

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBank)

STAFF REPORT

INFRASTRUCTURE STATE REVOLVING FUND PROGRAM (ISRF) DIRECT FINANCING

EXECUTIVE SUMMARY

Applicant: City of Redlands (City)	ISRF Project Type: Infrastructure Project	ISRF Project Category: City Streets		
Financing Amount: \$3,030,300	Financing Term: 20 Years	Interest Rate¹: 3.24%		
Source of Repayment: Solid Waste Enterprise Fund (Fund)		Fund Rating/Date: S&P AA-/October 9, 2013		
Security: The ISRF Program financing (Financing) would be payable from the Fund and secured by a senior lien on Fund net revenues (Net Revenues). The senior lien would be on parity with the Redlands Financing Authority Solid Waste Revenue Bonds, Series 2013A (2013A Bonds) and the 2014 IBank Loan, CIEDB No.14-105.				
Project Name: A Second Portion of the City of Redlands Streets Project (Project)		Project Location: Various locations within the City's boundaries		
Project Description / Sources and Uses of Proceeds: The Project includes approximately 27 lane miles of the Pavement Accelerated Repair Implementation Strategy (PARIS). The work would include resurfacing, upgrading, reconstructing, and rehabilitating of public streets located in major economic areas identified within the City. IBank provided the City with a \$3,050,000 loan for the first tranche of funding of the Streets Project within PARIS on May 20, 2014, adopted by Resolution Number 14-04.				
Use of Financing Proceeds: The proposed Financing would fund project construction and IBank's origination fee.				
	Project Uses		Project Sources	
		IBank	City of Redlands	Total
Construction and Contingency	\$3,000,000			\$3,000,000
Origination Fee	\$30,300			\$30,300
Total	\$3,030,300	\$0		\$3,030,300
Note: Contingency costs of 25% (required by code) have been included within the Construction and Contingency amount of \$3,000,000.				

¹ As of February 18, 2016

Credit Considerations:

Cash flow and debt service analysis for the Financing is as follows:

HISTORICAL CASH FLOW					
For Fiscal Year Ending (FYE) June 30	2011	2012	2013	2014	2015
Net Operating Income	\$1,264,244	\$1,469,713	\$1,278,891	\$1,308,605	\$1,385,397
+ Depreciation	1,013,209	851,366	1,103,798	509,136	1,159,761
- Impact Fees	25,204	220,140	152,090	321,411	
- Other		4,349			
- Non-Recurring / Miscellaneous	19,165		662,608	2,978	6
+ Interest Revenue	216,481	242,939	16,987	414,028	373,562
Cash Available for Debt Service	2,449,565	2,339,529	1,584,978	1,907,380	2,918,714
Debt Service Calculation					
Total Existing Debt Service MADS	1,952,640	1,952,640	1,952,640	1,952,640	1,952,640
Proposed Financing	215,129	215,129	215,129	215,129	215,129
Total Obligations	\$2,167,769	\$2,167,769	\$2,167,769	\$2,167,769	\$2,167,769
Debt Service Coverage Ratio (Existing & Proposed Debt)	1.13	1.08	0.73	0.88	1.35

⁽¹⁾ Calculated as \$3,030,300 at the 3.24% for 20 years.

Analysis of historical cash flow over the last five years demonstrates the Fund has the capacity to service the proposed Financing in three of the five years with a coverage of 1.08 or greater, and the most recent fiscal year ended June 30, 2015 at a coverage of 1.35.

Three year Projections were provided by the City and have a minimum debt coverage ratio of 1.30. Staff also received and analyzed projections from the City. See Credit Analysis section of this Staff Report for further analysis.

Support for Staff Recommendations:

1. Cash flow analysis demonstrates the City’s ability to service existing debt and the proposed Financing.
2. The City has successfully increased rates to maintain its debt service ability.
3. The estimated useful life of the Project is 30 years, which exceeds the term of the Financing.

Special Conditions:

1. City to provide representation that City’s rate structure complies with the requirements of Proposition 218 (Prop 218) and applicable statutes and case law.
2. City to covenant that future rate changes would be Prop 218 compliant.
3. City to covenant to notify IBank immediately upon the filing of any legal challenge to its rates or charges under the Prop 218 process.

IBank Staff:

Lina Benedict / Tom Dear

Date of Staff Report:

April 15, 2016

Date of IBank Board Meeting:

May 24, 2016

Resolution Number:

16-14

Staff Recommendation:

Staff recommends approval of Resolution No.16-14 authorizing Financing to the City of Redlands for A Second Portion of the City of Redlands Streets Project.

PROJECT DESCRIPTION

The City of Redlands (City) requests Financing to fund A Second Portion of the City of Redlands Streets Project (Project) that includes approximately 27 lane miles of the Pavement Accelerated Repair Implementation Strategy (PARIS). IBank provided the City with a \$3,050,000 loan for the first tranche of funding of the Streets Project within PARIS on May 20, 2014, adopted by Resolution Number 14-04. This second portion would include resurfacing, upgrading, reconstructing, and rehabilitating of public streets located in major economic areas identified within the City.

The Project addresses major repairs needed for streets considered in poor condition. Major repairs typically involve grinding down or removing old pavement and pouring a thick layer of asphalt concrete. Some street segments requiring sealing of cracks, slurry sealing, and minor asphalt overlay would also be addressed. PARIS also may include curb and gutter work, and American Disabilities Act (ADA) ramps as necessary. However, curb and gutter work and ADA ramps would not be funded by IBank. The Project may include other work necessary or desirable in connection with an infrastructure project of this type consistent with the applicable requirements of the IBank Act and the Criteria, Priorities and Guidelines for the ISRF Program (ISRF Criteria). IBank loan proceeds would not be used for routine paving or maintenance of City Streets. The streets are identified in Exhibits 1 and 2.

Project Background

PARIS is a \$45,000,000 initiative to upgrade, reconstruct, and rehabilitate approximately two thirds of all the City's streets.

In fiscal year (FY) 2012, the City decided to proceed with the PARIS program based on the following:

- The City's Municipal Utilities and Engineering Department (MUED) completed the City's Pavement Management Program (PMP) report that assessed the City's streets and guidelines for needed street work. A database was created listing the street conditions, treatment options, cost estimates, and schedule of work. As a result, the City planned to improve 440 lane miles within a five year accelerated timeline.
- TKE Engineering, Inc. provided the Pavement Deterioration Analysis Report to the City, which concluded solid waste vehicles were a major contributor to residential street deterioration and cost approximately \$3.6 million a year.
- R3 Consulting Group, Inc. determined the necessary Road Impact Fee to cover the cost of PARIS. As a result, the City approved Ordinance No. 2787 which proposed rate increases of 11.01%, 11.49%, and 11.59% effective in FY 2013, 2014, and 2015, respectively.

The sources of funding for PARIS include:

1. Road Impact Fees
2. Measure 1 Sales tax
3. Redlands Financing Authority's Solid Waste Revenue Bonds, Series 2013A
4. 2014 IBank Loan for A Portion of the Streets Project (First)
5. The proposed Financing of \$3,030,000 for A Second Portion of the Streets Project.

The Financing would be payable from the Solid Waste Enterprise Fund and secured by a senior lien on Fund net revenues (Net Revenues). The senior lien would be on parity with the Redlands Financing Authority Solid Waste Revenue Bonds, Series 2013A (2013A Bonds) and the 2014 IBank Loan, CIEDB No.14-105.

Public Benefits

The Redlands Economic Development Strategy dated September 10, 2008, identified the need to invest in the City's decaying infrastructure as key to achieving its economic development strategy. The streets targeted for IBank funding include areas of the City where a majority of development is retail and commercial.

The City believes the Project benefits the public in the following ways:

- Reduce wear and tear on vehicles.
- Attract new business due to enhanced curb appeal and ease of access.
- Retain existing businesses by enhancing curb appeal.
- Attract new residents to the area resulting in increased tax revenues.

Economic Development Benefits

A total of 655 full time jobs were created as a result of PARIS.

GENERAL CITY INFORMATION

The City is located in the southwestern portion of the County of San Bernardino (County), California, approximately 63 miles east of Los Angeles. The City covers an area of 36 square miles (Exhibit # 3). The City was incorporated in 1888 as a General Law city and operates under a Mayor and City-Council (Council) form of government. All five members of the Council are elected at-large.

The City's population as of 2014 was 70,622. The City's economy is based largely in the service and trade sectors, and light manufacturing. The City is home to a mix of businesses including the Environmental Systems Research Institute, La-Z-Boy's western headquarters, and the University of Redlands.

The County, together with the adjacent County of Riverside, comprises what is known as the Inland Empire. The Inland Empire is one of the fastest growing regions in the United States, a trend that is expected to continue through the next decade.

SYSTEM DESCRIPTION

System Description

The City owns and operates the City's Solid Waste Department (System), which consists of all services and properties, structures, and equipment required for the conveyance and treatment of solid waste.

The services provided by the System include the following:

- Refuse recycling.
- Green waste collection for residential units.
- Commercial bin and recycling services to businesses.
- Roll-off bin service.

- Clean-up of illegal dumping.
- Educational activities with schools for residents and businesses.
- Clean-up of illegal dumping.

Redlands is divided into 23 sanitation collection districts. The System’s sanitation fleet consists of 28 vehicles, servicing residential and commercial customers six days a week. The System also consists of nine pieces of heavy duty, off road equipment, thirty three solid waste trucks, two dozers, two scrapers, one compactor, one water truck, one grader, one fuel truck, one loader, and a transfer station. The California Street Landfill is also included in the System.

System Capital Improvement Plan

The City’s 2016 Budget allocates \$358,041 for the replacement of collection vehicles and \$385,000 for the purchase of heavy equipment for the landfill. An additional \$150,000 is allocated for the removal of landfill grindings. A recycling grant was used to implement a recycling program. The landfill division replaced its old trailer with a new one offering a place for employees to rest between assignments. The Solid Waste Division replaced two scooter trucks.

PARIS is included in the City’s capital improvement plan. After another 200 lane miles are paved in 2017, more than 95% of PARIS would be completed. The System continues to support PARIS contributing \$3.6 million in FY 2015-2016.

The following table reflects that the Number of Users by Category in the System has remained relatively consistent, over the past five years. The table further reflects a high proportion of Residential Users, providing strong diversity in the user base.

NUMBER OF USERS BY CATEGORY					
For Fiscal Year Ending (FYE) June 30	2011	2012	2013	2014	2015
Residential	18,759	17,082	16,903	17,850	17,364
Commercial	1,183	1,153	1,176	1,664	1,274
Total	19,942	18,235	18,079	19,514	18,638
% change	N/A	-8.6%	-0.9%	7.0%	-4.5%

Source: Financing Application Addendum

The table below displays the Current System Usage and Revenues as of June 30, 2015. Residential Users represent 41% of Annual Usage and bring in 53% of the Annual Revenues. In contrast Commercial Users represent higher Annual Usage of 59%, but bring in lower Annual Revenues of 47% because they are a smaller group with a lower billing rate.

CURRENT SYSTEM USAGE & REVENUE				
	Annual Usage (CCF) ⁽¹⁾	% Annual Usage	Gross Annual Revenue	% Gross Annual Revenue
Residential	19,927	41%	6,087,766	53%
Commercial	28,322	59%	5,331,789	47%
Total	48,249	100%	11,419,555	100%

Source: Financing Application

⁽¹⁾ Hundred cubic feet

The following table shows the System’s Historical Rate Increases adopted over the past five years.

The most recent rate increase of 11.59% was effective January 1, 2015. The City planned the rate increases to fund PARIS. The City believes its rate and charges, including the increases adopted, comply with the requirements of Prop 218, the statutes implementing it, and cases interpreting it. No further rate increases are scheduled through FY 2019.

HISTORICAL RATE INCREASES		
Date Adopted	Date Effective	Percent Increase
7/1/2010	7/1/2010	10.00%
7/1/2010	1/1/2011	10.00%
11/20/2012	2/1/2013	11.01%
11/20/2012	1/1/2014	11.49%
11/20/2012	1/1/2015	11.59%

Source: Application Addendum

The following table illustrates the Projected Historical and Current Average Monthly User Charge Per Residential unit through FYE 2015.

HISTORICAL AND CURRENT AVERAGE MONTHLY USER CHARGE PER RESIDENTIAL UNIT				
For Fiscal Year Ending (FYE) June 30	2012	2013	2014	2015
Residential	\$19.73	\$21.91	\$24.42	\$27.25
% change		11.05%	11.46%	11.59%

Source: Financing Application Addendum

The table below presents the City's Current Average Monthly System User Charges Compared to Nearby Systems. Due to rate increases enacted to pay for PARIS, the City has a 13.8% higher monthly residential user rate than the average of the nearby communities.

CURRENT AVERAGE MONTHLY SYSTEM USER CHARGE COMPARED TO NEARBY SYSTEMS			
System Name	Distance in Miles	Location	Average Monthly Residential Rate
City of Redlands	N/A	San Bernardino County	\$28.58
City of Pomona	35.3	Pomona County	\$26.37
City of Rialto	14.1	San Bernardino County	\$24.61
City of Fontana	16.9	San Bernardino County	\$24.14
City of Rancho Cucamonga	26.9	San Bernardino County	\$21.88
Average Monthly Rate of Nearby Systems			\$25.12

Source: Financing Application Addendum

The following table displays the Top 10 System Users and shows the Top Ten Users represent 17.63% of total System revenues with the highest single rate payer at 2.72% of System revenues. These percentages comply with IBank underwriting requirement that the top ten ratepayers not exceed 50%, and that no single ratepayer exceed 15% of System revenues.

TOP TEN USERS				
	User	% System Use	System Revenues	Customer Class
1	University of Redlands	2.72%	\$351,145	Commercial
2	Mountain View Apartments	2.18%	\$281,014	Commercial
3	Redlands Community Hospital	2.13%	\$273,914	Commercial
4	ESRI	2.06%	\$265,218	Commercial
5	Brookside PK-1	1.64%	\$211,691	Residential
6	Salton Toastmaster	1.41%	\$181,378	Commercial
7	FAOF Orange Village	1.40%	\$180,871	Residential
8	Mars Pet Care	1.39%	\$179,477	Commercial
9	Home Depot	1.38%	\$178,056	Commercial
10	Parkview Terrace	1.32%	\$169,658	Residential
	Total	17.63%	\$2,272,421	

Source: Financing Application Addendum

CREDIT ANALYSIS

The following table summarizes the source of repayment for the proposed Financing, the current outstanding obligations of the repayment source, and the documents reviewed and analyzed for the recommendation.

Source of Revenue to Repay Financing:	Solid Waste Enterprise Fund
Outstanding Obligations:	\$11,240,000 Redlands Financing Authority Solid Waste Revenue Bonds \$2,936,607 IBank Streets Project 2014 Loan
Type of Audited Financial Documents Reviewed:	<input checked="" type="checkbox"/> Comprehensive Annual Financial Reports (CAFR) <input type="checkbox"/> Basic Financial Statements (F/S) <input type="checkbox"/> Other:
Fiscal Year Ends:	June 30
Audit Fiscal Years Reviewed:	2011-2015
The auditor's reports for all years indicate that the financial statements present fairly, in all material respects, the financial position of the District, and that the results of its operations and the cash flows are in conformity with generally accepted accounting principles.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No. [If no, explain]
Adopted Budget(s) Reviewed:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No. [If no, explain]
Budget Year(s) Reviewed:	2015-2016

Source of Financing and Security

The Financing would be secured by and payable from the City's Solid Waste Enterprise Fund and secured by a senior lien on Fund Net Revenues. The senior lien would be on parity with the 2013A Bonds and the 2014 IBank Loan, No.14-105.

The Solid Waste Enterprise Fund is called the Disposal Fund in the City's CAFR. The funds are one and the same and, for purposes of this report, are referred to as the Solid Waste Enterprise Fund or Fund.

Comparative Statement of Net Position Analysis

The Comparative Statement of Net Position for the Fund over the last five fiscal years is as follows:

SOLID WASTE ENTERPRISE FUND (DISPOSAL FUND)												
COMPARATIVE STATEMENT OF NET POSITION												
	For Fiscal Year Ending (FYE) June 30		2011		2012		2013		2014		2015	
	Source:	CAFR	%	CAFR	%	CAFR	%	CAFR	%	CAFR	%	
Current Assets												
Cash & Investments		\$19,314,383		\$21,510,633	67.7%	\$17,554,053	60.0%	\$14,735,118	33.7%	\$15,846,277	50.7%	
Accounts Receivable		1,544,222	5.2%	1,497,636	4.7%	1,650,870	5.8%	1,627,413	3.7%	1,905,319	6.1%	
Prepaid Costs						35,271		31,350				
Due from Other Governments		19,060	0.1%			3,082	0.0%	21,351	0.0%			
Total Current Assets		20,877,665	70.9%	23,008,269	72.5%	19,243,276	65.7%	16,415,232	37.5%	17,751,596	56.8%	
Noncurrent Assets												
Capital Assets Net of Accumulated Depreciation		7,183,563	24.4%	7,479,871	23.8%	8,879,650	30.3%	10,001,547	22.9%	9,607,771	30.7%	
Advances to Other Funds		1,386,104	4.7%	1,266,302	4.0%	1,145,019	3.9%	1,022,796	2.3%	960,930	3.1%	
Cash and Investment with Fiscal Agent								16,302,667	37.3%	2,929,395	9.4%	
Total Other Non Current Assets		8,569,667	29.1%	8,746,173	27.5%	10,024,669	34.3%	27,327,010	62.5%	13,498,096	43.2%	
Total Assets		29,447,332	100.0%	31,754,442	100.0%	29,267,945	100.0%	43,742,242	100.0%	31,249,692	100.0%	
DEFERRED OUTFLOWS OF RESOURCES												
Deferred Pension Related Items										357,514	1.1%	
Total Assets and Deferred Outflows of Resources										31,607,206	101.1%	
Current Liabilities												
Accounts Payable		106,579	0.4%	668,879	2.1%	166,652	0.6%	379,736	0.9%	1,068,696	3.4%	
Accrued Payroll		130,141	0.4%	155,848	0.5%	187,774	0.6%	206,738	0.5%	195,385	0.6%	
Interest Payable								201,867	0.5%	190,717	0.6%	
Unearned Revenues						1,738	0.0%	66,008	0.2%	66,008	0.2%	
Deposits Payable		6,164	0.0%	6,164	0.0%							
Landfill Closure Liability- Current		12,183	0.0%	420,658	1.3%	273,461	0.9%	285,066	0.7%	859,447	2.8%	
Accrued Compensated Absences		155,462	0.5%	128,787	0.4%	177,383	0.6%	228,881	0.5%	136,313	0.4%	
Bonds, Notes and Capital Leases		59,385	0.2%	61,958	0.2%	114,424	0.4%	1,115,000	2.6%	1,145,000	3.7%	
Total Current Liabilities		469,914	1.6%	1,442,294	4.5%	921,432	3.1%	2,483,296	5.7%	3,661,566	11.7%	
Noncurrent Liabilities												
Compensated Absences		155,462	0.5%									
Accrued Compensated Absences				128,787	0.4%	49,145	0.2%	43,386	0.1%	57,078	0.2%	
Bonds, Notes and Capital Leases		176,383	0.6%	114,425	0.4%			14,017,303	32.0%	12,689,309	40.6%	
Net OPEB Obligation		879,856	3.0%	1,186,259	3.7%	1,759,591	6.0%	2,329,886	5.3%	2,947,277	9.4%	
Net Pension Liability										3,449,100	11.0%	
Landfill Closure Liability		5,881,938	20.0%	5,867,746	18.5%	6,277,446	21.4%	6,539,477	15.0%	6,737,192	21.6%	
Total Long Term Liabilities		7,093,639	24.1%	7,297,217	23.0%	8,086,182	27.6%	22,930,052	52.4%	25,879,956	82.8%	
Total Liabilities		7,563,553	25.7%	8,739,511	27.5%	9,007,614	30.8%	25,413,348	58.1%	29,541,522	94.5%	
Deferred Pension Related Items										992,196	3.2%	
Total Deferred Inflows of Resources										992,196	3.2%	
Net Position:												
Net Investment in Capital Assets		6,947,795	23.6%	7,303,488	23.0%	8,765,226	29.9%	10,061,599	23.0%	9,607,771	30.7%	
Restricted for Capital Projects										968,497	3.1%	
Unrestricted		14,935,984	50.7%	15,711,443	49.5%	11,495,105	39.3%	8,267,295	18.9%	(9,502,780)	-30.4%	
Total Net Assets		21,883,779	74.3%	23,014,931	72.5%	20,260,331	69.2%	18,328,894	41.9%	1,073,488	3.4%	
Total Liabilities and Fund Balance		29,447,332	100.0%	31,754,442	100.0%	29,267,945	100.0%	43,742,242	100.0%	31,607,206	100.0%	

In Current Assets, FY 2012 had the highest Cash & Investments at \$21,510,633 and FY 2014 had the lowest at \$14,735,118 as funds were expended on PARIS. Accounts Receivables increased from FY 2011 to FY 2015 as the rate increases were implemented, billed and collected. The City states the fluctuations in these two categories reflect the collection of user charges and the expenditure of funds for PARIS.

In Noncurrent Assets, a 33.7% increase in Capital Assets Net of Accumulated Depreciation occurred in the five years reviewed. This was due to a cash investment for improvements to the City's solid waste landfill and reflects declining Cash & Investments in the years examined. Cash and Investment with Fiscal Agent is a new category added in FY 2014 with a balance of \$16,302,667. This balance represents proceeds from the sale of the 2013A Bonds in the amount of \$13,500,000 (plus a premium) not recorded until FY 2014 CAFR. The 2013A Bond funds were subsequently transferred to the City's Local Transportation Fund, and in FY 2015 this new category reflects solely the IBank Streets Project financing. A new line in FY 2015 a new line item was added under Deferred Outflows of Resources titled Deferred Pension Related Items has a balance of \$357,514.

In Current Liabilities, the Accounts Payable increase of \$688,954 in FY 2015 is related to the purchase of additional solid waste vehicles. A new category titled Interest Payables reports accrued interest payable related to the Fund's debt. Total Current Liabilities grew by \$3,191,652 over the five years reviewed due to the Bonds Notes and Capital Leases category increase related to the 2013A Bonds funding and the IBank 2014 Streets Projects financing.

Within Noncurrent Liabilities a similar increase is noted in the Bonds, Notes and Capital Leases in FYs 2014 and 2015. Again, this is tied directly to the issuance of the 2013A Bonds. Net OPEB Obligation (Other Post-Employment Benefits) increased by \$2,067,421 over the last five years. This resulted from a correction by the actuary in FY 2014 to appropriately capture the estimated cost of providing lifetime medical benefits to employees retiring from the City with 15 or 20 years of service. The new line item Net Pension Liability shows a balance of \$3,449,100 in FY 2015 and is the result of implementation of GASB 67. This is the pension liability identified by CalPERS in FY 2014 and improves financial reporting of pension plans.

The City has an outstanding liability in 2015 of \$6,737,192 for Landfill Closure Liability on the Statement of Net Position. The City has established a side-fund called the California Street Landfill Closure Fund that is an enterprise fund in order to receive fees from customer landfill use. As of June 30 2015, the \$6,349,924 is held for landfill closure costs. The City expects to close the landfill in year 2042.

In FY 2015 Total Net Assets were \$1,073,488, representing a significant reduction from the prior year. This reduction is also observed in the Unrestricted Funds which dropped from \$8,267,295 in FY 2014 down to <\$9,502,780> in FY 2015. This \$17,770,075 difference is due to several one-time expenses as follows:

- A reduction of the asset, Cash with Fiscal Agent of \$13.4 million as a result of the use of the bond proceeds that were spent for PARIS.
- An increase in the Accounts Payable of approximately \$700,000 and the Landfill Closure liability of \$600,000.
- An increase in the Net OPEB Obligation of approximately \$600,000.

- A Net Pension Liability of \$3,449,100, required as a result of GASB 68.

In summary, Total Liabilities and Fund Balances have grown 7.3% from \$29,447,332 in FY 2011 to \$31,607,206 in FY 2015 primarily due to liabilities and collections associated with PARIS.

ACCOUNTS RECEIVABLE AGING						
	Current	Over 30	Over 60	Over 90	Over 120	Total
	\$108,442	\$ 921	\$ 735,238	\$ 470	\$ 17,834	\$ 862,904
Percent	12.6%	0.1%	85.2%	0.1%	2.1%	100.0%

Source: Financing Application Addendum; as of February 11, 2016.

The table above displays the Accounts Receivable Aging as of February 11, 2016. The City invoices users every 60 days. Therefore, the “Current”, “Over 30”, and “Over 60” day categories combined show that 97.9% of Total Accounts Receivables payments are received on-time.

Comparative Statement of Revenues, Expenses, and Changes in Net Position

Analysis of the Fund's Comparative Statement of Revenues, Expenses, and Changes in Net Position for the last five years is as follows:

SOLID WASTE ENTERPRISE FUND (DISPOSAL FUND)										
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION										
For Fiscal Year Ending (FYE) June 30	2011		2012		2013		2014		2015	
Source:	CAFR	%	CAFR	%	CAFR	%	CAFR	%	CAFR	%
% Change		1%		6%		9%		11%		
Charges for services	\$9,998,385	99.6%	\$10,071,032	97.8%	\$10,669,471	92.9%	\$11,623,769	97.3%	\$12,887,067	100.0%
Impact Fees	\$25,204	0.3%	\$220,140	2.1%	\$152,090	1.3%	\$321,411	2.7%		
Other			\$4,349	0.0%						
Miscellaneous	\$19,165				\$662,608		\$2,978		\$6	
Total Operating Revenues	\$10,042,754	100.0%	\$10,295,521	100.0%	\$11,484,169	100.0%	\$11,948,158	100.0%	\$12,887,073	100.0%
Operating Expenses										
Personnel Services	\$3,055,880	30.4%	\$2,847,013	27.7%	\$3,392,073	29.5%	\$3,665,278	30.7%	\$3,674,881	28.5%
Repairs and Maintenance	\$2,820,776	28.1%	\$2,932,758	28.5%	\$2,944,374	25.6%	\$2,686,035	22.5%	\$3,165,470	24.6%
Administrative and General	\$1,888,645	18.8%	\$2,194,671	21.3%	\$2,765,033	24.1%	\$3,779,104	31.6%	\$3,501,564	27.2%
Depreciation	\$1,013,209	10.1%	\$851,366	8.3%	\$1,103,798	9.6%	\$509,136	4.3%	\$1,159,761	9.0%
Total Operating Expenses	\$8,778,510	87.4%	\$8,825,808	85.7%	\$10,205,278	88.9%	\$10,639,553	89.0%	\$11,501,676	89.2%
Operating Income (Loss)	\$1,264,244	12.6%	\$1,469,713	14.3%	\$1,278,891	11.1%	\$1,308,605	11.0%	\$1,385,397	10.8%
Nonoperating Revenues (Expenses)										
Intergovernmental	\$194,060						\$180,000		\$180,000	
Interest Revenue	\$216,481		\$242,939		\$16,987		\$414,028		\$373,562	
Interest Expense	(\$11,258)		(\$8,792)		(\$6,217)		(\$532,055)		(\$577,722)	
Miscellaneous Income (expense)	\$10,800		\$6,800							
Grants			\$37,681				\$340			
Gain (loss) on disposal of capital assets	\$13,500		\$6,582				\$18,083		\$2,207	
Net Non-operating Revenues (Expenses)	\$423,583		\$285,210		\$10,770		\$80,396		(\$21,953)	
Income (Loss Before Grants & Transfers)	\$1,687,827		\$1,754,923		\$1,289,661		\$1,389,001		\$1,363,444	
Transfers in (Note 4)					\$776,857					
Transfers out (Note 4)	(\$229,613)		(\$652,710)		(\$4,621,121)		(\$3,320,438)		(\$15,649,077)	
Contributions									\$1,211,023	
Increase (decrease) in net position	\$1,458,214		\$1,102,213		(\$2,554,603)		(\$1,931,437)		(\$13,074,610)	
Beginning Net Assets	20,126,901		21,883,779		23,014,931		20,260,331		18,328,894	
Prior Period Adjustment/ Restatements (=/-)	298,664		28,939		(199,997)				(4,180,796)	
Ending Net Assets	\$21,883,779		\$23,014,931		\$20,260,331		\$18,328,894		\$1,073,488	

The City's sources of revenues include Charges for Services, Impact Fees and Miscellaneous and Other revenue. The Charges for Services is the Fund's primary source of revenue and has increased 28.9% over the last five years primarily due to approved rate increases set in place in anticipation of PARIS. In addition, Impact Fees increased from \$25,204 to \$321,411 in 2014 due to improved economic activity, and were re-categorized as Contributions in FY 2015. The Fund also reports \$662,608 in Miscellaneous Revenues in FY 2013. This was a onetime payment from Southern California Edison for disposal of their filter cake at the Landfill (a filter cake is a by-product of wastewater filtration).

Total Operating Expenses grew 31% over the five years examined due to an increase in Administrative and General Expenses and also Personnel Services. The increases are due to the elimination of staff furloughs and hiring of additional staff by the City.

Intergovernmental Revenues in FYs 2011, 2014, and 2015 reflect reimbursements from the federal government tied to specific project activity not completed and rolled over into the next FY. This inconsistent revenue is excluded from IBank's cashflow analysis.

The City transfers monies out of the Fund to the General Fund to pay for some operating costs. A majority of Transfers-out category went to the Local Transportation Fund for PARIS. The Transfers-in of \$776,857 in FY 2013 represents the sale of a citrus orchard.

Increase (Decrease) in Net Position was negative beginning in FY 2013 and reduced further to <\$13,074,610> in FY 2015 due to PARIS related activities. The largest transfer out occurred in FY 2015 when \$15,649,077 was moved to the Local Transportation Fund.

A new line item in FY 2015 reclassifies Impact Fees as Contributions. This new category will be used by the City to transfer funds to the Local Transportation Fund for the use of PARIS. Prior Period Adjustments and Restatements include Capital Assets not previously recorded, and also adjusts prior period Depreciation. In FY 2015, there was a GASB 68 adjustment of <\$4,180,796> to record the Net Pension Liability.

In summary, a significant reduction in the net position of the Fund to \$1,073,488 for FY 2015 is primarily due to the transfer of \$15,649,077 to the Local Transportation Fund for PARIS.

Pension Plan

The City contributes to the California Public Employee's Retirement System (CalPERS). The City is required to contribute at rate The City's contributions to the plan for the year ending June 30, 2014, were \$6,401,503, and covered the annual required contributions.

Per the Pension Reform Act of 2013, CalPERS required the City to increase its net pension liability by \$12.6 million and the liability is found within the Governmental Wide Financial Statement under Business-Type Activities. The Solid Waste Fund share of this liability is \$4,180,796 and is reflected in the 2015 Comparative Statement of Revenues, Expenses, and Changes in Net Position. The City has informed us that CalPERS contributions are being made by the City on an annual basis. In 2007, the City issued \$25,862,392 in Taxable Pension Funding Bonds to refund the City's obligation to CalPERS showing that the City has historically taken action to reduce its Net Pension Liability. The funded ratio of the City's plan is 81%, and the Net Pension Liability as of FYE 2015 is \$26,554,923.

Budget

The City adopts a budget annually as the foundation for its financial planning and control. Activities of the general fund, special revenue funds, debt service funds, capital projects funds, enterprise funds, and the internal service funds are all included in the budget.

The Fund continues to support PARIS in the FY 2016 Budget for debt service related to PARIS, and also the Local Transportation Fund. In the FY 2016 Budget, the sum of \$5,275,774 was requested from the Solid Waste Fund to be allocated for PARIS.

Existing Obligations Payable from the Fund

EXISTING OBLIGATIONS PAYABLE FROM THE ENTERPRISE FUND					
Debt Issues	Underlying Rating (at issuance)	Date Issued	Amount Issued	Outstanding Balance	Maturity
2013A Series Bond	S&P AA-	10/9/2013	\$13,500,000	\$11,240,000	9/1/2023
Bank Installment Sales Agreement (14-105)		3/2/2015	\$3,050,000	\$2,936,607	8/1/2034
	Total		\$16,550,000	\$14,176,607	

1. 2013A Series Bond

Proceeds of the 2013A Bonds were used to finance the initial phase of PARIS. The 2013A Bonds are secured by a pledge of revenues consisting primarily of installment payments to be paid by the City to the 2013A Bonds Installment Sale Agreement, dated October 1, 2013. The City is obligated to make installment sale payments under the ISA solely from Net Solid Waste Revenues.

2. Installment Sale Agreement (14-105)

The City of Redlands entered into an Installment Sale Agreement on March, 2, 2015 for the initial phase of the Streets Project for a sum of \$3,050,000 for a period of 20 years at an interest rate of 3.01%. The revenues of the Disposal Fund are pledged as security toward the repayment of this debt. The current outstanding balance on this debt is \$2,936,607 and further disbursements are expected in the second quarter of 2016.

Three-Year Revenue and Expenses Projections

The Comparative Fund Revenues, Expenditures, and Changes in Fund Balance Projected for the next three years are summarized below:

SOLID WASTE ENTERPRISE FUND (DISPOSAL FUND) - THREE-YEAR PROJECTIONS								
For Fiscal Year Ending (FYE) June 30	2015		2016		2017		2018	
Source:	CAFR	%	Projected	%	Projected	%	Projected	%
% Change		N/A		0.40%		0.39%		0%
Operating Revenues								
Charge for Services	\$12,887,067	100.0%	\$12,938,698	100.0%	\$12,988,698	100.0%	\$12,988,698	100.0%
Miscellaneous	\$6	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total Operating Revenues	\$12,887,073	100.0%	\$12,938,698	100.0%	\$12,988,698	100.0%	\$12,988,698	100.0%
Operating Expenses								
Personnel Services	\$3,674,881	28.5%	\$3,914,737	30.3%	\$4,178,104	32.2%	\$4,178,104	32.2%
Repairs and Maintenance	\$3,165,470	24.6%	\$5,133,577	39.7%	\$5,072,907	39.1%	\$5,225,094	40.2%
Administrative & General	\$3,501,564	27.2%	\$337,763	2.6%	\$349,925	2.7%	\$360,423	2.8%
Depreciation	\$1,159,761	9.0%	\$1,159,761	9.0%	\$1,159,761	8.9%	\$1,159,761	8.9%
Total Operating Expenses	\$11,501,676	89.2%	\$10,545,838	81.5%	\$10,760,697	82.8%	\$10,923,382	84.1%
Operating Income (Loss)	\$1,385,397	10.8%	\$2,392,860	18.5%	\$2,228,001	17.2%	\$2,065,316	15.9%
Nonoperation Revenues (Expenses)								
Intergovernmental	\$180,000	1.4%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Interest Revenue	\$373,562	2.9%	\$100,000	0.8%	\$100,000	0.8%	\$100,000	0.8%
Interest Expense and Fiscal Charges	(\$577,722)	-4.5%	(\$5,000)	0.0%	(\$5,000)	0.0%	(\$5,000)	0.0%
Existing Debt (MADS)			\$1,911,133	14.8%	\$2,102,066	16.2%	\$2,107,666	16.2%
Gain(Loss) on Sale of Capital Assets	\$2,207	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Net Non-operating Revenues (Expenses)	(\$21,953)	-0.2%	\$2,006,133	15.5%	\$2,197,066	16.9%	\$2,202,666	17.0%
Income (Loss Before Operating Transfers)	\$1,363,444	10.6%	\$4,398,993	34.0%	\$4,425,067	34.1%	\$4,267,982	32.9%
Capital Contributions and Transfers								
Transfer In								
Transfer Out	(\$15,649,077)		\$535,000		\$760,000		\$760,000	
Contributions	\$1,211,023		\$0		\$0		\$0	
Change in Net Assets	(\$13,074,610)		\$4,933,993		\$5,185,067		\$5,027,982	
Beginning Net Assets	18,328,894		1,073,488		6,007,481		11,192,548	
Prior Period Adjustments	(4,180,796)							
Ending Net Assets	\$1,073,488		\$6,007,481		\$11,192,548		\$16,220,530	
Total Operating Expenses/Total Operating Revenues	89.2%		81.5%		82.8%		84.1%	

The table above shows the 2015 CAFR and the three year projections prepared by the City using the City's budgets and assumptions as follows:

- FY 2015 CAFR, was used in the Three-Year Projections for comparison purposes.
- FY 2015 operating expense categories of Personnel Services, Repairs and Maintenance, and Administrative and General Expenses are different from the City's categories on their projections. When compared to FY 2015, the projected operating expenses are lower in FYs 2016, 2017 and 2018 by \$955,838, \$740,979, and \$578,294 respectively. Per the City, the operating expenses are decreasing due to new employees with lower benefit costs.
- The City used the 2015 Depreciation value for all three years projected.
- Intergovernmental Revenues were not reoccurring and were not included.
- Interest Revenues were placed at a consistent \$100,000 per year.

Projected Fund Cash Flow and Debt Service Analysis

The City's 2014 IBank financing was approved based on historical and projected revenues of the Fund. The projections submitted for IBank 2014 financing showed Debt Service Coverage Ratio (DSCR) of 1.07 in FY 2013, 1.23 in FY 2014, and 1.73 in FY 2015.

The City was asked to update the projections used in the prior approval to reflect current and anticipated revenues due to approved rate increases now in effect.

CITY OF REDLANDS PROJECTED CASH FLOW				
For Fiscal Year Ending (FYE) June 30	2015	2016 Proj.	2017 Proj.	2018 Proj.
Net Operating Income	\$1,385,397	\$2,392,860	\$2,228,001	\$2,065,316
Transaction Adjustments				
+ Depreciation	1,159,761	1,159,761	1,159,761	1,159,761
+ Interest Revenue	373,562	100,000	100,000	100,000
IBank Staff adjustment to Operating Expenses		(500,000)	(500,000)	(500,000)
Total of all Adjustments	0	3,152,621	2,987,762	2,825,077
Cash Available for Debt Service	2,918,720	3,152,621	2,987,762	2,825,077
Debt Service Calculation				
Total Existing Debt Service MADS	1,952,640	1,952,640	1,952,640	1,952,640
Proposed Debt⁽¹⁾	215,129	215,129	215,129	215,129
Total Obligations	\$2,167,769	\$2,167,769	\$2,167,769	\$2,167,769
Debt Service Coverage Ratio (Existing & Proposed Debt)	1.35	1.45	1.38	1.30

⁽¹⁾ Calculated as \$3,030,300 at 3.24% for 20 years.

The table above shows a projected cash flow based on information the City provided with IBank Staff making one change by stressing the Operating Expenses by \$500,000 in each of the projected years. Staff believe this change is reasonable and conservative due to the City's past history of expenses, and what appeared to be their overly optimistic level of Operating Expenses.

Historical Fund Cash Flow and Debt Service Analysis

Historical Fund cash flow and debt service analysis for the Financing is as follows:

HISTORICAL CASH FLOW					
For Fiscal Year Ending (FYE) June 30	2011	2012	2013	2014	2015
Net Operating Income	\$1,264,244	\$1,469,713	\$1,278,891	\$1,308,605	\$1,385,397
+ Depreciation	1,013,209	851,366	1,103,798	509,136	1,159,761
- Impact Fees	25,204	220,140	152,090	321,411	
- Other		4,349			
- Non-Recuring / Miscellaneous	19,165		662,608	2,978	6
+ Interest Revenue	216,481	242,939	16,987	414,028	373,562
Cash Available for Debt Service	2,449,565	2,339,529	1,584,978	1,907,380	2,918,714
Debt Service Calculation					
Total Existing Debt Service MADS	1,952,640	1,952,640	1,952,640	1,952,640	1,952,640
Proposed Financing	215,129	215,129	215,129	215,129	215,129
Total Obligations	\$2,167,769	\$2,167,769	\$2,167,769	\$2,167,769	\$2,167,769
Debt Service Coverage Ratio (Existing & Proposed Debt)	1.13	1.08	0.73	0.88	1.35

⁽¹⁾ Calculated as \$3,030,300 at the 3.24% for 20 years.

The Historical cash flow shows the Fund's ability to service the existing debt and proposed Financing at 1.08 times or higher in three of the last five years reviewed. The Projected cash

flow shows the Fund's ability to service the existing debt and proposed Financing at 1.30 times or higher in the three years projected.

With reference to the existing IBank Financing for the Streets Project (Ln. No. 14-105), the City is currently required to meet a DSCR of 1.25 on parity with the 2013A Bonds. With the proposed Financing, the City would be required to meet DSCR of 1.25 based on all three obligations. The Cash Flow demonstrates the City meets current DSCR requirements and proposed coverage requirements upon financing approval with a 1.35 DSCR in FY 2015. The cash flow also demonstrates the System's stability and consistency. The system is not dependent on growth in the number of users to pay for subject debt.

Risk Factors

1. Projections used to support Financing recommendation.
2. The City depleted its Solid Waste Fund.
3. Certain aspects of the City's rate structure are similar to those successfully challenged in recent California appellate court cases as having violated Prop 218 requirements.

Mitigating Factors

1. Staff made adjustments to projections that reflect a more consistent expense pattern.
2. The City has the power to establish and enact rates and charges without the approval of any other governing body if needed.
3. The System has liquidity of \$1,073,488. The City's financial discipline has resulted in a surplus in recent years and fosters confidence in the City's ability to repay its debt.
4. In implementing rates and charges, the City to covenant to ensure that its rate structure conforms to the requirements of Prop 218 and those of the statutes implementing it, and the cases interpreting it. Further, the City to notify IBank immediately upon the filing of any legal challenge to its rates or charges.

Compliance with IBank Underwriting Criteria

- Revenues derived from the top ten System ratepayers do not exceed 50% of annual System revenues.
- Revenues derived from any single ratepayer do not exceed 15% of the System revenues.
- The estimated useful life of the Project of 30 years exceeds the term of the Financing.
- The City of Redlands has the power to establish and enact rates and charges without the approval of any other governing body.
- IBank Financing is proposed to be a Senior lien on Parity with Fund Net Revenues.
- The City is in compliance with all IBank covenants.

Interest Rate Setting Demographics

The interest rate for the Financing was set based upon the following statistics obtained from the 2010-2014 American Community Survey (5-year estimates) or the ISRF cost of funds whichever is greater.

Unemployment Rate	The City’s unemployment rate was 4.7%, which is 67.1% of the State’s rate of 7.0%
Median Household Income	The City’s median household income was \$67,112 which is 109.1% of the State’s median household income of \$61,489.

Prior IBANK Experience and Compliance with existing Agreements

The City of Redlands currently has two Financing Agreements with IBank under the ISRF program; Redlands Sports Park Lease and the Streets Project within PARIS as described earlier in this Staff Report. The City has had no events of default on either obligation. As of June 30, 2015, the outstanding balance of the Redlands Sports Park lease was \$1,620,979. Currently \$ 2,936,607 is undisbursed on the Streets Project loan.

On December 1, 2006, the City entered into an agreement with IBank for the purpose of obtaining additional funds to complete the Sports Park project. The terms are 30 years with an annual interest rate of 3.15%, and a maturity of August 1, 2036. The source of repayment is the City’s General Fund.

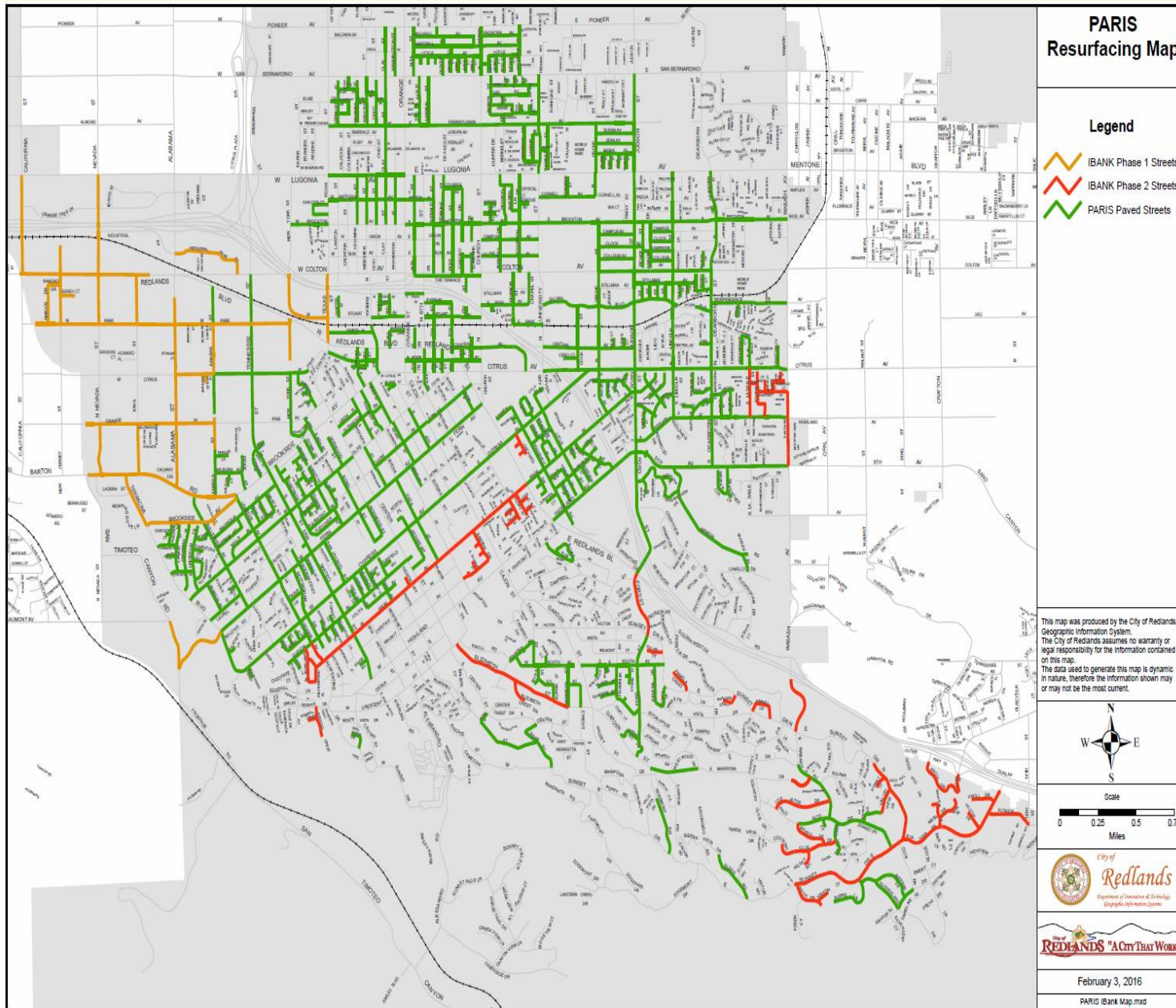
STAFF RECOMMENDATION

Staff recommends approval of Resolution No. 16-14 authorizing financing to the City of Redlands for the Streets Project as follows:

1. **Applicant/Borrower:** City of Redlands
2. **Project:** A Second Portion of The City of Redlands Streets Project
3. **Amount of Financing:** \$3,030,300
4. **Maturity:** Not to exceed 20 years.
5. **Repayment/Security:** The Financing will be secured by and payable from net revenues (Net Revenues) of the City’s Solid Waste Fund with a parity lien on such Net Revenues by the Redlands Financing Authority Solid Waste Revenue Bonds, Series 2013A and IBank Loan CIEDB No.14-105.
6. **Interest Rate:** 3.24%
7. **Fees:** Financing origination fee of 1.00%, \$30,300, of the IBank financing and an annual fee of 0.30% of the outstanding principal balance.
8. **Reserve Account:** If future parity debt is issued requiring a reserve account, the City to fund a reserve account for the subject debt in an amount equal to the reserve requirement of the parity debt.
9. Compliance with changes to the City’s rate structure with the requirements of Prop 218 the statutes implementing it, and any case law interpreting it. Further, the City to notify IBank immediately upon the filing of any legal challenge to its rates or charges.

10. **Not an Unconditional Commitment:** If approved by the Board, IBank's resolution shall not be construed as an unconditional commitment to finance the Streets Project, but rather IBank's approval pursuant to the Resolution is conditioned upon entry by IBank and the City into a financing agreement, in form and substance satisfactory to IBank...
11. **Limited Time:** If approved by the Board, the Board's approval expires 180 days from the date of its adoption. Thus, the Borrower and IBank must execute a financing agreement no later than 180 days from such date. Once the approval has expired, there can be no assurances that IBank will be able to grant the loan to the Borrower or consider extending the approval period.
12. **Financing Agreement Covenants:** The Financing Agreement shall include, among other things, the following covenants:
 - a. Rates and charges shall be maintained sufficient to ensure 1.25 times aggregate annual debt service ratio for all parity obligations.
 - b. Solid Waste Fund net revenues may be pledged on a parity basis with the Financing for future financing if net revenues (adjusted for rate increases and system expansion) will provide future aggregate debt service coverage of 1.25 times maximum annual debt service on all parity debt, inclusive of the proposed financing.
 - c. Issuance of future debt senior to the subject debt is prohibited.
 - d. Borrower compliance with all applicable laws, regulations and permitting requirements associated with public works projects.
 - e. Annual Borrower audited financial statements, due to IBank within 240 days of fiscal year end as well as other information as IBank may request from time to time.
 - f. Annual Borrower certifications demonstrating compliance with foregoing covenants as well as other terms and conditions of financing agreement.

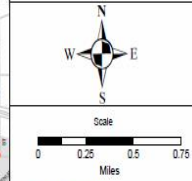
EXHIBIT 1 Project Location Map



PARIS Resurfacing Map

- Legend**
- IBANK Phase 1 Streets
 - IBANK Phase 2 Streets
 - PARIS Paved Streets

This map was produced by the City of Redlands, Geographic Information System. The City of Redlands assumes no warranty or legal responsibility for the information contained on this map. The data used to generate this map is dynamic in nature, therefore the information shown may or may not be the most current.



February 3, 2016
PARIS IBank Map.mxd

**EXHIBIT 2
THE SECOND PORTION OF THE IBANK STREETS PROJECT**

NO	STREET NAME	FromStreet	ToStreet
1	Alta Vista Dr	Sunset Dr	Outer Hwy 10 S
2	Arroyo Crest	Smiley Heights Dr	Dead End
3	Banyan Dr	Palm Ave	Dead End
4	Brentwood Pl	Clifton Ave	Silverwood Pl
5	Country Club Dr	Country Club Dr	Puesta Del Sol
6	Dolores Ct	Highland Ave	Dead End
7	Elizabeth Crest	Elizabeth St	Dead End
8	Elizabeth St	Crescent Ave	Henrietta St
9	Elmwood Ct	Rainier Ct	Dead End
10	Eureka St	Walnut Ave	Dead End
11	Felisa Ct	Dead End	Sunset Dr
12	Florida St	Alta Vista Dr	18th St
13	Ford St	Sunset Dr	Redlands Blvd
14	Gideon Wy	Palm Ave	Dead End
15	Helen Dr	Sunset Dr	Dead End
16	Hibiscus Dr	Plam Ave	Dead End
17	Highview Ln	Alta Vista Dr	Dead End
18	Hilary Wy	Dead End	Country Club Dr
19	Hilltop Dr	Dead End	Alta Vista Dr
20	Hilltop Dr	Outer Hwy 10	Knoll Dr
21	Kimball Ln	Sunset Dr	Sunset Dr
22	Knoll Dr	Dead End	Alta Vista Dr
23	Knoll Dr	Outer Hwy 10	Hilltop Dr
24	Kristin Ct	Helen Dr	Dead End
25	La Paloma St	Palm Ave	Dead End
26	La Salle St	Highland Ave	Citrus Ave
27	Los Altos Dr	Palo Alto Dr	Wabash Ave
28	Lotus Ave	Dead End	Hibiscus Dr
29	Lotus Ct	La Paloma St	Dead End
30	Maria Ct	Somerset Ln	Dead End
31	Mariposa Dr	Mariposa Dr	Wabash Ave
32	Marjorie Crest	Dead End	Sunset Dr
33	Mesa Dr	Highview Ln	Dead End
34	Mirasol Dr	Country Club Dr	Palo Alto Dr
35	Orchard Dr	Cypress Ave	Dead End
36	Palm Ave	Silverwood Pl	Redlands Blvd
37	Pamela Crest	Sunset Dr	Dead End
38	Phlox Ave	Dead End	Hibiscus Dr
39	Phlox Ct	La Paloma St	Dead End
40	Rainier Ct	Somerset Ln	Dead End
41	Rosehill Crest	Dead End	Arroyo Crest
42	Serpentine Dr	Clifton Ave	Palm Ave
43	Silverwood Pl	Brentwood Pl	Brentwood Pl
44	Somerset Ln	La Salle St	Wabash Ave
45	Sunset Ct	Dead End	Sunset Dr
46	Sunset Dr	Helen Dr	Alta Vista Dr
47	Sunset Dr	Alta Vista Dr	Sunset Dr
48	Valley View Ln	Valley Knuckle	Sunset Dr
49	Wabash Ave	Sunset Dr	Fwy I-10
50	Wabash Ave	5th Ave	Citrus Ave
51	Walnut Ave	Alvarado St	Banyan Dr
52	Walnut Ct	Walnut Ave	Dead End

EXHIBIT 3
REDLANDS CITY MAP

