



City of Corning

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THE CORNING FRIDAY NOTES

TO: MAYOR AND COUNCIL
FROM: CITY MANAGER JOHN L. BREWER, AICP
DATE: OCTOBER 10, 2014

EVENTS:

Homecoming Parade:

The Parade will take place today (Friday, October 10th) beginning at 3 p.m. The parade route begins on Solano Street at Third Street and will travel west to Toomes Avenue where it will end.

CITY MANAGER:

Rodgers Theater Floor Plans:

We expect to have a work day at the Theater on Saturday, October 11th to kick off the floor reconstruction project. Councilmember Tony Cardenas and Building Official Terry Hoofard are leading the effort that'll commence at 7:00 a.m.

Meeting with Bell Carter Staff:

Public Works Director Patrick Walker and I met with Doug Reifsteck, Deb Taylor and Ron Kerr of Bell Carter to discuss the resident's traffic concerns in the neighborhood of First and 2nd Streets between Solano Street and Fig Lane. Bell Carter has been advising their company truck drivers and other truckers to avoid using First Street. They will continue that advice. The Police Department has stepped up traffic enforcement in the area and has placed their speed trailer on First Street to remind motorists of their speeds.

We are collecting traffic counts and trip character data in the neighborhood and once collected, Staff will present it to the City Engineer for his review and consideration of measures we can take to address the traffic concerns expressed by the residents in the area.

When the City Engineer comes up with draft recommendations we will meet with the residents and the Bell Carter Staff to discuss them before implementing. Traffic calming measures could include options such as chicanes, speed humps, speed bumps, signage, etc. Some of those measures could require the prior approval of the City Council; either to meet a legal requirement or for funding/budgeting purposes.

Health Insurance Premiums:

Staff met with representatives of Blue Shield Insurance last week to discuss their upcoming rate increases that are scheduled to occur in December. Remember just last year there were dire predictions about 92% rate increases. We were happy to hear that the rate increase would amount to about 9.3%, effective December 1, 2014. The rates will be "locked-in" for one year.

Continuing the past practice of picking up 50% of increases, the net effect to the City, is a \$37/month increase for each employee.

Corning Community Park Phase 2:

The Parking Lot is now paved. The Mayor, John Stoufer and I toured the site on Monday and developed a short "punchlist" of items that need "fixed" for presentation to Kendel Trent. We wanted to mention these items before the hydroseeding occurs so that they can be addressed without affecting the seeded sod. I subsequently spoke with Kendel about some of the items before presenting the punchlist.

City Hall Carpeting:

Towne Carpet of Chico has ordered the carpeting. They expect it to arrive by the end of October and will coordinate installation with Staff in the interim. The painting of the interior of City Hall is nearly complete.

Martini Plaza Fire Repairs:

Kendel Trent has removed much of the fire damaged wall on the property line between the park property and that of Mr. Turner's to the east.

Street Repaving:

Jason Abel met with Public Works Director Patrick Walker and City Engineer Ed Anderson on Wednesday, October 8th. He has requested, and the City Engineer has approved an aggressive schedule that'll commence with pavement edge grinding on Friday, October 10th. Patrick has met with West Street Elementary School Principal Joe Lodigiani. Turns out that date works well with the School since Friday is a Staff only "In-service" date. We'll coordinate the subsequent pavement placement to minimize impacts to their activities.

Second Quarter Sales Tax Info:

I met with Howard Longballa of HdL on Tuesday. He provided the Sales Tax information for the Second Quarter of Calendar Year 2014. Please refer to the attached "City of Corning Sales Tax Update. In the summary titled "Corning in Brief", you'll see that 2014 April through June sales were down about 11.4% over the same period in 2013. However, the 2013 sales included a \$57,000 "recovery" of prior sales tax that, when accounted for, actually "smoothes" the decline to a more reasonable 2.7%. The decline is largely a reduction in fuel sales from the same period in 2013.

On the bright side, sales were up about 13% over the first quarter of 2014 sales. When added to a fourth of our anticipated Triple Flip funds, the total is just under (about \$3,045 or 0.5%) our budgeted quarterly average.

This quarter, fuel sales and auto sales amount to over 85% of our sales tax revenue. That portion varies from quarter to quarter, but the "reliance" on these two sales categories makes our bottom line volatile-heavily affected by oil prices/fuel fluctuations, fuel consumption trends, and auto sales. Diversifying our base with other type businesses would reduce the volatility. The development/addition of Dollar General to the City will be a small step in that direction.

PUBLIC WORKS:**99 Well Emergency Generator:**

The generator has been repaired and is now operational. City Equipment Mechanic Chris Demo and Peterson Power Systems in Chico worked together to quickly make the necessary repairs and get the generator online.

Park Phase II:

The Park is getting closer to completion. More of the wood fencing is up; the playground equipment is scheduled for shipment on October 13th and should take 5-6 days for delivery, and we expect the grass to be planted next week.

Creek & Storm Drain Cleanup:

Salt Creek Conservation Crews have been cleaning Burch & Jewett Creek streambeds and the Blackburn Moon Drainage throughout Corning. The main goal is to keep the Arundo (type of Bamboo) from spreading down the streambeds causing blockages during period of heavy rains which can cause overflow and flooding.

Overlay Project:

On Friday, October 10th, Abel Construction is beginning work on Marin Street and West Street. The City has distributed notices (see attached memorandum) to residents, local emergency responders/services and affected schools informing them of the project and temporary road closures.

POLICE DEPARTMENT:

Patrol:

In addition to responding to 214 calls for service, a total of 30 officer reports were taken and there were 71 officer-initiated incidents. Officers made 7 misdemeanor and 4 felony arrests, 30 traffic stops and issued 17 citations of which 1 was felony, 9 were misdemeanors, and 4 were infractions, 1 was parking related and 2 were unclassified during the period of October 1 through October 8, 2014.

Q2 2014



City of Corning Sales Tax Update

Third Quarter Receipts for Second Quarter Sales (April - June 2014)

Corning In Brief

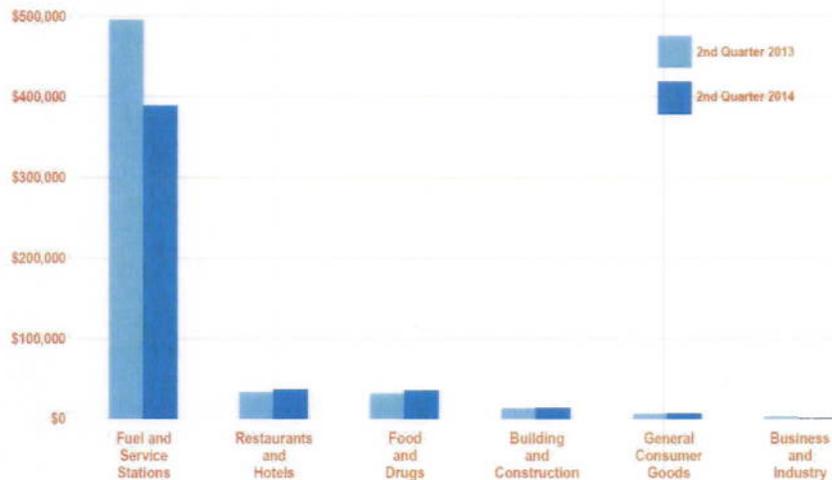
Receipts for Corning's April through June sales were 11.4% lower than the same quarter one year ago. Actual sales activity was down 2.7% when reporting aberrations were factored out.

A year-ago state audit adjustment temporarily depressed current quarter fuel and service station results, and along with lower fuel consumption, were primarily responsible for the overall decline. A smaller allocation from the countywide use tax pool further contributed to the decrease.

The losses were partially offset by new business additions and increased sales activity in several business groups.

Adjusted for aberrations, taxable sales for all of Tehama County decreased 3.3% over the comparable time period, while the Far North region as a whole was up 3.6%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In ALPHABETICAL ORDER

7 Eleven	Loves Travel Stop
Basra Mini Mart	McCoys Hardware & Farm Supply
Burger King	McDonalds
Corning 76 & Mini Mart	Napa Auto Parts
Corning Ace Hardware	Northern Lights Energy
Corning Chevron	O Reilly Auto Parts
Corning Ford Mercury Chevrolet	Rite Aid
Corning Lumber	Safeway
Corning Shell	Sav More
Dennys	Speedco
Jack in the Box	TA & Petro Travel Centers
Les Schwab Tire Center	Taco Bell
	Tower Energy Group

REVENUE COMPARISON

One Quarter - Fiscal Year To Date

	2013-14	2014-15
Point-of-Sale	\$781,897	\$696,901
County Pool	87,563	72,976
State Pool	541	523
Gross Receipts	\$869,801	\$770,400
Cty/Cnty Share	(86,980)	(77,040)
Net Receipts	\$782,821	\$693,360
Less Triple Flip*	\$(195,705)	\$(173,340)

*Reimbursed from county compensation fund

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NOTES

California as a Whole

Excluding onetime payment aberrations the local one cent share of state-wide sales and use tax was 5.2% higher than the second quarter of 2013.

Gains in the countywide use tax allocation pools were the largest contributor to the overall increase reflecting the growing influence of online purchases from out of state companies without nexus or a specific "point of sale" in California. The trend was also reflected by a growing shift of tax revenues from brick and mortar stores to in-state fulfillment centers that process on-line orders.

Auto sales and leases, contractor supplies and restaurants also posted major gains. These were partially offset by a decline in alternative energy projects that had previously added significant use tax revenues to the business and industry group.

The consensus among analysts is that the current pattern of increases will continue through the remainder of the fiscal year.

Triple Flip - The End is in Sight

California's 2014/15 budget provides for retiring the \$15 billion fiscal recovery bonds authorized in 2004 to finance that year's state budget deficit.

To guarantee the bonds, the state re-directed 1/4 of local government's one cent sales tax and backfilled it with property tax revenues taken from the Educational Revenue Augmentation funds (ERAF) established for schools. The school ERAF funds were in turn replaced with state general revenues. This reshuffling became known as the "triple flip" and has caused cash flow and budget projection problems for local governments since.

The current plan is to discontinue the deductions at the end of calendar year 2015 and reimburse local governments with their final clean-up payments in January 2016.

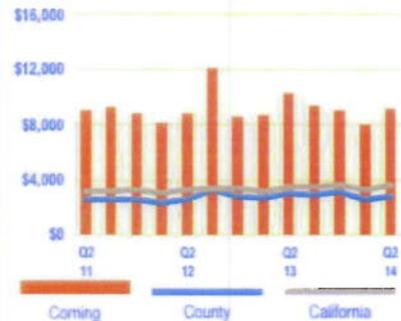
Proposition 1A, approved by the voters in 2004, prohibits the state from further extending the debt or from making additional reductions or changes to local government revenues without voter approval.

Allocation Formulas Corrected

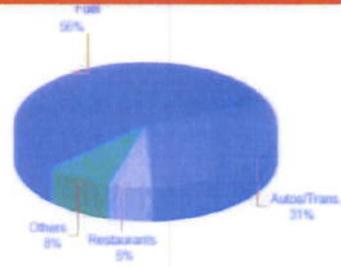
In addition to local sales tax and transactions tax overrides, counties and cities share in the half-cent public safety tax approved by the voters in 1993 to cushion the state's use of property tax revenues to finance Proposition 198's minimum educational funding requirements (ERAF). Counties also receive 1.5635 cents of state sales tax to reimburse for health, welfare and corrections functions shifted to them from the state in 1991 and 2011.

Inconsistencies in the public safety remittances brought to the state's attention by HdL revealed that allocation formulas did not reflect recent legislative changes. As a result, counties will receive onetime backfill payments totalling \$116 million in 2014/2015.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP
Corning This Quarter



CORNING TOP 15 BUSINESS TYPES

Business Type	Corning		County	HdL State
	Q2 '14	Change	Change	Change
Auto Repair Shops	3,457	-22.2%	-3.0%	4.0%
Automotive Supply Stores	19,887	-6.2%	-3.5%	2.4%
Casual Dining	11,424	11.6%	-2.0%	3.1%
Drug Stores	—	CONFIDENTIAL	12.6%	10.0%
Grocery Stores Beer/Wine	—	CONFIDENTIAL	-25.7%	1.8%
Grocery Stores Liquor	16,862	-2.8%	-3.9%	5.7%
Hardware Stores	—	CONFIDENTIAL	-4.7%	1.0%
Lumber/Building Materials	—	CONFIDENTIAL	3.5%	8.9%
New Motor Vehicle Dealers	—	CONFIDENTIAL	22.5%	7.4%
Package Liquor Stores	—	CONFIDENTIAL	100.6%	6.9%
Petroleum Prod/Equipment	—	CONFIDENTIAL	-74.8%	-0.7%
Quick-Service Restaurants	24,340	9.5%	23.6%	6.7%
Service Stations	379,579	-21.9%	-18.0%	6.7%
Used Automotive Dealers	—	CONFIDENTIAL	23.6%	9.6%
Variety Stores	—	CONFIDENTIAL	-6.7%	8.6%
Total All Accounts	\$696,901	-10.9%	-9.2%	2.8%
County & State Pool Allocation	\$73,499	-16.4%	-14.9%	12.7%
Gross Receipts	\$770,400	-11.4%	-9.8%	3.9%
City/County Share	(77,940)	11.4%		
Net Receipts	\$693,360	-11.4%		

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TO: CITY STAFF
CORNING POLICE DEPARTMENT
CORNING FIRE DEPARTMENT
TEHAMA COUNTY FIRE DEPARTMENT
CORNING SCHOOLS TRANSPORTATION DEPT.
CORNING UNION HIGH SCHOOL
CORNING UNION SCHOOL DISTRICT
ST. ELIZABETH MOBILE LIFE SUPPORT
TEHAMA COUNTY SHERIFF DEPARTMENT

FROM: DEPARTMENT OF PUBLIC WORKS

DATE: OCTOBER 8, 2014

SUBJECT: STREET CLOSURE

Marin Street (between Houghton Avenue through 6th Street) and West Street (between Solano Street and North Street) are scheduled to be closed from 7am to 7pm, Friday, October 10th and is scheduled to be closed again on Monday, October 13th through Friday, October 17th due to street construction.

Some through traffic will be permitted at Contractor's discretion.

If you have any questions or concerns, please contact Public Works Director Patrick Walker at (530) 824-7029.

Thank you.