

**AGENDA  
REGULAR MEETING  
CITY OF BANNING  
BANNING, CALIFORNIA**

February 24, 2015  
**5:00 p.m.**

Banning Civic Center  
Council Chambers  
99 E. Ramsey St.

*Per City Council Resolution No. 2010-38 matters taken up by the Council before 9:00 p.m. may be concluded, but no new matters shall be taken up after 9:00 p.m. except upon a unanimous vote of the council members present and voting, but such extension shall only be valid for one hour and each hour thereafter shall require a renewed action for the meeting to continue.*

**I. CALL TO ORDER**

- Invocation – Pastor Steve Braun, Banning Foursquare Church
- Pledge of Allegiance
- Roll Call – Councilmembers Miller, Moyer, Peterson, Welch, Mayor Franklin

**II. REPORT ON CLOSED SESSION**

**III. PUBLIC COMMENTS/CORRESPONDENCE/PRESENTATIONS**

PUBLIC COMMENTS – On Items Not on the Agenda

A five-minute limitation shall apply to each member of the public who wishes to address the Mayor and Council on a matter not on the agenda. No member of the public shall be permitted to “share” his/her five minutes with any other member of the public. (Usually, any items received under this heading are referred to staff or future study, research, completion and appropriate Council Action.) See last page. PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.

CORRESPONDENCE: Items received under this category may be received and filed or referred to staff for future research or a future agenda.

PRESENTATIONS:

Riverside County Public Health Program – Wendy Hetherington

*The City of Banning promotes and supports a high quality of life that ensures a safe and friendly environment, fosters new opportunities and provides responsive, fair treatment to all and is the pride of its citizens.*

#### **IV. CONSENT ITEMS**

*(The following items have been recommended for approval and will be acted upon simultaneously, unless a member of the City Council wishes to remove an item for separate consideration.)*

**Motion: That the City Council approve Consent Item 1 through 3**

**Items to be pulled \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, for discussion.**

*(Resolutions require a recorded majority vote of the total membership of the City Council)*

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|----|--|----|
| 1. | Approval of Minutes – Special Meeting – 02/10/15 (Closed Session).....   | 1  |
| 2. | Approval of Minutes – Regular Meeting – 02/10/15.....  | 3  |
| 3. | Adopt Resolution No. 2015-13 amending Resolution No. 2013-67 the Class & Compensation Policy for Part Time Employees ..... | 13 |

- **Open for Public Comments**
- **Make Motion**

#### **RECESS REGULAR CITY COUNCIL MEETING AND CALL TO ORDER A JOINT MEETING OF THE BANNING CITY COUNCIL AND THE BANNING UTILITY AUTHORITY**

#### **V. CONSENT ITEM**

|    |   |    |
|----|---|----|
| 1. | Adopt Resolution No. 2015-03UA approving Cost Sharing Agreement with San Gorgonio Pass Water Agency and the Banning Heights Mutual Water Company for an Alternative Water Supply, Tunneling Study, and an Environmental Study ..... | 24 |
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- **Open for Public Comments**
- **Make Motion**

**Recess joint meeting and reconvene the regular City Council Meeting.**

#### **VI. PUBLIC HEARINGS**

*(The Mayor will ask for the staff report from the appropriate staff member. The City Council will comment, if necessary on the item. The Mayor will open the public hearing for comments from the public. The Mayor will close the public hearing. The matter will then be discussed by members of the City Council prior to taking action on the item.)*

|    |  |
|----|--|
| 1. | Consideration of Ordinance No. 1484 Approving Initial Study/Negative Declaration, General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 for the Eighteen (18) Properties Located on the South Side of Barbour Street, Between Hargrave Street and Juarez Street. |
|----|--|

Staff Report.....100

Recommendations: That the City Council:

- I. Conduct a public hearing on the Initial Study/Negative Declaration, General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501; and

- II. Introduce Ordinance No. 1484 (Attachment 1) to approve:
  - a) Initial Study/Negative Declaration, General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501.

**Mayor asks the City Clerk to read the title of Ordinance No. 1484:**

*"An Ordinance of the City Council of the City of Banning, California, approving an Initial Study/Negative Declaration, General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 Relating to Eighteen (18) Properties (APN: 541-320-001, 541-320-002, 541-320-003, 541-320-004, 541-320-005, 541-320-006, 541-320-007, 541-320-008, 541-320-009, 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 541-320-019, and 541-320-020) and Zoning text Amendment No. 15-97501 amending Section 17.08.030 (General Standards) Table 17.08.030 (Residential Development Standards) of the Zoning Ordinance (Title 17 of the Banning Municipal Code) Pertaining to the Minimum Lot Size per Single Family Unit for Nine (9) Properties (APN: 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 541-320-019 and 541-320-020) Within the Very Low Density Residential Zoning District."*

**Motion: I move to waive further reading of Ordinance No. 1484.**

(Requires a majority vote of Council)

**Motion: I move that Ordinance No. 1484 pass its first reading.**

- 2. Consideration of Ordinance No. 1485 Approving Initial Study/Negative Declaration, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 for the Twelve (12) Properties Located North of Gilman Street West of 8<sup>th</sup> Street.

Staff Report.....201

Recommendations: That the City Council:

- I. Conduct a public hearing on the Initial Study/Negative Declaration, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503; and
- II. Introduce Ordinance No. 1485 (Attachment 1) to approve:
  - a) Initial Study/Negative Declaration, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

**Mayor asks the City Clerk to read the title of Ordinance No. 1485:**

*"An Ordinance of the City Council of the City of Banning, California, approving the Initial Study/Negative Declaration, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 Relating to Twelve (12) Properties (APN: 535-060-008, 535-070-023, 535-070-038, 535-070-014, 535-070-025, 535-110-002, 535-110-011, 535-311-014, 535-311-015, 535-311-016, 535-311-017 and 535-311-018)"*

**Motion: I move to waive further reading of Ordinance No. 1485.**

(Requires a majority vote of Council)

**Motion: I move that Ordinance No. 1485 pass its first reading.**

## **VII. REPORTS OF OFFICERS**

1. Review of Code Enforcement Program  
Staff Report.....298

2. Transportation Update - ORAL

### **RECESS REGULAR CITY COUNCIL MEETING AND CALL TO ORDER A JOINT MEETING OF THE BANNING CITY COUNCIL AND THE BANNING SUCCESSOR AGENCY BOARD.**

3. File and Receive the Audit Reports for Fiscal Year 2013-2014  
Staff Report.....301

Recommendations: **That the City Council and Successor Agency accept and place on file the audit reports from Lance, Soll & Lunghard, LLP for the fiscal year ended June 30, 2014 (FY14)**

**Recess joint meeting and reconvene the regular City Council Meeting.**

## **VIII. ANNOUNCEMENTS/REPORTS *(Upcoming Events/Other Items if any)***

- City Council
- City Committee Reports
- Report by City Attorney
- Report by City Manager

## **IX. ITEMS FOR FUTURE AGENDAS**

**New Items – None**

### **Pending Items – City Council**

1. Discussion on how the City Council handles donations to the City (*Feb. 2015*)
2. Discussion regarding City's ordinance dealing with sex offenders and child offenders (*2/2015*)
3. Discussion to move "Announcements" (events) up on the agenda after Public Comments (*1/15*)
4. Discussion regarding Animal Control Services (*Midyear Budget*)
5. Discussion regarding Police Staffing (*Midyear Budget*)
6. Golf Cart Lanes
7. Bond Workshop (*Midyear Budget*)
8. General Plan Update & Housing Element
9. Discussion regarding change in time for Council Meetings

### **X. ADJOURNMENT**

*Pursuant to amended Government Code Section 54957.5(b) staff reports and other public records related to open session agenda items are available at City Hall, 99 E. Ramsey St., at the office of the City Clerk during regular business hours, Monday through Thursday, 7 a.m. to 5 p.m.*

**NOTICE:** Any member of the public may address this meeting of the Mayor and Council on any item appearing on the agenda by approaching the microphone in the Council Chambers and asking to be recognized, either before the item about which the member desires to speak is called, or at any time during consideration of the item. A five-minute limitation shall apply to each member of the public, unless such time is extended by the Mayor. No member of the public shall be permitted to "share" his/her five minutes with any other member of the public.

Any member of the public may address this meeting of the Mayor and Council on any item which does not appear on the agenda, but is of interest to the general public and is an item upon which the Mayor and Council may act. A five-minute limitation shall apply to each member of the public, unless such time is extended by the Mayor. No member of the public shall be permitted to "share" his/her five minutes with any other member of the public. The Mayor and Council will in most instances refer items of discussion which do not appear on the agenda to staff for appropriate action or direct that the item be placed on a future agenda of the Mayor and Council. However, no other action shall be taken, nor discussion held by the Mayor and Council on any item which does not appear on the agenda, unless the action is otherwise authorized in accordance with the provisions of subdivision (b) of Section 54954.2 of the Government Code.

**In compliance with the Americans with Disabilities Act**, if you need special assistance to participate in this meeting, please contact the City Clerk's Office (951) 922-3102. **Notification 48 hours prior to the meeting** will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.02-35.104 ADA Title II]

*To view the Agenda Packet in its entirety, please visit City Hall Monday through Thursday from 7:00 a.m. until 5:00 p.m. or visit our website at [www.ci.banning.ca.us](http://www.ci.banning.ca.us).*

MINUTES  
CITY COUNCIL  
BANNING, CALIFORNIA

02/10/2015  
SPECIAL MEETING

A special meeting of the Banning City Council was called to order by Mayor Franklin on February 10, 2015, at 3:00 p.m. at the Banning Civic Center Council Chambers, 99 E. Ramsey Street, Banning, California.

COUNCIL MEMBERS PRESENT: Councilmember Miller  
Councilmember Moyer  
Councilmember Peterson  
Councilmember Welch  
Mayor Franklin

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT: James E. Smith, Interim City Manager  
David J. Aleshire, City Attorney  
Colin Tanner, Attorney – Aleshire & Wynder, LLC  
Rita Chapparosa, Deputy Human Resources Director  
Marie A. Calderon, City Clerk  
Sonja De La Fuente, Office Specialist

**CLOSED SESSION**

City Attorney said the items on the closed session agenda involve four cases of potential initiation of litigation pursuant to Government Code Section 54956.9 (d)(4); existing litigation matter pursuant Government Code Section 54956.9 (d)(1) - Robertson's Ready Mix, Lt., v. City of Banning and the Banning City Council; City of Banning Mayor Debbie Franklin, City of Banning Council Members Edward Miller, Art Welch, Don M. Peterson and Jerry Westholder – Case No. RIC 1409828; real property negotiations pursuant to Government Code Section 54956.8 regarding Fire Memories Museum; labor negotiations pursuant to the provisions of Government Code Section 54957.6 with International Brotherhood of Electrical Workers (IBEW) – Utility Unit and General Unit, Banning Police Officers Association (BPOA), and San Bernardino Public Employees Association (SBPEA); and confer with legal counsel with regards to Smith v. Hanna - Riverside Superior Court Case No. RIC 474602, Appellate Case No. E045670.

Mayor Franklin opened the closed session item for public comments; there were none.

Meeting went into closed session at 3:01 p.m. and recessed at 4:54 p.m. and reconvened at 5:58 p.m.

For the record Councilmember Welch did not participate in the discussion regarding the Smith v. Hanna case, as he serves on a Board with Mr. Smith.

ADJOURNMENT

By common consent the meeting adjourned at 7:00 p.m.

Minutes Prepared by:

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Sonja De La Fuente, Deputy City Clerk

Approved by:

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Marie A. Calderon, City Clerk

MINUTES  
CITY COUNCIL  
BANNING, CALIFORNIA

02/10/15  
REGULAR MEETING

A regular meeting of the Banning City Council and a Joint Meeting of the City Council and the Banning Utility Authority was called to order by Mayor Franklin on February 10, 2015, at 5:02 p.m. at the Banning Civic Center Council Chambers, 99 E. Ramsey Street, Banning, California.

COUNCIL MEMBERS PRESENT: Councilmember Miller  
Councilmember Moyer  
Councilmember Peterson  
Councilmember Welch  
Mayor Franklin

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT: James E. Smith, Interim City Manager  
David J. Aleshire, City Attorney  
Fred Mason, Electric Utility Director  
Duane Burk, Public Works Director  
Alex Diaz, Chief of Police  
Heidi Meraz, Community Services Director  
Brian Guillot, Acting Community Development Director  
Rita Chapparosa, Deputy Human Resources Director  
Art Vela, Senior Engineer  
Phil Holder, Lieutenant  
Rick Diaz, Sr., Electric Operations Manager  
Marie A. Calderon, City Clerk  
Sonja De La Fuente, Office Specialist

The invocation was given by Pastor Jona Campos, Canaan Assembly of God Church. Councilmember Welch led the audience in the Pledge of Allegiance to the Flag.

## REPORT ON CLOSED SESSION

City Attorney said the Council met in closed session and there were four cases of potential initiation of litigation and two of those items were discussed. There was no reportable action taken. With regards to the existing litigation matter regarding Robertson's Ready Mix a status report was given and there was no reportable action taken. With regards to the Fire Memories Museum lease negotiations, a status report was given and there was no reportable action taken. With regards to labor negotiation items, a status on negotiations was given, and direction was given for further negotiations. On the Addendum Agenda, there is a litigation matter, which is the Smith lawsuit, a status report was given on that and there was no reportable action taken. City Attorney announced that City Council will go back into Closed Session following the Regular City Council Meeting, with respect to one of the initiation of litigation items.

## PUBLIC COMMENTS/CORRESPONSENCE/APPOINTMENTS

### PUBLIC COMMENTS – On Items Not on the Agenda

Bill Dixon, currently the coordinator for the Banning Police Volunteer Unit, invited anyone that is interested in getting involved in the City, in a real good position working with the volunteers, to please give him a call to set up a meeting. He can be reached at 951-282-1138, morning or evening. He asked citizens to please take an interest, as they need more volunteers because they have a lot of functions they participate in.

Inge Schuler, resident of Banning, stated that she addressed the Council some time ago about the Utility Billing procedures. She said the monthly time cycle varies between 26 and 34 days. She said it was on the agenda to be discussed, but it has suddenly disappeared. She said her two bills this year again have interesting lengths of months and billing cycles and are quite different in regard to due dates. She said the first one was due on the 7<sup>th</sup> and the second one was due on the 16<sup>th</sup>. She pointed out that is a nine day difference that people have to adjust on their budgeting because they don't know in advance what is going to happen with their bills from the Utility Department. She feels this needs to be put back on the Agenda for Future Items and not just be left alone because people are concerned about it besides just her. She said nobody has gotten back to her on this and she has been complaining about it for quite some time. She said she has been complaining about this and the openness and transparency in regard to Accounts Receivable. There is nothing that ever comes back to her. She doesn't know how much is owed.

Inge Schuler also brought up another item. She announced that she attended a City Council Meeting in Beaumont last week. She said they actually have a Treasurer's Report and said it was very interesting to listen to and hear the interaction taking place between the Treasurer and the Financial Department. She feels Nancy Carroll is doing a fabulous job and maybe we should follow suit because the people need to know and transparency is everything.

Mayor Franklin said we are planning to have an Electric Rate Study and Workshop and she believes all of her concerns will be addressed when we have that. She stated she would check with the City Manager to make sure all of that is addressed. She believes the City plans to do that in April.

Laura Leindecker announced John Weeks' event is being held on Thursday, February 12<sup>th</sup> at the Museum of Pinball. She said this is just a reminder that all of the Council is invited and it is from 5pm-7:30pm at the old Deutsch building and appetizers will be served.

Frank Burgess, Banning resident, thanked the Mayor for the department sending him the Development Agreement between the City and Pardee. He said he cannot criticize because there is only one person that served on the Council at that time and is serving now that was involved in this. But, he does ask all four of the new members to please get with the Planning Department and read this agreement. It is dated April 24, 2012, and the way he reads it, it does not start until the first Building Permit is issued then lasts five years. For example, if Pardee does nothing until 2020, then pull the first permit then the five year plan starts and none of the Council will be here then. He said the part that really disturbs him is Exhibit D, Development Impact Fees. He discussed the fees and how going by fees from 2006 could be detrimental to the City. He asked

the Council to please review the packet. He is concerned about giving away over \$12 Million for a development that won't exist for 5-10 years. He asked if the City Attorney recommended this Agreement. Mr. Burgess also said he noticed on the 13<sup>th</sup> of January that there was an Airport Report and in that report there was an operator that was interested, but he wanted a 15 year lease and the department felt that was too long. But, the Agreement with Pardee is a 35-40 year agreement. So, he requested Council think about the future, but not to think 40 years ahead because none of us will be here then.

Don Smith addressed the Council and stated that he wanted to follow-up on what Inge said. He said he gets somewhere around 300 utility bills per month that he writes checks for, from all sorts of different agencies (probably about 40 from the City of Banning). This month, as far as the number of days, has been consistently 33 and 34 days (one of them being 35 days). He stated it is the tier system that makes that problematic in addition to the problem Inge mentioned regarding varying due dates. He said it is the tier system that makes those long months, especially the one around Labor Day, much more expensive than the other bills. In part that's because we have monthly tier rates. He is not sure how Cabazon manages to read all of theirs on the same day every month, but they do. He mentioned other agencies as well. He feels the underlying problem is that the tier system doesn't take into account that there are extra days and maybe it's a programming issue, and if we could program the tiers into daily tiers, then it wouldn't have that affect. He said it does make the bills bigger, so for people on a budget it is really problematic and we need to come up with a solution.

Jim Price addressed the Council and invited the Council and everyone in attendance to the Opening Day Ceremonies on March 21<sup>st</sup> at 10:00am at Lyons Park. He said there will be approximately 500 children and 1,000 or more parents. He stated that their snack bar has the best hot dog in the universe.

John Baca, Business Representative for IBEW, addressed the Council and congratulated the new Council Members. He stated that he was there to put face behind these negotiations. He said he knows sometimes employees are treated like numbers, but he doesn't want that to be the case here in Banning and that is why they are going to speak out on a couple of issues. He said for some of the members it has been more than five years since they have received a raise. He mentioned there had been some changes to the PERS law and some of these changes didn't have to take effect until 2018, but over a year ago it was voted in that the members start paying their full share, which was way ahead of the game and they didn't have to do that. That is why he is here and some of the members are here to speak about why it has been so long, why they deserve a raise and some of the considerations on the hours and schedules of operations. He doesn't feel they are asking for anything outlandish, rather fair and competitive with other cities. He stated that if you want to attract good employees, you have to pay them also.

Fred Sakurai addressed the Council and mentioned that Mr. Burgess spoke at a recent City Council Meeting about changing the time of the City Council Meetings so they would be friendlier to the citizens so they could all attend. Mr. Sakurai stated that he felt anything of interest is discussed in Closed Session ("secret sessions"). He said they are secret because we never know what is discussed. He said the subject is discussed and the City Attorney states the subject and that there is no reportable action. He doesn't feel the citizens learn anything because they don't know what is discussed the closed sessions. He also stated that he would like to know

what percentages of employees within the various Unions are actually Banning residents and send their kids to our schools, shop at our markets, etc. He stated that if the Council Meetings were more open and transparent, maybe more people would come and lend their voices to what the Citizens would like to have. Mr. Sakurai mentioned that he attended a Citizen Advisory Committee Meeting and suggested a topic, but doesn't know if they ever discussed it. He thinks they came to a City Council Meeting with one report since the meetings were held. Also, he mentioned that the Mayor had a Town Hall Meeting at the Hospital and at that time he made a suggestion that the Utility Department should consider offering a rebate for any citizen or property owner that will replace natural lawn with artificial lawn. He said 12-18% of the water used by a private residence is watering plants and lawns. He feels if the City were to offer a rebate to citizens with a natural lawn who replace it with an artificial lawn it would make it more financially feasible for these people.

Council Member Miller asked the City Attorney to explain, once again, why the City Council has Closed Session Meetings. The City Attorney explained that the Closed Sessions are limited to some very specific topics, like real estate negotiations or labor negotiations and the purpose of the Closed Session is to be able to give direction to negotiators for carrying out the negotiations. He gave an example and explained there is a need to have some confidential direction to the people undertaking negotiations.

Carla Young, City of Banning Employee, addressed the City Council and shared her testimony of being a City of Banning Employee for the past nine years. She explained some of the concessions she feels the employees have made to support the City Council and City Management and hopes the Council will take into consideration all the employees have given over the past several years.

Dania Ponce, City of Banning Employee, addressed the City Council and shared that working for the City for the past nine years has been a privilege and an honor. However, she did want to make Council aware that the Benefit Allowance needs to be increased to honor the employees, as she must rely on government funded health programs. She asked for mercy over the employees and their families. She explained that she started at the City she made \$10 per hour and now makes \$15, but doesn't feel it is enough to support herself, let alone her family.

Pam D'Spain, City of Banning Employee, addressed the City Council and stated that she has worked for the City for 20 years and cannot remember the last time the employees have received a Cost of Living (COLA) increase. She said it seems like every year things get taken away. For example, last year the employees had to pay the 8% PERS early and to the employees that is an 8% pay cut. She explained that to the employees the Fridays off are like their only benefit left and now the City is trying to take that away. She also said that in the 20 years she has been here, this is the lowest morale she has ever seen and it is just taking another plunge, so she would like the Council to consider the employees.

Terri Escalante, City of Banning Employee, addressed the City Council and announced that she has worked for the City for over 29 years. She would like to reinforce what Dania said about her family. She talked about how insurance rates started increasing many years ago, she was forced to remove her three children from her insurance and put them on Healthy Families and that was the only way she could make ends meet and support herself and her children. She also mentioned

that what Pam said about low morale is true and that she hates to say it and see it because she has enjoyed working for the City of Banning. She said this is her town and that she cares about this City and is bothered that the City isn't progressing. Finally, she shared that she would like to be able to retire, but can't at this time due to financial reasons and the Fridays off are important to her to be able to attend doctor appointments, etc. and not take much time off so she is here to answer phones and get paperwork done. Therefore, she asked City Council to consider other options for Fridays, i.e. keeping City Hall or Utility Billing open and authorize hiring a few more people, as staff is overworked.

Mayor Franklin addressed all employees present and everyone that works for the City, and said that they are not taken for granted, and that the Council does appreciate what everybody does to help make the City run and the employee's comments will be taken into consideration as they continue to move forward. She believes everyone is trying to make Banning the best it can be, but the Council does thank the employees and those that had the courage to come and speak tonight.

CORRESPONDENCE – None at this time.

APPOINTMENTS

Fred Mason, Electric Utility Director introduced the new Electric Apprentice Employees:

1. Darrell Moon – He is married with two daughters, five and seven. Before joining the Banning family, he was a foreman for an electrical contractor. He has been working in the electric field since he graduated from high school in 1999.
2. Matt Martinez – He is enjoying life with his wife Kelly and their daughter Mila and son Mason. He has worked in the electrical industry since 2006, primarily in the industrial and commercial sectors. His past employers were affiliated with IBEW Local 440.
3. Devin McClune – Happily single, he was born and raised in the Pass area. He graduated from Banning High School in 2007 and has been building cell phone towers throughout southern California. He is thrilled to be back home working for the City of Banning.
4. Ryan Minium – He is currently single and enjoys spending time with his five year old son Christian. He has 18 years of electrical experience and obtained his C10 license in 2005. He completed the Lineman Apprentice Prep Class at the Los Angeles Trade Technical College.
5. Kevin Bernard – He is single and has a beautiful five year old daughter named Sophie. He previously worked as a Meter Tech in the Edison territory installing smart meters. He completed the Power Line Mechanics Training Program at the East Los Angeles Skills Center. But most impressive, he played college football for Humboldt State University.

6. Victor Cortez Jasso – He has a six year old daughter. He grew up in Banning and is very happy to be back. He has worked in the electrical industry for the past 14 years, including residential, industrial and solar installation. He completed a five year apprentice program for electricians and became State certified. Becoming a Journey Lineman has always been one of his goals. He appreciates the opportunity to work with the City of Banning to achieve this goal.
7. Dustin Gray – He is single with no children. He previously worked for PARR electrical contractors. He also completed the Power Line Mechanical Training Program at East Los Angeles Skills Center.

Brian Guillot, Acting Community Development Director, explained that the Planning Commission has two Planning Commissioner positions expiring this month, so the City Clerk advertised the openings and only two applications were received from the current sitting members, Ray Briant and James Price. He stated they have done well in their previous assignment and recommends them for current appointment.

Mayor Franklin asked if there were any questions from the Council; Council Member Art Welch thanked both of them for volunteering again to serve in this capacity and stated they have both done well in the past.

**Motion Moyer/Welch to Adopt Resolution 2015-11 Appointing Ray Briant and James Price to the City of Banning Planning Commission. Motion carried, all in favor.**

CONSENT ITEMS

1. Approval of Minutes – Special Meeting – 01/27/15 (*Closed Session*)

Recommendation: That the minutes of the Special Meeting of January 27, 2015 be approved.

2. Approval of Minutes – Regular Meeting – 01/27/15

Recommendation: That the minutes of the Regular Meeting of January 27, 2015 be approved.

3. Approval of 2013-14 Annual Report of Development Impact Fees

Recommendation: That the 2013-14 Annual Report of Development Impact Fees as required by the Mitigation Fee Act be reviewed and approved.

4. Approval of Accounts Payable and Payroll Warrants for Month of December 2014

Recommendation: That the reports per the California Government Code be reviewed and ratified.

5. Report of Investments for December 2014

Recommendation: That the monthly Report of Investments be received and filed.

6. Resolution No. 2015-08 Initiating Proceedings to Update Landscape Maintenance District No. 1 for Fiscal Year 2015

Recommendation: That Resolution No. 2015-08 Initiating Proceedings to Update Landscape Maintenance District No. 1 for Fiscal Year 2015/16 be adopted.

**Motion Welch/Miller to approve Consent Items 1 through 6.** Mayor Franklin opened the item for public comment; there were none. **Motion carried, all in favor.**

#### REPORTS OF OFFICERS

1. Resolution No. 2015-10, Consideration of Consultant Services Agreement for Professional Environmental Services  
(Staff Report – Brian Guillot, Acting Community Development Director)

Acting Director Guillot gave the staff report on this item as contained in the agenda packet in regards to a revised reclamation plan submitted by Robertson's Mine because the current mine extended outside the approved reclamation plan boundaries. He said a reclamation plan is utilized for the annual site inspections for the mine, as well as the unused of the site once mining operations have ceased. Environmental review of the new plan is required by State law, so the City requested proposals from professional firms with experience processing environmental documents in accordance with the California Environmental Quality Act (CEQA). Staff received four proposals and a committee reviewed the proposals and interviewed the prospective firms and rated them accordingly. The results of that work were that one firm, Wilburn, was not considered due to a potential conflict of interest and CASC Engineering Consultants is recommended by Staff as the most qualified firm. The fees associated with Professional Services Agreements are expected to be reimbursed by the Applicant. He stated that the representative from CASC, Adam Rush, is present to answer any questions.

Mayor Franklin opened the item for public comment;

Fred Sakurai asked if this report and assignment of consultants at this time has anything to do with the fact that Measure J passed or is this report going to be time sensitive or will it be out of date if Robertson's moves or closes and why does this report have to be submitted at this time?

Adam Rush introduced himself as the Director of Planning for CASC Engineering and Consulting and informed the City Council that if this item is approved, he will be the Project Manager and looks forward to working with the City.

Mayor Franklin closed the item for further public comments and asked the City Attorney to address the question.

The City Attorney stated that this item is not related to Measure J and explained that the mining operation is required to process a new reclamation plan and they have submitted an application and it is now completed. He stated there are timeframes that have to be met in terms of processing the project. The reclamation plan itself requires environmental analysis and the

analysis would either be through an EIR or a Negative Declaration and the process of doing an initial study needs to be completed to make that determination. He said this contract gives the City a highly qualified consultant to do the analysis and there would be legal implications if the City did not proceed with the environmental analysis. It is driven by Robertson's application for a new reclamation plan.

Councilmember Peterson asked who pays for this.

The City Attorney pointed out that it is in the Staff Report and Resolution that the mining operator is required to reimburse the City for these costs. He explained that the City has an account for other items involving Robertson's and they have made deposits and the City utilizes the deposits to pay expenses. He also announced that Robertson's was given notice of this Agenda item.

**Motion Peterson/Moyer that the City Council adopts Resolution No. 2015-10, approving the Contract Services Agreement with CASC Engineering and Consulting of Colton, California, to prepare the Initial Study and Environmental Documents for the Robertson's Mine New Reclamation Plan for Compliance with the State Mining and Reclamation Act for an amount not to exceed \$188,940.00. Motion carried, all in favor.**

ANNOUNCEMENTS/REPORTS *(Upcoming Events/Other Items if any)*

City Council

Councilmember Miller –

- Just completed the required review of the Ethics and received an excellent grade. He pointed out that public comment must be allowed for each Agenda item and we are doing that.
- The Water Sub-Committee met with the Banning Heights Water Commission and the Pass Area Water Agency and several other committees and they reviewed the possibility of having a tunnel drilled through the mountain to avoid going onto Forest Service land. They also reviewed various possibilities for a meeting that is now set with the National Forest Service on February 19, 2015. They discussed the procedures and consultants that should be employed for that meeting.

Councilmember Moyer –

- Last week he attended the Riverside County Transportation Agency Meeting. This was his first time attending this meeting and is catching up on a lot of information. At a future meeting he would like to give the audience and the TV viewers a rundown on what that Agency does. He said it is very important, particularly in getting projects like the Sunset crossing and other major transportation projects going in a timely manner.

Councilmember Welch –

- Every Wednesday at 9:00am the Pass Job Club meets at the Community Center. He said this is for people looking for current job leads, networking opportunities, job search information, resume review, and to practice interviews as well. Everyone is welcome.
- On Thursday, February 12<sup>th</sup> there is a welcoming of the Pinball Museum at the old Deutsch property at 5:00pm.

Mayor Franklin –

- Attended Annual Day in Sacramento with Electric Utility Director, Fred Mason. She said they met with Assembly Member Chad Mayes, as well as State Senator Mike Morrell. They talked about two concerns, particularly regarding energy. 1) Being flexible with deadlines, as a lot of mandates have changed through the state and they come very quickly. 2) Cooperation moving forward with meeting different requirements at the state level, especially regarding greenhouse gases and AB32. She explained that the City has some concerns with how the state is trying to get us to meet them at different times. She said we will meet them at the end but want to make sure they're aware we are trying to do as much as we can to be as cost-effective as we can. She informed everyone that they both said they support local control.
- Attended the Riverside County Transportation Commission as well as the Southern California Association of Governments meetings. She said both of them had to do with the Regional Transportation Plan (RTP) as well the Sustainable Communities Strategic Plan. This is planning for our future from 2016 to 2040. They received an overview as to what kind of things will be included and how long it will take. She explained this is a federally mandated program and we are required to do this. Therefore, input will be requested from people. She announced there is actually a meeting regarding the San Gorgonio/Coachella Valley Metrolink scheduled for February 23<sup>rd</sup> here at City Hall at 5:30pm and the public is welcome and asked to participate.
- The Water Alliance met last week. In that meeting they focused on allocating funds to try to obtain grants for two particular areas; 1) recycling water and 2) conservation. She explained that there was a question earlier regarding how to get rebates for citizens who replace their lawns, and stated there are some cities doing that, but they have more money than the City of Banning so they are trying to work as an alliance to see if there are ways to obtain funding to be able to promote more conservation efforts.

Report by City Manager –

- The City Manager announced an exciting program he would like to invite the community to. It's called Banning First! These are focus groups where the citizens can share what they would like to see happen in the City of Banning and what they think would make the City of Banning a better place to live, work and play. This information is on the website and flyers are also available. Meeting dates and locations are as follows:
  - February 18<sup>th</sup> – Senior Center Multipurpose Room at 11:00am
  - February 20<sup>th</sup> – Sun Lakes Clubhouse at 9:30am
  - February 21<sup>st</sup> – 1<sup>st</sup> Missionary Baptist Church at 9:30am
  - February 21<sup>st</sup> – San Gorgonio Memorial Hospital at 1:00pm
  - February 25<sup>th</sup> – Senior Center Multipurpose Room at 6:00pm
  - February 28<sup>th</sup> – Johnny Russo's Italian Kitchen at 9:00am

City Committee Reports – None

Report by City Attorney – None

## ITEMS FOR FUTURE AGENDAS

New Items – None

## Pending Items – City Council

1. Discussion on how the City Council handles donations to the City. (*Feb. 2015*)
2. Discussion regarding City's ordinance dealing with sex offenders and child offenders. (*2/2015*)
3. Discussion to move "Announcements" (events) up on the agenda after Public Comments. (*1/15*)
4. Discussion regarding Animal Control Services (*Midyear Budget*)
5. Discussion regarding Police Staffing (*Midyear Budget*)
6. Golf Cart Lanes
7. Bond Workshop (*Midyear Budget*)
8. General Plan Update & Housing Element
9. Discussion regarding change in time for Council Meetings

City Attorney announced that the City Council will return to Closed Session to discuss a threatened litigation matter.

## ADJOURNMENT

By common consent the meeting adjourned at 5:58 p.m.

Minutes Prepared by:

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Sonja De La Fuente, Deputy City Clerk

Approved by:

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Marie A. Calderon, City Clerk

**THE ACTION MINUTES REFLECT ACTIONS TAKEN BY THE CITY COUNCIL. A COPY OF THE MEETING IS AVAILABLE IN DVD FORMAT AND CAN BE REQUESTED IN WRITING TO THE CITY CLERK'S OFFICE.**

## CITY COUNCIL AGENDA

**DATE:** February 24, 2015

**TO:** City Council

**FROM:** Rita Chapparosa, Deputy Human Resources Director

**SUBJECT:** Adopt Resolution No. 2015-13, Amending the Classification and Compensation Policy for Part-Time Employees

**RECOMMENDATION:** Adopt Resolution No. 2015-13 approving the amended Classification and Compensation Policy for Part-Time Employees to include a new classification of Administrative Intern.

**JUSTIFICATION:** The last amendment to the Classification and Compensation Policy for Part-Time Employees was adopted at the August 12, 2014, at the City Council meeting. It is projected that three positions will be filled on a temporary basis to assist several departments with research and analytical duties to complete projects. The Administrative Intern will work for approximately 20 hours per week for a three month period up to an hourly range of \$15 per hour.

The City has signed an agreement with the University of South California in Riverside through a Federal Work Study Agreement to hire students part-time and to receive partial reimbursement for salaries.

The City would propose that the new classification would continue to exist if future funding is available or funding through the City's budget is available.

**BACKGROUND:** Historically, the City has adopted amendments to changes in classifications and pay structure for part-time and seasonal employees. The employees are hired as "at-will" at a stationary hourly rate, without benefits and are excluded from representation by any bargaining unit. The last amended resolution was adopted on August 12, 2014,

**FISCAL DATA:** The fiscal impact for three Administrative Interns will increase the City's budget by approximately \$10,800 and decrease once the funding is approved by the University. The costs can be absorbed through salary savings from unfilled positions.

**RECOMMENDED BY:**



Rita Chapparosa  
Deputy Human Resources Director

**APPROVED BY:**



James Smith  
Interim City Manager

Attachments: Resolution No. 2015-13 – Amending the Classification and Compensation Policy for Part-Time Employees

## **RESOLUTION NO. 2015-13**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING AMENDING, THE CLASSIFICATION AND COMPENSATION POLICY FOR PART-TIME EMPLOYEES OF THE CITY OF BANNING**

**WHEREAS**, part-time employees are individuals who customarily work less than 1,000 hours per fiscal year, or an average of 20 hours per week on a regular year-round basis; and

**WHEREAS**, it is necessary and desirable to employ persons on a part-time basis to provide valuable services to augment the provision of City services; and

**WHEREAS**, such part-time employees are unrepresented “at-will” individuals that pay no dues to, nor receive benefits from, negotiations by employee unions; and

**WHEREAS**, the Council desires to provide guidelines for the compensation to such employees for the rendering of such valuable service; and

**WHEREAS**, the City Council now desires to adopt an amended and restated resolution of salaries for the Part-Time Classifications, which restates and replaces any and all pre-existing salary resolutions for the Part-Time classifications, including, but not limited to Council Resolution No. 2014-60.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Banning, California, as follows:

**SECTION 1:** Classification and Pay Structure. Part-time classification titles shall be authorized as set forth in Exhibit “A” and Exhibit “B”, effective February 24, 2015, including the Administrative Intern position job description set forth as Exhibit “C”. The minimum and maximum annual ranges used for the part-time classification hourly calculations shall be based on the permanent Salary Range Table, attached as Exhibit “D” divided by 2080 hours and determining where on the range to place the employee based on qualifications and experience.

**SECTION 2:** Performance Review System for Part-Time Employees. Part-time employees will receive performance reviews and merit adjustments after completing 1,000 hours of the service and thereafter upon completion of each additional period of 1,000 hours of service. Recommended merit adjustments must be based upon written performance evaluations and included in the City’s annual budget.

**PASSED, APPROVED, AND ADOPTED** this 24<sup>th</sup> day of February, 2015.

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Deborah Franklin, Mayor  
City of Banning

**ATTEST:**

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Marie A. Calderon, City Clerk  
City of Banning

**APPROVED AS TO FORM  
AND LEGAL CONTENT:**

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David J. Aleshire, City Attorney  
Aleshire & Wynder, LLP

**CERTIFICATION:**

I, Marie A. Calderon, City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution No. 2015-13 was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 24th day of February, 2015, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Marie A. Calderon, City Clerk  
City of Banning, California

EXHIBIT "A"

PART-TIME CLASSIFICATION TITLES (INCLUDING SEASONAL)

EFFECTIVE FEBRUARY 24, 2015

| <b>Administrative Intern</b>  | <b>Range 33</b> |
|-------------------------------|-----------------|
| Airport Attendant             | Range 17        |
| Assistant Pool Manager        | Range 27        |
| Building Attendant            | Range 29        |
| Cashier                       | Range 17        |
| Crossing Guard                | Range 12        |
| Development Assistant         | Range 42        |
| Dial-A-Ride Driver            | Range 31        |
| Lifeguard                     | Range 22        |
| Lifeguard w/WSI Certification | Range 25        |
| Pool Manager                  | Range 32        |
| Recreation Leader             | Range 29        |
| Senior Center Coordinator     | Range 49        |
| Senior Recreation Leader      | Range 36        |

**EXHIBIT "B"**  
**CLASSIFICATIONS AND SALARY RANGES**

| <b>TITLE</b>   | <b>SALARY RANGE*</b> |
|--|----------------------|
| Accountant   | 54                   |
| Accountant II  | 59                   |
| Administrative Services Director/Deputy City Manager | 101                  |
| Apprentice Electric Meter Test Technician            | 67 / 73              |
| Assistant Civil Engineer                             | 68                   |
| Assistant Planner                                    | 63                   |
| Associate Civil Engineer                             | 76                   |
| Associate Electrical Engineer                        | 76                   |
| Associate Planner                                    | 68                   |
| Building Maintenance Specialist                      | 49                   |
| Building Permit Specialist                           | 55                   |
| Bus Driver   | 47                   |
| Bus Driver (part-time)                               | 41                   |
| Cable Services Specialist                            | 44                   |
| City Clerk/Executive Assistant                       | 57                   |
| City Engineer  | 85                   |
| City Manager   | 113                  |
| Code Compliance Officer                              | 58                   |
| Community Center Caretaker                           | 36                   |
| Community Development Director                       | 92                   |
| Community Services Director                          | 86                   |
| Deputy Finance Director                              | 87                   |
| Deputy Human Resources Director                      | 83                   |
| Development Project Coordinator                      | 58                   |
| Development Services Manager (Building Official)     | 84                   |
| Economic Development Director                        | 92                   |
| Electric Meter Test Technician                       | 75                   |
| Electric Operations & Maintenance Manager            | 85                   |
| Electric Service Planner                             | 77                   |
| Electric Services Worker                             | 52                   |
| Electric Utility Director                            | 100                  |
| Engineering Services Assistant                       | 48                   |
| Executive Assistant                                  | 57                   |
| Executive Secretary                                  | 53                   |
| Field Service Representative                         | 51                   |
| Financial Services Specialist                        | 47                   |
| Fleet Maintenance Mechanic                           | 53                   |
| Human Resources Technician                           | 54                   |
| Information Technology Coordinator                   | 59                   |
| Information Technology/Media Technician              | 57                   |
| Lead Bus Driver/Trainer                              | 55                   |

\*Per Class Plan Resolution No. 2014-44 or any future amendments authorized by Council.

EXHIBIT "B"  
CLASSIFICATIONS AND SALARY RANGES

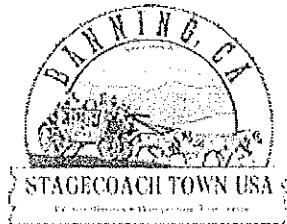
|  |        |
|--|--------|
| Lead Field Service Representative        | 55     |
| Lead Public Safety Dispatcher            | 56     |
| Maintenance Worker                       | 45     |
| Motor Sweeper Operator                   | 50     |
| Office Specialist                        | 44     |
| Payroll Coordinator                      | 53     |
| Police Assistant II                      | 48     |
| Police Assistant I                       | 44     |
| Police Chief                             | 100    |
| Police Corporal                          | 71     |
| Police Information Technology Technician | 59     |
| Police Lieutenant                        | 87     |
| Police Officer                           | 67     |
| Police Recruit/Trainee                   | N/A    |
| Police Staff/Master Sergeant             | 78     |
| Power Contracts & Revenue Administrator  | 85     |
| Powerline Apprentice                     | 67/ 73 |
| Powerline Crew Supervisor                | 79     |
| Powerline Technician                     | 75     |
| Program Coordinator                      | 43     |
| Public Benefits Coordinator              | 55     |
| Public Safety Dispatcher                 | 52     |
| Public Works Analyst                     | 68     |
| Public Works Director                    | 100    |
| Public Works Inspector                   | 62     |
| Public Works Superintendent              | 78     |
| Receptionist                             | 31     |
| Recreation Coordinator                   | 51     |
| Senior Building Inspector                | 67     |
| Senior Civil Engineer                    | 82     |
| Senior Electric Service Planner          | 79     |
| Senior Maintenance Worker                | 50     |
| Senior Utility Billing Rep               | 48     |
| Substation Test Technician               | 75     |
| Transit Manager                          | 73     |
| Utility Billing Representative           | 43     |
| Utility Financial Analyst                | 76     |
| Utility Financial Analyst                | 76     |
| Utility Services Assistant               | 48     |
| Warehouse Services Specialist            | 52     |
| Wastewater Collection System Supervisor  | 60     |
| Wastewater Collection System Technician  | 52     |
| Water Construction Crew Lead             | 56     |
| Water Crew Supervisor                    | 60     |

\*Per Class Plan Resolution No. 2014-44 or any future amendments authorized by Council.

EXHIBIT "B"  
CLASSIFICATIONS AND SALARY RANGES

|                                 |    |
|---------------------------------|----|
| Water Meter Crew Lead           | 56 |
| Water Services Worker           | 52 |
| Water Valve Flushing Crew Lead  | 56 |
| Water/Wastewater Superintendent | 78 |
| Work Release Crew Leader        | 47 |

\*Per Class Plan Resolution No. 2014-44 or any future amendments authorized by Council.  
Reso No. 2015-13



## CITY OF BANNING, CALIFORNIA

## Administrative Intern

Job Code: 1640

FLSA       Exempt       Non-Exempt

**JOB DESCRIPTION:** Under close supervision, performs a variety of administrative tasks and special projects; assists in the coordination of administrative activities and analysis of department systems and procedures; and performs related work, as required.

**ESSENTIAL FUNCTIONS:** Essential functions, as defined under the Americans with Disabilities Act, may include any of the following representative duties, knowledge, and skills. This is not a comprehensive listing of all functions and duties performed by incumbents of this class; employees may be assigned duties which are not listed below; reasonable accommodations will be made as required. The job description does not constitute an employment agreement and is subject to change at any time by the employer. Essential duties and responsibilities may include, but are not limited to the following:

- Research, compile, tabulate, and analyze data for a variety of administrative and departmental matters.
- Assist department personnel in assigned administrative, planning, organizational, technical, and professional tasks.
- Provide suggestions or recommendations with regard to department specific projects.
- Prepare and present reports; draft policies and procedures; respond to requests for information.
- Perform specific tasks related to the actual department vacancy; and performs related duties, as required.

**Knowledge of:**

- Principles and practices of public administration and organization applicable to a local agency.
- Administrative techniques; statistical practices and methods of graphic presentation.
- Modern office methods, practices, procedures, and equipment, including personal computers and modern software and spreadsheet programs.
- Elements of business writing and proper use of English, vocabulary, spelling, punctuation, and grammar.

# CITY OF BANNING, CALIFORNIA

## Administrative Intern

Job Code: 1640

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### Skill in:

- Providing efficient customer service and communicating clearly and objectively both verbally and in writing.
- Organizing with the ability to prioritize work and exercise independent judgment, wisdom, common sense, and initiative.
- Thoroughly carrying out oral and written instructions.
- Gathering and analyzing data; preparing narrative reports and performing numerical analysis.
- Evaluating and recommending changes to policies, programs, and practices.
- Conducting research; proficiently utilizing a personal computer in completing special projects.
- Following written and oral instructions with minimum supervision; effectively presenting information in writing and orally to the general public, outside agencies, and fellow employees.
- Speaking effectively in a public forum on related topics and issues.
- Prioritizing and scheduling workload to ensure completion when faced with deadlines or emergencies.
- Establishing and maintaining effective working relationships with those contacted in the course of work, including City and other government officials, community groups, and the general public; and apply safe work practices.

### MINIMUM QUALIFICATIONS:

#### Education, Training and Experience Guidelines:

Proof of enrollment in a college or university AND work experience paid or volunteer, which demonstrates the ability to successfully perform the duties of the position. Major course of study may be in one of the following areas: Business Administration, Public Administration, Accounting, Architecture, Computer Science, Engineering, Urban Planning, Human Resources, Communications, Recreation Administration, OR a relative field of study. Education and experience will be evaluated based on the actual position. Possession of a valid Class "C" California driver's license.

### PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

Work is performed in an office environment in close proximity to other workers. Incumbent shall be exposed to those conditions normally encountered in a business office environment. Physical demands require frequent standing, reaching, leaning, twisting, grasping, lifting and sitting for prolonged periods of time. Must carry moderately heavy boxes up to 50 pounds and/or utilize a dolly. Incumbent must be able to drive safely to various City sites. Incumbent must be able to see and hear in the normal range, with or without correction. Incumbent must have the stamina to work long hours and overtime, if assigned, and be willing to work an irregular schedule, which might include evenings, weekends, holidays, and varying hours.

**EXHITIT "D"**  
**Permanent Salary Range Table**

| Salary Range | Minimum  | Midpoint | Maximum  |  | Salary Range | Minimum   | Midpoint  | Maximum   |
|--------------|----------|----------|----------|--|--------------|-----------|-----------|-----------|
| 1            | \$10,712 | \$12,602 | \$14,492 |  | 59           | \$44,858  | \$52,774  | \$60,691  |
| 2            | \$10,979 | \$12,917 | \$14,855 |  | 60           | \$45,980  | \$54,094  | \$62,208  |
| 3            | \$11,254 | \$13,240 | \$15,226 |  | 61           | \$47,129  | \$55,446  | \$63,763  |
| 4            | \$11,535 | \$13,571 | \$15,607 |  | 62           | \$48,307  | \$56,832  | \$65,357  |
| 5            | \$11,824 | \$13,910 | \$15,997 |  | 63           | \$49,515  | \$58,253  | \$66,991  |
| 6            | \$12,119 | \$14,258 | \$16,397 |  | 64           | \$50,753  | \$59,709  | \$68,666  |
| 7            | \$12,422 | \$14,614 | \$16,807 |  | 65           | \$52,022  | \$61,202  | \$70,383  |
| 8            | \$12,733 | \$14,980 | \$17,227 |  | 66           | \$53,322  | \$62,732  | \$72,142  |
| 9            | \$13,051 | \$15,354 | \$17,657 |  | 67           | \$54,655  | \$64,301  | \$73,946  |
| 10           | \$13,377 | \$15,738 | \$18,099 |  | 68           | \$56,022  | \$65,908  | \$75,794  |
| 11           | \$13,712 | \$16,132 | \$18,551 |  | 69           | \$57,422  | \$67,556  | \$77,689  |
| 12           | \$14,055 | \$16,535 | \$19,015 |  | 70           | \$58,858  | \$69,245  | \$79,631  |
| 13           | \$14,406 | \$16,948 | \$19,491 |  | 71           | \$60,329  | \$70,976  | \$81,622  |
| 14           | \$14,766 | \$17,372 | \$19,978 |  | 72           | \$61,838  | \$72,750  | \$83,663  |
| 15           | \$15,135 | \$17,806 | \$20,477 |  | 73           | \$63,384  | \$74,569  | \$85,754  |
| 16           | \$15,514 | \$18,251 | \$20,989 |  | 74           | \$64,968  | \$76,433  | \$87,898  |
| 17           | \$15,902 | \$18,708 | \$21,514 |  | 75           | \$66,592  | \$78,344  | \$90,096  |
| 18           | \$16,299 | \$19,175 | \$22,052 |  | 76           | \$68,257  | \$80,303  | \$92,348  |
| 19           | \$16,707 | \$19,655 | \$22,603 |  | 77           | \$69,964  | \$82,310  | \$94,657  |
| 20           | \$17,124 | \$20,146 | \$23,168 |  | 78           | \$71,713  | \$84,368  | \$97,023  |
| 21           | \$17,552 | \$20,650 | \$23,747 |  | 79           | \$73,506  | \$86,477  | \$99,449  |
| 22           | \$17,991 | \$21,166 | \$24,341 |  | 80           | \$75,343  | \$88,639  | \$101,935 |
| 23           | \$18,441 | \$21,695 | \$24,950 |  | 81           | \$77,227  | \$90,855  | \$104,483 |
| 24           | \$18,902 | \$22,238 | \$25,573 |  | 82           | \$79,157  | \$93,126  | \$107,095 |
| 25           | \$19,375 | \$22,794 | \$26,213 |  | 83           | \$81,136  | \$95,455  | \$109,773 |
| 26           | \$19,859 | \$23,363 | \$26,868 |  | 84           | \$83,165  | \$97,841  | \$112,517 |
| 27           | \$20,355 | \$23,947 | \$27,540 |  | 85           | \$85,244  | \$100,287 | \$115,330 |
| 28           | \$20,864 | \$24,546 | \$28,228 |  | 86           | \$87,375  | \$102,794 | \$118,213 |
| 29           | \$21,386 | \$25,160 | \$28,934 |  | 87           | \$89,559  | \$105,364 | \$121,169 |
| 30           | \$21,921 | \$25,789 | \$29,657 |  | 88           | \$91,798  | \$107,998 | \$124,198 |
| 31           | \$22,469 | \$26,434 | \$30,399 |  | 89           | \$94,093  | \$110,698 | \$127,303 |
| 32           | \$23,030 | \$27,094 | \$31,159 |  | 90           | \$96,446  | \$113,465 | \$130,485 |
| 33           | \$23,606 | \$27,772 | \$31,938 |  | 91           | \$98,857  | \$116,302 | \$133,747 |
| 34           | \$24,196 | \$28,466 | \$32,736 |  | 92           | \$101,328 | \$119,210 | \$137,091 |
| 35           | \$24,801 | \$29,178 | \$33,554 |  | 93           | \$103,861 | \$122,190 | \$140,518 |
| 36           | \$25,421 | \$29,907 | \$34,393 |  | 94           | \$106,458 | \$125,245 | \$144,031 |
| 37           | \$26,057 | \$30,655 | \$35,253 |  | 95           | \$109,119 | \$128,376 | \$147,632 |
| 38           | \$26,708 | \$31,421 | \$36,134 |  | 96           | \$111,847 | \$131,585 | \$151,323 |
| 39           | \$27,376 | \$32,207 | \$37,038 |  | 97           | \$114,644 | \$134,875 | \$155,106 |
| 40           | \$28,060 | \$33,012 | \$37,964 |  | 98           | \$117,510 | \$138,247 | \$158,984 |
| 41           | \$28,762 | \$33,837 | \$38,913 |  | 99           | \$120,447 | \$141,703 | \$162,958 |
| 42           | \$29,481 | \$34,683 | \$39,886 |  | 100          | \$123,459 | \$145,245 | \$167,032 |
| 43           | \$30,218 | \$35,550 | \$40,883 |  | 101          | \$126,545 | \$148,876 | \$171,208 |
| 44           | \$30,973 | \$36,439 | \$41,905 |  | 102          | \$129,709 | \$152,598 | \$175,488 |
| 45           | \$31,747 | \$37,350 | \$42,952 |  | 103          | \$132,951 | \$156,413 | \$179,875 |
| 46           | \$32,541 | \$38,284 | \$44,026 |  | 104          | \$136,275 | \$160,324 | \$184,372 |
| 47           | \$33,355 | \$39,241 | \$45,127 |  | 105          | \$139,682 | \$164,332 | \$188,982 |
| 48           | \$34,189 | \$40,222 | \$46,255 |  | 106          | \$143,174 | \$168,440 | \$193,706 |
| 49           | \$35,043 | \$41,227 | \$47,411 |  | 107          | \$146,753 | \$172,651 | \$198,549 |
| 50           | \$35,919 | \$42,258 | \$48,597 |  | 108          | \$150,422 | \$176,967 | \$203,512 |
| 51           | \$36,817 | \$43,314 | \$49,812 |  | 109          | \$154,183 | \$181,392 | \$208,600 |
| 52           | \$37,738 | \$44,397 | \$51,057 |  | 110          | \$158,037 | \$185,926 | \$213,815 |
| 53           | \$38,681 | \$45,507 | \$52,333 |  | 111          | \$161,988 | \$190,574 | \$219,161 |
| 54           | \$39,648 | \$46,645 | \$53,642 |  | 112          | \$166,038 | \$195,339 | \$224,640 |
| 55           | \$40,639 | \$47,811 | \$54,983 |  | 113          | \$170,189 | \$200,222 | \$230,256 |
| 56           | \$41,655 | \$49,006 | \$56,357 |  | 114          | \$174,444 | \$205,228 | \$236,012 |
| 57           | \$42,697 | \$50,231 | \$57,766 |  | 115          | \$178,805 | \$210,359 | \$241,912 |
| 58           | \$43,764 | \$51,487 | \$59,210 |  | 116          | \$183,275 | \$215,617 | \$247,960 |

2.50%

35.00%

## **CITY COUNCIL/BANNING UTILITY AUTHORITY AGENDA**

**DATE: February 24, 2015**

**TO: Banning Utility Authority**

**FROM: Duane Burk, Director of Public Works**

**SUBJECT: Resolution No. 2015-03 UA, “Approving a Cost Share Agreement with the San Gorgonio Pass Water Agency, and the Banning Height Mutual Water Company, for an Alternative Water Supply Study, Tunneling Study, and an Environmental Justice Study”**

**RECOMMENDATION:** The Banning Utility Authority adopt Resolution No. 2015-03UA:

- I. Approving a Cost Share Agreement with the San Gorgonio Pass Water Agency, and the Banning Height Mutual Water Company for an Alternative Water Supply Study, Tunneling Study, and an Environmental Justice Study
- II. Authorizing the Interim City Manager to execute the Cost Share Agreement with the San Gorgonio Pass Water Agency and the Banning Height Mutual Water Company.

**JUSTIFICATION:** The execution of the Cost Share Agreement is necessary in order for the San Gorgonio Pass Water Agency, Banning Heights Mutual Water Company and the City of Banning to provide alternatives to Southern California Edison (“SCE”) for the restoration of the Flume Facilities.

**BACKGROUND:** SCE owns and previously operated hydroelectric facilities consisting of two small power plants. SCE has not operated the facilities to generate electricity since 1998 due to failures of a 900,000 gallon forebay tank and portions of the flume channel.

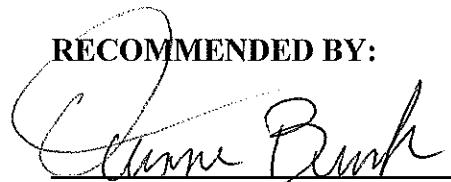
In June 2010, an “Agreement for Transfer of San Gorgonio Hydroelectric Project No. 344 Water Conveyance Facilities”, also known as the Whitewater Flume, was fully executed between SCE, the City Of Banning, Banning Heights Mutual Water Company and the San Gorgonio Pass Water Agency. The Participating Entities (“PE”) are commencing with a license application from the Federal Energy Regulatory Commission (“FERC”) to receive a license to operate and maintain a new conveyance and generating facility.

During the process of acquiring a new license to operate the facilities additional studies have been identified for consideration to reconstruct the facilities such as, tunneling, alternative water supply, and environmental justice. The Scope of Work/Cost Estimate for the Flume Tunnel Study, Scope of Work/Cost Estimate for the Environmental Justice Study and the Scope of Work/Cost Estimate for the Alternative Water Supply Study are attached as Exhibit “A”, Exhibit “B” and Exhibit “C”, respectively.

On February 9<sup>th</sup> 2015 a meeting was held at the community room at Banning Police Station which included the team of participants from the City of Banning Ad Hoc Committee, Banning Heights Mutual Water Company, San Gorgonio Pass Water Agency and its attorneys to discuss alternatives for constructing the conveyance system in its original power easement. The team determined a share cost approach would be beneficial to conduct the studies with the San Gorgonio Pass Water Agency acting as the lead for the required studies. The Agency Board of Directors approved a cost share agreement, attached as Exhibit "D", with the PE's at its February 16, 2015 regular meeting

**FISCAL DATA:** The City of Banning's shared cost equal to \$55,000.00 (33% of total cost) will be funded by Account No. 663-6300-471.96-35 (Flume Restoration Project), which has a Fiscal Year 2014/2015 budgeted amount of \$300,000.00.

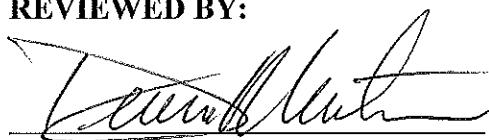
**RECOMMENDED BY:**



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Duane Burk  
Director of Public Works

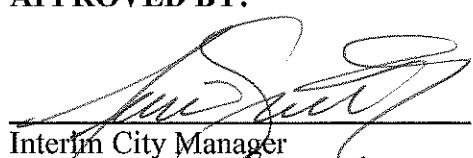
**REVIEWED BY:**



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Dean Martin  
Interim Administrative Services Director

**APPROVED BY:**



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Interim City Manager  
James Smith

**RESOLUTION NO. 2015-03 UA**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA APPROVING A COST SHARE AGREEMENT WITH THE SAN GORGONIO PASS WATER AGENCY, AND THE BANNING HEIGHT MUTUAL WATER COMPANY, FOR AN ALTERNATIVE WATER SUPPLY STUDY, TUNNELING STUDY, AND AN ENVIRONMENTAL JUSTICE STUDY**

**WHEREAS**, in the early 1900s, Consolidated Reservoir and Power Company, a Southern California Edison (“SCE”) predecessor, initiated construction of a hydroelectric project, including water conveyance facilities, which eventually consisted of two diversion dams on the East and South forks of the Whitewater River, concrete lined canals, two steel forebay tanks, two penstocks, two powerhouses, and associated transmission lines; and

**WHEREAS**, use of the Project by SCE was discontinued in 1998 after storms destroyed one of the powerhouse forebay tanks and subsequently, SCE decided to not restore the power generation components of the project; and

**WHEREAS**, in June of 2010, SCE, City of Banning, Banning Heights Mutual Water Company (“BHMWC”) and the Pass Water Agency entered into an “Agreement for Transfer of San Gorgonio Hydroelectric Project No. 344 Water Conveyance Facilities” which determined that SCE would restore and repair the facilities and transfer ownership to the City of Banning and BHMWC; and

**WHEREAS**, during the process of acquiring a new license to operate the facilities additional studies were identified in order to present alternatives for the reconstruction of the facilities; and

**WHEREAS**, the additional studies, which will be administered by the Pass Water Agency include a Flume Tunnel Study (Exhibit “A”), Environmental Justice Study (Exhibit “B”) and an Alternative Water Supply Study (Exhibit “C”); and

**WHEREAS**, the execution of a Cost Share Agreement, attached as Exhibit “D”, is necessary in order for the San Gorgonio Pass Water Agency, Banning Heights Mutual Water Company and the City of Banning to move forward with the identified studies; and

**WHEREAS**, a budget for Whitewater Flume Project in the amount of \$300,000.00 was included in Account No. 663-6300-471.96-35, (Flume Restoration Project) in the approved fiscal year 2014/2015 budget.

**NOW, THEREFORE BE IT RESOLVED** by the Banning Utility Authority as follows:

**SECTION 1.** The Banning Utility Authority adopts Resolution No. 2015-03UA, approving a Cost Share Agreement with the San Gorgonio Pass Water Agency, and the Banning Height Mutual Water Company for an Alternative Water Supply Study, Tunneling Study, and an Environmental Justice Study.

**SECTION 2.** Authorize the Interim City Manager to execute the Cost Share Agreement with the San Gorgonio Pass Water Agency and the Banning Height Mutual Water Company.

**PASSED, APPROVED, AND ADOPTED** this 24<sup>th</sup> day of February, 2015.

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Deborah Franklin, Mayor  
City of Banning

**ATTEST:**

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Marie A. Calderon, Secretary

**APPROVED AS TO FORM  
AND LEGAL CONTENT:**

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David J. Aleshire, Authority Counsel  
Aleshire & Wynder, LLP

**CERTIFICATION:**

I, Marie A. Calderón, Secretary to the Banning Utility Authority of the City of Banning, California, do hereby certify that the foregoing Resolution No. 2015-03 UA, was duly adopted by the Banning Utility Authority of the City of Banning, California, at its regular meeting thereof held on the 24<sup>th</sup> day of February, 2015, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Marie A. Calderon, Secretary  
Banning Utility Authority  
City of Banning, California

**EXHIBIT "A"**

**SCOPE OF SERVICES/COST ESTIMATE  
FLUME TUNNEL STUDY**

February 11, 2015  
File No.: 214092-970

Attention: Mr. Jeff Davis  
San Gorgonio Pass Water Agency  
1210 Beaumont Ave.  
Beaumont, CA 92223

Subject: Geologic Assessment and Flume Alternatives Analysis  
"Flume Tunnel Study" Project  
North of Banning, CA

Dear Mr. Davis:

### Introduction

Brierley Associates Corporation (Brierley) is pleased to provide this proposal to San Gorgonio Pass Water Agency (SGPWA) for engineering services for proposed repairs and/or improvements to part of the "Whitewater Flume" that comprises the raw water delivery system for the Banning Heights Mutual Water Company, the City of Banning, and SGPWA (the [project] "Participating Entities"). We propose to provide services to accomplish the objectives laid out in your "Scope of Work for Tunnel Study" document dated November 2014, with modifications per discussions we have had during several recent meetings, and draft Brierley comments and revisions to your scope document provided this week and captured herein.

We propose to collaborate with your existing civil engineering consultant, Albert A. Webb Associates (Webb), working with Mr. Sam Gershon, to accomplish the work. Working with Webb will 1) provide good SGPWA and project liaison due to Webb's existing familiarity with the work and proximity to SGPWA's offices; 2) provide Brierley with a local partner needed to evaluate civil aspects of non-tunnel alternatives; and 3) provide convenient access to Webb's existing civil drawings and topographic work that will be beneficial to this work. As discussed with you, we can implement Webb's proposed scope and budget in an informally "phased" approach by meeting early with you to identify the most desirable non-tunnel alternatives for further scrutiny, then being prepared to abandon them early if fatal flaws are identified. For example, an upgraded flume facility on the existing right-of-way might be clearly not desirable should our geologic reconnaissance identify too high a percentage of the flume being subject to landslide damage. We already think the likelihood of this conclusion is reasonably high.

Our goal is to work with Webb to deliver this work, generally consisting of a more detailed engineering geologic assessment of the site, an updated assessment of previously evaluated non-tunnel flume repair and upgrade options, and development of an alternatives analysis including new tunnel and trenchless technology options, within approximately four months from being given full notice-to-proceed with required field work.

We have structured this proposal to demonstrate our understanding of the project and our initial understanding of basic geological site conditions, and to describe our project approach and scope of work in terms of the scope items outlined in your Scope of Work request. We have included relevant fee estimate, schedule and personnel information, and propose to conduct the

work in accordance with Brierley's Standard Terms and Conditions and Fee Schedule, which are discussed further below and attached in their entirety.

### **Project Understanding**

As we understand the proposed work, an existing water gravity conveyance system currently diverts water from the Whitewater River in the San Bernardino National Forest to the Participating Entities. This facility has been in operation for over a century and is currently under Federal Energy Regulatory Commission (FERC) license, as it once generated hydroelectric power.

In the late 1990's, a portion of the system failed. Specifically, a portion of the flume system (a few hundred yards) slid off the side of a mountain where the surficial geology is unstable. In order to continue serving water without the lengthy outage that would be required to fully repair and replace the failed portion, a temporary fix was implemented in which the water conveyed by the flume system is turned out of the flume just upstream of the failed portion into Burnt Canyon and flows via gravity down Burnt Canyon to a temporary diversion facility at the mouth of the canyon. From this point the water is conveyed by gravity via a temporary above-ground pipeline to an existing unused powerhouse, where it is added back to the original flume system for delivery. The portion of the system bypassed by the temporary system thus has been unused since that time, and is in serious disrepair. The temporary conveyance system loses a significant portion of the flow in Burnt Canyon during the dry season and thus is non-optimal from a long-term water supply standpoint.

Southern California Edison is currently seeking a surrender permit for the facility from FERC, as it no longer wishes to generate power. As part of this surrender application, repairs and upgrades will be made to the existing facilities for continued use as a water supply (conveyance) facility. These repairs and upgrades are currently being defined by Edison and the Participating Entities, with which it has a transfer agreement. The Participating Entities are exploring alternative upgrades and repairs that would keep the entire facility within the original FERC right of way, thus obviating the need for the temporary facilities constructed in the late 1990's.

The temporary facilities mentioned above are not located within this right of way and are under the jurisdiction of the US Forest Service, not FERC. In order to repair the existing facility and to keep it within the original FERC right of way, it may be necessary to build one or more tunnels/trenchless installations in this remote mountainous area. Conventional tunneling with pipe in tunnel, or trenchless installations such as microtunneling or horizontal directional drilling (HDD) may all be feasible options.

An analysis is required to compare repair of the original facilities within the original FERC right of way (with no tunnels) with one or more tunnel options that may be more feasible and/or desirable from a construction and long-term operations standpoint. It is likely that one option that includes pumping (over Gunsight Pass) will be considered. A pump option may be a way to stay within the original right of way or along Raywood Flats Road with less tunneling. The Participating Entities wish to analyze these options and present them to Edison in order to decide which option is the most technically and financially feasible, if any.

### **Background Geology**

The study area where the proposed flume rehabilitation and/or new tunnel are being considered is situated within the San Gorgonio Pass region of the San Bernardino Mountains. The San Bernardino Mountains are part of the Transverse Ranges geomorphic province. The Transverse Ranges are a range of mountains formed by the tectonic movement between the North American and Pacific tectonic plates along the San Andreas fault, among other faults.

These actively growing mountains are shaped by several primary fault blocks – the Big Bear block, which forms the large, partly dissected, mountain plateau that characterizes the northern portions of the range; and the more complex and fractured, and more strongly dissected, San Gorgonio, Wilson Creek and Yucaipa Ridge blocks, which form the rugged and heavily dissected southern parts of the mountains. The mountains are bounded on their steep north side by a series of south-dipping thrust faults commonly referred to as the north-frontal fault system. The interior of the range is traversed by the east-trending north-dipping Santa Ana reverse fault that separates the mountain geomorphology into two main terrains. The highest summits of the San Bernardino Mountains occur in this terrain, including San Gorgonio Peak (11,485 ft).

Because of the large, steep (active) rise of the mountains above the surrounding terrain, and the shaking hazard resulting from multiple active faults, the San Bernardino Mountains are subject to frequent landslides and erosion which has carved out numerous river gorges. One such landslide has damaged the existing flume, as well as damaged a temporary replacement pipe. The following photographs, taken during a recent site reconnaissance trip, show the nature and extent of a landslide located a few hundred feet southwest (downstream) of the current temporary diversion structure into Burnt Canyon. These photographs show the remains of the concrete flume as well as the damaged temporary pipe. The landslide is estimated to be on the order of approximately 200 feet wide at the location of flume and the landslide extends from nearly the top of the mountain all the way to the adjacent valley below. The foliation of the rock mass at this location is dipping to the northwest, or downslope in relation to the mountain side, which creates the potential for continued instability.

The project site lies adjacent to and between several active faults including the San Andreas fault, Mission Creek fault, and Mill Creek fault. The Mission Creek fault, a strand of the San Andreas fault, is situated very close to the eastern portion of the project in the Raywood Flat area. The main San Andreas fault lies approximately 2 to 3 miles southwest of the Forebay Tank No. 1 location. The bedrock geology along the existing flume alignment has been mapped as mylonite and gneiss. The Geologic Map of the San Bernardino Quadrangle, California, 1:250,000 (Bortugno and Spittler, 1986, rev 1988) shows the geology within the project location to consist of mylonite of undetermined age related to the regional Vincent Thrust fault. The Geologic Map of the San Gorgonio Mountain Quadrangle, San Bernardino and Riverside Counties, California (Dibblee, 1964) shows the geology within the project location to consist of Precambrian mylonitic gneiss.



Figure 1: Temporary pipe in landslide area, damaged, looking downstream.



Figure 2: Landslide area, damaged flume, and damaged temporary pipe.

Rocks and sediment from the mountains are deposited on the surrounding valley floors as massive alluvial fans. Regional alluvial deposits can reach depths of 1,000 feet or more, and their permeable soils constitute several major groundwater basins.

The type of bedrock observed along the flume alignment during Brierley's recent site visit was primarily mylonitic gneiss consistent with the descriptions provided on the geologic maps referenced above. Mylonites, and mylonitic gneiss, are ductilely deformed metamorphic rock masses formed by the accumulation of large shear strain, in ductile fault zones, such as the San Andreas fault zone. The rock mass was observed to be fractured and moderately weathered at the surface, yet the individual rock outcrops and boulders, were observed to be significantly strong, requiring multiple blows of a rock hammer to break them.

With regards to presently anticipated subsurface conditions, it is expected that the rock mass will be very strong and potentially highly fractured. The nature and extent of fracturing at any depth below ground surface will need to be determined through additional subsurface investigation, which is not currently included within the current scope of this proposal. Reconnaissance mapping proposed herein will attempt to refine our understanding of rock mass conditions for tunneling. Feasible tunnel excavation methods will be considered based on the necessity and ability to excavate rock of significant anticipated strength, but also support highly fractured rock.

Additionally, the Mission Creek fault trace appears to be located within close proximity to the potential portal location near Raywood Flat. Brierley observed soil thickness to be on the order of tens of feet, or more, at the potential Raywood Flat portal location. The thick soil at this location may be the result of tectonic action of the Mission Creek fault, as well as weathering. The proposed field investigation will attempt to locate the nature and extent of this potential fault trace in the Raywood Flat area based on the observable exposed surficial geology.

Groundwater along the alignment, if encountered, may result from the percolation of surface water, potentially from snowmelt, into any subsurface tunnel excavation. Groundwater flows into any tunnel excavation could be considered to be higher during periods of melting snow depending on the snow conditions. Groundwater flows may also be nonexistent during dry months. We will also communicate with USGS personnel about anticipated groundwater surface elevations in the vicinity of the work.

### **Project Approach and Scope of Work**

In order to achieve the stated project goals and objectives, Brierley proposes to perform the specific tasks listed below as our scope of work. The limitation of performing the work without more substantial subsurface information and no project-specific geotechnical test borings is significant, but represents an acceptable risk so long as SGPWA and other Participating Entities understand that our preliminary designs and cost estimates will be based on assumptions about subsurface conditions and, therefore, will be limited by those assumptions until they are verified later during design of any preferred alternative configuration. This is particularly important with respect to the underground components of the work such as HDD drives, micro-tunnel boring machine (MTBM) or manned tunnel boring machine (TBM) tunnels, and conventional shafts and tunnels, because 100 percent of the work will be conducted in the subsurface. Design and cost

assumptions about subsurface conditions may constitute relatively large uncertainty and risk associated with project alternative selection.

### **Task 1 – Background Information Review**

*Review all readily available pertinent background information documents related to the flume system (to be provided by Participating Entities), including FERC documents, topo maps, previous studies and agreements, geological maps, etc. These are numerous.*

Brierley will review readily available geological, geotechnical and project development information in order to perform conceptual project planning and layout from a solid understanding of the project setting, goals and objectives. This will be done so that the conceptual designs and cost estimates for this alternatives analysis will be ones with "no surprises" that account for the necessary design elements that will be carried into later design phases. We will also review previously proposed, non-tunnel alternatives for updated evaluation and opinions of probable cost by Webb.

### **Task 2 – Site Visits**

*Make multiple site visits to reaches of the flume system that are in the current FERC right of way, but currently unused, as well as other reaches of the system, that may provide useful current information needed to complete the desired study. Each trip will take approximately one full day due to the remote nature of the site. These trips may be difficult or impossible during winter, as local roads may be impassable. There is a sense of urgency to begin this work as soon as possible, but seasonal weather must be considered in the planning and execution of the work.*

At this time, we are proposing a total of three (3) site visits, plus one OPTIONAL final site visit, to complete our work. We propose an initial site visit by our proposed Project Manager and Sr. Engineering Geologist to perform initial site reconnaissance to help refine this proposal and begin our overall field reconnaissance described in Task 3. This was completed on January 19, 2015 and will be invoiced as "one-half" a site visit for project purposes. In addition, we propose two additional full-day site visits by Sean, one of which to also include participation by our Senior Tunnel Designer, Mr. Gregg Sherry. A final site visit is also included as an optional task subject to approval by SGPWA. This task (Task 9) was originally requested by SGPWA in their scope document, but may prove to be unnecessary based on the Alternatives Analysis Workshop (Task 6) proposed herein by Brierley as a final alternatives brainstorming and screening task to be participated in by all project parties.

### **Task 3 –Geological Desktop Study and Field Reconnaissance**

*Review geological maps and perform limited surficial geological reconnaissance of the area to determine the suitability of the underlying geology for tunnels, and to enhance the level of project understanding relative to the geologic suitability of the underlying geology for repairing the existing facilities within the FERC right of way.*

We will obtain, assemble and review available geologic maps and studies, and available geotechnical reports, relevant to the general project and the immediate site area. This effort

was started as part of this proposal effort in order to understand the project geologic setting and likely subsurface conditions at the site as described above.

Understanding the background geology is key to understanding alternatives and associated constraints for project layout and design. We will use preliminary geologic information to develop initial design concepts for your consideration in this proposal. We will also review available project layout and design development information in order to quickly become an integrated and productive design partner to the team. We assume that SGPWA and/or Webb will provide existing topographic, utility, and property base and boundary maps prior to commencement of our work.

Because having a good understanding of geologic, geotechnical and anticipated subsurface conditions is paramount in planning and selecting an alignment, and in evaluating alternative design options, field reconnaissance and mapping will be included in this task to better estimate subsurface conditions and help identify surface and subsurface conditions and obstructions that could impact the project. We anticipate that we will deploy a two-person geologic mapping team, comprised of two engineering geologists to perform up to three days of mapping and site reconnaissance. We believe it is safer to map as a team given the rugged and remote site conditions. The field mapping will help refine interpreted geologic conditions, and aid in the selection of geotechnical engineering parameters needed for conceptual designs.

#### **Task 4 – Review, Analyze and Update Existing Non-Tunnel Options**

*Analyze potential long-term conveyance options (repairs and/or upgrades) that would bring the entire conveyance system into the current FERC right of way, including both tunnel and non-tunnel options for the study reach between the west side of Raywood Flats and the upstream end of the buried penstock near the former Tank No. 1 site. Options could be all gravity options, or options that include some pumping. Any options presented must make sense geologically, hydraulically, environmentally, and from a standpoint of constructability. One or more of these options may not be economically feasible.*

This task will be performed by Webb and managed and integrated into this study by Brierley for SGPWA. Webb will provide an updated evaluation and opinion of probable cost for the pumping option included in the existing PBS&J Flume Evaluation report (2002) as detailed in their proposal to Brierley for this work included as Attachment A. Both Brierley and Webb already feel that upgrades and replacements needed to restore the existing flume should already be considered an unfeasible alternative due to the steep, landslide-prone, terrain the flume alignment traverses. Even if the flume replacement were economical despite the difficult access/difficult terrain conditions, the magnitude and extent of existing landslide features likely means that additional significant landslide and other slope-related damage and maintenance issues will mean an undesirable alternative in terms of not only long-term operations and maintenance, but also long-term integrity and viability of an upgraded flume facility on the existing alignment. Per recent discussions, the previously proposed non-tunnel alternatives will be reviewed and reconsidered, but only the pump station and pipeline alternative will be updated for opinion of probable cost. It should be noted that this alternative includes the need to deviate from the existing flume right-of-way, but substantially only along existing Raywood Flat Road.

### Task 5 – Develop, Screen and Select Tunnel Options

Analyze potential long-term conveyance options that may fall outside the existing FERC right of way, but that would make sense from a constructability and/or cost standpoint. "Cost" in this instance means both capital costs as well as O&M costs. These could be all gravity options, or options that include some pumping. All options presented must make sense geologically, hydraulically, environmentally, and from a standpoint of constructability. One or more of these options may not be economically feasible.

In the development of contract packages for tunnels and other underground projects, Brierley employs a design philosophy that focuses on early project planning and layout to focus in on the best solutions early in design. A schematic of our design approach is shown generically in the flow chart provided below as Figure 3. Here it is shown that the project layout needs to be superimposed on the anticipated subsurface conditions to determine anticipated ground behavior and the means for controlling it, from which design criteria and construction methods are developed; while considering environmental and other third party impacts. This evaluation process is an iterative one that optimizes design, construction methodology, cost, risk allocation and management, and third party and environmental impact/mitigation. This simple yet critical step in the design process has been used successfully and repeatedly by Brierley for the development of contract documents and alternative contractor designs that have proven highly successful for trenchless and tunnel projects nationwide.

## Tunnel Design

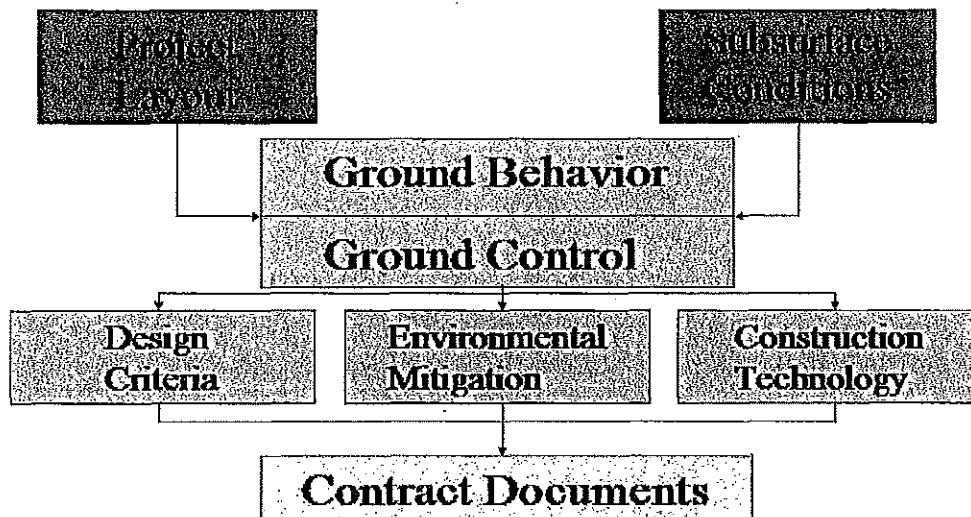


Figure 3. Flow Chart for Successful Underground Design

We will begin to implement this holistic approach to design beginning with the earliest development and vetting of alternatives and return to it for the development of conceptual designs and cost estimates for the alternatives analysis, as well as down the road for the detailed design of the preferred and selected alternative. For this study, we propose to evaluate multiple new "tunnel" alternatives, including both tunneling and trenchless technology considerations. We propose to look at two main alternatives: a single long tunnel from Raywood Flat to near the upstream end of the penstock; and a double shorter tunnel option with two shorter tunnels and an intermediate shaft.

For each of these options, we will consider both conventional (drill-and-blast or roadheader) and mechanized (TBM or MTBM) tunneling as appropriate to the lengths, grades and curves required to meet topographic and hydraulic constraints. Per recent discussions, proposed tunnel alternatives will be targeted to only "daylight" within flume right-of-way or private land, but can traverse *beneath* USFS land. One tunnel alternative alignment may deviate from and daylight on USFS land, but substantially only along existing Raywood Flat Road. In addition, we will consider the possibility of HDD installations, though our initial opinion is that an HDD drive long enough for a single installation (single long tunnel) would be high risk in strong rock, and the lay down area, water requirements for drilling and drilling mud handling and disposal issues would be problematic.

The conventional or mechanized tunnels would be much larger than the minimum 24-in pipeline needed, but manned access not only for installation, but also for long-term inspection and maintenance could be desirable. Conventional tunneling with two short tunnels and an intermediate shaft would mean the possibility of using low mobilization cost tunneling methods and having four active mining headings for efficiency, which might prove very cost effective. We will further develop these concepts for screening, preliminary alternative preferences, and later development of opinions of probable cost.

#### **Task 6 – OPTIONAL Alternatives Analysis Workshop**

We propose that it may be beneficial to conduct an alternatives analysis review workshop in coordination with SGPWA, including participation by all Participating Entities, and other important third parties identified by SGPWA, to review and prioritize identified feasible alternatives prior to compiling a draft report presenting final options to the Participating Entities for their constituents. This task was not requested by SGPWA who wish to consider this as an optional task for possible future implementation. Our thinking is that it may be more effective to vet options earlier in the process, in an indoor workshop setting rather than attempt to do so during the Final Site visit in the SGPWA scope of work document, which would happen after submittal of a draft report. For the purposes of this proposal, we have included BOTH alternatives analysis discussion tasks as OPTIONAL to allow SGPWA more flexibility in managing to budget as the work proceeds. We may discover that regular communication otherwise may preclude the need for either task.

After development of evaluations of non-tunnel options, particularly the development of a pump station and pipeline alternative to a new level of design, plus new multiple tunnel and trenchless options, we propose to conduct a technical Alternatives Analysis Workshop to vet viable alternative and seek technical and environmental input and possible constraints outside the technical scope of our study.

This event would include at a minimum SGPWA, the Participating Entities, other SGPWA consultants, as well as possibly other stakeholders such as Southern California Edison, USFS, USGS and others at the discretion of SGPWA. Alternatives would be presented and discussed in terms of technical feasibility and risk, as well as general costs and input could be obtained about possible third party impacts or considerations unknown to the design team that could be factored into alternative selection. Following such a group vetting and brainstorming session, our objective would be to identify two or three final alternative options based on the review and input that would be developed further including development of opinions of probable cost. These opinions of probable cost are proposed to be consistent with "Order of Magnitude" cost estimates per the American Association of Cost Engineers as described further in Webb's proposal in Attachment A.

### Task 7 – Draft Report

*Present options to the Participating Entities in a draft report. All options presented as realistic must also be economically feasible, in addition to meeting the other criteria listed above. Each option presented must include detailed topo maps, hydraulic calculations, cost estimates (capital and O&M), and a list of advantages and disadvantages, including constructability, environmental risk, and access (access to the facility may be limited during winter months; this is an important consideration for all reasonable options).*

For this level of study, available topographic information, including readily available digital USGS Quadrangle topographic information, and existing topographic information from SGPWA and Webb will be sufficiently detailed. We will use this information to develop our alternatives and generate figures for an Alternatives Analysis report. The geologic and geotechnical information summarized in our report will be factual and focused on subsurface conditions and material properties for design. Planning and project layout deliverables will include concept sketches and details for screening alternatives that will be selected for conceptual design. The conceptual design memoranda will include discussion of design analyses and calculations, preliminary drawings including plan and profile and sections sufficient to develop approximately conceptual percent designs, and opinions of probable cost for the alternatives selected from the Alternatives Analysis Workshop components. We will also include a risk matrix for geotechnical and design perspective for our design elements to aid in selection of a preferred alternative and configuration. Our final draft report will compile all the work done to date into a single document and include the final versions of the information provided in any draft memoranda developed prior to our draft report. Items that will be considered for inclusion in our final draft report will likely include:

- A summary of anticipated subsurface and surface conditions within the project area and along the prospective alignment(s),
- Summaries of the pipeline alignments including geotechnical design requirements, pipe sizing and materials, and including discussion of the pumping station. We currently assume that foundation requirements and thrust block locations and sizes at the conceptual design level will be a collaborative effort between Brierley and Webb.
- Discussions of alternative trenchless and tunneling methods and requirements applicable for installation of a new underground pipeline to bypass the flume where it is

currently inoperable, including working areas for portals, or launch and retrieval pits or shafts.

- Tabulated risks and commentary for each alternative for the pumping and pipeline and trenchless/tunnel alternatives selected for full development of conceptual designs and opinions of probable cost.
- Presentation of the semi-quantitative matrix used to identify preferred alternatives via a cost-risk-benefit analysis that considers:
  - Required work space
  - Relative cost
  - Technical challenges
  - Obstruction risks
  - Surface impact risks
  - Geologic risk
  - Construction risk

We anticipate a draft report can be prepared approximately within three months from completion of the field work and three weeks after the workshop. The delivery date for a final report would be contingent on the number of comments that need to be addressed. It is assumed that electronic versions of reports, figures, profiles, and maps will be provided, and that two (2) printed copies and CDs will be provided once the documents are accepted as final.

#### **Task 8 – OPTIONAL Final Site Visit**

*Make at least one field visit to the site with representatives of the Participating Entities in order to review the various options presented. Based on input received from the Participating Entities during this site visit, plus other written comments received from the Participating Entities, finalize the report described above.*

This task was included in the SGPWA scope document. This scope task was envisioned as a chance to explain alternatives to project stakeholders "on the ground" up at the site prior to finalizing our draft report. Brierley proposes that most, if not all, already have sufficient working knowledge of the site to perform this alternatives discussion and screening event as half-day, and perhaps full-day OPTIONAL workshop at SGPWA's offices. There plans and alternatives can be laid out, reviewed and discussed as a group at a partially developed design level and preferred alternatives further developed for the final draft report with input from the stakeholders before too much effort is put into less desirable alternatives. We propose that our final draft report, then, might just be reviewed by the stakeholders after it is completed, after the workshop, and then review comments be addressed for our final report. If a Final Site Visit is desired, we can still participate in this as provided for in this proposal.

#### **Task 9 – Final Report**

*Based on input received from the Participating Entities during [the OPTIONAL] site visit, plus other written comments received from the Participating Entities, finalize the report described above.*

Our final report will compile and address review comments from SGPWA and the other stakeholders for delivery of a final Alternatives Analysis report that satisfies the needs of the stakeholders to hold discussions with Southern California Edison regarding funding. We anticipate one comprehensive round of comments that will be compiled and delivered in a single package by SGPWA. We anticipate needing up to two weeks to finalize our report, addressing the comments, depending upon the level of comments received.

### **Fee Estimate**

Brierley proposes to perform these services as outlined in this proposal and as estimated in the attached Fee Estimate summary (Attachment B) for an estimated total fee of \$78,000 for required tasks, including labor, expenses and subconsultants. The two proposed optional tasks are estimated to require an additional approximately \$10,000 in fee, for a proposed maximum budget of \$88,000 including optional tasks.

Our local civil subconsultant is expected to comprise approximately \$17,000, including mark-up, of our total estimated fee at this time. This fee estimate is based on our 2014 Standard Fee Schedule, instead of our newest 2015 Standard Fee Schedule, representing a 3 to 5 percent discount of our newest rates depending upon personnel category. We have also discounted our standard mark-up and communications fee in the project fee estimate, which numbers supersede those shown on the Standard Fee Schedule.

This proposal is based on working on a time and materials basis per the attached Fee Schedule our Standard Terms and Conditions (Attachment C). We will work diligently with Webb and SGPWA to perform the required work within our estimated costs, and to identify and mitigate possible scope changes as the work proceeds to minimize additional costs, if any.

### **Schedule**

Brierley is prepared to begin work on this assignment immediately upon notice-to-proceed and is committed to working with SGPWA to develop more specific schedules and task timelines to meet the project's target milestone dates. We believe that if we get started with field work by March 15, 2015, we may be able to get an early start unless winter weather persists past then. If we can complete the field work before the end of March, we can accomplish the proposed work needed for the Alternatives Analysis Workshop by approximately the end of May 2015. We could conduct our workshop then and deliver a draft report before the end of June 2015. Depending upon the time needed for review and the level of review comments, we can deliver our final report during July 2015. Depending upon the weather possibly affecting the field work, and with contingency already in this schedule, there is probably up to one month of "float" in this proposed schedule. We can discuss a more accelerated schedule if SGPWA so desires.

We are prepared to commit the time of key individuals to the project immediately to ensure a short start-up time frame and key early communication with SGPWA to ensure project success. In particular, we are already looking at company commitments and manpower to ensure that our proposed Project Manager, Sean Harvey, our proposed Tunnel Design Lead, Gregg Sherry, and our proposed Principal-in-Charge, Alan Howard, are will be "immediately" available as early as the first of March. We will work with you continuously to assess and update project schedule and, if necessary, make resource adjustment to keep the schedule. Additional resume

information for our key staff can be provided upon request. The following section provides cameo resumes for our proposed key individuals, and we have included additional Brierley company profile and resume information in Attachment D for your information and for the Participating Entities' review.

### **Key Personnel**

This section introduces and describes key Brierley personnel proposed to perform this work. Supplemental Brierley qualifications information is provided in Attachment D.

#### ***Senior Engineering Geologist and Project Manager: Sean Harvey, PG, CEG***

Sean is a California Professional Geologist and Certified Engineering Geologist and key member of our company's tunneling team. Sean is a Brierley partner and senior engineering geologist / tunnel engineer whose experience includes a wide array of geological and geotechnical investigations, geotechnical engineering and design, and underground design and construction for civil and mining engineering. Sean is highly experienced with Geotechnical Baseline Report (GBR) preparation, geologic mapping, tunnel mapping, ground anchor design and construction, and deep / shallow foundation design and construction. He is the lead person focusing primarily on tunnel design and construction projects in our LA office. He has served as a project manager for tunnel design and construction management projects in various locations throughout the United States involving soft ground, hard rock, and mixed face conditions.

#### ***Tunnel Design Lead: Gregg Sherry, PE***

Gregg is a specialist in underground engineering, and groundwater hydrology. He has applied this expertise to a variety of tunneling, water resource, transportation, and industrial projects. He has over 30 years of progressive experience relating to the design and construction of civil engineering projects including dams, water projects, tunnels, transportation projects, railways, pipelines, and canals. Gregg also has had considerable management experience serving as a resident engineer, design manager, and managing a department for a large consulting firm and government agency. Gregg has participated in all phases of underground construction including shafts, tunnels, micro-tunnels, and trenchless technology engineering and construction. His experience ranges from conceptual engineering and consulting to design to resident engineering or resident construction management to claims assistance and expert testimony. His experience includes tunnel engineering for soft ground to soft rock to hard rock. He also has extensive experience in design and construction management of ground improvement programs including compaction grout; chemical grout; cement grout; and jet grout. He has been involved with the design and construction of over 200 tunnel and shaft projects.

#### ***Principal in Charge: Alan L. Howard, PG, CEG***

Alan Howard is Certified Engineering Geologist and Principle owner of Brierley. Alan is responsible for the development, planning, management, and completion of geotechnical, design and construction project work for tunnels, shafts, microtunnels, mining, water resource development and transportation. He is a specialist in geotechnical investigations and instrumentation for tunneling, civil engineering, hydro-geologic and development projects. He has served as a project manager for tunnel design, construction engineering, and construction

management projects for rapid transit, water supply and sewer interceptor tunnels in numerous locations involving soft ground, hard rock and mixed face conditions. Additionally, Alan is currently Principle-in-Charge for the company's Western Region and manages the company's two California offices.

In addition to these three key individuals, Brierley will provide senior technical input and review and staff level support executing required conceptual design and cost estimating tasks to successfully complete this alternatives analysis for the SGPWA Flume Tunnel Study. We will stay focused on key alternatives strengths and weaknesses and work closely with SGPWA to keep the work focused on viable alternatives that meet the objectives for long-term, reliable water supply. Our Project Manager and Principal-in-Charge will keep in close communication with SGPWA's Mr. Jeff Davis to adjust anticipated scope efforts as new information is developed, and to manage to budget to deliver the requested work in a timely and cost effective manner. Additional Brierley company history and profile information is included as Attachment D to this proposal for readers who would like more information about our capabilities and team.

### **Assumptions and Exclusions**

Brierley has assumed the following in preparing this scope of work. If any of our assumptions presented below are incorrect, we will be happy to make proposal revisions to reflect new information to the contrary. We will strive to work with Webb and SGPWA and other project team members to identify scope gaps and risk and work together to resolve any such occurrences to help ensure that the conceptual design and alternatives analysis for project is as solidly grounded and vetted as possible within the limitations of available information about subsurface conditions and design input assumptions.

- Base maps and/or aerial photographs in paper and/or electronic format with the proposed site layout, property lines, and sufficient landmarks shown to enable Brierley to locate all existing facilities, topography and third parties in the field will be provided by others;
- Survey of any and all kind will be provided by others;
- Private utilities in the area of the proposed improvements and new facilities will be inventoried and provided by others prior to commencing our work. Brierley will perform local utility clearances for any subsurface test pits and the hand auger will be used prior to test pit excavation as a redundant check for possible shallow subsurface utilities;
- No contaminated soils, bedrock, and/or groundwater will be encountered at either of these sites and environmental site assessment and characterization, if any, will be performed by others;
- No significant weather will delay the field studies;
- All civil design for the non-tunnel alternatives, including a pumping station and pipeline alternative will be performed by Webb with assistance from Brierley as described in more detail in the Webb proposal in Attachment A;
- All permitting and third party/outside agency coordination work will be performed and provided by others; and
- Environmental studies of any kind will be performed by others.

**Closing**

Brierley is extremely pleased to have this opportunity to work for SGPWA and partner with Webb to assist with technical screening of alternatives for replacement of the damaged portion of the "Edison Flume". We are uniquely qualified to provide engineering geology, geotechnical, civil and structural engineering for this study, especially for the trenchless technology, tunneling and geo-structural engineering for underground components of the work, as well as geotechnical input for the pump station and pipeline. We believe our multidisciplinary capabilities in water resource and underground engineering is the perfect fit for a water conveyance facility upgrade in rugged terrain such as this. Thank you for the opportunity to submit this proposal.

Sincerely,  
BRIERLEY ASSOCIATES CORPORATION



Sean P. Harvey, PG, CEG  
Associate



Alan L Howard, PG, CEG  
Principal/Western Region Manager

The Above Terms are Understood and Accepted

By \_\_\_\_\_

Printed Name \_\_\_\_\_

Date \_\_\_\_\_

Attachments (4)

**ATTACHMENT A**  
**WEBB ASSOCIATES PROPOSAL**

**Corporate Headquarters**  
3788 McCray Street  
Riverside, CA 92506  
951.686.1070

**Palm Desert Office**  
36-951 Cook Street #103  
Palm Desert, CA 92211  
760.568.5005

**Murrieta Office**  
41391 Kalmia Street #320  
Murrieta, CA 92562  
951.686.1070

February 2, 2015

Mr. Alan L. Howard, PG, CEG  
Principal/Western Regional Manager  
**BRIERLEY ASSOCIATES**  
920 Country Club Drive, Suite 2A  
Moraga, CA 94556

**Subject: Flume Bypass Alternatives Evaluation for  
Banning Heights Mutual Water Company and City of  
Banning**

Dear Mr. Howard:

Pursuant to coordinated efforts with San Gorgonio Pass Water Agency's (Agency) and Brierley Associates, WEBB Associates prepared this proposal to assist Brierley Associates with the flume bypass alternatives evaluation.

**Project Understanding**

The Banning Heights Mutual Water Company (BHMWC) provides water service to the unincorporated Banning Bench (also known as the community of Banning Heights) area north of the City of Banning and has received its water supply from the Whitewater Flume (San Gorgonio Nos. 1 and 2 Project, FERC Project No. 344), a century-old conveyance system that has its source surface water diversions from the South

Mr. Alan L. Howard, PG, CEG  
**BRIERLEY ASSOCIATES**  
February 2, 2015  
Page 2

Fork and the East Fork of the Whitewater River (emanating from the mountains above the community). Shown on the attached diagram titled "Bypass Alternative Review of Damaged Flume" are the described SCE facilities. The elevations of these diversions are approximately 7,000 feet. Water has been delivered to BHMWC by gravity flow at an elevation of approximately 4,000 feet since the early 1900's. Water not used by BHMWC continues via gravity flow to the City of Banning's Banning Canyon groundwater recharge field and has been an important component of the City's water supply, also since the early 1900's.

The Whitewater Flume diversion facilities and many of the conveyance facilities are located on federal lands under the jurisdiction of the San Bernardino National Forest. The flume system is part of the power generation system owned and operated by Southern California Edison. The operations and maintenance of the flume facilities (diversions, conveyance flumes, penstocks, power houses, and reservoirs) is the responsibility of the Southern California Edison. Currently the power generation component of the system is not in operations and not producing power. Southern California Edison has maintained flows in the flume system and throughout the years, has made repairs to the flume to maintain flow. Some of the repair measures have failed, thereby interrupting the flow of water through the flume and penstock system. One such repair measure was bypassing the damaged section of flume located generally in Section 36, T1S/R1E SBBM. Refer to attached exhibit for location. The interim repair measure was to construct the Raywood Flat Canal Turnout to discharge the flume water into Burnt Canyon. In Section 34, T1S/R1E SBBM, the Burnt Canyon Diversion Structure was built to divert water into an 8-inch diameter HDPE above ground pipeline and conveyed to Power House No. 1 where the water is then diverted back into the flume. Bypassing water into Burnt Canyon has significant deficiencies due to water loss as a result of consumptive use and groundwater infiltration between the "Turnout" and the "Diversion Structure".

A cursory review of the March 2002 San Gorgonio Pass Water Agency, "Edison Flume Evaluation" Report prepared by PBS&J was conducted to understand possible bypass.

Mr. Alan L. Howard, PG, CEG  
**BRIERLEY ASSOCIATES**  
February 2, 2015  
Page 3

alternatives of the damaged flume section located in Section 36 T1S/R1E SBBM. The options presented were:

- Tunnel Option
- Pump Station and Pipeline Option

#### **Scope of Work of the Pump Station and Pipeline Option**

The 2002 Evaluation Report provided a concept level review and preliminary cost. SGPWA has requested Brierley Associates to perform a study for bypassing this section of the flume utilizing the tunneling methodology or a pump station and pipeline option.

To assist Brierley Associates with the pump station alternative, WEBB will provide a preliminary study of the pumping option which we will evaluate flow, lift, sizing, power transmission and infrastructure considerations. The evaluation will be based on the review of the pumping alternative in the March 2002 Evaluation Report. These parameters will be used to provide an estimate of capital and project costs and operations, maintenance, and energy cost. Please note that costs developed in WEBB's study will be considered an "Order of Magnitude Estimate" as defined by the American Association of Cost Engineers. An estimate of this type is normally expected to be accurate within plus 50 percent or minus 30 percent. The following is the proposed scope of work:

- Preliminary Work
  - o Review the March 2002 San Gorgonio Pass Water Agency, Edison Flume Evaluation Report
  - o Pumping Parameters (Flow and Lift) based on maximum diversion capacity of 13.26 cfs
  - o Verify Power Requirements
  - o Verify Pipeline, Standpipe and Forebay Reservoir Sizing
  - o Verify Site Locations and Pipeline Alignment
  - o Power Transmission and Infrastructure Requirements

- Cost Evaluation
  - o Project and Construction Costs
  - o Operations, Maintenance and Power Costs and Associated Present Worth Analysis
  - o Cost Evaluation based on "Order of Magnitude Estimate"
- Analysis Report for Flume Bypass Pumping Option

It is noted that the study area is limited to bypassing the portion of flume that has been damaged and the Raywood Flat Canal Turnout. Refer to attached exhibit for approximate location of evaluation area.

The following breakdown is the estimated budget for each task outlined in this proposal:

| <u>Tasks</u>     | <u>Fee</u>      |
|------------------|-----------------|
| Preliminary Work | \$ 4,040        |
| Cost Evaluation  | \$ 3,260        |
| Analysis Report  | \$ 7,380        |
| <u>Expenses</u>  | <u>\$ 620</u>   |
| <b>Total</b>     | <b>\$15,300</b> |

The fee indicated for each individual project task are estimated budget amounts; and accordingly, the actual amounts may be more or less than shown. However, the overall total for engineering services as described in the Scope of Services will not be exceeded without written authorization from the Client.

We believe that we can deliver the draft letter report within thirty (30) days from the time we receive authorization to proceed. The total budget for the services described in this proposal is \$15,300. This proposal will be performed on a time and materials basis and charges for services will be billed monthly.

Mr. Alan L. Howard, PG, CEG  
**BRIERLEY ASSOCIATES**  
February 2, 2015  
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**Exclusions**

Any work relating to the following is specifically excluded for the services proposed herein and, if required, must be contracted for under a separate contract or as an addendum to this contract:

1. Design and Construction Services
2. Water Rights Assessments and Determination
3. Environmental studies of any type
4. Property Appraisal and Acquisition Services
5. Utility Research and Relocation Plans
6. Programming and Integration
7. Potholing and Geotechnical Services
8. Hydrogeological Services
9. Negotiations with the U.S. Forest Service or any of other Federal Agency
10. Any Other Work Task Not Specifically Indicated in the Scope of Services

We appreciate this opportunity to be of service to the Brierley Associates and look forward to providing these services. If you have any questions or wish to meet to discuss any of the items herein, please contact me at (951) 686-1070.

Sincerely,

**ALBERT A. WEBB ASSOCIATES**



Sam I. Gershon, RCE  
Senior Vice President

Accepted by:

**BRIERLEY ASSOCIATES**

Mr. Alan L. Howard, PG, CEG  
**BRIERLEY ASSOCIATES**  
February 2, 2015  
Page 6

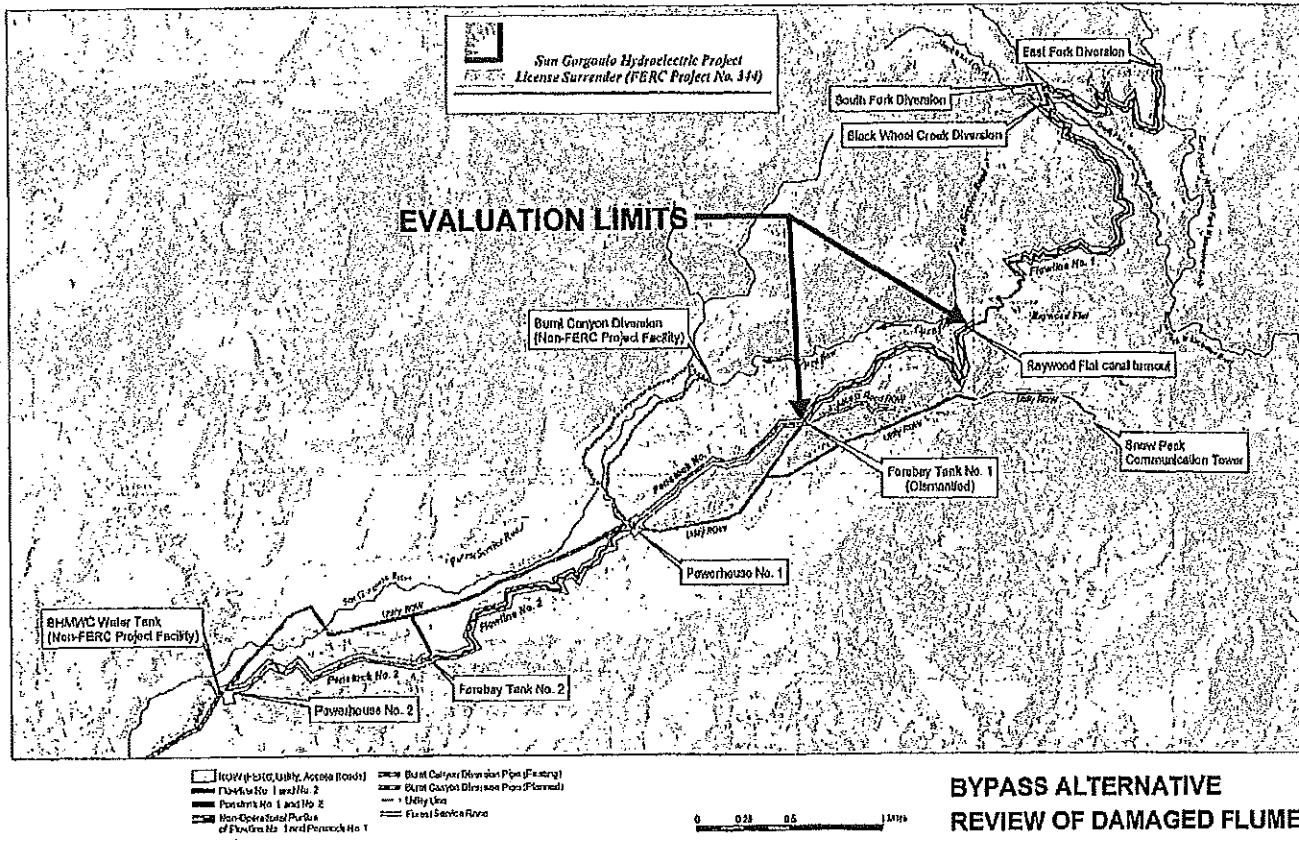
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Mr. Alan L. Howard, PG, CE  
Principal/Western Regional Manager

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Date

Enclosures



**BRIERLEY ASSOCIATES**  
**Proposal for Professional Engineering Services**

**Flume Bypass Alternatives Evaluation for Banning Heights Mutual  
 Water Company and City of Banning**

| Task Description    | Personnel Hours        |             |                     |             | Budget    |                  |
|---------------------|------------------------|-------------|---------------------|-------------|-----------|------------------|
|                     | Principal Engineer III | Senior III  | Project Coordinator | Total Hours | Labor     |                  |
| Preliminary Work    | 4.0                    | 16.0        |                     | 20.0        | \$        | 4,040.00         |
| Cost Evaluation     | 4.0                    | 12.0        |                     | 16.0        | \$        | 3,260.00         |
| Analysis Report     | 12.0                   | 20.0        | 8.0                 | 40.0        | \$        | 7,380.00         |
| Expences            |                        |             |                     |             | \$        | 620.00           |
| <b>TOTAL BUDGET</b> | <b>20.0</b>            | <b>48.0</b> | <b>8.0</b>          | <b>76.0</b> | <b>\$</b> | <b>15,300.00</b> |

**ATTACHMENT B**  
**PROJECT FEE ESTIMATE**

**Brierley Associates, LLC**

BAC West A

**FEE ESTIMATE**

2/9/2015

**SGPWA Flume Tunnel Study**  
**Geology Assessment and Alternatives Analysis****SUMMARY**

C:\Users\brian\Documents\BAC\Brierley Associates\2015\2015-022-9123-Sax Geology Flume Tunnel Study\Flume Tunnel Study Report to SGPWA 2015-02-02 Rev 001\Summary

| Task | Task Description                                | BA Labor Costs   | Subcontractor Costs w/markup | Other Direct Costs w/markup | Total            |
|------|---|------------------|------------------------------|-----------------------------|------------------|
| 1    | Review Background Information                   | \$ 4,493         | \$ -                         | \$ 90                       | \$ 4,580         |
| 2    | Site Visits                                     | \$ 6,703         | \$ -                         | \$ 1,202                    | \$ 9,902         |
| 3    | Geologic Desktop and Field Reconnaissance       | \$ 9,550         | \$ -                         | \$ 1,730                    | \$ 11,680        |
| 4    | Review, Analyze and Update Non-Tunnel Options   | \$ 2,510         | \$ 16,830                    | \$ 51                       | \$ 19,321        |
| 5    | Develop, Screen and Select Tunnel Options       | \$ 17,120        | \$ -                         | \$ 342                      | \$ 17,462        |
| 6    | Alternatives Analysis Workshop (OPTIONAL)       | \$ 3,493         | \$ -                         | \$ 302                      | \$ 3,782         |
| 7    | Draft Report                                    | \$ 9,120         | \$ -                         | \$ 512                      | \$ 9,632         |
| 8    | Final Site Visit (OPTIONAL)                     | \$ 5,310         | \$ -                         | \$ 783                      | \$ 6,093         |
| 9    | Final Report from Comments and Final Site Visit | \$ 5,459         | \$ -                         | \$ 109                      | \$ 5,569         |
|      | <b>TOTAL</b>                                    | <b>\$ 66,030</b> | <b>\$ 16,830</b>             | <b>\$ 5,120</b>             | <b>\$ 88,030</b> |

\$ 88,030 CHECK

TOTAL= \$ 88,030

+ OPTIONAL TASKS= \$ 9,784.60

= REQUIRED TASKS= \$ 78,245.60

**Brerley Associates, LLC****BACWest / Standard Fee Schedule****FEES ESTIMATE**

1/25/2015

**SGPWA Flume Tunnel Study****Geology Assessment and Alternatives Analysis****LABOR HOURS AND COSTS**

| Task  | Task Description                                   | C:\Users\lauri\Documents\Brerley Associates\Reports\12350-SGPWA Flume Tunnel Study\Report to SGPWA\12350-Final Cost\12350 |                              |                             |                           |                     |                    |                 |                |                      |                      |          |                |             |                 |
|-------|--|---|------------------------------|-----------------------------|---------------------------|---------------------|--------------------|-----------------|----------------|----------------------|----------------------|----------|----------------|-------------|-----------------|
|       |  | Role  | Principal / Sr. Consultant I | Sr. Assoc./Sr. Consultant I | Associate/Sr. Project Mgr | Sr. Professional II | Sr. Professional I | Professional II | Professional I | Sr/Sr Professional I | Sr/Sr Professional I | Drafting | Administrative | Total Hours | Laboratory Fees |
| 1     | Review Background Information                      | 6   |                              | 10                          |                           |                     | 6                  |                 |                |                      |                      |          |                | 24          | \$ 4,498        |
| 2     | Site Visit   | 12  |                              | 24                          | 6                         |                     |                    |                 |                |                      |                      |          |                | 42          | \$ 8,700        |
| 3     | Geologic Develop and Field Reconnaissance          | 0   |                              | 4                           | 30                        |                     |                    | 30              |                |                      |                      |          |                | 64          | \$ 9,936        |
| 4     | Review, Analyze and Update Non-Tunnel Options      | 4   |                              | 8                           |                           |                     |                    |                 |                |                      |                      |          |                | 12          | \$ 2,510        |
| 5     | Develop, Screen and Select Tunnel Options          | 16  |                              | 16                          |                           | 16                  | 40                 |                 |                |                      | 24                   |          |                | 112         | \$ 19,120       |
| 6     | Alternatives Analysis Workshop (OPTIONAL)          | 8   |                              | 8                           |                           |                     | 20                 |                 |                |                      | 24                   |          |                | 16          | \$ 3,480        |
| 7     | Draft Report                                       | 4   |                              | 16                          |                           |                     |                    |                 |                |                      | 8                    |          |                | 64          | \$ 4,320        |
| 8     | Final Site Visit (OPTIONAL)                        | 12  |                              | 12                          |                           |                     | 16                 |                 |                |                      | 8                    |          |                | 36          | \$ 5,220        |
| 9     | Final Report from Consultants and Final Site Visit | 4   |                              | 8                           |                           |                     |                    |                 |                |                      |                      |          |                |             | \$ 4,610        |
| Hours |  | 65  | 0                            | 106                         | 36                        | 16                  | 64                 | 30              | 0              | 0                    | 56                   | 0        |                | 370         |                 |
| Total |  | \$ 15,310   | \$ 0                         | \$ 23,200                   | \$ 6,468                  | \$ 2,450            | \$ 11,340          | \$ 3,250        | \$ 0           | \$ 0                 | \$ 5,320             | \$ 0     |                | \$ -        | \$ 68,080       |

Brierley Associates, LLC

**FEES ESTIMATE**

1/29/2015

## SGPWA Flume Tunnel Study

## BAC West Standard Fee Schedule

SGPWA Flume Tunnel Study

**SUBCONTRACTOR COSTS AND OTHER DIRECT COSTS**

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| Task        | Task Description                                  | Subcontractor Costs |           |           |           |           | Other Direct Costs |           |           |        |          |        |          |          |                |        |        |        |      |          |          |
|-------------|---|---------------------|-----------|-----------|-----------|-----------|--------------------|-----------|-----------|--------|----------|--------|----------|----------|----------------|--------|--------|--------|------|----------|----------|
|             |   | Type                | Estimate  | Actual    | Budgeted  | Actual    | Labor              |           | Equipment |        | Material |        | Overhead |          | Transportation |        |        |        |      |          |          |
|             |   |                     |           |           |           |           | Units              | Rate      | Units     | Rate   | Units    | Rate   | Units    | Rate     | Units          | Rate   |        |        |      |          |          |
| 1           | Review and prioritize requirements                |                     | \$ -      | \$ -      | \$ -      | \$ -      |                    |           |           |        |          |        |          |          |                |        | \$ -   |        |      |          |          |
| 2           | Site Visit  |                     | \$ -      | \$ -      | \$ -      | \$ -      |                    |           |           |        |          |        |          |          |                |        | \$ -   |        |      |          |          |
| 3           | Geologic Survey and Field Reconnaissance          |                     | \$ -      | \$ -      | \$ -      | \$ -      |                    |           |           |        |          |        |          |          |                |        | \$ -   |        |      |          |          |
| 4           | Review, Analyze and Update Prioritized Options    |                     | \$ 15,300 | \$ 15,300 | \$ 15,300 | \$ 15,300 |                    |           |           |        |          |        |          |          |                |        | \$ 31  |        |      |          |          |
| 5           | Develop, Screen and Select Final Option           |                     | \$ -      | \$ -      | \$ -      | \$ -      |                    |           |           |        |          |        |          |          |                |        | \$ 312 |        |      |          |          |
| 6           | Alternatives Analysis Workshop (OPTIONAL)         |                     | \$ -      | \$ -      | \$ -      | \$ -      |                    |           |           |        |          |        |          |          |                |        | \$ 215 |        |      |          |          |
| 7           | Drill Report                                      |                     | \$ -      | \$ -      | \$ -      | \$ -      |                    |           |           |        |          |        |          |          |                |        | \$ 431 |        |      |          |          |
| 8           | Final Site Visit (OPTIONAL)                       |                     | \$ -      | \$ -      | \$ -      | \$ -      |                    |           |           |        |          |        |          |          |                |        | \$ 775 |        |      |          |          |
| 9           | Final Report from Consultant and Final Site Visit |                     | \$ -      | \$ -      | \$ -      | \$ -      |                    |           |           |        |          |        |          |          |                |        | \$ 165 |        |      |          |          |
|             |   |                     |           |           |           |           | Total Units        | 3         | 2         | 3      | 2        | \$100  | 4        |          |                |        |        |        |      |          |          |
|             |   |                     |           |           |           |           |                    |           |           |        |          |        |          |          |                |        |        |        |      |          |          |
| Sub-Total   |   |                     | \$ -      | \$ -      | \$ -      | \$ -      | \$ 25,300          | \$ 25,300 | \$ 1,300  | \$ 300 | \$ 100   | \$ 300 | \$ 300   | \$ 2,212 | \$ -           | \$ 250 | \$ 300 | \$ -   | \$ - | \$ 4,837 |          |
| Grand Total |   |                     | \$ -      | \$ -      | \$ -      | \$ -      | \$ 15,300          | \$ 15,300 | \$ 152    | \$ 30  | \$ 10    | \$ 30  | \$ 30    | \$ 10    | \$ -           | \$ 25  | \$ 35  | \$ -   | \$ - | \$ 273   |          |
| Total       |   |                     | \$ -      | \$ -      | \$ -      | \$ -      | \$ 16,810          | \$ 16,810 | \$ 1,652  | \$ 330 | \$ 110   | \$ 310 | \$ 300   | \$ 110   | \$ 2,312       | \$ -   | \$ 275 | \$ 330 | \$ - | \$ -     | \$ 5,123 |

10%

Subcontractor Markup  
Other Direct Costs Markup

\$ 5,110

**ATTACHMENT C**  
**FEE SCHEDULE (2014-A)**  
**STANDARD TERMS AND CONDITIONS (January 2014)**

**BRIERLEY ASSOCIATES CORPORATION**  
**STANDARD FEE SCHEDULE**  
**January 2014**

1. Fees for services will be based on the time worked on the project by staff personnel plus reimbursable expenses. The hourly fee for professional services will be charged as follows unless otherwise noted in the proposal:

|                                      |       |
|--------------------------------------|-------|
| Principal/Senior Consultant II       | \$235 |
| Senior Associate/Senior Consultant I | \$220 |
| Associate/Senior Project Manager     | \$200 |
| Senior Professional II               | \$180 |
| Senior Professional I                | \$155 |
| Professional II                      | \$135 |
| Professional I                       | \$125 |
| Staff Professional II                | \$115 |
| Staff Professional I                 | \$105 |
| Drafting                             | \$95  |
| Administrative                       | \$80  |

2. Overtime hours will be charged at straight time rates.

3. The fee for direct non-salary expenses will be billed at our cost plus a fifteen (15) percent handling fee and shall include the following: a) Transportation or subsistence expenses incurred for necessary travel, such as use of personal or company vehicles at IRS allowed mileage rates; use of public carriers, airplanes, rental cars, trucks, boats or other means of transportation; b) Reproduction and printing costs for reports, drawings and other project records; c) Express deliveries such as FedEx.

4. Subcontractors engaged to perform services required by the project will be billed at our cost plus fifteen (15) percent.

5. Communications and computer expenses will be charged at a flat rate of three and one half (3.5) percent of the total gross labor charges to include normal telephone, e-mail, faxes, long distance telephone, mailing of correspondence, in-house computer use and computer aided design and drafting (CADD).

6. Specialized computer usage, separately defined in the proposal for specific client needs, will be charged as identified in the proposal.

7. Payment: Invoices generally are submitted once a month for services performed during the previous month. Payment will be due and payable upon receipt of invoice. Interest may be added to accounts in arrears at the rate of one and one-half (1.50%) percent per month on the outstanding balance. In the event Brierley Associates, Inc. must engage counsel to enforce overdue payment, Client will reimburse Brierley Associates, Inc. for all reasonable attorney's fees and court costs.

8. The billing rates given above are subject to change at the beginning of each year, unless noted otherwise in the signed proposal.

**STANDARD TERMS AND CONDITIONS**  
**Brierley Associates Corporation**  
January 2014

These Standard Terms and Conditions shall supplement the terms and conditions contained in any proposal, contract, purchase order, requisition, notice to proceed, or like document (collectively, "Contract Documents") under which Brierley Associates, Corporation "Company" is required to provide professional services, and shall supersede the provisions of any Contract Documents that are not consistent with the provisions stated below. As used herein, "Client" means the entity or person to whom the proposal is addressed.

**1. Performance of Services**

**1.1 Scope.** The Company is obligated only to perform the Services described in the proposal or contract (the "Services"), for the agreed upon fee. Client may request changes in the Services to be performed by the Company including, but not limited to changes in work scope, changes in schedule, and/or changes in deliverables. If Client requests changes, then the Company shall submit a written proposal to perform the changed Services describing the work to be performed and any increase or decrease in the time of performance or price. When agreement is reached, a written amendment shall be executed by the parties. No oral modifications to the agreed scope of Services shall be binding on either party.

**1.2 Standard of Care.** The Company will perform the Services in accordance with generally accepted practices of engineers and/or scientists providing similar services at the same time, in the same locale, under like conditions and circumstances.

**1.3 No Warranties.** There are no warranties, express or implied, in connection with the Services.

**1.4 Documents and Information.** Client shall provide the Company with all existing documents, drawings, reports and information that will assist the Company in the performance of the Services.

**1.5 Delay.** The Company shall not be in default of any obligation or otherwise responsible for any claims, damages or losses in connection with any delay or failure of performance that arises from a cause or condition reasonably beyond the Company's control, such as but not limited to acts of God, war, terrorist acts, natural disaster, labor strikes or shortages, interruption of sources of supply, or untimely or unfavorable responses from governmental agencies in connection with permits, approvals or other actions.

**1.6 Performance Schedules.** Any schedules or completion dates, budgets, or estimates of cost prepared by the Company represent the Company's professional judgment based on its experience and available information. Since the Company has no control over the cost of labor, materials, or equipment, or a contractor's methods of determining prices, or over competitive bidding or market conditions, the Company cannot and does not warrant or represent that actual schedules, budgets or completion dates or actual costs will not vary from schedules or completion dates, budgets, or estimates of cost prepared by the Company and/or proposed, established or approved by Client.

**1.7 No Third Party Obligations.** Nothing contained in any proposal or contract shall be construed to create, impose, or give rise to any duty owed by the Company to any person or entity that is not a party to the Contract Documents. The Services will be performed for the sole use and benefit of Client and may not be used or relied upon by any other person or entity without the Company's express written consent.

**2. Precedence**

These Terms and Conditions shall take precedence over any inconsistent or contradictory provisions contained in any proposal, contract, purchase order, requisition, notice to proceed, or like document.

**3. Severability**

If any of these Standard Terms and Conditions are determined to be invalid or unenforceable in whole or part, the remaining provisions shall remain in full force and effect, and shall be binding on the parties and their successors and assigns. The parties agree to reform these Standard Terms and Conditions to replace any such invalid or unenforceable provision with a valid and enforceable provision that comes as close as possible to the intention of the stricken provision.

**4. Survival**

These Standard Terms and Conditions shall survive completion of the Services and termination of the Services for any cause.

## 5. Governing Law

The Contract Documents and these Standard Terms and Conditions shall be governed and construed in accordance with the laws of the state in which the Company maintains its principal office.

## 6. Insurance

6.1 Existing Coverage. The Company maintains in force the following policies of insurance: workers' compensation; commercial general liability; automobile liability; and professional liability. The Company will furnish certificates of insurance upon Client's request. Client agrees that the Company will not be liable or responsible for any loss or damage beyond the amounts, limits, exclusions, terms and conditions of such insurance.

- a. Professional Liability: Insurance claims made and in the aggregate: \$1,000,000
- b. Commercial General Liability: \$1,000,000 per occurrence and in aggregate \$2,000,000
- c. Workers Compensation and Employer's Liability Insurance: Employer's liability shall be an amount not less than \$1,000,000 for each accident for bodily injury and disease.
- d. Automobile Liability: Combined single limit each accident \$1,000,000.

6.2 Additional Coverage. Client may request that the Company obtain insurance coverage broader or higher than the Company's existing coverage through project-specific insurance, if available, provided that Client shall pay an additional fee based on the additional premium cost.

## 7. Assignment

The rights, duties and liabilities under the Contract Documents shall not be assignable by either party without prior written consent of the other party.

## 8. Hazardous Materials and Contaminants

Nothing in this Agreement shall be construed as providing any type of service relating to an assessment of the presence or absence of oil, hazardous materials, asbestos, radioactive materials or any other environmental contaminants or conditions which may be subject to governmental regulation or control, or for the design of systems to remove, treat, handle, remediate or dispose of such materials, contaminants or conditions.

## 9. Services During Construction

9.1 If the Company's scope of work includes the performance of services during the construction phase of a project, it is understood that the purpose of such services, including visits to the site, is to enable the Company to better perform the duties and responsibilities assigned to and undertaken by it as a design professional. The Company shall not, during such visits or as a result of observations of construction, supervise, direct or have control over the work or any contractor or have authority over, or responsibility for, the means, methods, techniques, sequences or procedures of construction selected by the contractor, or any failure of the contractor to comply with laws, rules, regulations, ordinances, codes or orders applicable to the work. The Company does not guarantee the performance of the construction contract by any contractor, and does not assume responsibility for a contractor's failure to perform its work in accordance with the Contract Documents.

9.2 If the Company's services during construction include shop drawing review, the Company will review or take other appropriate action with respect to shop drawings, samples and other data which contractors are required to submit, but only for conformance with the design concept of the project and compliance with the information given in the Contract Documents. Such review or other actions shall not extend to means, methods, techniques, sequences or procedures of manufacture including the design of manufactured products or construction, or to safety precautions and programs incident thereto. The Company's review or other actions, shall not constitute approval of an assembly or product of which an item is a component, nor shall it relieve any contractor of its obligations regarding the review and approval of such submittals or the contractor's exclusive responsibility for the means, methods, sequences, techniques and procedures of construction, including safety of construction.

## 10. Job Site Safety

10.1 Insofar as job site safety is concerned, the Company is responsible only for the health and safety of its own employees. Nothing herein shall be construed to relieve Client or any other consultants or contractors from their responsibilities for maintaining a safe job site. The Company shall not advise on, issue directions regarding, or assume control over safety conditions and programs for others at the job site. Neither the professional activities of the Company, nor the presence of the Company or its employees and subcontractors, shall be construed to imply that the Company controls the operations of others or has any responsibility for job site safety.

**10.2** The Company shall not be required to provide a Competent Person to be on site as defined by OSHA 29 CFR 1926.32(f).

**11. Ownership of Documents and Processes**

All documents including drawings, specifications, estimates, field notes, and other data and all processes including scientific, technological, software, and other concepts, whether or not patentable, created, prepared or furnished under this Agreement by the Company or by the Company's independent contractors and consultants pursuant to this Agreement, are instruments of service in respect of the project and shall remain the property of the Company whether or not the project is completed. Client may make and retain copies thereof as may be necessary to occupy and operate the project, but such documents are not intended or represented to be suitable for additions, extension, alterations, or completion of the project by others, or for use on any other project. Any reuse without written verification or adaptation by the Company for the specific purpose intended is at Client's sole risk and without liability or legal exposure to the Company or its independent contractors or consultants. Client agrees to indemnify and hold the Company harmless from all claims, damages, losses and expenses, including attorney's fees, arising out of such reuse by Client or by others acting through Client.

**12. Electronic Media**

The Company agrees, upon request, to provide materials to Client stored electronically. Client recognizes that data, plans, specifications, reports, documents, or other information recorded on or transmitted as electronic media are subject to undetectable alteration, either intentional or unintentional, due to transmission, conversion, media degradation, software error, or human alteration. Accordingly, documents provided to Client in electronic media are for informational purposes only and are submitted to Client for an acceptance period of 30 days. Any defects, which Client discovers in that time period, shall be reported to the Company for correction. The Company makes no warranties, either express or implied, regarding the fitness or suitability of electronic media, including but not limited to any warranty of fitness for a particular purpose. In addition, electronic media shall not be used, in whole or in part, for any project other than that for which they were created, without the express written consent of the Company and without suitable compensation. Accordingly, Client agrees to waive any and all claims against the Company resulting in any way from the unauthorized reuse or alteration of electronic media.

**13. Limitations of Liability**

**13.1** Disclaimer. Client recognizes that risks arise whenever engineering or related disciplines are applied to identify subsurface conditions, and that even a comprehensive sampling and testing program, implemented with appropriate equipment and experienced personnel under the direction of a trained professional who functions in accordance with a professional standard of practice may fail to detect certain hidden conditions. Environmental, geological, and geotechnical conditions that the Company may infer to exist between sampling points may differ significantly from those that actually exist. Client recognizes that natural occurrences or direct or indirect human intervention at or near the site, may cause actual conditions to change and that nothing can be done to eliminate this risk altogether. For the foregoing reasons, Client agrees to the fullest extent permitted by law that the Company shall have no liability whatsoever for claims, damages or losses caused by site conditions that cannot reasonably be known by standard engineering methods.

**13.2** No Duty to Defend; Limited Duty to Reimburse Defense Costs. The Company shall have no duty to defend Client in connection with any claims or actions brought against Client, whether or not such claims or actions are related to the Company's performance of Services. The Company shall have a duty to reimburse Client's reasonable defense costs, but such duty shall apply only to the extent that the Company has an indemnity obligation expressly stated herein.

**13.3** Limitation of Indemnity Obligations. If there is no provision in the agreement for Services that requires indemnification of Client by the Company, no such obligation shall exist and any such obligation is expressly disclaimed. If there is a provision in the agreement for Services that requires indemnification of Client by the Company, that provision is deleted and replaced with the following provision:

The Company shall indemnify Client against any costs, damages or losses caused by the Company's negligence or willful misconduct in the performance of Services, but only to the extent that such costs, damages or losses were caused by the Company's negligence or willful misconduct.

**13.4** Monetary Limit. To the fullest extent permitted by law, the Company's liability for any indemnity obligations to Client shall not, in the absence of any willful misconduct by the Company in its performance of Services, exceed the sum of \$100,000.

**13.5** No Claims Against Affiliated Persons. The parties intend that the Company's performance of Services shall not subject the Company's shareholders, directors, members, managers, officers or employees (collectively, "Affiliated Persons") to any liability for the risks associated with any project. Therefore, and notwithstanding anything to the contrary

contained herein, Client agrees to the fullest extent permitted by law that as Client's sole and exclusive remedy, any claim, demand or suit shall be directed or asserted against only the Company and not against any Affiliated Persons.

#### **14. Dispute Resolution**

All claims, disputes or controversies arising out of or related to the Services, the Contract Documents or these Standard Terms and Conditions, or any breach thereof, shall first be submitted to mediation. If the Contract Documents require arbitration of claim, dispute or controversy by the American Arbitration Association (AAA), the mediation shall be conducted by the AAA pursuant to its applicable mediation or conciliation rules. If the Contract Documents do not require arbitration by the AAA, the parties shall agree upon a mediator and participate, in person, in a mediation session within 45 days after mediation has been requested.

#### **15. Suspension or Termination of Services**

**15.1** By Client. Client may, at any time, suspend or terminate the Services. Suspension or termination shall be by written notice effective seven (7) days after the Company's receipt of written notice. Client agrees to compensate the Company for all services performed before the effective date of suspension or termination, together with reimbursable expenses including subcontractors, sub-consultants and vendors.

**15.2** By the Company. If Client fails to make payment when due for Services and reimbursable expenses, the Company may, upon seven (7) days' written notice to Client, suspend performance of the Services. Unless payment in full is received by the Company within seven (7) days from the date of the notice, the suspension shall take effect without further notice. If the Company suspends the Services hereunder, the Company shall have no liability to Client for any resulting delay or damage to Client or others. Client shall make no deductions from the Company's compensation on account of sums withheld from payments to contractors, nor shall payment to the Company be contingent upon financing arrangements or Client's receipt of payment from any third party.

#### **16. Contractual Limitations Period for Legal Actions**

Notwithstanding the statute of limitations otherwise applicable, any and all legal actions by either party against the other for any cause or causes of any kind, however denominated and regardless of the legal theory under which the claim is brought, and including but not limited to indemnification, breach of contract, negligence, misrepresentation, breach of warranty, or failure to perform in accordance with the applicable standard of care, must be brought within two (2) years after termination or substantial completion of the Services.

#### **17. Subsurface Investigations**

Client agrees to furnish right of entry and permission for the Company to perform surveys, borings, and other investigations, pursuant to the scope of Services. Where Client is not the owner of the Site, and Services include borings, trenches, or other such invasive testing, the Company may require written authorization from the property owner to perform such Services. Client acknowledges that the use of exploration equipment may alter or damage the terrain, vegetation, improvements or property at the site. The Company will take reasonable precautions to minimize damage to the property from use of equipment, but has not included in the fee the cost of restoration of damage that may result from such operations. If the Company is required to restore the property to its former condition, that cost plus fifteen (15) percent will be added to the fee.

Client shall Indemnify, defend, and hold harmless the Company and its independent contractors and consultants from all claims, damages, losses, and expenses (including attorney's fees), arising out of or resulting from the Company's entry onto and presence on the property, including, but not limited to, claims or allegations of injury to persons or damage to property, nuisance, trespass, or wrongful entry.

Reasonable care will be exercised in locating underground structures in the vicinity of proposed subsurface explorations. This will include review of drawings provided by Client, Client's representatives, or site owner for the site to be investigated. The Company shall be entitled to rely upon the drawings provided. If the actual locations of underground structures are not known or cannot be readily confirmed, then there will be a degree of risk to Client associated with conducting the explorations. In the absence of confirmed underground structure locations, Client agrees to accept the risk of damage and cost associated with repair and restoration of damage resulting from the exploration work.

All soil and rock samples will be discarded 30 days after submission of the Company's report or other deliverables, unless Client advises in writing otherwise. Upon request, the Company will ship or deliver the samples, charges collect, or will store them for an agreed storage charge.

Client will obtain from Site Owner, if required, and furnish to the Company, at the time of Client's authorization to proceed, all information known concerning oil, hazardous, toxic, radioactive or asbestos material in, on or near the site available to Client.

Client's counsel, and Site Owner. If hazards are known to exist and Client fails to advise the Company of such substances or conditions, and during the course of the work they are discovered, and such discovery in the Company's opinion results or may result in injury or a health risk to persons, whether the Company's employees or others, Client agrees to assume full responsibility and liability and shall hold the Company harmless for any and all claims, demands, suits, or liabilities for personal injury including disease, medical expenses, including but not limited to continued health monitoring, and/or death, or property damage, and for economic loss, including consequential damages.

Oil, hazardous materials, or asbestos may exist at a site where there is no reason to believe they should be present. Should, at any time, any evidence of the existence or possible existence of such substances be discovered, the Company reserves the right to stop work, renegotiate the Terms and Conditions of this Agreement, and the fees for services. If a mutually satisfactory Agreement cannot be reached between both parties, the Agreement shall be terminated in accordance with these Terms and Conditions. The Company will notify Client as soon as practically possible should unanticipated hazardous materials or suspected hazardous materials be discovered.

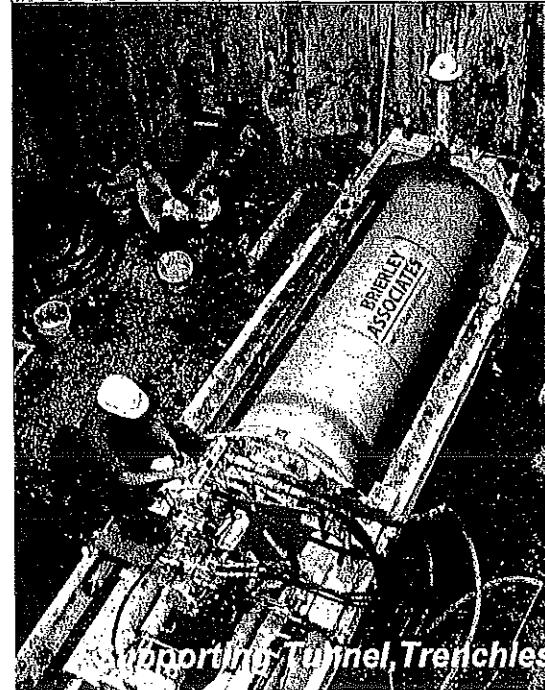
The discovery of hazardous materials or suspected hazardous materials may make it necessary for the Company to take immediate measures to protect human health and safety, and/or the environment. Client agrees to compensate the Company for the cost of any and all measures that in the Company's professional opinion are justified to preserve and protect the health and safety of the Company personnel and the public, and/or the environment. In addition, Client waives any claims against the Company, and, to the full extent permitted by law, agrees to indemnify, defend and hold the Company harmless from any and all claims, losses, damages, liability, and costs, including but not limited to cost of defense, arising out of or in any way connected with oil, hazardous materials or asbestos at the site.

**ATTACHMENT D**  
**BRIERLEY ASSOCIATES CORPORATION**  
**SUPPLEMENTAL QUALIFICATIONS INFORMATION**

**BRIERLEY  
ASSOCIATES**

*Creating Space Underground*

**UNDERGROUND ENGINEERING  
AND CONSTRUCTION SERVICES**



149 / 69

Planning, Tunnel, Trenchless, Geotechnical and Construction Projects Since 1999

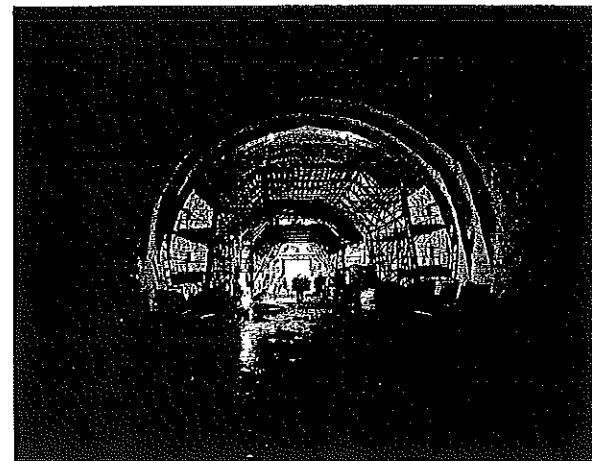
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# BRIERLEY ASSOCIATES

## Who we are...

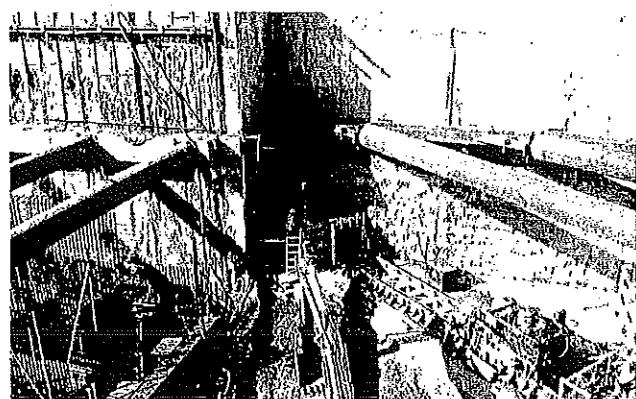
Brierley Associates is a privately-held, national tunneling, trenchless, geotechnical, and geostructural engineering firm with offices strategically located in nine states. We have a long history of bringing recognizable value to their clients and projects by providing cost-effective and constructible solutions for underground intensive projects. Brierley Associates understands that planning, design, and construction of underground projects is a complex mixture of client needs, contractual preferences, risk allocation, third party requirements, design criteria, and subsurface conditions. We use our knowledge and experience to perform each assignment as a reasonable and objective balancing of all of the above inputs with our client's best interests in mind. We are committed to providing accurate and focused information in a timely and cost-effective manner. All of us at Brierley Associates, share a common business vision; one that is dedicated to the service of our clients, as we "Create Space *Underground*"

Brierley Associates' team of over 60 engineers and geologists are experienced with anticipating ground behavior through geologic and geotechnical evaluations tailored specifically for the project. We understand the importance of accurately communicating surface and subsurface conditions through appropriate design, construction, and contract documents including: Geotechnical Data Reports, Geotechnical Baseline Reports (GBRs), and plans and specifications. Our high quality evaluations, reports, design, and contracting documents help allocate risk between parties; resulting in realistic bids for clients that reduce risk of differing site conditions, cost overruns, and project delays. The world renowned experience we possess allows us to anticipate and assess challenges involved with design and construction of underground infrastructure. Our team of professionals is experienced in all aspects of tunnel and trenchless design and construction; including feasibility and risk assessment, geologic and geotechnical site characterization, trenchless design, contractor procurement, and construction management.



## What we do...

- Tunnel and Trenchless Design
- Support of Excavation Design
- Foundation Design
- Geologic and Geotechnical Engineering
- Dewatering System Design
- Ground Improvement and Mitigation
- Soil/Rock Slope Engineering
- Subsurface Evaluations
- Geologic Mapping
- Geohazard Assessment
- Construction Management
- Construction Cost Estimating and Scheduling
- Forensic Engineering, Claims and Dispute Resolution
- Instrumentation and Performance Monitoring
- Compliance and Permitting

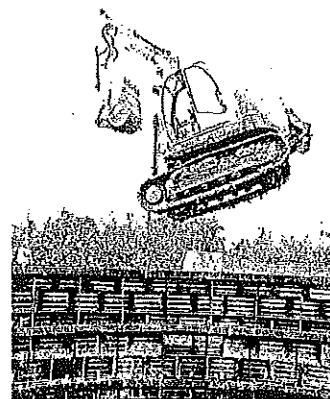


## Pre-Bid Analysis

Brierley Associates has vast experience and world renowned knowledge to help clients evaluate a project through technical review of the contract documents, geotechnical baseline assessments, risk determination, constructability assessment, and identification of alternate design concepts to reduce costs and risks. Our geologic and geotechnical interpretive studies predict ground behavior as opposed to those to develop an overly conservative report designed to avoid litigation. Through this approach we can help you assess risks and identify the most efficient, reliable and cost effective means and methods for constructing your project.

### Services include:

- Technical Review of Drawings, Specifications, and Reports
- Interpretation and Characterization of Subsurface Conditions and geotechnical Baseline Reports (GBR)
- Means, Methods, and Constructability Assessments
- Risk Identification and Evaluation
- Conceptual Support of Excavation (S.O.E.) Designs for Costing Purposes
- Conceptual Design for Budgeting
- Cost and Schedule Estimates
- Design of Dewatering Systems
- Design of Ground Improvement and Modification Techniques
- Instrumentation and Performance Monitoring

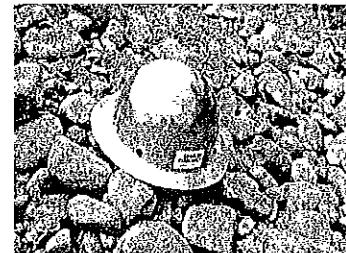


## Feasibility Studies

Our engineers and geologists have significant experience with various ground conditions and many construction technologies. We can help evaluate construction alternatives and techniques to identify options that best suit the project from our client's perspective.

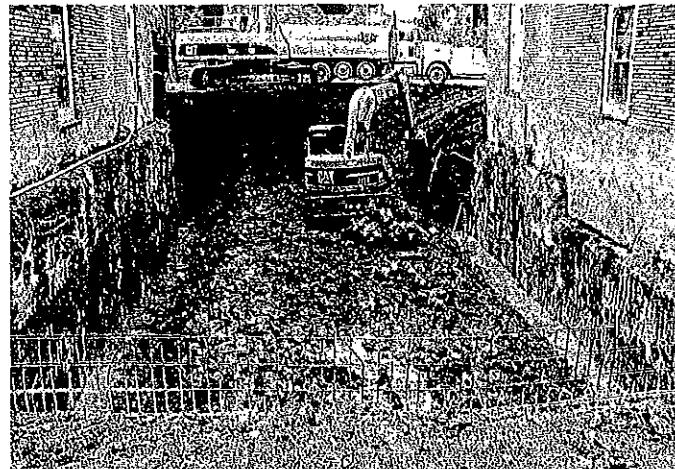
### Services include:

- Search and Evaluation of Existing Geologic and Geotechnical Information
- Identification of Successful Local Underground Construction Practices
- Reviewing Possible Third Party Impacts
- Geologic and Geotechnical Field of Office Studies
- Review and Development of GDRs and GBRs
- Feasibility Level Designs
- Contract Plans and Specifications
- Cost Estimates and Scheduling for Various Scenarios
- Risk Assessment and Development of Mitigation Options



## Value Engineering

Value engineering (VE) is defined as a systematic method to improve the "value" of goods or products and services by using an examination of function. Value, as defined, is the ratio of function to cost. Value can therefore be increased by either improving the function or by reducing cost. Brierley Associates has been a contributor and team member for VE efforts since our company's inception. We help designers and contractors by integrating the VE process during the early stages of a project so that maximum benefits can be realized.



## Support of Excavation (SOE) Design

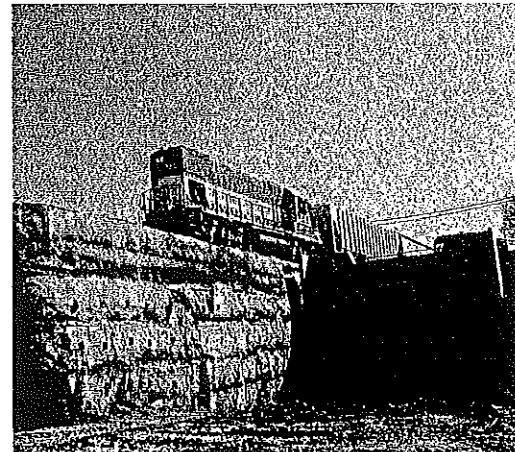
**Our geo-structural engineers have the knowledge and understanding of ground behavior required to design these SOE systems:**

### Soil Nails and Shotcrete

This technique is appropriate for soils with sufficient stand-up time to support the lifts and when adequate right-of-way is present beyond of the excavation limits for the soil nails. Soil nail walls up to 50-ft high can be used as SOE in most soil types above the groundwater table.

### Braced Sheet / Soldier Piles

Internal bracing is often cost effective for trench excavations greater than 15-ft deep since the bracing can be removed after partial backfilling and subsequently re-used as trench excavation progresses. Braces commonly consist of wide flange beams or pipes that are usually welded to horizontal water beams, which are attached to the soldier piles, or steel sheeting.



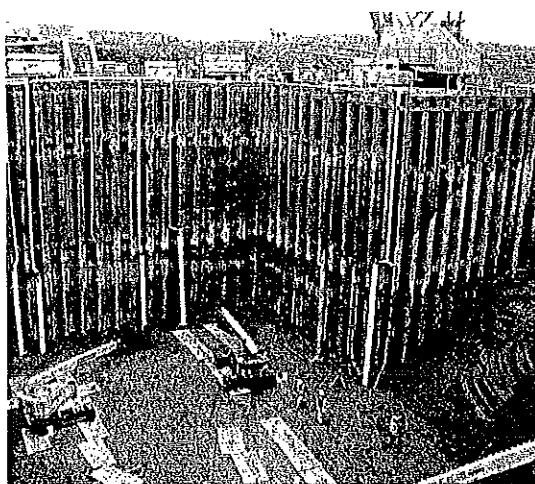
### Jet Grouting

Jet grouting SOE consists of jetting fluid cement grout at high pressure into the subsurface soils to create soil-crete columns. Overlapping jet grout columns are placed around the periphery of the excavation to form a water tight wall and/or base slab. The diameter of a soil-crete column is dictated by subsurface conditions and installation method.



### Soil Mixing

Similar to jet grout, this SOE method modifies and strengthens the existing soil by mixing cement grout into the ground to form soil-crete. The cement is introduced and mixed through augers and therefore may not be suitable for soils with boulders or cobbles. Like jet grout columns, soil mixed columns are best used in large circular shafts or with internal or tie-back bracing in deep rectangular excavations.



### Cantilever Walls

Cantilever walls can be used in many soil types up to about 15-ft high using sheet piles or soldier piles with wood lagging. Heights up to 20-ft can be attained with drilled shafts installed in continuous, adjacent, or overlapping secant patterns. Where feasible, cantilever walls are advantageous because they do not require easements tieback installation or deadman support.

### Slurry Walls

Slurry walls are "cast-in-place" walls made within a soil slot excavation. Slots are excavated by either cutting mills or clam shells suspended from cranes. As the slot is excavated, it is commonly stabilized with a slurry mixture. Upon reaching the design dimensions steel reinforcement is hung in the slot and the slurry is displaced by concrete placed via tremie. Slurry walls can be designed as permanent structural walls to reduce project costs.

### Tied-back Sheet/Soldier Piles

For SOE wall heights too tall for cantilever walls, one option is to stabilize sheet or soldier piles and lagging with tiebacks, drilled through the wall from inside the excavation. Rows of tiebacks are installed and pre-stressed after the piles are in place in lifts as excavation is advanced.

## Design-Build Services

Brierley Associates is a leader in the implementation of subsurface Design-Build projects. Numerous papers and texts on the subject of Design-Build for subsurface construction projects have been authored by Brierley Associates. When implemented correctly, Design-Build offers many advantages over conventional Design-Bid-Build projects such as, single-point responsibility, increased cooperation between engineer and contractor, and potentially the reduction in project cost and schedule.

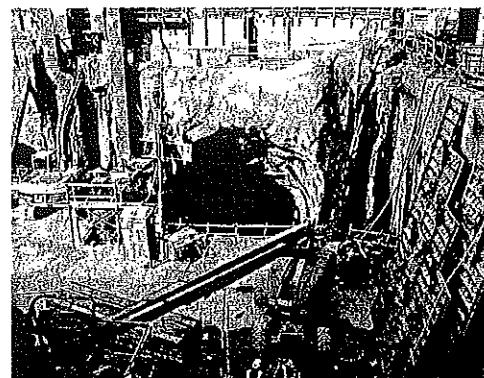
### Services include:

- Interpretation and Characterization of Subsurface Conditions
- Geotechnical and Geological Engineering Analysis and Design
- Support of Excavation (S.O.E.) Designs
- Shallow and Deep Foundation Design for Budgeting
- Preparation of Plans and Specifications
- Preparation of Submittals
- Construction Management



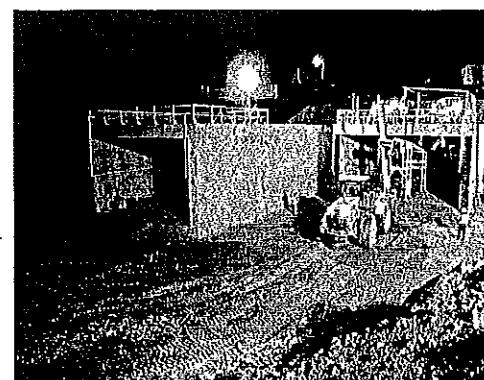
## Design

Brierley Associates engineering staff understands the importance of anticipating ground behavior through comprehensive geologic and geotechnical field studies geared specifically toward project design. We also understand how critical communicating this information is through appropriate construction contract documents including Geotechnical Data Reports (GDRs), Geotechnical Baseline Reports (GBRs), plans, and specifications. Well planned and executed field and office studies, interactive design, and appropriate contracting will help to fairly allocate risk between parties, and thereby, generate good quality bids, and minimize the risk of differing site conditions, cost overruns, and schedule delays.



### Services include:

- Interpretation and Characterization of Subsurface Conditions
- Geotechnical and Geological Engineering Analysis and Design
- Geohazard Studies
- Alternative Analysis
- Development of GDRs and GBRs
- Contract Drawings and Specifications
- Cost Estimates and Scheduling
- Risk Assessment and Management



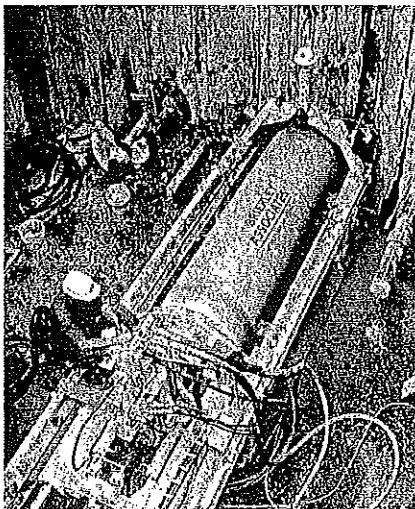
## Construction Support & Construction Management Services

Brierley Associates is positioned to support you on your construction project whether it may be a large public infrastructure or a small private project. We work with Contractors before, during, and after construction. We believe that the key to success for any underground construction project is understanding ground behavior, if you can properly predict how the ground will behave and how it will interact with the construction methods chosen, then you are on your way to a successful project. Brierley Associates can provide a wide range of technical support to a specific project, drawing from a talent pool of engineers and construction personnel to tackle the most challenging underground projects.

### Services include:

- Submittal Review
- Construction Monitoring
- Differing Site Condition Evaluations
- Costs and Scheduling Assessment
- Contract Documentation
- Instrumentation Installation and Monitoring
- Construction Engineering and Management

## Trenchless Design

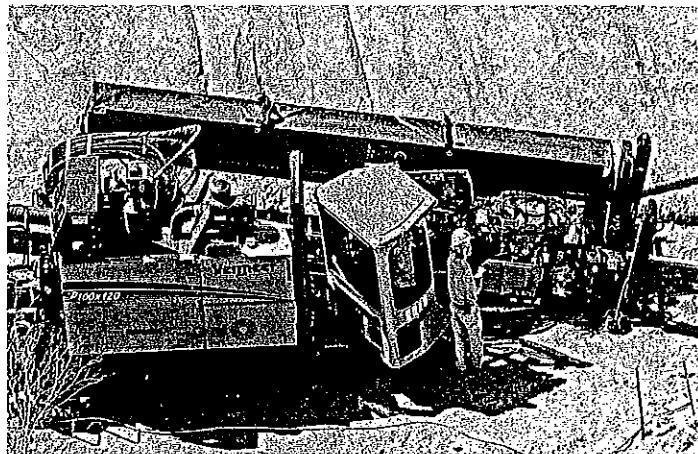


Trenchless technology is becoming an increasingly viable and preferred alternative to cut-and-cover pipeline construction. Conventional open trench construction can result in significant disruption in urban settings, and environmentally sensitive areas, while permitting can be costly and time consuming. In addition, open trench construction has been shown to result in a much larger carbon footprint than trenchless alternatives.

At Brierley Associates, our nationwide and international experience allows us to understand the challenges involved with pipeline design and below-grade installation. Our team of professionals is experienced in all aspects of trenchless pipe installation, including feasibility and risk assessment, permit support, geotechnical site characterization, trenchless design, contractor procurement, and construction management.

Brierley Associates have successfully applied trenchless construction methods throughout the U.S., involving the following technologies:

- ◆ Horizontal Directional Drilling (HDD)
- ◆ Microtunneling
- ◆ Pipe Jacking
- ◆ Auger Boring
- ◆ Pipe Raming
- ◆ Rock, Soil and mixed-face micro-tunneling



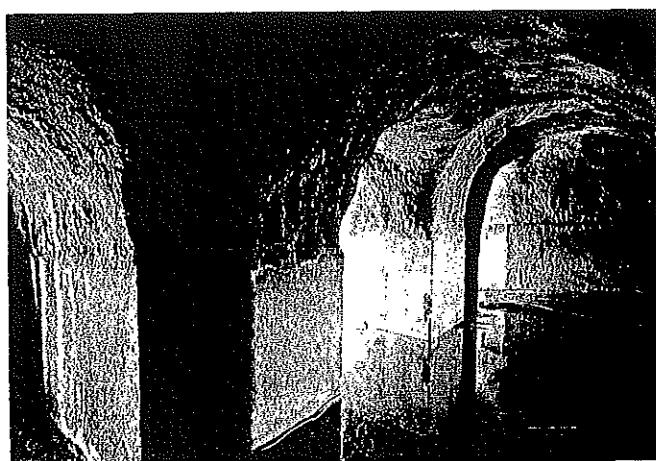
Selection of the appropriate trenchless method is of paramount importance to project success. In our experience, some significant issues which must be considered when evaluating the various trenchless alternatives for underground utility infrastructure projects include the following:



- ◆ Site geometry and access
- ◆ Ground conditions (soil, bedrock, groundwater)
- ◆ Project cost and schedule impacts
- ◆ Permit requirements
- ◆ Construction risk

## Forensic Engineering, Claims, and Dispute Resolution

Brierley Associates provides forensic engineering services requiring expertise in geotechnical engineering, heavy construction, tunneling, and trenchless pipeline construction. We offer the ethics and integrity of the firm's founders and senior staff with their combined experience of over 300 years in heavy civil construction. We adhere to the principle that a good forensic engineering expert is a detective, one who patiently searches for evidence and reconstructs events in order to reach unbiased conclusions that will stand the scrutiny of peers and cross-examination by attorneys. We follow a disciplined approach; determining an absence of conflicts of interest, hearing and vetting the nature of the assignment, accepting the assignment, careful assembly and active review of pertinent information, proactive analysis, and development of conclusions and opinions.



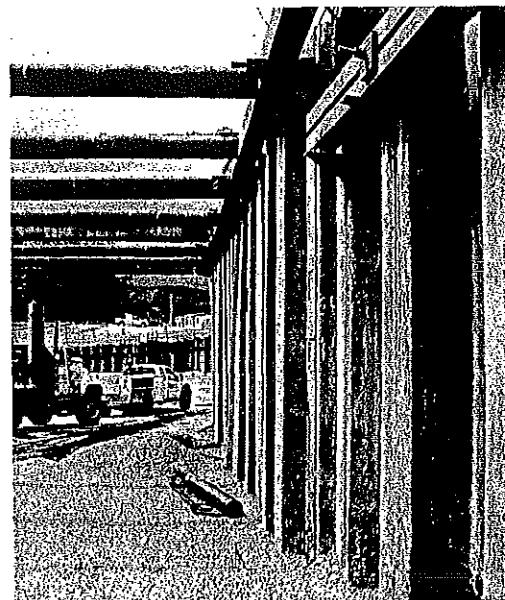
Brierley Associates staff have served as arbitrators, testified as expert witnesses, and participated on numerous dispute resolution boards as well as providing support for mediation. From this experience, we fully accept and embrace the role as unbiased providers of opinions and facts to the persons entrusted to make the final judgments in each matter. We are also cognizant of and affirm the importance of explaining sometimes complex scientific and engineering concepts in simple, direct language that can be understood by lay persons and finders of fact not familiar with the material.

Brierley Associates specializes in construction claims and disputes arising primarily from allegations of differing site conditions. Our geotechnical, heavy

construction, tunnel and trenchless technology expertise is leveraged to carefully evaluate the subsurface conditions described in the contract documents and compare these to conditions actually encountered during construction. Depending on the nature of a claim, a review of means and methods, and equipment utilization may be incorporated into our work. We also provide evaluation of cost and schedule impacts arising from changed conditions, based on our experience in heavy civil construction management.

### Services include:

- Document and Data Review
- Differing Site Conditions Evaluations
- Failure Analysis
- Evaluation of Remedial Solutions
- Cost Estimating and Scheduling
- Peer Review
- Dispute Review and Resolution
- Expert Witness Testimony
- Technical Advisor-Depositions and Testimony
- Claims Resolution
- Dispute Review Board Member
- Mediator, Arbitrator, and Appraiser



## Where we are...

### CALIFORNIA

920 Country Club Dr.  
Suite 2A  
Moraga, CA 94556  
T: 925-247-9000

6355 Topanga Canyon Blvd.  
Suite 309  
Woodland Hills, CA 91367  
T: 818-835-9554

### COLORADO

Corporate Office  
990 South Broadway  
Suite 222  
Denver, CO 80209  
T: 303-703-1405

2629 Redwing Rd.  
Suite 150  
Fort Collins, CO 80526  
T: 970-237-4988

### ILLINOIS

4 College Park Court  
Savoy, IL 61874  
T: 217-351-8710

78 South Spring Street  
Elgin, IL 60120  
T: 847-505-3933

### KENTUCKY

233 Alexandria Drive  
Lexington, KY 40504  
T: 859-514-6785

### MASSACHUSETTS

26 Smith Place  
Suite 2  
Cambridge, MA 02138  
T: 617-714-5784

### MINNESOTA

2500 County Road 42 W  
Suite 103  
Burnsville, MN 55337  
T: 651-925-0000

### NEW HAMPSHIRE

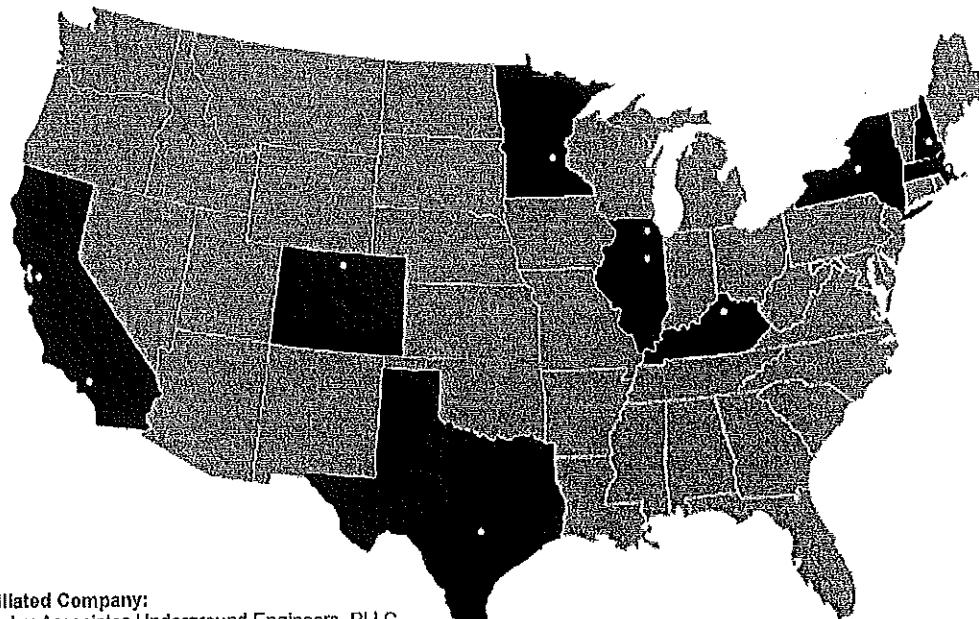
167 South River Rd.  
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### NEW YORK

6323 Fly Rd.  
Suite 4  
East Syracuse, NY 13057  
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### TEXAS

15808 Ranch Rd.  
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Austin, TX 78717  
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Affiliated Company:  
Brierley Associates Underground Engineers, PLLC

*Creating Space Underground—Coast to Coast*

[www.BrierleyAssociates.com](http://www.BrierleyAssociates.com)

**EXHIBIT "B"**

**SCOPE OF SERVICES/COST ESTIMATE  
ENVIRONMENTAL JUSTICE STUDY**



5020 Chelboro Road, Suite 200, Agoura Hills, CA 91301  
Tel. 818-597-3407, Fax 818-597-8001, [www.aspeneg.com](http://www.aspeneg.com)

**PROJECT MEMORANDUM**

**SAN GORGONIO PASS WATER AGENCY - WATER SUPPLY FACILITY REMOVAL PROJECT**

**Date:** February 2, 2015  
**To:** Roy McDonald, LLC  
**From:** Negar Vahidi, Senior Associate  
**Subject:** Scope of Work/Cost Estimate: Socioeconomic Baseline Conditions  
Technical Memorandum

Aspen Environmental Group is pleased to provide this scope of services and cost estimate to provide data on existing socioeconomic conditions for the communities in Riverside County affected by the San Gorgonio Pass Water Agency (SGPWA) Water Supply Facility Removal Project. This memorandum outlines the tasks that Aspen will accomplish in order to support Roy McDonald, LLC in its efforts to prepare a technical report to be filed with FERC. The assumptions in this memorandum are based on email correspondence (entitled "Questions") with Roy McDonald on January 28, 2015 and a telephone conversation on January 30, 2015.

Per direction from Roy McDonald, the scope and estimated cost included in this memorandum only cover characterization of existing socioeconomic conditions as they relate to socioeconomic effects (as described in detail below). Any future tasks related analysis of socioeconomic impacts would be conducted under a separate scope and cost to be determined at a later date.

## Proposed Scope of Services

### Part 1: Characterize Socioeconomic Conditions

Aspen proposes to work under the direction of Roy McDonald, LLC to develop baseline socioeconomic conditions to identify the potential for environmental justice areas of concern in the study area. Details relevant to the completion of this task are described below.

- Data on population and income will be collected from publicly available sources including the U.S. Census, local municipalities, and State of California agencies (e.g., Department of Finance, or Employment Development Department, etc.), as applicable.
- The Study Area includes City of Banning and the unincorporated community of Banning Bench. It should be noted that the entire area of Banning Bench is enclosed within a single US Census Tract and block group with the same boundary (Tract #441.04). At this time, census data appears available for the Banning Bench area. If any additional data (not provided by the Census) is needed, Aspen would conduct a focused mail-in survey of the 300-household community. However, this scope and cost estimate does not include the cost for conducting the survey and interpreting the data for inclusion in the baseline conditions technical memorandum. If a survey is needed, the scope and cost for that effort would be provided under a separate request.
- Environmental justice addresses the potential for disproportionate Project effects on minority and low-income populations in the vicinity of the Study Area, as compared to the broader regional population. For example, the broader regional population can include minority and population data for Riverside County, the overall service area of the San Gorgonio Pass Water Agency, or even the State of California. The intent of this effort is to ascertain whether or not, the proposed decommissioning activities would affect the minority and/or low-income populations in the Study Area disproportionately.

Scope/Budget for Socioeconomic Baseline Conditions Technical Memorandum  
SGPWA Water Supply Facility Removal Project

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- Minority populations are defined as: "...individuals who are members of the following population groups: American Indian or Alaskan Native; Asian or Pacific Islander; Black not of Hispanic origin; or Hispanic (without double-counting non-white Hispanics falling into the Black/African-American, Asian/Pacific Islander, and Native American categories)" (CEQ, 1997). For purposes of this data gathering effort, a minority population consists of those identifying themselves as being a member of a non-white race (or races) plus those indicating that their ethnicity is Hispanic or Latino, regardless of how they indicated race.
- Low-income populations are defined as "Populations with a mean annual income below the annual statistical poverty level" (CEQ, 1997).
- The following socioeconomic data will be provided for the Community of Banning Bench, City of Banning, and Riverside County:
  - Total population and projections
  - Minority population
  - Population below poverty level
  - Total number of households
  - Average persons per household
  - Total number of housing units
  - Renter vs. owner occupied units
  - Average home price/worth
  - Current average cost of municipal water per gallon (to be provided SGPWA).
- To provide regional context, data on total population, minority population, and minority percentage for the broader regional setting and the communities within the study area will be provided. In addition, total population below poverty level and percentage of the population below poverty level will be provided.
- Utilizing the methods presented by the CEQ and U.S. Environmental Protection Agency (EPA) *Final Guidance for Incorporating Environmental Justice Concerns in EPA's NEPA Compliance Analyses*, an environmental justice population of concern would be identified when the percentage of minority or low-income population of the potentially affected area is greater than that of the larger respective geographic area (i.e., incorporated cities or unincorporated Riverside County). For example, any U.S. Census tract or Census block within the Study Area that contains a minority or low-income population greater than that of the greater geographic region in which it is located will be identified as an environmental justice area of concern.
- A summary of applicable State and local laws, ordinances, regulations and standards related to the provision of drinking water would be provided, with a focus on any relevant information on affordable drinking water.

### **Deliverable: Baseline Conditions Technical Memorandum**

Aspen will prepare a technical memorandum that includes existing data on socioeconomic conditions that would eventually be used to identify any potential for socioeconomic effects, including determination for potential environmental justice areas of concern. The technical memorandum will include the following:

- All existing conditions data will be provided in tabular format
- Tabular data would be used to prepare color graphic maps (up to 4 maps no larger than 11X17) generated through GIS to visually illustrate the distribution of minority and low-income population characteristics.
- Brief text narrative describing and interpreting the tabular data and map illustrations will be provided, and any areas of potential environmental justice concern will be clearly described and identified.
- The Baseline Conditions Technical Memorandum would be completed four (4) weeks from receipt of all relevant cost data from SGPWA.

### **Estimated Cost and Cost Assumptions**

Per direction from Roy McDonald, the scope and estimated cost included in this memorandum only cover characterization of existing socioeconomic conditions as they relate to socioeconomic effects (as described above), including identification of any potential environmental justice areas of concern within the Study Area. Any future tasks related analysis of socioeconomic impacts would be conducted under a separate scope and cost to be determined at a later date.

Aspen expects that the completion of the tasks and deliverables enumerated above would take no more than a total of 132 hours of labor, over a four (4) week period at an **estimated cost of \$14,870**. Our proposed level of effort is based on:

- Agreement to the items enumerated in this memorandum by providing an approval signature below.
- Receipt of an email notice-to-proceed (NTP).
- No travel will be charged because work will be confined to Aspen's Agoura Hills Office. If any travel is required, it would be billed on a time-and-material basis.
- All deliverables will be submitted in electronic MS Word and/or PDF formats via Email transmittal.
- Coordination subsequent the NTP will occur via telephone or e-mail.

The following matrix provides our cost estimate details.

Scope/Budget for Socioeconomic Baseline Conditions Technical Memorandum  
SGPWA Water Supply Facility Removal Project

**Hourly Billing Rates and Cost Estimate for ASPEN ENVIRONMENTAL GROUP, January 29, 2015**

| Aspen Environmental Group Staff | Roles                                    | Hourly Rate | Total Hours | Cost            |
|---------------------------------|--|-------------|-------------|-----------------|
| Negar Vahidi, MPA               | Task Manager/Senior Socioeconomic Expert | \$160       | 40          | \$6,400         |
| Scott Debauche, CEP             | Socioeconomic Expert                     | \$100       | 60          | \$6,000         |
| Tracy Popiel                    | Mapping and GIS                          | \$78        | 30          | \$2,340         |
| Maral Koshkarian                | Admin/Accounting                         | \$65        | 2           | \$130           |
| <b>TOTAL</b>                    |  |             | <b>132</b>  | <b>\$14,870</b> |

**Signatures in Authorization and Agreement:**



Negar Vahidi, Senior Associate  
ASPEN ENVIRONMENTAL GROUP  
Subcontractor

*Signature*  
Prime Contractor: Roy McDonald, LLC  
2743 14th Street  
Sacramento, CA 95818  
(916) 826-9858  
Date: \_\_\_\_\_

**EXHIBIT "C"**

**SCOPE OF SERVICES/COST ESTIMATE  
ALTERNATIVE WATER SUPPLY STUDY**



Final JD  
11-4-14  
DRAFT

Corporate Headquarters  
3788 McCray Street  
Riverside, CA 92506  
951.686.1070

W.O. No.: 010607

Palm Desert Office  
36-951 Cook Street #103  
Palm Desert, CA 92211  
760.568.5005

Murrieta Office  
41391 Kalmia Street #320  
Murrieta, CA 92562

November 3, 2014

Mr. Jeff Davis, General Manager  
**SAN GORGONIO PASS WATER AGENCY**  
1210 Beaumont Avenue  
Beaumont, CA 92223

Subject: SGPWA, Study of New, Replacement Water Supply for Banning Heights Mutual Water Company and City of Banning

Dear Mr. Davis:

Pursuant to the San Gorgonio Pass Water Agency's (Agency) September 11, 2014 and October 9, 2014 requests, WEBB Associates prepared this proposal to assist the Agency, Banning Heights Mutual Water Company (BHMWC) and the City of Banning (City) with the alternative water study. WEBB Associates will work closely with SGPWA, BHMWC, and the City of Banning during the duration of the study.

#### Introduction and Understanding

The Banning Heights Mutual Water Company (BHMWC) provides water service to the unincorporated Banning Bench (also known as the community of Banning Heights) area north of the City of Banning and has received its water supply from the Whitewater Flume (aka San Gorgonio Nos. 1 and 2 Project, FERC Project No. 344), a century-old conveyance system that has its source surface water diversions from the South Fork and the East Fork of the Whitewater River (emanating from the mountains above the community). The elevations of these diversions are approximately 7,000 feet. Water has been delivered to BHMWC by gravity flow at an elevation of approximately 4,000 feet since the early 1900's. Water not used by BHMWC continues via

Mr. Jeff Davis, General Manager  
**SAN GORGONIO PASS WATER AGENCY**  
November 3, 2015  
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gravity flow to the City of Banning's Banning Canyon groundwater recharge field and has been an important component of the City's water supply, also since the early 1900's.

The Whitewater Flume diversion facilities and many of the conveyance facilities are located on federal lands under the jurisdiction of the San Bernardino National Forest. Several interrelated environmental regulatory processes are currently underway that could result in reduced water deliveries or entirely removing the facilities from federal lands.

The San Gorgonio Pass Water Agency (SGPWA), is evaluating the potential impacts of losing this local source of gravity fed water. This evaluation will include the identification of potential alternative sources of water and the infrastructure that would be necessary to deliver replacement water to the Banning Bench and to the City's Banning Canyon water wells. The evaluation will include estimates of the cost of the water, the infrastructure, and of the annual costs of pumping, if necessary.

#### **Geographical Setting and System Requirements**

The Banning Bench is located at an elevation of approximately 4,000 feet. The City of Banning's wells area located in Banning Canyon at an approximate elevation of between about 2,700 feet and 3,700 feet. The alternative water supply system will have to deliver water to Banning Heights at its treatment plant at an elevation of approximately 4,300 feet, and to the highest City of Banning recharge ponds in Banning Canyon at an approximately elevation of 3,500 feet. The alternative water supply system would include:

- Source of supply or multiple sources of supply;
- Conveyance of the supply to the appropriate elevations;
- Treatment of the source water (if required).

Mr. Jeff Davis, General Manager  
**SAN GORGONIO PASS WATER AGENCY**  
November 3, 2015  
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The supply and conveyance system sizing should consider the following three (3) delivery scenarios:

- Delivery Scenario 1 – Replacing the 0.5 cfs and 300 AFY reduction in gravity fed water deliveries to BHMWC
- Delivery Scenario 2 – Delivering 1,530 AFY to BHMWC at XXX<sup>1</sup> cfs and 1,770 AFY to Banning Canyon at XXX<sup>1</sup> cfs
- Delivery Scenario 3 – Delivering 3,300 AFY to BHMWC at XXX<sup>1</sup> cfs and 2,890 AFY to Banning Canyon at XXX<sup>1</sup> cfs

This engineering study will identify and quantify the potential loss of the local water supply, as a result of the proposed Federal action, to both the Banning Bench and the City of Banning, and develop an alternative supply, along with a capital and operating cost estimate of the alternative supply. The alternative supply could be groundwater, surface water, imported water, or a combination of all three. The alternative supply and delivery system would need to comply with all local water rights and other legal and institutional constraints. The engineering study may be incorporated into the alternatives and mitigation sections of a Draft Environmental Impact Report.

#### **Scope Items Requested**

Based on items outlined in your September 11, and October 9, 2014 draft scope of work WEBB Associates developed the following detailed Scope of Services in order to address the needs of the Agency, BHMWC, and City of Banning. The following are the proposed tasks to be performed to address the needs of the three participating entities (the Agency, BHMWC and the City):

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<sup>1</sup> Flow rates will be provided by SGPWA at a later date.

Mr. Jeff Davis, General Manager  
**SAN GORGONIO PASS WATER AGENCY**  
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**Task 1: Site Visit and Data Collection**

1. Perform a site visit of the existing water supply infrastructure (e.g. diversion, conveyance facilities, and treatment facilities).
2. Collect existing data to identify and quantify the loss of water supply to both the Banning Bench and the City of Banning.
3. Prepare exhibits of the existing water supply infrastructure including diversions, conveyance facilities, groundwater basin boundaries, entity boundaries, topography and aerial photography, and pumping and treatment facilities.
4. Review historic water rights, groundwater basin adjudication requirements, historic and current water usages for BHMWC and City from the Whitewater Flume.
5. Review water quality data of existing source.

**Task 2: Develop Alternative Water Source and Conveyance System Plans  
(Assume up to 3 Scenarios Planning)**

1. Evaluate Alternative Water Sources
  - A. Ground Water Basin Use Parameters
  - B. Surface Water Source
  - C. Imported Water Source
  - D. Combination of Multiple Water Sources
2. Determine Required Facilities
  - A. Pipelines Sizing and Alignment Analysis
  - B. Pump Stations and Locations
  - C. Storage and Locations
  - D. Turnout Connection(s) for Imported Water and Location(s)

Mr. Jeff Davis, General Manager  
**SAN GORGONIO PASS WATER AGENCY**  
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Page 5

- E. Recharge Basin Review
- F. Pre-Treatment of Source Water (if required)
- G. Evaluation of Existing Treatment Facility

- 3. Operation and Maintenance
  - A. Energy Requirements
  - B. Maintenance Efforts such as Labor and Materials
- 4. Alternative Analysis Review
  - A. Review Alternative Sources and Conveyance Facilities
  - B. Prepare Advantages and Disadvantages of Each Alternative
- 5. Incorporate Delivery Scenario's 1, 2, and 3
- 6. Prepare a topographic map showing locations of all facilities
  - A. This will include aerial photography (eg Google Maps)

**Task 3: Prepare Cost Analysis**

- 1. Initial Capital Improvement Costs
  - A. Improvements to Existing Water Treatment Plant
  - B. Pre- Treatment of Source Water (if required)
  - C. Well(s) Drilling, Development, Equipping and Treatment (if required)
  - D. Pumping Station Facilities
  - E. Reservoir Facilities
  - F. Conveyance Pipelines
  - G. Turnout Facilities

Mr. Jeff Davis, General Manager  
**SAN GORGONIO PASS WATER AGENCY**  
November 3, 2015  
Page 6

2. Land Costs<sup>2</sup>
3. Water Rights Costs (based on information and data from previous reports such as October 2009 SGPWA Supplemental Water Supply Study prepared by WEBB Associates)
4. Operations and Maintenance Costs
5. Determine Water Cost Based Upon Present Worth

**Task 4: Evaluate Water Rights and Legal and Coordinate Institutional Constraints for Each Alternative Plan (requires input and coordination from participating entities' legal counsel and General Manager)**

**Task 5: Summarize Major Environmental Issues Associated with Each Alternative Plan**

**Task 6: Prepare and Summarize an Alternative Analysis Evaluation Based Upon the Three (3) Scenarios Outlined in the September 11 and October 9, 2014 Correspondence<sup>3</sup>**

1. Water Cost Determination Based Upon Present Worth Analysis
2. Alternative Planning Scenarios Advantages/Disadvantages Summary
  - A. Water Rights and Legal and Institution Constraints (provided by participating entities)

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<sup>2</sup> Land costs will be estimated and only used for planning and budgeting purposes, and is not to be considered the real value of the land. It is recommended that the participating agencies (SGPWA, BHMWC, and City of Banning) have an appraisal performed to determine a more realistic value for the subject properties as the project moves forward.

<sup>3</sup> More than one alternative may be recommended if one alternative does not appear to be significantly and clearly more cost effective and implementable than others. For example, one alternative may have a lower capital cost, while another may have a higher capital cost with a lower operating cost. Another alternative may have lower costs, but have significant institutional restrictions or environmental impacts which may make its implementation problematic or more difficult. In these cases, summaries for multiple alternatives may be presented, along with a summary of the advantages and disadvantages of each. It is noted that the alternatives are contingent upon available quantity and quality of the water supply and the final demand criteria. It may be required to have multiple supply sources in order to maintain flexibility and reliability of supply.

Mr. Jeff Davis, General Manager  
**SAN GORGONIO PASS WATER AGENCY**  
November 3, 2015  
Page 7

**B. Environmental Issues**

3. Prepare Conceptual Implementation Schedules for Each Alternative
  - A. Determine Advantages/Disadvantages of each
4. Summarize Recommended Alternative(s)

**Task 7: Analysis Report**

1. Prepare Draft Report Incorporating Tasks 1-6 Including Appendices and Exhibits (pdf file, no hard copies)
2. Finalize Report Incorporating the Intent of the Participating Entities (pdf file, five (5) bounded copies).

**Task 8: Meetings**

1. Kickoff Meeting and Existing Site Review
2. Progress Meetings Approximately Every Three (3) Weeks With Participating Entities (assume 3)
3. Presentation of Results of Draft Report (assume 1)
4. Presentation of Final Report (assume 3)

**Task 9: Expenses**

**Schedule and Compensation**

The following breakdown is the estimated budget for each task outlined in this proposal:

| <b>Tasks</b> | <b>Fee</b> |
|--------------|------------|
| Task 1       | \$ 4,100   |
| Task 2       | \$10,010   |
| Task 3       | \$ 6,560   |
| Task 4       | \$ 3,620   |

Mr. Jeff Davis, General Manager  
**SAN GORGONIO PASS WATER AGENCY**  
November 3, 2015  
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|              |                  |
|--------------|------------------|
| Task 5       | \$ 4,570         |
| Task 6       | \$ 8,040         |
| Task 7       | \$11,600         |
| Task 8       | \$ 7,540         |
| Task 9       | <u>\$ 1,460</u>  |
| <b>TOTAL</b> | <b>\$ 57,500</b> |

The fee indicated for each individual project task are estimated budget amounts; and accordingly, the actual amounts may be more or less than shown. However, the overall total for engineering services as described in the Scope of Services will not be exceeded without written authorization from the Agency.

We believe that we can deliver the draft report within one hundred (100) days from the time we receive authorization to proceed. The total budget for the services described in this proposal is \$57,500. This proposal will be performed on a time and materials basis and charges for services will be billed monthly.

#### Exclusions

Any work relating to the following is specifically excluded for the services proposed herein and, if required, must be contracted for under a separate contract or as an addendum to this contract:

1. Design and Construction Services
2. Water Rights Assessments and Determination
3. CEQA NOE
4. Property Appraisal and Acquisition Services
5. Utility Research and Relocation Plans
6. Programming and Integration

Mr. Jeff Davis, General Manager  
**SAN GORGONIO PASS WATER AGENCY**  
November 3, 2015  
Page 9

7. Potholing and Geotechnical Services
8. Hydrogeological Services
9. Any Other Work Task Not Specifically Indicated in the Scope of Services

We appreciate this opportunity to be of service to the Agency and look forward to providing these services. If you have any questions or wish to meet to discuss any of the items herein, please contact me at (951) 686-1070.

Sincerely,

**ALBERT A. WEBB ASSOCIATES**

Sam I. Gershon, RCE  
Senior Vice President

Accepted by:

**SAN GORGONIO PASS WATER AGENCY**

  
\_\_\_\_\_  
Jeff Davis, General Manager

11-4-14  
\_\_\_\_\_  
Date

cc: Wally Franz, Webb Associates  
Sinnaro Yos, Webb Associates

**EXHIBIT “D”**

**COST SHARE AGREEMENT**

## **COST AND FEE SHARING AGREEMENT**

This Cost and Fee Sharing Agreement ("Agreement") is made as of the date of the latest signature below, between San Gorgonio Pass Water Agency, ("Agency"), the City of Banning ("City"), and the Banning Heights Mutual Water Company ("Company"). These three are together referred to as the "Parties" and individually as "Party."

### **RECITALS**

A. The Parties are "Participating Entities" in a 2010 Agreement with Southern California Edison ("Transfer Agreement") whose intent is to assure an orderly transition of ownership of the facilities commonly referred to as the Whitewater Flume, or the FERC 344 facilities.

B. In order to aid in the effort to facilitate the transfer and to obtain the needed permits and licenses, the Parties recognize the importance of a number of studies to the overall process. These studies are known as the Alternative Water Supply Study, the Tunneling Study, and the Environmental Justice Study ("Studies").

C. These Studies will be performed by outside consultants ("Consultants(s)"). The proposed scope and cost of each Study will be provided to each Party in advance of any contractual arrangement with any applicable Consultants. At the time of the date of this Agreement, it is contemplated that the following Consultants will be retained to perform the following Studies: (1) Alternative Water Supply Study - Albert A. Webb Associates; (2) Tunneling Study - Brierley Associates; and (3) Environmental Justice Study - Aspen Environmental Group.

D. By this Agreement, the Parties intend to authorize Agency to retain the services of the above Consultants to perform the services described, and agree to share the costs and fees of the Consultants as well as the Studies themselves. The Parties recognize that it is to their mutual advantage to simplify the contracting process by designating one of the Parties to contract with the Consultants and to generally oversee the Consultants' work.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and conditions set forth in this Agreement, and for other good, valuable, and adequate consideration, the Parties hereto agree as follows:

#### **1. Cost Sharing Regarding Studies**

(a) Cost of Studies Agency has entered into, or intends to enter into, agreements with the above-mentioned Consultants ("Consultant Agreements") for preparation of the Studies. The Parties agree that Agency may contract with Albert A. Webb Associates, Brierley Associates, and Aspen Environmental Group to perform the three studies referred to above. The proposals to perform these Studies, which include the scope of work and proposed compensation ("Compensation") are attached hereto as Exhibit A, Exhibit B, and Exhibit C, and incorporated herein by reference. Agency shall have the reasonable discretion to make the final determination as to which Consultants will be retained, the scope of work and proposed Compensation, and other provisions of the Consultant Agreements. Such Consultant Agreements shall be made

contingent upon all Parties entering into this Agreement. In the event one or more Parties do not execute this Agreement, or later terminate their participation in this Agreement, Agency shall have the right, pursuant to this Agreement and the provisions of the applicable Consultant Agreement, to terminate any and all of said Consultant Agreements.

(b) Cost Sharing Between the Parties The Parties shall each be responsible for payment of the periodic and final payment requests submitted by each Consultant under the applicable Consultant Agreement as follows:

(i) Upon receipt by Agency of each written statement from a Consultant regarding the amount due and owing for the applicable time period ("Progress Payment"), the Parties agree to apportion Compensation that the Consultants invoice in performing their obligations under the Consulting Agreements as follows:

|         |        |
|---------|--------|
| Agency  | 33.33% |
| City    | 33.33% |
| Company | 33.33% |

(ii) Agency will bill each of the other Parties for its percentage share of the Compensation on a monthly basis, or less frequently, at Agency's discretion. None of the Parties shall be responsible for payment of any amounts in excess of its percentage shares as set forth herein, without the prior written consent of the Party being requested to pay such additional amount. As of the date of this Agreement based on the Consultant Agreements referenced herein, it is estimated that the total Compensation shall not exceed the following amounts without written consent of the Parties.

|         |          |
|---------|----------|
| Agency  | \$55,000 |
| City    | \$55,000 |
| Company | \$55,000 |

(iii) Agency shall provide a copy of the Progress Payment to the other Parties along with a cover letter setting forth the calculation of the percentage amount due and owing by each Party. Within thirty (30) days of the date of said cover letter, each Party shall submit payment to Agency for the applicable Party's percentage share as set forth in this Agreement.

(iv) If any Party objects to any portion of the statement or calculation, it shall provide written notice to Agency of said objections within ten (10) days from the date of Agency's cover letter and the Parties shall then engage in good faith efforts to resolve such issues through informal discussions. In the event a Party(ies) does/do not submit such an objection to Agency within said 10-day period, said Party(ies) will be deemed to have approved said statement. In regard to any objection regarding the services performed by a Consultant, the Parties shall jointly seek to resolve such issues with said Consultant.

2. No Creation of Interest in Ultimate Facilities Each Party expressly recognizes that participation in this Agreement does not create an interest in or entitlement to the use of any facilities that may ultimately be acquired or built as a result of the services performed by the Consultants. Ownership and/or use of any such future facilities shall be subject to agreement between the applicable Parties at the time of any said planning, construction or installation.

3. Access to Property Each Party agrees that to the extent it owns or controls property or facilities relating to the Consultants' work, the Consultants shall have the right of access to or across that property or those facilities.

4. Effective Date; Term and Termination This Agreement shall be effective on the date of full execution of this Agreement by all Parties ("Effective Date"). The term of this Agreement shall be from the Effective Date to the date of completion of performance of the services under the Consultant Agreements pursuant to the schedule and deadlines set forth in the Exhibits. This Agreement shall remain in effect during the term unless earlier terminated under the following procedures:

(a) Notice and Opportunity to Cure If a Party to this Agreement believes that any of the other Parties has failed to perform any obligation of that Party in accordance with the terms of this Agreement ("Default"), the Party alleging the Default shall provide written notice ("Default Notice") to the other Party, setting forth the nature of the alleged Default. Unless otherwise provided by a specific term of this Agreement, the Party claimed to be in Default shall have: (i) with respect to a Default involving the payment of money, ten (10) days after its receipt of the Default Notice to completely cure such Default, and (ii) with respect to any other type of Default, thirty (30) days from the receipt of the Default Notice to completely cure such Default or, if such Default cannot reasonably be cured within such thirty (30) day period, to commence the cure of such Default within the thirty (30) day period and diligently prosecute the cure to completion thereafter. If the Party claimed to be in Default does not cure such Default within the time periods and procedures as set forth herein, the Party alleging Default may pursue the applicable legal remedies.

## 5. General Provisions

(a) Indemnification Each Party ("Indemnitor") hereby agrees to defend, indemnify and hold free and harmless the other Parties ("Indemnitee") from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, personal injury, death or property damage, arising from or connected with Indemnitor's activities under this Agreement, whether such claims, damages, liabilities, costs and/or judgments are based upon alleged negligence, a dangerous condition of public property, or any other theory of liability. Indemnitor's duty to indemnify Indemnitee shall survive the expiration or other termination of this Agreement as to any injuries, occurrences or claims occurring or alleged to have occurred prior to its expiration or termination.

(b) Relationship of the Parties Nothing contained in this Agreement shall be deemed or construed by the Parties or by any third person to create the relationship of principal and agent, or partnership or joint venture, or any association between the Parties, and none of the provisions contained in this Agreement or any act of the Parties shall be deemed to create any relationship other than as specified herein, nor shall this Agreement be construed, except as expressly provided herein, to authorize any Party to act as the agent for the other.

(c) Attorney Fees If a Party brings suit to enforce or to recover for breach of any term, covenant or condition contained herein, the prevailing Party(ies) shall be entitled to attorney fees in addition to the amount of any judgment, recovery, and costs.

(d) Entire Agreement This Agreement is intended by the Parties as a complete and exclusive statement of the terms of their agreement and it supersedes all prior agreements, written or oral, as to this subject matter. This Agreement may be modified only upon the mutual written agreement of the Parties hereto.

(e) Notices Written notices to be given to the Parties must be given by personal delivery or by registered or certified mail addressed and delivered as set forth below. Other correspondence and invoices may be sent by first-class mail, addressed and delivered as set forth below:

San Gorgonio Pass Water Agency  
1210 Beaumont Avenue, Beaumont, CA 92223  
Attn: General Manager

City of Banning  
99 E. Ramsey Street, Banning, CA 92220  
Attn: Public Works Director

Banning Heights Mutual Water Company  
7091 N. Bluff Street, Banning, CA 92220  
Attn: President

(f) Representation of Authority Each Party represents to the other that it has the authority to enter into this Agreement and that the individual signing this Agreement on behalf of their respective Parties has the authority to execute this Agreement and to bind their respective Parties to the terms and conditions of this Agreement.

(g) Incorporation of Recitals The Recitals set forth above are incorporated herein and made an operative part of this Agreement.

(h) Invalidity and Severability If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

(i) No Waiver The Parties agree that execution of this contract shall not be interpreted as committing any of the parties to any specific course of action other than that set forth specifically herein, nor shall it constitute a waiver of any rights against any of the other Parties or any third party, nor shall it toll any applicable limitations period for asserting legal or equitable claims.

(j) Governing Law and Venue This Agreement shall be interpreted in accordance with California law. Any action commenced relating to this Agreement shall be filed in the Riverside County Superior Court.

(k) Construction The Parties agree that this Agreement shall be construed as if prepared by all Parties jointly, and shall not be construed against one of the Parties. It is not intended by any provision of this Agreement to create any third party beneficiary.

(l) Counterparts This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute the same instrument.

IN WITNESS WHEREOF, each of the Parties have caused this Agreement to be executed by its respective duly authorized officers. The effective date of this Agreement shall be the date first above written.

San Gorgonio Pass Water Agency Date: \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Banning Heights Mutual Water Company Date \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

City of Banning Date \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

## **COST AND FEE SHARING AGREEMENT**

This Cost and Fee Sharing Agreement (“Agreement”) is made as of the date of the latest signature below, between San Gorgonio Pass Water Agency, (“Agency”), the City of Banning (“City”), and the Banning Heights Mutual Water Company (“Company”). These three are together referred to as the “Parties” and individually as “Party.”

### **RECITALS**

A. The Parties are “Participating Entities” in a 2010 Agreement with Southern California Edison (“Transfer Agreement”) whose intent is to assure an orderly transition of ownership of the facilities commonly referred to as the Whitewater Flume, or the FERC 344 facilities.

B. In order to aid in the effort to facilitate the transfer and to obtain the needed permits and licenses, the Parties recognize the importance of a number of studies to the overall process. These studies are known as the Alternative Water Supply Study, the Tunneling Study, and the Environmental Justice Study (“Studies”).

C. These Studies will be performed by outside consultants (“Consultants(s)”). The proposed scope and cost of each Study will be provided to each Party in advance of any contractual arrangement with any applicable Consultants. At the time of the date of this Agreement, it is contemplated that the following Consultants will be retained to perform the following Studies: (1) Alternative Water Supply Study - Albert A. Webb Associates; (2) Tunneling Study - Brierley Associates; and (3) Environmental Justice Study - Aspen Environmental Group.

D. By this Agreement, the Parties intend to authorize Agency to retain the services of the above Consultants to perform the services described, and agree to share the costs and fees of the Consultants as well as the Studies themselves. The Parties recognize that it is to their mutual advantage to simplify the contracting process by designating one of the Parties to contract with the Consultants and to generally oversee the Consultants’ work.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and conditions set forth in this Agreement, and for other good, valuable, and adequate consideration, the Parties hereto agree as follows:

#### **1. Cost Sharing Regarding Studies**

(a) Cost of Studies Agency has entered into, or intends to enter into, agreements with the above-mentioned Consultants (“Consultant Agreements”) for preparation of the Studies. The Parties agree that Agency may contract with Albert A. Webb Associates, Brierley Associates, and Aspen Environmental Group to perform the three studies referred to above. The proposals to perform these Studies, which include the scope of work and proposed compensation (“Compensation”) are attached hereto as Exhibit A, Exhibit B, and Exhibit C, and incorporated herein by reference. Agency shall have the reasonable discretion to make the final determination as to which Consultants will be retained, the scope of work and proposed Compensation, and other provisions of the Consultant Agreements. Such Consultant Agreements shall be made

contingent upon all Parties entering into this Agreement. In the event one or more Parties do not execute this Agreement, or later terminate their participation in this Agreement, Agency shall have the right, pursuant to this Agreement and the provisions of the applicable Consultant Agreement, to terminate any and all of said Consultant Agreements.

(b) Cost Sharing Between the Parties The Parties shall each be responsible for payment of the periodic and final payment requests submitted by each Consultant under the applicable Consultant Agreement as follows:

(i) Upon receipt by Agency of each written statement from a Consultant regarding the amount due and owing for the applicable time period ("Progress Payment"), the Parties agree to apportion Compensation that the Consultants invoice in performing their obligations under the Consulting Agreements as follows:

|         |        |
|---------|--------|
| Agency  | 33.33% |
| City    | 33.33% |
| Company | 33.33% |

(ii) Agency will bill each of the other Parties for its percentage share of the Compensation on a monthly basis, or less frequently, at Agency's discretion. None of the Parties shall be responsible for payment of any amounts in excess of its percentage shares as set forth herein, without the prior written consent of the Party being requested to pay such additional amount. As of the date of this Agreement based on the Consultant Agreements referenced herein, it is estimated that the total Compensation shall not exceed the following amounts without written consent of the Parties.

|         |          |
|---------|----------|
| Agency  | \$55,000 |
| City    | \$55,000 |
| Company | \$55,000 |

(iii) Agency shall provide a copy of the Progress Payment to the other Parties along with a cover letter setting forth the calculation of the percentage amount due and owing by each Party. Within thirty (30) days of the date of said cover letter, each Party shall submit payment to Agency for the applicable Party's percentage share as set forth in this Agreement.

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(c) Attorney Fees If a Party brings suit to enforce or to recover for breach of any term, covenant or condition contained herein, the prevailing Party(ies) shall be entitled to attorney fees in addition to the amount of any judgment, recovery, and costs.

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(g) Incorporation of Recitals The Recitals set forth above are incorporated herein and made an operative part of this Agreement.

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(i) No Waiver The Parties agree that execution of this contract shall not be interpreted as committing any of the parties to any specific course of action other than that set forth specifically herein, nor shall it constitute a waiver of any rights against any of the other Parties or any third party, nor shall it toll any applicable limitations period for asserting legal or equitable claims.

(j) Governing Law and Venue This Agreement shall be interpreted in accordance with California law. Any action commenced relating to this Agreement shall be filed in the Riverside County Superior Court.

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(l) Counterparts This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute the same instrument.

IN WITNESS WHEREOF, each of the Parties have caused this Agreement to be executed by its respective duly authorized officers. The effective date of this Agreement shall be the date first above written.

San Gorgonio Pass Water Agency

Date: \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Banning Heights Mutual Water Company

Date \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

City of Banning

Date \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

**CITY COUNCIL MEETING  
PUBLIC HEARING**

**DATE:** **February 24, 2015**

**TO:** **City Council**

**FROM:** **Brian Guillot, Acting Community Development Director**

**SUBJECT:** **Consideration of Ordinance No. 1484 Approving Initial Study/Negative Declaration, General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 for the Eighteen (18) Properties Located on the South Side of Barbour Street, Between Hargrave Street and Juarez Street**

**RECOMMENDATION:**

The Planning Commission recommends that the City Council:

1. Conduct a public hearing on the Initial Study/Negative Declaration, General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501; and
2. Introduce Ordinance No. 1484 (Attachment 1) to approve:
  - a. Initial Study/Negative Declaration, General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501.

**JUSTIFICATION:**

On June 10, 2014, the City Council adopted Resolution No. 2014-32 approving the City-initiation of General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 for eighteen (18) properties to change their respective current zoning designation from Industrial (I) to Low Density Residential (LDR) and Very Low Density Residential (VLDR).

On February 4, 2015, the Planning Commission conducted a duly advertised public hearing at a regularly scheduled meeting and adopted Resolution No. 2015-01 forwarding a recommendation to the City Council to: 1) approve the Initial Study/Negative Declaration for the proposal; 2) change the General Plan land use designations and Zoning classifications for the subject eighteen (18) properties from Industrial to Low Density Residential (LDR)(9 properties) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size)(9 properties) that will bring these properties and their existing land uses as single-family residences into conformance with the City's General Plan and Zoning Ordinance; and, 3) change Table 17.08.030 (Residential Development Standards) of the City's Zoning Ordinance to reflect the 80,000 square foot minimum lot size for the nine (9) properties within the proposed Very Low Density Residential (VLDR) Zone.

## **BACKGROUND:**

Upon the adoption of the City's General Plan on January 31, 2006, the subject eighteen (18) properties listed below were given a General Plan land use designation and Zoning classification of Industrial (I). As a result of this action, the existing single family residences became legal non-conforming. Since that time, this legal non-conforming status has created challenges for the property owners, including difficulty refinancing their existing home loans, difficulty qualifying for home improvement loans to make improvements to their residences and properties, difficulty purchasing homeowner's insurance, and difficulty selling their existing single family residences under the current zoning designation. Additionally, future expansions (additions) to the existing single family residences are limited to a maximum of fifty (50%) percent of the existing square footage of the single family residence, subject to the approval of a Conditional Use Permit by the Planning Commission, pursuant to Section 17.88.030F of the Zoning Ordinance.

Due to the proximity of the subject properties being within the project "influence" area of the Banning Municipal Airport and pursuant to the direction given by the City Council, on June 10, 2014, the Community Development Department filed a Major Land Use Review application with the Riverside County Airport Land Use Commission (ALUC) for their land use consistency review. Accordingly, on December 11, 2014, the ALUC approved the determination that General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 is consistent with the 2004 Banning Municipal Airport Land Use Compatibility Plan, subject to the condition that additional dwelling units, beyond the eighteen (18) dwelling units that are currently permitted, will not be added. To comply with this request by the ALUC, an 80,000 square foot minimum lot size overlay zone has been added by City staff for the nine (9) properties on the south side of Barbour Street, between Hargrave Street and Juarez Street, being recommended as Very Low Density Residential (VLDR). This specific 80,000 square foot minimum lot size will be implemented and regulated through proposed Zone Text Amendment No. 15-97501.

**Proposed LDR Zone:** The following table provides summary of the nine (9) properties within the proposed Low Density Residential (LDR) Zone.

| APN         | ADDRESS             | RECORDED LOT SIZE | DIVISIBLE | EXISTING USE                                    |
|-------------|---------------------|-------------------|-----------|---|
| 541-320-001 | 620 Hargrave Street | 0.16 acres        | No        | Single Family Residence                         |
| 541-320-002 | 640 Hargrave Street | 0.16 acres        | No        | Single Family Residence                         |
| 541-320-003 | 660 Hargrave Street | 0.16 acres        | No        | Single Family Residence and Accessory Structure |
| 541-320-004 | 680 Hargrave Street | 0.16 acres        | No        | Single Family Residence                         |
| 541-320-005 | 700 Hargrave Street | 0.16 acres        | No        | Single Family Residence                         |
| 541-320-006 | 720 Hargrave Street | 0.16 acres        | No        | Single Family Residence                         |
| 541-320-007 | 740 Hargrave Street | 0.16 acres        | No        | Single Family Residence                         |
| 541-320-008 | 760 Hargrave Street | 0.16 acres        | No        | Single Family Residence                         |
| 541-320-009 | 780 Hargrave Street | 0.16 acres        | No        | Single Family Residence                         |
|             |                     | <b>1.44 Acres</b> |           |   |

**LDR Development Standards:** The following table provides a summary of the applicable development standards for the nine (9) properties within the Low Density Residential (LDR) Zone.

|  |  |
|--|--|
| Maximum Density (Units/Ac.)            | 0-5 DU/A                                 |
| Minimum Lot Size/Single Family Lot     | 7,000 Square Feet or suffix <sup>5</sup> |
| Minimum Lot Width                      | 70 Feet                                  |
| Minimum Lot Depth                      | 90 Feet                                  |
| Minimum Front Yard Setback             | 20 Feet                                  |
| Minimum Rear Yard Setback              | 15 Feet                                  |
| Minimum Side Yard Setback              | 10 Feet                                  |
| Minimum Street Side Yard Setback       | 15 Feet                                  |
| Maximum Building Coverage              | 40 Percent                               |
| Maximum Building Height (stories/feet) | 2 Stories/35 Feet                        |
| Maximum Fence/Wall Height              | 6 Feet                                   |
| Floor Area Ratio (FAR)                 |  |
| One-Story Home                         | 35 Percent                               |
| Multi-Story Home                       | 60 Percent                               |

The nine (9) properties within the proposed Low Density Residential (LDR) Zone are currently developed in compliance with the development standards for the City's Low Density Residential (LDR) Zone.

**Proposed VLDR Zone:** The following table provides summary of the nine (9) properties within the proposed Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) Zone.

| APN         | ADDRESS             | RECORDED LOT SIZE | DIVISIBLE | EXISTING USE                                    |
|-------------|---------------------|-------------------|-----------|---|
| 541-320-010 | None Assigned       | 2.75 acres        | No        | Vacant  |
| 541-320-011 | None Assigned       | 2.40 acres        | No        | Vacant  |
| 541-320-012 | None Assigned       | 2.40 acres        | No        | Vacant  |
| 541-320-013 | 1060 Barbour Street | 1.88 acres        | No        | Single Family Residence and Accessory Structure |
| 541-320-014 | 1070 Barbour Street | 2.88 acres        | No        | Single Family Residence and Accessory Structure |
| 541-320-015 | 1116 Barbour Street | 1.93 acres        | No        | Single Family Residence and Accessory Structure |
| 541-320-018 | 1144 Barbour Street | 1.93 acres        | No        | Single Family Residence                         |
| 541-320-019 | 1164 Barbour Street | 0.50 acres        | No        | Single Family Residence and Accessory Structure |
| 541-320-020 | 1190 Barbour Street | 0.50 acres        | No        | Single Family Residence and Accessory Structure |
|             |                     | 17.17 Acres       |           |   |

**VLDR Development Standards:** The following table provides a summary of the applicable development standards for the nine (9) properties within the Very Low Density Residential (VLDR) (80,000 square foot minimum lot size) Zone.

|  |   |
|--|---|
| Maximum Density (Units/Ac.)            | 0-2 DU/A  |
| Minimum Lot Size/Single Family Lot     | <b>20,000 Square Feet or suffix<sup>5</sup></b> |
| Minimum Lot Width                      | 100 Feet  |
| Minimum Lot Depth                      | 100 Feet  |
| Minimum Front Yard Setback             | 35 Feet   |
| Minimum Rear Yard Setback              | 35 Feet   |
| Minimum Side Yard Setback              | 15 Feet   |
| Minimum Street Side Yard Setback       | 20 Feet   |
| Maximum Building Coverage              | 25 Percent                                      |
| Maximum Building Height (stories/feet) | 2 Stories/35 Feet                               |
| Maximum Fence/Wall Height              | 6 Feet  |
| Floor Area Ratio (FAR)                 |   |
| One-Story Home                         | 25 Percent                                      |
| Multi-Story Home                       | 40 Percent                                      |

<sup>5</sup> In the LDR and VLDR Zone, if no suffix is shown on the map. If a suffix is shown on the map, that suffix indicates the minimum lot size.”

Table 17.08.030 (Residential Development Standards) of the City’s Zoning Ordinance currently requires a 20,000 square foot minimum lot size per single family residence within the Very Low Density Residential (VLDR) Zone. Through proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, the General Plan land use designation and Zoning classification of the nine (9) properties (APN: 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 541-320-019 and 541-320-020) located on the south side of Barbour Street, between Hargrave Street and Juarez Street, will be changed from Industrial (I) to Very Low Density Residential (VLDR) with an “80,000 square foot minimum lot size” overlay. Therefore, through Zone Text Amendment No. 15-97501, Table 17.08.030 will be amended to include “suffix<sup>5</sup>” for the minimum lot size per single family residence within the Very Low Density Residential (VLDR) Zone; and, “suffix<sup>5</sup>” of Table 17.08.030 will be amended to read, as follows: “<sup>5</sup> In the LDR **and VLDR** Zone, if no suffix is shown on the map. If a suffix is shown on the map, that suffix indicates the minimum lot size.” The next text is shown **Bold and Underlined**.

The nine (9) properties within the proposed Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) Zone are currently developed in compliance with the development standards for the City’s Very Low Density Residential (VLDR) Zone.

## **ENVIRONMENTAL DETERMINATION:**

### **California Environmental Quality Act (CEQA)**

In accordance with the requirements of the California Environmental Quality Act (CEQA), the proposed General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 are considered a “project.” CEQA defines a “project” as an activity that may have a potential for resulting in either a direct or indirect significant effects on the environment. General plan amendments, zone changes and zone text amendments are defined as “projects” because they typically involve the adoption of land use policies that involves the potential future land use and/or development of properties. Therefore, General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 is a “project” due to the fact that the proposal involves the change of the General Plan land use designations, Zoning classifications and Zoning regulations for the subject eighteen (18) properties from Industrial (I) to Low Density Residential (LDR) (9 properties) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) (9 properties) which in turn changes the manner in which the subject eighteen (18) properties may be used and developed.

The findings of the Initial Study/Negative Declaration are that General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 could not have a significant effect on the environment. In compliance with CEQA, an Initial Study/Negative Declaration was prepared and made available for the mandatory 20-day public review period.

### **Multiple Species Habitat Conservation Plan (MSHCP)**

General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 do not relate to any one physical development project and are not subject to the MSHCP. Further, projects subject to this resolution will trigger individual project analysis and documentation related to the requirements of MSHCP including mitigation through payment of the MSHCP Mitigation Fee.

### **Senate Bill (SB) 18 – Tribal Consultation**

Pursuant to the requirements of Senate Bill (SB) 18, on December 31, 2014, the City of Banning transmitted a formal request for Tribal Consultation to the Native American Heritage Commission. Tribal Consultation request letters were also transmitted directly to the following: Morongo Band of Mission Indians; Soboba Band of Luiseno Indians; Cabazon Band of Mission Indians; Pechanga Band of Luiseno Indians; Augustine Band of Cahuilla Indians; Twenty-Nine Palms Band of Mission Indians; Cahuilla Band of Indians; Ramona Band of Cahuilla Indians; Agua Caliente Band of Cahuilla Indians; Santa Rosa Band of Cahuilla Indians; Fort Mohave Indian Tribe; San Manuel Band of Mission Indians; and Torres Martinez Desert Cahuilla Indians.

**REQUIRED FINDINGS OF APPROVAL FOR GENERAL PLAN AMENDMENT NO. 14-2501 AND ZONE CHANGE NO. 14-3501:**

The California Government Code and Section 17.64.070 of the City of Banning Zoning Ordinance require that General Plan Amendments and Zone Changes meet certain findings prior to the approval by the City Council. The following findings are provided in support of the approval of the General Plan Amendment No. 14-2501 and Zone Change No. 14-3501.

**Finding No. 1:** The proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 are internally consistent with the General Plan.

**Findings of Fact:** The City of Banning General Plan Land Use and Zoning Overlay Map depicts the subject eighteen (18) properties within the Industrial (I) designation/classification. The proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, will amend the General Plan land use designations and Zoning classifications of the nine (9) properties (APN: 541-320-001, 541-320-002, 541-320-003, 541-320-004, 541-320-005, 541-320-006, 541-320-007, 541-320-008 and 541-320-009) located on the east side of Hargrave Street, south of Barbour Street, from Industrial (I) to Low Density Residential (LRD) and the nine (9) properties (APN: 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 541-320-019 and 541-320-020) located on the south side of Barbour Street, between Hargrave Street and Juarez Street, from Industrial (I) to Very Low Density Residential (VLDR)(80,000 square foot minimum lot size).

The proposed Low Density Residential (LDR) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) General Plan land use designations and Zoning classifications will eliminate the current legal non-conforming restrictions from the existing eighteen (18) properties. Thereby, allowing for future home improvements and/or the future development of new single-family residences and other uses that are allowable and compatible with single-family residences, and consistent with the City's standards for properties within the Low Density Residential (LDR) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) zones.

All nine (9) of the properties located on the east side of Hargrave Street, south of Barbour Street, are currently developed with single-family residences (1 has an accessory structure). Of the nine (9) properties located on the south side of Barbour Street, between Hargrave Street and Juarez Street, six (6) properties are currently developed with single-family residences (5 have accessory structures) and the remaining three (3) properties are vacant.

The subject properties under proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, have been reviewed against the development

standards for Low Density Residential and Very Low Density Residential land use and existing development within the City of Banning Zoning Ordinance for internal consistency within all of the General Plan element's text, diagrams, and maps and it has been determined that the proposed General Plan Amendment and Zone Change, along with the proposed Zone Text Amendment, will not create any conflicts among the various General Plan elements' goals, policies, and objectives, including the maps and diagrams of all the elements in the City's General Plan. Therefore, proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, will make the current single family residential land uses, as well as the accessory structures, on the subject properties consistent with City's General Plan and Zoning Ordinance.

**Finding No. 2:** The proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 would not be detrimental to the public interest, health, safety, convenience, or welfare of the community.

**Findings of Fact:** The General Plan Goal 1 for Residential Land Uses states, "*Preserve and enhance the City's neighborhoods.*" Proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, provides conformity between the existing single-family residences that have been previously developed on the subject properties and the proposed General Plan land use designations and Zoning classifications. Furthermore, an Initial Study/Negative Declaration was prepared pursuant to the requirements of the California Environmental Quality Act. The Initial Study/Negative Declaration concluded that proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, would not have any significant impacts on the environment. The Initial Study/Negative Declaration was made available for the required 20-day public review period commencing on January 16, 2015.

With regard to the compatibility with the existing surrounding land uses and neighborhoods, the proposed General Plan land use designations and Zoning classifications for the subject eighteen (18) properties will make the existing and future development of the eighteen (18) properties consistent and compatible with the existing surrounding land uses and neighborhoods to the westerly and southerly areas of the subject properties in that the General Plan land use designations and Zoning classifications for these adjacent areas is Low Density Residential.

Additionally, due to the proximity of the subject properties being within the project "influence" area of the Banning Municipal Airport, a Major Land Use Review application was filed by the City of Banning with the Riverside County Airport Land Use Commission (ALUC) for their land use consistency review. Accordingly, on December 11, 2014, the ALUC approved the determination that General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 is consistent with the 2004 Banning

Municipal Airport Land Use Compatibility Plan, subject to the condition that additional dwelling units, beyond the eighteen (18) dwelling units that are currently permitted, will not be added. To comply with this requirement by the ALUC, an 80,000 square foot minimum lot size overlay zone has been added for the nine (9) properties (APN: 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 541-320-019 and 541-320-020) on the south side of Barbour Street, between Hargrave Street and Juarez Street, being recommended as Very Low Density Residential (VLDR). Therefore, proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, would not be detrimental to the public interest, health, safety, convenience, or welfare of the community as the project has been reviewed for compliance with the City of Banning General Plan, City of Banning Zoning Ordinance and the California Environmental Quality Act (Public Resources Code Section 21000 et seq.).

**Finding No. 3:** The proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 would maintain the appropriate balance of land uses within the City.

**Findings of Fact:** The General Plan Build-Out Summary, Table III-1, on page III-10, shows that the City of Banning presently has 420.8 acres of land area that are zoned Industrial. The eighteen (18) properties that are proposed to be changed by General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, from Industrial (I) to Low Density Residential (LDR)(1.44 acres) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size)(17.17 acres) contain a total of 18.62 acres. The proposed General Plan Amendment and Zone Change, along with the proposed Zone Text Amendment, would reduce the amount of Industrial properties by 18.62 acres (or 4.4%) from 420.8 acres to 402.18 acres.

The proposed 4.4% reduction of land area currently designated for the Industrial (I) Zone is relatively an extremely minor reduction given the fact that there does not exist any actual industrial use or development within any of the subject eighteen (18) properties. Forty (40) percent (or 7.55 acres) of the 18.62 acres that are zoned for Industrial is already developed with single-family residences. This means that any potential industrial development will only occur on the 3.7 acres of land that is currently vacant. The loss of 3.7 acres of industrial land is insignificant compared to the overall land that is still available (402.18 acres) for industrial development and the City is still maintaining an appropriate balance of land use within the City.

The General Plan Build-Out Summary, Table III-1, on page III-10, shows that the City of Banning presently has 3,446.6 acres of land area that are currently zoned Low Density Residential (LDR). The nine (9) properties that are proposed to be changed by General Plan Amendment No. 14-2501

and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, from Industrial (I) to Low Density Residential (LDR) contain a total of 1.44 acres. The proposed General Plan Amendment and Zone Change would increase the amount of Low Density Residential properties by 1.44 acres (or 0.0004%) from 3,446.6 acres to 3,448.04 acres.

The General Plan Build-Out Summary, Table III-1, on page III-10, shows that the City of Banning presently has 2,367.3 acres of land area that are currently zoned Very Low Density Residential (VLDR). The nine (9) properties that are proposed to be changed by General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, from Industrial (I) to Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) contain a total of 17.17 acres. The proposed General Plan Amendment and Zone Change, along with the proposed Zone Text Amendment, would only increase the amount of Very Low Density Residential properties by 17.17 acres (or 0.0072%) from 2,367.3 acres to 2,384.47 acres.

**Finding No. 4:**

With regard to the General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 to the General Plan Land Use, the subject properties are physically suitable for the requested land use designation(s) and the anticipated land use development(s).

**Findings of Fact:**

Fifteen (15) of the eighteen (18) properties are currently developed with single-family residences. Proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, will bring the existing single family residential development on the properties in conformance with the City's General Plan and Zoning. Additionally, the physical characteristics of the surrounding area in terms of topography and existing infrastructure improvements (i.e., streets, water, sewer, etc.) are adequate and suitable for single family residential development. The proposed General Plan Amendment and Zone Change, along with the proposed Zone Text Amendment, will also bring the eighteen (18) properties into compatibility and consistency with the General Plan and Zoning designations with the existing residential neighborhoods to the west and south of the subject properties. Based on the facts indicated in this subsection and subsections above, the subject properties are suitable for the requested Low Density Residential (LDR) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) land use designations and zoning classifications, as well as with the anticipated residential land uses and developments.

## **REQUIRED FINDINGS OF APPROVAL FOR ZONE TEXT AMENDMENT NO. 15-97501:**

The California Government Code and Section 17.116.050 of the City of Banning Zoning Ordinance require that Zone Text Amendments meet certain findings prior to the approval by the City Council. The following findings are provided in support of the approval of the Zone Text Amendment No. 15-97501.

**Finding No. 1:** The proposed Zone Text Amendment No. 15-97501 is consistent with the goals and policies of the General Plan.

**Findings of Fact:** Proposed Zone Text Amendment No. 15-97501 is consistent with the goals and policies of the General Plan, insofar as the General Plan designations and Zoning classifications of the subject properties will be changed, through proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, to reflect the existing single family residences in order to remove their non-conforming status, and the text amendment will result in clarifying the goals, policies and programs of the General Plan with respect to future development regulations for such single family residences. The primary General Plan Land Use Element Goal is "*A balanced, well planned community including businesses which provides a functional pattern of land uses and enhances the quality of life for all Banning residents.*" By amending the Zoning Ordinance specifically to establish an 80,000 square foot minimum lot size for the proposed Very Low Density Residential (VLDR) Zone will allow for improvements to the existing non-conforming residential properties consistent with the surrounding single family residential character that will ultimately enhance the quality of life for Banning residents who may desire to improve their respective existing residential properties.

**Finding No. 2:** The proposed Zone Text Amendment No. 15-97501 is internally consistent with the Zoning Ordinance.

**Findings of Fact:** Proposed Zone Text Amendment No. 15-97501, along with proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, is consistent with the existing provisions of Section 17.80.020 (Permitted, Conditional and Prohibited Uses) and Section 17.08.030 (General Standards) of the Zoning Ordinance. The proposed amendment will amend the existing Zoning Ordinance pertaining to single family residential development within the proposed Very Low Density Residential (VLDR) Zone and the establishment of an 80,000 square foot minimum lot size maintains the development standards established by the Zoning Ordinance for single family residential uses. Additionally, staff has reviewed and compared the proposed changes and finds no conflicting statements or inconsistencies in the Zoning Ordinance.

**Finding No. 3:** That the Planning Commission has independently reviewed and considered the requirements of the California Environmental Quality Act.

**Findings of Fact:** An Initial Study/Negative Declaration was prepared pursuant to the requirements of the California Environmental Quality Act. The Initial Study/Negative Declaration concluded that proposed Zone Text Amendment No. 15-97501, along with proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, would not have any significant impacts on the environment. The Initial Study/Negative Declaration was made available for the required 20-day public review period commencing on January 16, 2015. Therefore, proposed Zone Text Amendment No. 15-97501, along with proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3503, would not be detrimental to the public interest, health, safety, convenience, or welfare of the community as the project has been reviewed for compliance with the City of Banning General Plan, City of Banning Zoning Ordinance and the California Environmental Quality Act (Public Resources Code Section 21000 et seq.).

### **PUBLIC COMMUNICATION**

The proposed General Plan Amendment, Zone Change and Zone Text Amendment was advertised in the Record Gazette newspaper on February 13, 2015. Public hearing notices were also sent to the owners of the eighteen (18) properties that are subject to the proposed General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501, and also mailed to the surrounding property owners that are located within a 300' radius of the subject properties under this proposal. As of the date of this report, staff has not received any verbal or written comments for or against the proposal.

### **FISCAL IMPACT:**

There will not be a fiscal impact to the City's General Fund as a result of the recommended action.

**CONCLUSION:**

The Community Development Department recommends that the City Council adopt Ordinance No. 1484 approving:

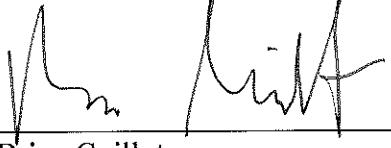
1. Initial Study/Negative Declaration for the subject project; and
2. General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501.

**APPROVED BY:**



James E. Smith  
Interim City Manager

**RECOMMENDED BY:**



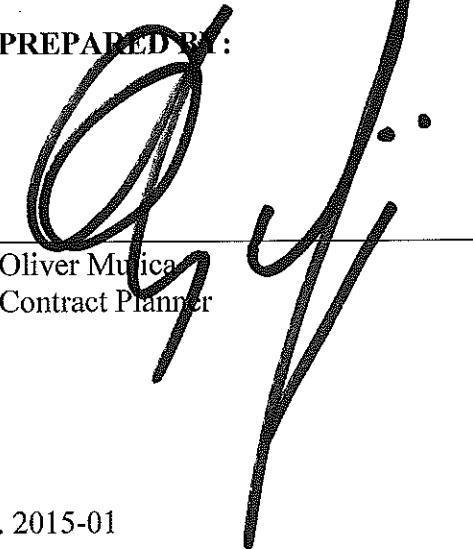
Brian Guillot  
Acting Community Development Director

**REVIEWED BY:**



Dean Martin  
Interim Administrative Services Director

**PREPARED BY:**



Oliver Matica  
Contract Planner

**ATTACHMENTS:**

1. City Council Ordinance No. 1484
2. Planning Commission Resolution No. 2015-01
3. Initial Study/Negative Declaration
4. Aerial Map
5. Existing Zoning
6. Proposed Zoning
7. Public Hearing Notice
8. Mailing Labels

111

**ATTACHMENT 1**  
Ordinance No. 1484

## **ORDINANCE NO. 1484**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA APPROVING AN INITIAL STUDY/NEGATIVE DECLARATION, GENERAL PLAN AMENDMENT NO. 14-2501 AND ZONE CHANGE NO. 14-3501 RELATING TO EIGHTEEN (18) PROPERTIES (APN: 541-320-001, 541-320-002, 541-320-003, 541-320-004, 541-320-005, 541-320-006, 541-320-007, 541-320-008, 541-320-009, 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 541-320-019 and 541-320-020) AND ZONING TEXT AMENDMENT NO. 15-97501 AMENDING SECTION 17.08.030 (GENERAL STANDARDS) TABLE 17.08.030 (RESIDENTIAL DEVELOPMENT STANDARDS) OF THE ZONING ORDINANCE (TITLE 17 OF THE BANNING MUNICIPAL CODE) PERTAINING TO THE MINIMUM LOT SIZE PER SINGLE FAMILY UNIT FOR NINE (9) PROPERTIES (APN: 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 541-320-019 and 541-320-020) WITHIN THE VERY LOW DENSITY RESIDENTIAL ZONING DISTRICT**

**WHEREAS**, the eighteen (18) subject properties that are located on the south side of Barbour Street, between Hargrave Street and Juarez Street, were re-zoned from Low Density Residential (LDR) to Industrial (I) when the current General Plan and Zoning Code were adopted on January 31, 2006; and

**WHEREAS**, as a result of the adoption of the current General Plan and Zoning Code, the existing single family residences became legal non-conforming. Since that time, this legal non-conforming status has created challenges for the property owners, including difficulty refinancing their existing home loans, difficulty qualifying for home improvement loans to make improvements to their residences and properties, difficulty purchasing homeowner's insurance, and difficulty selling their existing single family residences under the current zoning designation. Additionally, future expansions (additions) to the existing single family residences are limited to a maximum of fifty (50%) percent of the existing square footage of the single family residence, subject to the approval of a Conditional Use Permit by the Planning Commission, pursuant to Section 17.88.030F of the Zoning Ordinance; and

**WHEREAS**, on June 10, 2014, the City Council adopted Resolution No. 2014-32 approving the City-initiation of General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 for Assessor's Parcel Numbers (APN) 541-320-001, 541-320-002, 541-320-003, 541-320-004, 541-320-005, 541-320-006, 541-320-007, 541-320-008 and 541-320-009 to change their respective current zoning designation from Industrial (I) to Low Density Residential (LDR) and for Assessor's Parcel Numbers (APN) 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 5410320-019 and 541-320-020 to change their

respective current zoning designation from Industrial (I) to Very Low Density Residential (VLDR); and

**WHEREAS**, on December 11, 2014, the Riverside County Airport Land Use Commission (ALUC) approved the determination that General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 is consistent with the 2004 Banning Municipal Airport Land Use Compatibility Plan, subject to the condition that additional dwelling units, beyond the eighteen (18) dwelling units that are currently permitted, will not be added. To comply with this request by the ALUC, an 80,000 square foot minimum lot size overlay zone has been added for the nine (9) subject properties on the south side of Barbour Street, between Hargrave Street and Juarez Street, thereby necessitating the requirement of this Zone Text Amendment; and

**WHEREAS**, the City Council has authority per Chapter 17.116 of the Municipal Code to approve, approve with modifications, or disapprove amendments to the Zoning Ordinance; and

**WHEREAS**, on February 4, 2015, during a duly advertised public hearing, the Planning Commission adopted Resolution No. 2015-01 recommending to the City Council the adoption of Ordinance No. 1484 approving the Initial Study/Negative Declaration, General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501; and

**WHEREAS**, on the 13<sup>th</sup> day of February, 2015, the City gave public notice as required under Chapter 17.68 of the Zoning Ordinance by advertising in the Record Gazette newspaper of the holding of a public hearing at which the Initial Study/Negative Declaration, General Plan Amendment, Zone Change and Zone Text Amendment would be considered; and

**WHEREAS**, on the 24<sup>th</sup> day of February, 2015, the City Council held the noticed public hearing at which interested persons had an opportunity to testify in support of, or opposition to the proposed amendments, and at which time the City Council considered the Initial Study/Negative Declaration, General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501; and

**WHEREAS**, at this public hearing on the 24<sup>th</sup> day of February, 2015, the City Council considered and heard public comments on the proposed Initial Study/Negative Declaration, General Plan Amendment, Zone Change and Zone Text Amendment; and

**WHEREAS**, the City Council has carefully considered all pertinent documents and the staff report offered in this case as presented at the public hearing held on the 24<sup>th</sup> day of February, 2015.

**NOW THEREFORE, BE IT HEREBY ORDAINED** by the City Council of the City of Banning as follows:

**SECTION 1. ENVIRONMENTAL.**

**California Environmental Quality Act (CEQA)**

In accordance with the requirements of the California Environmental Quality Act (CEQA), the proposed General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 are considered a “project.” CEQA defines a “project” as an activity that may have a potential for resulting in either a direct or indirect significant effects on the environment. General plan amendments, zone changes and zone text amendments are defined as “projects” because they typically involve the adoption of land use policies that involves the potential future land use and/or development of properties. Therefore, General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 is a “project” due to the fact that the proposal involves the change of the General Plan land use designations and Zoning classifications and Zoning regulations for the subject eighteen (18) properties from Industrial (I) to Low Density Residential (LDR) (9 properties) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) (9 properties) which in turn changes the manner in which the subject eighteen (18) properties may be used and developed.

The findings of the Initial Study/Negative Declaration are that General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 could not have a significant effect on the environment. In compliance with CEQA, an Initial Study/Negative Declaration was prepared and made available for the mandatory 20-day public review period commencing on January 16, 2015.

**Multiple Species Habitat Conservation Plan (MSHCP)**

General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 do not relate to any one physical development project and are not subject to the MSHCP. Further, projects subject to this resolution will trigger individual project analysis and documentation related to the requirements of MSHCP including mitigation through payment of the MSHCP Mitigation Fee.

**Senate Bill (SB) 18 – Tribal Consultation**

Pursuant to the requirements of Senate Bill (SB) 18, on December 31, 2014, the City of Banning transmitted a formal request for Tribal Consultation to the Native American Heritage Commission. Tribal Consultation request letters were also transmitted directly to the following: Morongo Band of Mission Indians; Soboba Band of Luiseno Indians; Cabazon Band of Mission Indians; Pechanga Band of Luiseno Indians; Augustine Band of Cahuilla Indians; Twenty-Nine Palms Band of Mission Indians; Cahuilla Band of Indians; Ramona Band of Cahuilla Indians; Agua Caliente Band of Cahuilla Indians; Santa Rosa Band of Cahuilla Indians; Fort Mohave Indian Tribe; San Manuel Band of Mission Indians; and Torres Martinez Desert Cahuilla Indians.

**SECTION 2. REQUIRED FINDINGS - GENERAL PLAN AMENDMENT NO. 14-2501 AND ZONE CHANGE NO. 14-3501.**

The California Government Code and Section 17.64.070 of the City of Banning Zoning Ordinance require that General Plan Amendments and Zone Changes meet certain findings prior to the approval by the City Council. The following findings are provided in support of the approval of the General Plan Amendment No. 14-2501 and Zone Change No. 14-3501.

**Finding No. 1:** The proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 are internally consistent with the General Plan.

**Findings of Fact:** The City of Banning General Plan Land Use and Zoning Overlay Map depicts the subject eighteen (18) properties within the Industrial (I) designation/classification. The proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, will amend the General Plan land use designations and Zoning classifications of the nine (9) properties (APN: 541-320-001, 541-320-002, 541-320-003, 541-320-004, 541-320-005, 541-320-006, 541-320-007, 541-320-008 and 541-320-009) located on the east side of Hargrave Street, south of Barbour Street, from Industrial (I) to Low Density Residential (LRD) and the nine (9) properties (APN: 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 541-320-019 and 541-320-020) located on the south side of Barbour Street, between Hargrave Street and Juarez Street, from Industrial (I) to Very Low Density Residential (VLDR)(80,000 square foot minimum lot size).

The proposed Low Density Residential (LDR) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) General Plan land use designations and Zoning classifications will eliminate the current legal non-conforming restrictions from the existing eighteen (18) properties. Thereby, allowing for future home improvements and/or the future development of new single-family residences and other uses that are allowable and compatible with single-family residences, and consistent with the City's standards for properties within the Low Density Residential (LDR) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) zones.

All nine (9) of the properties located on the east side of Hargrave Street, south of Barbour Street, are currently developed with single-family residences (1 has an accessory structure). Of the nine (9) properties located on the south side of Barbour Street, between Hargrave Street and Juarez Street, six (6) properties are currently developed with single-family residences (5 have accessory structures) and the remaining three (3) properties are vacant.

The subject properties under proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, have been reviewed against the development standards for Low Density Residential and Very Low Density Residential land use and existing development within the City of Banning Zoning Ordinance for internal consistency within all of the General Plan element's text, diagrams, and maps and it has been determined that the proposed General Plan Amendment and Zone Change, along with the proposed Zone Text Amendment, will not create any conflicts among the various General Plan elements' goals, policies, and objectives, including the maps and diagrams of all the elements in the City's General Plan. Therefore, proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, will make the current single family residential land uses, as well as the accessory structures, on the subject properties consistent with City's General Plan and Zoning Ordinance.

**Finding No. 2:**

The proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 would not be detrimental to the public interest, health, safety, convenience, or welfare of the community.

**Findings of Fact:**

The General Plan Goal 1 for Residential Land Uses states, "*Preserve and enhance the City's neighborhoods.*" Proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, provides conformity between the existing single-family residences that have been previously developed on the subject properties and the proposed General Plan land use designations and Zoning classifications. Furthermore, an Initial Study/Negative Declaration was prepared pursuant to the requirements of the California Environmental Quality Act. The Initial Study/Negative Declaration concluded that proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, would not have any significant impacts on the environment. The Initial Study/Negative Declaration was made available for the required 20-day public review period commencing on January 16, 2015.

With regard to the compatibility with the existing surrounding land uses and neighborhoods, the proposed General Plan land use designations and Zoning classifications for the subject eighteen (18) properties will make the existing and future development of the eighteen (18) properties consistent and compatible with the existing surrounding land uses and neighborhoods to the westerly and southerly areas of the subject properties in that the General Plan land use designations and Zoning classifications for these adjacent areas is Low Density Residential.

Additionally, due to the proximity of the subject properties being within the project “influence” area of the Banning Municipal Airport, a Major Land Use Review application was filed by the City of Banning with the Riverside County Airport Land Use Commission (ALUC) for their land use consistency review. Accordingly, on December 11, 2014, the ALUC approved the determination that General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 is consistent with the 2004 Banning Municipal Airport Land Use Compatibility Plan, subject to the condition that additional dwelling units, beyond the eighteen (18) dwelling units that are currently permitted, will not be added. To comply with this requirement by the ALUC, an 80,000 square foot minimum lot size overlay zone has been added for the nine (9) properties (APN: 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 541-320-019 and 541-320-020) on the south side of Barbour Street, between Hargrave Street and Juarez Street, being recommended as Very Low Density Residential (VLDR). Therefore, proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, would not be detrimental to the public interest, health, safety, convenience, or welfare of the community as the project has been reviewed for compliance with the City of Banning General Plan, City of Banning Zoning Ordinance and the California Environmental Quality Act (Public Resources Code Section 21000 et seq.).

**Finding No. 3:** The proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 would maintain the appropriate balance of land uses within the City.

**Findings of Fact:** The General Plan Build-Out Summary, Table III-1, on page III-10, shows that the City of Banning presently has 420.8 acres of land area that are zoned Industrial. The eighteen (18) properties that are proposed to be changed by General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, from Industrial (I) to Low Density Residential (LDR)(1.44 acres) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size)(17.17 acres) contain a total of 18.62 acres. The proposed General Plan Amendment and Zone Change, along with the proposed Zone Text Amendment, would reduce the amount of Industrial properties by 18.62 acres (or 4.4%) from 420.8 acres to 402.18 acres.

The proposed 4.4% reduction of land area currently designated for the Industrial (I) Zone is relatively an extremely minor reduction given the fact that there does not exist any actual industrial use or development within any of the subject eighteen (18) properties. Forty (40) percent (or 7.55 acres) of the 18.62 acres that are zoned for Industrial is already developed with single-family residences. This means that any potential

industrial development will only occur on the 3.7 acres of land that is currently vacant. The loss of 3.7 acres of industrial land is insignificant compared to the overall land that is still available (402.18 acres) for industrial development and the City is still maintaining an appropriate balance of land use within the City.

The General Plan Build-Out Summary, Table III-1, on page III-10, shows that the City of Banning presently has 3,446.6 acres of land area that are currently zoned Low Density Residential (LDR). The nine (9) properties that are proposed to be changed by General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, from Industrial (I) to Low Density Residential (LDR) contain a total of 1.44 acres. The proposed General Plan Amendment and Zone Change would increase the amount of Low Density Residential properties by 1.44 acres (or 0.0004%) from 3,446.6 acres to 3,448.04 acres.

The General Plan Build-Out Summary, Table III-1, on page III-10, shows that the City of Banning presently has 2,367.3 acres of land area that are currently zoned Very Low Density Residential (VLDR). The nine (9) properties that are proposed to be changed by General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, from Industrial (I) to Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) contain a total of 17.17 acres. The proposed General Plan Amendment and Zone Change, along with the proposed Zone Text Amendment, would only increase the amount of Very Low Density Residential properties by 17.17 acres (or 0.0072%) from 2,367.3 acres to 2,384.47 acres.

**Finding No. 4:** With regard to the General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 to the General Plan Land Use, the subject properties are physically suitable for the requested land use designation(s) and the anticipated land use development(s).

**Findings of Fact:** Fifteen (15) of the eighteen (18) properties are currently developed with single-family residences. Proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, will bring the existing single family residential development on the properties in conformance with the City's General Plan and Zoning. Additionally, the physical characteristics of the surrounding area in terms of topography and existing infrastructure improvements (i.e., streets, water, sewer, etc.) are adequate and suitable for single family residential development. The proposed General Plan Amendment and Zone Change, along with the proposed Zone Text Amendment, will also bring the eighteen (18) properties into compatibility and consistency with the General Plan and Zoning designations with the

existing residential neighborhoods to the west and south of the subject properties. Based on the facts indicated in this subsection and subsections above, the subject properties are suitable for the requested Low Density Residential (LDR) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) land use designations and zoning classifications, as well as with the anticipated residential land uses and developments.

### **SECTION 3. REQUIRED FINDINGS – ZONE TEXT AMENDMENT NO. 15-97501.**

The California Government Code and Section 17.116.050 of the City of Banning Zoning Ordinance require that Zone Text Amendments meet certain findings prior to the approval by the City Council. The following findings are provided in support of the approval of the Zone Text Amendment No. 15-97501.

**Finding No. 1:** The proposed Zone Text Amendment No. 15-97501 is consistent with the goals and policies of the General Plan.

**Findings of Fact:** Proposed Zone Text Amendment No. 15-97501 is consistent with the goals and policies of the General Plan, insofar as the General Plan designations and Zoning classifications of the subject properties will be changed, through proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, to reflect the existing single family residences in order to remove their non-conforming status, and the text amendment will result in clarifying the goals, policies and programs of the General Plan with respect to future development regulations for such single family residences. The primary General Plan Land Use Element Goal is “A balanced, well planned community including businesses which provides a functional pattern of land uses and enhances the quality of life for all Banning residents.” By amending the Zoning Ordinance specifically to establish an 80,000 square foot minimum lot size for the proposed Very Low Density Residential (VLDR) Zone will allow for improvements to the existing non-conforming residential properties consistent with the surrounding single family residential character that will ultimately enhance the quality of life for Banning residents who may desire to improve their respective existing residential properties.

**Finding No. 2:** The proposed Zone Text Amendment No. 15-97501 is internally consistent with the Zoning Ordinance.

**Findings of Fact:** Proposed Zone Text Amendment No. 15-97501, along with proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, is consistent with the existing provisions of Section 17.80.020 (Permitted, Conditional and Prohibited Uses) and Section 17.08.030 (General Standards) of the Zoning Ordinance. The proposed amendment will amend the existing Zoning Ordinance pertaining to single family residential development within the proposed Very Low Density Residential (VLDR) Zone and the establishment of an 80,000 square foot minimum lot size maintains the development standards established by the Zoning Ordinance for single family residential uses. Additionally, staff has reviewed and compared the proposed changes and finds no conflicting statements or inconsistencies in the Zoning Ordinance.

**Finding No. 3:** That the Planning Commission has independently reviewed and considered the requirements of the California Environmental Quality Act.

**Findings of Fact:** An Initial Study/Negative Declaration was prepared pursuant to the requirements of the California Environmental Quality Act. The Initial Study/Negative Declaration concluded that proposed Zone Text Amendment No. 15-97501, along with proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, would not have any significant impacts on the environment. The Initial Study/Negative Declaration was made available for the required 20-day public review period commencing on January 16, 2015. Therefore, proposed Zone Text Amendment No. 15-97501, along with proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3503, would not be detrimental to the public interest, health, safety, convenience, or welfare of the community as the project has been reviewed for compliance with the City of Banning General Plan, City of Banning Zoning Ordinance and the California Environmental Quality Act (Public Resources Code Section 21000 et seq.).

## **SECTION 4. CITY COUNCIL ACTION.**

The City Council hereby takes the following actions:

1. **Adoption of Negative Declaration.** In accordance with Public Resources Code Section 21006 and CEQA Guidelines Section 15074 the City Council hereby adopts the Negative Declaration, based upon the Initial Study prepared pursuant to CEQA Guidelines Section 15063, for General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501.
2. **Approve General Plan Amendment No. 14-2501.** Approve General Plan Amendment No. 14-2501 amending the General Plan land use designations of the nine (9) properties (APN: 541-320-001, 541-320-002, 541-320-003, 541-320-004, 541-320-005, 541-320-006, 541-320-007, 541-320-008 and 541-320-009) located on the east side of Hargrave Street, south of Barbour Street, from Industrial (I) to Low Density Residential (LRD) and the nine (9) properties (APN: 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 541-320-019 and 541-320-020) located on the south side of Barbour Street, between Hargrave Street and Juarez Street, from Industrial (I) to Very Low Density Residential (VLDR)(80,000 square foot minimum lot size).
3. **Approve Zone Change No. 14-3501.** Approve Zone Change No. 14-3501 amending the Zoning classifications of the nine (9) properties (APN: 541-320-001, 541-320-002, 541-320-003, 541-320-004, 541-320-005, 541-320-006, 541-320-007, 541-320-008 and 541-320-009) located on the east side of Hargrave Street, south of Barbour Street, from Industrial (I) to Low Density Residential (LRD) and the nine (9) properties (APN: 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 541-320-019 and 541-320-020) located on the south side of Barbour Street, between Hargrave Street and Juarez Street, from Industrial (I) to Very Low Density Residential (VLDR)(80,000 square foot minimum lot size).
4. **Approve Zone Text Amendment No. 15-97501.** Approve Zone Text Amendment No. 15-97501 amending the minimum lot size per single family lot within the Very Low Density Residential Zone Assessor's Parcel Numbers 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 5410320-019 and 541-320-020 by amending Table 17.08.030 *residential development standards* as follows:

|  |   |
|--|---|
| Maximum Density (Units/Ac.)            | 0-2 DU/A  |
| Minimum Lot Size/Single Family Lot     | <b>20,000 Square Feet or suffix<sup>5</sup></b> |
| Minimum Lot Width                      | 100 Feet  |
| Minimum Lot Depth                      | 100 Feet  |
| Minimum Front Yard Setback             | 35 Feet   |
| Minimum Rear Yard Setback              | 35 Feet   |
| Minimum Side Yard Setback              | 15 Feet   |
| Minimum Street Side Yard Setback       | 20 Feet   |
| Maximum Building Coverage              | 25 Percent                                      |
| Maximum Building Height (stories/feet) | 2 Stories/35 Feet                               |
| Maximum Fence/Wall Height              | 6 Feet  |
| Floor Area Ratio (FAR)                 |   |
| One-Story Home                         | 25 Percent                                      |
| Multi-Story Home                       | 40 Percent                                      |

<sup>5</sup> In the LDR and VLDR Zone, if no suffix is shown on the map. If a suffix is shown on the map, that suffix indicates the minimum lot size.”

## **SECTION 5. SEVERABILITY.**

If any section, subsection, sentence, clause, or portion of this ordinance is, for any reason, held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision will not affect the validity of the remaining portions of this ordinance. The City Council of the City of Banning hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, subsections sentences, clauses, phrases, or portions thereof may be declared invalid or unconstitutional.

## **SECTION 6. PUBLICATION; EFFECTIVE DATE.**

The City Clerk shall certify to the passage and adoption of this ordinance, and shall make a minute of the passage and adoption thereof in the records of and the proceedings of the City Council at which the same is passed and adopted. This ordinance shall be in full force and effect thirty (30) days after its final passage and adoption, and within fifteen (15) days after its final passage, the City Clerk shall cause it to be published in a newspaper of general circulation and shall post the same at City Hall, 99 E. Ramsey Street, Banning, California.

**PASSED, APPROVED, AND ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2015.

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Deborah Franklin, Mayor  
City of Banning

**APPROVED AS TO FORM AND  
LEGAL CONTENT:**

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David J. Aleshire, City Attorney  
Aleshire & Wynder, LLP

**ATTEST:**

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Marie A. Calderon, City Clerk  
City of Banning, California

**CERTIFICATION:**

I, Marie A. Calderon, City Clerk of the City of Banning, California, do hereby certify that Ordinance No. 1484 was duly introduced at a regular meeting of the City Council of the City of Banning, held on the \_\_\_\_\_ day of \_\_\_\_\_ 2015, and was duly adopted at a regular meeting of said City Council on the \_\_\_\_\_ day of \_\_\_\_\_, 2015, by the following vote, to wit:

AYES:

NOES:

ABSEN:

ABSTAIN:

---

Marie A. Calderon, City Clerk  
City of Banning, California

**ATTACHMENT 2**

Planning Commission Resolution No. 2015-01

**RESOLUTION NO. 2015-01**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF BANNING, CALIFORNIA RECOMMENDING APPROVAL TO THE CITY COUNCIL OF INITIAL STUDY/NEGATIVE DECLARATION, GENERAL PLAN AMENDMENT NO. 14-2501, ZONE CHANGE NO. 14-3501 AND ZONE TEXT AMENDMENT NO. 15-97501 RELATING TO GENERAL PLAN LAND USE AND ZONE CHANGE FOR EIGHTEEN (18) PROPERTIES THAT ARE LOCATED ON THE SOUTH SIDE OF BARBOUR STREET, BETWEEN HARGRAVE STREET AND JUAREZ STREET**

**WHEREAS**, eighteen (18) properties that are located on the south side of Barbour Street, between Hargrave Street and Juarez Street, were re-zoned from residential to industrial when the current General Plan and Zoning Code were adopted on January 31, 2006; and

**WHEREAS**, as a result of the adoption of the current General Plan and Zoning Code, the existing single family residences became legal non-conforming. Since that time, this legal non-conforming status has created challenges for the property owners, including difficulty refinancing their existing home loans, difficulty qualifying for home improvement loans to make improvements to their residences and properties, difficulty purchasing homeowner's insurance, and difficulty selling their existing single family residences under the current zoning designation. Additionally, future expansions (additions) to the existing single family residences are limited to a maximum of fifty (50%) percent of the existing square footage of the single family residence, subject to the approval of a Conditional Use Permit by the Planning Commission, pursuant to Section 17.88.030F of the Zoning Ordinance; and

**WHEREAS**, on June 10, 2014, the City Council adopted Resolution No. 2014-32 initiating a General Plan Amendment No. 14-2501 and a Zone Change No. 14-3501 for Assessor's Parcel Numbers 541-320-001, 541-320-002, 541-320-003, 541-320-004, 541-320-005, 541-320-006, 541-320-007, 541-320-008 and 541-320-009 to change their respective current zoning designation from Industrial (I) to Low Density Residential (LDR) and for Assessor's Parcel Numbers 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 5410320-019 and 541-320-020 to change their respective current zoning designation from Industrial (I) to Very Low Density Residential (VLDR); and

**WHEREAS**, the City has reviewed the proposed General Plan Amendment and Zone Change for compliance with the California Environmental Quality Act (CEQA) and it is determined that the General Plan Amendment and Zone Change are defined as a "project" under CEQA Guidelines 15378 and an Initial Study has been prepared; and

**WHEREAS**, the Initial Study recommended the preparation of a Negative Declaration for compliance with CEQA; and

**WHEREAS**, the Negative Declaration was prepared and made available for a 20-day public review commencing January 16, 2015; and

**WHEREAS**, on January 16, 2015, the City gave public notice by advertisement in the Record Gazette newspaper of a public hearing concerning the project, which included the Initial Study/Negative Declaration, General Plan Amendment No. 14-2501, Zone Change No.14-3501 and Zone Text Amendment No. 15-97501. Additionally, a Notice of Public Hearing and Notice of Intent to Adopt an Initial Study/Negative Declaration was transmitted to the Riverside County Clerk-Recorder for posting on January 16, 2015 to commence the required 20-day public review period, pursuant to the requirements of the California Environmental Quality Act. The City also mailed public hearing notices to the owners of properties that are directly affected by the General Plan Amendment, Zone Change and Zone Text Amendment and to the property owners that are located within a 300' radius of the project boundaries; and

**WHEREAS**, on February 4, 2015, the Planning Commission held the noticed public hearing at which time interested persons had an opportunity to testify in support of, or opposition to, the project and at which the Planning Commission considered the Initial Study/Negative Declaration, General Plan Amendment No. 14-2501, Zone Change No.14-3501 and Zone Text Amendment No. 15-97501.

**NOW THEREFORE**, the Planning Commission of the City of Banning does hereby resolve, determine, find, and order as follows:

**SECTION 1. ENVIRONMENTAL FINDINGS:**

**California Environmental Quality Act (CEQA)**

In accordance with the requirements of the California Environmental Quality Act (CEQA), the proposed General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 are considered a "project." CEQA defines a "project" as an activity that may have a potential for resulting in either a direct or indirect significant effects on the environment. General plan amendments, zone changes and zone text amendments are defined as "projects" because they typically involve the adoption of land use policies that involves the potential future land use and/or development of properties. Therefore, General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 is a "project" due to the fact that the proposal involves the change of the General Plan land use designations and Zoning classifications and Zoning regulations for the subject eighteen (18) properties from Industrial (I) to Low Density Residential (LDR) (9 properties) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) (9 properties) which in turn changes the manner in which the subject eighteen (18) properties may be used and developed.

The findings of the Initial Study/Negative Declaration are that General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 could not have a significant effect on the environment. In compliance with CEQA, an Initial Study/Negative Declaration was prepared and made available for the mandatory 20-day public review period commencing on January 16, 2015.

Multiple Species Habitat Conservation Plan (MSHCP)

General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 do not relate to any one physical development project and are not subject to the MSHCP. Further, projects subject to this resolution will trigger individual project analysis and documentation related to the requirements of MSHCP including mitigation through payment of the MSHCP Mitigation Fee.

Senate Bill (SB) 18 – Tribal Consultation

Pursuant to the requirements of Senate Bill (SB) 18, on December 31, 2014, the City of Banning transmitted a formal request for Tribal Consultation to the Native American Heritage Commission. Tribal Consultation request letters were also transmitted directly to the following: Morongo Band of Mission Indians; Soboba Band of Luiseno Indians; Cabazon Band of Mission Indians; Pechanga Band of Luiseno Indians; Augustine Band of Cahuilla Indians; Twenty-Nine Palms Band of Mission Indians; Cahuilla Band of Indians; Ramona Band of Cahuilla Indians; Agua Caliente Band of Cahuilla Indians; Santa Rosa Band of Cahuilla Indians; Fort Mohave Indian Tribe; San Manuel Band of Mission Indians; and Torres Martinez Desert Cahuilla Indians.

**SECTION 2. REQUIRED FINDINGS FOR GENERAL PLAN AMENDMENT NO. 14-2501 AND ZONE CHANGE NO. 14-3501:**

The California Government Code and Section 17.64.070 of the City of Banning Zoning Ordinance require that General Plan Amendments and Zone Changes meet certain findings prior to recommendation of approval by the Planning Commission and approval by the City Council. The following findings are provided in support of the approval of the General Plan Amendment No. 14-2501 and Zone Change No. 14-3501.

**Finding No. 1:** The proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 are internally consistent with the General Plan.

**Findings of Fact:** The City of Banning General Plan Land Use and Zoning Overlay Map depicts the subject eighteen (18) properties within the Industrial (I) designation/classification. The proposed General Plan Amendment and Zone Change will amend the General Plan land use designations and Zoning classifications of the nine (9) properties (APN: 541-320-001, 541-320-002, 541-320-003, 541-320-004, 541-320-005, 541-320-006, 541-320-007, 541-320-008 and 541-320-009) located on the east side of Hargrave Street, south of Barbour Street, from Industrial (I) to Low Density Residential (LRD) and the nine (9) properties (APN: 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 541-320-019 and 541-320-020) located on the south side of Barbour Street, between Hargrave Street and Juarez Street, from Industrial (I) to Very Low Density Residential (VLDR)(80,000 square foot minimum lot size).

The proposed Low Density Residential (LDR) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) land use designations and zoning classifications will eliminate the current legal non-conforming restrictions from the existing eighteen (18) properties. Thereby, allowing for future home improvements and/or the future development of new single-family residences and other uses that are allowable and compatible with single-family residences, and consistent with the City's standards for properties within the Low Density Residential (LDR) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) zones.

All nine (9) of the properties located on the east side of Hargrave Street, south of Barbour Street, are currently developed with single-family residences (1 has an accessory structure). Of the nine (9) properties located on the south side of Barbour Street, between Hargrave Street and Juarez Street, six (6) properties are currently developed with single-family residences (5 have accessory structures) and the remaining three (3) properties are vacant.

The subject properties under proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15097501, have been reviewed against the development standards for Low Density Residential and Very Low Density Residential land use and existing development within the City of Banning Zoning Ordinance for internal consistency within all of the General Plan element's text, diagrams, and maps and it has been determined that the proposed General Plan Amendment and Zone Change, along with the proposed Zone Text Amendment, will not create any conflicts among the various General Plan elements' goals, policies, and objectives, including the maps and diagrams of all the elements in the City's General Plan. Therefore, proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, will make the current single family residential land uses, as well as the accessory structures, on the subject properties consistent with City's General Plan and Zoning Ordinance.

**Finding No. 2:** The proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 would not be detrimental to the public interest, health, safety, convenience, or welfare of the community.

**Findings of Fact:** The General Plan Goal 1 for Residential Land Uses states, "Preserve and enhance the City's neighborhoods." Proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, provides conformity between the existing single-family residences that have been previously developed on the subject properties and the proposed General Plan land use designations

and Zoning classifications. Furthermore, an Initial Study/Negative Declaration was prepared pursuant to the requirements of the California Environmental Quality Act. The Initial Study/Negative Declaration concluded that proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, would not have any significant impacts on the environment. The Initial Study/Negative Declaration was made available for the required 20-day public review period commencing on January 16, 2015.

With regard to the compatibility with the existing surrounding land uses and neighborhoods, the proposed General Plan land use designations and Zoning classifications for the subject eighteen (18) properties will make the existing and future development of the eighteen (18) properties consistent and compatible with the existing surrounding land uses and neighborhoods to the westerly and southerly areas of the subject properties in that the General Plan land use designations and Zoning classifications for these adjacent areas is Low Density Residential.

Additionally, due to the proximity of the subject properties being within project "influence" area of the Banning Municipal Airport, a Major Land Use Review application was filed by the City of Banning with the Riverside County Airport Land Use Commission (ALUC) for their land use consistency review. Accordingly, on December 11, 2014, the ALUC approved the determination that General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 is consistent with the 2004 Banning Municipal Airport Land Use Compatibility Plan, subject to the condition that additional dwelling units, beyond the eighteen (18) dwelling units that are currently permitted, will not be added. To comply with this requirement by the ALUC, an 80,000 square foot minimum lot size overlay zone has been added for the nine (9) properties (APN: 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 541-320-019 and 541-320-020) on the south side of Barbour Street, between Hargrave Street and Juarez Street, being recommended as Very Low Density Residential (VLDR).

Therefore, proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, would not be detrimental to the public interest, health, safety, convenience, or welfare of the community as the project has been reviewed for compliance with the City of Banning General Plan, City of Banning Zoning Ordinance and the California Environmental Quality Act (Public Resources Code Section 21000 et seq.)

**Finding No. 3:**

The proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 would maintain the appropriate balance of land uses within the City.

**Findings of Fact:** The General Plan Build-Out Summary, Table III-1, on page III-10, shows that the City of Banning presently has 420.8 acres of land area that are zoned Industrial. The eighteen (18) properties that are proposed to be changed by General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, from Industrial (I) to Low Density Residential (LDR)(1.44 acres) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size)(17.17 acres) contain a total of 18.62 acres. The proposed General Plan Amendment and Zone Change, along with the proposed Zone Text Amendment, would reduce the amount of Industrial properties by 18.62 acres (or 4.4%) from 420.8 acres to 402.18 acres.

The proposed 4.4% reduction of land area currently designated for the Industrial (I) Zone is relatively an extremely minor reduction given the fact that there does not exist any actual industrial use or development within any of the subject eighteen (18) properties. Forty (40) percent (or 7.55 acres) of the 18.62 acres that are zoned for Industrial is already developed with single-family residences. This means that any potential industrial development will only occur on the 3.7 acres of land that is currently vacant. The loss of 3.7 acres of industrial land is insignificant compared to the overall land that is still available (402.18 acres) for industrial development and the City is still maintaining an appropriate balance of land use within the City.

The General Plan Build-Out Summary, Table III-1, on page III-10, shows that the City of Banning presently has 3,446.6 acres of land area that are currently zoned Low Density Residential (LDR). The nine (9) properties that are proposed to be changed by General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, from Industrial (I) to Low Density Residential (LDR) contain a total of 1.44 acres. The proposed General Plan Amendment and Zone Change would increase the amount of Low Density Residential properties by 1.44 acres (or 0.0004%) from 3,446.6 acres to 3,448.04 acres.

The General Plan Build-Out Summary, Table III-1, on page III-10, shows that the City of Banning presently has 2,367.3 acres of land area that are currently zoned Very Low Density Residential (VLDR). The nine (9) properties that are proposed to be changed by General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, from Industrial (I) to Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) contain a total of 17.17 acres. The proposed General Plan Amendment and Zone Change, along with the proposed Zone Text Amendment, would increase the

amount of Very Low Density Residential properties by 17.17 acres (or 0.0072%) from 2,367.3 acres to 2,384.47 acres.

**Finding No. 4:** With regard to the General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 to the General Plan Land Use, the subject properties are physically suitable for the requested land use designation(s) and the anticipated land use development(s).

**Findings of Fact:** Fifteen (15) of the eighteen (18) properties are currently developed with single-family residences. Proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, along with proposed Zone Text Amendment No. 15-97501, will bring the existing single family residential development on the properties in conformance with the City's General Plan and Zoning. Additionally, the physical characteristics of the surrounding area in terms of topography and existing infrastructure improvements (i.e., streets, water, sewer, etc.) are adequate and suitable for single family residential development. The proposed General Plan Amendment and Zone Change, along with the proposed Zone Text Amendment, will also bring the eighteen (18) properties into compatibility and consistency with the General Plan and Zoning designations with the existing residential neighborhoods to the west and south of the subject properties. Based on the facts indicated in this subsection and subsections above, the subject properties are suitable for the requested Low Density Residential (LDR) and Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) land use designations and zoning classifications, as well as with the anticipated residential land uses and developments.

### **SECTION 3. REQUIRED FINDINGS FOR ZONE TEXT AMENDMENT NO. 15-97501:**

The California Government Code and Section 17.116.050 of the City of Banning Zoning Ordinance require that Zone Text Amendments meet certain findings prior to recommendation of approval by the Planning Commission and approval by the City Council. The following findings are provided in support of the approval of the Zone Text Amendment No. 15-97501.

**Finding No. 1:** The proposed Zone Text Amendment No. 15-97501 is consistent with the goals and policies of the General Plan.

**Findings of Fact:** Proposed Zone Text Amendment No. 15-97501 is consistent with the goals and policies of the General Plan, insofar as the General Plan designations and Zoning classifications of the subject properties will be changed, through proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, to reflect the existing single family residences in order to remove their non-conforming status, and the text amendment will result in clarifying the goals, policies and programs of the General Plan with respect to future development regulations for such single family

residences. The primary General Plan Land Use Element Goal is “A balanced, well planned community including businesses which provides a functional pattern of land uses and enhances the quality of life for all Banning residents.” By amending the Zoning Ordinance specifically to establish an 80,000 square foot minimum lot size for the proposed Very Low Density Residential (VLDR) Zone will allow for improvements to the existing non-conforming residential properties consistent with the surrounding single family residential character that will ultimately enhance the quality of life for Banning residents who may desire to improve their respective existing residential properties.

**Finding No. 2:** The proposed Zone Text Amendment No. 15-97501 is internally consistent with the Zoning Ordinance.

**Findings of Fact:** Proposed Zone Text Amendment No. 15-97501, along with proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, is consistent with the existing provisions of Section 17.80.020 (Permitted, Conditional and Prohibited Uses) and Section 17.08.030 (General Standards) of the Zoning Ordinance. The proposed amendment will amend the existing Zoning Ordinance pertaining to single family residential development within the proposed Very Low Density Residential (VLDR) Zone and the establishment of an 80,000 square foot minimum lot size maintains the development standards established by the Zoning Ordinance for single family residential uses. Additionally, staff has reviewed and compared the proposed changes and finds no conflicting statements or inconsistencies in the Zoning Ordinance.

**Findings No. 3:** That the Planning Commission has independently reviewed and considered the requirements of the California Environmental Quality Act.

**Findings of Fact:** An Initial Study/Negative Declaration was prepared pursuant to the requirements of the California Environmental Quality Act. The Initial Study/Negative Declaration concluded that proposed Zone Text Amendment No. 15-97501, along with proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3501, would not have any significant impacts on the environment. The Initial Study/Negative Declaration was made available for the required 20-day public review period commencing on January 16, 2015. Therefore, proposed Zone Text Amendment No. 15-97501, along with proposed General Plan Amendment No. 14-2501 and Zone Change No. 14-3503, would not be detrimental to the public interest, health, safety, convenience, or welfare of the community as the project has been reviewed for compliance with the City of Banning General Plan, City of Banning Zoning Ordinance and the California Environmental Quality Act (Public Resources Code Section 21000 et seq.).

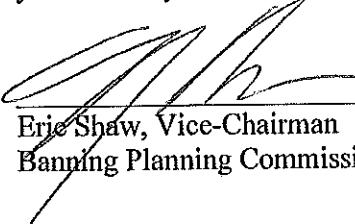
#### **SECTION 4. PLANNING COMMISSION ACTION:**

The Planning Commission hereby takes the following action:

Adoption of Planning Commission Resolution No. 2015-01:

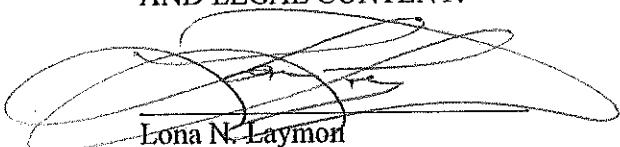
1. Recommending to the City Council the adoption of a Resolution adopting the Initial Study/Negative Declaration (Attachment 2) for General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501;
2. Recommending to the City Council the adoption of a Resolution approving General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 to change the General Plan land use designations and Zoning classifications of nine (9) properties (APN: 541-320-001, 541-320-002, 541-320-003, 541-320-004, 541-320-005, 541-320-006, 541-320-007, 541-320-008 and 541-320-009) located on the east side of Hargrave Street, south of Barbour Street, from Industrial (I) to Low Density Residential (LRD) and nine (9) properties (APN: 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 5410320-019 and 541-320-020) located on the south side of Barbour Street, between Hargrave Street and Juarez Street, from Industrial (I) to Very Low Density Residential (VLDR)(80,000 square foot minimum lot size); and
3. Recommending to the City Council the adoption of Ordinance No. 1484 amending Section 17.08.030 (General Standards) Table 17.08.030 (Residential Development Standards) of the City's Zoning Ordinance pertaining to the minimum lot size per single family unit for the nine (9) properties (APN: 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 5410320-019 and 541-320-020) within the proposed Very Low Density Residential (VLDR)(80,000 square foot minimum lot size) Zone.

PASSED, APPROVED AND ADOPTED this 4<sup>th</sup> day of February 2015.



Eric Shaw, Vice-Chairman  
Banning Planning Commission

APPROVED AS TO FORM  
AND LEGAL CONTENT:



Lona N. Laymon  
Aleshire & Wynder, LLP  
Assistant City Attorney  
City of Banning, California

ATTEST:

Sandra Calderon  
Sandra Calderon, Recording Secretary  
City of Banning, California

**CERTIFICATION:**

I, Sandra Calderon, Recording Secretary of the Planning Commission of the City of Banning, California, do hereby certify that the foregoing Resolution, No. 2015-01, was duly adopted by the Planning Commission of the City of Banning, California, at a regular meeting thereof held on the 4<sup>th</sup> day of February 2015, by the following vote, to wit:

AYES: *Briant, Ellis, Price, Shaw*

NOES: - 0 -

ABSENT: *Diva*

ABSTAIN: - 0 -

Sandra Calderon  
Sandra Calderon, Recording Secretary  
City of Banning, California

**ATTACHMENT 3**  
Initial Study/Negative Declaration



## NOTICE OF PUBLIC HEARING

AND

### NOTICE OF INTENT TO ADOPT AN INITIAL STUDY/NEGATIVE DECLARATION FOR PROPOSED GENERAL PLAN AMENDMENT NO. 14-2501, ZONE CHANGE NO. 14-3501 AND ZONE TEXT AMENDMENT NO. 15-97501 SOUTHEAST CORNER OF BARBOUR STREET AND HARGRAVE STREET

**NOTICE IS HEREBY GIVEN** of a public hearing before the City of Banning Planning Commission, to be held on Wednesday, February 4, 2015, at 6:30 p.m. in the Council Chambers, City Hall, 99 East Ramsey Street, Banning, California, to consider the environmental document (Initial Study/Negative Declaration) and a proposal by the City of Banning to amend the General Plan land use designation and Zoning classification for an area containing approximately 18.62 acres which is comprised of eighteen (18) individual parcels. The General Plan land use designation and Zoning classification of the nine (9) properties (APN: 541-320-001, 541-320-002, 541-320-003, 541-320-004, 541-320-005, 541-320-006, 541-320-007, 541-320-008 and 541-320-009) along east side of Hargrave Street, containing a total of approximately 1.45 acres, is proposed to be amended from Industrial (I) to Low Density Residential (LDR)(0-5 dwelling units per acre); and, the General Plan land use designation and Zoning classification of the nine (9) properties (APN: 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 541-320-019 and 541-320-020) along south side of Barbour Street, containing a total of approximately 17.17 acres, is proposed to be amended from Industrial (I) to Very Low Density Residential (VLDR)(0-2 dwelling units per acre)(Overlay Zone: 80,000 square foot minimum lot size). The City of Banning also proposes to amend Table 17.08.030 (Residential Development Standards) of the City's Zoning Ordinance to reflect the 80,000 square foot minimum lot size for the nine (9) properties within the proposed Very Low Density Residential (VLDR) Zone. The proposed General Plan Amendment, Zone Change and Zone Text Amendment is intended to reflect the existing "single family residential" land use of the subject properties, thereby eliminating their non-conforming status under the current "industrial" designation. To locate these parcels, please go to the Riverside County website and type in <http://www3.tlma.co.riverside.ca.us/pa/rclis/viewer.htm> in the search engine and follow the instructions on the page. The public review period is from Friday, January 16, 2015, through Wednesday, February 4, 2015.

Information regarding the Initial Study/Negative Declaration, and the General Plan Amendment, Zone Change and Zone Text Amendment proposals can be obtained by contacting the City's Community Development Department at (951) 922-3125, or by visiting the City Hall located at 99 East Ramsey Street, Banning. You may also go to the City of Banning website at <http://www.ci.banning.ca.us/>.

All parties interested in speaking either in support of or in opposition of this item are invited to attend said hearing, or to send their written comments to the Community Development Department, City of Banning at P.O. Box 998, Banning, California, 92220.

If you challenge any decision regarding the above proposal in court, you may be limited to raising only those issues you or someone else raised in written correspondence delivered to the City Clerk at, or prior to, the time the City Council makes its decision on the proposal; or, you or someone else raised at the public hearing or in written correspondence delivered to the hearing body at, or prior to, the hearing (California Government Code, Section 65009).

BY ORDER OF THE ACTING COMMUNITY DEVELOPMENT DIRECTOR OF THE CITY OF BANNING,  
CALIFORNIA

Brian Guillot  
Acting Community Development Director

Dated: January 12, 2015  
Publish: January 16, 2015



**CITY OF BANNING**  
**Initial Study/Negative Declaration**

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**General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and  
Zone Text Amendment No. 15-97501  
Southeast Corner of Barbour Street and Hargrave Street**

City of Banning  
Community Development Department  
99 E. Ramsey Street  
Banning, California 92220

January 5, 2015

Brian Guillot  
Acting Community Development Director  
(951) 922-3152

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**City of Banning Initial Study/Negative Declaration  
for  
General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and  
Zone Text Amendment No. 15-97501  
Southeast Corner of Barbour Street and Hargrave Street**

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## **EXECUTIVE SUMMARY**

The project area is located southerly of Barbour Street, easterly of Hargrave Street, northerly of Charles Street, and westerly of a southerly straight-line extension of Juarez Street. The project area is also located approximately one-quarter mile south of the Interstate (I-10) Freeway and approximately 1,700 feet southwesterly of the westerly terminus of Runway 8-26 of the Banning Municipal Airport.

The City of Banning is proposing to amend the General Plan land use designation and Zoning classification for an area containing approximately 18.62 acres which is comprised of eighteen (18) individual parcels. The General Plan land use designation and Zoning classification of the nine (9) properties (APN: 541-320-001, 541-320-002, 541-320-003, 541-320-004, 541-320-005, 541-320-006, 541-320-007, 541-320-008 and 541-320-009) along east side of Hargrave Street, containing a total of approximately 1.45 acres, is proposed to be amended from Industrial (I) to Low Density Residential (LDR)(0-5 dwelling units per acre); and, the General Plan land use designation and Zoning classification of the nine (9) properties (APN: 541-320-010, 541-320-011, 541-320-012, 541-320-013, 541-320-014, 541-320-015, 541-320-018, 5410320-019 and 541-320-020) along south side of Barbour Street, containing a total of approximately 17.17 acres, is proposed to be amended from Industrial (I) to Very Low Density Residential (VLDR)(0-2 dwelling units per acre)(Overlay Zone: 80,000 square foot minimum lot size). Zone Text Amendment No. 15-97501 will amend Table 17.08.030 (Residential Development Standards) of the City's Zoning Ordinance to include "suffix <sup>5</sup>" for the minimum lot size per single family residence within the proposed Very Low Density Residential (VLDR) Zone. The proposed General Plan Amendment, Zone Change and Zone Text Amendment is intended to reflect the existing "single family residential" land use of the subject properties, thereby eliminating their non-conforming status under the current "industrial" designation.

The proposed General Plan Amendment, Zone Change and Zone Text Amendment will create a land use designation of intermediate densities within the subject project area ranging from 2 to 5 dwelling units per acre. This "City initiated" proposal is intended to reflect the existing residential land uses and allow for the existing residents to make improvements to their respective residential dwellings, as may be needed, which are currently restricted under the existing Industrial (I) General Plan and Zoning designation. With respect to the resulting land use densities, the subject project area to be designated as Low Density Residential (LDR)(0-5 dwelling units per acre) currently has nine (9) parcels and will remain with only nine (9) parcels; and, the subject project area to be designated as Very Low Density Residential (VLDR)(0-2 dwelling units per acre) currently has nine (9) parcels and, as a result of the proposed 80,000 square foot minimum lot size overlay designation, will remain with only nine (9) parcels. With this, the total number of parcels within the subject project area will remain at eighteen (18) parcels.

The table below provides a summary of the properties that are subject to the proposed General Plan Amendment, Zone Change and Zone Text Amendment.

| Proposed Parcels for Low Density Residential (LDR)                                   |                   |           |           |
|--|-------------------|-----------|-----------|
| Assessor Parcel Number   | Recorded Lot Size | Developed | Divisible |
| 541-320-001  | 0.16 acres        | Yes       | No        |
| 541-320-002  | 0.16 acres        | Yes       | No        |
| 541-320-003  | 0.16 acres        | Yes       | No        |
| 541-320-004  | 0.16 acres        | Yes       | No        |
| 541-320-005  | 0.16 acres        | Yes       | No        |
| 541-320-006  | 0.16 acres        | Yes       | No        |
| 541-320-007  | 0.16 acres        | Yes       | No        |
| 541-320-008  | 0.16 acres        | Yes       | No        |
| 541-320-009  | 0.16 acres        | Yes       | No        |
| Proposed Parcels for Very Low Density Residential (VLDR)(80,000 SF Minimum Lot Size) |                   |           |           |
| Assessor Parcel Number   | Recorded Lot Size | Developed | Divisible |
| 541-320-010  | 2.75 acres        | No        | No        |
| 541-320-011  | 2.40 acres        | No        | No        |
| 541-320-012  | 2.40 acres        | No        | No        |
| 541-320-013  | 1.88 acres        | Yes       | No        |
| 541-320-014  | 2.88 acres        | Yes       | No        |
| 541-320-015  | 1.93 acres        | Yes       | No        |
| 541-320-018  | 1.93 acres        | Yes       | No        |
| 541-320-019  | 0.50 acres        | Yes       | No        |
| 541-320-020  | 0.50 acres        | Yes       | No        |

General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 is a proposal initiated by the City of Banning involving only the change of the land use designation within the specific project area to reflect the existing land use conditions. This proposal does not directly result in the actual development/construction of a project; rather, it involves only the creation of a change to a City land use policy. However, the proposed General Plan Amendment, Zone Change and Zone Text Amendment is a “project” pursuant to the definitions of the California Environmental Quality Act (CEQA), which has required the preparation of this Initial Study. As part of the proposed project’s environmental review, the City of Banning (as the “Lead Agency”) has prepared this Initial Study pursuant to the CEQA Guidelines and the local environmental guidelines of the City of Banning in order to assess any potential effects on the environment resulting from the proposed General Plan Amendment, Zone Change and Zone Text Amendment.

The results of this Initial Study show that there is no substantial evidence that the proposed project (General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501) would have a significant effect on the environment. Therefore, a Negative Declaration is being recommended for adoption.

Copies of the Initial Study and the *Notice of Intent to Adopt a Negative Declaration* will be forwarded to responsible agencies and will be made available to the public for review and comment. A 20-day public review period will be provided to allow these entities and other interested parties to comment on the proposed project and the Negative Declaration.

## 1. INTRODUCTION

### Purpose and Scope

This Initial Study serves as the environmental review of the proposed Project, as required by the California Environmental Quality Act (CEQA), Public Resources Code Section 21000 et seq., the State CEQA Guidelines, and the City of Banning Local Guidelines for Implementing CEQA.

In accordance with Section 15063 of the State CEQA Guidelines, the City is required to prepare an Initial Study to determine if the Project may have a significant effect on the environment. This Initial Study is intended to be an informational document providing the Planning Commission, City Council, other public agencies, and the general public with an objective assessment of the potential environmental impacts that could result from the implementation of the Project.

### Incorporation by Reference

This Initial Study is based in part on the information and analysis contained in other environmental and planning documents. These documents are hereby incorporated by reference in their entirety into this Initial Study, as authorized by Section 15150 of the State CEQA Guidelines. All of the documents incorporated by reference are listed in Section 7 of this Initial Study.

## 2. EVALUATION OF ENVIRONMENTAL IMPACTS

An Environmental Checklist Form (Form) has been used to evaluate the potential environmental impacts associated with the proposed Project. The Form has been prepared by the Resources Agency of California to assist local governmental agencies, such as the City of Banning, in complying with the requirements of the Statutes and Guidelines for implementing the California Environmental Quality Act.

This Form has been used by the City of Banning to review the effects of the proposed Project with respect to the following environmental factors. The environmental factors checked below would be potentially affected by this project, involving at least one impact that is "Potentially Significant Impact". Based on the analysis contained in this Initial Study, the following environmental factors are affected by the proposed project.

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

Within this Initial Study, a series of questions are asked about the Project for each of the above-listed environmental factors. A brief explanation is then provided for each question on the Form.

There are four possible responses to each question:

**A. Potentially Significant Impact.**

The proposed project may, or is known to, result in significant unmitigatable adverse environmental impacts.

**B. Potentially Significant Impact Unless Mitigation.**

The proposed project may have the potential to generate impacts that are considered to represent a significant impact on the environment. However, the level of impact may be reduced to levels that are considered to be less than significant with the implementation of mitigation measures.

**C. Less Than Significant Impact.**

The proposed project may have the potential for impacting the environment, although these impacts are likely to be below levels or thresholds that the City or other responsible agencies consider to be significant.

**D. No Impact.**

The proposed project will not have any measureable environmental impact on the environment.

### 3. ENVIRONMENTAL DETERMINATION

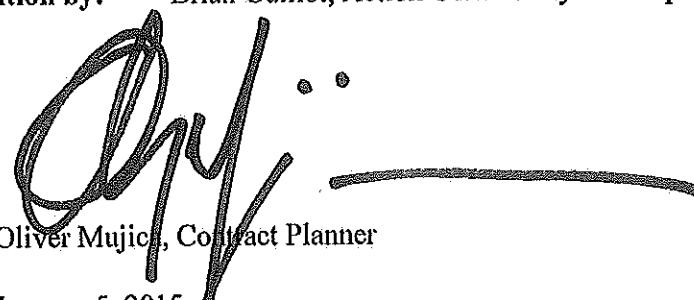
On the basis of this initial evaluation, I find that:

- The proposed Project could not have a significant effect on the environment, and a Negative Declaration will be prepared.
- Although the proposed Project could have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures, described in Exhibit B (attached), have been added to the Project. A Negative Declaration will be prepared.
- The proposed Project may have a significant effect on the environment, and an Environmental Impact Report is required.
- The proposed Project may have a potentially significant impact unless mitigation is incorporated, but at least one of the impacts has been: 1) adequately analyzed in an earlier document pursuant to applicable legal standards and 2) addressed by mitigation measures based on the earlier analysis as described on the attached sheets. An Environmental Impact Report is required, but it is to analyze only those impacts that have not already been addressed.
- Although the proposed Project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier Environmental Impact Report (EIR) or in a Negative Declaration pursuant to applicable legal standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or Negative Declaration, including revisions or mitigation measures that are imposed upon the proposed Project, nothing further is required.

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Approved for distribution by: Brian Guillot, Action Community Development Director



Prepared by: Oliver Mujica, Contract Planner

Date: January 5, 2015

Public Review: January 12, 2015 through February 2, 2015.

#### 4. PROJECT DESCRIPTION

**Project Title:** General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501  
Southeast Corner of Barbour Street and Hargrave Street

**Lead Agency:** City of Banning  
99 E. Ramsey Street  
Banning, CA 92220

**Applicant:** City of Banning  
Community Development Department – Planning Division  
99 E. Ramsey Street  
Banning, CA 92220

**General Plan Designation:** Industrial

**Zoning:** Industrial (I)

**Project Description:** General Plan Amendment No. 14-2501, Zone Change No. 14-3501 and Zone Text Amendment No. 15-97501 is a proposal by the City of Banning to change the existing General Plan land use designation and zoning classification of 1.45 acres from Industrial (I) to Low Density Residential (LDR)(0-5 dwelling units per acre) and 17.17 acres from Industrial (I) to Very Low Residential Density (VLDR)(0-2 dwelling units per acre)(Overlay Zone: 80,000 square foot minimum lot size).

#### Surrounding Land

**Uses and Setting:** The project area is located southerly of Barbour Street, easterly of Hargrave Street, northerly of Charles Street, and westerly of a southerly straight-line extension of Juarez Street. The project area is also located approximately one-quarter mile south of the Interstate (I-10) Freeway and approximately 1,700 feet southwesterly of the westerly terminus of Runway 8-26 of the Banning Municipal Airport.

North: Airport Industrial  
East: Industrial  
South: Low Density Residential  
West: Low Density Residential

#### Approvals Required:

In order to complete and approve the proposed Project, the City of Banning would need to take the following actions:

- Adoption of an Initial Study/Negative Declaration by the City Council;
- Approval of the General Plan Amendment and Zone Change by the City Council; and
- Approval of the Zone Text Amendment through adoption of an Ordinance by the City Council.

## 5. ENVIRONMENTAL ANALYSIS CHECKLIST

|   | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact | No Impact                           |
|---|--------------------------------|--|------------------------------|-------------------------------------|
| <b>I. AESTHETICS. Would the Project:</b>  |                                |  |                              |                                     |
| a) Have a substantial adverse effect on a scenic vista?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Substantially damage scenic resources, including but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Substantially degrade the existing visual character or quality of the site and its surroundings?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Create a new source of substantial light or glare, which would adversely affect day or nighttime views in the area?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>II. AGRICULTURAL RESOURCES. Would the Project:</b>   |                                |  |                              |                                     |
| a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Conflict with existing zoning for, or cause rezoning of, forestland (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Result in the loss of forest land or conversion of forest land to non-forest use?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |

|   | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact        | No Impact                           |
|---|--------------------------------|--|-------------------------------------|-------------------------------------|
| e) Involve other changes in the existing environment that, due to their location or nature, could result in conversion of Farmland to non-agricultural use?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>III. AIR QUALITY. Would the Project:</b>   |                                |  |                                     |                                     |
| a) Conflict with or obstruct implementation of the applicable air quality plan?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| b) Violate any air quality standard or contribute to an existing or projected air quality violation?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| c) Result in a cumulatively considerable net increase of any criteria pollutant for which the region is in non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions with exceeded quantitative thresholds for ozone precursors)?             | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| d) Expose sensitive receptors to substantial pollutant concentrations?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| e) Create objectionable odors affecting a substantial number of people?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>IV. BIOLOGICAL RESOURCES. Would the Project:</b>   |                                |  |                                     |                                     |
| a) Have a substantial adverse effect, either directly or through habitat modification, on any species identified as candidate, sensitive or special status species in local or regional plans, policies or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| c) Have a substantial adverse effect on   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

|  | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact | No Impact                           |
|--|--------------------------------|--|------------------------------|-------------------------------------|
| federally protected wetlands as defined by Section 404 of the Clean Water Act (including but not limited to marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?         |                                |  |                              |                                     |
| d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Conservancy Conservation Plan, or other approved local, regional, or state habitat conservation plan?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>V. CULTURAL RESOURCES. Would the Project:</b>   |                                |  |                              |                                     |
| a) Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Disturb any human remains including those interred outside of formal cemeteries?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>VI. GEOLOGY AND SOILS. Would the Project:</b>   |                                |  |                              |                                     |
| a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:   |                                |  |                              |                                     |

|  | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact        | No Impact                           |
|--|--------------------------------|--|-------------------------------------|-------------------------------------|
| i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42. | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input checked="" type="checkbox"/> |                                     |
| ii) Strong seismic ground shaking?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input checked="" type="checkbox"/> |                                     |
| iii) Seismic-related ground failure, including liquefaction?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input checked="" type="checkbox"/> |                                     |
| iv) Landslides?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| b) Result in substantial soil erosion or the loss of topsoil?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the Project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code, creating substantial risks to life or property?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems if sewers are not available?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>VII. GREENHOUSE GAS EMISSIONS.</b><br><b>Would the Project:</b>   |                                |  |                                     |                                     |
| a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| b) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

|   | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact        | No Impact                           |
|---|--------------------------------|--|-------------------------------------|-------------------------------------|
| <b>VIII. HAZARDS AND HAZARDOUS MATERIALS. Would the Project:</b>  |                                |  |                                     |                                     |
| a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| d) Be located on a site included on the list of hazardous materials sites compiled per Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| e) For a Project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would it result in a safety hazard for people residing or working in the project area? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| f) For a Project within the vicinity of a private airstrip, would the Project result in a safety hazard for people residing or working in the area?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| g) Impair implementation of, or physically interfere with, an adopted emergency response plan or emergency evacuation plan?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

|  | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact        | No Impact                           |
|--|--------------------------------|--|-------------------------------------|-------------------------------------|
| h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>IX. HYDROLOGY AND WATER QUALITY. Would the Project:</b>   |                                |  |                                     |                                     |
| a) Violate any water quality standards or waste discharge requirements?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing or planned land uses for which permits have been granted)? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| c) Substantially alter the existing drainage pattern of the site or area, including alteration of the course of a stream or river, in a manner that would result in substantial erosion or siltation on- or off-site?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in such a way as to result in flooding either on-site or off-site?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| e) Create or contribute runoff water exceeding the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| f) Otherwise substantially degrade water quality?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| g) Place housing within a 100-year   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

|   | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact | No Impact                           |
|---|--------------------------------|--|------------------------------|-------------------------------------|
| flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?   |                                |  |                              |                                     |
| h) Place, within a 100-year flood hazard area, structures that would impede or redirect flood flows?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?                              | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| j) Inundation by seiche, tsunami, or mudflow?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>X. LAND USE AND PLANNING.</b><br><b>Would the Project:</b>   |                                |  |                              |                                     |
| a) Physically divide an established community?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the Project adopted for the purpose of avoiding or mitigating an environmental effect? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Conflict with any applicable habitat conservation plan or natural community conservation plan?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>XI. MINERAL RESOURCES.</b> Would the Project:  |                                |  |                              |                                     |
| a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?                           | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>XII. NOISE.</b> Would the Project:   |                                |  |                              |                                     |
| a) Expose persons to a generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?                   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |

|   | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact | No Impact                           |
|---|--------------------------------|--|------------------------------|-------------------------------------|
| b) Expose persons to a generation of excessive groundborne vibration or groundborne noise levels?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Create a substantial permanent increase in ambient noise levels in the Project vicinity above levels existing without the Project?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Create a substantial temporary or periodic increase in ambient noise levels in the Project vicinity above levels existing without the Project?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| e) For a Project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the Project expose people residing or working in the Project area to excessive noise levels? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| f) For a Project within the vicinity of a private airstrip, would the Project expose people residing or working in the Project area to excessive noise levels?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>XIII. POPULATION AND HOUSING.</b><br><b>Would the Project:</b>   |                                |  |                              |                                     |
| a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Displace a substantial number of existing housing, necessitating the construction of replacement housing elsewhere?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>XIV. PUBLIC FACILITIES.</b> Would the Project:   |                                |  |                              |                                     |
| Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental  |                                |  |                              |                                     |

|   | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact        | No Impact                           |
|---|--------------------------------|--|-------------------------------------|-------------------------------------|
| facilities or the need for new or physically altered governmental facilities, the construction of which could cause significant Environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services . . .  |                                |  |                                     |                                     |
| a) Fire protection?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| b) Police protection?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input checked="" type="checkbox"/> | <input type="checkbox"/>            |
| c) Schools?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| d) Parks?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| e) Other public facilities?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>XV. RECREATION:</b>  |                                |  |                                     |                                     |
| a) Would the Project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| b) Does the Project include recreational facilities or require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| <b>XVI. TRANSPORTATION/TRAFFIC.</b><br><b>Would the Project:</b>  |                                |  |                                     |                                     |
| a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |
| b) Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>            | <input checked="" type="checkbox"/> |

|  | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact | No Impact                           |
|--|--------------------------------|--|------------------------------|-------------------------------------|
| measures, or other standards established by the county congestion management agency for designated roads or highways?  |                                |  |                              |                                     |
| c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| e) Result in inadequate emergency access?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| f) Result in inadequate parking capacity?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| g) Conflict with adopted policies, plans, or regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?                          | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>XVII. UTILITIES AND SERVICE SYSTEMS. Would the Project:</b>   |                                |  |                              |                                     |
| a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?          | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Have sufficient water supplies available to serve the Project from existing entitlements and resources, or new or expanded entitlements   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |

|   | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact | No Impact                           |
|---|--------------------------------|--|------------------------------|-------------------------------------|
| needed?   |                                |  |                              |                                     |
| e) Result in a determination by the wastewater treatment provider, which serves or may serve the Project, that it has adequate capacity to serve the Project's projected demand in addition to the provider's existing commitments?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| f) Be served by a landfill with sufficient permitted capacity to accommodate the Project's solid waste disposal needs?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| g) Comply with federal, state and local statutes and regulations related to solid waste?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>XVIII. MANDATORY FINDINGS OF SIGNIFICANCE</b>  |                                |  |                              |                                     |
| a) Does the Project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or an endangered threatened species, or eliminate important examples of the major periods of California history or prehistory? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Does the Project have impacts that are individually limited, but cumulatively considerable? (Are the incremental effects of the Project considerable when viewed in connection with those of past Projects, those of other current Projects, and those of probable future Projects?)   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Does the Project have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |

## 6. EXPLANATION OF THE ITEMS MARKED ON THE ENVIRONMENTAL CHECKLIST FORM

### Checklist Item I: AESTHETICS.

#### A. *Would the project affect a scenic vista?*

No Impact.

The City of Banning is located in the San Gorgonio Pass area of Riverside County. The San Gorgonio Pass divides the San Bernardino Mountains to the north and the San Jacinto Mountains to the south. The dominant scenic vista associated with the project area is the backdrop of these mountains. The City's General Plan considers the mountain backdrops as significant visual features. The San Gorgonio Peak which is a top of the San Bernardino Mountains is 11,499 feet above mean sea level and is the highest peak in Southern California. The San Jacinto Peak which is the highest peak of the San Jacinto Mountains is located approximately six (6) miles south of the I-10 freeway. It rises to 10,804 feet above mean sea level and is the highest peak in Riverside County. The adjacent mountain canyons form the alluvial plains on which portions of the City has developed. The mountains provide dramatic and valuable viewsheds. The General Plan policy requires that, *"The City protects the peaks and ridgelines within the City and encourages coordination with adjacent jurisdictions to protect the peaks and ridgelines within the City's area of influence, to protect the historic visual quality of the hillside areas and natural features of the Pass Area."* The project area is located on the valley floor of the San Gorgonio Pass within an urbanized portion of the City of Banning, and will remain developed as a single family residential neighborhood with the potential of such residential development to occur in the future. The height of the homes throughout the City is required to comply with the maximum height limitation of thirty-five (35) feet. This height limit is a negligible height impact relative to height of these mountains and their peaks. Therefore, there will not be an impact to a scenic vista.

#### B. *Would the project substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?*

No Impact.

The California Department of Transportation regulates scenic resources within State highway. In 1963, the California State Scenic Highway Program was established by State legislation (SB 1467). The purpose of the program is to help communities protect and enhance their natural and cultural uniqueness and beauty. According to Caltrans, a highway may be designated scenic depending upon how much of the natural landscape can be seen by travelers, the scenic quality of the landscape, and the extent to which development intrudes upon the travelers' enjoyment of the view. Caltrans defines a State Scenic Highway as any freeway, highway, road, or other public right-of-way that traverses an area of exceptional scenic quality, containing striking views, flora, geology, or other unique natural attributes.

I-10 from SR-38 and SR 62 is an "eligible" State Scenic Highway. To be designated as "eligible" for State Scenic Highway status, this Section of I-10 must meet the following criteria:

- ✓ Consist of scenic corridor that is comprised of a memorable landscape that showcases the natural scenic beauty or agriculture of California;
- ✓ Existing visual intrusions do not significantly impact the scenic corridor;

- ✓ Demonstration of strong local support for the proposed scenic highway designation; and
- ✓ The length of the proposed scenic highway is not less than a mile and is not segmented.

The City must apply to Caltrans for the official designation, adopt the Corridor Protection Program, and receive notification from Caltrans that the highway has been officially designated State Scenic Highway. To receive Scenic Highway official designation, the scenic corridor of the highway must be identified and defined. Scenic corridor consists of land that is visible from the highway right-of-way and is comprised primarily of scenic and natural features. Topography, vegetation, viewing distance, and/or jurisdictional lines determine the corridor boundaries. The City must adopt ordinances, zoning, and/or planning policies that are designed to protect the scenic quality of the corridor. These ordinances and/or policies make up the official "Corridor Protection Program." The City of Banning has not adopted a Corridor Protection Plan for the portion of the I-10 that traverses the City. Though eligible for designation, this section of the I-10 is not officially designated State scenic highway.

State Route 243 starts at Lincoln Street in Banning and traverses through the San Jacinto Mountains is designated State Scenic Highway. This portion of the highway is mostly visible from properties that are located immediately adjacent to State Route 243. State Route 243 is located approximately one-quarter mile north of the project area. Therefore, there will not be an impact to scenic resources.

**C. *Substantially degrade the existing visual character or quality of the site and its surroundings?***

**No Impact.**

As noted in the responses "A" and "B" above, scenic vistas or scenic resources will not be affected by the proposed project. Additionally, the project area is located within an urban environment and single family residential development is consistent with the land use character of the neighborhood and surrounding area. Therefore, the proposed project will not degrade the visual character.

**D. *Would the project create a new source of substantial light or glare that would adversely affect day or night-time views in the area?***

**No Impact.**

The project area is located within an urbanized portion of the City of Banning. The major sources of lighting in the vicinity of the project area include streetlights, headlight glare from vehicles, and interior building lighting, all of which are needed for safety and security reasons. All proposed outdoor lighting would conform to the City's outdoor lighting guidelines which prohibit spill lighting on adjacent properties. Therefore, day or night-time views will not be impacted.

**Checklist Item II: AGRICULTURAL AND FORESTRY RESOURCES.**

A. *Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?*  
**No Impact.**

The project area is located within an urbanized area of the City of Banning and is currently designated by the City's General Plan and Zoning Code as Industrial and being proposed as a combination of Low Density Residential (LDR)(0-5 dwelling units per acre) and Very Low Density Residential (VLDR)(0-2 dwelling units per acre). Within the project area, of the existing eighteen properties, fifteen (15) of the properties are currently developed with single family residences and the remaining three (3) properties are vacant (containing no planted trees or vegetation). According to the Department of Conservation Farmland Mapping and Monitoring Program, the project area has not been mapped as Prime Farmland, Unique Farmland, or Farmland of Statewide Importance and falls within the classification of Urban Built-up Land. Therefore, there will not be an impact on farmlands or agricultural resources.

B *Conflict with existing zoning for agricultural use, or a Williamson Act contract?*  
**No Impact.**

No agricultural activities are being conducted within the project area. City of Banning's General Plan Conservation Element or Zoning Code (Title 17) does not contemplate agricultural land uses for the project area. Additionally, project area is not subject to a Williamson Act contract. Therefore, there will not be an impact on agricultural uses or a Williamson Act contract.

C. *Conflict with existing zoning for , or cause rezoning of, forestland (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?Conflict with existing zoning for agricultural use, or a Williamson Act contract?*  
**No Impact.**

No forestland, timberland, or timberland activities are being conducted within the project area. The City of Banning's General Plan Conservation Element or Zoning Code (Title 17) do not contemplate forestland or timberland land uses for the project area. Therefore, there will not be an impact on forestland uses or a Williamson Act contract.

D. *Result in the loss of forestland or conversion of forestland to non-forest use?*  
**No Impact.**

No forestland exists within the project area. The City of Banning's General Plan Conservation Element or Zoning Code (Title 17) does not contemplate forestland land uses for the project area. Therefore, there will not be a loss of forestland.

E. *Involve other changes in the existing environment that, due to their location or nature, could result in conversion of Farmland to non-agricultural use?*

**No Impact.**

No farmland exists within the project area. The City of Banning's General Plan Conservation Element or Zoning Code (Title 17) does not contemplate farmland land uses for the project area. Therefore, there will not be an impact on farmland uses.

**Checklist Item III: AIR QUALITY.**

A. *Would the project conflict with or obstruct implementation of the applicable air quality plan?*

**Less Than Significant Impact.**

The proposed project will generate short-term and long-term air quality impacts. Short-term air quality impacts occur during site preparation, grading, and subsequent construction of housing development. Sources of emissions includes emissions from grading and construction equipment, truck traffic for delivery and hauling of construction materials, and emissions from vehicles used by construction workers to and from the construction site. Long-term air quality impacts are those associated with project generated vehicle trips, as well as, from stationary sources related to the use of natural gas and electricity for heating, cooling, and lighting.

The City of Banning is located within the South Coast Air Basin where air quality is regulated by the South Coast Air Management District (SCAQMD). The SCAQMD regulates short-term and long term air quality impact from stationary and non-stationary pollution sources. The SCAQMD adopted the latest Air Quality Management Plan (AQMP) in December 2012. The AQMP includes development information from the City General Plans within the SCAQMD boundaries including the City of Banning. The City's General Plan requires that the "*City cooperate with the SCAQMD to assure compliance with air quality standards*" and that the "*development proposals mitigate any significant air quality impacts*" which include short- term construction related impacts and long terms air quality impacts associated with occupancy and project operations. The SCAQMD regulates fugitive dust emissions during construction through Rule 403.

Additionally, Cities are required by State law to conform with the land use regulations of the 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) and the 2012 Regional Housing Needs Assessment (RHNA) prepared by the Southern California Association of Governments (SCAG). The Final EIRs prepared by SCAG for the RTP/SCS and by the SCAQMD for the AQMP analyzed air pollutant emissions that would result from all development throughout the region, and concluded that significant impacts would occur for some types of pollutants. Since the proposed project is consistent with these regional plans, impacts to air quality have already been analyzed in the RTP/SCS and AQMP EIRs.

The State continues to improve construction codes for the Building, Plumbing, and Energy Code. The future developments within the project area are required to comply with the State Building Code to reduce air emissions related to heating, cooling, and lighting. The City of Banning's General Plan policies require that air quality impacts be mitigated including compliance with the City's Zoning Ordinance.

Compliance with the State construction code requirements and the mitigation measures indicated above will help to reduce the project's air quality impacts, however as previously analyzed in the

RTP/SCS EIR, regional impacts to air quality will continue to be to less than significant. Since the proposed project is consistent with regional plans, air quality impacts would not be substantially greater than previously analyzed. The proposed project will not affect any regional population, housing, and employment projections prepared for the City by SCAG. As a result, the proposed project is consistent with the Growth Management Plan. Finally, the proposed project is not subject to the requirements of the Air Quality Management Plan's PM10 Program, which is limited to the desert portions of the South Coast Air Basin. Given the potential of relatively small size of future development, it is not considered to be regionally significant, according to the SCAQMD. Specific criteria for determining a project's conformity with the AQMP is defined in Chapter 12 of the Air Quality Management Plan (AQMP) and Section 12.3 of the SCAQMD's CEQA Air Quality Handbook that states the following:

- ✓ Consistency Criteria 1. Will the proposed project result in an increase in the frequency or severity of an existing air quality violation or contribute to the continuation of an existing air quality violation?
- ✓ Consistency Criteria 2. Will the proposed project exceed the assumptions included in the AQMP or other regional growth projections relevant to the AQMP's implementation?

Prior to the issuance of buildings permits for the future development projects and additions and/or alterations to the existing residences, the City of Banning will confirm that the plans and specifications stipulate that, in compliance with South Coast Air Quality Management District Rule 403. Excessive fugitive dust emissions shall be controlled by regular watering or other dust preventive measures, as specified in the South Coast Air Quality Management District Rules and Regulations. In addition, South Coast Air Quality Management District Rule 402 requires implementation of dust suppression techniques to prevent fugitive dust from creating a nuisance off-site. Implementation of the following measures would reduce short-term fugitive dust impacts on nearby sensitive receptors:

- ✓ All active portions of the construction site shall be watered to prevent excessive amounts of dust;
- ✓ On-site vehicles' speed shall be limited to 15 miles per hour;
- ✓ All on-site roads shall be paved as soon as feasible or watered periodically or chemically stabilized;
- ✓ All material excavated or graded shall be sufficiently watered to prevent excessive amounts of dust; watering, with complete coverage, shall occur at least twice daily, preferably in the late morning and after work is done for the day;
- ✓ If dust is visibly generated that travels beyond the site boundaries, clearing, grading, earth moving or excavation activities that are generating dust shall cease during periods of high winds (i.e., greater than 25 miles per hour averaged over one hour) or during Stage 1 or Stage 2 episodes; and,
- ✓ All material transported off-site shall be either sufficiently watered or securely covered to prevent excessive amounts of dust.

Prior to the issuance of building permits for future development projects and additions and/or alterations to the existing residences, the City of Banning will confirm that the plans and specifications stipulate that, in compliance with South Coast Air Quality Management District Rule 403. Ozone precursor emissions from construction equipment vehicles shall be controlled by maintaining equipment engines in good condition and in proper tune per manufacturer's specifications, to the satisfaction of the City Engineer. The City inspector shall be responsible for ensuring that contractors comply with this measure during construction.

Prior to the issuance of building permits for future development projects and additions and/or alterations to the existing residences, the City of Banning will confirm that the applicant is in compliance with South Coast Air Quality Management District Rule 1113, reactive organic gas emissions from architectural coatings shall be reduced by using pre-coated natural colored building materials, water-based or low-reactive organic gas coating and using coating transfer or spray equipment with high transfer efficiency.

The projects shall comply with South Coast Air Quality Management District Rule 1403, Asbestos Emissions from Demolition/Renovation Activities, which specifies work practice requirements to limit asbestos emissions from building demolition and renovation activities, including the removal and associated disturbance of asbestos-containing materials. The requirements for demolition and renovation activities include asbestos surveying, notification, asbestos-containing materials removal procedures and time schedules, asbestos-containing materials handling and clean-up procedures, and storage, disposal, and land filling requirements for asbestos-containing waste materials. All operators are required to maintain records, including waste shipment records, and are required to use appropriate warning labels, signs, and markings.

The proposed project is consistent with the adopted City of Banning General Plan (Consistency Criteria 2) pursuant to the proposed Low Density Residential and Very Low Density Residential land use designations. The future developments within the project area will result in emissions that may contribute to an existing air quality violation. However, future developments within the project area will not result in any net increase in development not already contemplated in regional growth projections (Consistency Criteria 1). As a result, the project would not be in conflict with, or result in an obstruction of an applicable air quality plan and no adverse impacts are anticipated. Mitigation measures are in place to ensure a *Less Than Significant Impact*.

B. *Would the project violate any air quality standard or contribute substantially to an existing or projected air quality violation?*  
**Less Than Significant Impact.**

Short-term airborne emissions will occur during the various future development phases and include activities related to demolition, land clearance, grading, and excavation. Equipment emissions, associated with the use of construction equipment during site preparation and construction activities, will be generated (the construction equipment is generally diesel-powered, resulting in high levels of nitrogen oxide [NOx] and particulate emissions). Finally, delivery vehicles and workers commuting to and from the construction site will generate mobile emissions. Long-term emissions refer to those air quality impacts that will occur once the land uses are operational and occupied, and these impacts will continue over the operational life of any future development. The total long-term emissions from the additional daily trips that will be generated by the project will not exceed the SCAQMD's thresholds of significance. Mitigation measures are in place to ensure a *Less Than Significant Impact*.

C. *Would the project result in a cumulatively considerable net increase of any criteria pollutant for which the project region is in non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?*

**Less Than Significant Impact.**

The project area is located within a portion of the SCAQMD which has been identified by the California Air Resources Board as being in non-attainment for Ozone, Large Particulate Matter PM10 and Small Particulate Matter PM2.5. The 2007 Air Quality Management Plan for the South Coast Air Basin (2007 AQMP) relies on a multi-level partnership of governmental agencies at the Federal, State, regional, and local level. The plan contains a number of land use and transportation control measures that are intended to reduce air pollution emissions. The project will comply with the control measures identified in the plan in addition to all of the SCAQMD's applicable rules and regulations.

CEQA guidelines define a significant effect on the environment as "a substantial, or potentially substantial, adverse change in the environment." To determine if a proposed project would have a significant impact on air quality, the type, level, and impact of emissions generated by the proposed project must be evaluated. To assist in the establishment of a quantitative determination of what is considered "significant," the SCAQMD has published a number of significance thresholds that apply to new projects constructed or operated within the SCAQMD. The SCAQMD recommends that these quantitative air pollution thresholds be used by lead agencies in determining whether a proposed project could result in a significant impact. If the lead agency finds that the proposed project has the potential to exceed these air pollution thresholds, the project should be considered significant.

The project will generate long-term operational emissions. However, the majority of the long-term emissions will be associated with vehicles traveling to and from the future development that will be below the SCAQMD's thresholds of significance. As a result, the proposed project's air quality impacts are considered to be less than significant. Mitigation measures are in place to ensure a *Less Than Significant Impact*.

D. *Would the project expose sensitive receptors to substantial pollutant concentrations?*

**Less Than Significant Impact.**

Sensitive receptors refer to land uses and/or activities that are especially sensitive to poor air quality. Sensitive receptors typically include homes, schools, playgrounds, hospitals, convalescent homes, and other facilities where children or the elderly may congregate. The sensitive receptors located in the vicinity of the project area include residential development located to the west and north of the site. The size of the proposed project is not expected to result in emission hot spots that would exceed the State's 1-hour or 8-hour standards. As a result, no significant adverse impacts are anticipated. Mitigation measures are in place to ensure a *Less Than Significant Impact*.

E. *Would the project create objectionable odors affecting a substantial number of people?*  
**No Impact.**

The SCAQMD's CEQA Air Quality Handbook identifies those uses that will typically create odors that, in turn, could generate complaints. These uses include agricultural activities, wastewater treatment plants, food processing plants, chemical plants, composting, refineries, landfills, dairies, and fiberglass molding operations. Due to the nature and extent of the residential land uses within the project area, there is not the potential for such objectionable odors to affect the surrounding areas. Therefore, there will not be an impact from objectionable odors.

**Checklist Item IV: BIOLOGICAL RESOURCES.**

A. *Would the project have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?*

**No Impact.**

Based on the review of the General Plan for the City of Banning, there are no sensitive plant and animal species as having a potential to occur in the vicinity of the project area. Additionally the potential to find such species within the project area or in the area immediately surrounding the project area is very low due to a lack of natural vegetation, the heavy disturbance of the natural environment (active weed control) and the lack of undisturbed habitat. Therefore, there will not be an impact on habitat species.

B. *Would the project have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?*

**No Impact.**

The detailed review of Exhibit IV-2 of the General Plan demonstrates that the project area is not located in a Special Linkage Area or Criteria Area of the MSHCP. The detailed review of Exhibit IV-3 of the General Plan demonstrates that the project area is not located in an area that supports the Yucaipa Onion. The detailed review of Exhibit IV-4 of the General Plan demonstrates that the project area is not located in a Burrowing Owl Survey Area. The detailed review of Exhibit IV-5 of the General Plan demonstrates that the project area is not located in a L.A. Pocket Mouse survey area. Therefore, there will not be a substantial adverse effect on candidate, sensitive, or special status species. Additionally, there are no streams, drainage courses, or lakes on within the project area. There are no depressions within the project area that may allow water to collect and provide suitable habitat to support natural communities and wetlands. The project area is within an urbanized area surrounded by existing developments. Consequently the project area does not serve as a wildlife movement corridor. The site contains no trees or vegetation; and, there is nothing to consider preserving. Therefore, there will not be an impact on riparian habitat.

C. *Would the project have a substantial adverse effect on federally protected wetlands as defined by Section 344 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?*

**No Impact.**

The project area is within an urbanized community, and as indicated in the preceding sections, the implementation of the proposed project will not affect any protected wetland. As a result, no wetland habitat will be disturbed by the proposed project. Therefore, there will not be an impact on wetland habitat.

D. *Would the project interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory life corridors, or impede the use of native wildlife nursery sites?*

**No Impact.**

The animal species common within the project area and the surrounding area are typical of those found in an urbanized setting. The project area does not function as a wildlife movement corridor. No locally designated species are located within the project area. Additionally, no trees will be impacted by the proposed project. The project area is devoid of any vegetation. Thus, no impact to local policies and programs related to resource management is expected with the project's implementation. Therefore, there will not be an impact on migratory fish or wildlife species.

E. *Would the project conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?*

**No Impact.**

The proposed project will not result in the removal of any existing trees. Thus, no impacts to locally designated species will occur. Therefore, there will not be an impact on protected biological resources.

F. *Would the project conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?*

**No Impact.**

The project area is within an urbanized community, and is not located within an area governed by a habitat conservation or community conservation plan. Therefore, no adverse impacts on local, regional, or state habitat conservation plans will result from the proposed project's implementation.

#### **Checklist Item V: CULTURAL RESOURCES.**

A. *Would the project cause a substantial adverse change in the significance of a historical resource as defined in §15064.5 of the State CEQA Guidelines?*

**No Impact.**

When the General Plan for the City of Banning was prepared in 2006, historical maps, previous cultural resource surveys, aerial photographs, topographic maps and other cultural records were consulted to determine the presence of known archaeological resources within the City. A total of twenty (20) archaeological sites have been identified and recorded within the City, twelve (12) of which are prehistoric (Native American) sites. The entire City for the General Plan has not

been extensively surveyed for cultural resources due to the fact that large scale development projects have not been as widespread within the City as other communities in the San Gorgonio Pass/Coachella Valley region.

Pursuant to the requirements of Senate Bill (SB) 18, on December 31, 2014, the City of Banning transmitted a formal request for Tribal Consultation to the Native American Heritage Commission. Tribal Consultation request letters were also transmitted directly to the following: Morongo Band of Mission Indians; Soboba Band of Luiseno Indians; Cabazon Band of Mission Indians; Pechanga Band of Luiseno Indians; Augustine Band of Cahuilla Indians; Twenty-Nine Palms Band of Mission Indians; Cahuilla Band of Indians; Ramona Band of Cahuilla Indians; Agua Caliente Band of Cahuilla Indians; Santa Rosa Band of Cahuilla Indians; Fort Mohave Indian Tribe; San Manuel Band of Mission Indians; and Torres Martinez Desert Cahuilla Indians.

A detailed review of Table IV-11 of the General Plan found that the project area does not contain a listed "Historic-Era" building or structure, in fact there are no historical structures located within the project area. A detailed review of Exhibit IV-7 found that there are no designated heritage properties located within, or in the vicinity, of the project area. Therefore, the potential to find such cultural resources within the project area is very low due to the lack of history of structures being located within the project area and the heavy disturbance of the ground (active weed control). There are no known archaeological resources, paleontological resources, or cemeteries within the project area. In the event of accidental discovery of human remains, the County Coroner will be contacted and the remains will be dealt with in accordance with State regulations. Therefore, no impacts on historically significant resources will result.

**B. Would the project cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5 of the State CEQA Guidelines?**  
**No Impact.**

Pursuant to the requirements of Senate Bill (SB) 18, on December 31, 2014, the City of Banning transmitted a formal request for Tribal Consultation to the Native American Heritage Commission. Tribal Consultation request letters were also transmitted directly to the following: Morongo Band of Mission Indians; Soboba Band of Luiseno Indians; Cabazon Band of Mission Indians; Pechanga Band of Luiseno Indians; Augustine Band of Cahuilla Indians; Twenty-Nine Palms Band of Mission Indians; Cahuilla Band of Indians; Ramona Band of Cahuilla Indians; Agua Caliente Band of Cahuilla Indians; Santa Rosa Band of Cahuilla Indians; Fort Mohave Indian Tribe; San Manuel Band of Mission Indians; and Torres Martinez Desert Cahuilla Indians.

As previously indicated, the project area is not known to be historically or culturally significant to any group or individuals. Archaeological or historical resources are not expected to be found within the project area. Therefore, the proposed project will not impact any known or suspected culturally significant sites.

C. *Would the project directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?*

**No Impact.**

The project area is within an urbanized area and the surrounding properties have undergone ground disturbance associated with past development and excavation. The potential for paleontological resources within the project area is considered low due to the extensive alluvial deposition that has occurred in the area. Furthermore, no paleontological resources have been uncovered in the area. Therefore, the proposed project is not expected to disturb any paleontological resources on-site.

D. *Would the project disturb any human remains, including those interred outside of formal cemeteries?*

**No Impact.**

Pursuant to the requirements of Senate Bill (SB) 18, on December 31, 2014, the City of Banning transmitted a formal request for Tribal Consultation to the Native American Heritage Commission. Tribal Consultation request letters were also transmitted directly to the following: Morongo Band of Mission Indians; Soboba Band of Luiseno Indians; Cabazon Band of Mission Indians; Pechanga Band of Luiseno Indians; Augustine Band of Cahuilla Indians; Twenty-Nine Palms Band of Mission Indians; Cahuilla Band of Indians; Ramona Band of Cahuilla Indians; Agua Caliente Band of Cahuilla Indians; Santa Rosa Band of Cahuilla Indians; Fort Mohave Indian Tribe; San Manuel Band of Mission Indians; and Torres Martinez Desert Cahuilla Indians.

There are no cemeteries located in the immediate area that would be affected by the proposed project. Additionally, the project area does not contain any sacred structures. It is unlikely that human remains would be encountered during grading and excavation for future developments. Therefore, the proposed project will not impact any cemeteries.

#### **Checklist Item VI: GEOLOGY AND SOILS.**

A. *Would the project result in or expose people or structures to potential significant adverse effects, including the risk of loss or death involving rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area, or based on other substantial evidence of a known fault?*

**Less Than Significant Impact.**

The City's General Plan Table V-1 shows the various fault names, proximity to Banning, and seismic intensities, and Exhibit V-3 shows approximate location of these fault zones including San Andreas Fault. The entire City is therefore susceptible to seismically induced ground shaking. To minimize potential earthquake and ground rupture hazards to structures and people, mitigation measures are in place to ensure a *Less Than Significant Impact*.

B. *Would the project expose people or structures to potential substantial adverse effects, including substantial soil erosion or the loss of topsoil?*  
**Less Than Significant Impact.**

As illustrated in Exhibit V-3 of the General Plan, the project area is not located in Alquist-Priolo Zone, therefore the possibility of significant fault rupture is considered to be low. Additionally, the future development within the project area must be designed in accordance with the requirements of the California Building Code (CBC) Seismic Design parameters. The CBC provides procedures for earthquake resistant structural design that include considerations for on-site soils conditions, occupancy, and the configuration of the structure including structural system and height.

The City of Banning General Plan Exhibit V-4 indicates that the project area is located within a zone of moderate liquefaction susceptibility. However, the California Building Code requires the submittal of a soils and geotechnical investigation specific for the site at time of building permit submittal; and, that report will address any specific risks associated with liquefaction. Specific design provisions will be part of the recommendations of the soils and geotechnical investigation at the time of building permit application. Any provisions will be made a part of the building plans and specifications. Additionally, the recommendations of the report will be made part of the grading plans through the project conditions of approval and in accordance with the "Grading Ordinance" for the City of Banning.

Given the developed character of the surrounding parcels, no significant adverse constraints related to expansive soils are anticipated. The adherence to the existing development code and building code requirements will reduce the potential impacts to levels that are less than significant. Mitigation measures are in place to ensure a *Less Than Significant Impact*.

C. *Would the project expose people or structures to potential substantial adverse effects, including location on a geologic unit or a soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse?*  
**Less Than Significant Impact.**

The future developments within the project area will not involve any significant grading. Liquefaction susceptibility is a function of the capacity of sediments to resist moderate to severe seismic ground shaking intensity. Liquefaction hazard mapping focuses on areas historically characterized by ground-water depths of 34 feet or less. The majority of the City is located in an area that has been identified as having a potential for liquefaction. Mitigation measures are in place to ensure a *Less Than Significant Impact*.

D. *Would the project result in or expose people to potential impacts, including location on expansive soil, as defined in the California Building Code (2002), creating substantial risks to life or property?*  
**Less Than Significant Impacts.**

Grading and excavation will be required to facilitate removal of the existing on-site improvements. The soils that underlie the parcel are adequate to support the proposed development. Mitigation measures are in place to ensure a *Less Than Significant Impact*.

E. *Would the project result in or expose people to potential impacts, including soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?*

**No Impact.**

No septic tanks will be used as part of the proposed project. As a result, no impacts associated with the use of septic tanks will result from the proposed project's implementation.

**Checklist Item VII: GREENHOUSE GAS EMISSIONS.**

A. *Would the project generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?*

**No Impact.**

Future residential development within the project area will generate greenhouse gas emissions during short-term construction and long-term occupancy of the residences. The short-term emissions are primarily the result of fuel combustion by construction equipment, delivery and haul trucks, and motor vehicles used by construction worker to travel to and from the project site. Based on the emission calculations for the different types of pollutants in Appendix A, the short-term construction would exceed 2.5 times daily threshold for NOx set by the South Coast Air Quality Management District if all of the properties affected by the proposed amendments were to be developed at the same time. Construction of the specific projects expected to occur after adoption of the Housing Element and the related amendments will proceed based on market demand over many years. Therefore, the greenhouse gas emissions resulting from the project at any particular time will be much less than the maximum worst-case estimate shown in Appendix A.

Over the long-term, the project will result in greenhouse gas emissions primarily from the consumption of electricity and use of automobiles and vehicles by the residents who live within the project area. Under state law, the City is required to adopt plans and land use regulations to accommodate housing units pursuant to the Regional Housing Needs Assessment (RHNA), which are included with the City's 2008-2014 Housing Element cycle. The SCAQM District and SCAG have prepared the latest Air Quality Management Plan (2012) and Regional Transportation Plan/Sustainable Communities Strategy (2012 RTP/SCS), respectively, which are based upon the land uses and housing units required under the RHNA. Therefore, greenhouse gas emissions resulting from the proposed project have been analyzed in the previous EIRs prepared for the AQMP and RTP/SCS. Since the proposed project is consistent with those regional plans, potential impacts to greenhouse gas emissions would not be substantially greater than previously analyzed and no new significant impacts would occur.

B. *Would the project conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?*

**No Impact.**

The City of Banning General Plan incorporates policies that "promotes energy conservation throughout all areas of the community and sectors of the local economy and encourage the expanded use of public transit, vehicles fueled by compressed natural gas and hydrogen, buses with bike racks and other improvements that enhance overall operations and energy conservation".

The California Building and Energy Codes continue to be updated to provide for more efficient building and energy conservation. The manufacturers of household appliances continue to make energy efficient appliances for consumers such as clothes washers and dryers, and dishwashers. Old appliances within the homes would be replaced with new energy efficient appliances which should help reduce greenhouse gas emission. The City does not regulate mobile sources of air pollution as they are regulated at the regional level through SCAQMD, State EPA, and Federal EPA. However, the City of Banning through its General Plan policies and programs will continue to support development that promotes conservation of resources which should help contribute to the overall reduction of the greenhouse gas.

#### **Checklist Item VIII: HAZARDS AND HAZARDOUS MATERIALS.**

A. *Would the project create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?*

**Less Than Significant Impact.**

The Environmental Protection Agency's (EPA's) Environfacts Database was consulted to identify EPA-regulated facilities within the project area. The project area is not included on this list. During the removal of the existing on-site surface materials, some conditions may be encountered. Mitigation measures are in place to ensure a *Less Than Significant Impact*.

B. *Would the project create a significant hazard to the public or the environment, or result in reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?*

**No Impact.**

The proposed residential uses will not involve any activities that would generate industrial or commercial hazardous wastes. Therefore, no impacts are anticipated.

C. *Would the project emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?*

**No Impact.**

The proposed residential uses will only involve materials for on-site routine cleaning and maintenance. Therefore, no impacts are anticipated from the proposed project.

D. *Would the project be located on a site, which is included on a list of hazardous material sites compiled pursuant to Government Code Section 65962.5, and, as a result, would it create a significant hazard to the public or the environment?*

**No Impact.**

The Environmental Protection Agency's (EPA's) Environfacts Database was consulted to identify EPA-regulated facilities within the project area. The project site is not included on this list. Therefore, no impacts are anticipated.

E. *Would the project be located within an airport land use plan, or where such a plan has not been adopted, within two miles of a public airport or a public use airport, would the project result in a safety hazard for people residing or working in the project area?*

**Less Than Significant Impact.**

The project is located within Airport Compatibility Zones D of the Riverside County Airport Land Use Compatibility Plan as adopted by the Riverside County Airport Land Use Commission (ALUC) for Banning Municipal Airport. On December 11, 2014, the Riverside County Airport Land Use Commission determined the project (General Plan Amendment No. 14-2501 and Zone Change No. 3501) is consistent with the Airport Land Use Compatibility Plan.

F. *For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working the project area?*

**No Impact.**

A review of area surrounding the project site shows that there are no personal use airports operating in the vicinity. As a result, the proposed project will not present a safety hazard related to aircraft or airport operations of a private airstrip.

G. *Would the project impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?*

**No Impact.**

A review of the City of Banning Emergency Operations Plan as well as a consultation with the Fire Services Division revealed that the project will not impair an emergency evacuation plan at this time. Exhibit V-9 of the City's General Plan reveals that the site is not located in a Very High Fire Severity Zone; and, therefore will not impact wildland fire hazards. At no time will local streets used for evacuation routes be closed to emergency traffic. Thus, no impacts on emergency response or evacuation are expected with the project's implementation.

H. *Would the project expose people or structures to a significant risk of loss, injury or death involving wild land fire, including where wild lands are adjacent to urbanized areas or where residences are intermixed with wild lands?*

**No Impact.**

The project area is located within an urbanized portion of the City of Banning in a low-lying area which is not adjacent to any wild lands. Therefore, no impacts are anticipated.

#### **Checklist Item IX: HYDROLOGY AND WATER QUALITY.**

A. *Would the project violate any water quality standards or waste discharge requirements?*

**Less Than Significant Impact.**

The U.S. Environmental Protection Agency (EPA) regulates the Clean Water Act. Under Section 402 of the Clean Water Act, the EPA regulates and control storm water discharge into the waters of the U.S. through a program called National Pollution Discharge Elimination System (NPDES). In California, the State Water Resources Control Board (SWRCB) administers the NPDES permitting program. The SWRCB works in coordination with the local Water Quality control Board to preserve, protect, enhance, and restore water quality. The City of Banning is within the jurisdiction of the Colorado River Water Quality Control Board.

Construction activities associated with housing development is subject to the NPDES requirements. NPDES requires best management practices for site design, source control, and treatment of pollutants which include conservation of natural area, construct street, sidewalks, and parking lot aisles to the minimum width necessary, and minimize the use of impervious surfaces in landscape design. Source control best management practices include street sweeping, roof run-off controls, and water efficient irrigation systems for landscaping. Treatment control best management practices include biofilters for trash and debris, bacteria and viruses, and oils and grease. Mitigation measures are in place to ensure a *Less Than Significant Impact*.

B. *Would the project substantially deplete groundwater supplies or interfere substantially with groundwater recharge in such a way that would cause a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of a pre-existing nearby well would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?*

**No Impact.**

The project area is located within an urbanized portion of the City of Banning which is to be zoned for residential development consistent with the existing land uses. The existing and any future residences connect to the City's water supply system for household use and irrigation. The City is a water purveyor and evaluates the water supply needs every five (5) years through its water master plan. The demand included in the water master plan is sufficient to accommodate the projected water demand for the future residential development within the proposed area. The Banning Municipal Code requires that projects pay for its demand for water through water connection fees to reduce impact to water supply. Compliance with the Municipal Code ensures that the project impact is less than significant. The project area is located in an area that is not being used as ground water recharge so it is not anticipated that the natural aquifer recharge process will be impacted. Therefore, there will be no impacts to groundwater supplies.

C. *Would the project substantially alter the existing drainage pattern of the site or area, including the alteration of the course of a stream or river, in a manner that would result in substantial erosion or siltation on- or off-site?*

**No Impact.**

The project area is located within an urbanized portion of the City of Banning. Future residential development will create impervious surfaces and increase the amount of surface run-off. The City of Banning Municipal Code requires that the project contain the storm water run-off on site so as not to exceed the pre-development condition so that the drainage pattern in the area is not altered. The on-site storm drain system is required to comply with the NPDES requirements to control siltation during rain. No natural drainage or riparian areas are located within the project area. Additionally, no streams or rivers are located within the surrounding area. Therefore, there will not be any impacts on streams or natural hydrology.

D. *Would the project substantially alter the existing drainage pattern of the site or area, including the alteration of the course of a stream or river, in a manner that would result in flooding on-or off-site?*

**No Impact.**

The City of Banning Municipal Code requires that the project submit a hydrology study that will determine pre- and post- development flow of storm water. The recommendation of the hydrology study is required to be incorporated onto the grading plan to ensure that the project does not create flooding on- and off-site. There are no streams or rivers within the project area. Compliance with the City of Banning Municipal Code will reduce the project impact to less than significant. In addition, there will not be any increase in storm water surface runoff conveyed to the existing storm drain system given the extent of the existing impervious surfaces within the project area. Therefore, there will not be an impact on existing drainage patterns.

E. *Would the project create or contribute runoff water that would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?*

**No Impact.**

No surface water bodies are within the project area or in the adjacent vicinity that would be affected by the proposed project. The nature and extent of storm water runoff ultimately discharged into the existing storm drain system will not significantly change from the existing levels. In addition, no wells are planned as part of the proposed project. Therefore, there will be no impacts to storm water drainage systems.

F. *Would the project otherwise substantially degrade water quality?*

**No Impact.**

Future development will be required to implement a storm water pollution prevention plan and water quality management plan in accordance with National Pollutant Discharge Elimination System (NPDES) and City of Banning requirements. With adherence to the most recent Clean Water Act requirements, no impacts from the proposed project will result.

G. *Would the project place housing within a 100-year flood hazard area as mapped on a Federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?*

**No Impact.**

According to the National Flood Insurance Program, the project area is located on Map Index Community Panel No. 06065C, Map revised August 28, 2008. The project area is not identified within a 100-year flood hazard area. Therefore, no structures will be placed within the flood hazard area.

H. *Would the project place within a 100-year flood hazard area, structures that would impede or redirect flood flows?*  
**No Impact.**

According to the National Flood Insurance Program, the project area is located on Map Index Community Panel No. 06065C, Map revised August 28, 2008. The project area is not identified within a 100-year flood flow hazard area. Therefore, no structures will be placed within the flood flow hazard area.

I. *Would the project expose people or structures to a significant risk of flooding as a result or levee failure?*  
**No Impact.**

According to the National Flood Insurance Program, the project area is located on Map Index Community Panel No. 06065C, Map revised August 28, 2008. The project area is not identified within a levee or dam area. Therefore, no structures will be placed within a levee failure hazard.

J. *Would the project result in inundation by seiche, tsunami, or mudflow?*  
**No Impact.**

According to the National Flood Insurance Program, the project area is located on Map Index Community Panel No. 06065C, Map revised August 28, 2008. The project area is not identified near water bodies where in the event of an earthquake could create inundation by seiche, tsunami, or mudflow. Therefore, there will not be an impact.

**Checklist Item X: LAND USE AND PLANNING.**

A. *Would the project physically divide an established community or otherwise result in an incompatible land use?*  
**No Impact.**

The project area is located within an urbanized portion of the City of Banning that has been developed since the early part of the 20th century. The project area is located approximately one-quarter mile south of the Interstate (10) Freeway and within one-half mile southwesterly of the Banning Municipal Airport. The City's General Plan designates the adjacent areas to the west and south as Low Density Residential (LDR), and the properties within those areas are developed with single family residences. The area to the east is designated by the City's General Plan as Industrial (I). Although the City's General Plan has a land use designation of Airport Industrial (AP) for the area to the north, the properties along the north side of Barbour Street are developed with single family residences.

The proposed General Plan Amendment, Zone Change and Zone Text Amendment will change the land use designation and zoning classification of the properties within the project area from Industrial (I) to Low Density Residential (LDR) and Very Low Density Residential (VLRD)(with an 80,000 square foot minimum lot size) in order to reflect the existing residential land uses and single family residential character. Therefore, there will not be a physical division of an established community or result in incompatible land uses.

B. *Would the project conflict with an applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including but not limited to, a general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?*

**No Impact.**

The project area is currently developed as a single family residential neighborhood within an urbanized portion of the City of Banning. The purpose of the proposed General Plan Amendment, Zone Change and Zone Text Amendment will change the land use designation from Industrial (I) to Low Density Residential (LDR) and Very Low Density Residential (VLRD)(with an 80,000 square foot minimum lot size) to reflect the existing residential land uses and single family residential character. As a result, the General Plan Land Use Map and Zoning Map will be consistent with the current and planned land uses. Additionally, on December 11, 2014, the Riverside County Airport Land Use Commission approved the determination that General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 is consistent with the 2004 Banning Municipal Airport Land Use Compatibility Plan. Therefore, there will not be an impact on the City's or regional land use plans, policies or regulations.

C. *Will the project conflict with any applicable habitat conservation plan or natural community conservation plan?*

**No Impact.**

The project will not conflict with any conservation plan. Future development within the project area may be required to comply with the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP) and pay a local development mitigation fee for funding the preservation of natural ecosystems in accordance with the plan. The purpose of the plan is to protect the existing character of the City and the region through the implementation of a system of reserves which will provide for permanent open space, community edges, and habitat conservation for species covered by the MSHCP. As a result, no impacts on habitat conservation plans or natural community conservation plans will occur.

#### **Checklist Item XI: MINERAL RESOURCES.**

A. *Would the project result in the loss of availability of a known mineral resource that would be of value to the region and the residents or the state?*

**No Impact.**

Under the Surface Mining and Reclamation Act of 1975 (SMARA), the State Mining and Geology Board designated on a map Sector G, two parcels covering parts of the San Gorgonio River alluvial fan, east of the City of Banning as a Significant Construction Aggregate Resource. Sector G extends from the mouth of Banning Canyon, southeastward to the community of Cabazon. No other area in the vicinity of the City of Banning is designated a Significant Construction Aggregate Resource. The project area is not located within this area; and, therefore no significant mineral resource will be affected by the proposed project.

B. *Would the project result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?*  
**No Impact.**

The resources and materials to be used in future construction will not include any materials that are considered rare or unique. Therefore, the proposed project will not result in any significant adverse effects on mineral resources in the region.

**Checklist Item XII: NOISE.**

A. *Would the project result in exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?*  
**No Impact.**

Applicable noise regulations are contained in the City's General Plan Noise Element and Municipal Code. Additionally, Federal Aviation Administration noise standards apply as the project area is within the vicinity of the Banning Municipal Airport. The Noise Element of the City of Banning General Plan coordinates land use with existing and future noise environment. Noise is measured in decibels (db). The A-weighted decibel (dBA) approximates the subjective response of the ear to noise source by discriminating against the very low and very high frequencies in the spectrum. Exhibit III-27 of the GP identifies that the project area is located beyond the existing noise contour of 55 dBA from the Banning Municipal Airport. Since the project area is farther away than the 55 dBA noise contour, existing noise from the Banning Municipal Airport is not a factor. Additionally, the determination from ALUC did not include requirements for noise reduction as any noise impacts associated with the airport traffic pattern are not considered significant because most of the project uses take place within the proposed structures. Therefore, no significant adverse impacts are anticipated.

B. *Would the project result in exposure of people to or generation of excessive ground-borne noise levels?*  
**No Impact.**

The residential uses within the project area are considered to be noise-sensitive land uses. Certain activities are particularly sensitive to noise. These include sleeping, studying, reading, leisure, and other activities requiring relaxation or concentration. No major stationary noise sources are located in the immediate area. As a result, no significant adverse impacts are anticipated.

C. *Would the project result in a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?*  
**No Impact.**

The results of the traffic noise analysis show that there will not be a significant increase in noise levels due to the traffic generated by the proposed project. Noise level increases on the adjacent streets would be below 1.0 dBA. Generally, the range for a change in noise levels being perceptible is 3.0 dBA to 5.0 dBA. It typically requires a doubling of traffic to result in a perceptible increase in traffic noise. As a result, no significant adverse impacts are anticipated.

D. *Would the project result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?*  
**No Impact.**

Noise levels associated with any future construction activities would be slightly higher than the existing ambient noise levels. However, the construction noise would subside once construction of a particular project is completed. Although construction noise represents a short-term impact on ambient noise levels, noise generated by construction equipment and construction activities can reach high levels (between 70 dBA and 90 dBA) 50 feet from the noise source. Construction equipment noise comes under the control of the EPA's Noise Control Program (Part 204 of Title 40, Code of Federal Regulations). The proposed project does not involve construction. As a result, no significant adverse impacts are anticipated.

E. *For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?*  
**No Impact.**

The project is located within Airport Compatibility D of the Riverside County Airport Land Use Compatibility Plan as adopted by the Riverside County Airport Land Use Commission (ALUC) for Banning Municipal Airport. On December 11, 2014, the Riverside County Airport Land Use Commission determined the project is consistent with the Airport Land Use Compatibility Plan with no conditions of approval related to requirements for noise reduction.

F. *Within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?*  
**No Impact.**

The project area is not near a private airstrip. As a result, the proposed project will not expose persons to noise from operations at any private airport in the area.

#### **Checklist Item XIII: POPULATION AND HOUSING.**

A. *Would the project induce substantial population growth in an area, either directly or indirectly (e.g., through projects in an undeveloped area or extension of major infrastructure)?*  
**No Impact.**

The California Department of Finance (DOF) estimated the City's population in January 2013 to be 30,170 persons. According to the same DOF figures, there are 12,149 housing units located in the City. The DOF also estimates that there are 2.61 persons per household. There are a total of eighteen (18) properties within the project area. Three (3) of the properties are currently vacant. These three (3) properties may be potentially developed with a single family residence which could possibly add approximately 9 total new residents. This minimal population growth will not lead to an increased demand for goods and services. Growth-inducing impacts are generally associated with the provision of urban services to an undeveloped or rural area, such as utilities, improved roadways, and expanded public services. Future residential infill development within the project area will not result in any negative growth inducing impacts. As a result, no significant adverse growth-inducing impacts will result.

B. *Would the project displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?*  
**No Impact.**

The existing residential zoning within the project area will be maintained. As a result, the proposed project will not involve the removal of any units and no displacement of existing housing units will result.

C. *Would the project displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?*  
**No Impact.**

As indicated in the preceding section, no housing units will be displaced as part of the proposed project's implementation. As a result, no persons will be displaced as part of the project's implementation and no replacement housing will be required.

#### **Checklist Item XIV: PUBLIC FACILITIES.**

A. *Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the construction of which would cause significant environmental impacts in order to maintain acceptable service ratios, response times or other performance objectives in any of the following areas: fire protection services?*

**Less than Significant Impact.**

Fire Services are provided through a contract with CalFire. They maintain Fire Station number 89 located at 172 N. Murray Street that houses an engine and 3 personnel. The Fire department's review of the project has determined that adequate facilities exist in the vicinity of the project area (and if needed, in conjunction with other fire facilities in the service area) to maintain the required service ratios and response times mandated by the General Plan. No new or altered fire facilities are required to meet the required service ratios and response times. Additionally, a Fire Facilities Development Fee will be collected for the provision of capital facilities for fire services which provides for future facilities as the City develops. Based on the above analysis, the impacts to fire services are considered *Less Than Significant Impact*.

B. *Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the construction of which would cause significant environmental impacts in order to maintain acceptable service ratios, response times or other performance objectives in any of the following areas: Police protection?*

**Less than Significant Impact.**

The General Plan requires a level of service goal of 2.0 sworn officers per 1000 residents. A review of the project area by the Police Department determined that no new or altered facilities would be required to maintain the level of service goal. Additionally, a Police Facilities Development Fee will be collected for the provision of capital facilities for police services which provides for future facilities as the City develops. Based on the above analysis, the impacts to police services are considered *Less Than Significant Impact*.

C. *Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the construction of which would cause significant environmental impacts in order to maintain acceptable service ratios, response times or other performance objectives in any of the following areas: School services?*

**No Impact.**

The project site is located within the service area of the Banning Unified School District. The proposed project is not anticipated to affect school enrollments since the net residential density will not be increased. In addition, the new development will be required to pay the mandatory school district development fees. As a result, there will be no impact on school facilities.

D. *Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the construction of which would cause significant environmental impacts in order to maintain acceptable service ratios, response times or other performance objectives in any of the following areas: Parks?*

**No Impact.**

The project area is located approximately one-quarter miles north of Lions Park. No new or altered parks are required to provide park services to the project area. Additionally, a Park Land Development Fee will be collected for the provision of new parks which provides for future facilities as the City develops. Based on the above analysis, there will be no impacts to parks.

E. *Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the construction of which would cause significant environmental impacts in order to maintain acceptable service ratios, response times or other performance objectives in any of the following areas: Other governmental services?*

**No Impact.**

The City's library system includes the library located at 21 W. Nicolet Street and is funded through as a special Riverside County tax district. Based on library usage, the existing library is considered adequate to provide services for the City and any visitors. No new or altered library facilities are needed at this time. Based on the above analysis, there will be no impacts to libraries.

#### **Checklist Item XV: RECREATION.**

A. *Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?*

**No Impact.**

The project of and by itself does not result in the need for new recreation facilities because the overall ratio of 5 acres of parkland per 5,000 residents is maintained even with addition of the project. There is no requirement to alter or provide additional facilities for recreation as the project provides transient services in support of local recreation. As a result, no impacts related to the demand on local parks and recreation facilities will occur as part of the proposed project's implementation.

B. *Would the project affect existing recreational facilities or require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment?*

**No Impact.**

The proposed project will not affect existing park facilities in the City. No parks are located adjacent to the site of the project area. As a result, no impact on local parks and recreation facilities will result from the proposed project's implementation.

**Checklist Item XVI: TRANSPORTATION/TRAFFIC.**

A. *Would the project conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including, but not limited to, intersections, highways and freeways, pedestrian and bicycle paths, and mass transit?*

**No Impact.**

The City's General Plan Circulation Element established a threshold of a Level of Service (LOS) D for the City's roadway system. Through an analysis of the existing roadway system in relationship to the project area, the intersection of Lincoln Street and Hargrave Street is the closest monitored intersection. Lincoln Street has an existing average daily traffic volume of approximately 2,650 vehicle trips. A "LOS D" for Lincoln Street, as a Major Highway, is 34,200 vehicle trips. Hargrave Street has an existing average daily traffic volume of approximately 4,992 vehicle trips. A "LOS D" for Hargrave Street, as a Secondary Highway, is 27,000 vehicle trips. The existing traffic volume on Lincoln Street is at approximately 8% capacity. The existing traffic volume on Hargrave Street is at approximately 18% capacity. Therefore, there will not be an impact to the City's circulation system.

B. *Would the project conflict with an applicable congestion management program, including, but not limited to, level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?*

**No Impact.**

The Riverside County Transportation Commission is the Congestion Management Agency for Riverside County. The proposed project will not conflict with the Congestion Management Program because there will not be a significant increase in traffic. Therefore, there will be no impact.

C. *Would the project result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?*

**No Impact.**

The project area is located within an area where housing development is allowed by the Riverside County Airport Land Use Commission (ALUC) for the Banning Municipal Airport, and is located within Airport Compatibility D of the ALUC Land Use Compatibility Plan. On December 11, 2014, the ALUC determined the project is consistent with the Airport Land Use Compatibility Plan. The review did not identify any items that would affect air traffic patterns and therefore the impact to air traffic patterns is not considered significant. As a result, there will be no impact.

D. *Would the project substantially increase hazards due to design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?*

**No Impact.**

Any future roadway improvements to the adjacent streets of the project area will be reviewed for compliance with the City standards as established in the City's Municipal Code and Zoning Code, which includes road design and standards. At this time, no roadway improvements are proposed, required or considered within the project area. Therefore, there will not be any impacts.

E. *Would the project result in inadequate emergency access?*

**No Impact.**

The proposed project will not involve the closure of any roadway. Furthermore, the project will not impede emergency access on-site or off-site. As a result, no significant adverse impacts will result from the project's implementation.

F. *Would the project result in inadequate parking capacity?*

**No Impact.**

Subsequent residential development within the project area will be required to conform to the City's parking standards of the Zoning Ordinance. Therefore, there will be no impacts.

G. *Would the project conflict with adopted policies, plans, or regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?*

**No Impact.**

The Banning Municipal Transit System provides a fixed route bus service along three routes within the City. Public transit service within the City of Banning is provided by the Riverside Transit Agency. The proposed project will not impact any existing bus stops. As a result, no impacts will result.

## Checklist Item XVII: UTILITIES AND SERVICE SYSTEMS.

A. *Would the project exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?*

**No Impact.**

Impervious surfaces could lead to the presence of debris, leaves, soils, oil/grease, and other pollutants within residential driveways, patios and sidewalks. These pollutants may enter the storm drain system during periods of rainfall. Future development within the project area will be required to implement storm water pollution control measures and to obtain storm water runoff permits pursuant to the National Pollutant Discharge Elimination System (NPDES) requirements. Given the character of the project area, there is not likely to be a significant net increase in the amount of storm water runoff.

B. *Would the project require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental impacts?*

**No Impact.**

The future developments within the project area will be required to connect to the City's water and wastewater system. This includes on-site pipelines and unit connections to the City's existing water and wastewater system. The future developments within the project area will not require or result in the construction or expansion of new water or waste water treatment facilities off-site. Therefore, there will not be an impact on water and wastewater facilities.

C. *Would the project require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?*

**No Impact.**

The future residential developments within the project area will be characterized as "in-fill development" within an urbanized portion of the City of Banning. Such future developments will be required to prevent flooding and impacts to the adjacent properties. The future developments will also be required to tie into the City's storm drain system. The City shall review the storm drain system plan in detail to ensure that it meets the requirement of the Municipal Code. Therefore, there will not be an impact on storm water facilities.

D. *Would the project have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?*

**No Impact.**

The City's 2010 Urban Water Management System which was adopted on June 28, 2011 anticipates that the City is capable of meeting the water demand of its customers in normal, single dry, and multiple dry years between 2015 and 2035. The City's water supply comes from ground water and imported State water project through San Gorgonio Pass Water Agency. Eighty Seven (87) percent of the water supply comes from ground water in the Banning, Banning Bench, Banning Canyon, Cabazon, and Beaumont basins and less reliance on State imported water. The 2010 Urban Water Management Plan also includes a variety of best management practices to comply with the State mandate for water availability and conservation. In addition, the City is currently installing recycled water infrastructure to help off-site the demand for ground water. Furthermore by 2015, the

extension of pipelines for EBX1 (State Water Project) to bring water to the City of Banning. Collectively, these measures will help ensure that the City has adequate water to support the demand of its customers including the project area.

E. *Would the project result in a determination by the wastewater treatment provider that serves or may serve the project that it has inadequate capacity to serve the project's projected demand in addition to the provider's existing commitments?*

**No Impact.**

No additional treatment capacity will be required as part of the proposed project's operation. Therefore, there will be no impacts on wastewater infrastructure.

F. *Would the project be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?*

**No Impact.**

The proposed project will be required to comply with all pertinent city regulations concerning trash removal and recycling. As a result, the impacts are anticipated to be less than significant.

G. *Will the project comply with federal, state, and local statutes and regulations related to solid waste?*

**No Impact.**

The future development within the project area will be required to adhere to City and County ordinances related to waste reduction and recycling. The proposed project will not increase the amount of solid waste. Therefore, there will not be any impacts.

#### **Checklist Item XVIII: MANDATORY FINDINGS OF SIGNIFICANCE.**

A. *Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or an endangered threatened species, or eliminate important examples of the major periods of California history or prehistory?*

**No Impact.**

Based on the analysis contained in this Initial Study Checklist, the proposed project will not impact Aesthetics, Agriculture Resources, Air Quality, Biological Resources, Cultural Resources, Geology/Soils, Greenhouse Gases, Hydrology/Water Quality, Land Use and Planning, Mineral Resources, Noise, Population/Housing, Public Services, Recreation, Transportation/Traffic, and Utility/Services Systems. Thus the project would have no impact on the environment. It will not degrade the quality of the environment and no habitat, wildlife populations, and plant and animal communities would be impacted.

**B. Does the project have impacts that are individually limited, but cumulatively considerable?**  
**No Impact.**

Based on the analysis contained in this Initial Study Checklist, no cumulative impacts associated with the project will significantly affect the environment. The analysis in the Initial Study Checklist demonstrated that the project is in compliance with all applicable mitigations plans. Additionally, the project would not produce impacts, that considered with the effects of other past, present, or probable future projects, would be cumulatively considerable because potential adverse environmental impacts were determined to be less than significant as identified in this Initial Study Checklist.

**C. Does the project have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly?**  
**No Impact.**

As discussed within this Initial Study Checklist, the project would not expose persons to adverse impacts related to air quality, seismic or geologic hazards, greenhouse gas emissions, hazards or hazardous materials, hydrology or water quality, land use and planning, noise, population or housing, or transportation or traffic hazards, and the provision of utility services to people. These impacts were identified as less than significant or no impact; and, therefore the project does not have and environmental effects which will substantial adverse effects on human being, either directly or indirectly.

## **7. INCORPORATION BY REFERENCE**

This Initial Study is based in part on the information and analysis contained in the documents listed below. These documents are hereby incorporated by reference in their entirety into this Initial Study. Copies of all documents incorporated herein are available for review in the Community Development Department at the Banning Civic Center, 99 E. Ramsey Street, Banning, and California, 92220.

### **A. City of Banning General Plan**

This document provides a vision for the future development of the community. It is the official policy statement of the City Council intended to guide the private and public development of the City. The General Plan was adopted March 2006 and includes any amendments.

### **B. Environmental Impact Report (EIR) for the City of Banning General Plan and Zoning Ordinance**

This document was prepared to review the environmental constraints and opportunities associated with the adoption of the Banning Comprehensive General Plan and Zoning Ordinance that was adopted March 2006. The EIR is designed to be used as an information database to facilitate the streamlining of, or tiering of the environmental review process for subsequent projects for the City.

### **C. City of Banning Municipal Code**

The Municipal Code contains various regulations and development standards that govern use and development of properties within the City. The Zoning Ordinance was adopted in March 2006.

### **D. City of Banning Local Procedures for Complying with CEQA**

These procedures identify how the City implements CEQA and the State CEQA Guidelines. These local procedures were put into effect in order to comply with Section 15022 of the State CEQA Guidelines.

### **E. Multi-Species Habitat Conservation Plan (MSHCP)**

The Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP or Plan) is a comprehensive, multi-jurisdictional Habitat Conservation Plan (HCP) focusing on Conservation of species and their associated Habitats in Western Riverside County.

### **F. Riverside County Airport Land Use Commission (ALUC)**

The Riverside County Airport Land Use Commission (ALUC) for the Banning Municipal Airport letter, dated January 5, 2015, approving the determination that General Plan Amendment No. 14-2501 and Zone Change No. 14-3501 is consistent with the 2004 Banning Municipal Airport Land Use Compatibility Planed the project is consistent with the Airport Land Use Compatibility Plan.

## **8. LIST OF PREPARERS**

Listed below are the persons who prepared or participated in the preparation of the Initial Study:

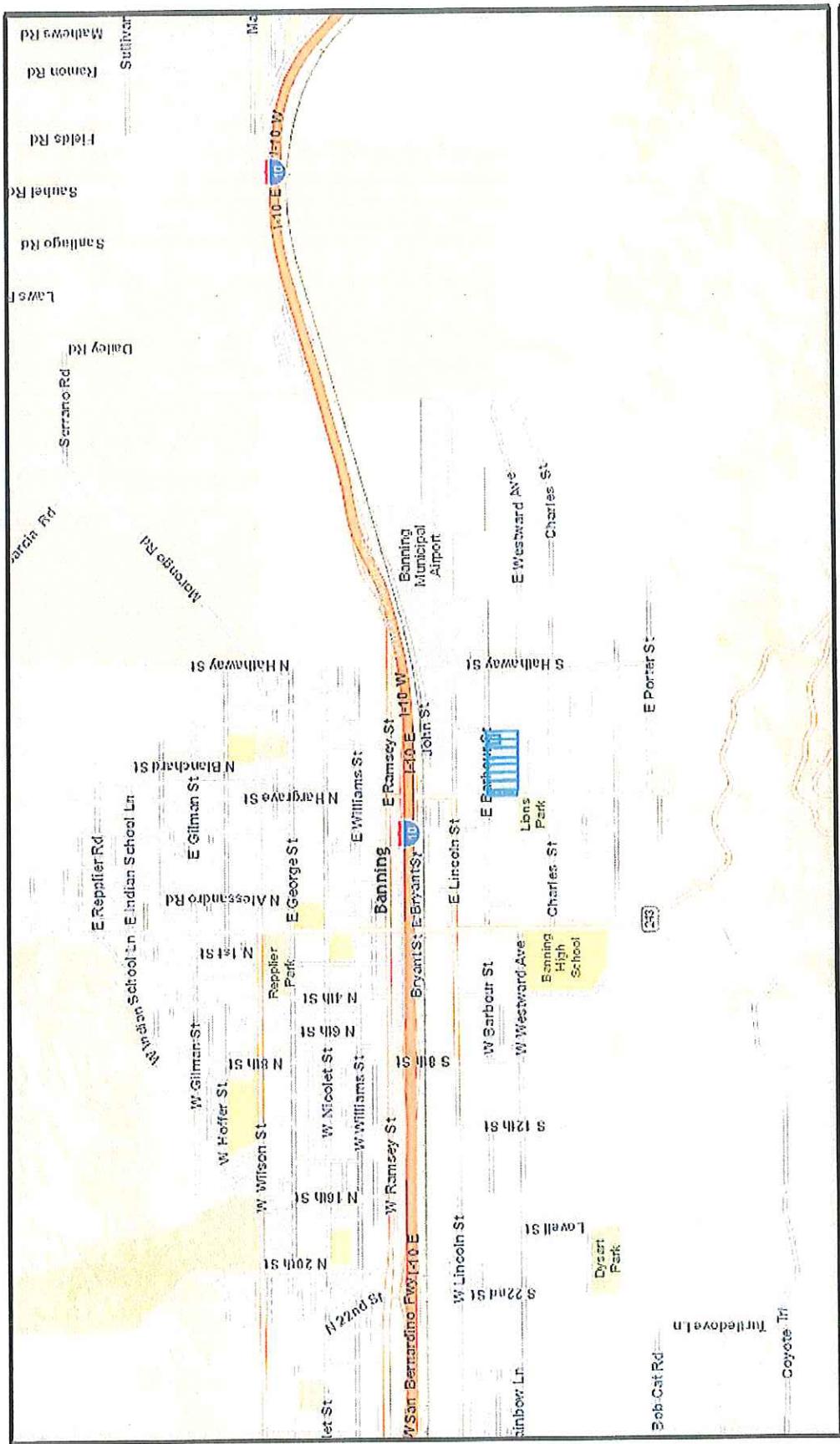
**Project Manager:** Oliver Mujica, Contract Planner

**Reviewed by:** Brian Guillot, Acting Community Development Director

# EXHIBIT A

(Vicinity Map)

**General Plan Amendment No. 14-2501 and Zone Change No. 14-3501  
Southeast Corner of Barbour Street and Hargrave Street**



$$1^{\text{st}} = 3,009 \text{ ft}$$

12/30/2014

### Vicinity Map

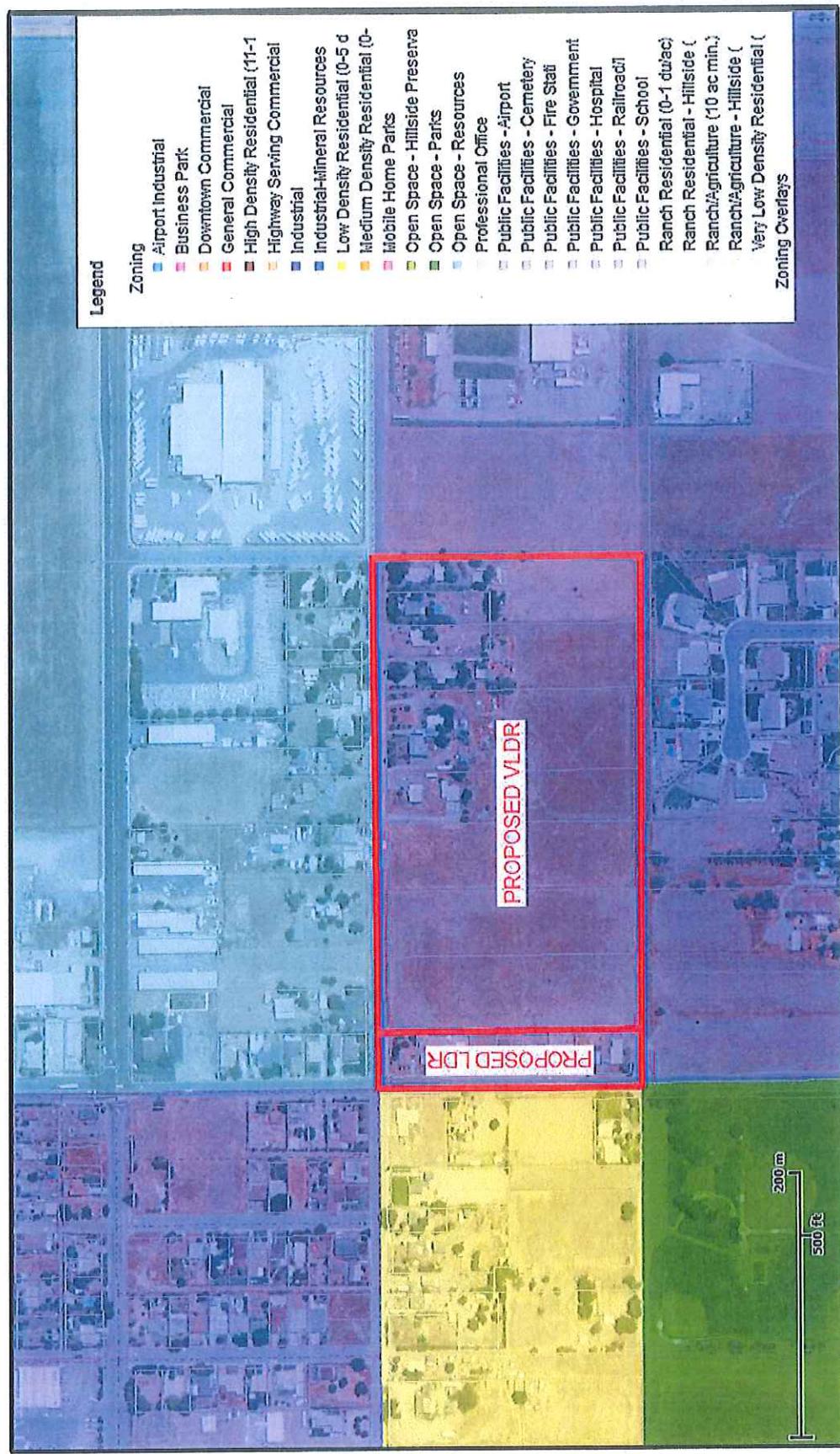


This map represents a visual display of related geographic information. Data provided hereon is not a guarantee of actual field conditions. To be sure of complete accuracy, please contact Banning staff for the most up-to-date information.

# **EXHIBIT B**

**(Project Study Area Map – Existing Land Use Designations)**

General Plan Amendment No. 14-2501, Zone Change No. 14-3501 & Zone Text Amendment No. 15-97501  
**PROJECT STUDY AREA - EXISTING LAND USE DESIGNATIONS**



|   |                           |            |
|---|---------------------------|------------|
| 1" = 376 ft   | Prepared By:<br>O. Mujica | 01/13/2015 |
| <p>This map represents a visual display of related geographic information. Data provided hereon is not a guarantee of actual field conditions. To be sure of complete accuracy, please contact Banning staff for the most up-to-date information.</p> |                           |            |

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# EXHIBIT C

(Project Study Area Map – Proposed Land Use Designations)

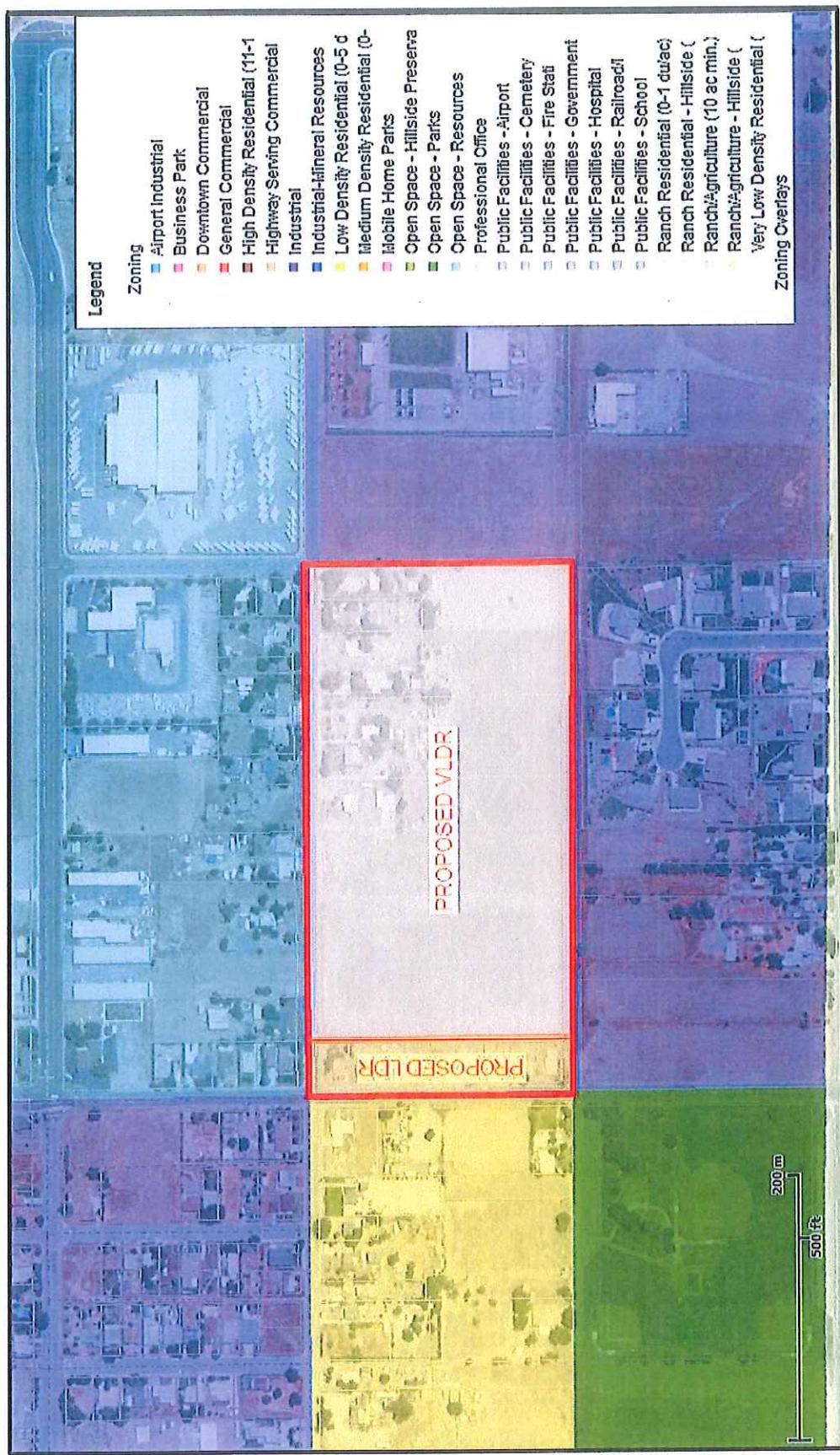


**City of Banning**

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General Plan Amendment No. 14-2501, Zone Change No. 14-3501 & Zone Text Amendment No. 15-97501  
**PROJECT STUDY AREA - PROPOSED LAND USE DESIGNATIONS**



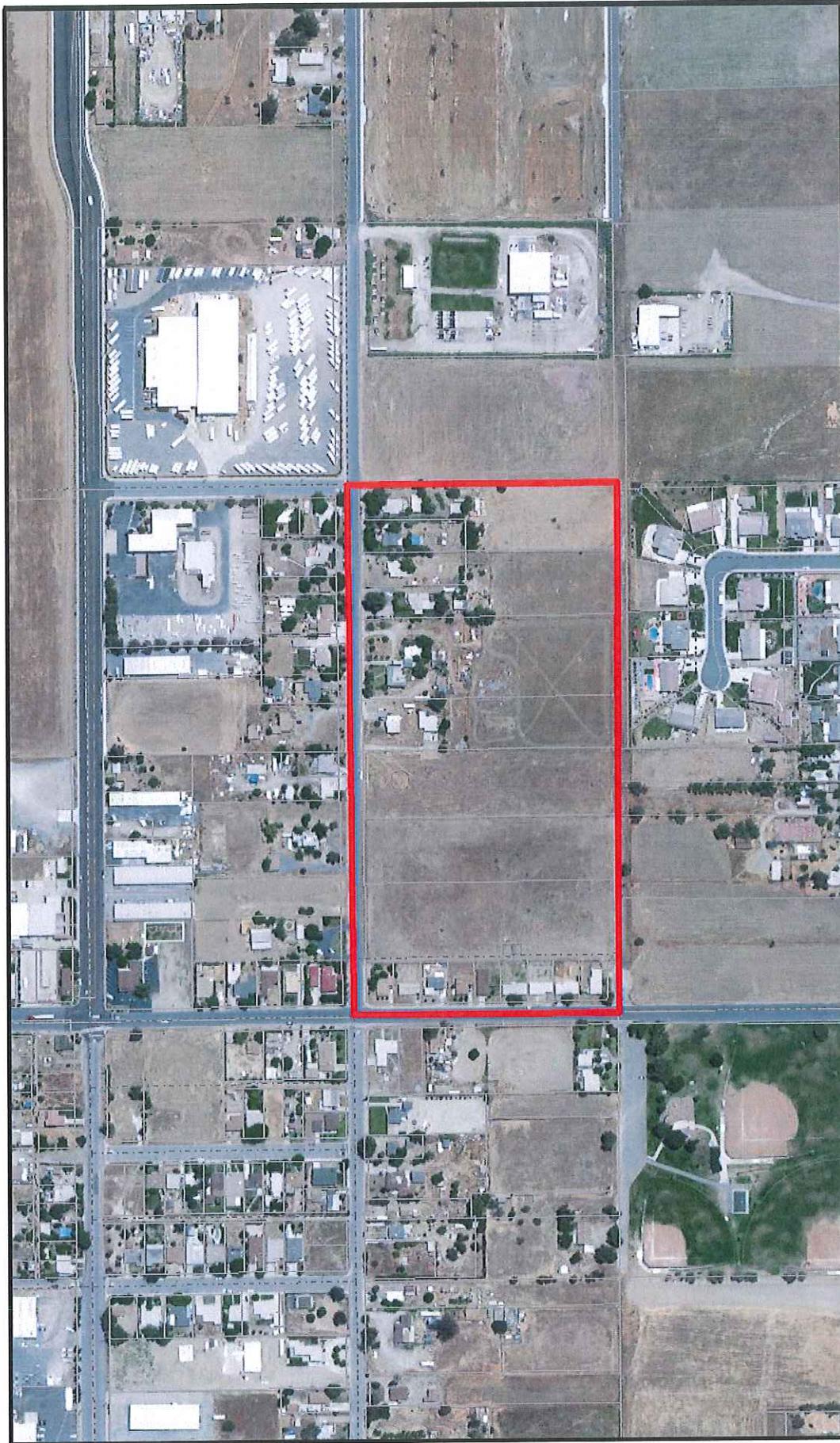
|   |                           |            |
|---|---------------------------|------------|
| 1" = 376 ft   | Prepared By:<br>O. Mujica | 01/13/2015 |
|  <p>Front History<br/>Prospects Tomorrow</p> |                           |            |

This map represents a visual display of related geographic information. Data provided hereon is not a guarantee of actual field conditions. To be sure of complete accuracy, please contact Banning Staff for the most up-to-date information.

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**ATTACHMENT 4**  
**Aerial Map**

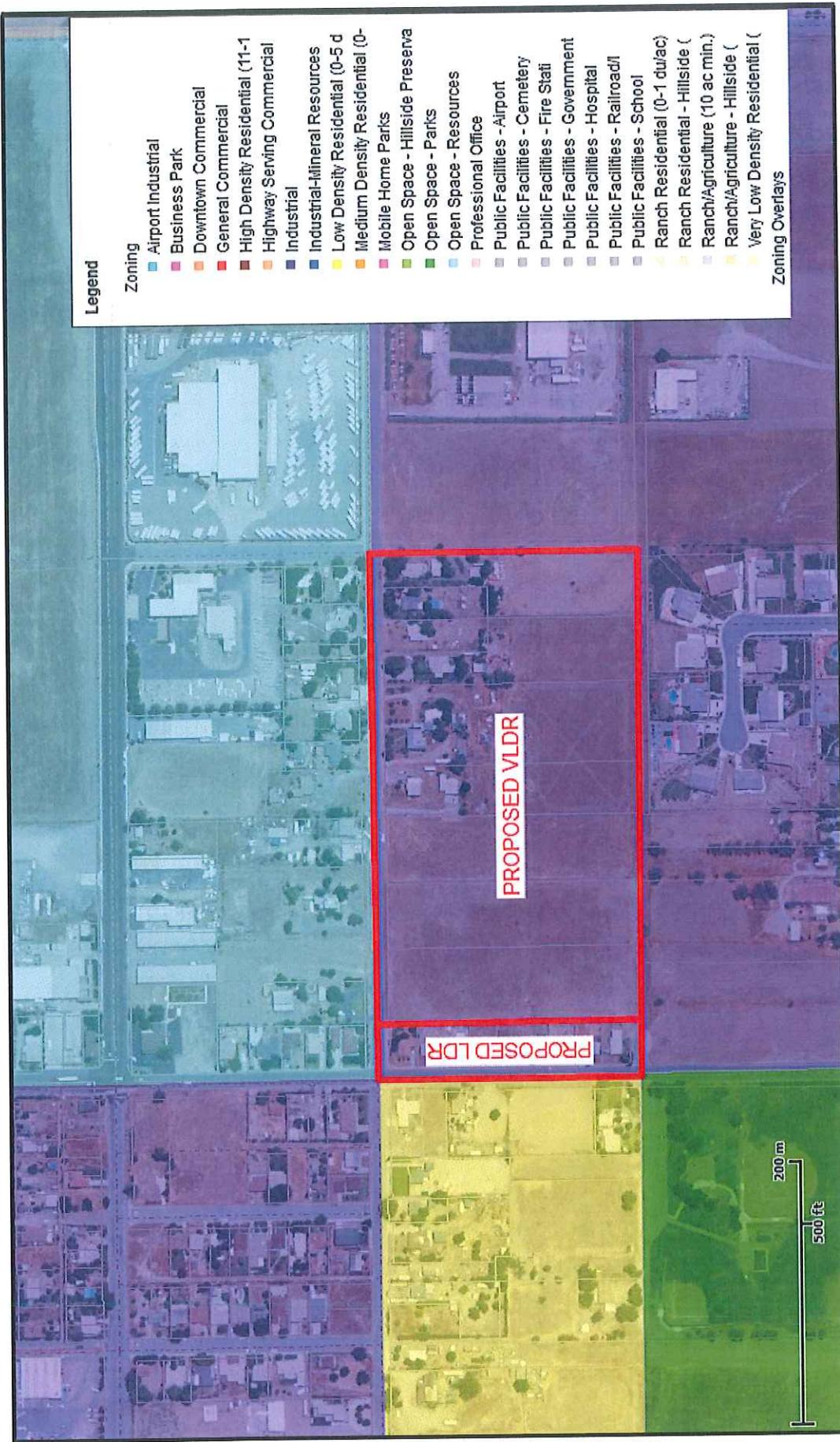
**General Plan Amendment No. 14-2501, Zone Change No. 14-3501 & Zone Text Amendment No. 15-97501  
AERIAL MAP**



|  |                           |            |   |
|--|---------------------------|------------|---|
| 1" = 376 ft  | Prepared By:<br>O. Mujica | 01/13/2015 | <br>Proud History<br>Prosperous Tomorrow |
| This map represents a visual display of related geographic information. Data provided hereon is not a guarantee of actual field conditions. To be sure of complete accuracy, please contact Banning staff for the most up-to-date information. |                           |            |   |

**ATTACHMENT 5**  
**Existing Zoning**

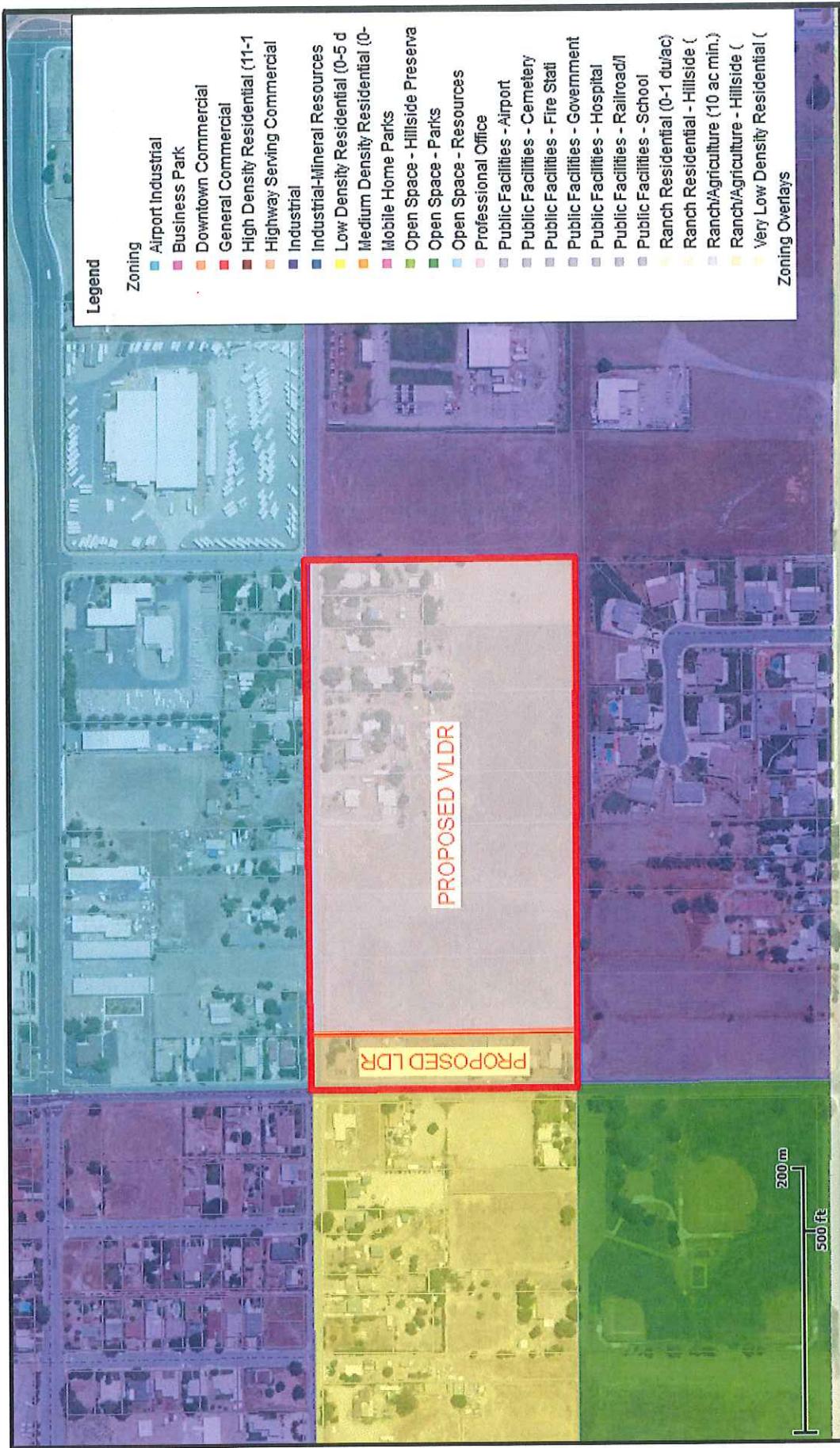
**General Plan Amendment No. 14-2501, Zone Change No. 14-3501 & Zone Text Amendment No. 15-97501  
PROJECT STUDY AREA - EXISTING LAND USE DESIGNATIONS**



|   |                           |            |
|---|---------------------------|------------|
| 1" = 376 ft   | Prepared By:<br>O. Mujica | 01/13/2015 |
| <p>This map represents a visual display of related geographic information. Data provided hereon is not a guarantee of actual field conditions. To be sure of complete accuracy, please contact Banning staff for the most up-to-date information.</p> |                           |            |

**ATTACHMENT 6**  
Proposed Zoning

**General Plan Amendment No. 14-2501, Zone Change No. 14-3501 & Zone Text Amendment No. 15-97501  
PROJECT STUDY AREA - PROPOSED LAND USE DESIGNATIONS**



|   |                           |            |
|---|---------------------------|------------|
| 1" = 376 ft   | Prepared By:<br>O. Mujica | 01/13/2015 |
| <p>This map represents a visual display of related geographic information. Data provided hereon is not a guarantee of actual field conditions. To be sure of complete accuracy, please contact Banning staff for the most up-to-date information.</p> |                           |            |

**ATTACHMENT 7**  
Public Hearing Notice

**ATTACHMENT 8**  
**Mailing Labels**

**CITY COUNCIL MEETING  
PUBLIC HEARING**

**DATE:** **February 24, 2015**

**TO:** **City Council**

**FROM:** **Brian Guillot, Acting Community Development Director**

**SUBJECT:** **Consideration of Ordinance No. 1485 Approving Initial Study/Negative Declaration, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 for the Twelve (12) Properties Located North of Gilman Street West of 8<sup>th</sup> Street**

**RECOMMENDATION:**

The Planning Commission recommends that the City Council:

1. Conduct a public hearing on the Initial Study/Negative Declaration, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503; and
2. Introduce Ordinance No. 1485 (Attachment 1) to approve:
  - a. Initial Study/Negative Declaration, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

**JUSTIFICATION:**

On February 4, 2015, the Planning Commission conducted a duly advertised public hearing at a regularly scheduled meeting and adopted Resolution No. 2015-02 forwarding a recommendation to the City Council to: 1) approve the Initial Study/Negative Declaration for the proposal; and, 2) change the General Plan land use designations and Zoning classifications for certain portions of three (3) properties contained within Gilman Ranch Regional Park from Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) to Open Space – Parks (OS-P) and for certain portions of nine (9) properties contained within approved Tentative Tract Map No. 33540 located north of Gilman Street west of 8th Street from Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) to Low Density Residential (LDR).

**BACKGROUND:**

Upon the adoption of the City's General Plan on January 31, 2006, the Community Development Element established the land use designations for all properties within the City of Banning and in doing so Gilman Ranch Regional Park was identified as "open space."

On September 26, 2006, the City Council approved Tentative Tract Map No. 33540 for a subdivision creating 172 single family residential lots, 3 open space lots, 1 flood control basin and 10 lettered lots for public streets (public right-of-way) and approved the land area contained within Tentative Tract Map No. 33540 within the City's Low Density Residential (LDR) General Plan land use designation and Zoning classification.

This proposal involves amending the General Plan land use designations and Zoning classifications for an area containing a total of approximately 92.85 acres which is comprised of portions of Gilman Ranch Regional Park (approximately 71.09 acres) and portions of Tentative Tract Map No. 33540 (approximately 21.76 acres). The proposed General Plan Amendment and Zone Change is intended to reflect the existing open space land use of Gilman Ranch Regional Park and the approved low density residential land use of Tentative Tract Map No. 33540, thereby ensuring the conformity with the City's General Plan Land Use and Zoning maps.

The total land area of Gilman Ranch Regional Park is approximately 124.51 acres. Of this total land area, approximately 71.09 acres will be amended by this proposed General Plan Amendment and Zone Change. The total land area of Tentative Tract Map No. 33540 is approximately 65 acres; however, the total land area of the affected properties is approximately 45.08 acres. Of this total land area, approximately 21.76 acres will be amended by this proposed General Plan Amendment and Zone Change. The table below provides a summary of the properties that are subject to the proposed General Plan Amendment and Zone Change.

| APN                                     | Property Owner                      | Land Area           | Amended Area       |
|---|-------------------------------------|---------------------|--------------------|
| 535-060-008                             | Regional Park & Open Space District | 48.26 acres         | 43.23 acres        |
| 535-070-023                             | Regional Park & Open Space District | 40.00 acres         | 3.22 acres         |
| 535-070-038                             | Regional Park & Open Space District | 36.25 acres         | 24.64 acres        |
| <b>Gilman Ranch Regional Park Total</b> |                                     | <b>124.51 acres</b> | <b>71.09 acres</b> |
| 535-070-014                             | Vintage Pacific                     | 10.50               | 9.25 acres         |
| 535-070-025                             | Vintage Pacific                     | 0.67                | 0.22 acres         |
| 535-110-002                             | Vintage Pacific                     | 9.81                | 1.52 acres         |
| 535-110-011                             | Vintage Pacific                     | 23.15               | 9.82 acres         |
| 535-311-014                             | Vintage Pacific                     | 0.19 acres          | 0.19 acres         |
| 535-311-015                             | Vintage Pacific                     | 0.19 acres          | 0.19 acres         |
| 535-311-016                             | Vintage Pacific                     | 0.19 acres          | 0.19 acres         |
| 535-311-017                             | Vintage Pacific                     | 0.19 acres          | 0.19 acres         |
| 535-311-018                             | Vintage Pacific                     | 0.19 acres          | 0.19 acres         |
| <b>TTM33540 Total</b>                   |                                     | <b>45.08 acres</b>  | <b>21.76 acres</b> |

On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). This certification preserves Gilman Ranch Regional Park as open space. Subsequently, in March 1979, the Riverside County Regional Parks and Open Space District purchased the 124.51 acre site and officially established the “historic” Gilman Ranch Regional Park. General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 to amend the General Plan land use designation and Zoning classification to Open Space – Parks (OS-P) will preserve Gilman Ranch Regional Park.

The City Council's approval of Tentative Tract Map No. 33540, on September 26, 2006, approved the subdivision to create 172 single family residential lots, 3 open space lots, 1 flood control basin and 10 lettered lots for public streets (public right-of-way). General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 to amend the General Plan land use designation and Zoning classification to Low Density Residential (LDR) will reflect the appropriate General Plan land use designation and Zoning classification for Tentative Tract Map No. 33540.

### **ENVIRONMENTAL DETERMINATION:**

#### **California Environmental Quality Act (CEQA)**

In accordance with the requirements of the California Environmental Quality Act (CEQA), the proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 are considered a "project." CEQA defines a "project" as an activity that may have a potential for resulting in either a direct or indirect significant effects on the environment. General plan amendments and zone changes are defined as "projects" because they typically involve the adoption of land use policies that involves the potential future land use and/or development of properties. Therefore, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 is a "project" due to the fact that the proposal involves the change of the General Plan land use designations and Zoning classifications for certain portions of three (3) properties contained within the Gilman Ranch Regional Park from Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) to Open Space – Parks (OS-P) and for certain portions of nine (9) properties contained within approved Tentative Tract Map No. 33540 from Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) to Low Density Residential (LDR) which in turn changes the manner in which the subject twelve (12) properties may be used and developed.

The findings of the Initial Study/Negative Declaration are that General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 could not have a significant effect on the environment. In compliance with CEQA, an Initial Study/Negative Declaration was prepared and made available for the mandatory 20-day public review period from commencing on January 9, 2015.

#### **Multiple Species Habitat Conservation Plan (MSHCP)**

General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 do not relate to any one physical development project and are not subject to the MSHCP. Further, projects subject to this resolution will trigger individual project analysis and documentation related to the requirements of MSHCP including mitigation through payment of the MSHCP Mitigation Fee.

#### **Senate Bill (SB) 18 – Tribal Consultation**

Pursuant to the requirements of Senate Bill (SB) 18, on December 31, 2014, the City of Banning transmitted a formal request for Tribal Consultation to the Native American Heritage Commission. Tribal Consultation request letters were also transmitted directly to the following: Morongo Band of Mission Indians; Soboba Band of Luiseno Indians; Cabazon Band of Mission Indians; Pechanga Band of Luiseno Indians; Augustine Band of Cahuilla Indians; Twenty-Nine Palms Band of Mission Indians; Cahuilla Band of Indians; Ramona Band of Cahuilla Indians; Agua Caliente Band of Cahuilla Indians; Santa Rosa Band of Cahuilla Indians; Fort Mohave

Indian Tribe; San Manuel Band of Mission Indians; and Torres Martinez Desert Cahuilla Indians.

**REQUIRED FINDINGS OF APPROVAL FOR GENERAL PLAN AMENDMENT NO. 14-2503 AND ZONE CHANGE NO. 14-3503:**

The California Government Code and the City of Banning Zoning Ordinance require that General Plan Amendments and Zone Changes meet certain findings prior to the approval by the City Council. The following findings are provided in support of the approval of the General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

**Finding No. 1:** The proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 are internally consistent with the General Plan.

**Findings of Fact:** The City of Banning General Plan Land Use and Zoning Overlay Map depicts certain portions (totaling approximately 71.09 acres) of three (3) properties contained within Gilman Ranch Regional Park with Ranch/Agriculture- Hillside (RA-H) and Low Density Residential (LDR) designations/classifications and certain portions (totaling approximately 21.76 acres) of nine (9) properties contained within approved Tentative Tract Map No. 33450 with Ranch/Agriculture – Hillside (RA-H), Open Space – Parks (OS-P) and Very Low Density Residential (VLDR) designations/ classifications. The proposed General Plan Amendment and Zone Change will amend the General Plan land use designations and Zoning classifications for the three (3) properties within Gilman Ranch Regional Park (APN: 535-060-008, 535-070-023 and 535-070-038) located north of Wilson Street between 16<sup>th</sup> Street and 20<sup>th</sup> Street to Open Space – Parks (OS-P) and certain portions for the nine (9) properties within Tentative Tract Map No. 33540 (APN: 535-070-014, 535-070-025, 535-110-002, 535-110-011, 535-311-014, 535-311-015, 535-311-016, 535-311-017 and 535-311-018) located north of Gilman Street west of 8<sup>th</sup> Street to Low Density Residential (LDR).

On January 31, 2006, the City Council of the City of Banning adopted Resolution No. 2006-12 certifying the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) adopting the Statement of Overriding Considerations, Statement of Facts and Findings, and Mitigation Monitoring Program for General Plan Amendment No. 03-2501 and Zone Change No. 03-3501 (Comprehensive General Plan Amendment); adopted Resolution No. 2006-13 approving General Plan Amendment No. 03-2501 adopting the new General Plan; and, adopted Ordinance No. 1339 approving Zone Change 03-3501 repealing the existing Zoning Ordinance and adopting the new Zoning Ordinance and associated Zoning Map. The Community Development Element of the City's General Plan establishes the land use designations for all properties

within the City of Banning and in doing so Gilman Ranch Regional Park was identified as “open space.”

On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). This certification preserves Gilman Ranch Regional Park as open space. On March 1979, the Riverside County Regional Parks and Open Space District purchased the 124.51 acre site and officially established the “historic” Gilman Ranch Regional Park. General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 to amend the General Plan land use designation and Zoning classification to Open Space – Parks (OS-P) will preserve Gilman Ranch Regional Park as an open space land use.

On September 26, 2006, the City Council of the City of Banning adopted Resolution No. 2006-58 approving the Mitigated Negative Declaration and Mitigation Monitoring Program for Tentative Tract Map No. 33540 for a subdivision creating 172 single family residential lots, 3 open space lots, 1 flood control basin and 10 lettered lots for public streets (public right-of-way) and approving Tentative Tract Map No. 33540 within the City’s Low Density Residential (LDR) General Plan land use designation and Zoning classification. General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 to amend the General Plan land use designation and Zoning classification to Low Density Residential (LDR) will reflect the appropriate General Plan land use designation and Zoning classification for Tentative Tract Map No. 33540.

The subject properties under proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 have been reviewed against the development standards for Open Space – Parks (OS-P) for Gilman Ranch Regional Park and Low Density Residential (LDR) for Tentative Tract Map No. 33540 land uses within the City of Banning Zoning Ordinance for internal consistency within all of the General Plan element’s text, diagrams, and maps and it has been determined that the proposed General Plan Amendment and Zone Change will not create any conflicts among the various General Plan elements’ goals, policies, and objectives, including the maps and diagrams of all the elements in the City’s General Plan. Therefore, proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 will make the land uses for Gilman Ranch Regional Park and Tentative Tract Map No. 33540 consistent with City’s General Plan and Zoning Ordinance.

**Finding No. 2:**

The proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 would not be detrimental to the public interest, health, safety, convenience, or welfare of the community

**Findings of Fact:**

The General Plan Goal 1 for Open Space and Conservation states, "*The conservation and management of open space areas to provide recreational opportunities and protect important resources in perpetuity.*" General Plan Goal 1 for Residential Land Uses states, "*Preserve and enhance the City's neighborhoods.*" On January 31, 2006, the City Council of the City of Banning adopted Resolution No. 2006-12 certifying the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) adopting the Statement of Overriding Considerations, Statement of Facts and Findings, and Mitigation Monitoring Program for General Plan Amendment No. 03-2501 and Zone Change No. 03-3501 (Comprehensive General Plan Amendment); and on September 26, 2006, the City Council of the City of Banning adopted Resolution No. 2006-58 approving the Mitigated Negative Declaration and Mitigation Monitoring Program for Tentative Tract Map No. 33540. Additionally, on August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places. On March 1979, the Riverside County Regional Parks and Open Space District purchased the 124.51 acre site and officially established the "historic" Gilman Ranch Regional Park. Proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 provides for the preservation of Gilman Ranch Regional Park as open space and conformance with approved Tentative Tract Map No. 33540. Furthermore, an Initial Study/ Negative Declaration was prepared pursuant to the requirements of the California Environmental Quality Act. The Initial Study/Negative Declaration concluded that proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 would not have any significant impacts on the environment. The Initial Study/Negative Declaration was made available for the required 20-day public review period commencing on January 9, 2015.

With regard to the compatibility with the existing surrounding land uses and neighborhoods, the proposed General Plan land use designations and Zoning classifications for Gilman Ranch Regional Park and Tentative Tract Map No. 33540 will make the properties consistent and compatible with the existing surrounding land uses and neighborhoods.

Therefore, proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 would not be detrimental to the public interest, health, safety, convenience, or welfare of the community as the project has been reviewed for compliance with the City of Banning General Plan, City

of Banning Zoning Ordinance and the California Environmental Quality Act (Public Resources Code Section 21000 et seq.).

**Finding No. 3:** The proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 would maintain the appropriate balance of land uses within the City.

**Findings of Fact:** The overall land area of Gilman Ranch Regional Park is approximately 124.51 acres. However, of the approximate 124.51 acres, approximately 57% (approximately 71.09 acres) is depicted with General Plan land use designations and Zoning classifications of Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) which is contrary and inconsistent with what should be a General Plan land use designation and Zoning classification of Open Space – Parks (OS-P) as with the remainder of Gilman Ranch Regional Park. The overall land area of approved Tentative Tract Map No. 33540 is approximately 65 acres. However, of the approximate 65 acres, approximately 33% (21.76 acres) is depicted with General Plan land use designations and Zoning classifications of Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) of Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) which is contrary and inconsistent with what should have been a General Plan land use designation and Zoning classification of Low Density Residential (LDR) as with the remainder of approved Tentative Tract Map No. 33540. The proposed General Plan Amendment and Zone Change is intended to reflect the existing open space land use of Gilman Ranch Regional Park and the approved low density residential land use of Tentative Tract Map No. 33540, thereby ensuring the conformity with the City’s General Plan Land Use and Zoning maps. Therefore, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 will maintain the appropriate balance of land uses within the City.

**Finding No. 4:** With regard to the General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 to the General Plan Land Use, the subject properties are physically suitable for the requested land use designation(s) and the anticipated land use development(s).

**Findings of Fact:** On March 1979, the Riverside County Regional Parks and Open Space District purchased the 124.51 acre site and officially established the “historic” Gilman Ranch Regional Park as “open space.” Based on the facts indicated in this subsection and subsections above, the subject properties are suitable for the requested Open Space – Parks (OS-P) for Gilman Ranch Regional Park by proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

During the discretionary review and approval process for Tentative Tract Map No. 33540, it was determined that the subject site was physically suitable to accommodate the residential subdivision and that the residential subdivision was designed to accommodate the 172 single family residential dwelling units considering the site configuration, physical characteristics, topography and existing and proposed infrastructure improvements. Based on the facts indicated in this subsection and subsections above, the subject properties are suitable for the requested Low Density Residential (LDR) for Tentative Tract Map No. 33540 by proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

### **PUBLIC COMMUNICATION**

The proposed Initial Study/Negative Declaration, General Plan Amendment and Zone Change was advertised in the Record Gazette newspaper on February 13, 2015. Public hearing notices were also sent to the owners of the twelve (12) properties that are subject to the proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503, and also mailed to the surrounding property owners that are located within a 300' radius of the subject properties under this proposal. As of the date of this report, staff has not received any verbal or written comments for or against the proposal.

### **FISCAL IMPACT:**

There will not be a fiscal impact to the City's General Fund as a result of the recommended action.

## **CONCLUSION:**

The Community Development Department recommends that the City Council adopt Ordinance No. 1485 approving:

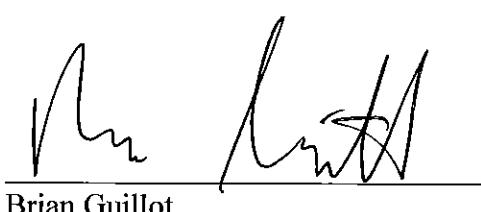
1. Initial Study/Negative Declaration for the subject project; and
2. General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

### **APPROVED BY:**



James E. Smith  
Interim City Manager

### **RECOMMENDED BY:**



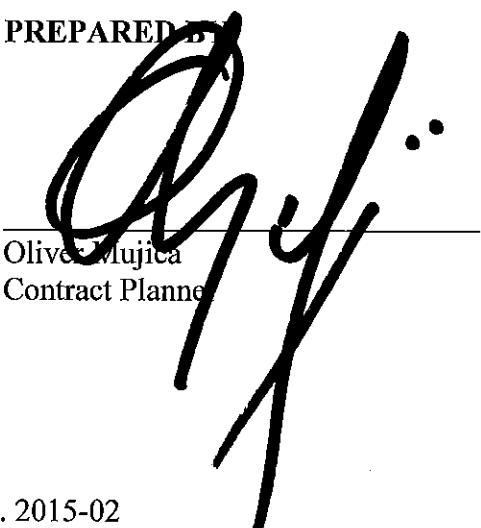
Brian Guillot  
Acting Community Development Director

### **REVIEWED BY:**



Dean Martin  
Interim Administrative Services Director

### **PREPARED BY:**



Oliver Mujica  
Contract Planner

### **ATTACHMENTS:**

1. City Council Ordinance No. 1485
2. Planning Commission Resolution No. 2015-02
3. Initial Study/Negative Declaration
4. Aerial Map
5. Existing Zoning
6. Proposed Zoning
7. Public Hearing Notice
8. Mailing Labels

**ATTACHMENT 1**  
Ordinance No. 1485

**ORDINANCE NO. 1485**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA APPROVING THE INITIAL STUDY/NEGATIVE DECLARATION, GENERAL PLAN AMENDMENT NO. 14-2503 AND ZONE CHANGE NO. 14-3503 RELATING TO TWELVE (12) PROPERTIES (APN: 535-060-008, 535-070-023, 535-070-038, 535-070-014, 535-070-025, 535-110-002, 535-110-011, 535-311-014, 535-311-015, 535-311-016, 535-311-017 AND 535-311-018)**

**WHEREAS**, on January 31, 2006, the City Council of the City of Banning adopted Resolution No. 2006-12 certifying the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) adopting the Statement of Overriding Considerations, Statement of Facts and Findings, and Mitigation Monitoring Program for General Plan Amendment No. 03-2501 and Zone Change No. 03-3501 (Comprehensive General Plan Amendment); adopted Resolution No. 2006-13 approving General Plan Amendment No. 03-2501 adopting the new General Plan; and, adopted Ordinance No. 1339 approving Zone Change 03-3501 repealing the existing Zoning Ordinance and adopting the new Zoning Ordinance and associated Zoning Map. The Community Development Element of the City's General Plan establishes the land use designations for all properties within the City of Banning and in doing so Gilman Ranch Regional Park was identified as "open space;" and

**WHEREAS**, On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). This certification preserves Gilman Ranch Regional Park as open space. Subsequently, in March 1979, the Riverside County Regional Parks and Open Space District purchased the 124.51 acre site and officially established the "historic" Gilman Ranch Regional Park; and

**WHEREAS**, the General Plan land use designations and Zoning classifications for certain portions of three (3) properties (APN: 535-060-008, 535-070-023 and 535-070-038) contained within Gilman Ranch Regional Park located north of Wilson Street between 16th Street and 20th Street is currently Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) which is inconsistent with the intended Open Space – Parks (OS-P) General Plan land use designation and Zoning classification for Gilman Ranch Regional Park; and

**WHEREAS**, the overall land area of Gilman Ranch Regional Park is approximately 124.51 acres. However, of the approximate 124.51 acres, approximately 57% (approximately 71.09 acres) is depicted with General Plan land use designations and Zoning classifications of Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) which is contrary and inconsistent with what should be a General Plan land use designation and Zoning classification of Open Space – Parks (OS-P) as with the remainder of Gilman Ranch Regional Park. On August 28, 1976, the United States Department of the Interior – National Parks Service certified the

inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). This certification preserves Gilman Ranch Regional Park; and

**WHEREAS**, on September 26, 2006, the City Council of the City of Banning adopted Resolution No. 2006-58 approving the Mitigated Negative Declaration and Mitigation Monitoring Program for Tentative Tract Map No. 33540 for a subdivision creating 172 single family residential lots, 3 open space lots, 1 flood control basin and 10 lettered lots for public streets (public right-of-way) and approving the land area contained within Tentative Tract Map No. 33540 within the City's Low Density Residential (LDR) General Plan land use designation and Zoning classification; and

**WHEREAS**, the General Plan land use designations and Zoning classifications for certain portions of nine (9) properties (APN: 535-070-014, 535-070-025, 535-110-002, 535-110-011, 535-311-014, 535-311-015, 535-311-016, 535-311-017 and 535-311-018) contained within approved Tentative Tract Map No. 33540 located north of Gilman Street west of 8th Street is currently Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) which is inconsistent with the intended Low Density Residential (LDR) General Plan land use designation and Zoning classification for Tentative Tract Map No. 33540; and

**WHEREAS**, the overall land area of approved Tentative Tract Map No. 33540 is approximately 65 acres. However, of the approximate 65 acres, approximately 33% (21.76 acres) is depicted with General Plan land use designations and Zoning classifications of Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) which is contrary and inconsistent with what should have been a General Plan land use designation and Zoning classification of Low Density Residential (LDR) as with the remainder of approved Tentative Tract Map No. 33540; and

**WHEREAS**, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 is intended to reflect the existing open space land use of Gilman Ranch Regional Park and the approved low density residential land use of Tentative Tract Map No. 33540, thereby ensuring the conformity with the City's General Plan Land Use and Zoning maps; and

**WHEREAS**, the City Council has authority per Chapter 17.64 of the Municipal Code to approve, approve with modifications, or disapprove amendments to the General Plan; and

**WHEREAS**, the City Council has authority per Chapter 17.116 of the Municipal Code to approve, approve with modifications, or disapprove amendments to the Zoning Ordinance; and

**WHEREAS**, on February 4, 2015, during a duly advertised public hearing, the Planning Commission adopted Resolution No. 2015-02 recommending to the City Council the adoption of the Initial Study/Negative Declaration, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503; and

**WHEREAS**, on the 13<sup>th</sup> day of February, 2015, the City gave public notice as required under Chapter 17.68 of the Zoning Ordinance by advertising in the Record Gazette newspaper of the holding of a public hearing at which the Initial Study/Negative Declaration, General Plan Amendment No. 14-2503 and Zone Change No. 14-3501 would be considered; and

**WHEREAS**, on the 24<sup>th</sup> day of February, 2015, the City Council held the noticed public hearing at which interested persons had an opportunity to testify in support of, or opposition to the amendments, and at which time the City Council considered the Initial Study/Negative Declaration, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503; and

**WHEREAS**, at this public hearing on the 24<sup>th</sup> day of February, 2015, the City Council considered and heard public comments on the Initial Study/Negative Declaration, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503; and

**WHEREAS**, the City Council has carefully considered all pertinent documents and the staff report offered in this case as presented at the public hearing held on the 24<sup>th</sup> day of February, 2015;

**NOW THEREFORE, BE IT HEREBY ORDAINED** by the City Council of the City of Banning as follows:

#### **SECTION 1. ENVIRONMENTAL FINDINGS.**

The following environmental findings are made and supported by substantial evidence on the record before the City Council, including and incorporating all evidence in the staff report and attendant attachments thereto:

##### **California Environmental Quality Act (CEQA)**

In accordance with the requirements of the California Environmental Quality Act (CEQA), the proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 are considered a "project." CEQA defines a "project" as an activity that may have a potential for resulting in either a direct or indirect significant effects on the environment. General plan amendments and zone changes are defined as "projects" because they typically involve the adoption of land use policies that involves the potential future land use and/or development of properties. Therefore, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 is a "project" due to the fact that the proposal involves the change of the General Plan land use designations and Zoning classifications for certain portions of three (3) properties contained within the Gilman Ranch Regional Park from Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) to Open Space – Parks (OS-P) and for certain portions of nine (9) properties contained within approved Tentative Tract Map No. 33540 from Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) to Low Density Residential (LDR) which in turn changes the manner in which the subject twelve (12) properties may be used and developed.

The findings of the Initial Study/Negative Declaration are that General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 could not have a significant effect on the environment. In compliance with CEQA, an Initial Study/Negative Declaration was prepared and made available for the mandatory 20-day public review period commencing on January 9, 2015.

Multiple Species Habitat Conservation Plan (MSHCP)

General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 do not relate to any one physical development project and are not subject to the MSHCP. Further, projects subject to this resolution will trigger individual project analysis and documentation related to the requirements of MSHCP including mitigation through payment of the MSHCP Mitigation Fee.

Senate Bill (SB) 18 – Tribal Consultation

Pursuant to the requirements of Senate Bill (SB) 18, on December 31, 2014, the City of Banning transmitted a formal request for Tribal Consultation to the Native American Heritage Commission. Tribal Consultation request letters were also transmitted directly to the following: Morongo Band of Mission Indians; Soboba Band of Luiseno Indians; Cabazon Band of Mission Indians; Pechanga Band of Luiseno Indians; Augustine Band of Cahuilla Indians; Twenty-Nine Palms Band of Mission Indians; Cahuilla Band of Indians; Ramona Band of Cahuilla Indians; Agua Caliente Band of Cahuilla Indians; Santa Rosa Band of Cahuilla Indians; Fort Mohave Indian Tribe; San Manuel Band of Mission Indians; and Torres Martinez Desert Cahuilla Indians.

**SECTION 2. FINDINGS FOR GENERAL PLAN AMENDMENT NO. 14-2503 AND ZONE CHANGE NO. 14-3503:**

The California Government Code and the City of Banning Zoning Ordinance require that General Plan Amendments and Zone Changes meet certain findings prior to the approval by the City Council. The following findings, as supported by substantial evidence on the record including and incorporating all facts and evidence in the staff report and its attendant attachments, in support of the approval of the General Plan Amendment No. 14-2503 and Zone Change No. 14-3503:

**Finding No. 1:** The proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 are internally consistent with the General Plan.

**Findings of Fact:** The City of Banning General Plan Land Use and Zoning Overlay Map depicts certain portions (totaling approximately 71.09 acres) of three (3) properties contained within Gilman Ranch Regional Park with Ranch/Agriculture- Hillside (RA-H) and Low Density Residential (LDR) designations/classifications and certain portions (totaling approximately 21.76 acres) of nine (9) properties contained within approved Tentative Tract Map No. 33450 with Ranch/Agriculture – Hillside (RA-H), Open Space – Parks (OS-P) and Very Low Density Residential (VLDR) designations/ classifications. The proposed General Plan Amendment and Zone Change will amend the General Plan land use designations and Zoning classifications for the three (3) properties within Gilman Ranch

Regional Park (APN: 535-060-008, 535-070-023 and 535-070-038) located north of Wilson Street between 16<sup>th</sup> Street and 20<sup>th</sup> Street to Open Space – Parks (OS-P) and certain portions for the nine (9) properties within Tentative Tract Map No. 33540 (APN: 535-070-014, 535-070-025, 535-110-002, 535-110-011, 535-311-014, 535-311-015, 535-311-016, 535-311-017 and 535-311-018) located north of Gilman Street west of 8<sup>th</sup> Street to Low Density Residential (LDR).

On January 31, 2006, the City Council of the City of Banning adopted Resolution No. 2006-12 certifying the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) adopting the Statement of Overriding Considerations, Statement of Facts and Findings, and Mitigation Monitoring Program for General Plan Amendment No. 03-2501 and Zone Change No. 03-3501 (Comprehensive General Plan Amendment); adopted Resolution No. 2006-13 approving General Plan Amendment No. 03-2501 adopting the new General Plan; and, adopted Ordinance No. 1339 approving Zone Change 03-3501 repealing the existing Zoning Ordinance and adopting the new Zoning Ordinance and associated Zoning Map. The Community Development Element of the City's General Plan establishes the land use designations for all properties within the City of Banning and in doing so Gilman Ranch Regional Park was identified as "open space."

On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). This certification preserves Gilman Ranch Regional Park as open space. On March 1979, the Riverside County Regional Parks and Open Space District purchased the 124.51 acre site and officially established the "historic" Gilman Ranch Regional Park. General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 to amend the General Plan land use designation and Zoning classification to Open Space – Parks (OS-P) will preserve Gilman Ranch Regional Park as an open space land use.

On September 26, 2006, the City Council of the City of Banning adopted Resolution No. 2006-58 approving the Mitigated Negative Declaration and Mitigation Monitoring Program for Tentative Tract Map No. 33540 for a subdivision creating 172 single family residential lots, 3 open space lots, 1 flood control basin and 10 lettered lots for public streets (public right-of-way) and approving Tentative Tract Map No. 33540 within the City's Low Density Residential (LDR) General Plan land use designation and Zoning classification. General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 to amend the General Plan land use designation and Zoning classification to Low Density Residential (LDR) will reflect

the appropriate General Plan land use designation and Zoning classification for Tentative Tract Map No. 33540.

The subject properties under proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 have been reviewed against the development standards for Open Space – Parks (OS-P) for Gilman Ranch Regional Park and Low Density Residential (LDR) for Tentative Tract Map No. 33540 land uses within the City of Banning Zoning Ordinance for internal consistency within all of the General Plan element's text, diagrams, and maps and it has been determined that the proposed General Plan Amendment and Zone Change will not create any conflicts among the various General Plan elements' goals, policies, and objectives, including the maps and diagrams of all the elements in the City's General Plan. Therefore, proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 will make the land uses for Gilman Ranch Regional Park and Tentative Tract Map No. 33540 consistent with City's General Plan and Zoning Ordinance.

**Finding No. 2:** The proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 would not be detrimental to the public interest, health, safety, convenience, or welfare of the community.

**Findings of Fact:** The General Plan Goal 1 for Open Space and Conservation states, "*The conservation and management of open space areas to provide recreational opportunities and protect important resources in perpetuity.*" General Plan Goal 1 for Residential Land Uses states, "*Preserve and enhance the City's neighborhoods.*" On January 31, 2006, the City Council of the City of Banning adopted Resolution No. 2006-12 certifying the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) adopting the Statement of Overriding Considerations, Statement of Facts and Findings, and Mitigation Monitoring Program for General Plan Amendment No. 03-2501 and Zone Change No. 03-3501 (Comprehensive General Plan Amendment); and on September 26, 2006, the City Council of the City of Banning adopted Resolution No. 2006-58 approving the Mitigated Negative Declaration and Mitigation Monitoring Program for Tentative Tract Map No. 33540. Additionally, on August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places. On March 1979, the Riverside County Regional Parks and Open Space District purchased the 124.51 acre site and officially established the "historic" Gilman Ranch Regional Park. Proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 provides for the preservation of Gilman Ranch Regional Park as open space and conformance with approved Tentative Tract Map No. 33540. Furthermore, an Initial Study/ Negative Declaration was prepared pursuant to the requirements of the California Environmental Quality Act.

The Initial Study/Negative Declaration concluded that proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 would not have any significant impacts on the environment. The Initial Study/Negative Declaration was made available for the required 20-day public review period from January 12, 2015 through February 2, 2015.

With regard to the compatibility with the existing surrounding land uses and neighborhoods, the proposed General Plan land use designations and Zoning classifications for Gilman Ranch Regional Park and Tentative Tract Map No. 33540 will make the properties consistent and compatible with the existing surrounding land uses and neighborhoods.

Therefore, proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 would not be detrimental to the public interest, health, safety, convenience, or welfare of the community as the project has been reviewed for compliance with the City of Banning General Plan, City of Banning Zoning Ordinance and the California Environmental Quality Act (Public Resources Code Section 21000 et seq.).

**Finding No. 3:**

The proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 would maintain the appropriate balance of land uses within the City.

**Findings of Fact:**

The overall land area of Gilman Ranch Regional Park is approximately 124.51 acres. However, of the approximate 124.51 acres, approximately 57% (approximately 71.09 acres) is depicted with General Plan land use designations and Zoning classifications of Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) which is contrary and inconsistent with what should be a General Plan land use designation and Zoning classification of Open Space – Parks (OS-P) as with the remainder of Gilman Ranch Regional Park. The overall land area of approved Tentative Tract Map No. 33540 is approximately 65 acres. However, of the approximate 65 acres, approximately 33% (21.76 acres) is depicted with General Plan land use designations and Zoning classifications of Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) of Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) which is contrary and inconsistent with what should have been a General Plan land use designation and Zoning classification of Low Density Residential (LDR) as with the remainder of approved Tentative Tract Map No. 33540. The proposed General Plan Amendment and Zone Change is intended to reflect the existing open space land use of Gilman Ranch Regional Park and the approved low density residential land use of Tentative Tract Map No. 33540, thereby ensuring the conformity with the City's General Plan Land Use and Zoning maps. Therefore, General Plan Amendment No. 14-

2503 and Zone Change No. 14-3503 will maintain the appropriate balance of land uses within the City.

**Finding No. 4:**

With regard to the General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 to the General Plan Land Use, the subject properties are physically suitable for the requested land use designation(s) and the anticipated land use development(s).

**Findings of Fact:**

On March 1979, the Riverside County Regional Parks and Open Space District purchased the 124.51 acre site and officially established the “historic” Gilman Ranch Regional Park as “open space.” Based on the facts indicated in this subsection and subsections above, the subject properties are suitable for the requested Open Space – Parks (OS-P) for Gilman Ranch Regional Park by proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

During the discretionary review and approval process for Tentative Tract Map No. 33540, it was determined that the subject site was physically suitable to accommodate the residential subdivision and that the residential subdivision was designed to accommodate the 172 single family residential dwelling units considering the site configuration, physical characteristics, topography and existing and proposed infrastructure improvements. Based on the facts indicated in this subsection and subsections above, the subject properties are suitable for the requested Low Density Residential (LDR) for Tentative Tract Map No. 33540 by proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

**SECTION 3. CITY COUNCIL ACTION.**

The City Council hereby takes the following actions:

1. **Adoption of Negative Declaration.** In accordance with Public Resources Code Section 21006 and CEQA Guidelines Section 15074 the City Council hereby adopts the Negative Declaration, based upon the Initial Study prepared pursuant to CEQA Guidelines Section 15063, for General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.
2. **Approve General Plan Amendment No. 14-2503.** Approve General Plan Amendment No. 14-2503 amending the General Plan land use designations for certain portions of three (3) properties (APN: 535-060-008, 535-070-023 and 535-070-038) contained within Gilman Ranch Regional Park, located north of Wilson Street between 16th Street and 20th Street, from Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) to Open Space – Parks (OS-P) and certain portions of nine (9) properties (APN: 535-070-014, 535-070-025, 535-110-002, 535-110-011, 535-311-014, 535-311-015, 535-311-016, 535-311-017 and 535-311-018) contained within approved Tentative Tract Map No. 33540, located north of Gilman Street west of 8th Street, from Open Space – Parks

(OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) to Low Density Residential (LDR).

3. **Approve Zone Change No. 14-3503.** Approve Zone Change No. 14-3503 amending the Zoning classifications for certain portions of three (3) properties (APN: 535-060-008, 535-070-023 and 535-070-038) contained within Gilman Ranch Regional Park, located north of Wilson Street between 16th Street and 20th Street, from Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) to Open Space – Parks (OS-P) and certain portions of nine (9) properties (APN: 535-070-014, 535-070-025, 535-110-002, 535-110-011, 535-311-014, 535-311-015, 535-311-016, 535-311-017 and 535-311-018) contained within approved Tentative Tract Map No. 33540, located north of Gilman Street west of 8th Street, from Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) to Low Density Residential (LDR).

#### **SECTION 4. SEVERABILITY.**

If any section, subsection, sentence, clause, or portion of this ordinance is, for any reason, held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision will not affect the validity of the remaining portions of this ordinance. The City Council of the City of Banning hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, subsections sentences, clauses, phrases, or portions thereof may be declared invalid or unconstitutional.

#### **SECTION 5. PUBLICATION; EFFECTIVE DATE.**

The City Clerk shall certify to the passage and adoption of this ordinance, and shall make a minute of the passage and adoption thereof in the records of and the proceedings of the City Council at which the same is passed and adopted. This ordinance shall be in full force and effect thirty (30) days after its final passage and adoption, and within fifteen (15) days after its final passage, the City Clerk shall cause it to be published in a newspaper of general circulation and shall post the same at City Hall, 99 E. Ramsey Street, Banning, California.

**PASSED, APPROVED, AND ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

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Deborah Franklin, Mayor  
City of Banning

**APPROVED AS TO FORM AND  
LEGAL CONTENT:**

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David J. Aleshire, City Attorney  
Aleshire & Wynder, LLP

**ATTEST:**

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Marie A. Calderon, City Clerk  
City of Banning, California

**CERTIFICATION:**

I, Marie A. Calderon, City Clerk of the City of Banning, California, do hereby certify that Ordinance No. 1485 was duly introduced at a regular meeting of the City Council of the City of Banning, held on the \_\_\_\_\_ day of \_\_\_\_\_ 2015, and was duly adopted at a regular meeting of said City Council on the \_\_\_\_\_ day of \_\_\_\_\_, 2015, by the following vote, to wit:

AYES:

NOES:

ABSEN:

ABSTAIN:

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Marie A. Calderon, City Clerk  
City of Banning, California

**ATTACHMENT 2**  
Planning Commission Resolution No. 2015-02

**RESOLUTION NO. 2015-02**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF BANNING, CALIFORNIA RECOMMENDING APPROVAL TO THE CITY COUNCIL OF INITIAL STUDY/NEGATIVE DECLARATION, GENERAL PLAN AMENDMENT NO. 14-2503 AND ZONE CHANGE NO. 14-3503 RELATING TO GENERAL PLAN LAND USE AND ZONE CHANGE FOR TWELVE (12) PROPERTIES THAT ARE LOCATED NORTH OF GILMAN STREET WEST OF 8<sup>th</sup> STREET**

**WHEREAS**, the General Plan land use designations and Zoning classifications for certain portions of three (3) properties (APN: 535-060-008, 535-070-023 and 535-070-038) contained within Gilman Ranch Regional Park located north of Wilson Street between 16th Street and 20th Street is currently Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) which is inconsistent with the intended Open Space – Parks (OS-P) General Plan land use designation and Zoning classification for Gilman Ranch Regional Park; and

**WHEREAS**, the General Plan land use designations and Zoning classifications for certain portions of nine (9) properties (APN: 535-070-014, 535-070-025, 535-110-002, 535-110-011, 535-311-014, 535-311-015, 535-311-016, 535-311-017 and 535-311-018) contained within approved Tentative Tract Map No. 33540 located north of Gilman Street west of 8th Street is currently Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) which is inconsistent with the intended Low Density Residential (LDR) General Plan land use designation and Zoning classification for Tentative Tract Map No. 33540; and

**WHEREAS**, on January 31, 2006, the City Council of the City of Banning adopted Resolution No. 2006-12 certifying the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) adopting the Statement of Overriding Considerations, Statement of Facts and Findings, and Mitigation Monitoring Program for General Plan Amendment No. 03-2501 and Zone Change No. 03-3501 (Comprehensive General Plan Amendment); adopted Resolution No. 2006-13 approving General Plan Amendment No. 03-2501 adopting the new General Plan; and, adopted Ordinance No. 1339 approving Zone Change 03-3501 repealing the existing Zoning Ordinance and adopting the new Zoning Ordinance and associated Zoning Map. The Community Development Element of the City's General Plan establishes the land use designations for all properties within the City of Banning and in doing so Gilman Ranch Regional Park was identified as "open space;" and

**WHEREAS**, On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). This certification preserves Gilman Ranch Regional Park as open space. Subsequently, in March 1979, the Riverside County Regional Parks and Open Space District purchased the 124.51 acre site and officially established the "historic" Gilman Ranch Regional Park; and

**WHEREAS**, the overall land area of Gilman Ranch Regional Park is approximately 124.51 acres. However, of the approximate 124.51 acres, approximately 57% (approximately 71.09 acres) is depicted with General Plan land use designations and Zoning classifications of Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) which is contrary and inconsistent with what should be a General Plan land use designation and Zoning classification of Open Space – Parks (OS-P) as with the remainder of Gilman Ranch Regional Park. On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). This certification preserves Gilman Ranch Regional Park; and

**WHEREAS**, on September 26, 2006, the City Council of the City of Banning adopted Resolution No. 2006-58 approving the Mitigated Negative Declaration and Mitigation Monitoring Program for Tentative Tract Map No. 33540 for a subdivision creating 172 single family residential lots, 3 open space lots, 1 flood control basin and 10 lettered lots for public streets (public right-of-way) and approving the land area contained within Tentative Tract Map No. 33540 within the City's Low Density Residential (LDR) General Plan land use designation and Zoning classification; and

**WHEREAS**, the overall land area of approved Tentative Tract Map No. 33540 is approximately 65 acres. However, of the approximate 65 acres, approximately 33% (21.76 acres) is depicted with General Plan land use designations and Zoning classifications of Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) which is contrary and inconsistent with what should have been a General Plan land use designation and Zoning classification of Low Density Residential (LDR) as with the remainder of approved Tentative Tract Map No. 33540; and

**WHEREAS**, the proposed General Plan Amendment and Zone Change is intended to reflect the existing open space land use of Gilman Ranch Regional Park and the approved low density residential land use of Tentative Tract Map No. 33540, thereby ensuring the conformity with the City's General Plan Land Use and Zoning maps; and

**WHEREAS**, the City has reviewed the proposed General Plan Amendment and Zone Change for compliance with the California Environmental Quality Act (CEQA) and it is determined that the General Plan Amendment and Zone Change are defined as a "project" under CEQA Guidelines 15378 and an Initial Study has been prepared; and

**WHEREAS**, the Initial Study recommended the preparation of a Negative Declaration for compliance with CEQA; and

**WHEREAS**, the Negative Declaration was prepared and made available for a 20-day public review commencing on January 9, 2015; and

WHEREAS, on January 9, 2015, the City gave public notice by advertisement in the Record Gazette newspaper of a public hearing concerning the project, which included the Negative Declaration, General Plan Amendment No. 14-2503 and Zone Change No.14-3503. Additionally, a Notice of Public Hearing and Notice of Intent to Adopt an Initial Study/Negative Declaration was transmitted to the Riverside County Clerk-Recorder for posting on January 9, 2015 to commence the required 20-day public review period, pursuant to the requirements of the California Environmental Quality Act. The City also mailed public hearing notices to the owners of properties that are directly affected by the General Plan Amendment and Zone Change and to the property owners that are located within a 300' radius of the project boundaries; and

WHEREAS, on February 4, 2015, the Planning Commission held the noticed public hearing at which time interested persons had an opportunity to testify in support of, or opposition to, the project and at which the Planning Commission considered the General Plan Amendment No. 14-2503 and a Zone Change No.14-3503.

NOW THEREFORE, the Planning Commission of the City of Banning does hereby resolve, determine, find, and order as follows:

**SECTION 1. ENVIRONMENTAL FINDINGS:**

**California Environmental Quality Act (CEQA)**

In accordance with the requirements of the California Environmental Quality Act (CEQA), the proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 are considered a "project." CEQA defines a "project" as an activity that may have a potential for resulting in either a direct or indirect significant effects on the environment. General plan amendments and zone changes are defined as "projects" because they typically involve the adoption of land use policies that involves the potential future land use and/or development of properties. Therefore, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 is a "project" due to the fact that the proposal involves the change of the General Plan land use designations and Zoning classifications for certain portions of three (3) properties contained within the Gilman Ranch Regional Park from Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) to Open Space – Parks (OS-P) and for certain portions of nine (9) properties contained within approved Tentative Tract Map No. 33540 from Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) to Low Density Residential (LDR) which in turn changes the manner in which the subject twelve (12) properties may be used and developed.

The findings of the Initial Study/Negative Declaration are that General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 could not have a significant effect on the environment. In compliance with CEQA, an Initial Study/Negative Declaration was prepared and made available for the mandatory 20-day public review period commencing on January 9, 2015.

Multiple Species Habitat Conservation Plan (MSHCP)

General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 do not relate to any one physical development project and are not subject to the MSHCP. Further, projects subject to this resolution will trigger individual project analysis and documentation related to the requirements of MSHCP including mitigation through payment of the MSHCP Mitigation Fee.

Senate Bill (SB) 18 – Tribal Consultation

Pursuant to the requirements of Senate Bill (SB) 18, on December 31, 2014, the City of Banning transmitted a formal request for Tribal Consultation to the Native American Heritage Commission. Tribal Consultation request letters were also transmitted directly to the following: Morongo Band of Mission Indians; Soboba Band of Luiseno Indians; Cabazon Band of Mission Indians; Pechanga Band of Luiseno Indians; Augustine Band of Cahuilla Indians; Twenty-Nine Palms Band of Mission Indians; Cahuilla Band of Indians; Ramona Band of Cahuilla Indians; Agua Caliente Band of Cahuilla Indians; Santa Rosa Band of Cahuilla Indians; Fort Mohave Indian Tribe; San Manuel Band of Mission Indians; and Torres Martinez Desert Cahuilla Indians.

SECTION 2. REQUIRED FINDINGS FOR GENERAL PLAN AMENDMENT NO. 14-2503 AND ZONE CHANGE NO. 14-3503:

The California Government Code and the City of Banning Zoning Ordinance require that General Plan Amendments and Zone Changes meet certain findings prior to recommendation of approval by the Planning Commission and approval by the City Council. The following findings are provided in support of the approval of the General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

**Finding No. 1:** The proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 are internally consistent with the General Plan.

**Findings of Fact:** The City of Banning General Plan Land Use and Zoning Overlay Map depicts certain portions (totaling approximately 71.09 acres) of three (3) properties contained within Gilman Ranch Regional Park with Ranch/Agriculture- Hillside (RA-H) and Low Density Residential (LDR) designations/classifications and certain portions (totaling approximately 21.76 acres) of nine (9) properties contained within approved Tentative Tract Map No. 33450 with Ranch/Agriculture – Hillside (RA-H), Open Space – Parks (OS-P) and Very Low Density Residential (VLDR) designations/ classifications. The proposed General Plan Amendment and Zone Change will amend the General Plan land use designations and Zoning classifications for the three (3) properties within Gilman Ranch Regional Park (APN: 535-060-008, 535-070-023 and 535-070-038) located north of Wilson Street between 16<sup>th</sup> Street and 20<sup>th</sup> Street to Open Space – Parks (OS-P) and certain portions for the nine (9) properties within Tentative Tract Map No. 33540 (APN: 535-070-014, 535-070-025, 535-110-002, 535-110-011, 535-311-014, 535-311-015, 535-311-016,

535-311-017 and 535-311-018) located north of Gilman Street west of 8<sup>th</sup> Street to Low Density Residential (LDR).

On January 31, 2006, the City Council of the City of Banning adopted Resolution No. 2006-12 certifying the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) adopting the Statement of Overriding Considerations, Statement of Facts and Findings, and Mitigation Monitoring Program for General Plan Amendment No. 03-2501 and Zone Change No. 03-3501 (Comprehensive General Plan Amendment); adopted Resolution No. 2006-13 approving General Plan Amendment No. 03-2501 adopting the new General Plan; and, adopted Ordinance No. 1339 approving Zone Change 03-3501 repealing the existing Zoning Ordinance and adopting the new Zoning Ordinance and associated Zoning Map. The Community Development Element of the City's General Plan establishes the land use designations for all properties within the City of Banning and in doing so Gilman Ranch Regional Park was identified as "open space."

On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). This certification preserves Gilman Ranch Regional Park as open space. On March 1979, the Riverside County Regional Parks and Open Space District purchased the 124.51 acre site and officially established the "historic" Gilman Ranch Regional Park. General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 to amend the General Plan land use designation and Zoning classification to Open Space – Parks (OS-P) will preserve Gilman Ranch Regional Park as an open space land use.

On September 26, 2006, the City Council of the City of Banning adopted Resolution No. 2006-58 approving the Mitigated Negative Declaration and Mitigation Monitoring Program for Tentative Tract Map No. 33540 for a subdivision creating 172 single family residential lots, 3 open space lots, 1 flood control basin and 10 lettered lots for public streets (public right-of-way) and approving Tentative Tract Map No. 33540 within the City's Low Density Residential (LDR) General Plan land use designation and Zoning classification. General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 to amend the General Plan land use designation and Zoning classification to Low Density Residential (LDR) will reflect the appropriate General Plan land use designation and Zoning classification for Tentative Tract Map No. 33540.

The subject properties under proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 have been reviewed against the

development standards for Open Space – Parks (OS-P) for Gilman Ranch Regional Park and Low Density Residential (LDR) for Tentative Tract Map No. 33540 land uses within the City of Banning Zoning Ordinance for internal consistency within all of the General Plan element's text, diagrams, and maps and it has been determined that the proposed General Plan Amendment and Zone Change will not create any conflicts among the various General Plan elements' goals, policies, and objectives, including the maps and diagrams of all the elements in the City's General Plan. Therefore, proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 will make the land uses for Gilman Ranch Regional Park and Tentative Tract Map No. 33540 consistent with City's General Plan and Zoning Ordinance.

**Finding No. 2:** The proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 would not be detrimental to the public interest, health, safety, convenience, or welfare of the community.

**Findings of Fact:** The General Plan Goal 1 for Open Space and Conservation states, "*The conservation and management of open space areas to provide recreational opportunities and protect important resources in perpetuity.*" General Plan Goal 1 for Residential Land Uses states, "*Preserve and enhance the City's neighborhoods.*" On January 31, 2006, the City Council of the City of Banning adopted Resolution No. 2006-12 certifying the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) adopting the Statement of Overriding Considerations, Statement of Facts and Findings, and Mitigation Monitoring Program for General Plan Amendment No. 03-2501 and Zone Change No. 03-3501 (Comprehensive General Plan Amendment); and on September 26, 2006, the City Council of the City of Banning adopted Resolution No. 2006-58 approving the Mitigated Negative Declaration and Mitigation Monitoring Program for Tentative Tract Map No. 33540. Additionally, on August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places. On March 1979, the Riverside County Regional Parks and Open Space District purchased the 124.51 acre site and officially established the "historic" Gilman Ranch Regional Park. Proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 provides for the preservation of Gilman Ranch Regional Park as open space and conformance with approved Tentative Tract Map No. 33540. Furthermore, an Initial Study/ Negative Declaration was prepared pursuant to the requirements of the California Environmental Quality Act. The Initial Study/Negative Declaration concluded that proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 would not have any significant impacts on the environment. The Initial Study/Negative Declaration was made available for the required 20-day public review period from January 12, 2015 through February 2, 2015.

With regard to the compatibility with the existing surrounding land uses and neighborhoods, the proposed General Plan land use designations and Zoning classifications for Gilman Ranch Regional Park and Tentative Tract Map No. 33540 will make the properties consistent and compatible with the existing surrounding land uses and neighborhoods.

Therefore, proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 would not be detrimental to the public interest, health, safety, convenience, or welfare of the community as the project has been reviewed for compliance with the City of Banning General Plan, City of Banning Zoning Ordinance and the California Environmental Quality Act (Public Resources Code Section 21000 et seq.).

**Finding No. 3:** The proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 would maintain the appropriate balance of land uses within the City.

**Findings of Fact:** The overall land area of Gilman Ranch Regional Park is approximately 124.51 acres. However, of the approximate 124.51 acres, approximately 57% (approximately 71.09 acres) is depicted with General Plan land use designations and Zoning classifications of Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) which is contrary and inconsistent with what should be a General Plan land use designation and Zoning classification of Open Space – Parks (OS-P) as with the remainder of Gilman Ranch Regional Park. The overall land area of approved Tentative Tract Map No. 33540 is approximately 65 acres. However, of the approximate 65 acres, approximately 33% (21.76 acres) is depicted with General Plan land use designations and Zoning classifications of Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) of Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) which is contrary and inconsistent with what should have been a General Plan land use designation and Zoning classification of Low Density Residential (LDR) as with the remainder of approved Tentative Tract Map No. 33540. The proposed General Plan Amendment and Zone Change is intended to reflect the existing open space land use of Gilman Ranch Regional Park and the approved low density residential land use of Tentative Tract Map No. 33540, thereby ensuring the conformity with the City's General Plan Land Use and Zoning maps. Therefore, General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 will maintain the appropriate balance of land uses within the City.

**Finding No. 4:** With regard to the General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 to the General Plan Land Use, the subject properties

are physically suitable for the requested land use designation(s) and the anticipated land use development(s).

**Findings of Fact:** On March 1979, the Riverside County Regional Parks and Open Space District purchased the 124.51 acre site and officially established the “historic” Gilman Ranch Regional Park as “open space.” Based on the facts indicated in this subsection and subsections above, the subject properties are suitable for the requested Open Space – Parks (OS-P) for Gilman Ranch Regional Park by proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

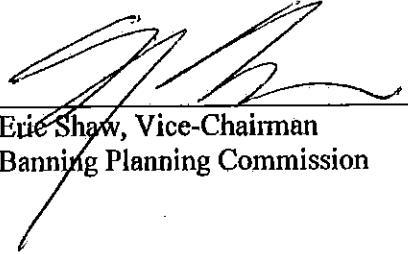
During the discretionary review and approval process for Tentative Tract Map No. 33540, it was determined that the subject site was physically suitable to accommodate the residential subdivision and that the residential subdivision was designed to accommodate the 172 single family residential dwelling units considering the site configuration, physical characteristics, topography and existing and proposed infrastructure improvements. Based on the facts indicated in this subsection and subsections above, the subject properties are suitable for the requested Low Density Residential (LDR) for Tentative Tract Map No. 33540 by proposed General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

### **SECTION 3. PLANNING COMMISSION ACTION:**

The Planning Commission hereby takes the following action:

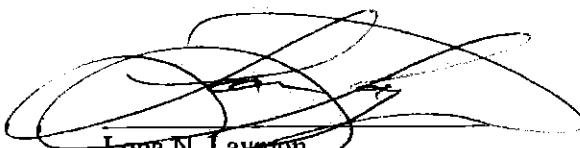
1. Adoption of Planning Commission Resolution No. 2015-02:
  - a. Recommending to the City Council the adoption of a Resolution adopting the Initial Study/Negative Declaration (Attachment 2) for General Plan Amendment No. 14-2503 and Zone Change No. 14-3503; and
  - b. Recommending to the City Council the adoption of a Resolution approving General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 to change the General Plan land use designations and Zoning classifications for certain portions of three (3) properties (APN: 535-060-008, 535-070-023 and 535-070-038) contained within Gilman Ranch Regional Park located north of Wilson Street between 16th Street and 20th Street from Ranch/Agriculture – Hillside (RA-H) and Low Density Residential (LDR) to Open Space – Parks (OS-P) and for certain portions of nine (9) properties (APN: 535-070-014, 535-070-025, 535-110-002, 535-110-011, 535-311-014, 535-311-015, 535-311-016, 535-311-017 and 535-311-018) contained within approved Tentative Tract Map No. 33540 located north of Gilman Street west of 8th Street from Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) to Low Density Residential (LDR).

PASSED, APPROVED AND ADOPTED this 4<sup>th</sup> day of February 2015.



Erie Shaw, Vice-Chairman  
Banning Planning Commission

APPROVED AS TO FORM  
AND LEGAL CONTENT:



Lona N. Layton

Aleshire & Wynder, LLP  
Assistant City Attorney  
City of Banning, California

ATTEST:



Sandra Calderon  
Sandra Calderon, Recording Secretary  
City of Banning, California

**CERTIFICATION:**

I, Sandra Calderon, Recording Secretary of the Planning Commission of the City of Banning, California, do hereby certify that the foregoing Resolution, No. 2015-02, was duly adopted by the Planning Commission of the City of Banning, California, at a regular meeting thereof held on the 4<sup>th</sup> day of February 2015, by the following vote, to wit:

AYES: *Briant, Ellis, Price, Shaw*

NOES: - 0 -

ABSENT: *Aida*

ABSTAIN: - 0 -

Sandra Calderon  
Sandra Calderon, Recording Secretary  
City of Banning, California

**ATTACHMENT 3**  
**Initial Study/Negative Declaration**



**NOTICE OF PUBLIC HEARING  
AND  
NOTICE OF INTENT TO ADOPT AN INITIAL STUDY/NEGATIVE DECLARATION  
FOR PROPOSED GENERAL PLAN AMENDMENT NO. 14-2503 AND  
ZONE CHANGE NO. 14-3503 GILMAN STREET WEST OF 8<sup>TH</sup> STREET**

**NOTICE IS HEREBY GIVEN** of a public hearing before the City of Banning Planning Commission, to be held on Wednesday, February 4, 2015, at 6:30 p.m. in the Council Chambers, City Hall, 99 East Ramsey Street, Banning, California, to consider the environmental document (Initial Study/Negative Declaration) and a proposal by the City of Banning to amend the General Plan land use designations and Zoning classifications for the Gilman Ranch Regional Park (APN: 535-060-008, 535-070-023 and 535-070-038), located north of Wilson Street between 16th Street and 20th Street, and the approved Vintage Pacific residential subdivision (Tentative Tract Map No. 33540) (APN: 535-070-014, 535-070-025, 535-110-002, 535-110-011, 535-311-014, 535-311-015, 535-311-016, 535-311-017 and 535-311-018) located east of the Gilman Ranch Regional Park and north of Gilman Street. The General Plan land use designation and Zoning classification for the Gilman Ranch Regional Park is proposed to be amended from Ranch/Agriculture - Hillside (RA-H) and Low Density Residential (LDR) to Open Space - Parks (OS-P); and, the General Plan land use designation and Zoning classification for Tentative Tract Map No. 33540 is proposed to be amended from Open Space - Parks (OS-P), Ranch/Agriculture - Hillside (RA-H) and Very Low Density Residential (VLDR) to Low Density Residential (LDR). The proposed General Plan Amendment and Zone Change is intended to reflect the accurate land uses for both the Gilman Ranch Regional Park and Tentative Tract Map No. 33540; thereby ensuring the conformity with the City's General Plan Land Use and Zoning Maps. To locate these parcels, please go to the Riverside County website and type in <http://www3.tlma.co.riverside.ca.us/pa/rclis/viewer.htm> in the search engine and follow the instructions on the page. The public review period is from Monday, January 12, 2015, through Monday, February 2, 2015.

Information regarding the Initial Study/Negative Declaration, and the General Plan Amendment and Zone Change proposals can be obtained by contacting the City's Community Development Department at (951) 922-3125, or by visiting the City Hall located at 99 East Ramsey Street, Banning. You may also go to the City of Banning website at <http://www.ci.banning.ca.us/>.

All parties interested in speaking either in support of or in opposition of this item are invited to attend said hearing, or to send their written comments to the Community Development Department, City of Banning at P.O. Box 998, Banning, California, 92220.

If you challenge any decision regarding the above proposal in court, you may be limited to raising only those issues you or someone else raised in written correspondence delivered to the City Clerk at, or prior to, the time the City Council makes its decision on the proposal; or, you or someone else raised at the public hearing or in written correspondence delivered to the hearing body at, or prior to, the hearing (California Government Code, Section 65009).

BY ORDER OF THE ACTING COMMUNITY DEVELOPMENT DIRECTOR OF THE CITY OF BANNING,  
CALIFORNIA

Brian Guillot  
Acting Community Development Director

Dated: January 6, 2015  
Publish: January 9, 2015

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## CITY OF BANNING Initial Study/Negative Declaration

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**General Plan Amendment No. 14-2503 and Zone Change No. 14-3503  
Gilman Street West of 8<sup>th</sup> Street**

City of Banning  
Community Development Department  
99 E. Ramsey Street  
Banning, California 92220

January 5, 2015

Brian Guillot  
Acting Community Development Director  
(951) 922-3152

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**City of Banning Initial Study/Negative Declaration  
for  
General Plan Amendment No. 14-2503 and Zone Change No. 14-3503  
Gilman Street West of 8th Street**

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#### **EXECUTIVE SUMMARY**

The project area is comprised of portions of Gilman Ranch Regional Park which is located north of Wilson Street between 16th Street and 20th Street, and portions of properties contained within approved Tentative Tract Map No. 33540 (TTM33540) which is located north of Gilman Street between the Gilman Ranch Regional Park and 8<sup>th</sup> Street.

The City of Banning is proposing to amend the General Plan land use designations and Zoning classifications for an area containing a total of approximately 169.59 acres which is comprised of Gilman Ranch Regional Park (124.51 acres) and TTM33540 (45.08 acres). The General Plan land use designations and Zoning classifications for certain portions of the parcels contained within Gilman Ranch Regional Park are proposed to be amended from Ranch/Agriculture - Hillside (RA-H) and Low Density Residential (LDR) to Open Space - Parks (OS-P); and, the General Plan land use designations and Zoning classifications for certain parcels contained within TTM33540 are proposed to be amended from Open Space - Parks (OS-P), Ranch/Agriculture - Hillside (RA-H) and Very Low Density Residential (VLDR) to Low Density Residential (LDR). The proposed General Plan Amendment and Zone Change is intended to reflect the existing open space land use of Gilman Ranch Regional Park and the approved low density residential land use of TTM33540, thereby ensuring the conformity with the City's General Plan Land Use and Zoning maps.

The table below provides a summary of the properties that are subject to the proposed General Plan Amendment and Zone Change.

| APN                                     | Property Owner                      | Land Area     | Land Use                   |
|---|-------------------------------------|---------------|----------------------------|
| 535-060-008                             | Regional Park & Open Space District | 48.26         | Gilman Ranch Regional Park |
| 535-070-023                             | Regional Park & Open Space District | 40.00         | Gilman Ranch Regional Park |
| 535-070-038                             | Regional Park & Open Space District | 36.25         | Gilman Ranch Regional Park |
| <b>Gilman Ranch Regional Park Total</b> |                                     | <b>124.51</b> |                            |
| 535-070-014                             | Vintage Pacific                     | 10.50         | TTM33540                   |
| 535-070-025                             | Vintage Pacific                     | 0.67          | TTM33540                   |
| 535-110-002                             | Vintage Pacific                     | 9.81          | TTM33540                   |
| 535-110-011                             | Vintage Pacific                     | 23.15         | TTM33540                   |
| 535-311-014                             | Vintage Pacific                     | 0.19          | TTM33540                   |
| 535-311-015                             | Vintage Pacific                     | 0.19          | TTM33540                   |
| 535-311-016                             | Vintage Pacific                     | 0.19          | TTM33540                   |
| 535-311-017                             | Vintage Pacific                     | 0.19          | TTM33540                   |
| 535-311-018                             | Vintage Pacific                     | 0.19          | TTM33540                   |
| <b>TTM33540 Total</b>                   |                                     | <b>45.08</b>  | <b>TTM33540</b>            |

On January 31, 2006, the City Council of the City of Banning adopted Resolution No. 2006-12 certifying the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) adopting the Statement of Overriding Considerations, Statement of Facts and Findings, and Mitigation Monitoring Program for General Plan Amendment No. 03-2501 and Zone Change No. 03-3501 (Comprehensive General Plan Amendment); adopted Resolution No. 2006-13 approving General Plan Amendment No. 03-2501 adopting the new General Plan; and, adopted Ordinance No. 1339 approving Zone Change 03-3501 repealing the existing Zoning Ordinance and adopting the new Zoning Ordinance and associated Zoning Map.

On September 26, 2006, the City Council of the City of Banning adopted Resolution No. 2006-58 approving the Mitigated Negative Declaration and Mitigation Monitoring Program for TTM33540 for a subdivision creating 172 single family residential lots, 3 open space lots, 1 flood control basin and 10 lettered lots for public streets (public right-of-way) and approving TTM33540 within the City's Low Density Residential (LDR) General Plan land use designation and Zoning classification.

General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 is consistent and in conformance with both the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the City's General Plan and the Mitigated Negative Declaration approved for Tentative Tract Map No. 33540.

General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 is a proposal initiated by the City of Banning involving only the change of the land use designations within the specific project area (Gilman Ranch Regional Park and Tentative Tract Map No. 33540) to reflect the existing/approved land use conditions. This proposal does not directly result in the actual development or construction of a project; rather, it involves only the creation of a change to a City land use policy within the specific project area. However, the proposed General Plan Amendment and Zone Change is a "project" pursuant to the definitions of the California Environmental Quality Act (CEQA), which has required the preparation of this Initial Study. As part of the proposed project's environmental review, the City of Banning (as the "Lead Agency") has prepared this Initial Study pursuant to the CEQA Guidelines and the local environmental guidelines of the City of Banning in order to assess any potential effects on the environmental resulting from the proposed General Plan Amendment and Zone Change.

In conducting the environmental analysis for General Plan Amendment No. 14-2503 and Zone Change No. 14-3503, the City of Banning has reviewed and incorporated by reference the certified Final Environmental Impact Report, and its contained technical reports/studies, for the City's General Plan, and the approved Mitigated Negative Declaration and technical reports/studies for Tentative Tract Map No. 33540.

The results of this Initial Study show that there is no substantial evidence that the proposed project (General Plan Amendment No. 14-2503 and Zone Change No. 14-3503) would have a significant effect on the environment. Therefore, a Negative Declaration is being recommended for adoption.

Copies of the Initial Study and the *Notice of Intent to Adopt a Negative Declaration* will be forwarded to responsible agencies and will be made available to the public for review and comment. A 20-day public review period will be provided to allow these entities and other interested parties to comment on the proposed project and the Negative Declaration.

## 1. INTRODUCTION

### Purpose and Scope

This Initial Study serves as the environmental review of the proposed Project, as required by the California Environmental Quality Act (CEQA), Public Resources Code Section 21000 et seq., the State CEQA Guidelines, and the City of Banning Local Guidelines for Implementing CEQA.

In accordance with Section 15063 of the State CEQA Guidelines, the City is required to prepare an Initial Study to determine if the Project may have a significant effect on the environment. This Initial Study is intended to be an informational document providing the Planning Commission, City Council, other public agencies, and the general public with an objective assessment of the potential environmental impacts that could result from the implementation of the Project.

### Incorporation by Reference

This Initial Study is based in part on the information and analysis contained in other environmental and planning documents. These documents are hereby incorporated by reference in their entirety into this Initial Study, as authorized by Section 15150 of the State CEQA Guidelines. All of the documents incorporated by reference are listed in Section 7 of this Initial Study.

## 2. EVALUATION OF ENVIRONMENTAL IMPACTS

An Environmental Checklist Form (Form) has been used to evaluate the potential environmental impacts associated with the proposed Project. The Form has been prepared by the Resources Agency of California to assist local governmental agencies, such as the City of Banning, in complying with the requirements of the Statutes and Guidelines for implementing the California Environmental Quality Act.

This Form has been used by the City of Banning to review the effects of the proposed Project with respect to the following environmental factors. The environmental factors checked below would be potentially affected by this project, involving at least one impact that is "Potentially Significant Impact". Based on the analysis contained in this Initial Study, the following environmental factors are affected by the proposed project.

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

Within this Initial Study, a series of questions are asked about the Project for each of the above-listed environmental factors. A brief explanation is then provided for each question on the Form.

There are four possible responses to each question:

**A. Potentially Significant Impact.**

The proposed project may, or is known to, result in significant unmitigatable adverse environmental impacts.

**B. Potentially Significant Impact Unless Mitigation.**

The proposed project may have the potential to generate impacts that are considered to represent a significant impact on the environment. However, the level of impact may be reduced to levels that are considered to be less than significant with the implementation of mitigation measures.

**C. Less Than Significant Impact.**

The proposed project may have the potential for impacting the environment, although these impacts are likely to be below levels or thresholds that the City or other responsible agencies consider to be significant.

**D. No Impact.**

The proposed project will not have any measureable environmental impact on the environment.

### 3. ENVIRONMENTAL DETERMINATION

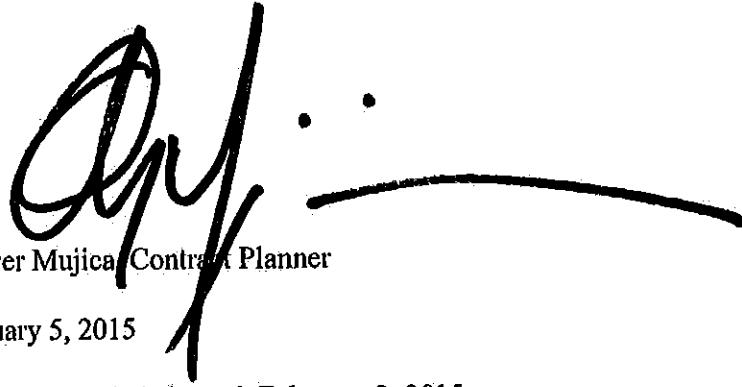
On the basis of this initial evaluation, I find that:

- The proposed Project could not have a significant effect on the environment, and a Negative Declaration will be prepared.
- Although the proposed Project could have a significant effect on the environment, there will not be a significant effect in this case because the mitigation measures, described in Exhibit B (attached), have been added to the Project. A Negative Declaration will be prepared.
- The proposed Project may have a significant effect on the environment, and an Environmental Impact Report is required.
- The proposed Project may have a potentially significant impact unless mitigation is incorporated, but at least one of the impacts has been: 1) adequately analyzed in an earlier document pursuant to applicable legal standards and 2) addressed by mitigation measures based on the earlier analysis as described on the attached sheets. An Environmental Impact Report is required, but it is to analyze only those impacts that have not already been addressed.
- Although the proposed Project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier Environmental Impact Report (EIR) or in a Negative Declaration pursuant to applicable legal standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or Negative Declaration, including revisions or mitigation measures that are imposed upon the proposed Project, nothing further is required.

---



Approved for distribution by: Brian Guillot, Action Community Development Director



Prepared by: Oliver Mujica, Contract Planner

Date: January 5, 2015

Public Review: January 12, 2015 through February 2, 2015.

#### 4. PROJECT DESCRIPTION

**Project Title:** General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 Gilman Street west of 8<sup>th</sup> Street

**Lead Agency:** City of Banning  
99 E. Ramsey Street  
Banning, CA 92220

**Applicant:** City of Banning  
Community Development Department – Planning Division  
99 E. Ramsey Street  
Banning, CA 92220

**General Plan Designation:** Low Density Residential (LDR), Very Low Density Residential (VLDR), Ranch/Agriculture Hillside (RA-H) and Open Space – Parks (OS-P)

**Zoning:** Low Density Residential (LDR), Very Low Density Residential (VLDR), Ranch/Agriculture Hillside (RA-H) and Open Space – Parks (OS-P)

**Project Description:** General Plan Amendment No. 14-2503 and Zone Change No. 14-3503 is a proposal by the City of Banning to change the existing General Plan land use designations and Zoning classifications of an area containing a total of approximately 169.59 acres which is comprised of Gilman Ranch Regional Park (124.51 acres) and TTM33540 (45.08 acres). The General Plan land use designation and Zoning classification for certain portions of the parcels (APN: 535-060-008, 535-070-023 and 535-070-038) contained within Gilman Ranch Regional Park are proposed to be amended from Low Density Residential (LDR) and Ranch/Agriculture - Hillside (RA-H) to Open Space – Parks (OS-P); and, the General Plan land use designation and Zoning classification for certain parcels (APN: 535-070-014, 535-070-025, 535-110-002, 535-110-011, 535-311-014, 535-311-015, 535-311-016, 535-311-017 and 535-311-018) contained within TTM33540 are proposed to be amended from Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (R/A-H) and Very Low Density Residential (VLDR) to Low Density Residential (LDR). The proposed General Plan Amendment and Zone Change is intended to reflect the existing open space land use of Gilman Ranch Regional Park and the approved low density residential land use of TTM33540, thereby ensuring the conformity with the City's General Plan Land Use and Zoning maps.

**Surrounding Land  
Uses and Setting:**

The project area is comprised of the Gilman Ranch Regional Park, which is north of Wilson Street between 16th Street and 20th Street, and the properties contained within approved Tentative Tract Map No. 33540 (TTM33540) which is north of Gilman Street between the Gilman Ranch Regional Park and 8th Street.

North: Specific Plan  
East: Ranch/Agriculture Hillside  
South: Low Density Residential  
West: Low Density Residential

**Approvals Required:**

In order to complete and approve the proposed Project, the City of Banning would need to take the following actions:

- Approval of an Initial Study and Negative Declaration by the City Council; and,
- Approval of the General Plan Amendment and Zone Change by the City Council.

## 5. ENVIRONMENTAL ANALYSIS CHECKLIST

|   | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less than Significant Impact | No Impact                           |
|---|--------------------------------|--|------------------------------|-------------------------------------|
| <b>I. AESTHETICS. Would the Project:</b>  |                                |  |                              |                                     |
| a) Have a substantial adverse effect on a scenic vista?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Substantially damage scenic resources, including but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Substantially degrade the existing visual character or quality of the site and its surroundings?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Create a new source of substantial light or glare, which would adversely affect day or nighttime views in the area?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>II. AGRICULTURAL RESOURCES. Would the Project:</b>   |                                |  |                              |                                     |
| a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Conflict with existing zoning for, or cause rezoning of, forestland (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Result in the loss of forest land or conversion of forest land to non-forest use?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |

|   | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact | No Impact                           |
|---|--------------------------------|--|------------------------------|-------------------------------------|
| e) Involve other changes in the existing environment that, due to their location or nature, could result in conversion of Farmland to non-agricultural use?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>III. AIR QUALITY: Would the Project:</b>   |                                |  |                              |                                     |
| a) Conflict with or obstruct implementation of the applicable air quality plan?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Violate any air quality standard or contribute to an existing or projected air quality violation?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Result in a cumulatively considerable net increase of any criteria pollutant for which the region is in non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions with exceeded quantitative thresholds for ozone precursors)?             | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Expose sensitive receptors to substantial pollutant concentrations?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| e) Create objectionable odors affecting a substantial number of people?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>IV. BIOLOGICAL RESOURCES: Would the Project:</b>   |                                |  |                              |                                     |
| a) Have a substantial adverse effect, either directly or through habitat modification, on any species identified as candidate, sensitive or special status species in local or regional plans, policies or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Have a substantial adverse effect on   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |

|  | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact | No Impact                           |
|--|--------------------------------|--|------------------------------|-------------------------------------|
| federally protected wetlands as defined by Section 404 of the Clean Water Act (including but not limited to marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?         |                                |  |                              |                                     |
| d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Conservancy Conservation Plan, or other approved local, regional, or state habitat conservation plan?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>V. CULTURAL RESOURCES: Would the Project:</b>   |                                |  |                              |                                     |
| a) Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Disturb any human remains including those interred outside of formal cemeteries?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>VI. GEOLOGY AND SOILS: Would the Project:</b>   |                                |  |                              |                                     |
| a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:   |                                |  |                              |                                     |

|  | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact | No Impact                           |
|--|--------------------------------|--|------------------------------|-------------------------------------|
| i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42. | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| ii) Strong seismic ground shaking?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| iii) Seismic-related ground failure, including liquefaction?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| iv) Landslides?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Result in substantial soil erosion or the loss of topsoil?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the Project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code, creating substantial risks to life or property?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems if sewers are not available?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>VII. GREENHOUSE GAS EMISSIONS. Would the Project:</b>   |                                |  |                              |                                     |
| a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |

|   | Potentially Significant Impact | Potentially Significant Unless Mitigation Incorporated | Less Than Significant Impact | No Impact                           |
|---|--------------------------------|--|------------------------------|-------------------------------------|
| <b>VIII. HAZARDS AND HAZARDOUS MATERIALS. Would the Project:</b>  |                                |  |                              |                                     |
| a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Be located on a site included on the list of hazardous materials sites compiled per Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| e) For a Project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would it result in a safety hazard for people residing or working in the project area? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| f) For a Project within the vicinity of a private airstrip, would the Project result in a safety hazard for people residing or working in the area?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| g) Impair implementation of, or physically interfere with, an adopted emergency response plan or emergency evacuation plan?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |

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|--|--------------------------------|--|------------------------------|-------------------------------------|
| h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>IX. HYDROLOGY AND WATER QUALITY Would the Project:</b>  |                                |  |                              |                                     |
| a) Violate any water quality standards or waste discharge requirements?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing or planned land uses for which permits have been granted)? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Substantially alter the existing drainage pattern of the site or area, including alteration of the course of a stream or river, in a manner that would result in substantial erosion or siltation on- or off-site?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in such a way as to result in flooding either on-site or off-site?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| e) Create or contribute runoff water exceeding the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| f) Otherwise substantially degrade water quality?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| g) Place housing within a 100-year   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |

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|---|--------------------------------|--|------------------------------|-------------------------------------|
| flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?   |                                |  |                              |                                     |
| h) Place, within a 100-year flood hazard area, structures that would impede or redirect flood flows?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?                              | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| j) Inundation by seiche, tsunami, or mudflow?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>X. LAND USE AND PLANNING. Would the Project:</b>   |                                |  |                              |                                     |
| a) Physically divide an established community?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the Project adopted for the purpose of avoiding or mitigating an environmental effect? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Conflict with any applicable habitat conservation plan or natural community conservation plan?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>XI. MINERAL RESOURCES. Would the Project:</b>  |                                |  |                              |                                     |
| a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?                           | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>XII. NOISE. Would the Project:</b>   |                                |  |                              |                                     |
| a) Expose persons to a generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?                   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |

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|---|--------------------------------|--|------------------------------|-------------------------------------|
| b) Expose persons to a generation of excessive groundborne vibration or groundborne noise levels?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Create a substantial permanent increase in ambient noise levels in the Project vicinity above levels existing without the Project?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Create a substantial temporary or periodic increase in ambient noise levels in the Project vicinity above levels existing without the Project?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| e) For a Project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the Project expose people residing or working in the Project area to excessive noise levels? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| f) For a Project within the vicinity of a private airstrip, would the Project expose people residing or working in the Project area to excessive noise levels?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>XIII. POPULATION AND HOUSING:</b><br>Would the Project:  |                                |  |                              |                                     |
| a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Displace a substantial number of existing housing, necessitating the construction of replacement housing elsewhere?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>XIV. PUBLIC FACILITIES:</b> Would the Project:   |                                |  |                              |                                     |
| Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental  |                                |  |                              |                                     |

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|---|--------------------------------|--|------------------------------|-------------------------------------|
| facilities or the need for new or physically altered governmental facilities, the construction of which could cause significant Environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services . . .  |                                |  |                              |                                     |
| a) Fire protection?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Police protection?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Schools?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Parks?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| e) Other public facilities?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>XV. RECREATION</b>   |                                |  |                              |                                     |
| a) Would the Project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Does the Project include recreational facilities or require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>XVI. TRANSPORTATION/TRAFFIC</b>  |                                |  |                              |                                     |
| <b>Would the Project:</b>   |                                |  |                              |                                     |
| a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |

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|--|--------------------------------|--|------------------------------|-------------------------------------|
| measures, or other standards established by the county congestion management agency for designated roads or highways?  |                                |  |                              |                                     |
| c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| e) Result in inadequate emergency access?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| f) Result in inadequate parking capacity?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| g) Conflict with adopted policies, plans, or regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?                          | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>XVII. UTILITIES AND SERVICE SYSTEMS: Would the Project:</b>   |                                |  |                              |                                     |
| a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?          | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| d) Have sufficient water supplies available to serve the Project from existing entitlements and resources, or new or expanded entitlements   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |

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| needed?   |                                |  |                              |                                     |
| e) Result in a determination by the wastewater treatment provider, which serves or may serve the Project, that it has adequate capacity to serve the Project's projected demand in addition to the provider's existing commitments?   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| f) Be served by a landfill with sufficient permitted capacity to accommodate the Project's solid waste disposal needs?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| g) Comply with federal, state and local statutes and regulations related to solid waste?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| <b>XVIII. MANDATORY FINDINGS OF SIGNIFICANCE</b>  |                                |  |                              |                                     |
| a) Does the Project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or an endangered threatened species, or eliminate important examples of the major periods of California history or prehistory? | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| b) Does the Project have impacts that are individually limited, but cumulatively considerable? (Are the incremental effects of the Project considerable when viewed in connection with those of past Projects, those of other current Projects, and those of probable future Projects?)   | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |
| c) Does the Project have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly?  | <input type="checkbox"/>       | <input type="checkbox"/>                               | <input type="checkbox"/>     | <input checked="" type="checkbox"/> |

## 6. EXPLANATION OF THE ITEMS MARKED ON THE ENVIRONMENTAL CHECKLIST FORM

### Checklist Item I: AESTHETICS.

A. *Would the project affect a scenic vista?*  
**No Impact.**

The City of Banning is located in the San Gorgonio Pass area of Riverside County. The San Gorgonio Pass divides the San Bernardino Mountains to the north and the San Jacinto Mountains to the south. The dominant scenic vista associated with the project area is the backdrop of these mountains. The City's General Plan considers the mountain backdrops as significant visual features. The San Gorgonio Peak which is a top of the San Bernardino Mountains is 11,499 feet above mean sea level and is the highest peak in Southern California. The San Jacinto Peak which is the highest peak of the San Jacinto Mountains is located approximately six (6) miles south of the I-10 freeway. It rises to 10,804 feet above mean sea level and is the highest peak in Riverside County. The adjacent mountain canyons form the alluvial plains on which portions of the City has developed. The mountains provide dramatic and valuable viewsheds. The General Plan policy requires that, *"The City protects the peaks and ridgelines within the City and encourages coordination with adjacent jurisdictions to protect the peaks and ridgelines within the City's area of influence, to protect the historic visual quality of the hillside areas and natural features of the Pass Area."*

On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). Through this certification, Gilman Ranch Regional Park will be preserved as historic open space scenic vista.

With respect to a potential effect on a scenic vista, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the City's General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to a scenic vista by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

B. *Would the project substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?*  
**No Impact.**

The California Department of Transportation regulates scenic resources within State highway. In 1963, the California State Scenic Highway Program was established by State legislation (SB 1467). The purpose of the program is to help communities protect and enhance their natural and cultural uniqueness and beauty. According to Caltrans, a highway may be designated scenic depending upon how much of the natural landscape can be seen by travelers, the scenic quality of the landscape, and the extent to which development intrudes upon the travelers' enjoyment of the view. Caltrans defines a State Scenic Highway as any freeway, highway, road, or other public right-of-way that traverses an area of exceptional scenic quality, containing striking views, flora, geology, or other unique natural attributes.

I-10 from SR-38 and SR 62 is an "eligible" State Scenic Highway. The City must apply to Caltrans for the official designation, adopt the Corridor Protection Program, and receive notification from Caltrans that the highway has been officially designated State Scenic Highway. To receive Scenic Highway official designation, the scenic corridor of the highway must be identified and defined. Scenic corridor consists of land that is visible from the highway right-of-way and is comprised primarily of scenic and natural features. Topography, vegetation, viewing distance, and/or jurisdictional lines determine the corridor boundaries. The City must adopt ordinances, zoning, and/or planning policies that are designed to protect the scenic quality of the corridor. These ordinances and/or policies make up the official "Corridor Protection Program." The City of Banning has not adopted a Corridor Protection Plan for the portion of the I-10 that traverses the City. Though eligible for designation, this section of the I-10 is not officially designated State scenic highway.

On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). Through this certification, Gilman Ranch Regional Park will be preserved as historic open space scenic resource.

With respect to a potential effect on scenic resources, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to a scenic resource by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

*C. Substantially degrade the existing visual character or quality of the site and its surroundings?*  
**No Impact.**

On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). Through this certification, Gilman Ranch Regional Park will be preserved its visual character as a historic open space.

With respect to a potential degrading on the visual character, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to the visual character by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

*D. Would the project create a new source of substantial light or glare that would adversely affect day or night-time views in the area?*  
**No Impact.**

With respect to a potential effect on day or night-time views, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to day or night-time views by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

**Checklist Item II: AGRICULTURAL AND FORESTRY RESOURCES.**

A. *Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?*  
**No Impact.**

According to the Department of Conservation Farmland Mapping and Monitoring Program, the project area has not been mapped as Prime Farmland, Unique Farmland, or Farmland of Statewide Importance. With respect to a potential impact on farmland or agricultural uses, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact on farmlands or agricultural resources by General Plan Amendment No. 14-2503 and Zone Change No.

B *Conflict with existing zoning for agricultural use, or a Williamson Act contract?*  
**No Impact.**

With respect to a potential conflict to an agricultural use or a Williamson Act contract, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Additionally, the City of Banning's General Plan Conservation Element or Zoning Code (Title 17) does not contemplate agricultural land uses for the project area, and the project area is not subject to a Williamson Act contract. Therefore, there will not be an impact to agricultural uses or a Williamson Act contract by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

C. *Conflict with existing zoning for , or cause rezoning of, forestland (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?Conflict with existing zoning for agricultural use, or a Williamson Act contract?*  
**No Impact.**

With respect to a potential conflict to forestland uses or a Williamson Act contract, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Additionally, the City of Banning's General Plan Conservation Element or Zoning Code (Title 17) does not contemplate forestland or timberland land uses for the project area, and the project area is not subject to a Williamson Act contract. Therefore, there will not be an impact to forestland or timberland land uses or a Williamson Act contract by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

D. *Result in the loss of forestland or conversion of forestland to non-forest use?*  
**No Impact.**

With respect to a potential loss of forestland or conversion of forestland to non-forest use, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Additionally, the City of Banning's

General Plan Conservation Element or Zoning Code (Title 17) does not contemplate forestland land uses for the project area. Therefore, there will not be an impact to forestland land uses by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

E. *Involve other changes in the existing environment that, due to their location or nature, could result in conversion of Farmland to non-agricultural use?*

**No Impact.**

With respect to a potential affect to farmland, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Additionally, the City of Banning's General Plan Conservation Element or Zoning Code (Title 17) does not contemplate farmland land uses for the project area. Therefore, there will not be an impact to farmland land uses by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

### **Checklist Item III: AIR QUALITY.**

A. *Would the project conflict with or obstruct implementation of the applicable air quality plan?*

**No Impact.**

The City of Banning is located within the South Coast Air Basin where air quality is regulated by the South Coast Air Management District (SCAQMD). The SCAQMD regulates short-term and long term air quality impact from stationary and non-stationary pollution sources. The SCAQMD adopted the latest Air Quality Management Plan (AQMP) in December 2012. The AQMP includes development information from the City General Plans within the SCAQMD boundaries including the City of Banning. The City's General Plan requires that the "*City cooperate with the SCAQMD to assure compliance with air quality standards*" and that the "*development proposals mitigate any significant air quality impacts*" which include short- term construction related impacts and long terms air quality impacts associated with occupancy and project operations. The SCAQMD regulates fugitive dust emissions during construction through Rule 403.

Additionally, Cities are required by State law to conform with the land use regulations of the 2012-2035 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) and the 2012 Regional Housing Needs Assessment (RHNA) prepared by the Southern California Association of Governments (SCAG). The Final EIRs prepared by SCAG for the RTP/SCS and by the SCAQMD for the AQMP analyzed air pollutant emissions that would result from all development throughout the region, and concluded that significant impacts would occur for some types of pollutants. Since the proposed project is consistent with these regional plans, impacts to air quality have already been analyzed in the RTP/SCS and AQMP EIRs.

The State continues to improve construction codes for the Building, Plumbing, and Energy Code. The future developments within the project area are required to comply with the State Building Code to reduce air emissions related to heating, cooling, and lighting. The City of Banning's General Plan policies require that air quality impacts be mitigated including compliance with the City's Zoning Ordinance.

With respect to a potential conflict with an applicable air quality plan, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be a conflict with an applicable air quality plan by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

B. *Would the project violate any air quality standard or contribute substantially to an existing or projected air quality violation?*

**No Impact.**

With respect to a potential violation with an air quality standard, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be a violation with an applicable air quality standard by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

C. *Would the project result in a cumulatively considerable net increase of any criteria pollutant for which the project region is in non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?*

**No Impact.**

The project area is located within a portion of the SCAQMD which has been identified by the California Air Resources Board as being in non-attainment for Ozone, Large Particulate Matter PM10 and Small Particulate Matter PM2.5. The 2007 Air Quality Management Plan for the South Coast Air Basin (2007 AQMP) relies on a multi-level partnership of governmental agencies at the Federal, State, regional, and local level. The plan contains a number of land use and transportation control measures that are intended to reduce air pollution emissions. The project will comply with the control measures identified in the plan in addition to all of the SCAQMD's applicable rules and regulations.

CEQA guidelines define a significant effect on the environment as "a substantial, or potentially substantial, adverse change in the environment." To determine if a proposed project would have a significant impact on air quality, the type, level, and impact of emissions generated by the proposed project must be evaluated. To assist in the establishment of a quantitative determination of what is considered "significant," the SCAQMD has published a number of significance thresholds that apply to new projects constructed or operated within the SCAQMD. The SCAQMD recommends that these quantitative air pollution thresholds be used by lead agencies in determining whether a proposed project could result in a significant impact. If the lead agency finds that the proposed project has the potential to exceed these air pollution thresholds, the project should be considered significant.

With respect to a potential cumulative pollutants, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be cumulative pollutants by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

D. *Would the project expose sensitive receptors to substantial pollutant concentrations?*  
**No Impact.**

With respect to a potential exposure to sensitive receptors of substantial pollutant concentrations, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an exposure to sensitive receptors of substantial pollutant concentrations by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

E. *Would the project create objectionable odors affecting a substantial number of people?*  
**No Impact.**

The SCAQMD's CEQA Air Quality Handbook identifies those uses that will typically create odors that, in turn, could generate complaints. These uses include agricultural activities, wastewater treatment plants, food processing plants, chemical plants, composting, refineries, landfills, dairies, and fiberglass molding operations. With respect to a potential exposure to objectionable odors, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an exposure to objectionable odors by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

#### **Checklist Item IV: BIOLOGICAL RESOURCES.**

A. *Would the project have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?*

**No Impact.**

On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). Through this certification, Gilman Ranch Regional Park will be preserved as historic open space which in turn will preserve any existing biological habitats.

With respect to a potential effect on habitat species, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an effect on habitat species by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

B. *Would the project have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?*

**No Impact.**

On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division –

Riverside County Parks Department). Through this certification, Gilman Ranch Regional Park will be preserved as historic open space which in turn will preserve any existing riparian habitats.

With respect to a potential effect on riparian habitat, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an effect on riparian habitat by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

*C. Would the project have a substantial adverse effect on federally protected wetlands as defined by Section 344 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?*

**No Impact.**

With respect to a potential effect on federally protected wetlands, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an effect on federally protected wetlands by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

*D. Would the project interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory life corridors, or impede the use of native wildlife nursery sites?*

**No Impact.**

On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). Through this certification, Gilman Ranch Regional Park will be preserved as historic open space which in turn will preserve any existing migratory patterns.

With respect to a potential effect on migratory fish or wildlife species, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an effect on migratory fish or wildlife species by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

*E. Would the project conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?*

**No Impact.**

With respect to a potential conflict with local policies or ordinances protecting biological resources, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be a conflict with local policies or ordinances protecting biological resources by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

F. *Would the project conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?*

**No Impact.**

With respect to a potential conflict with local, regional, or state habitat conservation plans, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be a conflict with local, regional, or state habitat conservation plans by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

**Checklist Item V: CULTURAL RESOURCES.**

A. *Would the project cause a substantial adverse change in the significance of a historical resource as defined in §15064.5 of the State CEQA Guidelines?*

**No Impact.**

When the General Plan for the City of Banning was prepared in 2006, historical maps, previous cultural resource surveys, aerial photographs, topographic maps and other cultural records were consulted to determine the presence of known archaeological resources within the City. A total of twenty (20) archaeological sites have been identified and recorded within the City, twelve (12) of which are prehistoric (Native American) sites. The entire City for the General Plan has not been extensively surveyed for cultural resources due to the fact that large scale development projects have not been as widespread within the City as other communities in the San Gorgonio Pass/Coachella Valley region.

On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). Through this certification, Gilman Ranch Regional Park will be preserved as historic open space which in turn will preserve any existing historical resources.

Pursuant to the requirements of Senate Bill (SB) 18, on December 31, 2014, the City of Banning transmitted a formal request for Tribal Consultation to the Native American Heritage Commission. Tribal Consultation request letters were also transmitted directly to the following: Morongo Band of Mission Indians; Soboba Band of Luiseno Indians; Cabazon Band of Mission Indians; Pechanga Band of Luiseno Indians; Augustine Band of Cahuilla Indians; Twenty-Nine Palms Band of Mission Indians; Cahuilla Band of Indians; Ramona Band of Cahuilla Indians; Agua Caliente Band of Cahuilla Indians; Santa Rosa Band of Cahuilla Indians; Fort Mohave Indian Tribe; San Manuel Band of Mission Indians; and Torres Martinez Desert Cahuilla Indians.

With respect to a potential change in the significance of a historical resource, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact on historically significant resources by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

B. *Would the project cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5 of the State CEQA Guidelines?*  
**No Impact.**

On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). Through this certification, Gilman Ranch Regional Park will be preserved as historic open space which in turn will preserve any existing archaeological resources.

Pursuant to the requirements of Senate Bill (SB) 18, on December 31, 2014, the City of Banning transmitted a formal request for Tribal Consultation to the Native American Heritage Commission. Tribal Consultation request letters were also transmitted directly to the following: Morongo Band of Mission Indians; Soboba Band of Luiseno Indians; Cabazon Band of Mission Indians; Pechanga Band of Luiseno Indians; Augustine Band of Cahuilla Indians; Twenty-Nine Palms Band of Mission Indians; Cahuilla Band of Indians; Ramona Band of Cahuilla Indians; Agua Caliente Band of Cahuilla Indians; Santa Rosa Band of Cahuilla Indians; Fort Mohave Indian Tribe; San Manuel Band of Mission Indians; and Torres Martinez Desert Cahuilla Indians.

With respect to a potential change in the significance of an archaeological resource, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact on archaeologically significant resources by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

C. *Would the project directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?*  
**No Impact.**

On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). Through this certification, Gilman Ranch Regional Park will be preserved as historic open space which in turn will preserve any existing paleontological resources.

Pursuant to the requirements of Senate Bill (SB) 18, on December 31, 2014, the City of Banning transmitted a formal request for Tribal Consultation to the Native American Heritage Commission. Tribal Consultation request letters were also transmitted directly to the following: Morongo Band of Mission Indians; Soboba Band of Luiseno Indians; Cabazon Band of Mission Indians; Pechanga Band of Luiseno Indians; Augustine Band of Cahuilla Indians; Twenty-Nine Palms Band of Mission Indians; Cahuilla Band of Indians; Ramona Band of Cahuilla Indians; Agua Caliente Band of Cahuilla Indians; Santa Rosa Band of Cahuilla Indians; Fort Mohave Indian Tribe; San Manuel Band of Mission Indians; and Torres Martinez Desert Cahuilla Indians.

With respect to a potential affect directly or indirectly of a unique paleontological resource, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be a direct or indirect impact on a unique paleontological resource by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

D. *Would the project disturb any human remains, including those interred outside of formal cemeteries?*  
**No Impact.**

On August 28, 1976, the United States Department of the Interior – National Parks Service certified the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places, based upon the support of nomination evidence presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department). Through this certification, Gilman Ranch Regional Park will be preserved as historic open space which in turn will preserve any interred human remains.

Pursuant to the requirements of Senate Bill (SB) 18, on December 31, 2014, the City of Banning transmitted a formal request for Tribal Consultation to the Native American Heritage Commission. Tribal Consultation request letters were also transmitted directly to the following: Morongo Band of Mission Indians; Soboba Band of Luiseno Indians; Cabazon Band of Mission Indians; Pechanga Band of Luiseno Indians; Augustine Band of Cahuilla Indians; Twenty-Nine Palms Band of Mission Indians; Cahuilla Band of Indians; Ramona Band of Cahuilla Indians; Agua Caliente Band of Cahuilla Indians; Santa Rosa Band of Cahuilla Indians; Fort Mohave Indian Tribe; San Manuel Band of Mission Indians; and Torres Martinez Desert Cahuilla Indians.

With respect to a potential disturbance of any human remains, including those interred outside of formal cemeteries, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be a disturbance of any human remains plans by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

#### **Checklist Item VI: GEOLOGY AND SOILS.**

A. *Would the project result in or expose people or structures to potential significant adverse effects, including the risk of loss or death involving rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area, or based on other substantial evidence of a known fault?*  
**No Impact.**

The City's General Plan Table V-1 shows the various fault names, proximity to Banning, and seismic intensities, and Exhibit V-3 shows approximate location of these fault zones including San Andreas Fault. The entire City is therefore susceptible to seismically induced ground shaking. With respect to a potential exposure of people or structures resulting from potential earthquakes or ground rupture hazards, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540.

Therefore, there will not be an exposure of people or structures resulting from potential earthquakes or ground rupture hazards by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

B. *Would the project expose people or structures to potential substantial adverse effects, including substantial soil erosion or the loss of topsoil?*

**No Impact.**

As illustrated in Exhibit V-3 of the General Plan, the project area is not located in Alquist-Priolo Zone, therefore the possibility of significant fault rupture is considered to be low. Additionally, the future development within the project area must be designed in accordance with the requirements of the California Building Code (CBC) Seismic Design parameters. The CBC provides procedures for earthquake resistant structural design that include considerations for on-site soils conditions, occupancy, and the configuration of the structure including structural system and height.

With respect to a potential exposure of people or structures resulting from potential soil erosion or loss of topsoil, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an exposure of people or structures resulting from soil erosion or loss of topsoil by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

C. *Would the project expose people or structures to potential substantial adverse effects, including location on a geologic unit or a soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse?*

**No Impact.**

With respect to a potential exposure of people or structures resulting from potential landslide, lateral spreading, subsidence, liquefaction or collapse, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an exposure of people or structures resulting from potential landslide, lateral spreading, subsidence, liquefaction or collapse by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

D. *Would the project result in or expose people to potential impacts, including location on expansive soil, as defined in the California Building Code (2002), creating substantial risks to life or property?*

**No Impacts.**

With respect to a potential exposure of people or structures resulting from expansive soil, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an exposure of people or structures resulting from potential expansive soil by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

E. *Would the project result in or expose people to potential impacts, including soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?*  
**No Impact.**

No septic tanks are used within the proposed area. Therefore, no impacts associated with the use of septic tanks will result from by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

**Checklist Item VII: GREENHOUSE GAS EMISSIONS.**

A. *Would the project generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?*  
**No Impact.**

With respect to the potential generation of greenhouse gas emission, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact from the generation of greenhouse gas emissions by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

B. *Would the project conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?*  
**No Impact.**

The City of Banning General Plan incorporates policies that "promotes energy conservation throughout all areas of the community and sectors of the local economy and encourage the expanded use of public transit, vehicles fueled by compressed natural gas and hydrogen, buses with bike racks and other improvements that enhance overall operations and energy conservation".

The California Building and Energy Codes continue to be updated to provide for more efficient building and energy conservation. The manufacturers of household appliances continue to make energy efficient appliances for consumers such as clothes washers and dryers, and dishwashers. Old appliances within the homes would be replaced with new energy efficient appliances which should help reduce greenhouse gas emission. The City does not regulate mobile sources of air pollution as they are regulated at the regional level through SCAQMD, State EPA, and Federal EPA. However, the City of Banning through its General Plan policies and programs will continue to support development that promotes conservation of resources which should help contribute to the overall reduction of the greenhouse gas.

With respect to the potential conflict with an applicable plan, policy or regulation for the purpose of reducing greenhouse gas emissions, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be a conflict with an applicable plan, policy or regulation for the purpose of reducing greenhouse gas emissions by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

### **Checklist Item VIII: HAZARDS AND HAZARDOUS MATERIALS.**

A. *Would the project create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?*  
**No Impact.**

With respect to the potential hazard to the public or the environment through the routine transport, use or disposal of hazardous materials, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact from hazard to the public or the environment through the routine transport, use or disposal of hazardous materials by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

B. *Would the project create a significant hazard to the public or the environment, or result in reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?*  
**No Impact.**

With respect to the potential hazard to the public or the environment from conditions involving the release of hazardous materials, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact from hazard to the public or the environment from conditions involving the release of hazardous materials by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

C. *Would the project emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?*  
**No Impact.**

With respect to the potential hazardous emissions, materials, substances or waste within one-quarter mile of an existing or proposed school, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact from hazardous emissions, materials, substances or waste within one-quarter mile of an existing or proposed school by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

D. *Would the project be located on a site, which is included on a list of hazardous material sites compiled pursuant to Government Code Section 65962.5, and, as a result, would it create a significant hazard to the public or the environment?*  
**No Impact.**

With respect to the potential location of a hazardous site or materials, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact from

hazardous materials within the project area by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

E. *Would the project be located within an airport land use plan, or where such a plan has not been adopted, within two miles of a public airport or a public use airport, would the project result in a safety hazard for people residing or working in the project area?*  
**No Impact.**

The project area is not located within the sphere of an airport zone or subject to an airport land use plan. Therefore, there will not be an impact from an airport related safety hazard by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

F. *For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working the project area?*  
**No Impact.**

The project area is not located within the sphere of a private airport zone. Therefore, there will not be an impact from an airport related safety hazard by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

G. *Would the project impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?*  
**No Impact.**

A review of the City of Banning Emergency Operations Plan as well as a consultation with the Fire Services Division revealed that the project will not impair an emergency evacuation plan at this time. With respect to the potential interference to an emergency response plan or emergency evacuation plan, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an interference to an existing emergency response plan or emergency evacuation plan by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

H. *Would the project expose people or structures to a significant risk of loss, injury or death involving wild land fire, including where wild lands are adjacent to urbanized areas or where residences are intermixed with wild lands?*  
**No Impact.**

With respect to the potential exposure of people or structures resulting from wild land fires, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact from the exposure of people or structures resulting from wild land fires by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

## **Checklist Item IX: HYDROLOGY AND WATER QUALITY.**

A. *Would the project violate any water quality standards or waste discharge requirements?*  
**No Impact.**

The U.S. Environmental Protection Agency (EPA) regulates the Clean Water Act. Under Section 402 of the Clean Water Act, the EPA regulates and control storm water discharge into the waters of the U.S. through a program called National Pollution Discharge Elimination System (NPDES). In California, the State Water Resources Control Board (SWRCB) administers the NPDES permitting program. The SWRCB works in coordination with the local Water Quality Control Board to preserve, protect, enhance, and restore water quality. The City of Banning is within the jurisdiction of the Colorado River Water Quality Control Board.

With respect to the potential violation of any water quality standards or waste discharge requirements, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be a violation of any water quality standards or waste discharge requirements by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

B. *Would the project substantially deplete groundwater supplies or interfere substantially with groundwater recharge in such a way that would cause a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of a pre-existing nearby well would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?*  
**No Impact.**

With respect to the potential impacts to groundwater supplies, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to groundwater supplies by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

C. *Would the project substantially alter the existing drainage pattern of the site or area, including the alteration of the course of a stream or river, in a manner that would result in substantial erosion or siltation on- or off-site?*  
**No Impact.**

With respect to the potential impacts on an existing stream or river, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact on any existing streams or rivers by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

D. *Would the project substantially alter the existing drainage pattern of the site or area, including the alteration of the course of a stream or river, in a manner that would result in flooding on-or off-site?*

**No Impact.**

With respect to the potential alteration of existing drainage patterns, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact on existing drainage patterns by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

E. *Would the project create or contribute runoff water that would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?*

**No Impact.**

With respect to the potential alteration of existing storm water drainage systems, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact on existing storm water drainage systems by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

F. *Would the project otherwise substantially degrade water quality?*

**No Impact.**

With respect to the potential degrading of water quality, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be a degrading of water quality by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

G. *Would the project place housing within a 100-year flood hazard area as mapped on a Federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?*

**No Impact.**

With respect to the potential effect on housing within a 100-year flood hazard area, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to housing within a 100-year flood hazard area by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

H. *Would the project place within a 100-year flood hazard area, structures that would impede or redirect flood flows?*  
**No Impact.**

With respect to the potential placement of structures that would impede a 100-year flood flow hazard area, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact of structures impeding a 100-year flood flow hazard area by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

I. *Would the project expose people or structures to a significant risk of flooding as a result of levee failure?*  
**No Impact.**

With respect to the potential exposure of people or structures from flooding or levee failure, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an exposure of people or structures from flooding or levee failure by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

J. *Would the project result in inundation by seiche, tsunami, or mudflow?*  
**No Impact.**

With respect to the potential exposure of people or structures from inundation by seiche, tsunami, or mudflow, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an exposure of people or structures from inundation by seiche, tsunami, or mudflow by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

#### **Checklist Item X: LAND USE AND PLANNING.**

A. *Would the project physically divide an established community or otherwise result in an incompatible land use?*  
**No Impact.**

The proposed General Plan Amendment and Zone Change will change the General Plan land use designations and Zoning classifications for certain portions of the parcels contained within Gilman Ranch Regional Park from Ranch/Agriculture -Hillside (RA-H) and Low Density Residential (LDR) to Open Space – Parks (OS-P); and, the General Plan land use designations and Zoning classifications for certain parcels contained within TTM33540 from Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) to Low Density Residential (LDR) in order to reflect the existing open space land use of Gilman Ranch Regional Park and the approved low density residential land use of TTM33540, thereby ensuring the conformity with the City's General Plan Land Use and Zoning maps. Therefore, there will not be a physical division of an established community or result in incompatible land uses.

B. *Would the project conflict with an applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including but not limited to, a general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?*

**No Impact.**

The proposed General Plan Amendment and Zone Change will change the General Plan land use designations and Zoning classifications for certain portions of the parcels contained within Gilman Ranch Regional Park from Ranch/Agriculture -Hillside (RA-H) and Low Density Residential (LDR) to Open Space – Parks (OS-P); and, the General Plan land use designations and Zoning classifications for certain parcels contained within TTM33540 from Open Space – Parks (OS-P), Ranch/Agriculture – Hillside (RA-H) and Very Low Density Residential (VLDR) to Low Density Residential (LDR) in order to reflect the existing open space land use of Gilman Ranch Regional Park and the approved low density residential land use of TTM33540. As a result, the General Plan Land Use Map and Zoning Map will be consistent with the current and planned land uses. Therefore, there will not be an impact on the City's land use plan, policy or regulations.

C. *Will the project conflict with any applicable habitat conservation plan or natural community conservation plan?*

**No Impact.**

The project will not conflict with any conservation plan. Future development within the project area may be required to comply with the Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP) and pay a local development mitigation fee for funding the preservation of natural ecosystems in accordance with the plan. The purpose of the plan is to protect the existing character of the City and the region through the implementation of a system of reserves which will provide for permanent open space, community edges, and habitat conservation for species covered by the MSHCP. As a result, no impacts on habitat conservation plans or natural community conservation plans will occur.

#### **Checklist Item XI: MINERAL RESOURCES.**

A. *Would the project result in the loss of availability of a known mineral resource that would be of value to the region and the residents or the state?*

**No Impact.**

Under the Surface Mining and Reclamation Act of 1975 (SMARA), the State Mining and Geology Board designated on a map Sector G, two parcels covering parts of the San Gorgonio River alluvial fan, east of the City of Banning as a Significant Construction Aggregate Resource. Sector G extends from the mouth of Banning Canyon, southeastward to the community of Cabazon. No other area in the vicinity of the City of Banning is designated a Significant Construction Aggregate Resource. The project area is not located within this area; and, therefore no significant mineral resource will be affected by the proposed project.

B. *Would the project result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?*  
**No Impact.**

The resources and materials to be used in future construction will not include any materials that are considered rare or unique. Therefore, the proposed project will not result in any significant adverse effects on mineral resources in the region.

**Checklist Item XII: NOISE.**

A. *Would the project result in exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?*  
**No Impact.**

Applicable noise regulations are contained in the City's General Plan Noise Element and Municipal Code. The Noise Element of the City of Banning General Plan coordinates land use with existing and future noise environment. With respect to the potential exposure of people to or generation of excessive noise levels, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an exposure of people to or the generation of noise levels in excess of standards by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

B. *Would the project result in exposure of people to or generation of excessive ground-borne noise levels?*  
**No Impact.**

The residential uses within the project area are considered to be noise-sensitive land uses. Certain activities are particularly sensitive to noise. These include sleeping, studying, reading, leisure, and other activities requiring relaxation or concentration. With respect to the potential exposure of people to or generation of excessive groundborne noise levels, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an exposure of people to or the generation of excessive groundborne noise levels by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

C. *Would the project result in a substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?*  
**No Impact.**

With respect to the potential increase in ambient noise levels, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be a substantial increase in ambient noise levels by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

D. *Would the project result in a substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?*  
**No Impact.**

With respect to the potential temporary or periodic increase in ambient noise levels, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be a temporary or periodic increase in ambient noise levels by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

E. *For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?*  
**No Impact.**

The project area is not located in the proximity of a public airport. Therefore, the proposed project will not expose persons to noise from operations at any public airport in the area.

F. *Within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?*  
**No Impact.**

The project area is not located in the proximity of a private airstrip. Therefore, the proposed project will not expose persons to noise from operations at any private airport in the area.

#### **Checklist Item XIII: POPULATION AND HOUSING.**

A. *Would the project induce substantial population growth in an area, either directly or indirectly (e.g., through projects in an undeveloped area or extension of major infrastructure)?*  
**No Impact.**

With respect to the potential population growth, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be a population growth by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

B. *Would the project displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?*  
**No Impact.**

With respect to the potential displacement of existing housing, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be a displacement of existing housing by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

C. *Would the project displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?*  
**No Impact.**

With respect to the potential displacement of people, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be a displacement of people by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

**Checklist Item XIV: PUBLIC FACILITIES.**

A. *Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the construction of which would cause significant environmental impacts in order to maintain acceptable service ratios, response times or other performance objectives in any of the following areas: fire protection services?*  
**No Impact.**

With respect to the potential impacts to fire protection services, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact on fire protection services by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

B. *Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the construction of which would cause significant environmental impacts in order to maintain acceptable service ratios, response times or other performance objectives in any of the following areas: Police protection?*  
**No Impact.**

With respect to the potential impacts to police protection services, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact on police protection services by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

C. *Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the construction of which would cause significant environmental impacts in order to maintain acceptable service ratios, response times or other performance objectives in any of the following areas: School services?*  
**No Impact.**

The project site is located within the service area of the Banning Unified School District. With respect to the potential impacts to school services, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for

TTM33540. Therefore, there will not be an impact on school services by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

D. *Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the construction of which would cause significant environmental impacts in order to maintain acceptable service ratios, response times or other performance objectives in any of the following areas: Parks?*  
**No Impact.**

The project area contains Gilman Ranch Regional Park. With respect to the potential impacts to parks, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact on parks by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

E. *Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, the construction of which would cause significant environmental impacts in order to maintain acceptable service ratios, response times or other performance objectives in any of the following areas: Other governmental services?*  
**No Impact.**

With respect to the potential impacts to government services, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to government services by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

#### **Checklist Item XV: RECREATION.**

A. *Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?*  
**No Impact.**

The project area contains Gilman Ranch Regional Park. With respect to the potential impacts to parks, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact on parks by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

B. *Would the project affect existing recreational facilities or require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment?*  
**No Impact.**

The project area contains Gilman Ranch Regional Park. With respect to the potential impacts to recreational facilities, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact on recreational facilities by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

**Checklist Item XVI: TRANSPORTATION/TRAFFIC.**

A. *Would the project conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including, but not limited to, intersections, highways and freeways, pedestrian and bicycle paths, and mass transit?*  
**No Impact.**

With respect to the potential impacts to applicable transportation plans, ordinances or policies, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to applicable transportation plans, ordinances or policies by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

B. *Would the project conflict with an applicable congestion management program, including, but not limited to, level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?*  
**No Impact.**

The Riverside County Transportation Commission is the Congestion Management Agency for Riverside County. With respect to the potential impacts an applicable congestion management program, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact an applicable congestion management program by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

C. *Would the project result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?*  
**No Impact.**

The project area is not located within the proximity of an airport. Therefore, there will not be a change in air traffic patterns by the proposed project.

D. *Would the project substantially increase hazards due to design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?*  
**No Impact.**

With respect to the potential hazards due to design features, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be hazards due to design features by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

E. *Would the project result in inadequate emergency access?*  
**No Impact.**

The proposed project will not involve the closure of any roadway. Therefore, there will not be an impact to emergency access by the proposed project.

F. *Would the project result in inadequate parking capacity?*  
**No Impact.**

With respect to parking capacity, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an inadequate parking capacity by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

G. *Would the project conflict with adopted policies, plans, or regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?*  
**No Impact.**

The Banning Municipal Transit System provides a fixed route bus service along three routes within the City. Public transit service within the City of Banning is provided by the Riverside Transit Agency. With respect to public transit, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to transit services by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

#### **Checklist Item XVII: UTILITIES AND SERVICE SYSTEMS.**

A. *Would the project exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?*  
**No Impact.**

With respect to the potential of exceeding wastewater treatment requirements, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to the wastewater treatment requirements by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

B. *Would the project require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental impacts?*

**No Impact.**

With respect to the potential need of new water or wastewater treatment facilities, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to the wastewater treatment requirements by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

C. *Would the project require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?*

**No Impact.**

With respect to the potential need of new stormwater drainage facilities or the expansion of existing facilities, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to the stormwater drainage facilities by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

D. *Would the project have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?*

**No Impact.**

The City's 2010 Urban Water Management System which was adopted on June 28, 2011 anticipates that the City is capable of meeting the water demand of its customers in normal, single dry, and multiple dry years between 2015 and 2035. The City's water supply comes from ground water and imported State water project through San Gorgonio Pass Water Agency. Eighty Seven (87) percent of the water supply comes from ground water in the Banning, Banning Bench, Banning Canyon, Cabazon, and Beaumont basins and less reliance on State imported water. The 2010 Urban Water Management Plan also includes a variety of best management practices to comply with the State mandate for water availability and conservation. In addition, the City is currently installing recycled water infrastructure to help off-site the demand for ground water. Furthermore by 2015, the extension of pipelines for EBX1 (State Water Project) to bring water to the City of Banning. Collectively, these measures will help ensure that the City has adequate water to support the demand of its customers including the project area. With respect to the potential need of new water supplies, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to the water supplies by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

E. *Would the project result in a determination by the wastewater treatment provider that serves or may serve the project that it has inadequate capacity to serve the project's projected demand in addition to the provider's existing commitments?*

**No Impact.**

With respect to the potential impact to the wastewater treatment provider, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to the existing wastewater infrastructure by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

F. *Would the project be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?*

**No Impact.**

With respect to the potential impact to the solid waste disposal capacity, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to the existing solid waste disposal capacity by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

G. *Will the project comply with federal, state, and local statutes and regulations related to solid waste?*

**No Impact.**

With respect to the compliance with federal, state and local statutes and regulations related to solid waste, the project area was adequately evaluated and addressed by the Final Environmental Impact Report (California Clearinghouse Schedule No. 2005011039) certified for the General Plan and the Mitigated Negative Declaration approved for TTM33540. Therefore, there will not be an impact to the compliance with federal, state and local statutes and regulations related to solid waste by General Plan Amendment No. 14-2503 and Zone Change No. 14-3503.

**Checklist Item XVIII: MANDATORY FINDINGS OF SIGNIFICANCE.**

A. *Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or an endangered threatened species, or eliminate important examples of the major periods of California history or prehistory?*

**No Impact.**

Based on the analysis contained in this Initial Study Checklist, the proposed project will not impact Aesthetics, Agriculture Resources, Air Quality, Biological Resources, Cultural Resources, Geology/Soils, Greenhouse Gases, Hydrology/Water Quality, Land Use and Planning, Mineral Resources, Noise, Population/Housing, Public Services, Recreation, Transportation/Traffic, and Utility/Services Systems. Thus the project would have no impact on the environment. It will not degrade the quality of the environment and no habitat, wildlife populations, and plant and animal communities would be impacted.

B. *Does the project have impacts that are individually limited, but cumulatively considerable?*

**No Impact.**

Based on the analysis contain in this Initial Study Checklist, no cumulative impacts associated with the project will significantly affect the environment. The analysis in the Initial Study Checklist demonstrated that the project is in compliance with all applicable mitigations plans. Additionally, the project would not produce impacts, that considered with the effects of other past, present, or probable future projects, would be curatively considerable because potential adverse environmental impacts were determined to be less than significant as identified in this Initial Study Checklist.

C. *Does the project have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly?*

**No Impact.**

As discussed within this Initial Study Checklist, the project would not expose persons to adverse impacts related to air quality, seismic or geologic hazards, greenhouse gas emissions, hazards or hazardous materials, hydrology or water quality, land use and planning, noise, population or housing, or transportation or traffic hazards, and the provision of utility services to people. These impacts were identified as less than significant or no impact; and, therefore the project does not have and environmental effects which will substantial adverse effects on human being, either directly or indirectly.

## **7. INCORPORATION BY REFERENCE**

This Initial Study is based in part on the information and analysis contained in the documents listed below. These documents are hereby incorporated by reference in their entirety into this Initial Study. Copies of all documents incorporated herein are available for review in the Community Development Department at the Banning Civic Center, 99 E. Ramsey Street, Banning, and California, 92220.

### **A. City of Banning General Plan**

This document provides a vision for the future development of the community. It is the official policy statement of the City Council intended to guide the private and public development of the City. The General Plan was adopted January 2006 and includes any amendments.

### **B. Environmental Impact Report (EIR) for the City of Banning General Plan and Zoning Ordinance**

This document was prepared to review the environmental constraints and opportunities associated with the adoption of the Banning Comprehensive General Plan and Zoning Ordinance that was adopted January 2006. The EIR is designed to be used as an information database to facilitate the streamlining of, or tiering of the environmental review process for subsequent projects for the City.

### **C. City of Banning Municipal Code**

The Municipal Code contains various regulations and development standards that govern use and development of properties within the City. The Zoning Ordinance was adopted in January 2006.

### **D. City of Banning Local Procedures for Complying with CEQA**

These procedures identify how the City implements CEQA and the State CEQA Guidelines. These local procedures were put into effect in order to comply with Section 15022 of the State CEQA Guidelines.

### **E. Multi-Species Habitat Conservation Plan (MSHCP)**

The Western Riverside County Multiple Species Habitat Conservation Plan (MSHCP or Plan) is a comprehensive, multi-jurisdictional Habitat Conservation Plan (HCP) focusing on Conservation of species and their associated Habitats in Western Riverside County.

### **F. United States Department of the Interior – National Parks Service**

Certification, dated August 28, 1976, from the United States Department of the Interior – National Parks Service certifying the inclusion of Gilman Ranch Regional Park within the National Register of Historic Places; and, the National Register of Historic Places Inventory-Nomination Form, dated March 3, 1976, presented by Dr. John R. Brumgardt (History Division – Riverside County Parks Department).

## **8. LIST OF PREPARERS**

Listed below are the persons who prepared or participated in the preparation of the Initial Study:

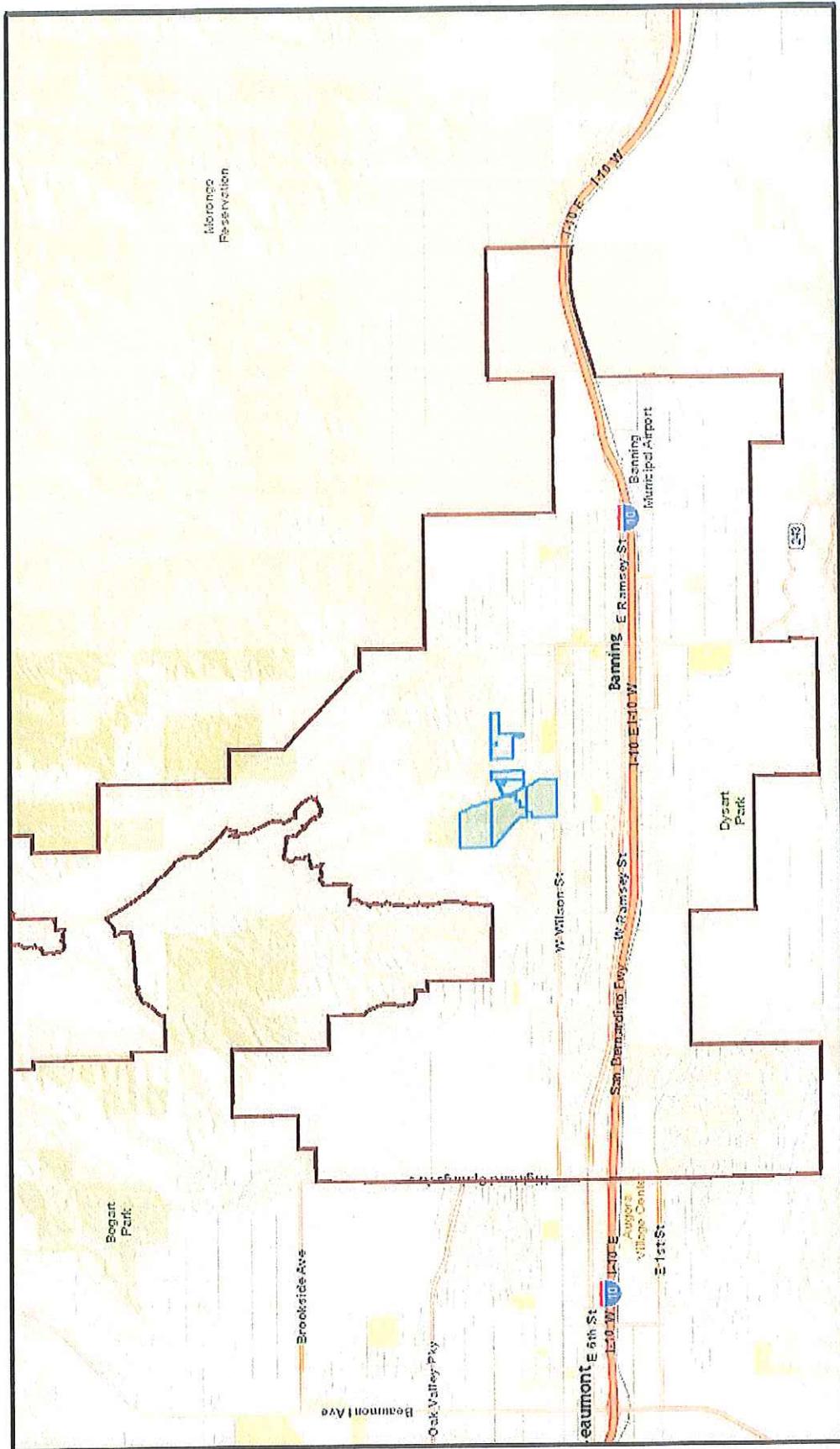
**Project Manager:** Oliver Mujica, Contract Planner

**Reviewed by:** Brian Guillot, Acting Community Development Director

# EXHIBIT A

(Vicinity Map)

**General Plan Amendment No. 14-2503 and Zone Change No. 14-3503  
Gillman Street West of 8th Street**



Vicinity Map

12/30/2014

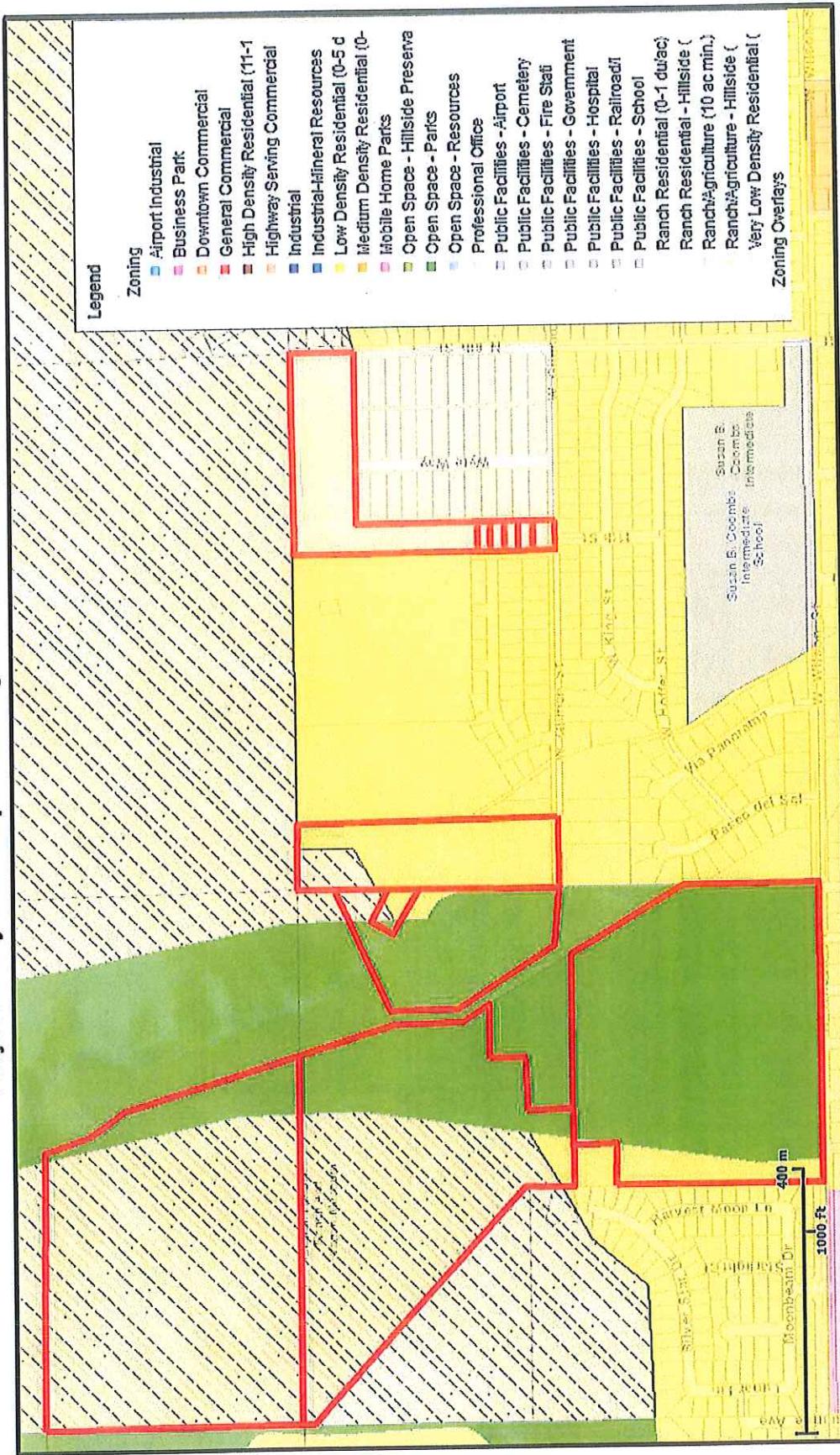
1" = 6,019 ft

Frost History Prospective Forecast

# **EXHIBIT B**

**(Project Study Area Map – Existing Land Use Designations)**

**General Plan Amendment No. 14-2503 and Zone Change No. 14-3503  
Project Study Area Map - Existing Land Use Designations**



|              |            |
|--------------|------------|
| Prepared By: | O. Mujica  |
| Prepared On: | 01/07/2015 |

**Map Seal**

Map History  
Prospective Territories

This map represents a visual display of related geographic information. Data provided hereon is not a guarantee of actual field conditions. To be sure of complete accuracy, please contact Banning staff for the most up-to-date information.

# EXHIBIT C

(Project Study Area Map – Proposed Land Use Designations)



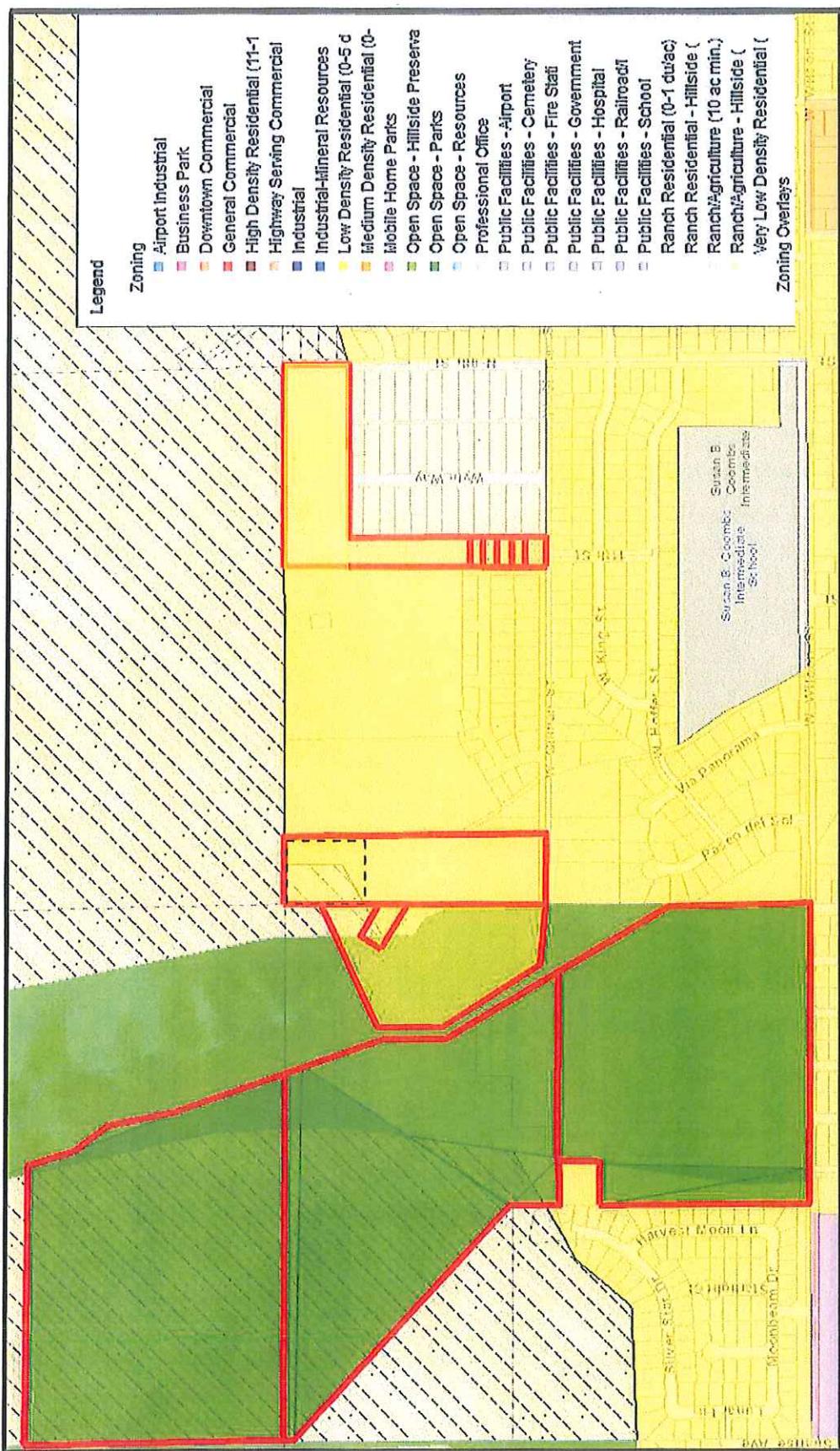
**City of Banning**

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**General Plan Amendment No. 14-2503 and Zone Change No. 14-3503  
Project Study Area Map - Proposed Lans Use Designations**



$$1'' = 752 \text{ ft}$$

01/07/2015

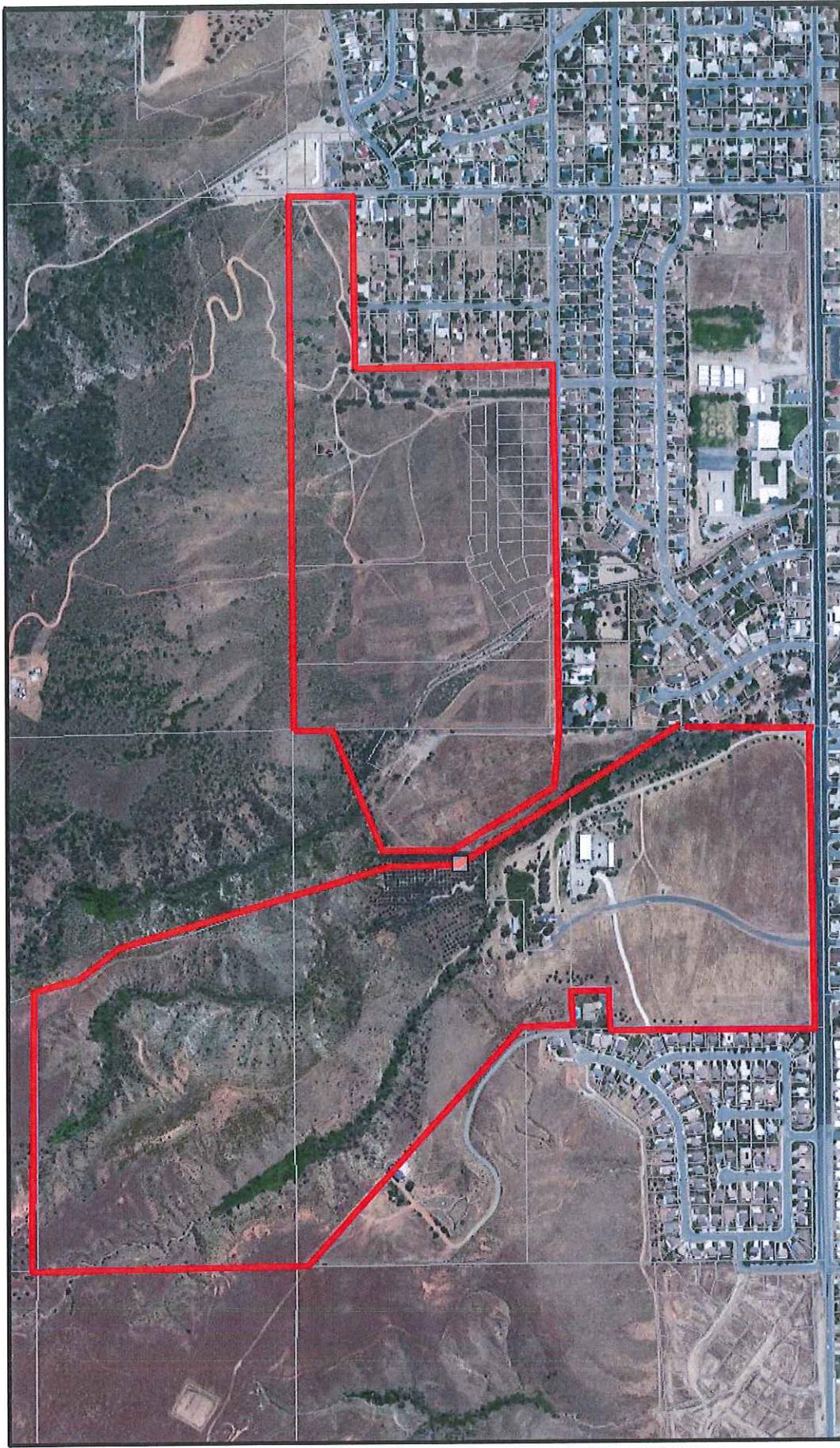
Prepared By:



This map represents a visual display of related geographic information. Data provided herein is not a guarantee of actual field conditions. To be sure of complete accuracy, please contact Banning staff for the most up-to-date information.

**ATTACHMENT 4**  
**Aerial Map**

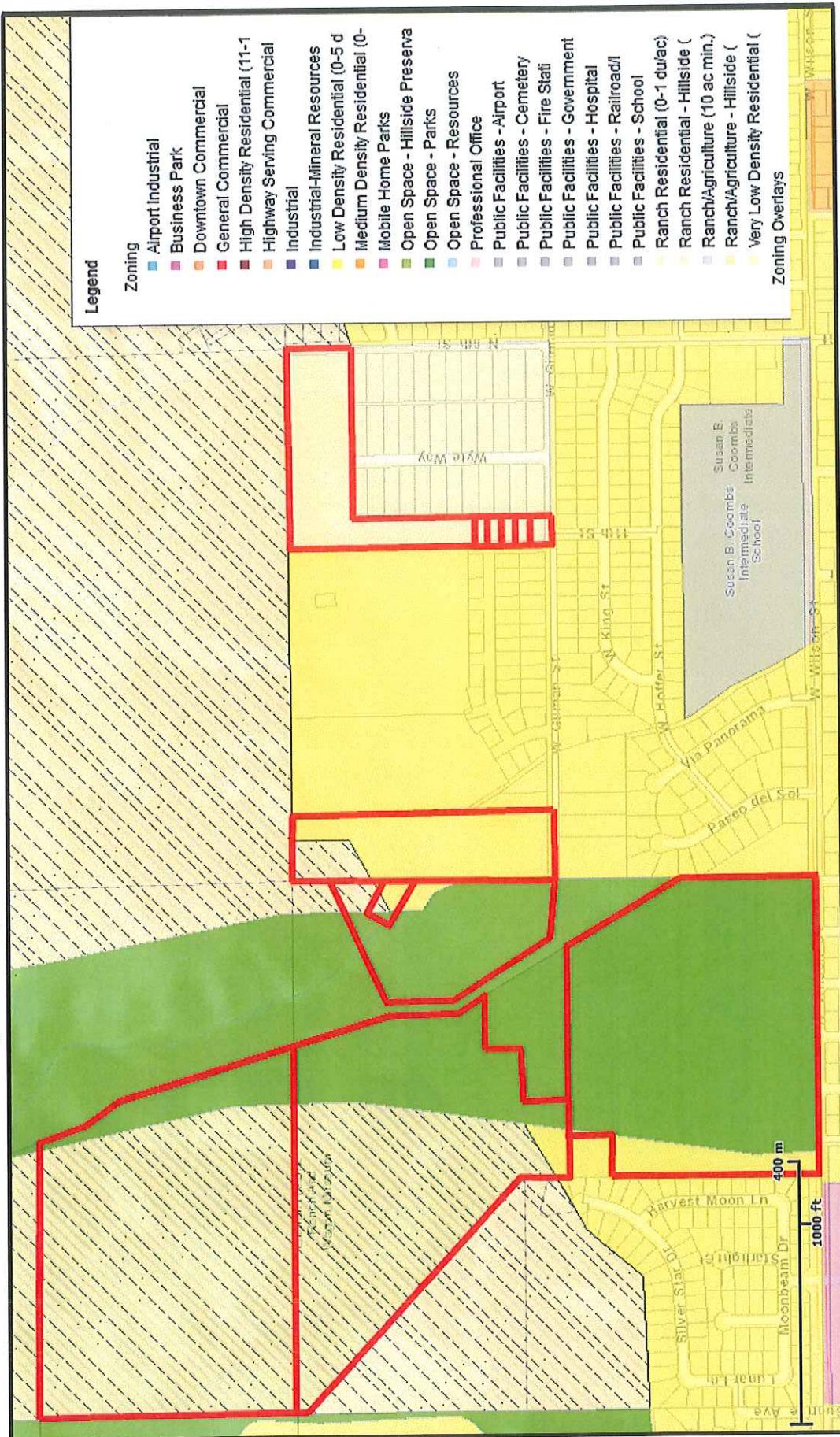
General Plan Amendment No. 14-2503 and Zone Change No. 14-3503  
Aerial Map



|  |                           |            |   |
|--|---------------------------|------------|---|
| 1" = 752 ft  | Prepared By:<br>O. Mujica | 01/08/2015 | <br>BANNING CA<br>Proud History<br>Prosperous Tomorrow |
| This map represents a visual display of related geographic information. Data provided hereon is not a guarantee of actual field conditions. To be sure of complete accuracy, please contact Banning staff for the most up-to-date information. |                           |            |   |

**ATTACHMENT 5**  
**Existing Zoning**

**General Plan Amendment No. 14-2503 and Zone Change No. 14-3503  
Project Study Area Map - Existing Land Use Designations**

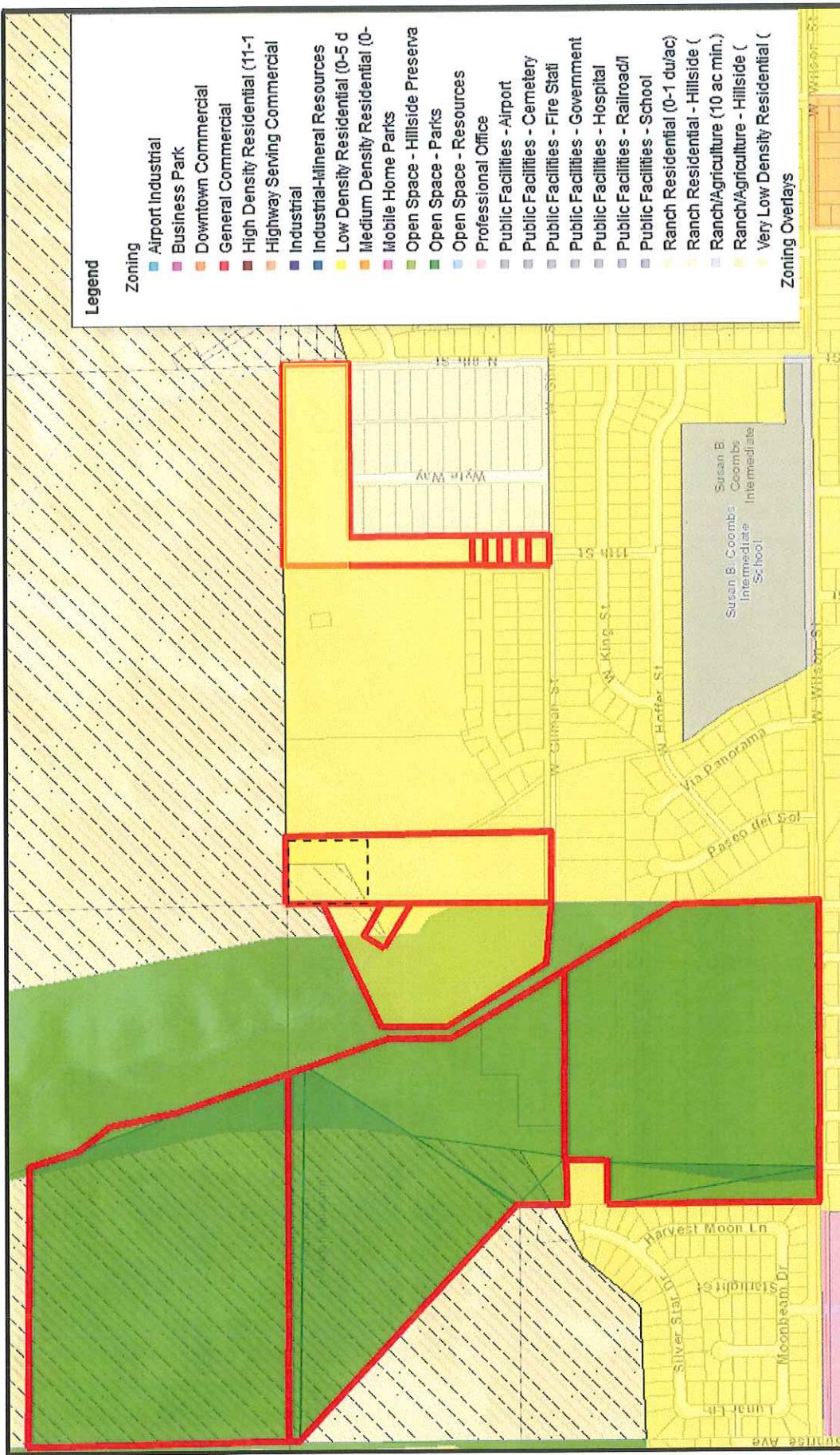


|   |                           |            |   |
|---|---------------------------|------------|---|
| 1" = 752 ft   | Prepared By:<br>O. Mujica | 01/07/2015 | <br> |
|  |                           |            |   |

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**ATTACHMENT 6**  
Proposed Zoning

**General Plan Amendment No. 14-2503 and Zone Change No. 14-3503  
Project Study Area Map - Proposed Land Use Designations**



This map represents a visual display of related geographic information. Data provided hereon is not a guarantee of actual field conditions. To be sure of complete accuracy, please contact Banning staff for the most up-to-date information.

**City of Banning, CA**  
Proud History, Prospective Tomorrow

**ATTACHMENT 7**  
Public Hearing Notice

**ATTACHMENT 8**  
**Mailing Labels**

**CITY COUNCIL AGENDA  
REPORT OF DIRECTORS  
INFORMATIONAL REPORT**

**DATE:** **February 24, 2015**  
**TO:** **Honorable Mayor and City Council**  
**FROM:** **Alex Diaz, Chief of Police**  
**SUBJECT:** **Review of Code Enforcement Program**

**BACKGROUND:**

The mission of the Code Enforcement Division (“The Division”) is to improve the quality of life in the City of Banning through strategic application of civil code regulation; permitting, inspection, enforcement, and abatement practices; and local government oversight of property use/safety and maintenance, business, event, professional, and construction industries.

The City of Banning has a comprehensive code enforcement program, which helps to protect property owner investment, promote general health and welfare; enhance the quality of life and overall appearance of the city. As such, Code Enforcement is an integral part of the City’s commitment to neighborhood preservation and revitalization. When homes and businesses are properly maintained, a lasting positive effect on the overall appearance of the community can be seen.

The goal of The Division is to bring to the attention of residential and business owners any existing code violations that could have a negative impact on their property, neighborhood and the community as a whole. Such conditions are often referred to as public nuisances. However, through voluntary compliance, cooperation and a spirit of personal responsibility for the well-being of our community, such conditions can be eliminated. This will make the City of Banning an even better place to live, work and shop. The upcoming Community Focus Group Meetings will provide a great forum to establish an open dialogue by which we can begin the process of engendering the public’s trust by incorporating their ideas and concerns into future policies and procedures. This will benefit future communications and enhance the spirit of voluntary cooperation.

The Division generates cases through both proactive and reactive means. Both code violations that have been brought to the attention of the Department by citizens and those that have been generated by staff are addressed in a similar manner.

The Division is responsible for assuring the adopted City Zoning and Building Codes are implemented on private property to address general health, life, fire and safety issues facing residents.

The Division is responsible for items such as, but not limited to the following:

- Unsafe buildings
- Animal violations
- Un-permitted construction
- Substandard housing
- Vacant Property Registration – Annual Fee of \$75
- Private Property Impound of a Vehicle
- Trash cans in public view
- Junk, trash, & debris
- Substandard yard maintenance and/or property maintenance
- Inoperative / Abandoned vehicles
- Improper storage of Recreational Vehicles
- Commercial Vehicle Parking
- Parking on lawns or unapproved surfaces
- Basketball hoops on public right-of-ways
- Grading Violations
- Noise complaints
- Illegal dumping and littering
- Building Code Violations
- Existing structures with clear and present dangers to the public
- Swimming Pools
- Zoning Violations
- Business license & home occupation
- Encroachments on the public right-of-way
- Signs
- Vector Control

When residents and/or property owners do not voluntarily abate code violations that have been brought to their attention through verbal warnings or written letters, there are numerous avenues available to assist in gaining compliance. These include, but are not limited to, issuance of a written notice of violation/ warning documenting the violations; issuance of administrative citations, criminal citations to court, and property liens. Code Enforcement can be used as a tool on many levels to aid in the marketability of the city.

| <b>ENGENDER TRUST = OPEN COMMUNICATIONS &gt; AID AND ASSIST IN:</b>   |   |
|---|---|
| <b>VOLUNTARY COMPLIANCE = CLEAN CITY</b>  |   |
| <b>PROPERTY OWNER COOPERATION = CITYWIDE BENEFITS</b>   |   |
| <b><u>BUSINESSES</u></b>  | <b><u>HOMEOWNERS</u></b>  |
| Bring more businesses<br>Downtown Revitalization<br>Less empty storefronts  | more “rooftops” = attractive demographics<br>brings more businesses/attracts homeowners |
| <b><u>RESULTS</u></b>   |   |
| Increase in Sales Tax and Community pride = Increase in Marketability<br>Address safety Concerns with Voluntary Compliance = Cleaner/safer City<br>Attractive City = Attractive Demographics and Self-made branding opportunities<br><b>THE LIST GOES ON...TEAMWORK MAKES THE DREAM WORK!</b> |   |

## **DISCUSSION:**

Code Enforcement was moved to the Police Department in the late summer of 2014. Since that time, the Police Department has been working diligently to get a handle on the case load and to identify alternatives/items that would assist in managing the case load and/or other administrative functions, as follows:

- Analyzing and obtain Software to log case activity to streamline case load and staff time to best suit our needs on a go forward basis
- Determine all records available to adequately manage existing liens placed on property in an effort to expedite responses to escrow companies for Demand Letters / Lien Releases
- Challenge is that the records were maintained in many different places – differing software types – need for software
- Due to staffing levels, we will need an “all-in-one”/“full menu” software

The Banning Police Department currently has 1 Code Enforcement Officer. We will be adding a second Code Enforcement position to assist in the administration of Code Enforcement.

## **FISCAL DATA: N/A**

### **RECOMMENDED BY:**

  
James E. Smith  
Interim City Manager

### **PREPARED BY:**

  
Alex Diaz  
Chief of Police

## JOINT MEETING AGENDA REPORTS OF OFFICERS

**Date:** February 24, 2015

**TO:** City Council and Successor Agency Board

**FROM:** Dean Martin, Interim Administrative Services Director

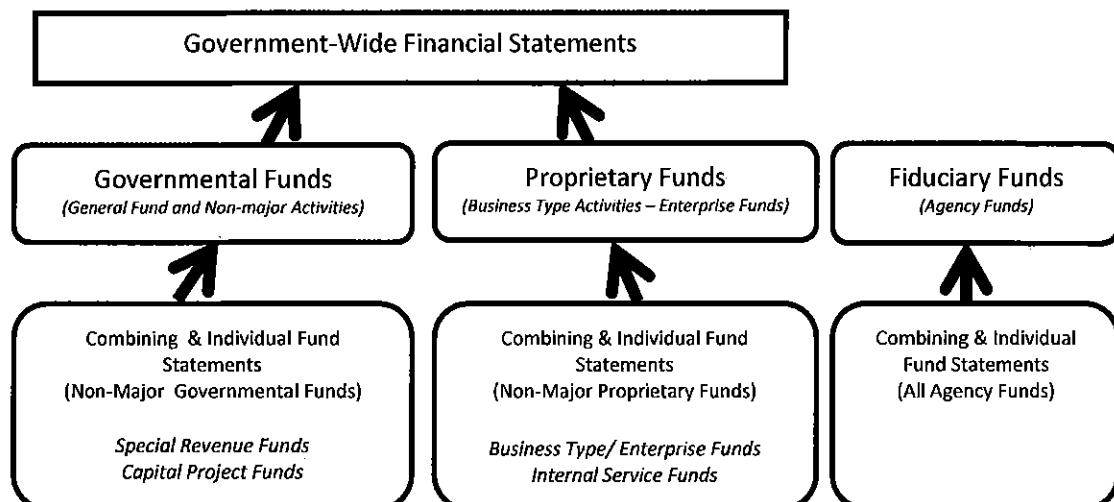
**SUBJECT:** File and Receive the Audit Reports for Fiscal Year 2013-2014

**RECOMMENDATION:** "The City Council and Successor Agency accept and place on file the audit reports from Lance, Soll & Lunghard, LLP for the fiscal year ended June 30, 2014 (FY14)."

**STRATEGIC PLAN:** Fiscal Stability is strategic goal. The Financial Reports provide information on the fiscal condition of the City's finances. The independent financial audit and related compliance audit of the City's financial statements and internal controls by an independent audit firm also satisfies legal requirements for such a periodic review and report.

**BACKGROUND/ANALYSIS:** The audit firm of Lance, Soll & Lunghard, LLP has issued an unqualified opinion on the financial statements for the fiscal year ended June 30, 2014. This means that their examination, testing and review process allowed them to conclude that the financial statements present fairly the financial position of the City and its component units. An 'unqualified opinion' is the best opinion that the City can receive from its auditors.

The Financial Statements include a narrative called the "Management, Discussion and Analysis" (MD&A). The MD&A highlights some of the changes in financial position from fiscal year ended June 30, 2013 (FY13) to FY14. The Financial Statements and the MD&A are organized into several sections that focus on the information within the Government-Wide Financial Statements.

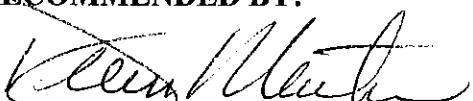


The Government-Wide Financial Statements communicates the financial condition of the City in a manner that is intended to be similar to private sector reporting. The Fund Financial Statements and the Combining & Individual Fund Statements relate more closely to the budget document and the day to day management of the City's resources. The MD&A narrative discussion and comparison tables enhances the information provided in the Financial Statements.

In addition to the Financial Statements, the auditors prepare two letters that report directly to the Council members any issues or concerns they may have encountered in conducting the audit. One letter reports on any issues with internal controls. The other letter reports whether there were any significant audit findings, such as difficulties working with management. This letter also reports new pronouncements by the Governmental Accounting Standards Board (GASB) that were implemented in these financial reports. Each time a new pronouncement (standard) is adopted by the GASB board, the City is required to implement the new standard.

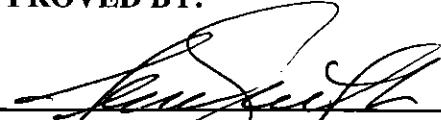
**FISCAL DATA:** None

**RECOMMENDED BY:**



Dean Martin  
Interim Administrative Services Director

**APPROVED BY:**



James E. Smith  
Interim City Manager

Attachments:

- Financial Statements
- Audit Communication Letter
- Independent Auditors' Report on Internal Control

February 3, 2015

To the Honorable Mayor and Members of the City Council  
 City of Banning, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Banning (The City) for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 2, 2014. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practice***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2014. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were found.

#### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.



To the Honorable Mayor and Members of the City Council  
City of Banning, California

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated February 3, 2015.

***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Other Matters**

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information of the general fund, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining and individual nonmajor fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2013-2014 audit:

**GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*** - The City properly implemented this pronouncement.

**GASB Statement No. 66, *Technical Corrections*** - The City properly implemented this pronouncement.

**GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB of GASB Statement No. 25*** - The City was not affected by this pronouncement at this time.



To the Honorable Mayor and Members of the City Council  
City of Banning, California

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* - The City was not affected by this pronouncement at this time.

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in your next fiscal year 2014-2015 audit and should be reviewed for proper implementation by management:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement no. 27*.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date*.

**Restriction on Use**

This information is intended solely for the use of the City Council or individual(s) charged with governance and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink. The signature reads "Lance, Soll &amp; Langhard, LLP". The "L" in "Lance" is particularly large and stylized. The "L" in "LLP" is also large and has a decorative flourish.

Brea, California



**City of Banning  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Fiscal Year 2013-2014**



**CITY OF BANNING, CALIFORNIA**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

CITY OF BANNING, CALIFORNIA  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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CITY OF BANNING  
**FINANCIAL STATEMENTS**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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CITY OF BANNING  
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**FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
 City of Banning, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Banning, California, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Banning, California, as of June 30, 2014, and, the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.



To the Honorable Mayor and Members of the City Council  
City of Banning, California

#### **Other Matters**

##### *Required Supplementary Information*

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

##### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

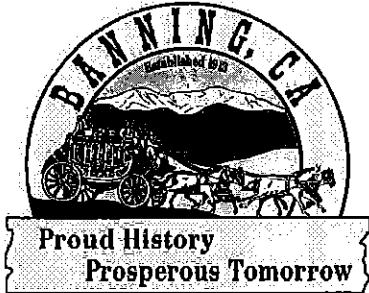
The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

##### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads 'Lance, Soll &amp; Loughard, LLP'.

Brea, California  
February 3, 2015



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The management of the City of Banning (City) presents this narrative overview and analysis of the financial activities of the City for fiscal year ended June 30, 2014 (FY14). This discussion is intended to provide an introduction to the City's basic financial statements, as well as a financial comparison with the fiscal year ended June 30, 2013 (FY13). The City encourages readers to consider the information presented within this discussion and analysis in conjunction with the City's financial statements. For the purpose of this analysis, calculations are rounded and approximate.

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### FINANCIAL HIGHLIGHTS

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- ❖ At the close of fiscal year 2013-2014 (FY14), the City's Governmental Funds reported ending fund balances of \$13.06 million, up by \$1.21 million or 10.19% from the previous fiscal year.
- ❖ The City's Net Position increased by \$2.69 million. The unrestricted portion of the net position which may be used to meet ongoing obligations to citizens and creditors amounts to \$70.72 million.
- ❖ Overall, governmental revenues from Taxes showed an increase of \$565,158, up by 6.39% from last fiscal year fueled by an increase in revenues from Property and Sales Taxes. Inter-governmental revenues dropped by \$937,254 or 32.63%.
- ❖ Governmental expenditures decreased by \$3.21 million or 16.67%, primarily due to decreased spending in general government and in capital outlays.
- ❖ Net Revenues from Business-Type Activities increased by 167%, up by \$3.43 million.

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### OVERVIEW OF THE FINANCIAL STATEMENTS

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This annual report consists of three parts –

**T**

- ❖ Management's Discussion and Analysis (this section),
- ❖ The Basic Financial Statements,
- ❖ The Combining Statements for Non-Major Governmental Funds, Non-Major Enterprise Funds, and Internal Service Funds.

The Basic Financial Statements include two kinds of statements that present different views of the City.

- **Government-Wide Financial Statements** provide both long-term and short-term information about the City's overall financial status in a manner similar to a private-sector business. These statements are further discussed in Section I of this discussion and analysis.
- **Fund Financial Statements** focus on individual parts of the city government and report the City's operations in a more detailed format than the Government-Wide statements. These statements are further discussed in Section II of this discussion and analysis.

This section of the report ties in most closely to the financial information relied upon for managing the budget and the day to day operations of the City.

The Fund Financial Statements are divided into three categories:

- *Governmental fund statements* tell how general government services such as police, fire, public works and special revenue funds were financed in the short-term as well as what remains for future spending. The General Fund is reported as a major fund in this section, which also includes the General Fund "Budgetary Comparison Statement". Additional analysis is provided for the General Fund in Section III of this discussion and analysis.
- *Proprietary fund statements* offer short-term and long-term financial information about the activities the City operates like a business, such as: water, wastewater and electric utility services, airport, and transit.
- *Fiduciary fund statements* provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of other governmental units, private organizations, or individuals to whom the resources belong.

- The Notes to the Financial Statements provide additional information that is essential to the full understanding of the data provided in the Government-Wide and Fund Financial Statements.

The Combining Statements provide details about Non-Major Governmental Funds, Non-Major Enterprise Funds, and Internal Service Funds. Within the section for Non-Major Governmental Funds, budgetary comparison schedules are provided for each governmental fund.

## I.

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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### *REPORTING THE CITY AS A WHOLE*

**T**he Government-Wide Financial Statements provide information about the City's overall financial picture from the perspective of all the City's governmental and business-type funds combined together. This form of financial reporting is intended to provide a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

- The **Statement of Net Position** presents information on all of the City's assets and liabilities, with the difference between the two reported as Net Position. This is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's Net Position may serve as an indicator of whether or not its financial health is improving or deteriorating.
- The **Statement of Activities** presents information on how the City's Net Position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; (e.g., uncollected taxes or earned but unused vacation leaves, such as compensated absences).

In the Statement of Net Position and the Statement of Activities, the City activities are separated as follows:

- **Governmental Activities** – Most of the City's basic services are reported in this category, including general administration (city manager, city clerk, finance, etc.), police and fire protection, public works, community development, parks and recreation, and interest on long-term debt. Property taxes, sales tax, transient occupancy tax, user fees, interest income, franchise fees, state and federal grants, contributions from other agencies, and other revenues fund these activities.
- **Business-Type Activities** – The City charges customers a fee to cover all or most of the cost associated with providing certain services. The City's Municipal Airport, Transit, Refuse, Electric, Water, and Wastewater operations are reported in this category.

The Government-Wide Financial Statements include not only the City, but also the Banning Financing Authority, Banning Public Facilities Corporation, and the Banning Utility Authority. These component units, while legally separate from the City, provide services entirely or almost exclusively for the benefit of the City. Therefore, these component units are blended with the City government because of their governance and their financial relationships with the City.

## THE CITY AS A WHOLE – FINANCIAL HIGHLIGHTS

**T**his section provides discussion and analysis on the Government Wide Financial Statements. This section of the report provides a summarized analysis of the financial condition of the City, which is different from the fund level budgeting and reporting methods used in the day to day operations.

Table 1 summarizes the Statement of Net Position and provides a comparison with FY13. The focus of the analysis relates to the Changes in Net Position of the City as a whole.

*Table 1 - Summary of Net Position (In Millions)*

|                                  | Governmental Activities |                  | Business-Type Activities |                  | Government-Wide Totals |                  | % CHG       |
|----------------------------------|-------------------------|------------------|--------------------------|------------------|------------------------|------------------|-------------|
|                                  | 2013                    | 2014             | 2013                     | 2014             | 2013                   | 2014             |             |
| Assets:                          |                         |                  |                          |                  |                        |                  |             |
| Current and other assets         | 23.52                   | 24.58            | 84.41                    | 86.87            | 107.93                 | 111.45           | 3.3%        |
| Capital assets                   | 90.56                   | 85.93            | 106.21                   | 107.18           | 196.77                 | 193.11           | 1.9%        |
| <b>TOTAL ASSETS</b>              | <b>\$ 114.08</b>        | <b>\$ 110.51</b> | <b>\$ 190.62</b>         | <b>\$ 194.05</b> | <b>\$ 304.70</b>       | <b>\$ 304.56</b> | <b>0.0%</b> |
| Deferred outflows on refunding   | -                       | -                | 0.41                     | 0.35             | 0.41                   | 0.35             | -           |
| <b>TOTAL DEFERRED OUTFLOWS</b>   | <b>\$ -</b>             | <b>\$ -</b>      | <b>\$ 0.41</b>           | <b>\$ 0.35</b>   | <b>\$ 0.41</b>         | <b>\$ 0.35</b>   | <b>-</b>    |
| Liabilities:                     |                         |                  |                          |                  |                        |                  |             |
| Current and other liabilities    | 4.56                    | 3.40             | 6.66                     | 6.71             | 11.22                  | 10.10            | 9.9%        |
| Long-term liabilities            | 3.79                    | 4.17             | 74.36                    | 72.21            | 78.14                  | 76.38            | 2.3%        |
| <b>TOTAL LIABILITIES</b>         | <b>\$ 8.35</b>          | <b>\$ 7.57</b>   | <b>\$ 81.01</b>          | <b>\$ 78.92</b>  | <b>\$ 89.36</b>        | <b>\$ 86.49</b>  | <b>3.2%</b> |
| Deferred inflows on refunding    | -                       | -                | 0.05                     | 0.03             | 0.05                   | 0.03             | -           |
| <b>TOTAL DEFERRED INFLOWS</b>    | <b>\$ -</b>             | <b>\$ -</b>      | <b>\$ 0.05</b>           | <b>\$ 0.03</b>   | <b>\$ 0.05</b>         | <b>\$ 0.03</b>   | <b>-</b>    |
| Net Position:                    |                         |                  |                          |                  |                        |                  |             |
| Net investment in capital assets | 87.92                   | 84.09            | 53.84                    | 33.54            | 141.76                 | 117.63           | 17.0%       |
| Restricted for:                  |                         |                  |                          |                  |                        |                  |             |
| Community Development Projects   | 1.67                    | 2.81             | -                        | -                | 1.67                   | 2.81             | 68.2%       |
| Public Safety                    | 0.33                    | 0.15             | -                        | -                | 0.33                   | 0.15             | 54.6%       |
| Parks and Recreation             | 0.08                    | 0.07             | -                        | -                | 0.08                   | 0.07             | 6.5%        |
| Public Works                     | 2.52                    | 2.95             | -                        | -                | 2.52                   | 2.95             | 17.2%       |
| Capital Projects                 | 0.33                    | 0.33             | 18.25                    | 18.26            | 18.58                  | 18.59            | 0.0%        |
| Debt Service                     | -                       | -                | 5.44                     | 5.46             | 5.44                   | 5.46             | 0.4%        |
| Unrestricted                     | 12.88                   | 12.53            | 32.44                    | 58.19            | 45.32                  | 70.72            | 56.0%       |
| <b>TOTAL NET POSITION</b>        | <b>\$ 105.73</b>        | <b>\$ 102.94</b> | <b>\$ 109.97</b>         | <b>\$ 115.45</b> | <b>\$ 215.70</b>       | <b>\$ 218.39</b> | <b>1.2%</b> |

*Note: Details can be found in the "Statement of Net Position"*

### **NET POSITION**

Net Position represents the difference between the City's resources (total assets and deferred outflows of resources) and its obligations (total liabilities and deferred inflows of resources). Over time, Net Position may serve as an indication of a government's financial position. The City's Net Position is made-up of three components: Net Investment in Capital Assets (net of related debt), Restricted, and Unrestricted.

The Total Net Position reflected in Table 1 summarizes the information provided in the Basic Financial Statements – Statement of Net Position. It includes both Changes in Net Position and any Restatements of Net Position. The City's Government-Wide Total Net Position for FY14 is \$218.39 million, an increase of \$2.69 million compared to the previous fiscal year (FY13). Total assets slightly decreased by approximately \$142,000 while total liabilities decreased by \$2.87 million. Corresponding analysis of the causes of these changes are reflected in the following paragraphs.

The net investment in capital assets of \$117.63 million represents 53.86% of the City's Total Net Position. Investment in capital assets (e.g., infrastructure, land, structures and improvements, furniture and equipment) for this purpose is reduced by any related debt used to acquire those assets that are still outstanding, and the depreciation on those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported Net of Related Debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

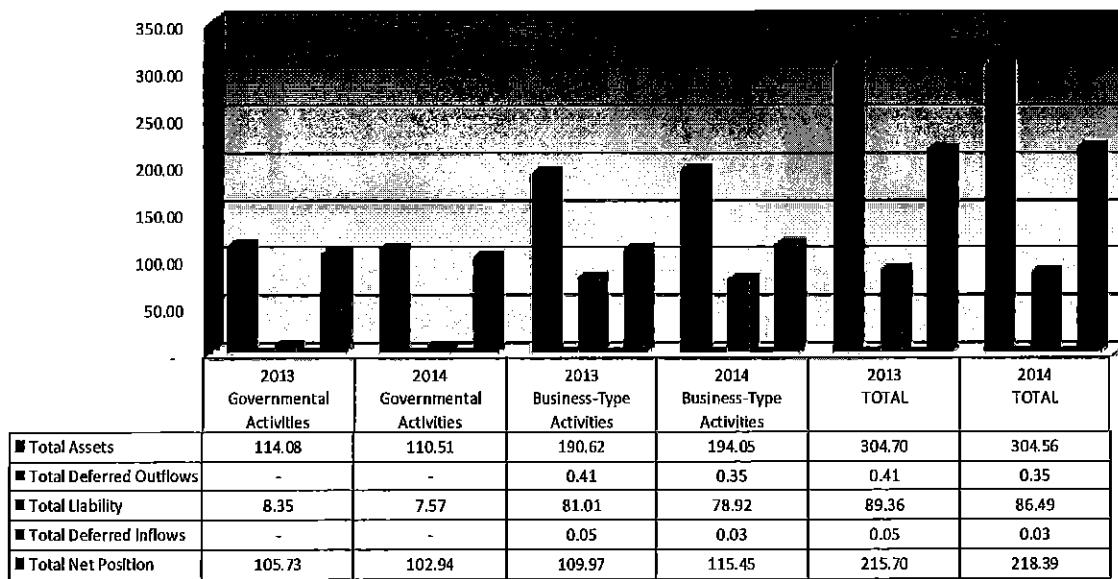
The portion of the City's Net Position subject to external restrictions in how they may be used is \$30.03 million (13.75% of the Total Net Position). The Restricted Net Position includes Community Development Projects, encumbrances and continuing appropriations in Public Safety, Parks and Recreation, Public Works, Capital Projects, and Debt Service.

The remaining Unrestricted Net Position balance of \$70.72 million (32.39% of the Total Net Position) may be used to meet the government's ongoing obligations to citizens and creditors within the program areas. Of this amount, only \$753,116 relates to the General Fund, which is discussed in more detail in Section III.

The City's Net Position increased by \$2.69 million from FY13 to FY14. Net investment in Capital Assets decreased by \$24.13 million due to current year depreciation coupled with lower capital additions versus last year. Current liabilities in the governmental and business type activities decreased by \$1.12 million due to reduced spending compared to last fiscal year. Long term liabilities also decreased by \$1.76 million compared to last year due to ongoing retirement of existing debt. There were no new issuances of debt for the current fiscal year.

Chart 1 – provides a visual summary of the information presented in Table 1.

*Chart 1 – Net Position*



## CHANGES IN NET POSITION

Table 2 summarizes the information on the Statement of Activities using a different layout in order to facilitate providing a two year comparison of the Governmental and Business-Type Activities.

Table 2 - Statement of Activities (In Millions)

|   | Governmental Activities |               | Business-Type Activities |               | Government-Wide Totals |               |
|---|-------------------------|---------------|--------------------------|---------------|------------------------|---------------|
|   | 2013                    | 2014          | 2013                     | 2014          | 2013                   | 2014          |
| <b>Revenues</b>   |                         |               |                          |               |                        |               |
| Program Revenues:   |                         |               |                          |               |                        |               |
| Charges for Services                                      | 4.19                    | 4.27          | 46.64                    | 48.32         | 50.83                  | 52.59         |
| Operating Contributions and Grants                        | 1.82                    | 1.63          | 1.24                     | 1.80          | 3.06                   | 3.43          |
| Capital Contributions and Grants                          | 1.80                    | 0.42          | -                        | -             | 1.80                   | 0.42          |
| <b>Subtotal Program Revenues</b>                          | <b>7.80</b>             | <b>6.32</b>   | <b>47.88</b>             | <b>50.12</b>  | <b>55.68</b>           | <b>56.44</b>  |
| General Revenues:   |                         |               |                          |               |                        |               |
| Property Taxes  | 3.76                    | 4.00          | -                        | -             | 3.76                   | 4.00          |
| Sales Taxes   | 3.20                    | 3.41          | -                        | -             | 3.20                   | 3.41          |
| Business Licenses Taxes                                   | 0.16                    | 0.16          | -                        | -             | 0.16                   | 0.16          |
| Franchise Taxes   | 0.81                    | 0.86          | -                        | -             | 0.81                   | 0.86          |
| Transient Occupancy Taxes                                 | 0.63                    | 0.71          | -                        | -             | 0.63                   | 0.71          |
| Other Taxes   | 0.23                    | 0.26          | -                        | -             | 0.23                   | 0.26          |
| Motor Vehicle In-Lieu                                     | 0.03                    | -             | -                        | -             | 0.03                   | -             |
| Use of Money and Property                                 | 0.47                    | 0.58          | 0.07                     | 0.27          | 0.54                   | 0.86          |
| Other   | 0.88                    | 0.47          | 0.30                     | 0.29          | 1.18                   | 0.76          |
| <b>Gain on sale of capital asset</b>                      | <b>0.00</b>             | <b>0.00</b>   | <b>0.01</b>              | <b>0.00</b>   | <b>0.01</b>            | <b>0.00</b>   |
| <b>Subtotal General Revenues</b>                          | <b>10.18</b>            | <b>10.46</b>  | <b>0.39</b>              | <b>0.56</b>   | <b>10.56</b>           | <b>11.02</b>  |
| <b>TOTAL REVENUES</b>                                     | <b>17.97</b>            | <b>16.78</b>  | <b>48.27</b>             | <b>50.69</b>  | <b>66.24</b>           | <b>67.46</b>  |
| <b>Expenses</b>   |                         |               |                          |               |                        |               |
| General Government  | 4.32                    | 2.58          | -                        | -             | 4.32                   | 2.58          |
| Public Safety   | 10.30                   | 10.13         | -                        | -             | 10.30                  | 10.13         |
| Community Development                                     | 0.13                    | 0.09          | -                        | -             | 0.13                   | 0.09          |
| Parks and Recreation                                      | 1.03                    | 1.12          | -                        | -             | 1.03                   | 1.12          |
| Public Works  | 6.48                    | 6.27          | -                        | -             | 6.48                   | 6.27          |
| Interest on Long-term debt                                | 0.11                    | 0.10          | -                        | -             | 0.11                   | 0.10          |
| Airport   | -                       | -             | 0.39                     | 0.38          | 0.39                   | 0.38          |
| Transit   | -                       | -             | 1.48                     | 1.72          | 1.48                   | 1.72          |
| Electric Utility  | -                       | -             | 30.04                    | 28.82         | 30.04                  | 28.82         |
| BUA Water   | -                       | -             | 7.74                     | 7.57          | 7.74                   | 7.57          |
| BUA Wastewater  | -                       | -             | 2.95                     | 2.92          | 2.95                   | 2.92          |
| Refuse  | -                       | -             | 2.89                     | 3.07          | 2.89                   | 3.07          |
| <b>TOTAL EXPENSES</b>                                     | <b>22.36</b>            | <b>20.29</b>  | <b>45.49</b>             | <b>44.48</b>  | <b>67.84</b>           | <b>64.78</b>  |
| <b>Increase/(Decrease) In Net Position</b>                |                         |               |                          |               |                        |               |
| Before Transfers and Extraordinary Items                  |                         |               |                          |               |                        |               |
| Transfers   | (4.38)                  | (3.52)        | 2.78                     | 6.20          | (1.60)                 | 2.69          |
| Extraordinary Gain on Dissolution of Redevelopment Agency | -                       | -             | -                        | -             | -                      | -             |
| <b>Increase/(Decrease) in Net Position</b>                | <b>(3.66)</b>           | <b>(2.79)</b> | <b>2.05</b>              | <b>5.48</b>   | <b>(1.60)</b>          | <b>2.69</b>   |
| Net Position at Beginning of Year                         | 109.46                  | 105.73        | 109.70                   | 109.97        | 219.16                 | 215.70        |
| Restatement of Net Position                               | (0.07)                  | -             | (1.78)                   | -             | (1.85)                 | -             |
| <b>Net Position at End of Year</b>                        | <b>105.73</b>           | <b>102.94</b> | <b>109.97</b>            | <b>115.45</b> | <b>215.70</b>          | <b>218.39</b> |

*Note: Details can be found in the "Statement of Activities"*

Under Governmental Activities, the City's FY14 Net Position before transfers-in from the Business-Type Activities decreased by \$3.52 million. After Inter-fund Transfers of \$724,000, the result was a decrease in net position of \$2.79 million. Under Business-Type Activities the City's Net Position increased by \$6.20 million before the \$724,000 in transfers to the Governmental Activities; resulting in an increase in net position of \$5.48 million.

#### **REVENUES - CITY WIDE**

The total Government-Wide Activity revenues (Table 2) for FY14 were \$67.46 million, of which \$16.78 million is from Governmental Activities, and \$50.69 million is from Business-Type Activities. Compared to FY13, total revenues increased \$1.22 million or 1.84% from \$66.24 million.

#### **EXPENSES - CITY WIDE**

The Government-Wide expenses totaled \$64.78 million, a decrease of 4.51% over FY13 (see Table 2). The Governmental Activities totaled \$20.29 million, or 31.32% of total expenses.

#### **GOVERNMENTAL ACTIVITIES**

Overall, Total Revenues for Governmental Activities were \$16.78 million with expenses totaling \$20.29 million. Net position at the end of fiscal year for the governmental activities (after transfers in of \$724,000) was \$102.94 million, a decrease of \$2.79 million.

Property Taxes, which are considered General Fund Revenues, are the largest revenue at \$4.00 million. This revenue category experienced an increase of \$206,785 from the prior year amount of \$3.79 million, or 5.45% (see Table 7). Property tax revenues amounting to \$3.19 million received by the former Redevelopment Agency are now being reported in the Successor Agency Trust Fund as a result of AB 1X 26, a law enacted by the State in 2012 dissolving the Redevelopment Agencies.

Sales taxes moderately increased by \$179,444, an increase of 6.55%. Sales tax revenues from the Cabazon outlets generated \$686,000, an increase of \$74,000 from last year.

Other Revenues decreased by \$410,000 or 46.65% from last year partially due to the timing of receipt of *Transportation Uniform Mitigation Fee* (TUMF) funds from the *Western Riverside Council of Governments* (WRCOG) regarding the Sunset Grade Separation Fund Project reimbursement.

General Government expenses showed a significant decrease of \$1.74 million or 40.28% versus last year, due to reduced spending mainly in capital outlay as the City's commitments to the Sunset Grade Separation Project are nearing completion.

Table 3 and Chart 2 focus on the information on the Statement of Activity that relates to Governmental Activities. Chart 2 clearly depicts that with the exception of the General Government, program expenses exceed program revenues for all other governmental activities. The remaining gap in program expenses and revenues are subsidized by Taxes, Revenues from Other Government Agencies, State/Federal Grants, and Charges for Services.

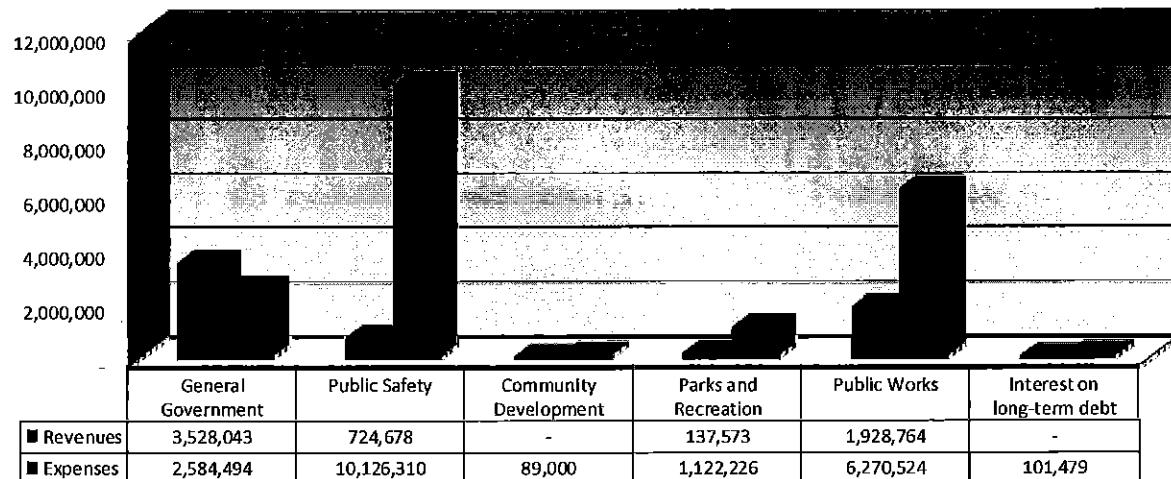
The Net Revenues (Expenses) show the financial burden that was placed on the City's taxpayers by each of these functions (see Table 3).

Table 3 - Program Net Cost: Government Activities

|  | Program Revenues |            |       | Total Cost of Services |            |       | Net Revenues (Expenses) |              |       |
|--|------------------|------------|-------|------------------------|------------|-------|-------------------------|--------------|-------|
|  | 2013             | 2014       | % Chg | 2013                   | 2014       | % Chg | 2013                    | 2014         | % Chg |
| General Government   | 3,342,221        | 3,528,043  | 6%    | 4,319,749              | 2,584,494  | 40%   | (977,528)               | 943,549      | 197%  |
| Public Safety  | 1,257,671        | 724,678    | 42%   | 10,296,130             | 10,126,310 | 2%    | (9,038,459)             | (9,401,632)  | 4%    |
| Community Development  | -                | -          | -     | 125,508                | 89,000     | 29%   | (125,508)               | (89,000)     | 29%   |
| Parks and Recreation   | 69,245           | 137,573    | 99%   | 1,027,651              | 1,122,226  | 9%    | (958,406)               | (984,653)    | 3%    |
| Public Works   | 3,128,440        | 1,928,764  | 38%   | 6,475,542              | 6,270,524  | 3%    | (3,347,102)             | (4,341,760)  | 30%   |
| Interest on long-term debt                                       | -                | -          | -     | 112,467                | 101,479    | 10%   | (112,467)               | (101,479)    | 10%   |
| Government Subtotal  | 7,797,577        | 6,319,058  | 19%   | 22,357,047             | 20,294,033 | 9%    | (14,559,470)            | (13,974,975) | 4%    |
| General Revenues*  | 10,175,610       | 10,459,677 | 3%    | -                      | -          | -     | 10,175,610              | 10,459,677   | 3%    |
| Transfers  | 727,352          | 724,000    | 0%    | -                      | -          | -     | 727,352                 | 724,000      | 0%    |
| SUBTOTAL   | 18,700,539       | 17,502,735 | 6%    | 22,357,047             | 20,294,033 | 9%    | (3,656,508)             | (2,791,298)  | 24%   |
| Extraordinary Gain/(loss) on dissolution of redevelopment agency | -                | -          | -     | -                      | -          | -     | -                       | -            | -     |
| TOTAL  | 18,700,539       | 17,502,735 | 6%    | 22,357,047             | 20,294,033 | 9%    | (3,656,508)             | (2,791,298)  | 24%   |

Note: Details can be found in the "Statement of Activities"

Chart 2 – Governmental Activities Program Revenue & Expenses



Note: Details can be found in the "Statement of Activities"

## BUSINESS-TYPE ACTIVITIES

Table 2 indicates that Revenues from Business-Type Activities were \$50.69 million while expenses were at \$44.48 million. Net position at the end of the fiscal year for business-type activities (after transfers out of \$724,000) was \$115.45 million, an increase of \$5.48 million, a major improvement versus last fiscal year.

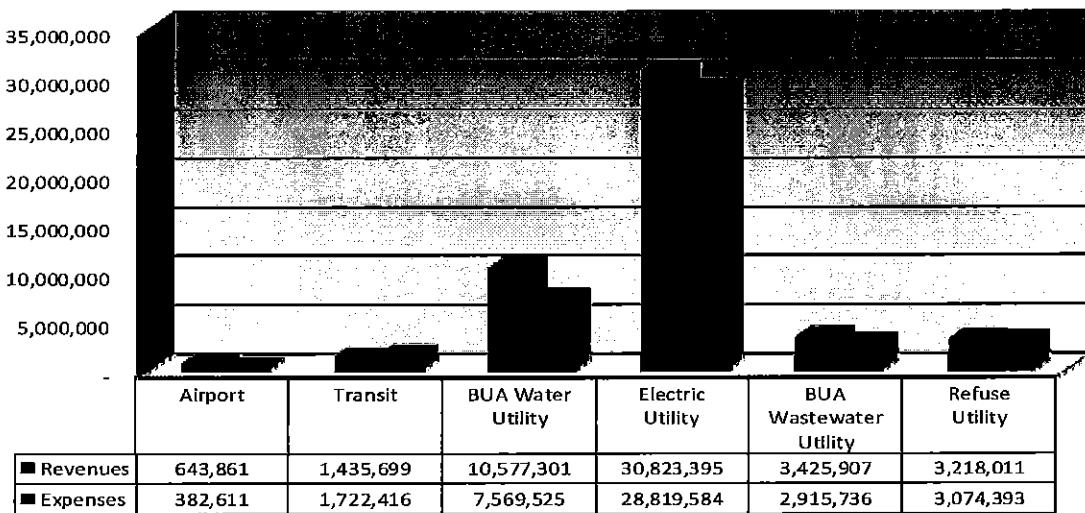
Certain services provided by the City are funded by customer fees. Table 4 and Chart 3 focus on the information on the Statement of Activity that relates to Business-type Activities and represent the cost of each of the City's six programs - Airport, Transit, BUA Water Utility, Electric Utility, BUA Wastewater Utility, and Refuse Utility - as well as each program's *net* cost (total cost less revenues generated by the activities).

Table 4 - Program Net Cost: Business-Type Activities

|                        | Program Revenues |            |       | Total Cost of Services |            |       | Net Revenues (Expenses) |           |       |
|------------------------|------------------|------------|-------|------------------------|------------|-------|-------------------------|-----------|-------|
|                        | 2013             | 2014       | % Chg | 2013                   | 2014       | % Chg | 2013                    | 2014      | % Chg |
| Airport                | 317,763          | 643,861    | 103%  | 391,467                | 382,611    | 2%    | (73,704)                | 261,250   | 454%  |
| Transit                | 1,229,064        | 1,435,699  | 17%   | 1,484,817              | 1,722,416  | 16%   | (255,753)               | (286,717) | 12%   |
| BUA Water Utility      | 10,015,339       | 10,577,301 | 6%    | 7,737,665              | 7,569,525  | 2%    | 2,277,674               | 3,007,776 | 32%   |
| Electric Utility       | 29,818,485       | 30,823,395 | 3%    | 30,038,988             | 28,819,584 | 4%    | (220,503)               | 2,003,811 | 1009% |
| BUA Wastewater Utility | 3,279,157        | 3,425,907  | 4%    | 2,948,381              | 2,915,736  | 1%    | 330,776                 | 510,171   | 54%   |
| Refuse Utility         | 3,221,294        | 3,218,011  | 0%    | 2,886,320              | 3,074,393  | 7%    | 334,974                 | 143,618   | 57%   |
| Business Subtotal      | 47,881,102       | 50,124,174 | 5%    | 45,487,638             | 44,484,265 | 2%    | 2,393,464               | 5,639,909 | 136%  |
| General Revenues       | 385,624          | 561,814    | 46%   | -                      | -          | -     | 385,624                 | 561,814   | 46%   |
| SUBTOTAL               | 48,266,726       | 50,685,988 | 5%    | 45,487,638             | 44,484,265 | -     | 2,779,088               | 6,201,723 | 123%  |
| Transfers              | (727,352)        | (724,000)  | 0%    | -                      | -          | -     | (727,352)               | (724,000) | 0%    |
| TOTAL                  | 47,539,374       | 49,961,988 | 5%    | 45,487,638             | 44,484,265 | 2%    | 2,051,736               | 5,477,723 | 167%  |

Note: Details can be found in the "Statement of Activities"

Chart 3 – Business-Type Activities Program Revenue & Expense



Note: Details can be found in the "Statement of Activities"

Water and Wastewater Utility activities reflect positive net revenues for FY14, mainly due to previously Council-approved rate increases implemented by Water and Wastewater Utility of 7% and 8%, respectively. The Electric Utility posted a significant increase in net revenues compared to last fiscal year due to a decrease in expenditures of \$1.22 million coupled with an increase in program revenues due to the implementation of a 12% Council-approved rate increase. Airport activities also showed positive net revenues in 2014 mainly due to program grants received from the Federal Aviation Authority relative to "Relocate Taxiway 'A' Phase 1, Relocate Fuel Facility" project. Transit activities show negative net revenues as typically the revenues received from fares are insufficient to cover operations; however, the remainder of the operating revenues is received from Riverside County Transportation Commission (RCTC) and is reflected in the General Revenues line item. Net Revenues for Refuse activities decreased in FY14 versus FY13 mainly due to higher service costs arising from higher cash collection levels in FY14 versus FY13. Refuse Contract Service payments with Waste Management are computed based on a percentage of cash collections from refuse payments and service connections less write-offs, if any. In FY13, the City deducted \$80,000 worth of write-offs, further reducing Refuse Contract Service payments to the Waste Management.

## **II. FUND FINANCIAL STATEMENTS**

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**T**he "Fund Financial Statements" and the "Combining and Individual Fund Statements and Schedules" provide detailed information about the City's funds. The focus of the fund statements relates more closely to the information used for managing the budget and day to day operations.

A fund is an accounting entity with a self-balancing set of accounts that the City uses to keep track of resources that have been segregated for specific activities or objectives. In addition, while some funds are required to be established by State law and by bond covenants, management has also established other funds to help control and manage money for particular purposes or to show that the legal responsibilities for using certain taxes, grants, and other resources are being met.

The City uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements. The Fund Financial Statements focus on individual parts of the City government, thus reporting the City's operations in more detail than the Government-Wide statements. The types of Governmental Funds reported by the City include the General Fund, Special Revenue Funds, Capital Project Funds, and Internal Service Funds. Proprietary and Fiduciary Funds are also reported in this section. The fund statements provide information on near-term inflows, outflows and balances of spendable resources. These funds represent the reporting structure of the budget and interim council reports.

### **GOVERNMENTAL FUNDS**

Governmental Funds are used to account for essentially the same functions reported as Governmental Activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

The information in the Governmental Funds statements provides more detail of Governmental Activities reported in the Government-Wide Financial Statements. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between Governmental Funds and Governmental Activities.

The City maintains twenty-six individual governmental funds. These funds report financial transactions using the modified accrual accounting method. Information for the City's General Fund is presented separately in the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. The General Fund is considered a Major Governmental Fund. Data for the Non-Major Governmental Funds is broken down further to the fund level in the "Combining and Individual Fund Statements and Schedules" that follow the Notes to Financial Statements.

The City adopts an annual appropriated budget which includes the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds. A budgetary comparison statement has been provided for each of the funds to demonstrate compliance with the budget.

## **GOVERNMENTAL REVENUES**

Table 5 below presents a summary of Governmental Fund Revenues for the fiscal year ended June 30, 2014, with comparative amounts from the prior year. Revenues of Governmental Funds for Fiscal Year 2014 were \$16.52 million, which is a decrease of \$462,764 or 2.72% compared to the previous fiscal year.

*Table 5 - Comparison of Governmental Revenues*

|                         | % of Total        |                | % of Total        |                | \$ Increase / (Decrease) |              |
|-------------------------|-------------------|----------------|-------------------|----------------|--------------------------|--------------|
|                         | 2012-13           | Revenues       | 2013-14           | Revenues       | (Decrease)               | % Change     |
| Taxes                   | 8,841,406         | 52.05%         | 9,406,564         | 56.93%         | 565,158                  | 6.39%        |
| Licenses & Permits      | 171,406           | 1.01%          | 219,998           | 1.33%          | 48,592                   | 28.35%       |
| Intergovernmental       | 2,872,511         | 16.91%         | 1,935,257         | 11.71%         | (937,254)                | 32.63%       |
| Charges for Services    | 3,565,636         | 20.99%         | 3,580,518         | 21.67%         | 14,882                   | 0.42%        |
| Use of Money & Property | 487,723           | 2.87%          | 540,560           | 3.27%          | 52,837                   | 10.83%       |
| Fines and Forfeitures   | 291,465           | 1.72%          | 291,125           | 1.76%          | (340)                    | 0.12%        |
| Contributions           | 33,115            | 0.19%          | 11,383            | 0.07%          | (21,732)                 | 65.63%       |
| Miscellaneous           | 723,618           | 4.26%          | 538,711           | 3.26%          | (184,907)                | 25.55%       |
| <b>TOTAL</b>            | <b>16,986,880</b> | <b>100.00%</b> | <b>16,524,116</b> | <b>100.00%</b> | <b>(462,764)</b>         | <b>2.72%</b> |

*Note: Details can be found in the "Statement of Revenues, Expenditures and Changes in Fund Balances"*

For the last three years in a row, General Fund revenues from Taxes, which represents majority of Governmental Revenues, have shown a steady yearly increase (see Table 7) with FY14 showing an increase of \$543,550. Overall, Governmental revenues from taxes (Table 5) posted an increase of \$565,158. The steady growth in the sales and property taxes indicates an improving regional economy backed by growing consumer confidence and spending.

Intergovernmental revenues dropped by 32.63% versus last year due to the timing of drawdowns from State Homeland Security and Department of Justice grants amounting to \$937,000. The decrease in the miscellaneous revenues was mainly due to the asset redistribution from the Successor Agency which was offset by increased miscellaneous revenues from Police and Engineering. Please refer to analysis on the General Fund Revenues in Section III-Financial Analysis of the General Fund for further details.

## **GOVERNMENTAL EXPENDITURES**

Table 6 summarizes the Governmental Fund Expenditures for the fiscal year ended June 30, 2014, with comparative amounts from fiscal year 2012-2013 (FY13). Expenditures for FY14 were \$16.04 million, a decrease of \$3.21 million or 16.67% from the prior year.

*Table 6 - Comparison of Governmental Expenditures*

|                        | % of Total        |                | % of Total        |                | \$ Increase / (Decrease) |               |
|------------------------|-------------------|----------------|-------------------|----------------|--------------------------|---------------|
|                        | 2012-13           | Expenditures   | 2013-14           | Expenditures   | (Decrease)               | % Change      |
| General Government     | 4,095,480         | 21.28%         | 2,359,703         | 14.71%         | (1,735,777)              | 42.38%        |
| Public Safety          | 9,380,358         | 48.73%         | 9,322,284         | 58.12%         | (58,074)                 | 0.62%         |
| Community Development  | 136,878           | 0.71%          | -                 | 0.00%          | (136,878)                | 100.00%       |
| Parks and Recreation   | 622,959           | 3.24%          | 729,874           | 4.55%          | 106,915                  | 17.16%        |
| Public Works           | 2,389,687         | 12.41%         | 2,373,978         | 14.80%         | (15,709)                 | 0.66%         |
| Operating Expenditures | 16,625,362        | 86.37%         | 14,785,839        | 92.18%         | (1,839,523)              | 11.06%        |
| Capital Outlay         | 2,188,248         | 11.37%         | 818,606           | 5.10%          | (1,369,642)              | 62.59%        |
| Debt Service           | 435,787           | 2.26%          | 436,253           | 2.72%          | 466                      | 0.11%         |
| <b>TOTAL</b>           | <b>19,249,397</b> | <b>100.00%</b> | <b>16,040,698</b> | <b>100.00%</b> | <b>(3,208,699)</b>       | <b>16.67%</b> |

*Note: Details can be found in the "Statement of Revenues, Expenditures and Changes in Fund Balances"*

The decrease in General Government expenditures of \$1.74 million is due to the changes in reporting required by the elimination of the Banning Community Redevelopment Agency. The decrease in Capital Outlay expenditures of \$1.37 million relates primarily to the Sunset Grade Separation Fund expenditures as the City's commitment to the project is almost complete. The decrease in Community Development expenditures of \$136,878 is due to the Low/Mod Housing Program in FY13 which was placed on hold in FY14.

## **PROPRIETARY FUNDS**

When the City charges customers for the services it provides, these services are generally reported in Proprietary Funds. Proprietary Funds and Financial Statements, like the Government-Wide Financial Statements, provide both long-term and short-term financial information.

- **Enterprise Funds** are used to report the same functions presented as Business-Type Activities in the Government-Wide Financial Statements.
- **Internal Service Funds** report activities that provide services for the City's other programs and activities such as the City's Self Insurance, Fleet Maintenance, Information Systems and Utility Billing Services.

## **FIDUCIARY FUNDS**

The City is the trustee, or *fiduciary*, for certain funds held on behalf of those entities outside of the government. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The City excludes these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Fiduciary Funds now include all of the funds related to the Successor Agency of the Former Redevelopment Agency, which was formed upon dissolution of the Banning Community Redevelopment Agency (CRA). The Successor Agency is subject to the control of the newly established oversight board and can only pay enforceable obligations in existence at the date of dissolution. Furthermore, it will hold the remaining assets of the former Redevelopment Agency until the enforceable obligations are legally satisfied or they are distributed to local taxing entities. Additional information on the dissolution of the CRA can be found in the Footnotes To The Financial Statements (Note 15).

## **III. FINANCIAL ANALYSIS OF THE GENERAL FUND**

**T**he City Council committed \$3.48 million as an emergency contingency in the General Fund (see page 22, Balance Sheet - Governmental Funds). Funds classified as Nonspendable total \$27,949 for loans receivable. Funds classified as Assigned total \$2.22 million which account for capital projects, continuing appropriations and encumbrances in public safety, public works, debt service, general government, future compensated absences, litigation contingency, gas tax commitment, police reward, SB1186 Disability Access and PEG. Any remaining fund balance is identified as Unassigned. The terminology and presentation of fund balance has changed with the implementation of GASB 54.

## **GENERAL FUND – REVENUE AND EXPENDITURE ANALYSIS**

For Fiscal Year 2013-2014 (FY14), General Fund revenues were \$14.89 million. Table 7 shows a decrease of \$599,324 of which \$1.01 million is due to the timing of police grants receipts. Miscellaneous revenues decreased by 30.04% compared to FY13 mainly due to the \$400,000 redistribution of assets from the Former Redevelopment Agency in FY13 offset by incremental revenues from Police and Engineering.

The revenues which were previously recorded in the Public Safety Sales Tax Fund (Fund 149) and transferred to the General Fund are now recorded directly to the General Fund.

*Table 7 - General Fund Revenues*

|                                    | 2011-12           | 2012-13           | 2013-14           | % of Total     | \$ Increase / (Decrease) to Last Year | % Change     |
|------------------------------------|-------------------|-------------------|-------------------|----------------|---------------------------------------|--------------|
| Property Tax                       | 3,681,435         | 3,794,362         | 4,001,147         | 26.87%         | 206,785                               | 5.45%        |
| Sales Tax                          | 2,291,515         | 2,738,500         | 2,917,944         | 19.60%         | 179,444                               | 6.55%        |
| Transient Occupancy Tax            | 586,083           | 626,255           | 712,135           | 4.78%          | 85,880                                | 13.71%       |
| Franchise                          | 819,203           | 813,682           | 861,155           | 5.78%          | 47,473                                | 5.83%        |
| Other Taxes                        | 240,891           | 258,282           | 282,250           | 1.90%          | 23,968                                | 9.28%        |
| License & Permits                  | 137,689           | 171,406           | 219,998           | 1.48%          | 48,592                                | 28.35%       |
| Intergovernmental                  | 315,724           | 1,265,573         | 278,026           | 1.87%          | (987,547)                             | 78.03%       |
| Charges for Services               | 3,608,457         | 3,565,536         | 3,580,448         | 24.04%         | 14,912                                | 0.42%        |
| Use of Money & Property            | 482,199           | 482,732           | 511,083           | 3.43%          | 28,351                                | 5.87%        |
| Fines & Forfeitures                | 292,192           | 291,465           | 291,125           | 1.96%          | (340)                                 | 0.12%        |
| Transfers In                       | 1,010,514         | 749,087           | 720,003           | 4.84%          | (29,084)                              | 3.88%        |
| Contributions*                     | -                 | 13,000            | 11,727            | 0.08%          | (1,273)                               | 9.79%        |
| Miscellaneous                      | 191,374           | 720,708           | 504,223           | 3.39%          | (216,485)                             | 30.04%       |
| Refunding Debt Issued              | -                 | -                 | -                 | 0.00%          | -                                     | -            |
| Gain on disposal of capital assets | -                 | -                 | -                 | 0.00%          | -                                     | -            |
| <b>TOTALS</b>                      | <b>13,657,276</b> | <b>15,490,588</b> | <b>14,891,264</b> | <b>100.00%</b> | <b>(599,324)</b>                      | <b>3.87%</b> |

\*Category did not exist prior to fiscal year 2013

Note: Details can be found in the "Budgetary Comparison Statement, General Fund"

Table 8 shows a slight net increase of \$145,885 of which the Public Works line item represents the largest amount. For Fiscal Year 2014, General Fund expenditures were \$13.73 million.

*Table 8 - General Fund Expenditures*

|                             | 2011-12           | 2012-13           | 2013-14           | % of Total     | \$ Increase / (Decrease) to Last Year | % Change     |
|-----------------------------|-------------------|-------------------|-------------------|----------------|---------------------------------------|--------------|
| General Government          | 1,815,990         | 2,273,136         | 2,359,703         | 17.19%         | 86,567                                | 3.81%        |
| Public Safety               | 9,735,506         | 8,818,847         | 8,715,093         | 63.49%         | (103,754)                             | 1.18%        |
| Parks and Recreation        | 628,153           | 595,189           | 599,171           | 4.36%          | 3,982                                 | 0.67%        |
| Public Works                | 1,264,178         | 1,156,102         | 1,299,066         | 9.46%          | 142,964                               | 12.37%       |
| Capital Outlay              | 252,322           | 138,014           | 153,674           | 1.12%          | 15,660                                | 11.35%       |
| Debt Service                | 435,545           | 435,787           | 436,253           | 3.18%          | 466                                   | 0.11%        |
| Transfers Out               | 8,108,616         | 164,325           | 164,325           | 1.20%          | -                                     | 0.00%        |
| Refunding Debt Issued costs | -                 | -                 | -                 | -              | -                                     | -            |
| <b>TOTALS</b>               | <b>22,240,310</b> | <b>13,581,400</b> | <b>13,727,285</b> | <b>100.00%</b> | <b>145,885</b>                        | <b>1.07%</b> |

Note: Details can be found in the "Budgetary Comparison Statement, General Fund"

The increase in the Public Works expenditures is mainly due to the professional services related to the Sunset Grade Separation Project's railroad track relocation and incremental contracted service payments to Willdan Engineering due to higher revenues from building permits fees in FY14 versus FY13. Revenues from permit fees are the basis for the payment of services rendered by Willdan. The Public Safety line item shows a net decrease of over \$103,754 due to reduced expenditures in Police safety training, ordnance, clothing/accouterments, booking fees, and the non-renewal of the tower license from Time Warner Cable, offset by increases in Fire suppression costs.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Throughout the year, with the recommendation from the City's staff, the City Council revised the City budget several times. The Final Budget differs from the Original Budget in that it contains carry-forward appropriations and revenues for various projects, supplemental revenues, carry-forward appropriations for open purchase orders from the previous year, and appropriations approved by City Council throughout the year. Budgetary adjustments were made on an ongoing basis in an effort to better reflect the City's financial position. These adjustments included, but were not limited to, new projects or contracts, change orders to existing projects or contracts, and other adjustments deemed necessary to maintain current service levels. All adjustments, that either increase or decrease appropriations or estimated revenue, are approved by the City Council. The budgetary comparison information can be found in the "Budgetary Comparison Statement, General Fund".

For the City's General Fund, actual ending revenues of \$14.89 million were \$142,110 greater than the final budgeted revenues of \$14.75 million (please refer to Budgetary Comparison Schedule-General Fund). The most significant positive variances were in Taxes and Charges for Services. Charges for Services has the most significant negative variance due in part to lower collections for vehicle abatement fees and other public safety fees.

The General Fund actual ending expenditures of \$13.73 million were \$1.52 million less than the final budget of \$15.25 million. The City's General Fund showed a net increase in fund balance of \$1.16 million as a result of improved revenues and reduced expenditures. Some variances were related to contract or professional services, telephone services, staff training, and where actual costs came in less than budget in Police, Central Services, and Planning. The variance in Police is mainly due to the savings arising from the vacant position for the Chief of Police. The variance in Central Services was due to the budgeted Contingency amount of \$207,000 which was not expended. The variance in Planning is mainly due to savings in Environmental Review and Professional Services expenditures.

## **IV. CAPITAL ASSET AND DEBT ADMINISTRATION**

### **CAPITAL ASSETS**

The City's investment in capital assets (Table 9) for its Governmental and Business-Type Activities as of June 30, 2014, is \$193.11 million (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, furniture and equipment, infrastructure and construction in progress. For more information, please refer to Note 4 in the Notes to the Financial Statements. The Capital Assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. Depreciation on capital assets is recognized in the Government-Wide Financial Statements.

Details on the capital assets can be found on Note 4 of the Notes to Financial Statements section.

*Table 9 - Capital Assets by Activity*

|                          | Governmental Activities |                   |           | Business-Type Activities |                    |           | Totals             |                    |           |
|--------------------------|-------------------------|-------------------|-----------|--------------------------|--------------------|-----------|--------------------|--------------------|-----------|
|                          | 2013                    | 2014              | % Chg     | 2013                     | 2014               | % Chg     | 2013               | 2014               | % Chg     |
| Land                     | 3,061,900               | 3,061,900         | 0%        | 1,184,229                | 1,184,229          | 0%        | 4,246,129          | 4,246,129          | 0%        |
| Construction in Progress | 4,458,362               | 5,283,510         | 19%       | 4,832,466                | 6,023,844          | 25%       | 9,290,828          | 11,307,354         | 22%       |
| Building and Structures* | 13,763,972              | 12,855,478        | 7%        | 122,848                  | 115,732            | 6%        | 13,886,820         | 12,971,210         | 7%        |
| Land Improvements*       | 4,093,848               | 3,798,533         | 7%        | 1,944,637                | 1,776,138          | 9%        | 6,038,485          | 5,574,671          | 8%        |
| Machinery and Equipment* | 1,345,750               | 920,745           | 32%       | -                        | -                  | -         | 1,345,750          | 920,745            | 32%       |
| Vehicles*                | 342,579                 | 204,497           | 40%       | -                        | -                  | -         | 342,579            | 204,497            | 40%       |
| Utility Plant            | -                       | -                 | -         | 98,127,774               | 98,080,932         | 0%        | 98,127,774         | 98,080,932         | 0%        |
| Infrastructure*          | 63,492,917              | 59,805,232        | 6%        | -                        | -                  | -         | 63,492,917         | 59,805,232         | 6%        |
| <b>TOTAL</b>             | <b>90,559,328</b>       | <b>85,929,895</b> | <b>5%</b> | <b>106,211,954</b>       | <b>107,180,875</b> | <b>1%</b> | <b>196,771,282</b> | <b>193,110,770</b> | <b>2%</b> |

*Note: Details can be found in "Note 4 (Changes in Capital Assets)"*

## DEBT

At year-end, the City's Governmental Activities had a total of \$5.03 million in Compensated Absences, Claims and Judgments, and Refunding Lease outstanding, while the Business-Type Activities had \$73.26 million in debt. Table 10 below is a summary of the City's long-term debt for the year ended June 30, 2014. The Redevelopment Tax Allocation Bonds and other loans are no longer reported as a Governmental Activity. For additional information on the Redevelopment Tax Allocation bonds, refer to Note 15 of the notes to the Financial Statements.

Debt in the Business-Type Activities consists of Water and Wastewater Revenue Bonds, Electric Revenue Bonds, a loan payable to the California Water Resources Control Board and Compensated Absences. For additional information on long-term debt refer to the Note 8 of the Notes to the Financial Statements. Except for regular principal payments on long-term debt, there were no other significant events affecting the City's long term debt.

*Table 10 - Debt Recap*

|                      | Governmental Activities |                  |           | Business-Type Activities |                   |           | Totals            |                   |           |
|----------------------|-------------------------|------------------|-----------|--------------------------|-------------------|-----------|-------------------|-------------------|-----------|
|                      | 2013                    | 2014             | % Chg     | 2013                     | 2014              | % Chg     | 2013              | 2014              | % Chg     |
| Compensated Absences | 1,348,826               | 1,143,952        | 15%       | 788,095                  | 742,995           | 6%        | 2,136,921         | 1,886,947         | 12%       |
| Refunding Lease      | 2,826,194               | 2,493,082        | 12%       | -                        | -                 | -         | 2,826,194         | 2,493,082         | 12%       |
| Revenue Bonds        | -                       | -                | -         | 72,385,000               | 70,590,000        | 2%        | 72,385,000        | 70,590,000        | 2%        |
| Claims & Judgements  | 919,981                 | 1,389,920        | 51%       | -                        | -                 | -         | 919,981           | 1,389,920         | 51%       |
| Loans                | -                       | -                | -         | 2,172,519                | 1,924,715         | 11%       | 2,172,519         | 1,924,715         | 11%       |
| <b>TOTAL</b>         | <b>5,095,001</b>        | <b>5,026,954</b> | <b>1%</b> | <b>75,345,614</b>        | <b>73,257,710</b> | <b>3%</b> | <b>80,440,615</b> | <b>78,284,664</b> | <b>3%</b> |

*Note: Details can be found in Note 8 (Long Term Debt)*

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City of Banning's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department, at the City of Banning, P.O. Box 998, Banning CA, 92220.

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CITY OF BANNING

STATEMENT OF NET POSITION  
JUNE 30, 2014

|   | Primary Government      |                          |                       |
|---|-------------------------|--------------------------|-----------------------|
|   | Governmental Activities | Business-Type Activities | Total                 |
| <b>Assets:</b>                              |                         |                          |                       |
| Cash and investments                        | \$ 14,024,454           | \$ 51,819,405            | \$ 65,843,859         |
| Receivables:                                |                         |                          |                       |
| Accounts                                    | 595,196                 | 6,827,390                | 7,422,586             |
| Loans                                       | 998,030                 | 7,961                    | 1,005,991             |
| Interest                                    | 34,218                  | 101,766                  | 135,984               |
| Internal balances                           | 826,350                 | (826,350)                | -                     |
| Prepaid costs                               | -                       | 470,680                  | 470,680               |
| Deposits                                    | -                       | 100,171                  | 100,171               |
| Due from other governments                  | 7,352,561               | 229,148                  | 7,581,709             |
| Inventories                                 | 89,147                  | 2,134,488                | 2,223,635             |
| Restricted assets:                          |                         |                          |                       |
| Cash and investments                        | -                       | 2,279,429                | 2,279,429             |
| Cash with fiscal agent                      | 657,693                 | 23,726,197               | 24,383,890            |
| Capital assets not being depreciated        | 8,345,410               | 7,208,073                | 15,553,483            |
| Capital assets, net of depreciation         | 77,584,485              | 99,972,802               | 177,557,287           |
| <b>Total Assets</b>                         | <b>110,507,544</b>      | <b>194,051,160</b>       | <b>304,558,704</b>    |
| <b>Deferred Outflows of Resources:</b>      |                         |                          |                       |
| Deferred charge on refunding                | -                       | 351,504                  | 351,504               |
| <b>Total Deferred Outflows of Resources</b> | <b>-</b>                | <b>351,504</b>           | <b>351,504</b>        |
| <b>Liabilities:</b>                         |                         |                          |                       |
| Accounts payable                            | 741,253                 | 2,510,086                | 3,251,339             |
| Accrued liabilities                         | 502,103                 | 151,727                  | 653,830               |
| Accrued interest                            | 15,618                  | 469,480                  | 485,098               |
| Unearned revenue                            | 137,691                 | 309,409                  | 447,100               |
| Deposits payable                            | 592,294                 | 772,224                  | 1,364,518             |
| Due to other governments                    | 553,496                 | -                        | 553,496               |
| Noncurrent liabilities:                     |                         |                          |                       |
| Due within one year                         | 855,699                 | 2,492,606                | 3,348,305             |
| Due in more than one year                   | 4,171,255               | 72,211,170               | 76,382,425            |
| <b>Total Liabilities</b>                    | <b>7,569,409</b>        | <b>78,916,702</b>        | <b>86,486,111</b>     |
| <b>Deferred Inflows of Resources:</b>       |                         |                          |                       |
| Deferred gain on refunding                  | -                       | 33,834                   | 33,834                |
| <b>Total Deferred Inflows of Resources</b>  | <b>-</b>                | <b>33,834</b>            | <b>33,834</b>         |
| <b>Net Position:</b>                        |                         |                          |                       |
| Net investment in capital assets            | 84,094,506              | 33,537,764               | 117,632,270           |
| Restricted for:                             |                         |                          |                       |
| Community development projects              | 2,808,168               | -                        | 2,808,168             |
| Public safety                               | 149,911                 | -                        | 149,911               |
| Parks and recreation                        | 74,807                  | -                        | 74,807                |
| Public works                                | 2,953,730               | -                        | 2,953,730             |
| Capital projects                            | 325,116                 | 18,262,575               | 18,587,691            |
| Debt service                                | -                       | 5,463,622                | 5,463,622             |
| Unrestricted                                | 12,531,897              | 58,188,167               | 70,720,064            |
| <b>Total Net Position</b>                   | <b>\$ 102,938,135</b>   | <b>\$ 115,452,128</b>    | <b>\$ 218,390,263</b> |

CITY OF BANNING

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014

|                                       | Expenses             | Program Revenues     |                                    |                                  |  |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|--|
|                                       |                      | Charges for Services | Operating Contributions and Grants | Capital Contributions and Grants |  |
| <b>Functions/Programs</b>             |                      |                      |                                    |                                  |  |
| <b>Primary Government:</b>            |                      |                      |                                    |                                  |  |
| Governmental Activities:              |                      |                      |                                    |                                  |  |
| General government                    | \$ 2,584,494         | \$ 3,518,279         | \$ 26,052                          | \$ -                             |  |
| Public safety                         | 10,126,310           | 88,698               | 635,980                            | -                                |  |
| Community development                 | 89,000               | -                    | -                                  | -                                |  |
| Parks and recreation                  | 1,122,226            | 69,554               | 1,619                              | 66,400                           |  |
| Public works                          | 6,270,524            | 590,975              | 981,697                            | 356,092                          |  |
| Interest on long-term debt            | 101,479              | -                    | -                                  | -                                |  |
| <b>Total Governmental Activities</b>  | <b>20,294,033</b>    | <b>4,267,506</b>     | <b>1,645,348</b>                   | <b>422,492</b>                   |  |
| Business-Type Activities:             |                      |                      |                                    |                                  |  |
| Airport                               | 382,611              | 172,656              | 471,205                            | -                                |  |
| Transit                               | 1,722,416            | 163,257              | 1,272,442                          | -                                |  |
| Banning Utility Authority Water       | 7,569,525            | 10,575,576           | 1,725                              | -                                |  |
| Electric Utility                      | 28,819,584           | 30,821,540           | 1,855                              | -                                |  |
| Banning Utility Authority Wastewater  | 2,915,736            | 3,423,514            | 2,393                              | -                                |  |
| Refuse Utility                        | 3,074,393            | 3,165,206            | 52,805                             | -                                |  |
| <b>Total Business-Type Activities</b> | <b>44,484,265</b>    | <b>48,321,749</b>    | <b>1,802,425</b>                   | <b>-</b>                         |  |
| <b>Total Primary Government</b>       | <b>\$ 64,778,298</b> | <b>\$ 52,589,255</b> | <b>\$ 3,447,773</b>                | <b>\$ 422,492</b>                |  |

**General Revenues:**

Taxes:

- Property taxes, levied for general purpose
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Business licenses taxes
- Other taxes
- Use of money and property
- Other
- Gain on sale of capital asset

**Transfers**

**Total General Revenues and Transfers**

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

**Net Position at End of Year**

| <b>Net (Expenses) Revenues and Changes in Net Position</b> |                                 |                       |
|--|---------------------------------|-----------------------|
| <b>Primary Government</b>                                  |                                 |                       |
| <b>Governmental Activities</b>                             | <b>Business-Type Activities</b> | <b>Total</b>          |
| \$ 959,837   | \$ -                            | \$ 959,837            |
| (9,401,632)  | -                               | (9,401,632)           |
| (89,000)   | -                               | (89,000)              |
| (984,653)  | -                               | (984,653)             |
| (4,341,760)  | -                               | (4,341,760)           |
| (101,479)  | -                               | (101,479)             |
| <b>(13,958,687)</b>  | <b>-</b>                        | <b>(13,958,687)</b>   |
|  |                                 |                       |
| - 261,250  | 261,250                         | 261,250               |
| - (286,717)  | (286,717)                       | (286,717)             |
| - 3,007,776  | 3,007,776                       | 3,007,776             |
| - 2,003,811  | 2,003,811                       | 2,003,811             |
| - 510,171  | 510,171                         | 510,171               |
| - 143,618  | 143,618                         | 143,618               |
| <b>- 5,639,909</b>   | <b>5,639,909</b>                | <b>5,639,909</b>      |
| <b>(13,958,687)</b>  | <b>5,639,909</b>                | <b>(8,318,778)</b>    |
|  |                                 |                       |
| 4,001,164  | -                               | 4,001,164             |
| 712,135  | -                               | 712,135               |
| 3,413,423  | -                               | 3,413,423             |
| 861,155  | -                               | 861,155               |
| 157,242  | -                               | 157,242               |
| 261,305  | -                               | 261,305               |
| 582,558  | 272,796                         | 855,354               |
| 469,656  | 288,557                         | 758,213               |
| 1,039  | 461                             | 1,500                 |
| 724,000  | (724,000)                       | -                     |
| <b>11,183,677</b>  | <b>(162,186)</b>                | <b>11,021,491</b>     |
| (2,775,010)  | 5,477,723                       | 2,702,713             |
| 105,729,433  | 109,974,405                     | 215,703,838           |
| <b>(16,288)</b>  | <b>-</b>                        | <b>(16,288)</b>       |
| <b>\$ 102,938,135</b>                                      | <b>\$ 115,452,128</b>           | <b>\$ 218,390,263</b> |

CITY OF BANNING

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014

|  | Capital<br>Projects<br>Funds |                     |                            |                      |                                |  |
|--|------------------------------|---------------------|----------------------------|----------------------|--------------------------------|--|
|  | General                      |                     | Sunset Grade<br>Separation |                      | Other<br>Governmental<br>Funds |  |
|  |                              |                     |                            |                      |                                |  |
| <b>Assets:</b>   |                              |                     |                            |                      |                                |  |
| Pooled cash and investments  | \$ 3,682,085                 | \$ 175              | \$ 5,978,622               | \$ 9,660,882         |                                |  |
| Receivables:   |                              |                     |                            |                      |                                |  |
| Accounts   | 566,462                      | -                   | 5,904                      | 572,366              |                                |  |
| Loans  | 27,950                       | -                   | 966,205                    | 994,155              |                                |  |
| Interest   | 18,884                       | -                   | 11,353                     | 30,237               |                                |  |
| Due from other governments   | 1,885,833                    | 2,296,802           | 3,070,968                  | 7,253,603            |                                |  |
| Due from other funds   | 2,819,750                    | -                   | -                          | 2,819,750            |                                |  |
| Restricted assets:   |                              |                     |                            |                      |                                |  |
| Cash and investments with fiscal agents                                    | -                            | -                   | 657,693                    | 657,693              |                                |  |
| <b>Total Assets</b>  | <b>\$ 9,000,964</b>          | <b>\$ 2,296,977</b> | <b>\$ 10,690,745</b>       | <b>\$ 21,988,686</b> |                                |  |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>      |                              |                     |                            |                      |                                |  |
| <b>Liabilities:</b>  |                              |                     |                            |                      |                                |  |
| Accounts payable   | \$ 252,559                   | \$ -                | \$ 214,441                 | \$ 467,000           |                                |  |
| Accrued liabilities  | 421,235                      | -                   | 29,372                     | 450,607              |                                |  |
| Unearned revenues  | -                            | -                   | 137,691                    | 137,691              |                                |  |
| Deposits payable   | 494,177                      | -                   | 98,117                     | 592,294              |                                |  |
| Due to other governments   | 553,496                      | -                   | -                          | 553,496              |                                |  |
| Due to other funds   | -                            | 2,297,000           | 491,750                    | 2,788,750            |                                |  |
| Advances from other funds  | 394,118                      | -                   | -                          | 394,118              |                                |  |
| <b>Total Liabilities</b>   | <b>2,115,585</b>             | <b>2,297,000</b>    | <b>971,371</b>             | <b>5,383,956</b>     |                                |  |
| <b>Deferred Inflows of Resources:</b>                                      |                              |                     |                            |                      |                                |  |
| Unavailable revenues   | 283,830                      | 2,296,802           | 967,754                    | 3,548,386            |                                |  |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>283,830</b>               | <b>2,296,802</b>    | <b>967,754</b>             | <b>3,548,386</b>     |                                |  |
| <b>Fund Balances:</b>  |                              |                     |                            |                      |                                |  |
| <b>    Nonspendable:</b>   |                              |                     |                            |                      |                                |  |
| Loans Receivable   | 27,950                       | -                   | -                          | 27,950               |                                |  |
| <b>    Restricted for:</b>   |                              |                     |                            |                      |                                |  |
| Community development projects   | -                            | -                   | 2,808,168                  | 2,808,168            |                                |  |
| Public safety  | -                            | -                   | 149,911                    | 149,911              |                                |  |
| Parks and recreation   | -                            | -                   | 74,807                     | 74,807               |                                |  |
| Public works   | -                            | -                   | 2,953,730                  | 2,953,730            |                                |  |
| Capital Projects   | -                            | -                   | 325,116                    | 325,116              |                                |  |
| <b>    Committed to:</b>   |                              |                     |                            |                      |                                |  |
| Emergency Contingency  | 3,480,481                    | -                   | -                          | 3,480,481            |                                |  |
| <b>    Assigned to:</b>  |                              |                     |                            |                      |                                |  |
| Public safety  | 24,918                       | -                   | -                          | 24,918               |                                |  |
| Parks and recreation   | 16,150                       | -                   | -                          | 16,150               |                                |  |
| Public works   | 126,118                      | -                   | -                          | 126,118              |                                |  |
| Capital Projects   | 1,100,000                    | -                   | 2,628,525                  | 3,728,525            |                                |  |
| Debt service   | 3,276                        | -                   | -                          | 3,276                |                                |  |
| General government   | 110,407                      | -                   | -                          | 110,407              |                                |  |
| Future compensated absences  | 480,648                      | -                   | -                          | 480,648              |                                |  |
| Litigation Contingency   | 179,189                      | -                   | -                          | 179,189              |                                |  |
| Gas tax commitment   | 152,675                      | -                   | -                          | 152,675              |                                |  |
| PEG  | 110,398                      | -                   | -                          | 110,398              |                                |  |
| SB1186 Disability Access   | 2,232                        | -                   | -                          | 2,232                |                                |  |
| Police Reward  | 25,000                       | -                   | -                          | 25,000               |                                |  |
| Community development projects   | 8,992                        | -                   | -                          | 8,992                |                                |  |
| <b>    Unassigned</b>  | <b>753,115</b>               | <b>(2,296,825)</b>  | <b>(188,637)</b>           | <b>(1,732,347)</b>   |                                |  |
| <b>Total Fund Balances</b>   | <b>6,601,549</b>             | <b>(2,296,825)</b>  | <b>8,751,620</b>           | <b>13,056,344</b>    |                                |  |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 9,000,964</b>          | <b>\$ 2,296,977</b> | <b>\$ 10,690,745</b>       | <b>\$ 21,988,686</b> |                                |  |

**CITY OF BANNING****RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014**

|   |                              |
|---|------------------------------|
| Fund balances of governmental funds   | \$ 13,056,344                |
| Amounts reported for governmental activities in the statement of net position are different because:  |                              |
| Capital assets net of depreciation have not been included as financial resources in governmental fund activity.   | 85,512,410                   |
| Long-term debt and compensated absences that have not been included in the governmental fund activity:  |                              |
| Bonds payable   | \$ (2,493,082)               |
| Compensated Absences  | <u>(961,296)</u> (3,454,378) |
| Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.  | (15,618)                     |
| Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.   | 3,548,386                    |
| Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position. | <u>4,290,991</u>             |
| <b>Net Position of governmental activities</b>  | <b><u>\$ 102,938,135</u></b> |

CITY OF BANNING

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

|  | Capital<br>Projects<br>Funds |                            |                                |                                |
|--|------------------------------|----------------------------|--------------------------------|--------------------------------|
|  | General                      | Sunset Grade<br>Separation | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|  |                              |                            |                                |                                |
| <b>Revenues:</b>   |                              |                            |                                |                                |
| Taxes  | \$ 8,774,631                 | \$ -                       | \$ 631,933                     | \$ 9,406,564                   |
| Licenses and permits   | 219,998                      | -                          | -                              | 219,998                        |
| Intergovernmental  | 278,026                      | 119,370                    | 1,537,861                      | 1,935,257                      |
| Charges for services   | 3,580,448                    | -                          | 70                             | 3,580,518                      |
| Use of money and property                                    | 511,083                      | -                          | 29,477                         | 540,560                        |
| Fines and forfeitures  | 291,125                      | -                          | -                              | 291,125                        |
| Contributions  | 11,727                       | -                          | 15,944                         | 27,671                         |
| Miscellaneous  | 504,223                      | -                          | 34,488                         | 538,711                        |
| <b>Total Revenues</b>  | <b>14,171,261</b>            | <b>119,370</b>             | <b>2,249,773</b>               | <b>16,540,404</b>              |
| <b>Expenditures:</b>   |                              |                            |                                |                                |
| Current:   |                              |                            |                                |                                |
| General government   | 2,359,703                    | -                          | -                              | 2,359,703                      |
| Public safety  | 8,715,093                    | -                          | 607,191                        | 9,322,284                      |
| Parks and recreation   | 599,171                      | -                          | 130,703                        | 729,874                        |
| Public works   | 1,299,066                    | -                          | 1,074,912                      | 2,373,978                      |
| Capital outlay   | 153,674                      | 129,710                    | 535,222                        | 818,606                        |
| Debt service:  |                              |                            |                                |                                |
| Principal retirement   | 333,112                      | -                          | -                              | 333,112                        |
| Interest and fiscal charges                                  | 103,141                      | -                          | -                              | 103,141                        |
| <b>Total Expenditures</b>                                    | <b>13,562,960</b>            | <b>129,710</b>             | <b>2,348,028</b>               | <b>16,040,698</b>              |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 608,301                      | (10,340)                   | (98,255)                       | 499,706                        |
| <b>Other Financing Sources (Uses):</b>                       |                              |                            |                                |                                |
| Transfers in   | 720,003                      | -                          | 252,119                        | 972,122                        |
| Transfers out  | (164,325)                    | -                          | (83,797)                       | (248,122)                      |
| <b>Total Other Financing Sources<br/>(Uses)</b>              | <b>555,678</b>               | <b>-</b>                   | <b>168,322</b>                 | <b>724,000</b>                 |
| Net Change in Fund Balances                                  | 1,163,979                    | (10,340)                   | 70,067                         | 1,223,706                      |
| Fund Balances, Beginning of Year, as<br>previously reported  | 5,437,570                    | (2,286,485)                | 8,697,841                      | 11,848,926                     |
| Restatements   | -                            | -                          | (16,288)                       | (16,288)                       |
| Fund Balances, Beginning of Year, as restated                | 5,437,570                    | (2,286,485)                | 8,681,553                      | 11,832,638                     |
| <b>Fund Balances, End of Year</b>                            | <b>\$ 6,601,549</b>          | <b>\$ (2,296,825)</b>      | <b>\$ 8,751,620</b>            | <b>\$ 13,056,344</b>           |

**CITY OF BANNING****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2014**

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|  |                                |
|--|--------------------------------|
| Net change in fund balances - total governmental funds   | \$ 1,207,418                   |
| Amounts reported for governmental activities in the statement of activities are different because:   |                                |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. |                                |
| Capital outlay   | \$ 948,316                     |
| Depreciation   | <u>(5,527,579)</u> (4,579,263) |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.   |                                |
| Principal repayments   | 333,112                        |
| Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.   |                                |
|  | 1,662                          |
| Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.  |                                |
|  | 189,400                        |
| Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.  |                                |
|  | 122,582                        |
| Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.                             |                                |
|  | <u>(66,209)</u>                |
| <b>Change in net position of governmental activities</b>   | <b>\$ (2,791,298)</b>          |

CITY OF BANNING

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014

| <b>Business-Type Activities - Enterprise Funds</b>                        |  |                         |   |  |  |
|---|--|-------------------------|---|--|--|
|   | <b>Banning Utility Authority Water</b> | <b>Electric Utility</b> | <b>Banning Utility Authority Wastewater</b> |  |  |
| <b>Assets:</b>  |  |                         |   |  |  |
| <b>Current:</b>   |  |                         |   |  |  |
| Pooled cash and investments   | \$ 14,470,715                          | \$ 19,678,489           | \$ 16,794,966                               |  |  |
| Receivables:  |  |                         |   |  |  |
| Accounts  | 1,763,410                              | 4,155,688               | 436,469                                     |  |  |
| Loans   | 1,827                                  | 5,934                   | 200   |  |  |
| Interest  | 27,360                                 | 40,796                  | 31,703                                      |  |  |
| Prepaid costs   | -                                      | 470,680                 | -   |  |  |
| Deposits  | -                                      | 100,171                 | -   |  |  |
| Due from other governments  | 484                                    | -                       | -   |  |  |
| Inventories   | 439,210                                | 1,680,931               | -   |  |  |
| <b>Restricted:</b>  |  |                         |   |  |  |
| Cash and investments  | -                                      | 2,279,429               | -   |  |  |
| Cash with fiscal agent  | 3,658,130                              | 16,695,049              | 3,373,018                                   |  |  |
| <b>Total Current Assets</b>   | <b>20,361,136</b>                      | <b>45,107,167</b>       | <b>20,638,356</b>                           |  |  |
| <b>Noncurrent:</b>  |  |                         |   |  |  |
| Advances to other funds   | -                                      | 394,118                 | -   |  |  |
| Capital assets - net of accumulated depreciation                          | 48,842,999                             | 39,722,676              | 14,819,021                                  |  |  |
| <b>Total Noncurrent Assets</b>  | <b>48,842,999</b>                      | <b>40,116,794</b>       | <b>14,819,021</b>                           |  |  |
| <b>Total Assets</b>   | <b>69,204,135</b>                      | <b>85,223,961</b>       | <b>35,457,377</b>                           |  |  |
| <b>Deferred Outflows of Resources:</b>                                    |  |                         |   |  |  |
| Deferred charge on refunding  | 211,084                                | -                       | 140,420                                     |  |  |
| <b>Total Deferred Outflows of Resources</b>                               | <b>211,084</b>                         | <b>-</b>                | <b>140,420</b>                              |  |  |
| <b>Total Assets and Deferred Outflows of Resources</b>                    | <b>\$ 69,415,219</b>                   | <b>\$ 85,223,961</b>    | <b>\$ 35,597,797</b>                        |  |  |
| <b>Liabilities, Deferred Inflow of Resources and Net Position:</b>        |  |                         |   |  |  |
| <b>Liabilities:</b>   |  |                         |   |  |  |
| <b>Current:</b>   |  |                         |   |  |  |
| Accounts payable  | \$ 311,817                             | \$ 1,794,814            | \$ 92,213                                   |  |  |
| Accrued liabilities   | 32,786                                 | 74,769                  | 15,816                                      |  |  |
| Accrued interest  | 250,956                                | 144,753                 | 73,771                                      |  |  |
| Unearned revenues   | -                                      | -                       | -   |  |  |
| Deposits payable  | 171,583                                | 391,073                 | 92,383                                      |  |  |
| Due to other funds  | -                                      | -                       | -   |  |  |
| Compensated absences  | 81,800                                 | 135,103                 | 60,624                                      |  |  |
| Claims and judgments  | -                                      | -                       | -   |  |  |
| Bonds, notes, and capital leases  | 805,000                                | 935,000                 | 409,246                                     |  |  |
| <b>Total Current Liabilities</b>  | <b>1,653,942</b>                       | <b>3,475,512</b>        | <b>744,053</b>                              |  |  |
| <b>Noncurrent:</b>  |  |                         |   |  |  |
| Compensated absences  | 97,290                                 | 159,931                 | 58,978                                      |  |  |
| Claims and judgments  | 30,251,520                             | 34,720,199              | 6,839,816                                   |  |  |
| Bonds, notes, and capital leases  | 30,348,810                             | 34,880,130              | 6,898,794                                   |  |  |
| <b>Total Noncurrent Liabilities</b>                                       | <b>32,002,752</b>                      | <b>38,355,642</b>       | <b>7,642,847</b>                            |  |  |
| <b>Total Liabilities</b>  | <b>-</b>                               | <b>-</b>                | <b>-</b>                                    |  |  |
| <b>Deferred Inflows of Resources:</b>                                     |  |                         |   |  |  |
| Deferred gain on refunding  | -                                      | 33,834                  | -   |  |  |
| <b>Total Deferred Inflows of Resources</b>                                | <b>-</b>                               | <b>33,834</b>           | <b>-</b>                                    |  |  |
| <b>Net Position:</b>  |  |                         |   |  |  |
| Net investment in capital assets  | 17,997,563                             | 4,033,643               | 7,710,379                                   |  |  |
| Restricted for capital projects   | 944,349                                | 14,022,712              | 3,295,514                                   |  |  |
| Restricted for debt service   | 2,713,781                              | 2,672,337               | 77,504                                      |  |  |
| Unrestricted  | 15,756,774                             | 26,105,793              | 16,871,553                                  |  |  |
| <b>Total Net Position</b>   | <b>37,412,467</b>                      | <b>46,834,485</b>       | <b>27,954,950</b>                           |  |  |
| <b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b> | <b>\$ 69,415,219</b>                   | <b>\$ 85,223,961</b>    | <b>\$ 35,597,797</b>                        |  |  |

**Reconciliation of Net Position to the Statement of Net Position**

Net Position per Statement of Net Position - Proprietary Funds

Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds

Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds

Net Position per Statement of Net Position

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CITY OF BANNING

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014

|   |  | Business-Type Activities - Enterprise Funds |                       |                     | Governmental Activities-Internal Service Funds |
|---|--|---|-----------------------|---------------------|--|
|   |  | Other Enterprise Funds                      | Totals                |                     |  |
| <b>Assets:</b>  |  |   |                       |                     |  |
| Current:  |  |   |                       |                     |  |
| Pooled cash and investments   |  | \$ 875,235                                  | \$ 51,819,405         | \$ 4,363,572        |  |
| Receivables:  |  |   |                       |                     |  |
| Accounts  |  | 469,823                                     | 6,827,390             | 22,830              |  |
| Loans   |  | -   | 7,961                 | 3,675               |  |
| Interest  |  | 1,907                                       | 101,766               | 3,981               |  |
| Prepaid costs   |  | -   | 470,680               | -                   |  |
| Deposits  |  | -   | 100,171               | -                   |  |
| Due from other governments  |  | 228,664                                     | 229,148               | 98,958              |  |
| Inventories   |  | 14,347                                      | 2,134,488             | 89,147              |  |
| Restricted:   |  |   |                       |                     |  |
| Cash and investments  |  | -   | 2,279,429             | -                   |  |
| Cash with fiscal agent  |  | -   | 23,726,197            | -                   |  |
| <b>Total Current Assets</b>   |  | <b>1,589,976</b>                            | <b>87,696,635</b>     | <b>4,582,363</b>    |  |
| Noncurrent:   |  |   |                       |                     |  |
| Advances to other funds   |  | -   | 394,118               | -                   |  |
| Capital assets - net of accumulated depreciation                          |  | 3,796,179                                   | 107,180,875           | 417,485             |  |
| <b>Total Noncurrent Assets</b>  |  | <b>3,796,179</b>                            | <b>107,574,993</b>    | <b>417,485</b>      |  |
| <b>Total Assets</b>   |  | <b>5,386,155</b>                            | <b>195,271,628</b>    | <b>4,999,848</b>    |  |
| <b>Deferred Outflows of Resources:</b>                                    |  |   |                       |                     |  |
| Deferred charge on refunding  |  | -   | 351,504               | -                   |  |
| <b>Total Deferred Outflows of Resources</b>                               |  | <b>-</b>                                    | <b>351,504</b>        | <b>-</b>            |  |
| <b>Total Assets and Deferred Outflows of Resources</b>                    |  | <b>\$ 5,386,155</b>                         | <b>\$ 195,623,132</b> | <b>\$ 4,999,848</b> |  |
| <b>Liabilities, Deferred Inflow of Resources and Net Position:</b>        |  |   |                       |                     |  |
| <b>Liabilities:</b>   |  |   |                       |                     |  |
| Current:  |  |   |                       |                     |  |
| Accounts payable  |  | \$ 311,242                                  | \$ 2,510,086          | \$ 274,253          |  |
| Accrued liabilities   |  | 28,356                                      | 151,727               | 51,496              |  |
| Accrued interest  |  | -   | 469,480               | -                   |  |
| Unearned revenues   |  | 309,409                                     | 309,409               | -                   |  |
| Deposits payable  |  | 117,185                                     | 772,224               | -                   |  |
| Due to other funds  |  | 31,000                                      | 31,000                | -                   |  |
| Compensated absences  |  | 65,833                                      | 343,360               | 123,192             |  |
| Claims and judgments  |  | -   | -                     | 19,961              |  |
| Bonds, notes, and capital leases  |  | -   | 2,149,246             | -                   |  |
| <b>Total Current Liabilities</b>  |  | <b>863,025</b>                              | <b>6,736,532</b>      | <b>468,902</b>      |  |
| Noncurrent:   |  |   |                       |                     |  |
| Compensated absences  |  | 83,436                                      | 399,635               | 59,464              |  |
| Claims and judgments  |  | -   | -                     | 1,369,959           |  |
| Bonds, notes, and capital leases  |  | -   | 71,811,535            | -                   |  |
| <b>Total Noncurrent Liabilities</b>                                       |  | <b>83,436</b>                               | <b>72,211,170</b>     | <b>1,429,423</b>    |  |
| <b>Total Liabilities</b>  |  | <b>946,461</b>                              | <b>78,947,702</b>     | <b>1,898,325</b>    |  |
| <b>Deferred Inflows of Resources:</b>                                     |  |   |                       |                     |  |
| Deferred gain on refunding  |  | -   | 33,834                | -                   |  |
| <b>Total Deferred Inflows of Resources</b>                                |  | <b>-</b>                                    | <b>33,834</b>         | <b>-</b>            |  |
| <b>Net Position:</b>  |  |   |                       |                     |  |
| Net investment in capital assets  |  | 3,796,179                                   | 33,537,764            | 417,485             |  |
| Restricted for capital projects   |  | -   | 18,262,575            | -                   |  |
| Restricted for debt service   |  | -   | 5,463,622             | -                   |  |
| Unrestricted  |  | 643,515                                     | 59,377,635            | 2,684,038           |  |
| <b>Total Net Position</b>   |  | <b>4,439,694</b>                            | <b>116,641,596</b>    | <b>3,101,523</b>    |  |
| <b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b> |  | <b>\$ 5,386,155</b>                         | <b>\$ 195,623,132</b> | <b>\$ 4,999,848</b> |  |
|   |  |   | \$ 116,641,596        |                     |  |
|   |  |   | (1,097,151)           |                     |  |
|   |  |   | (92,317)              |                     |  |
|   |  |   | <b>\$ 115,452,128</b> |                     |  |

CITY OF BANNING

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2014

| <u>Business-Type Activities - Enterprise Funds</u>       |  |                         |   |
|--|--|-------------------------|---|
|  | <u>Banning Utility Authority Water</u> | <u>Electric Utility</u> | <u>Banning Utility Authority Wastewater</u> |
| <b>Operating Revenues:</b>                               |  |                         |   |
| Sales and service charges                                | \$ 10,575,576                          | \$ 30,821,540           | \$ 3,423,514                                |
| Miscellaneous  | 32,517                                 | 215,991                 | 18,344                                      |
| <b>Total Operating Revenues</b>                          | <b>10,608,093</b>                      | <b>31,037,531</b>       | <b>3,441,858</b>                            |
| <b>Operating Expenses:</b>                               |  |                         |   |
| Salaries and benefits                                    | 1,403,942                              | 3,018,535               | 636,807                                     |
| Supplies and services                                    | 3,341,014                              | 5,444,410               | 1,324,165                                   |
| Repairs and maintenance                                  | 13,000                                 | 16,963                  | 34,471                                      |
| Street lighting costs                                    | -                                      | 147,985                 | -   |
| Power purchased  | -                                      | 17,000,644              | -   |
| Bad debt expense   | 43,664                                 | 119,613                 | 12,274                                      |
| Insurance premiums                                       | -                                      | -                       | -   |
| Depreciation expense                                     | 1,240,760                              | 1,266,089               | 566,750                                     |
| <b>Total Operating Expenses</b>                          | <b>6,042,380</b>                       | <b>27,014,239</b>       | <b>2,574,467</b>                            |
| <b>Operating Income (Loss)</b>                           | <b>4,565,713</b>                       | <b>4,023,292</b>        | <b>867,391</b>                              |
| <b>Nonoperating Revenues (Expenses):</b>                 |  |                         |   |
| Intergovernmental  | 1,725                                  | 1,855                   | 2,393                                       |
| Interest revenue and change in fair value of investments | 72,380                                 | 112,163                 | 83,980                                      |
| Interest expense   | (1,508,681)                            | (1,749,955)             | (331,114)                                   |
| Gain (loss) on disposal of capital assets                | -                                      | 211                     | -   |
| <b>Total Nonoperating Revenues (Expenses)</b>            | <b>(1,434,576)</b>                     | <b>(1,635,726)</b>      | <b>(244,741)</b>                            |
| <b>Income (Loss) Before Transfers</b>                    | <b>3,131,137</b>                       | <b>2,387,566</b>        | <b>622,650</b>                              |
| Transfers out  | (488,000)                              | -                       | (181,000)                                   |
| Changes in Net Position                                  | 2,643,137                              | 2,387,566               | 441,650                                     |
| <b>Net Position:</b>                                     |  |                         |   |
| Beginning of Year  | 34,769,330                             | 44,446,919              | 27,513,300                                  |
| <b>End of Fiscal Year</b>                                | <b>\$ 37,412,467</b>                   | <b>\$ 46,834,485</b>    | <b>\$ 27,954,950</b>                        |

Reconciliation of Changes in Net Position to the Statement of Activities:

Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds

Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds

Changes in Net Position of Business-Type Activities per Statement of Activities

CITY OF BANNING

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2014

|  | Business-Type Activities -<br>Enterprise Funds |                       |  |
|--|--|-----------------------|--|
|  | Other<br>Enterprise<br>Funds                   | Totals                | Governmental<br>Activities-<br>Internal<br>Service Funds |
| <b>Operating Revenues:</b>                               |  |                       |  |
| Sales and service charges                                | \$ 3,501,119                                   | \$ 48,321,749         | \$ 5,708,387   |
| Miscellaneous  | 21,705   | 288,557               | 264,250  |
| <b>Total Operating Revenues</b>                          | <b>3,522,824</b>                               | <b>48,610,306</b>     | <b>5,972,637</b>   |
| <b>Operating Expenses:</b>                               |  |                       |  |
| Salaries and benefits                                    | 1,066,338                                      | 6,125,622             | 1,984,783  |
| Supplies and services                                    | 3,635,172                                      | 13,744,761            | 3,033,998  |
| Repairs and maintenance                                  | 11,638   | 76,072                | 225,464  |
| Street lighting costs                                    | -  | 147,985               | -  |
| Power purchased  | -  | 17,000,644            | -  |
| Bad debt expense   | 11,007   | 186,558               | 50   |
| Insurance premiums                                       | -  | -                     | 873,065  |
| Depreciation expense                                     | 446,957  | 3,520,556             | 56,840   |
| <b>Total Operating Expenses</b>                          | <b>5,171,112</b>                               | <b>40,802,198</b>     | <b>6,174,200</b>   |
| <b>Operating Income (Loss)</b>                           | <b>(1,648,288)</b>                             | <b>7,808,108</b>      | <b>(201,563)</b>   |
| <b>Nonoperating Revenues (Expenses):</b>                 |  |                       |  |
| Intergovernmental  | 1,796,452                                      | 1,802,425             | -  |
| Interest revenue and change in fair value of investments | 4,273  | 272,796               | 41,998   |
| Interest expense   | -  | (3,589,750)           | -  |
| Gain (loss) on disposal of capital assets                | 250  | 461                   | 1,039  |
| <b>Total Nonoperating<br/>Revenues (Expenses)</b>        | <b>1,800,975</b>                               | <b>(1,514,068)</b>    | <b>43,037</b>  |
| <b>Income (Loss) Before Transfers</b>                    | <b>152,687</b>                                 | <b>6,294,040</b>      | <b>(158,526)</b>   |
| Transfers out  | (55,000)                                       | (724,000)             | -  |
| <b>Changes in Net Position</b>                           | <b>97,687</b>                                  | <b>5,570,040</b>      | <b>(158,526)</b>   |
| <b>Net Position:</b>                                     |  |                       |  |
| Beginning of Year  | 4,342,007                                      | 111,071,556           | 3,260,049  |
| <b>End of Fiscal Year</b>                                | <b>\$ 4,439,694</b>                            | <b>\$ 116,641,596</b> | <b>\$ 3,101,523</b>                                      |
|  |  | \$ 5,570,040          |  |
|  |  | (92,317)              |  |
|  |  | <b>\$ 5,477,723</b>   |  |

CITY OF BANNING

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2014

|   | Business-Type Activities - Enterprise Funds |                      |                                      |
|---|---|----------------------|--------------------------------------|
|   | Banning Utility Authority Water             | Electric Utility     | Banning Utility Authority Wastewater |
| <b>Cash Flows from Operating Activities:</b>                                |   |                      |                                      |
| Cash received from customers and users                                      | \$ 10,501,148                               | \$ 30,851,848        | \$ 3,470,411                         |
| Cash received from/(paid to) interfund service provided                     | (484)                                       | 235,464              | 18,344                               |
| Cash paid to suppliers for goods and services                               | (3,454,375)                                 | (23,465,184)         | (1,402,622)                          |
| Cash paid to employees for services   | (1,410,649)                                 | (3,033,594)          | (656,352)                            |
| <b>Net Cash Provided (Used) by Operating Activities</b>                     | <b>5,635,640</b>                            | <b>4,588,534</b>     | <b>1,429,781</b>                     |
| <b>Cash Flows from Non-Capital Financing Activities:</b>                    |   |                      |                                      |
| Cash transfers in   | -   | -                    | -                                    |
| Cash transfers out  | (488,000)                                   | -                    | (181,000)                            |
| Intergovernmental   | 1,725                                       | -                    | 2,393                                |
| Repayment received from other funds   | 1,536,400                                   | 1,855                | -                                    |
| <b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>         | <b>1,050,125</b>                            | <b>1,855</b>         | <b>(178,607)</b>                     |
| <b>Cash Flows from Capital and Related Financing Activities:</b>            |   |                      |                                      |
| Acquisition and construction of capital assets                              | (956,541)                                   | (2,722,595)          | (134,967)                            |
| Principal paid on capital debt  | (770,000)                                   | (880,000)            | (392,804)                            |
| Interest paid on capital debt   | (1,525,972)                                 | (1,790,662)          | (306,592)                            |
| Proceeds from sales of capital assets                                       | -   | 211                  | -                                    |
| <b>Net Cash Provided (Used) by Capital and Related Financing Activities</b> | <b>(3,252,513)</b>                          | <b>(5,393,046)</b>   | <b>(834,363)</b>                     |
| <b>Cash Flows from Investing Activities:</b>                                |   |                      |                                      |
| Proceeds from repayments (issuance) of notes and loans receivable           | 5,779                                       | 204                  | 899                                  |
| Issuance of notes and loans receivable                                      | (4,351)                                     | -                    | -                                    |
| Interest received   | 50,264                                      | 80,279               | 58,998                               |
| <b>Net Cash Provided (Used) by Investing Activities</b>                     | <b>51,692</b>                               | <b>80,483</b>        | <b>59,897</b>                        |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                 | <b>3,484,944</b>                            | <b>(722,174)</b>     | <b>476,708</b>                       |
| Cash and Cash Equivalents at Beginning of Year                              | 14,643,901                                  | 39,375,141           | 19,691,276                           |
| <b>Cash and Cash Equivalents at End of Year</b>                             | <b>\$ 18,128,845</b>                        | <b>\$ 38,652,967</b> | <b>\$ 20,167,984</b>                 |

CITY OF BANNING

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2014

|   | Business-Type Activities - |                      | Governmental Activities-Internal Service Funds |
|---|----------------------------|----------------------|--|
|   | Other Enterprise Funds     | Totals               |  |
| <b>Cash Flows from Operating Activities:</b>                                |                            |                      |  |
| Cash received from customers and users                                      | \$ 3,620,782               | \$ 48,444,189        | \$ 5,970,098                                   |
| Cash received from/(paid to) interfund service provided                     | (149,399)                  | 103,925              | (65,416)                                       |
| Cash paid to suppliers for goods and services                               | (3,552,371)                | (31,874,552)         | (3,710,794)                                    |
| Cash paid to employees for services   | (1,068,172)                | (6,168,767)          | (1,991,165)                                    |
| <b>Net Cash Provided (Used) by Operating Activities</b>                     | <b>(1,149,160)</b>         | <b>10,504,795</b>    | <b>202,723</b>                                 |
| <b>Cash Flows from Non-Capital Financing Activities:</b>                    |                            |                      |  |
| Cash transfers in   | -                          | -                    | -  |
| Cash transfers out  | (55,000)                   | (724,000)            | -  |
| Intergovernmental   | 1,827,452                  | 1,831,570            | -  |
| Repayment received from other funds   | -                          | 1,538,255            | -  |
| <b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>         | <b>1,772,452</b>           | <b>2,645,825</b>     | <b>-</b>                                       |
| <b>Cash Flows from Capital and Related Financing Activities:</b>            |                            |                      |  |
| Acquisition and construction of capital assets                              | (675,374)                  | (4,489,477)          | (6,670)  |
| Principal paid on capital debt  | -                          | (2,042,804)          | -  |
| Interest paid on capital debt   | -                          | (3,623,226)          | -  |
| Proceeds from sales of capital assets                                       | 250                        | 461                  | 1,039  |
| <b>Net Cash Provided (Used) by Capital and Related Financing Activities</b> | <b>(675,124)</b>           | <b>(10,155,046)</b>  | <b>(5,631)</b>                                 |
| <b>Cash Flows from Investing Activities:</b>                                |                            |                      |  |
| Proceeds from repayments (issuance) of notes and loans receivable           | -                          | 6,882                | (132)  |
| Issuance of notes and loans receivable                                      | -                          | (4,351)              | -  |
| Interest received   | 2,765                      | 192,306              | 38,834   |
| <b>Net Cash Provided (Used) by Investing Activities</b>                     | <b>2,765</b>               | <b>194,837</b>       | <b>38,702</b>                                  |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                 | <b>(49,067)</b>            | <b>3,190,411</b>     | <b>235,794</b>                                 |
| Cash and Cash Equivalents at Beginning of Year                              | 924,302                    | 74,634,620           | 4,127,778                                      |
| <b>Cash and Cash Equivalents at End of Year</b>                             | <b>\$ 875,235</b>          | <b>\$ 77,825,031</b> | <b>\$ 4,363,572</b>                            |

CITY OF BANNING

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2014

|  | Business-Type Activities - Enterprise Funds |                     |  |
|--|---|---------------------|--|
|  | Banning Utility<br>Authority Water          | Electric Utility    | Banning Utility<br>Authority<br>Wastewater |
| <b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>     |   |                     |  |
| Operating income (loss)  |   |                     |  |
| Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities: |   |                     |  |
| Depreciation   | 1,240,760                                   | 1,266,089           | 566,750                                    |
| Bad debt expense   | 43,664                                      | 119,613             | 12,274                                     |
| (Increase) decrease in accounts receivable   | (109,190)                                   | (95,702)            | 32,982                                     |
| (Increase) decrease in deposits receivable   | -   | (86)                | -  |
| (Increase) decrease in due from other governments  | (484)                                       | 19,473              | -  |
| (Increase) decrease in prepaid expense   | -   | (470,680)           | -  |
| (Increase) decrease in inventories   | (2,612)                                     | (273,516)           | -  |
| Increase (decrease) in accounts payable  | (97,749)                                    | (3,306)             | (33,288)                                   |
| Increase (decrease) in accrued liabilities   | 1,955                                       | 11,933              | 1,576                                      |
| Increase (decrease) in deposits payable  | 2,245                                       | 6,483               | 1,641                                      |
| Increase (decrease) in earned revenue  | -   | -                   | -  |
| Increase (decrease) in claims and judgments  | -   | -                   | -  |
| Increase (decrease) in compensated absences  | (8,662)                                     | (15,059)            | (19,545)                                   |
| <b>Total Adjustments</b>   | <b>1,069,927</b>                            | <b>565,242</b>      | <b>562,390</b>                             |
| <b>Net Cash Provided (Used) by<br/>Operating Activities</b>  | <b>\$ 5,635,640</b>                         | <b>\$ 4,588,534</b> | <b>\$ 1,429,781</b>                        |
| <b>Non-Cash Investing, Capital, and Financing Activities:</b>                                      |   |                     |  |
| Amortization of Unamortized Premiums/Discounts   | \$ 50,536                                   | \$ -                | \$ -                                       |
| Amortization of Gain/Loss on Defeasance  | (38,379)                                    | -                   | -  |

CITY OF BANNING

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2014

|   | Business-Type Activities - |                      | Governmental Activities-Internal Service Funds |  |
|---|----------------------------|----------------------|--|--|
|   | Other Enterprise Funds     | Totals               |  |  |
| <b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>            |                            |                      |  |  |
| Operating income (loss)   | \$ (1,648,288)             | \$ 7,808,108         | \$ (201,563)                                   |  |
| <b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b> |                            |                      |  |  |
| Depreciation  | 446,957                    | 3,520,556            | 56,840   |  |
| Bad debt expense  | 11,007                     | 186,558              | -  |  |
| (Increase) decrease in accounts receivable  | 27,055                     | (144,855)            | (1,611)  |  |
| (Increase) decrease in deposits receivable  | -                          | (86)                 | -  |  |
| (Increase) decrease in due from other governments   | (171,104)                  | (152,115)            | (65,416)                                       |  |
| (Increase) decrease in prepaid expense  | -                          | (470,680)            | -  |  |
| (Increase) decrease in inventories  | 5,327                      | (270,801)            | (23,950)                                       |  |
| Increase (decrease) in accounts payable   | 94,067                     | (40,276)             | (24,206)                                       |  |
| Increase (decrease) in accrued liabilities  | 6,052                      | 21,516               | 9,092  |  |
| Increase (decrease) in deposits payable   | 310                        | 10,679               | (928)  |  |
| Increase (decrease) in earned revenue   | 81,291                     | 81,291               | -  |  |
| Increase (decrease) in claims and judgments   | -                          | -                    | 469,939  |  |
| Increase (decrease) in compensated absences   | (1,834)                    | (45,100)             | (15,474)                                       |  |
| <b>Total Adjustments</b>  | <b>499,128</b>             | <b>2,696,687</b>     | <b>404,286</b>                                 |  |
| <b>Net Cash Provided (Used) by Operating Activities</b>   | <b>\$ (1,149,160)</b>      | <b>\$ 10,504,795</b> | <b>\$ 202,723</b>                              |  |
| <b>Non-Cash Investing, Capital, and Financing Activities:</b>   |                            |                      |  |  |
| Amortization of Unamortized Premiums/Discounts  | \$ -                       | \$ 50,536            | \$ -   |  |
| Amortization of Gain/Loss on Defeasance   | -                          | (38,379)             | -  |  |

CITY OF BANNING

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014

|   |  | Agency<br>Funds       | Private-Purpose<br>Trust Fund<br>Successor |
|---|--|-----------------------|--|
|   |  |                       | Agency of the<br>Former RDA                |
| <b>Assets:</b>                                  |  |                       |  |
| Pooled cash and investments                     |  | \$ 322,042            | \$ 4,133,213                               |
| Receivables:                                    |  |                       |  |
| Accounts  |  | -                     | 2,882                                      |
| Notes and loans                                 |  | -                     | 6,056,589                                  |
| Interest  |  | 560                   | 4,692                                      |
| Due from other governments                      |  | 6,844                 | -  |
| Restricted assets:                              |  |                       |  |
| Cash and investments with fiscal agents         |  | 220,575               | 11,208,860                                 |
| Capital assets:                                 |  |                       |  |
| Capital assets, not being depreciated           |  | -                     | 6,182,672                                  |
| Capital assets, net of accumulated depreciation |  | -                     | 6,049,356                                  |
| <b>Total Assets</b>                             |  | <b>\$ 550,021</b>     | <b>33,638,264</b>                          |
| <b>Liabilities:</b>                             |  |                       |  |
| Accounts payable                                |  | \$ 1,958              | 53,784                                     |
| Accrued liabilities                             |  | -                     | 4,807                                      |
| Accrued interest                                |  | -                     | 682,755                                    |
| Deposits payable                                |  | 61,587                | 946  |
| Due to other governments                        |  | -                     | 789,800                                    |
| Due to bondholders                              |  | 486,476               | -  |
| Long-term liabilities:                          |  |                       |  |
| Due in one year                                 |  | -                     | 1,201,648                                  |
| Due in more than one year                       |  | -                     | 38,248,008                                 |
| <b>Total Liabilities</b>                        |  | <b>\$ 550,021</b>     | <b>40,981,748</b>                          |
| <b>Net Position:</b>                            |  |                       |  |
| Held in trust for other purposes                |  |                       | <u>(7,343,484)</u>                         |
| <b>Total Net Position</b>                       |  | <b>\$ (7,343,484)</b> |  |

CITY OF BANNING

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 YEAR ENDED JUNE 30, 2014

|  | Private-Purpose<br>Trust Fund | Successor<br>Agency of the<br>Former RDA |
|--|-------------------------------|--|
| <b>Additions:</b>                                |                               |  |
| Taxes  | \$ 3,184,770                  |  |
| Interest and change in fair value of investments | 108,723                       |  |
| Contributions from City                          | 299,987                       |  |
| Miscellaneous                                    | 6,069                         |  |
| <b>Total Additions</b>                           | <b>3,599,549</b>              |  |
| <b>Deductions:</b>                               |                               |  |
| Administrative expenses                          | 435,163                       |  |
| Contractual services                             | 50,000                        |  |
| Interest expense                                 | 1,706,969                     |  |
| Amortization Expense                             | 30,236                        |  |
| Depreciation expense                             | 253,602                       |  |
| Loss of Sale of Capital Assets                   | 3,750                         |  |
| Forgiven loan expense                            | 110,200                       |  |
| <b>Total Deductions</b>                          | <b>2,589,920</b>              |  |
| <b>Changes in Net Position</b>                   |                               | <b>1,009,629</b>                         |
| Net Position - Beginning of the Year             |                               | (8,353,113)                              |
| <b>Net Position - End of the Year</b>            | <b>\$ (7,343,484)</b>         |  |

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## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

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#### I. SIGNIFICANT ACCOUNTING POLICIES

##### Note 1: Organization and Summary of Significant Accounting Policies

###### a. Description of the Reporting Entity

The City of Banning was incorporated in 1913 under the laws of the State of California and enjoys all the rights and privileges applicable to a general law city. It is governed by an elected five-member board. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Banning (the primary government) and its component units. The component units discussed below are included in the reporting entity because of their operational or financial relationships with the City of Banning.

###### Blended Component Units

The Banning Wastewater Facilities Corporation (the Corporation) was organized at the request of the City in 1984 pursuant to the Nonprofit Public Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code). In 1986, an amendment to its articles of incorporation changed the name of the Corporation to the Banning Public Facilities Corporation. It exists for the purposes of participating with the City of Banning in projects to improve the health, safety and welfare of the City and its residents, purchasing and leasing real and personal property in connection with such projects, and assisting the City in financing, acquiring and constructing such projects. It does not issue separate financial statements. Its activities are included with the City's activities in these financial statements.

The City of Banning Financing Authority (the Authority) was formed by a joint exercise of powers agreement between the City of Banning and the former Banning Redevelopment Agency. It was established November 12, 2003 under Article 1 (commencing with Section 6500) of the Joint Powers Law of the State of California for the purpose of providing an entity to assist in providing financing for the City and the Agency. It does not issue separate financial statements. Its activities are included with the City's activities in these financial statements.

The Banning Utility Authority (Authority) is a joint powers authority which was established on July 12, 2005 pursuant to a Joint Exercise of Powers Agreement between the City of Banning and the former Redevelopment Agency of the City of Banning in accordance with the Joint Powers Law (Article 1 through 4 of Chapter 5, division 7, title 1 of the California Government code) for the purpose of assisting the City in the leasing of the utility system.

The Banning Redevelopment Agency was dissolved as of January 31, 2012, through the Supreme Court decision on Assembly Bill 1X26. The City serves as the successor Agency to the Redevelopment Agency of the City of Banning. The Authority's Officers are the Banning City Council. The Authority is a separate legal entity, which is financially accountable to the City of Banning. It is considered a component unit of the City and, accordingly, is included with the City's activities in these financial statements.

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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#### Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The City of Banning Housing Authority was established on January 10, 2012 to accept the assets of the former Redevelopment Agency. On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. The Bill impacted the reporting entity of the City that previously had reported a redevelopment agency within the report of the City as a blended component unit. On January 10, 2012 and in accordance with California Health and Safety Code Section 34176, the City Council as part of City resolution numbers 2012-01 and 2012-04, elected to retain the housing assets and transfer those assets over to the Housing Authority. The housing assets and functions are reported in the Banning Housing Authority, a special revenue fund of the City.

#### b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

#### c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting its assets and liabilities.

The City reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Sunset Grade Separation Fund is the government's fund to isolate payments made with the intent to account for the funding resources and expenditures related to the Sunset Grade Separation Project.

The City reports the following major proprietary funds:

- The Banning Utility Authority Water Fund is used to account for the construction, operation, maintenance and consumption of water services within the City's water service area.
- The Electric Utility Fund is used to account for the costs of labor and materials used in the maintenance, construction and consumption of electric services throughout the City.
- The Banning Utility Authority Wastewater Fund is used to account for the costs of labor and materials, construction and consumption of wastewater services within the City's wastewater service area.

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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#### Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Additionally, the City reports the following fund types:

- Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- Capital Project Funds are used to account for capital project expenditures throughout the City.
- Debt Service Funds are used to account for debt service related expenditures.
- Internal Service Funds are used to account for the financing of goods or services provided by one department or agency for other departments or agencies of the City, or to other governments, on a cost reimbursement basis.
- The Agency Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The City's agency funds account for assessments levied for debt service on bond issues which are not a debt of the City.
- The Private-purpose Trust Fund accounts for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Certain indirect costs are included in the program expense reported for individual functions and activities.

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

#### d. Assets, Liabilities and Net Position or Equity

##### Deposits and Investments and Cash and Cash Equivalents

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

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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#### Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Pools*, require governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the fiscal year in which the change occurred. All investments have been stated at fair value.

#### Receivables and Payables

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

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

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

The noncurrent portion of receivables related to revenue is set up as unavailable revenue and recognized as revenue when the receivables become current. The noncurrent portion of loans and other receivables are offset by fund balance non-spendable accounts. Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Property taxes in the State of California are administered for all local agencies at the county level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations are established by the Assessor of the County of Riverside for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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#### Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Tax Levies are limited to 1% of appraised value, which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as they exist at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments; the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10, and the second is due on January 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payment.

Tax Levy Apportionments are due to the nature of the citywide maximum levy. It is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees for the State of California fiscal year 1990-1991 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded net of administrative fees withheld during the fiscal year.

#### Inventories and Prepaid Items

Inventories of materials and supplies (if material) are carried at cost on a first-in, first-out (FIFO) basis. The City uses the consumption method of accounting for inventories. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**CITY OF BANNING****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

| Assets                  | Years   |
|-------------------------|---------|
| Building and Structures | 20 - 50 |
| Improvements            | 15 - 25 |
| Machinery and Equipment | 3 - 25  |
| Vehicles                | 5 - 10  |
| Infrastructure          | 40 - 50 |
| Airport Master Plan     | 10 - 20 |
| Utility Plant           | 20 - 60 |

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and governmental balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position and governmental balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sources; such as, taxes, grant revenues, and long-term receivables. In addition a deferred gain on refunding is reported in the Business-Type Activities and Proprietary Funds Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

**Compensated Absences**

Compensated absences are the amounts due to employees for future absences that are attributable to services already rendered. The City has determined that no current liability exists for compensated absences; therefore, the liability for governmental activities is shown only in the government-wide statements. For proprietary funds the liability for compensated absences, if any, is segregated between short-term and long-term as indicated above and both portions are reflected in the fund involved. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Sick leave is payable when an employee is unable to work because of illness or upon termination. Compensatory time, personal leave, executive leave and holiday pay are payable at the time leave is taken or upon termination. The vested portion of these compensated absences is accrued in the government-wide statements and is also accrued in proprietary funds at year-end.

The following are summaries of the City's compensated leave policies:

Compensatory Time/ Personal Leave/Executive Leave may be accrued in the following manner: Compensatory time for Police employees up to 240 hours, Utility and General employees up to 160 hours, and Non-exempt Managers up to 240 hours.

Exempt Managers receive 98 hours of personal leave per year that may be accrued up to 192 hours. Effective the first full pay period in July 2013, all personal leave balances above 150 hours will be moved to a unique leave account.

Police Management receives 98 hours of personal leave per year that may be accrued up to 98 hours. Effective the first full pay period in July 2013, all personal leave balances will be moved to a unique leave account.

The City Manager and Department Directors receive 98 hours of executive leave annually that may be accrued up to 200 hours. Effective the first full pay period in July 2013, all executive leave balances above 98 hours will be moved to a unique leave bank.

Utility employees may cash out 40 hours of compensatory time, or vacation, or any combination thereof, annually. Non-exempt Management employees may cash out 60 hours of compensatory time per year. Police Management and Exempt Management employees may elect to cash out 60 hours of personal leave per year. The City Manager and Department Directors may cash out 98 hours of executive leave per year.

All compensatory time/personal leave/executive leave is payable to employees upon termination at the rate of pay at termination.

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Sick Leave accrues to employees in the following manner: Police employees accrue sick leave without limit. Each employee may be eligible to convert up to 40 hours of unused sick leave to vacation each year, and after 10 years of service to the City, each employee, upon voluntary separation or involuntary disability, shall be eligible to be paid 40% of accrued sick leave.

Management employees, Utility personnel and General employees will accrue sick leave up to a cap of 400 hours. Effective the first full pay period in July 2013, excess hours above 224 will be moved to an "old sick" leave account. During the year ended June 30, 2014 and thereafter, any hours that exceed the regular cap of 400 hours will not be accrued.

Upon separation, service retirement, disability retirement or termination, after 10 years of service, Utility and General personnel may receive a cash payment for 30% of all unused sick leave or contribute the entire remaining balance of sick leave to the employee's 457 Deferred Compensation Account (subject to IRS maximum contributions provided by law) or City's Retiree Medical Savings Account.

Upon separation, service retirement, disability retirement or termination, Management employees shall be eligible to receive a cash payment for accrued sick leave in an amount not to exceed 96 hours. After 10 years of continuous City service, all hours accrued, less the total hours cashed out, shall be eligible for conversion to cash in an amount equivalent to 30% of such unused sick leave.

Beginning with the 11th year of service, all Management, Utility and General employees have the option to convert their sick leave bank, less 40 hours, to deferred compensation or the City's Retiree Health Savings Plan.

The City Manager shall accrue sick leave to a maximum of 320 hours and may receive an annual sick leave pay off of up to 96 hours. Upon separation, the City Manager shall receive payment for all sick hours accrued.

Department Directors shall accrue sick leave up to a maximum of 480 hours. Effective the first full pay period in July 2013, excess sick hours above 96 will be moved to an "old sick" leave bank. Annually, Department Directors may receive a 96-hour sick leave pay off, but will not be able to cash out sick leave below 40 hours. Upon separation, service retirement, disability retirement or termination, Department Directors shall receive payment for all sick hours accrued.

Police Management employees will accrue sick leave up to a cap of 320 hours. All sick hours above 224 will be moved to a unique sick leave account. Annually, employees may receive a 96-hour sick leave pay off or convert hours to deferred compensation, but will not be able to cash out sick leave below 40 hours. Upon separation, service retirement, disability retirement, or termination, an employee may receive a cash payment for a maximum of 96 hours. Beginning the 10th year of continuous City service, all hours accrued shall be eligible for conversion to cash in an amount equivalent to 30% of such unused sick leave. Beginning with the 11th year of service, unit members may convert 50% of their sick leave bank, less 40 hours, to deferred compensation or the City's Retiree Health Savings Plan.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

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**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Vacation and Holiday Leave Police employees accrue hours according to schedules set forth in a memorandum of understanding. After one year of employment, each employee is eligible to be paid for accrued vacation. Maximum accrual for vacation is 320 hours and 336 hours for non-supervisory and supervisory personnel, respectively. Holiday leave may be accrued to a maximum of 160 hours. At termination, after 1 year of continuous full-time service, employees shall be paid for 100% of accrued vacation and holiday leave.

General and Utility personnel accrue vacation leave in accordance with schedules set forth in a memorandum of understanding. Holidays do not accrue, but are paid per schedules set forth in a memorandum of understanding. Vacation leave accrues up to a maximum of 320 hours. Upon termination, all union personnel with at least six months service will be paid for all accrued hours.

The City Manager's maximum accrual for vacation is 320 hours. Department Directors will accrue vacation leave up to a cap of 480 hours. Effective the first full pay period in July 2013, excess hours above 160 (for Department Directors) will be moved to a unique vacation bank. Upon separation, the City Manager and Department Directors shall be entitled to 100% of the unused vacation leave on the books. Effective July 2013, existing holiday hours will be moved to a unique leave bank and the City Manager and Department Directors will no longer accrue holidays, but will be paid for holidays per schedules referred to in individual contracts. Upon termination, the City Manager and Department Directors shall be entitled to be paid for the entire amount of holiday time accrued.

Police Management will accrue vacation leave up to a cap of 320 hours. Effective the first full pay period in July 2013, excess hours above 160 will be moved to a unique vacation bank. Upon separation, employee shall be entitled to 100% of the unused vacation leave on the books. Police Management shall accrue holiday hours up to the cap of 96 hours. Effective the first full pay period in July 2013, all holiday hours will be moved to a unique bank. Upon separation, employees shall be entitled to 100% of the unused holiday leave on the books.

Management employees accrue vacation and holiday leave in accordance with schedules set forth in a memorandum of understanding. Vacation accrues to a limit of 320 hours. Effective July 2013, existing holiday hours will be moved to a unique leave bank and the Management employees will no longer accrue holidays, but will be paid for holidays per schedules contained in a memorandum of understanding. All accrued vacation and holiday leave shall be paid upon termination up to a maximum of 320 hours for vacation and an unlimited amount of hours for holiday, after six months of service. The cash value of holiday hours (for Management employees) in the unique bank will remain at the employee's July 2013 pay rate.

Employees may cash out vacation/holiday time annually as follows:

|  | <u>Hours</u> |
|--|--------------|
| City Manager (vacation)                | 120          |
| Department Directors (vacation)        | 80           |
| Managers 80 (vacation in excess of 80) | 80           |
| Police Management (vacation)           | 80           |
| Police (vacation)                      | 40           |
| Police (holiday)                       | 88           |

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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#### Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Floating Holiday General employees, Utility employees, the City Manager, Department Directors and Managers will be credited one floating holiday (10 hours) with the first payroll in each fiscal year. Floating holiday leave balances must be used during the fiscal year or cashed out.

Career part-time classification employees shall accrue leave balances on a prorata basis derived from the leave rates and caps set forth in the most recent memorandum of understanding for Management employees. Career part-time employees are not eligible for cash out of any accrued hours, except upon termination.

#### Claims and Judgments

Both the long-term and short-term liability for claims and judgments payable are reported in an internal service fund. The short-term liability, which will be liquidated with expendable available financial resources, is the amount of settlement reached, but unpaid related to claims and judgments entered.

#### Long-Term Obligations

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

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

#### Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

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

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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#### Note 1: Organization and Summary of Significant Accounting Policies (Continued)

##### Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

##### Fund Balance Policies

In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

Emergency Contingency - City Council has determined the specific purposes for which this may be used for are local disasters, recessions or other financial hardships; to subsidize unforeseen operating or capital needs; and cash flow requirements.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager or Deputy City Manager are authorized to assign amounts to a specific purpose, which was established by the governing body by resolution.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

An individual governmental fund could include nonspendable resources and amounts that are restricted. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

**Fund Balance Deficits**

The following funds contained a deficit fund balance:

| Fund  | Amount       |
|---|--------------|
| Article 3 Sidewalk - Special Revenue                | \$ (142,135) |
| Community Development Block Grant - Special Revenue | (46,502)     |
| Sunset Grade Separation - Capital Projects Fund     | (2,296,825)  |
| Successor Agency                                    | (7,343,484)  |

**e. New Accounting Pronouncements**

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is intended to clarify the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The City has fully confirmed to the requirements of this statement for the fiscal year ending June 30, 2014.

In March 2012, the GASB issued Statement 66, *Technical Corrections – 2012 an amendment of GASB Statements No. 10 and No. 62*, to resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for, operating lease payments that vary from a straight-line basis, the difference between the initial investment and the principal amount of a purchased loan, and servicing fees related to mortgage loans that are sold when the stated service fee rate differs significant from a normal servicing fee rate. The City has fully confirmed to the requirements of this statement for the fiscal year ending June 30, 2014.

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**II. DETAILED NOTES ON ALL FUNDS**

**Note 2: Cash and Investments**

As of June 30, 2014, cash and investments were reported in the accompanying financial statements as follows:

|                            |                       |
|----------------------------|-----------------------|
| Governmental activities    | \$ 14,682,147         |
| Business-type activities   | 77,825,031            |
| Fiduciary funds            | <u>15,884,690</u>     |
| Total Cash and Investments | <u>\$ 108,391,868</u> |

The City of Banning maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

**Deposits**

At June 30, 2014, the carrying amount of the City's deposits was \$3,911,010, and the bank balance was \$4,652,169. The \$741,159 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

**Investments**

Under provision of the City's investment policy and in accordance with the California Government Code, the following investments are authorized:

- Securities issued or guaranteed by the U.S. Treasury or agencies of the United States Government
- Bank certificates of deposit
- Shares of savings certificates of savings and loan associations
- Mortgage backed securities
- State of California Local Agency Investment Fund

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 2: Cash and Investments (Continued)**

**Investments Authorized by Debt Agreements**

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

**Investments in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

**GASB Statement No. 31**

The City adopted GASB Statement No. 31, *Accounting and Financial Reporting for certain investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

**Credit Risk**

The City's investment policy does not limit investments in Federal Agency Securities by ratings issued by nationally recognized statistical rating organizations. As of June 30, 2014, the City's investments in Federal Agency Securities consisted of investments in Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Notes, Federal Farm Credit banks, and Federal National Mortgage Corporation. At June 30, 2014, all Federal Agency Securities were rated "AA+" by Standard & Poor's. All securities were investment grade and were legal under State and City law. As of June 30, 2014, the City's investments in external investment pools are unrated.

**Custodial Credit Risk**

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2014, none of the City's deposits or investments was exposed to custodial credit risk.

**CITY OF BANNING****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014****Note 2: Cash and Investments****Concentration of Credit Risk**

The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. In addition, GASB 40 requires a separate disclosure if any single issuer comprised more than 5% of the total investment value. As of June 30, 2014, the City had no investments in one issuer that exceeded 5%. The investments in mutual money market funds and external investment pools are excluded from this requirement.

**Interest Rate Risk**

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2014, the City had the following investments and maturities:

| <u>Investment Type</u>       | <u>Remaining Investment Maturities</u> |                           |                      |                          |                       | <u>Fair Value</u> |
|------------------------------|--|---------------------------|----------------------|--------------------------|-----------------------|-------------------|
|                              | <u>6 months or less</u>                | <u>6 months to 1 year</u> | <u>1 to 3 years</u>  | <u>More than 5 years</u> |                       |                   |
| Federal Agency Securities    | \$ -                                   | \$ -                      | \$ 25,730,772        | \$ -                     | \$ 25,730,772         |                   |
| Local Agency Investment Fund | 41,572,339                             | -                         | -                    | -                        | -                     | 41,572,339        |
| Money Market                 | 106,708                                | -                         | -                    | -                        | -                     | 106,708           |
| Cash with Fiscal Agents:     |  |                           |                      |                          |                       |                   |
| Money Market                 | 37,071,039                             | -                         | -                    | -                        | -                     | 37,071,039        |
| Total                        | <u>\$ 78,750,086</u>                   | <u>\$ -</u>               | <u>\$ 25,730,772</u> | <u>\$ -</u>              | <u>\$ 104,480,858</u> |                   |

**Note 3: Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2014, is as follows:

**Due To/From Other Funds**

| <u>Funds</u>          | <u>Due to<br/>Other Funds</u> |   |  | <u>Total</u>        |
|-----------------------|-------------------------------|---|--|---------------------|
|                       | <u>Airport<br/>Fund</u>       | <u>Sunset Grade<br/>Separation<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> |                     |
| Due from Other Funds: |                               |   |  |                     |
| General Fund          | \$ 31,000                     | \$ 2,297,000                                | \$ 491,750                                 | \$ 2,819,750        |
| Total                 | <u>\$ 31,000</u>              | <u>\$ 2,297,000</u>                         | <u>\$ 491,750</u>                          | <u>\$ 2,819,750</u> |

The interfund balances were the results of routine interfund transactions not cleared prior to year-end.

**CITY OF BANNING****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014****Note 3: Interfund Receivables, Payables and Transfers (Continued)****Advances To/From Other Funds**

| Funds                      | Advances to<br>Other Funds |  |
|----------------------------|----------------------------|--|
|                            | Electric<br>Utility        |  |
| Advances from Other Funds: |                            |  |
| General Fund               | \$ 394,118                 |  |
| Total                      | \$ 394,118                 |  |

During previous fiscal years, the Electric Utility Fund had made loans to the General Fund. These loans bear interest at rates up to 12% per annum depending upon when the loan was initiated. The Electric Utility Fund may demand payment of all or a portion of the principal balance at any time as funds become available; however, such demands are not anticipated with the next fiscal year. As of June 30, 2014, principal owed on those loans was \$394,118.

**Interfund Transfers**

| Funds                          | Transfers In:     |                                   |            | Totals         |
|--------------------------------|-------------------|-----------------------------------|------------|----------------|
|                                | General<br>Fund   | Nonmajor<br>Governmental<br>Funds |            |                |
| <b>Transfers Out:</b>          |                   |                                   |            |                |
| General Fund                   | \$ -              | \$ 164,325                        | \$ 164,325 |                |
| Nonmajor Governmental<br>Funds | -                 | 83,797                            |            | 83,797         |
| BUA Water Fund                 | 484,003           | 3,997                             |            | 488,000        |
| BUA Wastewater Fund            | 181,000           | -                                 |            | 181,000        |
| Non-Major Enterprise Funds     | 55,000            | -                                 |            | 55,000         |
| <b>Totals</b>                  | <b>\$ 720,003</b> | <b>\$ 252,119</b>                 | <b>\$</b>  | <b>972,122</b> |

Transfers out of the General, Water, Nonmajor Governmental Funds, the BUA Water Fund, the BUA Wastewater Fund, and Refuse Utility Funds to the General Fund and other Nonmajor Governmental Funds are to pay certain costs incurred for special projects undertaken in the other Nonmajor Governmental Funds.

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 4: Changes in Capital Assets**

Capital asset activity for the year ended June 30, 2014, is as follows:

|  | <b>Beginning<br/>Balance</b> | <b>Increases</b>      | <b>Decreases</b> | <b>Transfers</b> | <b>Ending<br/>Balance</b> |
|--|------------------------------|-----------------------|------------------|------------------|---------------------------|
| <b>Governmental Activities:</b>                            |                              |                       |                  |                  |                           |
| Capital assets, not being depreciated:                     |                              |                       |                  |                  |                           |
| Land   | \$ 3,061,900                 | \$ -                  | \$ -             | \$ -             | \$ 3,061,900              |
| Construction-in-progress                                   | 4,458,362                    | 897,271               | -                | (72,123)         | 5,283,510                 |
| <b>Total Capital Assets,<br/>    Not Being Depreciated</b> | <b>7,520,262</b>             | <b>897,271</b>        | <b>-</b>         | <b>(72,123)</b>  | <b>8,345,410</b>          |
| Capital assets, being depreciated:                         |                              |                       |                  |                  |                           |
| Buildings and structures                                   | 25,996,729                   | 12,850                | 7,540            | 45,856           | 26,047,895                |
| Land improvements  | 7,072,307                    | -                     | -                | 2,077            | 7,074,384                 |
| Machinery and equipment                                    | 6,088,773                    | 44,865                | -                | -                | 6,133,638                 |
| Vehicles   | 4,213,745                    | -                     | 1,418            | -                | 4,212,327                 |
| Infrastructure   | 112,756,682                  | -                     | -                | 24,190           | 112,780,872               |
| <b>Total Capital Assets,<br/>    Being Depreciated</b>     | <b>156,128,236</b>           | <b>57,715</b>         | <b>8,958</b>     | <b>72,123</b>    | <b>156,249,116</b>        |
| Less accumulated depreciation:                             |                              |                       |                  |                  |                           |
| Buildings and structures                                   | 12,232,757                   | 967,200               | 7,540            | -                | 13,192,417                |
| Land improvements  | 2,978,459                    | 297,392               | -                | -                | 3,275,851                 |
| Machinery and equipment                                    | 4,743,023                    | 469,870               | -                | -                | 5,212,893                 |
| Vehicles   | 3,871,166                    | 138,082               | 1,418            | -                | 4,007,630                 |
| Infrastructure   | 49,263,765                   | 3,711,875             | -                | -                | 52,975,640                |
| <b>Total Accumulated<br/>    Depreciation</b>              | <b>73,089,170</b>            | <b>5,584,419</b>      | <b>8,958</b>     | <b>-</b>         | <b>78,664,631</b>         |
| <b>Total Capital Assets,<br/>Being Depreciated, Net</b>    | <b>83,039,066</b>            | <b>(5,526,704)</b>    | <b>-</b>         | <b>72,123</b>    | <b>77,584,485</b>         |
| <b>Governmental Activities<br/>Capital Assets, Net</b>     | <b>\$ 90,559,328</b>         | <b>\$ (4,629,433)</b> | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ 85,929,895</b>      |

Depreciation expense was charged to governmental functions as follows:

**Governmental Activities:**

|   |                     |
|---|---------------------|
| General government  | \$ 204,169          |
| Public safety   | 879,832             |
| Public works  | 4,045,104           |
| Parks and recreation  | 398,474             |
| Internal service funds                                      | 56,840              |
| <b>Total Depreciation Expense - Governmental Activities</b> | <b>\$ 5,584,419</b> |

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

**Note 4: Changes in Capital Assets (Continued)**

|   | <b>Beginning<br/>Balance</b> | <b>Increases</b> | <b>Decreases</b> | <b>Transfers</b> | <b>Ending<br/>Balance</b> |
|---|------------------------------|------------------|------------------|------------------|---------------------------|
| <b>Business-Type Activities:</b>                |                              |                  |                  |                  |                           |
| Capital assets, not being depreciated:          |                              |                  |                  |                  |                           |
| Land  | \$ 1,184,229                 | \$ -             | \$ -             | \$ -             | \$ 1,184,229              |
| Construction-in-progress                        | 4,832,466                    | 4,183,462        | -                | (2,992,084)      | 6,023,844                 |
| Total Capital Assets,<br>Not Being Depreciated  | 6,016,695                    | 4,183,462        | -                | (2,992,084)      | 7,208,073                 |
| Capital assets, being depreciated:              |                              |                  |                  |                  |                           |
| Airport master plan                             | 38,875                       | -                | -                | -                | 38,875                    |
| Buildings and structures                        | 519,247                      | -                | -                | -                | 519,247                   |
| Land improvements                               | 3,561,602                    | -                | -                | -                | 3,561,602                 |
| Machinery and equipment                         | 29,109                       | -                | -                | -                | 29,109                    |
| Utility plant                                   | 161,484,109                  | 306,012          | 56,949           | 2,992,084        | 164,725,256               |
| Total Capital Assets,<br>Being Depreciated      | 165,632,942                  | 306,012          | 56,949           | 2,992,084        | 168,874,089               |
| Less accumulated depreciation:                  |                              |                  |                  |                  |                           |
| Airport master plan                             | 38,875                       | -                | -                | -                | 38,875                    |
| Buildings and structures                        | 396,399                      | 7,116            | -                | -                | 403,515                   |
| Land improvements                               | 1,616,965                    | 168,499          | -                | -                | 1,785,464                 |
| Machinery and equipment                         | 29,109                       | -                | -                | -                | 29,109                    |
| Utility plant                                   | 63,356,332                   | 3,344,941        | 56,949           | -                | 66,644,324                |
| Total Accumulated<br>Depreciation               | 65,437,680                   | 3,520,556        | 56,949           | -                | 68,901,287                |
| Total Capital Assets,<br>Being Depreciated, Net | 100,195,262                  | (3,214,544)      | -                | 2,992,084        | 99,972,802                |
| Business-type Activities                        |                              |                  |                  |                  |                           |
| Capital Assets, Net                             | \$ 106,211,957               | \$ 968,918       | \$ -             | \$ -             | \$ 107,180,875            |

Depreciation expense was charged to business-type activities as follows:

|  |                     |
|--|---------------------|
| <b>Business-Type Activities:</b>                             |                     |
| Banning Utility Authority Water                              | \$ 1,240,760        |
| Electric Utility   | 1,266,089           |
| Banning Utility Authority Wastewater                         | 566,750             |
| Airport  | 175,615             |
| Transit  | 271,342             |
| <b>Total Depreciation Expense - Business-Type Activities</b> | <b>\$ 3,520,556</b> |

**CITY OF BANNING****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014****Note 5: Accounts Receivable**

Accounts receivable for enterprise funds are shown net of applicable allowances for doubtful accounts. The accounts receivable and respective allowances are as follows:

|                            | <u>Gross Receivable</u> | <u>Allowance For Doubtful Accounts</u> | <u>Net Receivable</u> |
|----------------------------|-------------------------|--|-----------------------|
| Water                      | \$ 1,825,408            | \$ (61,998)                            | \$ 1,763,410          |
| Electric                   | 4,300,452               | (144,764)                              | 4,155,688             |
| Wastewater                 | 454,138                 | (15,669)                               | 438,469               |
| Nonmajor Proprietary Funds | <u>486,603</u>          | <u>(16,780)</u>                        | <u>469,823</u>        |
|                            | <u>\$ 7,066,601</u>     | <u>\$ (239,211)</u>                    | <u>\$ 6,827,390</u>   |

**Note 6: Loans Receivable**

The City has entered into various loan agreements relating to owners participation agreements, developer loans, the first time home buyer loan program, the rehabilitation loan program, and various other loans receivable. The owners' participation agreements have repayment terms between 6 and 55 years. The following summarizes the loans outstanding at June 30, 2014:

| <u>Description</u>                                  | <u>Balance at June 30, 2014</u> |
|---|---------------------------------|
| Owners participation loans                          | \$ 500,000                      |
| First time home buyer down payment assistance loans | 440,000                         |
| Rehabilitation loans                                | 26,205                          |
| Other loans   | <u>39,786</u>                   |
| Total loans receivable at June 30, 2014             | <u>\$ 1,005,991</u>             |

**Note 7: Deposits with Other Agencies**

On August 14, 2001, the City of Banning adopted Resolution 2001-85, approving the Utility Services Agreement between the City of Banning and the City of Riverside. Under this agreement, the City of Riverside shall provide scheduling, dispatching and other related electric utility services to the City. The implementation of this agreement required the payment of a refundable deposit by the City of Banning to the City of Riverside. This is shown as a restricted investment. The amount of deposit with the City of Riverside as of June 30, 2014, amounted to \$1,021,715.

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 8: Long-Term Debt**

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2014:

|                                     | Balance at<br>July 1, 2013 | Incurred            | Retired             | Balance at<br>June 30, 2014 | Due Within<br>One Year |
|-------------------------------------|----------------------------|---------------------|---------------------|-----------------------------|------------------------|
| <b>Governmental Activities:</b>     |                            |                     |                     |                             |                        |
| 2011 Refunding Lease                | \$ 2,826,194               | \$ -                | \$ 333,112          | \$ 2,493,082                | \$ 345,720             |
| Compensated Absences                |                            |                     |                     |                             |                        |
| Governmental Funds                  | 1,150,696                  | 249,700             | 439,100             | 961,296                     | 366,826                |
| Internal Service Funds              | 198,130                    | 95,841              | 111,315             | 182,656                     | 123,192                |
| Claims and Judgment                 | 919,981                    | 953,090             | 483,151             | 1,389,920                   | 19,961                 |
| <b>Total</b>                        | <b>\$ 5,095,001</b>        | <b>\$ 1,298,631</b> | <b>\$ 1,366,678</b> | <b>\$ 5,026,954</b>         | <b>\$ 855,699</b>      |
| <b>Business-Type Activities:</b>    |                            |                     |                     |                             |                        |
| Loans Payable                       | \$ 2,172,519               | \$ -                | \$ 247,804          | \$ 1,924,715                | \$ 254,247             |
| 2005 Water Revenue Bond             | 30,740,000                 | -                   | 770,000             | 29,970,000                  | 805,000                |
| 2005 Wastewater Revenue Bond        | 5,560,000                  | -                   | 145,000             | 5,415,000                   | 155,000                |
| 2007 Electric Revenue Bond          | 36,085,000                 | -                   | 880,000             | 35,205,000                  | 935,000                |
| Compensated Absences                | 788,095                    | 319,101             | 364,201             | 742,995                     | 343,359                |
| <b>Total</b>                        | <b>\$ 75,345,614</b>       | <b>\$ 319,101</b>   | <b>\$ 2,407,005</b> | <b>73,257,710</b>           | <b>\$ 2,492,606</b>    |
| Less:                               |                            |                     |                     |                             |                        |
| Unamortized original issue premium  |                            |                     |                     | 1,536,719                   |                        |
| Unamortized original issue discount |                            |                     |                     | (90,653)                    |                        |
| <b>Net Business-Type Activities</b> |                            |                     |                     | <b>\$ 74,703,776</b>        |                        |

**a. Compensated Absences**

For governmental activities, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2014, was \$1,143,952 which includes \$182,656 recorded in the internal service funds. These amounts are payable from future resources and, therefore, have been recorded in the statement of net position. Vacation, sick leave, holiday and compensatory time are recorded as expenditures in the related funds when used. For enterprise funds, accumulated vacation, sick leave, holiday and compensatory time amounted to \$742,955.

**b. 2011 Refunding Lease Agreement**

On April 27, 2011, the City entered into a lease agreement for the purpose of refunding the 1997 Refunding Certificates of Participation. The lease agreement totals \$3,455,000 and is subject to an interest rate of 3.75% per annum. The lease agreement is payable on November 1 and May 1 of each year commencing November 1, 2011 through 2020 and is in connection with real property leased by the City to the funding corporate parties. At June 30, 2014, the outstanding balance on the refunding lease agreement is \$2,493,082.

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 8: Long-Term Debt (Continued)**

| Year Ending<br>June 30, | Principal           | Interest          | Total               |
|-------------------------|---------------------|-------------------|---------------------|
| 2015                    | \$ 345,720          | \$ 90,280         | \$ 436,000          |
| 2016                    | 358,807             | 77,193            | 436,000             |
| 2017                    | 372,388             | 63,612            | 436,000             |
| 2018                    | 386,483             | 49,517            | 436,000             |
| 2019                    | 401,112             | 34,888            | 436,000             |
| 2020-2022               | <u>628,572</u>      | <u>23,685</u>     | <u>652,257</u>      |
| Total                   | <u>\$ 2,493,082</u> | <u>\$ 339,175</u> | <u>\$ 2,832,257</u> |

**c. 2005 Water Revenue Bonds**

On December 8, 2005, the Banning Utility Authority issued \$35,635,000 in Water Enterprise Revenue Bonds, Refunding and Improvement Projects. The Proceeds of these Bonds were utilized to refund and defease \$2,475,000 in 1986 Water Utility Fund Certificates of Participation and \$1,890,000 in 1989 Water Utility Fund Certificates of Participation and to provide additional funds to pay for certain capital project improvements.

As a result, the 1986 and 1989 Water Utility Fund Certificates of Participation are considered to be defeased and the liability for those bonds has been removed from long-term debt. The advance refunding resulted in a decrease in the Authority's debt service payments over the next 14 years of approximately \$1,050,648. The economic gain (difference between the present values of the debt service payments on the old and new debt) amounts to approximately \$686,786.

The bonds consist of serial bonds maturing in the years 2006 to 2020 are payable November 1 in annual installments of \$620,000 to \$1,025,000. The bonds bear interest at 3.25% to 4.5%. Bonds maturing after November 1, 2020, in the amount of \$23,585,000 are term bonds and bear interest at 5.25%. At June 30, 2014, the outstanding balance on the refunding lease agreement is \$29,970,000. The total debt service payment requirements with respect to the above bonds are as follows:

| Year Ending<br>June 30, | Principal            | Interest             | Total                |
|-------------------------|----------------------|----------------------|----------------------|
| 2015                    | \$ 805,000           | \$ 1,487,625         | \$ 2,292,625         |
| 2016                    | 840,000              | 1,451,675            | 2,291,675            |
| 2017                    | 875,000              | 1,416,338            | 2,291,338            |
| 2018                    | 910,000              | 1,380,638            | 2,290,638            |
| 2019                    | 945,000              | 1,342,947            | 2,287,947            |
| 2020 - 2024             | 5,415,000            | 5,996,753            | 11,411,753           |
| 2025 - 2029             | 6,940,000            | 4,423,650            | 11,363,650           |
| 2030 - 2034             | 8,960,000            | 2,347,275            | 11,307,275           |
| 2035 - 2037             | <u>4,280,000</u>     | <u>227,588</u>       | <u>4,507,588</u>     |
| Totals                  | <u>\$ 29,970,000</u> | <u>\$ 20,074,489</u> | <u>\$ 50,044,489</u> |

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 8: Long-Term Debt (Continued)**

**d. 2005 Wastewater Revenue Bonds**

On December 8, 2005, the Banning Utility Authority issued \$7,100,000 in Wastewater Enterprise Revenue Bonds, Refunding and improvement projects. The Proceeds of these Bonds were utilized to refund and defease \$1,895,000 in 1989 Wastewater Utility Fund Certificates of Participation and to provide additional funds to pay for certain capital project improvements.

As a result, the 1989 Wastewater Utility Fund Certificates of Participation are considered to be defeased and the liability for those bonds has been removed from long-term debt. The advance refunding resulted in a decrease in the Authority's debt service payments over the next 14 years of approximately \$1,550,638. The economic loss (difference between the present values of the debt service payments on the old and new debt) amounts to approximately \$404,306.

The bonds consist of serial bonds maturing in the years 2006 to 2020 are payable November 1 in annual installments of \$135,000 to \$265,000. The bonds bear interest at 3.25% to 4.5%. Bonds maturing between November 1, 2021 and November 1, 2025, in the amount of \$1,100,000 are term bonds and bear interest at 4.5%. Bonds maturing between November 1, 2026 and November 1, 2035, in the amount of \$3,105,000 are term bonds and bear interest at 4.625%. The outstanding principal balance at June 30, 2014, amounted to \$5,415,000.

The total debt service payment requirements with respect to the above bonds are as follows:

| Year Ending<br>June 30, | Principal           | Interest            | Total               |
|-------------------------|---------------------|---------------------|---------------------|
| 2015                    | \$ 155,000          | \$ 239,395          | \$ 394,395          |
| 2016                    | 160,000             | 233,094             | 393,094             |
| 2017                    | 165,000             | 226,430             | 391,430             |
| 2018                    | 170,000             | 219,606             | 389,606             |
| 2019                    | 180,000             | 212,494             | 392,494             |
| 2020 - 2024             | 1,010,000           | 939,788             | 1,949,788           |
| 2025 - 2029             | 1,260,000           | 685,756             | 1,945,756           |
| 2030 - 2034             | 1,580,000           | 359,131             | 1,939,131           |
| 2035 - 2036             | 735,000             | 34,341              | 769,341             |
| <b>Total</b>            | <b>\$ 5,415,000</b> | <b>\$ 3,150,035</b> | <b>\$ 8,565,035</b> |

**e. Loan Payable - California Water Resource Control Board**

On March 17, 1999, the City entered into a loan contract with the California Water Resource Control Board (Board). The loan was to provide the City with assistance for the Wastewater treatment facility upgrade project. The loan amount was \$4,658,883 and is subject to an service charge of 2.6% per annum. The loan is to be repaid within 20 years through 20 equal annual installments of principal and service charges. The outstanding loan balance at June 30, 2014, was \$1,924,715. The loan is recorded in the BUA Wastewater Utility Enterprise Fund.

**CITY OF BANNING****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014****Note 8: Long-Term Debt (Continued)**

| Year Ending<br>June 30, | Principal           | Service Charge    | Total               |
|-------------------------|---------------------|-------------------|---------------------|
| 2015                    | \$ 254,247          | \$ 50,043         | \$ 304,290          |
| 2016                    | 260,857             | 43,432            | 304,289             |
| 2017                    | 267,639             | 36,650            | 304,289             |
| 2018                    | 274,597             | 26,691            | 301,288             |
| 2019                    | 281,735             | 22,552            | 304,287             |
| 2020                    | 585,640             | 22,938            | 608,578             |
| <b>Total</b>            | <b>\$ 1,924,715</b> | <b>\$ 202,306</b> | <b>\$ 2,127,021</b> |

**f. 2007 Electric Revenue Bond**

In July 2007, the City of Banning Financing Authority issued \$45,790,000 in Revenue Bonds (Electric System Project) Series 2007. The proceeds of these bonds will be used to finance certain improvements to the electric system of the City of Banning. The bonds consist of serial bonds maturing in the years 2009 through 2029 and are payable June 1 in annual installments from \$725,000 through \$1,815,000. The bonds bear interest at 4.0% to 5.0%. The bonds also consist of term bonds maturing in the years 2025 through 2038 and are payable June 1 ranging in amounts between \$3,240,000 through \$15,025,000 and bearing interest between 4.5% to 5.0%.

In June 2010, the City bought back \$5,775,000 of the outstanding debt of the 2007 Electric Revenue Bonds and the liability for those bonds has been removed from long-term debt. This resulted in an economic gain of \$84,584 which will be amortized over the remaining life of the bond.

The outstanding balance at June 30, 2014, amounted to \$35,205,000. The total debt service payment requirements with respect to the above bonds are as follows:

| Year Ending<br>June 30, | Principal            | Interest             | Total                |
|-------------------------|----------------------|----------------------|----------------------|
| 2015                    | \$ 935,000           | \$ 1,737,038         | \$ 2,672,038         |
| 2016                    | 970,000              | 1,697,300            | 2,667,300            |
| 2017                    | 1,020,000            | 1,648,800            | 2,668,800            |
| 2018                    | 1,070,000            | 1,597,800            | 2,667,800            |
| 2019                    | 1,125,000            | 1,544,300            | 2,669,300            |
| 2020 - 2024             | 6,530,000            | 6,819,250            | 13,349,250           |
| 2025 - 2029             | 8,295,000            | 5,056,325            | 13,351,325           |
| 2030 - 2034             | 8,620,000            | 2,890,750            | 11,510,750           |
| 2035 - 2038             | 6,640,000            | 850,500              | 7,490,500            |
| <b>Total</b>            | <b>\$ 35,205,000</b> | <b>\$ 23,842,063</b> | <b>\$ 59,047,063</b> |

**Note 9: Assessment District and Community Facilities District Bonds**

Bonds issued for improvements in certain special assessment districts in accordance with the provisions of the Municipal Improvement Acts of 1911, 1913 and 1915, as well as the Mello-Roos Community Facilities District Act, are liabilities of the property owners and are

**CITY OF BANNING****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 9: Assessment District and Community Facilities District Bonds (Continued)**

secured by liens against the assessed properties. The City acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders. Neither the faith and credit, nor the taxing power, of the City of Banning or the Agency has been pledged to the payment of the bonds. Therefore, none of the following special assessment bonds are shown in the financial statements of the City.

|           | Amount<br>of Issue | Outstanding<br>June 30, 2014 |
|-----------|--------------------|------------------------------|
| AD 2004-1 | \$ 2,898,000       | \$ 2,460,000                 |

**Note 10: Operating Lease**

In December 2005, the Banning Utility Authority entered into an operating lease with the City for the use of the City's water and wastewater systems. The lease agreement states that an initial payment of \$17,000,000 be paid to the City, with additional annual installments equal to the total surplus revenues and other funds pledged. The lease agreement is for a term of 55 years and the amount paid to the City over that time cannot exceed the fair value of the water and wastewater systems. In 2005-2006, the Banning Utility Authority paid the City the initial payment of \$17,000,000. The Banning Utility Authority made a payment of \$651,000 during the fiscal year ending June 30, 2014.

**Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan)****a. PERS****Miscellaneous Plan****Plan Description**

The City of Banning contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California.

**Funding Policy**

Participants are required to contribute 8% of their annual covered salary and the City does not contribute towards the employees' share. The City is also required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the year ended June 30, 2014, was 20.255% for miscellaneous employees. Benefit provisions and all other requirements are established by state statute and City contract with employee bargaining groups.

**CITY OF BANNING****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014****Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)****Annual Pension Cost and Funding Progress**

For the year ended June 30, 2014, the City's annual pension cost (employer contribution) of \$1,484,981 for miscellaneous employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method.

**Three-Year Trend Information for PERS - Miscellaneous Plan**

| Fiscal Year | Annual Pension Cost (APC)* | Percentage of APC Contributed | Net Pension Obligations |
|-------------|----------------------------|-------------------------------|-------------------------|
| 6/30/2012   | \$ 1,107,308               | 100%                          | \$ -                    |
| 6/30/2013   | 1,226,999                  | 100%                          | -                       |
| 6/30/2014   | 1,484,981                  | 100%                          | -                       |

\* Employer contribution

The summary of principal assumptions and methods used to determine the ARC is shown below:

|                             |   |
|-----------------------------|---|
| Valuation date:             | June 30, 2011   |
| Actuarial Cost Method:      | Entry Age Normal Cost Method  |
| Amortized Method:           | Level Percent of Payroll  |
| Average Remaining Period:   | 28 Years as the of the valuation date   |
| Asset Valuation Method:     | 15 Year Smoothed Market   |
| Actuarial Assumptions:      |   |
| Investment Rate of Return:  | 7.50% (net of administrative expenses)  |
| Projected Salary Increases: | 3.30% to 14.20% depending on Age, Service, and type of employment   |
| Inflation                   | 2.75%   |
| Payroll Growth:             | 3.00%   |
| Individual Salary Growth:   | A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25% |

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

**CITY OF BANNING****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014****Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)**

Schedule of Funding Progress for PERS Miscellaneous Plan  
Most Current Available

| Actuarial Valuation Date | Entry Age<br>Normal Accrued Liability | Actuarial Value of Assets | Unfunded AAL (UAAL) | Funded Ratio | Annual Covered Payroll | UAAL as a % of Covered Payroll |
|--------------------------|---------------------------------------|---------------------------|---------------------|--------------|------------------------|--------------------------------|
| 6/30/2011                | \$ 51,555,198                         | \$ 35,196,805             | \$ 16,358,393       | 68.3%        | \$ 6,612,861           | 247.4%                         |
| 6/30/2012                | 53,646,029                            | 34,363,332                | 19,282,697          | 64.1%        | 6,814,854              | 283.0%                         |
| 6/30/2013                | 56,712,501                            | 38,168,680                | 18,543,821          | 67.3%        | 7,210,942              | 257.2%                         |

**Safety Plan****Plan Description**

The City of Banning contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and City ordinance.

**Funding Policy**

Police management participants will be required to contribute 9% and the City will not contribute towards their share. Non-management police participants are required to contribute 9% of their annual covered salary and the City does not contribute towards the employees' share. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the year ended June 30, 2014, was 41.376% for safety employees. Benefit provisions and all other requirements are established by State statute and City contract with employee bargaining groups.

**Annual Pension Cost**

For the year ended June 30, 2014, the City's annual pension cost (employer contribution) of \$986,426 for safety employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method.

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

#### Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

##### Three-Year Trend Information for PERS - Safety Plan

| Fiscal Year | Annual Pension Cost (APC)* | Percentage of APC Contributed | Net Pension Obligations |
|-------------|----------------------------|-------------------------------|-------------------------|
| 6/30/2012   | \$ 969,995                 | 100%                          | \$ -                    |
| 6/30/2013   | 942,606                    | 100%                          | -                       |
| 6/30/2014   | 986,426                    | 100%                          | -                       |

\* Employer contribution

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

#### Plan Changes

On January 1, 2013, the Public Employees' Pension Reform Act of 2013 (PEPRA) took effect.

The impact of most of the PEPRA changes will first show up in the rates and the benefit provision listings of the June 30, 2013, valuation, which sets the contribution rates for the 2015-16 fiscal year. For more detailed information on changes due to PEPRA, please refer to the CalPERS website.

On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and rate smoothing policies. Beginning with the June 30, 2013 valuation that set the 2015-16 rates, CalPERS will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period.

A review of the preferred asset allocation mix for CalPERS investment portfolio was performed in late 2013. A change in the preferred asset allocation mix could potentially influence future discount rates. In addition, CalPERS will review economic and demographic assumptions, including mortality rate improvements that are likely to increase employer contribution rates in future years.

#### b. PARS

##### Plan Description

Effective July 2005, the City began participating in a Public Agency Retirement System (PARS) program, which is a defined contribution retirement plan for part-time, seasonal and temporary employees. A defined contribution retirement plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

As established by the plan, all eligible employees of the City will become participants in the plan from the date they are hired. An eligible employee is any employee who, at any time during which the employer maintains this plan, is not accruing benefits under the Public Employees Retirement System.

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)**

**Funding Plan**

Contributions made to the plan vest immediately. As determined by the plan, all members must contribute 7.5% of their gross earnings to the plan. The City is not required to contribute.

**Annual Contributions**

The amount of employee contributions was \$8,414 (7.5% of covered payroll). Total payroll for employees covered under this plan for the year was \$112,188.

**Note 12: Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the employee. Participants' rights under the plan are equal to an amount equal to the fair market of the deferred account for each participant. The City has no liability for losses under the plan.

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

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#### Note 13: Insurance Programs

The City maintains self-insurance programs for workers' compensation, general liability and wrongful employment practices. For general liability claims, the City is at risk for up to \$50,000 per occurrence; amounts in excess of \$50,000 up to \$50,000,000 are covered through the Public Entity Risk Management Authority (PERMA) and excess insurance. For workers' compensation claims, the City is at risk for up to \$250,000 per occurrence. Losses exceeding \$250,000 up to statutory limits are covered by the PERMA under their risk-sharing pool program and excess insurance. For wrongful employment practices claims, the City is at risk for up to \$25,000 per occurrence; amounts in excess of \$25,000 up to \$1,000,000 are covered through the Employment Risk Management Authority. Estimates for all liabilities, including an estimate for incurred but not reported claims (IBNR's), have been included in the Self-Insurance Internal Service Fund.

PERMA also provides a non-risk sharing "deductible" or claims-servicing pool for general liability claims within the self-insured retention (SIR) level (\$50,000). Annual contributions are deposited with the Authority from which claims are paid on behalf of the City. Any claims paid by PERMA for the City in excess of deposits at year-end are recorded as "Due to Other Agencies" within the Self-Insurance Internal Service Fund.

In addition, the City makes deposits with PERMA for workers' compensation claims below the \$250,000 SIR from which claims are paid on behalf of the City.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2014, the amount of these liabilities was \$1,389,920. The amount represents an estimate of \$805,821 for reported claims through June 30, 2014, and \$111,599 of estimate incurred but not reported claims. This liability is the City's best estimate based on available information. There are no significant reductions in insurance coverages from prior years and, also, there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

Changes in the reported liability since June 30, 2014, resulted from the following:

| Year | Liability at Beginning of Fiscal Year | Claims and Changes in Estimates | Claim Payments | Liability at End of Fiscal Year |
|------|---------------------------------------|---------------------------------|----------------|---------------------------------|
| 2013 | \$ 917,420                            | \$ 283,491                      | \$ 280,930     | \$ 919,981                      |
| 2014 | 919,981                               | 953,090                         | 483,151        | 1,389,920                       |

The City of Banning is a member of the Public Entity Risk Management Authority (a joint powers authority of 22 California cities, one Transit Agency and one other special district) which was established to pool resources, share risks, purchase excess insurance and share costs for professional risk management and claims administration. The City continues to carry commercial insurance for all other risks of loss.

#### Note 14: Commitments and Contingencies

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 14: Commitments and Contingencies (Continued)**

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial statements of the City.

Proposition 218, which was approved by the voters in November 1996, regulates the City's ability to impose, increase and extend taxes, assessments and fees. Any new, increased or extended taxes, assessments and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the City's ability to finance the services for which the taxes, assessments and fees were imposed may be significantly impaired. At this time, it is uncertain how Proposition 218 will affect the City's ability to maintain or increase the revenue it receives from taxes, assessments and fees.

The City has entered into a joint venture agreement with nine other public entities for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation or transmission of electric energy. The Board of Directors of the Southern California Public Power Authority (SCPPA) consists of one member from each participating agency.

The City has entered into a Power Sales Contract with SCPPA. The City is a 1% participant in SCPPA and, therefore, under the contract, has a binding obligation to purchase 1% of the net energy generation of the project. The contract expires October 31, 2030. The City is obligated to pay for the power from the revenues of its electric system and cannot be offset or reduced if the project is not operating or if its output has been suspended (take or pay basis).

The revenue generated by SCPPA from each participant will be used to service the debt on the Power Project Revenue Bonds issued by SCPPA in the amount of \$2,173,447,000. The City's portion of the outstanding debt of SCPPA as of June 30, 2014, (the most recent data available), was \$12,818,268.

The following audited financial data is presented as of and for the year ended June 30, 2014:

|   | <u>Amounts</u><br>(in thousands) |
|---|----------------------------------|
| Total Assets  | \$ 3,534                         |
| Total Liabilities                                     | <u>3,597</u>                     |
| <b>Total Net Position</b>                             | <b><u>(63)</u></b>               |
| Beginning Net Position                                | \$ (129)                         |
| Total Revenues (including investment)                 | 715                              |
| Total Expenses (including debt and loss on refunding) | (665)                            |
| Net Contributions (Withdrawals) by Participants       | 16                               |
| <b>Ending Net Position</b>                            | <b><u>(63)</u></b>               |

Separate audited financial statements for SCPPA are available from SCPPA.

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2014

#### Note 14: Commitments and Contingencies (Continued)

The following material construction commitments existed at June 30, 2014:

| Project Name                                     | Contract Amount     | Expenditures to date as of June 30, 2014 | Remaining Commitments |
|--|---------------------|--|-----------------------|
| Sunset Grade Separation-Riv. City Transportation | \$ 4,200,000        | \$ 3,960,000                             | \$ 240,000            |
| Street lights                                    | 905,181             | 481,740                                  | 423,441               |
| Wastewater Treatment Plant Expansion             | 2,397,929           | 2,169,810                                | 228,119               |
| Hydroelectric Rehab                              | 702,350             | 161,000                                  | 541,350               |
| Mgmt - Downtown Underground Conv                 | 178,144             | 19,523                                   | 158,621               |
| Downtown Underground Phase 3                     | 1,324,230           | -  | 1,324,230             |
|  | <u>\$ 9,707,834</u> | <u>\$ 6,792,073</u>                      | <u>\$ 2,915,761</u>   |

#### Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Banning that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 24, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-01.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

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

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

**a. Cash and Investments**

Cash and investments reported in the accompanying financial statements consisted of the following:

|   |                      |
|---|----------------------|
| Cash and investments pooled with the City | \$ 4,133,213         |
| Cash and investments with fiscal agent    | <u>11,208,860</u>    |
|   | <u>\$ 15,342,073</u> |

**b. Loans Receivable**

The former redevelopment agency had entered into various loan agreements relating to owners participation agreements and various other loans receivable. The owners participation agreements have repayment terms between 6 and 55 years. The following summarizes the loans outstanding at June 30, 2014:

| Description                             | Balance at<br>June 30, 2014 |
|---|-----------------------------|
| Owners participation loans              | \$ 5,036,589                |
| Disposition and development agreements  | <u>1,020,000</u>            |
| Total loans receivable at June 30, 2014 | <u>\$ 6,056,589</u>         |

During the Fiscal Year ending June 30, 2014, \$126,200 worth of rehabilitation and owner participation agreement loans were forgiven. These forgiven loans are reported as forgiven loan expense on the Statement of Changes in Fiduciary Net Position.

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**

**c. Capital Assets**

An analysis of capital assets as of June 30, 2014, follows:

|                                       | <u>Balance</u><br><u>July 1, 2013</u> | <u>Transfers</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u><br><u>June 30, 2014</u> |
|---------------------------------------|---------------------------------------|------------------|------------------|------------------|--|
| <b>Nondepreciable Assets:</b>         |                                       |                  |                  |                  |  |
| Land Held for Resale                  | \$ 2,599,402                          | \$ 3,279,425     | \$ 300,000       | \$ -             | \$ 6,178,827                           |
| Land                                  | 3,283,270                             | (3,279,425)      | -                | -                | 3,845                                  |
| Construction-in-progress              | 32,335                                | (60,035)         | 27,700           | -                | -                                      |
| <b>Total nondepreciable assets</b>    | <b>5,915,007</b>                      | <b>(60,035)</b>  | <b>327,700</b>   | <b>-</b>         | <b>6,182,672</b>                       |
| <b>Depreciable Assets:</b>            |                                       |                  |                  |                  |  |
| Land Improvements                     | 2,201,160                             | -                | -                | -                | 2,201,160                              |
| Building and Structures               | 1,830,092                             | -                | -                | -                | 1,830,092                              |
| Machinery and Equipment               | 28,378                                | -                | -                | -                | 28,378                                 |
| Infrastructure                        | 3,247,954                             | 60,035           | -                | -                | 3,307,989                              |
| <b>Total depreciable assets</b>       | <b>7,307,584</b>                      | <b>60,035</b>    | <b>-</b>         | <b>-</b>         | <b>7,367,619</b>                       |
| <b>Less Accumulated Depreciation</b>  |                                       |                  |                  |                  |  |
| Land Improvements                     | 514,910                               | -                | 101,267          | -                | 616,177                                |
| Building and Structures               | 157,703                               | -                | 52,390           | -                | 210,093                                |
| Machinery and Equipment               | 28,378                                | -                | -                | -                | 28,378                                 |
| Infrastructure                        | 363,670                               | -                | 99,945           | -                | 463,615                                |
| <b>Total Accumulated Depreciation</b> | <b>1,064,661</b>                      | <b>-</b>         | <b>253,602</b>   | <b>-</b>         | <b>1,318,263</b>                       |
| <b>Total depreciable assets, net</b>  | <b>6,242,923</b>                      | <b>60,035</b>    | <b>(253,602)</b> | <b>-</b>         | <b>6,049,356</b>                       |
| <b>Capital Assets</b>                 | <b>\$ 12,157,930</b>                  | <b>\$ -</b>      | <b>\$ 74,098</b> | <b>\$ -</b>      | <b>\$ 12,232,028</b>                   |

**d. Long-Term Debt**

A description of long-term debt outstanding of the Successor Agency as of June 30, 2014, follows:

|                                       | <u>Balance</u><br><u>July</u><br><u>1, 2013</u> | <u>Additions</u> | <u>Repayments</u>   | <u>Balance</u><br><u>June 30, 2014</u> | <u>Due Within</u><br><u>One Year</u> |
|---------------------------------------|---|------------------|---------------------|--|--------------------------------------|
| <b>Fiduciary Funds:</b>               |   |                  |                     |  |                                      |
| 2003 Tax Allocation Bonds             | \$ 10,560,000                                   | \$ -             | \$ 460,000          | \$ 10,100,000                          | \$ 480,000                           |
| 2007 Tax Allocation Bonds             | 28,280,000                                      | -                | 695,000             | 27,585,000                             | 710,000                              |
| Loans Payable                         | 1,050,901                                       | -                | 914,246             | 136,655                                | 11,648                               |
| City of Banning Electric Utility Fund | 19,473  | -                | 19,473              | -                                      | -                                    |
| SERAf loan                            | 2,298,433                                       | -                | -                   | 2,298,433                              | -                                    |
| <b>Total Fiduciary Funds</b>          | <b>\$ 42,208,807</b>                            | <b>\$ -</b>      | <b>\$ 2,088,719</b> | <b>40,120,088</b>                      | <b>\$ 1,201,648</b>                  |
| Unamortized Premiums/Discounts        |   |                  |                     |  |                                      |
|                                       |   |                  |                     | <b>(670,432)</b>                       |                                      |
| <b>Total Long-term Debt</b>           |   |                  |                     |  |                                      |
|                                       |   |                  |                     | <b>\$ 39,449,656</b>                   |                                      |

**e. 2003 Tax Allocation Bonds**

On December 16, 2003, the Banning Public Financing Authority issued \$14,095,000 in Tax Allocation Bonds. The proceeds were used to currently refund the Agency's \$4,130,000 Series 1992 Tax Allocation Bonds and to finance various redevelopment activities.

**CITY OF BANNING****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014****Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**

The bonds consist of serial bonds maturing in the years 2004 to 2018 payable August 1 in annual installments of \$360,000 to \$570,000. The bonds bear interest at 2.0% to 5.0%. Bonds maturing after August 1, 2018, in the amount of \$7,485,000 are term bonds and bear interest at 5.0%.

Serial bonds maturing on or after August 1, 2014, are subject to redemption in whole or in part at the option of the Agency from any available source of funds. Term bonds maturing on August 1, 2023 and 2028, are subject to mandatory redemption in part by lot from sinking fund payments made by the Agency.

A reserve fund was established in the amount of \$971,763 from the bond proceeds for the benefit of the City and as security for the Bond owners. The bonds are further secured by a financial guarantee insurance policy. The bonds are a special obligation of the Banning Redevelopment Agency payable from tax revenues. The amount of bonds outstanding at June 30, 2013, totaled \$10,100,000.

| Year Ending<br>June 30, | Principal            | Interest            | Total                |
|-------------------------|----------------------|---------------------|----------------------|
| 2015                    | \$ 480,000           | \$ 478,895          | \$ 958,895           |
| 2016                    | 500,000              | 458,370             | 958,370              |
| 2017                    | 520,000              | 436,370             | 956,370              |
| 2018                    | 545,000              | 412,733             | 957,733              |
| 2109                    | 570,000              | 387,360             | 957,360              |
| 2020 - 2024             | 3,290,000            | 1,476,250           | 4,766,250            |
| 2025 - 2029             | <u>4,195,000</u>     | <u>545,125</u>      | <u>4,740,125</u>     |
| Total                   | <u>\$ 10,100,000</u> | <u>\$ 4,195,103</u> | <u>\$ 14,295,103</u> |

**f. 2007 Tax Allocation Bonds**

On May 15, 2007, the Banning Public Financing Authority issued \$29,965,000 in Tax Allocation Bonds. The proceeds were used to provide funds for the redevelopment activities of the Agency, to fund a reserve fund for the Bonds and pay the expenses of the Agency in connection with the issuance of the Bonds.

The bonds consist of serial bonds maturing in the years 2009 to 2030 payable August 1 in annual installments of \$245,000 to \$1,805,000. The bonds bear interest at 4.0% to 4.25%. Bonds maturing after August 1, 2030, in the amount of \$9,500,000 are term bonds and bear interest at 4.375%. Serial bonds maturing on or after August 1, 2014, are subject to redemption prior to maturity, in whole or in part at the option of the Agency from any available source of funds. Term bonds maturing on August 1, 2037, are subject to mandatory redemption in part or by lot from sinking fund payments made by the Agency. The amount of bonds outstanding at June 30, 2014, totaled \$27,585,000.

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**

| <b>Year Ending<br/>June 30,</b> | <b>Principal</b>     | <b>Interest</b>      | <b>Total</b>         |
|---------------------------------|----------------------|----------------------|----------------------|
| 2015                            | \$ 710,000           | \$ 1,137,391         | \$ 1,847,391         |
| 2016                            | 750,000              | 1,111,466            | 1,861,466            |
| 2017                            | 780,000              | 1,083,829            | 1,863,829            |
| 2018                            | 805,000              | 1,054,799            | 1,859,799            |
| 2019                            | 835,000              | 1,023,728            | 1,858,728            |
| 2020 - 2024                     | 4,695,000            | 4,582,616            | 9,277,616            |
| 2025 - 2029                     | 5,745,000            | 3,508,122            | 9,253,122            |
| 2030 - 2034                     | 7,750,000            | 1,978,359            | 9,728,359            |
| 2035 - 2039                     | 5,515,000            | 464,734              | 5,979,734            |
| <b>Total</b>                    | <b>\$ 27,585,000</b> | <b>\$ 15,945,044</b> | <b>\$ 43,530,044</b> |

**g. Loan Payable – Glick**

On August 27, 2008, the Agency entered into a promissory note. The note amount was \$200,000 and is subject to an interest rate of 6.5% per annum. The note is payable in fifteen annual installments of \$20,531. The principal amount of this note represents the agreed-upon amount for the purchase of real property. At June 30, 2014, the outstanding balance on the note payable is \$136,655.

| <b>Year Ending<br/>June 30,</b> | <b>Principal</b>  | <b>Interest</b>  | <b>Total</b>      |
|---------------------------------|-------------------|------------------|-------------------|
| 2015                            | \$ 11,648         | \$ 8,883         | \$ 20,531         |
| 2016                            | 12,405            | 8,125            | 20,530            |
| 2017                            | 13,212            | 7,319            | 20,531            |
| 2018                            | 14,070            | 6,460            | 20,530            |
| 2019                            | 14,985            | 5,546            | 20,531            |
| 2020 - 2023                     | 70,335            | 11,789           | 82,124            |
| <b>Total</b>                    | <b>\$ 136,655</b> | <b>\$ 48,122</b> | <b>\$ 184,777</b> |

**h. Loan Payable – DeZorzi**

On July 29, 2009, the Agency purchased real property for \$1,253,393 located at 2301 W. Ramsey Street (APN 538-162-016-6) to provide public benefit in the future with private development. In order to finance the purchase, the Agency entered into a promissory note for the amount of \$1,020,000. The note is subject to a 6% interest rate and payable monthly in amounts of \$7,308 for seven years with the remaining balance to be paid off at the end of year seven. At June 30, 2014, the outstanding balance on the note payable is \$0.

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2014**

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**Note 15: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**

**i. City Loans**

During the fiscal year 1993-1994 the City of Banning's Electric Utility Fund advanced funds to the Agency in order to assist in the implementation of the Owner Participation Agreement with Colescott, Inc. for the development of the Sunset Auto Plaza. The loan agreement is subject to a 5% interest rate and payable in 20 years. As of June 30, 2014, the outstanding balance is \$0.

**j. Supplement Education Augmentation Fund (SERAF) Loan**

The advance for \$2,298,433 from the Low and Moderate Income Housing Fund to the Redevelopment Agency Debt Service Fund was made to fund the mandated payment for the "Supplemental" Educational Revenue Augmentation Fund.

**k. Pledged Revenue**

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$60,308,357 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$3,184,770 and the debt service obligation on the bonds was \$3,795,688.

**l. Insurance**

The Successor Agency is covered under the City of Banning's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 13.

**m. Commitments and Contingencies**

At June 30, 2014, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

**Note 16: Fund Balance/Net Position Restatement**

A restatement of \$16,288 was made to properly recognize unearned Supplemental Law Enforcement revenues as unearned revenues, which was previously recorded as revenue without a corresponding expenditure/expense.

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2014

|  |                   |                   |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|---|
|  |                   | Budget Amounts    | Actual<br>Amounts |   |
|  |                   | Original          | Final             |   |
| Budgetary Fund Balance, July 1             |                   | \$ 5,437,570      | \$ 5,437,570      | \$ -  |
| <b>Resources (Inflows):</b>                |                   |                   |                   |   |
| Taxes:                                     |                   |                   |                   |   |
| Sales and use                              | 2,550,426         | 2,742,137         | 2,917,944         | 175,807   |
| Property                                   | 3,671,094         | 4,015,414         | 4,001,147         | (14,267)  |
| Franchise                                  | 836,000           | 826,000           | 861,155           | 35,155  |
| Transient occupancy                        | 550,000           | 590,000           | 712,135           | 122,135   |
| Other                                      | 338,685           | 271,685           | 282,250           | 10,565  |
| Subtotal                                   | 7,946,205         | 8,445,236         | 8,774,631         | 329,395   |
| Licenses and permits:                      |                   |                   |                   |   |
| Building permits                           | 57,000            | 87,192            | 87,698            | 506   |
| Other permits                              | 59,450            | 118,324           | 132,300           | 13,976  |
| Subtotal                                   | 116,450           | 205,516           | 219,998           | 14,482  |
| Intergovernmental:                         |                   |                   |                   |   |
| Other intergovernmental revenues           | 106,800           | 297,278           | 278,026           | (19,252)  |
| Subtotal                                   | 106,800           | 297,278           | 278,026           | (19,252)  |
| Charges for services:                      |                   |                   |                   |   |
| Engineering, police, fire and other fees   | 413,660           | 770,116           | 373,742           | (396,374)   |
| Recreation fees                            | 61,250            | 56,900            | 65,255            | 8,355   |
| Interfund charges                          | 2,734,600         | 3,144,079         | 3,141,451         | (2,628)   |
| Subtotal                                   | 3,209,510         | 3,971,095         | 3,580,448         | (390,647)   |
| Use of money and property:                 |                   |                   |                   |   |
| Interest and rents                         | 512,376           | 481,228           | 511,083           | 29,855  |
| Subtotal                                   | 512,376           | 481,228           | 511,083           | 29,855  |
| Fines and forfeitures                      |                   |                   |                   |   |
| Parking fines                              | 9,750             | 33,000            | 11,677            | (21,323)  |
| Court fines and other fines                | 275,800           | 228,550           | 279,448           | 50,898  |
| Subtotal                                   | 285,550           | 261,550           | 291,125           | 29,575  |
| Contributions                              | 5,400             | 12,030            | 11,727            | (303)   |
| Miscellaneous                              | 234,565           | 357,021           | 504,223           | 147,202   |
| Transfers in                               | 651,000           | 718,200           | 720,003           | 1,803   |
| Subtotal                                   | 890,965           | 1,087,251         | 1,235,953         | 148,702   |
| <b>Total Resources (Inflows)</b>           | <b>13,067,856</b> | <b>14,749,154</b> | <b>14,891,264</b> | <b>142,110</b>  |
| <b>Amounts Available for Appropriation</b> | <b>18,505,426</b> | <b>20,186,724</b> | <b>20,328,834</b> | <b>142,110</b>  |

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2014

|  | Budget Amounts      |                     | Actual<br>Amounts   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|---------------------|---------------------|---|
|  | Original            | Final               |                     |   |
| <b>Charges to Appropriation (Outflow):</b> |                     |                     |                     |   |
| General government                         |                     |                     |                     |   |
| City council                               | 142,710             | 168,228             | 162,451             | 5,777   |
| City manager                               | 350,131             | 462,963             | 360,185             | 102,778   |
| Personnel                                  | 154,539             | 215,485             | 181,485             | 34,000  |
| City clerk                                 | 90,961              | 92,843              | 88,876              | 3,967   |
| Elections                                  | -                   | 498                 | 498                 | -   |
| City attorney                              | 161,000             | 425,897             | 425,897             | -   |
| Finance                                    | 266,539             | 288,506             | 261,675             | 26,831  |
| Community enhancement                      | 5,777               | 20,061              | 15,833              | 4,228   |
| Central services                           | 837,482             | 1,099,733           | 862,803             | 236,930   |
| Subtotal                                   | 2,009,139           | 2,774,214           | 2,359,703           | 414,511   |
| Public safety                              |                     |                     |                     |   |
| Police                                     | 5,860,607           | 5,672,268           | 5,330,056           | 342,212   |
| Animal control                             | 142,450             | 155,450             | 118,180             | 37,270  |
| Fire                                       | 2,430,049           | 2,606,880           | 2,499,426           | 107,454   |
| Dispatch                                   | 833,733             | 793,240             | 767,431             | 25,809  |
| Subtotal                                   | 9,266,839           | 9,227,838           | 8,715,093           | 512,745   |
| Parks and recreation                       |                     |                     |                     |   |
| Parks                                      | 316,074             | 279,709             | 222,523             | 57,186  |
| Recreation                                 | 333,339             | 374,810             | 376,648             | (1,838)   |
| Subtotal                                   | 649,413             | 654,519             | 599,171             | 55,348  |
| Public works                               |                     |                     |                     |   |
| Building safety                            | 428,634             | 484,211             | 466,985             | 17,226  |
| Planning                                   | 427,211             | 841,731             | 514,909             | 326,822   |
| Engineering                                | 211,830             | 263,111             | 229,206             | 33,905  |
| Building maintenance                       | 109,854             | 111,082             | 87,966              | 23,116  |
| Subtotal                                   | 1,177,529           | 1,700,135           | 1,299,066           | 401,069   |
| Capital outlay                             | 67,023              | 289,593             | 153,674             | 135,919   |
| Debt service:                              |                     |                     |                     |   |
| Principal retirement                       | 333,873             | 333,873             | 333,112             | 761   |
| Interest and fiscal charges                | 103,128             | 103,128             | 103,141             | (13)  |
| Transfers out                              | 91,325              | 164,325             | 164,325             | -   |
| Subtotal                                   | 595,349             | 890,919             | 754,252             | 136,667   |
| <b>Total Charges to Appropriations</b>     | <b>13,698,269</b>   | <b>15,247,625</b>   | <b>13,727,285</b>   | <b>1,520,340</b>  |
| <b>Budgetary Fund Balance, June 30</b>     | <b>\$ 4,807,157</b> | <b>\$ 4,939,099</b> | <b>\$ 6,601,549</b> | <b>\$ 1,662,450</b>                                     |

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**CITY OF BANNING**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2014**

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**I. STEWARDSHIP**

**Note 1: Stewardship, Compliance and Accountability**

**a. Budgets and Budgetary Accounting**

The City Council has the responsibility for adoption of the City's budgets. Budgets are adopted for governmental funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments.

The City Council may amend the budget by resolution during each fiscal year. The City Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the City are subject to annual review by the City Council; hence, they legally are one-year contracts with an option for renewal for another fiscal year.

Budgetary comparison is provided in the accompanying financial statements for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds, except for the State Park Bond Act Fund, Asset Forfeiture Fund, Animal Control Reserve Fund, Ramsey/Highland Home Signal Fund, Wilson Median Improvement, Police Facilities Development Fund, Fire Facilities Development Fund, Traffic Control Facilities Fund, Park Development Fund, and Capital Improvement Fund. Budgeted revenue and expenditure amounts shown represent the City's originally adopted legal budget adjusted for unanticipated revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the City are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF BANNING

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

|  | Special Revenue Funds |                     |                  |                       |
|--|-----------------------|---------------------|------------------|-----------------------|
|  | Gas Tax<br>Street     | Measure A           | SB 300 Street    | Article 3<br>Sidewalk |
| <b>Assets:</b>   |                       |                     |                  |                       |
| Pooled cash and investments  | \$ 703,770            | \$ 1,508,272        | \$ 85,858        | \$ 111                |
| Receivables:   |                       |                     |                  |                       |
| Accounts   | 5,904                 | -                   | -                | -                     |
| Loans  | -                     | -                   | -                | -                     |
| Interest   | 1,168                 | 3,094               | 163              | -                     |
| Due from other governments   | 92,672                | 95,601              | -                | -                     |
| Restricted assets:   |                       |                     |                  |                       |
| Cash and investments with fiscal agents                                    | -                     | -                   | -                | -                     |
| <b>Total Assets</b>  | <b>\$ 803,514</b>     | <b>\$ 1,606,967</b> | <b>\$ 86,021</b> | <b>\$ 111</b>         |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>      |                       |                     |                  |                       |
| <b>Liabilities:</b>  |                       |                     |                  |                       |
| Accounts payable   | \$ 25,940             | \$ 25,607           | \$ -             | \$ 13,246             |
| Accrued liabilities  | 10,412                | -                   | -                | -                     |
| Unearned revenues  | -                     | -                   | -                | -                     |
| Deposits payable   | 95,961                | -                   | -                | -                     |
| Due to other funds   | -                     | -                   | -                | 129,000               |
| <b>Total Liabilities</b>   | <b>132,313</b>        | <b>25,607</b>       | <b>-</b>         | <b>142,246</b>        |
| <b>Deferred Inflows of Resources:</b>                                      |                       |                     |                  |                       |
| Unavailable revenues   | -                     | -                   | -                | -                     |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>-</b>              | <b>-</b>            | <b>-</b>         | <b>-</b>              |
| <b>Fund Balances:</b>  |                       |                     |                  |                       |
| <b>Restricted for:</b>   |                       |                     |                  |                       |
| Community development projects   | -                     | -                   | -                | -                     |
| Public safety  | -                     | -                   | -                | -                     |
| Parks and recreation   | -                     | -                   | -                | -                     |
| Public works   | 671,201               | 1,581,360           | -                | -                     |
| Capital Projects   | -                     | -                   | 86,021           | -                     |
| <b>Assigned to:</b>  |                       |                     |                  |                       |
| Capital Projects   | -                     | -                   | -                | -                     |
| Unassigned   | -                     | -                   | -                | (142,135)             |
| <b>Total Fund Balances</b>   | <b>671,201</b>        | <b>1,581,360</b>    | <b>86,021</b>    | <b>(142,135)</b>      |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 803,514</b>     | <b>\$ 1,606,967</b> | <b>\$ 86,021</b> | <b>\$ 111</b>         |

## CITY OF BANNING

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

(CONTINUED)

|  | Special Revenue Funds             |                                |                            |                  |
|--|-----------------------------------|--------------------------------|----------------------------|------------------|
|  | Community Development Block Grant | Landscape Maintenance District | AQMD Air Pollution Program | Asset Forfeiture |
| <b>Assets:</b>   |                                   |                                |                            |                  |
| Pooled cash and investments  | \$ 275                            | \$ 238,358                     | \$ 231,278                 | \$ 2,507         |
| <b>Receivables:</b>  |                                   |                                |                            |                  |
| Accounts   | -                                 | -                              | -                          | -                |
| Loans  | -                                 | -                              | -                          | -                |
| Interest   | -                                 | 478                            | 425                        | 5                |
| Due from other governments   | 65,400                            | 2,711                          | 9,720                      | -                |
| <b>Restricted assets:</b>  |                                   |                                |                            |                  |
| Cash and investments with fiscal agents                                    | -                                 | -                              | -                          | -                |
| <b>Total Assets</b>  | <b>\$ 65,675</b>                  | <b>\$ 241,547</b>              | <b>\$ 241,423</b>          | <b>\$ 2,512</b>  |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>      |                                   |                                |                            |                  |
| <b>Liabilities:</b>  |                                   |                                |                            |                  |
| Accounts payable   | \$ 98,677                         | \$ 1,841                       | \$ -                       | \$ -             |
| Accrued liabilities  | -                                 | -                              | -                          | -                |
| Unearned revenues  | -                                 | -                              | -                          | -                |
| Deposits payable   | -                                 | -                              | -                          | -                |
| Due to other funds   | 13,500                            | -                              | -                          | -                |
| <b>Total Liabilities</b>   | <b>112,177</b>                    | <b>1,841</b>                   | <b>-</b>                   | <b>-</b>         |
| <b>Deferred Inflows of Resources:</b>                                      |                                   |                                |                            |                  |
| Unavailable revenues   | -                                 | 1,549                          | -                          | -                |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>-</b>                          | <b>1,549</b>                   | <b>-</b>                   | <b>-</b>         |
| <b>Fund Balances:</b>  |                                   |                                |                            |                  |
| <b>Restricted for:</b>   |                                   |                                |                            |                  |
| Community development projects   | -                                 | -                              | -                          | -                |
| Public safety  | -                                 | -                              | -                          | 2,512            |
| Parks and recreation   | -                                 | -                              | -                          | -                |
| Public works   | -                                 | -                              | 241,423                    | -                |
| Capital Projects   | -                                 | 238,157                        | -                          | -                |
| <b>Assigned to:</b>  |                                   |                                |                            |                  |
| Capital Projects   | -                                 | -                              | -                          | -                |
| Unassigned   | (46,502)                          | -                              | -                          | -                |
| <b>Total Fund Balances</b>   | <b>(46,502)</b>                   | <b>238,157</b>                 | <b>241,423</b>             | <b>2,512</b>     |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 65,675</b>                  | <b>\$ 241,547</b>              | <b>\$ 241,423</b>          | <b>\$ 2,512</b>  |

CITY OF BANNING

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

|  | Special Revenue Funds              |                        |                      |                             |
|--|------------------------------------|------------------------|----------------------|-----------------------------|
|  | Supplemental<br>Law<br>Enforcement | State Park<br>Bond Act | Special<br>Donations | Senior Center<br>Activities |
| <b>Assets:</b>   |                                    |                        |                      |                             |
| Pooled cash and investments  | \$ 169,568                         | \$ 936                 | \$ 25,374            | \$ 51,756                   |
| Receivables:   |                                    |                        |                      |                             |
| Accounts   | -                                  | -                      | -                    | -                           |
| Loans  | -                                  | -                      | -                    | -                           |
| Interest   | 305                                | 2                      | -                    | 103                         |
| Due from other governments   | 16,667                             | -                      | -                    | -                           |
| Restricted assets:   |                                    |                        |                      |                             |
| Cash and investments with fiscal agents                                    | -                                  | -                      | -                    | -                           |
| <b>Total Assets</b>  | <b>\$ 186,540</b>                  | <b>\$ 938</b>          | <b>\$ 25,374</b>     | <b>\$ 51,859</b>            |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>      |                                    |                        |                      |                             |
| <b>Liabilities:</b>  |                                    |                        |                      |                             |
| Accounts payable   | \$ 48,849                          | \$ -                   | \$ 270               | \$ -                        |
| Accrued liabilities  | -                                  | -                      | -                    | -                           |
| Unearned revenues  | 137,691                            | -                      | -                    | -                           |
| Deposits payable   | -                                  | -                      | 2,156                | -                           |
| Due to other funds   | -                                  | -                      | -                    | -                           |
| <b>Total Liabilities</b>   | <b>186,540</b>                     | <b>-</b>               | <b>2,426</b>         | <b>-</b>                    |
| <b>Deferred Inflows of Resources:</b>                                      |                                    |                        |                      |                             |
| Unavailable revenues   | -                                  | -                      | -                    | -                           |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>-</b>                           | <b>-</b>               | <b>-</b>             | <b>-</b>                    |
| <b>Fund Balances:</b>  |                                    |                        |                      |                             |
| <b>Restricted for:</b>   |                                    |                        |                      |                             |
| Community development projects   | -                                  | -                      | -                    | -                           |
| Public safety  | -                                  | -                      | -                    | -                           |
| Parks and recreation   | -                                  | -                      | 22,948               | 51,859                      |
| Public works   | -                                  | -                      | -                    | -                           |
| Capital Projects   | -                                  | 938                    | -                    | -                           |
| <b>Assigned to:</b>  |                                    |                        |                      |                             |
| Capital Projects   | -                                  | -                      | -                    | -                           |
| Unassigned   | -                                  | -                      | -                    | -                           |
| <b>Total Fund Balances</b>   | <b>-</b>                           | <b>938</b>             | <b>22,948</b>        | <b>51,859</b>               |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 186,540</b>                  | <b>\$ 938</b>          | <b>\$ 25,374</b>     | <b>\$ 51,859</b>            |

## CITY OF BANNING

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

(CONTINUED)

|  | Special Revenue Funds  |                  |                             |                           |
|--|------------------------|------------------|-----------------------------|---------------------------|
|  | Animal Control Reserve | Police Volunteer | Ramsey/Highland Home Signal | Wilson Median Improvement |
| <b>Assets:</b>   |                        |                  |                             |                           |
| Pooled cash and investments  | \$ 4,912               | \$ 1,335         | \$ 80,798                   | \$ 378,079                |
| Receivables:   |                        |                  |                             |                           |
| Accounts   | -                      | -                | -                           | -                         |
| Loans  | -                      | -                | -                           | -                         |
| Interest   | 9                      | 3                | 153                         | 716                       |
| Due from other governments   | -                      | -                | -                           | -                         |
| Restricted assets:   |                        |                  |                             |                           |
| Cash and investments with fiscal agents                                    | -                      | -                | -                           | -                         |
| <b>Total Assets</b>  | <b>\$ 4,921</b>        | <b>\$ 1,338</b>  | <b>\$ 80,951</b>            | <b>\$ 378,795</b>         |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>      |                        |                  |                             |                           |
| <b>Liabilities:</b>  |                        |                  |                             |                           |
| Accounts payable   | \$ -                   | \$ 11            | \$ -                        | \$ -                      |
| Accrued liabilities  | -                      | -                | -                           | -                         |
| Unearned revenues  | -                      | -                | -                           | -                         |
| Deposits payable   | -                      | -                | -                           | -                         |
| Due to other funds   | -                      | -                | -                           | -                         |
| <b>Total Liabilities</b>   | <b>-</b>               | <b>11</b>        | <b>-</b>                    | <b>-</b>                  |
| <b>Deferred Inflows of Resources:</b>                                      |                        |                  |                             |                           |
| Unavailable revenues   | -                      | -                | -                           | -                         |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>-</b>               | <b>-</b>         | <b>-</b>                    | <b>-</b>                  |
| <b>Fund Balances:</b>  |                        |                  |                             |                           |
| <b>Restricted for:</b>   |                        |                  |                             |                           |
| Community development projects   | -                      | -                | -                           | -                         |
| Public safety  | 4,921                  | 1,327            | -                           | -                         |
| Parks and recreation   | -                      | -                | -                           | -                         |
| Public works   | -                      | -                | 80,951                      | 378,795                   |
| Capital Projects   | -                      | -                | -                           | -                         |
| <b>Assigned to:</b>  |                        |                  |                             |                           |
| Capital Projects   | -                      | -                | -                           | -                         |
| Unassigned   | -                      | -                | -                           | -                         |
| <b>Total Fund Balances</b>   | <b>4,921</b>           | <b>1,327</b>     | <b>80,951</b>               | <b>378,795</b>            |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 4,921</b>        | <b>\$ 1,338</b>  | <b>\$ 80,951</b>            | <b>\$ 378,795</b>         |

CITY OF BANNING

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

|  | Special Revenue Funds |                           |                               | Capital Projects Funds      |                            |          |
|--|-----------------------|---------------------------|-------------------------------|-----------------------------|----------------------------|----------|
|  | Riverside County MOU  | Banning Housing Authority | Police Facilities Development | Fire Facilities Development | Traffic Control Facilities |          |
| <b>Assets:</b>   |                       |                           |                               |                             |                            |          |
| Pooled cash and investments  | \$ 97                 | \$ 508,771                | \$ 34,853                     | \$ 936,243                  | \$ 425,315                 |          |
| Receivables:   |                       |                           |                               |                             |                            |          |
| Accounts   | -                     | -                         | -                             | -                           | -                          | -        |
| Loans  | -                     | 966,205                   | -                             | -                           | -                          | -        |
| Interest   | -                     | 964                       | 66                            | 1,774                       | 806                        |          |
| Due from other governments   | 489,764               | 2,298,433                 | -                             | -                           | -                          | -        |
| Restricted assets:   |                       |                           |                               |                             |                            |          |
| Cash and investments with fiscal agents                                    | -                     | -                         | -                             | -                           | -                          | -        |
| <b>Total Assets</b>  | <b>\$ 489,861</b>     | <b>\$ 3,774,373</b>       | <b>\$ 34,919</b>              | <b>\$ 938,017</b>           | <b>\$ 426,121</b>          |          |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>      |                       |                           |                               |                             |                            |          |
| <b>Liabilities:</b>  |                       |                           |                               |                             |                            |          |
| Accounts payable   | \$ -                  | \$ -                      | \$ -                          | \$ -                        | \$ -                       | \$ -     |
| Accrued liabilities  | 18,960                | -                         | -                             | -                           | -                          | -        |
| Unearned revenues  | -                     | -                         | -                             | -                           | -                          | -        |
| Deposits payable   | -                     | -                         | -                             | -                           | -                          | -        |
| Due to other funds   | 329,750               | -                         | -                             | -                           | -                          | -        |
| <b>Total Liabilities</b>   | <b>348,710</b>        | <b>-</b>                  | <b>-</b>                      | <b>-</b>                    | <b>-</b>                   | <b>-</b> |
| <b>Deferred Inflows of Resources:</b>                                      |                       |                           |                               |                             |                            |          |
| Unavailable revenues   | -                     | 966,205                   | -                             | -                           | -                          | -        |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>-</b>              | <b>966,205</b>            | <b>-</b>                      | <b>-</b>                    | <b>-</b>                   | <b>-</b> |
| <b>Fund Balances:</b>  |                       |                           |                               |                             |                            |          |
| <b>Restricted for:</b>   |                       |                           |                               |                             |                            |          |
| Community development projects   | -                     | 2,808,168                 | -                             | -                           | -                          | -        |
| Public safety  | 141,151               | -                         | -                             | -                           | -                          | -        |
| Parks and recreation   | -                     | -                         | -                             | -                           | -                          | -        |
| Public works   | -                     | -                         | -                             | -                           | -                          | -        |
| Capital Projects   | -                     | -                         | -                             | -                           | -                          | -        |
| <b>Assigned to:</b>  |                       |                           |                               |                             |                            |          |
| Capital Projects   | -                     | -                         | 34,919                        | 938,017                     | 426,121                    |          |
| Unassigned   | -                     | -                         | -                             | -                           | -                          | -        |
| <b>Total Fund Balances</b>   | <b>141,151</b>        | <b>2,808,168</b>          | <b>34,919</b>                 | <b>938,017</b>              | <b>426,121</b>             |          |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 489,861</b>     | <b>\$ 3,774,373</b>       | <b>\$ 34,919</b>              | <b>\$ 938,017</b>           | <b>\$ 426,121</b>          |          |

CITY OF BANNING

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014

|  | Capital Projects Funds |                     |                        | Total<br>Governmental<br>Funds |
|--|------------------------|---------------------|------------------------|--------------------------------|
|  | General<br>Facilities  | Park<br>Development | Capital<br>Improvement |                                |
| <b>Assets:</b>   |                        |                     |                        |                                |
| Pooled cash and investments  | \$ 431,759             | \$ 158,182          | \$ 215                 | \$ 5,978,622                   |
| Receivables:   |                        |                     |                        |                                |
| Accounts   | -                      | -                   | -                      | 5,904                          |
| Loans  | -                      | -                   | -                      | 966,205                        |
| Interest   | 819                    | 300                 | -                      | 11,353                         |
| Due from other governments   | -                      | -                   | -                      | 3,070,968                      |
| Restricted assets:   |                        |                     |                        |                                |
| Cash and investments with fiscal agents                                    | -                      | -                   | 657,693                | 657,693                        |
| <b>Total Assets</b>  | <b>\$ 432,578</b>      | <b>\$ 158,482</b>   | <b>\$ 657,908</b>      | <b>\$ 10,690,745</b>           |
| <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>      |                        |                     |                        |                                |
| <b>Liabilities:</b>  |                        |                     |                        |                                |
| Accounts payable   | \$ -                   | \$ -                | \$ -                   | \$ 214,441                     |
| Accrued liabilities  | -                      | -                   | -                      | 29,372                         |
| Unearned revenues  | -                      | -                   | -                      | 137,691                        |
| Deposits payable   | -                      | -                   | -                      | 98,117                         |
| Due to other funds   | -                      | -                   | 19,500                 | 491,750                        |
| <b>Total Liabilities</b>   | <b>-</b>               | <b>-</b>            | <b>19,500</b>          | <b>971,371</b>                 |
| <b>Deferred Inflows of Resources:</b>                                      |                        |                     |                        |                                |
| Unavailable revenues   | -                      | -                   | -                      | 967,754                        |
| <b>Total Deferred Inflows of Resources</b>                                 | <b>-</b>               | <b>-</b>            | <b>-</b>               | <b>967,754</b>                 |
| <b>Fund Balances:</b>  |                        |                     |                        |                                |
| <b>Restricted for:</b>   |                        |                     |                        |                                |
| Community development projects   | -                      | -                   | -                      | 2,808,168                      |
| Public safety  | -                      | -                   | -                      | 149,911                        |
| Parks and recreation   | -                      | -                   | -                      | 74,807                         |
| Public works   | -                      | -                   | -                      | 2,953,730                      |
| Capital Projects   | -                      | -                   | -                      | 325,116                        |
| <b>Assigned to:</b>  |                        |                     |                        |                                |
| Capital Projects   | 432,578                | 158,482             | 638,408                | 2,628,525                      |
| Unassigned   | -                      | -                   | -                      | (188,637)                      |
| <b>Total Fund Balances</b>   | <b>432,578</b>         | <b>158,482</b>      | <b>638,408</b>         | <b>8,751,620</b>               |
| <b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b> | <b>\$ 432,578</b>      | <b>\$ 158,482</b>   | <b>\$ 657,908</b>      | <b>\$ 10,690,745</b>           |

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

|  | Special Revenue Funds |                     |                  |                       |
|--|-----------------------|---------------------|------------------|-----------------------|
|  | Gas Tax<br>Street     | Measure A           | SB 300 Street    | Article 3<br>Sidewalk |
| <b>Revenues:</b>   |                       |                     |                  |                       |
| Taxes  | \$ -                  | \$ 495,479          | \$ -             | \$ -                  |
| Intergovernmental  | 944,456               | -                   | -                | -                     |
| Charges for services   | -                     | -                   | -                | -                     |
| Use of money and property                                    | 3,036                 | 7,694               | 441              | 28                    |
| Contributions  | -                     | -                   | -                | -                     |
| Miscellaneous  | 7,196                 | -                   | -                | -                     |
| <b>Total Revenues</b>  | <b>954,688</b>        | <b>503,173</b>      | <b>441</b>       | <b>28</b>             |
| <b>Expenditures:</b>   |                       |                     |                  |                       |
| Current:   |                       |                     |                  |                       |
| Public safety  | -                     | -                   | -                | -                     |
| Parks and recreation   | -                     | -                   | -                | -                     |
| Public works   | 934,333               | 22,686              | -                | -                     |
| Capital outlay   | 39,974                | 176,756             | -                | 222,060               |
| <b>Total Expenditures</b>                                    | <b>974,307</b>        | <b>199,442</b>      | <b>-</b>         | <b>222,060</b>        |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (19,619)              | 303,731             | 441              | (222,032)             |
| <b>Other Financing Sources (Uses):</b>                       |                       |                     |                  |                       |
| Transfers in   | 168,322               | 17,159              | -                | 66,638                |
| Transfers out  | (9,581)               | (66,638)            | (7,578)          | -                     |
| <b>Total Other Financing Sources<br/>(Uses)</b>              | <b>158,741</b>        | <b>(49,479)</b>     | <b>(7,578)</b>   | <b>66,638</b>         |
| Net Change in Fund Balances                                  | 139,122               | 254,252             | (7,137)          | (155,394)             |
| Fund Balances, Beginning of Year                             | 532,079               | 1,327,108           | 93,158           | 13,259                |
| Restatements   | -                     | -                   | -                | -                     |
| Fund Balances, Beginning of Year, as Restated                | 532,079               | 1,327,108           | 93,158           | 13,259                |
| <b>Fund Balances, End of Year</b>                            | <b>\$ 671,201</b>     | <b>\$ 1,581,360</b> | <b>\$ 86,021</b> | <b>\$ (142,135)</b>   |

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

(CONTINUED)

|  | Special Revenue Funds             |                                |                            |                  |
|--|-----------------------------------|--------------------------------|----------------------------|------------------|
|  | Community Development Block Grant | Landscape Maintenance District | AQMD Air Pollution Program | Asset Forfeiture |
| <b>Revenues:</b>   |                                   |                                |                            |                  |
| Taxes  | \$ -                              | \$ 136,454                     | \$ -                       | \$ -             |
| Intergovernmental  | 66,400                            | -                              | 37,241                     | -                |
| Charges for services   | -                                 | -                              | -                          | -                |
| Use of money and property                                    | -                                 | 1,058                          | 1,083                      | 13               |
| Contributions  | -                                 | -                              | -                          | -                |
| Miscellaneous  | -                                 | 177                            | -                          | -                |
| <b>Total Revenues</b>  | <b>66,400</b>                     | <b>137,689</b>                 | <b>38,324</b>              | <b>13</b>        |
| <b>Expenditures:</b>   |                                   |                                |                            |                  |
| Current:   |                                   |                                |                            |                  |
| Public safety  | -                                 | -                              | -                          | -                |
| Parks and recreation   | 112,903                           | -                              | -                          | -                |
| Public works   | -                                 | 114,893                        | 3,000                      | -                |
| Capital outlay   | -                                 | -                              | -                          | -                |
| <b>Total Expenditures</b>                                    | <b>112,903</b>                    | <b>114,893</b>                 | <b>3,000</b>               | <b>-</b>         |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (46,503)                          | 22,796                         | 35,324                     | 13               |
| <b>Other Financing Sources (Uses):</b>                       |                                   |                                |                            |                  |
| Transfers in   | -                                 | -                              | -                          | -                |
| Transfers out  | -                                 | -                              | -                          | -                |
| <b>Total Other Financing Sources<br/>(Uses)</b>              | <b>-</b>                          | <b>-</b>                       | <b>-</b>                   | <b>-</b>         |
| Net Change in Fund Balances                                  | (46,503)                          | 22,796                         | 35,324                     | 13               |
| Fund Balances, Beginning of Year                             | 1                                 | 215,361                        | 206,099                    | 2,499            |
| Restatements   | -                                 | -                              | -                          | -                |
| Fund Balances, Beginning of Year, as Restated                | 1                                 | 215,361                        | 206,099                    | 2,499            |
| <b>Fund Balances, End of Year</b>                            | <b>\$ (46,502)</b>                | <b>\$ 238,157</b>              | <b>\$ 241,423</b>          | <b>\$ 2,512</b>  |

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

|  | Special Revenue Funds              |                        |                      |                             |
|--|------------------------------------|------------------------|----------------------|-----------------------------|
|  | Supplemental<br>Law<br>Enforcement | State Park<br>Bond Act | Special<br>Donations | Senior Center<br>Activities |
| <b>Revenues:</b>   |                                    |                        |                      |                             |
| Taxes  | \$ -                               | \$ -                   | \$ -                 | \$ -                        |
| Intergovernmental  | -                                  | -                      | -                    | -                           |
| Charges for services   | -                                  | -                      | -                    | 70                          |
| Use of money and property                                    | 709                                | 5                      | -                    | 277                         |
| Contributions  | 3,597                              | -                      | 10,728               | 1,619                       |
| Miscellaneous  | -                                  | -                      | -                    | 2,274                       |
| <b>Total Revenues</b>  | <b>4,306</b>                       | <b>5</b>               | <b>10,728</b>        | <b>4,240</b>                |
| <b>Expenditures:</b>   |                                    |                        |                      |                             |
| Current:   |                                    |                        |                      |                             |
| Public safety  | 22,557                             | -                      | -                    | -                           |
| Parks and recreation   | -                                  | -                      | 6,193                | 11,607                      |
| Public works   | -                                  | -                      | -                    | -                           |
| Capital outlay   | 51,651                             | -                      | -                    | -                           |
| <b>Total Expenditures</b>                                    | <b>74,208</b>                      | <b>-</b>               | <b>6,193</b>         | <b>11,607</b>               |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (69,902)                           | 5                      | 4,535                | (7,367)                     |
| <b>Other Financing Sources (Uses):</b>                       |                                    |                        |                      |                             |
| Transfers in   | -                                  | -                      | -                    | -                           |
| Transfers out  | -                                  | -                      | -                    | -                           |
| <b>Total Other Financing Sources<br/>(Uses)</b>              | <b>-</b>                           | <b>-</b>               | <b>-</b>             | <b>-</b>                    |
| Net Change in Fund Balances                                  | (69,902)                           | 5                      | 4,535                | (7,367)                     |
| Fund Balances, Beginning of Year                             | 86,190                             | 933                    | 18,413               | 59,226                      |
| Restatements   | (16,288)                           | -                      | -                    | -                           |
| Fund Balances, Beginning of Year, as Restated                | 69,902                             | 933                    | 18,413               | 59,226                      |
| <b>Fund Balances, End of Year</b>                            | <b>\$ -</b>                        | <b>\$ 938</b>          | <b>\$ 22,948</b>     | <b>\$ 51,859</b>            |

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

(CONTINUED)

|  | Special Revenue Funds        |                     |                                    |                                 |
|--|------------------------------|---------------------|------------------------------------|---------------------------------|
|  | Animal<br>Control<br>Reserve | Police<br>Volunteer | Ramsey/<br>Highland<br>Home Signal | Wilson<br>Median<br>Improvement |
| <b>Revenues:</b>   |                              |                     |                                    |                                 |
| Taxes  | \$ -                         | \$ -                | \$ -                               | \$ -                            |
| Intergovernmental  | -                            | -                   | -                                  | -                               |
| Charges for services   | -                            | -                   | -                                  | -                               |
| Use of money and property                                    | 25                           | 8                   | 403                                | 1,885                           |
| Contributions  | -                            | -                   | -                                  | -                               |
| Miscellaneous  | -                            | -                   | -                                  | -                               |
| <b>Total Revenues</b>  | <b>25</b>                    | <b>8</b>            | <b>403</b>                         | <b>1,885</b>                    |
| <b>Expenditures:</b>   |                              |                     |                                    |                                 |
| Current:   |                              |                     |                                    |                                 |
| Public safety  | -                            | 1,515               | -                                  | -                               |
| Parks and recreation   | -                            | -                   | -                                  | -                               |
| Public works   | -                            | -                   | -                                  | -                               |
| Capital outlay   | -                            | -                   | -                                  | -                               |
| <b>Total Expenditures</b>                                    | <b>-</b>                     | <b>1,515</b>        | <b>-</b>                           | <b>-</b>                        |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 25                           | (1,507)             | 403                                | 1,885                           |
| <b>Other Financing Sources (Uses):</b>                       |                              |                     |                                    |                                 |
| Transfers in   | -                            | -                   | -                                  | -                               |
| Transfers out  | -                            | -                   | -                                  | -                               |
| <b>Total Other Financing Sources<br/>(Uses)</b>              | <b>-</b>                     | <b>-</b>            | <b>-</b>                           | <b>-</b>                        |
| Net Change in Fund Balances                                  | 25                           | (1,507)             | 403                                | 1,885                           |
| Fund Balances, Beginning of Year                             | 4,896                        | 2,834               | 80,548                             | 376,910                         |
| Restatements   | -                            | -                   | -                                  | -                               |
| Fund Balances, Beginning of Year, as Restated                | 4,896                        | 2,834               | 80,548                             | 376,910                         |
| <b>Fund Balances, End of Year</b>                            | <b>\$ 4,921</b>              | <b>\$ 1,327</b>     | <b>\$ 80,951</b>                   | <b>\$ 378,795</b>               |

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2014

|  | Special Revenue Funds |                           | Capital Projects Funds        |                             |                            |
|--|-----------------------|---------------------------|-------------------------------|-----------------------------|----------------------------|
|  | Riverside County MOU  | Banning Housing Authority | Police Facilities Development | Fire Facilities Development | Traffic Control Facilities |
| <b>Revenues:</b>   |                       |                           |                               |                             |                            |
| Taxes  | \$ -                  | \$ -                      | \$ -                          | \$ -                        | \$ -                       |
| Intergovernmental  | 489,764               | -                         | -                             | -                           | -                          |
| Charges for services   | -                     | -                         | -                             | -                           | -                          |
| Use of money and property                                    | 136                   | 2,514                     | 173                           | 4,666                       | 2,119                      |
| Contributions  | -                     | -                         | -                             | -                           | -                          |
| Miscellaneous  | -                     | 20,000                    | 823                           | 1,335                       | 250                        |
| <b>Total Revenues</b>  | <b>489,900</b>        | <b>22,514</b>             | <b>996</b>                    | <b>6,001</b>                | <b>2,369</b>               |
| <b>Expenditures:</b>   |                       |                           |                               |                             |                            |
| Current:   |                       |                           |                               |                             |                            |
| Public safety  | 583,119               | -                         | -                             | -                           | -                          |
| Parks and recreation   | -                     | -                         | -                             | -                           | -                          |
| Public works   | -                     | -                         | -                             | -                           | -                          |
| Capital outlay   | -                     | -                         | -                             | -                           | -                          |
| <b>Total Expenditures</b>                                    | <b>583,119</b>        | <b>-</b>                  | <b>-</b>                      | <b>-</b>                    | <b>-</b>                   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (93,219)              | 22,514                    | 996                           | 6,001                       | 2,369                      |
| <b>Other Financing Sources (Uses):</b>                       |                       |                           |                               |                             |                            |
| Transfers in   | -                     | -                         | -                             | -                           | -                          |
| Transfers out  | -                     | -                         | -                             | -                           | -                          |
| <b>Total Other Financing Sources<br/>(Uses)</b>              | <b>-</b>              | <b>-</b>                  | <b>-</b>                      | <b>-</b>                    | <b>-</b>                   |
| Net Change in Fund Balances                                  | (93,219)              | 22,514                    | 996                           | 6,001                       | 2,369                      |
| Fund Balances, Beginning of Year                             | 234,370               | 2,785,654                 | 33,923                        | 932,016                     | 423,752                    |
| Restatements   | -                     | -                         | -                             | -                           | -                          |
| Fund Balances, Beginning of Year, as Restated                | 234,370               | 2,785,654                 | 33,923                        | 932,016                     | 423,752                    |
| <b>Fund Balances, End of Year</b>                            | <b>\$ 141,151</b>     | <b>\$ 2,808,168</b>       | <b>\$ 34,919</b>              | <b>\$ 938,017</b>           | <b>\$ 426,121</b>          |

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2014

|  | Capital Projects Funds |                     |                        | Total<br>Governmental<br>Funds |
|--|------------------------|---------------------|------------------------|--------------------------------|
|  | General<br>Facilities  | Park<br>Development | Capital<br>Improvement |                                |
| <b>Revenues:</b>   |                        |                     |                        |                                |
| Taxes  | \$ -                   | \$ -                | \$ -                   | \$ 631,933                     |
| Intergovernmental  | -                      | -                   | -                      | 1,537,861                      |
| Charges for services   | -                      | -                   | -                      | 70                             |
| Use of money and property                                    | 2,202                  | 788                 | 214                    | 29,477                         |
| Contributions  | -                      | -                   | -                      | 15,944                         |
| Miscellaneous  | 478                    | 1,955               | -                      | 34,488                         |
| <b>Total Revenues</b>  | <b>2,680</b>           | <b>2,743</b>        | <b>214</b>             | <b>2,249,773</b>               |
| <b>Expenditures:</b>   |                        |                     |                        |                                |
| Current:   |                        |                     |                        |                                |
| Public safety  | -                      | -                   | -                      | 607,191                        |
| Parks and recreation   | -                      | -                   | -                      | 130,703                        |
| Public works   | -                      | -                   | -                      | 1,074,912                      |
| Capital outlay   | 44,781                 | -                   | -                      | 535,222                        |
| <b>Total Expenditures</b>                                    | <b>44,781</b>          | <b>-</b>            | <b>-</b>               | <b>2,348,028</b>               |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (42,101)               | 2,743               | 214                    | (98,255)                       |
| <b>Other Financing Sources (Uses):</b>                       |                        |                     |                        |                                |
| Transfers in   | -                      | -                   | -                      | 252,119                        |
| Transfers out  | -                      | -                   | -                      | (83,797)                       |
| <b>Total Other Financing Sources<br/>(Uses)</b>              | <b>-</b>               | <b>-</b>            | <b>-</b>               | <b>168,322</b>                 |
| Net Change in Fund Balances                                  | (42,101)               | 2,743               | 214                    | 70,067                         |
| Fund Balances, Beginning of Year                             | 474,679                | 155,739             | 638,194                | 8,697,841                      |
| Restatements   | -                      | -                   | -                      | (16,288)                       |
| Fund Balances, Beginning of Year, as Restated                | 474,679                | 155,739             | 638,194                | 8,681,553                      |
| <b>Fund Balances, End of Year</b>                            | <b>\$ 432,578</b>      | <b>\$ 158,482</b>   | <b>\$ 638,408</b>      | <b>\$ 8,751,620</b>            |

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
GAS TAX STREET  
YEAR ENDED JUNE 30, 2014

|   | Budget Amounts    |                  | Actual<br>Amounts<br>\$ 532,079 | Variance with<br>Final Budget<br>Positive<br>(Negative)<br>\$ - |
|---|-------------------|------------------|---------------------------------|---|
|   | Original          | Final            |                                 |   |
|   | \$ 532,079        | \$ 532,079       |                                 |   |
| Budgetary Fund Balance, July 1              |                   |                  |                                 |   |
| <b>Resources (Inflows):</b>                 |                   |                  |                                 |   |
| Intergovernmental                           | 791,000           | 1,224,806        | 944,456                         | (280,350)   |
| Use of money and property                   | 3,675             | 1,397            | 3,036                           | 1,639   |
| Miscellaneous                               | 2,300             | 2,300            | 7,196                           | 4,896   |
| Transfers in                                | 164,325           | 206,125          | 168,322                         | (37,803)  |
| <b>Amounts Available for Appropriations</b> | <b>1,493,379</b>  | <b>1,966,707</b> | <b>1,655,089</b>                | <b>(311,618)</b>  |
| <b>Charges to Appropriation (Outflow):</b>  |                   |                  |                                 |   |
| Public works                                | 1,024,689         | 1,031,387        | 934,333                         | 97,054  |
| Capital outlay                              | -                 | 417,500          | 39,974                          | 377,526   |
| Transfers out                               | -                 | 426,957          | 9,581                           | 417,376   |
| <b>Total Charges to Appropriations</b>      | <b>1,024,689</b>  | <b>1,875,844</b> | <b>983,888</b>                  | <b>891,956</b>  |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 468,690</b> | <b>\$ 90,863</b> | <b>\$ 671,201</b>               | <b>\$ 580,338</b>   |

**CITY OF BANNING**

**BUDGETARY COMPARISON SCHEDULE**  
**MEASURE A**  
**YEAR ENDED JUNE 30, 2014**

|   | <b>Budget Amounts</b> |                     | <b>Actual<br/>Amounts</b> | <b>Variance with<br/>Final Budget</b> |
|---|-----------------------|---------------------|---------------------------|---------------------------------------|
|   | <b>Original</b>       | <b>Final</b>        |                           |                                       |
| Budgetary Fund Balance, July 1              | \$ 1,327,108          | \$ 1,327,108        | \$ 1,327,108              | \$ -                                  |
| <b>Resources (Inflows):</b>                 |                       |                     |                           |                                       |
| Taxes                                       | 410,000               | 470,000             | 495,479                   | 25,479                                |
| Use of money and property                   | 8,000                 | 2,200               | 7,694                     | 5,494                                 |
| Transfers in                                | -                     | 449,303             | 17,159                    | (432,144)                             |
| <b>Amounts Available for Appropriations</b> | <b>1,745,108</b>      | <b>2,248,611</b>    | <b>1,847,440</b>          | <b>(401,171)</b>                      |
| <b>Charges to Appropriation (Outflow):</b>  |                       |                     |                           |                                       |
| Public works                                | -                     | 37,226              | 22,686                    | 14,540                                |
| Capital outlay                              | 410,000               | 1,091,484           | 176,756                   | 914,728                               |
| Transfers out                               | -                     | 116,375             | 66,638                    | 49,737                                |
| <b>Total Charges to Appropriations</b>      | <b>410,000</b>        | <b>1,245,085</b>    | <b>266,080</b>            | <b>979,005</b>                        |
| Budgetary Fund Balance, June 30             | <b>\$ 1,335,108</b>   | <b>\$ 1,003,526</b> | <b>\$ 1,581,360</b>       | <b>\$ 577,834</b>                     |

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
 SB 300 STREET  
 YEAR ENDED JUNE 30, 2014

|   | Budget Amounts   |                  | Actual Amounts   | Variance with Final Budget |
|---|------------------|------------------|------------------|----------------------------|
|   | Original         | Final            |                  | Positive (Negative)        |
| Budgetary Fund Balance, July 1              | \$ 93,158        | \$ 93,158        | \$ 93,158        | \$ -                       |
| <b>Resources (Inflows):</b>                 |                  |                  |                  |                            |
| Use of money and property                   | 725              | 425              | 441              | 16                         |
| <b>Amounts Available for Appropriations</b> | <b>93,883</b>    | <b>93,583</b>    | <b>93,599</b>    | <b>16</b>                  |
| <b>Charges to Appropriation (Outflow):</b>  |                  |                  |                  |                            |
| Transfers out                               | -                | 22,346           | 7,578            | 14,768                     |
| <b>Total Charges to Appropriations</b>      | <b>-</b>         | <b>22,346</b>    | <b>7,578</b>     | <b>14,768</b>              |
| Budgetary Fund Balance, June 30             | <b>\$ 93,883</b> | <b>\$ 71,237</b> | <b>\$ 86,021</b> | <b>\$ 14,784</b>           |

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
ARTICLE 3 SIDEWALK  
YEAR ENDED JUNE 30, 2014

|   | Budget Amounts   |                  | Actual<br>Amounts   | Variance with<br>Final Budget |
|---|------------------|------------------|---------------------|-------------------------------|
|   | Original         | Final            |                     |                               |
| Budgetary Fund Balance, July 1              | \$ 13,259        | \$ 13,259        | \$ 13,259           | \$ -                          |
| <b>Resources (Inflows):</b>                 |                  |                  |                     |                               |
| Intergovernmental                           | -                | 180,000          | -                   | (180,000)                     |
| Use of money and property                   | 300              | -                | 28                  | 28                            |
| Transfers in                                | -                | 116,375          | 66,638              | (49,737)                      |
| <b>Amounts Available for Appropriations</b> | <b>13,559</b>    | <b>309,634</b>   | <b>79,925</b>       | <b>(229,709)</b>              |
| <b>Charges to Appropriation (Outflow):</b>  |                  |                  |                     |                               |
| Capital outlay                              | -                | 291,500          | 222,060             | 69,440                        |
| <b>Total Charges to Appropriations</b>      | <b>-</b>         | <b>291,500</b>   | <b>222,060</b>      | <b>69,440</b>                 |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 13,559</b> | <b>\$ 18,134</b> | <b>\$ (142,135)</b> | <b>\$ (160,269)</b>           |

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
 COMMUNITY DEVELOPMENT BLOCK GRANT  
 YEAR ENDED JUNE 30, 2014

|   | Budget Amounts    |       | Actual Amounts      |   | Variance with Final Budget |                     |
|---|-------------------|-------|---------------------|---|----------------------------|---------------------|
|   | Original          | Final | 1                   | 1 | \$                         | Positive (Negative) |
| Budgetary Fund Balance, July 1              |                   |       |                     |   |                            |                     |
| Resources (Inflows):                        |                   |       |                     |   |                            |                     |
| Intergovernmental                           | 273,862           |       | -                   |   | 66,400                     | 66,400              |
| <b>Amounts Available for Appropriations</b> | <b>273,863</b>    |       | <b>1</b>            |   | <b>66,401</b>              | <b>66,400</b>       |
| Charges to Appropriation (Outflow):         |                   |       |                     |   |                            |                     |
| Parks and recreation                        | -                 |       | 763,412             |   | 112,903                    | 650,509             |
| <b>Total Charges to Appropriations</b>      | <b>-</b>          |       | <b>763,412</b>      |   | <b>112,903</b>             | <b>650,509</b>      |
| Budgetary Fund Balance, June 30             | <b>\$ 273,863</b> |       | <b>\$ (763,411)</b> |   | <b>\$ (46,502)</b>         | <b>\$ 716,909</b>   |

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
LANDSCAPE MAINTENANCE DISTRICT  
YEAR ENDED JUNE 30, 2014

|   | Budget Amounts    |                   | Actual<br>Amounts | Variance with<br>Final Budget |
|---|-------------------|-------------------|-------------------|-------------------------------|
|   | Original          | Final             |                   |                               |
| Budgetary Fund Balance, July 1              | \$ 215,361        | \$ 215,361        | \$ 215,361        | \$ -                          |
| <b>Resources (Inflows):</b>                 |                   |                   |                   |                               |
| Taxes                                       | 135,060           | 137,518           | 136,454           | (1,064)                       |
| Use of money and property                   | 750               | 500               | 1,058             | 558                           |
| Miscellaneous                               | -                 | 121               | 177               | 56                            |
| <b>Amounts Available for Appropriations</b> | <b>351,171</b>    | <b>353,500</b>    | <b>353,050</b>    | <b>(450)</b>                  |
| <b>Charges to Appropriation (Outflow):</b>  |                   |                   |                   |                               |
| Public works                                | 138,252           | 128,994           | 114,893           | 14,101                        |
| <b>Total Charges to Appropriations</b>      | <b>138,252</b>    | <b>128,994</b>    | <b>114,893</b>    | <b>14,101</b>                 |
| Budgetary Fund Balance, June 30             | <u>\$ 212,919</u> | <u>\$ 224,506</u> | <u>\$ 238,157</u> | <u>\$ 13,651</u>              |

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
 AQMD AIR POLLUTION PROGRAM  
 YEAR ENDED JUNE 30, 2014

|   | Budget Amounts    |                   | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------|-------------------|-------------------|---|
|   | Original          | Final             |                   |   |
| Budgetary Fund Balance, July 1              | \$ 206,099        | \$ 206,099        | \$ 206,099        | \$ -  |
| <b>Resources (Inflows):</b>                 |                   |                   |                   |   |
| Intergovernmental                           | 25,000            | 30,000            | 37,241            | 7,241   |
| Use of money and property                   | 250               | 250               | 1,083             | 833   |
| <b>Amounts Available for Appropriations</b> | <b>231,349</b>    | <b>236,349</b>    | <b>244,423</b>    | <b>8,074</b>  |
| <b>Charges to Appropriation (Outflow):</b>  |                   |                   |                   |   |
| Public works                                | 3,000             | 3,000             | 3,000             | -   |
| Capital outlay                              | -                 | 40,000            | -                 | 40,000  |
| <b>Total Charges to Appropriations</b>      | <b>3,000</b>      | <b>43,000</b>     | <b>3,000</b>      | <b>40,000</b>   |
| Budgetary Fund Balance, June 30             | <b>\$ 228,349</b> | <b>\$ 193,349</b> | <b>\$ 241,423</b> | <b>\$ 48,074</b>  |

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
SUPPLEMENTAL LAW ENFORCEMENT  
YEAR ENDED JUNE 30, 2014

|   | Budget Amounts   |                    | Actual<br>Amounts | Variance with<br>Final Budget |
|---|------------------|--------------------|-------------------|-------------------------------|
|   | Original         | Final              |                   |                               |
| Budgetary Fund Balance, July 1, as restated | \$ 69,902        | \$ 69,902          | \$ 69,902         | \$ -                          |
| <b>Resources (Inflows):</b>                 |                  |                    |                   |                               |
| Intergovernmental                           | -                | 25,000             | -                 | (25,000)                      |
| Use of money and property                   | -                | 100                | 709               | 609                           |
| Contributions                               | -                | 100,000            | 3,597             | (96,403)                      |
| <b>Amounts Available for Appropriations</b> | <b>69,902</b>    | <b>195,002</b>     | <b>74,208</b>     | <b>(120,794)</b>              |
| <b>Charges to Appropriation (Outflow):</b>  |                  |                    |                   |                               |
| Public safety                               | -                | 22,693             | 22,557            | 136                           |
| Capital outlay                              | -                | 188,498            | 51,651            | 136,847                       |
| <b>Total Charges to Appropriations</b>      | <b>-</b>         | <b>211,191</b>     | <b>74,208</b>     | <b>136,983</b>                |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 69,902</b> | <b>\$ (16,189)</b> | <b>\$ -</b>       | <b>\$ 16,189</b>              |

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
SPECIAL DONATIONS  
YEAR ENDED JUNE 30, 2014

|   | Budget Amounts |               | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|----------------|---------------|-------------------|---|
|   | Original       | Final         |                   |   |
|   | \$ 18,413      | \$ 18,413     |                   |   |
| Budgetary Fund Balance, July 1              |                |               | \$ 18,413         | \$ -  |
| <b>Resources (Inflows):</b>                 |                |               |                   |   |
| Contributions                               | 6,750          | 9,025         | 10,728            | 1,703   |
| <b>Amounts Available for Appropriations</b> | <b>25,163</b>  | <b>27,438</b> | <b>29,141</b>     | <b>1,703</b>  |
| <b>Charges to Appropriation (Outflow):</b>  |                |               |                   |   |
| Parks and recreation                        | 5,500          | 6,500         | 6,193             | 307   |
| <b>Total Charges to Appropriations</b>      | <b>5,500</b>   | <b>6,500</b>  | <b>6,193</b>      | <b>307</b>  |
| Budgetary Fund Balance, June 30             | \$ 19,663      | \$ 20,938     | \$ 22,948         | \$ 2,010  |

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
SENIOR CENTER ACTIVITIES  
YEAR ENDED JUNE 30, 2014

|   | Budget Amounts   |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|---|------------------|------------------|-------------------|-------------------------------|
|   | Original         | Final            |                   |                               |
| Budgetary Fund Balance, July 1              | \$ 59,226        | \$ 59,226        | \$ 59,226         | \$ -                          |
| <b>Resources (Inflows):</b>                 |                  |                  |                   |                               |
| Charges for services                        | 200              | 200              | 70                | (130)                         |
| Use of money and property                   | 500              | 500              | 277               | (223)                         |
| Contributions                               | 2,800            | 2,800            | 1,619             | (1,181)                       |
| Miscellaneous                               | 300              | 3,150            | 2,274             | (876)                         |
| <b>Amounts Available for Appropriations</b> | <b>63,026</b>    | <b>65,876</b>    | <b>63,466</b>     | <b>(2,410)</b>                |
| <b>Charges to Appropriation (Outflow):</b>  |                  |                  |                   |                               |
| Parks and recreation                        | 12,750           | 13,000           | 11,607            | 1,393                         |
| <b>Total Charges to Appropriations</b>      | <b>12,750</b>    | <b>13,000</b>    | <b>11,607</b>     | <b>1,393</b>                  |
| Budgetary Fund Balance, June 30             | <b>\$ 50,276</b> | <b>\$ 52,876</b> | <b>\$ 51,859</b>  | <b>\$ (1,017)</b>             |

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
POLICE VOLUNTEER  
YEAR ENDED JUNE 30, 2014

|   | Budget Amounts |              | Actual Amounts | Variance with Final Budget |
|---|----------------|--------------|----------------|----------------------------|
|   | Original       | Final        |                | Positive (Negative)        |
| Budgetary Fund Balance, July 1              | \$ 2,834       | \$ 2,834     | \$ 2,834       | \$ -                       |
| <b>Resources (Inflows):</b>                 |                |              |                |                            |
| Use of money and property                   | -              | -            | 8              | 8                          |
| <b>Amounts Available for Appropriations</b> | <b>2,834</b>   | <b>2,834</b> | <b>2,842</b>   | <b>8</b>                   |
| <b>Charges to Appropriation (Outflow):</b>  |                |              |                |                            |
| Public safety                               | 1,080          | 2,613        | 1,515          | 1,098                      |
| <b>Total Charges to Appropriations</b>      | <b>1,080</b>   | <b>2,613</b> | <b>1,515</b>   | <b>1,098</b>               |
| Budgetary Fund Balance, June 30             | \$ 1,754       | \$ 221       | \$ 1,327       | \$ 1,106                   |

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
RIVERSIDE COUNTY MOU  
YEAR ENDED JUNE 30, 2014

|   | Budget Amounts |                | Actual Amounts | Variance with Final Budget |
|---|----------------|----------------|----------------|----------------------------|
|   | Original       | Final          |                | Positive (Negative)        |
| Budgetary Fund Balance, July 1              | \$ 234,370     | \$ 234,370     | \$ 234,370     | \$ -                       |
| <b>Resources (Inflows):</b>                 |                |                |                |                            |
| Intergovernmental                           | 450,000        | 450,000        | 489,764        | 39,764                     |
| Use of money and property                   | 1,000          | 150            | 136            | (14)                       |
| <b>Amounts Available for Appropriations</b> | <b>685,370</b> | <b>684,520</b> | <b>724,270</b> | <b>39,750</b>              |
| <b>Charges to Appropriation (Outflow):</b>  |                |                |                |                            |
| Public safety                               | 576,024        | 569,439        | 583,119        | (13,680)                   |
| <b>Total Charges to Appropriations</b>      | <b>576,024</b> | <b>569,439</b> | <b>583,119</b> | <b>(13,680)</b>            |
| Budgetary Fund Balance, June 30             | \$ 109,346     | \$ 115,081     | \$ 141,151     | \$ 26,070                  |

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
GENERAL FACILITIES  
YEAR ENDED JUNE 30, 2014

|   | Budget Amounts    | Actual Amounts    | Variance with Final Budget |
|---|-------------------|-------------------|----------------------------|
|   | Original          | Final             | Positive (Negative)        |
| Budgetary Fund Balance, July 1              | \$ 474,679        | \$ 474,679        | \$ -                       |
| <b>Resources (Inflows):</b>                 |                   |                   |                            |
| Use of money and property                   | -                 | 1,200             | 2,202                      |
| Miscellaneous                               | -                 | 478               | 478                        |
| <b>Amounts Available for Appropriations</b> | <b>474,679</b>    | <b>476,357</b>    | <b>1,002</b>               |
| <b>Charges to Appropriation (Outflow):</b>  |                   |                   |                            |
| Capital outlay                              | -                 | 45,000            | 44,781                     |
| <b>Total Charges to Appropriations</b>      | <b>-</b>          | <b>45,000</b>     | <b>44,781</b>              |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ 474,679</b> | <b>\$ 431,357</b> | <b>\$ 432,578</b>          |
|   |                   |                   | <b>\$ 1,221</b>            |

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
SUNSET GRADE SEPARATION  
YEAR ENDED JUNE 30, 2014

|   | Budget Amounts        |                  | Actual Amounts        | Variance with Final Budget |
|---|-----------------------|------------------|-----------------------|----------------------------|
|   | Original              | Final            |                       | Positive (Negative)        |
| Budgetary Fund Balance, July 1              | \$ (2,286,485)        | \$ (2,286,485)   | \$ (2,286,485)        | \$ -                       |
| <b>Resources (Inflows):</b>                 |                       |                  |                       |                            |
| Intergovernmental                           | -                     | 2,631,606        | 119,370               | (2,512,236)                |
| <b>Amounts Available for Appropriations</b> | <b>(2,286,485)</b>    | <b>345,121</b>   | <b>(2,167,115)</b>    | <b>(2,512,236)</b>         |
| <b>Charges to Appropriation (Outflow):</b>  |                       |                  |                       |                            |
| Capital outlay                              | -                     | 304,186          | 129,710               | 174,476                    |
| <b>Total Charges to Appropriations</b>      | <b>-</b>              | <b>304,186</b>   | <b>129,710</b>        | <b>174,476</b>             |
| <b>Budgetary Fund Balance, June 30</b>      | <b>\$ (2,286,485)</b> | <b>\$ 40,935</b> | <b>\$ (2,296,825)</b> | <b>\$ (2,337,760)</b>      |

CITY OF BANNING

COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2014

|  | Business-Type Activities - Enterprise Funds |                     |                   |                     |                     |
|--|---|---------------------|-------------------|---------------------|---------------------|
|  | Airport                                     | Transit             | Refuse Utility    | Totals              |                     |
| <b>Assets:</b>                                   |   |                     |                   |                     |                     |
| Current:   |   |                     |                   |                     |                     |
| Cash and investments                             | \$ 4,915                                    | \$ 231,203          | \$ 639,117        | \$ 875,235          |                     |
| Receivables:                                     |   |                     |                   |                     |                     |
| Accounts   | 685   | 76                  | 469,062           | 469,823             |                     |
| Interest   | 46  | 626                 | 1,235             | 1,907               |                     |
| Due from other governments                       | 140,956                                     | 79,520              | 8,188             | 228,664             |                     |
| Inventories                                      | 14,347                                      | -                   | -                 | 14,347              |                     |
|  | <b>160,949</b>                              | <b>311,425</b>      | <b>1,117,602</b>  | <b>1,589,976</b>    |                     |
|  | <b>Total Current Assets</b>                 |                     |                   |                     |                     |
| Noncurrent:                                      |   |                     |                   |                     |                     |
| Capital assets - net of accumulated depreciation | 3,239,664                                   | 556,515             | -                 | 3,796,179           |                     |
|  | <b>3,239,664</b>                            | <b>556,515</b>      |                   | <b>3,796,179</b>    |                     |
|  | <b>Total Noncurrent Assets</b>              |                     |                   |                     |                     |
|  | <b>Total Assets</b>                         | <b>\$ 3,400,613</b> | <b>\$ 867,940</b> | <b>\$ 1,117,602</b> | <b>\$ 5,386,155</b> |
| <b>Liabilities and Net Position:</b>             |   |                     |                   |                     |                     |
| <b>Liabilities:</b>                              |   |                     |                   |                     |                     |
| Current:   |   |                     |                   |                     |                     |
| Accounts payable                                 | \$ 49,141                                   | \$ 10,305           | \$ 251,796        | \$ 311,242          |                     |
| Accrued liabilities                              | 1,224                                       | 23,277              | 3,855             | 28,356              |                     |
| Unearned revenues                                | -   | 309,409             | -                 | 309,409             |                     |
| Deposits payable                                 | 24,053                                      | -                   | 93,132            | 117,185             |                     |
| Due to other funds                               | 31,000                                      | -                   | -                 | 31,000              |                     |
| Compensated absences                             | 2,869                                       | 41,831              | 21,133            | 65,833              |                     |
|  | <b>108,287</b>                              | <b>384,822</b>      | <b>369,916</b>    | <b>863,025</b>      |                     |
|  | <b>Total Current Liabilities</b>            |                     |                   |                     |                     |
| Noncurrent:                                      |   |                     |                   |                     |                     |
| Compensated absences                             | 2,856                                       | 59,486              | 21,094            | 83,436              |                     |
|  | <b>2,856</b>                                | <b>59,486</b>       | <b>21,094</b>     | <b>83,436</b>       |                     |
|  | <b>Total Noncurrent Liabilities</b>         |                     |                   |                     |                     |
|  | <b>Total Liabilities</b>                    | <b>111,143</b>      | <b>444,308</b>    | <b>391,010</b>      | <b>946,461</b>      |
| <b>Net Position:</b>                             |   |                     |                   |                     |                     |
| Net investment in capital assets                 | 3,239,664                                   | 556,515             | -                 | 3,796,179           |                     |
| Unrestricted                                     | 49,806                                      | (132,883)           | 726,592           | 643,515             |                     |
|  | <b>3,289,470</b>                            | <b>423,632</b>      | <b>726,592</b>    | <b>4,439,694</b>    |                     |
|  | <b>Total Net Position</b>                   |                     |                   |                     |                     |
|  | <b>Total Liabilities</b>                    | <b>\$ 3,400,613</b> | <b>\$ 867,940</b> | <b>\$ 1,117,602</b> | <b>\$ 5,386,155</b> |

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2014

| <b>Business-Type Activities - Enterprise Funds</b>       |                     |                   |                       |                     |
|--|---------------------|-------------------|-----------------------|---------------------|
|  | <b>Airport</b>      | <b>Transit</b>    | <b>Refuse Utility</b> | <b>Totals</b>       |
| <b>Operating Revenues:</b>                               |                     |                   |                       |                     |
| Sales and service charges                                | \$ 172,656          | \$ 163,257        | \$ 3,165,206          | \$ 3,501,119        |
| Miscellaneous  | -                   | 1,517             | 20,188                | 21,705              |
| <b>Total Operating Revenues</b>                          | <b>172,656</b>      | <b>164,774</b>    | <b>3,185,394</b>      | <b>3,522,824</b>    |
| <b>Operating Expenses:</b>                               |                     |                   |                       |                     |
| Salaries and benefits                                    | 51,929              | 905,866           | 108,543               | 1,066,338           |
| Supplies and services                                    | 142,451             | 535,108           | 2,957,613             | 3,635,172           |
| Repairs and maintenance                                  | 10,770              | 868               | -                     | 11,638              |
| Bad debt expense   | -                   | -                 | 11,007                | 11,007              |
| Depreciation expense                                     | 175,615             | 271,342           | -                     | 446,957             |
| <b>Total Operating Expenses</b>                          | <b>380,765</b>      | <b>1,713,184</b>  | <b>3,077,163</b>      | <b>5,171,112</b>    |
| Operating Income (Loss)                                  | (208,109)           | (1,548,410)       | 108,231               | (1,648,288)         |
| <b>Nonoperating Revenues (Expenses):</b>                 |                     |                   |                       |                     |
| Intergovernmental  | 471,205             | 1,272,442         | 52,805                | 1,796,452           |
| Interest revenue and change in fair value of investments | 336                 | 825               | 3,112                 | 4,273               |
| Gain (loss) on disposal of capital assets                | -                   | 250               | -                     | 250                 |
| <b>Total Nonoperating Revenues (Expenses)</b>            | <b>471,541</b>      | <b>1,273,517</b>  | <b>55,917</b>         | <b>1,800,975</b>    |
| Income (Loss) Before Transfers                           | 263,432             | (274,893)         | 164,148               | 152,687             |
| Transfers out  | -                   | -                 | (55,000)              | (55,000)            |
| Changes in Net Position                                  | 263,432             | (274,893)         | 109,148               | 97,687              |
| <b>Net Position:</b>                                     |                     |                   |                       |                     |
| Beginning of Year  | 3,026,038           | 698,525           | 617,444               | 4,342,007           |
| <b>End of Fiscal Year</b>                                | <b>\$ 3,289,470</b> | <b>\$ 423,632</b> | <b>\$ 726,592</b>     | <b>\$ 4,439,694</b> |

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2014

Business-Type Activities - Enterprise Funds

|   | Airport             | Transit               | Refuse Utility    | Totals                |
|---|---------------------|-----------------------|-------------------|-----------------------|
| <b>Cash Flows from Operating Activities:</b>  |                     |                       |                   |                       |
| Cash received from customers and users  | \$ 171,352          | \$ 248,486            | \$ 3,200,944      | \$ 3,620,782          |
| Cash received from/(paid to) interfund service provided   | (130,089)           | (39,626)              | 20,316            | (149,399)             |
| Cash paid to suppliers for goods and services   | (107,419)           | (535,889)             | (2,909,063)       | (3,552,371)           |
| Cash paid to employees for services   | (52,788)            | (900,563)             | (114,821)         | (1,068,172)           |
| <b>Net Cash Provided (Used) by Operating Activities</b>   | <b>(118,944)</b>    | <b>(1,227,592)</b>    | <b>197,376</b>    | <b>(1,149,160)</b>    |
| <b>Cash Flows from Non-Capital Financing Activities:</b>  |                     |                       |                   |                       |
| Cash transfers out  | -                   | -                     | (55,000)          | (55,000)              |
| Intergovernmental   | 502,205             | 1,272,442             | 52,805            | 1,827,452             |
| <b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>                                       | <b>502,205</b>      | <b>1,272,442</b>      | <b>(2,195)</b>    | <b>1,772,452</b>      |
| <b>Cash Flows from Capital and Related Financing Activities:</b>  |                     |                       |                   |                       |
| Acquisition and construction of capital assets  | (556,897)           | (118,477)             | -                 | (675,374)             |
| Proceeds from sales of capital assets   | -                   | 250                   | -                 | 250                   |
| <b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>                               | <b>(556,897)</b>    | <b>(118,227)</b>      | <b>-</b>          | <b>(675,124)</b>      |
| <b>Cash Flows from Investing Activities:</b>  |                     |                       |                   |                       |
| Interest received and change in fair value of investments   | 359                 | 349                   | 2,057             | 2,765                 |
| <b>Net Cash Provided (Used) by Investing Activities</b>   | <b>359</b>          | <b>349</b>            | <b>2,057</b>      | <b>2,765</b>          |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>   | <b>(173,277)</b>    | <b>(73,028)</b>       | <b>197,238</b>    | <b>(49,067)</b>       |
| Cash and Cash Equivalents at Beginning of Year  | 178,192             | 304,231               | 441,879           | 924,302               |
| <b>Cash and Cash Equivalents at End of Year</b>   | <b>\$ 4,915</b>     | <b>\$ 231,203</b>     | <b>\$ 639,117</b> | <b>\$ 875,235</b>     |
| <b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>            |                     |                       |                   |                       |
| Operating income (loss)   | \$ (208,109)        | \$ (1,548,410)        | \$ 108,231        | \$ (1,648,288)        |
| <b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b> |                     |                       |                   |                       |
| Depreciation  | 175,615             | 271,342               | -                 | 446,957               |
| Bad debt expense  | -                   | -                     | 11,007            | 11,007                |
| (Increase) decrease in accounts receivable  | 91                  | 3,938                 | 23,026            | 27,055                |
| (Increase) decrease in due from other governments   | (130,089)           | (41,143)              | 128               | (171,104)             |
| (Increase) decrease in inventories  | 5,327               | -                     | -                 | 5,327                 |
| Increase (decrease) in accounts payable   | 40,338              | (5,097)               | 58,826            | 94,067                |
| Increase (decrease) in accrued liabilities  | 137                 | 5,184                 | 731               | 6,052                 |
| Increase (decrease) in deposits payable   | (1,395)             | -                     | 1,705             | 310                   |
| Increase (decrease) in unearned revenue   | -                   | 81,291                | -                 | 81,291                |
| Increase (decrease) in compensated absences   | (859)               | 5,303                 | (6,278)           | (1,834)               |
| <b>Total Adjustments</b>  | <b>89,165</b>       | <b>320,818</b>        | <b>89,145</b>     | <b>499,128</b>        |
| <b>Net Cash Provided (Used) by Operating Activities</b>   | <b>\$ (118,944)</b> | <b>\$ (1,227,592)</b> | <b>\$ 197,376</b> | <b>\$ (1,149,160)</b> |

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CITY OF BANNING

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2014

|  | Governmental Activities - Internal Service Funds |                     |                      |
|--|--|---------------------|----------------------|
|  | Self Insurance                                   | Fleet Maintenance   | Information Services |
| <b>Assets:</b>                                   |  |                     |                      |
| Current:   |  |                     |                      |
| Pooled cash and investments                      | \$ 3,273,102                                     | \$ 705,760          | \$ 150,254           |
| Receivables:                                     |  |                     |                      |
| Accounts   | -  | 9,739               | 164                  |
| Loans  | -  | -                   | -                    |
| Interest   | 2,057  | 1,231               | 262                  |
| Due from other governments                       | 98,678   | 280                 | -                    |
| Inventories                                      | -  | 89,147              | -                    |
| <b>Total Current Assets</b>                      | <b>3,373,837</b>                                 | <b>806,157</b>      | <b>150,680</b>       |
| Noncurrent:                                      |  |                     |                      |
| Capital assets - net of accumulated depreciation | -  | 304,821             | 89,713               |
| <b>Total Noncurrent Assets</b>                   | <b>-</b>   | <b>304,821</b>      | <b>89,713</b>        |
| <b>Total Assets</b>                              | <b>\$ 3,373,837</b>                              | <b>\$ 1,110,978</b> | <b>\$ 240,393</b>    |
| <b>Liabilities and Net Position:</b>             |  |                     |                      |
| <b>Liabilities:</b>                              |  |                     |                      |
| Current:   |  |                     |                      |
| Accounts payable                                 | \$ 181,009                                       | \$ 83,445           | \$ 3,957             |
| Accrued liabilities                              | 7,215  | 8,176               | 8,199                |
| Compensated absences                             | 8,534  | 21,662              | 28,575               |
| Claims and judgments                             | 19,961   | -                   | -                    |
| <b>Total Current Liabilities</b>                 | <b>216,719</b>                                   | <b>113,283</b>      | <b>40,731</b>        |
| Noncurrent:                                      |  |                     |                      |
| Compensated absences                             | 21,289   | 33,396              | 4,779                |
| Claims and judgments                             | 1,369,959  | -                   | -                    |
| <b>Total Noncurrent Liabilities</b>              | <b>1,391,248</b>                                 | <b>33,396</b>       | <b>4,779</b>         |
| <b>Total Liabilities</b>                         | <b>1,607,967</b>                                 | <b>146,679</b>      | <b>45,510</b>        |
| <b>Net Position:</b>                             |  |                     |                      |
| Net investment in capital assets                 | -  | 304,821             | 89,713               |
| Unrestricted                                     | 1,765,870  | 659,478             | 105,170              |
| <b>Total Net Position</b>                        | <b>1,765,870</b>                                 | <b>964,299</b>      | <b>194,883</b>       |
| <b>Total Liabilities</b>                         | <b>\$ 3,373,837</b>                              | <b>\$ 1,110,978</b> | <b>\$ 240,393</b>    |

CITY OF BANNING

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2014

|  | Governmental Activities - Internal |                     |
|--|------------------------------------|---------------------|
|  | Utility Billing Services           | Totals              |
| <b>Assets:</b>                                   |                                    |                     |
| Current:   |                                    |                     |
| Pooled cash and investments                      | \$ 234,456                         | \$ 4,363,572        |
| Receivables:                                     |                                    |                     |
| Accounts   | 12,927                             | 22,830              |
| Loans  | 3,875                              | 3,875               |
| Interest   | 431                                | 3,981               |
| Due from other governments                       | -                                  | 98,958              |
| Inventories                                      | -                                  | 89,147              |
|  |                                    |                     |
| <b>Total Current Assets</b>                      | <b>251,689</b>                     | <b>4,582,363</b>    |
| Noncurrent:                                      |                                    |                     |
| Capital assets - net of accumulated depreciation | 22,951                             | 417,485             |
|  |                                    |                     |
| <b>Total Noncurrent Assets</b>                   | <b>22,951</b>                      | <b>417,485</b>      |
|  |                                    |                     |
| <b>Total Assets</b>                              | <b>\$ 274,640</b>                  | <b>\$ 4,999,848</b> |
| <b>Liabilities and Net Position:</b>             |                                    |                     |
| <b>Liabilities:</b>                              |                                    |                     |
| Current:   |                                    |                     |
| Accounts payable                                 | \$ 5,842                           | \$ 274,253          |
| Accrued liabilities                              | 27,906                             | 51,496              |
| Compensated absences                             | 64,421                             | 123,192             |
| Claims and judgments                             | -                                  | 19,961              |
|  |                                    |                     |
| <b>Total Current Liabilities</b>                 | <b>98,169</b>                      | <b>468,902</b>      |
| Noncurrent:                                      |                                    |                     |
| Compensated absences                             | -                                  | 59,464              |
| Claims and judgments                             | -                                  | 1,369,959           |
|  |                                    |                     |
| <b>Total Noncurrent Liabilities</b>              | <b>-</b>                           | <b>1,429,423</b>    |
|  |                                    |                     |
| <b>Total Liabilities</b>                         | <b>98,169</b>                      | <b>1,898,325</b>    |
| <b>Net Position:</b>                             |                                    |                     |
| Net investment in capital assets                 | 22,951                             | 417,485             |
| Unrestricted                                     | 153,520                            | 2,684,038           |
|  |                                    |                     |
| <b>Total Net Position</b>                        | <b>176,471</b>                     | <b>3,101,523</b>    |
|  |                                    |                     |
| <b>Total Liabilities</b>                         | <b>\$ 274,640</b>                  | <b>\$ 4,999,848</b> |

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2014

| Governmental Activities - Internal Service Funds |                     |                   |                      |
|--|---------------------|-------------------|----------------------|
|  | Self Insurance      | Fleet Maintenance | Information Services |
| <b>Operating Revenues:</b>                       |                     |                   |                      |
| Sales and service charges                        | \$ 2,549,894        | \$ 1,140,498      | \$ 405,922           |
| Miscellaneous                                    | 259,788             | 4,355             | 107                  |
| <b>Total Operating Revenues</b>                  | <b>2,809,682</b>    | <b>1,144,853</b>  | <b>406,029</b>       |
| <b>Operating Expenses:</b>                       |                     |                   |                      |
| Salaries and benefits                            | 230,272             | 345,168           | 282,060              |
| Supplies and services                            | 1,854,135           | 667,585           | 45,917               |
| Repairs and maintenance                          | 1,750               | 102,153           | 84,322               |
| Cost of sales and services                       | -                   | -                 | -                    |
| Insurance premiums                               | 873,065             | -                 | -                    |
| Depreciation expense                             | -                   | 12,100            | 36,781               |
| <b>Total Operating Expenses</b>                  | <b>2,959,222</b>    | <b>1,127,006</b>  | <b>449,080</b>       |
| <b>Operating Income (Loss)</b>                   | <b>(149,540)</b>    | <b>17,847</b>     | <b>(43,051)</b>      |
| <b>Nonoperating Revenues (Expenses):</b>         |                     |                   |                      |
| Interest revenue and change in fair value        | 36,970              | 3,202             | 678                  |
| Gain (loss) on disposal of capital assets        | -                   | 1,039             | -                    |
| <b>Total Nonoperating Revenues (Expenses)</b>    | <b>36,970</b>       | <b>4,241</b>      | <b>678</b>           |
| Changes in Net Position                          | (112,570)           | 22,088            | (42,373)             |
| <b>Net Position:</b>                             |                     |                   |                      |
| Beginning of Year                                | 1,878,440           | 942,211           | 237,256              |
| <b>End of Fiscal Year</b>                        | <b>\$ 1,765,870</b> | <b>\$ 964,299</b> | <b>\$ 194,883</b>    |

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2014

|   | <u>Governmental Activities -<br/>Internal Service Funds</u> |                     |
|---|---|---------------------|
|   | <u>Utility Billing<br/>Services</u>                         | <u>Totals</u>       |
| <b>Operating Revenues:</b>                        |   |                     |
| Sales and service charges                         | \$ 1,612,073  | \$ 5,708,387        |
| Miscellaneous                                     | -   | 264,250             |
| <b>Total Operating Revenues</b>                   | <u>1,612,073</u>  | <u>5,972,637</u>    |
| <b>Operating Expenses:</b>                        |   |                     |
| Salaries and benefits                             | 1,127,283   | 1,984,783           |
| Supplies and services                             | 466,361   | 3,033,998           |
| Repairs and maintenance                           | 37,239  | 225,464             |
| Cost of sales and services                        | 50  | 50                  |
| Insurance premiums                                | -   | 873,065             |
| Depreciation expense                              | 7,959   | 56,840              |
| <b>Total Operating Expenses</b>                   | <u>1,638,892</u>  | <u>6,174,200</u>    |
| <b>Operating Income (Loss)</b>                    | <u>(26,819)</u>   | <u>(201,563)</u>    |
| <b>Nonoperating Revenues (Expenses):</b>          |   |                     |
| Interest revenue and change in fair value         | 1,148   | 41,998              |
| Gain (loss) on disposal of capital assets         | -   | 1,039               |
| <b>Total Nonoperating<br/>Revenues (Expenses)</b> | <u>1,148</u>  | <u>43,037</u>       |
| <b>Changes in Net Position</b>                    | <u>(25,671)</u>   | <u>(158,526)</u>    |
| <b>Net Position:</b>                              |   |                     |
| Beginning of Year                                 | <u>202,142</u>  | <u>3,260,049</u>    |
| <b>End of Fiscal Year</b>                         | <u>\$ 176,471</u>   | <u>\$ 3,101,523</u> |

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2014

|   | Governmental Activities - Internal Service Funds |                   |                      |
|---|--|-------------------|----------------------|
|   | Self Insurance                                   | Fleet Maintenance | Information Services |
| <b>Cash Flows from Operating Activities:</b>  |  |                   |                      |
| Cash received from customers and users  | \$ 2,808,754                                     | \$ 1,144,302      | \$ 406,004           |
| Cash received from/(paid to) interfund service provided   | (65,311)   | (105)             | -                    |
| Cash paid to suppliers for goods and services   | (2,304,450)                                      | (770,653)         | (128,410)            |
| Cash paid to employees for services   | (231,076)  | (347,274)         | (280,932)            |
| <b>Net Cash Provided (Used) by Operating Activities</b>   | <b>207,917</b>                                   | <b>26,270</b>     | <b>(3,338)</b>       |
| <b>Cash Flows from Capital and Related Financing Activities:</b>  |  |                   |                      |
| Acquisition and construction of capital assets  | -  | -                 | (6,670)              |
| Proceeds from sales of capital assets   | -  | 1,039             | -                    |
| <b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>                               | <b>-</b>   | <b>1,039</b>      | <b>(6,670)</b>       |
| <b>Cash Flows from Investing Activities:</b>  |  |                   |                      |
| Issuance of notes and loans receivable  | -  | -                 | -                    |
| Interest received   | 35,257   | 2,253             | 484                  |
| <b>Net Cash Provided (Used) by Investing Activities</b>   | <b>35,257</b>                                    | <b>2,253</b>      | <b>484</b>           |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>   | <b>243,174</b>                                   | <b>29,562</b>     | <b>(9,524)</b>       |
| Cash and Cash Equivalents at Beginning of Year  | 3,029,928  | 676,198           | 159,778              |
| <b>Cash and Cash Equivalents at End of Year</b>   | <b>\$ 3,273,102</b>                              | <b>\$ 705,760</b> | <b>\$ 150,254</b>    |
| <b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>            |  |                   |                      |
| Operating income (loss)   | \$ (149,540)                                     | \$ 17,847         | \$ (43,051)          |
| <b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b> |  |                   |                      |
| Depreciation  | -  | 12,100            | 36,781               |
| (Increase) decrease in accounts receivable  | -  | (551)             | (25)                 |
| (Increase) decrease in due from other governments   | (65,311)   | (105)             | -                    |
| (Increase) decrease in inventories  | -  | (23,950)          | -                    |
| Increase (decrease) in accounts payable   | (45,439)   | 23,035            | 1,829                |
| Increase (decrease) in accrued liabilities  | 897  | 1,177             | 2,049                |
| Increase (decrease) in deposits payable   | (928)  | -                 | -                    |
| Increase (decrease) in claims and judgments   | 469,939  | -                 | -                    |
| Increase (decrease) in compensated absences   | (1,701)  | (3,283)           | (921)                |
| <b>Total Adjustments</b>  | <b>357,457</b>                                   | <b>8,423</b>      | <b>39,713</b>        |
| <b>Net Cash Provided (Used) by Operating Activities</b>   | <b>\$ 207,917</b>                                | <b>\$ 26,270</b>  | <b>\$ (3,338)</b>    |

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2014

|   | Governmental Activities -   |                            |
|---|-----------------------------|----------------------------|
|   | Utility Billing<br>Services | Totals                     |
| <b>Cash Flows from Operating Activities:</b>  |                             |                            |
| Cash received from customers and users  | \$ 1,611,038                | \$ 5,970,098               |
| Cash received from/(paid to) interfund service provided   | -                           | (65,416)                   |
| Cash paid to suppliers for goods and services   | (507,281)                   | (3,710,794)                |
| Cash paid to employees for services   | <u>(1,131,883)</u>          | <u>(1,991,165)</u>         |
| <b>Net Cash Provided (Used) by Operating Activities</b>   | <b><u>(28,126)</u></b>      | <b><u>202,723</u></b>      |
| <b>Cash Flows from Capital<br/>and Related Financing Activities:</b>  |                             |                            |
| Acquisition and construction of capital assets  | -                           | (6,670)                    |
| Proceeds from sales of capital assets   | <u>-</u>                    | <u>1,039</u>               |
| <b>Net Cash Provided (Used) by<br/>Capital and Related Financing Activities</b>                               | <b><u>-</u></b>             | <b><u>(5,631)</u></b>      |
| <b>Cash Flows from Investing Activities:</b>  |                             |                            |
| Issuance of notes and loans receivable  | (132)                       | (132)                      |
| Interest received   | <u>840</u>                  | <u>38,834</u>              |
| <b>Net Cash Provided (Used) by<br/>Investing Activities</b>   | <b><u>708</u></b>           | <b><u>38,702</u></b>       |
| <b>Net Increase (Decrease) in Cash<br/>and Cash Equivalents</b>   | <b><u>(27,418)</u></b>      | <b><u>235,794</u></b>      |
| Cash and Cash Equivalents at Beginning of Year  | <u>261,874</u>              | <u>4,127,778</u>           |
| <b>Cash and Cash Equivalents at End of Year</b>   | <b><u>\$ 234,456</u></b>    | <b><u>\$ 4,363,572</u></b> |
| <b>Reconciliation of Operating Income to Net Cash<br/>Provided (Used) by Operating Activities:</b>            |                             |                            |
| Operating income (loss)   | \$ (26,819)                 | \$ (201,563)               |
| <b>Adjustments to reconcile operating income (loss)<br/>net cash provided (used) by operating activities:</b> |                             |                            |
| Depreciation  | 7,959                       | 56,840                     |
| (Increase) decrease in accounts receivable  | (1,035)                     | (1,611)                    |
| (Increase) decrease in due from other governments   | -                           | (65,416)                   |
| (Increase) decrease in inventories  | -                           | (23,950)                   |
| Increase (decrease) in accounts payable   | (3,631)                     | (24,206)                   |
| Increase (decrease) in accrued liabilities  | 4,969                       | 9,092                      |
| Increase (decrease) in deposits payable   | -                           | (928)                      |
| Increase (decrease) in claims and judgments   | -                           | 469,939                    |
| Increase (decrease) in compensated absences   | <u>(9,569)</u>              | <u>(15,474)</u>            |
| <b>Total Adjustments</b>  | <b><u>(1,307)</u></b>       | <b><u>404,286</u></b>      |
| <b>Net Cash Provided (Used) by<br/>Operating Activities</b>   | <b><u>\$ (28,126)</u></b>   | <b><u>\$ 202,723</u></b>   |

CITY OF BANNING

COMBINING STATEMENT OF NET POSITION  
ALL AGENCY FUNDS  
JUNE 30, 2014

|   | Sun Lake CFD<br>86-1 | Special AD<br>91-1 | Area Police<br>Computer | Fair Oaks AD<br>2004-1 |
|---|----------------------|--------------------|-------------------------|------------------------|
| <b>Assets:</b>                          |                      |                    |                         |                        |
| Pooled cash and investments             | \$ 35,067            | \$ 50,277          | \$ 19,034               | \$ 171,822             |
| Receivables:                            |                      |                    |                         |                        |
| Interest                                | 66                   | 95                 | 72                      | 240                    |
| Due from other governments              | -                    | -                  | -                       | 6,844                  |
| Restricted assets:                      |                      |                    |                         |                        |
| Cash and investments with fiscal agents | -                    | -                  | -                       | 220,575                |
| <b>Total Assets</b>                     | <b>\$ 35,133</b>     | <b>\$ 50,372</b>   | <b>\$ 19,106</b>        | <b>\$ 399,481</b>      |
|   |                      |                    |                         |                        |
| <b>Liabilities:</b>                     |                      |                    |                         |                        |
| Accounts payable                        | \$ -                 | \$ -               | \$ 1,877                | \$ 81                  |
| Deposits payable                        | -                    | 4,701              | -                       | 16,886                 |
| Due to bondholders                      | 35,133               | 45,671             | 17,229                  | 382,514                |
| <b>Total Liabilities</b>                | <b>\$ 35,133</b>     | <b>\$ 50,372</b>   | <b>\$ 19,106</b>        | <b>\$ 399,481</b>      |

CITY OF BANNING

COMBINING STATEMENT OF NET POSITION  
ALL AGENCY FUNDS  
JUNE 30, 2014

|   | Cameo Homes      | Totals            |
|---|------------------|-------------------|
| <b>Assets:</b>                          |                  |                   |
| Pooled cash and investments             | \$ 45,842        | \$ 322,042        |
| Receivables:                            |                  |                   |
| Interest                                | 87               | 560               |
| Due from other governments              | -                | 6,844             |
| Restricted assets:                      |                  |                   |
| Cash and investments with fiscal agents | -                | 220,575           |
| <b>Total Assets</b>                     | <b>\$ 45,929</b> | <b>\$ 550,021</b> |
| <br><b>Liabilities:</b>                 |                  |                   |
| Accounts payable                        | \$ -             | \$ 1,958          |
| Deposits payable                        | 40,000           | 61,587            |
| Due to bondholders                      | 5,929            | 486,476           |
| <b>Total Liabilities</b>                | <b>\$ 45,929</b> | <b>\$ 550,021</b> |

CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED JUNE 30, 2014

|                                    | Balance<br>7/1/2013 | Additions        | Deductions       | Balance<br>6/30/2014 |
|------------------------------------|---------------------|------------------|------------------|----------------------|
| <b><u>Sun Lake CFD 86-1</u></b>    |                     |                  |                  |                      |
| <b>Assets:</b>                     |                     |                  |                  |                      |
| Pooled cash and investments        | \$ 34,945           | \$ 122           | \$ -             | \$ 35,067            |
| <b>Receivables:</b>                |                     |                  |                  |                      |
| Interest                           | 14                  | 67               | 15               | 66                   |
| <b>Total Assets</b>                | <b>\$ 34,959</b>    | <b>\$ 189</b>    | <b>\$ 15</b>     | <b>\$ 35,133</b>     |
| <b>Liabilities:</b>                |                     |                  |                  |                      |
| Due to bondholders                 | \$ 34,959           | \$ 178           | \$ 4             | \$ 35,133            |
| <b>Total Liabilities</b>           | <b>\$ 34,959</b>    | <b>\$ 178</b>    | <b>\$ 4</b>      | <b>\$ 35,133</b>     |
| <b><u>Special AD 91-1</u></b>      |                     |                  |                  |                      |
| <b>Assets:</b>                     |                     |                  |                  |                      |
| Pooled cash and investments        | \$ 47,841           | \$ 2,501         | \$ 65            | \$ 50,277            |
| <b>Receivables:</b>                |                     |                  |                  |                      |
| Interest                           | 20                  | 95               | 20               | 95                   |
| Due from other governments         | 2,262               | -                | 2,262            | -                    |
| <b>Total Assets</b>                | <b>\$ 50,123</b>    | <b>\$ 2,596</b>  | <b>\$ 2,347</b>  | <b>\$ 50,372</b>     |
| <b>Liabilities:</b>                |                     |                  |                  |                      |
| Deposits payable                   | \$ 4,701            | \$ -             | \$ -             | \$ 4,701             |
| Due to bondholders                 | 45,422              | 249              | -                | 45,671               |
| <b>Total Liabilities</b>           | <b>\$ 50,123</b>    | <b>\$ 249</b>    | <b>\$ -</b>      | <b>\$ 50,372</b>     |
| <b><u>Area Police Computer</u></b> |                     |                  |                  |                      |
| <b>Assets:</b>                     |                     |                  |                  |                      |
| Pooled cash and investments        | \$ 19,520           | \$ 47,787        | \$ 48,273        | \$ 19,034            |
| <b>Receivables:</b>                |                     |                  |                  |                      |
| Interest                           | 11                  | 71               | 10               | 72                   |
| <b>Total Assets</b>                | <b>\$ 19,531</b>    | <b>\$ 47,858</b> | <b>\$ 48,283</b> | <b>\$ 19,106</b>     |
| <b>Liabilities:</b>                |                     |                  |                  |                      |
| Accounts payable                   | \$ 2,237            | \$ 44,913        | \$ 45,273        | \$ 1,877             |
| Due to bondholders                 | 17,294              | 3,179            | 3,244            | 17,229               |
| <b>Total Liabilities</b>           | <b>\$ 19,531</b>    | <b>\$ 48,092</b> | <b>\$ 48,517</b> | <b>\$ 19,106</b>     |

CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED JUNE 30, 2014

|   | Balance<br>7/1/2013 | Additions         | Deductions        | Balance<br>6/30/2014 |
|---|---------------------|-------------------|-------------------|----------------------|
| <b><u>Fair Oaks AD 2004-1</u></b>       |                     |                   |                   |                      |
| <b>Assets:</b>                          |                     |                   |                   |                      |
| Pooled cash and investments             | \$ 167,900          | \$ 204,195        | \$ 200,273        | \$ 171,822           |
| <b>Receivables:</b>                     |                     |                   |                   |                      |
| Interest                                | 51                  | 240               | 51                | 240                  |
| Due from other governments              | 5,156               | 6,844             | 5,156             | 6,844                |
| <b>Restricted assets:</b>               |                     |                   |                   |                      |
| Cash and investments with fiscal agents | 218,052             | 32,574            | 30,051            | 220,575              |
| <b>Total Assets</b>                     | <b>\$ 391,159</b>   | <b>\$ 243,853</b> | <b>\$ 235,531</b> | <b>\$ 399,481</b>    |
| <b>Liabilities:</b>                     |                     |                   |                   |                      |
| Accounts payable                        | \$ 152              | \$ 6,923          | \$ 6,994          | \$ 81                |
| Deposits payable                        | 16,886              | -                 | -                 | 16,886               |
| Due to bondholders                      | 374,121             | 207,174           | 198,781           | 382,514              |
| <b>Total Liabilities</b>                | <b>\$ 391,159</b>   | <b>\$ 214,097</b> | <b>\$ 205,775</b> | <b>\$ 399,481</b>    |
| <b><u>Cameo Homes</u></b>               |                     |                   |                   |                      |
| <b>Assets:</b>                          |                     |                   |                   |                      |
| Pooled cash and investments             | \$ 45,681           | \$ 161            | \$ -              | \$ 45,842            |
| <b>Receivables:</b>                     |                     |                   |                   |                      |
| Interest                                | 19                  | 87                | 19                | 87                   |
| <b>Total Assets</b>                     | <b>\$ 45,700</b>    | <b>\$ 248</b>     | <b>\$ 19</b>      | <b>\$ 45,929</b>     |
| <b>Liabilities:</b>                     |                     |                   |                   |                      |
| Deposits payable                        | \$ 40,000           | \$ -              | \$ -              | \$ 40,000            |
| Due to bondholders                      | 5,700               | 229               | -                 | 5,929                |
| <b>Total Liabilities</b>                | <b>\$ 45,700</b>    | <b>\$ 229</b>     | <b>\$ -</b>       | <b>\$ 45,929</b>     |
| <b><u>Totals - All Agency Funds</u></b> |                     |                   |                   |                      |
| <b>Assets:</b>                          |                     |                   |                   |                      |
| Pooled cash and investments             | \$ 315,887          | \$ 254,766        | \$ 248,611        | \$ 322,042           |
| <b>Receivables:</b>                     |                     |                   |                   |                      |
| Interest                                | 115                 | 560               | 115               | 560                  |
| Due from other governments              | 7,418               | 6,844             | 7,418             | 6,844                |
| <b>Restricted assets:</b>               |                     |                   |                   |                      |
| Cash and investments with fiscal agents | 218,052             | 32,574            | 30,051            | 220,575              |
| <b>Total Assets</b>                     | <b>\$ 541,472</b>   | <b>\$ 294,744</b> | <b>\$ 286,195</b> | <b>\$ 550,021</b>    |
| <b>Liabilities:</b>                     |                     |                   |                   |                      |
| Accounts payable                        | \$ 2,389            | \$ 51,836         | \$ 52,267         | \$ 1,958             |
| Deposits payable                        | 61,587              | -                 | -                 | 61,587               |
| Due to bondholders                      | 477,496             | 211,009           | 202,029           | 486,476              |
| <b>Total Liabilities</b>                | <b>\$ 541,472</b>   | <b>\$ 262,845</b> | <b>\$ 254,296</b> | <b>\$ 550,021</b>    |

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
 OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
 BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
 WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the City Council  
 City of Banning, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Banning, California, (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 3, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



To the Honorable Mayor and Members of the City Council  
City of Banning, California

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads 'Lance, Soll &amp; Lungard, LLP'.

Brea, California  
February 3, 2015

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