CITY OF NEWMAN SIGN-IN SHEET
(Voluntary)

X City Council
____Planning Commission
____Other

Date 05-26-09

NAME	ADDRESS	PHONE

AGENDA
NEWMAN CITY COUNCIL/REDEVELOPMENT AGENCY
REGULAR MEETING MAY 26, 2009
CITY COUNCIL CHAMBERS, 7:00 P.M., 1200 MAIN STREET

1. **Call To Order.**

2. **Pledge Of Allegiance.**

3. **Invocation.**

4. **Roll Call.**

5. **Declaration Of Conflicts Of Interest.**

6. **Ceremonial Matters.**

7. **Items from the Public - Non-Agenda Items.**

8. **Consent Calendar**

   a. Waive All Readings Of Ordinances And Resolutions Except By Title.
   b. Approval Of Warrants.
   c. Approval Of Minutes Of The May 12, 2009 Regular Meeting.

9. **Public Hearings**

   a. Adopt Resolution No. 2009- , A Resolution Declaring The Existence Of A Public Nuisance Under Ordinance No. 95-4.

   b. Approve General Plan Amendment No. 09-01, Conceptual Approval Of The Housing Element Document For Purposes Of HCD Review.

10. **Regular Business**

   a. Adopt Resolution No. 2009- , A Resolution Modifying The Date Of Completion Of The Underground Utility District Nos. 5-A, 5-B, And 5-C In The City Of Newman.

   b. Award Bid For Wastewater Treatment Plant Effluent Storage Basin.

   c. Adopt Resolution 2009- , Approving The Annual Local Transportation Fund Claim No. 2 And Authorize The City Manager To Execute The Claim On Behalf Of The City Of Newman.

d. Introduction And First Reading Of Ordinance No. 2009- , Amending Title 2 Boards And Commissions, Chapter 2.02 Emergency Services Organization.

e. Introduction and First Reading of Ordinance No. 2009- , Amending Title 8 Health And Sanitation, Chapter 8.04 Graffiti Control.

f. Adopt Resolution No. 2009- , A Resolution Authorizing The Execution And Delivery Of The Installment Sale Agreement By And Between The City Of Newman And The California Infrastructure And Economic Development Bank And Approving Certain Other Matters In Connection Therewith.

g. Adopt Resolution 2009- , Authorizing The Commencement Of All Aspects Of The Proposed 2010 Amendment To The Redevelopment Plan.

h. Approve Final Redevelopment Business Loan Documents For Jose Reynoso.

11. Items From District Five Stanislaus County Supervisor.

12. Items From The City Manager And Staff.

13. Items From City Council Members.

14. Adjourn To Closed Session

a. Conference With Labor Negotiator – All Bargaining Groups- G.C. 54957.6.

b. Conference With Legal Council - Potential Litigation – One Case - G.C. 54956.9.

c. Public Employee Personnel Evaluation – City Manager – G.C. 54957.

d. Return To Open Session.

15. Adjournment.

Calendar of Events

May 22 – City Hall Closed - Furlough
May 25 – Memorial Day
May 26 – City Council - 7:00 P.M.
May 27-30 - League Of California Cities Mayors & Council Members - Executive Forum & Advanced Academy Workshop - San Diego

June 8 – NCLUSD Board Meeting - 7:15 P.M.
June 8 – Baseball Board Meeting – 6:00 P.M.
June 9 – City Council - 7:00 P.M.
June 11 – Recreation Commission – 7:00 P.M.
June 17 – Mayors Meeting - 6:00 P.M. - Modesto
June 18 – Planning Commission – 7:00 P.M.
June 23 – City Council - 7:00 P.M.

CITY OF NEWMAN
CASH DISBURSEMENTS REPORT

Ck #	Check Date	CK Amount	Vendor Name	Description
035821	05/14/09	13750.73	LAWRENCE BACKHOE SERVICE	10% RETENTION FEE/SEWER LINE REPLACEMENT
035822	05/15/09	24.00	STAN CNTY CLERK RECORDER	FILING FEE FOR OATH OF OFFICE/NOTARY/MAIER
035823	05/15/09	7.00	STAN CNTY CLERK RECORDER	CLERK RECORDER FILING FEE/NOTARY/MAIER
035824	05/21/09	4955.00	ABBOTT & KINDERMANN, LLP	PROFESSIONAL SERVICES THRU 4/20/09
035825	05/21/09	550.00	PAUL ABRANCHES	REFUND DEPOSIT & RENT/MEM BLDG/ABRANCHES
035826	05/21/09	343.75	ADAMSON POLICE PRODUCTS	40 S&W 180 GR FMJ/PD
035827	05/21/09	3317.50	AECOM USA, INC	REVIEW TENTATIVE SUBDIVISION MAP/SOUZA INDUSTRIAL
035828	05/21/09	55.00	AMERICAN VALLEY WASTE OIL	350 GALLONS WASTE OIL PICKED UP/CORP YARD
035828	05/21/09	55.00	AMERICAN VALLEY WASTE OIL	55 GALLONS USED MOTOR OIL PICKED UP/WWTP
035829	05/21/09	15114.00	ANTHEM BLUE CROSS	HEALTH INSURANCE PREMIUM/JUNE 2009
035830	05/21/09	1200.00	APPLEGATE TEEPLES DRILLING CO,	CLEANED LIFT STATIONS
035831	05/21/09	100.00	ARMCO ROOFING	REPAIRS TO ROOF AT YOUTH CENTER/831 HARDIN RD
035832	05/21/09	293.52	ARROWHEAD MOUNTAIN SPRING	BOTTLED WATER/APRIL 2009
035833	05/21/09	330.72	AT&T MOBILITY	WIRELESS ACCESS/PD/4/3/09 TO 5/02/09
035834	05/21/09	32.09	AT&T	MONTHLY STATEMENT 3/13/09 TO 5/12/09
035835	05/21/09	25.79	B G AUTO	PARTS FOR WEED EATER REPAIR
035836	05/21/09	621.32	BOETHING TREELAND FARMS, INC	PO #09-78
035837	05/21/09	1500.00	BOLD PLANNING SOLUTIONS	CONTINUITY OF OPERATIONS PLANNING PROGRAM (COOP)
035838	05/21/09	375.00	BOVEE ENVIRONMENTAL MANAGEMET,	ASBESTOS INSPECTION/PIONEER PARK PATIO
035839	05/21/09	215.36	BUSINESS CARD	T-SHIRTS FOR MEN'S BASKETBALL
035839	05/21/09	266.21	BUSINESS CARD	CAR CHARGER/SHARPER IMAGE/MEMOREX/FUEL
035840	05/21/09	281.76	CAL TRAFFIC SIGNS	2 SIDEWALK CLOSED SIGNS/6 ANCHORS/100 RIVETS
035841	05/21/09	80.00	CAROL CASTANEDA	REFUND SHERMAN PARK DEPOSIT/CASTANEDA
035842	05/21/09	500.00	CEN*CAL AUTO BODY WORKS	REPAIRS TO L FRONT DOOR/CROWN VICTORIA

Ck #	Check Date	CK Amount	Vendor Name	Description
035843	05/21/09	214.24	CITY OF MODESTO, FLEET SERVICE	INSTALLED THUMB SCANNER/UNIT 503
035843	05/21/09	153.00	CITY OF MODESTO, FLEET SERVICE	INSTALLED THUMB SCANNER/UNIT 504/PD
035843	05/21/09	107.44	CITY OF MODESTO, FLEET SERVICE	REPAIRS TO CONTROL HEAD SWITCH LIGHT BAR/UNIT 501
035844	05/21/09	1141.00	CLEAR CHANNEL RADIO	PO #09-52
035844	05/21/09	383.00	CLEAR CHANNEL RADIO	PO #09-52
035844	05/21/09	359.00	CLEAR CHANNEL RADIO	PO #09-52
035844	05/21/09	87.00	CLEAR CHANNEL RADIO	PO #09-52
035845	05/21/09	425.00	CRUZER AIR	CONDENSER FAN MOTOR REPLACED AT SCHOOL HOUSE
035846	05/21/09	8082.07	DATAMATIC, Ltd.	PO #09-74
035847	05/21/09	19660.00	DYCUS HEATING & AIR CONDITIONI	PO #09-76
035848	05/21/09	63.34	E&M ELECTRIC, INC.	REPAIRS TO WALL PACK LIGHT/PIONEER PARK
035848	05/21/09	497.00	E&M ELECTRIC, INC.	INSTALLED OUTSIDE LIGHT @ PIONEER PARK RESTROOM
035849	05/21/09	16.02	ECONOMIC TIRE SHOP	TIRE REPAIRS
035849	05/21/09	16.25	ECONOMIC TIRE SHOP	1 NEW TIRE TUBE
035850	05/21/09	5130.00	ECO:LOGIC, INC	PROGRESS BILL #3/ON-CALL SERVICES/WWTP
035851	05/21/09	21.00	ENERPOWER	ELECTRIC ENERGY SERVICES 3/10/09 TO 4/8/09
035851	05/21/09	12.00	ENERPOWER	ELECTRIC ENERGY SERVICES 3/12/09 TO 4/10/09
035851	05/21/09	773.00	ENERPOWER	ELECTRIC ENERGY SERVICES 3/12/09 TO 4/10/09
035852	05/21/09	1587.50	GDR ENGINEERING, INC.	PROFESSIONAL SERVICES THRU 4/30/09/FRESNO ST
035853	05/21/09	857.75	GEOANALYTICAL LAB, INC.	WEEKLY BACTI'S/QUARTERLY DW WELLS/BOD/TSS/WWTP
035854	05/21/09	130.21	GOLDEN STATE IRRIGATION	ANTI-SIPHON VALVE/MISC PLUMBING/FLAGS/SPRINKLERS
035855	05/21/09	590.86	HEWLETT-PACKARD FINANCIAL SERV	HARDWARE LEASE/5/18/09 TO 6/17/09/PD
035856	05/21/09	227.50	HOGE, FENTON, JONES & APPEL, I	PROFESSIONAL SERVICES/APRIL 2009
035857	05/21/09	558.56	HOWK SYSTEMS, INC.	WELL 6/CHANGE PACKING/SMEAL PUMP RIG WITH MAST
035858	05/21/09	1490.67	INFOSEND, INC	UTILITY BILL & LATE NOTICE MAILING/APRIL 09

Ck #	Check Date	CK Amount	Vendor Name	Description
035859	05/21/09	8995.00	JOE'S LANDSCAPING &	LIGHTING & LANDSCAPE DISTRICT SERVICES/APRIL 2009
035859	05/21/09	25.00	JOE'S LANDSCAPING &	1/2 YARD TOP SOIL
035860	05/21/09	1480.15	MALLARD EXPRESS AUTO	FRONT BRAKE PADS/REPLACED ALTERNATOR/OIL CHANGE
035861	05/21/09	832.50	MARTIN CARVER, AICP	NEWMAN PLAZA NEPA/THRU 4/12/09
035861	05/21/09	2250.05	MARTIN CARVER, AICP	NEWMAN HOUSING ELEMENT/APRIL 09
035862	05/21/09	2631.20	McDONOUGH, HOLLAND, ALLEN	LEGAL SERVICES THRU 4/30/09
035863	05/21/09	62.64	MID VALLEY IT, INC	DELL BATTERY
035863	05/21/09	1267.50	MID VALLEY IT, INC	MONTHLY IT SERVICES/JUNE 2009
035864	05/21/09	18000.00	MODESTO SAND & GRAVEL	PO #09-73
035865	05/21/09	426.00	MODESTO BEE	LEGAL AD/WWTP 3/24/09 TO 4/08/09
035866	05/21/09	44.87	NEWMAN S & S AUTO SUPPLY	CLAMP/ACCESSORY RELAY/ANIT-SEIZE/RADIATOR CAP
035867	05/21/09	1448.17	NEXTEL COMMUNICATIONS	CELL PHONE SERVICE/APRIL 2009
035868	05/21/09	660.00	CITY OF PATTERSON	COUNCIL MTG VIDEO REIMBURSEMENT/APRIL 2009
035869	05/21/09	113.33	P G & E	NATURAL GAS PURCHASES 4/8/09 TO 5/07/09
035870	05/21/09	165.00	PITNEY BOWES CREDIT CORP.	POSTAGE METER RENTAL 02/28/09 TO 05/30/09
035871	05/21/09	4146.08	PRECISION INSPECTION, INC	Bldg Reg Inspec BLDG REGU/APRIL 2009
035872	05/21/09	650.91	R&S ERECTION TRI COUNTY	REPAIRED ELECTRIC GATE @PD/INSTALLED PHOTO EYE
035873	05/21/09	728.00	RUMBLE TREE PEST MGMT,INC	SOIL INJECTED 8 LARGE ELMS AT PIONEER PARK
035874	05/21/09	1078.00	SELF HELP ENTERPRISES	LOAN SERVICING FEE/APRIL 09
035875	05/21/09	292.00	STATE OF CALIFORNIA	FINGERPRINT APPS/FINGERPRINT-FBI/CHILD ABUSE
035875	05/21/09	35.00	STATE OF CALIFORNIA	HAIR & SKIN ANALYSES
035876	05/21/09	493.89	STANISLAUS COUNTY	EMERGENCY SERVICES/ANNUAL FEE FOR 08/09
035877	05/21/09	58.00	STATE HUMANE ASSOCIATION	CALIF ANIMAL LAWS HANDBOOK/PD
035878	05/21/09	130.00	STATE WATER RESOURCES	WWTP OPERATOR CERTIFICATE RENEWAL/PERRY
035879	05/21/09	444.00	STANISLAUS LAFCO	ADDITIONAL FEES MSR 08-06 & SPHERE OF INFLUENCE

Ck #	Check Date	CK Amount	Vendor Name	Description
035880	05/21/09	527.29	STAPLES BUSINESS ADVANTAGE	COPY PAPER/HP INK/HP TONERS/MEMO BOOKS/CLIPBOARD
035880	05/21/09	170.61	STAPLES BUSINESS ADVANTAGE	POAT-ITS/FILE FOLDERS/BATTERIES/RECEIPT BOOKS/PD
035881	05/21/09	217.00	STAN COUNTY SHERIFF'S REGIONAL	STOP COURSE, EVOC 4/8/09/VILLALOBOS
035882	05/21/09	155.83	TRAVIS BORRELLI	PORTABLE RESTROOM RENTAL/SERVICE/BUSH ROSE PK
035883	05/21/09	15.79	UPS	UPS GROUND SHIPPING/PD
035884	05/21/09	4626.25	URBAN FUTURES, INC	PROFESSIONAL FEE/RDA PLAN AMENDMENT/APRIL 2009
035885	05/21/09	88.00	UNITED STATES POSTMASTER	2 ROLLS STAMPS/PD
035886	05/21/09	50.00	W.C. MALONEY, INC	REFUND OF PARTIAL BUS LICENSE TAX/W C MALONEY
035887	05/21/09	1123.80	MATTOS NEWSPAPERS, INC.	ADS/PROCLAMATION-SILVEIRA/FLYERS/WORK ORDERS/UPS
035888	05/21/09	18026.10	ARMANDO GARCIA	PO #09-75
035889	05/21/09	250.00	WESTSIDE ANIMAL CLINIC	FOUND DOG WITH LEG LACERATION/REPAIRED/INJECTIONS
035890	05/21/09	69.90	Y-NOT NEWMAN FLORAL	ROCHA FAMILY SYMPATHY PLANT
		158518.22		
Sub-Total:		158518.22		
Grn-Total:		158518.22		
Count:	87			

MINUTES
NEWMAN CITY COUNCIL/REDEVELOPMENT AGENCY
REGULAR MEETING MAY 12, 2009
CITY COUNCIL CHAMBERS, 7:00 P.M., 1200 MAIN STREET

1. **Call To Order –** Mayor Katen 7:00 P.M.

2. **Pledge Of Allegiance.**

3. **Invocation** – Council Member Kelly

4. **Roll Call PRESENT:** Kelly, Davis, Candea, Martina and Mayor Katen.
   ABSENT: None

5. **Declaration Of Conflicts Of Interest** – None

6. **Ceremonial Matters.**

   a. Proclamation - Asthma Awareness Month.
   b. Proclamation - Older Americans Month.
   c. Proclamation - National Police Week.

Mayor Katen Presented Three Proclamations Honoring Asthma Awareness Month, Older Americans Month And National Police Week.

7. **Items from the Public - Non-Agenda Items** - None

8. **Consent Calendar**

   a. Waive All Readings Of Ordinances And Resolutions Except By Title.
   b. Approval Of Warrants.
   c. Approval Of Minutes Of The April 28, 2009 Regular Meeting.
   d. Approve L. J. Newman Memorial Building Air Conditioning Unit Purchase.

ACTION: On Motion By Candea Seconded By Kelly And Unanimously Carried, The Consent Calendar Was Approved.

9. **Public Hearings**

   a. Adopt Resolution No. 2009- , A Resolution Declaring The Existence Of A Public Nuisance Under Ordinance No. 95-4.

Mayor Katen Opened The Public Hearing At 7:11 P.M.

There Being No Public Comment Katen Closed The Public Hearing At 7:12 P.M.

ACTION: On Motion By Davis Seconded By Candea And Unanimously Carried, Resolution #2009-23, A Resolution Declaring The Existence Of A Public Nuisance Under Ordinance No. 95-4, Was Adopted.

10. Regular Business

a. Adopt Resolution No. 2009- , A Resolution Approving A HOME Regulatory Agreement With 751 Driskell Ave., L.P. (Corporation for Better Housing) For The Development Of The Newman Family Apartments Project And Authorizing The City Manager To Execute Said Contract. .

ACTION: On Motion By Martina Seconded By Kelly And Unanimously Carried, Resolution #2009-, A Resolution Approving A HOME Regulatory Agreement With 751 Driskell Ave., L.P. (Corporation for Better Housing) For The Development Of The Newman Family Apartments Project And Authorizing The City Manager To Execute Said Contract Was Adopted.

b. Approval Of Addendum To RDA Participation Agreement With 751 Driskell Ave., L.P. (Corporation for Better Housing) For The Development Of The Newman Family Apartments Project.

Tim Miller, Miller Planning & Design Group. Inc., Spoke To The Council Regarding The Proposed Development . He Specifically Addressed The Changes To The Number Of Units And The Number Of One, Two And Three Bedroom Units.

ACTION: On Motion By Kelly Seconded By Martina And Unanimously Carried, The Council Approved The Addendum To RDA Participation Agreement With 751 Driskell Ave., L.P. (Corporation for Better Housing) For The Development Of The Newman Family Apartments Project.

c. Award Bid For Waste Water Treatment Plant Storage Basin Construction Management To Eco:Logic.

ACTION: On Motion By Kelly Seconded By Candea And Unanimously Carried, The Council Awarded The Bid For Waste Water Treatment Plant Storage Basin Construction Management To Eco:Logic In An Amount Not To Exceed $205,000.00 And Authorized The City Manger To Execute A Contract For Services.

11. Items From District Five Stanislaus County Supervisor - None

12. Items From The City Manager And Staff.

City Manager Holland Informed The Council That He Would Like To Postpone The Next Budget Workshop Until Jun 9, 2009 At 6:00 P.M. Holland Explained That The May 19th Special Election Could Have A Negative Impact On The City's Budget If The Proposed Propositions Do Not Pass And That It Could Mean A Loss Of Eight Percent Of Property Taxes And V.L.F. Monies. Holland Mentioned That The City's COPS Funding For Public Safety Could Also Be At Stake And Amount To A $100,000.00 Loss. Holland Reminded Everyone That City Hall Would Be Closed On Friday May 22,

2009 For A Work Furlough Day. He Congratulated The Police Department On The Arrests Of The Arsonists. Holland Praised The Public Works Department For Securing $2.06 Million For The Plaza Project.

Chief McGill Informed The Council That The Every Fifteen Minutes Program Will Be Taking Place At The High School On Wednesday. McGill Reminded The Council That On May 19, 2009 The City Will Be Hosting An Educational Meeting For Liquor License Holders, Which Will Be Followed By Increased Enforcement. McGill Mentioned That On May 26, 2009 He Will Be Presenting The Council With The Changes To The Graffiti Ordinance As They Had Requested.

Public Works Director Reynolds Informed The Council That The Hill Park Demolition Started Earlier In The Day And Should Be Completed By The Following Day. Reynolds Mentioned That The F.D.E.S. Hall Is Almost Complete And The Pioneer Park Demolition Will Start On May 13, 2009. Reynolds Also Stated That The Public Works Department Had Recently Planted Eighteen Street Trees And Reminded The Council That The Waste Water Treatment Storage Basin Bids Will Be Opened On May 13, 2009.

13. Items From City Council Members.

Council Member Candea Passed On Praise From The Downtown Merchants To The Police Department Regarding Officer Contact And Reducing The Amount Of Kids Hanging Out In Front Of Stores.

Council Member Martina Mentioned That He Thought That The Wait At The Animal Clinic Was A Bit Long But That It Would Be Better Next Time. Martina Stated That One Of The Best Kept Secrets Is The City's Website And That It Really Is Excellent.

Council Member Kelly Commented That The Landscaping Along Upper Road Looks Nice.

Council Member Davis Stated That She Thought That Saturday's Animal Clinic Was Great And That The Prices Were Reasonable.

Mayor Katen Thanked The Police Department And Officer Lopez For Solving The Arson Case And Congratulated Officer Earle For Being Named Office Of The Year. Katen Stated That Ceres' Mayor Canella Will Be Running For State Senate And Reminded Everyone That Michelle Obama Would Be At The U.C. Merced Graduation.

14. Adjourn To Closed Session - 8:04 P.M.

a. Conference With Labor Negotiator – All Bargaining Groups – G.C. 54957.6.
b. Public Employee Personnel Evaluation – City Manager – G.C. 54957.
c. Return To Open Session - 9:10 P.M.

No Reportable Action Was Taken

15. Adjournment.

ACTION: On Motion By Candea Seconded By Kelly And Unanimously Carried, The Meeting Was Adjourned At 9:13 P.M.

Agenda Item: **9.a.**
City Council Meeting
of May 26, 2009

Honorable Mayor and Members
of the Newman City Council

REPORT ON NUISANCE ABATEMENT

RECOMMENDATION:

Adopt Resolution No. 2009- , Declaring The Existence Of A Public Nuisance Under Ordinance No. 95-4.

BACKGROUND:

Abatement notices for property maintenance were sent to several properties in accordance with Ordinance 95-4, Chapter 2, Title 8-2-3.

ANALYSIS:

This notice informs property owners of all nuisance abatement procedures, option and their right to object at a public hearing. It is anticipated that many property owners will comply with the abatement notices prior to the hearing date. A final compliance survey will be done on Tuesday, May 26, 2009. A list of properties that have not complied with the abatement notice will be handed out at the council meeting prior to the public hearing.

FISCAL IMPACT:

None

CONCLUSION:

This staff report is submitted for City Council consideration and possible future action.

Respectfully submitted,

Adam Mc Gill
Chief of Police

REVIEWED/CONCUR:

Michael E. Holland
City Manager

RESOLUTION NO. 2009-

A RESOLUTION DECLARING THE EXISTENCE OF A PUBLIC NUISANCE UNDER ORDINANCE NO. 95-4

WHEREAS, the Chief of Police has reported a nuisance as outlined in Section 8-2-2 of the Newman Municipal Code located and existing upon property in the City of Newman in violation of Ordinance No. 95-4 of the City of Newman, a description of said property being attached hereto and made a part of this resolution by this reference; and,

WHEREAS, the Chief of Police caused notice to be mailed to the respective owners of the subject properties as in said Ordinance provided, said notice giving notice to abate said nuisance and setting a time and place for hearing objections to the proposed abatement; and,

WHEREAS, said hearing was held on May 26, 2009, at 7:00 p.m., as in said notice provided; and,

WHEREAS, no objections to the proposed abatement were received at said hearing.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Newman that said City Council of the City of Newman finds that a condition exists with regard to the properties in said City which is dangerous to life, limb and property, and to the public health, safety and morals, in that weeds, rubbish, dirt and rank growth are growing, located and existing upon said property in violation of the provisions of Ordinance No. 95-4 of the City of Newman, which endangers and may injure neighboring property and endangers and injures the welfare of residents in the vicinity of said property, and which is a fire hazard; that a description of said properties is attached hereto and made a part of this resolution by this reference.

The foregoing resolution was introduced at a regular meeting of the City Council of the City of Newman held on the 26th day of May 2009 by Council Member _____, who moved its adoption, which motion was duly seconded and was adopted upon roll call vote.

AYES:
NOES:
ABSENT:

APPROVED:

_____
Mayor

ATTEST:

_____
Deputy City Clerk

City of Newman

Abatement list

1. **2139 Great Falls. (UNOCCUPIED)**

   Tall grass and weeds throughout front and backyard of property.

2. **1432 R St. (UNOCCUPIED)**

   Tall grass and weeds throughout front and backyard of property.

3. **2033 Carlsbad Cavern Ct. (UNOCCUPIED)**

   Tall weeds throughout front and backyard of property..

4. **2032 Carlsbad Cavern Ct. (UNOCCUPIED)**

   Tall grass and weeds throughout front and backyard of property.

Agenda Item: 9.b.

Honorable Mayor and Members
of the Newman City Council

City Council Meeting
of May 26, 2009

CONCEPTUAL APPROVAL OF GENERAL PLAN AMENDMENT #09-01 (HOUSING ELEMENT UPDATE) FOR HCD REVIEW PURPOSES.

RECOMMENDATION:

Conceptual approval of General Plan Amendment #09-01 for the purpose of HCD review.

BACKGROUND:

State law requires each city and county to adopt a general plan containing at least seven elements including housing. Housing elements have been mandatory portions of general plans since 1969. In December 2003, the City of Newman adopted an updated Housing Element and in April 2007 the City adopted its updated general plan. Unlike the other mandatory general plan elements, the housing element is required to be updated every five years.

The City of Newman must adopt an updated housing element by August 31, 2009; in preparation for that deadline, staff has begun the review and update of the City's current Housing Element. In 2008, the City Council awarded a contract for housing element services to Coastplans.

As part of the public involvement process, a stakeholder meeting and public workshop were held on January 20, 2009. Over 10 representatives from different agencies and jurisdictions were invited to attend; both meetings were well attended.

The draft Housing Element update was presented to the Planning Commission and City Council for review and comment on March 19, 2009 and April 14, 2009 respectively. All comments received have been reviewed and addressed/identified in the document. On April 16, 2009, the Planning Commission held a Housing Element workshop to discuss the update, comments received and legal requirements. GPA #09-01 is scheduled for Planning Commission approval and recommendation to Council on May 21, 2009; the results of that meeting will be presented to the Council.

ANALYSIS:

Housing element law mandates that local governments adequately plan to meet the existing and projected housing needs of all economic segments of the community. The law acknowledges that, in order for the private market to adequately address housing needs and demand, local governments must adopt land use plans and regulatory systems which provide opportunities for, and do not unduly constrain, housing development. As a result, housing policy in the State rests largely upon the effective implementation of local general plans and, in particular, local housing elements.

Housing elements are subject to detailed statutory requirements and in general, a housing element must at least include the following components:

1. A Housing Needs Assessment
2. A Sites Inventory and Analysis
3. An Analysis of Constraints on Housing
4. Housing Programs
5. Quantified Objectives

Housing element law also requires the Department of Housing and Community Development (HCD) review local housing elements for compliance with State law and to report its written findings to the local government. To meet these requirements, the Attached revised draft Housing Element includes the following:

1. Progress Since Last Housing Element Update
2. Population Profile
3. Housing Stock Characteristics
4. Employment and Income Data
5. Affordability, Housing Costs and Overpayment
6. Housing Needs
7. Availability of Services and Land
8. Governmental and Nongovernmental Constraints
9. Housing Programs
10. RDA Funds
11. Analysis of Existing Assisted Housing
12. Publicly Owned Surplus Land
13. Energy Conservation Opportunities
14. Public Participation
15. Housing Goals, Policies, Programs and Objectives

FISCAL IMPACT:
None

CONCLUSION:
Staff recommends conceptual approval of General Plan Amendment #09-01 for the purpose Of HCD review.

ATTACHMENTS:
1. Exhibit A - Revised Draft Housing Element Update

Respectfully submitted,

Stephanie Ocasio
Assistant Planner

REVIEWED/CONCUR

Michael Holland
City Manager

Honorable Mayor and Members
of the Newman City Council

City Council Meeting
of May 26, 2009

REPORT ON NUISANCE ABATEMENT

RECOMMENDATION:

Adopt Resolution No. 2009-XX, Declaring The Existence Of A Public Nuisance Under Ordinance No. 95-4.

BACKGROUND:

Abatement notices for property maintenance were sent to several properties in accordance with Ordinance 95-4, Chapter 2, Title 8-2-3.

ANALYSIS:

This notice informs property owners of all nuisance abatement procedures, option and their right to object at a public hearing. It is anticipated that many property owners will comply with the abatement notices prior to the hearing date. A final compliance survey will be done on Tuesday, May 26, 2009. A list of properties that have not complied with the abatement notice will be handed out at the council meeting prior to the public hearing.

FISCAL IMPACT:

None

CONCLUSION:

This staff report is submitted for City Council consideration and possible future action.

Respectfully submitted,

_____
Adam Mc Gill
Chief of Police

REVIEWED/CONCUR:

_____
Michael E. Holland
City Manager

RESOLUTION NO. 2009-

A RESOLUTION DECLARING THE EXISTENCE OF A PUBLIC NUISANCE UNDER ORDINANCE NO. 95-4

WHEREAS, the Chief of Police has reported a nuisance as outlined in Section 8-2-2 of the Newman Municipal Code located and existing upon property in the City of Newman in violation of Ordinance No. 95-4 of the City of Newman, a description of said property being attached hereto and made a part of this resolution by this reference; and,

WHEREAS, the Chief of Police caused notice to be mailed to the respective owners of the subject properties as in said Ordinance provided, said notice giving notice to abate said nuisance and setting a time and place for hearing objections to the proposed abatement; and,

WHEREAS, said hearing was held on May 26, 2009, at 7:00 p.m., as in said notice provided; and,

WHEREAS, no objections to the proposed abatement were received at said hearing.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Newman that said City Council of the City of Newman finds that a condition exists with regard to the properties in said City which is dangerous to life, limb and property, and to the public health, safety and morals, in that weeds, rubbish, dirt and rank growth are growing, located and existing upon said property in violation of the provisions of Ordinance No. 95-4 of the City of Newman, which endangers and may injure neighboring property and endangers and injures the welfare of residents in the vicinity of said property, and which is a fire hazard; that a description of said properties is attached hereto and made a part of this resolution by this reference.

The foregoing resolution was introduced at a regular meeting of the City Council of the City of Newman held on the 26th day of May 2009 by Council Member _____, who moved its adoption, which motion was duly seconded and was adopted upon roll call vote.

AYES:
NOES:
ABSENT:

APPROVED:

_____
Mayor

ATTEST:

_____
Deputy City Clerk

City of Newman

Abatement list

1. **2139 Great Falls. (UNOCCUPIED)**

   Tall grass and weeds throughout front and backyard of property.

2. **1432 R St. (UNOCCUPIED)**

   Tall grass and weeds throughout front and backyard of property.

3. **2033 Carlsbad Cavern Ct. (UNOCCUPIED)**

   Tall weeds throughout front and backyard of property..

4. **2032 Carlsbad Cavern Ct. (UNOCCUPIED)**

   Tall grass and weeds throughout front and backyard of property.

1ST 4-22-09
2ND 5-1-09
3RD 5-12-09

Assessment Roll

General Information

Assessment	026-058-007-000	**Parcel Number**	026-058-007-000
Current Document	2005R0187423	**Current Document Date**	10/11/2005
Acres / Sq Ft	.13	**Tax Rate Area (TRA)**	003-042
Taxability	000 -- NORMAL OWNERSHIP		
Land Use	101 -- SINGLE FAMILY RESIDENCE		
Assessment Description	STEPHENS RANCH 1 PH 1 (39M76)		

Roll Values as of: January 1st, 2008

Land	$56,233	**Personal Property**	$0
Structure(s)	$136,086	**Personal Property (MH)**	$0
Fixtures	$0	**Exemption E01**	$7,000
Growing Improvements	$0	**Exemption**	$0
Total Land & Improvements	$192,319	**Net Assessment**	$185,319

Assessee

ZELEDON FRANCISCO B ET AL

Address

2139 GREAT FALLS RD
NEWMAN CA 95360-0000

Ownership

Owner Name	Own %	Pri	Granting Doc No.	Title Type	RT Code
ZELEDON FRANCISCO B	25.00%	Y	2005R0187423	OJ	
RAMIREZ MARTIN C	25.00%	N	2005R0187423	JT	62-F
RAMIREZ SILVIA L	25.00%	N	2005R0187423	JT	62-F
ZELEDON CLAUDIA RAMIREZ	25.00%	N	2005R0187423	OJ	

Situs

Street Address	City State Zip
2139 GREAT FALLS RD	Newman CA 95360

Parcel Description

Assessment	Description

Zeledon & Ramirez
2139 Great Falls
Newman, Ca 95360

NOTICE TO ABATE PUBLIC NUISANCE BY THE REMOVAL OF WEEDS, DIRT, RUBBISH AND/OR RANK GROWTH

NOTICE IS HEREBY GIVEN THAT:

Pursuant to the provisions of Chapter 2, Title 8 of the City Code of Newman, the following conditions, as declared in Section 8-2-3, constitutes a public nuisance
at: **2139 Great Falls Newman, Ca 95360 APN No. 026-058-007-000,**
Tall grass and weeds throughout front and backyard of property, which must be abated by the destruction, or removal thereof within **10** days of the date of the notice.

All responsible persons owning, managing or having control or change or occupancy of any such private property shall, without delay, destroy or remove such public nuisances, as defined above, from their property and from their half of the abutting street and alley between the lot lines, as extended, or such public nuisances will be destroyed or removed and such nuisances abated by City authorities, in which case the cost of destruction or removal will be assessed upon the lots and lands, from, or on which, or abutting the streets and alleys from, or on which, such nuisance was abated, and such costs will constitute a lien upon the lots or parcels until paid and will be collected on the next tax roll upon which Municipal taxes are collected.

All Property owners having objections to the proposed abatement of the nuisance are hereby notified to attend a meeting of the City Council of the City of Newman to be held on **April 28, 2009** at **7:00 p.m.**, at which time and place all objections will be heard and given due consideration.

Dated: April 22, 2009

William Davis
Community Service Officer

Zeledon & Ramirez
2139 Great Falls Rd.
Newman, Ca 95360

SECOND NOTICE

NOTICE TO ABATE PUBLIC NUISANCE BY THE REMOVAL OF WEEDS, DIRT, RUBBISH AND/OR RANK GROWTH

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Dated: May 1, 2009

William Davis
Community Service Officer

Zeledon & Ramirez
2139 Great Falls Rd.
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Dated: May 12, 2009

William Davis
Community Service Officer

05.26.2009 09:18

1ST 4-22-09
2ND 5-1-09
3RD 5-12-09

Assessment Roll

General Information

Assessment	128-008-068-000	**Parcel Number**	128-008-068-000
Current Document	2004R0185115	**Current Document Date**	11/09/2004
Acres / Sq Ft	.17	**Tax Rate Area (TRA)**	003-001
Taxability	800 -- PROP 8 REDUCTION		
Land Use	101 -- SINGLE FAMILY RESIDENCE		
Assessment Description			

Roll Values as of: January 1st, 2008

Land	$34,500	**Personal Property**	$0
Structure(s)	$103,500	**Personal Property (MH)**	$0
Fixtures	$0	**Exemption**	$0
Growing Improvements	$0	**Exemption**	$0
Total Land & Improvements	$138,000	**Net Assessment**	$138,000

Assessee

GARCIA MARIA MARGARITA

Address

26836 RIVER RD SPC 19
NEWMAN CA 95360

Ownership

Owner Name	Own %	Pri	Granting Doc No.	Title Type	RT Code
GARCIA MARIA MARGARITA	100.00%	Y	2004R0185115		

Situs

Street Address	City State Zip
1432 R ST	Newman CA 95360

Parcel Description

Assessment	Description
128-008-068-000	

Margarita Garcia
26836 River Rd spc 19
Newman, Ca 95360

NOTICE TO ABATE PUBLIC NUISANCE BY THE REMOVAL OF WEEDS, DIRT, RUBBISH AND/OR RANK GROWTH

NOTICE IS HEREBY GIVEN THAT:

Pursuant to the provisions of Chapter 2, Title 8 of the City Code of Newman, the following conditions, as declared in Section 8-2-3, constitutes a public nuisance at: **1432 R st Newman, Ca 95360 APN No. 128-008-068-000, Tall grass and weeds throughout front and backyard of property,** which must be abated by the destruction, or removal thereof within **10** days of the date of the notice.

All responsible persons owning, managing or having control or change or occupancy of any such private property shall, without delay, destroy or remove such public nuisances, as defined above, from their property and from their half of the abutting street and alley between the lot lines, as extended, or such public nuisances will be destroyed or removed and such nuisances abated by City authorities, in which case the cost of destruction or removal will be assessed upon the lots and lands, from, or on which, or abutting the streets and alleys from, or on which, such nuisance was abated, and such costs will constitute a lien upon the lots or parcels until paid and will be collected on the next tax roll upon which Municipal taxes are collected.

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Dated: April 22, 2009

William Davis
Community Service Officer

Margarita Garcia
1432 R St.
Newman, Ca 95360

SECOND NOTICE

NOTICE TO ABATE PUBLIC NUISANCE BY THE REMOVAL OF WEEDS, DIRT, RUBBISH AND/OR RANK GROWTH

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Dated: May 1, 2009

William Davis
Community Service Officer

Margarita Garcia
1432 R St.
Newman, Ca 95360

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Dated: May 12, 2009

William Davis
Community Service Officer

05.26.2009 09:08

05.26.2009 08:18

05 26 2009 09:09

1ST 4-22-09
2ND 5-1-09
3RD 5-12-09

Assessment Roll

General Information

Assessment	026-057-028-000	**Parcel Number**	026-057-028-000
Current Document	2005R0117102	**Current Document Date**	07/01/2005
Acres	.15	**Tax Rate Area (TRA)**	003-042
Taxability	000 -- NORMAL OWNERSHIP		
Land Use	101 -- SINGLE FAMILY RESIDENCE		
Assessment Description	STEPHENS RANCH 1 PH 1 (39M76)		

Roll Values as of: January 1st, 2008

Land	$66,156	**Personal Property**	$0
Structure(s)	$131,763	**Personal Property (MH)**	$0
Fixtures	$0	**Exemption E01**	$7,000
Growing Improvements	$0	**Exemption**	$0
Total Land & Improvements	$197,919	**Net Assessment**	$190,919

Assessee

ROMERO MARIA TERESA

Address

2033 CARLSBAD CAVERNS CT
NEWMAN CA 95360

Ownership

Owner Name	Own %	Pri	Granting Doc No.	Title Type	RT Code
ROMERO MARIA TERESA	100.00%	Y	2005R0117102		

Situs

Street Address	City State Zip
2033 CARLSBAD CAVERNS CT	Newman CA 95360

Parcel Description

Assessment	Description
026-057-028-000	STEPHENS RANCH 1 PH 1 (39M76) LOT 72

Teresa Romero
2033 Carlsbad Caverns
Newman, Ca 95360

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Dated: April 22, 2009

William Davis
Community Service Officer

Teresa Romero
2033 Carlsbad Cavern Ct.
Newman, Ca 95360

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NOTICE IS HEREBY GIVEN THAT:

Pursuant to the provisions of Chapter 2, Title 8 of the City Code of Newman, the following conditions, as declared in Section 8-2-3, constitutes a public nuisance
at: **2033 Carlsbad Cavern Ct. Newman, Ca. 95360 APN No. 026-057-028-000**
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Dated: May 12, 2009

William Davis
Community Service Officer

05.26.2009 09:15

1ST 4-22-09
2ND 5-1-09
3RD 5-12-09

Assessment Roll

General Information

Assessment	026-057-019-000	**Parcel Number**	026-057-019-000
Current Document	2005R0079596	**Current Document Date**	05/10/2005
Acres / Sq Ft	.15	**Tax Rate Area (TRA)**	003-042
Taxability	800 -- PROP 8 REDUCTION		
Land Use	101 -- SINGLE FAMILY RESIDENCE		
Assessment Description	STEPHENS RANCH 1 PH 1 (39M76)		

Roll Values as of: January 1st, 2008

Land	$39,250	**Personal Property**	$0
Structure(s)	$117,750	**Personal Property (MH)**	$0
Fixtures	$0	**Exemption**	$0
Growing Improvements	$0	**Exemption**	$0
Total Land & Improvements	$157,000	**Net Assessment**	$157,000

Assessee

NEHER PAMELA S & STEVEN D

Address

4884 CANFIELD CIR

CAMERON PARK CA 95682

Ownership

Owner Name	Own %	Pri	Granting Doc No.	Title Type	RT Code
NEHER PAMELA S	50.00%	Y	2005R0079596	JT	
NEHER STEVEN D	50.00%	Y	2005R0079596	JT	

Situs

Street Address	City State Zip
2032 CARLSBAD CAVERNS CT	Newman CA 95360

Parcel Description

Assessment	Description
026-057-019-000	STEPHENS RANCH 1 PH 1 (39M76) LOT 63

Pamela & Steven Neher
2032 Carlsbad Caverns
Newman, Ca 95360

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Community Service Officer

Pamela Neher
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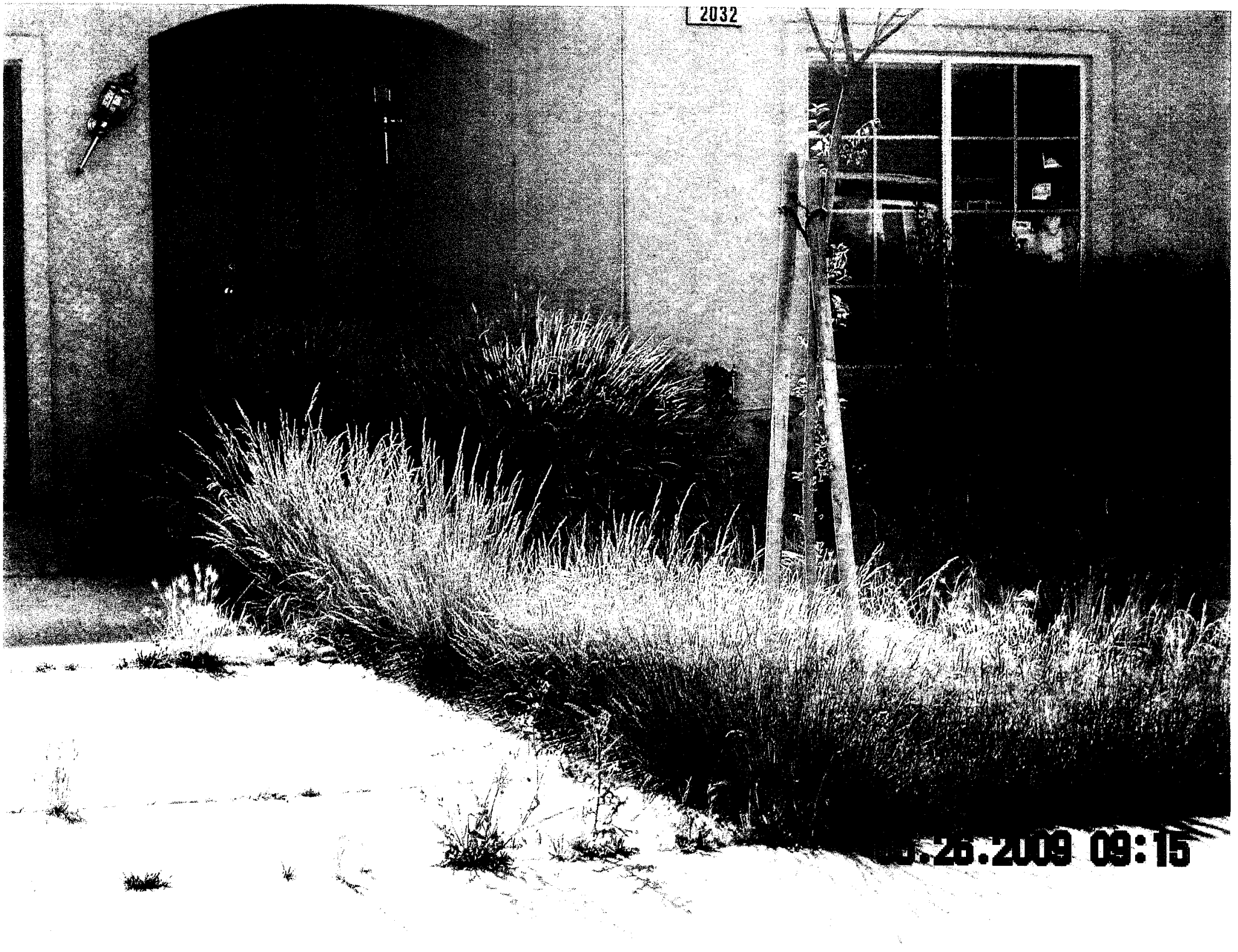
Community Service Officer


2032
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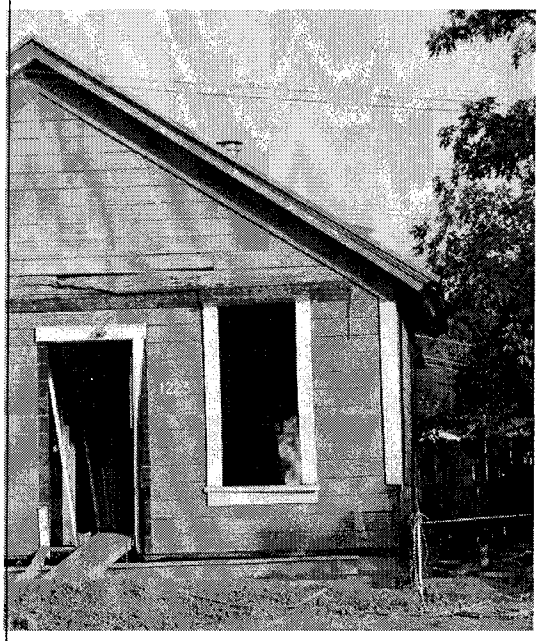
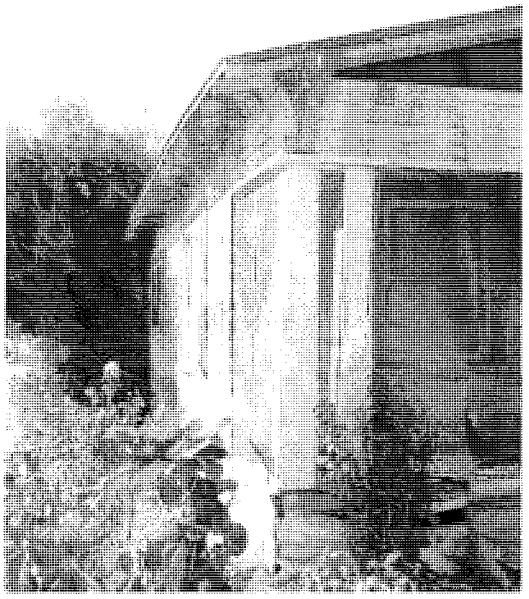
Newman 2030 General Plan
Housing Element

Public Review Draft





City of Newman | May 2009

COASTPLANS

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Land Use and Housing Plans
Transportation Plans
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Introduction

Under the requirements of state law, every city and county in California must prepare a housing element as part of its general plan. The housing element must document in detail existing conditions and projected needs. It must also contain goals, policies, programs, and quantified objectives that address housing needs over the planning period. Progress made by the City of Newman in implementing its 2003 Housing Element and a summary of the extraordinary market conditions that exist today in 2009 are discussed below.

Progress Since 2003

The City of Newman made substantial progress in implementing its 2003 Housing Element. Numerous affordable housing projects have been completed or are under construction, including:

- In 2004, the purchase/conservation of the Valley Manor Apartments by the Stanislaus County Housing Authority, which contained 48 affordable housing units at risk of conversion.
- In 2005, construction of Rolling Hills, a 52-unit Section 8 project developed by Self-Help Enterprises;
- In 2007, construction of Park Villas, a 144-unit high-density project (condo-style, pull-apart), which are currently selling in the $125,000 to $165,000 range;
- In 2008, construction of Valley Oaks Apartments, a 23-unit high-density project with three price restricted units; and

- In 2008, approval of Newman Family Apartments, a 72-unit tax credit project. This project was made possible when the City successfully re-designated 4.003 acres of land from Medium Density Residential (MDR) to High Density Residential (HDR) and collaborated with the Corporation for Better Housing (Sherman Oaks).

While the City of Newman made substantial progress in accommodating lower-income housing, it failed to rezone 6.610 acres of land that were slated for rezoning from R-1 to R-3. It is likely that the City would have initiated action to rezone the targeted sites had the property owners come forward with proposals for higher-density housing. (This was the impetus behind the successful redesignation of three sites for the Newman Family Apartments project, a 72-unit affordable housing complex currently being developed by the Corporation for Better Housing.) In any event, as a result of its inaction, the City was unable to provide all the sites necessary to accommodate its 2003 Regional Housing Needs Allocation. A complete analysis of progress made in implementing the 2003 Housing Element is presented in Appendix A.

2009 Economic Crisis

This Housing Element has been prepared and adopted in a time of unprecedented economic, financial and credit market challenges in California and across the country. The economy has been in the throes of a severe recession with collapsing stock market prices and extensive job losses. Newman and all of California have been experiencing a sharp downward trend in housing prices stoked by a wave of foreclosures. Housing construction has essentially ground to a halt. Financing has been often unavailable, and the banking sector has been paralyzed by insolvencies.

Because of the present conditions and future uncertainty as to how and when the economy and housing sector will recover, this is not a time of "business-as-usual" for communities and for Housing Elements. Clearly, housing policy and programs may need to change in response to conditions. While predicting exactly how trends will play out is impossible, it is safe to say that in light of the present crisis, Newman will need to be prepared to modify and adapt its housing strategies and policies during the period of the 2007-2014 Housing Element.

At the time of publication, the following conditions and trends are noted for the purpose of establishing a starting point for future monitoring, analysis and adaptation of policy on the part of the City.

Foreclosures

There are currently 312 properties in Newman that are in some state of foreclosure as of April 2009 —110 properties in default and 202 bank-owned properties (source: (http://www.realtytrac.com). Together, these properties represent 9.6 percent of the total housing stock in the city.

It appears that troubled properties are slowly being resold. In March 2009, there were 343 properties in some state of foreclosure, which means that 30 units (about nine percent) were resold between March 14 and April 14, 2009. If this pace continues, it would take about a year to deal with the foreclosed properties. It is more likely that re-absorption could take somewhat longer—somewhere between one and three years.

Housing prices have dropped dramatically from there high in 2005 (from $420,000 to approximately $140,000), and it is likely that the vast majority of recently purchased or refinanced homes have mortgages that significantly exceed the current home value.

Affordability

In theory at least, the housing market collapse has improved affordability. Lower median prices have made more housing available and affordable to more people in the short-term, assuming that mortgage financing is available. More market-rate housing has been in reach of low and moderate income households, essentially putting past assumptions about housing assistance programs and approaches in limbo.

Demand

In the short-term, demand for housing has weakened despite gains in affordability. In the longer term, however, if regional population continues to grow without concurrent increases in housing supply, demand will once again increase, possibly wiping out much of the improvement in affordability. At the same time, persistently high unemployment could exacerbate homelessness and increase the need for emergency and/or short term housing.

Homeownership

The credit crisis in combination with extensive foreclosures could hamper home ownership recovery and lead to a shift in tenure toward rental demand. Nonetheless, people who once owned but had to shift to renting may retain a strong desire to return to home ownership status.

There will be a need to rebuild confidence among homebuyers, and households will have to improve their financial fitness in order to obtain credit for home purchases.

Housing Viability and Product

New construction will be extremely limited and largely deferred until prices rebound to a point of profitability. With lower housing prices come lower-to-nonexistent profit margins in new housing development. Construction costs, while lower, have not dropped to the same extent. Lower prices also mean that new construction will be less able to carry costs of infrastructure and/or high amenity levels and fees. In response, new construction is likely to be geared toward smaller homes, reversing the decades' long trend toward ever-larger homes. The standard for new single family homes can be expected to revert more towards the 1,200-1,800 square feet range, and away from the 2,500-3,000 square foot home standard. Even more to the point, new housing projects will need to feature a greater diversity of housing products and types, moving away from the homogeneous single family subdivision.

Aging Population

Overall the housing market will need to increasingly adapt to the reality of an aging population. Implications include a greater need for improved accessibility in housing, and more single story homes or "universal design" features such as putting master suites on the ground floor of two story housing. Neighborhood zoning will need to be more accommodating of facilities for aging populations. This could mean allowing more health care facilities and service commercial within residential areas, along with congregate housing and retiree-oriented housing and assisted living projects.

Commercial Re-Use

Bankruptcies and retrenchments by major retailers are having the effect of leaving many commercial shopping centers with high vacancy rates and/or facing complete shut-down conditions. Failed or struggling suburban-style shopping areas may rely on housing to recover, thus leading to complete makeovers and re-use with mixed uses including housing. Auto-oriented shopping centers may see parts of their parking areas replaced with pedestrian scale streets and housing.

Summary of 2009 Economic Crisis

The current crisis signals an acceleration of change in housing. Cities that are most responsive and flexible in their housing policies and land use planning will fare better in successfully navigating the evolving conditions. Newman can be well-served by monitoring conditions and working closely with other governments, and with housing producers in the private and non-profit sectors to understand emerging trends and adjust policy accordingly.

Population Profile

This section summarizes information about Newman's current and future population. The information in this section comes from the U.S. Census Bureau (Census 2000), the California Department of Finance (DOF), and the Stanislaus County Council of Governments (StanCOG).

Historic Population Growth

Newman is a small community that is experiencing a relatively high rate of growth. Since the last Housing Element Update adopted in 2003, Newman added 907 housing units. During the same period, Newman's population grew at an annual average rate of growth of 6.4 percent, adding 2,823 persons. Since the last Housing Element Update, Newman's person per household rate decreased from 3.448 to 3.395. Table II-1 shows historical population and housing growth in Newman.

Table II-1

Historical Population Growth
1980 to 2008

Annual Average Growth Rate (2003 to 2008) = 6.4 Percent

	Population			Housing Units		
	Total	**Households**	**Group Quarters**	**Total**	**Occupied**	**Persons per Household**
1980	2,785	2,785	0	1,049	1,007	2.700
1990	4,158	4,158	0	1,523	1,347	3.087
1998	5,849	5,849	0	1,968	1,741	3.360
2000	7,093	7,027	66	2,176	2,079	3.380
2003	7,763	7,697	66	2,336	2,232	3.448
2005	9,108	9,042	66	2,756	2,634	3.433
2008	10,586	10,520	66	3,243	3,099	3.395

Source: California Department of Finance

RECENT ARRIVALS

Of course, adding approximately 2,800 persons in the last five years means that Newman has a lot of newcomers. According to the U. S. Census Bureau, almost a third of Newman's residents moved to the city since 1995. This is higher than Stanislaus County as a whole and represents a modest increase in newcomers in Newman since 1990. Table II-2 summarizes information on recent arrivals in Stanislaus County and Newman.

Table II-2
Recent Arrivals in Stanislaus County and Newman
1990 and 2000

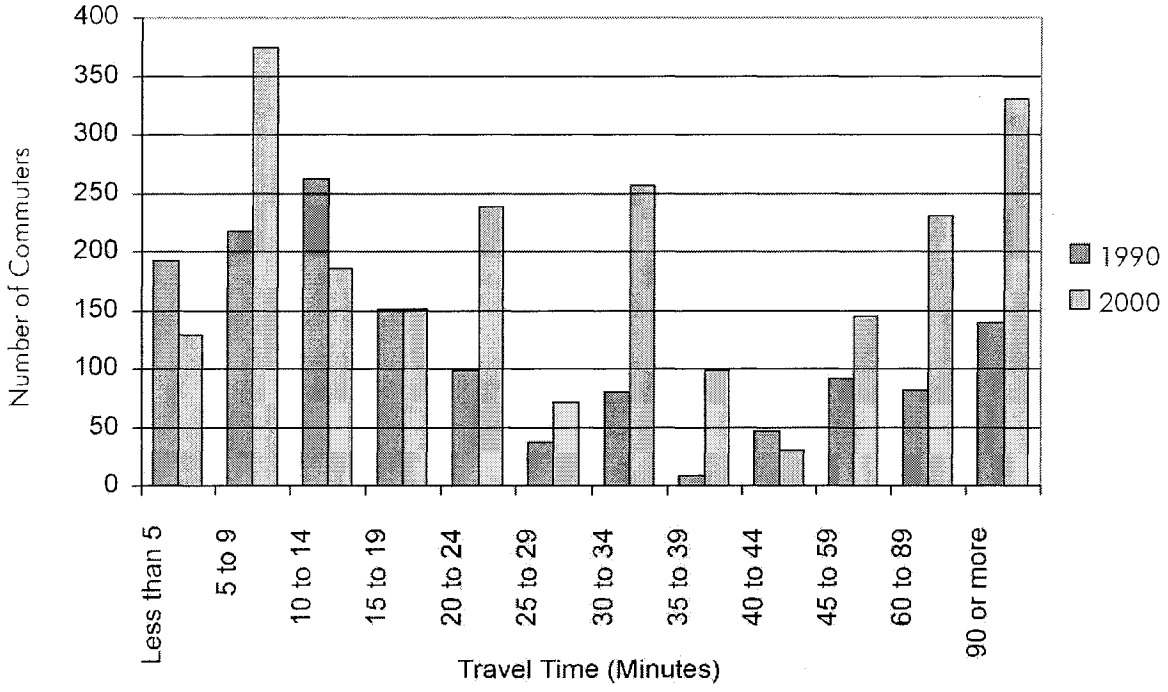
	1990		2000	
	Stanislaus County	Newman	Stanislaus County	Newman
Total (Residents Over 5 Years in Age)	336,746	3,764	411,833	6,425
Lived in Same Place 5 Years Ago	140,708	1,867	280,503	4,127
Lived Elsewhere 5 Years Ago	91,333	1,127	120,324	2,156
Percent Who Lived Elsewhere	27.1%	29.9%	29.2%	33.6%

Source: U.S. Census Bureau; Coastplans

COMMUTER PATTERNS

Many Newman residents are traveling longer distances to get to work. According to an analysis of travel time to work using 1990 and 2000 Census data, approximately half of Newman's workforce was traveling more than 15 minutes to work in 1990. In 2000, this percentage increased to approximately 70 percent. Much of the increased travel time to work is attributable to employment opportunities within Stanislaus or Merced Counties (less than one hour to work). But there is also evidence of significant increases in travel to more distant employment centers, probably Santa Clara Valley (greater than one hour to work). Figure II-1 shows the change in travel time to work by Newman residents.

Figure II-1
Changes in Travel Time
1990 and 2000



RACE AND ETHNICITY

According to the U.S. Census Bureau, slightly more than half (51.4 percent) of Newman's population was Latino in 2000, up from 42.4 percent in 1990. This is significantly more than the percent of total population for Stanislaus County, which was 31.7 percent Latino in 2000, up from 21.6 percent in 1990. Table II-3 shows the racial and ethnic composition of Newman and Stanislaus County in 2000.

Table II-3
Racial Composition in 2000
City of Newman and Stanislaus County

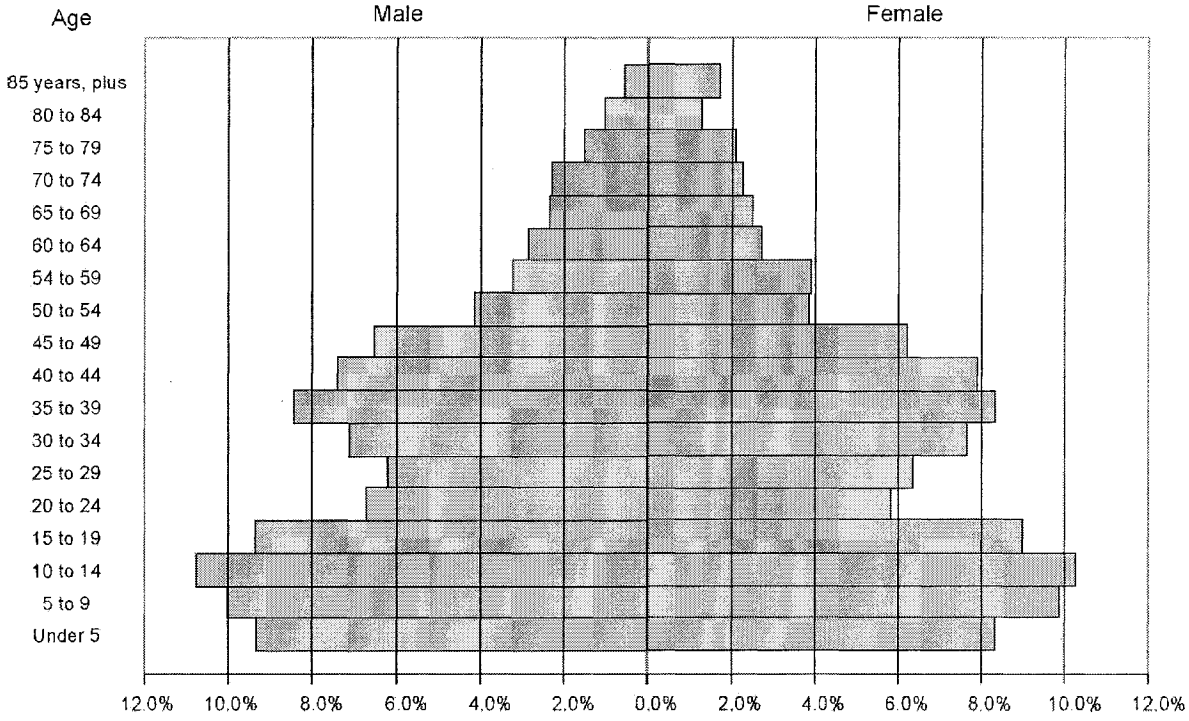
	City of Newman		Stanislaus County	
	Number	**Percent**	**Number**	**Percent**
White	4,310	60.76%	309,901	69.33%
Black	89	1.25%	11,521	2.58%
American Indian	94	1.33%	5,676	1.27%
Asian	131	1.85%	18,848	4.22%
Pacific Islander	5	0.07%	1,529	0.34%
Other Single Race	2,051	28.92%	75,187	16.82%
Two or More Races	413	5.82%	24,335	5.44%
Total	**7,093**	**100.0%**	**446,997**	**100.0%**
Hispanic (of any race)	3,648	51.4%	141,871	31.7%
Non Hispanic	3,445	48.6%	305,126	68.3%

Source: U.S. Census Bureau, Coastplans

POPULATION AGE STRUCTURE

Another interesting aspect of Newman's changing population is the out-migration of an increasingly broad segment of Newman's young people. According to the U.S. Census, there has been a noticeable reduction in population in the age cohorts of 25 to 29 and 30 to 34. Approximately 10 percent of Newman's population was in these age cohorts in 1990, but by 2000, this percentage had dropped to approximately seven percent. This reduction added to an already constricted population in the age cohort 20 to 25 years that was evident in 1990. Figure II-2 shows the population pyramid for Newman in 2000.

Figure II-2
Newman Population Pyramid
2000



Source: U.S. Census Bureau; Coastplans

Projected Population Growth

According to the *Newman 2030 General Plan* (October 2006), Newman expects to add 8,773 new housing units at buildout. StanCOG estimates Newman's 2030 population to be 38,582 persons, growing at a 5.7 percent annual average growth rate. Newman's actual growth rate since the last Housing Element update (i.e., 2003 to 2008) was 6.4 percent.

Household Composition

Newman is a traditional family city. According to the U.S. Census Bureau, approximately 63 percent of all households in Newman are headed by a married couple. This compares to 57 percent for Stanislaus County as a whole. Newman also has a lower percentage of single-parent

households and persons living alone than Stanislaus County as a whole. Table II-4 shows household composition for Newman and Stanislaus County. It is likely that household composition has changed since 2000, with a greater proportion of married couple families. This is because new homes are typically purchased by families with two incomes (e.g., married couples), and most of the new residents in Newman are there because they recently purchased a new house.

Table II-4
Household Composition
Stanislaus County and Newman
2000

	Newman		Stanislaus County	
	Number	**Percent**	**Number**	**Percent**
Family households				
Married-couple family	1,323	63.3%	82,930	57.1%
Other family				
Male householder, no wife present	110	5.3%	8,201	5.7%
Female householder, no husband present	242	11.6%	18,982	13.1%
Non-family households				
Male householder				
Living alone	122	5.8%	11,465	7.9%
Not living alone	63	3.0%	4,194	2.9%
Female householder				
Living alone	189	9.0%	16,723	11.5%
Not living alone	41	2.0%	2,651	1.8%
Total	2,090	100.0%	145,146	100.0%

Source: U.S. Census Bureau; Coastplans

Housing Stock Characteristics

This section describes Newman's housing stock characteristics, with comparisons to surrounding cities and Stanislaus County. The information in this section comes primarily from the U.S. Census Bureau, the California Department of Finance, and StanCOG, and the City of Newman.

Housing Stock Growth and Composition

Newman's housing stock is predominantly single family, with approximately 11 percent of all housing stock being multi-family (down from 14 percent in 2003). Newman's growth in dwelling units since the 2003 Housing Element Update (908 dwelling units) represents a 39 percent increase in the number of dwelling units in the city (an annual average rate of growth of 6.8 percent). During this time, the proportion of single family dwellings increased to 88 percent (from 86 percent in 2003).

When compared to other Stanislaus County jurisdictions, Newman's housing stock has a larger proportion of single family housing than the county as a whole (88 percent v. 79 percent) and a corresponding lower proportion of multi-family housing (11 percent v. 16 percent). When compared with California as a whole, the slight disparity widens for single family housing (88 percent v. 64 percent) and for multi-family housing (11 percent v. 31 percent). Table II-5 compares Newman's housing stock to that of other Stanislaus County jurisdictions and to California.

Table II-5
Comparison of Housing Stock Composition
Stanislaus County Jurisdictions
2008

Jurisdiction	Total	Single Family		Multiple Family		Mobile Homes	Percent of Total
		Single Family	Percent of Total	Multi Family	Percent of Total		
Ceres	13,279	10,753	81.0%	1,814	13.7%	712	5.4%
Hughson	1,937	1,641	84.7%	207	10.7%	89	4.6%
Modesto	74,700	56,795	76.0%	15,854	21.2%	2,051	2.7%
Newman	3,243	2,853	88.0%	364	11.2%	26	0.8%
Oakdale	7,227	5,776	79.9%	1,208	16.7%	243	3.4%
Patterson	5,999	5,656	94.3%	214	3.6%	129	2.2%
Riverbank	6,447	5,792	89.8%	366	5.7%	289	4.5%
Turlock	23,993	17,575	73.3%	5,814	24.2%	604	2.5%
Waterford	2,623	2,245	85.6%	349	13.3%	29	1.1%
Unincorporated	37,174	30,626	82.4%	1,389	3.7%	5,159	13.9%
Incorporated	139,448	109,086	78.2%	26,190	18.8%	4,172	3.0%
County Total	176,622	139,712	79.1%	27,579	15.6%	9,331	5.3%

Source: California Department of Finance, Coastplans

If the single family dwelling category is broken down into attached and detached units and compared with other jurisdictions, it becomes evident that Newman has developed proportionately fewer of the more affordable forms of attached single family housing, such as the halfplex and other types of zero-lot-line development, than any of its neighboring Stanislaus County cities. On average, 5.5 percent of the single family housing stock in incorporated communities in Stanislaus County is attached housing. Table II-6 compares attached and detached housing in Stanislaus County jurisdictions.

Table II-6
Attached and Detached Single Family Dwelling Units
Stanislaus County Jurisdictions
2008

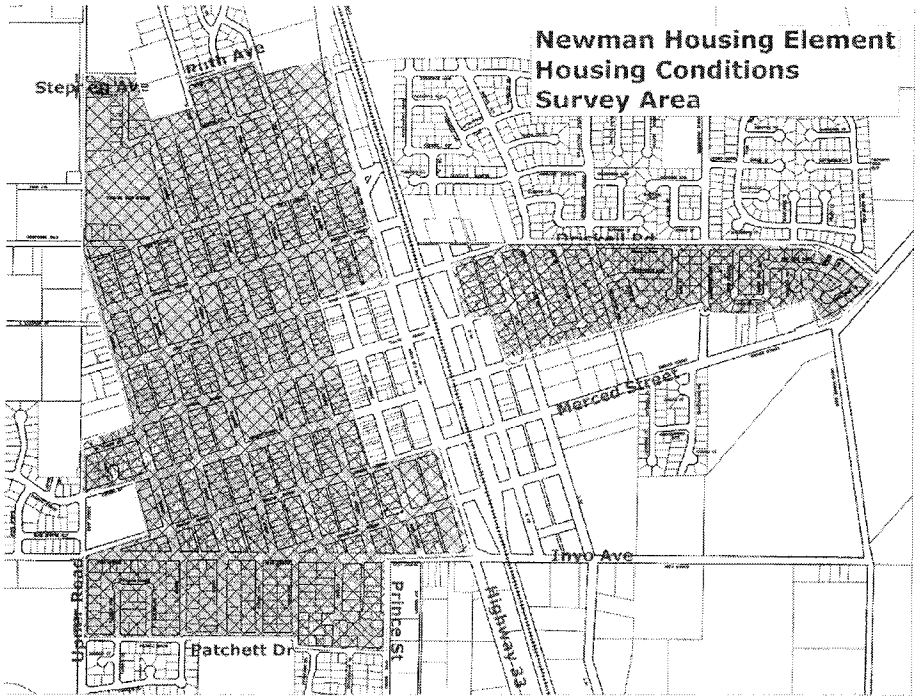
Jurisdiction	Total SFD	Detached	Percent of Total	Attached	Percent of Total
Ceres	10,753	10,406	96.8%	347	3.2%
Hughson	1,641	1,576	96.0%	65	4.0%
Modesto	56,795	52,785	92.9%	4,010	7.1%
Newman	2,853	2,777	97.3%	76	2.7%
Oakdale	5,776	5,520	95.6%	256	4.4%
Patterson	5,656	5,466	96.6%	190	3.4%
Riverbank	5,792	5,605	96.8%	187	3.2%
Turlock	17,575	16,614	94.5%	961	5.5%
Waterford	2,245	2,181	97.1%	64	2.9%
Unincorporated	30,626	29,029	94.8%	1,597	5.2%
Incorporated	109,086	102,930	94.4%	6,156	5.6%
County Total	139,712	131,959	94.5%	7,753	5.5%

Source: California Department of Finance, Coastplans

Age and Condition of Housing Stock

Newman's housing stock is relatively new and in good condition. A windshield survey was conducted in those neighborhoods of Newman identified in the *Newman 2030 General Plan* as "mature residential neighborhoods" constructed primarily in the 1940s through the 1970s. The survey area contained 952 housing units—most of the pre-1980 housing stock in the city—which represents approximately 30 percent of the total housing stock in the city. Figure II-3 shows the neighborhoods surveyed.

Figure II-3
Surveyed Neighborhoods



Source: Coastplans; City of Newman

Survey Results

Each of the 952 houses in the survey area were inspected from the street, and where any one of four categories of problems was detected—foundation, roofing, siding/stucco, and windows—a survey form was completed for the property. In all, 47 survey forms were completed (see "Newman 2030 General Plan Housing Element, Housing Conditions Survey)." Table II-7 summarizes the results of the survey.

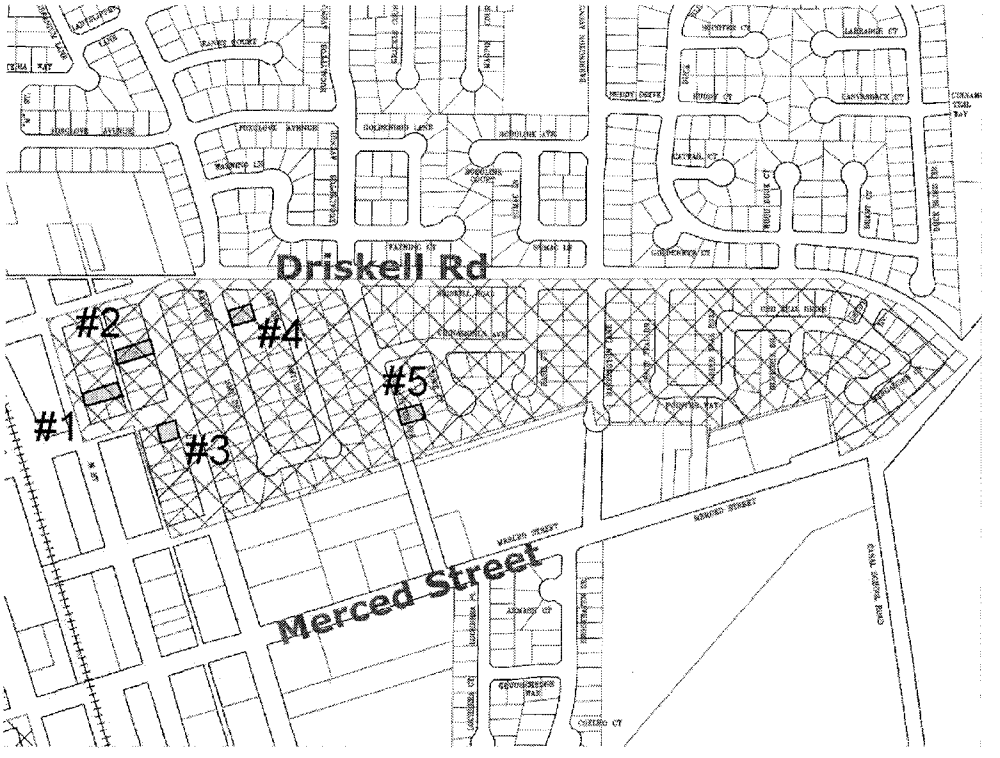
Table II-7
Housing Conditions Survey Results

Number of Units	Numerical Score	Condition
930 Units	9 or less	Sound
905 Units	[No form completed]	Sound w/ no detectable problems
25 Units	[Form completed]	Sound w/ detectable problems
11 Units	10 to 15 points	Minor problems
7 Units	16 to 39 points	Moderate problems
3 Units	40 to 55 points	Substantial problems
1 Units	56 and over points	Dilapidated

Source: Coastplans, 2008

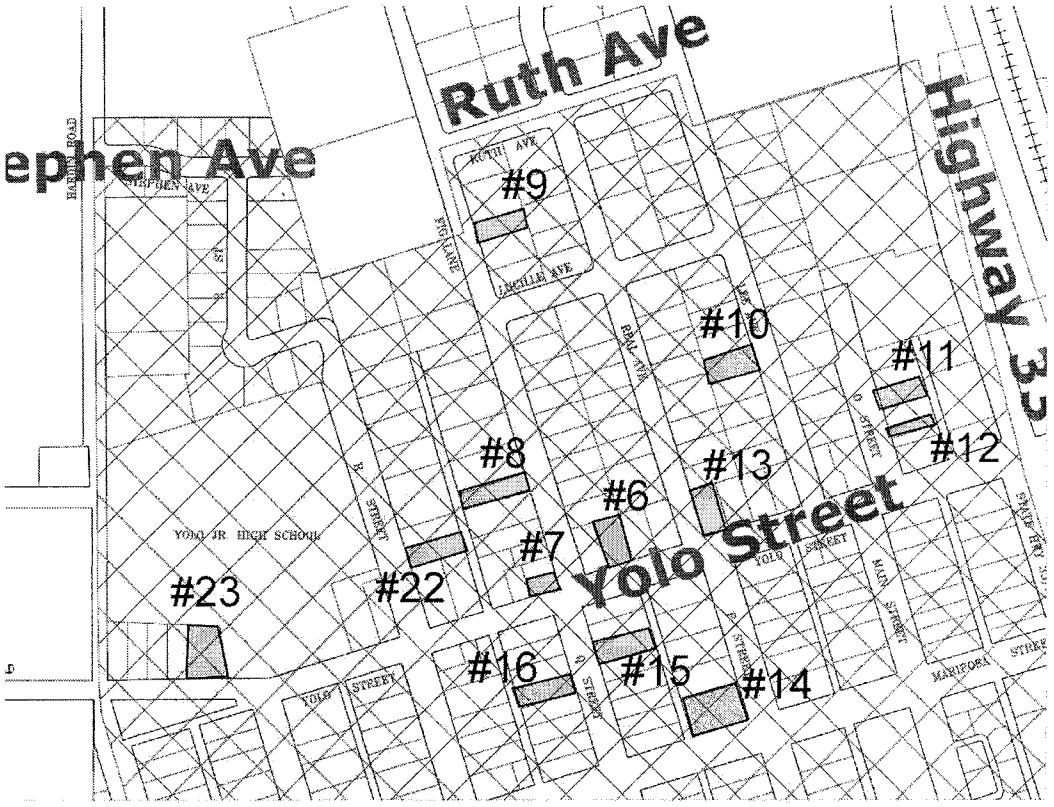
Figures II-4 through II-7 show more detailed maps of the survey area and indicates which properties had units for which a survey form was completed (the numbers on the map correspond to the survey sheet numbers). In general, problems were scattered throughout the survey area, with no pronounced cluster of problem houses.

Figure II-4
East of Highway 33



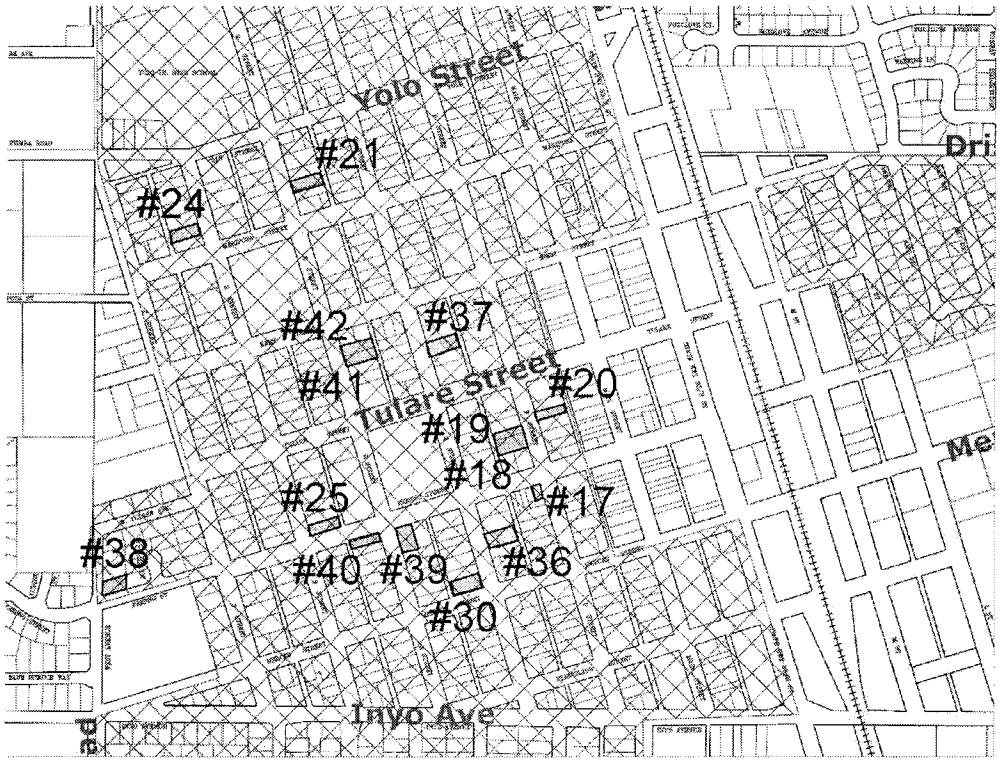
Source: Coastplans, 2008

Figure II-5
Yolo Street Area



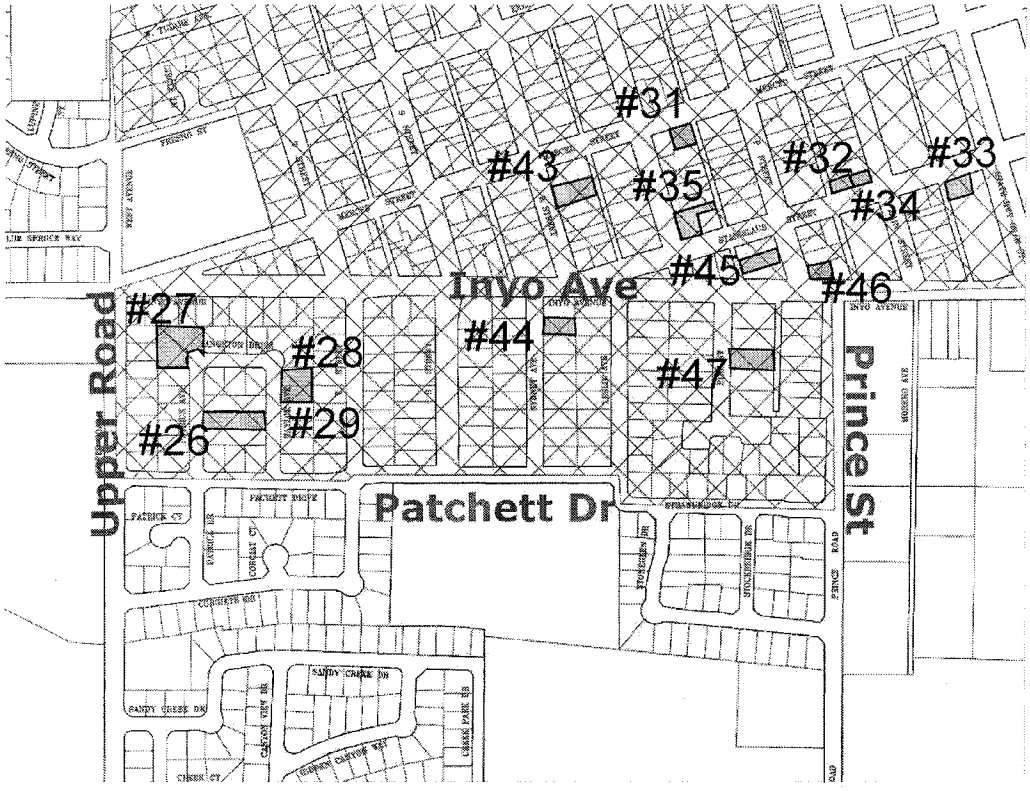
Source: Coastplans, 2008

Figure II-6
West of Downtown



Source: Coastplans, 2008

Figure II-7
Inyo Avenue Area



Source: Coastplans, 2008

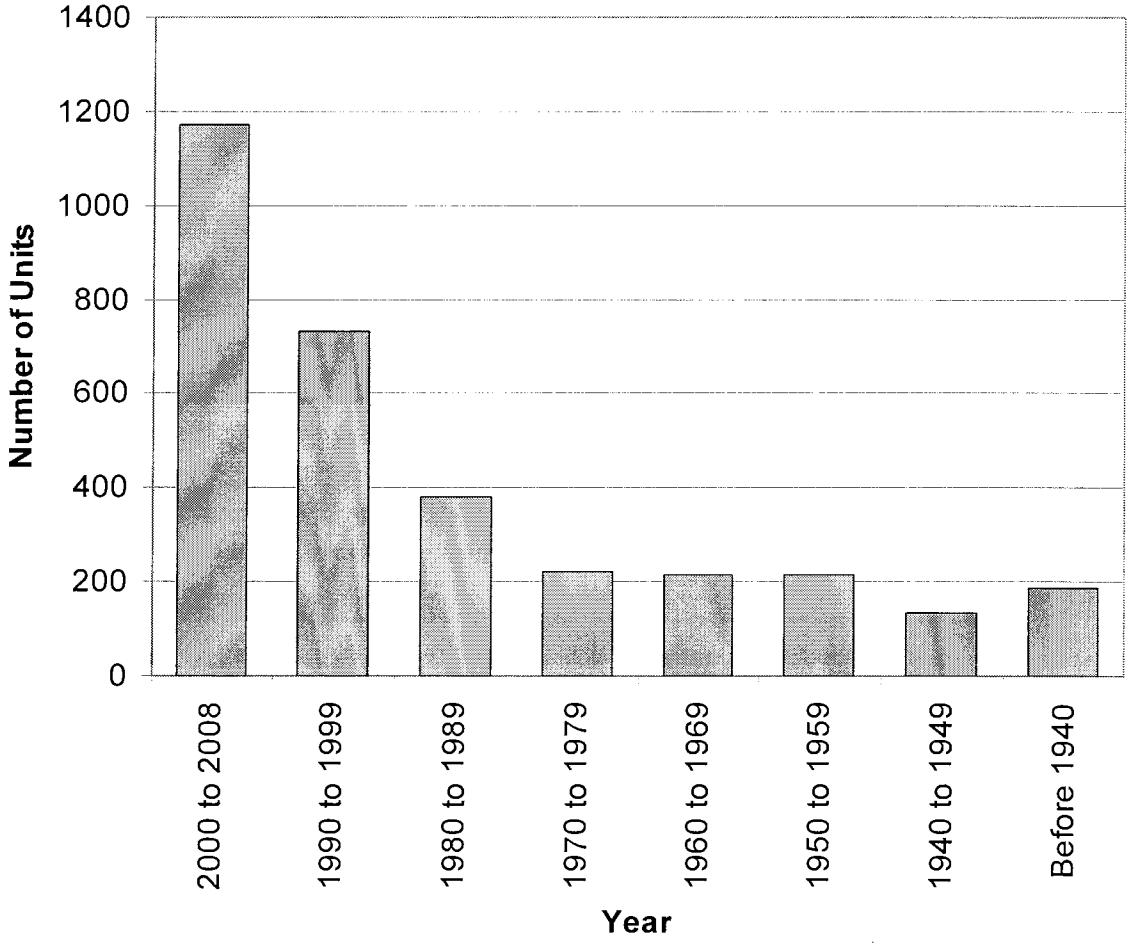
Finally as noted below, vacancy rates in Newman have remained essentially constant between 2003 and 2008 indicating that the higher demand for housing noted in 2003 has continued. As occupied units are more likely to be regularly maintained, this trend reinforces the data on housing rehabilitation activity and suggests that housing conditions continue to improve in Newman.

According to the U.S. Census Bureau, in 2000 the median year in which Newman's housing stock was constructed was 1983. A decade ago, the median year built for Newman's housing was

1969. This data was updated using California Department of Finance housing data for the years 2000 through 2008. With this new data factored in, the median year is now approximately 1990. Figure II-8 summarizes information on the age of Newman's housing stock.

Figure II-8
Year Structure Built
City of Newman
2008

Median Year Built ≈ 1990



Source: Coastplans; California Department of Finance; U.S. Census Bureau

HOUSING TENURE

Newman has a high percentage of homeownership. Approximately 28 percent (595 units) of Newman's housing units were occupied by renters in 2000. This is down from approximately 33 percent in 1990 and is significantly less than Stanislaus County's 2000 housing stock as a whole, 38 percent of which is occupied by renters. Table II-8 shows tenure by housing type for Newman.

Table II-8
Housing Tenure by Type
City of Newman
2000

Type of Unit	Total Occupied Units	Owner Occupied	Renter Occupied	Percent Renter Occupied
SFD Detached	1,757	1,409	348	19.8%
SFD Attached	77	55	22	28.6%
2	40	0	40	100.0%
3 or 4	81	13	68	84.0%
5	44	0	44	100.0%
10 to 19	21	0	21	100.0%
20 to 49	24	0	24	100.0%
50 plus	20	0	20	100.0%
Mobile Home/Other	26	18	8	30.8%
Total	2,090	1,495	595	28.5%

Source: Census 2000; Coastplans

VACANCY RATES

While vacancy rates in Newman dropped significantly between 1990 and 2003 (from 11.56 to 4.45 percent), they have remained essentially constant between 2003 and 2008 (from 4.45 to 4.44 percent) indicating that the higher demand for housing noted in 2003 has continued. A community's vacancy rate provides a quantified measure of the health of the local housing market. A high vacancy rate indicates an overabundance of housing stock, which is often in need of rehabilitation; a low vacancy rate indicates a tight housing market with few choices and high rents. As a rule of thumb, a vacancy rate of 4.5 to 5.0 percent indicates a market reasonably well balanced between supply and demand. Newman's vacancy rate is higher than other Stanislaus County jurisdictions, except the unincorporated county. Table II-9 shows vacancy rates for Stanislaus County jurisdictions from 1990 through 2008.

Table II-9
Comparative Vacancy Rates
Stanislaus County Cities
1990 to 2008

	1990	1995	2000	2003	2005	2008
Ceres	5.44	5.43	3.14	3.13	3.14	3.13
Hughson	5.33	5.33	2.32	2.37	2.34	2.37
Modesto	4.80	4.80	3.30	3.30	3.31	3.30
Newman	11.56	11.54	4.46	4.45	4.43	4.44
Oakdale	4.01	4.00	3.36	3.35	3.35	3.35
Patterson	5.07	5.07	3.56	3.57	3.57	3.60
Riverbank	3.95	3.96	3.28	3.26	3.26	3.26
Turlock	4.62	4.61	3.60	3.59	3.60	3.60
Waterford	3.02	3.04	4.33	4.34	4.33	4.31
Unincorporated	5.59	5.59	5.03	5.03	5.03	5.03
Incorporated	4.86	4.86	3.38	3.38	3.38	3.38
County Total	5.04	5.03	3.75	3.74	3.74	3.73

Source: California Department of Finance, Table E5 and E5a

Lack of Overcrowding

Newman does not suffer from overcrowding. An overcrowded dwelling unit is defined as one in which more than 1.01 persons per room resides (excluding kitchen and bath). According to U.S. Census Bureau, approximately 18 percent of all dwelling units in Newman were overcrowded in 2000. This is only slightly more than the rate of overcrowding in Stanislaus County and California as a whole. This finding is consistent with the healthy vacancy rates discussed above and the relatively normal persons per household rate (3.448 persons per household) shown in Table II-1. Table II-10 summarizes data on overcrowding in 2000.

Table II-10
Overcrowding
Newman, Stanislaus County and California
2000

	Total Occupied Units	Overcrowded (Owner Occupied)	Overcrowded (Renter Occupied)	Total Overcrowded	Percent of Total
Newman	2,090	237	137	374	17.89%
Stanislaus County	145,146	8,202	11,918	20,120	13.86%
California	11,502,870	562,016	1,186,336	1,748,352	15.20%

Source: U.S. Census Bureau; Coastplans

Employment and Income

UNEMPLOYMENT

Like many communities located in agricultural areas, Newman suffers from a high unemployment rate. According to the California Economic Development Department (EDD), Newman's unemployment rate was slightly less than Stanislaus County as a whole but considerably higher than California's in 2008 (15.1 percent and 7.6 percent, respectively). Table II-11 shows employment statistics for selected Stanislaus County places in 2008.

Table II-11
Annual Average Employment and Unemployment
Stanislaus County Jurisdictions
2008

			Unemployment	
Area Name	**Labor Force**	**Employment**	**Number**	**Rate**
Stanislaus County	243,500	217,800	25,700	10.6%
Ceres	18,900	16,400	2,500	13.3%
Denair (CDP)	2,100	2,000	100	5.1%
Hughson	2,200	1,900	300	12.8%
Keyes (CDP)	2,000	1,600	400	17.8%
Modesto	105,500	95,900	9,600	9.1%
Newman	3,400	2,900	500	15.1%
Oakdale	9,000	8,200	800	9.3%
Patterson	6,200	5,300	900	14.5%
Riverbank	8,900	7,500	1,400	15.6%
Salida (CDP)	7,000	6,500	500	7.2%
Turlock	30,000	27,600	2,400	7.9%
Waterford	3,700	3,300	400	9.7%

Source: California Economic Development Department (Preliminary 2008) http://www.labormarketinfo.edd.ca.gov.

HUD Income Limits and Newman's Median Family Income

Each year the California Department of Housing and Community Development (HCD) publishes income limits (based on data from U.S. Department of Housing and Urban Development) to be used in conjunction with state and federal housing programs. State housing law requires housing developers to use these income limits when defining income for various housing programs (Health and Safety Code § 50079.5). The median family income for a family of four in Stanislaus County was $56,500 in 2008. Since the 2003 Housing Element, the California Department of Housing

and Community Development (HCD) has added an income category called: "Extremely Low Income," which represents 30 percent of area median income. Table II-12 shows HCD income limits for Stanislaus County in 2008.

Table II-12
2008 Income Limits
Stanislaus County

Median Family Income = $56,500

	1 Person	2 Person	3 Person	4 Person
Extremely Low Income (up to 30% of Median)	$11,850	$13,550	$15,250	$16,950
Very Low Income (30% to 50% of median)	19,800	22,600	25,450	28,250
Lower Income (50% to 80% of median)	31,650	36,150	40,700	45,200
Median (80% to 100% of median)	39,600	45,200	50,900	56,500
Moderate (100% to 120% of median)	$47,500	$54,200	$61,000	$67,800

Source: Department of Housing and Community Development

In 2003, Newman's median family income ($44,703) was approximately 93 percent of that of Stanislaus County ($48,000). With the influx of new home owners, Newman's median family income has probably increased to something between 93 percent and 100 percent of that of Stanislaus County as a whole. Therefore, the price established by HCD for a dwelling unit affordable to any particular income group (say very-low-income families) should generally be affordable for families in Newman.

Affordability, Housing Costs, and Overpayment

The following section reviews affordability, housing costs, and overpayment.

Rental Affordability and Costs

Rental housing in Newman is generally affordable. According to classified advertisements in the West Side Index, Newman's weekly newspaper (http://www.westsideconnect.com/), rents for three-bedroom, two-bath houses ranged from $900 to $1,200 per month in October 2008. Two-bedroom apartments were $600 to $800 per month. The family earning the County median family income of $56,500 and spending 30 percent of its income on housing could afford approximately $1,400 in monthly rent. Table II-13 shows rental affordability for all income groups in Newman.

Table II-13
Rental Affordability
Stanislaus County

	HCD Annual Income Limit[1]	Affordable Monthly Rent[2]
Extremely Low Income (up to 30%)	$16,950	$423
Very Low Income (Up to 50%)	28,250	706
Low Income (50% to 80%)	45,200	1,129
Median (80% to 100%)	56,500	1,412
Moderate (100% to 120%)	67,800	1,695
Above Moderate (120% plus)	$67,800+	$1,695+

Notes: [1]*Income limit for a four-person family as defined by HCD in 2008*
[2]*Assumes 30 percent of monthly income*
Sources: *Coastplans; California Department of Housing and Community Development*

Ownership Affordability and Costs

The upheaval in the housing market that began in early 2008 and the financial crisis that the country is currently embroiled in has injected a high degree of uncertainty into the local housing markets. Housing prices have come down dramatically—from a high $420,000 in 2005 to the

current low of approximately $140,000 (March 2009)[1]—but a high number of foreclosures has resulted in a tight credit market and wary consumers. According to Realtytrac (http://www.realtytrac.com), there were 343 houses in some state of foreclosure in Newman as of March 18, 2009. So while housing is more affordable than it has been in years, qualifying for a mortgage can be very challenging. A new house in one of Newman's developing subdivisions start at $125,000 in Park Villa.

The family earning the County median family income of $56,500 and spending 30 percent of its income on housing can afford a $261,770 house. Figure II-9 shows the median price of homes sales in the Newman Area between 2003 and 2008. Table II-14 shows ownership affordability for Newman.

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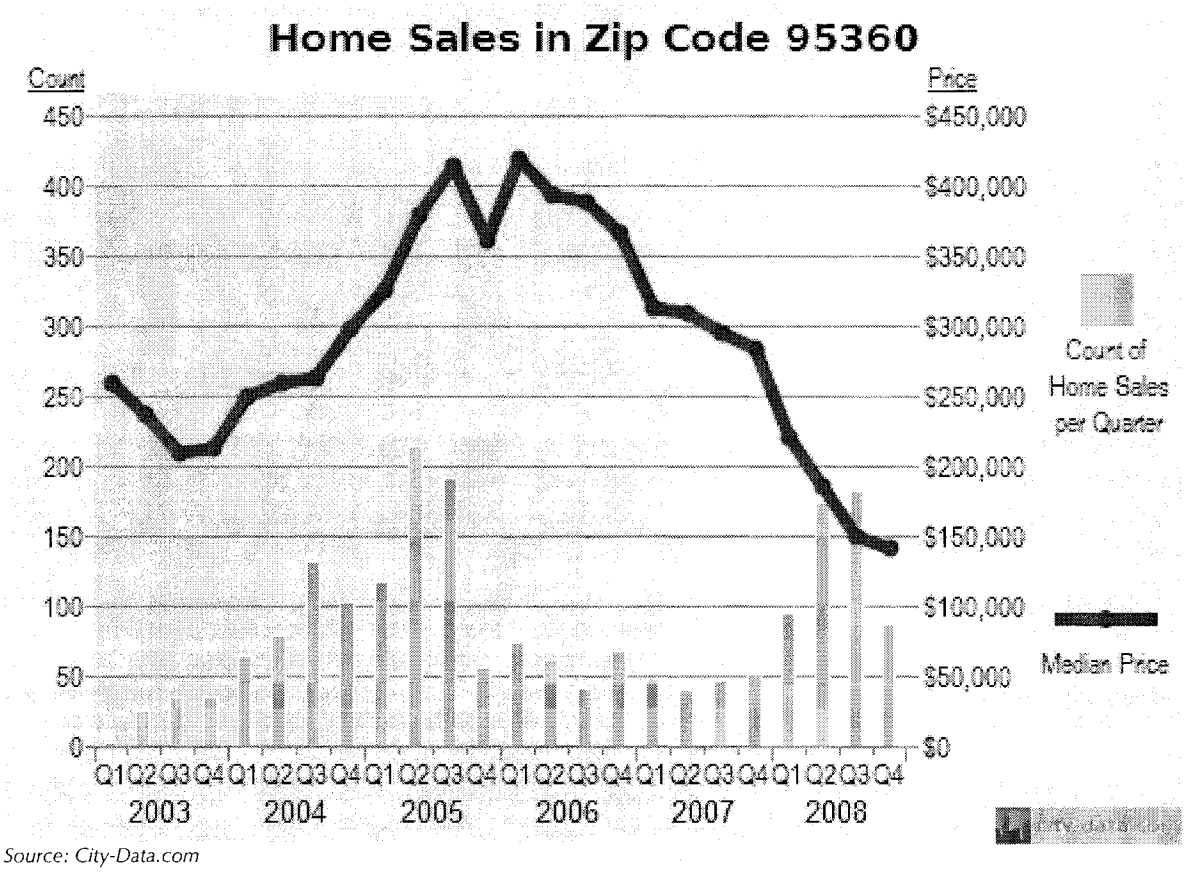
[1] According to City-data.com (http://www.city-data.com/real-estate/NEWMAN-CA-95360.html), the median sales price for a house in the 95360 zip code area was approximately $190,000 in the second quarter 2008.

Figure II-9
Median Sales Price
Zip Code 95360



Source: City-Data.com

Table II-14
Ownership Affordability
Stanislaus County

Median Housing Price (2009) = $140,000

	HCD Annual Income Limit[1]	Mortgage[2]	Monthly Payment	Price of Affordable House[3]
Very Low Income (Up to 50%)	$28,250	$117,797	$706	$130,885
Lower Income (50% to 80%)	45,200	$188,475	$1,130	$209,416
Median (80% to 100%)	56,500	$235,593	$1,413	$261,770
Moderate (100% to 120%)	67,800	$282,712	$1,695	$314,124
Above Moderate (120% plus)	$67,800+	$282,712+	$1,695+	$314,124+

Notes: [1]*Income limit for a four-person family as defined by HCD in 2008*
[2]*Assumes 30 percent of income for house expense, 6.00 percent interest rate, 30-year fixed-rate mortgage*
[3]*Assumes a 10 percent down payment*
Sources: *City-Data.com; California Department of Housing and Community Development; Coastplans*

The 2003 Housing Element reported that housing prices ranged from $175,000 to $235,000 with new houses ranging from an entry level of $220,000 to an upscale $300,000. Housing prices in 2008 have collapsed to 2003 levels and lower. Again, uncertainty in the financial markets and low consumer confidence has brought much of the housing market to a standstill, so at least for the foreseeable future, consumers will not benefit from the lower prices.

Overpayment for Housing

There is a lower incidence of overpayment for housing in Newman than in Stanislaus County as a whole. As a rule of thumb, housing is considered affordable if less than 30 percent of household income is spent on rent or mortgage. According to the U.S. Census Bureau, approximately 55 percent of Newman's lower-income owner households and 50 percent of lower-income renter households paid more than 30 percent of their income in 2000. This compares to Stanislaus County as a whole with 56 percent lower-income owner households and 61 percent of lower-

income renter households, overpaying for housing. Table II-15 compares overpayment for housing between Newman and Stanislaus County.

Table II-15
Overpayment for Housing
Low-Income Households Paying More Than 30% of Income on Housing
Stanislaus County and Newman

	Lower-Income Households		Lower-Income Households Overpaying			
	Owners	**Renters**	**Owners**	**Renters**	**Percent Owners**	**Percent Renters**
Newman	615	379	340	189	55.3%	49.9%
Stanislaus County	25,164	36,622	14,021	22,425	55.7%	61.2%

Sources: U.S. Census Bureau; California Department of Housing and Community Development; Coastplans

Housing Needs

This section describes Newman's housing needs, with comparisons to surrounding cities and Stanislaus County. The information in this section comes primarily from StanCOG, the California Department of Housing and Community Development, the California Department of Finance, the U.S. Census Bureau, the Stanislaus County Housing Authority, social service providers, and the City of Newman.

Summary of Demographic and Housing Research

The results of demographic and housing research, which are presented in the sections above, paint a picture of a small Central Valley town increasingly influenced by the Bay Area economy.

- ✓ Newman is experiencing a relatively high rate of growth. Since the last Housing Element Update adopted in 2003, Newman's population grew at an annual average rate of growth of 6.4 percent, adding approximately 2,800 persons.
- ✓ Most of this new population was attracted by the availability of new housing.

- ✓ Almost a third of Newman's residents moved to the city since 1995.
- ✓ Newman has been hit hard by the collapse of the housing market; there were approximately 343 houses in some stage of foreclosure in 2009.
- ✓ Many Newman residents are traveling longer distances to get to work. Approximately half of Newman's workforce was traveling more than 15 minutes to work in 1990; this percentage increased to approximately 70 percent in 2000.
- ✓ Newman is experiencing the out-migration of an increasingly broad segment of its young people. When analyzing changes in Newman's age structure between 1990 and 2000, there is a noticeable reduction in population in the age cohorts of 25 to 29 and 30 to 34.
- ✓ Newman is a traditional family city. Approximately 63 percent of all households in Newman are headed by a married couple compared to 57 percent for Stanislaus County as a whole. Newman also has a lower percentage of single-parent households and persons living alone than Stanislaus County as a whole.
- ✓ Newman's housing stock is predominantly single family, with approximately 11 percent of all housing stock being multi-family.
- ✓ Newman's housing stock is relatively new and in good condition. A recent survey found only 11 units with moderate to substantial rehabilitation needs. One unit was dilapidated.
- ✓ Newman has an increasing percentage of homeownership. Approximately 28 percent (595 units) of Newman's housing units were occupied by renters in 2000. This is down from approximately 33 percent in 1990 and is significantly less than Stanislaus County's 2000 housing stock as a whole, 38 percent of which is occupied by renters.
- ✓ Newman's vacancy rate remained about the same since 2003 at a healthy 4.44 percent.
- ✓ Like many communities located in agricultural areas, Newman suffers from a high unemployment rate. Newman's unemployment rate was slightly less than Stanislaus County as a whole but considerably higher than California's in 2008 (15.1 percent and 7.6 percent, respectively).
- ✓ Newman's median family income is comparable to that of Stanislaus County, so the price for an affordable dwelling unit suggested by HUD income limits should generally be affordable for families in Newman.

- ✓ Rental housing in Newman is generally affordable. Rents for three-bedroom, two-bath units ranged from $900 to $1,200 per month between January and June 2008. Smaller two-bedroom units ranged from $600 to $800 per month. The median income family can afford approximately $1,400 in monthly rent.
- ✓ For-sale housing in Newman is generally affordable. While the median sales price rose as high as $420,000 in 2005, since then prices have collapsed to 2003 levels and lower. The median income family can afford a $261,000 house.
- ✓ There is a lower incidence of overpayment for housing in Newman than in Stanislaus County as a whole.

NEWMAN'S SHARE OF REGIONAL HOUSING NEEDS

Newman's share of regional housing needs originates with the California Department of Housing and Community Development (HCD). HCD first estimates a statewide need for housing, which is broken down into regions, each of which then has an assigned share of estimated housing needs. The Stanislaus County Council of Governments (StanCOG) is the local agency mandated by California Government Code §65554(a) to distribute the "Fair Share Allocation" of the regional housing need to each jurisdiction in Stanislaus County. The "Fair Share Allocation" of housing is a specific number of residential units, in different price ranges, assigned to each local jurisdiction including Newman.

Because this allocation applies to the period starting on January 1, 2007, dwelling units built in Newman since that time must be deducted from the total to determine the number of units needed for the balance of the planning period. Table II-16 shows the official StanCOG allocation and the number of units built since January 1, 2007.

Table II-16
Newman's Housing Needs Allocation
StanCOG
2007-2014

	Total Units	Very Low Income	Low Income	Moderate Income	Above Moderate Income
Percent	100.0%	23.2%	16.3%	19.2%	41.2%
StanCOG	422	98	69	81	174
Units Built Since Jan 2007	83	0	0	0	83
Remaining Need (StanCOG)	339	98	69	81	91

Source: Stanislaus County Council of Governments; Coastplans

Special Housing Needs

An assessment of the housing needs of individuals that may have special needs within the community is a required part of a Housing Element as mandated by State HCD. Special Need individuals are defined in the following categories:

- ✓ Elderly persons over 65 years of age,
- ✓ Persons with disabilities,
- ✓ Families with female heads of households,
- ✓ Large families,
- ✓ Families or persons in need of emergency shelter or transitional housing; and
- ✓ Farmworkers.

Based on US Census Bureau 2000 data, the total number of persons in Newman within each of the Special Needs categories is shown in Table II-17.

Table II-17
Summary of Special Needs Housing
2000

Special Needs Category	Number
Households with Elderly (65+ years) Living Alone	151
Households with Elderly (65+ years) Living with Someone	275
Persons Living in Institutional Care (Nursing Home)	66
Large Households (6+ persons) Living in Owner-Occupied Unit	210
Large Households (6+ persons) Living in Renter-Occupied Unit	36
Female Householder (no husband present)	242
Male Householder (no wife present)	110
Families Living Below Poverty Level	166
Persons Visibly Living in Street Locations	15
Disabled Persons (mobility or self-care limitation)	1,160
Persons in Agriculture Industries	333

Source: U.S. Census Bureau

Disabled Persons

The term "disabled" refers to a disability (physical, mental, or sensory) which prevents or precludes a person from doing work either in or outside of the home. The number of disabled persons in a community has important implications for providing certain social services, in the removal of barriers to facilities, and in developing housing which has specialized access for disabled residents.

According to the 2000 Census, 733 of Newman's residents aged 16 to 64 had work disabilities. This represented 11.5 percent of the work force. A person with a work disability may have a health condition which limits the kind or amount of work which he or she can do or which prevents working at a job or business altogether. A work disability may also be defined as a health

condition which limits the choice of jobs. Table II-18 shows work disability information for Newman, Stanislaus County, and California according to the 2000 Census.

Table II-18
Work Disability Status Ages 16 to 64
Newman, Stanislaus County and California
2000

	Newman		Stanislaus County		California	
	No.	Percent	No.	Percent	No.	Percent
5 to 15 years:	1,638	25.8%	89,270	21.9%	5,813,105	18.8%
With a disability	75	1.2%	5,138	1.3%	277,503	0.9%
No disability	1,563	24.6%	84,132	20.6%	5,535,602	17.9%
16 to 64 years:	4,122	64.8%	274,326	67.2%	21,570,148	69.9%
With a disability:	733	11.5%	61,605	15.1%	4,180,265	13.5%
Employed	258	4.1%	28,814	7.1%	2,250,371	7.3%
Not employed	475	7.5%	32,791	8.0%	1,929,894	6.3%
No disability:	3,389	53.3%	212,721	52.1%	17,389,883	56.4%
Employed	1,990	31.3%	140,625	34.4%	12,020,189	39.0%
Not employed	1,399	22.0%	72,096	17.7%	5,369,694	17.4%
65 years and over:	599	9.4%	44,639	10.9%	3,469,810	11.2%
With a disability	352	5.5%	20,948	5.1%	1,465,593	4.8%
No disability	247	3.9%	23,691	5.8%	2,004,217	6.5%
Total	6,359		408,235		30,853,063	

Source: U.S. Bureau of the Census, 2000

The Census also identified those residents with mobility and self-care limitation disabilities. As Table II-19 indicates, 20.1 percent of Newman's residents aged 16 and over (476 persons) had a go-outside-home disability in 2000.

Table II-19
Disability Type by Age Group
Newman, Stanislaus County, and California
2000

	Newman		Stanislaus County		California	
	No.	Percent	No.	Percent	No.	Percent
Total disabilities	2,360	100.0%	159,757	100.0%	10,592,411	100.0%
Total disabilities 5 to 15 years	93	3.9%	6,647	4.2%	373,407	3.5%
Sensory disability	20	0.8%	963	0.6%	51,855	0.5%
Physical disability	7	0.3%	890	0.6%	54,991	0.5%
Mental disability	48	2.0%	4,065	2.5%	205,676	1.9%
Self-care disability	18	0.8%	729	0.5%	60,885	0.6%
Total disabilities 16 to 64 years	1,454	61.6%	111,007	69.5%	7,241,881	68.4%
Sensory disability	93	3.9%	7,488	4.7%	430,965	4.1%
Physical disability	282	11.9%	22,267	13.9%	1,183,313	11.2%
Mental disability	202	8.6%	14,264	8.9%	777,304	7.3%
Self-care disability	108	4.6%	6,109	3.8%	361,699	3.4%
Go-outside-home disability	298	12.6%	22,472	14.1%	1,718,472	16.2%
Employment disability	471	20.0%	38,407	24.0%	2,770,128	26.2%
Total disabilities 65 years and over	813	34.4%	42,103	26.4%	2,977,123	28.1%
Sensory disability	169	7.2%	7,009	4.4%	501,450	4.7%
Physical disability	226	9.6%	13,970	8.7%	985,115	9.3%
Mental disability	135	5.7%	5,858	3.7%	423,518	4.0%
Self-care disability	105	4.4%	5,013	3.1%	345,113	3.3%
Go-outside-home disability	178	7.5%	10,253	6.4%	721,927	6.8%

Source: U.S. Bureau of the Census, 2000

Special needs of disabled persons vary depending upon the particular disability of the person. For example, the needs of a blind person differ greatly from those of persons confined to wheelchairs. Special facilities such as ramps, elevators, or specially designed restrooms necessary for wheelchair access are architecturally features needed to make dwellings suitable for wheelchairs. Special features needed by ambulatory persons constrained by other disabilities may not be

architectural. Instead, these might be simple alterations to conventional dwelling units for furnishing and appliances which make ordinary tasks of housekeeping and home life simpler. In families, the needs of the disabled person, in terms of special features, are fewer than those of a single person. Nevertheless, a disabled person in a family does have special needs. Special architectural features could be valuable in giving this person a greater independence, dignity, and quality of life.

Elderly

The percentage of senior citizens in Newman fell between 1990 and 2000, so that while Newman had a slightly higher percentage of senior citizens in 1990 than Stanislaus County or California as a whole, it now has a significantly lower percentage. The 2000 Census indicated that 11.6 percent of the city's population was 60 years and older, the 1990 Census indicated the percentage was 14.7 percent. These percentages are now lower than for Stanislaus County, where 13.7 percent of the population (14.4 percent in 1990) was over 60. They are also lower than statewide, where 14.0 percent of the population (14.2 percent in 1990) was at least 60.

While older residents are still drawn to Newman because of the city's overall low cost of living, the stability of the area, and its warm year-round climate, an influx of younger newcomers has lowered the overall percentage of senior citizens in the community. Nonetheless, many of the senior citizens that live in Newman have mobility limitations which restrict their access to other services, such as public transportation, shopping facilities, and senior citizens. Although the West Side Dial-a-Ride will arrange door-to-door pickup, the service provides only limited service to Modesto. Limited shopping facilities in Newman also create difficulties for seniors with transportation difficulties. Gustine, which is just four miles south of Newman, has a medical facility that serves the Newman community.

Large Households

Household size is an important consideration when it comes to planning for housing. Very simply, areas which have large concentrations of small households (i.e., less than five persons) or single-person households need to plan for smaller units, and areas with concentrations of large households (i.e., five persons or more) need to assure that units large enough to accommodate such households are available.

The number of large households in Newman increased between 1990 and 2000, and this influx of large households is weighted toward owner-occupied housing units. The 2000 Census indicated that 24.5 percent of households in Newman were large families, compared with only 20 percent

in 1990. Twenty-seven percent of owner-occupied housing (20 percent in 1990) was occupied by large households, and 18 percent of renter-occupied housing (20 percent in 1990) was occupied by large households. The fact that the housing construction industry has favored large houses in recent years and has moved away from constructing multi-family housing in many market areas has probably influenced this trend.

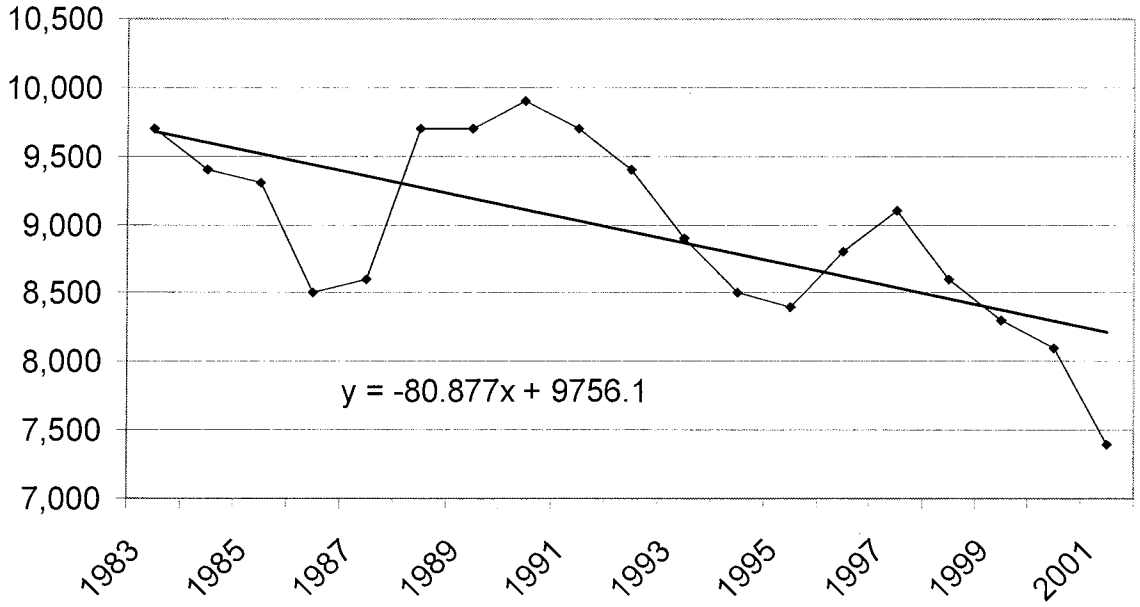
Farmworkers

As in the case for most low-income households, housing needs of farm workers far exceeds government's ability to provide assistance. The Farmer's Home Administration (FmHA) is the most important provider of permanent housing for farm workers, but FmHA assistance suffers from its own income qualifying standards and a shortage of staff and funds. The State HCD and Office of Migrant Services also supplies housing assistance for farm workers. Because farm workers are usually low-income and their employment status is often tenuous, they are unable to compete for housing on the open market. The housing that is available is often of substandard condition and located in areas of the community lacking adequate services. In relation to their low incomes, farm workers often overpay for substandard housing and live in crowded conditions.

Throughout Stanislaus County, farm workers are housed predominately in farm labor camps owned and operated by the Stanislaus County Housing Authority and camps privately owned in the unincorporated areas. Housing in these camps consists of both permanent residential buildings and mobile homes. Within areas in the county, permits are issued with the stipulation that the occupant be employed on a full-time basis in conjunction with the farming operation. Both mobile homes and farm labor camps provide important housing for seasonal or year round workers who may otherwise have a difficult time obtaining housing at an affordable price and within close proximity to their jobs. Within the City of Newman, permanent housing for agricultural workers is a permitted use in all residential zoning districts, and short-term rooming or boarding houses are allowed as a conditional use in the R-2 and R-3 Zoning Districts.

While in the past there was evidence that housing shortages existed during peak seasonal labor periods, StanCOG reports a general trend toward a decreasing number of farm laborers in the county. Figure II-4 shows farm labor trends in Stanislaus County between 1983 and 2001.

Figure II-4
Farm Labor
Stanislaus County
1983 to 2001



Source: StanCOG, 2003

The Stanislaus County Housing Authority maintains an inventory of farm labor and migrant housing, and this inventory is summarized in Table II-20 below.

Table II-20
Farm Labor and Migrant Housing
Stanislaus County Housing Authority Inventory
2003

Location of Farm Labor Housing	Number of Units	Percent of Units
Westley – FmHA Units	85	22.61%
Westley – Mobile Homes/Trailers	20	5.32%
Ceres	104	27.66%
Modesto	91	24.20%
Patterson	76	20.21%
Total	376	100.00%

Source: Stanislaus County Housing Authority

Families Headed by Single Females

The incidence of families headed by single females with children under the age of 18 fell between 1990 and 2000 and is below that of Stanislaus County as a whole. The 2000 Census indicated that 7.9 percent of Newman's families were headed by single females with children under 18, compared to 11.0 percent in 1990. The California Department of Housing and Community Development identifies the following distinguishing characteristics for female householder families:

- ✓ Low homeownership rate
- ✓ Younger householder
- ✓ Children present
- ✓ Low incomes and a high poverty rate
- ✓ Overcrowded
- ✓ High percentage of household income spent for housing

The incidence of poverty in families headed by single females with children under 18 also fell between 1990 and 2000. The 2000 Census indicated that 25.3 percent of female-headed households with children were below poverty, compared to 50.0 percent in 1990. Countywide, 8.4 percent of households were headed by single female parents (10.8 percent in 1990), and 38.6 percent of these households were below poverty (37.4 percent in 1990).

Persons Needing Emergency Shelter and Transitional Housing

Throughout California, homelessness has become a major concern. Factors contributing to the increase in homeless persons and families, and those in need of transitional housing, include:

- ✓ The lack of housing affordable to very-low- and low-income persons
- ✓ Increases in unemployment or underemployment
- ✓ Reductions in government subsidies
- ✓ Deinstitutionalization of the mentally ill
- ✓ Domestic violence
- ✓ Drug addiction
- ✓ Dysfunctional families

According to Chief Adam McGill, at the Newman Police Department, there are approximately 15 homeless persons living in Newman during the course of the year. Some of these persons work on a part-time basis, and most have drug or alcohol problems but are generally not visible on the street. The Police Department receives a few complaint calls periodically but the problem is minor. In addition, the Newman Family Resource Center reported that they are seeing an increase in the need for assistance in paying monthly utility bills. They also reported that they have not seen any increase the need for emergency shelter.

As with all communities, Newman has youth that for one reason or another have chosen to runaway from home. According to Valrie Thompson at Hutton House, a youth shelter located in Modesto, there were approximately 40 youth from Newman sheltered at Hutton House in 2007

and about the same number in 2006. The numbers vary widely from year to year, however, with as few three runaways from Newman in 2003.

The City of Newman posts notices (in English and Spanish) in city hall of shelter services offered by Community Housing and Shelter Services on the first and third Wednesdays in nearby Patterson at the Westside Resource Center.

Agencies Offering Emergency Housing Assistance

Salvation Army, Social Services Program: Under this program, energy bill assistance, as well as housing information and referral are provided to low-income families. In conjunction with the Salvation Army, the Newman Police Department offers limited emergency assistance to very-low to low income residents.

Stanislaus County Housing Authority: The Stanislaus County Housing Authority is located at 1701 Robertson Road, Modesto. The Housing Authority develops and operates subsidized housing facilities in Stanislaus County (with the exception of Riverbank, which has its own Housing Authority), for very low and low-income families, including the elderly, handicapped and disabled families. The Authority also operates housing rehabilitation programs and offers counseling for rent delinquency and mortgage delinquency at no charge, under license from the U.S. Department of Housing and Urban Development.

Emergency and Transitional Shelter Needs: The housing needs of those seeking emergency shelter and/or transitional shelter have dramatically increased in the last ten years. The fastest growing population in need of shelter is families with children. The reason for this increase can be partially attributed to rising unemployment and the decline in affordable housing. A large percentage of mentally ill persons are homeless due to the relaxing of guidelines for state mental health care institutions. Others in need are homeless persons with drug and alcohol problems, battered women and children, teenage runaways, and evicted tenants.

Agencies Providing Emergency Shelter

The following programs offer cash or vouchers to homeless individuals and families for securing temporary shelter:

Santa Fe Project (Inter-Faith Ministries): Located at 120 Kerr Avenue, Modesto, this 109 beds facility, which opened in December 2008, provides emergency winter shelter to homeless families with minor children. The project is open from December 1, through March 31. Families will work with a case manager to work towards the goal of moving into permanent housing.

Community Housing and Shelter Services: Since 1981, the Community Housing and Shelter Services (CHSS) has provided services for those seeking shelter. CHSS provides temporary shelter to those with immediate need. CHSS assists families with dependent children and mentally ill homeless. Stay is temporary, in motels or shelters, until more permanent shelter can be found. CHSS contracts with the Stanislaus County Department of Social Services to find temporary shelter for AFDC Homeless Assistance Program. CHSS receives block grant funding to find shelter for the Mentally Ill Homeless Program. The Program is administered by the Stanislaus County Mental Health Department. The Program provides shelter for stays of three to seven days, based on need and then many individuals are placed in board and care facilities.

The Modesto Men's Gospel Mission and Women's Mission: The Men's Gospel Mission, located at 1400 Yosemite Street, Modesto, is Stanislaus County's primary emergency shelter. The Women's Mission, also located at 1400 Yosemite Boulevard, provides temporary shelter to house single women and women with children for a maximum stay of fourteen days. Over 15,000 meals are served each month, and more than 2,500 men, women, boys and girls are given shelter each year.

In 1997 the Mission completed a $3 million expansion campaign that brought churches, civic organizations, businesses, foundations and individuals together to address a problem facing communities across America. The new facilities are at 1400 Yosemite Blvd, in one of Stanislaus County's most disadvantaged neighborhoods. A father and children's shelter opened in 2000, and a medical clinic in 2001.

Both Missions require that those seeking shelter participate in religious activities, (this requirement also exempts the Missions from receiving any Federal or State funding assistance.) Thus, the missions must rely strictly on donations from local churches and the community. In addition to the basic needs of food, clothing and shelter, the Mission offers New Life Programs, Education and Employment Programs, Children's Safe Zone, Medical and Dental Programs, Addiction Recovery, Resource Counseling and Referral, Spiritual Counseling, and a hand of love to everyone who comes for help.

Hutton House: The Hutton House, which is located at 201 Jennie Street, Modesto, provides temporary shelter for up to six teenagers that may be involved in a family crisis or a conflict situation. Hutton House also provides individual, family and group counseling to its clients. The facility is currently (June 2003) being upgraded to serve a total of eight kids. According to Bonnie Romero, counselor at Hutton House, the facility serves between 20 and 30 kids each month, with a maximum stay of 14 days. Hutton House served three or four kids from the Gustine/Newman area last year.

Agencies Providing Transitional Housing

The Stanislaus County Affordable Housing Corporation (STANCO): STANCO has 40 homes within Stanislaus County utilized for families and individuals with special needs. These include eleven family houses, one house for four unrelated mentally ill homeless adults, one house for two battered women households and their children, and one house for unrelated persons with HIV/AIDS. STANCO is responsible for the program and property management and case management to these families and individuals.

Agencies Providing Shelter and/or Services and/or Meals

The Salvation Army: The Salvation Army, located at 625 I Street, Modesto, serves lunches to about 200 to 220 people per day. Currently, the Salvation Army is seeing an increase of people needing food and clothing. According to the commanding officer for the Modesto Corps, the recent economic downturn, coupled with high unemployment rates and higher energy bills, has increased demand Salvation Army services.

Adult Protective Services: This is a function of the County's Welfare Department and they provide information and act as a referral agency for those in need of help for emergency housing, money, food, mental problems and alcoholism. Their primary function is to access a person's immediate problems and link that person with the appropriate agency for further help.

Mentally Ill Homeless: The Sunshine Place administered by the Stanislaus County Department of Social Services is a drop-in center that provides recreation and socialization for the mentally ill homeless. This center is open five days a week and provides an adult outreach team to work with the mentally ill homeless population. The Sunshine Place is also open two days a week to the general adult homeless population. On the average day, 240 people visit the Sunshine Place. The Department of Social Services also contracts with

the Community Housing and Shelter Services to provide emergency shelter and transportation. As noted above, the STANCO also provides one transitional house to four unrelated adult mentally ill homeless.

Homeless Veterans: In 1996, after a large turnout of homeless veterans in Stanislaus County for the annual Stand Down program; a planning group supported the expansion of the Central Valley Homeless Veteran's program, under the direction of Marvis Hood, Executive Director, to provide transitional housing for homeless veterans. The Central Valley Homeless Veterans, Inc. provides the only annual Stand Down program where homeless veterans within Stanislaus County receive medical, dental, mental health, clothing, nutrition, hygiene, employment, non felonious criminal justice issues assistance and housing placement services on site during the three day "Stand Down".

The Stanislaus County Department of Aging and Veteran's Services: The Mental Health Adult Outreach Team and the Homeless Health Project Outreach Worker refer homeless veterans to the shelter providers and services available within the County. Stanislaus Department of Veterans Services also provides Benefit Counseling and the Medi/Van Program to transport veterans and their families to medical appointments, VA Hospitals, and other hospitals in the Bay Area.

Local Assistance to Homeless Persons

Newman Family Resource Center: The Newman Family Resource Center, which is located at 1300 Patchett Drive, in Newman, provides clothing, food referrals, referrals for social service agencies, immunization clinics, and other family services. Healthy Start acts as an extension service for the Salvation Army, whose main office is located in Modesto.

Newman Police Department: The Police Department is allocated funds through the Salvation Army to assist indigent and homeless persons. Typically, these funds are used to pay for food or gas for persons who become stranded in the Newman area. Local churches also provide clothing and assistance if needed. The Police Department will also arrange transportation for homeless persons to shelters in Modesto, where the Stanislaus County Housing Authority provides temporary shelter (overnight). Motels in western Stanislaus County that offer weekly and monthly rates also serve as a source of transitional housing.

Availability of Services and Land

This section evaluates the availability of public services and facilities and the potential for residential development in Newman.

Public Services

The City of Newman provides water service to areas within the City through a system of municipal wells and distribution pipes, which provide water to all areas of the city. According to the Community Development Director, the City is currently at capacity for water services. The City has immediate plans to include funds in the FY 09/10 budget for the development of one new well to address existing fire-flow deficiencies. The FY 09/10 budget will also include funds for a rate study to reset the basis for providing water service to new development in the coming years.

With regard to sanitary sewer service, the City of Newman maintains a sanitary sewer system that includes a sewer treatment plant and collection system. The City of Newman is currently permitted to treat up to 1.69 MGD and has sufficient capacity to serve areas within the existing city limits. According to the Public Works Director, the City is expected to make treatment plant capacity improvements within the next two years that include a new storage basin and improvements to the aeration system. Additional treatment plant improvements and collection system expansion will depend on the pace of new development.

Vacant and Underutilized Residential Sites

According to a survey completed by Coastplans in March 2009, Newman has approximately 218 acres of vacant and underutilized land currently zoned for residential use which can accommodate approximately 1,285 units. Vacant sites for extremely low-, very low-, and low-income units are in each case an actual approved project, and the assigned development densities reflect approved project plans. Vacant sites for moderate-income units has been broken down into two categories—1) sites that are currently zoned to accommodate moderate-income housing and 2) sites that require rezoning to accommodate moderate-income housing. Assigned development densities for the first group represent actual approved project plans, and densities for the latter category represent the low end of what these types of project have historically achieved in Newman (i.e., 12 dwelling units per gross acre). The Newman Zoning Ordinance allows development up to 23 dwelling units per gross acre (i.e., 29 dwelling units per net acre) in the R-3 Zoning District and 12 dwelling units per gross acre (15 dwelling units per net acre).

For the purpose of this analysis, residential sites that are designated HDR in the *Newman 2030 General Plan* were categorized for extremely low-, very low- or low-income housing. MDR sites and selected mixed-use sites (i.e., D and CR land use designations) were categorized as potential sites for moderate income housing. LDR sites and the balance of the mixed use sites were categorized as potential sites for market rate housing.

Of the 218 acres, approximately 15 acres are available for extremely low-, very low-, and low-income housing; approximately 39 acres are available for moderate-income housing without ant action required on the part of the City to rezone or redesignate the sites; another approximately 34 acres are available for moderate-income housing with some rezoning or redesignation required; and approximately 130 acres are available for market-rate housing. The development potential for these sites is shown in Table II-21, which lists Newman's vacant and underutilized housing sites. Figure II-5 shows the location of each vacant or underutilized site in Newman.

Table II-21
Vacant and Available Sites
2009

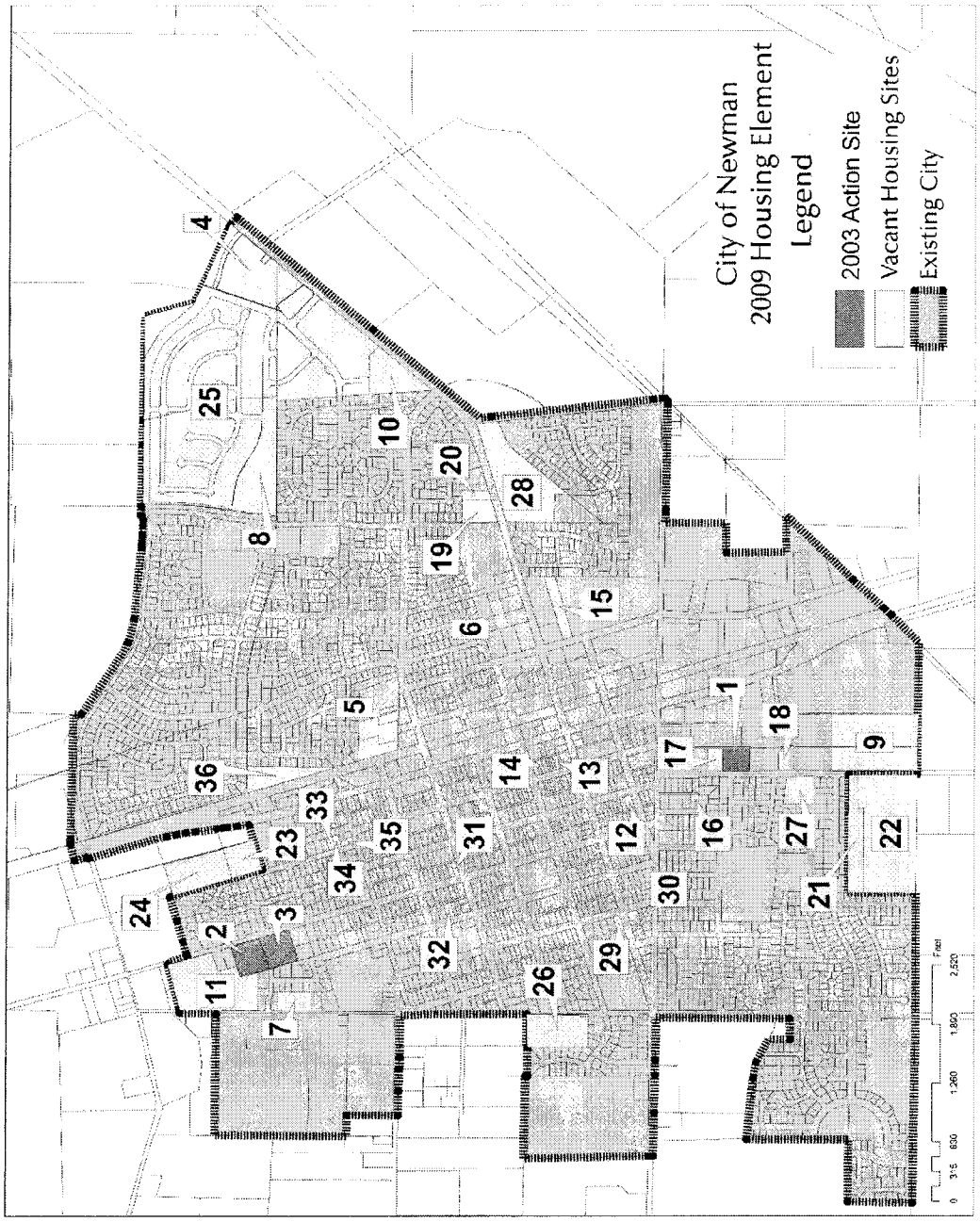
Map No.	APN	Size (Acres)	Zoning	GP	Density	Units	Comments
Require Action to Provide Adequate Sites for 2003 RHNA[1]							
1	128-060-010	1.580	R-1	HDR	20	25	Needs action
2	026-041-004	2.500	R-1	HDR	20	40	Needs action
3	026-041-058	2.530	R-1	HDR	20	40	Needs action
Extremely low, Very Low, and Low Income							
4	049-040-008	10.000	R-3	HDR	20	144	Park Villas built starting Feb 2007
5	128-020-003	0.468	R-3	HDR	18	72	Newman Family Apartments 2008
	128-020-002	2.010	R-3	HDR	--	--	Part of Site #5
	128-020-001	1.525	R-3	HDR	--	--	Part of Site #5
6	128-022-016	0.800	R-3	HDR	16	12	Vacant; senior housing to north
7	026-041-060	--	PD	MDR	12	3	Townhomes built in 2008 -- 3 income restricted $732 (1 VL, 2 L)
Subtotal		14.803				231	
Moderate Income -- No Action Required							
	026-041-060	1.573	PD	MDR	12	20	Part of Site #7; Townhomes built in 2008
8	049-059-006	10.590	R-2	MDR	6.5	69	Heritage Collection; approved project (includes other APNs)
9	26-016-049 Part	13.873	R-2	MDR	12	106	Mattos Ranch; approved project

Map No.	APN	Size (Acres)	Zoning	GP	Density	Units	Comments
10	049-041-016	4.259	R-2	MDR	12	22	6 permits issued in 2007; 16 remain to be issued
11	026-0410-46	9.000	PD	MDR	12	40	Undeveloped -- approved PD for 40 starter homes
Subtotal		39.295				257	
Moderate Income -- Action Required or Small Size							
12	128-008-021	0.258	R-3	CR	12	3	Vacant; small size limits potential
13	128-009-024	0.131	C-1	D	12	1	Mixed use upper floor only
14	128-009-073	0.086	C-1	D	12	1	Mixed use upper floor only
15	128-022-010	1.680	I	MDR	12	20	Requires rezoning
16	128-050-016	0.189	R-1	MDR	12	2	Vacant; requires rezoning
17	128-060-011	0.880	R-1	MDR	12	10	Underutilized; requires rezoning
18	128-060-021	0.870	R-1	MDR	12	10	Vacant (City owned); adjacent to senior and low income apartments; requires rezoning
19	049-050-044	1.930	R-1	MDR	12	23	Underutilized; requires rezoning
20	049-050-045	0.750	R-1	MDR	12	9	Vacant; requires rezoning
21	026-015-014	4.000	--	MDR	12	48	Requires annexation
22	026-015-013	15.709	--	MDR	12	188	Requires annexation
23	026-040-007	2.520	--	MDR	12	30	Underutilized; requires annexation
24	026-040-008	5.000	--	MDR	12	60	Underutilized; requires annexation
Subtotal		34.003				405	

Map No.	APN	Size (Acres)	Zoning	GP	Density	Units	Comments
Total Moderate Income		73.298				662	
Market Rate Units							
25	049-040-010	106.000	R-1	PMR	2	235	Underutilized; also includes 049-040-008 and 049-041-017
26	026-056-058	4.970	R-1	LDR	5	24	Underutilized
27	026-059-070	2.020	R-2	LDR	5	10	Underutilized
28	049-042-001	12.800	R-3	LDR	8	104	Underutilized
29	128-003-031	0.258	R-1	CR	5	1	Vacant
30	128-003-033	0.234	R-1	CR	5	1	Vacant
31	128-006-047	0.172	R-1	CR	5	1	Vacant
32	128-006-066	0.259	R-1	CR	5	1	Vacant
33	128-013-017	0.185	R-1	CR	5	1	Vacant
34	128-013-018	0.185	R-1	CR	5	1	Vacant
35	128-013-019	0.167	R-1	CR	5	1	Vacant
36	026-043-019	2.750	R-1	LDR	5	13	Underutilized; odd shaped; poor access; next to RR tracks
Subtotal		130.001				393	
Total All Unit Types		218.102				1,286	

Note: [1]*These sites were identified in 2003 as available for low and very low-income housing with rezoning; action now required per AB1233 (2005).*
[2]*This site needs rezoning to R-3 and re-designation to HDR*
[3]*This density represents average density to be obtained in the area designated PMR in the Newman General Plan (8,773 units ÷ 1,835 ac); (see GP page 4.11-7 and Figure LU-4)*
Sources: Coastplans, City of Newman, County of Stanislaus Assessor

Figure II-5
Vacant and Underutilized Residential Sites
City of Newman



VACANT RESIDENTIAL SITES BY INCOME CATEGORY

In addition to listing all vacant and underutilized sites by qualifying income category, a summary of sites within each category has been compared to the City RHNA to determine if the City of Newman has adequate sites for all income categories.

As demonstrated in Table II-21, the City currently has vacant, available, and appropriately zoned/designated sites to accommodate its Regional Housing Needs Allocation (RHNA) set by StanCOG. In addition, the City has other sites (listed in the moderate-income category) that with some action by the City would be available for moderate-income housing.

While the City has adequate sites to meet its RHNA for the 2007-2014 period, the City has a residual obligation from its 2003 Housing Element to provide adequate very low- and low-income sites. As set forth in AB 1233 (Jones 2005), which is now codified in Government Code §65584.09, the City failed to implement its adequate sites program to make sites available within the 2000-2007 planning period. The City was responsible for providing 17.345 acres with a potential for 276 very low- and low-income housing units. The City failed, however, to rezone three sites totaling 6.610 acres. This shortfall is the subject of a new housing program (set forth below in the section entitled: Goals, Policies, and Programs, and Objectives).

Table II-22 summarizes the vacant land inventory by qualifying income category.

Table II-22
Summary Table of Vacant and Underutilized Land
By Qualifying Income Category

	Number of Sites	Number of Acres	Housing Potential	Adjusted HCD Allocation	Surplus
Extremely Low, Very Low and Low	4	14.803	231	167	64
Moderate (no action needed)	5	39.295	257	81	176
Moderate (action needed)	13	34.003	405	--	405
Market Rate	12	130.001	393	174	219
Total	34	218.102	1,286	422	864

Source: Coastplans; City of Newman

FUTURE GROWTH AREAS

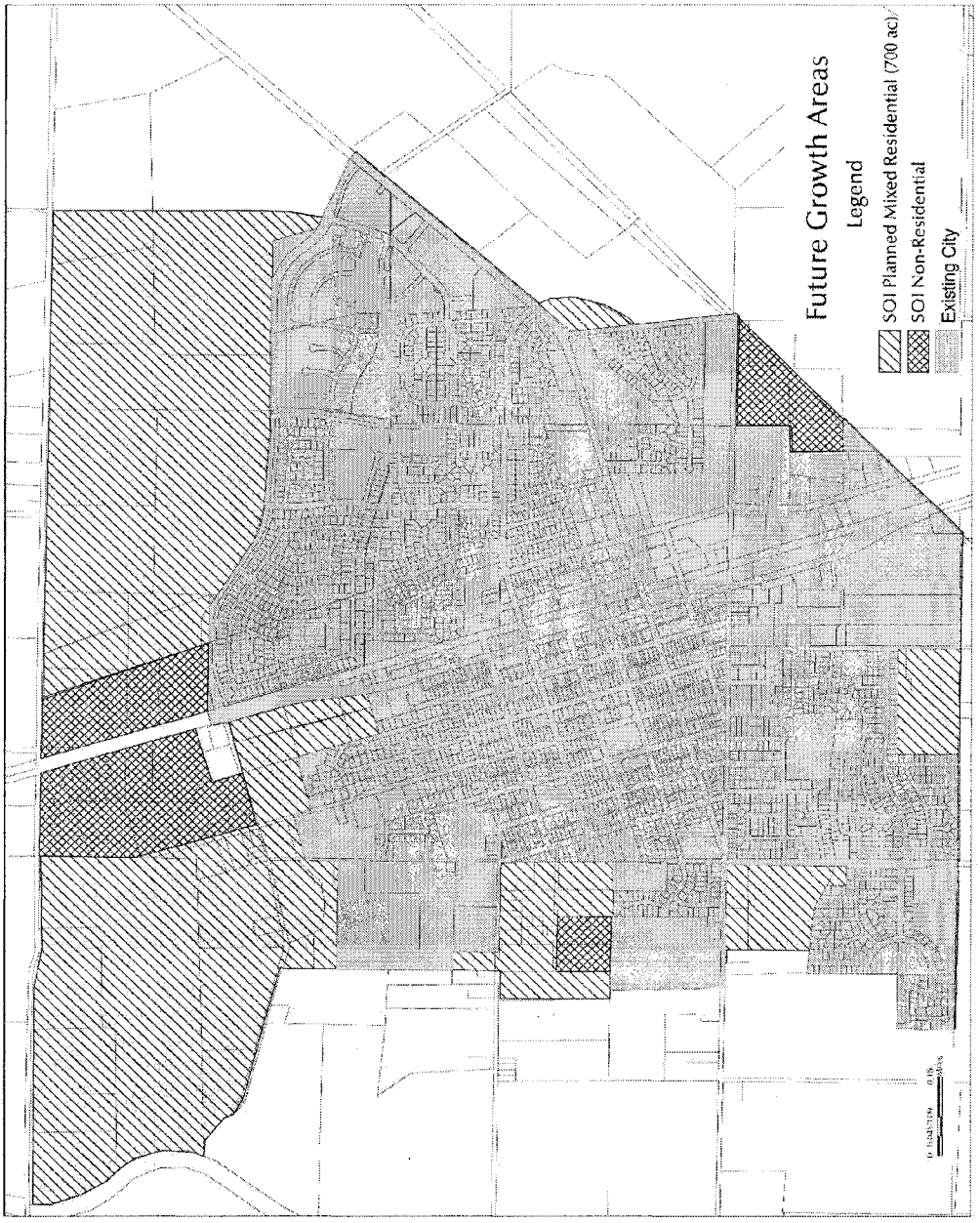
In addition to sites that are vacant (or underutilized) and available for residential development, the City of Newman has 693 acres of land outside its city limits but within its LAFCO primary sphere of influence that is designated Planned Mixed Residential (PMR) and available for residential development upon annexation. The *Newman 2030 General Plan* requires that no more than 75 percent of units developed in the PMR designation develop at densities less than six dwelling units per gross acre and that at least 10 percent be developed at a density of at least 12 units per gross acre. In addition, at least 10 percent of the units built at six dwelling units an acre or less must have at least two dwelling units per lot (either as a duplex or as a house with a second unit). Using these parameters as guidance, Table II-23 presents one possible scenario that would result in the minimum number of higher density units being built. The future growth area (primary sphere of influence only) is shown in Figure II-6.

Table II-23
Housing Potential in Future Growth Area
Primary Sphere of Influence Only

	Acres	Density[1]	Units	% of Total
Planned Mixed Residential				
Low Density	566	4	2,266	68%
Low Density 2nd Units	28	8	227	7%
Medium Density	70	7	489	15%
High Density	28	12	340	10%
Subtotal	693		3,321	100%

Notes: [1]These are sample densities that fit within the parameters set forth in Newman 2030 General Plan
Sources: Newman 2030 General Plan; *Coastplans*

Figure II-6
Additional Residential Land Available for Annexation
2009



Governmental Constraints

While local governments have little influence on such market factors as interest rates, their policies and regulations can affect both the amount of residential development that takes place and the affordability of housing. Since governmental actions can constrain development and affordability of housing, state law requires the housing element to "address and, where appropriate and legally possible, remove governmental constraints to the maintenance, improvement, and development of housing" *(Government Code § 65583(c)(3))*. The City's primary regulations affecting residential development and housing affordability include the *Land Use Element of* its *General Plan,* the *Zoning Ordinance,* and the City's processing procedures, standards, and fees related to development.

General Plan

Discretionary control over land use in Newman is currently exercised by the Planning Commission, City Council, and the City's Planning Department through the *Newman 2030 General Plan, Zoning Ordinance,* and other implementing ordinances. These documents and ordinances are described in Chapter I, Land Use.

The City of Newman's development standards for new residential development are meant to ensure compatibility between land uses and to maintain the livability and safety of its neighborhoods. The City has included policies and programs in its zoning regulations and development standards that address the community's interest in preserving and expanding its affordable housing stock. Development standards include parking standards, building setback requirements, and construction of certain on-site and off site improvements such as curbs, gutters, and sidewalks. These standards are considered the minimum standards designed to protect the public health, ensure compatibility between adjacent land uses, and to maintain as well as to enhance the livability of Newman's neighborhoods. Further, the density bonus provisions provide the opportunity for flexibility in the development standards when units of affordable housing are being included in a plan. This allows for evaluation of alternatives and reduces constraints that may otherwise exist for the development of housing.

As mentioned above, the *Newman 2030 General Plan* requires that no more than 75 percent of units developed in the Primary Sphere of Influence (designated as Planned Mixed Residential or PMR) develop at densities less than six dwelling units per gross acre and that at least 10 percent be developed at a density of at least 12 units per gross acre. In addition, at least 10 percent of the

units built at six dwelling units an acre or less must have at least two dwelling units per lot (either as a duplex or as a house with a second unit).

Newman has defined a community identity in its older areas and its desire to maintain the character of the historic districts. The community design element defines the importance of new and rehabilitated structures which are compatible with existing neighborhood scale and character. These provisions provide guidance to developers and contractors at the preliminary planning stage of their projects so that design features reflect the scale and character of adjacent uses. The design review is incorporated into the standard project review process to avoid delays in the expeditious processing of projects. Limitations on architectural style are central to the maintenance of the fabric and character of the neighborhood which make it an asset to the community and a desirable living environment.

As with the issue of compatibility of new units in older neighborhoods, the community has also defined value in the appearance of its gateways and circulation corridors. Landscaping is proposed to enhance these areas and the overall appearance of the community with potential provision of a citywide maintenance district to maintain the areas. These amenities may serve as a constraint on the development of affordable housing, depending on the extent of the improvements and cost to maintain them. The plan does identify means to minimize maintenance costs through the selection of materials and irrigation systems. The zoning ordinance affords opportunity for developers to have density bonuses and other incentives which can off set the cost of the amenity improvements.

ZONING

In accordance with state law, cities and counties have broad latitude in establishing zoning standards and procedures. Outside of a general requirement for open space zoning and several specific requirements governing residential zoning, state law establishes only broadly the scope of zoning regulations and sets minimum standards for its adoption and administration.

Base Residential Districts

Newman's Zoning Ordinance has four base residential zoning districts, which allow up to a maximum of 29 dwelling units per net acre. Table II-24 summarizes residential development regulations contained in the Newman Zoning Ordinance.

Table II-24
Synopsis of Regulations for Base Residential Districts
March 2009

Item	R-1 Single-Family Residential District	R-2 Duplex Residential District	R-3 Multiple-Residential District	R-M Mobile Home Park (Combining) District
Maximum Allowable Density (Units/Net Acre)	7 du/net ac	15 du/net ac	29 du/net ac	18 du/net ac
Minimum Area/Unit	6,000 sq. ft.	3,000 sq. ft.	1,500 sq. ft.	2,400 sq. ft.
Permitted Residential Uses	Single Family Dwellings	Single Family Dwellings, Duplex and Halfplex	Apartment, Duplex, Halfplex, Single Family Dwelling, and Triplex	Residential Manufacturing Housing
Conditionally Permitted Residential Uses	Duplex, Halfplex, Guesthouse, and Accessory Dwelling Unit*	Triplex, Condominium, Apartment, Dwelling Group, Boardinghouse, Guesthouse, and Accessory Dwelling Unit	Dwelling Group, Rooming, and Boardinghouse	Conditional uses allowed in base district
Front Yard Setback	20 ft.	15 ft.	15 ft.	25 ft.
Side Yard Setback	5 ft.	5 ft.	5 ft.	5 ft.
Rear Yard Setback	10 ft.	15 ft.	15 ft.	15 ft.
Lot Coverage	40 percent	60 percent	80 percent	60 percent
Building Height	30 ft.	35 ft.	35 ft.	30 ft.
Parking				
SFDs	2 spaces	2 spaces	2 spaces	2 spaces
MFDs •2	n/a	2 spaces	2 spaces	2 spaces
MFDs •3	n/a	2 plus 1 per 5 units	2 plus 1 per 5 units	2 plus 1 per 5 units
Architectural Review	Yes	Yes	Yes	No

Notes: **Duplex and Halfplex units require 3,000 square feet of lot per dwelling unit*
Source: *City of Newman Zoning Ordinance*

Emergency Shelters and Transitional Housing

The Newman Zoning Ordinance allows emergency shelters, transitional housing, and short-term farmworker housing as conditional uses in the R-3 Zoning District. The ordinance contains no

special conditions for these uses but allows the imposition of any of the following conditions to ensure that required findings can be made in favor of the project:

- ✓ Special setbacks, landscape buffers, screening, fences and/or walls
- ✓ Lighting
- ✓ Regulation of hours
- ✓ Regulation of points of ingress and egress
- ✓ Regulation of displays, noise, vibration, and/or odors
- ✓ Provision of public improvements, easements, and/or dedications
- ✓ Any other such conditions as will facilitate the orderly and efficient development in conformity with the intent and purposes set forth in this title and the General Plan.

Residential Uses in "Non-Residential" Districts

In addition to the base residential zoning districts described above, the Newman Zoning Ordinance allows limited residential use in the following "non-residential" zones:

C-1, Retail Business District	Residential uses that are compatible with the district such as residential uses in buildings previously used for residential purposes and owner-occupied residential uses located at the rear of buildings or above the ground floor.
C-2, General and Service Commercial District	Residential uses in accordance with the standards of the R-3, Multiple-Family Residential District
M, Light Industrial/Business Park District	Residential, as listed in, and in accordance with, the standards of the Multi-Family Residential Zoning District
I, Controlled Manufacturing District	Residential uses only when accessory to a permitted or conditional use

Planned Development District

The Newman Zoning Ordinance contains a floating Planned Development (PD) District that can be applied to any property in the city of two acres or greater. The PD District, which requires the submittal of a development plan, allows design flexibility and a mix of densities and/or uses within the parameters of the General Plan. The PD designation and development plan must be adopted by the Newman Planning Commission.

Historical/Cultural Resource District

The Newman Zoning Ordinance contains a combining Historical/Cultural Resource (H-C) District designed to maintain the character of Newman's historic neighborhoods. The H-C District requires review of development plans by the Architectural Review Committee to ensure the project will not adversely affect the historical value of an existing structure or create an incompatibility with surrounding historic properties.

Density Bonus Overlay District

The Newman Zoning Ordinance contains a Density Bonus Overlay (DBO) District, which implements state law regarding density bonus incentives for affordable housing. The DBO District provides a density bonus for projects with at least 20 percent lower-income housing units, ten percent very-low-income housing units, or 50 percent senior-citizen units.

BUILDING AND HOUSING CODES

Building and housing codes establish minimum standards and specifications for structural soundness, safety, and occupancy. The State Housing Law requires cities and counties to adopt minimum housing standards based on model industry codes.

Code enforcement and inspection services within Newman are contracted out by the City. The City relies on the following uniform codes: the *Uniform Building Code, Mechanical Code, Uniform Plumbing Code,* and *Code for Abatement of Dangerous Buildings,* and *National Electrical Code.* The City has not adopted amendments to these uniform codes that operate as a significant constraint on the production of housing.

Code enforcement for existing buildings focuses primarily on nuisance abatement and condemnation of unsafe structures. Cities and counties pursue code enforcement in several ways, including:

Complaint-Response: The City may inspect buildings for deficiencies only upon receipt of complaints by neighbors or tenants.

Change of Occupancy for Rental Properties: A city may issue occupancy permits that require inspection and code compliance at time of turnover.

Systematic: Code enforcement on a systematic basis with provision for financial assistance is especially appropriate in areas where strong and supportive neighborhood groups exist, the majority of homes are owner-occupied, housing is relatively sound, and income levels are moderate-income or above.

Pre-Sale and "Truth in Sale": Pre-sale enforcement would require code inspection and violation abatement prior to sale of a home. A "truth in sale" ordinance would require information concerning code violations, zoning status, and property taxes to be provided to the buyer.

Concentrated Code Enforcement: Code inspections may be conducted on a systematic basis through certain areas or for specific properties (such as rental or multi-unit residences).

The City's enforcement activities are divided among three responsibility groups: new construction, maintenance, and nuisance abatement. New construction enforcement, as its name implies, applies to new buildings or construction projects for which building permits are required. Maintenance enforcement applies primarily to commercial and industrial projects and is conducted in conjunction with the granting of business licenses. Nuisance abatement is generally conducted on a "complaint-response" basis and typically concerns such problems as unsanitary conditions and unsafe structures. Primarily because of the lack of adequate replacement housing, the City has not been aggressive in its efforts to enforce housing-related codes as they apply to existing buildings.

Planning and Development Fees

Residential developers in Newman are required to pay permit processing fees charged by the City of Newman and impact/development fees charged by both the City of Newman and Stanislaus County. Each of these is discussed below.

Local Permit Processing Fees

State law requires that permit processing fees charged by local governments not exceed the estimated actual cost of processing the permits. Table II-25 lists the fees charged by the City of Newman for processing various land use permits. These fees have not changed since 2003.

Table II-25
City of Newman Planning Fees
2008

Planning Item	Cost
General Plan Amendment	$510
Specific Plan	Actual cost
Rezone	$550
Rezone to Planned Development (PD)	$825[1]
Tentative Subdivision Map	$590[2]
Final Subdivision Map	$375
Tentative Parcel Map	$275
Final Parcel Map	$75
Lot Line Adjustment	$175
Certificate of Compliance	$190
Use Permit	$185
Variance	$340
Environmental Review	$75
Neg. Dec/Environmental Impact Report	Actual cost
Annexation and Pre-Zone	$850
Site Plan Review	$340

Source: City of Newman, Ordinance No. 89-18
Notes: [1]$275 refunded if project is completed. Otherwise will be used to zone property back to original zoning designation
[2]Plus actual cost by City Engineer

City and County Development Fees

In addition to the fees that the City assesses to process planning related permits, it also charges various fees related to actual development of projects. Development fees in 2008/09 are approximately 20 percent higher than fees in 2003/04. School fees (as set by the State Allocation Board) have increased approximately 45 percent (from $2.05 to $2.97/sf) since 2003. Table II-26 lists Newman's development fees.

Table II-26
City of Newman Development Fees, plus School Fees
Per Housing Unit
2008 – 2009

	March 2008 thru Feb 2009			Vesting Maps as of March 2009		
	Low Density	Med Density	High Density	Low Density	Med Density	High Density
Water	$959.86	$468.60	$292.88	$959.86	$453.63	n/a
Traffic	$3,480.92	$3,100.97	$2,448.14	$2,063.42	$1,680.82	n/a
Storm	$1,595.67	$779.03	$486.89	$1,036.12	$505.84	n/a
Sewer	$652.07	$318.35	$198.97	$652.07	$318.35	n/a
Park	$4,479.69	$4,425.61	$4,023.29	$2,404.57	$1,923.65	n/a
Municipal	$2,422.62	$2,389.41	$2,171.23	$2,079.69	$1,871.33	n/a
TOTAL	**$13,590.83**	**$11,481.97**	**$9,621.40**	**$9,195.73**	**$6,753.62**	**n/a**
School	**--- $2.97/sf ---**					**n/a**

Source: City of Newman; Coastplans

Newman's development impact fees are generally lower than surrounding communities. For example, in the City of Los Banos, fees are approximately $28,000 per unit for low-density residential development. In Patterson, fees are $35,000 per unit, and in Turlock, fees are as high as $40,000 per unit.

In addition to City development fees, Stanislaus County levies development fees on residential and non-residential development on a countywide basis, including development that takes place in incorporated cities. Countywide fees fund roads, jails and courts, library, parks, public health, and other costs. These fees have increased by approximately 5 percent since 2003. Table II-27 lists the countywide development fees for residential uses.

Table II-27
Countywide Development Fees
City of Newman
2008

Fee	Single Family	Multi-Family	Senior Housing
Intercity Roads	$2,030.31	$1,360.31	$812.12
Jails	875.65	875.65	268.99
Justice	80.64	80.64	25.51
Library	281.16	281.16	92.79
Parks Fee	932.24	932.24	307.67
Public Health	275.76	275.76	91.02
Emergency Services	17.06	17.06	5.63
Animal Services	40.72	40.72	13.44
BHRS	233.01	233.01	76.90
Other Facility	796.95	796.95	263.02
Admin. Fee	139.09	122.34	49.45
Total Fee	$5,702.61	$5,015.86	$2,027.65

Source: County of Stanislaus, as of February 14, 2005

Summary of Fees on New Residential Development

In the City of Newman, planning, development, and school district fees amount to $25,632 per SFD unit (up 20 percent from $21,270 in 2003) and $17,782 per MFD unit (up 18 percent from

$15,037 in 2003). Table II-28 summarizes fees for single family and multi-family residential development in Newman.

Table II-28
Summary of Fees
Typical Single Family and Multi-Family
Residential Development
(Per Unit)

	25-Unit Single Family Subdivision	45-Unit Multi-Family Development
Planning Fees	$400	$175
City Development Fees	$13,590	$9,621
County Development Fees	$5,702	$5,016
School District Fees*	$5,940	$2,970
Total	$25,632	$17,782

*Note: *This assumes a 2,000 square foot SFD and a 1,000 square foot MFD, each at $2.97 per square foot*
Source: City of Newman; Coastplans; State Allocation Board

PERMIT PROCESSING PROCEDURES AND TIMES

The planning and building permit process for a large single family subdivision typically takes six months to a year to process and involves preparation of a negative declaration or environmental impact report, approval of tentative and final subdivision maps, and issuance of building permits and certificates of occupancy for each dwelling unit. This length of time involved in completing this process varies widely, depending on the degree to which plan submittals conform to city standards and the complexity of environment issues that are present on a particular site. These processing times are typical for Central Valley cities. Infill projects are simpler and quicker because they typically require only a tentative parcel map (or no subdivision at all) and may be exempt from the California Environmental Quality Act. The planning and building permit process for multi-family projects typically less than a single family subdivision requiring three to six months. This is because multi-family development does not typically require subdivision or parcel maps, which eliminates the need for Planning Commission review and City Council approval.

The time lines with which the City processes the various permits and applications necessary for residential development can affect the overall cost of housing. The minimum processing time for residential development project applications in Newman is determined by state requirements for environmental review and public notice and by the meeting schedules of the Planning Commission and the City Council. The maximum time for processing residential development permits is set by state law (California Government Code §65929 et seq). The statutory time limit for completion of environmental review and approval or denial of a permit application starts when an application is accepted by the lead agency (i.e., the City) as complete. The lead agency then has one year in which to approve or disapprove a project for which an EIR will be prepared or six months for projects for which no EIR is prepared.

The City currently processes residential development applications in the shortest possible time, given requirements for environmental review, public notice, and the schedules of the Planning Commission and City Council. Table II-29 summarizes permit processing times in the City of Newman.

Table II-29
City of Newman Permit Processing Times
2008

Planning Item	Processing Time
General Plan Amendment	3 months
Specific Plan	6 months to 1 year
Rezone	3 months
Rezone to Planned Development (PD)	3 to 6 months
Zoning Ordinance Amendment	3 months
Tentative Subdivision Map	6 months to 1 year
Final Subdivision Map	1 month
Tentative Parcel Map	3 months
Final Parcel Map	1 month
Lot Line Adjustment	2 months
Certificate of Compliance	2 weeks
Use Permit	3 months
Home Occupation Use Permit	2 weeks
Variance	3 months
Environmental Review	2 weeks
Neg Dec/Environmental Impact Report	2 months to 1 year
Time Extension	n/a
Appeal	1 month
Annexation and Pre-zone	1 to 3 years

Source: City of Newman

On- and Off-Site Improvements

Like all cities, the City of Newman requires new development to provide a variety of on- and off-site improvements. Improvements required by the City of Newman are standard for California

cities and do not pose an extraordinary constraint to residential development. Table II-30 summarizes typical improvements for residential development.

Table II-30
Required Improvements for Residential Development
2008

Subject	Project-Related Improvements and Fees
Street Improvements	✓ Provide all on-site streets, curbs, gutters, sidewalks, fire hydrants, and street lighting. The typical city street has a 50- to 60-foot right-of-way with a 40-foot pavement area, a five-foot sidewalk with attached vertical curb, and on the 60-foot right-of-way, a five-foot utility corridor on each side. ✓ If existing street network does not provide adequate access or circulation to accommodate project, provide necessary off-site streets, curbs, gutters, sidewalks, and street lighting consistent with the design standards and standard specifications adopted by the City of Newman to adequately accommodate project.
Parks	✓ Provide five acres of park space for every 1,000 residents ✓ Dedication of land, dedication of improvements, in-lieu fees, or a combination of these, as determined acceptable by the City
Landscaping	✓ New subdivisions are required to install street trees. The City requires 15-gallon trees one per house (40' intervals on corner lots). ✓ All sections of a lot not devoted to buildings, decks, patios, sidewalks, lighting, signing, trash collection, parking, and/or driveway improvements shall be landscaped
Public Services	✓ Provide all on-site water, sewer, and storm drain infrastructure improvements to accommodate project. ✓ If existing infrastructure system does not have capacity to serve project, provide necessary off-site water, sewer, and storm drain infrastructure to adequately accommodate project
Miscellaneous	✓ Sound walls are required for new development when an environmental analysis has determined that there is a significant noise impact that could be mitigated by the construction of a sound wall. ✓ The City does not require public art.

Source: City of Newman

Local Efforts to Accommodate Disabled Persons

State housing law requires a Housing Element to contain an analysis that demonstrates local efforts to remove governmental constraints that hinder the locality from meeting its share of the regional housing need and from meeting the need for housing for persons with disabilities. This requirement came about in 2001 legislative session (SB 520) and supplements the provisions of the Federal Fair Housing Amendments Act of 1988.

The 2003 Housing Element identified a few shortcomings in the Newman Zoning Ordinance and set forth three programs III-12 (Offering Optional Design), III-13 (Analyze Development Regulations), and III-14 (Reasonable Accommodation Ordinance), to bring the City into compliance. While projects that benefit from CDBG funds must comply with ADA requirements, the City has not completed its efforts to provide reasonable accommodation.

Conclusion

Much of the regulation and fees that accompany the development of housing act to increase the cost of housing and constrain the availability of affordable housing. Yet these regulations and fees are needed to protect city residents from the otherwise externalized effects and costs of development. With the exception of procedures for making reasonable accommodations for disabled persons, the City's regulations do not pose any unnecessary constraints to the production of affordable housing. Regarding reasonable accommodations for disabled persons, the City should redouble its efforts to provide reasonable accommodation and ensure that it is in compliance with the Fair Housing Act and the Americans with Disabilities Act.

Nongovernmental Constraints

The availability of housing is strongly influenced by market factors over which local government has little or no control. State law requires that the housing element contain a general assessment of these constraints. This assessment can serve as the basis for actions which local governments might take to offset the effects of such constraints. The primary market constraints to the development of new housing are the costs of constructing and purchasing new housing. These costs can be broken down into four categories: materials, labor, land, and financing. Newman can be considered as part of a very broad general housing market that includes the Central Valley area. For the most part, housing cost components in Newman are comparable to those in other parts of

the general market area. The following paragraphs briefly summarize these components vis-à-vis the local market and the statewide market.

Material Costs

A major component of the cost of housing is the cost of building materials, such as wood and wood-based products, cement, asphalt, roofing materials, and plastic pipe. Prices for these goods are affected primarily by the availability and demand for such materials.

Because the Central Valley is served by such a well-developed regional transportation network and because many of the materials needed for construction are produced in the region, availability of materials is excellent. The demand for building materials is also very high because there is so much housing development occurring in the area. The result of the combination of excellent supply and high demand is a very competitive market and, therefore, relatively low prices. In addition, the land in Newman which is most likely to be developed in the future for housing is well-suited for the kind of large projects which allow developers to realize economy-of-scale savings on materials.

The cost of building materials in the Central Valley in general and in Newman in particular is relatively low and therefore does not constitute a constraint to the development of affordable housing.

Cost of Labor

Another major cost component of new housing is labor. Inflated labor costs due to high wage rates significantly increase the overall cost of housing in some markets. The cost of labor in Newman is, however, relatively low for a number of reasons. Overall, the Central Valley's cost of living is relatively low; wage scales in the area, therefore, tend to be somewhat lower than in markets with higher living costs, such as the San Francisco Bay Area. Also labor is generally less costly because the area is predominantly non-union. Labor in highly unionized markets is typically more expensive.

Land Costs

Costs associated with the acquisition of land include the market price of raw land and the cost of holding land throughout the development process. These costs can account for as much as half of

the final sales prices of new homes in very small developments or in areas where land is scarce. Among the variables affecting the cost of land are its location, its amenities, the availability of public services, and the financing arrangement made between the buyer and seller. According Stephens & Borrelli Real Estate, the cost for improved land in Newman has declined from $40,000 to $50,000 per typical 6,000 square foot lot in 2006 to something in the $25,000 to $30,000 range (or less) in 2009.

Cost and Availability of Financing

The cost and availability of capital financing affect the overall cost of housing in two ways: first, when the developer uses capital for initial site preparation and construction and, second, when the homebuyer uses capital to purchase housing.

The capital used by the developer is borrowed for the short-term at commercial rates, which are considerably higher than standard mortgage rates. Commercial rates nonetheless fluctuate when the overall interest rates fluctuate, so overall interest rates have an effect on housing construction. Due to the current financial crisis, construction financing is currently scarce for both affordable and market-rate housing projects. Furthermore, the value of tax credits (a major source of financing for affordable housing projects) has decreased by 10 to 15 percent, according to a representative from Corporation for Better Housing.

The typical homebuyer uses capital financing in the form of long-term mortgage loans, and the ability to obtain this kind of financing is very sensitive to interest rates. While interest rates are currently (October 2008) low, interest rates can fluctuate significantly during the course of the Housing Element planning period, and as interest rates go, buyer power decreases. Table II-32 shows the price of a house affordable to the moderate-income family in Newman at various interest rates.

Table II-32
Fluctuation in Buying Power
Price of House Affordable to the Median-Income Family
By Interest Rate

Median Income for a Four-Person Family = $56,500[1]

Interest Rate	Mortgage	Down Payment	Buying Power
5.00%	$263,123	$29,236	$292,359
5.50%	$248,772	$27,641	$276,413
6.00%	$235,593	$26,177	$261,770
7.50%	$202,012	$22,446	$224,458
8.00%	$192,500	$21,389	$213,889
8.50%	$183,701	$20,411	$204,112

Notes: [1]*Up to 100 percent of median family income*
[2]*Assumes a 30-year fixed-rate mortgage term*
[3]*Assumes down payment is 10 percent of price*
Source: *Coastplans; California Department of Housing and Community Development*

Interest rates are currently (February 2009) at 5.00 percent for a 30-year fixed-rate mortgage and 5.25 percent for a 15-year fixed-rate mortgage. The effective rate for adjustable rate mortgages is approximately 5 percent. At these interest rates, the moderate-income family of four with an annual income of $56,500 can afford a house priced over $290,000. Should interest rates increase during the next few years, however, buying power will decrease significantly. As shown in the table above, an increase in mortgage interest rates from 5.5 percent to 8.5 percent decreases the buying power of a moderate-income family by over 25 percent. It is currently hard to get home financing, except for the most credit worthy customers.

Potential homebuyers must also meet other financial requirements in order to purchase of home, including a down payment, insurance, and taxes. Down payment requirements can limit the ability of first-time homebuyers to purchase a home, even with an adequate annual income.

Table II-33
Typical Housing Costs
($200,000)

Item	Cost
Sales Price	$200,000
Down Payment (10%)	$20,000
Approximate Closing Costs	$4,500
Total Up-Front Cash Layout	$24,500
Mortgage Balance (w/o closing costs included)	$180,000
Annual Principal and Interest (5%; 30 years)	$12,884
Approximate Insurance	$780
Approximate Taxes	$2,500
Total Annual Carrying Costs	$16,164
Required Annual Income @ 30% of Gross	$53,879

Source: Coastplans

Regarding evidence of income groups that may be under-served by financial institutions, discussions with city staff indicate that there is no evidence of redlining in any of Newman's neighborhoods.

Housing Programs in Newman

Programs to support the development and provision of affordable housing in Newman are generally sponsored by the Stanislaus County Housing Authority and through state Community Development Block Grants.

Stanislaus County Housing Authority

The Stanislaus County Housing Authority administers the Section 8 Rental Subsidy program in Stanislaus County. In February 2009, there were 42 Section 8 Voucher program participants in Newman out of a total of 3,928 Vouchers countywide. Total program capacity is 3,995 vouchers.

The Stanislaus County Housing Authority also owns and operates two projects in Newman—16 conventional low-income housing units on Merced Street and 48 project-based Section 8 units on Driskell Avenue. This latter project, called Valley Manor Apartments, was privately-owned affordable housing that was due to convert to conventional housing. The Housing Authority purchased the units in 2004 to preserve affordability.

HUD Neighborhood Stabilization Program

The Neighborhood Stabilization Program (NSP) provides grants to every state and certain local communities to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop in order to stabilize neighborhoods and stem the decline of house values of neighboring homes.

Background

Funded under the Housing and Economic Recovery Act, 2008 (HERA). HERA provides $3.92 billion to assist states & localities in redevelopment efforts. Funds are considered a special allocation of 2008 Community Development Block Grant (CDBG) funds.

HUD Allocations

Allocation based on number and percent of the following:

- Home foreclosures in each state or unit of local government (ULG)
- Homes financed by a sub-prime-mortgage-related loan in each state or ULG
- Homes in default or delinquency in each state or ULG

Table II-34 shows the allocation of NSP funds in Stanislaus County.

Table II-34
Neighborhood Stabilization Program Allocations
Stanislaus County

Jurisdiction	Allocation
County of Stanislaus	$3,764,000
City of Ceres:	$1,126,500
City of Newman:	$1,002,000
City of Oakdale:	$ 841,000
City of Patterson:	$1,608,500
City of Waterford:	$1,144,000
Weed & seed/mod pockets	$ 258,482
Total	$9,744,482

Source: Draft Neighborhood Stabilization Program, Stanislaus County, November 2008

Eligible uses for NSP funds include:

- Establishment of financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, combined with the purchase and rehabilitation of homes/residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop;
- Establishment of land banks for homes that have been foreclosed upon;
- Demolition of blighted structures; and
- Redevelopment of demolished or vacant properties

STANISLAUS COUNTY COMMUNITY DEVELOPMENT BLOCK GRANT CONSORTIUM

In 2002, Stanislaus County formed the Stanislaus County Community Development Block Consortium. The Consortium, which consists of the Cities of Ceres, Newman, Oakdale, Patterson, Waterford and the unincorporated areas of Stanislaus County, annually receives entitlement

Community Development Block Grant (CDBG) and Emergency Shelter Grant (ESG) Funds from the United States Department of Housing and Urban Development (HUD).

The main objective of the CDBG program is to develop viable communities by providing decent housing and a suitable living environment and by expanding opportunities for persons of low and moderate-income. A portion of the Consortium's CDBG entitlement allocation is designated under the "Public Service" category. The Public Service program provides funds to non-profit organizations, through a competitive application process, to provide essential public service programs throughout the participating CDBG Consortium jurisdictions. The Emergency Shelter Grant Program is part of the public Service program.

The remaining funds are distributed among the Consortia jurisdictions, via a formula that represents poverty and population census data, to address community infrastructure needs. These needs may include, but are not limited to, sidewalks and storm drainage to community facilities. CDBG funds are used to address infrastructure improvement needs, which in turn improve the quality of life promoting safe and healthy communities.

Emergency Shelter Grant Program

The Emergency Shelter Grants (ESG) program is designed to be the first step in a continuum of assistance to prevent homelessness and to enable homeless individuals and families to move toward independent living. ESG is a formula-funded program that uses the CDBG formula as the basis for allocating funds to eligible jurisdictions, including states, territories, and qualified metropolitan cities and urban counties for:

- Rehabilitation/Renovation/Conversion
- Essential Services
- Operational Costs
- Homeless Prevention Activities
- Administrative Costs

The ESG Program is to supplement State, local and private efforts to improve the quality and number of emergency shelters and transitional facilities for homeless people. The purpose is to help operate these facilities, to provide essential support services to residents, and to help prevent

at-risk families or individuals from becoming homeless. Four (4) nonprofit homeless service provider agencies were awarded $104,215 to address homeless needs. Over 1,500 individuals were assisted with these funds.

Redevelopment Agency Funds

The City of Newman created a Redevelopment Agency to assist in the elimination of blighting conditions in Newman and to ensure that the City's economic base would grow through the provision of public improvements, commercial and economic development, and affordable housing. The City created its sole Redevelopment Project Area in 1992, which consists of 610 acres. Under state law, the Newman Redevelopment Agency is required to set aside 20 percent of gross tax increment revenues to establish a Low and Moderate-Income Housing Fund (Housing Fund). Table II-35 summarizes RDA revenues since FY 03-04.

Table II-35
RDA Housing Fund Revenues
FY 03/04 through FY 07/08

Fiscal Year	Gross Tax Increment[1]	Housing Fund (20%)	Other Income	Total Housing Fund	Unencumbered Balance
FY03/04	607,962	121,592	2,141	123,733	253,616
FY04/05	739,680	147,936	2,081	150,017	289,359
FY05/06	812,615	162,523	6,942	169,465	411,639
FY06/07	1,031,230	206,246	23,736	229,982	539,585
FY07/08	891,320	$178,264	20,974	199,238	622,739

Source: Newman RDA Annual Reports to HCD, Schedules A and C

Analysis of Existing Assisted Housing

Pursuant to Government Code § 65583, an analysis of assisted housing was conducted for Newman to determine which, if any, assisted housing projects are eligible to change from low-

income housing uses during the next 10 years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use.

There are three assisted projects in Newman – Valley Manor Apartments, Westside Village Senior Apartments, and Merced Street Apartments.

- Valley Manor Apartments, which contains 48 assisted housing units, was completed in March 1982 with FHA 221 (D)(4) and Section 8 program assistance. The Stanislaus County Housing Authority purchased the property in 2004, and the units will be held as assisted units for the life of the project.

- Westside Village Senior Apartments, which contains 40 assisted senior apartments, was completed in 2001 under a tax credit contract, which requires 55 years of income restrictions. One and two-bedroom apartments are available with prices ranging from $295 to $455 per month. Termination of subsidies cannot occur until 2056.

- The Merced Street Apartments, which contains 16 low-income units, is owned by the Stanislaus County Housing Authority and will be held as assisted units for the life of the project.

Publicly-Owned Surplus Land

According to state law, all public agencies intending to dispose of surplus land must first send a written *offer* to any local agencies within whose jurisdiction the land lies offering to sell or lease the land for the following purposes: recreation or open-space uses; enterprise zone uses; schools; or development of low- and moderate-income housing. In the event that the agency disposing of the land receives more than one offer, it shall give first priority to the entity which agrees to use the site for development of low- or moderate-income housing, unless the land is already being used for park or recreation uses, in which case the entity offering to continue these uses shall receive priority *(California Government Code §54220 et seq)*. There is no publicly-owned surplus land in Newman suitable for residential development.

Opportunities for Energy Conservation

As mandated by Government Code §65583(a)(7), each housing element must include an analysis of energy conservation opportunities in residential development. Such analysis must include a

discussion of the subsidies and incentives that are available from public and private sources for energy conservation. An assessment of any changes that could be made to local building codes to increase energy conservation is also required while not placing undue constraints on affordable housing in the form of increased costs associated with building code changes.

Existing Residential Energy Use in Newman

According to 2000 US Census Bureau statistics, the predominant method for household heating fuel in Newman is natural gas, with 77.5 percent of the households reporting use of this method. Electricity was the second most common type of heating fuel used in Newman with 20.0 percent of the population reporting.

In comparison to the State-wide level, Newman's predominant use of gas and electricity as home heating fuel nearly mimics that of on the statewide level with 70 percent of statewide residents using utility gas and 22 percent using electricity.

Implications of Energy Use

Growing concern about climate change due to greenhouse gas emissions has placed energy use and conservation at the legislative forefront in California. Residential heating, cooling and water consumption account for a significant portion of the nation's energy consumption and greenhouse gas emissions. Therefore the need to understand fuel consumption and the opportunities for energy conservation are never more pressing.

To place home fuel consumption in perspective, the Local Government Commission (LGC) a non-profit organization promoting sustainable and livable communities recently noted that the average California household's annual use of electricity produces the same amount of smog as the average car when driven across the country from Los Angeles to New York. In addition, the LGC notes that most electricity in the U.S is produced from coal, nuclear or natural gas plants. Production of electricity from these sources generates approximately two-thirds of the nations emissions associated with global warming, one-third of the pollution that causes acid rain and smog, and one-half of the nuclear waste in this country.

With the high number of households in Newman using both gas and electricity as fuel for their homes, and with electricity use on the rise, it is important to note several approaches available to the residents of Newman to reduce energy costs and consumption. Among the opportunities for

energy conservation are subsidies and incentive programs offered on the state level, as well as implementation of ordinance revisions to encourage energy efficiency within new residential developments in Newman.

THE CALIFORNIA SOLAR INITIATIVE

The following description is from the Go Solar California webpage at http://www.gosolarcalifornia.org/csi/index.html.

The California Solar Initiative is part of the Go Solar California campaign and builds on 10 years of state solar rebates offered to customers in California's investor-owned utility territories: Pacific Gas & Electric (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E). The California Solar Initiative is overseen by the California Public Utilities Commission.

Since 1998, rebates for small solar energy systems were managed under the Emerging Renewables Program (ERP) at the California Energy Commission. In 2001, a second program that covered rebates for larger systems—over 30 kW—was assigned to the California Public Utilities Commission (CPUC) through the Self-Generation Incentive Program (SGIP). In August 2004, Governor Schwarzenegger affirmed his support for solar energy, and announced the Million Solar Roofs program. In January 2006, the CPUC collaborated with the Energy Commission to develop the framework of the California Solar Initiative Program through 2016.

In January 2007, the State of California launched Go Solar California, which included two new solar incentive programs, with slightly modified program requirements compared to the older programs. The Energy Commission provides incentives to energy efficient new home construction under the New Solar Homes Partnership (NSHP). The NSHP provides financial incentives and other support to home builders, encouraging the construction of new, energy efficient solar homes that save homeowners money on their electric bills and protect the environment.

The new framework also included a major shift in the way solar incentives were calculated – away from a system that funded solar incentives based only on nameplate capacity and towards one where incentive levels are based on performance factors such as installation angle, tilt, and location. This performance framework ensures that California is generating clean solar energy and rewarding systems that can provide maximum solar generation.

The CPUC developed the program rules for the California Solar Initiative through a public rulemaking process. Among the major policy decisions made by the CPUC's rulemaking were

how to organize and adjust the incentive levels, how to provide performance based incentives, how to require metering, and how to develop program rules in the form of a Program Handbook. The rulemaking also decided issues related to low income solar program development, marketing and outreach, research, development and demonstration (RD&D), program measurement and evaluation, and the Self Generation Incentive Program, which provides incentives to wind and fuel cells.

THE U.S. DEPARTMENT OF ENERGY (DOE)

DOE has a program oriented towards assisting low income persons with energy efficiency. Under the Low Income Heating Energy Assistance (CAL-LIHEAP) program, there are three separate programs including the Weatherization Program that provides assistance to qualifying households to replace inefficient appliances such as refrigerators, electrical water heaters, microwaves with efficient appliances. The program also assists with attic insulation, weather stripping and home repairs to make a home more energy efficient.

ENERGY CONSERVATION DESIGN FOR NEW RESIDENTIAL DEVELOPMENTS

There are several relatively simple and yet proven community design techniques that can significantly improve not only the energy efficiency of a home but can contribute to the livability of a home and neighborhood. Such design techniques should be implemented through ordinance revisions or as required design guidelines for specific plan areas. Those design techniques include the following:

Street and Subdivision Patterns for Maximum Solar Access

Residential streets laid-out to maximize southern exposure can increase the exposure to solar radiation and provide warmth for the home in the winter months. Such an orientation also provides a better opportunity to create a "grid" of streets that, in turn, help to interconnect a community, making it more pedestrian and neighbor friendly.

Home Design

There are many home design techniques that can significantly enhance residential energy efficiency. These include:

- Incorporating passive solar design techniques, such as maximizing the area of south-facing windows for solar gain in the winter, combined with the addition of large roof overhangs, such as broad porches to provide much needed cooling shade in the summer, into home design. Proper placement of operable windows and skylights for cross-ventilation and natural lighting, and the use of light-colored roofing material to deflect summer heat-gain, can similarly make homes more comfortable and reduce the need for mechanical cooling and lighting.

- Use of energy efficient materials and construction techniques, such as enhanced insulation in walls, floors and ceilings, installation of energy efficient windows, and tightly sealing openings for doors, windows, ducts and electrical systems to reduce infiltration.

- Use of building materials which have been produced in an energy efficient and sustainable manner, such as recycled building materials, materials with recycled content, or materials that are derived from sustainable or rapidly renewable sources.

- Installation of efficient home heating and cooling systems, water heaters, appliances and lighting, as well as water conserving plumbing fixtures.

- Installation of solar panels for renewable energy production

While some of these techniques for increasing home energy efficiency may have higher front-end costs, they will result in cost savings over the long-term through reduced energy costs.

Sustainable Landscape Design

Use of drought-tolerant and native plants and efficient irrigation systems can significantly reduce water and energy use associated with landscape maintenance. In addition, careful placement of deciduous trees to provide summer shading can dramatically cool the residence by as much as 10 to 15 degrees. In the winter, when deciduous trees are dormant and leafless, maximum solar access is provided to the home.

Energy Efficiency beyond the Residence

In addition to the simple residential design techniques for energy efficiency, Newman can broaden energy conservation and livability goals by requiring the placement of new homes in close, walkable proximity to schools, parks and commercial land uses, thus reducing dependence on air-polluting autos for short-distance vehicle trips.

General Plan Consistency

The 2009 Housing Element includes goals, policies, programs, and objectives that are consistent with the *Newman 2030 General Plan*. The provision of vacant and available sites neither requires expansion of the Primary Sphere of Influence nor changes the location or timing of new development envisioned in the *Newman 2030 General Plan*.

Public Participation and Contacts

Pursuant to Government Code § 65583(c), the City of Newman must make a diligent effort to achieve public participation of all economic segments of the community in the development of the Housing Element. Newman's public participation strategy involved extensive contacts with social service agencies, contacts with City officials, contacts with non-profit housing providers, and conversations with members of the public. In a many instances, the advice of the people contacted became the basis for new housing policies and implementation measures.

Telephone Contacts

- ✓ William Fagen, Executive Director of the Stanislaus County Housing Authority
- ✓ Gabe Juarez, Housing Director, Stanislaus County Housing Authority
- ✓ Linh Luong, Finance Director, Stanislaus County Housing Authority
- ✓ Vince Harris, Executive Director of STANCOG
- ✓ Michael Holland, City Manager, City of Newman
- ✓ Stephanie Ocasio, Associate Planner, City of Newman
- ✓ Chief Adam McGill, Newman Police Department
- ✓ Karen Cosner, Executive Director, Community Housing and Shelter Services of Stanislaus County
- ✓ Vern Deatherage, D. Min., Executive Director, Modesto Gospel Mission

- ✓ Barbara Deatherage, PhD, Administrator and Director of Programs, Modesto Gospel Mission
- ✓ Valrie Thompson, Program Manager, Hutton House
- ✓ Major Darvin A. Carpenter, Salvation Army
- ✓ Denise Fletcher, Program Director, Self-Help Enterprises
- ✓ Susan Atkins, Assistant Program Director, Self-Help Enterprises
- ✓ Anita Hellam, Executive Director, Habitat for Humanity

Public Workshop and Hearings

In January 2009, the City of Newman held two public meetings on the Housing Element update. The first meeting was a Housing Stakeholders Roundtable discussion held on the afternoon of January 20, 2009. The roundtable discussion was attended by eight persons. The second was an evening workshop on the same day that was attended by five community members. In April 2009, the Newman Planning Commission held a noticed public hearing and recommended adoption of the Housing Element to the Newman City Council. In May 2009, the Newman City Council gave conceptual approval to the Housing Element for the purpose of HCD and public review. In _____ 2009, the Newman City Council held a noticed public hearing and adopted the Housing Element.

Housing Goals, Policies, Programs, and Objectives

This section sets forth updated goals, policies, programs, and quantified objectives for housing in the City of Newman for the period between adoption and the next housing element update (expected in 2014). Appendix A contains a review of the 2003 Housing Element and its effectiveness in implementing Newman's housing programs.

GOALS AND POLICIES

HOUSING

Goal III.A: To promote development of a balanced range and mix of housing types for all economic segments of the community.

Policies:

III.A.1 The City shall promote the provision of housing for all economic segments of the community and while doing so, seek to ensure the highest quality in all new residential development.

III.A.2 The City shall endeavor to maintain an adequate supply of residential land in appropriate land use designations and zoning categories to accommodate Newman's fair share of projected regional growth, maintain normal residential vacancy rates, and keep downward pressure on residential land costs.

III.A.3 The City shall seek to maintain an overall mix of 75 percent single family and 25 percent multi-family units in its housing stock.

III.A.4 The City shall actively promote residential use in and adjacent to Downtown as a means of reinforcing Newman's Downtown Revitalization Program.

~~III.A.5 The City shall require development of a mix of housing types in order to increase residential choices. In addition to requiring multi-family housing, the City shall require promote the development of attached single family housing, including halfplexes and other forms of zero-lot-line development. The City shall also encourage the construction of affordable rental units with three or more bedrooms to accommodate large households.~~

III.A.5 Housing affordable to very low-, low- and moderate-income families shall be dispersed throughout the community and incorporated into new development to promote social and economic integration. Where possible, the City shall promote homeownership in new housing constructed for low- and moderate income households.

III.A.6 The City shall pursue all available state and federal funding assistance that is appropriate to Newman's needs to develop housing that is affordable to low- and moderate-income households. As appropriate, the City shall work with other local jurisdictions and agencies to take advantage of state and federal funding programs.

III.A.7 Consistent with other City objectives, the City shall ensure that its policies, regulations, and procedures do not add unnecessarily to the costs of producing housing.

III.A.8 The City shall provide for the development of secondary residential units, as required by state law, while protecting the single-family character of neighborhoods. Development of secondary residential units fronting on alleys shall be encouraged.

III.A.9 Where single family residential units that are required to sell or rent at below-market-rates are included within a housing development, such units shall be interspersed within the development, and to the extent reasonable, shall be visually indistinguishable from market-rate units.

III.A.10 The City shall work with the Stanislaus County Housing Authority, local nonprofit housing agencies, and the California Housing Partnership, in accordance with the Low Income Housing Preservation and Resident Homeownership Act of 1990, to preserve lower income housing units threatened with conversion to market-rate housing through prepayment of subsidized mortgages.

Goal III.B: To promote the maintenance, improvement, and rehabilitation of the city's existing housing stock and residential neighborhoods.

Policies:

III.B.1 The City shall promote private reinvestment in older residential neighborhoods and private rehabilitation of housing.

III.B.2 The City shall pursue ~~all~~ available state and federal funding assistance that is appropriate to Newman's needs to rehabilitate housing. Housing rehabilitation efforts targeted to ensure that foreclosed properties do not fall into disrepair shall be given ~~high~~ priority ~~in the use of CDBG funds~~.

III.B.3 The City shall support the revitalization of older neighborhoods by keeping streets and other municipal systems in good repair.

III.B.4 The City shall promote the continued upkeep of existing mobilehomes.

III.B.5 The City shall require abatement of unsafe structures, giving property owners ample opportunities to correct deficiencies.

III.B.6 Existing housing occupied by very-low- or low-income households shall not be demolished without assurance of the availability of suitable alternative housing.

III.B.7 The City shall promote the preservation of architecturally- and historically-significant residential structures.

Goal III.C: To encourage energy efficiency in both new and existing housing.

Policies:

III.C.1 As required by state law, the City shall require the use of energy conservation features in the design of all new residential structures. The City shall also promote incorporation of energy conservation and weatherization features in existing homes.

Goal III.D: To ensure the provision of adequate services to support existing and future residential development.

Policies:

III.D.1 The City shall work with the Newman-Crows Landing Unified School District to ensure the availability of adequate school facilities to meet the needs of projected households in Newman.

III.D.2 The City shall support the use of CDBG funds for upgrading streets, sidewalks, and other public improvements.

III.D.3 The City shall ensure that new residential development pays its fair share in financing public facilities and services.

III.D.4 Through the *Citywide Services Master Plan,* the City shall strive to ensure that necessary public facilities and services are available prior to occupancy of residential projects.

Goal III.E: To promote equal opportunity to secure safe, sanitary, and affordable housing for all members of the community regardless of race, religion, sex, marital status, national origin, or color.

Policies:

III.E.1 The City shall give special attention in affordable housing programs to the needs of special groups, including the physically and mentally disabled, large families, farm-workers, the elderly, and families with lower incomes.

III.E.2 The City shall make available to the public information on the enforcement activities of the State Fair Employment and Housing Commission.

III.E.3 The City shall continue to work with the County and surrounding jurisdictions to address the needs of the homeless on a regional basis.

III.E.4 The City shall cooperate with community-based organizations which provide services or information regarding the availability of services to the homeless.

HOUSING PROGRAMS

~~III-1 The City shall amend its General Plan Land Use Diagram to re-designate approximately 4.003 acres of land (identified as sites 9, 10, and 11 in Figure II-5) from Medium Density Residential (MDR) to High Density Residential (HDR) in order to accommodate housing for persons of all income categories as prescribed by the 2002 StanCOG fair share housing allocation.~~

~~Time Frame: FY 03-04~~

~~III-2 The City shall amend its Zoning Map to rezone sites as specified in Figure II-5 to achieve consistency between the Zoning Map and General Plan Land Use Diagram and provide adequate housing sites for persons of all income categories.~~

~~Time Frame: FY 03-04~~

~~III-3 The City shall, in cooperation with the Stanislaus County Housing Authority, place a measure on the local ballot that, if passed, would authorize public agencies such as the Housing Authority to develop low-rent housing projects in the City of Newman (referred to as an Article 34 vote). The ballot measure shall limit the size of any single low-rent housing project to 50 units or less, and in no case shall such low-rent housing constitute more than one percent of the total housing units existing in the city on January 1 of the year in which the housing is to be built (as reported by the California Department of Finance).~~

~~Time Frame: FY 04-05~~

~~III-5 The City shall include in all specific plans and neighborhood plans adopted after January 1, 2004, provisions that, in addition to meeting the requirements to include a range of density types as specified in the General Plan Land Use Element, require that 6.4 percent of the single family units be attached single family housing.~~

~~Time Frame: FY03-04 through FY 08-09~~

~~III-6 The City of Newman shall include in all specific plans and neighborhood plans adopted after January 1, 2004, provisions that ensure that all multi-family housing prescribed by the plan is constructed concurrently with any single family housing being constructed in the plan area. The specific plan shall also contain a provision requiring property owners to tender an irrevocable offer to sell the multi-family property to the Stanislaus County Housing Authority at 50 percent of appraised value in the event that the subject property owner is unable or unwilling to construct the multi-family housing concurrently with other housing. For the purpose of this program, "concurrently" shall mean: "within one year of filing the first final map for any housing project in the plan area."~~

~~Time Frame: FY 03-04 through FY 08-09~~

~~III-8 The City shall amend its second unit provisions contained in Section 5.23.040, Second Residential Units, of the Newman Zoning Ordinance to make them consistent with new state law (AB1866 2002) that governs processing of permits for second housing units. The revised sections shall make approval of second units a ministerial act.~~

~~Timeframe: FY 03-04~~

~~III-10 The City shall apply for Community Development Block Grant funds to analyze City development regulations for compliance with the Fair Housing Act and the Americans with Disabilities Act and for consistency with any proposed City ordinance setting forth procedures for requesting reasonable accommodations for disabled persons.~~

~~Timeframe: FY 04-05~~

~~III-13 The City shall continue to support Self-Help Enterprises' housing rehabilitation program with local, state, and federal funding sources as available for the rehabilitation of housing for very-low and low income households.~~

~~Time Frame: FY 03-04 through FY 08-09~~

~~III-18 The City shall provide information to developers to help them become aware of the 2007-14 Regional Housing Needs Allocation in Newman and to encourage the provision of housing affordable for lower-income households and in particular, units for large families. The information shall include a summary of adopted density bonus provisions which assists in increasing densities and development incentives available when affordable units are provided. In addition, the City shall revise its density bonus ordinance (Chapter 5.14 NMC) to offer an additional five percent density bonus (from 25% to 30%) for qualified housing projects where 25 percent of the required affordable units have three or more bedrooms.~~

~~Time Frame: FY 03-04 through FY 08-09~~

~~III-19 In conjunction with the Stanislaus County Affordable Housing Corporation (STANCO) and local lenders, City of Newman Redevelopment Agency shall continue to support the Down Payment Assistance Program that has been established to assist very low, low and moderate income households in purchasing a home within the City of Newman.~~

~~Time Frame: FY 03-04 through FY 08-09~~

~~III-20 The Newman Redevelopment Agency shall offer relocation assistance to assist in the development of underutilized high-density residential sites that receive Redevelopment Agency assistance.~~

~~Time Frame: FY 03-04 through FY 08-09~~

~~III-21 The City of Newman shall work with the Housing Authority and Non-Profit housing developers to obtain funding for farmworker housing through the Joe Serna Jr. Farmworker Housing Grant Program.~~

~~Time Frame: FY 03-04 through FY 08-09~~

III-1 The City shall amend its Zoning Map to rezone identified sites (Sites #1, 2, and 3 as specified in Figure II-5) to R-3 for low- and very low-income housing consistent with the 2003 RHNA, per the requirements of Government Code §65584.09.

Time Frame: Within one (1) year of Housing Element certification (FY 09-10)

III-2 The City shall forward the certified Housing Element to public utilities providing gas, electricity and telephone and cable services and to the Newman Unified School District, to ensure that public utilities and school facilities are made available to meet the expected housing growth in those areas where development is planned.

Time Frame: Immediately upon Housing Element certification (FY 09-10)

~~III-3~~ The City shall adopt an ordinance that establishes specific procedures to grant priority service to housing with units affordable to lower-income households whenever capacity is limited.

Time Frame: Within one (1) year of Housing Element certification (FY 09-10)

III-4 The City shall ~~undertake an inventory of~~ create an incentive program to encourage the development of upper story housing on suitable Downtown sites ~~that are suitable for townhouse-style and/or second-story housing~~. Such housing should be consistent with the historical character of neighborhoods adjacent to Downtown and reinforce Newman's Downtown Revitalization Program.

Time Frame: Within three (3) years of Housing Element certification (FY 11-12)

III-5 The City shall, when applicable, include in all subdivision approvals after January 1, 2004, a notice as part of the conditions, covenants and restrictions (CC&Rs) that multi-family housing is planned for adjacent property. [formerly III-7]

Time Frame: Ongoing

III-6 ~~In approving subdivision plans, the City shall require developers to offer an optional design to homebuyers whose household has one or more disabled person.~~ The City shall promote the use of "Universal Design" in new housing to better accommodate persons with disabilities and the elderly. [formerly III-9]

Time Frame: Ongoing

III-7 The City shall amend its Municipal Code to create a procedure wherein persons with disabilities seeking equal access to housing may request reasonable accommodation in the application of zoning laws and other land use regulations, policies, and procedures. [formerly III-11]

Timeframe: Within three (3) years of Housing Element certification (FY 11-12)

III-8 The City shall work with local nonprofit housing developers to prepare development programs for affordable housing on vacant sites identified in this Housing Element and to provide technical assistance. ~~In August 2004, the City shall assist in the preparation of an application for state funds from the Multifamily Housing Program, which has increased funds available due to the passage of Proposition 46.~~ [formerly III-12]

Time Frame: Ongoing

III-9 The City shall continue to post and distribute information on currently available weatherization and energy conservation programs. [formerly III-14]

Time Frame: Ongoing

III-10 ~~The City shall continue to enforce state requirements, including Title 24 requirements, for energy conservation in new residential projects.~~ The City shall adopt the California Green Building Standards Code, whose provisions will be mandatory in January 2010. The standards include a 50 percent increase in landscape water conservation and a 15 percent reduction in energy use compared to current standards. [formerly III-15]

Time Frame: FY 10-11

III-11 The City shall monitor the status of subsidized housing projects at risk of conversion to market-rate housing. If a Notice of Intent or Plan of Action pursuant to the Low Income Housing Preservation and Resident Homeownership Act of 1990 is filed, the City shall actively participate in obtaining financial assistance to preserve such units. [formerly III-16]

Time Frame: Ongoing

III-12 ~~The City shall continue to promote equal housing opportunities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, or color. To this end,~~ The City shall continue to disseminate information on fair housing, whereby the City publicizes the complaint referral process through the local media, schools, libraries, post office, housing advocacy groups, or other appropriate institutions and organizations. This information shall be provided in both Spanish and English. [formerly III-17]

Time Frame: Ongoing

III-13 Provide information sheets at City Hall about the new 211 phone system, which provides phone assistance to persons in need of emergency shelter.

Time Frame: Ongoing

III-14 The City shall adopt standards for the design, maintenance, and operation of multi-family housing to ensure that a basic level of quality is achieved and sustained for this important type of housing. Such standards shall be drafted to be non-discretionary (e.g., to ensure that they cannot become the basis for disapproving a multi-family housing project).

Time Frame: Within three (3) years of Housing Element certification (FY 11-12)

III-15 The City shall collaborate with fair housing advocates to promote first-time homebuyer education and help protect homebuyers from unwise lending practices.

Time Frame: Within one (1) year of Housing Element certification (FY09-10) and then ongoing

III-16 The City shall develop a program to use Federal Neighborhood Stabilization Program funds to do one or more of the following:

- Establishment of financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, combined with the purchase and rehabilitation

of homes/residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop;

- Establishment of land banks for homes that have been foreclosed upon;
- Demolition of blighted structures; and/or
- Redevelopment of demolished or vacant properties

Time Frame: Within one (1) year of Housing Element certification and then ongoing

III-17 Amend the Newman Zoning Ordinance to add emergency shelters as an allowed use by right at least one zoning district within the City.

Time Frame: Within three (3) years of Housing Element certification (FY 11-12)

III-18 The City shall, as staffing resources allow, participate in the annual census of homeless persons in collaborate with Stanislaus County Housing Authority.

Time Frame: Annually

QUANTIFIED OBJECTIVES

As explained in the introduction to this Housing Element, this plan has been prepared and adopted in a time of unprecedented economic, financial challenges. The economy has been in the throes of a severe recession with collapsing stock market prices and extensive job losses. Newman and all of California have been experiencing a sharp downward trend in housing prices stoked by a wave of foreclosures. Housing construction has essentially ground to a halt. Financing has been often unavailable, and the banking sector has been paralyzed by insolvencies.

Due to these current conditions, quantitative objectives depend on very modest housing construction activity in the coming period. On the up side, the substantial drop in housing prices and the number of houses in foreclosure has created a unique opportunity for low-income households to purchase their first home. Currently the median price is below $190,000, which is affordable to low-income families. In effect, a portion of the city's market-rate housing, which now serves as a new supply of lower-income housing. This new low-income housing is not represented in the table below, but is nonetheless a tangible addition to the city's affordable housing stock.

These objectives represent a reasonable expectation for the construction of new housing units and the rehabilitation of existing housing units based on the policies and programs set forth in this General Plan Housing Element, the General Plan Land Use Element, and general market conditions. Table II-36 presents the quantified objectives for the City of Newman for the period 2007 through 2014.

Table II-36
Quantified Objectives for Housing
2007 to 2014

Item	Adjusted Regional Housing Needs Allocation[1]	New Construction	Rehabilitation	Conservation/ Preservation[7]
Extremely Low	49	36[2]	0	0
Very Low	49	37[3]	0	0
Low	69	146[4]	0	0
Moderate	81	257[5]	0	0
Above Moderate	174	0	0	0
Total	422	476	0	0

Notes: [1]The planning period for the Housing Element is January 1, 2007 through January 1, 2014.
[2]This represents half of the Newman Family Apartments project currently being constructed by the Corporation for Better Housing.
[3]This represents the other half of the Newman Family Apartments, plus one unit from Site #7
[4]This represents the 144 units from Park Villas, plus two units from Site #7.
[5]This represents all of the moderate-income units identified in Table II-21 that require no action. All have been approved, and some are under construction.

Appendix A: Analysis of 2003 Housing Element

The goal of the 2003 housing element was to provide an adequate supply of sound, affordable housing in a safe and satisfying environment for all residents of the City of Newman. This goal was supported by housing objectives, policies, and implementation programs. This section reviews the effectiveness of the 2003 housing element in accomplishing its implementation programs.

2003-III-1. The City shall amend its General Plan Land Use Diagram to re-designate approximately 4.003 acres of land (identified as sites 9, 10, and 11 in Figure II-5) from Medium Density Residential (MDR) to High Density Residential (HDR) in order to accommodate housing for persons of all income categories as prescribed by the 2002 StanCOG fair share housing allocation. (Time Frame: FY 03-04).

Status: Completed. The City of Newman re-designated the identified sites as High Density Residential as part of its General Plan update program completed in 2007.

2003-III-2. The City shall amend its Zoning Map to rezone sites as specified in Figure II-5 to achieve consistency between the Zoning Map and General Plan Land Use Diagram and provide adequate housing sites for persons of all income categories. (Time Frame: FY 03-04).

Status: Partially Completed. The City of Newman rezoned sites identified as 9, 10, and 11 in Figure II-5 from R-1 to R-3 on February 12, 2008 (Zoning Change 07-02). This zoning change (and the corresponding General Plan re-designation referenced in Program III-1) was required in the 2003 Housing Element to provide an addition 4.003 acres of land for very low and low-income housing, thereby providing sufficient sites for this income category. As a result of these actions, a new multi-family project entitled: "Newman Family Apartments" is now being developed on these parcels.

Three other properties (1, 3, and 4) totaling 6.610 acres, which were already designated for High Density Residential in the General Plan but which needed rezoning from R-1 to R-3, have not been rezoned. The recent General Plan update continued the High Density Residential designation on these sites. The net result of this activity was to leave the

City short 6.610 acres of the available sites needed for very low and low-income housing during the planning period.

With regard to sites for moderate-income housing, the City rezoned two sites (19 and 20) totaling 22.873 acres to PD to accommodate medium density housing. Site 19 was rezoned from no zone designation to PD on June 13, 2006 (Zoning Change 04-01), and site 20 was rezoned from R-1 to PD on October 14, 2003 (Zoning Change 03-02). Six other sites (12, 13, 14, 15, 17, and 22) totaling 4.841 acres, which needed rezoning to from R-1 to R-2, have not been rezoned. Also, site 16, which is 2.697 acres, was re-designated to Downtown Commercial in the recent General Plan update and therefore lost as a possible site for moderate-income housing.

The net result of this activity was to provide 31.09 acres of available sites for moderate-income housing, which has the capacity to accommodate approximately 298 new housing units. As the City regional fair share housing allocation for this income group was 189 units, the City provided more than was needed during the planning period.

No rezoning was required for the above moderate-income group.

2003-III-3. The City shall, in cooperation with the Stanislaus County Housing Authority, place a measure on the local ballot that, if passed, would authorize public agencies such as the Housing Authority to develop low-rent housing projects in the City of Newman (referred to as an Article 34 vote). The ballot measure shall limit the size of any single low-rent housing project to 50 units or less, and in no case shall such low-rent housing constitute more than one percent of the total housing units existing in the city on January 1 of the year in which the housing is to be built (as reported by the California Department of Finance) (Time Frame: FY 04-05).

Status: Not Completed

2003-III-4. The City shall undertake an inventory of Downtown sites that are suitable for townhouse-style and/or second-story housing. Such housing should be consistent with the historical character of neighborhoods adjacent to Downtown and reinforce Newman's Downtown Revitalization Program (Time Frame: FY 03-04 through FY 08-09).

Status: Not Completed

2003-III-5. The City shall include in all specific plans and neighborhood plans adopted after January 1, 2004, provisions that, in addition to meeting the requirements to include a range of density types as specified in the General Plan Land Use Element, require that 6.4 percent of the single family units be attached single family housing (Time Frame: FY03-04 through FY 08-09).

Status: Policy in effect; no specific plans have been adopted since 1-1-04

2003-III-6. The City of Newman shall include in all specific plans and neighborhood plans adopted after January 1, 2004, provisions that ensure that all multi-family housing prescribed by the plan is constructed concurrently with any single family housing being constructed in the plan area. The specific plan shall also contain a provision requiring property owners to tender an irrevocable offer to sell the multi-family property to the Stanislaus County Housing Authority at 50 percent of appraised value in the event that the subject property owner is unable or unwilling to construct the multi-family housing concurrently with other housing. For the purpose of this program, "concurrently" shall mean: "within one year of filing the first final map for any housing project in the plan area" (Time Frame: FY 03-04 through FY 08-09).

Status: No specific plans have been adopted since 1-1-04

2003-III-7. The City shall, when applicable, include in all subdivision approvals after January 1, 2004, a notice as part of the conditions, covenants and restrictions (CC&Rs) that multi-family housing is planned for adjacent property (Time Frame: FY 03-04 through FY 08-09).

Status: Policy in effect, not yet been applicable

2003-III-8. The City shall amend its second unit provisions contained in Section 5.23.040, Second Residential Units, of the Newman Zoning Ordinance to make them consistent with new state law (AB1866 2002) that governs processing of permits for second housing units. The revised sections shall make approval of second units a ministerial act (Time Frame: FY 03-04).

Status: Not completed, currently under review for revisions.

2003-III-9. In approving subdivision plans, the City shall require developers to offer an optional design to homebuyers whose household has one or more disabled person (Time Frame: FY 03-04 through FY 08-09).

Status: Not completed

2003-III-10. The City shall apply for Community Development Block Grant funds to analyze City development regulations for compliance with the Fair Housing Act and the Americans with Disabilities Act and for consistency with any proposed City ordinance setting forth procedures for requesting reasonable accommodations for disabled persons (Time Frame: FY 04-05).

Status: The City currently receives CDBG funding through the Stanislaus County CDBG Consortium and requires that CDBG funded projects follow all ADA requirements.

2003-III-11. The City shall amend its Municipal Code to create a procedure wherein persons with disabilities seeking equal access to housing may request reasonable accommodation in the application of zoning laws and other land use regulations, policies and procedures (Time Frame: FY 03-04 through FY 08-09).

Status: Not Completed

2003-III-12. The City shall work with local nonprofit housing developers to prepare development programs for affordable housing on vacant sites identified in this Housing Element and to provide technical assistance. In August 2004, the City shall assist in the preparation of an application for state funds from the Multifamily Housing Program, which has increased funds available due to the passage of Proposition 46. (Time Frame: FY 04-05).

Status: In 2008, the City of Newman facilitated the development of Newman Family Apartments, a 72-unit affordable housing project being developed by the Corporation for Better Housing (Sherman Oaks)

2003-III-13. The City shall continue to support Self-Help Enterprises' housing rehabilitation program with local, state, and federal funding sources as available for the rehabilitation of housing for very-low and low income households. [see III-13, III-14, and III-15] (Time Frame: FY 03-04 through FY 08-09).

Status: Completed, funding through/for Self-Help Enterprises ended in FY 06/07.

2003-III-14. The City shall continue to post and distribute information on currently available weatherization and energy conservation programs (Time Frame: FY 03-04 through FY 08-09).

Status: Policy is in effect, any information that the City receives will be made available to the public.

2003-III-15. The City shall continue to enforce state requirements, including Title 24 requirements, for energy conservation in new residential projects (Time Frame: FY 03-04 through FY 08-09).

Status: Completed, the Newman 2030 General Plan identifies this requirement.

2003-III-16. The City shall monitor the status of subsidized housing projects at risk of conversion to market-rate housing. If a Notice of Intent or Plan of Action pursuant to the Low Income Housing Preservation and Resident Homeownership Act of 1990 is filed, the City shall actively participate in obtaining financial assistance to preserve such units (Time Frame: FY 03-04 through FY 08-09).

Status: Policy is in effect, no activities have triggered City action.

2003-III-17. The City shall continue to promote equal housing opportunities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, or color. To this end, the City shall continue to disseminate information on fair housing, whereby the City publicizes the complaint referral process through the local media, schools, libraries, post office, housing advocacy groups, or other appropriate institutions and organizations. This information shall be provided in both Spanish and English. (Time Frame: FY 03-04 through FY 08-09).

Status: The City shall continue to promote fair housing

2003-III-18. The City shall provide information to developers to help them become aware of the 2001-08 Fair Share Housing Allocation in Newman and to encourage the provision of housing affordable for lower-income households and in particular, units for large families. The information shall include a summary of adopted density bonus provisions which assists in increasing densities and development incentives

available when affordable units are provided. In addition, the City shall revise its density bonus ordinance (Chapter 5.14 NMC) to offer an additional five percent density bonus (from 25% to 30%) for qualified housing projects where 25 percent of the required affordable units have three or more bedrooms (Time Frame: FY 03-04 through FY 08-09).

Status: Incentive information is available to developers; however, the NMC has not been revised.

2003-III-19. In conjunction with the Stanislaus County Affordable Housing Corporation (STANCO) and local lenders, City of Newman Redevelopment Agency shall continue to support the Down Payment Assistance Program that has been established to assist very low, low and moderate income households in purchasing a home within the City of Newman (Time Frame: FY 03-04 through FY 08-09).

Status: As applicable funding is available, the City shall continue providing a down payment assistance program.

2003-III-20. The Newman Redevelopment Agency shall offer relocation assistance to assist in the development of underutilized high-density residential sites that receive Redevelopment Agency assistance (Time Frame: FY 03-04 through FY 08-09).

Status: This policy is in effect, but there have been no applicable projects since 2003.

2003-III-21. The City of Newman shall work with the Housing Authority and Non-Profit housing developers to obtain funding for farmworker housing through the Joe Serna Jr. Farmworker Housing Grant Program (Time Frame: FY 03-04 through FY 08-09).

Status: Not Completed

Appendix B: Special Housing Requirements

In addition to requiring each city and county adopt a housing element, the California Legislature has enacted some very specific requirements to ensure that local regulatory procedures do not constrain housing development. This chapter summarizes these special housing mandates.

Second Units and Density Bonuses (§ 65583.1 and § 65852.2 – AB 1866 of 2002)

The Planning and Zoning Law permits the Department of Housing and Community Development to allow a city or county to identify adequate sites by a variety of methods. This new law authorized HCD to also allow a city or county to identify sites for 2nd units based upon relevant factors, including the number of 2nd units developed in the prior housing element planning period.

The Planning and Zoning Law authorizes a local agency to provide by ordinance for the creation of 2nd units on parcels zoned for a primary single-family and multifamily residence, as prescribed. This new law requires, when a local agency receives its first application on or after July 1, 2003, that the application shall be considered ministerially without discretionary review or hearing, notwithstanding other laws that regulate the issuance of variances or special use permits. The new law also authorizes a local agency to charge a fee to reimburse the agency for costs it incurs as a result of these provisions.

The Planning and Zoning Law also requires, when a developer of housing proposes a housing development within the jurisdiction of the local government, that the city, county, or city and county provide the developer with incentives or concessions for the production of lower income housing units within the development if the developer meets specified requirements. Existing law requires the local government to establish procedures for carrying out these provisions. This new law revises those provisions to refer to an applicant who proposes a housing development and would recast them to, among other things, revise criteria for making written findings that a concession or incentive is not required, add criteria for continued affordability of housing in a condominium project, authorize an applicant to request a meeting on its proposal for a specific density bonus, incentive, or concession or for the waiver or reduction of development standards, and exempt developments meeting certain affordability criteria from specified laws. By increasing the duties of local public officials, the bill would impose a state-mandated local program.

The new law also authorizes an applicant to initiate judicial proceedings if the city, county, or city and county refuses to grant a requested density bonus, incentive, or concession in violation of

these provisions, and would require the court to award the plaintiff reasonable attorney's fees and costs of suit. It would authorize a local agency to charge a fee to reimburse it for costs that it incurs as a result of these provisions.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement. This new law provides that no reimbursement is required by this act for a specified reason.

Provisions to Provide Flexibility in Identifying Adequate Sites

Housing element law requires an identification of sites to facilitate the development of housing commensurate with the jurisdiction's share of the regional housing need for all income levels. Where sufficient sites have not been identified, the element must include a program to provide the necessary sites. Chapter 796, by adding Government Code §65583.1(c), provides alternative program options to address the adequate sites requirement. Specifically, local governments may meet up to 25 percent of their site requirement by substituting existing units which will be made available or preserved through the provision of committed assistance to low and very-low-income households at affordable housing costs or affordable rents. To use this provision of the law, the housing element must include a program to do all of the following:

- Identify the specific, existing source of funds to be used to provide committed assistance and dedicate a portion of the funds for this purpose.
- Describe the number of units to be provided for low- and very low-income households and demonstrate that the amount of funds dedicated is sufficient to provide the units at affordable costs or rent.

Only units to be substantially rehabilitated, converted from non-affordable to affordable by acquisition of the units or the purchase of affordability covenants, or preserved at affordable housing costs by the acquisition of the units or purchase of affordability covenants are eligible, and must be identified in the program description.

Two recent changes in state law have significantly changed how jurisdictions must address adequate sites. In 2004, the State legislature passed AB 2348 (Mullin, 2004), which required more detailed inventory of sites to accommodate projected housing needs and provide greater development and housing element review certainty. The next year, the State legislature passed AB 1233 (Jones, 2005), which required local governments to zone or rezone to for adequate sites

within one-year of update (in addition to new projected need), if the prior element failed to identify or implement adequate sites.

Provision of Services to Affordable Housing Sites

In 2005, the State legislature passed SB 1087 (Florez, 2005), which required closer coordination between local jurisdictions and services providers. The new law:

- Required local governments to IMMEDIATELY forward adopted housing element to water and sewer providers
- Required water and sewer providers to establish specific procedures to grant priority service to housing with units affordable to lower-income households
- Prohibited water and sewer providers from denying or conditioning the approval of, or reducing the amount of service for an application for development that includes housing affordable to lower-income households unless specific written findings are made

Extremely Low Income Housing: (AB 2634 of 2006)

In 2006, the State legislature required quantification and analysis of existing and projected housing needs of extremely low-income households. This new law also required Housing Elements to identify zoning to encourage and facilitate supportive housing and single-room occupancy units.

General Plans and Residential Density: (AB 2292 of 2002)

The Planning and Zoning Law requires a city, county, or a city and county to adopt a general plan that consists of a statement of development policies and a diagram or diagrams and text setting forth objectives, principles, standards, and plan proposals, including a land use element that sets forth a statement of the standards of population density and building intensity recommended for districts and other territory covered by the plan. The act also requires that the maximum allowable residential density be consistent with the applicable zoning ordinance and the adopted general plan.

This new law prohibits a city, county, or a city and county, by administrative, quasi-judicial, or legislative action, from reducing, requiring, or permitting the reduction of the residential density for any parcel to a lower residential density that is below the density that was utilized by the Department of Housing and Community Development in determining compliance with housing element law, unless the city, county, or city and county makes written findings supported by

substantial evidence that the reduction is consistent with the adopted general plan, including the housing element, and the jurisdiction's share of the regional housing need, as specified.

The new law also requires, until January 1, 2007, a court to award attorney's fees and costs of suit to specified plaintiffs or petitioners if the court finds that an action of a city, county, or city and county is in violation of these provisions, except as specified.

Disapproval of Low- and Moderate-Income Housing Projects

A local agency shall not disapprove a housing development project affordable to low- or moderate-income households or condition approval in such a manner which renders the project infeasible unless it finds one of the following:

- The jurisdiction has an adopted housing element and the project is not needed to meets its share of the regional housing need for low-income housing;
- The project would have a specific, adverse impact upon the public health or safety which could not be mitigated without rendering the project unaffordable to low- and moderate-income households;
- The denial is required in order to comply with specific state or federal law
- The approval would increase the concentration of lower-income households in a neighborhood that already has a disproportionately high number of lower income households and there is no alternative site on which the project could be developed without rendering the project unaffordable to low- and moderate-income households;
- The project is proposed on land zoned for agriculture or resource preservation which is surrounded on at least two sides by land being used for agriculture or resource preservation;
- The development is inconsistent with the jurisdiction's general plan land use designation, and the jurisdiction has an adopted housing element.

(Government Code §65589.5)

In 2006, the State Legislature passed AB 2511 (Jones, 2006), which amended several sections of general plan and housing laws as follows:

Housing Element Reports

AB 2511 (Jones) put teeth into the obligation of local jurisdictions to annually report to HCD their progress in implementing their housing elements. The bill provided that the deadlines in the statute are mandatory and mandates courts to order jurisdictions that fail to comply to comply within 60 days, and it authorized the court to grant sanctions.

Permit Streamlining

The Permit Streamlining Act requires local approvals of certain affordable housing developments within 90 days rather than the 180 days required for other developments. The law, however, does not specify what constitutes affordable housing. AB 2511 (Jones) clarified that applicants are entitled to the shorter 90 day time period if at least 49 percent of the units are affordable to low and very low income households. In addition, some localities routinely ignore the deadlines in Permit Streamlining Law, and AB 2511 provided that the deadlines in the law are mandatory.

Downzonings

AB 2511 (Jones) made mostly technical, clarifying changes to existing law that required that localities make findings before reducing the density of a proposed development below the zoned density. The bill largely made the law consistent with housing element legislation enacted in 2004.

Discrimination in Planning

Government Code Section 65008 prohibits discrimination by local governments in their planning and zoning activities. AB 2511(Jones) clarified that the discrimination prohibited by Government Code §65008 is not just discrimination pursuant to zoning and planning law but pursuant to any law.

Land Use Mediation

AB 2511 (Jones) removed the 2006 sunset date on current law providing for a voluntary mediation process for land use cases.

Index of Planning Laws

The Legislature has enacted a number of laws that are intended to streamline the affordable housing approval process and provide incentives for affordable housing production but those laws

are spread throughout the Planning and Zoning laws and may be overlooked by many local governments and other practitioners. AB 2511 (Jones) highlights those laws in one place in Planning and Zoning law, Government Code §65582.1.

Anti-Nimby Law

AB 2511 (Jones) renamed what is popularly known as state "Anti-Nimby" law, the "The Housing Accountability Act," affirmatively emphasizing the accountability of local governments for their fair share of housing.

Allowing Multi-Family Housing By Right

Where a city's inventory of residential sites does not identify adequate sites to accommodate the need for groups of all household income levels, the Housing Element shall provide for sufficient sites with zoning that permits owner-occupied and rental multi-family residential use by right, including density and development standards that could accommodate and facilitate the feasibility of housing for very low- and low-income households *(Government Code §65583)*.

Emergency Shelters

In 2007, the State legislature passed SB2 (Cedillo, 2007), which clarified and strengthened housing element law to ensure zoning encourages and facilitates emergency shelters and limits the denial of emergency shelters and transitional and supportive housing under the Housing Accountability Act.

Findings on Housing Limits

Any city or county adopting or amending its general plan in a manner that limits the number of units that may be constructed on an annual basis must make specified findings concerning the efforts it has made to implement its housing element and the public health, safety, and welfare considerations that justify reducing the housing opportunities of the region *(Government Code § 65302.8 and § 65863.6)*.

Housing Disapprovals and Reductions

When a proposed housing development complies with applicable local policies and regulations in effect at the time the application is determined to be complete, the local agency may not disapprove the project or reduce its density unless it makes specified findings *(Government Code § 65589.5)*.

Solar Energy Systems

Cities and counties may not enact zoning provisions that effectively prohibit or unnecessarily restrict the use of solar energy systems, except for the protection of public health or safety. Allowable "reasonable restrictions" include those that do not significantly increase the cost of the solar system or significantly decrease its efficiency and those that allow for an alternative system of comparable cost and efficiency *(Government Code § 65850.5)*.

Secondary Residential Units

To encourage establishment of secondary units on existing developed lots, cities and counties are required to either (1) adopt an ordinance based on standards set out in the law authorizing creation of second units in residentially zoned areas; or (2) where no ordinance has been adopted, allow second units by use permit if they meet standards set out in the law. Local governments are precluded from totally prohibiting second units in residentially zoned areas unless they make specific findings *(Government Code § 65852.2)*.

Mobilehomes in Single-Family Zones

Cities and counties shall allow the installation of mobilehomes on permanent foundations on lots zoned for conventional single-family dwellings. Cities and counties shall only subject mobilehomes to the same development standards that apply to single-family dwellings. Any architectural requirements, however, shall be limited to roof overhang, roofing material, and siding material and shall not exceed those which would be required of a single-family dwelling constructed on the same lot. Any area considered to be of special historical interest may be exempted from this provision *(Government Code § 65852.3)*.

Mobilehome Parks

Health and Safety Code § 18300 preempts local authority to regulate mobilehome parks except in regards to a very limited set of powers, and vests the responsibility with the California Department of Housing and Community Development. Local authorities can assume responsibility for enforcement of regulations from the department upon 30 days written notice to the department. Whether or not the local authority assumes enforcement powers from the state, it retains the power to:

- Establish certain zones for mobilehome parks and to prohibit mobilehome parks from non-residential zones;

- Establish types of mobilehome uses including family mobilehome parks, adult mobilehome parks, mobilehome condominiums, mobilehome subdivisions, or mobilehome planned unit developments;
- Adopt rules and regulations prescribing park perimeter walls or enclosures on public street frontage, signs, access, and vehicle parking;
- Prohibit certain uses for mobilehome parks;
- Regulate the construction and use of equipment and facilities located outside of a mobilehome unit;
- Regulate the density of a mobilehome park provided the density is not less than that allowed for other residential uses within that zone;
- Require recreational facilities, recreational areas, etc., to the extent that such facilities or improvements are required for other types of residential developments containing a like number of residential units.

A mobilehome park is deemed by state law to be a permitted use on all land general planned and zoned for residential use *(Government Code § 65852.7)*.

Mobilehome Park Conversions

Any subdivider filing a tentative or parcel map to be created from the conversion of a mobilehome park to another use must prepare and file a report on the impact of the conversion on the displaced mobilehome park residents. The subdivider shall make a copy of the report available to each resident of the mobilehome park at least 15 days prior to the public hearing. The city or county with jurisdiction must consider the impact report at a public hearing and may require as a condition of approval of the conversion that the project sponsor mitigate the impacts of displacement. These provisions also apply when closure of a mobilehome park is the result of a decision by a local government entity or planning agency *(Government Code § 65863.7 and § 66427.4)*.

Notification on Mobilehome Park Conversions

A city or county that has received an application for a mobilehome park conversion must notify the applicant at least 30 days prior to any hearing or action of state and local requirements for

applicant notification or mobilehome owners and park residents concerning the proposed change. No action may be taken on the application until the applicant has satisfactorily verified that mobilehome owners and park residents have been properly notified *(Government Code § 65863.8)*.

Limitations on Development Permit Fees

Fees charged by local public agencies for zoning changes, variances, use permits, building inspections, building permits subdivision map processing, or other planning services may not exceed the estimated reasonable cost of providing the service for which the fee is charged. Fees may exceed this limit only with a two-thirds vote of the electorate *(Government Code § 54990 and § 65909.5)*.

Residential Zoning

Cities and counties must zone a sufficient amount of vacant land for residential use to maintain a balance with land zoned for non-residential use (e.g., commercial and industrial) and to meet the community's projected housing needs as identified in the housing element of the general plan *(Government Code § 65913.1)*.

Residential Subdivision Standards

Cities and counties may not impose standards for design and improvement for the purpose of making the development of housing for any and all economic segments of the community infeasible. Furthermore, it shall consider the effect of ordinances adopted and actions taken with respect to the housing needs of the region in which the local jurisdiction is situated *(Government Code § 65913.2)*.

Coordinated Permit Processing

Each city and county must designate a single administrative entity to coordinate the review and decision making and provision of information regarding the status of all applications and permits for residential, commercial, and industrial developments *(Government Code § 65913.3)*.

Density Bonuses

When a developer agrees to construct at least 20 percent of the total units in a housing development for lower income households, 10 percent of the total units for very low income households, or 50 percent of the total units for qualifying senior citizens, the city or county must

either grant a density bonus and at least one other concession or incentive, or provide other incentives of equivalent financial value. The developer must agree to ensure continued affordability for all lower income units for 30 years (10 years under particular circumstances). The density bonus must increase by at least 25 percent the other maximum allowable density specified by the zoning ordinance and the land use element of the general plan. Each city or county must set up procedures for carrying out these provisions *(Government Code § 65913.4 and § 65915)*.

Density Bonuses for Condominium Conversions

When a developer proposing to convert apartments to condominiums agrees to provide at least 33 percent of the total units in the proposed condominium project for low or moderate income households, at least 15 percent of the total units for lower income households, the city or county must either grant a density bonus or provide other incentives of equivalent financial value. The density bonus must increase by at least 25 percent over the number of apartments to be provided within the existing structure proposed for conversion *(Government Code § 65915.5)*.

CEQA and Density Reductions

Cities and counties may deny or reduce the density set forth by the general plan for a housing project only as a mitigation measure for a specific adverse impact upon public health or safety pursuant to the California Environmental Quality Act and only when there is no other feasible mitigation that would achieve comparable density results *(Public Resources Code § 21085)*.

Residential Energy Conservation

Cities and counties are required to adopt energy conservation standards for new residential dwellings (excluding apartment houses with four or more stories and hotels); *(Public Resources Code § 25402.1)*.

Redevelopment Replacement Housing

Every redevelopment plan must contain provisions that provide replacement housing on a "one-for-one" basis for low and moderate income persons displaced by redevelopment activity within four years of demolition *(Health and Safety Code § 33413(a))*.

Redevelopment Inclusionary Housing

Redevelopment agencies that development affordable housing must develop at least 30 percent of all new or rehabilitated dwelling units to be affordable to low- and moderate-income families, at

least half of which must be for, and occupied by, very low-income households *(Health and Safety Code § 33413(b)(1))*.

Redevelopment agencies must ensure that at least 15 percent of all new or rehabilitated dwelling units privately developed in a redevelopment project area will be affordable to low- and moderate-income households, of which 40 percent must be for, and occupied by, very low-income households *(Health and Safety Code § 33413(b)(2))*.

Conservation of Affordable Housing in Redevelopment Project Areas

Redevelopment agencies must require all affordable units to remain affordable for "the longest feasible time, as determined by the agency, but not less than the period of the land use controls established in the redevelopment plan" *(Health and Safety Code § 33413(c))*.

Redevelopment Agency Funds for Housing

Redevelopment agencies must use at least 20 percent of tax increment revenues generated by a redevelopment project to increase and improve the community's supply of housing for persons of low and moderate income. Certain findings may be made by the agency to set aside less than 20 percent if no need exists for such housing, if less than 20 percent is required to meet the need, or if a substantial effort to meet the needs is being made *(Health and Safety Code § 33334.2)*.

Community Care Facilities

A residential facility which serves six or fewer persons shall be considered a residential use of property, and the residents and operators of the facility shall be considered a family. No conditional use permit, zoning variance, or other zoning clearance shall be required which is not required of a family dwelling of the same type in the same zone *(Health and Safety Code § 1566.3 and § 1567.1)*.

Community Care Facilities for the Elderly

A residential facility for the elderly which serves six or fewer persons shall be considered a residential use of property, and the residents and operators of the facility shall be considered a family. No conditional use permit, zoning variance, or other zoning clearance shall be required which is not required of a family dwelling of the same type in the same zone *(Health and Safety Code § 1569.84)*.

Homes for Mentally Disordered, Handicapped Persons, or Dependent and Neglected Children

A state-authorized, certified, or licensed family care home, foster home, or group home serving six or fewer mentally disordered, or otherwise handicapped persons, or dependent and neglected children shall be considered a residential use of property. Such homes shall be a permitted use in all residential zones (*Welfare and Institutions Code § 5116*).

City of Newman
Housing Element Update

City Council
May 26, 2009

Agenda

- Update schedule
- Available Sites
- New/Revised Housing Programs
- Planning Commission Recommendations
- Next Steps

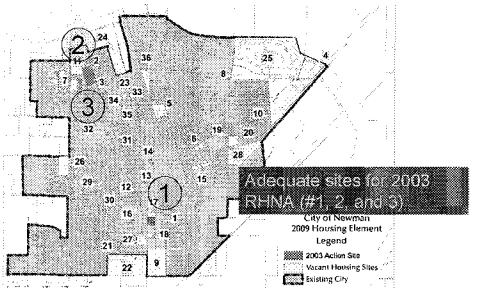
Schedule

Nov, Dec 08 –	Update demographic data; survey housing conditions
Jan, Feb 09 –	Public outreach; evaluation of special needs; inventory of available sites
March, April 09 –	Prepare public review draft Housing Element
May 21, 09 –	Planning Commission
May 26, 09	City Council conceptual approval
June/July 09 –	HCD and public review
June 09 –	CEQA documentation
August 09 –	Prepare Final Housing Element; formal action by Planning Commission and City Council

Overview of Available Sites

- City's inventory of available housing sites is made up largely of sites that already have approved housing projects.
- AB 1233 (Jones) 2005:
  - If prior element failed to identify or implement adequate sites, City must rezone to address need within one-year of update (in addition to new projected need)
- Action required to provide adequate sites for 2003 HE
  - Three sites were identified in 2003 as available for low and very low-income housing with rezoning
  - See Sites #1, 2, and 3

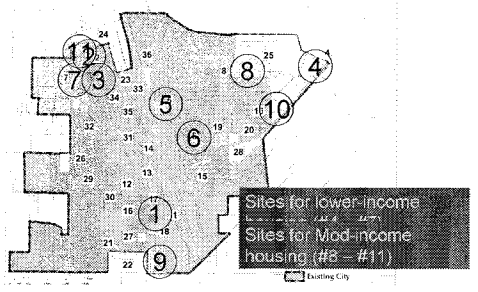
Available Sites



Available Sites

- Lower-income sites
  - Sites #4 through #7
  - All lower income sites have approved projects (1 exception)
- Moderate-income sites (no action needed)
  - Sites #8 through #11
  - These sites have approved projects
- Moderate-income sites (action needed)
  - Sites #12 through #24
  - Appropriate GP but may need rezoning or annexation
- Market-rate sites

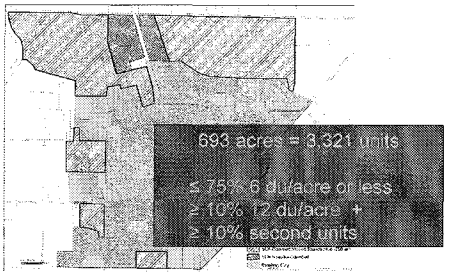
Available Sites



Available Sites

	Number of Sites	Number of Acres	Housing Potential	Adjusted RHNA	Surplus
Extremely Low, Very Low, and Low	4	14.803	231	167	64
Moderate (no action)	5	39.295	257	81	176
Moderate (action)	13	34.003	405	--	405
Market Rate	12	130.001	393	174	219
Total	34	218.102	1,286	422	864

General Plan Growth Area



Future Growth Area

	Acres	Density[1]	Units	% of Total
Planned Mixed Residential				
Low Density	566	4	2,266	68%
Low Density 2nd Units	28	8	227	7%
Medium Density	70	7	489	15%
High Density	28	12	340	10%
Subtotal	693		3,321	100%

New/Revised Programs

- Minor changes to housing policies
- Most housing programs replaced with new ones
  - Respond to changes in state law
  - Respond to housing/foreclosure crisis

New/Revised Programs

- Program II-1
  - The City shall amend its Zoning Map to rezone identified sites (Sites #1, 2, and 3 as specified in Figure II-5) to R-3 for low- and very low-income housing consistent with the 2003 RHNA, per the requirements of Government Code §65584.09.
  - Time Frame: Within one (1) year of Housing Element certification (FY 09-10)

New/Revised Programs

- Program II-2
  - The City shall forward the certified Housing Element to public utilities providing gas, electricity and telephone and cable services and to the Newman Unified School District, to ensure that public utilities and school facilities are made available to meet the expected housing growth in those areas where development is planned.
  - Time Frame: Immediately upon Housing Element certification (FY 09-10)

New/Revised Programs

- Program II-3
  - The City shall adopt an ordinance that establishes specific procedures to grant priority service to housing with units affordable to lower-income households whenever capacity is limited.
  - Time Frame: Within one (1) year of Housing Element certification (FY 09-10)

New/Revised Programs

- Program II-6
  - The City shall promote the use of "Universal Design" in new housing to better accommodate persons with disabilities and the elderly.
  - Time Frame: Ongoing

New/Revised Programs

- Universal design is the design of products and environments to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design.
  - Provide the same means of use for all users: identical whenever possible; equivalent when not
  - Avoid segregating or stigmatizing any users
  - Provisions for privacy, security, and safety should be equally available to all users
  - Make the design appealing to all users

New/Revised Programs

- Program II-10
  - The City shall adopt the California Green Building Standards Code, whose provisions will be mandatory in January 2010. The standards include a 50 percent increase in landscape water conservation and a 15 percent reduction in energy use compared to current standards.
  - Time Frame: FY 10-11

New/Revised Programs

- Program II-14
  - The City shall adopt standards for the design, maintenance, and operation of multi-family housing to ensure that a basic level of quality is achieved and sustained for this important type of housing. Such standards shall be drafted to be non-discretionary (e.g., to ensure that they cannot become the basis for disapproving a multi-family housing project).
  - Time Frame: Within three (3) years of Housing Element certification (FY 11-12)

New/Revised Programs

- Program II-15
  - The City shall collaborate with fair housing advocates to promote first-time homebuyer education and help protect homebuyers from unwise lending practices.
  - Time Frame: Within one (1) year of Housing Element certification (FY09-10) and then ongoing

New/Revised Programs

- Program II-16
  - The City shall develop a program to use Federal Neighborhood Stabilization Program funds to do one or more of the following:
    - Establishment of financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties,
    - Establishment of land banks for homes that have been foreclosed upon;
    - Demolition of blighted structures; and/or
    - Redevelopment of demolished or vacant properties
  - Time Frame: Within one (1) year

New/Revised Programs

- Program II-17
  - Amend the Newman Zoning Ordinance to add emergency shelters as an allowed use by right at least one zoning district within the City.
  - Time Frame: Within three (3) years of Housing Element certification (FY 11-12)

New/Revised Programs

- Program II-18
  - The City shall, as staffing resources allow, participate in the annual census of homeless persons in collaborate with Stanislaus County Housing Authority.
  - Time Frame: Annually

Planning Commission Recommendations

- Letter dated April 1, 2009
  - Responded to in memo dated April 16
- Page II-39 – Ref to medical facilities in Gustine needs updating
- Page II-87 – delete word "all" from Policy III-A-6
- Page II-93 – delete phrase "local non-profit" in Program III-8

Next Steps

- Conceptual approval by City Council
- Distribute HE for public review/HCD Review
- Prepare CEQA Document
- Bring back in August for formal adoption

Agenda Item: 10.a.

Honorable Mayor and Members
of the Newman City Council

City Council Meeting
of May 26, 2009

ADOPT RESOLUTION 2009- , MODIFYING THE DATE OF COMPLETION OF THE UNDERGROUND UTILITY DISTRICT NOS. 5-A, 5-B, AND 5-C IN THE CITY OF NEWMAN

RECOMMENDATION:

It is recommended that the City Council adopt Resolution 2009- , modifying the date of completion of the Underground Utility District Nos. 5-A, 5-B, and 5-C in the City of Newman.

BACKGROUND:

Underground Utility Districts 5-A, 5-B, and 5-C were originally established by City Council on the 24th day of August, 2007 by Resolution 2007-48 for the purpose of the removal of all poles, overhead wires and facilities for supplying electric, communication or similar or associated service within Underground Utility District No. 5.

The affected utility companies have met and discussed the work necessary to complete these Underground Utility Districts. It was determined that due to delays in establishing the trenching agent and the design phase of Underground Utility Districts 5-A and 5-B, the completion dates established by Resolution 2007-48 need to be modified. In addition, a preliminary design of the Underground Utility Districts 5-A and 5-B indicate eight to ten easements will be acquired by the City for placement of vaults, transformers, cabinets, and pedestals associated with the work.

ANALYSIS:

As a result of design delays and the number of easements necessary to be acquired to complete the project it has been determined additional time is required for design and acquisition of easements for the districts. The recommended modifications to the dates are December 31, 2009 for District 5-A and 5-B, and December 31, 2010 for District 5-C as the date on which affected property owners must be ready to receive underground service, and the underground installation of wires and facilities supplying electric, communication or similar or associated service within Underground Utility District Nos. 5-A and 5-B on or before July 30, 2010; and within Underground Utility District No. 5-C on or before July 30, 2011.

FISCAL IMPACT:

None.

CONCLUSION:

Due to delays in establishing the trenching agent, design delays and the number of easements to acquire, additional time is necessary to complete Underground Utility Districts 5-A, 5-B, and 5-C. It is recommended that the City Council adopt Resolution 2009- , modifying the date of completion of the Underground Utility District Nos. 5-A, 5-B, and 5-C in the City of Newman.

Respectfully submitted,

Garner R. Reynolds
Director of Public Works

REVIEWED/CONCUR:

Michael E. Holland
City Manager

RESOLUTION NO. 2009-

RESOLUTION MODIFYING THE DATE OF COMPLETION OF THE UNDERGROUND UTILITY DISTRICT NOS. 5-A, 5-B, AND 5-C IN THE CITY OF NEWMAN

WHEREAS, on the 24th day of August 2007 the City Council of the City of Newman approved Resolution No. 2007-48 establishing the Underground Utility District Nos. 5-A, 5-B, and 5-C in the City of Newman; and

WHEREAS, due to delays in establishing the trenching agent, the design phase of Underground Utility Districts 5-A and 5-B has been delayed. In addition, a preliminary design of the Underground Utility Districts 5-A and 5-B indicate eight to ten easements will be acquired by the City for placement of vaults, transformers, cabinets, and pedestals associated with the work.

NOW, THEREFORE, BE IT RESOLVED due to design delays and the number of easements necessary to be acquired, that the City Council of the City of Newman has determined additional time is required for design and acquisition of easements for the districts. The City Council hereby fix December 31, 2009 for District 5-A and 5-B, and December 31, 2010 for District 5-C as the date on which affected property owners must be ready to receive underground service, and does hereby order the removal of all poles, overhead wires and associated overhead structures and the underground installation of wires and facilities supplying electric, communication or similar or associated service within Underground Utility District Nos. 5-A and 5-B on or before July 30, 2010; and within Underground Utility District No. 5-C on or before July 30, 2011.

RESOLVED, FURTHER, that the electric utility which undertakes underground installation of its facilities shall use the underground conversion allocation computed pursuant to decisions of the Public Utilities Commission of the State of California for the purpose of providing to each premises in Underground Utility District Nos. 5, 5-A, 5-B, and 5-C to provide up to a maximum of one hundred feet of individual electric service trenching and conductor (as well as backfill, paving and conduit, if required), and up to $1,500.00 per service entrance toward conversion of electrical service panels to accept underground service (excluding permit fees).

RESOLVED, FURTHER, that the City Clerk is hereby instructed to notify all affected utilities and all persons owning real property within Underground Utility District Nos. 5-A, 5-B and 5-C of the adoption of this resolution within ten (10) days after the date of such adoption. Said City Clerk shall further notify said property owners of the necessity that, if they or any person occupying such property desire to continue to receive electric, communication or other similar or associated service, they or such occupant shall, by the date fixed in this resolution, provide all necessary facility changes on their premise so as to receive such service from the lines of the supplying utility or utilities at a new location, subject to applicable rules, regulations and tariffs of the respective utility or utilities on file with the Public Utilities Commission of the State of California. Such notification shall be made by mailing a copy of this resolution together with a copy of the City's Undergrounding Ordinance to affected property owners as such are shown on the last equalized assessment roll and to the affected utilities;

The foregoing resolution was introduced at a regular meeting of the City Council of the City of Newman held on the 26th day of May 2009 by Council Member _____, who

moved its adoption which motion was duly seconded and was upon roll call carried and the resolution adopted by the following vote:

AYES:
NOES:
ABSENT:

APPROVED:

_____
Mayor of the City of Newman

ATTEST:

_____
Deputy City Clerk of the City of Newman

Agenda Item: 10.b.

Honorable Mayor and Members
of the Newman City Council

City Council Meeting
of May 26, 2009

AWARD BID FOR THE CITY OF NEWMAN STORAGE BASIN PROJECT TO RAMINHA

RECOMMENDATION:
It is recommended that the City Council award the Storage Basin Project to Raminha Construction for $595,000.00.

BACKGROUND:
The Waste Water Treatment Plant Storage Basin Project is identified in the 2008 Waste Water Treatment and Disposal Master Plan and the project is a requirement of the Regional Water Quality Control Board Waste Discharge Requirement for the City's treatment facilities to meet the 100 year flood requirement. A mandatory pre-bid meeting was held on April 22, 2009 with Raminha Construction in attendance. The Public Works Department advertised for bids for the Effluent Storage Basin Expansion Project, and the bids were opened and read on May 13, 2009. The work includes but is not limited to construction of a new effluent storage basin, a new irrigation pump station structure, new irrigation piping, new recirculation piping and miscellaneous improvements to roadways and ditches at the City of Newman's Waste Water Treatment Plant.

ANALYSIS:
A total of 14 bids were submitted for this project. The Engineer's Estimate for this project is $2.56 Million. The low responsible bidder for this project is Raminha Construction with a bid of $595,000.00, which is significantly lower than the Engineer's estimate. The difference in the estimate and the low bidder is a result of 1) The estimate being completed approximately 1 ½ years ago when construction cost were increasing at approximately 20% per year, and 2) The current bidding climate during this struggling economic times. Please see attachment A for the bid results.

The City's consultant, ECO:LOGIC Engineering, has reviewed the bid documents and has found all bid forms and bonds to be in proper order, and the lowest responsible bidder to be in compliance with the contract documents and specifications.

The City has $595,000.00 from the I-Bank loan available to move forward with this project.

FISCAL IMPACT:
Bid amount $595,000.00 08/09 Budgeted amount $595,000

CONCLUSION:
The City of Newman advertised for bids for the construction of a new Effluent Storage Basin Expansion Project. Raminha Construction has been determined to be the lowest responsible bidder. Therefore, staff recommends that the Council award the bid to Raminha for the estimated amount of $595,000.00.

Respectfully Submitted,

Garner Reynolds
Director of Public Works

REVIEWED/CONCUR:

Michael Holland,
City Manager

City of Newman WWTP Effluent Storage Basin Expansion Project, Bid Tabulation

City of Newman Bid Opening, May 13, 2009 10am

	Engineer's Estimate	Whitaker Contractors, Inc.	Ford Construction Company, Inc.	DeSilva Gates Construction	Knife River Costruction	American Paving Co.	Teichert Construction	Raminha Construction, Inc.	Syblon Reid	Clark Bros. Inc. Contractors	Wood Brothers	Ross F. Carroll, Inc.	TCB Industrial, Inc.	Elkins Industrial Co.	Granite Construction Company
Telephone	916-773-8100	805-226-4020	209-333-1116	925-785-0802	209-948-0302	559-268-9886	209-632-6600	805-461-0052	916-351-0457	209-392-6144	559-924-7715	209-848-5959	209-571-0569	209-845-9158	209-234-3520
Fax	916-773-0878	805-226-4021	209-333-8597	925-803-4263	209-948-6652	559-268-2908	209-632-3404	805-461-0053	916-351-1674	209-392-6147	559-924-4595	209-848-5955	209-577-3735	209-845-9152	831-768-4021
Contact Name	Tiffany Knapp	Larry Bousman	Ryan Collins	Chris Lambert	Tom Orlando	Ross Jenkins	Robert Kirchner	Eric Soderin	Matt Ward	Lawrence Clark	Vic Arretche	Don Ingram	Todd Raybourn	Kevin Elkins	Ryan Carroll
BASE BID, TOTAL	**$ 2,383,000**	**$ 1,296,391**	**$ 1,039,500**	**$ 804,945**	**$ 1,184,000**	**$ 952,600**	**$ 656,150**	**$ 595,000**	**$ 915,200**	**$ 948,361**	**$ 843,235**	**$ 773,250**	**$ 1,231,960**	**$1,321,984.98**	**$ 1,018,000**
Bid Item 1- Mobilization, Bonds and Insurance	$ 200,000	$ 62,500	$ 50,000	$ 40,000	$ 50,000	$ 28,000	$ 32,750	$ 25,000	$ 45,000	$ 24,725	$ 40,000	$ 11,000	$ 41,964	$ 175,000	$ 45,000
Bid Item 2- Sheeting and Shoring	$ 30,000	$ 12,000	$ 5,000	$ 3,500	$ 26,000	$ 27,100	$ 15,000	$ 10,000	$ 1,200	$ 5,750	$ 10,000	$ 1,000	$ 4,670	$ 13,000	$ 2,500
Bid Item 3- All Other Work	$ 1,695,000	$ 821,891	$ 809,500	$ 535,500	$ 838,000	$ 724,400	$ 416,175	$ 410,000	$ 645,000	$ 589,791	$ 603,000	$ 533,750	$ 988,375	$873,344.98	$ 693,400
Bid Item 4- Rip Rap	$ 458,000	$ 400,000	$ 175,000	$ 225,945	$ 270,000	$ 173,100	$ 192,225	$ 150,000	$ 224,000	$ 328,095	$ 190,235	$ 227,500	$ 196,951	$ 260,640	$ 277,100
Checklist:															
Bid Form (00410)		yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Addendum Acknowledgement (00410)		yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Bid Bond (00432) (notarized)		yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
List of Subcontractors (00434)		yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Qualification Statement (00451)		yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Non-Collusion Affidavit (00456) (notarized)		yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes

ECO:LOGIC
ENGINEERS · CONSULTANTS

City of Newman WWTP
Effluent Storage Basin Expansion Project

Bid Evaluation

Prepared For: City of Newman

Prepared By: Casey Yearout, P.E.
Tiffany Knapp, P.E.

Date: May 21, 2009

1.1 BIDDING SERVICES

After initial inspection of the 14 bids received from general contractors for the City of Newman WWTP Effluent Storage Basin Expansion Project, Raminha Construction, Inc. was the apparent low bidder with a base bid construction cost of $595,000. Teichert Construction was second with a base bid construction cost of $656,150 followed by Ross F. Carroll, Inc. with a base bid construction cost of $773,250. The remaining 11 higher bids ranged between $804,945 and $1,321,985.

Further review of the bids confirmed the initial bid evaluation. ECO:LOGIC is confident that Raminha Construction, Inc. is the lowest, responsive, responsible bidder. All forms and information required within Raminha's bid documents were accurate and complete.

1.2 BID PROTESTS

The five day deadline for all formal bid protests, as directed in the Instructions to Bidders Specification, has recently expired and no bid protests were submitted.

1.3 AWARD RECOMMENDATION

Based on the review of all submitted bid documentation, it is ECO:LOGIC's opinion that Raminha Construction, Inc. is the lowest, responsive, responsible bidder. As such, the Notice of Award (NoA), shown in specification Section 00510, should be given to Raminha Construction, Inc. The NoA can be sent (mailed and faxed) to the following contact:

Toby Wheeler, Project Manager
Raminha Construction, Inc.
6805 Sycamore Road
Atascadero, CA 93422
Ph: 805-461-0052
Fax: 805-461-0053

1.4 FURTHER ACTION REQUIRED

According to specification Section 00200-8.03, within seven days after the bid opening, the City is required to return all bid securities to bidders whom the Owner believes does not have a reasonable chance of receiving the award. As a courtesy, ECO:LOGIC recommends immediately returning the bid securities to the 11 highest general contractors and only retain the securities from the three lowest bidders, Raminha Construction, Inc., Teichert Construction and Ross F. Carroll, Inc.

Subject to City resolution of all claims, it is recommended that a notice of award is sent to Raminha Construction, Inc. At which time the contractor will have an additional 15 days to execute the Contract Documents, furnish the required contract security, and meet the other conditions of the Notice of Award.

Once Raminha Construction, Inc. submits the aforementioned documents the remaining bid securities of Raminha Construction, Inc, Teichert Construction and Ross F. Carroll, Inc. can be returned.

Agenda Item: 10.b.

Honorable Mayor and Members
of the Newman City Council

City Council Meeting
of May 26, 2009

AWARD BID FOR THE CITY OF NEWMAN STORAGE BASIN PROJECT TO RAMINHA

RECOMMENDATION:
It is recommended that the City Council award the Storage Basin Project to Raminha Construction for $595,000.00.

BACKGROUND:
The Waste Water Treatment Plant Storage Basin Project is identified in the 2008 Waste Water Treatment and Disposal Master Plan and the project is a requirement of the Regional Water Quality Control Board Waste Discharge Requirement for the City's treatment facilities to meet the 100 year flood requirement. A mandatory pre-bid meeting was held on April 22, 2009 with Raminha Construction in attendance. The Public Works Department advertised for bids for the Effluent Storage Basin Expansion Project, and the bids were opened and read on May 13, 2009. The work includes but is not limited to construction of a new effluent storage basin, a new irrigation pump station structure, new irrigation piping, new recirculation piping and miscellaneous improvements to roadways and ditches at the City of Newman's Waste Water Treatment Plant.

ANALYSIS:
A total of 14 bids were submitted for this project. The Engineer's Estimate for this project is $2.56 Million. The low responsible bidder for this project is Raminha Construction with a bid of $595,000.00, which is significantly lower than the Engineer's estimate. The difference in the estimate and the low bidder is a result of 1) The estimate being completed approximately 1 ½ years ago when construction cost were increasing at approximately 20% per year, and 2) The current bidding climate during this struggling economic times. Please see attachment A for the bid results.

The City's consultant, ECO:LOGIC Engineering, has reviewed the bid documents and has found all bid forms and bonds to be in proper order, and the lowest responsible bidder to be in compliance with the contract documents and specifications.

The City has $595,000.00 from the I-Bank loan available to move forward with this project.

FISCAL IMPACT:
Bid amount $595,000.00 08/09 Budgeted amount $595,000

CONCLUSION:
The City of Newman advertised for bids for the construction of a new Effluent Storage Basin Expansion Project. Raminha Construction has been determined to be the lowest responsible bidder. Therefore, staff recommends that the Council award the bid to Raminha for the estimated amount of $595,000.00.

Respectfully Submitted,

Garner Reynolds
Director of Public Works

REVIEWED/CONCUR:

Michael Holland,
City Manager

City of Newman WWTP Effluent Storage Basin Expansion Project, Bid Tabulation

City of Newman Bid Opening, May 13, 2009 10am

	Engineer's Estimate	Whitaker Contractors, Inc.	Ford Construction Company, Inc.	DeSilva Gates Construction	Knife River Costruction	American Paving Co.	Teichert Construction	Raminha Construction, Inc.	Syblon Reid	Clark Bros. Inc. Contractors	Wood Brothers	Ross F. Carroll, Inc.	TCB Industrial, Inc.	Elkins Industrial Co.	Granite Construction Company
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Contact Name	Tiffany Knapp	Larry Bousman	Ryan Collins	Chris Lambert	Tom Orlando	Ross Jenkins	Robert Kirchner	Eric Soderin	Matt Ward	Lawrence Clark	Vic Arretche	Don Ingram	Todd Raybourn	Kevin Elkins	Ryan Carroll
BASE BID, TOTAL	**$ 2,383,000**	**$ 1,296,391**	**$ 1,039,500**	**$ 804,945**	**$ 1,184,000**	**$ 952,600**	**$ 656,150**	**$ 595,000**	**$ 915,200**	**$ 948,361**	**$ 843,235**	**$ 773,250**	**$ 1,231,960**	**$1,321,984.98**	**$ 1,018,000**
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Qualification Statement (00451)		yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Non-Collusion Affidavit (00456) (notarized)		yes	yes	yes	yes	yes	yes	yes	yes	yes	no	yes	yes	yes	yes

Agenda Item: 10.c.

Honorable Mayor and Members
of the Newman City Council

City Council Meeting
of May 26, 2009

ADOPT RESOLUTION 2009- , APPROVING THE ANNUAL LOCAL TRANSPORTATION FUND CLAIM NO. 2 AND AUTHORIZE THE CITY MANAGER TO EXECUTE THE CLAIM ON THE BEHALF OF THE CITY OF NEWMAN

RECOMMENDATION:

It is recommended that the City Council:

1) Adopt Resolution No. 2009- , approving the Annual Local Transportation Fund Claim No. 2; and
2) Authorize the City Manager to execute the claim on behalf of the City of Newman.

BACKGROUND:

Each fiscal year, in accordance with the Transportation Development Act, the Stanislaus Council of Governments (StanCOG), acting as administrator, allocates an amount to each City and County for qualified transportation projects. Cities must submit claims based on calculated eligible amounts and budgeted projects. On March 9, 2009 StanCOG received a letter from the State Controller's Office revising the STA estimate for FY 08/09, which increased the City's LTF apportionment by $13,080. With the recommendation of the Citizens Advisory Committee, the Consolidated Planning Committee, and the concurrence of the Technical Advisory Committee the funds will be distributed this year. StanCOG proposes to take this item to the Advisory Committee meetings the Week of May 25th and to the Policy Board for approval on June 10th of 2009. Therefore, the City of Newman's LTF Claim #2 will supersede the original claim that was presented and approved by the City Council on February 10, 2009.

ANALYSIS:

The item before the City Council is a request for approval to submit the annual Transportation Development Act (TDA) Claim to StanCOG. This process will obtain the City's allocation of Local Transportation Funding. The transit service, while funded from the same source, is provided by Stanislaus County. The claim for $83,550 is to provide for the local match for the Kern Street, Driskell Avenue Sidewalk, and the purchase of two CNG Vehicles projects. Funding is also used to maintain/reconstruct streets and roads and implements a pavement management system. In addition, there is an allocation of $6,288 to maintain sidewalks and bike paths (Non-motorized funding).

FISCAL IMPACT:

There is no cost in submitting the claim. The claim will provide the City with a total of $89,838 to offset costs with the 2008-09 fiscal year Streets LTF budgets.

CONCLUSION:

This staff report is submitted for City Council consideration and possible action.

Respectfully submitted,

Garner Reynolds
Director of Public Works

REVIEWED/CONCUR:

Michael E. Holland
City Manager

RESOLUTION NO. 2009-

A RESOLUTION APPROVING THE ANNUAL LOCAL TRANSPORTATION FUND CLAIM #2 AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE SAME ON BEHALF OF THE CITY OF NEWMAN

WHEREAS, the Stanislaus Council of Governments has presented to the City Council of the City of Newman the revised claim #2 for funds to be paid from the Local Transportation Fund for the fiscal year 2008-09; and

WHEREAS, the City Council of the City of Newman approves said amount and agrees that a claim in said sum should be submitted to the Stanislaus Council of Governments; and

WHEREAS, the revised claim #2 supersedes the fiscal year 2008-09 claim that was approved by the City Council of the City of Newman on February 10, 2009; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Newman that the 2008/09 Transportation Claim to the Stanislaus Council of Governments in the amount of $89,838 is hereby approved, and authorizes the City Manager to execute the transportation claim on behalf of the City of Newman.

The foregoing resolution was introduced at a regular meeting of the City Council of the City of Newman held on the 26th day of May, 2009 by Council Member _____, who moved its adoption, which motion was duly seconded and it was upon roll call carried and the resolution adopted by the following roll call vote:

AYES:

NOES:

ABSENT:

APPROVED:

_____
Mayor of the City of Newman

ATTEST:

_____
Deputy City Clerk

Agenda Item: 10.d.

Honorable Mayor and Members
of the Newman City Council

City Council Meeting
of May 26, 2009

REPORT ON PROPOSED MODIFICATIONS TO ORDINANCE 2.02 EMERGENCY SERVICES ORGANIZATION

RECOMMENDATION:
Introduce modifications to Newman City Code Title 2 Boards & Commissions, Chapter 2.02 Emergency Services Organization.

BACKGROUND:
In August 2008 the Newman City Council approved a resolution to join the Stanislaus County Disaster Council. The county and cities entered into a joint agreement to consolidate disaster planning and response responsibilities into a consolidated disaster council and operational area. The concept being most disasters or major emergencies will involve multiple entities and the support of the county. By working as a team in these efforts it will improve communications and provide a more consistently universal program.

ANALYSIS:
The City of Newman Emergency Operation Plan is updated every five years in partnership with Stanislaus County Office of Emergency Services. This update is underway at this time. As part of that process the City of Newman joined the county disaster council as noted above. Additionally, modifications to our current ordinance dealing with disaster response and planning have been identified. The proposed modifications are consistent with other cities in the county as well as the county ordinance. The modifications note the agreement to join and participate in the county disaster council as well as a title change. The only other significant change to the existing ordinance is a replacement of the Mayor as the Director of Emergency Services for the City of Newman to the City Manager. This change is consistent with other cities in our county. The City Council still reserves final overall policy control in the event of a disaster or declared emergency. Other minor changes are noted in the attached ordinance documents.

FISCAL IMPACT:
None.

ATTACHMENTS:
Ordinance with modifications.

CONCLUSION:
This staff report is submitted for City Council consideration and action. Staff recommends adoption of the proposed ordinance, ordinance No. 2009- _____.

Respectfully submitted,

Adam McGill, Chief of Police

REVIEWED/CONCUR:

Michael Holland, City Manager

ORDINANCE NO. 2009-

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NEWMAN AMENDING TITLE 2 BOARDS AND COMMISSIONS, CHAPTER 2.02 CIVIL DEFENSE AND DISASTER COUNCIL - OF THE NEWMAN CITY CODE

The City Council of the City of Newman does ordain as follows:

Section 1.

That Title 2, Chapter 2.02 Emergency Services Organization be amended to read as follows:

Chapter 2.02

CIVIL DEFENSE AND DISASTER COUNCIL~~EMERGENCY SERVICES ORGANIZATION~~

Sections:

2.02.010 Purposes.
2.02.020 Definition.
2.02.030 Stanislaus County Disaster Council membership.
2.02.040 Disaster Council powers and duties.
2.02.050 Operational Area Council ~~Director and Assistant Director of Emergency Services – Office created.~~
2.02.060 Meetings ~~Powers and duties of Director and Assistant Director of Emergency Services.~~
2.02.070 State of war, state of emergency or local emergency~~Emergency organization.~~
2.02.080 Plan and agreement preparation~~Emergency Plan.~~
2.02.090 Emergency organization~~xpenditures.~~
2.02.100 Punishment of violations.
2.02.110 Expenditures
2.02.120 Director and Assistant Director of Emergency Services – Office created.
2.02.130 Powers and duties of Director and Assistant Director of Emergency Services.

2.02.010 Purposes.

The declared purposes of this chapter are to provide for the preparation and carrying out of plans for the protection of persons and property within the City in the event of an emergency; the direction of the emergency organization; and the coordination of the emergency functions of the City with all other public agencies, corporations, organizations and affected private persons. (Ord. 265, 8-8-1972)

2.02.020 Definition.

As used in this chapter, "emergency" shall mean the actual or threatened existence of conditions of disaster or of extreme peril to the safety of persons and property within the City caused by such conditions as air pollution, fire, flood, storm, epidemic, riot or earthquake or other conditions, including conditions resulting from war or imminent threat of war, but other than conditions resulting from a labor controversy, which conditions are or are likely to be beyond the control of the services, personnel, equipment and facilities of the City, requiring the combined forces of other political subdivisions to combat. (Ord. 265, 8-8-1972)

2.02.030 Stanislaus County Disaster Council membership.

The ~~Newman~~ Stanislaus County Disaster Council is hereby created and shall consist of the following:

A. The Chair of the board of supervisors, who shall be chair of the disaster council;~~Director of Emergency Services, who shall be Chairman.~~

B. The director of Stanislaus County Emergency Services, ~~Assistant Director of Emergency Services,~~ who shall be Vice-Chairman~~.~~;

C. The assistant director of Stanislaus County Emergency Services, who shall be secretary;~~Such chiefs of emergency services as are provided for in a current emergency plan of the City, adopted pursuant to this chapter.~~

D. One elected official from each city in Stanislaus County.~~Such representatives of civil,~~

~~business, labor, veterans, professional or other organizations having an official emergency responsibility, as may be appointed by the Director with the advice and consent of the City Council.~~

2.02.040 Disaster Council powers and duties.

The disaster council shall have power to:

A. Oversee the preparedness activities of the various county departments and other jurisdictions in the Stanislaus County operational area. This includes preparation of emergency and disaster plans, policies and procedures, and ensuring unity of purpose. The council will be responsible to ensure unity of purpose. The council will be responsible to ensure compliance with the National Incident Management System, the Standardized Emergency Management System and the Incident Command System.

B. Approve to form all proposed emergency operations procedures, plans and other documents related to emergency preparedness and planning.

C. Hear proposals from any agency, department or interested party in emergency and disaster preparedness. Prior to any formal action, the proposal shall have the approval of the operational area council for operational and procedural conformity with the Stanislaus County emergency operations plan, policies, and procedures.

D. Be required to have a majority of the members present for approval and/or review of any plan, policies or issues and a simple majority vote will carry the recommended action. Thereafter, the recommended action will be forwarded to the appropriate board, commission, or executive representative.

E. Sit as the disaster council for any jurisdiction that deems it appropriate by resolution and local ordinance.

The disaster council does not have operational duties or powers during emergencies, disasters or other events or incidents.

~~It shall be the duty of the Newman Disaster Council, and it is hereby empowered, to develop and recommend for adoption by the City Council, emergency and mutual aid plans and agreements and such ordinances and resolutions and rules and regulations as are necessary to implement such plans and agreements. The Disaster Council shall meet upon call of the Chairman or, in his absence from the City or inability to call such meeting, upon call of the Vice-Chairman.~~

2.02.050 Operational area council.

The Stanislaus County operational area council is created under the authority of Government Code Article 9, Section 8605, and shall consist of the assistant director of emergency services and Joint Powers Agreement (JPA) members that represent each city within Stanislaus County. Generally, the JPA member will be the emergency manager from his/her jurisdiction. The operational area council will:

A. Coordinate, review, and recommend for approval all emergency or disaster response policies, procedures, plans, and other influencing factors or events that would affect the Stanislaus operational area.

B. Review all disaster plans by any agency or jurisdiction in Stanislaus County for approval to form and compliance with the National Incident Management System, the Standardized Emergency Management System and the Incident Command System. After review of the proposed plans, policies and procedures, relating to emergency management, the operational area council will then make its recommendation to the disaster council.

C. Be the lead agency for the multi-agency emergency operations center management team and the multi-agency incident management team(s).

D. Foster an effective flow of disaster information and emergency preparedness on a day-to-day basis through training, exercises, uniformity in planning, and response plans and policies.

E. 1 Appoint task forces and/or specialist groups for specific detailed work that requires the focus of technical experts to develop plans, policies and procedures for the Stanislaus operational area.

2. Standing task forces may be appointed to include:

a.. Special needs population;

b. Public health emergency preparedness committee;

c. Faith-based representation;

The operational area council does not have operational duties or powers during an event or emergency and is created to serve in the preparedness and planning phases only. ~~Director and Assistant Director of Emergency Services—Office created.~~

~~A. There is hereby created the office of Director of Emergency Services. The Mayor shall be the Director of Emergency Services.~~

~~B. There is hereby created the office of Assistant Director of Emergency Services, who shall be appointed by the Director.~~

2.02.060 Meetings.

A. The disaster council shall meet a minimum of twice annually and as often as may be deemed necessary. The disaster council will operate under the Brown Act for open meetings and local legislative bodies.

B. The operational area council shall meet quarterly or upon call of the assistant di-rector of emergency services.~~Powers and duties of Director and Assistant Director of Emergency Services.~~

~~A. The Director is hereby empowered to:~~

~~1.Request the City Council to proclaim the existence or threatened existence of a "local emergency" if the City Council is in session, or to issue such proclamation if the City Council is not in session. Whenever a local emergency is proclaimed by the Director, the City Council shall take action to ratify the proclamation within seven days thereafter, or the proclamation shall have no further force or effect.~~

~~2.Request the Governor to proclaim a "state of emergency" when, in the opinion of the Director, the locally available resources are inadequate to cope with the emergency.~~

~~3.Control and direct the effort of the emergency organization of the City for the accomplishment of the purposes of this chapter.~~

~~4.Direct cooperation between and coordination of services and staff of the emergency organization of the City; and resolve questions of authority and responsibility that may arise between them.~~

~~5.Represent the City in all dealings with public or private agencies on matters pertaining to emergencies as defined herein.~~

~~6.In the event of the proclamation of a "local emergency" as herein provided, the proclamation of a "state of emergency" by the Governor or the Director of the State Office of Emergency Services, or the existence of a "state of war emergency," the Director is hereby empowered:~~

~~a.To make and issue rules and regulations on matters reasonably related to the protection of life and property as affected by such emergency; provided, however, such rules and regulations must be confirmed at the earliest practicable time by the City Council;~~

~~b.To obtain vital supplies, equipment and such other properties found lacking and needed for the protection of life and property and to bind the City for the fair value thereof and, if required immediately, to commandeer the same for public use;~~

~~c.To require emergency services of any City officer or employee and, in the event of the proclamation of a "state of emergency" in the County or the existence of a "state of war emergency," to command the aid of as many citizens of the community as he deems necessary in the execution of his duties; such persons shall be entitled to all privileges, benefits and immunities as are provided by State law for registered disaster service workers;~~

~~d.To requisition necessary personnel or material of any City department or agency; and~~

~~e.To execute all of his ordinary power as Mayor, all of the special powers conferred upon him by this chapter or by resolution or emergency plan pursuant hereto adopted by the City Council, all powers conferred upon him by any statute, by any agreement approved by the City Council, and by any other lawful authority.~~

~~B. The Director of Emergency Services shall designate the order of succession to that office, to take effect in the event the Director is unavailable to attend meetings and otherwise perform his duties during an emergency. Such order of succession shall be approved by the City Council.~~

~~C. The Assistant Director shall, under the supervision of the Director and with the assistance of emergency service chiefs, develop emergency plans and manage the emergency programs of the City; and shall have such other powers and duties as may be assigned by the Director.~~

2.02.070 State of war, state of emergency or local emergency.

During a "state of war," "state of emergency" or "local emergency," the chair of the disaster council, or the director of emergency services may call upon the disaster council to meet with the emergency operations center policy group to act as an advisory group on issues as determined by the director of emergency services or the disaster council chair.~~Emergency organization.~~

~~All officers and employees of the City, together with those volunteer forces enrolled to aid them during an emergency, and all groups, organizations and persons who may by agreement or operation of law, including persons impressed into service under the provisions of NCC 2.02.060(A)(6)(c), be charged with duties incident to the protection of life and property in the City during such emergency, shall constitute the emergency organization of the City.~~

2.02.080 Plan and agreement preparation.

It shall be the duty of the Stanislaus County Disaster Council to review and recommend for adoption by the City Council, emergency plans and agreements and such ordinances and resolutions and rules and regulations as are necessary to implement such plans and agreements.

~~Emergency Plan.~~

~~The Newman Disaster Council shall be responsible for the development of the City Emergency Plan, which Plan shall provide for the effective mobilization of all of the resources of the City, both public and private, to meet any condition constituting a local emergency, state of emergency or state of war emergency; and shall provide for the organization, powers and duties, services and staff of the emergency organization. Such Plan shall take effect upon adoption by resolution of the City Council.~~

2.02.090 Emergency organization.

All officers and employees of this city, together with those volunteer forces enrolled to aid them during an emergency, and all groups, organizations, and persons who may by agreement or operation of law be charged with duties incident to the protection of life and property in this county during such emergency, shall constitute the emergency organization of the city ~~Expenditures.~~

~~Any expenditures made in connection with emergency activities, including mutual aid activities, shall be deemed conclusively to be for the direct protection and benefit of the inhabitants and property of the City.~~

2.02.100 Punishment of violations.

It shall be a misdemeanor, punishable as set forth in NCC 1.04.010, for any person, during an emergency, to:

A. Willfully obstruct, hinder or delay any member of the emergency organization in the enforcement of any lawful rule or regulation issued pursuant to this chapter, or in the performance of any duty imposed upon him by virtue of this chapter.

B. Do any act forbidden by any lawful rule or regulation issued pursuant to this chapter, if such act is of such a nature as to give or be likely to give assistance to the enemy or to imperil the lives or property of inhabitants of the City, or to prevent, hinder or delay the defense or protection thereof.

C. Wear, carry or display, without authority, any means of identification specified by the emergency agency of the State. (Ord. 265, 8-8-1972)

2.02.110 Expenditures

Any expenditures made in connection with emergency activities, including mutual aid activities, shall be deemed conclusively to be for the direct protection and benefit of the inhabitants and property of the city and county.

2.02.120 Director and Assistant Director of Emergency Services – Office created.

A. There is hereby created the office of Director of Emergency Services. The City Manager shall be the Director of Emergency Services.

B. There is hereby created the office of Assistant Director of Emergency Services. The Chief of Police shall be the Assistant Director of Emergency Services and designated as the city's Emergency Manager

2.02.130 Powers and duties of Director and Assistant Director of Emergency Services.

A. The Director is hereby identified empowered to:

1. Request the City Council to proclaim the existence or threatened existence of a "local emergency" if the City Council is in session, or to issue such proclamation if the City Council is not in session. Whenever a local emergency is proclaimed by the Director, the City Council shall take action to ratify the proclamation within seven days thereafter, or the proclamation shall have no further force or effect.

2. Request the Governor to proclaim a "state of emergency" when, in the opinion of the Director, the locally available resources are inadequate to cope with the emergency.

3. Control and direct the effort of the emergency organization of the City for the accomplishment of the purposes of this chapter.

4. Direct cooperation between and coordination of services and staff of the emergency organization of the City; and resolve questions of authority and responsibility that may arise between them.

5. Represent the City in all dealings with public or private agencies on matters pertaining to emergencies as defined herein.

6. In the event of the proclamation of a "local emergency" as herein provided, the proclamation of a "state of emergency" by the Governor or the Director of the State Office of Emergency Services, or the existence of a "state of war emergency," the Director is hereby empowered:

a. To make and issue rules and regulations on matters reasonably related to the protection of

life and property as affected by such emergency; provided, however, such rules and regulations must be confirmed at the earliest practicable time by the City Council;

b. To obtain vital supplies, equipment and such other properties found lacking and needed for the protection of life and property and to bind the City for the fair value thereof and, if required immediately, to commandeer the same for public use;

c. To require emergency services of any City officer or employee and, in the event of the proclamation of a "state of emergency" in the County or the existence of a "state of war emergency," to command the aid of as many citizens of the community as he deems necessary in the execution of his duties; such persons shall be entitled to all privileges, benefits and immunities as are provided by State law for registered disaster service workers;

d. To requisition necessary personnel or material of any City department or agency; and

e. To execute all of his ordinary power as City Manager, all of the special powers conferred upon him by this chapter or by resolution or emergency plan pursuant hereto adopted by the City Council, all powers conferred upon him by any statute, by any agreement approved by the City Council, and by any other lawful authority.

B. The Director of Emergency Services shall designate the order of succession to that office, to take effect in the event the Director is unavailable to attend meetings and otherwise perform his duties during an emergency. Such order of succession shall be approved by the City Council.

C. The Assistant Director shall, under the supervision of the Director and with the assistance of emergency service chiefs, develop emergency plans and manage the emergency programs of the City; and shall have such other powers and duties as may be assigned by the Director.

Section 2.
All other sections and provisions of Title 2, shall remain in full force and effect.

Section 3.
That a duly noticed public hearing was held by the City Council on June 9, 2009

Section 4.
This Ordinance shall take effect 30 days after the date of its adoption, and prior to the expiration of 15 days from the passage thereof shall be published at least once in the West Side Index, a newspaper of general circulation, published and circulated in the City of Newman and thenceforth and thereafter the same shall be in full force and effect.

Introduced and adopted at a regular meeting of the City Council of the City of Newman held on the 26th day of May, 2009 by Council Member _____, and adopted at a regular meeting of said City Council held on the 9th day of June 2009 by the following vote:

AYES:
NOES:
ABSENT:

APPROVED:

_____
Mayor of the City of Newman

ATTEST:

_____
Deputy City Clerk

Agenda Item: 10.e.

Honorable Mayor and Members
of the Newman City Council

City Council Meeting
of May 26, 2009

REPORT ON PROPOSED MODIFICATIONS TO ORDINANCE 8.04 GRAFFITI CONTROL

RECOMMENDATION:

Introduce modifications to Newman City Code Title 8 Health & Sanitation, Chapter 8.04 Graffiti Control.

BACKGROUND:

The City of Newman currently has an ordinance in existence regulating the control of graffiti. The current ordinance was enacted in 1992 by the then City Council. Graffiti since 1992 has increased and specifically over the last few years it has increased dramatically. The current ordinance does not appear to adequately address the increased amount of graffiti. The City Council directed staff to present a modified ordinance that addresses the modern problem of graffiti in the City.

ANALYSIS:

The existing ordinance's primary problem is the number of notifications and time periods allowed before graffiti must be removed by property owners or can be removed through the abatement process. The proposed ordinance modifies that time period and process as well as adds some tools to aid in prevention and hold all those who contribute to the problem accountable. The new ordinance provides that property owners have three (3) days to remove graffiti with the abatement process commencing on the fourth day. The new ordinance provides for an administrative penalty that can be utilized if necessary. The new ordinance adds violations for conduct such as aiding and abetting the act of graffiti, commercial establishment restrictions, and cost recovery components from those responsible.

FISCAL IMPACT:

There may be some increase in revenue to offset graffiti enforcement and cleanup as a result of the administrative fines associated with the ordinance.

ATTACHMENTS:

Proposed ordinance.

CONCLUSION:

This staff report is submitted for City Council consideration and action. Staff recommends adoption of the proposed Graffiti Control ordinance, ordinance No. 2009- _____.

Respectfully submitted,

Adam McGill, Chief of Police

REVIEWED/CONCUR:

Michael Holland, City Manager

ORDINANCE NO. 2009-

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NEWMAN AMENDING TITLE 8 HEALTH AND SANITATION, CHAPTER 8.04 GRAFFITI CONTROL- OF THE NEWMAN CITY CODE

The City Council of the City of Newman does ordain as follows:

Section 1.

That Title 8, Chapter 8.04 Graffiti Control be amended and Ordinance No. 92-20 be repealed in its entirety and replaced with the following:

Chapter 8.04 Graffiti Control

GENERAL PROVISIONS

8.04.010 PURPOSE

The purpose of this Chapter is to provide programs for removal of graffiti from public and private property within the City and to establish regulations designed to prevent and control the spread of graffiti in Newman.

The City finds and determines that the increase of graffiti on public and private buildings, structures and other places creates a condition of blight within the City which can result in the deterioration of property values, business opportunities and enjoyment of life for persons using adjacent and surrounding properties. The City further finds and determines that graffiti is inconsistent with the City's property maintenance goals, crime prevention programs and aesthetic standards, and unless graffiti is quickly removed from public and private properties, other properties soon become the targets of graffiti.

The City finds and declares that it is the right of every person, regardless of race, color, creed, religion, national origin, sex, age or handicap to be secure and protected from intimidation and physical harm caused by the activities associated with the application of graffiti and/or tagging and the property destruction done by said graffiti and/or tagging. It is not the intent of this Chapter to interfere with the exercise of the constitutionally protected rights of freedom of expression and association.

8.04.020 GRAFFITI DECLARED A PUBLIC NUISANCE.

It is hereby declared that graffiti is a public nuisance and is subject to abatement and punishment as defined in this Code.

8.04.030 DEFINITIONS.

As used in this Chapter:

ABATEMENT: Any action the City may take to remove or alleviate a nuisance including, but not limited to, demolition, removal, repair, cleaning, boarding and securing or replacement of property.

GRAFFITI: Any inscription, word, figure or design that is marked, etched, scratched, drawn, sprayed, painted, pasted or otherwise affixed to or on any surface without the authorization from the owner thereof or, despite authorization, is otherwise deemed by the City to be a public nuisance.

GRAFFITI IMPLEMENT: A pressurized container, ink marker or paint stick.

PAINT STICK: Any device containing a solid form of paint, chalk, wax, epoxy or other similar substance capable of being applied to a surface and upon application leaving a mark upon property.

PRESSURIZED CONTAINER: Any can, bottle, spray device or other mechanism designed to propel liquid which contains ink, paint, dye or other similar substance which is expelled under pressure, either through the use of aerosol devices, pumps or similar propulsion devices

PROPERTY: Real or personal property, whether publicly or privately owned, within the City.

RESPONSIBLE PARTY: Any person who is the owner of property, or who has primary responsibility for control over property, or who has primary responsibility for the repair and maintenance of property.

8.04.040 GRAFFITI PROHIBITED.

A. It is unlawful for any person to apply graffiti upon any property, structure or surface within the City of Newman.

B. It is unlawful for any person owning or otherwise being in control of any real property within the City of Newman to permit or allow any graffiti which is visible from the street or other public or private property to be placed upon such property.

C. It is unlawful for any responsible party to permit any real or personal property that has been defaced with graffiti to remain so defaced for a period longer than three (3) calendar days after having been given written notice requiring removal of graffiti.

D. It is unlawful for any person to assist, aid, abet or encourage another to violate the provisions of this Chapter by words or overt act.

8.04.050 REMOVAL OF GRAFFITI WITH CONSENT OF RESPONSIBLE PARTY.

The City may elect to remove graffiti in a manner selected by the City and at the expense of the City after having secured the consent of the responsible party.

8.04.060 ABATEMENT OF GRAFFITI AND RECOVERY OF EXPENSE OF ABATEMENT FROM RESPONSIBLE PARTY.

If the City is unable to obtain the consent of the responsible party or if the City elects to have the graffiti removed at the expense of the responsible party, the City may commence the abatement of the graffiti nuisance and recover the expense of the abatement proceedings from the responsible party according to the procedures contained herein.

A. The City shall give written notice of Order to Abate to the responsible party requiring removal of the graffiti within three (3) calendar days of the service of the Notice of Order to Abate on the responsible party. The Notice of Order to Abate shall:

1. Identify the location of the graffiti to be removed;

2. Require removal within three (3) calendar days from service of the Notice of Order to Abate;

3. Advise the responsible party that failure to remove the graffiti will result in removal by the City with the cost of removal assessed against the responsible party and his/her property; and

4. Advise the responsible party that an administrative hearing may be requested as provided herein.

B. The Notice of Order to Abate may be served on the responsible party by any of the following methods:

1. Personal service; or

2. Service by registered mail at the address of the responsible party shown on the last equalized assessment roll if the responsible party's address is different than the location of the graffiti: or

3. If the responsible party's address is the same as the location of the graffiti by posting a copy of the notice on the property where the graffiti is located and notice via regular mail.

Service of the notice shall be deemed to be complete on the date personal service was made or the date the notice was posted on the property.

C. The responsible party may request a hearing regarding the removal of the graffiti before the City manager or his or her designee ("hearing officer") provided a written request for a hearing is received by the office of the City Manager within three (3) calendar days of the date that the service of the Notice of Order to Abate was deemed complete. Failure to request a hearing in the manner and within the time required shall be deemed a waiver of the right to a hearing.

D. The City Manager or his or her designee ("hearing officer") shall give the responsible party not less than forty-eight (48) hours' notice of the hearing date, which notice shall be served and deemed complete in the same manner as required by section 9.44.060(B).

E. Following notice, the hearing shall be held by the hearing officer at the time, date and place designated, and at such hearing the responsible party may be heard and provided with the opportunity to show cause why the nuisance should not be abated. Following the hearing, the hearing officer shall determine whether abatement of the nuisance shall be commenced. The determination of the hearing officer is final.

F. If the hearing officer determines that abatement of the nuisance shall be commenced, the City may enter upon the property and cause such nuisance to be removed in the manner determined most appropriate by the City.

G. If a hearing has not been requested by the responsible party, the City may enter upon the property and cause such nuisance to be removed in the manner determined most appropriate by the City.

H. Upon removal of the public nuisance, the City may provide an accounting of the expense of abatement along with a demand for payment to the responsible party.

I. If payment is not made within thirty (30) days from the date of the accounting and demand for payment, the payment shall be deemed delinquent and shall be subject to a penalty assessment of one hundred dollars ($100.00) plus interest on the unpaid amount plus penalty, which interest shall accrue at the rate of one and one-half percent (1½%) per month until paid.

J. In the event the expense of abatement has not been paid within thirty (30) days from the date of issuing an accounting and demand for payment, the amount unpaid, including any penalty and interest therein, shall constitute a lien pursuant to Government Code Sections 38773 and 38773.1 against the property of the responsible party. Prior to recording a notice of lien, the hearing officer shall provide notice pursuant to Government Code Section 38773.1. Any such lien not paid by June 30th of each year shall, upon adoption of a resolution by the City Council, be collected along with, and

in the same manner as, the general property taxes. The liened property shall be subject to the penalties, procedures and sale in case of delinquency as provided in the Civil Code of California.

K. As an alternative to a lien and pursuant to Government Code Section 38773.5, the expense of abatement may constitute a special assessment against a parcel of land owned by the responsible party. The assessment shall be collected as provided for in Government Code Section 38773.5.

8.04.70 RECOVERY OF EXPENSE OF ABATEMENT FROM MINOR AND PARENT OR GUARDIAN.

The recovery of expense of abatement of any nuisance resulting from the defacement of property by graffiti or any other inscribed material by a minor who has created, caused, or committed the nuisance shall be according to the following procedure:

A. The City Manager or his or her designee ("hearing officer") shall give the minor and the parent or guardian having custody and control of the minor not less than forty-eight (48) hours' notice of a hearing to be held by the hearing officer for the purpose of showing cause why the City should not recover the expense of abatement from the minor and the parent or guardian having custody and control of the minor. Notice of the hearing shall be served upon the parent(s) or guardian(s) and the minor by either personal service or by registered mail at the last known address of the parent(s) or guardian(s) and the minor. Following notice, the hearing shall be held by the hearing officer at the time, date and place designated, and at such hearing the minor and the parent or guardian having custody and control of the minor may each be heard and provided with the opportunity to show cause why the City should not recover the expense of abatement from the minor and the parent or guardian having custody and control of the minor. Following the hearing, the hearing officer shall determine whether the City should recover expense of abatement from the minor and the parent or guardian having custody and control of the minor. The determination of the hearing officer is final.

B. If the hearing officer determines that the City should recover the expense of abatement from the minor and the parent or guardian having custody and control of the minor, the City may provide an accounting of the expense of abatement along with a demand for payment to the minor and the parent or guardian having custody and control of the minor.

C. The parent or guardian having custody and control of the minor shall be jointly and severally liable with the minor for the expense of abatement pursuant to Government Code Sections 38772, 38773.2 and 38773.6. If payment is not made within thirty (30) days from the date of the accounting and demand for payment, the payment shall be deemed delinquent and shall be subject to a penalty assessment of one hundred dollars ($ 100.00) plus interest on the unpaid amount plus penalty, which interest shall accrue at the rate of one and one-half percent (1½%) per month until paid.

D. In the event the expense of abatement has not been paid within thirty (30) days from the date of issuing an accounting and demand for payment, the amount unpaid, including any penalty and interest thereon, shall constitute a lien pursuant to Government Code Sections 38772 and 38773.2 against the property of the minor and against the property of the parent or guardian having custody and control of the minor. Prior to recording a notice of lien, the hearing officer shall provide notice pursuant to Government Code Section 38773.2. Any such lien not paid by June 30th of each year shall, upon adoption of a resolution by the City Council, be collected along with, and in the same manner as, the general property taxes. The liened property shall be subject to the penalties, procedures and sale in case of delinquency as provided in the Civil Code of California.

E. As an alternative to a lien and pursuant to Government Code section 38773.6, the funds shall constitute a special assessment against a parcel of land owned by the minor or by the parent or guardian having custody and control of the minor. The assessment shall be collected as provided for in Government Code section 38773.6.

F. In addition to any other remedy provided herein or available at law, the expense of abatement pursuant to Government Code Section 38772 shall constitute a personal obligation against the minor and a personal obligation against the parent or guardian having custody and control of the minor.

8.04.080 PUNISHMENT AND PENALTY PROVISIONS.

A. In addition to all other remedies or penalties provided by law, an administrative fine shall be imposed for a violation of this chapter:

1. A penalty of two hundred dollars ($200.00) for a first violation;

2. A penalty of three hundred dollars ($300.00) for a second violation within one year; and

3. A penalty of five hundred dollars ($500.00) for each additional violation within one year.

B. Violation of any section of this chapter may be filed as an infraction or a misdemeanor at the discretion of the City Attorney.

C. Community service in and for the City of Newman may be imposed by the court in addition to any penalty imposed pursuant to this section where there has been a conviction or guilty or nolo contendere plea to a violation of this chapter.

D. Any community service which is required pursuant to this section of a person under the age of eighteen (18) years may be required by the court to be preformed in the presence and under the direct supervision of the person's parent or legal guardian.

E. If a minor is personally unable to pay any fine or restitution levied for violating this chapter, the parent or legal guardian shall be liable for the payment of the fine or restitution for any intentional acts of the minor.

8.04.090 SALE AND POSSESSION OF GRAFFITI IMPLEMENTS.

It shall be unlawful for any person:

A. To sell, exchange, give, loan or in any way furnish any person under the age of eighteen (18) years any "pressurized container" as defined in Section 9.44.030;

B. Under the age of eighteen (18) years to have in his or her possession any "pressurized container" as defined in Section 9.44.030 while upon public property or upon private property without the consent of the owner of such private property unless the minor is using the pressurized container under the supervision of a parent, teacher or legal guardian.

8.04.100 SIGNS REQUIRED.

Any person, organization, company, firm or association engaged in the retail sale of aerosol containers of paint and other liquid substances capable of defacing property must display at the location of retail sale a sign clearly visible and legible to employees and customers which states as follows:

"IT IS UNLAWFUL FOR ANY PERSON TO SELL OR GIVE TO ANY INDIVIDUAL UNDER THE AGE OF EIGHTEEN YEARS, WHO IS NOT ACCOMPANIED BY A RESPONSIBLE ADULT, ANY AEROSOL CONTAINER OF PAINT OR OTHER LIQUID SUBSTANCE CAPABLE OF DEFACING PROPERTY."

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CERTIFICATION OF RESOLUTION A-3

EXHIBIT B-1 CERTIFICATE OF THE CHIEF FINANCIAL OFFICER of the CITY OF NEWMAN ("PURCHASER") B1-1

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Agenda Item: 10.g.

Honorable Chair and Members
of the Newman Redevelopment Agency

Redevelopment Agency Meeting
of May 26, 2009

COMMENCE ALL ASPECTS OF THE PROPOSED 2010 AMENDMENT TO THE REDEVELOPMENT PLAN

RECOMMENDATION:

Approve Resolution #2009-xx directing Agency staff and advisors to commence all aspects of the proposed 2010 Amendment to Redevelopment Plan for the Newman Redevelopment Project and related CEQA compliance therefore; finding that formation of a project area committee is not required for the 2010 Amendment; and authorizing transmittal of certain documents and information.

BACKGROUND:

The Community Redevelopment Agency of the City of Newman ("Agency") has proposed the amendment (the "2010 Amendment") to the redevelopment plan (the "Plan") for the Newman Redevelopment Project (the "Project"), as previously amended, to: i) establish a limit of bonded indebtedness that can be outstanding at one time, and payable from tax increment; ii) increase the total limit of tax increment to be allocated to the Agency over the life of the Plan; iii) eliminate the limitation on tax increment to be allocated to the Agency during any one fiscal year; and iv) modify the Plan's projects and programs list as may be appropriate to respond to current Project Area improvement needs.

ANALYSIS:

The Agency adopted the Project on September 22, 1992. The California Community Redevelopment Law (CCRL; California Health and Safety Code Section 33000, *et seq.*) provides that because the Plan contains authority to issue bonds to be repaid in whole or in part from the allocation of tax increment, the Plan shall contain a limit on the amount of bonded indebtedness which can be outstanding at one time without an amendment of the Plan. Since its adoption in 1992, the Plan has been amended once by City Council Ordinance No. 94-19, adopted on November 15, 1994, in response to the requirements of the Community Redevelopment Law Reform Act of 1993 (AB 1290), by establishing time limits on incurring indebtedness, receiving tax increment, paying indebtedness and carrying out activities for the Project. Similarly, the CCRL provides that a redevelopment plan adopted on or after October 1, 1976, and before January 1, 1994, (including any amendments), shall contain tax increment collection provisions, and it shall also contain a limit on the amount of tax increment that may be divided and allocated to an agency, except pursuant to an amendment of the redevelopment plan.

The Plan contains both the authority to issue bonds and to collect tax increment, and it specifies limitations on the amount of tax increment the Agency may collect without an amendment to the Plan. The cumulative tax increment limit is currently set at $30,000,000. The Plan also currently states that taxes shall not be divided and allocated to the Agency in an amount greater than $3,000,000 during any one fiscal (tax) year. Conservative projections indicate that the Agency will reach the Plan's cumulative tax increment limit well before it can no longer collect tax increment. Based on these constraints, Agency staff and advisors have preliminarily established that the amended tax increment limit should be increased to $125,000,000 with no annual limit, and bonded indebtedness limit should be set at $50,000,000 to realize the optimum level of available funding to alleviate economic and physical blight in the Project Area through the Agency's projects and programs.. These preliminary amounts may be subject to further modification during the Amendment process, based upon continuing analyses and consultation with affect taxing entities.

The 2010 Amendment will be processed in accordance with provisions codified under the CCRL and other appropriate California law. Inasmuch as the 2010 Amendment proposes to increase the Plan's tax increment limit, the Agency must approach the redevelopment plan amendment process in much the same manner as if adopting a new redevelopment plan. Agency procedures to adopt the 2010 Amendment must include blight

analyses,[1] consultation with affected taxing entities, community participation, and CEQA compliance among others things. With regard to CEQA compliance, an initial environmental study will be prepared by Agency advisors and, based upon findings contained therein, the appropriate environmental document will be prepared.

[1] Alfred Gobar Associates has been retained by UFI to prepare an economic blight analysis

PROJECT AREA COMMITTEE (PAC) DETERMINATION:

As a part of the redevelopment plan amendment process, CCRL Section 33385.3 requires that if a project area committee (PAC) does not exist, an agency shall establish a PAC if the proposed amendment would do either of the following:

1) Grant the authority to the agency to acquire, by eminent domain, property on which persons reside in a project area in which a substantial number of low- and moderate-income persons reside; or

(2) Add territory in which a substantial number of low- and moderate-income persons reside and grant the authority to the agency to acquire by eminent domain property on which persons reside in the added territory.

The 2010 Amendment does not propose to grant authority to the Agency to acquire property by eminent domain in the Project Area, nor does the 2010 Amendment propose to add new territory to the Project Area; therefore, a PAC need not be formed in conjunction with the 2010 Amendment. Nevertheless, Agency staff and advisors will schedule one public workshop to give a community presentation about the purpose of the 2010 Amendment for those interested persons in the community. Also, in accordance with CCRL requirements, the Amendment process concludes with a Joint Public Hearing with the City Council and the Agency Board prior to consideration of the Amendment for adoption.

As part of initiating the 2010 Amendment process, the Agency authorizes preparation and transmittal of a "preliminary report" and other required documents, including among others, those required under CCRL Sections 33327, 33328, 33451.5, and CEQA, following their respective completion during the Amendment process.

FISCAL IMPACT:

The cost for 2010 Amendment preparation services has been included in the Agency's Operating Budget for FY-2010.

CONCLUSION:

As previously discussed with the RDA Board, the 2010 amendment is necessary to allow the Agency to capture futures revenues and continue to eliminate blight with the project area. The proposed resolution is necessary to start this process. The RDA Board approved the contract for this amendment at its January 27, 2009 meeting. Staff recommends the RDA Board approve the Resolution as presented.

Prepared by,
Urban Futures, Inc., Advisors to the Community Redevelopment Agency of the City of Newman

Respectfully submitted,

Michael Holland
Executive Director

REDEVELOPMENT AGENCY

RESOLUTION NO. 2009-
RDA RESOLUTION NO. 2009-

A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF NEWMAN DIRECTING AGENCY STAFF AND ADVISORS TO COMMENCE ALL ASPECTS OF THE PROPOSED 2010 AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE NEWMAN REDEVELOPMENT PROJECT AND RELATED CEQA COMPLIANCE THEREFOR; FINDING THAT FORMATION OF A PROJECT AREA COMMITTEE IS NOT REQUIRED FOR THE 2010 AMENDMENT; AND AUTHORIZING TRANSMITTAL OF CERTAIN DOCUMENTS AND INFORMATION

WHEREAS, the Community Redevelopment Agency of the City of Newman (the "Agency"), is a duly constituted redevelopment agency under the California Community Redevelopment Law (CCRL, Health and Safety Code Section 33000, *et seq.*) and, pursuant to such laws, is responsible for the administration of redevelopment activities within the City of Newman (the "City"); and

WHEREAS, by Ordinance No. 92-14 dated September 22, 1992, the City Council of the City (the "City Council") adopted the Redevelopment Plan (the "Plan") for the Newman Redevelopment Project (the "Project" or "Project Area," depending on the context), pursuant to procedures codified within the CCRL; and

WHEREAS, on November 15,1994, the City Council adopted Ordinance No. 9419, amending the Plan in response to the requirements of the Community Redevelopment Law Reform Act of 1993 (AB 1290), and thereby established time limits on incurring indebtedness, receiving tax increment, paying indebtedness and carrying out activities for the Project; and

WHEREAS, CCRL Section 33334.1 requires that if a redevelopment plan contains the authority to issue bonds to be repaid in whole or in part from the allocation of taxes (property tax increment) pursuant to CCRL Section 33670, the redevelopment plan must establish a limit as to the amount of bonded indebtedness which may be outstanding at one time without an amendment to the redevelopment plan; and

WHEREAS, CCRL Section 33333.4(g)(1) requires that if a redevelopment plan containing the provisions set forth in CCRL Section 33670 was adopted on or after October 1, 1976, and prior to January 1, 1994, , it shall contain a limitation on the number of dollars of taxes that may be divided and allocated to the agency pursuant to the redevelopment plan (including redevelopment plan amendments); and further provides that taxes shall not be divided and allocated to the agency beyond said limitation, except pursuant to amendment of the redevelopment plan; and

WHEREAS, the Plan contains the authority to issue bonds to be repaid in whole or in part from the allocation of taxes, as well as the authority for the Agency to receive tax increment financing from the allocation of taxes pursuant to CCRL Section 33670; and

WHEREAS, pursuant to CCRL Section 33450, the City Council, by ordinance, may amend the Plan any time after its adoption upon the recommendation of the Agency; and

WHEREAS, the Agency desires to increase the Plan's total tax increment allocation limit, eliminate the Plan's annual limitation on tax increment allocation, establish a bonded indebtedness limit, and modify the Plan's projects and programs list, as appropriate, all as a means to better attain the Agency's long-term goal to improve or alleviate the economic and physical conditions of blight within the Project Area; and

WHEREAS, CCRL Section 33385.3 requires that a project area committee (PAC) be established by the Agency if the 2010 Amendment would do either of the following:

"(1) Grant the authority to the agency to acquire by eminent domain property on which persons reside in a project area in which a substantial number of low-and moderate-income persons reside; or

(2) Add territory in which a substantial number of low- and moderate-income persons reside and grant the authority to the agency to acquire by eminent domain property on which persons reside in the added territory"; and

WHEREAS, the 2010 Amendment does not propose to granting authority to the Agency to acquire property by eminent domain in the Project Area and it does not add territory to the Project Area; therefore, a PAC is not required for the 2010 Amendment; and

WHEREAS, in accordance with CCRL requirements, the 2010 Amendment adoption process must comply with the California Environmental Quality Act (CEQA; Public Resources Code Section 21000, *et seq.*) and the Agency is authorized and required to act as the "Lead Agency,"; and

WHEREAS, CCRL Sections Section 33354.6 and Section 33450, *et seq.* identify the procedures required to implement such a redevelopment plan amendment including preparation of a preliminary report ("Preliminary Report") analyzing remaining blight in the Project Area; and .

WHEREAS, the Preliminary Report and related materials, upon completion, must be transmitted by the Agency along with any required notices to all affected taxing entities and others, as required by applicable CCRL provisions.

NOW, THEREFORE, BE IT RESOLVED by the Community Redevelopment Agency of the City of Newman as Follows:

Section 1: The recitals above are true and correct and a substantive part of this Resolution.

Section 2. The Agency hereby formally directs Agency staff and advisors to commence all aspects of the 2010 Amendment as described above, and authorizes and directs the officers, employees, staff, advisors, and attorneys for the Agency to take any and all actions that may be necessary to effectuate the purposes of this Resolution and the preparation of the 2010 Amendment, including, but not limited to: i) preparation and transmittal of all documents and other information, such as Agency's Preliminary Report and related materials, CEQA documents, and all related notices; ii) conduction of meetings, including those with the City Planning Commission that may be necessary for 2010 Amendment adoption; iii) filing and transmittal of notices as required ; and iv) consultations with and transmittals to the respective affected taxing and responsible agencies, appropriate State officials, and other interested parties, as may be required by the CCRL and CEQA.

Section 3. Acting as Lead Agency pursuant to CEQA, and because the 2010 Amendment is a "project" as defined in CEQA, the Agency hereby authorizes and directs the officers, employees, staff, consultants, and attorneys for the Agency to begin CEQA compliance procedures, including preparation of an Initial Study for the 2010 Amendment.

Section 4. The Agency hereby finds and determines that a project area committee (PAC) is not required to be formed in connection with the proposed 2010 Amendment.

Section 5. The Secretary is hereby authorized and directed to certify the adoption of this

The foregoing resolution was introduced at a regular meeting of the Newman Redevelopment Agency held on the 26th day of May, 2009 by Board Member _____, who moved its adoption, which motion was duly seconded and was carried upon roll call and the resolution adopted by the following roll call vote:

AYES:
NOES:
ABSENT:

APPROVED:

_____
Chairperson Newman RDA

ATTEST:

_____
Secretary of the RDA

Agenda Item: **10.h.**

City of Newman
City Manager's Office
Memorandum

Date: May 21, 2009
To: Redevelopment Agency Board
From: Michael E. Holland, Executive Director

Subject: Final Loan Documents for Jose Reynoso

After many weeks of revisions and acquiring the necessary documentation, staff respectfully submits the final loan documents to the Agency Board for approval. While the Board originally authorized staff to execute said loan, the matter is being brought back to the Board since the Deed of Trust would sit in 3rd position; behind a $150,000 loan issued in December 2008 and $50,000 line of credit. The property proposed as collateral was appraised at $525,000 in April 2008. This position carries more risk should the business fail. Staff will continue to work with the applicant up to the meeting in an effort to find a way to improve the Agency's position and reduce its risk.

LOAN AGREEMENT

This Loan Agreement (as the same may be amended, modified, supplemented, extended or restated as provided herein from time to time, this "Agreement"), dated as of April __, 2009, is entered into by and between the Redevelopment Agency of the City of Newman ("Agency"), and _____ ("Borrower").

RECITALS

A. Agency administers a revolving loan program to assist with the economic development of the City of Newman (the "City"), California.

B. Borrower desires to borrow from Agency a loan (the "Loan") in the amount of Two Hundred Thousand and No/100 Dollars ($200,000.00) to finance certain costs of Borrower's operation of a car dealership (the "Dealership") which will sell only used cars. Agency is willing to make the Loan on the terms and conditions set forth herein to facilitate Borrower's continued operation of the Dealership.

C. Because the City's previously existing car dealerships are no longer open for business, Agency desires to use the Loan to, among other things, assist with the development of the Dealership, which, in accordance with California Health and Safety Code § 33246.5, will be located on the property of a previously existing car dealership.

D. Borrower currently owns and operates a car dealership (the "Existing Dealership") in the City of Gustine, California, which, among other things, sells new cars. The purpose of the Loan is not relocate the Existing Dealership, but to assist Borrower in developing and operating an additional car dealership, in accordance with California Health and Safety Code § 33426.7.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Definitions; Interpretive Provisions.

1.1. Definitions.

"Affiliate" means any person or entity that, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with another person or entity.

"Agreement" has the meaning set forth in the introductory paragraph hereof.

"Appraisal" means a written appraisal report for the Property in form and substance satisfactory to Agency and prepared by an appraiser acceptable to Agency.

"Borrower" has the meaning set forth in the introductory paragraph of this Agreement.

"Borrower's Lease" means that certain Lease of the Dealership property by Borrower, as tenant, and _____, as landlord.

"City" has the meaning set forth in Recital A of this Agreement.

"Closing Date" means the date of the closing of the Loan as evidenced by the due recordation of the Deed of Trust.

"Dealership" has the meaning set forth in Recital B of this Agreement.

"Debt" means (a) all indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services; (c) all reimbursement obligations with respect to surety bonds, letters of credit and similar instruments (in each case, to the extent material or non-contingent); (d) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (e) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (f) all indebtedness referred to in clauses (a) through (e) above secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any lien upon or in property owned by Borrower, even though Borrower has not assumed or become liable for the payment of such indebtedness; and (g) direct or indirect liability of Borrower with respect to any indebtedness, lease, dividend, letter of credit or other obligation of another person or entity.

"Deed of Trust" means that certain Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing by Borrower, as trustor, for the benefit of Agency, as beneficiary, securing Borrower's payment and performance of its obligations under the Loan Documents.

"Event of Default" shall have the meaning set forth in Section 8 of this Agreement.

"Existing Dealership" has the meaning set forth in Recital D of this Agreement.

"First Note Rate Period" means the period commencing on the Closing Date and ending on May 31, 2012.

"GAAP" means accounting principles as promulgated from time to time in statements, opinions, and pronouncements by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board and in such statements, opinions, and pronouncements of such other entities with respect to financial accounting of for-profit entities as shall be accepted by a substantial segment of the accounting profession in the United States.

"Governmental Authority" means any national, state, or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public, or statutory instrumentality, authority, body, agency, bureau, or entity or any arbitrator with authority to bind a party at law.

"Indemnified Party" shall have the meaning set forth in Section 14 of this Agreement.

"Intellectual Property Rights" shall have the meaning set forth in Section 5.10 of this Agreement.

"Laws" shall have the meaning set forth in Section 5.7 of this Agreement.

"Loan" shall have the meaning set forth in Recital B of this Agreement.

"Loan Documents" means this Agreement, the Note, the Deed of Trust and the other documents evidencing, securing or relating to the Loan, including the UCC 1 Financing Statement.

"Material Adverse Effect" means a material adverse effect upon (a) the condition (financial or otherwise), operations, properties or business of Borrower, or (b) the ability of Borrower to perform its obligations hereunder.

"Maturity Date" has the meaning set forth in Section 2.4(b) of this Agreement.

"Monthly Payment Amount" means an amount sufficient to amortize (a) the accrued but unpaid interest under the Loan, plus (b) the entire outstanding principal balance of the Loan, over the remaining term of the Loan in forty (40) equal payments, as more particularly described on Exhibit A attached hereto and incorporated by reference.

"Note" means the Promissory Note Secured by Deed of Trust dated of even date herewith by Borrower in favor of Agency, to be executed and delivered following the date hereof, which evidences Borrower's obligation to pay Agency the Loan and all interest accruing thereunder.

"Note Rate" means, as applicable (a) the First Note Rate Period, (b) the Second Note Rate Period, or (c) the Third Note Rate Period.

"Obligations" means all obligations, liabilities and indebtedness of every nature of Borrower from time to time owed to Agency pursuant to the Note or this Agreement, including the principal amount of all debts, claims and indebtedness, accrued and unpaid interest and all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now or from time to time hereafter owing, due or payable, or any combination thereof, whether before or after the filing of a proceeding under the Bankruptcy Code by or against Borrower.

"Payment Date" has the meaning set forth in Section 2.4(a) of this Agreement.

"Potential Default" shall mean an event which with the giving of notice, passage of time, or both, would constitute an Event of Default hereunder.

"Second Note Rate Period" means the period commencing June 1, 2012 and ending on May 31, 2015.

"Taxable Sales Requirement" has the meaning set forth in Section 6.9 of this Agreement.

"Third Note Rate Period" means the period commencing on June 1, 2015 and ending on the Maturity Date.

"Title Company" means _____ Title Company, a California corporation.

"Title Policy" means a 1992 ALTA Agency's title insurance policy, extended coverage, with the creditor's rights exclusion deleted, in such form and with such endorsements as may be required by Agency insuring that the Deed of Trust is and will continue to be an encumbrance against Borrower's fee interest in the Land, securing a debt in the amount of the Loan prior and paramount to all other liens and encumbrances of any nature or kind whatsoever except such exceptions as Agency, in its sole discretion, may approve in writing.

"UCC-1 Financing Statement" means that certain UCC Financing Statement (Form UCC 1) perfecting Agency's security interest in Borrower's personal property collateral as security for Borrower's payment and performance of its obligations under the Loan Documents.

1.2. Interpretive Provisions. References in this Agreement to "Sections," "Exhibits," and "Schedules" are to sections, exhibits, and schedules herein and hereto unless otherwise indicated. References in this Agreement to any document, instrument, or agreement (a) shall include all exhibits, schedules, and other attachments thereto, (b) shall include all documents, instruments, or agreements issued or executed in replacement thereof, to the extent permitted hereby and (c) shall mean such document, instrument, or agreement, or replacement or predecessor thereto, as amended, supplemented, restated, or otherwise modified from time to time to the extent permitted hereby and in effect at any given time. Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, the feminine and the neuter. Titles and captions of Sections, subsections, and clauses in this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

2. Loan and Loan Terms.

2.1. Loan. On the terms and conditions set forth herein, Agency agrees to make the Loan to Borrower, by means of a single disbursement of Two Hundred Thousand and No/100 Dollars ($200,000.00) upon the satisfaction of the conditions precedent set forth in Section 4 hereof, and Borrower agrees to borrow the Loan. Amounts borrowed under the Loan and later repaid or prepaid may not be reborrowed at any time.

2.2. Interest Rate. Provided that no Potential Default or Event of Default has occurred and is continuing, interest shall accrue on the outstanding principal balance of the Loan from time to time at the per annum rate of: (a) zero percent (0%) during the First Note Rate Period; (b) two and one-half percent (2.5%) during the Second Note Rate Period; and (c) five percent (5%) during the Third Note Rate Period.

2.3. Computation of Interest. Interest shall be computed on the basis of a 360-day year and accrue on the basis of the actual number of days (including both the first day and the last day of the term of the Loan) occurring during the term of the Loan.

2.4. Payments.

(a) Principal and Interest Payments. On March 1, June 1, September 1, and December 1 of each year (each such being hereinafter referred to as the date, a "Payment Date") up to the Maturity Date, Borrower shall make an installment payment of principal and interest to Agency in the amount of the Monthly Payment Amount.

(b) Payment on Maturity. On March 1, 2019 (the "Maturity Date"), or the accelerated maturity date of the Loan, whichever shall first occur, Borrower shall pay to Agency all accrued but unpaid interest, fees and charges payable under or in connection with the Loan, and the entire outstanding principal balance of the Loan.

2.5. Prepayment. Borrower may prepay the Loan in whole or in part at any time or from time to time without premium or penalty, but partial prepayments shall be applied to the payments hereunder in the reverse order of maturity and shall not affect the amount or due date of any subsequent installments.

2.6. Application of Payments. Payments received shall be applied, first, to any fees or charges payable by Borrower hereunder or under the Note, second, to accrued but unpaid interest under the Loan and, third, to principal hereunder. Remittances in payment of any part of the indebtedness other than in the required amount in immediately available U.S. funds shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by the holder hereof in immediately available U.S. funds and shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practices of the collecting bank or banks.

3. Purpose of Loan. The proceeds of the Loan shall be used solely to finance the payment of costs associated with the Dealership. No portion of the proceeds of the Loan shall be used for family, personal or household purposes.

4. Conditions Precedent. The obligation of Agency to make the Loan is subject to satisfaction of all of the following conditions:

4.1. Agency shall have received all of the following in form and substance reasonably satisfactory to Agency:

(a) A duly executed original of: (A) this Agreement; (B) the Note; (C) the Deed of Trust; and all other documents, instruments and agreements contemplated hereby.

(b) Certified articles of incorporation and bylaws of Borrower, as amended, as well as a certificate of good standing issued by the Secretary of State of the state of Borrower's incorporation.

(c) Such certified board resolutions, evidence of incumbency, and other evidence as Agency may require that this Agreement and all other instruments and documents executed in connection herewith, have been duly authorized and executed.

(d) Such evidence as Agency may require that all required regulatory and other consents and approvals have been obtained and are in full force and effect.

(e) An Appraisal;

(f) An irrevocable written commitment by the Title Company that it will issue to Agency the Title Policy upon recordation of the Deed of Trust; and

(g) A copy of Borrower's Lease.

4.2. Borrower's Lease shall be in full force and effect, and no default or event which, with the giving of notice, passage of time, or both, would constitute a default shall have occurred or be continuing.

4.3. Agency must receive reimbursement, in immediately available funds, one-half (1/2) of all costs and expenses incurred by Agency in connection with the Loan, including title insurance, recording and escrow charges, appraisal fees, and legal fees and expenses of Agency's counsel.

4.4. Borrower shall have delivered to Agency a loss payee acknowledgement, in form and substance satisfactory to Agency, with all blanks appropriately completed, signed by Borrower's casualty insurer acknowledging that Agency is named as loss payee under Borrower's casualty insurance covering the Dealership's assets, in connection with which Agency's rights may be subject to any rights of Borrower's floor plan lender and other bona fide secured creditors.

5. Representations and Warranties. To induce Agency to enter into this Agreement and to make the Loan, Borrower makes the following representations and warranties to Agency, which shall survive the making of the Loan and shall be deemed to be continuing representations and warranties.

5.1. Organization; Powers; Etc. Borrower (a) is duly incorporated, validly existing, and in good standing under the laws of the State of California; (b) is duly qualified to transact business and is in good standing in each jurisdiction in which the character of its properties or the nature of its business requires such qualification, except where failure to be so qualified could not reasonably be expected to have a Material Adverse Effect; (c) has all

requisite legal and corporate authority to own and operate its assets and to carry on its business and to enter into and perform its obligations under the Note and this Agreement; and (d) has duly and lawfully obtained and maintained all licenses, certificates, permits, authorizations, approvals, and the like which are necessary in the conduct of its business, or which may be otherwise required by law, which if not obtained and maintained, could reasonably be expected to have a Material Adverse Effect.

5.2. Due Authorization; No Violations. The execution and delivery by Borrower, and the performance by Borrower of its obligations under, the Note and this Agreement have been duly authorized by all requisite corporate action and do not and will not (a) violate its articles of incorporation, its bylaws, any provision of any law, rule or regulation, any judgment, order or ruling of any Governmental Authority, any agreement or any indenture, mortgage, or other instrument to which Borrower is a party or by which Borrower or its respective properties are bound, or (b) be in conflict with, result in a breach of, or constitute with the giving of notice or lapse of time, or both, a default under any such agreement, indenture, mortgage, or other instrument. All actions on the part of the shareholders of Borrower necessary in connection with the execution and delivery by Borrower of, and the performance by Borrower of its obligations under, the Note and this Agreement have been taken and remain in full force and effect.

5.3. Binding Agreement. The Note and this Agreement are, or when executed and delivered will be, the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with their respective terms, subject only to limitations on enforceability imposed by (a) applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally, and (b) general equitable principles.

5.4. Consents and Approvals. No consent, permission, authorization, order or license of any Governmental Authority or of any party to any agreement to which Borrower is a party or by which it or any of its respective property may be bound or affected, is necessary at the time this representation is being made or remade in connection with the execution, delivery, performance or enforcement of this Agreement, except such as have been obtained and are in full force and effect or which are required in connection with the enforcement of or exercise of remedies under this Agreement.

5.5. Ownership of Assets. Borrower has title to its assets sufficient for the conduct of the business of Borrower and the Dealership.

5.6. Compliance. Borrower is in compliance with all of the terms of this Agreement and no Event of Default or Potential Default exists.

5.7. Compliance with Laws. Borrower is in compliance in all material respects with all laws, rules, regulations, ordinances, codes, orders, and the like (collectively, "Laws"), the failure to comply with which could reasonably be expected to have a Material Adverse Effect.

5.8. Litigation. There is no pending legal, arbitration, or governmental action or proceeding to which Borrower is a party or to which any of its respective properties are

subject which, if adversely determined, could reasonably be expected to have a Material Adverse Effect, and to the best of Borrower's knowledge, no such action or proceeding is threatened or contemplated.

5.9. Licenses; Permits; Etc. Borrower is the valid holder of all franchises, licenses, certificates, permits, authorizations, approvals and the like which are material to the conduct of its business or which may be required by law, and all such franchises, licenses, certificates, permits, authorizations, approvals, and the like are in full force and effect.

5.10. Intellectual Property. Borrower owns, or possesses through valid licensing arrangements, the right to use all patents, copyrights, trademarks, trade names, service marks, technology know-how and processes used in or necessary for the conduct of its business as currently or anticipated to be conducted (collectively, the "Intellectual Property Rights") without infringing upon any validly asserted rights of others. No event has occurred which permits, or after notice or lapse of time or both would permit, the revocation or termination of any such rights. Borrower has not been threatened with any litigation regarding Intellectual Property Rights that would present a material impediment to its business.

5.11. Accuracy and Completeness of Information. All written information, reports, and other papers and data furnished, in connection with the Loan and/or this Agreement, to Agency or any of its Affiliates by, on behalf of, or at the direction of, Borrower were, at the time the same were so furnished, complete and correct in all material respects, to the extent necessary to give Agency a true and accurate knowledge of the subject matter. As of the date hereof, no fact is known to Borrower that has had, or may in the future have (so far as Borrower can reasonably foresee), a Material Adverse Effect which has not been disclosed in writing to Agency prior to the date hereof. No document furnished or written statement made to Agency in connection with the negotiation, preparation, or execution of this Agreement contains or will contain any untrue statement of a fact material to the creditworthiness of Borrower or omits or will omit to state a material fact necessary in order to make the statements contained herein not misleading.

5.12. Borrower's Lease. Borrower's Lease has a term of no less than ten (10) years, is in full force and effect, and all conditions to the effectiveness or continued effectiveness thereof required to be satisfied have been timely satisfied. Borrower is not in default under Borrower's Lease. To Borrower's knowledge, no default has occurred and is continuing, and no event has occurred and is continuing which, with notice or the passage of time or both, would be default under Borrower's Lease.

6. Affirmative Covenants. Unless otherwise agreed to in writing by Agency, until the Loan is repaid in full, Borrower will:

6.1. Existence, Licenses, Etc. (a) Preserve and maintain in full force and effect its existence and good standing in the jurisdiction of its incorporation; (b) qualify and remain qualified to transact business in all jurisdictions where such qualification is required by applicable Laws, except where failure to be so qualified could not reasonably be expected to have a Material Adverse Effect; and (c) obtain and maintain all licenses, franchises, certificates,

permits, authorizations, approvals and the like, which if not obtained and maintained could reasonably be expected to have a Material Adverse Effect.

6.2. Compliance with Laws and Agreements. Comply in all material respects with (a) all Laws, the failure to comply with which could reasonably be expected to have a Material Adverse Effect, and (b) all agreements, indentures, mortgages, and other instruments to which Borrower is a party or by which it or any of its respective property is bound, the failure to comply with which could reasonably be expected to have a Material Adverse Effect.

6.3. Compliance with Environmental Laws. Without limiting the provisions of Section 6.2 of this Agreement, comply in all material respects with, and cause all persons occupying or present on any properties owned or leased by it to so comply with, all Laws relating to environmental protection, the failure to comply with which could reasonably be expected to have a Material Adverse Effect.

6.4. Operation of Dealership. Maintain and operate a dealership for the sale of used vehicles and a vehicle service shop at the Dealership location.

6.5. Insurance. Maintain insurance with insurance companies or associations in such amounts and covering such risks as are usually carried by companies engaged in the same business and similarly situated and cause Agency at all times to be named as loss payee under Borrower's casualty insurance covering the Dealership's assets.

6.6. Property Maintenance. Maintain and preserve all of its property and each and every part and parcel thereof that is necessary to or useful in the ordinary conduct of its business in good repair, working order, and condition, ordinary wear and tear excepted, and in compliance with all applicable Laws, and make all alterations, replacements, and improvements thereto as may from time to time be necessary in order to ensure that its properties remain in good working order and condition and compliance.

6.7. Payment of Taxes and Claims. Pay or discharge when due (a) all taxes imposed upon it or upon its income or profits or upon any properties belonging to it, and (b) all lawful claims of materialmen, mechanics, carriers, warehousemen, and landlords for labor, materials, supplies, and rentals which, if unpaid, might become a lien on any of its properties; provided, however, that this Section 6.7 shall not require the payment or discharge of any such tax or claim which is being contested in good faith by appropriate proceedings which operate to suspend the collection thereof and for which adequate reserves have been established on the books of Borrower.

6.8. Books and Records. (a) Maintain books and records pertaining to its business operations in such detail, form and scope as is consistent with good business practice and in a manner that fairly presents the financial condition of Borrower as of the dates and for the periods for which they are furnished and in accordance with GAAP principals, and (b) permit Agency to inspect and make copies of the Borrowers books and records at all reasonable times.

6.9. Taxable Sales Per Year. Commencing on the date that is the (1) year anniversary of the Closing Date, generate no less than Two Million and No/100 Dollars ($2,000,000.00) in taxable sales each fiscal year of Borrower from Borrower's operation of the

Dealership (the "Taxable Sales Requirement"). If Borrower fails to satisfy the Taxable Sales Requirement for any fiscal year, Borrower may, upon written notice to Lender within sixty (60) days after close of such fiscal year, request from Lender a one (1)-time waiver of the Taxable Sales Requirement for such fiscal year. Thereafter, Borrower shall have no further right, and Lender shall have no further obligation, to waive the Taxable Sales Requirement.

6.10. Reports and Notices. Furnish, or cause to be furnished, to Agency:

(a) Notice of Default. Promptly after becoming aware thereof, notice of (A) the occurrence of any breach, default, event of default, or other event or occurrence of any other condition which with the giving of notice or lapse of time, or both, could become a breach, default, or event of default under any agreement, indenture, mortgage, or other instrument (other than this Agreement) to which it is a party or by which it or any of its property is bound or affected, which breach, default, event of default, or other event or occurrence could reasonably be expected to have a Material Adverse Effect; and (B) the occurrence of any Potential Default or Event of Default under this Agreement; provided, however, that the failure to give such notice shall not affect the right and power of Agency to exercise any and all of the remedies specified herein.

(b) Notice of Litigation. Promptly after the commencement thereof, notice of the commencement of all actions, suits, or proceedings before any Governmental Authority affecting Borrower which, if determined adversely, could reasonably be expected to have a Material Adverse Effect.

(c) [Intentionally omitted.]

(d) Regulatory and Other Notices. Promptly after filing, receipt or becoming aware thereof, copies of any filings or communications sent to and notices or other communications received by Borrower from any Governmental Authority relating to any material noncompliance by Borrower with any Laws or with respect to any matter or proceeding the effect of which, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

(e) Material Adverse Change. Promptly after becoming aware thereof, notice of any matter which has had or could reasonably be expected to have a Material Adverse Effect.

(f) Financial Reporting Requirements. Within one hundred twenty (120) days after close of each of Borrower's fiscal years, a completed, executed copy of a report of an examination of the financial affairs of Borrower (and, upon request of Agency, Affiliates of Borrower) made by independent certified public accountants selected by Borrower and reasonably acceptable to Agency, in such detail and with such certification as Agency reasonably may require; and Borrower will furnish such other financial statements as Agency reasonably may require.

(g) Other Information. Such other information regarding the condition, financial or otherwise, or operations of Borrower as Agency may, from time to time, request.

7. Negative Covenants. Unless otherwise agreed to in writing by Agency, until the Loan is repaid in full, Borrower will not:

7.1. Transfer of Assets. Sell (including, without limitation, pursuant to a sale and leaseback transaction) transfer, lease as lessor (including, without limitation, pursuant to a lease and leaseback transaction), enter into any contract for the sale, transfer or lease of, or otherwise dispose of, any of its assets, including, without limitation, all or any portion of the Dealership location, except (a) bona fide sales of inventory in the ordinary course of business, and (b) dispositions of obsolete equipment not used or useful in the business of Borrower in the ordinary course of business.

7.2. Change in Business. Engage in any business activity or operation at the Dealership location different from or unrelated to Borrower's present business activities and operations.

7.3. Disposition of Licenses. Sell, assign, transfer or otherwise dispose of, or attempt to dispose of, in any way, any franchise, license, certificates, permits, authorization, approvals and the like which may be required by law or which are material to the conduct of its business, the disposition of which could reasonably be expected to have a Material Adverse Effect.

8. Events of Default. Each of the following shall constitute an "Event of Default" under this Agreement.

8.1. Payment Default. Borrower fails to make any payment to hereunder or under the Note when due.

8.2. Representations and Warranties. Any opinion, certificate or like document furnished to Agency by or on behalf of Borrower, or any representation or warranty made herein proves to have been false or misleading in any material respect on or as of the date made or deemed made.

8.3. Covenants. Borrower fails to perform or comply with the covenants set forth in Section 6 or 7 of this Agreement.

8.4. Other Debt. Borrower fails to pay when due any Debt, or any other event occurs which, under any agreement or instrument relating to any Debt, has the effect of accelerating or permitting the acceleration of such Debt, whether or not such Debt is actually accelerated or the right to accelerate is conditioned on the giving of notice, the passage of time, or otherwise, or such person or entity commences the exercise of any remedies against Borrower or its respective properties, and the aggregate amount of all such Debt exceeds Two Hundred Fifty Thousand and No/100 Dollars ($250,000.00).

8.5. Insolvency, Etc. Borrower: (a) becomes insolvent or should generally not, or should be unable to, or should admit in writing its inability to, pay its debts as they come due; or (b) suspend its business operations or a material part thereof or make an assignment for the benefit of creditors; or (c) apply for, consent to, or acquiesce in the appointment of a trustee, receiver, or other custodian for it or any of its property or, in the absence of such application,

consent, or acquiescence, a trustee, receiver, or other custodian is so appointed; or (d) commence or have commenced against it any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation Law of any jurisdiction, which, in the case of a proceeding commenced against Borrower, is not dismissed within forty-five (45) days.

8.6. Material Adverse Change. Any event, change or condition not referred to elsewhere in this Section 8 occurs which results in a Material Adverse Effect.

8.7. Licenses and Permits. There occurs any loss, suspension or revocation of, or failure to renew, any franchise, license, certificate, permit, authorization, approval or the like now held or hereafter acquired by Borrower, if such loss, suspension, revocation or failure to renew could reasonably be expected to have a Material Adverse Effect.

8.8. Title to the Property. Title to the Property is not satisfactory to Agency by reason of any defect, except those matters affecting title that have at any time been consented to in writing by Agency or the lien of the Deed of Trust ceases to be a first priority perfected lien on fee title to the Property vested in Borrower.

8.9. Loan Documents and Borrower's Lease. Any Loan Document or Borrower's Lease ceases to be in full force and effect or Borrower asserts that the Loan Document or Borrower's Lease, as the case may be, is no longer in full force and effect.

8.10. Other Breaches or Defaults. There occurs any other breach or default under this Agreement not described or referred to in this Section 8 that Borrower fails to cure within ten (10) days after receipt of notice thereof from Agency.

9. Remedies. Upon the occurrence of an Event of Default under Section 8.6 hereof, the entire unpaid principal balance of the Loan and all other amounts payable under the Note secured by the Deed of Trust and this Agreement shall become immediately due and payable without protest, presentment, demand or further notice of any kind, all of which are hereby expressly waived by Borrower. In addition, upon the occurrence and during the continuance of any Event of Default, Agency may:

9.1. Acceleration. Declare the entire unpaid principal balance of the Loan and all other amounts payable under this Agreement to be immediately due and payable. Upon such a declaration, the unpaid principal balance of the Loan and all such other amounts shall become immediately due and payable, without protest, presentment, demand, or further notice of any kind, all of which are hereby expressly waived by Borrower.

9.2. Enforcement. Proceed to protect, exercise, and enforce such rights and remedies as may be provided by the Note, the Deed of Trust, this Agreement or the other Loan Documents or under applicable Laws. Each and every one of such rights and remedies shall be cumulative and may be exercised from time to time, and no failure on the part of Agency to exercise, and no delay in exercising, any right or remedy shall operate as a waiver thereof, and no single or partial exercise of any right or remedy shall preclude any other or future exercise thereof, or the exercise of any other right. Without limiting the foregoing, Agency may hold and/or set off and apply against Borrower's obligations to Agency the proceeds of any cash

collateral held by Agency or any balances held by Agency for Borrower's account (whether or not such balances are then due).

10. Complete Agreement; Amendments. This Agreement is intended by the parties to be a complete and final expression of their agreement as to the subject matter contained herein. No amendment, modification, or waiver of any provision of this Agreement, and no consent to any departure by Borrower herefrom, shall be effective unless approved by Agency and contained in a writing signed by or on behalf of Agency, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

11. Applicable Law. Except to the extent governed by applicable federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to choice of law principles.

12. Notices. All notices hereunder shall be in writing and shall be deemed to be duly given upon delivery if personally delivered or sent by facsimile transmission (electronic confirmation received), or three days after mailing if sent by express, certified or registered mail, to the parties at the following addresses (or such other address for a party as shall be specified by like notice):

If to Agency, as follows: Redevelopment Agency of the City of Newman
1164 Main Street
Newman, CA 95360

If to Borrower, as follows: _____
_____
_____

13. Attorneys' Fees; Costs and Expenses. In any legal action, arbitration, or other proceeding brought to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and any other costs incurred in that proceeding in addition to any other relief to which it is entitled (including bankruptcy and appellate proceedings). The provisions of this Section constitute a distinct and severable agreement from the contractual rights created by this Agreement. In the event of a judgment against one party concerning any aspect of this Agreement, the right to recover post-judgment attorneys' fees incurred in enforcing the judgment shall not be merged into and extinguished by any money judgment.

14. Indemnification.

14.1. WHETHER OR NOT THE TRANSACTIONS CONTEMPLATED HEREBY ARE CONSUMMATED, BORROWER AGREES TO INDEMNIFY AND HOLD HARMLESS, ITS AFFILIATES, AND THEIR PARTNERS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, TRUSTEES AND ADVISORS (EACH SUCH PERSON BEING CALLED AN "INDEMNIFIED PARTY") FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, CLAIMS, DEMANDS, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES, AND DISBURSEMENTS (INCLUDING, WITHOUT LIMITATION, ATTORNEY COSTS) THAT MAY BE

INCURRED BY OR ASSERTED OR AWARDED AGAINST ANY INDEMNIFIED PARTY, BY ANY THIRD PARTY IN EACH CASE ARISING OUT OF OR IN CONNECTION WITH OR BY REASON OF (INCLUDING, WITHOUT LIMITATION, IN CONNECTION WITH ANY INVESTIGATION, LITIGATION, OR PROCEEDING OR PREPARATION OF DEFENSE IN CONNECTION THEREWITH) (a) THE EXECUTION, DELIVERY, ENFORCEMENT, PERFORMANCE, OR ADMINISTRATION OF THIS AGREEMENT OR ANY OTHER AGREEMENT, LETTER, OR INSTRUMENT DELIVERED IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY OR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED HEREBY, (b) THE LOAN OR THE USE OR PROPOSED USE OF THE PROCEEDS THEREFROM, (c) ANY ACTUAL OR ALLEGED PRESENCE OR RELEASE OF HAZARDOUS MATERIALS ON OR FROM ANY PROPERTY OWNED OR OPERATED BY BORROWER OR ANY ENVIRONMENTAL LIABILITY RELATED IN ANY WAY TO BORROWER, OR (d) ANY ACTUAL OR PROSPECTIVE CLAIM, LITIGATION, INVESTIGATION, OR PROCEEDING RELATING TO ANY OF THE FOREGOING, WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY AND REGARDLESS OF WHETHER ANY INDEMNIFIED PARTY IS A PARTY THERETO, IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY, OR SOLE NEGLIGENCE OF THE INDEMNIFIED PARTY; PROVIDED, HOWEVER THAT SUCH INDEMNITY SHALL NOT, AS TO ANY INDEMNIFIED PARTY, BE AVAILABLE TO THE EXTENT THAT SUCH LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, CLAIMS, DEMANDS, ACTIONS, JUDGMENTS, SUITS, COSTS, EXPENSES, OR DISBURSEMENTS ARE DETERMINED BY A COURT OF COMPETENT JURISDICTION BY FINAL AND NONAPPEALABLE JUDGMENT TO HAVE RESULTED FROM SUCH INDEMNIFIED PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. ALL AMOUNTS DUE UNDER THIS SECTION 14 SHALL BE PAYABLE WITHIN TEN BUSINESS DAYS AFTER DEMAND THEREFOR.

14.2. TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER SHALL NOT ASSERT, AND BORROWER HEREBY WAIVES, ANY CLAIM AGAINST ANY INDEMNITEE, ON ANY THEORY OF LIABILITY, FOR SPECIAL, INDIRECT, CONSEQUENTIAL OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF, THIS AGREEMENT OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY, THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, THE LOAN OR THE USE OF THE PROCEEDS THEREOF.

14.3. WITHOUT PREJUDICE TO THE SURVIVAL OF ANY OTHER AGREEMENT OF BORROWER HEREUNDER, THE AGREEMENTS AND OBLIGATIONS OF BORROWER CONTAINED IN THIS SECTION 14 SHALL SURVIVE THE PAYMENT IN FULL OF THE LOAN AND ALL OTHER AMOUNTS PAYABLE UNDER THE NOTE OR THIS AGREEMENT.

15. Effectiveness and Severability. This Agreement shall continue in effect until all indebtedness and obligations of Borrower under this Agreement shall have been paid or satisfied. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall,

as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof.

16. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrower and Agency and their respective successors and assigns, except that Borrower may not assign or transfer its rights or obligations under this Agreement without the prior written consent of Agency, which consent may be withheld by Agency in its sole discretion.

17. Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original and shall be binding upon all parties and their respective permitted successors and assigns, and all of which taken together shall constitute one and the same agreement.

18. Time is of the Essence. The parties hereby agree that time is of the essence as to this Agreement and each and every provisions contained herein.

[SIGNATURES FOLLOW ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first shown above.

Borrower:	Agency:
_____ _____	Redevelopment Agency of the City of Newman
By:_____ Name:_____ Title:_____	By:_____ Name:_____ Title: Executive Director

EXHIBIT A

Payment Schedule

Payment Date	Monthly Payment Amount	Interest	Principal	Balance
				$200,000.00
6/01/2009	$5,000.00	$0.00	$5,000.00	$195,000.00
9/01/2009	$5,000.00	$0.00	$5,000.00	$190,000.00
12/01/2009	$5,000.00	$0.00	$5,000.00	$185,000.00
3/01/2010	$5,000.00	$0.00	$5,000.00	$180,000.00
6/01/2010	$5,000.00	$0.00	$5,000.00	$175,000.00
9/01/2010	$5,000.00	$0.00	$5,000.00	$170,000.00
12/01/2010	$5,000.00	$0.00	$5,000.00	$165,000.00
3/01/2011	$5,000.00	$0.00	$5,000.00	$160,000.00
6/01/2011	$5,000.00	$0.00	$5,000.00	$155,000.00
9/01/2011	$5,000.00	$0.00	$5,000.00	$150,000.00
12/01/2011	$5,000.00	$0.00	$5,000.00	$145,000.00
3/01/2012	$5,000.00	$0.00	$5,000.00	$140,000.00
6/01/2012	$5,465.82	$875.00	$4,590.82	$135,409.18
9/01/2012	$5,465.82	$846.31	$4,619.51	$130,789.66
12/01/2012	$5,465.82	$817.44	$4,648.38	$126,141.28
3/01/2013	$5,465.82	$788.38	$4,677.44	$121,463.84
6/01/2013	$5,465.82	$759.15	$4,706.67	$116,757.16
9/01/2013	$5,465.82	$729.73	$4,736.09	$112,021.07
12/01/2013	$5,465.82	$700.13	$4,765.69	$107,255.38
3/01/2014	$5,465.82	$670.35	$4,795.47	$102,459.91
6/01/2014	$5,465.82	$640.37	$4,825.45	$97,634.45
9/01/2014	$5,465.82	$610.22	$4,855.60	$92,778.85
12/01/2014	$5,465.82	$579.87	$4,885.95	$87,892.90
3/01/2015	$5,465.82	$549.33	$4,916.49	$82,976.40
6/01/2015	$5,754.11	$1,037.20	$4,716.91	$78,259.09
9/01/2015	$5,754.11	$978.24	$4,775.87	$73,483.21
12/01/2015	$5,754.11	$918.54	$4,835.57	$68,647.64
3/01/2016	$5,754.11	$858.10	$4,896.01	$63,751.63
6/01/2016	$5,754.11	$796.90	$4,957.21	$58,794.41
9/01/2016	$5,754.11	$734.93	$5,019.18	$53,775.23

Payment Date	Monthly Payment Amount	Interest	Principal	Balance
12/01/2016	$5,754.11	$672.19	$5,081.92	$48,693.30
3/01/2017	$5,754.11	$608.67	$5,145.44	$43,547.86
6/01/2017	$5,754.11	$544.35	$5,209.76	$38,338.10
9/01/2017	$5,754.11	$479.23	$5,274.88	$33,063.21
12/01/2017	$5,754.11	$413.29	$5,340.82	$27,722.39
3/01/2018	$5,754.11	$346.53	$5,407.58	$22,314.81
6/01/2018	$5,754.11	$278.93	$5,475.18	$16,839.60
9/01/2018	$5,754.11	$210.50	$5,543.61	$11,295.99
12/01/2018	$5,754.11	$141.20	$5,612.91	$5,683.08
3/01/2019	$5,754.11	$71.04	$5,683.07	$0.00

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

REDEVELOPMENT AGENCY OF THE
CITY OF NEWMAN
1164 Main Street
Newman, CA 95360
Attn: Executive Director

FORM OF DEED OF TRUST AND ASSIGNMENT OF RENTS
(435 Fourth Avenue, Gustine, CA 95322)

THIS DEED OF TRUST AND ASSIGNMENT OF RENTS is made this ____ day of ____ _____, by Depot Garage, Inc., a California corporation ("Trustor"), whose address is ___ _____, to and in favor of _____Y, a California corporation ("Trustee"), as trustee for the benefit of the REDEVELOPMENT AGENCY OF THE CITY OF NEWMAN, a public body, corporate and politic ("Beneficiary"), and its successors and assigns.

This Deed of Trust is executed by Trustor in consideration of _____ **(who will execute the Loan Agreement?)** Trustor's obligation to pay to Beneficiary the Promissory Note described in that certain Loan Agreement entered into by and between Trustor and Beneficiary as of _____(the "Loan Agreement"), and evidenced by a promissory note of even date herewith in the amount of TWO HUNDRED THOUSAND DOLLARS ($200,000) executed by Trustor in favor of Beneficiary.

In consideration of said obligation, Trustor hereby irrevocably grants, transfers and assigns to Trustee and its successors and assigns, in trust, with power of sale and right of entry and possession, for the benefit of Beneficiary, all that real property in the City of Gustine, County of Merced, State of California, described in Exhibit A attached hereto and incorporated herein by this reference (the "Property"), together with:

A. All of Trustor's estate, right, title and interest in and to the Property, and all minerals, oil, gas and other hydrocarbon substances on the Property, as well as all development rights, air rights, water and water rights relating to the Property; and

B. All present and future structures, buildings, improvements, appurtenances and fixtures of any kind on the property, including, but not limited to, all apparatus, equipment and appliances used in connection with the operation or occupancy of the property, such as fire sprinklers and alarm systems, heating and air conditioning systems and facilities used to provide any utility services, refrigeration, ventilation, dishwashing, garbage disposal, stoves, recreation or other services on the property, and all window coverings, drapes and rods, carpeting and floor coverings, it being intended and agreed that all such items will be conclusively considered to be

a part of the real property conveyed by this Deed of Trust, whether or not attached or affixed to the Property (the "Improvements"); and

C. All appurtenances of the Property and all rights of the Trustor in and to any streets, roads or public places, easements or rights of way relating to the Property; and

D. All of the rents, royalties, profits and income of the Property and all rights of Trustor under all present and future leases affecting the Property, including, but not limited to, any security deposits; and

E. All proceeds and claims arising on account of any damage to or taking of the Property or any Improvements thereon or any part thereof and all causes of action and recoveries for any loss or diminution in the value of the Property or any Improvements; and

F. All goods located on the Property and used in the operation or occupancy of the Property or in any construction on the Property but which are not effectively made real property under paragraph B, above, including, but not limited to, all appliances, furniture and furnishings, building service equipment, and building materials, supplies and equipment; and

G. All general intangibles relating to the development or use of the Property, including, but not limited to, all governmental permits relating to construction on the Property, all names under or by which the Property or any Improvements on the Property may at any time be operated or known, and all rights to carry on business under any such names or any variant thereof, and all trademarks and goodwill in any way relating to the Property.

This Deed of Trust is made and delivered, and the Property is hereby granted and assigned to Trustee, for the purpose of securing each and all of the following:

A. Payment of an indebtedness in the principal and interest as evidenced by that certain Promissory Note secured by this Deed of Trust made by Trustor and payable to the order of Beneficiary in the amount of TWO HUNDRED THOUSAND DOLLARS ($500,000) and bearing the same date as this Deed of Trust bears, and any and all renewals or extensions thereof or substitutions therefor (hereinafter referred to as the "Note"), and performance of each and all of the obligations of Trustor under the Note; and

B. Payment of sums and interest thereon that may hereafter be loaned or advanced by Beneficiary to or for the benefit of Trustor or to its successors and assigns, provided that no such additional loan or advance and no interest thereon shall be secured by this Deed of Trust unless such additional loan or advance is made to Trustor while it is the owner of record of the Property or to its successors or assigns while they are the owners of record thereof.

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That it will pay the Note at the times and in the manner provided therein;

2. That it will not permit or suffer the use of any of the Property for any purpose other than the use for which the same was intended at the time this Deed of Trust was executed;

3. That the Note is incorporated in and made a part of this Deed of Trust. Upon default under the Note, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable;

4. That all rents, issues, profits and income from the Property covered by this Deed of Trust are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor, so long as no default exists hereunder, to collect such rents, issues, profits and income for use in accordance with the provisions of the DDA;

5. That, upon default hereunder, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the Property described herein and operate same and collect the rents, issues, profits and income therefrom;

6. That Trustor will keep the improvements now existing or hereafter erected on the Property insured against loss of fire and such other hazards, casualties and contingencies as may be required by the Beneficiary, and all such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies. In no event shall the amounts of coverage be less than one hundred percent (100%) of the insurable value, and in default thereof, the Beneficiary shall have the right to obtain insurance. Such policies shall be endorsed with a standard mortgagee clause with loss payable to the Beneficiary in addition to the Trustor and shall be deposited with the Beneficiary;

7. To pay, at least ten (10) days before delinquency, and before any penalty for nonpayment attaches thereto, all taxes, assessments and charges affecting said property, including, but not limited to, sewer, sidewalk and street lighting assessments and other governmental or municipal or public dues, charges, fines or impositions that affect, or are or may be levied against or imposed upon, the Property, or any portion thereof, this Deed of Trust, the Note or the DDA, including, but not limited to, every interest that Trustee or Beneficiary may have or be deemed to have in the Property, or any portion thereof, by reason of this Deed of Trust;

8. To keep the Property in good, sanitary and safe condition and repair, not to alter, remove or demolish any improvements or buildings thereon without the prior written consent of Beneficiary; to complete, restore and replace (free from any security interest therein or encumbrance thereon) promptly and in good and workmanlike manner any and all buildings or improvements which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting the Property or requiring any alterations or improvements to be made thereon; not to commit, suffer or permit any act upon the Property in violation of law and/or covenants, conditions and/or restrictions affecting the Property; and not to permit or suffer any material alteration of or addition to the buildings or improvements hereafter constructed in or upon the Property without the consent of the Beneficiary;

9. To appear in and defend any and all actions or proceedings purporting to affect Trustor's title to the Property, or any portion thereof, or purporting to affect the lien or priority of this Deed of Trust or the rights or powers of Beneficiary or Trustee hereunder, and to pay all

costs and expenses, including cost of evidence of title and attorneys' fees in a reasonable sum, incurred in any such actions or proceedings in which Beneficiary or Trustee may appear. Trustee and Beneficiary shall each have the right, but not obligation, to appear in, defend and retain counsel for any and all adverse claims or demands therein and to pay and expend all such sums of money in that connection as it or they may deem necessary, for which Trustor agrees to reimburse Trustee and Beneficiary, as the case may be, promptly upon demand;

10. Should Trustor fail to make any payment or do any act as herein provided, then Beneficiary or Trustee, or either of them, but without obligation so to do and without notice to or demand upon Trustor, without waiver of such default and without releasing Trustor from any obligation hereof, may but shall in no event be obligated to:

a. Make such payment or do such act in such manner and to such extent as either may deem necessary to protect the security of this Deed of Trust, Beneficiary and Trustee being each authorized to enter upon the Property for such purposes;

b. Commence, appear in and defend any action or proceeding purporting to affect the security of this Deed of Trust or the rights or powers of Beneficiary or Trustee;

c. Pay, purchase, contest or compromise any encumbrance, charge or lien that, in the judgment of either Trustee or Beneficiary, appears to be prior or superior to this Deed of Trust; and

d. In exercising any such rights or powers, pay necessary costs and expenses, employ attorneys and pay their reasonable fees;

11. The Beneficiary shall have the right to pay fire and other property insurance premiums when due should Trustor fail to make any required premium payments. All such payments made by the Beneficiary shall be added to the principal sum secured hereby;

12. To pay immediately and without demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure at the same rate as is specified in the Note. All such sums, together with said interest, shall be secured by this Deed of Trust;

13. The Trustor further covenants that it will not voluntarily create, suffer or permit to be created against the Property subject to this Deed of Trust any lien or liens except as authorized by Beneficiary and, further, that it will keep and maintain the Property free from the claims to all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on the Property;

14. That the improvements made upon the Property covered by the Deed of Trust, and all plans and specifications, comply with all municipal ordinances and regulations and all other regulations made or promulgated, now or hereafter, by lawful authority and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office.

IT IS MUTUALLY AGREED THAT:

15. If the improvements herein referred to shall not be carried on with reasonable diligence or shall be discontinued at any time for any reason other than war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplier; acts of another party; acts or the failure to act of any public or governmental agency or entity, the Beneficiary, after due notice to the Trustor or any subsequent owner, is hereby invested with full and complete authority to enter upon the Property or any pertinent portion thereof, to employ watchmen to protect such improvements from depredation or injury, to preserve and protect the personal property therein, to continue any and all outstanding contracts for the erection and completion of said building or buildings, to make and enter into any contracts and obligations wherever necessary, either in its own name or in the name of the Trustor, and to pay and discharge all debts, obligations and liabilities incurred thereby. All such sums so advanced by the Beneficiary (exclusive of advances of the principal of the indebtedness secured hereby) shall be added to the principal of the indebtedness secured hereby and shall be secured by this Deed of Trust and shall be due and payable on demand with interest at the rate specified in the Note;

16. Should the Property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire or earthquake, or in any other manner, the Beneficiary shall be entitled, subject to the rights of the holder of any deed of trust having priority over this Deed of Trust, to all compensation, awards and other payments or relief therefor and shall be entitled at its option to commence, appear in and prosecute in its own name, or settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds, including the proceeds of any policies of fire and other insurance affecting the Property, are hereby assigned to the Beneficiary subject to the rights of the holder of any deed of trust having priority over this Deed of Trust. After deducting therefrom all its expenses, including attorneys' fees, and if Trustor is not in default, Beneficiary shall apply all such proceeds to restoring the Property, or in the event of Trustor's default or in the event Trustor determines not to rebuild, the Beneficiary shall retain the proceeds to the extent of the amount of principal and interest due under the Note, notwithstanding the fact that the amount owing thereon may not then be due and payable or that the obligations are otherwise adequately secured. Any balance of such proceeds still remaining shall be disbursed by the Beneficiary to the Trustor;

17. Upon default by Trustor in making any payments provided for herein or in the Note secured hereby, or if Trustor shall fail to perform any covenant or agreement in this Deed of Trust, then the Beneficiary may, at its sole option, declare all sums owing under the Note due and payable immediately, irrespective of the maturity date specified on the Note or in any agreement evidencing same, by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause the Property to be sold, which notice Trustee shall cause to be duly filed for record and the Beneficiary may foreclose this Deed of Trust. Beneficiary shall also deposit with Trustee this Deed, the Note and all documents evidencing expenditures secured hereby;

18. After the lapse of such time as may then be required by law following the recordation of said notice of default and notice of sale having been given as then required by law,

Trustee, without demand on Trustor, shall sell the Property, or any portion thereof specified by Beneficiary, at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its deed or deeds conveying the Property so sold, but without any covenant or warranty, express or implied. The recitals in the deed or deeds of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. The Trustee shall apply the proceeds of sale to payment of (1) Trustee's and Beneficiary's expenses of such sale (including cost of evidence of title), together with the reasonable expenses of this trust, including therein reasonable Trustee's fees or attorneys' fees for conducting the sale and the actual cost of publishing, recording, mailing and posting notice of the sale; (2) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on the Trustee's deed; (3) all sums expended by Trustee or Beneficiary under the terms hereof, not then repaid, with accrued interest at the rate specified in paragraph 12 of this Deed of Trust; (4) the Note and all other obligations not already paid and all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto;

19. The failure of Beneficiary to exercise the option for acceleration of maturity or to foreclose following any default by Trustor in payment or performance of any of the obligations, or to exercise any other option granted to Beneficiary under this Deed of Trust, in any one or more instances, or the acceptance by Beneficiary of partial payments hereunder shall not constitute a waiver of any such default, nor extend or affect the grace period, if any, but such option shall remain continuously in force. Acceleration of maturity, once claimed hereunder by Beneficiary, may, at the option of Beneficiary, be rescinded by written acknowledgment to that effect by Beneficiary, but the tender and acceptance of partial payments alone shall not in any way affect or rescind such acceleration of maturity nor extend or affect the grace period, if any. No waiver of any provision hereof shall be deemed a waiver of any other requirement to perform under the same provision;

20. Upon any sale or sales made under or by virtue of paragraph 18 of this Deed of Trust, whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, Beneficiary may bid for and acquire the Property or any part thereof and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the indebtedness or other sums secured by this Deed of Trust the net sales price after deducting therefrom the expenses of sale and the costs of the judicial proceedings, if any, and any other sums which Trustee or Beneficiary is authorized to deduct under this Deed of Trust, and in such event, this Deed of Trust, the Note and documents evidencing expenditures secured hereby shall be presented to the person or persons conducting the sale in order that the amount so used or applied may be credited upon said indebtedness as having been paid;

21. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this trust. Upon such appointment, and

without conveyance to the successor trustee, the latter shall be vested with all title, powers and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this deed and its place of record, which, when duly recorded in the proper office of the county in which the Property is situated, shall be conclusive proof of proper appointment of the successor trustee;

22. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law;

23. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and said Note to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property or any portion thereof then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto";

24. The trust created hereby is irrevocable by Trustor;

25. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto and their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future owner and holder, including pledges of the Note secured hereby. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular includes the plural;

26. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law. Except as otherwise provided by law, the Trustee is not obligated to notify any party hereto of a pending sale under this Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee;

27. The Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to him c/o Applied Engineering & Geology, Inc., Box 247, Lincoln, California; 95648.

28. If any action be brought for the foreclosure of this Deed of Trust, Trustor agrees to pay to Beneficiary or Trustee (whichever may be the plaintiff in the foreclosure action) such reasonable sum as attorneys' fees as the court may fix and award in such action, together with a reasonable fee to the Trustee, to be fixed by the court, and all sums paid or incurred for procuring a search or searches of title to the Property or any portion thereof subsequent to the execution of this Deed of Trust, and all such sums shall be secured hereby;

29. No power or remedy herein conferred is exclusive of, or shall prejudice, any other power or remedy of Trustee or Beneficiary given by law. Each such power or remedy may be exercised from time to time as often as deemed necessary;

30. By accepting payment of any sum secured hereby after its due date, Beneficiary does not waive its right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay;

31. Trustor agrees to permit Beneficiary or any of its agents and representatives to inspect the Property, and any portion thereof, from time to time during normal business hours and as frequently as Beneficiary considers reasonable;

32. Trustor and Beneficiary intend and believe that each provision in this Deed of Trust is lawful and complies with all applicable laws, whether local, state or federal, and with applicable judicial decisions. If any provision or provisions, or if any portion of any provision or provisions in this Deed of Trust, is, nevertheless, found by a court of competent jurisdiction to be in violation of any local, state or federal ordinance, statute, law, administrative or judicial decision or public policy, and if such court declares such portion, provision or provisions to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intention both of Trustor and Beneficiary that such portion, provision or provisions shall be given force to the fullest possible extent that they are legal, valid and enforceable, that the remainder of this Deed of Trust shall be construed as if such illegal, invalid, unlawful, void or unenforceable portion, provision or provisions are not contained therein, and that the rights, obligations and interests of Trustor and Beneficiary under the remainder of this Deed of Trust shall continue in full force and effect; and

33. This Deed of Trust may only be subordinated or junior to the lien of a first deed of trust securing a loan of funds used to construct or permanently finance the Developer's improvements on the Property as set forth in Section 201 of the DDA. Beneficiary will promptly execute any documents reasonably required by such lender to effect such subordination.

34. The sole recourse of Beneficiary in the event of default under the Note or this Deed of Trust shall be by the exercise of the Trustee's power of sale under the Deed of Trust, and the Trustor shall not be personally liable for the payment of the Note or for any other default under this Deed of Trust or for the payment of any deficiency established after judicial foreclosure under this Deed of Trust.

IN WITNESS WHEREOF, the Trustor has executed this Deed of Trust as of the day and year set forth above.

Garage Depot, Inc., a California corporation

By: _____
Jose Reynoso
Title:_____

"TRUSTOR"

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

The land referred to herein is situated in the State of California, County of Merced, City of Gustine, and is described as follows:

Lots 15 and 16, Block 25, according to map entitled " MAP OF THE TOWN OF GUSTINE, MERCED COUNTY CALIFORNIA", recorded November 14, 1906, in Book 3 of Maps at page(s) 27, Merced County Records.

APN: 020-044-018

PROMISSORY NOTE SECURED BY DEED OF TRUST

$200,000.00

Newman, California
April __, 2009

FOR VALUE RECEIVED, _____ ("Borrower"), promises to pay to the order of Redevelopment Agency of the City of Newman ("Agency"), on the Maturity Date, or other due date or dates determined under the Loan Agreement hereinafter referred to, the principal sum of Two Hundred Thousand and No/100 Dollars ($200,000.00), or if less, the entire outstanding and unpaid principal amount of the Loan (as such capitalized terms are defined in the Loan Agreement (as hereinafter defined)), together with all accrued but unpaid interest thereon.

Borrower further promises to pay to the order of Agency interest on the aggregate unpaid principal amount hereof from time to time outstanding from the date hereof until paid in full at the rate per annum set forth in the Loan Agreement.

Accrued interest and installments of principal shall be payable on the dates specified in the Loan Agreement. All payments of principal and interest shall be recorded by Agency in its records, which records shall be conclusive evidence of the subject matter thereof, absent manifest error in such recordation or the computation thereof.

All payments of principal and interest under this Note shall be made in lawful money of the United States of America in immediately available funds at Agency's office at 1164 Main Street, Newman, CA 95360, or at such other place as may be designated by Agency to Borrower in writing.

This Note is the Note referred to in, and evidences indebtedness incurred under, a Loan Agreement dated as of even date herewith (as it may be amended, modified or supplemented from time to time, called the "Loan Agreement") between Borrower and Agency, to which Loan Agreement reference is made for a statement of the terms and provisions thereof, including those under which Borrower is permitted and required to make prepayments and repayments of principal of such indebtedness and under which such indebtedness may be declared to be immediately due and payable.

This Note is secured by, among other things, the Deed of Trust identifying this Note as an obligation secured thereby and encumbering the Property described therein. All of the agreements, conditions, covenants, provisions and stipulations contained in the Deed of Trust and the Loan Documents which are to be kept and performed by Borrower are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein, and Borrower covenants and agrees to keep and perform them, or cause them to be kept and performed, strictly in accordance with their terms.

All parties hereto, whether as makers, endorsers or otherwise, severally waive presentment, demand, protest and notice of dishonor in connection with this Note.

[SIGNATURES APPEAR ON FOLLOWING PAGE.]

This Note is made under and governed by the internal laws of the State of California, without reference to conflict of laws principles.

Borrower:

_____

_____

By:_____
Name:_____
Title:_____

8.04.110 ACCESSIBILITY TO GRAFFITI IMPLEMENTS.

Every person, firm, or entity, who owns, conducts, operates, or manages a retail commercial establishment selling graffiti implements within the City shall store, stock, keep, or display for sale or transfer graffiti implements in an area secure and not accessible to the public in the regular course of business and accessible only to employees of such retail commercial establishments.

8.04.120 REWARD.

The City hereby offers a reward of one hundred dollars ($100.00) or such other sum as Council may direct for information leading to the arrest and conviction of any person injuring, defacing, or destroying property by the application of graffiti.

Section 2.

All other sections and provisions of Title 8, shall remain in full force and effect.

Section 3.

That a duly noticed public hearing was held by the City Council on June 9, 2009

Section 4.

This Ordinance shall take effect 30 days after the date of its adoption, and prior to the expiration of 15 days from the passage thereof shall be published at least once in the West Side Index, a newspaper of general circulation, published and circulated in the City of Newman and thenceforth and thereafter the same shall be in full force and effect.

Introduced and adopted at a regular meeting of the City Council of the City of Newman held on the 26th day of May, 2009 by Council Member _____, and adopted at a regular meeting of said City Council held on the 9th day of June 2009 by the following vote:

AYES:
NOES:
ABSENT:

APPROVED:

_____
Mayor of the City of Newman

ATTEST:

_____
Deputy City Clerk

Agenda Item: 10.f.

Memorandum

Date: May 26, 2009
To: Honorable Mayor and
Members of the City Council
From: Sonya Silva

Re: I-Bank Resolution

On July 24, 2007, the City Council adopted Resolution No. 2007-43, authorizing the City Manager to apply for the California Infrastructure and Economic Development Bank loan. The loan was approved by I bank on February 24, 2009. Attached is the Enterprise Fund Installment Sale Agreement for the City's ISRF Program financing. The draft has been forwarded to and approved by Tom Hallinan, City Attorney. Final documents need to be signed prior to June 1, 2009 to execute the loan.

EXHIBIT A

RESOLUTION NO. 2009-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEWMAN AUTHORIZING THE EXECUTION AND DELIVERY OF THE INSTALLMENT SALE AGREEMENT BY AND BETWEEN THE CITY OF NEWMAN AND THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK AND APPROVING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NEWMAN AS FOLLOWS:

WHEREAS, the City Manager is authorized and directed to execute and deliver the Enterprise Fund Installment Sale Agreement (the "Agreement") proposed to be entered into by the City of Newman ("City") and the California Infrastructure and Economic Development Bank, for and on behalf of the City. As executed and delivered, such documents shall be in substantially the form presented at this meeting, with such minor additions thereto or minor changes therein as the officers executing such document shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

WHEREAS, the Chief Financial Officer and Public Works Director are authorized to sign Agreement, attest, Exhibit B-1 and B-2 Certificate, and Tax Certificate] are hereby each authorized and directed, in the name and on behalf of the City, to take any and all steps and to execute and deliver any and all certificates, contracts and other documents which they might deem necessary or appropriate in order to consummate the delivery of the Agreement and otherwise to effectuate the purposes of this resolution; including the execution of a tax certificate, and such actions previously taken by the employees of the City are hereby ratified and confirmed.

NOW, THEREFORE, BE IT RESOLVED that the Newman City Council hereby authorizes the execution and delivery of the installment sale agreement by and between the City of Newman and the California Infrastructure and Economic Development Bank and approving certain other matters in connection therewith.

The foregoing resolution was introduced at a regular meeting of the City Council of the City of Newman held on the 26th day of May, 2009 by Council Member _____, who moved its adoption, which motion was duly seconded and it was upon roll call carried and the resolution adopted by the following roll call vote:

AYES:
NOES:
ABSENT:

APPROVED:

_____
Mayor of the City of Newman

ATTEST:

_____
Deputy City Clerk of the City of Newman

ENTERPRISE FUND INSTALLMENT SALE AGREEMENT

by and between the

CITY OF NEWMAN,

as Purchaser

and the

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK,

as Seller

Dated as of June 1, 2009

Agreement No. CIEDB-B08-091

ENTERPRISE FUND INSTALLMENT SALE AGREEMENT

THIS ENTERPRISE FUND INSTALLMENT SALE AGREEMENT, is made and entered into as of June 1, 2009 (the "Agreement"), by and between the City of Newman, a municipal corporation duly organized and existing under the laws of the State of California, as purchaser (the "Purchaser"), and the CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (the "CIEDB"), duly organized and validly existing pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California Government Code (commencing at section 63000 thereof) as now in effect and as it may from time to time hereafter be amended (the "Act"), as seller.

W I T N E S S E T H:

WHEREAS, on or about May 26, 2009, the Purchaser adopted Resolution No. _____, in substantially the same form as set forth in Exhibit A attached hereto, authorizing the purchase from the CIEDB of a Project, as defined herein, evidenced by this Enterprise Fund Installment Sale Agreement (the "Agreement");

WHEREAS, the Purchaser hereby finds and determines that there will be significant public benefits accruing from such purchase;

WHEREAS, the CIEDB has issued issue tax-exempt bonds ("Proceeds Bonds" as defined in Section 1.01), the proceeds of which may be used to fund all or a portion of the Project;

WHEREAS, the CIEDB may pledge its rights under this Agreement to secure bonds ("Secured Bonds" as defined in Section 1.01), and Purchaser acknowledges that the issuance of both the Proceeds Bonds and the Secured Bonds impacts its rights and obligations as described herein;

WHEREAS, Purchaser hereby agrees to adhere to the requirements contained in this Agreement necessary in order to be subject to the Proceed Bonds and to maintain the tax-exempt status of the Proceeds Bonds;

WHEREAS, this Agreement will be subordinate to Purchaser's current outstanding obligation known as the 1999 COP Financing Agreements, as defined herein;

WHEREAS, Purchaser has submitted an opinion of counsel to CIEDB in substantially the same form as set forth in Exhibit H attached hereto,

WHEREAS, all acts and proceedings required by law necessary to make this Agreement, when executed by the Purchaser and the CIEDB, the valid, legal and binding obligation of the Purchaser and the CIEDB, and to constitute this Agreement a legal, valid, and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution of this Agreement has been in all respects duly authorized;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Definitions.Unless the context clearly otherwise requires, the capitalized terms in this Agreement shall have the respective meanings set forth below.

"Act" means the Bergeson-Peace Infrastructure and Economic Development Bank Act, constituting Division 1 of Title 6.7 of the California Government Code (commencing at section 63000 thereof) as now in effect and as it may from time to time hereafter be amended.

"Additional Payments" means the payments made pursuant to Section 2.04(f).

"Agreement" means this Enterprise Fund Installment Sale Agreement, between the CIEDB and the Purchaser, as originally entered into and as amended pursuant to the provisions hereof.

"Business Day" means any day, Monday through Friday, which is not a legal holiday of the State or the trustee of the Secured Bonds.

"Certificate of the Purchaser" means a request or certificate, in writing, signed by a duly authorized representative of the Purchaser.

"CIEDB" means the California Infrastructure and Economic Development Bank.

"CIEDB Annual Fee" means the fee payable to CIEDB pursuant to Section 2.04(f)(1).

"Code" means the Internal Revenue Code of 1986, as amended, or any successor statute thereto, and any regulations promulgated thereunder.

"1999 COP Financing Agreements" means collectively the First Amended and Restated Lease Agreement dated as of August 1, 1999 by and between the Newman Public Financing Authority and the City of Newman (1999 COP Lease) and the Trust Agreement dated as of August 1, 1999 by and among State Street Bank and Trust Company of California, N.A., Newman Public Financing Authority, and the City of Newman (1999 COP Trust), both relating to the $3,455,000 1999 Refunding Certificates of Participation (Wastewater Treatment Facilities).

"Debt Service" means, for any Fiscal Year, the sum of interest, and principal due and payable under this Agreement during such Fiscal Year, the CIEDB Annual Fee for such Fiscal Year and any Senior and Parity Debt Service for such Fiscal Year.

"Effective Date" means June 1, 2009, the date on which this Agreement becomes effective and binding on the Purchaser and the CIEDB.

"Enterprise Fund" means the Purchaser's sewer enterprise fund established by the Purchaser pursuant to Government Codes Sections 54342, 54344 & 54984 and in which all

System Revenues are deposited and maintained by the Purchaser pursuant to Section 3.02 herein and in which the CIEDB has a security interest pursuant to the terms of this Agreement.

"Event of Default" means any of the events described in Section 7.01.

"Fiscal Year" means any twelve month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve month period selected and designated by the Purchaser as its official fiscal year period.

"Independent Accountant" means any certified public accountant or firm of certified public accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by the Purchaser who, or each of whom:

(a) Is in fact independent and not under the control of the Purchaser or the CIEDB;

(b) Does not have any substantial interest, direct or indirect, in the Purchaser the CIEDB or the Project; and

(c) Is not connected with the Purchaser or the CIEDB as an officer or employee of the Purchaser or the CIEDB, but who may be regularly retained to make reports to the Purchaser or the CIEDB.

"Independent Consultant" means any consultant or firm of such consultants judged by the Purchaser to have experience in matters relating to the collection of System Revenues or other experience with respect to the financing of System projects, as appropriate, appointed and paid by the Purchaser who, or each of whom:

(a) Is in fact independent and not under the control of the Purchaser or the CIEDB;

(b) Does not have any substantial interest, direct or indirect, in the Purchaser or the CIEDB; and

(c) Is not connected with the Purchaser or the CIEDB as a member, officer or employee of the Purchaser, but who may be regularly retained to make reports to the Purchaser or the CIEDB.

"Installment Payments" means the principal and interest payments to be made by the Purchaser to the CIEDB in payment of the Purchase Price hereunder.

"Interest Payment Date" means February 1 and August 1 of every year in which the Purchase Price remains unpaid.

"Maximum Annual Debt Service" means as of the date of calculation, the greatest total Debt Service payable in any Fiscal Year during which this Agreement is in effect.

"Net System Revenues" means, for any Fiscal Year, all System Revenues received by the Purchaser for such Fiscal Year less the Operations and Maintenance Costs for such Fiscal Year.

"Operations and Maintenance Costs" means either (a) if any Senior Debt is outstanding the definition of such costs set forth in the Senior Debt Instrument; or (b) if there is no Senior Debt outstanding or no definition of Operations and Maintenance set out therein, the reasonable and necessary costs paid or incurred by the Purchaser for maintaining and operating the System, determined in accordance with generally accepted accounting principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the System in good repair and working order, and including all administrative costs of the Purchaser that are charged directly or apportioned to the operation of the System, such as salaries and wages of employees, overhead, taxes (if any), the cost of permits and licenses to operate the System and insurance premiums, and including all other reasonable and necessary costs of the Purchaser or charges required to be paid by it to comply with the terms hereof; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles and operations and maintenance costs paid from the proceeds of taxes, if any.

"Parity Debt" means any loan, bond, note, advance, installment sale agreement, capital lease or other evidence of indebtedness payable from and secured by a lien on the Net System Revenues on a parity with the Installment Payments and Additional Payments, issued or incurred pursuant to and in accordance with the provisions of Section 2.08.

"Parity Debt Instrument" means any instrument evidencing Parity Debt.

"Parity Debt Service" means, for any Fiscal Year, the sum of: (1) the principal and interest due and payable during such Fiscal Year for all outstanding Parity Debt, and (2) annual fees, if any, under Parity Debt.

"Project" means the public development facility to be constructed by Purchaser and described in Exhibit D.

"Project Funds" mean the moneys provided by the CIEDB to the Purchaser, as agent for the CIEDB, pursuant to this Agreement to purchase and/or construct the Project for the CIEDB for sale to the Purchaser as set forth in Section 2.06.

"Proceeds Bonds" means bonds issued by the CIEDB the proceeds of which may be used, in whole or part, to fund the Project.

"Purchase Price" means the principal amount plus the interest thereon owed by the Purchaser to the CIEDB under the conditions and terms hereof for the payment of the costs of the Project and the incidental costs and expenses related thereto paid by the CIEDB.

"Purchaser" means the City of Newman.

"Report" means a document in writing signed by an Independent Consultant or an Independent Accountant, and including:

(a) A statement that the person or firm making or giving such Report has read the pertinent provisions of this Agreement to which such Report relates;

(b) A brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and

(c) A statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

"Senior Debt" means the obligations evidenced by the Senior Debt Instruments and any additional loan, bond, note, advance, installment sale agreement, or other indebtedness or capital lease of the Purchaser payable from and secured by a first lien on the Net System Revenues which is senior to this Agreement and issued or incurred pursuant to and in accordance with the provisions of Section 2.07 and Section 6.01.

"Senior Debt Instruments" means the 1999 COP Financing Agreements.

"Senior Debt Service" means, for any Fiscal Year, the amounts required to be paid pursuant to any Senior Debt Instrument..

"Secured Bonds" means bonds of one or more series issued by the CIEDB to which certain rights of the CIEDB under this Agreement may be from time to time pledged directly or indirectly.

"State" means the State of California.

"Subordinate Debt" means any loan, bond, note, advance, installment sale agreement, or other indebtedness or capital lease of the Purchaser payable from and secured by a lien on Net Systems Revenues which is subordinate to the Agreement.

"Subordinate Debt Instruments" means any additional loan, bond, note, advance, installment sale agreement, or other indebtedness or capital lease of the Purchaser payable from and secured by a lien on the Net System Revenues which are subordinate to this Agreement.

"System" means the entire wastewater collection, treatment and disposal system owned or operated by the City, including but not limited to all facilities, properties and improvement at any time owned or operated by the City for the collection, treatment and disposal of wastewater within the service area of the city, together with any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto hereafter acquired, constructed or installed by the Purchaser.

"System Revenues" means, for each Fiscal Year, all gross charges received for, and all other gross income and receipts derived by the City from the ownership and operation of the System or otherwise arising from the System, including but not limited to investment earnings thereon and including connection fees, but excluding in all cases any proceeds of taxes and any refundable deposits made to establish credit, and advances or contributions in aid of construction.

"Tax Certificate" means the tax certificate in the form set forth in Exhibit G executed and delivered by the Purchaser as of the Effective Date and setting forth certain conditions, covenants, expectations and elections of the Purchaser with respect to the purchase in accordance with the Code.

SECTION 1.02. Rules of Construction.Except where the context otherwise requires, words imparting the singular number shall include the plural number and vice versa, and pronouns inferring the masculine gender shall include the feminine gender and vice versa. All references herein to particular articles or sections are references to articles or sections of this Agreement. The headings and Table of Contents herein are solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meanings, construction or effect.

ARTICLE II

TERMS OF SALESECTION 2.01. Authorization.The CIEDB hereby agrees to sell to the Purchaser and the Purchaser hereby agrees to purchase from the CIEDB the Project under and subject to the terms of this Agreement. This Agreement constitutes a continuing agreement between the Purchaser and the CIEDB to secure the full and final payment of the Purchase Price, subject to the covenants, agreements, provisions and conditions herein contained.

SECTION 2.02. Design, Acquisition, Construction and Sale of the ProjectThe CIEDB hereby agrees to design, acquire and construct the Projectfor, and to sell the Project to, the Purchaser. In order to implement this provision, the CIEDB hereby appoints the Purchaser as its agent for the purpose of such design, acquisition and construction; and the Purchaser hereby agrees to enter into such engineering, design and construction contracts and purchase orders as may be necessary, as agent for the CIEDB, to provide the complete design, acquisition and construction of the Project. The Purchaser hereby agrees that as such agent it will cause the acquisition and construction of the Project to be diligently completed. The CIEDB hereby agrees to sell, and hereby sells, the Project to the Purchaser. The Purchaser hereby agrees to purchase, and hereby purchases, the Project from the CIEDB. Notwithstanding the foregoing, it is hereby expressly understood and agreed that the CIEDB shall be, except as expressly provided herein, under no liability of any kind or character whatsoever for the payment of any costs or expenses incurred by the Purchaser (whether as agent for the CIEDB or otherwise) for the engineering, design, acquisition or construction of the Project and that all such costs and expenses shall be paid by the Purchaser, regardless of whether Project Funds are sufficient to cover all such costs.

SECTION 2.03. Payment of Purchase Price; Term; Interest Rates.

(a) The Purchase Price to be paid by the Purchaser to the CIEDB hereunder is the sum of the principal amount of the Purchaser's obligation hereunder plus interest, subject to prepayment as provided in Section 2.05. Interest shall accrue on the entire principal balance, whether or not disbursed, as set forth in the amortization schedule of Exhibit E hereto.

(b) For purposes of this Agreement:

(1) The principal amount of the Purchase Price to be paid by the Purchaser to the CIEDB hereunder is $3,166,900.

(2) The term of this Agreement is thirty (30) years from the Effective Date.

(3) The interest rate is 3.87% per annum.

(c) Installment Payments of principal and interest shall be as set forth in the amortization schedule of Exhibit E hereto.

(1) The interest only period shall be in effect through July 31, 2010. The first principal payment shall be due August 1, 2010.

(2) Interest only payments will be based upon the total principal component of the Purchase Price, including the amounts not disbursed, using an interest rate of 3.87% per annum.

(3) Purchaser shall receive a credit against interest owed based upon the actual interest earned by the CIEDB on the undisbursed Project Funds or the interest rate on the Agreement, whichever is lower.

(d) Commencing on the day following the end of the interest only period, the principal component of the Purchase Price shall be fully amortized over the remaining term of this Agreement. If any portion of the principal of the Purchase Price is prepaid in part pursuant to Section 2.05 hereof, the schedule of the principal payments shall be modified to reflect such partial prepayment.

(e) The obligation of the Purchaser to pay the Purchase Price by paying the Installment Payments and Additional Payments is, subject to Section 4.07, absolute and unconditional; and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made as provided in Section 8.05), the Purchaser shall not discontinue or suspend any Installment Payments or Additional Payments required to be paid by it under this Agreement when due, whether or not the Project or any part thereof is operating or operable, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part; and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party to any agreement for any cause whatsoever.

SECTION 2.04. Disbursement of Project Funds; Additional Payments.

(a) Project Funds shall be disbursed solely upon receipt by the CIEDB of invoices documenting, to the satisfaction of the CIEDB, that the Purchaser has paid costs that constitute both reasonable and necessary components of the Project and which are consistent with the cost categories, amounts and requirements described in Exhibit D hereto; provided, however, that no disbursements shall be approved until and unless the Purchaser has complied with the conditions precedent to disbursement set forth in Exhibit C hereto.

(1) The disbursement of Project Funds shall be limited to costs paid by Purchaser that are eligible for reimbursement from ISRF Program financings and permitted by federal regulations pertaining to the reimbursement of costs from the proceeds of tax-exempt bonds ("Federal Tax Reimbursement Regulations"), as follows:

A. The following "preliminary costs", subject to the aggregate amount limitation of the Federal Tax Reimbursement Regulations, notwithstanding when they were incurred or paid: costs of architectural, engineering, surveying, soil and environmental testing and reports, studies (including environmental impact, rate and feasibility studies), CEQA reports, the issuance of ISRF Program Bonds, and similar costs not including land acquisition, site preparation or similar costs incident to the commencement of construction.

B. Costs of land acquisition and ISRF Program fees, to the extent paid within the time-limits established by the Federal Tax Reimbursement Regulations.

C. All other project costs to the extent paid on or after February 24, 2009, or such later date permitted by the Federal Tax Reimbursement Regulations.

(b) The total cumulative amount of such disbursements shall not exceed the total principal amount of the Purchase Price.

(c) Purchaser must both: (1) begin Project construction no later than six months after February 24, 2009; and (2) submit invoices to the CIEDB for the entire amount of the Project Funds no later than September 24, 2011. If the Purchaser fails to meet either of these conditions, the CIEDB may withhold any and all undisbursed Project Funds pursuant to Section 2.14 herein.

(d) Notwithstanding any contrary provisions of this Agreement or any related documents, under no circumstances will the CIEDB be obligated to make disbursements in excess of the lesser of (i) actual Project costs incurred in connection with the completion of the Project or (ii) $3,166,900.

(e) Interest shall be calculated on the basis of a 360-day year of twelve 30-day months. Any installment of principal or interest that is not paid when due shall continue to accrue interest at the lesser of twelve percent (12%) per annum or the maximum rate permitted by law from and including the Interest Payment Date with respect to which such principal or interest is payable to but not including the date of actual payment.

(f) The Purchaser shall pay Additional Payments to the CIEDB as follows:

(1) A payment of the CIEDB Annual Fee on August 1st of each year during the term of this Agreement in an amount equal to three tenths of one percent (.3%) of the outstanding principal component of the remaining Installment Payments as set forth in Exhibit E; and

(2) Amounts in each year as shall be required by the CIEDB for the payment of extraordinary expenses of the CIEDB in connection with an Event of Default, the enforcement of this Agreement or any amendments hereto requested by the Purchaser, including all expenses, fees of accountants, trustees, attorneys, litigation costs, insurance premiums and all other extraordinary costs of the CIEDB. Extraordinary expenses and extraordinary costs are those expenses and costs related to this Agreement in excess of ordinary and customary expenses and costs incurred as part of the CIEDB Annual Fee pursuant to Section 2.04(f)(1). Such Additional Payments shall be billed by the CIEDB from time to time, together with a statement certifying that the amount so billed has been paid by, or will be paid by, the CIEDB for one or more of the items above described, or that such amount is then payable by the CIEDB for such items; and

(3) Purchaser shall deposit the CIEDB Annual Fee with the CIEDB not later than August 1st of each year and Purchaser shall pay to the CIEDB the amount billed pursuant to subsection (2) within thirty (30) days after mailing of the bill by the CIEDB. Any amounts not promptly paid shall accrue interest at the lesser of twelve percent (12%) per annum or the maximum rate permitted by law.

(g) A one-time sale origination fee in an amount equal to $26,900 shall be due and payable by the Purchaser on or before the first disbursement, and shall be payable from Project Funds.

(h) All payments hereunder shall be payable by the Purchaser in immediately available funds which constitute lawful money of the United States of America. Such payments shall be secured, and amounts for the payment thereof shall be deposited with the CIEDB as set forth in Article III.

(i) Upon receipt of a written request for disbursement, the CIEDB will disburse Project Funds to the Purchaser no more than once a month, in amounts of at least five thousand dollars ($5,000) and only after specific compliance with Exhibit C conditions precedent and only after the Purchaser presents evidence that a Project cost has been incurred. All requests for payment shall be accompanied by information and documentation as may be required by the CIEDB to determine the amount of Project Funds to be disbursed. Any disbursement requests for costs of Purchaser employees shall include documentation, to the satisfaction of the CIEDB, that costs incurred are directly for the Project, are not billed to other sources, and are billed at hourly rates not to exceed Purchaser's actual costs of salary and benefits. In addition, all requests for payment shall be accompanied by a certification by the Purchaser that the Project Funds requested are for eligible costs, as defined in the Act, CIEDB guidelines and this Agreement, incurred in the amounts and for the purposes represented, and that the work or materials for which payment has been requested are satisfactory. The CIEDB will provide the Purchaser with a description of the documentation required for payment. Further, not more than ninety percent (90%) of each invoice payable from Project Funds designated for construction shall be disbursed until the CIEDB receives a recorded notice of completion for the Project or other evidence of completion satisfactory to the CIEDB and the Purchaser has met all conditions precedent to final disbursement set out in Exhibit C; provided however, if the Purchaser demonstrates to the satisfaction of the CIEDB that the Purchaser is obliged by law to make payments to certain construction contractors of one hundred percent (100%) of invoiced amounts or to establish a

retention fund escrow pursuant to Public Contract Code section 22300 for final payment to certain contractors, so long as such requirement remains in full force and effect, and so long as no funds have been released thereunder, the CIEDB shall pay 100% of all invoices with the exception of an amount equal to10% of the Purchase Price to be retained by CIEDB until all conditions for final disbursement as set forth in Exhibit C have been completed..

(j) Each disbursement request shall specify one or more of the following for costs included in the disbursement request:

(1) Purchaser previously paid the costs and is requesting reimbursement;

(2) Purchaser will pay the costs directly upon receipt of funds from the CIEDB; or

(3) CIEDB is requested to pay the disbursement directly to the party owed the funds instead of Purchaser.

SECTION 2.05. Prepayment and Reduction in Project Funds.

(a) Purchaser may at any time request CIEDB's approval for Purchaser to prepay all or a portion of the principal component of the Purchase Price. A request for reduction in the Project Funds is a request for a prepayment. The CIEDB shall promptly respond to any such request, and shall make every effort to accommodate the request, subject to the restrictions of the Secured Bonds.

(b) Notwithstanding subsection (a), Purchaser shall be authorized to prepay all or a portion of the principal amount of Purchase Price, as follows: (i) If the prepayment date is on or after ten years after the Effective Date but prior to eleven years after the Effective Date, the prepayment amount shall be either one hundred two percent (102%) of the outstanding principal amount or one hundred percent (100%) of the outstanding principal amount of the Secured Bonds scheduled to be called for redemption as a result of Purchaser's prepayment plus accrued interest on the Secured Bonds to be redeemed from such prepayment as of the date scheduled for redemption (the "Redemption Amount"), whichever is greater; (ii) if the prepayment date is on or after eleven years after the Effective Date but prior to twelve years after the Effective Date, the prepayment amount shall be either one hundred one percent (101%) of the outstanding principal amount or the Redemption Amount, whichever is greater; and (iii) if the prepayment date is on or after twelve years after the Effective Date, the prepayment amount shall be one hundred percent (100%) of the outstanding principal amount of the Redemption Amount, whichever is greater. Purchaser shall notify the CIEDB at least sixty (60) days prior to the date fixed for any prepayment made pursuant to this subsection (b).

(c) Notwithstanding the prepayment provisions of this section, the Purchaser may, on any date, provide for the legal defeasance of the amount outstanding hereunder by providing amounts sufficient to pay, in full, the Purchase Price and Additional Payments when due, until the dates set forth in subsection (b)

(d) The Purchaser hereby covenants to notify the CIEDB at least forty-five (45) days before making any repayment or prepayment of this Agreement.

SECTION 2.06. Encumbrance of Project Funds.The CIEDB hereby encumbers the amount of $3,166,900 as Project Funds.

SECTION 2.07. Reserved.SECTION 2.08. Parity Debt.

(a) The Purchaser may after the Effective Date issue or incur Parity Debt in such principal amount as shall be determined by the Purchaser subject to the requirements for additional obligations as set forth in all Parity Debt Instruments and the following specific conditions, which are hereby made conditions precedent to the issuance and delivery of such Parity Debt issued under this section, provided that to the extent that a Parity Debt Instrument conflicts with any of the requirements set forth in this Section 2.08, the more restrictive provision shall prevail:

(1) No Event of Default hereunder, under any other instrument secured by System Revenues shall have occurred and be continuing, and the Purchaser shall otherwise be in compliance with all covenants set forth in this Agreement; and

(2) Net System Revenues calculated on generally accepted accounting principles, and excluding any balances in any fund (other than the rate stabilization fund) at the beginning of the period of the computation, as shown by the books of the Purchaser for the latest Fiscal Year, or any more recent twelve month period selected by the Purchaser ending not more than sixty (60) days prior to the adoption of the resolution pursuant to which instrument such Parity Debt is issued or incurred, as shown by the books of the Purchaser, plus, at the option of the Purchaser, either or both of the items below designated in subsections (b)(1) and (b)(2), shall have amounted to at least 1.10 times the Maximum Annual Debt Service taking into consideration the maximum annual debt service payable in any Fiscal Year on the proposed Parity Debt, as set forth in the Report of an Independent Accountant or Independent Consultant delivered to the CIEDB.

(b) Either or both of the following items may be added to Net System Revenues for the purpose of applying the restriction contained in subsection (a)(2) above:

(1) An allowance for increased System Revenues from any additions to or improvements or extensions of the System to be made with the proceeds of such Parity Debt, and also for System Revenues from any such additions, improvements, or extensions which have been made from moneys from any source but which, during all or any part of such Fiscal Year or any more recent twelve month period, were not in service, all in an amount equal to ninety percent (90%) of the estimated additional average annual System Revenues to be derived from such additions, improvements, and extensions for the first thirty-six (36) month period following closing of the proposed Parity Debt, all as shown in the Report of an Independent Accountant or Independent Consultant delivered to the CIEDB; and/or

(2) An allowance for increased System Revenues arising from any increase in the charges made for service from the System which has become effective prior to the

incurring of such Parity Debt but which, during all or any part of such Fiscal Year or any more recent twelve month period, was not in effect in an amount equal to one hundred percent (100%) of the amount by which System Revenues would have been increased if such increase to charges had been in effect during the whole of such time period and any period prior to the incurring of such Parity Debt, as shown in the Report of an Independent Accountant or Independent Consultant delivered to the CIEDB.

(c) For purposes of making the calculations set forth in subsection (a)(2):

(1) If any Parity Debt includes capital appreciation bonds, then the accreted value payment thereof shall be deemed a principal payment and interest that is compounded and paid as accreted value shall be deemed due on the scheduled redemption or payment date of such capital appreciation bond;

(2) If any Parity Debt includes interest payable pursuant to a variable interest rate formula, the variable interest rate portion of such Parity Debt for periods when the actual interest rate cannot yet be determined, shall be assumed to be the maximum interest rate under the Parity Debt.

(d) The Purchaser shall deliver to the CIEDB prior to the incurrence of such Parity Debt a copy of the proposed Parity Debt Instrument and Certificate of the Purchaser certifying that the conditions precedent to the issuance of such Parity Debt set forth in subsections (a) and (b) above have been satisfied and, as applicable, the Report required by subsections (a) and (b) above have been delivered.

SECTION 2.09. Reserved.

SECTION 2.10. Purchaser's Payment of Project Costs.The Purchaser agrees to pay any and all costs connected with the Project, including, without limitation, any and all Project costs as defined in the Act exceeding the CIEDB approved amount, and the Purchaser shall not be relieved of its obligation even if the CIEDB reduces the Purchase Price pursuant to any provision hereunder.

SECTION 2.11. Validity of Agreement.The validity of this Agreement shall not be dependent upon the completion of the Project or upon the performance by any person of his or her obligation with respect to the Project.

SECTION 2.12. Project Description.The Project shall be known as the Wastewater Treatment Plant Storage Basin Expansion Project. The Project is more particularly described in Exhibit D hereto.

SECTION 2.13. Reasonable Cost of Eligible Project.The reasonable cost of the eligible Project is estimated to be $3,366,900of which a portion valued at $3,166,900 shall be purchased hereunder, and the remainder shall be financed as set forth in Exhibit D hereto.

SECTION 2.14. Withholding of Project Funds.

(a) The CIEDB may withhold all or any portion of the Project Funds in the event that:

(1) The Purchaser has substantially violated any of the terms, provisions, conditions or commitments of this Agreement, or if an Event of Default has occurred; or

(2) The Purchaser is unable to demonstrate, to the satisfaction of the CIEDB, the ability to complete the Project or to maintain adequate progress toward completion thereof.

(b) In the event that Project Funds are withheld from the Purchaser, the CIEDB shall notify the Purchaser of the reasons and advise the Purchaser that the Purchaser has thirty (30) days in which to remedy the failure or violation.

(c) If Project Funds are withheld pursuant to this section, the Purchaser remains obligated to repay the entire amount of the Purchase Price but to the extent applicable, the Purchaser may request that the withheld amount be applied as a prepayment pursuant to Section 2.05.

ARTICLE III

PLEDGE OF REVENUES; APPLICATION OF FUNDS

SECTION 3.01. Pledge of Net System Revenues.The Installment Payments and Additional Payments and all Parity Debt shall be equally secured by a pledge of and lien on all of the Net System Revenues and all amounts in the Enterprise Fund without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery, subject and subordinate solely to the Senior Debt. The Net System Revenues and all amounts in the Enterprise Fund are hereby pledged in their entirety to the payment of Installment Payments and Additional Payments. The Net System Revenues and all amounts in the Enterprise Fund shall be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Purchaser.

Neither the Installment Payments, the Additional Payments nor this Agreement is a debt of the CIEDB, the State or any of its political subdivisions (other than the Purchaser) and neither the CIEDB, the State nor any of its political subdivisions (other than the Purchaser) is liable thereon, nor in any event shall the Installment Payments or the Additional Payments be payable out of any funds or properties other than Net System Revenues of the Purchaser as provided herein.

SECTION 3.02. Enterprise Fund; Payments.In order to carry out its obligation to pay the Installment Payments and Additional Payments, the Purchaser agrees and covenants that it shall maintain the Enterprise Fund. All System Revenues received by it shall be deposited when and as received in trust in the Enterprise Fund and shall be applied and used only as provided

herein: the Purchaser shall pay all Operations and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operations and Maintenance Costs the payment of which is not then immediately required) from the Enterprise Fund as they become due and payable, and all remaining money on deposit in the Enterprise Fund shall then be used to pay Senior Debt and then Section 3.03 amounts. After making all the set asides and payments hereinabove required to be made in each Fiscal Year, the Purchaser may expend in such Fiscal Year any remaining money in the Enterprise Fund for any lawful purpose of the Purchaser. The Purchaser agrees and covenants to maintain the Enterprise Fund so long as any portion of the Purchase Price remains unpaid.

SECTION 3.03. Amounts Payable from the Enterprise Fund.The Purchaser shall promptly pay to the CIEDB the following amounts at the following times:

(a) CIEDB Payments.

(1) The principal portion of the Installment Payments is due at the CIEDB by August 1st of each year, as set forth on the Exhibit E amortization schedule. The interest portions of Installment Payments are due at the CIEDB by each Interest Payment Date.

(2) Additional Payments.

The Purchaser shall promptly pay to the CIEDB Additional Payments due pursuant to Section 2.04 (f).

(b) Parity Debt.

The Purchaser shall promptly pay to the holder of any Parity Debt the amount of Parity Debt Service as that amount becomes due and payable on Parity Debt.

SECTION 3.04. Commingling of Accounts.The CIEDB may commingle any amounts in any of the funds and accounts held hereunder with any other amounts held by the CIEDB for purposes of making any deposit or investment, provided that the CIEDB shall maintain separate accounting procedures for the investment of all funds held hereunder. The value of investments credited to such fund shall be calculated at the cost thereof (excluding accrued interest).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

SECTION 4.01. Organization; Authority.The Purchaser is duly organized and existing as a municipal corporation under the laws of the State and has all necessary power and authority to enter into and perform its duties (including the authority to set rents, rates and charges and to pledge the Net System Revenues) under this Agreement.

SECTION 4.02. Agreement Valid and Binding.This Agreement has been duly authorized, executed and delivered by the Purchaser and constitutes the legal, valid and binding obligation of the Purchaser, enforceable in accordance with its terms, except as enforcement may

be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

SECTION 4.03. No Conflict in Execution of Agreement.The execution and delivery by the Purchaser of this Agreement and compliance with the provisions hereof will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, by-law or any agreement to which the Purchaser is subject or by which it is bound or by which its properties may be affected.

SECTION 4.04. No Litigation.There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the Purchaser to restrain or enjoin the execution or delivery of this Agreement, or in any way contesting or affecting the validity of this Agreement, or contesting the powers of the Purchaser to enter into or perform its obligations under this Agreement, including the pledge of Net System Revenues.

SECTION 4.05. No Breach or Default.The Purchaser is not in breach of or in default under any applicable law or administrative regulation of the State or the United States, the Constitution of the State (including article XVI, section 18 thereof), any applicable judgment or decree, any agreement, indenture, bond, note, resolution, agreement or other instrument to which the Purchaser is a party or is otherwise subject which would have a material adverse impact on the Purchaser's ability to perform its obligations under this Agreement and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument.

SECTION 4.06. No Consent, Approval or Permission Necessary.No consent or approval of any trustee or holder of any indebtedness of the Purchaser, and no consent, permission, authorization, order or licenses of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Agreement or the consummation of any transaction contemplated herein, except as have been obtained or made and as are in full force and effect.

SECTION 4.07. Pledged Funds; Limited Obligation.The Purchaser expects that in each Fiscal Year Net System Revenues will equal or exceed the current Fiscal Year's payments due under this Agreement, and such payments will be treated as paid from current Net System Revenues. The Purchaser shall have no obligation to use any funds other than the Net System Revenues, directly or indirectly, to pay principal of or interest on the Purchase Price and Additional Payments; nor are any funds other than the Net System Revenues so pledged as security for the payment of the Installment Payments and Additional Payments.

SECTION 4.08. Pledge and Lien.The pledge of the Net System Revenues and amounts in the Enterprise Fund constitute a valid pledge of and a lien on all of the Net System Revenues and amounts in the CIEDB Subaccount, subject only to the prior lien of the Senior Debt.

SECTION 4.09. Information Submitted to the CIEDB. The information relating to the Purchaser and its System submitted by the Purchaser to the CIEDB, including, but not limited to,

all information in the application for Project Funds was true at the time submitted to CIEDB and, as of the Effective Date, remains true and correct in all material respects; and such information did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made.

SECTION 4.10. Financial Statements of the Purchaser. The Purchaser's financial statements furnished to the CIEDB have been prepared in conformity with generally accepted accounting principles and fairly present in all material respects the financial condition of the Purchaser as of the date thereof and the results of its operations for the period covered thereby. There has been no material adverse change in the business, condition (financial or otherwise) or operations of the Purchaser since the date of such financial statements.

SECTION 4.11. Notification to the CIEDB. The Purchaser agrees to notify the CIEDB, immediately, by telephone promptly confirmed in writing, if any representation made herein shall at any time so long as the Agreement is outstanding prove untrue or incorrect in any manner.

SECTION 4.12. Licenses, Permits and Approvals for Operation of System. The Purchaser has obtained or will obtain all licenses, permits and approvals from any governmental agency or authority having jurisdiction over the Purchaser now required for the operation of the System and will obtain all licenses, permits and approvals as required in the future.

SECTION 4.13. Project Completion.

(a) The Project consists and will consist of the facilities described in Exhibit D and the Purchaser shall make no changes thereto or to the operation thereof which would affect the qualification of the Project as a "public development facility" within the meaning of the Act or the qualifications of the Project for tax-exempt financing under the Code.

(b) The Purchaser, upon completion of the Project, will have good and valid title to the Project sufficient to carry out the purposes of this Agreement.

(c) The Purchaser intends to utilize the Project or cause the Project to be utilized as a "public development facility" within the meaning of the Act.

(d) The Project will be located wholly within the corporate limits of the City of Newman, California.

(e) To the best of the Purchaser's knowledge no officer or official of the CIEDB has any material interest whatsoever in the Project or in the transactions contemplated by this Agreement.

(f) All applicable local governmental agency, State and federal government certificates, approvals, permits and authorizations with respect to the construction of the Project have been obtained or will be obtained as soon as practicable.

SECTION 4.14. Existing Obligations.

As of the Effective Date, Purchaser's only outstanding debt secured by Net Revenues in addition to this Agreement is the 1999 COP Financing Agreement.ARTICLE V

AFFIRMATIVE COVENANTS OF THE PURCHASER

SECTION 5.01. Punctual Payment.The Purchaser will punctually pay, or cause to be paid, all payments required hereunder in strict conformity with the terms of this Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement.

SECTION 5.02. Payment of Claims.The Purchaser from time to time will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies, which, if unpaid, might become liens or charges upon the properties owned by the Purchaser, including the System, or upon the System Revenues or any part thereof, or upon any funds in the hands of the CIEDB, or which might impair the security for the payment of the Installment Payments or Additional Payments. Nothing herein contained shall require the Purchaser to make any such payment so long as the Purchaser in good faith shall contest the validity of said claims.

SECTION 5.03. Books and Accounts; Financial Statements.

(a) The Purchaser will keep proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the System Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the CIEDB or its designee. To the extent that any continuing disclosure certificates provide the information required in subsections (b) through (e), the Purchaser may submit a copy of the continuing disclosure certificate instead of providing separate statements setting forth the required information.

(b) The Purchaser will prepare and file with the CIEDB annually as soon as practicable, but in any event not later than two hundred ten (210) days after the close of each Fiscal Year, so long as this Agreement has not been discharged by the CIEDB, an audited financial statement of the Purchaser relating to the System Revenues and Enterprise Fund for the preceding Fiscal Year, prepared by an Independent Accountant; provided, however, that in the event that such audited financial statement is not available by the above-referenced filing date, an unaudited financial statement may be substituted therefore. In the event an unaudited financial statement is submitted, the Purchaser shall file the audited financial statement with the CIEDB as soon as it becomes available. The Purchaser will furnish to the CIEDB such reasonable number of copies of such audited financial statements as may be required by the CIEDB for distribution (at the expense of the Purchaser).

(c) Simultaneously with the delivery of the annual financial statements, the Purchaser will deliver to the CIEDB a Certificate of the Purchaser stating the following:

(1) The number of System users as of the end of the Fiscal Year;

(2) Calculation of the coverage ratios described in Section 5.06 and a certification that adopted rates and charges comply with the requirements of that section;

(3) Notification of the withdrawal of any System user generating four percent (4%) or more of System Revenues since the last reporting date;

(4) Any significant System facility retirements or expansions planned or undertaken since the last reporting date;

(5) Notification of any Senior Debt, Parity Debt or Subordinate Debt incurred since the last reporting date and certification that there has been no default or noncompliance under any obligation secured by System Revenues;

(6) Certification that no Event of Default has occurred and no event has occurred which, with the passing of time or the giving of notice or of both, would constitute an Event of Default;

(7) Certification that the Purchaser is in compliance with the Tax Certificate, as set forth in Exhibit G, as well as the Tax Covenant set forth in Section 5.07;

(8) Notification of any other event or circumstance that would materially affect completion of the Project and/or payment of the Purchase Price; and

(9) Such other information as may be reasonably required.

(d) The Purchaser shall, upon request, furnish to the CIEDB, in a format provided by the CIEDB, information concerning employment and other public benefits connected to the Project.

(e) The Purchaser shall notify the CIEDB forthwith upon the filing of a stop notice, litigation or any other legal proceeding which may impact the completion of the Project.

SECTION 5.04. Protection of Security and Rights.The Purchaser will preserve and protect the security for payment of the Installment Payments, Additional Payments and the rights of the CIEDB. From and after the Effective Date, the Agreement shall be incontestable by the Purchaser.

SECTION 5.05. Payments of Taxes and Other Charges.The Purchaser will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges, or charges in lieu thereof, which may hereafter be lawfully imposed upon the Purchaser, the System or the System Revenue when the same shall become due. Nothing herein contained shall require the Purchaser to make any such payment so long as the Purchaser in good faith shall contest the validity of said taxes, assessments or charges. The Purchaser will duly observe and conform to all valid requirements of any governmental authority relative to the System or any part thereof.

SECTION 5.06. Maintenance of System Revenues.

(a) The Purchaser will fix, charge and collect, or cause to be fixed, charged and collected, in each Fiscal Year, such rates and charges for the use of and for the service furnished by the System so that Net System Revenues are in an amount which will be sufficient to be at least equal to one hundred ten percent (110%) of annual Debt Service, and at least equal to one hundred percent (100%) of the sum of annual Debt Service and annual debt service on Subordinate Debt for such Fiscal Year.

(b) If for any reason Net System Revenues prove insufficient to comply with the requirements of subsection (a), the Purchaser agrees to increase System Revenues through increased rents, rates, fees, charges, and/or assessments not later than one hundred eighty (180) days following the date on which Net System Revenues fail to meet those requirements. The Purchaser may make adjustments from time to time in such rents, rates, fees and charges and may make such classification thereof as it deems necessary, but shall not reduce the rents, rates, fees, and charges then in effect unless the Net System Revenues from such reduced rents, rates, fees and charges will at all times be sufficient to meet the requirements of this section.

SECTION 5.07. Tax Covenant. The Purchaser recognizes that the Project Funds may consist of proceeds of a tax-exempt financing program. In order to maintain the tax-exempt status of the financing, the Purchaser will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Proceeds Bonds, and the Purchaser specifically agrees to comply with all terms and conditions contained in the Tax Certificate and to provide annual certification of its compliance with the Tax Certificate.

The provisions of this Section 5.07 shall survive the discharge of the Purchaser's obligations hereunder and shall apply to any trustee or other successor or assignee described in Section 8.02.

SECTION 5.08. Operation of System. The Purchaser will, so long as any portion of the Purchase Price is unpaid, maintain and operate the System in good condition, repair and working order, and will operate the System in an efficient and economical manner, and will pay all Operations and Maintenance Costs as they become due and payable. The Purchaser shall ensure that all activities undertaken by the Purchaser with respect to the operation of the System are undertaken and accomplished in conformity with all applicable requirements of law.

SECTION 5.09. Assumption of Agreement. The obligations of the Purchaser under this Agreement may not be assumed by another entity except in connection with a transfer of the entire System by the Purchaser and only upon prior written approval of the CIEDB and receipt by the CIEDB of:

(1) an opinion of counsel experienced in matters relating to the tax-exempt status of interest on any obligations secured by this Agreement, and approved by the CIEDB, to the effect that such transfer would not cause interest on the obligations to be included in gross income for federal income tax purposes;

(2) a Report signed by an Independent Consultant or Independent Certified Accountant concluding that such transfer would not materially adversely affect the security for the Installment Payments, Additional Payments or the rights of the CIEDB; and

(3) evidence satisfactory to the CIEDB that the entity assuming the Purchaser's obligation hereunder is eligible pursuant to the Act.

SECTION 5.10. Completion of Project; Construction Contracts.

(a) The Purchaser shall ensure that all activities undertaken with respect to the completion of the Project are undertaken and accomplished with due diligence and in conformity with all requirements of the Act and other applicable law.

(b) All construction contracts shall be let to the lowest responsible bidder at a fixed price subject to increase only for allowable extra work, change orders approved by the Purchaser, and damages or delays authorized by the laws of the State. The Purchaser shall not approve any change orders of the original construction contract amount without having funds committed for any increased Project costs.

(c) The Purchaser shall notify the CIEDB forthwith upon the filing of a stop notice, litigation or any other legal proceeding which may impact the completion of the Project.

SECTION 5.11. Reserved.

SECTION 5.12. Further Assurances.The Purchaser will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably required by the CIEDB as necessary or proper to carry out the intention or to facilitate the performance of this Agreement and for the better assuring and confirming unto the CIEDB of the rights and benefits provided in this Agreement.

SECTION 5.13. Agreement to Complete.

(a) The Purchaser agrees that it will acquire, construct or install the Project, and construct, acquire and install other facilities and real and personal property deemed by the Purchaser necessary for the operation of the Project. The Purchaser may supplement or amend the Project description with written approval from the CIEDB from time to time, provided that no such supplement or amendment shall cause the Project or any portion thereof to fail to constitute a "project" within the meaning of the Act.

(b) At any time, upon request of the CIEDB, the Purchaser agrees to make available to the CIEDB for review and copying all then current plans and specifications for the Project. The Purchaser may identify any proprietary information in such plans and specifications and, to the extent legally permissible, the CIEDB agrees to keep such information confidential.

(c) As soon as the Project is completed, the Purchaser shall evidence such completion by providing a certificate to the CIEDB stating that (i) construction of the Project has been completed substantially in accordance with the final plans and specifications therefor and all labor, services, materials and supplies used in construction have been paid for, and (ii) all other facilities necessary in connection with the Project have been constructed, acquired and installed in accordance with the final plans and specifications therefor and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights of the Purchaser against third parties for

the payment of any amount not then due and payable which exist at the date of such certificate or which may subsequently exist.

SECTION 5.14. Collection of Rates, Fees and Charges.The Purchaser will have in effect at all times rules and regulations requiring each user of the System to pay the rates, fees and charges applicable to the services provided by the System to each user. The Purchaser will not permit any part of the System or any facility thereof to be used or taken advantage of free of charge by any corporation, firm or person, or by any public agency (including the United States of America, the State and any city, county, district, political subdivision, public corporation or agency of any thereof); provided, that the Purchaser may without charge use the services provided by the System.

SECTION 5.15. Purchaser's General Responsibility.The Purchaser is solely responsible for the design, construction, operation and maintenance of the Project. Any review or approval of plans, specifications, bid documents or other construction documents by the CIEDB is solely for the purpose of proper administration of Project Funds by the CIEDB and shall not be deemed to relieve or restrict the Purchaser's responsibility or result in any duty, obligation or responsibility on the part of the CIEDB or the officers and agents thereof.

SECTION 5.16. Purchaser's Assurances and Commitments.

(a) Compliance with Laws and Regulations.

The Purchaser shall at all times comply and require its contractors and subcontractors to comply with all applicable federal and State laws, rules and regulations, and all applicable local ordinances, specifically including, but not limited to, prevailing wage, environmental, procurement and safety laws, rules, regulations, and ordinances. Purchaser agrees that its failure to act in accordance with the provisions of this subsection (a) will not result in any duty, obligation or responsibility on the part of the CIEDB or the officers and agents thereof.

(b) Archeological or Historical Resources.

Should a potential archeological or historical resource be discovered during construction, the Purchaser agrees that all work in the area of the find will cease until a qualified archeologist has evaluated the situation and the Purchaser has determined appropriate actions regarding preservation of the resource.

(c) Construction Activities.

The Purchaser shall assure that adequate supervision and inspection of Project construction activities are maintained. The CIEDB reserves the right to conduct an audit of Purchaser's construction expenditures during construction and for up to three years following receipt by CIEDB of notice of completion or other evidence of completion satisfactory to CIEDB. The CIEDB, at its discretion, may require the Purchaser to conduct an interim and/or a final audit at the Purchaser's expense, such audit to be conducted by and a report prepared by an Independent Accountant.

SECTION 5.17. Project Access.The Purchaser shall assure that the CIEDB or its designee will have suitable access to the Project site at all reasonable times so long as the Purchase Price remains unpaid and shall include provisions assuring such access in all contracts and subcontracts relating to the Project.

SECTION 5.18. Operation and Maintenance of the Project.The Purchaser agrees to commence operation of the Project upon completion of construction. The Purchaser covenants and agrees that it will operate and maintain the Project in accordance with all governmental laws, ordinances, approvals, rules, regulations and requirements including, without limitation, such zoning, sanitary, pollution and safety ordinances and laws and such rules and regulations thereunder as may be binding upon the Purchaser. The Purchaser further covenants and agrees that it will maintain and operate the Project and will maintain and operate the same, now or hereafter at any time constituting part of the Project, in good repair, working order and condition, and that it will from time to time make or cause to be made all needful and proper replacements, repairs, renewals and improvements, in each case to the extent necessary so that the efficiency and value of the Project shall not be impaired.

SECTION 5.19. Performance and Payment Bonds.

(a) The Purchaser shall require its contractor to certify under penalty of perjury, and provide the Purchaser with a copy of such certification, which shall be available for the CIEDB's inspection if requested, that it has obtained a bond or bonds by one or more authorized surety companies satisfactory to the Purchaser has been obtained; surety companies must be authorized to do business in California and have an agent for service of process in California. The Purchaser shall require that the Purchaser be named as loss payee and additional insured on the performance and payment bonds required herein and shall provide the CIEDB with a copy of the bonds to that effect unless specifically waived by CIEDB.

(b) Said bond shall be in the amounts and for the following purposes: (i) an amount not less than one hundred percent (100%) of the total estimated cost of the Project construction contract amount conditioned upon the faithful performance of the terms of this Agreement including the maintenance of the work for a period of one year from the date of final acceptance of work or improvements by the Purchaser against any defective work or labor done, or defective materials furnished, and (ii) an additional amount not less than one hundred percent (100%) of the estimated cost of the Project securing payment to the subcontractors and to persons renting equipment or furnishing labor or materials to them for the Project.

SECTION 5.20. Continuing Disclosure.Upon the request of the CIEDB, the Purchaser covenants to furnish certain financial and operating data pertaining to the Purchaser that may be required to either: (i) enable the CIEDB to issue any Secured Bonds; or (ii) enable any underwriter of any Secured Bonds to comply with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

SECTION 5.21. Notice of Event of Default.The Purchaser covenants that it will deliver to the CIEDB, immediately after the Purchaser shall have obtained knowledge of the occurrence of an Event of Default or a failure as described in Section 7.01(a)(2), the written

statement of an authorized officer of the Purchaser setting forth the details of such Event of Default or failure and the action which the Purchaser proposes to take with respect thereto.

SECTION 5.22. Maintenance of Insurance.The Purchaser will procure and maintain or cause to be maintained insurance on the System with responsible insurers, or as part of a reasonable system of self-insurance, in such amounts and against such risks (including damage to or destruction of the System) as are usually covered in connection with systems similar to the System. The Purchaser shall annually provide a Certificate of the Purchaser to the CIEDB certifying that such insurance is in effect. In the event of any damage to or destruction of the System caused by the perils covered by such insurance, the net proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the System. The Purchaser shall begin such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such net proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the System shall be free and clear of all claims and liens. If such net proceeds are sufficient to enable the Purchaser to pay all remaining unpaid Installment Payments and Additional Payments, the Purchaser may elect not to reconstruct, repair or replace the damaged or destroyed portion of the System, and thereupon such net proceeds shall be applied to the prepayment of Installment Payments and Additional Payments as provided herein.

SECTION 5.23. Compliance with State Contract Requirements.The Purchaser shall comply with all provisions contained in Exhibit F so long as any portion of the Purchase Price is unpaid.

SECTION 5.24. Compliance with Contracts.The Purchaser will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts for the use of the System and all other contracts affecting or involving the System to the extent that the Purchaser is a party thereto.

ARTICLE VI

NEGATIVE COVENANTS OF THE PURCHASER

SECTION 6.01. Limitation on Additional Obligations; No New Senior Debt The Purchaser hereby covenants that, until the Purchase Price has been paid in full and this Agreement has been discharged pursuant to Section 8.05, the Purchaser shall not after the date of this Agreement issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any loans, advances or obligations, which are in any case secured by a lien on all or any part of Net System Revenues that is senior to or on a parity with the lien established hereunder for the security for the payment of the Installment Payments and Additional Payments, excepting only Parity Debt meeting the requirements of Section 2.08 herein. Nothing herein is intended nor shall be construed in any way to prohibit or impose any limitations upon the issuance or incurrence by the Purchaser of Subordinate Debt.

SECTION 6.02. Disposition of Property.The Purchaser will not authorize the disposition of real or personal property constituting more than ten percent (10%) of the value of the System unless the Purchaser first obtains a Report, and provides a copy to the CIEDB, of an

Independent Consultant concluding that such disposition will not substantially adversely affect the security for the payment of the Installment Payments and Additional Payments. The Purchaser shall not dispose of any portion of the Project while the Purchase Price is unpaid except for property that is not operating or is worn out and for the dedication of public streets and public and private utility easements.

SECTION 6.03. Nondiscrimination.

(a) During the performance of this Agreement, the Purchaser, any contractor and its subcontractors shall not deny the contracts' benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age or sex. The Purchaser, any contractor and its subcontractor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

(b) The Purchaser, any contractor and its subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12900 et seq.), the regulations promulgated thereunder (Title 2, California Code of Regulations, section 7285.0 et seq.), the provisions of Article 9.5, Chapter 1, part 1, Division 3, Title 2 of the Government Code (sections 11135-11139.5) and any regulations promulgated thereunder.

(c) The Purchaser, any contractor and its subcontractors shall not knowingly give preferential treatment of any kind whatsoever in connection with any business transaction related to the construction or operation of the Project to any of its affiliates or to any business enterprise in which Purchaser has any financial interest, but in such business transactions shall deal at all times with such affiliates and enterprises on the same basis as though Purchaser were dealing with any other parties.

(d) The Purchaser, any contractor and its subcontractors shall, with respect to the Project described herein, give written notice of their obligations under this section to labor organizations representing employees of the Purchaser and any contractor or subcontractor performing construction on the Project which have a collective bargaining or other contract with the Purchaser, such contractor or subcontractor.

(e) The Purchaser, any contractor and its subcontractors shall include the provisions of this section in all subcontracts to perform work under this Agreement or any contract contemplated hereby.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

SECTION 7.01. Events of Default and Acceleration.

(a) Each of the following events shall constitute an Event of Default hereunder:

(1) Failure by the Purchaser to pay any Installment Payment or interest or prepayment premium (if any) or any Additional Payment pursuant to Section 3.03(a) when and as the same shall become due and payable;

(2) Failure by the Purchaser to observe and perform any of the covenants, agreements or conditions on its part contained in this Agreement, other than as referred to in the preceding subsection (1), for a period of sixty (60) days after written notice has been given to the Purchaser by the CIEDB, or to the Purchaser and the CIEDB, specifying such failure and requesting that such failure be remedied; provided, however, that if the failure stated in such notice can be corrected, but not within such sixty (60) day period, the CIEDB may consent to an extension of such time if corrective action is instituted by the Purchaser within such sixty (60) day period and diligently pursued until such failure is corrected;

(3) The filing by the Purchaser of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Purchaser, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Purchaser or of the whole or any substantial part of its property;

(4) Any representation or other written statement made by the Purchaser contained in this Agreement, the application for financing or in any instrument furnished in compliance with or in reference thereto shall prove to have been incorrect in any material respect;

(5) An unexcused failure by the Purchaser to pay amounts due under any bond, note, installment sale agreement, capital lease or other agreement or instrument to which it is a party relating to the borrowing of money, if such unpaid amount shall exceed fifty thousand dollars ($50,000); or

(6) The occurrence of an event of default with respect to *any Senior Debt,* any Parity Debt or any Subordinate Debt which causes all principal of such *Senior Debt,* Parity Debt or Subordinate Debt to become due and payable immediately.

(b) If an Event of Default has occurred and is continuing, the CIEDB may (i) declare the principal of the Purchase Price, together with the accrued interest on all unpaid installments thereof, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Agreement to the contrary notwithstanding, and (ii) exercise any other remedies available to the CIEDB in law or at equity. Immediately upon becoming aware of the occurrence of an Event of Default, the CIEDB shall give notice of such Event of Default to the Purchaser by telephone, telecopier, facsimile or other telecommunication device, promptly confirmed in writing. This provision, however, is subject to

the condition that if, at any time after the principal of the Purchase Price shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Purchaser shall deposit with the CIEDB a sum sufficient to pay all installments of principal of the Purchase Price due prior to such declaration and all accrued interest thereon, with interest on such overdue Installment Payments at the rate of the lesser of twelve percent (12%) per annum or the maximum rate permitted by law, and the reasonable expenses of the CIEDB (including but not limited to attorneys fees and costs), and any and all other defaults known to the CIEDB (other than in the payment of principal of and interest on the Purchase Price due and payable solely by reason of such declaration), including the payment of Additional Payments due and owing, shall have been made good or cured to the satisfaction of the CIEDB or provision deemed by the CIEDB to be adequate shall have been made therefor, then, and in every such case, the CIEDB may, by written notice to the Purchaser, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 7.02. Remedies.Upon the occurrence of an Event of Default the CIEDB shall have the following rights, in addition to its rights under Section 7.01:

(a) By mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Purchaser or any member, officer or employee thereof, and to compel the Purchaser or any such member, officer or employee to perform and carry out its or his duties under law and the agreements and covenants required to be performed by it or him contained herein;

(b) By suit in equity to enjoin any acts or things which are unlawful or violate the rights of the CIEDB; or

(c) By suit in equity to require the Purchasers and its members, officers and employees to account as the trustee of an express trust.

SECTION 7.03. Application of Funds upon Default.All amounts received by the CIEDB pursuant to any right given or action taken by the CIEDB under provisions of this Agreement, or otherwise held by the CIEDB upon the occurrence of an Event of Default, shall be applied by the CIEDB in the following order:

(a) First, to the payment of the costs and expenses of the CIEDB, including reasonable compensation to their agents and attorneys, including CIEDB employees, as set forth in Section 2.04(f)(2); and

(b) Second, to the payment of the whole amount of Installment Payments then due and unpaid, with interest on overdue Installment Payments at the rate of the lesser of twelve percent (12%) per annum or the maximum rate permitted by law; provided, however, that in the event such amounts shall be insufficient to pay in full the amount of such Installment Payments, then such amounts shall be applied in the following order of priority:

(1) First, to the payment of all installments of interest on the Purchase Price then due and unpaid, on a pro rata basis in the event that the available amounts are insufficient to pay all such interest in full;

(2) Second, to the payment of principal of all installments of the Purchase Price then due and unpaid, other than principal having come due and payable solely by reason of acceleration pursuant to Section 7.01, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full;

(3) Third, to the payment of principal of the Purchase Price then due and unpaid and having come due and payable solely by reason of acceleration pursuant to Section 7.01, on a pro rata basis in the event that the available amounts are insufficient to pay all such principal in full; and

(c) Third, to the payment to the CIEDB of other Additional Payments as described in Section 2.04(f)(1).

SECTION 7.04. No Waiver.Nothing in this Article VII or in any other provision of this Agreement shall affect or impair the obligation of the Purchaser, which is absolute and unconditional, to pay from the Net System Revenues and other amounts pledged hereunder, all payments due hereunder, or affect or impair the right of action, which is also absolute and unconditional, of the CIEDB to institute suit to enforce such payment by virtue of the contract embodied in this Agreement.

A waiver of any default by the CIEDB shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of the CIEDB to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the CIEDB by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient by the CIEDB.

If a suit, action or proceeding to enforce any right or exercise any remedy shall be abandoned or determined adversely to the CIEDB, the Purchaser and the CIEDB shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

SECTION 7.05. Remedies Not Exclusive.No remedy herein conferred upon or reserved to the CIEDB is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by law.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Venue.The CIEDB and the Purchaser hereby agree that any action arising out of this Agreement shall be filed and maintained in the Superior Court in and for the

County of Sacramento, California, or in the United States District Court in and for the Eastern District of California.

SECTION 8.02. Assignment.This Agreement may, at the CIEDB's discretion, be assigned by the CIEDB to a trustee or any other party for the purpose of securing the payment of any bonds, notes or other obligations issued by the CIEDB and secured by this Agreement and the Installment Payments and Additional Payments; and the Purchaser hereby consents to such assignment.

SECTION 8.03. Benefits Limited to Parties.Nothing in this Agreement, expressed or implied, is intended to give to any person other than the Purchaser, the CIEDB and any trustee for the Proceeds Bonds or Secured Bonds, any right, remedy or claim under or by reason of this Agreement. All covenants, stipulations, promises or agreements contained in this Agreement by and on behalf of the Purchaser shall be for the sole and exclusive benefit of the CIEDB.

SECTION 8.04. Successor. Whenever

in this Agreement either the Purchaser or the CIEDB is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the Purchaser or the CIEDB shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not. The trustee for the Proceeds Bonds will be the CIEDB's initial assignee.

SECTION 8.05. Discharge of Agreement.

(a) If the Purchaser shall pay and discharge the entire indebtedness hereunder by paying or causing to be paid the principal of, interest and prepayment premium (if any) on the Purchase Price and Additional Payments, as and when the same become due and payable, then, at the election of the Purchaser, but only if all other amounts then due and payable hereunder shall have been paid or provision for their payment made, the pledge of and lien upon the Net System Revenues and other funds provided for in this Agreement and all other obligations of the CIEDB and the Purchaser under this Agreement with respect to the Purchase Price shall cease and terminate, except only (i) the obligation of the Purchaser to pay or cause to be paid to the CIEDB, from the amounts so deposited with the CIEDB or such other fiduciary, all sums due with respect to this Agreement and all expenses and costs of the CIEDB, and (ii) the obligations of the Purchaser under Sections 5.07, 8.01 and 8.12. Notice of such election shall be filed with the CIEDB.

(b) All or any portion of unpaid principal installments of the Purchase Price shall, prior to their payment dates or dates of prepayment, be deemed to have been paid within the meaning of and with the effect expressed in this section (except that the Purchaser shall remain liable for such Purchase Price payment, but only out of such money or securities deposited with the trustee or other fiscal agent approved by the CIEDB for such payment), if (i) there shall have been deposited with the trustee or other fiscal agent approved by the CIEDB either money in an amount which shall be sufficient, or federal securities (as defined below) which are not subject to redemption prior to maturity except by the holder thereof (including any such federal securities issued or held in book entry form) or tax-exempt obligations of a state or a

political subdivision thereof which have been defeased under irrevocable escrow instructions with federal securities, the interest on and principal of which when paid will provide money which, together with money, if any, deposited with the CIEDB, shall be sufficient to pay when due the Installment Payments of such portions thereof on and prior to their payment dates or their dates of prepayment, as the case may be, and the prepayment premiums, if any, applicable thereto, and (ii) an opinion of nationally recognized bond counsel acceptable to the CIEDB is filed with the CIEDB to the effect that the action taken pursuant to this section will not cause the interest on the Proceeds Bonds to be includable in gross income under the Code for federal income tax purposes. As used in this section, "federal securities" means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations of, or obligations guaranteed directly or indirectly by, the United States of America, or securities evidencing ownership interests in such obligations or in specified portions of the interest on or principal of such obligations.

SECTION 8.06. Amendment.This Agreement may be amended by the parties in writing.

SECTION 8.07. Waiver of Personal Liability.No member, officer, agent or employee of the Purchaser shall be individually or personally liable for the payment of the principal of premium if any, or the interest under this Agreement; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 8.08. Payment on Business Days.Whenever in this Agreement any amount is required to be paid on a day that is not a Business Day, such payment shall be required to be made on the Business Day immediately following such day and no further interest shall accrue.

SECTION 8.09. Notices.All written notices to be given under this Agreement shall be given by first-class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time, except that notices from the Purchaser to the CIEDB shall be given by registered mail, or by telecommunication confirmed in writing. Notice shall be effective forty-eight (48) hours after deposit in the United States mail, postage prepaid or, in the case of any notice to the CIEDB or in the case of personal delivery to any person, upon actual receipt at the address set forth below:

If to the CIEDB:

California Infrastructure and Economic Development Bank
Attn: Credit Support Manager, CIEDB B08-091
P.O. Box 2830
Sacramento, CA 95812-2830

Or to such other address as may be designated in writing by the CIEDB.

If to the Purchaser:

City of Newman
1162 Main Street
Newman, CA 95360
Attn: City Manager

Or to such other address as may be designated in writing by the Purchaser.

SECTION 8.10. Partial Invalidity.If any portion of this Agreement shall for any reason be held illegal, invalid or unenforceable, such holding shall not affect the validity and enforceability of the remaining portions of this Agreement.

SECTION 8.11. Governing Law.This Agreement shall be construed and governed in accordance with the laws of the State.

SECTION 8.12. Indemnification. The Purchaser shall, to the extent permitted by law, indemnify and hold harmless the CIEDB and its members, directors, officers, employees and agents, the trustee and underwriter and its members, directors, officers, employees and agents, from and against any and all losses, claims, damages, liabilities or expenses, of every conceivable kind, character and nature whatsoever, including, but not limited to, losses, claims, damages, liabilities or expenses arising out of, resulting from or in any way connected with (1) this Agreement or the System, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the System or any part thereof; (2) the carrying out of any of the transactions contemplated by this Agreement or any related document; (3) information provided by the Purchaser which is used in the offering for sale of the Secured Bonds; or (4) any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance on or near, the System. The Purchaser shall, to the extent permitted by law, pay or reimburse the CIEDB and its members, directors, officers, employees and agents for the Purchaser's pro rata share of any and all reasonable costs, reasonable attorneys' fees, liabilities or expenses incurred in connection with investigating, defending against or otherwise in connection with any such losses, claims, damages, liabilities, expenses or actions. Notwithstanding anything to the contrary in this Agreement, the CIEDB, and its members, directors, officers, employees and agents shall not be entitled to payment, reimbursement or indemnification with respect to actions involving willful misconduct, default or negligence on the part of the CIEDB, or its members, directors, officers, employees and agents.

The provisions of this Section 8.12 shall survive the discharge of the Purchaser's obligations hereunder and shall apply to any trustee or other successor or assignee described in Section 8.02.

SECTION 8.13. Contact Persons.

(a) The executive director of the CIEDB or such other person as designated in writing by the CIEDB shall manage this Agreement for the CIEDB and shall have authority to make determinations and findings with respect to each controversy arising under or in connection with the interpretation, performance, or payment for work performed under this Agreement.

(b) The Purchaser Project manager shall be the Public Works Director or such other person as may be designated in writing by the Purchaser. The Purchaser Project manager shall be the Purchaser's representative for the administration of this Agreement and shall have

full authority to act on behalf of the Purchaser. The Finance Director or such other person as designated by the City Manager may designate in writing another person or persons authorized to request disbursement of Project Funds. All communications given to the Purchaser Project manager shall be as binding as if given to the Purchaser.

SECTION 8.14. Effective Date; Execution. This Agreement shall become enforceable upon its execution and delivery.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by the respective officers, all as of the day and year first above written.

CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK, as seller

By_____
Stanton C. Hazelroth
Executive Director

Attest

By_____
Roma Cristia-Plant
Secretary

CITY OF NEWMAN, as Purchaser

By_____
Michael Holland
City Manager

Attest

By_____

_____
Title:_____

EXHIBIT A

RESOLUTION NO. 2009-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEWMAN AUTHORIZING THE EXECUTION AND DELIVERY OF THE INSTALLMENT SALE AGREEMENT BY AND BETWEEN THE CITY OF NEWMAN AND THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK AND APPROVING CERTAIN OTHER MATTERS IN CONNECTION THEREWITH

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NEWMAN AS FOLLOWS:

WHEREAS, the City Manager is authorized and directed to execute and deliver the Enterprise Fund Installment Sale Agreement (the "Agreement") proposed to be entered into by the City of Newman ("City") and the California Infrastructure and Economic Development Bank, for and on behalf of the City. As executed and delivered, such documents shall be in substantially the form presented at this meeting, with such minor additions thereto or minor changes therein as the officers executing such document shall require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

WHEREAS, the Chief Financial Officer and Public Works Director are authorized to sign Agreement, attest, Exhibit B-1 and B-2 Certificate, and Tax Certificate] are hereby each authorized and directed, in the name and on behalf of the City, to take any and all steps and to execute and deliver any and all certificates, contracts and other documents which they might deem necessary or appropriate in order to consummate the delivery of the Agreement and otherwise to effectuate the purposes of this resolution; including the execution of a tax certificate, and such actions previously taken by the employees of the City are hereby ratified and confirmed.

NOW, THEREFORE, BE IT RESOLVED that the Newman City Council hereby authorizes the execution and delivery of the installment sale agreement by and between the City of Newman and the California Infrastructure and Economic Development Bank and approving certain other matters in connection therewith.

The foregoing resolution was introduced at a regular meeting of the City Council of the City of Newman held on the 26th day of May, 2009 by Council Member _____, who moved its adoption, which motion was duly seconded and it was upon roll call carried and the resolution adopted by the following roll call vote:

AYES:

NOES:

ABSENT:

APPROVED:

_____
Mayor of the City of Newman

ATTEST:

_____
Deputy City Clerk of the City of Newman

CERTIFICATION OF RESOLUTION

The undersigned hereby states and certifies:

(1) I am the duly qualified and acting Deputy City Clerk of the City of Newman (the Purchaser), and, as such, am familiar with the facts herein certified and am fully authorized to certify the same.

(2) Attached hereto is a true, correct and complete copy of the resolution of the governing body of the Purchaser authorizing the execution and delivery of the Enterprise Fund Installment Sale Agreement, by and between the Purchaser and the California Infrastructure and Economic Development Bank adopted on February 24, 2009 at a meeting thereof duly held on the date set forth in such resolution, of which meeting all of the members of said governing body had due notice and at which a quorum was present and acting throughout.

(3) I further certify that I have carefully compared the attached copy of the resolution with the original minutes of said meeting on file and of record in my office; that said copy is a true, correct and complete copy of the original resolution duly adopted by said governing body at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since its adoption and is in full force and effect as of the date hereof.

(4) I further certify that in accordance with Government Code section 54954.2, the agenda of the meeting contained a brief description of the resolution to be considered at the meeting, and a copy thereof was posted at least seventy-two (72) hours before the meeting in a location freely accessible to members of the public.

Dated: June 1, 2009

CITY OF NEWMAN

By _____

EXHIBIT B-1

CERTIFICATE OF THE

CHIEF FINANCIAL OFFICER of the CITY OF NEWMAN ("PURCHASER")

The undersigned hereby states and certifies:

(1) that I am the duly qualified and acting chief financial officer of the Purchaser, and, as such, am familiar with the facts herein certified and am fully authorized to certify the same.

(2) The financial data submitted by Purchaser in the application for financing (including supplements thereto) in connection with the Enterprise Fund Installment Sale Agreement ("Agreement"), by and between the Purchaser and the California Infrastructure and Economic Development Bank ("CIEDB") was true at the time submitted to CIEDB and as of the date of this certification, remains true and correct in all material respects, and such information did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made.

(3) The Purchaser is not in breach of or in default under any bond indenture, loan agreement, note or other instrument to which it is a party.

(4) The Purchaser maintains workers' compensation insurance covering all Purchaser employees at the Project.

(5) The CIEDB financing will be a pledge on the Purchaser's Enterprise Fund, subordinate only to the Purchaser's existing obligation as described in Section 4.14 of this Agreement. There is no other debt or obligation secured by Net Revenues other than as described in Section 4.14 of this Agreement.

(6) The only outstanding obligations secured by Net System Revenues are as set forth in Section 4.14 of the Agreement.

(7) The representations and warranties made in the Agreement are true and correct as if made on the date of this certificate.

Dated: June 1, 2009

CITY OF NEWMAN

By _____
Name: Michael Holland
Title: Chief Financial Officer

EXHIBIT B-2

CERTIFICATE OF THE

PUBLIC WORKS DIRECTOR of the CITY OF NEWMAN ("PURCHASER")

RELATED TO THE PROJECT

The undersigned hereby states and certifies:

(1) I am the duly qualified and acting Public Works Director of the Purchaser, and, as such, am familiar with the facts herein certified and am fully authorized to certify the same.

(2) The Purchaser has obtained any and all lands, rights-of-way, lot line adjustments, easements, and orders of possession, which are required for construction and operation of the Project.

(3) All required permits have been obtained for the construction of the Project.

(4) Regarding the construction contracts:

(A) All construction contracts necessary for Project construction have been awarded, and were awarded pursuant to competitive bidding and Purchaser procedures normally required for similar construction projects;

(B) Costs are consistent with the Exhibit D Project sources and uses chart;

(C) All prime contracts require appropriate builder's risk insurance and name the Purchaser as loss payee and additional insured, require the contractor to maintain liability insurance and name the Purchaser as loss payee and additional insured, and include the performance and payment bond provisions set forth in Section 5.19 of this Agreement and name the Purchaser as loss payee and additional insured;

(D) All construction contracts are let to the lowest responsible bidder at a fixed price subject to increase only for allowable extra work, change orders approved by Purchaser, and damages or delays authorized by the laws of the State. Purchaser shall not approve any change orders of the original construction contract amount without having funds committed for the increased Project costs;

(E) All construction contracts require payment of prevailing wage rates and compliance with Chapter 1 (commencing with section 1720) of Part 7 of Division 2 of the California Labor Code;

(F) All construction contracts require payment of workers' compensation insurance by contractors;

(G) All construction contracts include the nondiscrimination provisions set fort h in Section 6.03;

(H) [Check box if applicable] _____ an escrow pursuant to Public Contract Code section 22300 has been established and Purchaser hereby certifies that the escrow agreement remains in full force and effect and no funds have been released there under; and

(I) Purchaser utilized contractor pre-qualification forms developed by the Director of Industrial Relations as set forth in AB 574 (Chapter 972 of the Statutes of 1999) codified in Public Contract Code section 20101 et seq.

(6) All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Agreement.

Dated: _____, _____

City of Newman

By _____
Name: Garner Reynolds
Title: Public Works Director

EXHIBIT C

CONDITIONS PRECEDENT TO DISBURSEMENT

(a) Initial Disbursement.

Disbursements for the CIEDB origination fee shall be made upon the initial disbursement. No funds shall be disbursed pursuant to this Agreement until and unless Purchaser, in the good faith judgment of the CIEDB, has specifically complied with the following and provided a copy of the specified documents satisfactory to the CIEDB:

(1) Documents in a form substantially similar to Exhibit A with Certification, Exhibit B-1, and Exhibit G herein.

(2) Certification by Purchaser of insurance as required by Section 5.22.

(b) Preliminary Expenditures.

When all the requirements of section (a) herein are met in a manner satisfactory to the CIEDB, disbursement shall be allowed for the following costs: Preliminary Expenditures consistent with Exhibit D.

(c) Construction Costs.

For costs other than the origination fee described in section (b) herein, no funds shall be disbursed pursuant to this Agreement until and unless Purchaser has, in the good faith judgment of the CIEDB, provided the CIEDB with all the documents required in section (a) herein and the following documents:

(1) Document in a form substantially similar to Exhibit B-2 herein; and

(2) One copy of the executed construction contract(s), including any exhibits, attachments or change orders, if and when applicable.

(3) One copy of the builder's risk and liability insurance policies that name Purchaser as loss payee and additional insured unless specifically waived by CIEDB.

(4) One copy of the contractor's payment and performance bonds naming Purchaser as loss payee and additional insured unless specifically waived by CIEDB.

(d) Final Disbursement.

The final disbursement of Project Funds, including any applicable retention amounts, shall not be made until and unless Purchaser, in the good faith judgment of the CIEDB, has specifically complied with each and every one of the following and provided a copy of the specified document or certificate satisfactory to the CIEDB:

(1) Recorded Project notice of completion or other evidence of completion;

(2) Lien waivers for the Project, or passage of the applicable statutory time periods for filing mechanics and other similar liens;

(3) Certification that the Project has been completed in accordance with the approved final plans and specifications, and that the completed Project is consistent with the definition of Project in this Agreement and is acceptable to the Purchaser and that the requirements of Section 5.13(c) have been met;

(4) Certification of Recycled Content as set out in Section 6 of Exhibit F; and

(5) Certification that the Purchaser has obtained all licenses and permits (including operating permits), and approvals from any governmental agency or authority having jurisdiction over the Purchaser in connection with the Project, where applicable

EXHIBIT D

DESCRIPTION AND PROJECT SOURCES AND USES

Project Title:

Wastewater Treatment Plant Storage Basin Expansion Project

Project Description:

Construction of a 39-are treated wastewater storage basin at the City of Newman's existing wastewater treatment plant, including an irrigation pump station, related piping, a recirculation stub-out and re-grading of access roads

Project Sources and Uses:

PROJECT USES	PROJECT SOURCES		
	CIEDB	Purchaser	Total
Construction & Construction Contingency	$3,000,000		$3,000,000
Engineering/Architecture/Design/Permits/ Construction Management	$140,000	$200,000	$340,000
I-Bank Loan Origination Fee	$26,900		$26,900
Total	$3,166,900	$200,000	$3,366,900

Purchaser is authorized to charge its employee costs to this Agreement. However, documentation must be provided, to the satisfaction of the CIEDB, that costs incurred are directly for the Project and are billed at hourly rates not to exceed Purchaser's actual costs of salary and benefits.

Modifications to any Project sources and uses line item financed by the CIEDB shall only be upon the prior written approval of the CIEDB. The CIEDB credit support unit manager shall provide a revised Project sources and uses chart for approved cumulative modifications that are less than ten percent (10%) of the Project Funds. Approved cumulative modifications to the CIEDB Project budget that are ten percent (10%) or greater than ten percent (10%) of the Project Amount shall require an amendment to the Agreement.

The CIEDB shall not be responsible for the payment of any cost overruns.

The Purchaser shall submit invoices only for expenses incurred. Expenses contained in the invoices shall be listed according to the categories contained in the above Project sources and uses. The CIEDB shall pay ninety percent (90%) of all invoices for construction costs submitted to the Purchaser prior to compliance with Exhibit C, conditions precedent to final disbursement; provided that if the Purchaser demonstrates to the satisfaction of the CIEDB that the Purchaser is obliged by law to make payments to certain construction contractors for one hundred percent

(100%) of invoiced amounts or to establish a retention fund escrow pursuant to Public Contract Code section 22300 for final payment to certain contractors, so long as such requirement remains in full force and effect, and so long as no funds have been released there under, the CIEDB shall pay 100% of all invoices with the exception of an amount equal to10% of the Purchase Price to be retained by CIEDB until all conditions for final disbursement as set forth in Exhibit C have been completed.

Purchaser shall not approve any change orders of the original construction contract amount without having funds committed for the increased Project costs.

All Project costs listed in the sources and uses chart under the "Purchaser" and all costs not covered by this Agreement will be paid for by the Purchaser.

No costs of the Project to be paid by CIEDB can be paid by Purchaser prior to February 24, 2009 except as consistent with the above sources and uses chart and as authorized in Section 2.04(a).

EXHIBIT E

AMORTIZATION SCHEDULE

(City of Newman CIEDB Agreement No. B08-091)

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending 30-Jun
1-May-2009	$3,166,900.00						
1-Feb-2010			$91,919.27	$91,919.27		$91,919.27	$91,919.27
1-Aug-2010	$3,105,851.15	$61,048.85	$61,279.52	$122,328.37	$9,500.70	$131,829.07	
1-Feb-2011			$60,098.22	$60,098.22		$60,098.22	$191,927.29
1-Aug-2011	$3,042,439.70	$63,411.44	$60,098.22	$123,509.66	$9,317.55	$132,827.22	
1-Feb-2012			$58,871.21	$58,871.21		$58,871.21	$191,698.42
1-Aug-2012	$2,976,574.24	$65,865.47	$58,871.21	$124,736.67	$9,127.32	$133,863.99	
1-Feb-2013			$57,596.71	$57,596.71		$57,596.71	$191,460.70
1-Aug-2013	$2,908,159.78	$68,414.46	$57,596.71	$126,011.17	$8,929.72	$134,940.89	
1-Feb-2014			$56,272.89	$56,272.89		$56,272.89	$191,213.79
1-Aug-2014	$2,837,097.68	$71,062.10	$56,272.89	$127,334.99	$8,724.48	$136,059.47	
1-Feb-2015			$54,897.84	$54,897.84		$54,897.84	$190,957.31
1-Aug-2015	$2,763,285.48	$73,812.20	$54,897.84	$128,710.04	$8,511.29	$137,221.34	
1-Feb-2016			$53,469.57	$53,469.57		$53,469.57	$190,690.91
1-Aug-2016	$2,686,616.74	$76,668.73	$53,469.57	$130,138.31	$8,289.86	$138,428.16	
1-Feb-2017			$51,986.03	$51,986.03		$51,986.03	$190,414.20
1-Aug-2017	$2,606,980.93	$79,635.81	$51,986.03	$131,621.85	$8,059.85	$139,681.70	
1-Feb-2018			$50,445.08	$50,445.08		$50,445.08	$190,126.78
1-Aug-2018	$2,524,263.21	$82,717.72	$50,445.08	$133,162.80	$7,820.94	$140,983.74	
1-Feb-2019			$48,844.49	$48,844.49		$48,844.49	$189,828.24
1-Aug-2019	$2,438,344.31	$85,918.90	$48,844.49	$134,763.39	$7,572.79	$142,336.18	
1-Feb-2020			$47,181.96	$47,181.96		$47,181.96	$189,518.14
1-Aug-2020	$2,349,100.35	$89,243.96	$47,181.96	$136,425.92	$7,315.03	$143,740.95	
1-Feb-2021			$45,455.09	$45,455.09		$45,455.09	$189,196.04
1-Aug-2021	$2,256,402.66	$92,697.70	$45,455.09	$138,152.79	$7,047.30	$145,200.09	
1-Feb-2022			$43,661.39	$43,661.39		$43,661.39	$188,861.48
1-Aug-2022	$2,160,117.56	$96,285.10	$43,661.39	$139,946.49	$6,769.21	$146,715.70	
1-Feb-2023			$41,798.27	$41,798.27		$41,798.27	$188,513.97
1-Aug-2023	$2,060,106.22	$100,011.33	$41,798.27	$141,809.61	$6,480.35	$148,289.96	
1-Feb-2024			$39,863.06	$39,863.06		$39,863.06	$188,153.02
1-Aug-2024	$1,956,224.45	$103,881.77	$39,863.06	$143,744.83	$6,180.32	$149,925.15	
1-Feb-2025			$37,852.94	$37,852.94		$37,852.94	$187,778.09
1-Aug-2025	$1,848,322.46	$107,902.00	$37,852.94	$145,754.94	$5,868.67	$151,623.61	
1-Feb-2026			$35,765.04	$35,765.04		$35,765.04	$187,388.65
1-Aug-2026	$1,736,244.65	$112,077.80	$35,765.04	$147,842.84	$5,544.97	$153,387.81	
1-Feb-2027			$33,596.33	$33,596.33		$33,596.33	$186,984.14
1-Aug-2027	$1,619,829.44	$116,415.21	$33,596.33	$150,011.55	$5,208.73	$155,220.28	
1-Feb-2028			$31,343.70	$31,343.70		$31,343.70	$186,563.98
1-Aug-2028	$1,498,908.95	$120,920.48	$31,343.70	$152,264.18	$4,859.49	$157,123.67	
1-Feb-2029			$29,003.89	$29,003.89		$29,003.89	$186,127.56
1-Aug-2029	$1,373,308.85	$125,600.11	$29,003.89	$154,603.99	$4,496.73	$159,100.72	
1-Feb-2030			$26,573.53	$26,573.53		$26,573.53	$185,674.25
1-Aug-2030	$1,242,848.02	$130,460.83	$26,573.53	$157,034.36	$4,119.93	$161,154.28	
1-Feb-2031			$24,049.11	$24,049.11		$24,049.11	$185,203.39
1-Aug-2031	$1,107,338.35	$135,509.66	$24,049.11	$159,558.77	$3,728.54	$163,287.32	
1-Feb-2032			$21,427.00	$21,427.00		$21,427.00	$184,714.31

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending 30-Jun
1-Aug-2032	$966,584.47	$140,753.89	$21,427.00	$162,180.89	$3,322.02	$165,502.90	
1-Feb-2033			$18,703.41	$18,703.41		$18,703.41	$184,206.31
1-Aug-2033	$820,383.40	$146,201.06	$18,703.41	$164,904.47	$2,899.75	$167,804.23	
1-Feb-2034			$15,874.42	$15,874.42		$15,874.42	$183,678.65
1-Aug-2034	$668,524.36	$151,859.04	$15,874.42	$167,733.46	$2,461.15	$170,194.61	
1-Feb-2035			$12,935.95	$12,935.95		$12,935.95	$183,130.56
1-Aug-2035	$510,788.37	$157,735.99	$12,935.95	$170,671.94	$2,005.57	$172,677.51	
1-Feb-2036			$9,883.75	$9,883.75		$9,883.75	$182,561.26
1-Aug-2036	$346,947.99	$163,840.37	$9,883.75	$173,724.13	$1,532.37	$175,256.49	
1-Feb-2037			$6,713.44	$6,713.44		$6,713.44	$181,969.94
1-Aug-2037	$176,767.00	$170,181.00	$6,713.44	$176,894.44	$1,040.84	$177,935.28	
1-Feb-2038			$3,420.44	$3,420.44		$3,420.44	$181,355.72
1-Aug-2038		$176,767.00	$3,420.44	$180,187.44	$530.30	$180,717.74	$180,717.74
Total Payments:		$3,166,900.00	$2,188,368.35	$5,355,268.35	$167,265.78	$5,522,534.13	$5,522,534.13

EXHIBIT F

STATE CONTRACT REQUIREMENTS

SECTION 1. Record Establishment, Access and Retention.

(a) The Purchaser agrees that the CIEDB shall have the right to review, obtain, and copy all records pertaining to performance of this Agreement. The Purchaser agrees to provide the CIEDB with any relevant information requested and shall permit the access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with Government Code section 8546.7. The Purchaser further agrees to maintain records concerning costs paid with State funds for three years following the CIEDB's receipt of a notice of completion or payment of an invoice, whichever is later. In the event of an Agreement performance or payment dispute, the three-year minimum shall automatically be extended until the dispute is resolved.

(b) Upon inspection, the Purchaser shall promptly implement any corrective measures recommended by the CIEDB, its representatives, or the Bureau of State Audits ("BSA") regarding the requirements of this section.

(c) The Purchaser shall keep all books, records, accounts and documents pertaining to this Agreement separate from other activities unrelated to this Agreement.

SECTION 2. Nondiscrimination Clause and Compliance Statement.

(a) By signing this Agreement, the Purchaser and its contractors agree that each shall not, during the performance of this Agreement, unlawfully discriminate, harass or allow harassment, against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, disability (including HIV and AIDS), medical condition (cancer), age, marital status, denial of family and medical care leave or denial of pregnancy disability leave. The Purchaser and its contractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. The Purchaser and its contractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12900 et seq.), and the applicable regulations promulgated thereunder (Title 2, California Code of Regulations, section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a) through (f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this Agreement by reference and made a part hereof as if set forth in full. The Purchaser and its contractor shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement.

(b) The Purchaser shall include the nondiscrimination and compliance provisions as detailed in subsection (a) of this section, in all contracts to perform work under this Agreement.

SECTION 3. Americans with Disabilities Act Certification. By signing this Agreement, the Purchaser assures the CIEDB that it complies with the Americans with Disabilities Act ("ADA") of 1990 (42 U.S.C. 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

SECTION 4. National Labor Relations Board Certification. By signing this Agreement, the Purchaser does swear under the penalty of perjury that no more than one final unappealable finding of contempt of court by a federal court has been issued against the Purchaser within the immediately preceding two year period because of the Purchaser's failure to comply with an order of a federal court which orders the Purchaser to comply with an order of the National Labor Relations Board.

SECTION 5. Certification of Drug Free Workplace.

(a) By signing this Agreement, the Purchaser hereby certifies under penalty of perjury under the laws of the State of California that the Purchaser shall comply with the requirements of the Drug Free Workplace Act of 1990 (Government Code section 8350 et seq.) and shall provide a drug free workplace by:

(1) Publishing a statement notifying employees that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required by Government Code section 8355(a).

(2) Establishing a Drug Free Awareness Program as required by Government Code section 8355(b), to inform employees about:

(A) The dangers of drug abuse in the workplace;

(B) The person's or organization's policy of maintaining a drug-free workplace;

(C) Any available counseling, rehabilitation and employee assistance programs; and,

(D) Penalties that may be imposed upon employees for drug abuse violations; and,

(3) Providing, as required by Government Code section 8355(c), that every employee who performs work under this Purchaser shall:

(A) Receive a copy of the Purchaser's drug-free policy statement; and,

(B) Agree to abide by the terms of the Purchaser's statement as a condition of employment under this Agreement.

(b) In addition to any other consequences specified in this Agreement, failure to comply with these requirements may result in the Purchaser being ineligible for award of any future State Contracts if the CIEDB determines that the Purchaser:

(1) Has made a false certification; or,

(2) Violates the certification by failing to carry out the requirements as noted above.

SECTION 6. Certification of Recycled Content. The Purchaser shall certify in writing, under penalty of perjury, the minimum, if not exact, percentage of recycled content of both post-consumer material and secondary material as defined in Public Contract Code sections 12161 and 12200, in materials, goods or supplies offered, or products used in the performance of this Agreement, regardless of whether the product meets the required recycled product percentage as defined in Public Contract Code sections 12161 and 12200. The Purchaser may certify that the product contains zero recycled content. The Recycle Certification shall be delivered to the CIEDB not more than thirty (30) calendar days following the date of the Notice of Completion.

SECTION 7. Child Support Compliance Act.

(a) The Purchaser recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and

(b) The Purchaser, to the best of its knowledge, is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry, maintained by the California Employment Development Department.

SECTION 8. Welfare Recipients.

(a) The Purchaser shall give priority consideration in filling vacancies in positions funded by the Purchaser to qualified recipients of aid under Chapter 2 (commencing with section 11200) of Part 3 of Division 9 of the Welfare and Institutions Code in accordance with Article 3.9 (commencing with section 11349) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

(b) Nothing in this provision shall be construed to:

(1) Interfere with or create a violation of the terms of valid collective bargaining agreements;

(2) Require the Purchaser to hire an unqualified recipient of aid;

(3) Interfere with or create a violation of any federal affirmative action obligation of the Purchaser for hiring disabled veterans or veterans of the Vietnam era; or,

(4) Interfere with or create a violation of the requirements of Government Code section 12990.

SECTION 9. Prevailing Wages.

(a) By signing this Agreement, the Purchaser agrees to comply with the provisions of section 1720 et seq. of the California Labor Code in the award of public works contracts and subcontracts involving the expenditure of funds provided in this Agreement, and to insure that its contractor and subcontractors meet the requirements of those enactments.

(b) The Purchaser shall comply with Labor Code provisions that include but are not limited to the following requirements: The Purchaser shall obtain, from the Director of the Department of Industrial Relations, the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in the locality in which the public work is to be performed for each craft, classification, or type of worker needed to execute the Agreement. The Purchaser shall either specify the general prevailing rates in bid and contract documents or include a statement in those documents that such information is available; take cognizance of any violations of prevailing wage law and notify the Department of Industrial Relations of such violations; require that the contractor and subcontractors keep adequate payroll and other records and withhold funds pending investigation of violations.

(c) The Purchaser shall require its contractor and subcontractors to adhere to prevailing wage requirements, including but not limited to the following requirements: contracts between the contractor and subcontractors must include provisions regarding prevailing wage; the contractor shall monitor subcontractors' payment of prevailing wage by periodically reviewing certified payroll records and diligently taking corrective action if the subcontractors fail to pay prevailing wage; contractor and subcontractors shall maintain certified payroll records and time records. The contractor to whom a contract is awarded, and any subcontractor under him, shall not pay less than the specified prevailing wage; contractor and subcontractors are subject to penalties for violations of prevailing wage provisions.

(d) The Purchaser acknowledges that it has been informed by the CIEDB that the CIEDB may contract with the Department of Industrial Relations to conduct audits of some contracts to assure compliance with prevailing wage requirements. The Purchaser shall require its contractor and subcontractors to cooperate in an audit if requested to do so by the CIEDB and shall inform its contractor and subcontractors that spot audits are planned.

EXHIBIT G

TAX CERTIFICATE

This Tax Certificate is executed and delivered by the City of Newman (the "Purchaser") in connection with the Enterprise Fund Installment Sale Agreement between the Purchaser and the California Infrastructure and Economic Development Bank (the "Seller"), dated as of June 1, 2009 (the "Obligation") in the amount of $3,166,900. The Purchaser certifies, covenants, warrants and represents as follows:

ARTICLE I.

IN GENERAL

1.1 The Purchaser.

The Purchaser is a city duly organized and existing under the laws of the State of California.

1.2 Purpose of Tax Certificate.

The Seller has issued bonds (the "Bonds") that will be used to fund the Obligation. The Purchaser is delivering this Tax Certificate to the Seller with the understanding that the Seller will rely in part upon this Tax Certificate in obtaining an opinion from bond counsel that interest on the Bonds is excluded from gross income for federal income tax purposes under section 103 of the Code (as defined below).

1.3 Purpose of Financing.

The Obligation is being issued to finance the Wastewater Treatment Plant Storage Basin Expansion Project on the Purchaser's property (the "Project"), as described in more detail in the application of the Purchaser received by CIEDB on November 24, 2008 including amendments thereto and in Exhibit D of the Obligation.

1.4 Definitions.

Unless the context otherwise requires, the following capitalized terms have the following meanings:

"*Code*" means the Internal Revenue Code of 1986 (including amendments thereto).

"*Current Revenues*" has the meaning given thereto in Section 2.7 hereof.

"*Governmental Unit*" means any state, or political subdivision of a state, but excludes the United States and its agencies or instrumentalities.

"*Investment Property*" means any security or obligation, any annuity contract, or any other investment-type property, but does not include any Tax-Exempt Bond unless

such obligation is a "specified private activity bond" within the meaning of section 57(a)(5)(C) of the Code.

"*Nongovernmental Person*" means any person or entity other than a Governmental Unit.

"*Payment Account*" has the meaning given thereto in Section 2.7 hereof.

"*Preliminary Expenditures*" means architectural, engineering, surveying, soil and environmental testing and reports, studies (including environmental impact, rate and feasibility studies), CEQA reports, costs of issuing the Obligation, and similar costs incurred prior to commencement of the Project and paid with respect to the Project in an aggregate amount not exceeding twenty percent (20%) of the Obligation. However, Preliminary Expenditures do not include land acquisition, site preparation or similar costs incident to the commencement of construction.

"*Tax-Exempt Bond*" means any obligation the interest on which is excluded from gross income for federal income tax purposes pursuant to section 103 of the Code or section 103 of the Internal Revenue Code of 1954, as amended, and Title XIII of the Tax Reform Act of 1986, as amended, as well as stock in a regulated investment company to the extent at least ninety-five percent (95%) of income to the stockholder is treated as interest that is excludable from gross income under section 103 of the Code.

ARTICLE II.

TAX LIMITATIONS

2.1 Expenditure of Proceeds.

Consistent with the Code and Purchaser's September 24, 2007 resolution stating its official intent to be reimbursed from the proceeds of a borrowing, proceeds of the Obligation shall be used exclusively for the following purposes: (a) Preliminary Expenditures; (b) capital expenditures originally paid by the Purchaser on or after July 26, 2007 and prior to June 1, 2009, (c) capital expenditures or related expenditures originally paid by the Purchaser on or after June 1, 2009, (d) interest on the Obligation through the later of June 1, 2012 or one year after the Project is placed in service, and (e) initial operating expenses directly associated with the Project (in aggregate amount not exceeding five percent (5%) of the amount of the Obligation). In connection with all expenditures described in (b), the reimbursement allocation will be made no later than the later of eighteen (18) months after June 1, 2009, or the date on which the Project is placed in service, but in no event later than three years after the date of expenditure.

2.2 Governmental Bond Status.

The Purchaser will not loan any of the proceeds of the Obligation to one or more Nongovernmental Persons. The Purchaser will not allow more than five percent (5%) of proceeds of the Obligation or more than five percent (5%) of the Project to be used directly or indirectly by any Nongovernmental Person, other than as a member of the general public. In

addition, a Nongovernmental Person will be treated as "using" proceeds of the Obligation to the extent the Nonexempt Person:

(i) Borrows proceeds of the Obligation, or

(ii) Uses the Project (e.g., as owner, lessee, service provider, operator or manager).

2.3 Change in Use.

The Purchaser reasonably expects to use all proceeds of the Obligation and all of the Project as set forth in Section 2.1 for the entire stated term to maturity of the Obligation. Absent written agreement by the Seller, the Purchaser in fact will use all proceeds of the Obligation and all of the Project as set forth in Section 2.1.

2.4 Federal Guarantee.

The Purchaser will not directly or indirectly use or permit the use of any proceeds of the Obligation or take or omit to take any action that would cause the Bonds to be obligations that are "federally guaranteed" within the meaning of section 149(b) of the Code. In furtherance of this covenant, the Purchaser will not allow the payment of principal or interest with respect to the Obligation to be guaranteed (directly or indirectly) in whole or in part by the United States or any agency or instrumentality thereof. The Purchaser will not use five percent (5%) or more of the proceeds of the Obligation to make or finance loans the payment of principal or interest with respect to which is guaranteed in whole or in part by the United States or any agency or instrumentality thereof.

2.5 No Refunding.

Proceeds of the Obligation will not be used directly or indirectly to make principal, interest or premium payments with respect to any tax-exempt obligation.

2.6 No Hedge Bonds.

The Purchaser reasonably expects that more than eighty-five percent (85%) of proceeds of the Obligation will be expended for the purposes of the Obligation within three years.

2.7 Installment Payments.

"Payment Account" means the funds or accounts (or any portions of any funds or accounts) that will hold monies that are expected by the Purchaser to be used to pay debt service on the Obligation. "Current Revenues" means revenues which are both received by the Purchaser and utilized for the payment of debt service on the Obligation within a six month period. All amounts used to fund the Payment Account will be deemed to have been made from the Payment Account by using a last-in, first-out accounting method. Purchaser agrees that the amounts used to pay debt service shall be both received by the Purchaser and utilized for the payment of debt service on the Obligation within a thirty (30) day period. The Payment Account

will be used primarily to achieve a proper matching of revenues and debt service within each year; a matching of revenues means that revenue and debt service come in and go out at approximately the same level and the Payment Account is cleared out to a very low balance at least one time during the year. Current Revenues in the Payment Account may be invested without regard to yield so long as Purchaser complies with this section.

2.8 No Other Replacement Proceeds.

The Purchaser will not use any proceeds of the Obligation to replace funds of the Purchaser which are or will be used to acquire Investment Property reasonably expected to produce a yield that is materially higher than the yield on the Obligation.

2.9 No Expected Sale.

It is not expected that the Project or any part thereof will be sold or otherwise disposed of so long as the Obligation is outstanding.

2.10 Tax Covenant.

The Purchaser will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest on the Bonds pursuant to section 103 of the Code and specifically (i) the Purchaser will not directly or indirectly use or make any use of the proceeds of the Bonds or any other funds of the Purchaser or take or omit to take any action that would cause the Bonds or to be "arbitrage bonds" subject to federal income taxation by reason of section 148 of the Code or obligations subject to federal income taxation because they are "federally guaranteed" as provided in section 149(b) of the Code, as applicable; and (ii) to that end the Purchaser, with respect to the proceeds of the Bonds will comply with all requirements of such sections of the Code to the extent that such requirements are, at the time, applicable and in effect; provided, that if the Purchaser shall obtain an Opinion of Counsel nationally recognized in the area of the exemption of interest from gross income under of the Code to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of the interest evidenced and represented by the Bonds pursuant to section 103 of the Code, as applicable, the Purchaser may rely conclusively on such opinion in complying with the provisions hereof.

2.11 Private Use.

No more than five percent (5%) of the Project (determined both on the basis of space and cost) shall be used for private use. Private use includes use in the trade or business of any nongovernmental persons, but does not include the portion of the proceeds properly allocable to facilities expected to be used by an organization described in section 501(c)(3) of the Code in a manner that does not constitute an unrelated trade or business of such organization, as defined in section 513(a) of the Code. For purposes of this section, the federal government is considered a nongovernmental person.

(a) For purposes of this section, private use shall include any contract for the management or operation of any portion of the Project unless each of the following conditions is met: (i) the term of such contract (including renewal options) does not exceed five years; (ii) the manager or operator under such contract is not compensated on the basis of a share of net profits; (iii) the compensation of the manager or operator is reasonable; (iv) the Purchaser must be able to cancel such contract without penalty or cause at the end of the third year of the contract; and (v) neither the Purchaser nor the manager or operator may control more than twenty percent (20%) of the voting power of the other's governing board; and

(b) The service provider's compensation for management or operation services rendered must be pursuant to one of the following four methods: (i) at least fifty percent (50%) of annual compensation is based on a periodic fixed fee; (ii) the compensation is based on a capitation fee or a combination of a capitation fee and a periodic fixed fee; (iii) in the case of certain contracts with a term not longer than three years, the compensation is based on a per-unit fee or a combination of a per-unit fee and periodic fixed fee and the contract is cancelable after two years; and (iv) in the case of certain contracts with a term not longer than two years, the compensation is based on a percentage of fees charged and the contract is cancelable after one year.

(c) The term "renewal option" as used in this Section, means a provision under which the service provider has a legally enforceable right to renew the contract. Thus, for example, a provision under which a contract is automatically renewed for one year periods absent cancellation by either party is not a renewal option (even if it is expected to be renewed).

ARTICLE III.

OTHER MATTERS

3.1 Expectations.

The undersigned is an authorized representative of the Purchaser acting for and on behalf of the Purchaser in executing this Tax Certificate. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change the expectations as set forth herein, and said expectations are reasonable.

3.2 Amendments.

Notwithstanding any other provision of this Tax Certificate, the Purchaser may amend this Tax Certificate and thereby alter any actions allowed or required by this Tax Certificate if such amendment is signed by an authorized officer and is supported by formal written agreement by the CIEDB.

3.3 Survival of Defeasance.

Notwithstanding any provision in this Tax Certificate to the contrary, the obligation to comply with all requirements contained in this Tax Certificate shall survive defeasance or prepayment of the Obligation.

Dated: June 1, 2009

CITY OF NEWMAN

By _____
Michael Holland, City Manager

EXHIBIT H

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June 1, 2009

California Infrastructure and Economic Development Bank
Attn: Credit Support Manager, CIEDB B08-091
P.O. Box 2830
Sacramento, CA 95812-2830

RE: Enterprise Fund Installment Sale Agreement, By and Between City of Newman, as Purchaser and the California Infrastructure and Economic Development Bank, as Seller, Dated as of May 1, 2009, CIEDB Agreement No. B08-091

Ladies and Gentlemen:

In my capacity as counsel to the City of Newman (the "Public Agency") and in connection with the above described Enterprise Fund Installment Sale Agreement (the "Agreement"), I have examined the laws pertaining to the Public Agency; the original of the Agreement, signed by the Public Agency; the Public Agency's resolution adopted , 2009 (the "Resolution"); the First Amended and Restated Lease Agreement dated as of August 1, 1999 by and between the Newman Public Financing Authority and the City of Newman (1999 COP Lease) and the Trust Agreement dated as of August 1, 1999 by and among State Street Bank and Trust Company of California, N.A., Newman Public Financing Authority, and the City of Newman (1999 COP Trust), both relating to the $3,455,000 1999 Refunding Certificates of Participation (Wastewater Treatment Facilities); and such other information and documents as I considered necessary to render this opinion.

Based upon the foregoing, it is my opinion that:

(i) The Public Agency is a body public and corporate, and a public instrumentality of the State of California duly organized and validly existing pursuant to the laws of the State of California;

(ii) The Resolution and other actions of the Public Agency approving and authorizing the execution and delivery of the Agreement were duly adopted at a meeting of the governing body of the Public Agency which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

EXHIBIT H

(iii) The Public Agency has full right and lawful authority to execute and deliver the Agreement and the Agreement has been duly authorized and executed on behalf of the Public Agency and the Agreement is the legal, valid and binding obligation of the Public Agency enforceable in accordance with its respective terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium, or similar laws, or by legal or equitable principles relating to or limiting creditors' rights generally;

(iv) To the best of my knowledge, after due inquiry, the execution and delivery of the Agreement and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Public Agency a breach of or default under any agreement or other instrument to which the Public Agency is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the Public Agency is subject;

(v) To the best of my knowledge, after due inquiry, the Public Agency has not been declared in default of any agreement or obligation secured by revenues of the Public Agency's wastewater system; and

(vi) To the best of my knowledge, after due inquiry, there is no action, suit, proceeding, inquiry or investigation before or by any court or public body pending or threatened against or affecting the Public Agency: 1) challenging or questioning the transactions contemplated by the Agreement or any other agreement, document or certificate related to such transactions; 2) challenging or questioning the creation, organization, existence or powers of the Public Agency; 3) seeking to enjoin or restrain the execution of the Agreement or the building of the Project defined in the Agreement or the collection of any of the revenues pledged under the Agreement; 4) in any way questioning or affecting any of the rights, powers, duties or obligations of the Public Agency with respect to the revenues pledged under the Agreement; 5) in any way questioning or affecting any authority for the execution of the Agreement or validity or enforceability of the Agreement; or 6) in any way questioning or affecting any other agreement or instrument concerning the Agreement to which the Public Agency is a party.

I do not render any opinion as to any federal or state securities or tax law. I am furnishing this letter solely for your benefit. This letter is not to be used, circulated, quoted or otherwise referred to for any other purpose.

The opinions expressed herein may be affected by actions taken or events occurring after the date hereof. The undersigned has not undertaken to determine or to inform any person whether any such subsequent actions or events are taken or occur.

Sincerely,

Tom P. Hallinan
Newman City Attorney

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