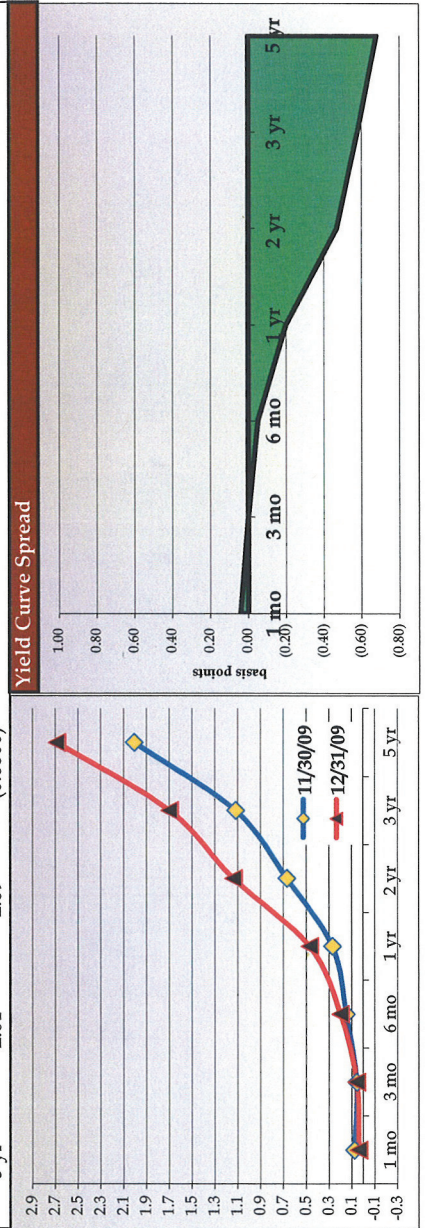
Sector	Par Value	Broker/Dealer	Issuer
Cash	512,901	Citigroup	FHLB 35,000,000
Money Markets	13,750	LAIIF	LAIIF 89,082,652
LAIIF	89,082,652	Morgan Keegan	FHLMC 21,000,000
U.S. Agency Discount Notes	0	Union Bank	FNMA 33,000,000
U.S. Agencies	110,000,000	Wells Fargo Sec	FFCB 19,000,000
Corporate Notes (TLGP)	5,000,000	Wells Fargo Bank	AIG 5,000,000
Corporate Notes	8,000,000		Other 10,526,651
	212,609,303		212,609,303



BENCHMARKS			
Month	1 Year Treasury	LAIIF	Moreno Valley
Dec 99	5.98	5.64	5.98
Jun 00	6.30	6.35	6.18
Dec 00	5.32	6.54	6.20
Jun 01	3.72	4.96	5.60
Dec 01	2.17	3.26	4.71
Jun 02	2.06	2.69	3.94
Dec 02	1.32	2.20	3.29
Jun 03	1.09	1.70	2.49
Dec 03	1.26	1.55	2.60
Jun 04	2.09	1.47	2.62
Dec 04	2.75	2.13	2.81
Jun 05	3.45	2.97	3.17
Dec 05	4.38	3.81	3.53
Jun 06	5.21	4.70	4.11
Dec 06	5.00	5.13	4.47
Jun 07	4.91	5.25	4.82
Dec 07	3.34	4.80	4.79
Jun 08	2.36	2.89	3.91
Dec 08	0.37	2.35	3.55
Jun 09	0.56	1.38	3.44
Dec 09	0.47	0.56	3.15

MARKET DATA

Treasury Yield Curve	11/30/09	12/31/09	Change (bps)
1 mo	0.08	0.04	0.0400
3 mo	0.06	0.06	0.0000
6 mo	0.15	0.20	(0.0500)
1 yr	0.27	0.47	(0.2000)
2 yr	0.67	1.14	(0.4700)
3 yr	1.12	1.70	(0.5800)
5 yr	2.01	2.69	(0.6800)



SUMMARY OF AUTHORIZED INVESTMENTS

Investment Type	GOVERNMENT CODE			CITY OF MORENO VALLEY INVESTMENT POLICY				Minimum Requirements
	Maximum Maturity	Maximum % of Portfolio	Minimum Requirements	Amount Invested (Par Value)	% of Portfolio	Maximum Maturity	Maximum % of Portfolio	
Cash				512,901	0%	N/A	No Limit	None
Local Agency Bonds	5 years	No Limit	None	0	0%	5 years	No Limit	None
U.S. Treasury Obligations	5 years	No Limit	None	0	0%	5 years	70%	"AAA" rating
State of California Obligations	5 years	No Limit	None	0	0%	5 years	10%	"AA" rating
CA Local Agency Obligations	5 years	No Limit	None	0	0%	5 years	10% (5% per issuer)	"AA" rating
U.S. Agencies	5 years	No Limit	None	110,000,000	52%	5 years	70% (50% per issuer)	"AAA" rating
Bankers Acceptances	180 days	40%	None	0	0%	180 days	20% (10% per issuer)	Eligible for purchase by Fed Reserve Bank
Commercial Paper	270 days	25%	A1/P1/F1 rating	0	0%	270 days	15%	"A1/P1/F1" rating
Negotiable CD's	5 years	30%	A1/P1/F1 rating	0	0%	5 years	0	None
Repurchase Agreements	1 year	No Limit	None	0	0%	1 year	20% (10% per issuer)	None
Reverse Repurchase Agreements	92 days	20%	None	0	0%		Not Allowed	
Corporate Obligations	5 years	30%	"A" rating	13,000,000	6%	5 years	30% (10% per issuer)	"A" rating
Mutual Funds	N/A	20%	"AAA" rating by 2 of 3 rating agencies	0	0%	3 years AWM*	15% (10% per issuer)	"AAA" rating by 2 of 3 rating agencies
Money Market Mutual Funds	N/A	20%	"AAA" rating by 2 of 3 rating agencies	13,750	0%	3 years AWM*	15% (10% per issuer)	"AAA" rating by 2 of 3 rating agencies
Collateralized Bank Deposits	5 years	No Limit	None	0	0%	2 years	20% (\$500,000 per issuer)	None
Mortgage Pass-Through Securities	5 years	20%	"AA" rating	0	0%	2 years	20% (\$500,000 per issuer)	"AA" rating
Time Deposits (Certificates of Deposit)	5 years	No Limit	None	0	0%	2 years	20% (\$500,000 per issuer)	Top 25% of peer group
County Pooled Investment Funds	N/A	No Limit	None	0	0%	3 years AWM*	20% (10% per issuer)	AAAf/S1
Local Agency Investment Fund (LAIF)	N/A	No Limit	None	89,082,652	42%	N/A	50%	None
				212,609,303	100%			

* - AWM = Average Weighted Maturity

BOND PROCEEDS WITH FISCAL AGENTS

Account Name	Account Number	Investment	Issuer	Purchase Date	Maturity Date	Face Value	Cost Value	Market Value	Stated Rate	Yield	Price	% of Portfolio
redemption fund	20350200	money market fund	WF Govt Fund	12/31/09	01/01/10	291,847	291,847	291,847	0.01%	0.01%	1.00000	1.105%
redemption/prepay f	20350201	money market fund	WF Govt Fund	12/31/09	01/01/10	2,322	2,322	2,322	0.01%	0.01%	1.00000	0.009%
reserve fund	20350202	money market fund	WF Govt Fund	12/31/09	01/01/10	70,301	70,301	70,301	0.01%	0.01%	1.00000	0.266%
rebate fund	20350203	money market fund	WF Govt Fund	12/31/09	01/01/10	329	329	329	0.01%	0.01%	1.00000	0.001%
						364,799	364,799	364,799				1.381%
Wells Fargo												
Community Facilities District (A-1)												
Special tax funds	22631800	cash	cash	12/16/88	09/02/09	0	0	0	0.00%	0.00%	1.00000	0.000%
interest tax funds	22631800	money market fund	WF Govt Fund	12/31/09	01/01/10	1,923,782	1,923,782	1,923,782	0.01%	0.01%	1.00000	7.282%
interest acct	22631801	money market fund	WF Govt Fund	12/31/09	01/01/10	0	0	0	0.01%	0.01%	1.00000	0.000%
reserve fund	22631804	money market fund	WF Govt Fund	12/31/09	01/01/10	1,028,699	1,028,699	1,028,699	0.01%	0.01%	1.00000	3.894%
admin exp acct	22631805	money market fund	WF Govt Fund	12/31/09	01/01/10	377	377	377	0.01%	0.01%	1.00000	0.001%
debt service acct	22631809	money market fund	WF Govt Fund	12/31/09	01/01/10	535,790	535,790	535,790	0.01%	0.01%	1.00000	2.028%
special tax funds	22631900	money market fund	WF Govt Fund	12/31/09	01/01/10	405,316	405,316	405,316	0.01%	0.01%	1.00000	1.534%
interest acct	22631901	money market fund	WF Govt Fund	12/31/09	01/01/10	16,153	16,153	16,153	0.01%	0.01%	1.00000	0.063%
reserve fund	22631904	money market fund	WF Govt Fund	12/31/09	01/01/10	366,244	366,244	366,244	0.01%	0.01%	1.00000	1.386%
admin exp acct	22631905	money market fund	WF Govt Fund	12/31/09	01/01/10	72	72	72	0.01%	0.01%	1.00000	0.000%
cost of issuance	22631906	money market fund	WF Govt Fund	12/31/09	01/01/10	2	2	2	0.01%	0.01%	1.00000	0.000%
						4,276,435	4,276,435	4,276,435				0.000%
Wells Fargo												
CID # 5												
Series B Revenue	22333500	money mkt fund	WF Govt Fund	12/31/09	01/01/10	150,243	150,243	150,243	0.01%	0.01%	1.00000	0.569%
Series A Principal	22333501	money mkt fund	WF Govt Fund	12/31/09	01/01/10	12,301	12,301	12,301	0.01%	0.01%	1.00000	0.047%
Series B reserve	22333503	money mkt fund	WF Govt Fund	12/31/09	01/01/10	522,482	522,482	522,482	0.01%	0.01%	1.00000	1.978%
Series A interest	22333504	money mkt fund	WF Govt Fund	12/31/09	01/01/10	625	625	625	0.01%	0.01%	1.00000	0.002%
Series B interest	22333505	money mkt fund	WF Govt Fund	12/31/09	01/01/10	457,656	457,656	457,656	0.01%	0.01%	1.00000	1.732%
						1,143,307	1,143,307	1,143,307				0.000%
Wells Fargo												
1997 COPES Refunding City Hall												
delivery cost fund	12526001	money mkt fund	WF Govt Fund	12/31/09	01/01/10	0	0	0	0.01%	0.01%	1.00000	0.000%
						0	0	0				0.000%
Wells Fargo												
1997 Lease Revenue Bonds - Public Safety												
expense fund	12526107	money mkt fund	WF Govt Fund	12/31/09	01/01/10	14,067	14,067	14,067	0.01%	0.01%	1.00000	0.053%
reserve account	12526103	money mkt fund	WF Govt Fund	12/31/09	01/01/10	407,452	407,452	407,452	0.01%	0.01%	1.00000	1.542%
lease revenue	125256100	money mkt fund	WF Govt Fund	12/31/09	01/01/10	1	1	1	0.01%	0.01%	1.00000	0.000%
rebate account	12526104	money mkt fund	WF Govt Fund	12/31/09	01/01/10	14,481	14,481	14,481	0.01%	0.01%	1.00000	0.055%
						436,001	436,001	436,001				0.000%
Wells Fargo												
2007 Redevelopment Agency Tax Allocation Bonds Series A												
debt service fund	22631700	money mkt fund	WF Govt Fund	12/31/09	01/01/10	0	0	0	0.01%	0.01%	1.00000	0.000%
						0	0	0				0.000%
Wells Fargo												
2005 Lease Revenue Bond												
bond fund	18942800	money mkt fund	WF Govt Fund	12/31/09	01/01/10	144	144	144	0.01%	0.01%	1.00000	0.001%
reserve fund	18942804	money mkt fund	WF Govt Fund	12/31/09	01/01/10	2,992,828	2,992,828	2,992,828	0.01%	0.01%	1.00000	11.328%
construction fund	18942806	money mkt fund	WF Govt Fund	12/31/09	01/01/10	7,671,734	7,671,734	7,671,734	0.01%	0.01%	1.00000	29.038%
						10,664,706	10,664,706	10,664,706				40.367%
Wells Fargo												
2007 Taxable Lease Revenue Bonds - Electric Utility												
interest fund	22277601	money mkt fund	WF Govt Fund	12/31/09	01/01/10	0	0	0	0.01%	0.01%	1.00000	0.000%
construction fund	22277604	money mkt fund	WF Govt Fund	12/31/09	01/01/10	6,845,947	6,845,947	6,845,947	0.01%	0.01%	1.00000	25.913%
capital interest fund	22277605	money mkt fund	WF Govt Fund	12/31/09	01/01/10	1	1	1	0.01%	0.01%	1.00000	0.000%
cost of issuance	22277606	money mkt fund	WF Govt Fund	12/31/09	01/01/10	368,015	368,015	368,015	0.01%	0.01%	1.00000	1.393%
						7,213,963	7,213,963	7,213,963				0.000%
Wells Fargo												
Autotmall Refinancing												
revenue fund	20350300	revenue	WF Govt Fund	12/31/09	01/01/10	1,139,953	1,139,953	1,139,953	0.01%	0.01%	1.00000	4.315%
reserve fund	20350303	reserve	WF Govt Fund	12/31/09	01/01/10	1,178,145	1,178,145	1,178,145	0.01%	0.01%	1.00000	4.459%
admin expenses	20350304	admin expenses	WF Govt Fund	12/31/09	01/01/10	1,981	1,981	1,981	0.01%	0.01%	1.00000	0.007%
						2,320,079	2,320,079	2,320,079				8.782%
						26,419,290	26,419,290	26,419,290				100.000%
Totals												

Summary of Bond Proceeds with Fiscal Agents

Type	Construction Funds	Principal & Interest Accounts	Debt Service Reserve Funds	Custody Accounts	Arbitrage Rebate Accounts	Other Accounts	Total Fiscal Agent Funds
1	14,517,681	14,517,681	2,444,491	8,907,553	14,810	534,755	26,419,290
2	2,444,491	2,444,491	8,907,553	0	14,810	534,755	26,419,290
3	8,907,553	8,907,553	0	0	0	0	8,907,553
4	0	0	0	0	0	0	0
5	14,810	14,810	0	0	0	0	14,810
6	534,755	534,755	0	0	0	0	534,755
Total Fiscal Agent Funds							26,419,290

GENERAL INVESTMENT PORTFOLIO AND BOND PROCEEDS BY ISSUER			
Issuer Name	Par Value	Percent of Portfolio	% Allowed
Cash in Financial Institutions	512,901	0%	no limit
State of California LAIF Pool	89,082,652	37.27%	50.00%
Highmark U.S. Government Money Market	13,750	0.01%	15.00%
Wells Fargo Government Fund	26,419,290	11.05%	NA
Federal Agriculture Mortgage Corp	1,000,000	0.42%	50.00%
Federal Home Loan Bank	35,000,000	14.64%	50.00%
Federal Home Loan Mortgage Corp	21,000,000	8.79%	50.00%
Federal Farm Credit Bank	19,000,000	7.95%	50.00%
Federal National Mortgage Assoc.	33,000,000	13.81%	50.00%
American General Finance	5,000,000	2.09%	10.00%
Bank of America (TLGP)	1,000,000	0.42%	110.00%
Citibank (TLGP)	1,000,000	0.42%	10.00%
Lehman Bros	3,000,000	1.26%	10.00%
Morgan Stanley	1,000,000	0.42%	10.00%
Tennessee Valley Authority	1,000,000	0.42%	10.00%
U.S. Bancorp (TLGP)	1,000,000	0.42%	10.00%
US Treasury Notes	0	0.00%	10.00%
Wells Fargo Bank N.A. (TLGP)	1,000,000	0.42%	10.00%
Total	239,028,593	99.58%	

DEFERRED COMPENSATION FUNDS

Nationwide

Fund	Book Value	Market Value	Par Value	Fund	Book Value	Market Value	Par Value
Individual Savings	\$1,183,313	\$1,183,313	\$1,183,313	Principal Inv Mgtg Sec A	0	0	0
Liquid Fixed (Part Time Employees)	0	0	0	American Century Balanced	25	25	25
Liquid Savings (Part Time Employees)	156,412	156,412	156,412	Am Century Growth	42,618	42,618	42,618
Certificates of Deposit 3 years	15,283	15,283	15,283	Am Century Core Equity	75,476	75,476	75,476
JP Morgan Mid Cap Value A	75,549	75,549	75,549	Am Century Ultra	0	0	0
Bond Fund Of America	60,912	60,912	60,912	Vanguard Index 500	62,014	62,014	62,014
Growth Fund of America	48,719	48,719	48,719	Vanguard Institutional Index	294,573	294,573	294,573
Investment Co. of America	10,403	10,403	10,403	Vanguard Wellington	13,505	13,505	13,505
Brown Cap Mgmt Inc SM Co	45,936	45,936	45,936	Vanguard Windsor II	60,888	60,888	60,888
Fidelity Independence	19,079	19,079	19,079	Futnam Voyager	84,724	84,724	84,724
Fidelity Equity Income	17,630	17,630	17,630	Templeton Foreign I	0	0	0
Fidelity Magellan	286,936	286,936	286,936	EuroPacific Growth	182,657	182,657	182,657
Certificates of Deposit 5 years	28,958	28,958	28,958	Stable Fund C	1,675,836	1,675,836	1,675,836
Fidelity Puritan	103,757	103,757	103,757	FBHC Growth Fund	0	0	0
Fidelity Contrafund	224,076	224,076	224,076	DWS High Income Fund A	35,485	35,485	35,485
Janus Fund	63,450	63,450	63,450	DWS Strategic Value	34,704	34,704	34,704
Janus Advisor Forty	33,660	33,660	33,660	Oppenheimer Global Fund A	108,754	108,754	108,754

ICMA

Fund	Book Value	Market Value	Par Value	Fund	Book Value	Market Value	Par Value
Aggressive Opport. International	\$130,852	\$130,852	\$130,852	VT Royce Premier	1,473	1,473	1,473
All Equity Growth	69,003	69,003	69,003	VT Ranier Small/Mid Cap Eq	26,034	26,034	26,034
with and Income	166,506	166,506	166,506	VT Fidelity Contrafund	129,592	129,592	129,592
and Market	42,371	42,371	42,371	VT Fidelity Magellan	0	0	0
500 Stock Index	60,369	60,369	60,369	VT Fidelity Diversified International	50,767	50,767	50,767
Equity Income	230,690	230,690	230,690	VT Allianz NFJ Div Value	36,401	36,401	36,401
Asset Allocation	99,862	99,862	99,862	VT Legg Mason Value	1,625	1,625	1,625
Core Bond	14,232	14,232	14,232	VT Fidelity Puritan	3,385	3,385	3,385
Cash Management	37,902	37,902	37,902	VT Royce Value Plus Service	4,144	4,144	4,144
Plus Fund	1,362,729	1,362,729	1,362,729	VT TR Price Growth Stock Adv	28,144	28,144	28,144
Savings Oriented	5,332	5,332	5,332	VT First Amer. Real Estate Secs	5,707	5,707	5,707
Conservative Growth	72,747	72,747	72,747	VT TR Price Small Cap Value	87,051	87,051	87,051
Traditional Growth	199,962	199,962	199,962	VT Third Ave Value	6,836	6,836	6,836
Long-Term Growth	247,853	247,853	247,853	Inflation Protected Securities	24,969	24,969	24,969
Mid/Small Co Index	0	0	0	Growth Fund	224,802	224,802	224,802
Milestone 2030	8,683	8,683	8,683	VT PIMCO Total Return	30,474	30,474	30,474
Milestone 2035	6,559	6,559	6,559	VT PIMCO High Yield	88,681	88,681	88,681
Overseas Equity Index fund	56,600	56,600	56,600	VT Eaton Vance Lage Cap Value	4,056	4,056	4,056
Vantage Trust Lyr CD	0	0	0		0	0	0
				Total ICMA	\$3,701,665	\$3,701,665	\$3,701,665

Summary by Plan

	Book Value	Market Value	Market Value
Total Nationwide	\$7,041,698	\$7,041,698	\$7,041,698
Total ICMA	3,701,665	3,701,665	3,701,665
Total Deferred Compensation Plans	\$10,743,363	\$10,743,363	\$10,743,363

Summary by Investment Type

	Book Value	Market Value	Market Value
Savings Deposits and CDs	\$1,339,725	\$1,339,725	\$1,339,725
Mutual Funds	9,403,638	9,403,638	9,403,638
Total Deferred Compensation Plans	\$10,743,363	\$10,743,363	\$10,743,363

**MINUTES - REGULAR MEETING OF JANUARY 26, 2010
(Report of: City Clerk's Department)**

Recommendation: Approve as submitted.

SEE AGENDA ITEM A.2

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**MINUTES - REGULAR MEETING OF JANUARY 26, 2010
(Report of: City Clerk's Department)**

Recommendation: Approve as submitted.

SEE AGENDA ITEM A.2

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**MINUTES - REGULAR MEETING OF JANUARY 26, 2010
(Report of: City Clerk's Department)**

Recommendation: Approve as submitted.

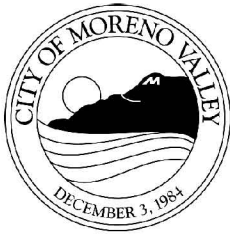
SEE AGENDA ITEM A.2

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G1. CITY COUNCIL REPORTS ON REGIONAL ACTIVITIES

- a) Report by Mayor Bonnie Flickinger on Riverside Transit Agency (RTA)
- b) Report by Mayor Bonnie Flickinger on Riverside County Transportation Commission (RCTC)
- c) Report by Council Member Robin N. Hastings on Western Riverside Council of Governments (WRCOG)

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APPROVALS	
BUDGET OFFICER	<i>caf</i>
CITY ATTORNEY	<i>But</i>
CITY MANAGER	<i>WBS</i>

Report to City Council

TO: Mayor and City Council

FROM: Barry Foster, Economic Development Director

AGENDA DATE: February 9, 2010

TITLE: PARTICIPATION AGREEMENT WITH IHERB, INC.

RECOMMENDED ACTION

Staff recommends that the Mayor and City Council adopt Resolution No. 2010-10, a Resolution of the City of Moreno Valley approving and authorizing a Participation Agreement with iHerb, Inc.

BACKGROUND

The Moreno Valley Industrial Area is a major employment and business park area generally south of Iris Avenue, east of Heacock Street, west of Kitching Street and north of the Perris Valley Storm Drain. Over the past few years, several projects have resulted in large scale distribution centers for major companies such as Walgreens, Phillips Electronics, Ross Dress For Less, Lowes, Harmon Kardin and O'Reilly Automotive.

Vogel Properties has constructed a 360,440-square foot distribution facility of concrete tilt-up construction on a 16.87 acre site. Vogel Properties is headquartered in Kansas and is a privately-owned full service real estate development company specializing in real estate acquisition, development and property management and has a strong portfolio of state-of-the-art commercial, retail and warehouse distribution and manufacturing properties throughout the United States.

At the height of the real estate-development market, Vogel Properties constructed two buildings on a speculative basis in the Moreno Valley Industrial Area and is also planning another future development project on a 80-acre site in the same area. The 360,440 sq. ft. building at the northwest corner of Indian Street and the Perris Valley Storm Drain is situated to operate as a modern distribution center.

Vogel Properties (through a limited liability company Indian Street LLC) and iHerb, Inc. have negotiated and fully executed a lease that will allow iHerb, Inc. to relocate its corporate headquarters and distribution operation from Irwindale to the Moreno Valley location. The new iHerb, Inc. facility in Moreno Valley will be a distribution center and will NOT manufacture any products at this location. The Moreno Valley facility will also be established as a point of sale thereby producing sales tax revenue.

iHerb, Inc. is privately-owned company featuring a world-class online retail store that supplies over 600 well-known, respected brands and over 16,000 products to customers all over the United States, as well as a global market. Sales include nutritional supplements, bath and beauty products, groceries, food products, herbal products, household products, juices, minerals, and multi-vitamins. The company was founded in 1997 and is presently based in Irwindale. In a relatively short period of time, iHerb, Inc. has expanded from an 18,000 sq. ft. facility to their current 48,000 sq. ft. site which lacks the capacity to support the current sales of over \$84 million annually.

DISCUSSION

In looking for prospective businesses to locate in the Moreno Valley Industrial Area, both the City and Vogel Properties seek out established companies searching for a strategic business location, along with the opportunity to generate new employment opportunities for the community. Clearly the industrial leasing market is a challenge now because of the economic downturn. To assist in the economics of the opening of the facility in Moreno Valley, iHerb, Inc. is looking to take advantage of \$100,000 in funding available through the City's CDBG program. This portion of the CDBG funding is targeted for job creation for new distribution and light manufacturing businesses located in the Moreno Valley Industrial Area or the Centerpointe Business Park.

iHerb, Inc. is a solid and growing company that currently employs 140 full-time employees in warehouse and distribution, administrative and management positions. All full-time employees receive a compensation package that includes medical and dental benefits. Because of the extended commute from iHerb, Inc.'s current facility in Irwindale to the new Moreno Valley site, company officials anticipate an immediate need for up to 50% of its current work force and then doubling the total to over 300 jobs within one to three years of operation in Moreno Valley. iHerb, Inc. is leasing the entire 360,440 sq. ft. building but is only using approximately half of it. Because of its growth plans, iHerb, Inc. expects to quickly expand into the entire building.

To assist in the opening of the new iHerb, Inc. operation in Moreno Valley, a Participation Agreement has been drafted to establish a contractual relationship between the City of Moreno Valley and iHerb, Inc. The Participation Agreement, which was drafted by the City's Special Legal Counsel, provides for the following major business points:

- iHerb, Inc. shall enter into a binding Lease Agreement for at least a 3-year term for a building in the Moreno Valley Industrial Area.
- iHerb, Inc. shall open a new distribution center facility in Moreno Valley.
- iHerb, Inc. shall agree to create 5 new full-time (or part-time equivalent) jobs for low to moderate income persons consistent with CDBG requirements.
- iHerb, Inc. shall receive a total allocation of \$100,000 from the City's CDBG Budget for FY 2009/10 for job creation with the New Business Incentive Program including:
 - \$50,000 at the opening of the new facility and creation of jobs
 - \$25,000 after completion of the first year of continuous operation
 - \$25,000 after completion of the second year of continuous operation
- iHerb, Inc. shall agree to a 3-year Operating Covenant and to maintain the low and moderate jobs for this period of time.

ALTERNATIVES

1. Approve the Participation Agreement supporting the City's assistance in the opening of the new iHerb, Inc. facility.
2. Reject or pursue modification in the terms of the Participation Agreement. Supporting this alternative could hinder the timing or ability to open the iHerb, Inc. facility in Moreno Valley.

FISCAL IMPACT

The opening of the new iHerb, Inc. distribution center will help occupy an unused building in a major industrial business area in Moreno Valley, along with creating new employment opportunities and future sales tax revenue for the City. Annual sales tax revenue to the City from iHerb, Inc. is estimated at between \$100,000 to \$150,000. The financial assistance for the project will be from the City's CBDG New Business Incentive Program. CDBG funds are a special funding source that must adhere to federal requirements managed by the Department of Housing and Urban Development (HUD).

<u>Fund</u>	<u>Business Unit Name</u>	<u>Amount</u>
199	Economic Incentive-Distribution/Manufacturing Business CDBG 284.73939.6853	\$100,000

ATTACHMENTS/EXHIBITS

- ATTACHMENT 1: Participation Agreement
ATTACHMENT 2: Resolution of the City of Moreno Valley

Prepared By: Denise Bagley
Management Analyst

Department Head Approval: Barry Foster
Economic Development Director

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for:

PARTICIPATION AGREEMENT

By and Between the

CITY OF MORENO VALLEY

and

iHerb, Inc.
a California corporation

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ATTACHMENTS

Attachment No. 1	Site Plan of the iHerb Facility
Attachment No. 2	Annual Compliance Report
Attachment No. 3	Roles to Ensure Low to Moderate Income Benefit
Attachment No. 4	Summary of HUD Requirements for CDBG Economic Development Activities
Attachment No. 5	Operator Certificate
Attachment No. 6	Schedule of Performance

PARTICIPATION AGREEMENT

This **PARTICIPATION AGREEMENT** (the "Agreement") is entered into as of February 9, 2010, by and between the **CITY OF MORENO VALLEY**, a municipal corporation (the "City"), and **iHerb, Inc.**, a California corporation (the "Operator").

RECITALS

The following recitals are a substantive part of this Agreement:

A. In furtherance of the objectives of the Housing and Community Development Act of 1974, as amended (the "Act") as well as regulations promulgated thereunder, the Operator and the City desire that the Operator open a distribution facility within the corporate limits of the City of Moreno Valley (the "City Area") operating under the trade name iHerb and that, as part of Operator's activities, a minimum number of full time (or composite full time) jobs, starting at not less than five (5) employees, be created within the City to be held by or made available to low- or moderate-income persons.

B. Operator through the operation of the distribution of vitamins, health supplements and similar products and related administrative offices within the City Area will help stimulate the local economy and address the goals and obligations of the City's CDBG Program as approved by the Department of Housing and Urban Development ("HUD.")

C. Operator has determined a suitable location within the City Area for a distribution facility to be operated under the trade name iHerb.

D. Operator has been provided with, has reviewed and agreed that its receipt of payments from the City under this Agreement is subject to the "Annual Compliance Report" (Attachment No. 2 to this Agreement), the "CDBG Regulations", as defined below and as amplified by the "Roles to Ensure Low and Moderate Income Benefit" (Attachment No. 3 to this Agreement) and "Summary of HUD Requirements for CDBG Economic Development Activities" (Attachment No. 4 to this Agreement), and the remainder of this Agreement.

E. The City is authorized to undertake activities and expend moneys pursuant to and in implementation of the CDBG Regulations.

F. The operations as required to be accomplished under this Agreement are in the vital and best interest of the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws.

NOW, THEREFORE, the City and the Operator hereby agree as follows:

100. DEFINITIONS.

"*Adverse Litigation*" means any litigation (including without limitation the filing of a claim) concerning (i) the Agreement, (ii) the subject matter of the Agreement, or (iii) the land use approvals, zoning classifications, or environmental process with respect to the Designated Site, the Agreement, or the activities to be undertaken by the Operator under the Agreement, which, in the opinion of Operator or City, will have a material adverse effect on the ability of either party to perform its obligations under this Agreement or to realize the intended benefits of this Agreement.

“*Affiliate*” is defined in Section 703 hereof.

“*Agreement*” means this Participation Agreement by and between the City and the Operator.

“*Annual Compliance Report*” means a report to be provided once a year by the Operator (as of March 1, commencing March 1, 2011, for the preceding calendar year) in the form of Attachment No. 2.

“*Annual Payment Amount*” means Twenty Five Thousand Dollars (\$25,000.00).

“*Annual Period*” means that three hundred sixty five (365) day period commencing as of the Opening and ending the day prior to the anniversary of the Opening, and each succeeding three hundred sixty five (365) day period (or for a leap year, a three hundred sixty six (366) day period).

“*Authorizing Business Entity*” means the owner of the Designated Site.

“*Best Knowledge*” is defined in Section 208.1 hereof.

“*Certificate Condition*” is defined in Section 401.2 hereof.

“*City*” means the City of Moreno Valley, a municipal corporation.

“*City Manager*” means the City Manager of the City or his designee.

“*CDBG Regulations*” means those regulations (concerning Community Development Block Grants) set forth at 24 CFR 570, including without limitation those regulations referenced therein.

“*Conditions Precedent to Annual Payment*” is defined in Section 404 hereof.

“*Conditions Precedent to Initial Payment*” is defined in Section 403 hereof.

“*Conforming Activities*” means the operation of a distribution facility in a Conforming Facility under the trade name iHerb, which distributes vitamins, health supplements and similar products and the merchandising and sale of such products.

“*Conforming Facility*” means a building consisting of not less than three hundred fifty thousand (350,000) square feet gross leasable area and adjacent parking spaces (or rights to use such spaces) as required by the City in connection with its customary planning process which includes improvements sufficient for the conduct of the distribution of vitamins, health supplements and similar products, together with related administrative facilities, which improvements are to be located at the Designated Site in conformity with the Site Plan of the iHerb Facility.

“*Continuous Operation Condition*” is defined in Section 401.2 hereof.

“*County*” shall mean the County of Riverside, California.

“*Date of Agreement*” means February 9, 2010.

“*Deadline*” means the ninetieth (90th) day following the Date of Agreement.

“*Default*” means the failure of a party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 601 hereof.

“*Designated Site*” means land and improvements at 17825 Indian Street, Moreno Valley, California or another parcel of land within the City Area to be designated by the Operator.

“*Designated Trade Name*” means “iHerb” or another trade name that is approved by the City in its discretion.

“*Establishment of Point of Sale*” means the opening for business of an establishment that engages in Conforming Activities including sales for which the City is point of sale.

“*Fee Condition*” is defined in Section 401.2.

“*Governmental Requirements*” means each and every law, ordinance, statute, code, rule, regulation, order, and decree of the United States, the state, the County, the City, or any other political subdivision in which the Designated Site is located, and of any other political subdivision, agency, or instrumentality exercising jurisdiction over the Operator or the Designated Site.

“*Improvements*” means all improvements present on the Designated Site as of the Date of Agreement or thereafter undertaken on the Designated Site.

“*Initial Payment Amount*” means the sum of Fifty Thousand Dollars (\$50,000).

“*Maximum Payment Amount*” means the sum of One Hundred Thousand Dollars (\$100,000.00).

“*Municipal Code*” means the City of Moreno Valley Municipal Code.

“*Notice*” shall mean a notice in the form prescribed by Section 601 hereof.

“*Opening*” means the opening for business of a distribution facility consisting of not less than three hundred fifty thousand (350,000) square feet gross leasable area operating under the Designated Trade Name.

“*Operating Covenant Period*” means a thirty-six (36) month period commencing with the later of (i) the Opening or (ii) the time set forth in the Schedule of Performance for the scheduled Opening (namely, June 1, 2010).

“*Operator*” means iHerb, Inc., a California Corporation.

“*Operator Certificate*” means Attachment No. 5 to this Agreement.

“*Performance Conditions*” means all of the following: the Fee Condition; the Indemnification Condition; the Certificate Condition; the Continuous Operation Condition; the Point of Sale Condition and the Annual Report Condition. Each of the foregoing “Conditions” as so enumerated within this definition of Performance Conditions is defined in Section 401.2 hereof.

“*Point of Sale Condition*” means the Establishment of Point of Sale as to the Designated Site for products under the Designated Trade Name.

“*Qualifying Employee(s)*” is defined as follows: the number of persons constituting Qualifying Employees during any Annual Period shall equal the sum of (i) the number of “Full Time Employees” for such Annual Period plus (ii) the number of “Composite Full Time Employees” for such Annual Period, calculated in accordance with the following:

(a) In order to qualify as a Full Time Employee of Operator for the applicable Annual Period, a person must be a salaried or hourly employee who is employed at the Designated Site not less than forty (40) hours per week for not less than fifty (50) weeks, with such fifty two (52) week calculation to be inclusive of vacations, holidays, disability leaves required pursuant to state law, sick leave and similar benefits generally afforded employees generally deemed to be full time employees by prevailing community standards during the corresponding Annual Period. An employee who is terminated during any Annual Period, and the employee who replaces such terminated employee in such position, shall be aggregated for purposes of the foregoing calculation. The Operator shall provide substantiation to the City Manager (or his designee) as to replacement of terminated employees, and the City Manager (or his designee) shall in good faith review whether the employees involved are countable for purpose of the foregoing calculation.

(b) For purposes of this Agreement, one Composite Full Time Employee shall be deemed to exist for each two thousand (2,000) hours worked per Annual Period, not inclusive of vacations, holidays, disability leaves, sick leaves, or similar benefits, performed by part time employees (other than qualifying Full Time Employees), contract employees, independent contractors, or temporary personnel (collectively, “Part Time Employees”) at the Designated Site.

Hours worked in one Annual Period shall be countable only with respect to that Annual Period and cannot be carried forward or carried back to be applied as to a different Annual Period.

“*Required Period*” means that period commencing as of the Date of Agreement and continuing until the third (3rd) anniversary of the Opening.

“*Schedule of Performance*” means that Schedule setting forth the times by which each action must be completed pursuant to this Agreement, as set forth in Attachment No. 6, attached hereto and incorporated herein.

“*Site Control Condition*” means presentment by the Operator to City of evidence satisfactory to City that Operator has acquired fee title to the Designated Site or has entered into a lease as to the Designated Site for a term of not less than thirty-six (36) months, and that such fee ownership or lease remains in effect.

“*Site Plan of the iHerb Facility*” means Attachment No. 1 or such other site plan as may hereafter be approved by the City.

“*Special Fund*” means a fund or account that City will maintain and which will be funded only with moneys granted by the United States Government under the Act (and, particularly, under the CDBG program).

“*Targeted Income Groups*” means very low-, low- and moderate-income households (as defined under Health and Safety Code Sections 50105, 50079.5 and 50093) residing in the City. Data changes annually concerning the income limits for such households; figures will be available from the City within a reasonable time following receipt of request therefor from the Operator.

200. REPRESENTATIONS AND WARRANTIES.

201. City Representations. City represents and warrants to Operator as follows:

(a) Authority. City is a municipal corporation organized and existing under the laws of the State of California, which has been authorized to transact business pursuant to action of the City Council. The City has full right, power and lawful authority to execute, perform, and deliver this Agreement, and the execution, performance, and delivery of this Agreement by City has been fully authorized by all requisite actions on the part of City. The parties who have executed this Agreement on behalf of City are authorized to bind City by their signatures hereto.

(b) No Conflict. To the best of City’s knowledge, City’s execution, delivery, and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which City is a party or by which it is bound.

(c) No City Bankruptcy. City is not the subject of a bankruptcy proceeding.

202. Operator Representations. Operator represents and warrants to City as follows:

(a) Authority. Operator is a duly organized California corporation that is doing business in California, is authorized to do business in California and is in good standing under the laws of the State of California. Operator has full right, power and lawful authority to purchase or lease and accept possession of property within the City Area, including the Designated Site and undertake all obligations as provided herein and the execution, performance and delivery of this Agreement by Operator has been fully authorized by all requisite actions on the part of the Operator in conformance with the Governmental Requirements. The parties who have executed this Agreement on behalf of Operator are authorized to bind Operator by their signatures hereto.

(b) Litigation. To the best of Operator’s knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings pending against Operator, or affecting its ability to acquire ownership of or a leasehold interest as to the Designated Site or any portion thereof, at law or in equity before any court or governmental agency, domestic or foreign, which in any way would have a material effect on Operator’s ability to perform its obligations under this Agreement.

(c) No Conflict. To the best of Operator’s knowledge, Operator’s execution, delivery, and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Operator is a party or by which it is bound.

(d) No Operator Bankruptcy. Operator is not the subject of a bankruptcy proceeding.

(e) Operator Experience; Sophisticated Party. The Operator is a sophisticated party, with substantial experience in the acquisition, development, obtaining financing for, and the operation of distribution facilities, and with the negotiation, review, and preparation of agreements

and other documents in connection with such activities. The Operator is familiar with and has reviewed all laws and regulations pertaining to the operation of a Conforming Facility under this Agreement, as well as the Summary of HUD Basic Requirements for CDBG Economic Development Activities.

300. OPERATION IN CONFORMITY WITH LAW; INSURANCE AND INDEMNITY.

301. Indemnity. The Operator shall defend (by counsel satisfactory to City), indemnify and save and hold harmless City and its officers, contractors, agents and employees from and against all claims, damages, demands, actions, losses, liabilities, costs and expenses including, without limitation, attorneys' fees and court costs (all of the foregoing are collectively, "Claims") to the extent arising from or relating to: (i) Operator's breach of this Agreement; (ii) a Claim, demand or cause of action that any person has or asserts against Operator; (iii) any act or omission of Operator, any contractor, subcontractor or material supplier, engineer, architect or other person retained or employed by Operator with respect to the Designated Site; or (iv) Operator's ownership, occupancy or use of the Designated Site; provided, however, that the indemnification obligations provided in this Section 301 shall not apply to any claim to the extent arising out of the negligent acts or omissions of City and not caused or contributed to by the Operator. Operator's obligations under this Section 304 shall survive the termination of this Agreement.

If the Operator defaults under the terms of this Agreement and such default remains uncured after the City has given Operator written notice thereof as set forth in Section 500, the Operator agrees to reimburse the City immediately upon written demand for all costs reasonably incurred by the City (including the reasonable fees and expenses of attorneys, accountants, appraisers and other consultants, whether the same are independent contractors or employees of City) in connection with the enforcement of the Agreement, including the attachments thereto, and all related matters including the following: (a) the City's commencement of, appearance in, or defense of any action or proceeding purporting to affect the rights or obligations of the parties to this Agreement, and (b) all claims, demands, causes of action, liabilities, losses, commissions and other costs against which the City is indemnified under this Agreement.

The Operator shall indemnify the City from any real estate commissions or brokerage fees which may arise from this Agreement or the Designated Site. The Operator agrees to hold the City harmless from any claim by any broker, agent or finder in connection with this Agreement, the activities by the Operator and/or the Designated Site.

Operator agrees that no displacement of another person or business shall be effected in connection with the selection of a Designated Site by the Operator or Operator's siting of a facility for its use at the Designated Site. Operator agrees to and shall defend, indemnify and hold harmless City from and against any claim, loss, suit or demand in connection with any claim for relocation assistance based upon the displacement of a person or business from the Designated Site occurring prior to and in connection with the selection of the Designated Site by the Operator.

302. Compliance With Laws. Operator shall carry out the design, construction and development of improvements, if any, and the conduct of uses on the Designated Site in conformity with all applicable laws, including without limitation the Act, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code

Section 11135, *et seq.*, and the Unruh Civil Rights Act, and Civil Code Section 51, *et seq.*, and, to the extent applicable, Labor Code Section 1720(b)(3) and all Governmental Requirements. The City makes no representations or warranties whatsoever with respect to the applicability of the foregoing prevailing wage and public works requirements, and the Operator shall make its own determination as to such applicability. Operator shall indemnify City for any liability associated with the payment of prevailing wages for any work on the Designated Site.

The Operator does hereby and shall indemnify and hold City harmless from and against any and all claims, demands, causes of action, obligations, damages, liabilities, costs and expenses, including reasonable attorneys' fees, that may be asserted against or incurred by City to the extent arising out of Operator's compliance with or failure to comply with applicable laws, including all applicable federal and state labor standards including without limitation the requirements of Labor Code Section 1720.

Before commencement of construction of any improvement upon the Designated Site or otherwise within the corporate limits of the City, Operator shall, at its own expense, secure or cause to be secured any and all land use and other entitlements, permits, and approvals which may be required for such improvements by the City or any other governmental agency affected by or having jurisdiction over such construction or work. Operator shall, without limitation, apply for and secure, and pay when due all costs, charges and fees associated therewith, all permits and fees required by the City, County of Riverside, and other governmental agencies with jurisdiction over such improvements. Execution of this Agreement does not constitute the granting of or a commitment to obtain or to assist in obtaining any required land use entitlements, or approvals required by the City. Operator's obligations under this Agreement including without limitation acquisition (by purchase or lease) and, if applicable, the making of improvements at the Designated Site is expressly conditioned upon the issuance of each permit required by the City, County of Riverside or other governmental agencies and the grant of all approvals and entitlements required for development of the Designated Site as contemplated under this Agreement.

303. Insurance. Prior to the disbursement of any moneys by the City to the Operator and continuing throughout the Operating Covenant Period, the Operator shall maintain at Operator's sole expense (or, if Operator is leasing the Designated Site, the lessor may provide) the following policies of insurance in form and substance reasonably satisfactory to the City:

(i) workers' compensation insurance and any other insurance required by law in connection with construction, if any, performed on the Designated Site (to be in effect only while work is being performed on the Designated Site);

(ii) fire and hazard "all risk" insurance covering 100% of the replacement cost of the improvements at the Designated Site in the event of fire, lightning, windstorm, vandalism, earthquake, malicious mischief and all other risks normally covered by "all risk" coverage policies in the area where the Designated Site is located (including loss by flood if the Designated Site is in an area designated as subject to the danger of flood);

(iii) public liability insurance in no event less than \$2,000,000 for "single occurrence;"

(iv) property damage insurance in no event less than \$2,000,000; and

All such insurance shall provide that it may not be canceled or materially modified without 30 days prior written notice to City. The policies required under subparagraph (b) shall designate City as an additional insured and loss payee. City shall be an additional insured in the policies required under subparagraph (d). Certificates of insurance for the above policies (and/or original policies, if required by City) and endorsements shall be delivered to City from time to time within 10 days after demand therefor. No less than thirty (30) days prior to the expiration of each policy, Operator shall deliver to City evidence of renewal or replacement of such policy reasonably satisfactory to the City Manager.

(b) Coverage provided hereunder by Operator shall be primary insurance and not be contributing with any insurance maintained by City, and the policy shall contain such an endorsement. The insurance policy or the endorsement shall contain a waiver of subrogation for the benefit of the City. All policies shall be written by good and solvent insurers qualified to do business in California and shall have a policyholder's rating of A or better in the most recent edition of "Best's Key Rating Guide -- Property and Casualty." The required certificate shall be furnished by Operator at the time set forth herein. The Operator's obligation to maintain insurance under this Section 303 may be satisfied by appropriate amendment, rider or endorsement to any blanket policy or policies carried by the Operator (or policies or amendments, riders or endorsements by a lessor, if the Operator is leasing the Designated Site), and the Operator shall have the option to include a self-insured deductible for which it shall assume full responsibility so long as the Operator maintains a combined net worth of Fifty Million Dollars (\$50,000,000.00).

(c) The Operator hereby waives all rights to recover against City (or any officer, employee, agent or representative of City) for any loss incurred by Operator from any cause insured against or required by this Agreement to be insured against; provided, however, that this waiver of subrogation shall not be effective with respect to any insurance policy if the coverage thereunder would be materially reduced or impaired as a result. Operator shall use its best efforts to obtain only policies which permit the foregoing waiver of subrogation.

304. Nondiscrimination in Employment; Efforts to Employ Persons of Targeted Income Groups. The Operator certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, sexual orientation, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability.

Operator shall recruit and use best efforts to maximize the hiring of personnel for its distribution facility to be established under this Agreement in the City Area from members of the Targeted Income Groups.

305. Taxes and Assessments. Throughout the Operating Covenant Period, Operator shall pay (or the Authorizing Business Entity or lessor shall pay) prior to delinquency all ad valorem real estate taxes and assessments on the Designated Site. Operator shall remove or shall have caused to be removed any levy or attachment made on the Designated Site or any part thereof which is owned or leased by Operator, or assure the satisfaction thereof within a reasonable time, but in no event to exceed sixty (60) days. The Operator shall additionally defend, indemnify, and hold harmless the City from and against any taxes, assessments, mechanic's liens, claims of materialmen and suppliers, or other claims by private parties to the extent arising out of (a) activities undertaken by the Operator or (b) the Designated Site.

400. CONSIDERATION FOR AGREEMENT; CITY CONTINGENT PAYMENTS.

401. Operator Consideration.

401.1 Timing for Satisfaction of Conditions. As consideration for the City to enter into this Agreement, the Operator agrees to satisfy the Conditions Precedent to Initial Payment by the time established therefor in the Schedule of Performance, and to annually thereafter satisfy the Performance Conditions on a continuous basis throughout the Operating Covenant Period. The Operator further agrees to operate, maintain and use the Designated Site in conformity with this Agreement. The Operator assumes all responsibility for any costs to perform under this Agreement.

401.2 Performance Conditions. Operator shall continuously operate Conforming Activities in a Conforming Facility commencing with the Opening and continuing throughout the Operating Covenant Period. In addition to the foregoing, Operator shall use diligent efforts to recruit and hire as employees members of the Targeted Income Groups, and shall cooperate with the City in connection therewith. The obligations as set forth in this paragraph shall hereinafter be referred to as the "Continuous Operation Condition."

The performance by the Operator shall additionally include: (i) the satisfaction of the Conditions Precedent to Initial Payment; (ii) the payment in full of all City fees and/or business licenses payable in respect to the operation of the Conforming Activities (the "Fee Condition"); (iii) provision of defense, indemnification, assumption of responsibility for, and provision of insurance as required pursuant to Sections 303 and 304 of this Agreement (the "Indemnification Condition"); and (iv) filing of the Annual Compliance Report for the corresponding calendar year by the time set forth therefor herein (the "Annual Report Condition"). The Operator shall, as provided in this Agreement, provide its certification in connection with the satisfaction of the foregoing Conditions in the form of the Operator Certificate, and thereafter on an annual basis, on that date which precedes by thirty (30) days the last date of each Annual Period, the Operator shall so submit the Operator Certificate until the last day of the Required Period, and during such period shall provide such additional information with respect to any of such matters as the City Manager or his designee shall reasonably determine to be necessary or convenient in connection with the review of the Operator Certificate(s) (the "Certificate Condition"). All of the Conditions set forth in this Section 401.2 together constitute the Performance Conditions.

402. City Contingent Financial Participation. Payment of the Initial Payment Amount shall be subject to satisfaction of the Conditions Precedent to Initial Payment and, to the extent applicable as of payment of the Initial Payment Amount, the Performance Conditions have been and remain satisfied as of the time such payment is otherwise due and payable; the City shall disburse to the Operator the Initial Payment Amount following the Opening within thirty (30) calendar days after the City Manager receives satisfactory substantiation that the Conditions Precedent to Initial Payment have been satisfied. The source of payments and the obligation to make payment shall be moneys in the Special Fund; provided that City may provide payment from any other City funding source deemed appropriate by City. Payment by the City is subject to the reasonable satisfaction of the City Manager that the Conditions Precedent to Initial Payment were satisfied and that there are no uncured defaults which occur prior to the making of payment. Operator Certificates shall be submitted to the City to the attention of its City Manager at the address set forth in Section 701 hereof. No interest shall accumulate as to any amounts which are or may become payable to the Operator.

Payment of each Annual Payment Amount (up to two such payments) shall be subject to satisfaction of the Conditions Precedent to Annual Payment and the Performance Conditions have been and remain satisfied as of the time such payment is otherwise due and payable; the City shall disburse to the Operator from moneys in the Special Fund an Annual Payment within thirty (30) calendar days after the City Manager receives satisfactory substantiation that the Conditions Precedent to Annual Payment have been satisfied for the year with respect to which such payment is to be made. The source of payments and the obligation to make payment shall be moneys in the Special Fund; provided that City may provide payment from any other City funding source deemed appropriate by City. Payment by the City is subject to the reasonable satisfaction of the City Manager that the Conditions Precedent to Annual Payment were satisfied and that there are no uncured defaults which occur prior to the making of payment. Operator Certificates shall be submitted to the City to the attention of its City Manager at the address set forth in Section 701 hereof. No interest shall accumulate as to any amounts which are or may become payable to the Operator.

The City shall not provide any moneys pursuant to this Agreement other than those payments provided for in this Sections 402 or 403 of this Agreement. Further, no pledge is made or lien priority established by such Sections 402 or 403.

403. Conditions Precedent to Initial Payment. The City shall pay the Initial Payment Amount to Operator within thirty (30) calendar days following the date on which all of the following conditions precedent have been and remain satisfied:

(a) the Operator provides to the City Manager evidence reasonably satisfactory to the City Manager that: (i) Operator has acquired real property within the City Area or has entered into a lease of existing, improved premises that constitutes a Conforming Facility for a term of not less than thirty-six (36) months (in satisfaction of the Site Control Condition); (ii) the Opening of a Conforming Facility has occurred within the City Area with the approval of the Authorizing Business Entity operating under the Designated Trade Name; (iii) Operator has made diligent efforts to recruit and hire as its employees members of Targeted Income Groups; (iv) the Operator has satisfied the Point of Sale Condition; (v) Operator has satisfied the Site Control Condition; and (vi) Operator employs at the Designated Site not less than five (5) Qualifying Employees;

(b) Operator delivers to the City Manager or his designee a certificate substantially in the form of the Operator Certificate, duly executed with the attachments prescribed pursuant to this Agreement;

(c) all property taxes, assessments and business license fees for or with respect to the Designated Site have been paid and are not delinquent;

(d) there exists no Default, as defined in Section 601 of this Agreement; and

(e) Operator has delivered to City all documents, instruments, policies, and forms of evidence or other materials required to be provided to City hereunder and as may be reasonably requested by City under the terms of this Agreement

(f) Operator provides evidence reasonably satisfactory to the City Manager demonstrating that the Conforming Facility is operating on the Designated Site in conformance with

this Agreement and as a distribution facility for products marketed under the Designated Trade Name;

The foregoing conditions lettered (a) to (f), inclusive, shall collectively constitute the “Conditions Precedent to Initial Payment.”

The Operator agrees that, in the event the Operator ceases to operate the Conforming Activities on the Designated Site during the Operating Covenant Period, or if this Agreement is terminated by the City based upon the default or failure to satisfy conditions by the Operator, then no additional or future payments shall be made by the City pursuant to Sections 402 or 403 of this Agreement.

404. Conditions Precedent to Annual Payment. The City shall pay an Annual Payment Amount to Operator within thirty (30) calendar days following the date on which all of the following conditions precedent have been and remain satisfied for the year with respect to which such payment relates (namely, the respective annual periods ending June 1, 2011 and June 1, 2012):

(a) the Operator provides to the City Manager evidence reasonably satisfactory to the City Manager that: (i) Operator has acquired real property within the City Area or has entered into a lease of existing, improved premises that constitutes a Conforming Facility for a term of not less than thirty-six (36) months (in satisfaction of the Site Control Condition); (ii) the Opening of a Conforming Facility has occurred within the City Area with the approval of the Authorizing Business Entity operating under the Designated Trade Name; (iii) Operator has made diligent efforts to recruit and hire as its employees members of Targeted Income Groups; (iv) the Operator has satisfied the Point of Sale Condition; (v) Operator has satisfied the Site Control Condition; and (vi) Operator employs at the Designated Site not less than five (5) Qualifying Employees;

(b) Operator delivers to the City Manager or his designee a certificate substantially in the form of the Operator Certificate, duly executed with the attachments prescribed pursuant to this Agreement;

(c) all property taxes, assessments and business license fees for or with respect to the Designated Site have been paid and are not delinquent;

(d) there exists no Default, as defined in Section 601 of this Agreement; and

(e) Operator has delivered to City all documents, instruments, policies, and forms of evidence or other materials required to be provided to City hereunder and as may be reasonably requested by City under the terms of this Agreement

(f) Operator provides evidence reasonably satisfactory to the City Manager demonstrating that the Conforming Facility is operating on the Designated Site in conformance with this Agreement and as a distribution facility for products marketed under the Designated Trade Name;

The foregoing conditions lettered (a) to (f), inclusive, shall collectively constitute the “Conditions Precedent to Annual Payment.”

The Operator agrees that, in the event the Operator ceases to operate the Conforming Activities on the Designated Site during the Operating Covenant Period, or if this Agreement is

terminated by the City based upon the default or failure to satisfy conditions by the Operator, then no additional or future payments shall be made by the City pursuant to Sections 402 or 403 of this Agreement.

405. Brokers. The City shall not be liable for any real estate commissions or brokerage fees which may arise herefrom or in connection with the selection of the Designated Site by Operator. The Operator represents and warrants that it has not engaged the services of any agents, brokers, or finders in connection with this Agreement, and assumes all responsibility for any remuneration payable to any agents, brokers, or finders in connection with this Agreement.

500. COVENANTS AND RESTRICTIONS.

501. Use Covenants. The Operator will use the Conforming Facility as a distribution facility for vitamins, health supplements and similar products and related administrative offices at the Designated Site under the Designated Trade Name. The Operator shall operate on the Designated Site only Conforming Activities, which shall include a physical facility which includes improvements conforming in all respects to all applicable regulations of federal, state and local agencies regulating the establishment or operations of such facilities. The Operator covenants and agrees that the Operator and any successors and assignees, shall on a continuous basis throughout the Operating Covenant Period: (i) devote the Designated Site to the uses specified in this Section 501 of this Agreement; (ii) operate on the Designated Site a Business devoted to the operation of Conforming Activities under the Designated Trade Name and (iii) execute and deliver to the City an Operator Certificate prior to each payment by the City.

The Operator shall carry out all of its undertakings pursuant to this Agreement in conformity with all applicable laws, the Summary of HUD Federal Requirements for CDBG Economic Development Activities and the CDBG Regulations. The Operator covenants to operate on the Designated Site only Conforming Activities for a period of not less than the Required Period; this covenant is made for the benefit of the City.

In addition, Operator covenants that there shall be no discrimination contrary to the Summary of HUD Federal Requirements for CDBG Economic Development Activities or the CDBG Regulations.

In addition, continuing throughout the remainder of the Required Period, all uses conducted on the Designated Site, including, without limitation, all activities undertaken by the Operator pursuant to this Agreement, shall be Conforming Activities and shall conform to all applicable provisions of the Municipal Code. The Operator on behalf of itself and its successors, assigns, and each successor in interest to the Designated Site or any part thereof, hereby covenants and agrees:

(a) To use, devote, and maintain the Designated Site and each part thereof, for the purposes and the uses specified in the Municipal Code of the City, all applicable laws, the Summary of HUD Federal Requirements for CDBG Economic Development Activities and the CDBG Regulations.

(b) To maintain the improvements and landscaping on the Designated Site in conformity to all applicable laws and to keep the Designated Site free from any accumulation of debris and waste materials (or, if Operator leases the Designated Site, to provide such maintenance or require that the lessor provide such maintenance).

- (c) To operate on the Designated Site only Conforming Activities.

600. DEFAULTS AND REMEDIES.

601. Default Remedies. Subject to the extensions of time set forth in Section 702 of this Agreement, failure by any party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a “Default” under this Agreement. A party claiming a Default shall give written notice of Default to the other parties specifying the Default complained of. Except as otherwise expressly provided in this Agreement, the claimant shall not institute any proceeding against any other party, and the other party shall not be in Default if such party within thirty (30) days from receipt of such notice immediately, with due diligence, commences to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with diligence. In the event of the Operator’s Default of the operating covenant, the sole remedy of the City shall be suspension or at City’s election to terminate payment of the amounts payable to Operator under this Agreement and/or to seek recovery of amounts previously paid.

602. Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, any party may institute an action at law or equity to seek specific performance of the terms of this Agreement, or to cure, correct or remedy any Default, to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions must be instituted in the Superior Court of the County of Riverside, State of California.

603. Termination by the Operator. The Operator shall not have the right to terminate this Agreement, except as otherwise specified in this Section 603. Upon the City’s Default of its obligations under this Agreement and failure to cure such Default within the time specified in Section 601, then, subject to the provisions of Section 602 above, this Agreement and any rights hereunder shall, at the option of the Operator, be terminated by Operator by Notice thereof to the City. Operator shall also have the option to terminate this Agreement on or before September 1, 2010 (unless such date is extended by mutual consent of the parties), if on or before September 1, 2010 (or the date as extended by mutual consent of the parties): (i) Operator is unable to acquire title or a leasehold interest in the Designated Site; or (ii) the City fails to make one or more payments as provided under this Agreement. From the date of Notice of Termination of this Agreement by Operator to the City and thereafter, this Agreement shall be deemed terminated and there shall be no further rights or obligations between the parties.

604. Termination by City. In the event that, prior to the time established in the Schedule of Performance for the satisfaction of the Conditions Precedent to Payment:

- (a) Operator (or any successor in interest) assigns this Agreement or any rights herein or with respect to the Designated Site to any third party other than an Affiliate in violation of this Agreement and fails to cure such default within the time set forth in Section 601 hereof; or
- (b) Operator does not fulfill one or more of the Conditions Precedent to Payment in accordance with the Schedule of Performance and such failure is not caused by City; or
- (c) On or before the Deadline, Adverse Litigation is pending; or

(d) Operator is otherwise in default of this Agreement and fails to cure such default within the time set forth in Section 601 hereof;

then this Agreement and any rights of the Operator or any assignee or transferee with respect to or arising out of the Agreement, shall, at the option of City, be terminated by City by Notice thereof to the Operator. From the date of the Notice of termination of this Agreement by City to the Operator and thereafter this Agreement shall be deemed terminated, and there shall be no further rights or obligations between the parties, except that City may pursue any remedies it has hereunder.

605. Acceptance of Service of Process. In the event that any legal action is commenced against the City, service of process on the City shall be made by personal service upon the City Clerk or in such other manner as may be provided by law. In the event that any legal action is commenced against the Operator, service of process on the Operator shall be made in such manner as may be provided by law and shall be effective whether served inside or outside of California.

606. Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by a party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by another party.

607. Inaction Not a Waiver of Default. Any failures or delays by either party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

608. Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

700. GENERAL PROVISIONS.

701. Notices, Demands and Communications Between the Parties. Any approval, disapproval, demand, document or other notice (“Notice”) which a party hereto may desire to give to another party under this Agreement must be in writing and may be given either by (i) personal service, (ii) delivery by reputable document delivery service such as Federal Express that provides a receipt showing date and time of delivery, or (iii) mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to the address of the party as set forth below, or at any other address as that party may later designate by Notice.

To City:	City of Moreno Valley 14177 Frederick Street P.O. Box 88005 Moreno Valley, California 92552-0805 Attention: Economic Development Director
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To Operator: iHerb, Inc.
Attention: Reza Faraee, President
5012 4th Street
Irwindale, California 91706

Any written notice, demand or communication shall be deemed received immediately upon receipt; provided, however, that refusal to accept delivery after reasonable attempts thereto shall constitute receipt. Any notices attempted to be delivered to an address from which the receiving party has moved without notice shall be deemed to be effective on the fifth (5th) day from the date of the attempted delivery or deposit in the United States mail.

702. Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this Agreement, performance by any party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this Agreement shall be extended, where delays or Defaults are due to: war; insurrection; riots; floods; earthquakes; fires; casualties; acts of God; acts or omissions of another party, or acts or failures to act of the City or any other public or governmental agency or entity. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual agreement of City and Operator. The City Manager shall have the authority to approve on behalf of City, extensions of time not to exceed a cumulative total of one hundred eighty (180) days. Notwithstanding any provision of this Agreement to the contrary, the Operator is not entitled pursuant to this Section 702 to an extension of time to perform because of the failure to obtain any approvals of third parties for sales or exchanges of property or the failure of Operator to open a Conforming Facility within the City Area; and no rights with respect to entitlements as to any property or with respect to agreements, if any, with City as to other properties.

703. Transfers of Interest in Agreement or of Designated Site. The qualifications and identity of the Operator are of particular concern to the City. It is because of those qualifications and identity that the City has entered into this Agreement with the Operator. For the period commencing upon the Date of Agreement and until the end of the Operating Covenant Period, no voluntary or involuntary successor in interest of the Operator shall acquire any rights or powers under this Agreement, nor shall the Operator make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Designated Site or the development thereon without prior written approval of City, except as expressly set forth in this Section 703. Provided that in the event of a transfer that has not been approved in writing by the City, the sole remedy of the City shall be suspension or at City's election termination of payments otherwise required to be made by City pursuant to this Agreement. City shall not unreasonably withheld its consent to the assignment by Operator hereunder of its rights under this Agreement to any entity which controls, is controlled by, or is under common control with Operator ("Affiliate"); provided that in no event shall Operator be released of its obligations hereunder.

704. Provision of Information; Inspection of Books and Records. The City shall have the right at all reasonable times during the Required Period to inspect the books and records of the Operator as reasonably necessary to determine compliance with this Agreement; the Operator agrees to make such records available to the City as deemed reasonably necessary by the City, at least

annually and additional upon request therefor by the City, to verify compliance with the terms of this Agreement.

705. Non-Liability of Officials and Employees of City. No member, official, officer or employee of the City shall be personally liable to the Operator, or any successor in interest, in the event of any Default or breach by the City or for any amount which may become due to the Operator or their respective successors, or on any obligations under the terms of this Agreement.

706. Relationship Between City and Operator. It is hereby acknowledged that the relationship between the City and the Operator is not that of a partnership or joint venture and that City and the Operator shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided in this Agreement, including the Attachments hereto, the City shall not have any rights, powers, duties or obligations with respect to the Designated Site.

707. City Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by the City, the City Manager is authorized to act on behalf of the City unless specifically provided otherwise or the law otherwise requires.

708. Counterparts. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement. This Agreement is executed in three (3) originals, each of which is deemed to be an original.

709. Integration. This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each party is entering this Agreement based solely upon the representations set forth herein and upon such party's own independent investigation of any and all facts such party deems material. This Agreement includes pages 1 through 18 and Attachment Nos. 1 through 6, which Attachments are attached hereto and incorporated herein by reference, which constitute the entire understanding and agreement of the parties, notwithstanding any previous negotiations or agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

710. Interpretation; Titles and Captions. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others where and when the context so dictates. The word "including" shall be construed as if followed by the words "without limitation." This Agreement shall be interpreted as though prepared jointly and equally by both parties. Titles and captions are for convenience of reference only and do not define, describe, or limit the scope or the intent of this Agreement or of any of its terms. References to section numbers are to sections in this Agreement, unless expressly stated otherwise.

711. No Waiver. A waiver by any party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

712. Modifications. Any alteration, change, or modification of or to this Agreement, in order to become effective, shall be made in writing signed on behalf of each party.

713. Severability. If any term, provision, condition, or covenant of this Agreement or its application to any party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

714. Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (such as the day escrow opens), and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. The term “holiday” shall mean all holidays as specified in Section 6700 and 6701 of the California Government Code. If any act is to be done by a particular time during a day, that time shall be Pacific Time Zone time.

715. Legal Advice. Each party represents and warrants to the other the following: it has carefully read this Agreement, and in signing this Agreement, it does so with full knowledge of any right which they may have; it has received legal advice from its legal counsel as to the matters set forth in this Agreement, or has knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement, and it has freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

716. Time of Essence. Time is expressly made of the essence with respect to the performance by the City and the Operator of each and every obligation and condition of this Agreement.

717. Time for Acceptance of Agreement by City. This Agreement, when executed by the Operator and delivered to City, must be authorized, executed and delivered by the City on or before thirty (30) days after signing and delivery of this Agreement by the Operator or this Agreement shall be void, except to the extent that the Operator shall consent in writing to a further extension of time for the authorization, execution and delivery of this Agreement.

718. No Third Party Beneficiaries. Nothing herein is intended to create any third party beneficiaries to this Agreement, and no person or entity other than the City and the Operator, and the permitted successors and assigns of either of them, shall be authorized to enforce the provisions of this Agreement.

WITNESS WHEREOF, the City and the Operator have signed this Agreement on the respective dates set forth below to be effective as of the Date of Agreement.

CITY:

CITY OF MORENO VALLEY,
a municipal corporation

By: _____
William L. Bopf, Interim City Manager

ATTEST:

Jane Halstead, City Clerk

Approved as to Form:

Robert Hansen
Interim City Attorney

OPERATOR

iHerb, Inc.,
a California corporation

By: _____
Reza Faraee, President

ATTACHMENT NO. 1
SITE PLAN OF THE iHerb FACILITY



ATTACHMENT NO. 2
ANNUAL COMPLIANCE REPORT
YEAR ENDING ____

Activity:	Moreno Valley Business Incentive Program	
Per Agreement Between:	City of Moreno Valley and iHerb, Inc.	
Agreement Originating:	2010 (CDBG-R Program Year 2009/10)	
Current Date (mo/day/yr):		
Contact Person Name:		Title:
Contact Mailing Address:		
Contact Telephone:	Contact E-mail:	
Funding Source(s):	<input checked="" type="checkbox"/> CDBG <input type="checkbox"/> HOME <input type="checkbox"/> RDA <input type="checkbox"/> HOME & RDA <input checked="" type="checkbox"/> Other - CDBG-R	
Assistance Extended:	Year 1: \$50,000 (CDBG-R)	

Per Federal laws as agreed to in the Participation Agreement referenced above, the following data must be reported annually to the Dept. of Housing and Urban Development (HUD) via the City of Moreno Valley's Economic Development Department. Please complete and return to the City by requested date.

Required Reporting Data	
No. of jobs to created or retained - Minimum 5 full time jobs or full time equivalents	_____
Percentage of the jobs to be created or made available to Low-to-Moderate (L/M) persons	100%
No. of Low-to-Moderate (L/M) jobs actually created or retained over reporting period	_____

LOW / MODERATE INCOME: The income table below is intended for use by the Participating Business when qualifying an applicant / employee as low-to-moderate (L/M) income. For each applicant's / employee's family size, indicate if previous income was more than or less than the amount listed. Insert the word 'Less or 'More' as applicable in the Low/Moderate Income column below.

Annual Income Level	Number of Persons In Household/Family							
	1	2	3	4	5	6	7	8
2009 Low -to- Moderate Incomes	\$37,300	\$42,650	\$47,950	\$53,300	\$57,550	\$61,850	\$66,100	\$70,350

(An updated table shall be provided annually as new income limits are issued each year by the Department of Housing and Urban Development (HUD))

	Employee Name (Last name, First Initial)	Job type f/t or p/t (enter # hrs)	Job Category* Select category from below	Paid health Benefits (Y or N)	Low/Moderate Income Was previous income more or less than amount listed above?	Race / Ethnicity of employee**	Previously unemployed (Y or N)
EX	EXAMPLE EMPLOYEE: JOHN SMITH	FT	6 (Craft Workers)	Y	Less	1 (White)	N
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							

***JOB CATEGORIES (Insert appropriate number in Job Category column):**

1) Officials and Managers	4) Sales	7) Operatives (semi-skilled)
2) Professional	5) Office and Clerical	8) Laborers (unskilled)
3) Technicians	6) Craft Workers (skilled)	9) Service Workers

****RACE CATEGORIES (Insert appropriate number in Race Category column):**

ND) Not Disclosed	3) Asian	6) American Indian / Alaskan Native & White	9) American Indian / Alaskan Native & Black/African American
1) White	4) American Indian/ Alaskan Native	7) Asian & White	10) Other Multi-Racial – Category used for reporting individual responses that are not included in any of the categories listed above
2) Black / African American	5) Native Hawaiian / Other Pacific Islander	8) Black / African American & White	

ATTACHMENT NO. 3

ROLES TO ENSURE LOW-TO-MODERATE INCOME BENEFIT

This is a federally funded Economic Development project. As such, the Office of Housing and Urban Development (HUD) requires that each party to the Agreement agree to undertake certain roles to ensure that the jobs created/retained will benefit low-to-moderate (L/M) income persons.

Actions required by each party are:

The City of Moreno Valley:

- Shall provide a summary of HUD Federal Requirements for CDBG Economic Development activities for informational purposes and as a reference document.
- Shall be available to provide guidance and answer questions to ensure clarity and understanding of HUD's requirements.
- Will specify exactly what needs to be in the reported annually. See Attachment 2.
- Will collect the Compliance Report Form, review the form, and provide written feedback within 30 days of receipt. The City's written response may contain suggestions or list adjustments if necessary to meet the requirements as provided in the Agreement.
- Will identify L/M census tracts (census tracts where 70% of residents are low income) and Enterprise Zones where business may target (or market) their employee search. Maps will be provided.
- Shall define 'reasonable distance' as within 1.5 miles of an applicant's residence for the employer/business to use when determining if L/M applicant has adequate access to transportation to job site.
- Will provide an updated annual income table each year to be used by the business in determining if an individual seeking employment qualifies as low-to-moderate income.

The Business/Employer:

- Shall accept the HUD Federal Requirements for CDBG Economic Development activities and retain a copy for informational and reference purposes.
- Shall seek guidance from City and ask questions as needed in order to ensure clarity and understanding of HUD's requirements.
- Will submit a completed 'Annual Compliance Report Form' each year as required.
- Will implement suggestions and adjustments as recommended by the City via letter within 60 days of receipt of City response letter.
- Refer to map of L/M census tracts and Enterprise Zones when identifying where to conduct marketing of employment opportunities.
- Cooperate with the City of Moreno Valley Employment Resource Center to pre-screen for L/M income applicants. Completion of L/M verification shall be done through the Agency if possible (this includes having applicants complete any self-certification documents).
- Require use a notarized jurat along with L/M self-certification document.
- Provide copies of marketing materials, advertisements, want ads, etc. including publication dates, name of publisher to document job marketing efforts in areas pre-determined to be 'low-to-moderate income'.
- If an applicant falls into the "presumed L/M income" category, this will need to be documented by referencing the census block number or Enterprise Zone of where the applicant resides directly on the application and again within the required reports to the City.

ATTACHMENT NO. 4

SUMMARY OF HUD FEDERAL REQUIREMENTS FOR CDBG ECONOMIC DEVELOPMENT ACTIVITIES

Activity: Moreno Valley Business Incentive Program

Code of Federal Regulation References: 18A ED Technical Assistance. Section 570.203 Section 105 (c) (1) and Section 570.208 (a) (4)

Number of Jobs to be created: For individual economic development projects, CDBG-Department of Housing and Urban Development (HUD) and the City shall require creation of 1 full time equivalent permanent job per every \$35,000 in CDBG assistance. In this case, five (5) jobs minimum AND 51% of the jobs the activity creates must be either held by or made available to Low-to-Moderate (L/M) income persons.

Term of Job: Jobs must be formally categorized as permanent. See definition of 'qualifying employee' on page 3 of Agreement. All newly created jobs are also subject to a 'turn over' stipulations.

The Low-to-Moderate (L/M) Income Standards: The following is required to meet the Low-to-Moderate (L/M) income standards. Fifty-one percent or more of the jobs created must either:

- (a) be 'held by' L/M income persons at the time CDBG assistance is provided and/or
- (b) for jobs not held by L/M income persons, documentation must prove the job was 'made available' to L/M income person.
- (c) for jobs not known to be held by L/M income persons will be turned over to low/moderate income persons within 2 years. This would involve the business to take action to ensure that such a job, upon turnover, will be either taken by or made available to a L/M income person in a manner similar to that pertaining to a newly created job.

The business must maintain sufficient documentation indicating that at least 51 % of the jobs will be 'held by' or 'made available' to L/M income persons.

A job is considered 'held by' the L/M income person if the hired employee is proven to earn a household income not to exceed 120% of the area median income for Riverside County adjusted for the person's family size. An income table providing area median incomes by household size is provided as an attachment to this Agreement.

A job is 'made available' to a L/M person when: (1) no special skills, experience, or education beyond high school is required to fill such a job or the business agrees to hire an unqualified person and provide training, and (2) the assisted business takes actions to ensure that low-to-moderate income persons received "first consideration" for filling the jobs.

Principals involved in 'First Consideration'

- (1) The business must use a hiring practice that under usual circumstances would result in over 51% of L/M income persons interviewed for applicable jobs being hired,
- (2) the business must seriously consider a sufficient number of low-to-moderate income job applicants to give reasonable opportunity to fill the position with such a person, and
- (3) the distance from residence and availability of transportation to the job site must be reasonable before a particular low-to-moderate income person may be considered a serious applicant for the job.

Presumed L/M Income Status

A business may presume a person to be L/M income if the person resides within a census tract (or Block numbering area) that either has:

- (a) at least 70% residents who are L/M income persons or
- (b) meets the criteria related to enterprise zones.

Enterprise Zones

In order to qualify as an Enterprise Zone, the census tract or block numbering area must either: (a) be part of a federally designated Enterprise Zone or Enterprise Community or (b) meet 100% of the following:

- have a poverty rate of 20% as determined by the most recent decennial census information,
- not include any portion of a central business district, as the term is used in the most recent Census of Retail Trade, unless the tract/BNA has a poverty rate of at least 30% as determined by the most recent decennial census information,
- evidence pervasive poverty and general distress by meeting at least one of the following standards:

All block groups in the census tracts have poverty rates of 20%; the specific activity being undertaken is located in a block group that has a poverty rate of at least 20% or upon the request of the business; HUD determines that the census tract/BNA exhibits other objectively determinable signs of general distress such as high incidence of crime, narcotics use, homelessness or substantial population decline.

Policies in Counting Jobs

It will be necessary to determining the percentage of jobs that benefit L/M income persons. When preparing to calculate this number, the following policies apply:

- (a) Convert part time jobs to full time equivalents (i.e., a job that will require only working half time will count as half a job),
- (b) Only permanent jobs may be counted, not temporary
- (c) Seasonal jobs are considered to be permanent for CDBG purposes only if the season is long enough for the job to be considered as the employees principal occupation
- (d) All permanent jobs created or retained in this project must be counted even if the project has multiple funding sources of funds; and
- (e) Jobs indirectly created or retained by an assisted activity may not be counted.

Documenting Income

Documenting that a particular applicant/employee family income was L/M income may include any of the following:

- Evidence that the employee/applicant was a referral from a state, county, or local employment agency or other entity that has agreed to refer individuals whom they have determined to be L/M income based on HUD's Federal criteria. These entities must maintain records showing the basis upon which they determined that the person was L/M income, which they agree to make available for grantee or Federal inspection.

A written certification signed and dated by the employee/applicant indicating his/her family size and total income as necessary to determine whether the person is a member of a L/M income family at the time the certification is made. The certification may either show the actual size and income of the family or contain a statement that the annualized family income is below the Section 8 low-income limit for the applicable family size. The form must include a statement that the person making the certification is aware that the information being provided is subject to verification by the local or Federal government.

- Evidence that the employee/applicant has qualified for assistance under another program with income qualification criteria at least as restrictive as those used by this program (e.g. referrals from Public Housing or welfare Agency). The Joint Training Partnership Act (JTPA) Program has income standards that are acceptable for this purpose, except for referrals under the JTPA Title III program for dislocated workers.
- Evidence that the person may be presumed to be L/M income. See definitions.

Record Maintenance

Program records will document jobs actually created and retained, whether the job was ‘held by,’ ‘taken by,’ or ‘made available’ to L/M income person, and the full-time equivalency status of each job.

Records in respect to jobs created and ‘held by’ must show:

A listing by job title of the specific job to be created, a listing by job title of the job filled, the name and income status of the person who filled each position, and the full time equivalency status of the jobs.

Where a job was not originally taken by a L/M income person but the business nevertheless wants credit based on the job being ‘made available’ to L/M income person, the record must show: The title and description of the job ‘made available’, and the full time equivalent status of the job at the time, the prerequisites for the job, special skills or education required for the job, if any, and the business commitment to provide needed training for such jobs (and the training that the business provided to the L/M income person hired) and how ‘first consideration’ was given to the L/M income person for the job such as the name of the person(s) interviewed for the job and the date of the interview and the income status of the person interviewed.

Records in respect to jobs retained and ‘held by’ must show:

A listing by job title of the permanent job retained, those jobs known to be held by L/M income persons at the time CDBG assistance was provided and the full time equivalency status of the jobs, and information on the family size and annual income of each such L/M person.

Records in respect to jobs retained and ‘turned over’ must show:

Identification of any of the retained jobs projected to become available to L/M income persons through turn over within two years of the time CDBG assistance is provided, the basis upon which the job was determined to be likely to turn over within two years following the CDBG assistance, the date the job actually turned over, the name and income status of the person who filled the vacancy, if the person who took the job was not L/M income but the claim is that the job was nevertheless made available to L/M income person, records equivalent to those described above to substantiate the ‘available to’ claim and information on the family size and annual income of each such L/M income person hired.

For more information or clarification regarding the requirements for a specific CDBG Economic Development Activity, contact the CDBG administrators in the Economic Development Department of the City of Moreno Valley.

Economic Development Dept.
City of Moreno Valley
 14177 Frederick St.
 P.O. Box 88005
 Moreno Valley, Ca 92552-0805

Phone 951-413-3450
 Fax: 951-413-3459

E-mail: np@moval.org
 Website: www.moval.org

ATTACHMENT NO. 5
OPERATOR CERTIFICATE

(Operator Letterhead)
City of Moreno Valley
14177 Frederick Street
Moreno Valley, California 92552-0805

Attn: City Manager

With respect to that certain Participation Agreement (the “Agreement”) by iHerb, Inc., a California corporation (the “Operator”) and the City of Moreno Valley, a municipal corporation (the “City”) dated as of February 9, 2010, the undersigned, on behalf of the Operator, hereby certify to City that, as of the date of this Operator Certificate (with capitalized terms herein having the same meanings as set forth in the Agreement):

The undersigned as Operator under the Agreement does hereby state, declare, certify, represent and warrant to the City, its officers, agents and employees as follows:

1. Operator has reviewed, executed and is familiar with the terms of the Agreement. All capitalized terms herein shall have the meanings established therefor in the Agreement.
2. The Agreement is in full force and effect and shall remain in full force and effect.
3. The Operator has satisfied all of and is not in default of any of: the Certificate Condition; the Fee Condition; the Continuous Operation Condition; the Site Control Condition; the Point of Sale Condition; or the Indemnification Condition. The Operator remakes its covenant to operate for the annual period for which this Operator Certificate is given.
4. The representations and warranties of Operator contained in the Agreement are true and correct as of the Date of Certificate.
5. No Event of Default by Operator has occurred under the Agreement which continues uncured beyond the expiration of the applicable grace or cure period.
6. Operator has not, prior to the Date of Certificate transferred the Agreement, its rights as to the Designated Site, or any rights of Operator therein contrary to Section 703 of the Agreement.
7. Operator is operating and in good standing as a California corporation, and doing business in the State of California.
8. Operator remakes to City each and every representation and/or warranty made to City under the Agreement.
9. A report setting forth in detail the recruitment efforts of Operator and the numbers of jobs, both full time and part time, at the Designated Site by Operator are attached as Exhibit A and as provided in Attachment No. 2 to the Agreement hereto, including an enumeration of the jobs held by members of Targeted Income Groups.

10. As of the submittal of this Operator Certificate, the Operator has satisfied the Conditions Precedent to Payment.

Operator executes this Operator Certificate for the benefit and protection of the City with full knowledge that the City is relying on this Operator Certificate in disbursing moneys to the Operator.

IN WITNESS WHEREOF, the undersigned, as Operator, has executed this Operator Certificate as of the date first written above.

iHerb, a California Corporation

Dated: _____

Its: _____

Exhibit A to Attachment No. 5

Report for the Annual Period ending as of _____, 20__ :

Total Full Time Employees employed at Designated Site: _____

Total number of Fulltime Employees from Targeted Income Groups: _____

Other employees at Designated Site: _____

Other employees that are from Targeted Income Groups: _____

Total Composite Full Time Employees: _____

Composite Full Time Employees from Targeted Income Groups: _____

Cumulative total, Qualifying Employees: _____

Qualifying Employees from Targeted Income Groups: _____

Supporting data: [to be attached and submitted with Operator Certificate]

ATTACHMENT NO. 6

SCHEDULE OF PERFORMANCE

For the purposes of this Schedule of Performance, the “Date of Agreement” is February 9, 2010. The City Manager may extend by not more than one hundred twenty (120) days the time under this Schedule of Performance by which any obligation of the Operator shall be performed.

1. **Operator Establishes Location at the Designated Site.** On or before May 3, 2010.
The Operator acquires title to or enters into a lease with respect to the Designated Site, with the Authorizing Business Entity which provides for operation of a Conforming Facility and provides proof thereof to the City.
2. **Operator provides renovation and upgrade documentation.** On or before May 31, 2010.
The Operator provides City with satisfactory documentation of facility renovation sufficient for the site to constitute a Conforming Facility (including approval by the Authorizing Business Entity).
3. **Operator opens at Designated Site.** The Operator opens and provides proof thereof to the City. On or before July 30, 2010.
4. **The Operator Satisfies Conditions Precedent to Payment.** On or before August 2, 2010.
The Operator satisfies the Conditions Precedent to Payment and provides proof thereof to the City.

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RESOLUTION NO. 2010-10

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORENO VALLEY AUTHORIZING A PARTICIPATION AGREEMENT WITH IHERB, INC.

WHEREAS, the City Council of the City of Moreno Valley wishes to work with iHerb, Inc. to open a new distribution center in Moreno Valley; and

WHEREAS, in furtherance of the objectives of the Housing and Community Act of 1974, the opening of a new iHerb, Inc. facility will create new jobs for low and moderate income persons; and

WHEREAS, the City is authorized to undertake activities and expend moneys pursuant to and in implementation of CDBG programs; and

WHEREAS, the opening of the new iHerb, Inc. facility will help stimulate the local economy and meet the objectives of the City of Moreno Valley CDBG New Business Incentive Program; and

WHEREAS, the operations as required to be accomplished under the Participation Agreement are in the vital and best interest of the City and the health, safety, and welfare of its residents and in accord with public purposes and provisions of applicable federal, state and local laws;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORENO VALLEY DOES HEREBY RESOLVE, ORDER AND DETERMINE AS FOLLOWS:

Section 1. Each of the above recitals is true and correct and therefore adopted by the Legislative Body.

Section 2. The City Council authorizes the City Manager to enter into an Owner Participation Agreement with iHerb, Inc., a California corporation, in substantial conformance with the Owner Participation Agreement attached to this resolution.

Section 3. This Resolution shall take effect immediately upon its adoption.

APPROVED AND ADOPTED this ____ day of _____, 2010.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

G. 3 CITY MANAGER'S REPORT

(Informational Oral Presentation only – not for Council action)

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