

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

May 24, 2016  
**5:00 p.m.**

Banning Civic Center  
Council Chambers  
99 E. Ramsey St.

*The following information comprises the agenda for a special meeting of the City Council; and a Special Meeting of the Banning Utility Authority.*

**I. CALL TO ORDER**

- Roll Call – Boardmembers Franklin, Miller, Moyer, Peterson, Mayor Welch

**II. 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/or future Council Action.) (See last page. PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.*

**AJOURN SPECIAL MEETING OF THE CITY COUNCIL AND CALL TO ORDER A SPECIAL  
MEETING OF THE BANNING UTILITY AUTHORITY**

**I. BANNING UTILITY AUTHORITY (BUA)**

**Roll Call: Boardmembers Franklin, Miller, Moyer, Peterson, Chairperson Welch**

**REPORTS OF OFFICERS**

1. Review and Consideration of Professional Services Agreement with Stoel Rives, LLP of Sacramento, CA ..... 1  
Staff Report – Michael Rock, City Manager

**Recommendation: The Banning Utility Authority 1) Review and consider the Professional Services Agreement with Stoel Rives, LLP of Sacramento, CA in the amount of \$110,000.00 for Legal Counsel Services; and 2) Approve said Professional Services Agreement with Stoel Rives, LLP, or provide alternative direction to staff.**

*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.*

2. Adopt Resolution No. 2016-02 UA, Awarding a Professional Services Agreement to Albert A. Webb Associates of Riverside, CA in the amount of \$220,900.00 and approving a 10% contingency for a total project budget of \$242,900.00 for the Banning Water Canyon Main Replacement Design (Phase 1) ..... 25  
 Staff Report – Art Vela, Public Works Director

**Recommendations:** 1) Adopt Resolution No. 2016-02 UA, Approving a Professional Services Agreement with Albert A. Webb Associates of Riverside, CA in the amount of \$220,900.00 for the Banning Water Canyon Main Replacement Design (Phase 1) and approving a 10% contingency for a total project budget of \$242,900.00; 2) Authorizing the Administrative Services Director to make necessary budget adjustments, appropriations and transfers related to the to the Professional Services Agreement for the Banning Water Canyon Main Replacement Design (Phase 1) and authorizing staff to approve change orders within the approved 10% contingency; and 3) Authorize the City Manager to execute the a Professional Services Agreement with Albert A. Webb Associates of Riverside, CA for the Banning Water Canyon Main Replacement Design (Phase 1).

3. Adopt Resolution No. 2016-07 UA, Approving the First Amendment to the Professional Services Agreement with Aspen Environmental Group of Agoura Hills, CA in the amount of \$20,000.00 for Environmental and Permitting Services related to the Flume for a total agreement amount of \$102,098.00 ..... 83  
 Staff Report – Art Vela, Public Works Director

**Recommendations:** 1) Adopt Resolution No. 2016-07 UA, Approving the First Amendment to the Professional Services Agreement with Aspen Environmental Group of Agoura Hills, CA in the amount of \$20,000.00 for environmental and permitting services related to the Flume for a total Agreement amount of \$102,098.00; 2) Authorizing the Administrative Services Director to make necessary budget adjustments, appropriations and transfers related to the to the Professional Services Agreement First Amendment for environmental and permitting services; and 3) Authorizing the City Manager to execute the a First Amendment to the Professional Services Agreement with Aspen Environmental Group of Aguora Hills, CA for environmental and permitting services related to the Flume.

### Reconvene Special City Council Meeting

### III. REPORTS OF OFFICERS

1. Receive and file or comment on the City of Banning's Audited Financial Statements for Fiscal Year 2014-2015. .... 119  
 Staff Report – Art Vela, Public Works Director

**Recommendation:** Receive and file or comment on the City of Banning's Audited Financial Statements for Fiscal Year 2014-2015, prepared by Lance, Soll & Lunghard, LLP, also known as LSL CPAs and Advisors.

#### **IV. 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 Friday, 8 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]



**CITY OF BANNING  
BANNING UTILITY AUTHORITY REPORT**

**TO:** BANNING UTILITY AUTHORITY

**FROM:** Michael Rock, City Manager

**MEETING DATE:** May 24, 2016

**SUBJECT:** Review and Consideration of Professional Services Agreement with Stoel Rives, LLP, of Sacramento, California

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**RECOMMENDATION:**

The Banning Utility Authority ("BUA") is recommended to take the following actions:

1. Review and consider the Professional Services Agreement with Stoel Rives, LLP, of Sacramento, California, in the amount of \$110,000.00 for Legal Counsel Services.
2. Approve said Professional Services Agreement with Stoel Rives, LLP, or provide alternative direction to staff.

**JUSTIFICATION:**

Pursuant to the direction of the BUA's governing board ("Board"), the Board directed BUA staff to bring the proposed terms for the Professional Services Agreement ("PSA") with Stoel Rives, LLP, ("Stoel") of Sacramento, CA, at its next regularly scheduled meeting for review, consideration, and potential approval of the PSA and the terms proposed by Stoel.

**BACKGROUND:**

On March 22, 2016, the BUA approved Resolution No. 2016-03UA with a majority vote of 4-0, which awarded a PSA to Stoel, for legal counsel services in the amount to not exceed \$110,000.00.

Subsequently, on April 3, 2016, Board Member Peterson submitted a written request to reconsider approval of Resolution No. 2016-03 UA in accordance with the Manual of Procedural Guidelines for the City of Banning. The reconsideration matter was placed on the agenda for the BUA at its April 12, 2016, meeting. Ultimately, the Board decided

to not reconsider Resolution No. 2016-03 UA, and directed BUA staff to schedule the proposed PSA with Stoel for the Board's next regularly scheduled meeting so that it may review and consider the changes to the City's standard form agreement that have been proposed by the law firm. This matter was continued at the Board Meeting on April 25, 2016 to May 10, 2016. The council meeting of May 10, 2016 concluded at approximately 9 p.m. without the Board taking any action on the last portion of the agenda that included this item. The item has therefore been re-scheduled for May 24, 2016.

Since the May 10, 2016 Board meeting, the revisions requested by Stoel have narrowed substantially and a final revision of the subject PSA has been completed and is attached.

Stoel has proposed many technical changes to the terms of the City's standard form PSA. The most significant changes sought by Stoel to the PSA include:

1. Added language concerning Stoel being the sole provider of water-related legal services and that no other firm can participate without their agreement except for the City Attorney. (Section 1.5)
2. Narrowed scope of matters that Stoel will indemnify and defend the City to personal injury or property damage claims by third parties only, rather than all different types of claims. (Section 5.3)
3. Terms relating to retention of funds in the case of a dispute has been rejected by Stoel. (Sections 7.2 and 7.3)

**OPTIONS:**

1. The Board may choose to accept the terms proposed by Stoel.
2. The Board may choose to make a counter-proposal to the terms offered by Stoel and reject some or all of their proposed changes.

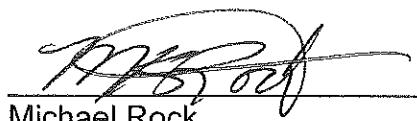
**FISCAL IMPACT:**

The PSA with Stoel will be funded by the BUA Water Capital Project Fund (663), Account No. 663-6300-471.96-35 (Flume Restoration Project), which currently holds a balance of \$332,254.00.

**ATTACHMENT:**

1. Professional Services Agreement with Stoel Rives, LLP.

Approved by:



\_\_\_\_\_  
Michael Rock  
City Manager

# **ATTACHMENT 1**

**PROFESSIONAL SERVICES AGREEMENT**

**By and Between**

**BANNING UTILITY AUTHORITY**

**and**

**STOEL RIVES LLP**

**AGREEMENT FOR PROFESSIONAL SERVICES  
BETWEEN THE BANNING UTILITY AUTHORITY AND STOEL RIVES LLP**

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THIS AGREEMENT FOR CONTRACT SERVICES (herein "Agreement") is made and entered into this 10th day of May, 2016 by and between the Banning Utility Authority, a California joint powers authority of the City of Banning ("City") and Stoel Rives LLP, a law firm, ("Consultant"). City and Consultant are sometimes hereinafter individually referred to as "Party" and hereinafter collectively referred to as the "Parties".

**RECITALS**

A. City has sought, by issuance of a Request for Proposals or Invitation for Bids, the performance of the services defined and described particularly in Article 1 of this Agreement.

B. Consultant, following submission of a proposal or bid for the performance of the services defined and described particularly in Article 1 of this Agreement, was selected by the City to perform those services.

C. Pursuant to the City of Banning's Municipal Code, City has authority to enter into and execute this Agreement.

D. The Parties desire to formalize the selection of Consultant for performance of those services defined and described particularly in Article 1 of this Agreement and desire that the terms of that performance be as particularly defined and described herein.

**OPERATIVE PROVISIONS**

NOW, THEREFORE, in consideration of the mutual promises and covenants made by the Parties and contained herein and other consideration, the value and adequacy of which are hereby acknowledged, the Parties agree as follows:

**ARTICLE 1. SERVICES OF CONSULTANT**

**1.1 Scope of Services.**

In compliance with all terms and conditions of this Agreement, the Consultant shall provide those services specified in the "Scope of Services" attached hereto as Exhibit "A" and incorporated herein by this reference, which services may be referred to herein as the "services" or "work" hereunder. As a material inducement to the City entering into this Agreement, Consultant represents and warrants that it has the qualifications, experience, and facilities necessary to properly perform the services required under this Agreement in a thorough, competent, and professional manner, and is experienced in performing the work and services contemplated herein. Consultant shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein.

#### 1.2 Consultant's Proposal.

This Agreement shall include the Request for Proposal or Invitation for Bids ("Contract Documents") and the Scope of Service shall include the Consultant's scope of work or in Consultant's accepted bid proposal ("Accepted Bid") shall be incorporated herein by this reference as though fully set forth herein. In the event of any inconsistency between the Contract Documents, Accepted Bid, and/or this Agreement, the terms of this Agreement shall govern.

#### 1.3 Compliance with Law.

Consultant shall keep itself informed concerning, and shall render all services hereunder in accordance with all ordinances, resolutions, statutes, rules, and regulations of the City and any Federal, State or local governmental entity having jurisdiction in effect at the time service is rendered.

#### 1.4 Licenses, Permits, Fees and Assessments.

Consultant shall obtain at its sole cost and expense such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement. Consultant shall have the sole obligation to pay for any fees, assessments and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Consultant's performance of the services required by this Agreement, and shall indemnify, defend and hold harmless City, its officers, employees or agents of City, against any such fees, assessments, taxes penalties or interest levied, assessed or imposed against City hereunder.

#### 1.5 Familiarity with Work

Consultant represents that Consultant understands the scope of work of this Agreement, and has the requisite competence to perform the Scope of Services.

#### 1.6 Further Responsibilities of Parties.

Both parties agree to use reasonable care and diligence to perform their respective obligations under this Agreement. Both parties agree to act in good faith to execute all instruments, prepare all documents and take all actions as may be reasonably necessary to carry out the purposes of this Agreement. Unless hereafter specified, neither party shall be responsible for the service of the other.

City has hired Consultant to be the sole source of special counsel services as set forth in this Agreement including its exhibits, such that Consultant is under no obligation of any sort to any other law firm providing legal services to City nor may any other law firm participate in or otherwise undertake the services for which Consultant has been hired without the express written consent of Consultant or as otherwise explicitly allowed for by this Agreement, except the City Attorney's Office may participate in said work with Consultant as directed by the City.

#### 1.7 Additional Services.

City shall have the right at any time during the performance of the services, without invalidating this Agreement, to request extra work beyond that specified in the Scope of Services

or make changes by altering, adding to or deducting from said work, with Consultant having discretion to decline the request for extra work. No such extra work may be undertaken unless a written order is first given by the Contract Officer to the Consultant, incorporating therein any adjustment in (i) the Contract Sum for the actual cost of the extra services, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Consultant. Any resulting increase in the Contract Sum shall be approved by the City Council. It is expressly understood by Consultant that the provisions of this Section shall not apply to services specifically set forth in the Scope of Services. Consultant hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Services may be more costly or time consuming than Consultant anticipates and that Consultant shall not be entitled to additional compensation therefor. No claims for an increase in the Contract Sum or time for performance shall be valid unless the procedures established in this Section are followed.

#### **1.8 Facilities and Equipment.**

Except as otherwise provided, Consultant shall, at its own cost and expense, provide all facilities and equipment necessary to perform the services required by this Agreement. City shall make available to Consultant only physical facilities such as desks, filing cabinets, and conference space (“City Facilities”), as may be reasonably necessary for Consultant’s use while consulting with City employees and reviewing records and the information in possession of City. The location, quality, and time of furnishing City Facilities shall be in the sole discretion of City. In no event shall City be required to furnish any facilities that may involve incurring any direct expense, including but not limited to computer, long distance telephone, network data, internet or other communication charges, vehicles and reproduction facilities.

### **ARTICLE 2. COMPENSATION AND METHOD OF PAYMENT.**

#### **2.1 Contract Sum.**

Subject to any limitations set forth in this Agreement, City agrees to pay Consultant the amounts specified in the “Schedule of Compensation” attached hereto as Exhibit “B” and incorporated herein by this reference. The total compensation, including reimbursement for actual expenses, shall not exceed One Hundred Ten Thousand Dollars (\$110,000) (the “Contract Sum”), unless additional compensation is approved pursuant to Section 1.8.

#### **2.2 Method of Compensation.**

The method of compensation, subject to Section 2.1, is allocated by a monthly retainer fee to Consultant for Six Thousand Five Hundred Dollars (\$6,500) for Flume Services and an hourly fee schedule for Groundwater Services, both more particularly described in Exhibits A and B.

#### **2.3 Reimbursable Expenses.**

Compensation may include reimbursement for actual and necessary expenditures for reproduction costs, telephone expenses, and travel expenses approved by the Contract Officer in advance, or actual subcontractor expenses of an approved subcontractor pursuant to Section 4.5, and only if specified in the Schedule of Compensation. The Contract Sum shall include the attendance of Consultant at all project meetings reasonably deemed necessary by the City, with

telephone, video, and email appropriate methods of communicating or meeting. Coordination of the performance of the work with City is a critical component of the services.

2.4 Invoices.

Each month Consultant shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City's Director of Finance. By submitting an invoice for payment under this Agreement, Consultant is certifying compliance with all provisions of the Agreement. The invoice shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-contractor contracts. Sub-contractor charges shall also be detailed by such categories. Consultant shall not invoice City for any duplicate services performed by more than one person.

City may independently review each invoice submitted by the Consultant to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Consultant which are disputed by City, or as provided in Section 7.3. City will use its best efforts to cause Consultant to be paid within thirty (30) days of receipt of Consultant's correct and undisputed invoice; however, Consultant acknowledges and agrees that due to City warrant run procedures, the City cannot guarantee that payment will occur within this time period. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Consultant for correction and resubmission. Review and payment by the City of any invoice provided by the Consultant shall not constitute a waiver of any rights or remedies provided herein or any applicable law.

2.5 Waiver.

Payment to Consultant for work performed pursuant to this Agreement shall not be deemed to waive any defects in work performed by Consultant.

### **ARTICLE 3. PERFORMANCE SCHEDULE**

3.1 Time of Essence.

Time is of the essence in the performance of this Agreement.

3.2 Schedule of Performance.

Consultant shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as Exhibit "C" and incorporated herein by this reference. When requested by the Consultant, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer but not exceeding one hundred eighty (180) days cumulatively.

3.3 Force Majeure.

The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to

unforeseeable causes beyond the control and without the fault or negligence of the Consultant, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the City, if the Consultant shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is justified. The Contract Officer shall extend the time for performance in accordance with the procedures set forth in Section 1.10. The Contract Officer's determination shall be final and conclusive upon the parties to this Agreement. In no event shall Consultant be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Consultant's sole remedy being extension of the Agreement pursuant to this Section.

3.4 Term.

Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding one (1) year from the date hereof.

## ARTICLE 4. COORDINATION OF WORK

4.1 Representatives and Personnel of Consultant.

The following principals of Consultant ("Principals") are hereby designated as being the principals and representatives of Consultant authorized to act in its behalf with respect to the work specified herein and make all decisions in connection therewith:

Wesley A. Miliband	Of Counsel
(Name)	(Title)

It is expressly understood that the experience, knowledge, capability and reputation of the foregoing Principals were a substantial inducement for City to enter into this Agreement. Therefore, the Principals shall be responsible during the term of this Agreement for directing all activities of Consultant and devoting sufficient time to personally supervise the services hereunder. All personnel of Consultant, and any authorized agents, shall at all times be under the exclusive direction and control of the Principals. For purposes of this Agreement, the Principals may not be replaced nor may their responsibilities be substantially reduced by Consultant without the express written approval of City. Additionally, Consultant shall utilize only competent personnel to perform services pursuant to this Agreement. Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's staff and subcontractors, if any, assigned to perform the services required under this Agreement. Consultant shall notify City of any changes in Consultant's staff and subcontractors, if any, assigned to perform the services required under this Agreement, prior to and during any such performance. In the event that City, in its sole discretion, at any time during the term of this Agreement, desire to reassign any staff or subcontractor of Consultant, Consultant shall, immediately upon reassign notice from City of such desire of City, reassign such persons or persons.

#### 4.2 Status of Consultant.

Consultant shall have no authority to bind City in any manner except as authorized by the City for the legal services provided under this Agreement, or to incur any obligation, debt or liability of any kind on behalf of or against City, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by City. Consultant shall not at any time or in any manner represent that Consultant or any of Consultant's officers, employees, or agents are in any manner officials, officers, employees or agents of City. Neither Consultant, nor any of Consultant's officers, employees or agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to City's employees. Consultant expressly waives any claim Consultant may have to any such rights.

#### 4.3 Contract Officer.

The Contract Officer shall be such person as may be designated by the City Manager. It shall be the Consultant's responsibility to assure that the Contract Officer is kept informed of the progress of the performance of the services and the Consultant shall refer any decisions which must be made by City to the Contract Officer. Unless otherwise specified herein, any approval of City required hereunder shall mean the approval of the Contract Officer. The Contract Officer shall have authority, if specified in writing by the City Manager, to sign all documents on behalf of the City required hereunder to carry out the terms of this Agreement.

#### 4.4 Independent Consultant.

Neither the City nor any of its employees shall have any control over the manner, mode or means by which Consultant, its agents or employees, perform the services required herein, except as otherwise set forth herein. City shall have no voice in the selection, discharge, supervision or control of Consultant's employees, servants, representatives or agents, or in fixing their number, compensation or hours of service. Consultant shall perform all services required herein as an independent contractor of City and shall remain at all times as to City a wholly independent contractor with only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City. City shall not in any way or for any purpose become or be deemed to be a partner of Consultant in its business or otherwise or a joint venture or a member of any joint enterprise with Consultant.

#### 4.5 Prohibition Against Subcontracting or Assignment.

The experience, knowledge, capability and reputation of Consultant, its principals and employees were a substantial inducement for the City to enter into this Agreement. Therefore, Consultant shall not contract with any other entity to perform in whole or in part the services required hereunder without the express written approval of the City. In addition, neither this Agreement nor any interest herein may be transferred, assigned, conveyed, hypothecated or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of City. Transfers restricted hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control of Consultant, taking all transfers into account on a cumulative basis. In the event of any such unapproved transfer, including any bankruptcy

proceeding, this Agreement shall be void. No approved transfer shall release the Consultant or any surety of Consultant of any liability hereunder without the express consent of City.

## ARTICLE 5. INSURANCE, INDEMNIFICATION AND BONDS

### 5.1 Insurance Coverages.

The Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement including any extension thereof, the following policies of insurance which shall cover all elected and appointed officers, employees and agents of City:

(a) Comprehensive General Liability Insurance (Occurrence Form CG0001 or equivalent). A policy of comprehensive general liability insurance written on a per occurrence basis for bodily injury, personal injury and property damage. The policy of insurance shall be in an amount not less than \$1,000,000.00 per occurrence or if a general aggregate limit is used, then the general aggregate limit shall be twice the occurrence limit.

(b) Workers Compensation Insurance. A policy of workers compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for both the Consultant and the City against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Consultant in the course of carrying out the work or services contemplated in this Agreement.

(c) Automotive Insurance (Form CA 0001 (Ed 1/87) including "any auto" and endorsement CA 0025 or equivalent). A policy of comprehensive automobile liability insurance written on a per occurrence for bodily injury and property damage in an amount not less than \$1,000,000. Said policy shall include coverage for owned, non-owned, leased and hired cars.

(d) Professional Liability. Professional liability insurance appropriate to the Consultant's profession. This coverage may be written on a "claims made" basis. The professional liability insurance required by this Agreement must be applicable to claims based upon, arising out of or related to services performed under this Agreement. Consultant shall maintain said insurance for at least one (1) year after completion of services and provide 90 days' notice to the City if its insurance is cancelled within three (3) years of the completion of Consultant's services.

(e) Subcontractors. Consultant shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

### 5.2 General Insurance Requirements.

With the exception of professional liability coverage, Consultant shall name the City of Banning and the Banning Utility Authority as an additional insured. No work or services under this Agreement shall commence until the Consultant has provided the City with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said

Certificates of Insurance or binders are approved by the City. City reserves the right to inspect complete, certified copies of all required insurance policies at any time.

Any deductibles or self-insured retentions must be declared to and approved by City. The Consultant agrees that the requirement to provide insurance shall not be construed as limiting in any way the extent to which the Consultant may be held responsible for the payment of damages to the City resulting from the Consultant's activities or the activities of any person or persons for which the Consultant is otherwise responsible.

5.3 Indemnification.

Consultant agrees to indemnify, defend and hold harmless the City of Banning and the Banning Utility Authority, its employees and officers, ("Indemnified Parties"), from any and all actions brought by third parties against the Indemnified Parties arising from personal injury or property damage to such third party action in which the Consultant was actively involved.

5.4 Sufficiency of Insurer or Surety.

Insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register or such other high level rating that is customary for the legal industry, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Risk Manager of the City ("Risk Manager") due to unique circumstances. If this Agreement continues for more than 3 years duration, or in the event the Risk Manager determines that the work or services to be performed under this Agreement creates an increased or decreased risk of loss to the City, the Consultant agrees that the minimum limits of the insurance policies may be changed accordingly upon receipt of written notice from the Risk Manager.

## ARTICLE 6. RECORDS, REPORTS, AND RELEASE OF INFORMATION

6.1 Records.

Consultant shall keep, and require subcontractors to keep, such ledgers books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder (the "books and records"), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services. Any and all such documents shall be maintained in accordance with generally accepted accounting principles and shall be complete and detailed. With reasonable notice to Consultant, the Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records. Such records shall be maintained for a period of at least three (3) years following completion of the services hereunder, and the City shall have access to such records in the event any audit is required.

6.2 Reports.

Consultant shall prepare reports, memorandums or other written work product as reasonably requested and obligated to by customs and practices in the legal industry and as

governed by the Rules of Professional Conduct. City shall maintain such work product as confidential and privileged items to the full extent of the law.

6.3 Ownership of Documents.

Except for Consultant's internal administrative records, all data, notes, computer files, reports, records, documents and other materials (the "documents and materials") prepared by Consultant, its employees, subcontractors and agents in the performance of this Agreement shall be the property of City and shall be delivered to City upon request of the Contract Officer,. Any use, reuse or assignment of such completed documents for other projects and/or use of uncompleted documents without specific written authorization by the Consultant will be at the City's sole risk and without liability to Consultant, and Consultant's guarantee and warranties shall not extend to such use, reuse or assignment. Consultant may retain copies of such documents for its own use. Consultant shall have the right to use the concepts embodied therein.

6.4 Confidentiality and Release of Information.

(a) All information gained or work product produced by Consultant in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Consultant. Consultant shall not release or disclose any such information or work product to persons or entities other than City without prior written authorization from the Contract Officer or as allowed by law or the California Rules of Professional Conduct.

(b) Consultant, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the Contract Officer or unless requested by the City Attorney, voluntarily provide documents, declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives City notice of such court order or subpoena.

(c) Consultant shall promptly notify City should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there under. City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Consultant. However, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

**ARTICLE 7. ENFORCEMENT OF AGREEMENT AND TERMINATION**

7.1 California Law.

This Agreement shall be interpreted, construed and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Riverside, State of California, or any other

appropriate court in such county, and Consultant covenants and agrees to submit to the personal jurisdiction of such court in the event of such action. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in Riverside.

#### **7.2 Disputes; Default.**

In the event that Consultant is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Consultant for any work performed after the date of default nor shall Consultant have any continuing duty to perform except as may be required by law or the California Rules of Professional Conduct. Instead, the City may give notice to Consultant of the default and the reasons for the default. The notice shall include the timeframe in which Consultant may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, though not reduced, if circumstances warrant. During the period of time that Consultant is in default, the City may, in its sole discretion, elect to pay some or all of the outstanding invoices during the period of default. If Consultant does not cure the default, the City may take necessary steps to terminate this Agreement under this Article. Any failure on the part of the City to give notice of the Consultant's default shall not be deemed to result in a waiver of the City's legal rights or any rights arising out of any provision of this Agreement.

#### **7.3 Waiver.**

Waiver by any party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition, or covenant. Waiver by any party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision or a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by City of any work or services by Consultant shall not constitute a waiver of any of the provisions of this Agreement. No delay or omission in the exercise of any right or remedy by a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

#### **7.4 Rights and Remedies are Cumulative.**

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

#### **7.5 Legal Action.**

In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Notwithstanding any contrary provision herein, Consultant must file a statutory claim pursuant to Government Code Sections 905 et seq. and 910 et. seq., in order to pursue a legal action under this Agreement.

#### **7.6 Termination Prior to Expiration of Term.**

This Section shall govern any termination of this Contract except as specifically provided in the following Section for termination for cause. The City reserves the right to terminate this Contract at any time, with or without cause, upon thirty (30) days' written notice to Consultant, except that where termination is due to the fault of the Consultant, the period of notice may be such shorter time as may be determined by the Contract Officer. In addition, the Consultant reserves the right to terminate this Contract at any time, with or without cause, upon sixty (60) days' written notice to City, except that where termination is due to the fault of the City, the period of notice may be such shorter time as the Consultant may determine. Upon receipt of any notice of termination, Consultant shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Except where the Consultant has initiated termination, the Consultant shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer, except as provided in Section 7.3. In the event the Consultant has initiated termination, the Consultant shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder. In the event of termination without cause pursuant to this Section, the terminating party need not provide the non-terminating party with the opportunity to cure pursuant to Section 7.2.

#### **7.7 Termination for Default of Consultant.**

If termination is due to the failure of the Consultant to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 7.2, take over the work and prosecute the same to completion by contract or otherwise.

#### **7.8 Attorneys' Fees.**

If either party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees. Attorney's fees shall include attorney's fees on any appeal, and in addition a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

### **ARTICLE 8. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION**

#### **8.1 Non-liability of City Officers and Employees.**

No officer or employee of the City shall be personally liable to the Consultant, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

#### 8.2 Conflict of Interest.

Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the Contract Officer. Consultant agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City in the performance of this Agreement.

No officer or employee of the City shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which effects his financial interest or the financial interest of any corporation, partnership or association in which he is, directly or indirectly, interested, in violation of any State statute or regulation. The Consultant warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement.

#### 8.3 Covenant Against Discrimination.

Consultant covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry, or other protected class in the performance of this Agreement. Consultant shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, or other protected class.

#### 8.4 Unauthorized Aliens.

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. §§ 1101, *et seq.*, as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should the any liability or sanctions be imposed against City for such use of unauthorized aliens, Consultant hereby agrees to and shall reimburse City for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorneys' fees, incurred by City.

### **ARTICLE 9. MISCELLANEOUS PROVISIONS**

#### 9.1 Notices.

Any notice, demand, request, document, consent, approval, or communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the City, to the City Manager and to the attention of the Contract Officer, CITY OF BANNING, 99 E. RAMSEY ST, BANNING, CA 92220 and in the case of the Consultant, to Wesley A. Miliband, Esq., STOEL RIVES LLP, 500 CAPITOL MALL, SUITE 1600, SACRAMENTO, CA 95814. Either party may change its address by notifying the other party of the change of address in writing. Notice

shall be deemed communicated at the time personally delivered or in seventy-two (72) hours from the time of mailing if mailed as provided in this Section.

**9.2 Interpretation.**

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

**9.3 Counterparts.**

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

**9.4 Integration; Amendment.**

This Agreement including the attachments hereto is the entire, complete and exclusive expression of the understanding of the parties. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and approved by the Consultant and by the City Council. The parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

**9.5 Severability.**

In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

**9.6 Corporate Authority.**

The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first-above written.

CITY:

BANNING UTILITY AUTHORITY

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Michael Rock, City Manager

ATTEST:

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Marie A. Calderon, City Clerk

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

---

City Attorney

CONSULTANT:

---

STOEL RIVES LLP

By:

  
Name: Wesley A. Miliband

Title: Of Counsel

Address: Stoel Rives LLP

500 Capitol Mall, Suite 1600

Sacramento, California 95814

**EXHIBIT "A"**

**SCOPE OF SERVICES**

**I. Consultant will perform the following Services:**

- A. Flume Services.** Consultant shall provide legal services with respect to Federal Land Use, Water Law, Federal/State policies and Land Rights to the extent that such services relate to the City's flume project. These legal services include:

  - i. Assisting in the transition or preservation of water rights, interests and responsibilities to the City.
  - ii. Assisting in securing long-term special use, right-of-way or other applicable permits, approvals or authorizations from the US Forest Service and/or other regulatory agencies and stakeholders.
  - iii. Assisting in preparation and handling of the applicable California Environmental Quality Act and National Environmental Policy Act processes.
  - iv. Assisting in compliance with state and federal regulations applicable to these flume services.
  - v. Securing ownership interests, easements and/or right-of-ways for the location, replacement, construction, operation and maintenance of the flume.
  - vi. Other advisory, settlement, and transactional services directly related to the flume, but not including any services related to litigation or the Sustainable Groundwater Management Act.

- B. Groundwater Services.** Consultant shall provide legal services to advise the City and perform services related to negotiations with other water agencies in relation to California's Sustainable Groundwater Management Act of 2014 ("SGMA"), particularly the San Gorgonio subbasin.
- C. Litigation Services.** No known litigation is pending related to the Flume Services or Groundwater Services, however, Consultant is willing and able to perform such services when and if needed.

**II. All work product is subject to review and acceptance by the City, and must be revised by the Consultant until found satisfactory and accepted by City.**

**III. Consultant will utilize as primary personnel the following personnel to accomplish the Services, subject to Section 4.1 of the Agreement:**

- A. Wesley A. Miliband, with assistance as needed from other personnel, which might consist of Juliet H. Cho, Matthew J. Decker, Parissa Ebrahimzadeh Florez, Shannon L. Morrissey, Ha T. Nguyen or Lesley Berger.

**EXHIBIT "B"**

**SCHEDULE OF COMPENSATION**

- I.** The method of compensation is allocated by a monthly retainer fee to Consultant for Six Thousand Five Hundred Dollars (\$6,500) for Flume Services and an hourly fee schedule for Groundwater Services as set forth above in Exhibit A subject to the not to exceed amount of \$110,000 per Section 2.1 of the Agreement.
- II.** The City will compensate Consultant for the Services performed as set forth above in Exhibit A upon submission of a valid invoice. Each invoice is to include:
  - A.** Line items for all personnel describing the work performed, the number of hours worked, and the service category as Flume Services or Groundwater Services.
  - B.** Line items for all materials and equipment properly charged to the Services.
  - C.** Line items for all other approved reimbursable expenses claimed, with supporting documentation.
  - D.** Line items for all approved subcontractor labor, supplies, equipment, materials, and travel properly charged to the Services.
- III.** The total compensation for the Services set forth above in Exhibit A shall not exceed \$110,000 as provided in Section 2.1 of this Agreement.
- IV.** The Consultant's billing rates for all personnel are attached as Exhibit B-1.

## Exhibit B-1

### Consultant's Billing Rates

Flume Services as set forth in Exhibit A shall be compensated by a monthly retainer fee of \$6,500, with Consultant to provide an invoice as set forth above in Exhibit B and this Agreement.

Groundwater Services as set forth in Exhibit A shall be billed at the following rates:

Volume of Hours*	Hourly Billing Rate
0-15 hours	\$360
15-30 hours	\$340
>30 hours	\$320

\*The "Volume of Hours" level resets every month.

**Litigation Services** have not been included in the Contract Sum and would be subject to Section 1.7 of the Agreement (Additional Services) because it is unknown when and if litigation services will be needed in one (1) year, five (5) years or at all for the Flume or Groundwater Services. Consultant, however, proposed in its response to the RFP to utilize a blended rate so that the City receives the highest quality available but at discounted rates.

**EXHIBIT "C"**

**SCHEDULE OF PERFORMANCE**

- I. Consultant shall perform all Services timely in accordance with the schedule to be developed by Consultant and subject to the written approval of the Contract Officer.
- II. Consultant shall deliver the following tangible work products to the City by the following dates.
  - A. As provided in Section 6.2, Consultant shall prepare reports, memorandums or other written work product as reasonably requested and obligated to by customs and practices in the legal industry and as governed by the Rules of Professional Conduct. City shall maintain such work product as confidential and privileged items to the full extent of the law.
- III. The Contract Officer may approve extensions for performance of the services in accordance with Section 3.2.

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**CITY OF BANNING  
BANNING UTILITY AUTHORITY REPORT**

**TO:** BANNING UTILITY AUTHORITY

**FROM:** Michael Rock, City Manager

**PREPARED BY:** Art Vela, Public Works Director  
Holly Stuart, Management Analyst

**MEETING DATE:** May 24, 2016

**SUBJECT:** Adopt Resolution No. 2016-02 UA, "Awarding a Professional Services Agreement to Albert A. Webb Associates of Riverside, CA in the amount of \$220,900.00 and approving a 10% contingency for a total project budget of \$242,900.00 for the Banning Water Canyon Main Replacement Design (Phase I)"

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**RECOMMENDATION:**

The Banning Utility Authority adopt Resolution No. 2016-02 UA:

1. Approving a Professional Services Agreement with Albert A. Webb Associates of Riverside, CA in the amount of \$220,900.00 for the Banning Water Canyon Main Replacement Design (Phase I) and approving a 10% contingency for a total project budget of \$242,900.00.
2. Authorizing the Administrative Services Director to make necessary budget adjustments, appropriations and transfers related to the Professional Services Agreement for the Banning Water Canyon Main Replacement Design (Phase I) and authorizing staff to approve change orders within the approved 10% contingency.
3. Authorizing the City Manager to execute the Professional Services Agreement with Albert A. Webb Associates for the Banning Water Canyon Main Replacement Design (Phase I).

### **JUSTIFICATION:**

The City currently receives approximately 30% of its water supply from the Banning Water Canyon sub-basin. In this sub-basin, the City utilizes 12 wells to produce potable water from the aquifer. The wells are interconnected by a single pipe structure (32,638 linear feet) that was installed between 1935 and 1962 and is made up of various materials including riveted steel pipe. The quantity of water delivered, age, condition and lack of redundancy in the water canyon transmission system make it a very sensitive asset. A failure in the pipeline would result in a loss of this water supply.

Approval of Resolution No. 2016-02 UA would allow for the necessary design and environmental work to take place in order to replace sections of the water canyon pipeline.

### **BACKGROUND:**

The City of Banning Water System collects 100% of the water that it supplies from local groundwater aquifers. It currently operates 21 active ground water production wells and co-owns 3 production wells with the Beaumont Cherry Valley Water District (total of 24 active wells). The 24 wells have a design capacity of 24,300 gallons per minute (GPM). The City facilities also include 11 storage tanks with a total storage capacity of 18.4 million gallons (MG). In 2014 the City produced and provided approximately 8,500 acre-feet and 6,722 acre-feet in 2015. The change between production values between 2014 and 2015 are due to conservation. The City's service area includes the entire City as well as unincorporated areas of the county that bound the south City limits. The City also provides water to High Valley Water District and Banning Heights Mutual Water District (when needed).

The City currently receives approximately 30% of its water supply from the Banning Water Canyon sub-basin. In this sub-basin, the City utilizes 12 wells to produce potable water from the aquifer. The wells are interconnected by a single pipe structure (32,638 linear feet) that was installed between 1935 and 1962 and is made up of various materials including riveted steel pipe. The quantity of water delivered, age, condition and lack of redundancy in the water canyon transmission system make it a very sensitive asset. A failure in the pipeline would result in a loss of this water supply.

The Public Works Department has planned to improve the water canyon pipe infrastructure for some time now and more recently had developed a Preliminary Engineering Report in 2014, which include a phasing plan and limited environmental research.

As a result, the Public Works Department developed a scope of work for a Request for Proposals to design the replacement of certain segments of the water canyon pipeline.

The scope of work for the Banning Water Canyon Main Replacement Design (Phase I) includes the design of new water pipeline ranging from 12 inch to 20 inch ductile iron pipe (DIP) and includes 12,550 linear feet. The existing water pipeline will be abandoned in place. The design will include the reconnection of the water service laterals to the new main and removal/replacement of disturbed areas (e.g. private improvements). The scope also includes preparation of CEQA and NEPA environmental compliance documents; geotechnical survey; potholing and construction surveying and staking.

Public Works staff advertised the Request for Proposals (RFP) on January 22, 2016 in the Press Enterprise and on the City's website. In response to these efforts, the Public Works Department received ten (10) proposals from the following companies:

<u>Companies</u>	<u>Ranking</u>
1) Krieger & Stewart Engineering Consultants	925
2) Michael Baker International	910
3) Albert A. Webb Associates	893
4) Kimley Horn	845
5) Cozad & Fox, Inc.	843
6) CASC Engineering and Consulting	825
7) Engineering Resources of Southern California, Inc.	780
8) KEC Engineer, Inc.	745
9) Cordoba Corporation	702
10) United Engineering Group in partnership with Valued Engineering	692

A committee consisting of three (3) members including Senior Engineer Kevin Sin, Associate Engineer Ann Marie Loconte, and Kenneth Baily with Charles Abbott Associates, was assembled to evaluate the ten (10) proposals based on project approach, technical competency, project team and experience, and overall responsiveness to the RFP in order to identify the three highest qualified proposers to participate in an interview.

Interviews were then conducted by four staff members including Public Works Director Art Vela, Community Development Director Brian Guillot, Senior Engineer Kevin Sin and Public Utilities Superintendent Perry Gerdes on April 27, 2016, resulting in the following rankings:

1) Albert A. Webb Associates	882.50
2) Krieger & Stewart Engineering Consultants	813.75
3) Michael Baker International	770.00

The highest qualified proposal was selected based on understanding of work required; quality and responsiveness of the proposal; demonstrated competence and

professional qualifications necessary for satisfactory performance; proposed methodology for completing the work; background and related experience of the specific individuals assigned to the project; and the proposed fee statement. Cost was not the sole criteria and method for selecting a firm to provide services. As a result, staff recommends the contract be awarded to the Albert A. Webb Associates in the amount of \$220,900.00 and request the approval of 10% contingency.

**FISCAL IMPACT:** An appropriation in the amount of \$242,990.00 to Account No. 663-6300-471.90-78 (Planning/Design-Capital) is necessary to fund the proposed Professional Services Agreement with Albert A. Webb Associates which includes a 10% contingency.

It should be noted that funding in the amount of \$210,000.00 for this project was previously approved in the FY 2014/2015 budget and associated Capital Improvement Plan. During the refinancing of the Water bonds, this specific project was identified to be funded by the bond proceeds. Water bond proceeds are placed in Fund 663, BUA Water Capital Fund. Therefore, staff is recommending that funding for the project come from Fund 663. Funds previously appropriated for this project in Fund 660, Water Capital Facilities, will be placed back into the fund balance.

**OPTIONS:**

1. Adopt Resolution No. 2016-02 UA.
2. The City Council may choose to take no action at this time. If the design is not approved, the Banning Water Canyon Main will not be replaced.

**ATTACHMENTS:**

1. Resolution No. 2016-02 UA
2. Request for Proposals
3. Albert A. Webb Associates Proposal

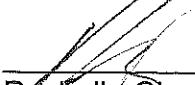
Reviewed by:



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Art Vela  
Public Works Director

Reviewed by:



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Rochelle Clayton  
Administrative Services Director/  
Deputy City Manager

Approved by:



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Michael Rock  
City Manager

# **ATTACHMENT 1**

**(Resolution No. 2016-02 UA)**

RESOLUTION NO. 2016-02 UA

A RESOLUTION OF THE BANNING UTILITY AUTHORITY OF BANNING, CALIFORNIA, AWARDING A PROFESSIONAL SERVICES AGREEMENT TO ALBERT A. WEBB ASSOCIATES IN THE AMOUNT OF \$220,900.00 AND APPROVING A 10% CONTINGENCY FOR A TOTAL PROJECT BUDGET OF \$242,900.00 FOR THE BANNING WATER CANYON MAIN REPLACEMENT DESIGN (PHASE I)

WHEREAS, the project scope includes the design of new water pipeline ranging from 12 inch to 20 inch ductile iron pipe (DIP) and includes 12,550 linear feet and the existing water pipeline will be abandoned in place; and

WHEREAS, the design will include the reconnection of the water service laterals to the new main and removal/replacement of disturbed areas (e.g. private improvements) and shall also include minimal modifications (v-ditches, cross gutters, etc.) to the access road in order to allow for better drainage and minimize maintenance; and

WHEREAS, environmental compliance and applicable permits will be obtained with this project; and

WHEREAS, Public Works staff advertised the Request for Proposals (RFP) on January 22, 2016 in the Press Enterprise and on the City's website, solicited proposals directly from four (4) companies and in response ten(10) proposals were received; and

WHEREAS, a committee consisting of three (3) members including Senior Engineer Kevin Sin, Associate Engineer Ann Marie Loconte, and Kenneth Baily with Charles Abbott Associates was assembled to evaluate the proposals based on project approach, technical competency, project team and experience, and overall responsiveness to the RFP in order to identify the three highest proposers to participate in an interview; and

WHEREAS, four staff members including Public Works Director Art Vela, Community Development Director Brian Guillot, Senior Engineer Kevin Sin and Public Utilities Superintendent Perry Gerdes conducted interviews on April 27, 2016; and

WHEREAS, the highest qualified proposal was selected based on understanding of work required; demonstrated competence and professional qualifications necessary for satisfactory performance; recent experience in successfully performing similar services; proposed methodology for completing the work; background and related experience of the specific individuals assigned to the project; and the proposed fee statement; and

WHEREAS, staff recommends the contract be awarded to the highest ranked consultant, Albert A. Webb Associates, in the amount of \$220,900.00 and requests the approval of a 10% contingency for a total project budget of \$242,900.00; and

**WHEREAS**, an appropriation is necessary to the BUA Capital Project Fund in the amount of \$220,900.00 with a 10% contingency for a total project budget of \$242,990.00, Account No. 663-6300-471.90-78 (Planning/Design-Capital) to fund the Professional Services Agreement with Albert A. Webb Associates.

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

**SECTION 1.** The Banning Utility Authority adopts Resolution No. 2016-02 UA approving the Professional Services Agreement with Albert A. Webb Associates in the amount of \$220,900.00 and approving a 10% contingency for a total project budget of \$242,990.00 for the Banning Water Canyon Main Replacement Design (Phase I).

**SECTION 2.** The Administrative Services Director is authorized to make necessary budget adjustments, appropriations and transfers related to Professional Services Agreement for the Banning Water Canyon Main Replacement Design (Phase I) and authorizing staff to approve change orders within the 10% contingency.

**SECTION 3.** The City Manager is authorized to execute the Professional Services Agreement with Albert A. Webb Associates for the Banning Water Canyon Replacement Design (Phase I).

**PASSED, ADOPTED AND APPROVED** this 10th day of May, 2016.

---

Arthur L. Welch, Chairman  
Banning Utility Authority

**ATTEST:**

---

Marie A. Calderon, Secretary

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

---

Anthony R. Taylor, Authority Counsel  
Aleshire & Wynder, LLP

**CERTIFICATION:**

I, Marie Calderon, Secretary of the Banning Utility Authority of Banning, California, do hereby certify that the foregoing Resolution No. 2016-02 UA was duly adopted by the Banning Utility Authority of the City of Banning, California, at a Regular Meeting thereof held on the 10th day of May, 2016, by the following vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

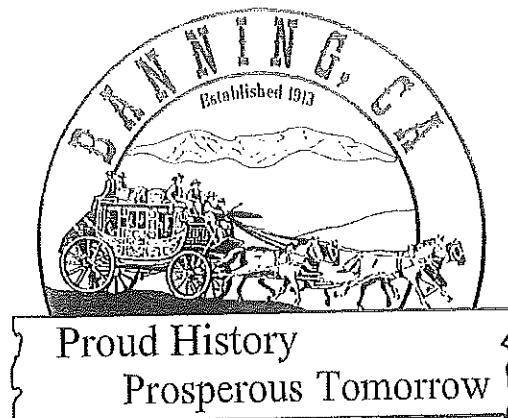
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Marie A. Calderon, Secretary  
Banning Utility Authority

# **ATTACHMENT 2**

**(Request for Proposals)**

Request for Proposals(RFP)  
Banning Water Canyon Main Replacement  
Design (Phase I)



Responses Due:  
City of Banning  
Public Works Department  
99 E. Ramsey Street  
Banning, CA 92220  
(951) 922-3130

January, 2016

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## **1.0 INTRODUCTION**

### **1.1 PROJECT DESCRIPTION AND OBJECTIVES**

The City of Banning (City) is soliciting proposals from qualified consulting firms to provide design services for replacement of Banning Water Canyon Pipeline (Phase I). The Consultant shall demonstrate their knowledge of the need and purpose for the project in a clear and concise manner. Outlining the necessary improvements and a discussion of the potential phasing of those improvements shall be provided by the Consultant.

### **1.2 BACKGROUND INFORMATION**

The City of Banning, incorporated in 1913, covers approximately 23.2 square miles located in the San Gorgonio Pass area of Riverside County, approximately 30 miles east of the cities of San Bernardino and Riverside. The 2010 California Department of Finance recorded a population of 29,603 for the City of Banning. It is estimated that the population will increase by approximately 2% per year.

The City of Banning Water System collects 100% of the water that it supplies from local groundwater aquifers. It currently operates 21 active ground water production wells and co-owns 3 production wells with the Beaumont Cherry Valley Water District (total of 24 active wells). The 24 wells have a design capacity of 24,300 gallons per minute (GPM). The City facilities also include 11 storage tanks with a total storage capacity of 18.4 million gallons (MG). In 2014 the City produced and provided approximately 8,500 acre-feet. Water service is provided to the entire City as well as unincorporated areas of the county that bound the south City limits.

## **2.0 SCOPE OF WORK**

The project scope includes the design of new water pipeline ranging from 12 inch to 20 inch ductile iron pipe (DIP). The purpose of the project is to eliminate aging infrastructure. The existing water pipeline will be abandoned in place. The design will include the reconnection of the water service laterals to the new main and removal/replacement of disturbed areas (e.g. private improvements). The design shall also include minimal modifications (v-ditches, cross gutters, etc.) to the access road in order to allow for better drainage and minimize maintenance. The proposed project also includes obtaining environmental compliance.

The proposed project includes approximately 12,550 L.F. as shown in **Exhibit A**. City of Banning will provide topographic base map for design.

### **2.1 PROJECT ADMINISTRATION AND COORDINATION**

#### **Kick-off Meeting**

Upon receipt of a written Notice to Proceed from the City of Banning, consultant shall conduct a kick-off meeting with the City to review the scope of the project, develop a project schedule, and confirm deliverables. The project schedule shall include each task and subtasks, milestones, critical path designation and a schedule for progress meetings.

#### **Coordination**

The pipeline alignment is within the City of Banning's easements and in jurisdiction of the City of Banning. It is very important to coordinate with private property owners before survey, geotechnical exploration, and construction can be started.

Communication with affected property owners will be coordinated through the City of Banning.

Project Milestone/Monthly Meetings

Consultant shall prepare a project execution schedule with major milestones to the City of Banning for approval. Consultant shall prepare regular progress reports for the City of Banning staff each month.

**2.2 CEQA DOCUMENTATION AND REGULATORY PERMITTING**

Consultant shall work with City to develop a detailed project description which clearly outlines the need to replace specific segments of the pipeline, as opposed to the whole pipeline at one time. Identification of the initial phase of segments shall be confirmed with the City and engineering team. Consultant shall prepare technical studies which address not only the initial phase of the segments, but also which address the whole pipeline. There will be project and programmatic level analyses required in the technical analyses. Technical analysis anticipated include but not limited to air quality impact analysis, biological resources including MSHCP consistency, cultural resources, greenhouse gas emissions analysis and jurisdictional delineation.

Based on the project description and the project-level and programmatic-level analysis prepared in the technical analyses, the Consultant will prepare a CEQA document on behalf of the City. The Consultant shall provide three rounds of revisions to the CEQA document, as well as provide the necessary processing and noticing requirements.

In anticipation of construction, the Consultant shall also provide the required regulatory permits associated with impacts to Waters of the U.S. and Waters of the State. The consultant shall be certain to tie in important milestones related to project schedule. The consultant shall identify any environmental concerns that arise from the technical analysis that will affect engineering design and phasing. Close coordination is expected with the engineering design team.

**2.3 UTILITY DOCUMENTATION, R.O.W., PROPERTY, EASEMENTS AND UTILITY RESEARCH**

Consultant shall conduct thorough research to obtain all available utility documents within the project area. Consultant shall be responsible for researching all applicable agency and utility company records. Consultant shall conduct field research to collect visible information of project sites. Consultant shall be responsible for preparing a complete list of all underground (U/G) and aboveground (A/G) utilities and facilities in the project area.

**2.4 POTHOLING**

Consultant shall be responsible for developing a potholing plan for locating and profiling existing U/G utilities, and when approved by the City of Banning, will be responsible for conducting the required potholing. Consultant shall submit Potholing Report describing all findings in PDF format electronically. For the purpose of providing a fee for this scope, the consultant shall assume that there will be 25 pothole locations at a depth of 7 feet.

## **2.5 PRELIMINARY DESIGN (60% DESIGN)**

Upon completing record document research, field data collection and potholing, the Consultant shall compile all gathered information and prepare preliminary design plans. Preliminary design shall include recommended alignment of the pipeline (plan & profile) and connections to existing services. After the Preliminary Design is approved by the City of Banning, the Consultant shall proceed with the detailed design.

## **2.6 DETAILED DESIGN (90% DESIGN)**

With preliminary design review comments from the City of Banning and other entities, Consultant shall prepare detailed design PS & E for the proposed improvements. Plans shall be prepared using computer aided design software (AutoCAD) and shall be printed on size 24x36 paper. Final plan submittal shall be signed by a California Registered Professional Engineer. Consultant shall submit the detailed design plans including traffic control plans to agencies for comments. The special conditions and technical specifications shall be prepared and submitted. The City of Banning will review the submitted PS & E, provide comments, and request revisions until it is in compliance with City of Banning standards and policies.

## **2.7 FINAL PS&E (100% DESIGN)**

Upon approval of the detailed design PS & E from the City of Banning the Consultant shall prepare the final PS&E for bid. The final bid package shall include plans and specifications.

## **2.8 CONSTRUCTION SURVEYING AND STAKING**

Provide one set of construction staking and calculations per project location and submit related cut sheets.

## **2.9 AS BUILT PREPARATION**

Upon receipt and acceptance of the field as-built construction drawings from the City of Banning Project Manager, Consultant shall prepare final as-builts incorporating any changes that occurred during the construction. Consultant shall submit final as-builts to the City of Banning in mylars and PDF electronically. Final as-builts shall be signed by a California Registered Professional Engineer in each corresponding discipline.

## **2.10 GEOTECHNICAL INVESTIGATION**

Provide a geotechnical investigation in accordance with City's design guidelines and standards that addresses the proposed pipeline alignment. The Geotechnical Report shall address all necessary design and construction issues including regional seismicity, seismic parameters, liquefaction, trenching, trench stability and excavation, shoring, backfill, suitability of excavated materials for backfill, pavement section recommendations, soil bearing strength, groundwater conditions and dewatering, pipeline bedding requirements, R-values, moisture content, density, gradation, consolidation, expansion, shear resistance, sand equivalence, soil corrosivity, and/or other criteria as identified and recommended by the geotechnical engineer associated with the project elements.

The Design Engineer of Record and Geotechnical Engineer of Record shall collaborate to prepare a comprehensive Geotechnical Baseline Report (GBR) for the

project which will be included in the contract documents. The intent of the GBR is to establish a single document where contractual statements clearly describe the geotechnical conditions anticipated (or to be assumed) to be encountered during underground and subsurface construction. The contractual statements are referred to as baselines. An important objective of the GBR is to discuss the geotechnical and site conditions related to the anticipated means and methods of constructing the underground elements of the project.

Analysis and investigation shall also identify the following at a minimum: groundwater presence and level, construction dewatering requirements, pipe bedding requirements, trench shoring requirements, settlement potential, excavation ease of soils, location of rock, backfill suitability, and backfill compaction.

Assume eight (8) test bores along the project alignment (at approximately 1,500 foot intervals) to an approximate depth of 10 feet below the ground surface.

**Deliverable:** Consultant shall summarize findings, results and recommendations into a report. Three (3) copies and one (1) electronic copy of the draft geotechnical report shall be submitted for review. City comments shall be incorporated and three (3) copies and one (1) electronic copy of the final geotechnical report shall be submitted (wet signed and sealed by a licensed geotechnical engineer). Three (3) copies of the final geotechnical report shall be submitted.

## **2.11 ADDITIONAL SERVICES**

Consultant is encouraged in its proposals to identify any additional work that is not specified in this Scope of Work that would be, in its opinion, necessary to complete the project as defined herein. Consultant may propose additional services that in its opinion will improve the efficiency and quality of the project. If identified, the additional work or services must be included in the proposal but separated out in the Consultant's Fee Schedule.

## **3.0 CONSULTANT QUALIFICATIONS**

### **3.1 QUALIFICATIONS AND UNDERSTANDING**

Each Consultant must provide the following information about their company so the City can evaluate the Consultant's stability and ability to support the commitments set forth in response to the RFP. It is imperative the Consultant's proposal fully address all aspects of the RFP. The proposal must provide the City Staff with clearly expressed information concerning the Proposer's understanding of the City's specific requirements which would result in the conduct of this study in a thorough and efficient manner.

The Consultant shall outline their company's (or team's) background, including:

- How long the company has been in business, plus a brief description of the company history, size and organization.
- Consultant qualifications to complete the scope of services and a statement of understand of the work involved to complete this assignment.

### **3.2 PROJECT TEAM**

Each Consultant must provide the following information about their project team.

- Primary point of contact, person responsible for overall corporate commitment (must be a company principal or officer) and project manager. Describe the responsibilities of the individuals and extent of involvement with the project.
- Identify and list key individuals proposed for the project team. Describe the responsibilities of the individuals and extent of involvement with the project.
- All key personnel listed should have current names, titles and telephone numbers and be listed on at least one of the supplied client references who are familiar with work performed by the individual in a similar capacity. References will be contacted as part of the selection process.
- Clearly identify project sub consultants, how long the prime and sub have worked together and the reason why they were selected. Consultants are encouraged to support small businesses where ever possible.

### **3.3 REFERENCES**

The Consultant shall supply a minimum of 3 references from agencies with projects of similar nature. Each reference shall contain:

- Client name and contact information
- Project description
- Role of key project team members.

Only references of the prime consultant shall be considered, or references from project teams that have completed at least 3 projects together. The Consultant shall also list projects completed for other agencies.

### **3.4 SCHEDULE**

The consultant shall provide a project schedule indicating key project milestones and project activities. The schedule shall reflect a tentative start date of May 2, 2016.

### **3.5 WORKSHOPS AND MEETINGS**

Additionally, a minimum of 3 meetings (kickoff, progress and final) will be held between staff and the Consultant and shall be included in the proposal.

## **4.0 PROPOSAL SUBMISSION**

### **4.1 RFP TIME SCHEDULE**

◦ Request for Proposal Available	Friday, January 22, 2016
◦ Inquiry Deadline	Friday, February 12, 2016
◦ Proposals Due	Wednesday, February 24, 2016
◦ Final Selection	Tuesday, March 8, 2016
◦ City Recommendation	Tuesday, March 22, 2016
◦ Notice to Proceed	Monday, May 2, 2016

### **4.2 NUMBER OF COPIES AND DELIVERY**

Four (4) copies of the proposal shall be submitted to the following address:

City of Banning  
City Clerk's Office  
99 E. Ramsey Street  
P.O. Box 998  
Banning, CA 92220

The proposal title, consultants name and deadline information shall be clearly identified on the submission package and cover page. Submission deadline is Wednesday, February 24, 2016 at 5:00 p.m. Proposals submitted after that time shall not be considered. All questions regarding the scope of work shall be submitted to Arturo Vela, Acting Director of Public Works, at the address above or via e-mail at [avela@ci.banning.ca.us](mailto:avela@ci.banning.ca.us).

#### **4.3 FORMAT AND CONTENT**

Proposals shall be printed on 8 1/2" x 11" paper, single sided in a minimum 11 point font and be limited to 25 pages excluding the cover letter, resumes and any appended information.

Proposals should address the following items in order of appearance:

##### **Cover letter**

The cover letter shall be provided which explains the firm's interest in the project. The letter shall contain name/address/phone number of the person who will serve as the firm's principal contact person.

##### **Strategy and Implementation Plan**

Prepare a list of tasks to address the Scope of Work. Describe the firm's interpretation of the City's objectives with the regard to this RFP. Describe the proposed strategy and/or plan for achieving the objectives of the RFP. The narrative should include a description of the logical progression of tasks and efforts. Also include an explanation of the type of technology that will be used. This section shall also include a time schedule for the completion of the project and an estimate of time commitments from City staff.

##### **Qualifications of Firm/Project Team**

Provide names, titles and responsibilities of key personnel who will be responsible for the management of the project. Include qualifications, resumes, experience of each, and length of time with the company

##### **References**

Give at least three (3) references for projects of similar size and scope, including at least three (3) references for projects completed during the past five years. Include the name and organization, a brief summary of the work, the cost of the project and the name and telephone number of a responsible contact person.

##### **Proposed Quality Assurance Program (QA/QC)**

Explain the firm's quality assurance program and the proposed approach for implementing the plan with this project.

**Fee Proposal: One set in a separate sealed envelope**

The Fee Schedule in a separate envelope shall be broken down on separate sheets as follows:

- A “Not to Exceed” fee for all services. Man-hours and billing rates per classification of personnel will be indicated for each task and/or subtask.
- Provide a complete list of costs per task and/or subtask and a total fee for the proposal, including expected reimbursable expenses (non-binding), for completion of the scope of services set forth in the proposal.
- A current hourly Fee Schedule for Fiscal Year 2015/2016 and classification of personnel for the firm, along with the type of work they and any sub consultants will perform, is also required.
- All printing and reproduction costs, research, meetings, mileage, telephone usage, general office supplies and overhead, etc., shall be included in the proposal and its “Not to Exceed” Fee schedule. Proposals should be prepared in a straight forward manner.

Note: A separate fee schedule is required for each project location.

**4.4 PROPOSAL EVALUATION**

Proposals will be evaluated based on the following criteria:

- Responsiveness to the RFP (15%)
- Consultant qualifications, project understanding, and overall experience (25%)
- Technical Competency (25%)
- Results of reference checks (10%)
- Project Schedule (10%)
- Proposed QA/QC plan (5%)
- Proposal Fee (10%)

**4.5 NEGOTIATIONS**

In an effort to manage the resources available for this project, the City may find it necessary to negotiate tasks, include contingencies for additional meetings or workshops, and address other factors identified by the Proposer not contemplated in this document or the City’s standard agreement.

**5.0 CONTRACT REQUIREMENTS AND SUBMITTALS**

**5.1 CITY OF BANNING REQUIREMENTS**

The Contract will be presented to Council for approval. Please provide a copy of the attached City agreement to your legal team and insurance provider, if you are selected for Final Evaluation. This will expedite the process. A purchase order will not be granted until the contract is signed and all insurance requirements are satisfied.

EXHIBIT "A"

BANNING WATER CANYON WATER LINE REPLACEMENT PLAN

Exhibit A. Banning Water Canyon Waterline Replacement Plan - Phase 1 Waterline Sections

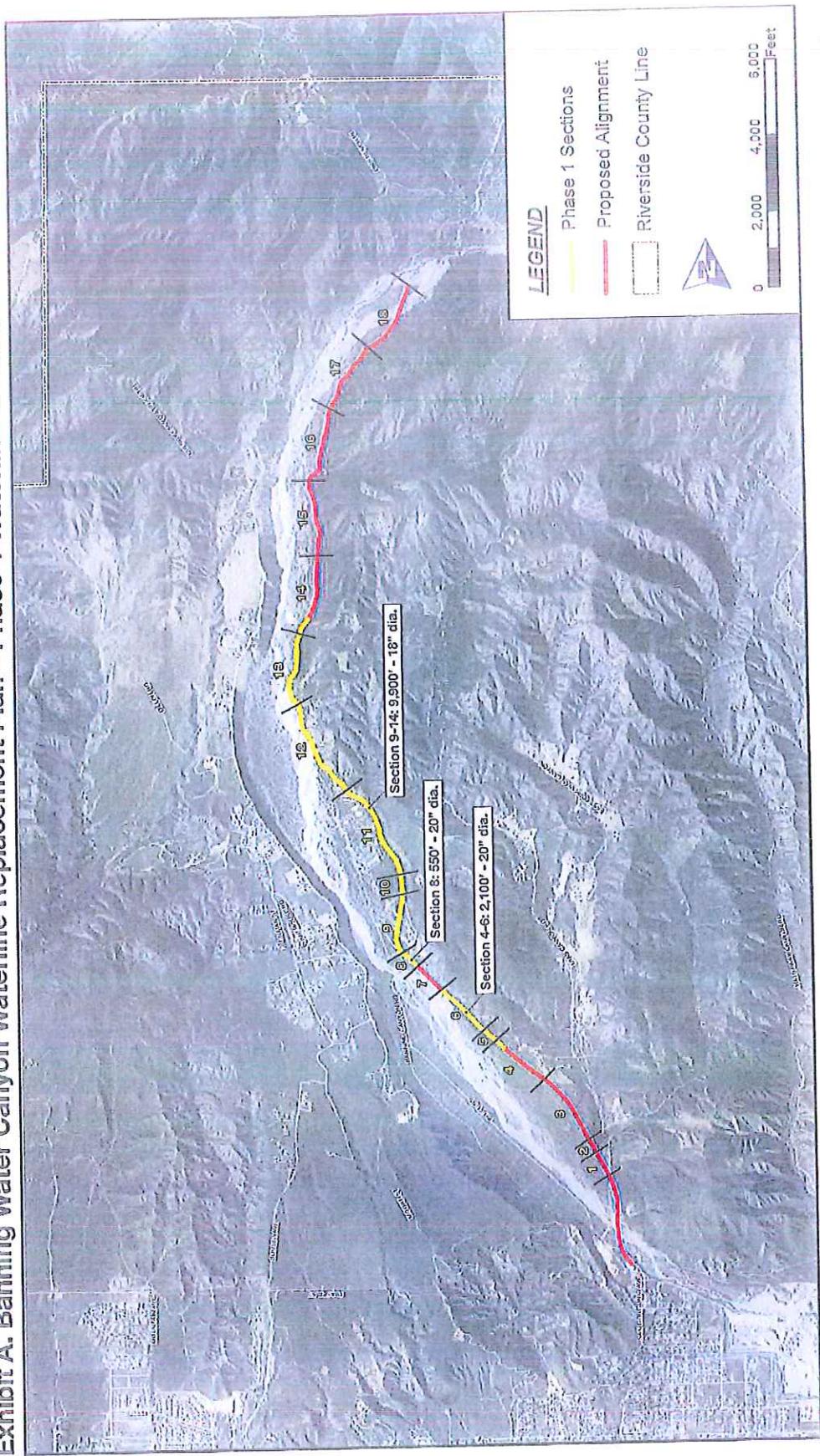


EXHIBIT "B"

CITY OF BANNING PROFESSIONAL SERVICES AGREEMENT

PROFESSIONAL SERVICES AGREEMENT

By and Between

CITY OF BANNING

and

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**ADDENDUM NO. 1**  
to  
Request for Proposals  
for  
Banning Water Canyon Main Replacement Design (Phase I)

Date: February 17, 2016

To: All Interested Parties

This Addendum No. 1 forms a part of the Contract Documents and modifies the original proposal.

**Item No. 1**

Remove the note on page 7 requiring a separate fee schedule for each project location. A separate fee schedule for multiple locations is not applicable.

## ADDENDA

The Bidder acknowledges receipt of the following Addenda:

Addendum No.: \_\_\_\_\_ DATED: \_\_\_\_\_

Addendum No.: \_\_\_\_\_ DATED: \_\_\_\_\_

Addendum No.: \_\_\_\_\_ DATED: \_\_\_\_\_

NOTE: All addenda shall be signed by the Bidder and submitted with the Bid package.

Authorized Signature: \_\_\_\_\_

Title: \_\_\_\_\_

# **ATTACHMENT 3**

**(Albert A. Webb Associates Proposal)**

11-10-16 M2  
*By Bill O'Brien*

PROPOSAL TO PROVIDE PROFESSIONAL  
ENGINEERING SERVICES

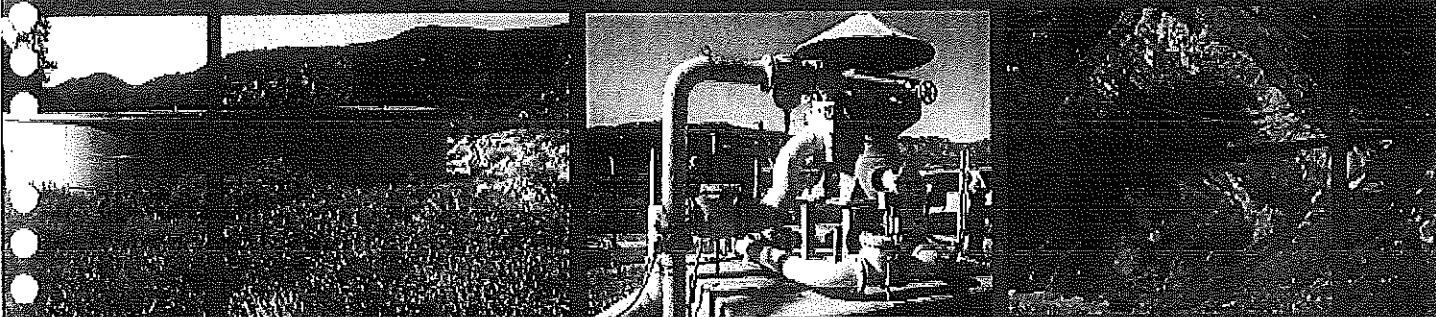
**Banning Water Canyon Main Replacement Design  
(Phase 1)**

Prepared for



Proud History  
Prosperous Tomorrow

February 24, 2016





Corporate Headquarters  
3788 McGray Street  
Riverside, CA 92506  
T: 951.686.1070

Palm Desert Office  
41-990 Cook St., Bldg. 1 - #301B  
Palm Desert, CA 92211  
T: 951.686.1070

Murrieta Office  
41391 Kalmar Street #320  
Murrieta, CA 92562  
T: 951.686.1070

February 24, 2016

Mr. Arturo Vela, Acting Director of Public Works  
City of Banning  
City Clerk's Office  
99 E. Ramsey Street  
P.O. Box 998  
Banning, CA 92220

**RE: Banning Water Canyon Main Replacement Design (Phase 1)**

Dear Mr. Vela:

We appreciate the opportunity to submit our proposal to provide engineering services to the City of Banning (City). The City faces several challenges with both the existing Water Canyon Pipeline as well as constructing a new replacement pipeline. The most significant challenges are as follows:

1. The pipeline is very old and constructed of various materials. The pipeline is subject to frequent leaks and repairs.
2. The pipeline is not easily accessible in many areas, which creates challenges with making the necessary repairs.
3. This facility is a critical piece of the City's water infrastructure and replacing it will require close coordination and planning with your operations department.
4. The Banning Water Canyon is a sensitive area from a biological standpoint. Therefore, the construction sequencing, staging, and timing are interdependent on the regulatory clearances.
5. The existing pipeline does not follow the dedicated right-of-way and/or easements in some locations.

Phase 1 of this project will consist of the design of 12,550 linear feet of 12-inch to 20-inch ductile iron pipe. The segments to be replaced include #4-6 and #8-13 as defined in the Preliminary Design Report (PDR) prepared by WEBB in 2013. These segments were selected because of their high frequency of leaks, relative age, and accessibility challenges. It should be noted that Segment #7 is not part of this project because it was replaced in 2007. Exhibits A & B identifies the segments and highlights some of the critical aspects of each segment.

## Project Team

Our key project team members were specifically selected for this project based upon their unique skills, familiarity with the project conditions, and how they will specifically benefit the City during this project. A summary of our key team members and their value to the project is shown below.

### Project Manager - Siming Zhang, PE

Siming is an expert in pipeline design and was responsible for preparing the Banning Water Canyon Replacement PDR. He has driven/walked the entire pipeline alignment with City operations and engineering staff multiple times, which gives him an intimate familiarity with the project requirements, constraints, field conditions, waterline interaction with the operation of the wells, and pipeline locations.



#### CEQA/Permitting Lead - Stephanie Standerfer

As part of the PDR effort, Stephanie and her team drove/walked the entire alignment and performed a preliminary biological evaluation to assist in the constraints analysis. Those efforts were instrumental in identifying the CEQA and regulatory steps necessary for this project to move forward. One issue identified in the PDR is the presence of the MSHCP designated lands in the Water Canyon and along the pipeline alignment. Stephanie is a recognized expert in MSHCP compliance and will guide our team through not only the CEQA compliance but also obtaining the necessary MSHCP compliance. The regulatory permitting clearances needed for this project will also require close coordination with the regulator agencies, which Stephanie has a long-standing and excellent working relationship. Her understanding of environmental and regulatory permitting requirements and mitigation strategies will be instrumental in making this a buildable project.

#### QA/QC Lead - Bill Malone, PE, PMP

Bill has over 25 years experience in all aspects of water and wastewater engineering. Bill is a registered Project Management Professional (PMP) and will be responsible for QA/QC on this project. Bill has overseen capital improvement projects for numerous cities and special districts. In addition, Bill has been responsible for the design and/or quality control on nearly all of the water and wastewater infrastructure in the City of Eastvale.

#### Constructibility Review - Downey Construction, Inc.

WEBB will team with Downey Construction, Inc. (Downey) for review of constructibility within the areas with limited space. Downey will also provide recommendations regarding construction staging and methods to maintain access during the project.

#### Principal-in-Charge - Brian Knoll, PE

Brian has been responsible for the planning, design, and construction oversight of many large multi-discipline public works projects from pipelines to treatment plants. He was the principal in charge of the City's Reclaimed Water Line design as well as the PDR for the Banning Water Canyon Pipeline Replacement. He has also personally visited the site on multiple occasions and has a firm understanding of the complexity of this project.

## Differentiators

In selecting the right consultant, the City should know what makes the WEBB Team the absolute right choice for this project. With the collaboration of our firm and the City, this project will reap the benefit of:

- The most complete understanding of the pipeline alignment, current problems, and how the pipeline interacts with the eight wells and the feed lines to the wells
- A complete understanding of the right-of-way issues
- Constructibility timing
- Senior staff members who have a working history with this project
- Understanding of City requirements

We look forward to working with the City on these important projects and welcome an opportunity to answer any questions you may have regarding our team and capabilities.

Sincerely,

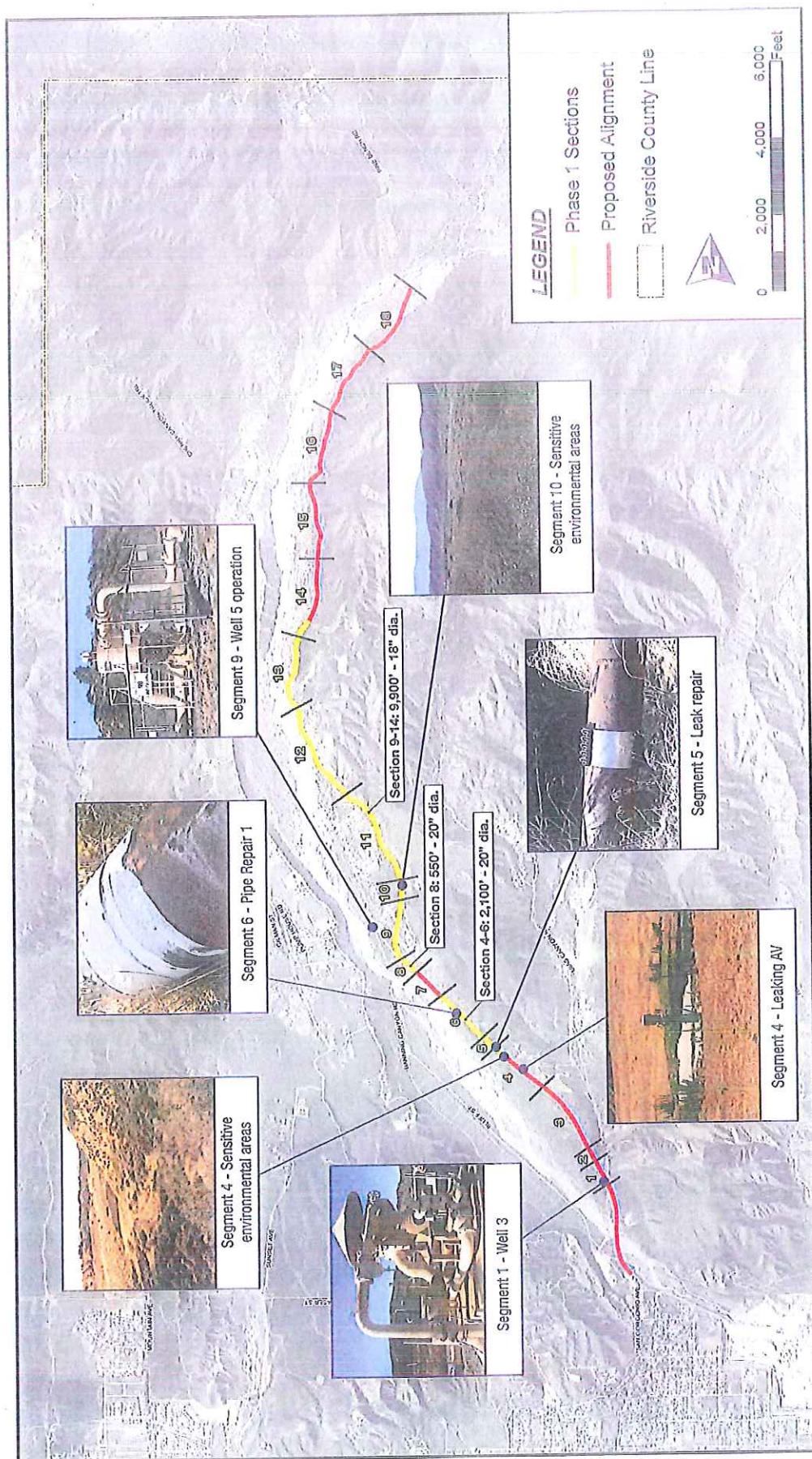


Brian Knoll, PE

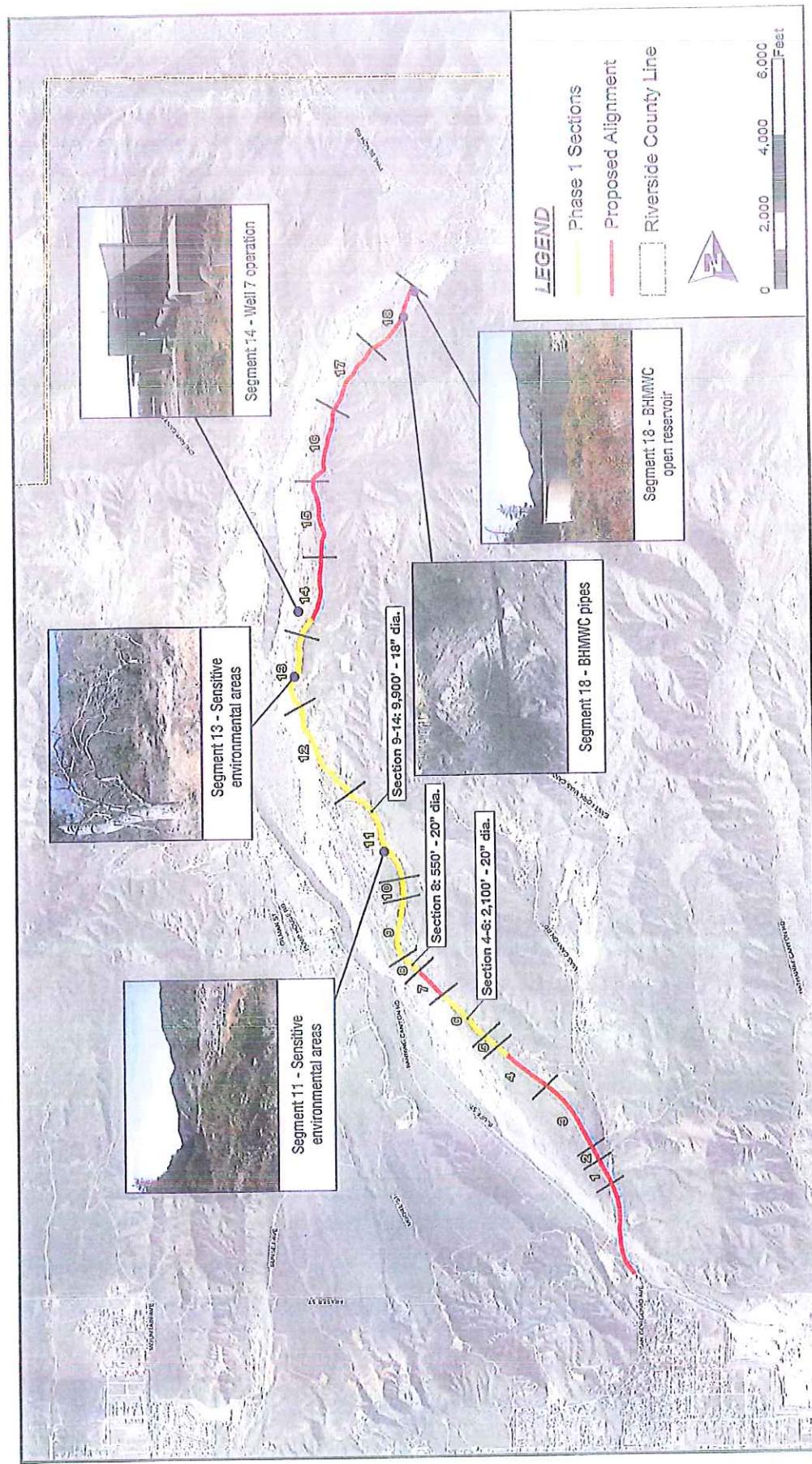
Vice President

Albert A. Webb Associates

Exhibit A - Banning Water Canyon Waterline Replacement Plan - Phase 1 Waterline Sections



## Exhibit B - Banning Water Canyon Waterline Replacement Plan - Phase 1 Waterline Sections

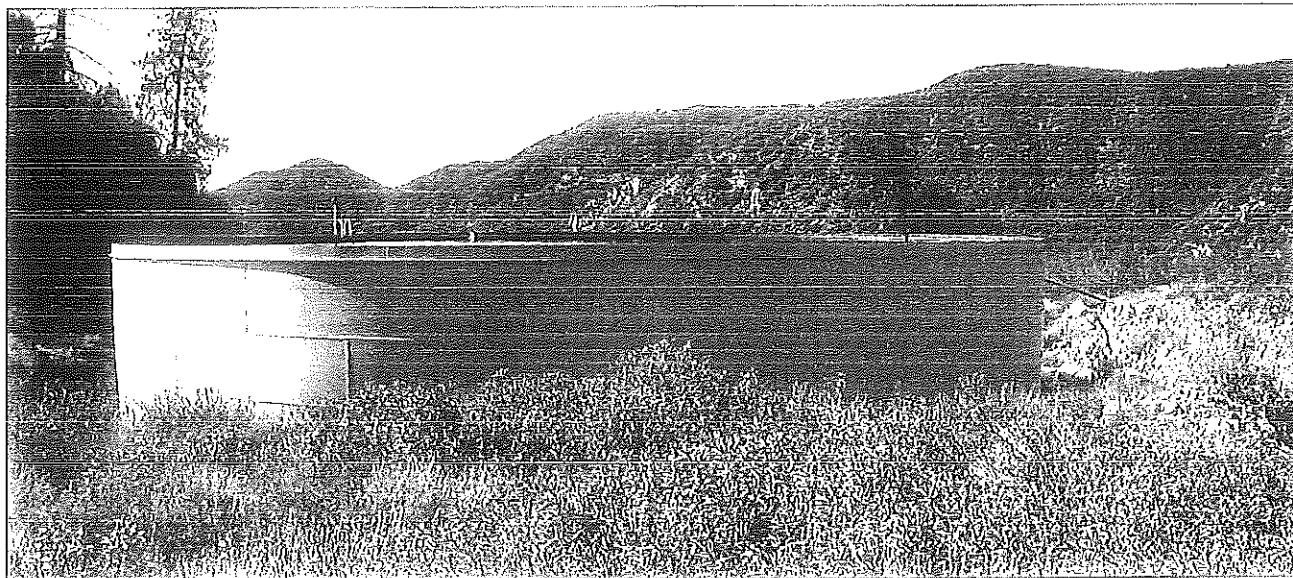


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## Section 1 – Strategy and Implementation Plan



*View of the BHAWC open reservoir and feeding pipe located on Segment 18 of the alignment*

### Understanding

The City of Banning covers approximately 23.2 square miles located in the San Gorgonio Pass area of Riverside County. The City's water system collects 100% of the water it supplies from local groundwater aquifers. The City overlies the San Gorgonio Pass Ground Water Basin. The San Gorgonio Pass Ground Water Basin includes five hydraulically-connected ground water storage units, which constitute the City's ground water resource areas. Ground water recharge to the Banning area is obtained from precipitation infiltrating into the ground within the surface water catchments and particularly in the canyons north of the City. One of the sources of recharge is subsurface inflow and infiltration of Whitewater River diversions in the Banning Canyon. The Banning Canyon area receives water from the percolation of canyon flows through the gravelly soils of the canyon bottom. The San Gorgonio River running south through the Banning Canyon provides intake areas for distributing water to spreading ditches that interconnect with spreading ponds located approximately one mile north of the Banning Bench to enhance percolation.

The City of Banning currently operates eight production wells along the Banning Canyon as well as approximately 6.5 miles of 18" diameter to 24" diameter transmission steel pipeline to convey water from these wells. Due to the age of the transmission pipeline, multiple leaks occurred to different segments along the entire length

of the pipeline. The City spent significant efforts and money to fix the leaks. Due to the location of this transmission pipeline, other concerns will have to be addressed including, but are not limited to accessibility, appurtenances, and environmental constraint. Since this transmission pipeline is the City's backbone water supply facility which provides approximately 40% of the water supply, the City is planning to replace this transmission pipeline in appropriate phases. Completion of this project will be critical to provide the City a more reliable water supply.

### Improvement Goals:

- Replace aged pipe and fix leaks
- Install new pipe to improve access
- Minimize the CEQA impacts
- Protect new pipe from corrosion

### Project Constraints and Challenges

After review of the project site in detail, WEBB identified a number of project constraints and challenges that must be addressed and resolved at design phase and ultimately constructed.

1. CEQA Sensitive Areas – Initial study, technical studies, and regulatory permitting.
2. Construction Phasing – Possible construction staging, sequencing, and time.



*View of an sensitive environmental area located in Segment 11*

3. Constructibility and Access – Location of new pipe, limited construction area, appurtenance locations, and protections.
4. Hydraulics Analysis – Economically select pipe pressure thickness.
5. Corrosion Protection – Pipe material, specifically pipe coating selection.
6. Drainage Concerns and Stormwater – Drainage design and SWPPP Risk Level Analysis.

## Scope of Work

### Task 1 - Project Administration and Coordination

#### **Kick-off Meeting**

Upon receipt of a written Notice to Proceed from the City of Banning, WEBB will conduct a kick-off meeting with the City to review the scope of the project, develop a project schedule, and confirm deliverables. The project schedule will include each task and subtasks, milestones, critical path designation, and a schedule for progress meetings.

#### **Coordination**

The pipeline alignment is within the City's easements and in jurisdiction of the City. It is very important to coordinate with private property owners before survey, geotechnical exploration, and construction can be started. Communication with affected property owners will be coordinated through the City.

#### **Project Milestone/Monthly Meetings**

WEBB will prepare a project execution schedule with major milestones and provide to the City for approval. WEBB will prepare regular progress reports for City Staff each month.

### Task 2 - CEQA Documentation and Regulatory Permitting

WEBB shall work with the City to develop a detailed project description which clearly outlines the need to replace specific segments of the pipeline, as opposed to the whole pipeline at one time. WEBB will identify the initial phase of segments with the City. WEBB will prepare technical studies which addresses not only the initial phase of the segments, but the pipeline as a whole. There will be project and programmatic level analyses required in the technical analyses. Technical analysis anticipated will include, but not be limited to air quality impact analysis, biological resources including MSHCP consistency, cultural resources, greenhouse gas emissions analysis, and jurisdictional delineation.

Based on the project description, the project-level, and the programmatic-level analysis prepared in the technical analyses, WEBB will prepare a CEQA document on behalf of the City. WEBB will provide three rounds of revisions to the CEQA document as well as provide the necessary processing and noticing requirements.

In anticipation of construction, WEBB will also provide the required regulatory permits associated with impacts to Waters of the U.S. and Waters of the State. WEBB will incorporate milestones to the project schedule. WEBB will identify any environmental concerns arising from the technical analysis that will affect design, phasing, bidding, and construction.

### **Task 3 - Utility Documentation, Row, Property, Easements, and Utility Research**

WEBB will conduct thorough research to obtain all available utility documents within the project area. WEBB will research all applicable agency and utility company records and conduct field research to collect visible information of the project sites. WEBB will prepare a complete list of all underground (U/G) and aboveground (A/G) utilities and facilities in the project area.

### **Task 4 - Potholing**

WEBB and its potholing sub-consultant will develop a potholing plan for locating and profiling existing U/G utilities and when approved by the City, WEBB will conduct the required 15 potholing at a depth of seven feet. WEBB will submit a potholing report describing all findings in a PDF format electronically.

### **Task 5 - Preliminary Design (60% Design)**

Upon completing record document research, field data collection, and potholing, WEBB will compile all gathered information and prepare preliminary design plans. Preliminary design will include recommended alignment of the pipeline (plan & profile) and connections to existing services. After the preliminary design is approved by the City, WEBB will proceed with the detailed design.

#### **Task 6 - Detailed Design (90% Design)**

With preliminary design review comments from the City and other entities, WEBB will prepare a detailed design for the PS&E for proposed improvements. Plans will be prepared using computer aided design software (AutoCAD) and plotted on size 24 x 36 paper. Final plan submittal will be signed by a California Registered Professional Engineer. WEBB will submit the detailed design plans including traffic control plans to agencies for comments. The special conditions and technical specifications shall be prepared and submitted. The City will review the submitted PS&E, provide comments, and request revisions until it is in compliance with City's standards and policies.

#### **Task 7 - Final PS&E (100% Design)**

Upon approval of the detailed design for the PS&E from the City, WEBB will prepare the final PS&E for bid. The final bid package shall include plans and specifications.

#### **Task 8 - Construction Surveying and Staking**

WEBB will provide one set of construction staking and calculations per project location and submit related cut sheets in 50 feet intervals and appurtenances.

#### **Task 9 - As-Built Preparation**

Upon receipt and acceptance of the field as-built construction drawings from the City's Project Manager, WEBB will prepare final as-builts incorporating any changes that occurred during construction. WEBB will submit final as-builts to the City in mylars and PDF format electronically. Final as-builts will be signed by a California Registered Professional Engineer in each corresponding discipline.

#### **Task 10 - Geotechnical Investigation**

WEBB will provide a geotechnical investigation in accordance with the City's design guidelines and standards that addresses the proposed pipeline alignment. The Geotechnical Report will address all necessary design and construction issues including regional seismicity, seismic parameters, liquefaction, trenching, trench stability and excavation, shoring, backfill, suitability of excavated materials for backfill, pavement section recommendations, soil bearing strength, groundwater conditions and dewatering, pipeline bedding requirements, R-values, moisture content, density, gradation, consolidation, expansion, shear resistance, sand equivalence, soil corrosivity, and/or other criteria as identified and recommended by WEBB's Geotechnical Engineer.

WEBB and its soil sub-consultant will collaborate to prepare a comprehensive Geotechnical Baseline Report (GBR) for the project which will be included in the contract documents. The intent of the GBR is to establish a single document where contractual statements clearly describe the geotechnical conditions anticipated (or to be assumed) to be encountered during underground and subsurface construction. The contractual statements are referred to as baselines. An important objective of the GBR is to discuss the geotechnical and site conditions related to the anticipated means and methods of constructing the underground elements of the project.

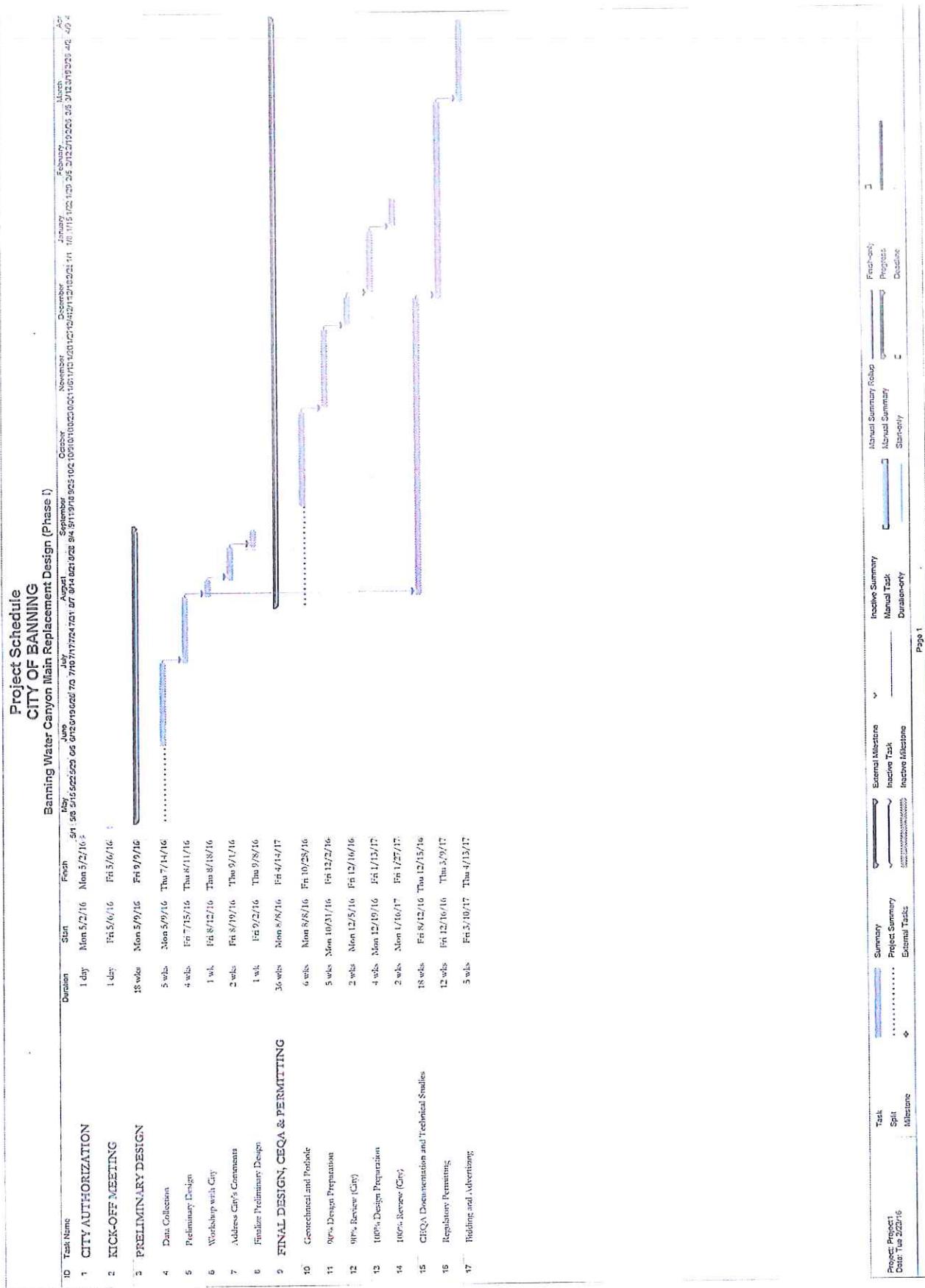
Analysis and investigation will also identify groundwater presence and level, construction dewatering requirements, pipe bedding requirements, trench shoring requirements, settlement potential, excavation ease of soils, location of rock, backfill suitability, and backfill compaction.

WEBB's sub-consultant will perform eight test bores along the project alignment (at approximately 1,500 foot intervals) to an approximate depth of 10 feet below the ground surface.

#### **Task 11 - Storm Water Pollution Protection Plans (SWPPP) Risk Level Analysis (Optional)**

Due to the location of the transmission pipeline, the costs of preparation and implementation of the SWPPP may vary significantly. WEBB recommends the City provide the SWPPP Risk Level Analysis to bidders for information to minimize potential change orders during construction.

## Schedule



## Section 2 – Qualifications of Firm/Project Team



Siming Zhang, PE, will serve as Project Manager and the City's primary point-of-contact. Siming also has the necessary experience of working on multiple projects, access to all resources available at WEBB, and the ability to manage subcontractors used on this

project. Siming has over 26 years of experience in municipal engineering specializing in major water and sewer pipelines. *Siming prepared the Banning Water Canyon Pipeline Replacement Plan and Preliminary Design Report (PDR).* He has a firm understanding of this project and its complexities. Siming has managed and designed public works projects consisting of water transmission pipelines, water storage reservoirs, major trunk sewer mains, sewer collection pipelines, sewer force mains, sewer lift stations, and water booster stations. Siming is a specialist at resolving issues such as an expedited schedule, limited construction right-of-way, utility interference, and uninterrupted service to customers.

Siming will act as an extension to the City's Staff to ensure a successful outcome of this project from beginning to end. This includes focusing on the project schedule, budget, and QA/QC standards that will be developed and maintained at the project's onset. Siming will be supported by a highly qualified project/design team that has in-depth knowledge of the project and City protocols. The experience of this team will improve overall project management, reduce the opportunity for costly mistakes and delays, and provide effective and efficient services.

### Project Manager Highlights

- Over 26 years experience in pipeline design
- Knowledge of City expectations
- Banning Water Canyon Pipeline Replacement PDR
- City of Banning 24-inch recycled water line
- Strong technical background on water system design and implementation
- Has successfully worked with all WEBB team members and has a long standing relationship with subconsultants



Brian Knoll, PE, will serve as Principal-in-Charge, will handle all contractual matters, and advise the team. Brian served as the Principal-in-Charge for many regional infrastructure projects and has over 15 years of experience working on projects for various cities and public agencies.

Brian also worked on the Banning Water Canyon Pipeline PDR, as well as, the recycled water line project. His in-depth technical and professional experience will allow him to successfully lead this team for the duration of this contract and serve as principal-in-charge.

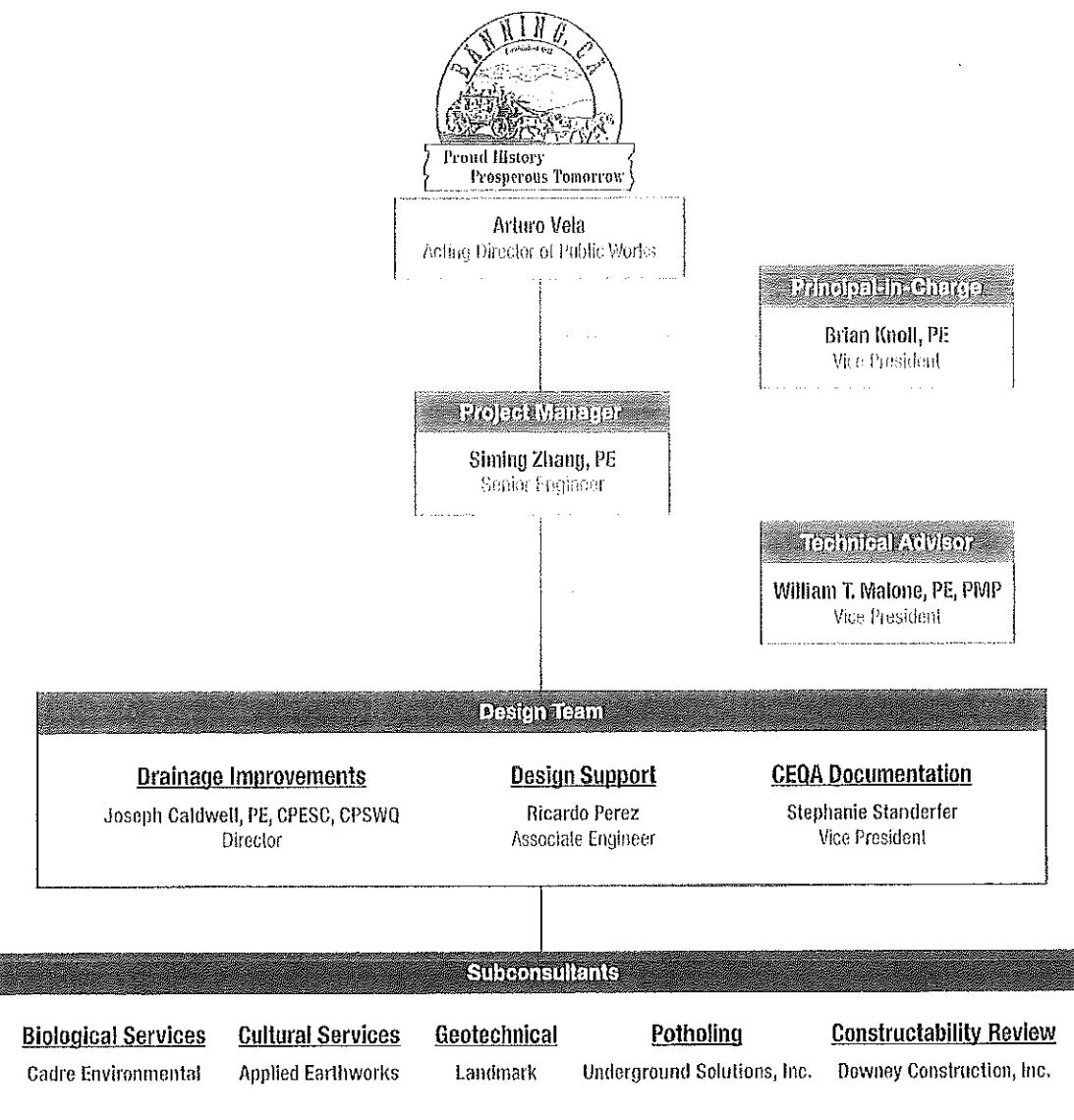
Our available project team consists of senior level professionals who will perform the required tasks for the City. By taking this hands-on approach, an experienced professional always has in-depth and intimate knowledge of each project task. This improves overall project management, reduces the opportunity for costly mistakes and delays, and allows our staff to provide very effective and efficient service to you. Coordination is critical for this project. Our team members are readily available to you and remain accessible throughout a specific project to the extent required to successfully complete it.

**(Technical Advisor)** William T. Malone, PE, PMP, has extensive water/sewer systems experience in planning, design, and construction. Bill has over 26 years' experience and is a certified Project Management Professional responsible for multiple large scale public works projects for public agencies throughout Inland Southern California.

**(CEQA Documentation)** Stephanie Standerfer has over 17 years professional experience as a project manager, specializing in managing large California Environmental Quality Act (CEQA) projects for both public and private clients. Stephanie has managed large project and program environmental impact reports (EIRs) for healthcare, community college districts, water districts, cities, and private developers. Her project experience allows her to foresee and navigate challenges that inevitably arise during CEQA compliance. She is also a recognized expert in MSHCP compliance and mitigation, which will be critical to this project.

## Project Team Organization

The following chart provides an overview of key personnel who will be responsible for the City's project.



## Qualifications Chart

Name	Registration	Title	Discipline	Years of Exp.	Years with Firm
Siming Zhang, PE	C 60156	Senior Engineer	Municipal Engineering	26	16
Brian Knoll, PE	C 65690	Vice President	Municipal Engineering	15	15
William T. Malone, PE, PMP	C 47569	Vice President	Municipal Engineering	29	29
Joseph Caldwell, PE, CPESC, CPSWQ, QSP/QSD	C 67239 CPESC 5311 CPSWQ 544	Director	Stormwater Engineering	14	14
Ricardo Perez	EIT	Associate Engineer	Municipal Engineering	10	10
Stephanie Standerfer	---	Vice President	Planning & Environmental	17	7

## Key Personnel Resumes



**Siming Zhang, PE**  
Senior Engineer

EDUCATION	REGISTRATIONS	AFFILIATIONS
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MS, Civil Engineering, University of Southern California BS, Civil Engineering, Tsinghua University, China	Registered Civil Engineer C 60156 (CA)	American Society of Civil Engineers American Water Works Association
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As a Senior Engineer at Albert A. Webb Associates (WEBB) in Municipal Engineering, Siming Zhang has managed and designed public works projects consisting of water storage reservoirs, water transmission and distribution pipelines, major trunk sewer mains, sewer collection pipelines, sewer lift stations, and water booster stations.

Siming's responsibilities entail engineering design, assistance during bidding, construction administration, coordination with local agencies, sewer and water master facility plans, feasibility studies, construction drawings and specifications, construction and project cost estimates, and coordination with various government agencies to obtain the applicable approvals and permits. His contract administration responsibilities included review of bid proposals, contractor submittal drawings, inspection reports, and process requests for information, requests for change order, and periodic site visits to monitor construction.

**Banning Water Canyon Pipeline Replacement PDR, City of Banning** - Siming served as Project Manager for PDR. The City of Banning planned to evaluate and replace the transmission pipelines. WEBB completed the Preliminary Design Report (PDR) for the Banning Water Canyon Transmission Pipeline Replacement Project. The waterlines are identified as 18 Segments which have been prioritized based on potential environmental impacts and the need of repair and replacement.

**Recycled Water Pipeline, City of Banning** - Siming serves as a Project Manager to assist in the implementation of the City of Banning's (City) Recycled Water Master Plan. The City plans to construct the Phase I Irrigation Water Supply System which will ultimately extend east to the City's treatment plant. Located south of I-10 Freeway between S. Highland Home Road and City Water Reclaimed Treatment on 2242 E. Charles Street. The project included three major components/segments. The Segment A pipeline consists of approximately 11,500 linear feet of 24-inch diameter pipeline. Segments B and C include approximately two miles each. WEBB provided final design engineering services, including prepreparation of plans and specifications for each major component (Segments): design surveying, coordination with Caltrans on construction within Caltrans Right-of-Way. WEBB also provided engineering assistance during the construction phase.

**Water Capital Improvement Projects (30-inch & 18 Inch), City of Ontario, Municipal Utilities Company, Ontario** Siming is serving as a Project Engineer for this project, which includes designing two water capital improvement projects for the Ontario Municipal Utilities Company. The first involves the design of 6,800 linear feet of 30-inch diameter transmission main from the 20 MG Reservoir (1212 Pressure Zone) on Eighth Street in the City of Upland and south on San Antonio Avenue to Fourth Street. The second project involves the design of 7,500 linear feet of 18-inch diameter distribution main in Fourth Street from Elderberry Avenue to Euclid Avenue. The key challenge for both of these projects is to select an alignment that avoids both existing utilities and maintains access to the residents in the area.

**Western Municipal Water District Projects, City of Riverside** - Siming has been responsible for the preparation of plans and specifications, obtaining governmental approvals including Caltrans, County Flood Control, and BNSF Railroad for several WMWD CIP projects including Cajalco Road Sewer Improvement, Cole Avenue Water Pipelines, Harley John and El Nido Water Storage Tanks, Rolling Meadow, Van Buren Water Pipeline Abandonment, Oleander Water Booster Pump Station, ID-4 Recycled Water Booster Station, and EMWD-WMWD-MARB Sewer Temporary Inter-tie.

**Regional Sewer and Water System Improvement in Mission Ranch CFD No. 15 Area, Western Municipal Water District, Riverside** - Siming was Project Engineer and Project Manager for this project consisting of 24,000 LF of 8 to 27" diameter sewer gravity main, 32,200 LF of 6 to 12" diameter sewer force main, 23,700 LF 12 to 42" diameter water transmission pipeline, and two small scale sewer lift stations to provide sewer and water services for the regional development in Mission Ranch CFD No. 15 and associated with WMWD's master sewer/water planned facilities. Siming was responsible for the preparation of a regional sewer and water facility report, preparation of plans and specifications, and obtaining governmental approvals. He also provided assistance to WMWD during construction.

**Edgemont Community Services District – Annual Sewer Improvement Projects, Riverside** - The District has implemented sewer master plan to improve the existing sewer system. Siming served as Project Manager and construction manager of sewer improvement projects for several years. The key issues being addressed in this project included heavy residential area, sewer bypass, sewer lateral location and connection. Please see company project profile for details.

**Jurupa Community Services District Projects, County of Riverside** - As Project Manager, Siming was responsible for the preparation of plans and specifications, obtaining governmental approvals including Caltrans, County Flood Control, UPRR rail road for several JCSD CIP projects including Jurupa Road Sewer and Water Improvement, Belgrave Avenue Water Transmission Pipeline, Well Improvement for Nos. 8, 11, 12 and 16, JCSD-RCSD Inter-Connection Booster Station.

**Perris Desalter Transmission Pipeline, Eastern Municipal Water District, City of Riverside** - Siming was Project Manager and Project Engineer for this project consisting of over 52,000 LF of 12 to 24-inch diameter raw water transmission pipeline to provide raw water from EMWD's wells to the water treatment plant. Siming was responsible for the preparation of plans and specifications, obtaining governmental approvals including BNSF railroad, Caltrans, and Riverside County Flood Control District. Siming also provided assistances to EMWD during construction.

**MARB Site 31, Western Municipal Water District, City of Riverside** - Siming was the Project Manager for this project consisting of 18,500 LF of 8" diameter force main to convey raw water from MARB to WMWD's WWTP. Siming was responsible for the preparation of plans and specifications, obtaining governmental approvals including Caltrans, County Flood Control, and BNSF railroad. Siming also provided assistances to WMWD during construction.

**Santa Ana River Water Company, Water Main Replacements, City of Riverside** - Siming served as Project Manager and Project Engineer responsible for the preparation of plans and specifications for water main projects to replace existing cast-iron pipe with steel pipelines in the residential areas. The scopes of work for these projects include field survey, utility research coordination, field verification, engineer's estimates and bidding documentations, and coordination with agencies to obtain the encroachment permits.

**Eastern Municipal Water District Projects, City of Riverside** - As Project Manager and Project Engineer, Siming is responsible for the preparation of plans and specifications, obtaining governmental approvals including Caltrans, County Flood Control, and BNSF railroad for several EMWD CIP projects such as Chamber Tank Conversion Recycled Water Pipeline, Case Road Recycled Water Pipeline, Menifee Lake Desalter Pipeline, Winchester Hill CFD Infrastructure Improvements including Newport Road Water Transmission Pipeline, Newport Road Recycled Water Pipeline, Olive Road Sewer, and Water and Recycled Water Transmission Pipelines.



**Brian Knoll, PE**

Vice President

**EDUCATION**

MS, Civil Engineering, Brigham Young University  
BS, Civil Engineering, Brigham Young University

**REGISTRATIONS**

Registered Civil Engineer C 65690 (CA)  
Registered Civil Engineer C 42407 (AZ)

**AFFILIATIONS**

American Water Works Association (AWWA)  
American Society of Civil Engineers (ASCE)

Water Environment Federation (WEF)  
Inland County Water Association

Brian Knoll is a Vice President and Market Leader for Water Agency/Special District and Partnerships at Albert A. Webb Associates (WEBB). He has been responsible for the design and direction of capital improvement projects throughout southern California. Brian's expertise lies in planning, design, and construction oversight of water and wastewater facilities. Over the past 14 years, Brian has been involved in numerous large multi-discipline water and wastewater projects including the City of Riverside's 26 MGD expansion of their water quality control plant, the 14 MGD expansion of the Western Riverside Wastewater Treatment Plant, and the 6 MGD expansion of the City of Calipatria Water Treatment Plant. He has worked extensively with the City of Imperial, Western Municipal Water District, Golden State Water Company, the City of Corona, Crestline Lake Arrowhead Water Agency, Eastern Municipal Water District, the City of Riverside, and Mission Springs Water District. Brian has also worked closely with other engineering partners such as CDM Smith, Black & Veatch, and CH2MHill. His macro style in water resources leadership coupled with a practical approach enhances Brian's standing within the firm and the industry.

**Banning Water Canyon Pipeline Replacement PDR, City of Banning** - Brian served as Principal-in-Charge for PDR. WEBB completed the Preliminary Design Report (PDR) for the Banning Water Canyon Transmission Pipeline Replacement Project. The waterlines are identified as 18 Segments which have been prioritized based on need of repair and replacement.

**Recycled Water Pipeline, City of Banning** - Brian serves as a Principal-in-Charge to assist in the implementation of the City of Banning's (City) Recycled Water Master Plan. The City plans to construct the Phase I Irrigation Water Supply System which will ultimately extend east to the City's treatment plant located south of the I-10 Freeway between S. Highland Home Road and City Water Reclaimed Treatment on 2242 E. Charles Street. The project included three major components/segments. The Segment A Pipeline consists of approximately 11,500 linear feet of 24-inch diameter pipeline. Segments B and C include approximately two miles each. WEBB provided final design engineering services, including prepreparation of plans and specifications for each major component (Segments): design surveying, coordination with Caltrans on construction within Caltrans Right-of-Way. WEBB also provided engineering assistance during the construction phase.

**City of Riverside Water Quality Control Plant, City of Riverside** - Brian was the Civil Design Manager for the Riverside Regional Water Quality Control Plant Phase 1 Plant Expansion Project. Brian was responsible for all aspects of the civil design for this \$220 million wastewater plant expansion project. As a consulting partner to CDM Smith, WEBB was responsible for all aspects of the civil design including record research to establish horizontal and vertical control consistent with the District's survey datum, aerial targeting and mapping, field topography mapping, existing utility identification and mapping, development of horizontal control drawings for existing and new facilities, development of grading plans for new improvements, development of yard piping drawings to connect existing and new facilities, development of demolition

drawings to remove abandoned and unneeded facilities, and development of landscape plans. The Utility Master Plan (UMP) developed for this project served as a complete basemap for the proposed improvements as well as future design projects. The final deliverable for this task is a complete 3-D model of all existing and proposed underground utilities throughout the 105 acre treatment plant site. The UMP is a compilation of 45 sets of record drawings from previous plant upgrades, field survey to identify existing surface features, extensive potholing (300 potholes) to identify utility locations and reconcile field information and record information, and interviewing plant staff to identify existing and abandoned utilities.

**Aeration Upgrade, District Riverside County Regional Wastewater Authority (WRCRWA), City of Riverside** - Brian was the Project Manager for the WRCRWA Wastewater Treatment Plant Aeration Upgrade Project. WEBB provided professional services for the design and construction of the aeration system upgrade at the District Riverside County Regional Wastewater Treatment Plant (Plant). While the Plant's rated capacity is 8.0 MGD, increases in the Plant's loading stressed its capacity to provide adequate treatment at flows of just 6.5 MGD. The biological loading increases prompted WRCRWA to find ways to restore the 8.0 MGD facility capacity. Working with WRCRWA, WEBB designed an upgrade project to restore capacity by adding "drop-in" aeration panels into the oxidation ditch. High-speed blowers provide the air for these panels.

This simple solution was installed without taking the oxidation ditch off-line and allows the operators to remove or turn off the existing less efficient mixers/aerators. These improvements increased the biological capacity and eliminated the existing treatment bottleneck at the plant. In addition to increasing the plant's capacity, these improvements also reduced the power consumption associated with providing oxygen to the treatment process, thus reducing the overall O&M costs.

**Expansion Project, Riverside County Regional Wastewater Authority (WRCRWA), City of Eastvale** - Brian is the Principal Engineer and Project Manager for the 6 MGD expansion of the WRCRWA Plant. The existing plant capacity is 8.0 MGD following the Aeration Upgrade Project. Due to growth in the service area, the plant is nearing its new capacity. The improvements to the plant include new headworks screening, primary clarifiers, post primary flow equalization, secondary clarifier, tertiary filters, chlorine contact basin, sludge thickeners, new centrifuges, conversion of existing aerobic digesters to anaerobic digesters, full plant odor control, and enclosed solar dryers. The project also includes chemical storage and pumping (Ferric chloride, alum, polymer, and sodium hypochlorite). The total construction cost is \$55 M.

**Calipatria Water Treatment Plant, Golden State Water Company, City of Calipatria** - Brian served as Principal Engineer and Project Manager for the Calipatria Surface Water Treatment Plant (6.0 MGD) Project with a total budget of \$18.5 million. This project included 10MG raw water storage, microfloc treatment units, GAC treatment, finished water storage, high service pump station, disinfection and chemical feed systems, (sodium permanganate, sodium hypochlorite, polymer) filter backwash reclamation, and new electrical/SCADA system.

**Temecula WRF Expansion, City of Temecula** - Brian was the Civil Design Manager for EMWD's 23 MGD Expansion Project at the Temecula WRF. As a consulting partner to CH2MHill, WEBB is responsible for all aspects of the civil design including site layouts, grading, yard piping, and utility relocations for the 5 MGD expansion of the plant. New facilities include headworks expansion, primary clarifiers, membrane bioreactor, site improvements, and associated yard piping.

**Imperial High Service Pump Station, County of Imperial** - Brian served as the Principal Engineer and Project Manager for this 10,000-GPM High Service Booster Station at the City's water treatment plant. The total budget for this project was \$3.5 million and WEBB's work included environmental documentation (CEQA), preliminary engineering, soils investigation, field surveys, final design, construction management, and inspection. The final facility includes four 150 HP variable speed pumping units, automated PLC controls, new facility chlorination equipment, complete standby power generation capabilities, a new building, site piping, and new I.I.D. power service.



## William T. Malone, PE, PMP

Vice President

EDUCATION	REGISTRATIONS	AFFILIATIONS
BS, Civil Engineering, California State Polytechnic University - Pomona	Registered Civil Engineer C 47569 (CA) PMP No. 1438761	American Water Works Association Project Management Institute Inland County Water Association

William T. Malone (Bill), Vice President at Albert A. Webb Associates (WEBB), is a specialist in water and wastewater projects ranging from planning to design and construction. Bill's experience includes, but is not limited to major water transmission mains, water distribution mains, sewer trunk lines, sewer collection mains, water pump stations, water wells, sewer lift stations, major water turnout metering facilities, sewer metering and monitoring stations, water storage reservoirs, and water and sewer system master plans.

Bill's planning and design responsibilities include hydraulic analysis of sewer and water systems, master facility plans, engineering feasibility studies, preparation of design drawings and project specifications, and preparation of construction and project cost estimates. As a contract administrator and construction manager, Bill reviews bid proposals, contractor's submittal drawings, he coordinates with clients, contractors, and inspectors regarding engineering decisions during construction, reviews and processes construction progress payments, and executes contract change orders. Due to Bill's extensive background in a variety of disciplines, he serves as the Director of our Municipal Engineering Department overseeing the firm's resources and focusing on developing strong teams of consultants to meet the needs of our clients.

**Romoland Feeder, Perris** - Bill served as the Technical Advisor for the Perris Valley Transmission Pipeline Alignment Study. The Perris Valley Pipeline is a major water pipeline that will provide substantial water reliability and quality benefits to a significant portion of Eastern Municipal Water District's (EMWD) 1627' Pressure Zone. This project is intended to replace the existing Romoland feeder. This pipeline will connect EMWD's booster station with its Pat Road Booster Station. Due to the large area being studied, the District needed a systematic and efficient method of completing an alignment study. The study area was approximately 120 square miles.

**Hamner Product Water Pipeline, County of Riverside** - Bill served as the Principal-in-Charge for the Chino Desalter Phase 3 Expansion - Product Water Pipeline Project. WEBB is currently working with the Chino Basin Desalter Authority to provide a product water intertie from the Chino II Desalter to the City of Ontario, City of Norco, and WMWD at a hydraulic grade of 1010. The CDA Hamner Pipeline will connect to the Arlington Desalter Pipeline to allow WMWD to indirectly receive its Chino II delivery allotment. The product water pipeline will consist of approximately 27,000 LF of 30" diameter CML/CMC WSP. The pipeline alignment is along Hamner Avenue from Riverside Drive in the City of Eastvale and City of Ontario south, to the Santa Ana River crossing into the City of Norco, to the intersection of Detroit Street and Sierra Avenue. Along with these three cities, Caltrans, USFWS, USACE, and CDFG permits and approvals will be required.

**Milliken Ave. Water Transmission Mains, City of Ontario** - Bill served as Project Manager and Construction Manager for the design and construction of 24,000 LF of 24-inch and 42-inch diameter water main. The project delivered water from the upper zones to the planned new lower service zone for the developing New Model Colony 6,000 acre project. The project also included the design of three pressure reducing stations to transfer water between zones.

**Non-Potable Water Conveyance Project, Western Municipal Water District, Riverside** - Bill was the Project Manager for the design and construction support of this 34,000 LF of 24-inch dia. pipeline project.

#### Water Projects

**42-inch Lindsay Reservoir Pipeline, Jurupa Community Services District** - Bill was the Principal-in-Charge for the total of 45 MG Lindsay Reservoirs Project. WEBB assisted the District with the design of the Lindsay Reservoir which consisted of grading, drainage, site layout tank design, and appurtenances. By the request of the District, WEBB began the planning and design of the 42-inch diameter water transmission main from the Lindsay Reservoir Site to the intersection of Bellegrave Avenue and Van Buren Boulevard in order to maintain proper timing with the Lindsay Reservoir project schedule.

**Design Services AD 12 "Area L" Phase I, Mission Springs Water District** - Bill served as the Project Manager for the District Project No: 06-010-S, A.D. 12 "Area L", Phase 1 Project. The District has been aggressively trying to mitigate the potential contamination from existing septic tanks by pursuing the construction management of regional trunk sewers, collection of sewer lines, and sewer laterals to prospective users. The pursuit of funding has included tapping state and federal resources for grants and loans. As delineated in the RFP, the AD 12 Service Area L Phase 1 Sewer System will be federally assisted and require special federal provisions. In addition to existing residential units, future development within the MSWD service area is anticipated. WEBB prepared the sewer study and plans and specifications for the Dos Palmas (Area L & M) Project and is uniquely knowledgeable of the area.

**Etiwanda/Bellegrave Avenue Waterline, Jurupa Community Services District, Mira Loma** - Bill served as the Project Manager for the Bellegrave Avenue Water Transmission Main Project. This project consisted of 4,200 LF of 30-inch diameter, 5,400 LF of 36-inch diameter and 300 LF of 42-inch diameter CML/CMCWSP, 1,230 LF of 15-inch diameter VCP Sewer, and 1,500 LF of 30-inch CML/CMCWSP for the Chino Basin Desalter Authority. Due to the planned crossing of Interstate 15 and required Caltrans Permit, the need for property acquisition by the District and CDA for their facilities, the project was packaged together. WEBB's responsibility included preparation of all plans and specifications, legal descriptions and plats, and coordination with Caltrans and property owners. The end result was the installation of JCSD Master Planned waterline, future master planned Area B Trunk Sewer, and CDA Chino II Desalter raw waterline in parallel in three separate casings across Interstate 15 in one design, bid, and construction project.

**Product Water Pipeline, Santa Ana Watershed Project Authority, Riverside** - Bill acted as Project Manager and Construction Manager for this project which consisted of 50,000 LF of 24-inch and 30-inch diameter water transmission main to deliver water to Jurupa Community Services District from the Chino 1 Desalination Plant in San Bernardino County as part of the overall Chino Basin Desalination Project. Bill was responsible for the preparation of a preliminary design and alignment report, preparation of plans and specifications, and obtaining governmental approvals. Bill also acted as the Contract Administrator for the Santa Ana Watershed Project Authority during construction.

**Arlington Desalter Product Water Pipeline, (RBF) Santa Ana Watershed Project Authority, Riverside** - Bill was the Project Engineer and Construction Engineer for this 52,000 LF of 30-inch diameter pipeline project and continued through construction management.

**Chino 1 - Chino 2 Intertie, Jurupa Community Services District, Mira Loma** - Bill was the Project Manager for this 8,000 LF of 24-inch diameter pipeline project.

**CFD No. 1 Backbone Water and Sewer Facilities, Jurupa Community Services District, Mira Loma** - As Project and Construction Manager, Bill was responsible for the preparation of plans and specifications, coordination with governmental agencies and the contract administration for the infrastructure required for CFD No. 1 in the Mira Loma area in the unincorporated portion of Riverside County. The projects were publicly bid on behalf of Jurupa Community Services District and consisted of the water transmission and distribution system (62,000 LF of 16" to 30" diameter main) under five separate contracts and the sewer collection system (45,000 LF of 8" to 24" diameter main) under four separate contracts. The sewer system included the preparation of the plans and specifications for sewer metering stations required for connection to the Santa Ana Regional Interceptor Sewer (S.A.R.I. Line).



## Stephanie Standerfer

Vice President

### EDUCATION

Washington State University, Pullman - MS, Environmental Science, 1997  
University of California, Riverside - BS, Environmental Science, 1995

### AFFILIATIONS

Association of Environmental Professionals  
City of Riverside Cultural Heritage Board, Chair (2003–2011)

Stephanie Standerfer is the Vice President over Planning and Environmental Services for Albert A. Webb Associates (WABA). Stephanie has over 17 years professional experience as a project manager, specializing in managing large California Environmental Quality Act (CEQA) projects for both public and private projects. Stephanie has managed large project and program environmental impact reports (EIRs) for healthcare, community college districts, water districts, cities, and private developers. Her breadth of project experience allows her to foresee and navigate challenges that inevitably arise during CEQA compliance. She is an expert in CEQA implementation throughout Inland Southern California, and is sought out to provide training in CEQA processing to local agencies.

Stephanie served as an extension of staff to the Western Riverside County Regional Conservation Authority (RCA), the entity responsible for the implementation of the Multiple Species Habitat Conservation Plan (MSHCP) for over eight years. As contract staff to the RCA, Stephanie provided ongoing processing, review, and consultation on MSHCP implementation procedures and policies. Stephanie provided training and policy guidance documents to not only the RCA but all Permittees, which include all 17 cities in western Riverside County as well as the County of Riverside itself. Stephanie's experience with the RCA has given her a strong understanding of the various resource regulatory agencies and how to anticipate issues before they arise.

Stephanie's interdisciplinary background is reflected by her experience on general plan updates, specific plans, planning studies, environmental constraints analyses, air quality impact studies, health risk assessments, noise studies, biological resource surveys, and cultural resource studies. As the project manager on a variety of controversial public works and private development projects over the years, she has managed teams of subconsultants, engineers, and architects, and she enjoys the interaction and coordination involved in these types of projects.

Stephanie's reputation as a CEQA authority has also led her to peer reviewing CEQA documents and providing guidance to various entities on CEQA and MSHCP processing strategies. She develops excellent working relationships with her clients to assist them in navigating the intricacies of environmental regulatory compliance.

- Riverside/Corona Feeder Project, Western Municipal Water District, County of Riverside
- Eastern Municipal Water District, Goetz Road Constraints Analysis, Riverside County
- Flagler Wells Pipeline, Elsinore Valley Municipal Water District, County of Riverside
- Site 31 Effluent Pipeline, Western Municipal Water District (WMWD), Riverside
- Riverside Community Hospital Specific Plan and EIR, City of Riverside
- Gless Ranch EIR, City of Riverside
- Villages of Lakeview Specific Plan EIR, Riverside County
- The Enclave Specific Plan EIR, Riverside County
- On-Call CEQA Compliance, ROCD, Riverside County
- Mira Loma Commerce Center EIR Peer Review, Riverside County
- Westfield Shopping Center EIR Peer Review, City of Arcadia, Los Angeles County



## Joseph Caldwell, PE, CPESC, CPSWQ, QSD/QSP

Director - Stormwater Engineering

### EDUCATION

MS, Civil Engineering, Brigham Young University  
BS, Civil Engineering, Brigham Young University

### REGISTRATIONS

Registered Civil Engineer C 67239 (CA)  
CPESC No. 5311  
CPSWQ No. 544  
Qualified SWPPP Developer/Practitioner QSD/QSP No. 00076  
Construction General Permit Trainer of Record

### MEMBERSHIPS

American Society of Civil Engineers (ASCE)  
American Public Works Association (APWA)  
CA Storm Water Quality Association (CASQA)

Floodplain Managers Association (FMA)  
ACE Mentor

As an expert in hydrology and hydraulics, Joseph Caldwell leads the firm's Stormwater Engineering Department at Albert A. Webb Associates (WEBB), focusing on the development of master drainage plans, the design of backbone drainage infrastructure, and the design of water quality systems for flood control projects throughout the region. As a Certified Professional in Erosion and Sediment Control and Storm Water Quality, Joseph is a specialist in water quality and environmental compliance.

Joseph's experience includes the design of regional flood control basins, a flood control levee, master drainage plans, and the design and construction of several miles of backbone drainage infrastructure. He has also hydrologically and hydraulically modeled the San Jacinto River from Railroad Canyon to the existing Army Corps levee in the City of San Jacinto. Having managed previous projects within this region, Joseph has extensive knowledge of the local agency's design standards and procedures.

**Hemet MDP Line C, Stage 4, Riverside County Flood Control & WCD, City of Hemet**, - Joseph is the Project Manager for the Hemet MDP Line C, Stage 4 Project. The extension of the Hemet MDP Line C is an important component to provide surface flooding relief and flood protection of a predominately developed portion of the City of Hemet. This segment of the Master Plan Facility represents the middle one-third of the entire Line C system. The critical component of this project is implementing a master planned facility in a highly urbanized area of the City that is extremely constrained by multiple utilities. WEBB completed a Preliminary Design Report that outlines the most feasible alignment for this facility. WEBB is currently preparing final design plans and specifications for this backbone drainage facility.

**Palm Springs MDP Line 43 and Lateral 43-A, Riverside County Flood Control & WCD, County of Riverside** - Joseph is the Project Manager for this project responsible for the design of a drainage line from the Eagle Canyon Dam to the West Cathedral Canyon Channel. Choosing the proper alignment in order to minimize the variety of impacts that could have arisen within the project area was the most critical element of this project. The chosen alignment had to take into consideration the future redevelopment of the City-owned property immediately downstream of Eagle Canyon Dam, impacts to the existing commercial businesses, and the heavy traffic volume on Highway 111. In order to address these critical issues, Joseph managed the development of a Preliminary Design Report for this project. During final design, Joseph coordinated the relocation of several major utilities along the project alignment.

**Joseph Caldwell, PE, CHFC, CPSWQ, GSH/CSHP**  
Director - Stormwater Engineering

**University Wash PDR and Final Design, City of Riverside** - Joseph was the Project Manager for the alternatives analysis phase of the project. This phase included a hydrology study to determine design flow rates, an analysis of several alternative alignments, hydraulic calculations to determine facility sizes, and a Preliminary Design Report. Eric Hays is currently serving as the Project Manager for the final PS&E phase of the project.

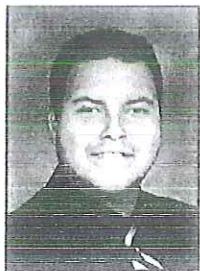
**Sunnymead Boulevard Street and Storm Drain Improvements** - As Project Manager, Joseph led a team that was responsible for mitigating the frequent flooding on Sunnymead Boulevard to minimize flood related damages to public roads and private properties, and enhance safety for pedestrians and drivers using Sunnymead Boulevard. This project included the installation of an underground storm drain system in Sunnymead Boulevard between Indian Street and SR-60/Perris Boulevard Eastbound off-ramp, which will discharge to the Pigeon Pass Channel at the southeast corner of Sunnymead Boulevard and Indian Street. The work also included the construction of numerous catch basins on both sides of the street which allows the storm drain system to capture storm water runoffs during a storm event.

The project also required the reconstruction of miscellaneous street improvements and the acquisition of an easement for the outlet connection. WEBB resolved the following critical issues for successful completion of this project: Runoff analysis and collection, coordination with RCFC&WC, traffic control and impact on local businesses, utility location and relocation, scope management and cost controls, environmental documentation, and right-of-way coordination.

**Bellegrave Basin and Storm Drain Improvement Project, County of Riverside** - Joseph served as the Drainage Engineer for the Bellegrave Basin and Storm Drain Improvement Project. WEBB provided planning, design, right-of-way engineering, construction management, and inspection services for this basin and storm drain improvement project. This project is approximately 6,400 feet long. This project included storm drain improvements and additional right-of-way.

**Wildwood Creek Basin, City of Yucaipa** - Joseph was the Project Manager of the Wildwood Creek Basin Project. This project is located along Wildwood Creek, south of Wildwood Canyon Road, and east of Holmes Street in the City of Yucaipa. WEBB designed a multi-purpose watershed basin for the City of Yucaipa in Wildwood Creek. The project consists of hydraulic analysis of the basin including sediment transport modeling, right-of-way mapping of the project site, and preliminary engineering and landscape plans. WEBB's environmental scope on this project included technical studies (biological and cultural resources, jurisdictional delineation, and air quality impact analysis), CEQA compliance, and environmental permitting. WEBB coordinated with the City to prepare and circulate, for public and agency review, the Initial Study/Mitigated Negative Declaration. WEBB prepared a Board Package with responses to comments received. Environmental permitting for this project includes coordination with the U.S. Army Corps of Engineers, Regional Water Quality Control Board, Santa Ana Region, and the California Department of Fish and Game to obtain a Clean Water Act Section 404 Permit, Section 401 Water Quality Certification, and Streambed Alteration Agreement.

**Varner/Monterey Street Improvements, County of Riverside - EDA, Riverside** - Joseph served as the Drainage Engineer for the Varner/Monterey Street Improvements Project. Joseph was responsible for the preliminary and final engineering for approximately two miles of storm drain improvements for this project. The improvements for this project also included street widening, six acre retention basin, 2,400 foot sound wall, 2,000 foot long concrete barrier along Interstate 10, relocation of transmission and distribution lines, right-of-way acquisition, right-of-entry from 50+ home and business owners, and relocation of gas and water meters.



## Ricardo Perez, EIT

Assistant Engineer

### EDUCATION

BS, Civil Engineering, California State Polytechnic University, Pomona

### AFFILIATIONS

American Society of Civil Engineers  
American Water Works Association

As an Assistant Engineer at Albert A. Webb Associates' (WEBB) Municipal Engineering Department, Ricardo has successfully assisted in project designs ranging from the preliminary stages of a project through the construction phase. Ricardo has worked on public works projects involving wastewater and water systems, water reclamation, and water and wastewater treatment. His experience also includes projects involving flood control and water resources, grading, storm drain facilities, ADA compliant parking lot design, bike trail design, and public park design. His responsibilities have included water and sewer pipeline alignment design, hydraulic analysis, pipe thickness design, sewer lift station design, deep well design, utility coordination, local agency permitting, construction document review, and coordinating with outside consultants.

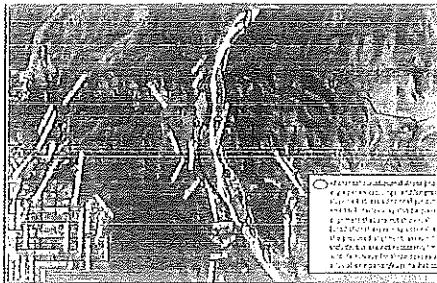
**Banning Irrigation Pipeline Installation Project, City of Banning** - Ricardo was responsible for the alignment selection and design for three phases of the project. The complete project design included the design of 15,000 LF of 24-inch ductile iron pipe irrigation pipeline, 12,000 LF of 24-inch diameter welded steel pipeline, and 12,000 LF of 16-inch diameter welded steel pipeline for the City of Banning's irrigation water system. Ricardo was fully involved from beginning to the end of the project for Phase I of the project and continues to coordinate with local agencies for acquiring required permits and complying with standards.

**South Milliken Grade Separation Pipeline Realignment, City of Ontario** - Ricardo served as assistant engineer for the project which included the relocation of the following: 2,000 LF of a 30-inch diameter water transmission main, 2,000 LF of a 42-inch diameter water transmission main, 2,800 LF of a 16-inch diameter water supply line, 1,000 LF of a 20-inch water supply line, and 1,500 LF of 18-inch encased high pressure water supply line for the City of Ontario and Jurupa Community Services District. Ricardo was responsible for alignment design, coordination with existing future utilities, coordinating with outside consultants, and bid document preparation. There were various challenges with a project of this scope, however, the key challenge was to design fully functioning systems that avoided existing utilities, future relocated utilities, future retaining walls for the grade separation, and realigned highway, all while negotiating and consulting with the existing land owner to obtain easements that would allow the installation of the future utilities on their property.

**Etiwanda Avenue Waterline** - Ricardo served as the lead project designer, and was fully involved in the alignment design, and responsible for the utility research and coordination of 5,200 LF of 36-inch diameter CML/CMC.

**Chino 1 and Chino 2 Intertie Water Transmission Main, Chino Basin Desalter Authority, Ontario and Eastvale** - Ricardo is responsible for the analysis and design of CDA's water transmission main which transfers water from the existing Chino Basin 1 Well Site No. 13 and Chino Basin 2 Well Sites 12, 13, and 14 to CDA's existing 30-inch CML/CMC at the Hamner Avenue and Bellegrave Avenue intersection. The project scope includes the design of 5,000 LF of 30-inch PVC pipeline along Harrison Avenue, 11,000 LF of 24-inch diameter PVC pipeline along Bellegrave Avenue from Archibald Avenue to Hamner Avenue, and 2,000 LF of 18-inch diameter PVC pipeline along Archibald Avenue in the City of Ontario.

## Section 3 - References

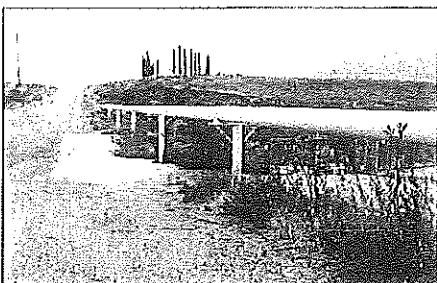


### Banning Water Canyon PDR - Phase 1

Banning, CA

Client Contact: Arturo Vela, PE  
Acting Director of Public Works  
99 E. Ramsey Street  
Banning, CA 92220  
951.922.3138

The City of Banning planned to evaluate and replace its transmission pipelines. WEBB completed the Preliminary Design Report (PDR) for the Banning Water Canyon Transmission Pipeline Replacement Project. The waterlines are identified as 18 Segments which have been prioritized based on CEQA constraints and potential impacts and need of repair and replacement.



### Irrigation System Transmission Pipeline Project

Banning

Client Contact: Arturo Vela, PE  
Acting Director of Public Works  
99 E. Ramsey Street  
Banning, CA 92220  
951.922.3138

To implement City of Banning's Recycled Water Master Plan, the City of Banning plans to construct the Phase I Irrigation Water Supply System which will ultimately extend east to the City's treatment plant. Located south of the I-10 Freeway between South Highland Home Road and City Water Reclaimed Treatment on 2242 East Charles Street, the project included three major components/segments. The Segment A pipeline consists of approximately 11,500 linear feet of 24-inch diameter pipeline. Segments B and C include approximately 2 miles each.

WEBB provided final design engineering services, including preparation of plans and specifications for each major component (Segments): design surveying and coordination with Caltrans on construction within Caltrans Right-of-Way. WEBB also provided engineering assistance during the construction phase.



## City of Ontario Municipal Utilities Company - Various Pipelines Ontario

### Client Contact

Fernando Cobos - Utilities Project Manager  
City of Ontario Utilities Department  
909.395.2695

WEBB is currently providing multiple services to the City including Construction Management and Inspection Services. Below are some of the recent and current projects WEBB is working on.

**Water Main Replacement Projects at Various Locations (2014-2015 Design):** WEBB is currently commencing design services for the Ontario Municipal Utilities Company to replace existing water distribution system infrastructure. The pipelines planned for replacement are localized to the City's existing 1212 Pressure Zone Water System. The waterline replacements will consist of approximately 20,000 LF of 8-inch and 12-inch diameter water distribution mains and appurtenances.

**Water Main Replacement Projects at Various Locations (2013-2014 Construction):** WEBB is currently providing construction services to the Ontario Municipal Utilities Company to replace existing water distribution system infrastructure. The pipelines planned for replacement are localized to the City's existing 1212 Pressure Zone Water System. The waterline replacements will consist of approximately 13,000 LF of 8-inch and 12-inch diameter water distribution mains and appurtenances, as well as transfer of existing water services from an undersized main to a newer watermain.

**Water Capital Improvement Projects 30" & 18" (In Progress):** WEBB is currently completing design on Phase 3 and under construction on Phases 1 and 2 of water capital improvement projects for the Ontario Municipal Utilities Company. The project consists of 6,800 LF of 30-inch diameter transmission main from the 20 MG Reservoir (1212 Pressure Zone) on Eighth Street in the City of Upland, and south on San Antonio Avenue to Fourth Street, and 7,500 LF of 18-inch diameter distribution main on Fourth Street from Elderberry Avenue to Euclid Avenue. The key challenge for the project is to select an alignment that avoids both existing utilities and maintains access to the residents in the area.

**Well Drilling, Design and Equipping of City of Ontario Well Nos. 40, 41, 45, 46, 47, 49, and 50 (2004-2012):** The WEBB/Geoscience Team provided the engineering and hydrogeology services to provide the City of Ontario with seven high-capacity ground water production wells. The WEBB/Geoscience Team performed the site selection evaluation for these seven well sites based on both hydro geologic and engineering parameters. The WEBB/Geoscience Team prepared the drilling specifications and Geoscience provided inspection services during the well drilling portion of the project. WEBB provided input on Geoscience's recommendations for casing and screen design, filter pack design, and pump setting. Geoscience's recommendations were incorporated into WEBB's well equipping design plans and specifications. WEBB and our sub-consultants provided the City of Ontario with complete civil, mechanical, electrical, and architectural design plans and specifications for the public bid process. These wells ranged in production between 2,500 gpm to 3,500 gpm and were equipped with 350hp to 800hp electric motors and standby diesel generators housed in block buildings with removable pump enclosures. WEBB also provided construction management and inspection services, maintaining constant communication with the City to resolve issues that developed during the equipping phase of the project.



## JCSD Waterline Replacement Program Riverside

### Client Contact

Todd Corbin  
General Manager  
Jurupa Community Services District  
951.685.7434

WEBB has provided district engineering services to Jurupa Community Services District (JCSD) for over 45 years. Since 1986, JCSD has pursued an aggressive waterline replacement program to upgrade existing service by replacing approximately 10,000 LF of 8-inch to 12-inch diameter water distribution mains annually.

WEBB is responsible for the preparation of plans and specifications, utility research, coordination with local fire and transportation departments for approval, surveying and construction management, and inspection services. The projects maintain the existing water system in operation until the new pipeline is in operation and the new water service laterals may be connected to the existing meter at minimal disruption to the customer. Due to the nature of the project, the waterline placement is critical. The waterlines are installed in minimal right-of-way streets that are congested with existing facilities.



## Edgemont Community Services District (ECSD) - Annual Sewer Improvements Project City of Riverside

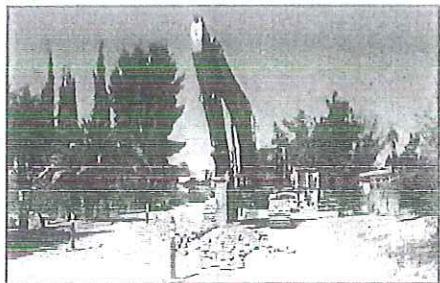
### Client Contact

Jessica Pfalmer - Manager  
Edgemont Community Services District  
951.784.2632

The City of Moreno Valley adopted a General Plan Update which updated land use and zoning within the study area boundaries. The land use categories consisted of diverse zoning designations ranging from single family residential to multi-family higher density residential, including commercial and business park/industrial land uses. WEBB was retained to evaluate the existing sewer system resulting in the Edgemont Sewer Master Plan. The required system improvements were determined and construction and project costs were developed.

WEBB prepared final engineering plans and specifications for a gravity collection system for each phase of the sewer improvement projects. The annual improvements include approximately 4,000 l.f. to 5,000 l.f. of 8" to 12" gravity pipe, sewer laterals, and cleanouts. The project included the development of capital improvement projects for new sewer mains, sewer replacement, and sewer point repairs based on District's sewer system video program. The key issues being addressed in this project included heavy residential area, utility conflict, maintain sewer services, sewer bypass, sewer lateral location and connection.

As the District's Engineer, WEBB manages the construction of the annual sewer improvement project. The construction management includes, but is not limited to review of bid proposals, contractor submittal drawings, inspection reports, process request for information, request for change order, partial pay estimates, weekly working statements, periodic site visits to monitor construction and prepare notice to completions.



## Enchanted Heights Sewer System Infrastructure City of Perris

### Client Contact

Joe Mouawad, Director of Civil Engineering  
Eastern Municipal Water District  
951.928.3777

The Enchanted Heights subdivision is a residential community originally built in the 1960s. The community is located partially in the boundaries of the County of Riverside and partially in the boundaries of the City of Perris. The project site is comprised of 562 lots on approximately 170 acres. Each lot varies in size from 6,000 square feet to one-half acre. Of these lots, 446 residences rely on individual septic systems that often fail during the wet seasons posing a documented health concern with the perched groundwater. In light of the severity of the situation and the urgent need to design and construct sewer system facilities to replace the failing septic tank systems, the County of Riverside, Eastern Municipal Water District, and the City of Perris entered into a Joint Contribution Agreement in October of 2009 for the design of a sewer system to replace the existing septic tank systems called the Enchanted Heights Sewer System Project.

WEBB prepared final engineering plans and specifications for a gravity collection system and accompanying lift station. This system included approximately 23,000 linear feet of 8-inch gravity pipe, 3,000 linear feet of 6-inch diameter force main, and a new sanitary sewer lift station (Lukens). WEBB completed an evaluation of three potential site locations to provide the District flexibility in handling affected property owners and acquiring the right-of-way for the proposed lift station. Due to the project's proximity to a school, the rock and groundwater geotechnical conditions, and the tri-party funding source from the City of Perris, Eastern Municipal Water District, and County of Riverside, WEBB focused on evaluating options for including rock excavation and groundwater dewatering in the specifications and schedule of values to minimize potential change orders during construction of this project. WEBB evaluated and designed this project to solve the conflicts among shallow sewer laterals, existing utilities crossings, minimize the rock excavation, and serve the residences pools that were lower than street grades. As part of this project, WEBB also upgraded the District's existing Diana Lift Station by designing a new emergency generator, upgrade MCC, site access improvements, asphalt paving, and security fencing.

Funding for this project has been provided through an agreement with the State Water Resources Control Board's Clean Water State Revolving Fund (CWSRF) Loan Program, and the State of California Department of Public Health (CDPH) under Proposition 84, Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006 in amount of \$9.8 million for the sewer main in streets, as well as the sanitary sewer lift station.

To switch each individual residence to the new sewer system, EMWD applied another \$2.5 million loan for the on-site work including installation of sewer laterals from street to residential dwellings, switchover the sewer connections, and abandonment of existing septic tank per CDPH requirements.

The sewer system includes approximately 23,000 linear feet of 8-inch to 10-inch diameter gravity sewer main and 4,500 linear feet of 6-inch diameter sewer force mains and a new sanitary sewer lift station. The total construction cost is approximately \$12.3 million.

## Section 4 - Proposed Quality Assurance Program (QA/QC)

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### MANAGEMENT PHILOSOPHY

WEBB understands the absolute need for strong project management. We recognize the critical issues associated with schedule, budget management, and communication. Communication and coordination between an engineering consultant and the City is paramount to each project. To guarantee continuous and effective communication, a project manager will be assigned to each project to serve as the primary point of contact to the City and a principal-in-charge will be monitoring the process as a whole. Our project manager makes it a priority to attend all meetings between the City and the project proponents during the project. This will ensure a constant and effective way of communication resulting in strong budget and schedule control.

#### Responsiveness and Proximity

Our project management and delivery approach has two major elements: (1) use an experienced project management team with detailed experience of the project area, clear understanding of the City's facilities and preferences, and clearly defined responsibilities and proven management tools to deliver this complex project that meets the City's needs on budget and on schedule, and (2) have a detailed delivery plan that is understood and accepted by the City and consultant team, with deliverables completed on schedule for timely decision making.

#### Management Responsibilities and Procedures

As Principal-in-Charge, Brian Knoll, PE, will be the direct point-of-contact with the City's Project Manager for all contractual matters, focusing on resolving any critical contract issues as soon as they are identified. As a Vice President with WEBB, Brian has the authority to commit firm resources and will support the project manager in managing the overall scope, schedule, and budget. Brian's experience on many large multi-disciplinary projects has trained him to look forward to identify and prevent potential delay-causing issues.

WEBB's Project Manager, Siming Zhang, PE, will be responsible for the day-to-day project and technical management of the project and many responsibilities will include:

- Facilitating frequent and consistent communications with the City
- Implementing the overall delivery plan
- Managing the overall scope, schedule, and budget
- Implementing the QA/QC program
- Overseeing the project controls staff for timely project management reports

The Project Manager will be responsible for facilitating final decisions by the City, coordination, management, communicating with the Project Team and City Project Manager, preparing and reviewing design deliverables, and directing design support service disciplines and specialty subcontractors. He will assist in presenting the technical work at meetings and documenting action items and decisions.

The Team Project Management and QA/QC Plan will facilitate successful project execution. The management tools, procedures, and delivery plan are contained in a comprehensive Project Methodology Plan that is prepared at the beginning of the project and is updated throughout the project. Having a comprehensive and detailed project management plan is essential for delivering a major design project with an integrated team consisting of the City, multiple stakeholders, multiple disciplines, and many deliverables. City input into the plan will be essential to make certain it is an effective tool, adequately used, and meets your needs. An outline of the Project Management Plan and some initial comments and items to be included, in addition to our detailed Communication Plan, are as follows:

### **Kick-off Meeting - Initial Design Workshop**

After project award and notice-to-proceed, our project team will conduct a Kick-off Meeting and Initial Design Workshop with all members of the project team and key City Staff. The workshop is structured to establish communication protocols for the project, as well as to identify critical success factors and processes, activities, and tasks that must be carried out to achieve the goals. The workshop is an important step to ensure all parties are focused on the same project goals and help clarify the critical path issues, key outside stakeholders, milestones, and third party approvals.

### **Scope Management**

Our scope includes performing the major items requested in the City's RFP. A more detailed Work Breakdown Structure (WBS) is typically included in our fee budget proposal and will be utilized for the project duration with detailed tasks. With input from the City, the scope will be finalized and adopted for the overall project. During the execution of the project, the scope will be utilized as a baseline by our project manager, who will manage the scope and work product. If potential changes are identified as the project develops, our project manager will work with the City to clarify and approve any additional tasks necessary to complete the project.

### **Schedule Management**

A preliminary schedule will be prepared, provided, and discussed. In collaboration with the City, the project schedule and milestones will be evaluated and modifications will be made to set the final baseline schedule during the initial project kick-off process. The baseline schedule will be monitored and tracked by our project manager to maintain the project milestones and manage critical path items. A tracking schedule will be provided with monthly updates and all schedule variances identified. Actions required to correct schedule deviations will be developed and implemented by the team. The project schedule is an effective management tool when developed and maintained to guide the design team through the tasks required to successfully complete a project. WEBB uses Microsoft Project software to schedule and track project tasks.

### **Cost/Budget Management Plan**

The proposed project budget will be prepared based on the project RFP requirements. Our project manager will track the final budget compared to the actual earned value, task completion, and cost-to-date, and will identify any project cost variance at least monthly. Corrective actions will be taken to maintain the project budget. If changes to the scope and budget are deemed necessary, our project manager will work with the City to justify the need and clearly define the impacts.

### **Communication Plan and Management**

Communication between all team members and City Staff is critical to its success. A key differentiator between our project team and our competitors is our physical locations and our ability to meet with City Staff and stakeholders quickly. Whether it is City Council meetings, a community workshop, or a strategy meeting with the City, representatives from the project team can be there within 30 minutes.

We are committed to providing consistent communication by having required members of the project team available for all public meetings.

### **Issue Management/Risk Management**

The tracking of project issues and management of risks is facilitated through a tracking log and available to the City and the project team. With issues being raised through email, phone calls, and meetings throughout the duration of the project, having a centralized document ensures project impacts are identified, logged, assigned, analyzed, acted upon, and addressed as part of the design process.

## Quality Management Plan (QMP)

The quality control for this project will be imbedded in every stage of the project development. Our QA/QC Program is designed to enhance the cooperation and synergy between the disciplines in-house, our design teams, sub-consultants, and the City. Our entire staff is part of the QA/QC Program and each plays a significant role in its implementation. As an underlying principle of our QA/QC Program, WEBB will utilize senior level staff to review the work product to utilize the experience and knowledge to each aspect of the project.

Our quality assurance begins with developing a close and continuous line of communication between the design team and the City. Our past experience indicates that good communication is a critical element to project success. Under our project protocol, we keep an organized directory of all project-related communication, meeting minutes and action items, documents, images, data, and plan sets, which allows us to respond quickly to requests. We will seek the input of operations and engineering staff throughout the project development to ensure the project meets the needs of the City.

The proposed project schedule and work plan, developed by the project manager, will be evaluated by our internal peer review team. We recognize that a comprehensive, realistic project schedule is critical to the decision-making process for the City. This schedule will include all interim milestones, reviews, third party reviews, and deliverables for the project.

As part of the preliminary design and evaluation of project alternatives, the key project team members will meet and discuss the challenges of each of the proposed alternatives. By bringing these disciplines together early in the project, we are able to recommend the best project alternative and develop a list of critical design issues that need to be addressed as detailed design is implemented.

A key aspect of our Quality Control Program is the location of existing utilities. These must be confirmed in order to select the most cost effective alignment. Our in-house utility coordination will acquire the alignments of the existing utilities from the utility companies and combine them for the initial conflict control maps. Our engineers will then walk each of the proposed alternatives and compare the mapped utilities to the site conditions to confirm the correlation between the mapping and the actual locations of bus stops, vaults, valves, catch basins, manholes, and overhead utilities. Potholing of utility crossings will be done to confirm x and y coordinates at each utility crossing so that an accurate plan and profile can be designed.

After the preliminary design has been developed, the project will receive a comprehensive internal peer review prior to submittal and coordination with the City. This peer review will be utilized to ensure that the preliminary design is clear, concise, comprehensive, and most importantly, meets the objectives of the City.

Bill Malone, PE, PMP, will use his years of project management experience and will serve on the QA/QC Team. Bill has been responsible for the successful delivery of large-scale, multi-million dollar water supply, and delivery projects for water agencies throughout the region. Bill will be the lead in performing quality control reviews for the projects. Bill has over 25 years of experience in the planning, design, and construction of water resources projects. His impressive knowledge of water-related systems has elevated him to the position of Technical Advisor for all water resources project teams and clients of WEBB. He has been instrumental in developing WEBB's quality management program and coordinates and directly performs project Quality Assurance/Quality Control for the more critical aspects of project design, ensuring that technical issues are recognized early and resolved efficiently by an expert in the firm.

## FEE ESTIMATE

CITY OF BANNING  
 Proposal for Design Engineering  
 Banning Water Canyon Main Replacement Project  
 (Phase I)

Task Description	Personnel Hours							Budget		
	Principal Engineer	Senior Engineer	Associate Engineer	Assistant Engineer	Director of Survey	Project Coordinator	2-Man Crew	Subconsultant & Expenses	Total Hours	Labor
Task 1 - Project Administration and Coordination	9	22				6	\$ 700	37	\$ 7,800	
Task 2 - CEQA Documentation & Regulatory Permitting										
CEQA Documentation	14	40	12	78		8	\$ 300	152	\$ 24,560	
Regulatory Permitting	7	3	16	38		4	\$ 400	68	\$ 10,700	
Technical Studies	2	14	14	36			\$ 40,700	66	\$ 51,040	
Meeting and Coordination	8	43					\$ 500	51	\$ 11,020	
Task 3 - Utility Research and Data Collection	2	4	16			10	\$ 400	32	\$ 5,300	
Task 4 - Potholing	1	2				2	\$ 22,400	5	\$ 23,220	
Task 5 - Preliminary Design (60% Design)	6	20	30	40		6	\$ 300	102	\$ 16,580	
Task 6 - Detailed Design (90% Design)	8	20	30	40		12	\$ 300	110	\$ 17,600	
Task 7 - Final Design (100% Design)	10	24	36	60		20	\$ 400	150	\$ 23,320	
Task 8 - Construction Survey and Staking				20	10	4	\$ 1,200	74	\$ 14,960	
Task 9 - As-Built Preparation		2	2	20		4	\$ 310	28	\$ 4,010	
Task 10 - Geotechnical Investigation	2	6				4	\$ 8,750	12	\$ 10,790	
Task 11 - SWPPP Risk Level Analysis (Optional)									\$ -	
<b>TOTAL</b>	<b>69</b>	<b>200</b>	<b>156</b>	<b>332</b>	<b>10</b>	<b>80</b>	<b>\$ 76,660</b>	<b>887</b>	<b>\$ 220,900</b>	

<sup>(1)</sup> The amounts indicated for each individual project task are estimated budget amounts and accordingly the actual amounts may be more or less than shown. However, the total budget will not be exceeded without written authorization from the City.



## FEE SCHEDULE

<u>CLASSIFICATION</u>	<u>RATES</u>
	<u>\$/HOUR</u>
<b>Engineers/Project Managers/Planners/Scientists/ Assessment/Special Tax Consultants/Landscape Architects/Designers</b>	
Principal II .....	240.00
Principal I .....	220.00
Senior III .....	200.00
Senior II .....	190.00
Senior I .....	180.00
Associate III .....	170.00
Associate II .....	155.00
Associate I .....	145.00
Assistant V .....	130.00
Assistant IV .....	120.00
Assistant III .....	103.00
Assistant II .....	88.00
Assistant I .....	73.00
<b>Survey Services</b>	
2-Person Survey Party.....	220.00
1-Person Survey Party.....	160.00
<b>Inspection Services</b>	
Inspector (Non-Prevailing Wage).....	110.00
Inspector (Prevailing Wage).....	120.00
<b>Administrative Services</b>	
Project Coordinator.....	90.00
Administrative Assistant III .....	80.00
Administrative Assistant II .....	70.00
Administrative Assistant I .....	55.00
<b>Other Direct Expenses</b>	
Incidental Charges.....	Cost + 15%
Postage.....	Cost
Special Consultant .....	325.00/Hour
Subcontracted Services.....	Cost + 15%
Survey/Inspection Per Diem.....	100.00/Day
Survey/Inspection Vehicle.....	0.81/Mile
Mileage.....	0.72/Mile

NOTE: All rates are subject to change based on annual inflation and cost of living adjustments.

*\*A FINANCE CHARGE of 1 1/2% per month (18% per year) will be added to any unpaid amount commencing thirty (30) days from invoice date. A mechanic's lien may be filed for any invoice remaining unpaid after thirty (30) days from invoice date.*

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**CITY OF BANNING  
BANNING UTILITY AUTHORITY REPORT**

**TO:** BANNING UTILITY AUTHORITY

**FROM:** Michael Rock, City Manager

**PREPARED BY:** Art Vela, Public Works Director  
Holly Stuart, Management Analyst

**MEETING DATE:** May 24, 2016

**SUBJECT:** Adopt Resolution No. 2016-07 UA, "Approving the First Amendment to the Professional Services Agreement with Aspen Environmental Group of Agoura Hills, CA in the amount of \$20,000.00 for Environmental and Permitting Services related to the Flume for a total agreement amount of \$102,098.00

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**RECOMMENDATION:**

The Banning Utility Authority adopt Resolution No. 2016-07 UA:

1. Approving the First Amendment to the Professional Services Agreement with Aspen Environmental Group of Agoura Hills, CA in the amount of \$20,000.00 for environmental and permitting services related to the Flume for a total agreement amount of \$102,098.00.
2. Authorizing the Administrative Services Director to make necessary budget adjustments, appropriations and transfers related to the Professional Services Agreement First Amendment for environmental and permitting services.
3. Authorizing the City Manager to execute the First Amendment to the Professional Services Agreement with Aspen Environmental Group of Agoura Hills, CA for environmental and permitting services related to the Flume.

**JUSTIFICATION:**

An Amendment to the Professional Services Agreement with Aspen Environmental Group is necessary in order to have Aspen Environmental Group (Aspen) continue providing the City with environmental and permitting services associated with the Flume project.

**BACKGROUND:**

Banning Heights Mutual Water Company (BHMWC) and the City of Banning hold water rights to surface waters originating at stream diversions on the South Fork and Middle Fork of the Whitewater River, at about 7,200 feet elevation. The water is currently conveyed to the BHMWC via a flume and penstock system that is operated by Southern California Edison (SCE), under license by Federal Energy Regulatory Commission (FERC).

The conveyance system is located in part on National Forest System lands managed by the United States Forest Service (USFS), and in part on City-owned lands. The conveyance system has been damaged by storms and erosion, and is not in operation for power generation; however, it continues to convey water. The system provides 100 percent of the BHMWC supply and provides water that recharges the Banning Canyon Storage Unit which is pumped out of to provide about 30 percent of the City's municipal water supply. SCE has applied to FERC to surrender its license; that application is currently under FERC review. Upon surrender of the license, SCE proposes to transfer ownership of the conveyance system to the City and its partner agencies.

The City will be required to obtain a USFS Special Use Permit (SUP) in order to continue the operation and maintenance of the Flume. As part of the SUP the USFS has required that several environmental documents be prepared. SCE has commenced the development of the environmental in order to satisfy the request of USFS. Staff determined that it would be beneficial to the City to hire an environmental consulting firm with experience in similar projects involving the USFS.

On July 14, 2015 City Council adopted Resolution No. 2015-68, "Approving a Professional Services Agreement with Aspen Environmental Group to Provide Environmental and Permitting Services related to the Flume" in the amount of \$82,098.00. Aspen was selected as a result of a formal Request for Proposal (RFP) process.

Since the approval of the agreement Aspen has reviewed and provided comments on several environmental documents, hydrology reports and biological resources studies; participated in numerous site visits to assess the system, evaluate SCE's stream indices studies, conduct stream indices surveys and assess stream function; coordinated meetings with SBNF to discuss SUP documents, permitting and potential NEPA actions; and participated in several meetings and conference calls.

As of March 31, 2016, \$66,367.15 has been paid of the \$82,098.00 original budget. In order to continue services and avoid any delays in the provided services, an amendment for the amount of \$20,000.00 is requested.

**FISCAL IMPACT:**

The First Amendment to the Professional Services Agreement will be funded by the BUA Capital Improvement Fund, Account No. 663-6300-471.96-35 (Flume Restoration Project) in the amount of \$20,000.00. The approximate account balance is \$332,255.00.

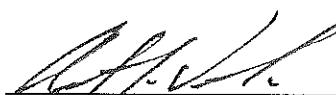
**OPTIONS:**

1. Adopt Resolution No. 2016-07 UA.
2. Reject the recommendation. If rejected environmental services will discontinue once the previously approved budget is exhausted.

**ATTACHMENT:**

1. Resolution No. 2016-07 UA
2. Aspen Environmental Group Original Agreement

Reviewed by:



Art Vela  
Public Works Director

Reviewed by:



Rochelle Clayton  
Administrative Services Director/  
Deputy City Manager

Approved by:



Michael Rock  
City Manager

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# **ATTACHMENT 1**

**(Resolution No. 2016-07 UA)**

**RESOLUTION NO. 2016-07 UA**

**A RESOLUTION OF THE BANNING UTILITY AUTHORITY OF BANNING, CALIFORNIA, APPROVING THE FIRST AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH ASPEN ENVIRONMENTAL GROUP OF AGOURA HILLS, CA IN THE AMOUNT OF \$20,000.00 FOR ENVIRONMENTAL AND PERMITTING SERVICES RELATED TO THE FLUME FOR A TOTAL AGREEMENT AMOUNT OF \$102,098.00**

**WHEREAS**, in order to obtain a U.S. Forest Service ("USFS") Special Use Permit and other applicable permits or authorizations to repair, upgrade, operate and maintain existing water conveyance facilities the City deemed it necessary to obtain an environmental and permitting services consulting firm; and

**WHEREAS**, on July 14, 2015 City Council adopted Resolution No. 2015-68, "Approving a Professional Services Agreement with Aspen Environmental Group to Provide Environmental and Permitting Services related to the Flume" in the amount of \$82,098.00; and

**WHEREAS**, an amendment to increase the contract amount will allow for Aspen Environmental Group to continue to provide environmental and permitting consultation services; and

**WHEREAS**, the First Amendment to the Professional Services Agreement will be funded by the BUA Capital Improvement Fund, Account No. 663-6300-471.96-35 (Flume Restoration Project) in the amount of \$20,000.00.

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

**SECTION 1.** The Banning Utility Authority adopts Resolution No. 2016-07 UA approving the First Amendment to the Professional Services Agreement with Aspen Environmental Group of Agoura Hills, CA in the amount of \$20,000.00 for environmental and permitting services related to the Flume for a total agreement amount of \$102,098.00.

**SECTION 2.** The Administrative Services Director is authorized to make necessary budget adjustments, appropriations and transfers related to the Professional Services Agreement First Amendment for environmental and permitting services.

**SECTION 3.** The City Manager is authorized to execute the First Amendment to the Professional Services Agreement with Aspen Environmental Group of Agoura Hills, CA for additional environmental and permitting services related to the Flume.

PASSED, ADOPTED AND APPROVED this 10th day of May, 2016.

---

Arthur L. Welch, Chairman  
Banning Utility Authority

**ATTEST:**

---

Marie A. Calderon, Secretary

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

---

Anthony R. Taylor, Authority Counsel  
Aleshire & Wynder, LLP

**CERTIFICATION:**

I, Marie Calderon, Secretary of the Banning Utility Authority of Banning, California, do hereby certify that the foregoing Resolution No. 2016-07 UA was duly adopted by the Banning Utility Authority of the City of Banning, California, at a Regular Meeting thereof held on the 10th day of May, 2016, by the following vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

---

Marie A. Calderon, Secretary  
Banning Utility Authority

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# **ATTACHMENT 2**

**(Aspen Environmental Group Original Agreement)**

**PROFESSIONAL SERVICES AGREEMENT**

**By and Between**

**CITY OF BANNING**

**and**

**ASPEN ENVIRONMENTAL GROUP**

**AGREEMENT FOR PROFESSIONAL SERVICES  
BETWEEN THE CITY OF BANNING AND  
ASPEN ENVIRONMENTAL GROUP**

THIS AGREEMENT FOR CONTRACT SERVICES (herein "Agreement") is made and entered into this 3rd day of August, 2015 by and between the City of Banning, a municipal corporation ("City") and Aspen Environmental Group ("Consultant"). City and Consultant are sometimes hereinafter individually referred to as "Party" and hereinafter collectively referred to as the "Parties".

**RECITALS**

A. City has sought, by issuance of a Request for Proposals or Invitation for Bids, the performance of the services defined and described particularly in Article 1 of this Agreement.

B. Consultant, following submission of a proposal or bid for the performance of the services defined and described particularly in Article 1 of this Agreement, was selected by the City to perform those services.

C. Pursuant to the City of Banning's Municipal Code, City has authority to enter into and execute this Agreement.

D. The Parties desire to formalize the selection of Consultant for performance of those services defined and described particularly in Article 1 of this Agreement and desire that the terms of that performance be as particularly defined and described herein.

**OPERATIVE PROVISIONS**

NOW, THEREFORE, in consideration of the mutual promises and covenants made by the Parties and contained herein and other consideration, the value and adequacy of which are hereby acknowledged, the parties agree as follows:

**ARTICLE 1. SERVICES OF CONSULTANT**

1.1 Scope of Services.

In compliance with all terms and conditions of this Agreement, the Consultant shall provide those services specified in the "Scope of Services" attached hereto as Exhibit "A" and incorporated herein by this reference, which services may be referred to herein as the "services" or "work" hereunder. As a material inducement to the City entering into this Agreement, Consultant represents and warrants that it has the qualifications, experience, and facilities necessary to properly perform the services required under this Agreement in a thorough, competent, and professional manner, and is experienced in performing the work and services contemplated herein. Consultant shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein. Consultant covenants that it shall follow the highest professional standards in performing the work and services required hereunder and that all materials will be of good quality, fit for the purpose intended. For

purposes of this Agreement, the phrase "highest professional standards" shall mean those standards of practice recognized by one or more first-class firms performing similar work under similar circumstances.

1.2 Consultant's Proposal.

This Agreement shall include the Request for Proposal or Invitation for Bids ("Contract Documents") and the Scope of Service shall include the Consultant's scope of work or in Consultant's accepted bid proposal ("Accepted Bid") shall be incorporated herein by this reference as though fully set forth herein. In the event of any inconsistency between the Contract Documents, Accepted Bid, and/or this Agreement, the terms of this Agreement shall govern.

1.3 Compliance with Law.

Consultant shall keep itself informed concerning, and shall render all services hereunder in accordance with all ordinances, resolutions, statutes, rules, and regulations of the City and any Federal, State or local governmental entity having jurisdiction in effect at the time service is rendered.

1.4 Licenses, Permits, Fees and Assessments.

Consultant shall obtain at its sole cost and expense such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement. Consultant shall have the sole obligation to pay for any fees, assessments and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Consultant's performance of the services required by this Agreement, and shall indemnify, defend and hold harmless City, its officers, employees or agents of City, against any such fees, assessments, taxes penalties or interest levied, assessed or imposed against City hereunder.

1.5 Familiarity with Work.

By executing this Agreement, Consultant warrants that Consultant (i) has thoroughly investigated and considered the scope of services to be performed, (ii) has carefully considered how the services should be performed, and (iii) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, Consultant warrants that Consultant has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services hereunder. Should the Consultant discover any latent or unknown conditions, which will materially affect the performance of the services hereunder, Consultant shall immediately inform the City of such fact and shall not proceed except at City's risk until written instructions are received from the Contract Officer.

1.6 Care of Work.

The Consultant shall adopt reasonable methods during the life of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property, until acceptance of the work by City, except such losses or damages as may be caused by City's own negligence.

1.7 Further Responsibilities of Parties.

Both parties agree to use reasonable care and diligence to perform their respective obligations under this Agreement. Both parties agree to act in good faith to execute all instruments, prepare all documents and take all actions as may be reasonably necessary to carry out the purposes of this Agreement. Unless hereafter specified, neither party shall be responsible for the service of the other.

1.8 Additional Services.

City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written order is first given by the Contract Officer to the Consultant, incorporating therein any adjustment in (i) the Contract Sum for the actual cost of the extra services, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Consultant. Any increase in compensation of up to ten percent (10%) of the Contract Sum or \$25,000, whichever is less; or in the time to perform of up to one hundred eighty (180) days may be approved by the Contract Officer. Any greater increases, taken either separately or cumulatively must be approved by the City Council. It is expressly understood by Consultant that the provisions of this Section shall not apply to services specifically set forth in the Scope of Services. Consultant hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Services may be more costly or time consuming than Consultant anticipates and that Consultant shall not be entitled to additional compensation therefor. City may in its sole and absolute discretion have similar work done by other contractors. No claims for an increase in the Contract Sum or time for performance shall be valid unless the procedures established in this Section are followed.

1.9 Facilities and Equipment.

Except as otherwise provided, Consultant shall, at its own cost and expense, provide all facilities and equipment necessary to perform the services required by this Agreement. City shall make available to Consultant only physical facilities such as desks, filing cabinets, and conference space ("City Facilities"), as may be reasonably necessary for Consultant's use while consulting with City employees and reviewing records and the information in possession of City. The location, quality, and time of furnishing City Facilities shall be in the sole discretion of City. In no event shall City be required to furnish any facilities that may involve incurring any direct expense, including but not limited to computer, long distance telephone, network data, internet or other communication charges, vehicles and reproduction facilities.

1.10 Special Requirements.

Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the "Special Requirements" attached hereto as Exhibit "B" and incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit "B" and any other provisions of this Agreement, the provisions of Exhibit "B" shall govern.

## ARTICLE 2. COMPENSATION AND METHOD OF PAYMENT.

### 2.1 Contract Sum.

Subject to any limitations set forth in this Agreement, City agrees to pay Consultant the amounts specified in the "Schedule of Compensation" attached hereto as Exhibit "C" and incorporated herein by this reference. The total compensation, including reimbursement for actual expenses, shall not exceed Eighty Two Thousand Ninety Eight Dollars (\$82,098.00) (the "Contract Sum"), unless additional compensation is approved pursuant to Section 1.8.

### 2.2 Method of Compensation.

The method of compensation may include: (i) a lump sum payment upon completion; (ii) payment in accordance with specified tasks or the percentage of completion of the services less contract retention; (iii) payment for time and materials based upon the Consultant's rates as specified in the Schedule of Compensation, provided that (a) time estimates are provided for the performance of sub tasks, (b) contract retention is maintained, and (c) the Contract Sum is not exceeded; or (iv) such other methods as may be specified in the Schedule of Compensation.

### 2.3 Reimbursable Expenses.

Compensation may include reimbursement for actual and necessary expenditures for reproduction costs, telephone expenses, and travel expenses approved by the Contract Officer in advance, or actual subcontractor expenses of an approved subcontractor pursuant to Section 4.5, and only if specified in the Schedule of Compensation. The Contract Sum shall include the attendance of Consultant at all project meetings reasonably deemed necessary by the City. Coordination of the performance of the work with City is a critical component of the services. If Consultant is required to attend additional meetings to facilitate such coordination, Consultant shall not be entitled to any additional compensation for attending said meetings.

### 2.4 Invoices.

Each month Consultant shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City's Director of Finance. By submitting an invoice for payment under this Agreement, Consultant is certifying compliance with all provisions of the Agreement. The invoice shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-contractor contracts. Sub-contractor charges shall also be detailed by such categories. Consultant shall not invoice City for any duplicate services performed by more than one person.

City may independently review each invoice submitted by the Consultant to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Consultant which are disputed by City, or as provided in Section 7.3. City will use its best efforts to cause Consultant to be paid within thirty (30) days of receipt of Consultant's correct and undisputed invoice; however, Consultant acknowledges and agrees that due to City warrant run procedures, the City cannot guarantee that payment will occur within this time period. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to

Consultant for correction and resubmission. Review and payment by the City of any invoice provided by the Consultant shall not constitute a waiver of any rights or remedies provided herein or any applicable law.

2.5 Waiver.

Payment to Consultant for work performed pursuant to this Agreement shall not be deemed to waive any defects in work performed by Consultant.

**ARTICLE 3. PERFORMANCE SCHEDULE**

3.1 Time of Essence.

Time is of the essence in the performance of this Agreement.

3.2 Schedule of Performance.

Consultant shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as Exhibit "D" and incorporated herein by this reference. When requested by the Consultant, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer but not exceeding one hundred eighty (180) days cumulatively.

3.3 Force Majeure.

The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Consultant, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the City, if the Consultant shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is justified. The Contract Officer shall extend the time for performance in accordance with the procedures set forth in Section 1.10. The Contract Officer's determination shall be final and conclusive upon the parties to this Agreement. In no event shall Consultant be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Consultant's sole remedy being extension of the Agreement pursuant to this Section.

3.4 Term.

Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding one (1) year from the date hereof, except as otherwise provided in the Schedule of Performance (Exhibit "D").

## ARTICLE 4. COORDINATION OF WORK

### 4.1 Representatives and Personnel of Consultant.

The following principals of Consultant ("Principals") are hereby designated as being the principals and representatives of Consultant authorized to act in its behalf with respect to the work specified herein and make all decisions in connection therewith:

<u>Chris Huntley</u> (Name)	<u>Project Manager</u> (Title)
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It is expressly understood that the experience, knowledge, capability and reputation of the foregoing Principals were a substantial inducement for City to enter into this Agreement. Therefore, the Principals shall be responsible during the term of this Agreement for directing all activities of Consultant and devoting sufficient time to personally supervise the services hereunder. All personnel of Consultant, and any authorized agents, shall at all times be under the exclusive direction and control of the Principals. For purposes of this Agreement, the Principals may not be replaced nor may their responsibilities be substantially reduced by Consultant without the express written approval of City. Additionally, Consultant shall utilize only competent personnel to perform services pursuant to this Agreement. Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's staff and subcontractors, if any, assigned to perform the services required under this Agreement. Consultant shall notify City of any changes in Consultant's staff and subcontractors, if any, assigned to perform the services required under this Agreement, prior to and during any such performance. In the event that City, in its sole discretion, at any time during the term of this Agreement, desire to reassign any staff or subcontractor of Consultant, Consultant shall, immediately upon reassign notice from City of such desire of City, reassign such persons or persons.

### 4.2 Status of Consultant.

Consultant shall have no authority to bind City in any manner, or to incur any obligation, debt or liability of any kind on behalf of or against City, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by City. Consultant shall not at any time or in any manner represent that Consultant or any of Consultant's officers, employees, or agents are in any manner officials, officers, employees or agents of City. Neither Consultant, nor any of Consultant's officers, employees or agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to City's employees. Consultant expressly waives any claim Consultant may have to any such rights.

### 4.3 Contract Officer.

The Contract Officer shall be such person as may be designated by the City Manager. It shall be the Consultant's responsibility to assure that the Contract Officer is kept informed of the progress of the performance of the services and the Consultant shall refer any decisions which must be made by City to the Contract Officer. Unless otherwise specified herein, any approval of

City required hereunder shall mean the approval of the Contract Officer. The Contract Officer shall have authority, if specified in writing by the City Manager, to sign all documents on behalf of the City required hereunder to carry out the terms of this Agreement.

4.4 Independent Consultant.

Neither the City nor any of its employees shall have any control over the manner, mode or means by which Consultant, its agents or employees, perform the services required herein, except as otherwise set forth herein. City shall have no voice in the selection, discharge, supervision or control of Consultant's employees, servants, representatives or agents, or in fixing their number, compensation or hours of service. Consultant shall perform all services required herein as an independent contractor of City and shall remain at all times as to City a wholly independent contractor with only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City. City shall not in any way or for any purpose become or be deemed to be a partner of Consultant in its business or otherwise or a joint venture or a member of any joint enterprise with Consultant.

4.5 Prohibition Against Subcontracting or Assignment.

The experience, knowledge, capability and reputation of Consultant, its principals and employees were a substantial inducement for the City to enter into this Agreement. Therefore, Consultant shall not contract with any other entity to perform in whole or in part the services required hereunder without the express written approval of the City. In addition, neither this Agreement nor any interest herein may be transferred, assigned, conveyed, hypothecated or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of City. Transfers restricted hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control of Consultant, taking all transfers into account on a cumulative basis. In the event of any such unapproved transfer, including any bankruptcy proceeding, this Agreement shall be void. No approved transfer shall release the Consultant or any surety of Consultant of any liability hereunder without the express consent of City.

## **ARTICLE 5. INSURANCE, INDEMNIFICATION AND BONDS**

5.1 Insurance Coverages.

The Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement including any extension thereof, the following policies of insurance which shall cover all elected and appointed officers, employees and agents of City:

(a) Comprehensive General Liability Insurance (Occurrence Form CG0001 or equivalent). A policy of comprehensive general liability insurance written on a per occurrence basis for bodily injury, personal injury and property damage. The policy of insurance shall be in an amount not less than \$1,000,000.00 per occurrence or if a general aggregate limit is used, then the general aggregate limit shall be twice the occurrence limit.

(b) Workers Compensation Insurance. A policy of workers compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for both the Consultant and the City against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Consultant in the course of carrying out the work or services contemplated in this Agreement.

(c) Automotive Insurance (Form CA 0001 (Ed 1/87) including "any auto" and endorsement CA 0025 or equivalent). A policy of comprehensive automobile liability insurance written on a per occurrence for bodily injury and property damage in an amount not less than \$1,000,000. Said policy shall include coverage for owned, non-owned, leased and hired cars.

(d) Professional Liability. Professional liability insurance appropriate to the Consultant's profession. This coverage may be written on a "claims made" basis, and must include coverage for contractual liability. The professional liability insurance required by this Agreement must be endorsed to be applicable to claims based upon, arising out of or related to services performed under this Agreement. The insurance must be maintained for at least 5 consecutive years following the completion of Consultant's services or the termination of this Agreement. During this additional 5-year period, Consultant shall annually and upon request of the City submit written evidence of this continuous coverage.

(e) Additional Insurance. Policies of such other insurance, as may be required in the Special Requirements.

(f) Subcontractors. Consultant shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

## 5.2 General Insurance Requirements.

All of the above policies of insurance shall be primary insurance and shall name the City, its elected and appointed officers, employees and agents as additional insureds and any insurance maintained by City or its officers, employees or agents shall apply in excess of, and not contribute with Consultant's insurance. The insurer is deemed hereof to waive all rights of subrogation and contribution it may have against the City, its officers, employees and agents and their respective insurers. The insurance policy must specify that where the primary insured does not satisfy the self-insured retention, any additional insured may satisfy the self-insured retention. All of said policies of insurance shall provide that said insurance may not be amended or cancelled by the insurer or any party hereto without providing thirty (30) days prior written notice by certified mail return receipt requested to the City. In the event any of said policies of insurance are cancelled, the Consultant shall, prior to the cancellation date, submit new evidence of insurance in conformance with Section 5.1 to the Contract Officer. No work or services under this Agreement shall commence until the Consultant has provided the City with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by the City. City reserves the right to inspect complete, certified copies of all required insurance policies at any time. Any failure to comply with the reporting or other provisions of the policies including breaches or warranties shall not affect coverage provided to City.

All certificates shall name the City as additional insured (providing the appropriate endorsement) and shall conform to the following "cancellation" notice:

CANCELLATION:

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATED THEREOF, THE ISSUING COMPANY SHALL MAIL THIRTY (30)-DAY ADVANCE WRITTEN NOTICE TO CERTIFICATE HOLDER NAMED HEREIN.

[to be initialed]

MC  
Agent's Initials

City, its respective elected and appointed officers, directors, officials, employees, agents and volunteers are to be covered as additional insureds as respects: liability arising out of activities Consultant performs; products and completed operations of Consultant; premises owned, occupied or used by Consultant; or automobiles owned, leased, hired or borrowed by Consultant. The coverage shall contain no special limitations on the scope of protection afforded to City, and their respective elected and appointed officers, officials, employees or volunteers. Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City or its respective elected or appointed officers, officials, employees and volunteers or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration, defense expenses and claims. The Consultant agrees that the requirement to provide insurance shall not be construed as limiting in any way the extent to which the Consultant may be held responsible for the payment of damages to any persons or property resulting from the Consultant's activities or the activities of any person or persons for which the Consultant is otherwise responsible nor shall it limit the Consultant's indemnification liabilities as provided in Section 5.3.

In the event the Consultant subcontracts any portion of the work in compliance with Section 4.5 of this Agreement, the contract between the Consultant and such subcontractor shall require the subcontractor to maintain the same policies of insurance that the Consultant is required to maintain pursuant to Section 5.1, and such certificates and endorsements shall be provided to City.

5.3      Indemnification.

To the full extent permitted by law, Consultant agrees to indemnify, defend and hold harmless the City, its officers, employees and agents ("Indemnified Parties") against, and will hold and save them and each of them harmless from, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations or activities provided herein of Consultant, its officers, employees, agents, subcontractors, or invitees, or any individual or

entity for which Consultant is legally liable ("indemnitors"), or arising from Consultant's reckless or willful misconduct, or arising from Consultant's or indemnitors' negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement, and in connection therewith:

(a) Consultant will defend any action or actions filed in connection with any of said claims or liabilities and will pay all costs and expenses, including legal costs and attorneys' fees incurred in connection therewith;

(b) Consultant will promptly pay any judgment rendered against the City, its officers, agents or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of Consultant hereunder; and Consultant agrees to save and hold the City, its officers, agents, and employees harmless therefrom;

(c) In the event the City, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Consultant for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Consultant hereunder, Consultant agrees to pay to the City, its officers, agents or employees, any and all costs and expenses incurred by the City, its officers, agents or employees in such action or proceeding, including but not limited to, legal costs and attorneys' fees.

Consultant shall incorporate similar, indemnity agreements with its subcontractors and if it fails to do so Consultant shall be fully responsible to indemnify City hereunder therefore, and failure of City to monitor compliance with these provisions shall not be a waiver hereof. This indemnification includes claims or liabilities arising from any negligent or wrongful act, error or omission, or reckless or willful misconduct of Consultant in the performance of professional services hereunder. The provisions of this Section do not apply to claims or liabilities occurring as a result of City's sole negligence or willful acts or omissions, but, to the fullest extent permitted by law, shall apply to claims and liabilities resulting in part from City's negligence, except that design professionals' indemnity hereunder shall be limited to claims and liabilities arising out of the negligence, recklessness or willful misconduct of the design professional. The indemnity obligation shall be binding on successors and assigns of Consultant and shall survive termination of this Agreement.

In addition, Consultant agrees to indemnify, defend and hold harmless the Indemnified Parties from, any and all claims and liabilities for any infringement of patent rights, copyrights or trademark on any person or persons in consequence of the use by the Indemnified Parties of articles to be supplied by Consultant under this Agreement, and of which the Consultant is not the patentee or assignee or has not the lawful right to sell the same.

#### 5.4      Sufficiency of Insurer or Surety.

Insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Risk Manager of the City ("Risk Manager") due to unique circumstances. If this Agreement continues for more than 3

years duration, or in the event the Risk Manager determines that the work or services to be performed under this Agreement creates an increased or decreased risk of loss to the City, the Consultant agrees that the minimum limits of the insurance policies may be changed accordingly upon receipt of written notice from the Risk Manager.

## ARTICLE 6. RECORDS, REPORTS, AND RELEASE OF INFORMATION

### 6.1 Records.

Consultant shall keep, and require subcontractors to keep, such ledgers books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder (the "books and records"), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services. Any and all such documents shall be maintained in accordance with generally accepted accounting principles and shall be complete and detailed. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records. Such records shall be maintained for a period of 3 years following completion of the services hereunder, and the City shall have access to such records in the event any audit is required. In the event of dissolution of Consultant's business, custody of the books and records may be given to City, and access shall be provided by Consultant's successor in interest.

### 6.2 Reports.

Consultant shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement as the Contract Officer shall require. Consultant hereby acknowledges that the City is greatly concerned about the cost of work and services to be performed pursuant to this Agreement. For this reason, Consultant agrees that if Consultant becomes aware of any facts, circumstances, techniques, or events that may or will materially increase or decrease the cost of the work or services contemplated herein or, if Consultant is providing design services, the cost of the project being designed, Consultant shall promptly notify the Contract Officer of said fact, circumstance, technique or event and the estimated increased or decreased cost related thereto and, if Consultant is providing design services, the estimated increased or decreased cost estimate for the project being designed.

### 6.3 Ownership of Documents.

All drawings, specifications, maps, designs, photographs, studies, surveys, data, notes, computer files, reports, records, documents and other materials (the "documents and materials") prepared by Consultant, its employees, subcontractors and agents in the performance of this Agreement shall be the property of City and shall be delivered to City upon request of the Contract Officer or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership use, reuse, or assignment of the documents and materials hereunder. Any use, reuse or assignment of such completed documents for other projects and/or use of uncompleted documents without specific written authorization by the Consultant will be at the City's sole risk and without liability to Consultant, and Consultant's guarantee and warranties shall not extend to such use, reuse or assignment. Consultant may retain copies of such

documents for its own use. Consultant shall have the right to use the concepts embodied therein. All subcontractors shall provide for assignment to City of any documents or materials prepared by them, and in the event Consultant fails to secure such assignment, Consultant shall indemnify City for all damages resulting therefrom.

**6.4 Confidentiality and Release of Information.**

(a) All information gained or work product produced by Consultant in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Consultant. Consultant shall not release or disclose any such information or work product to persons or entities other than City without prior written authorization from the Contract Officer.

(b) Consultant, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the Contract Officer or unless requested by the City Attorney, voluntarily provide documents, declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered "voluntary" provided Consultant gives City notice of such court order or subpoena.

(c) If Consultant, or any officer, employee, agent or subcontractor of Consultant, provides any information or work product in violation of this Agreement, then City shall have the right to reimbursement and indemnity from Consultant for any damages, costs and fees, including attorneys fees, caused by or incurred as a result of Consultant's conduct.

(d) Consultant shall promptly notify City should Consultant, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there under. City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Consultant. However, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

**ARTICLE 7. ENFORCEMENT OF AGREEMENT AND TERMINATION**

**7.1 California Law.**

This Agreement shall be interpreted, construed and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Riverside State of California, or any other appropriate court in such county, and Consultant covenants and agrees to submit to the personal jurisdiction of such court in the event of such action. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in Riverside.

7.2 Disputes; Default.

In the event that Consultant is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Consultant for any work performed after the date of default. Instead, the City may give notice to Consultant of the default and the reasons for the default. The notice shall include the timeframe in which Consultant may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, though not reduced, if circumstances warrant. During the period of time that Consultant is in default, the City shall hold all invoices and shall proceed with payment on the invoices only when the default is cured. In the alternative, the City may, in its sole discretion, elect to pay some or all of the outstanding invoices during the period of default. If Consultant does not cure the default, the City may take necessary steps to terminate this Agreement under this Article. Any failure on the part of the City to give notice of the Consultant's default shall not be deemed to result in a waiver of the City's legal rights or any rights arising out of any provision of this Agreement.

7.3 Retention of Funds.

Consultant hereby authorizes City to deduct from any amount payable to Consultant (whether or not arising out of this Agreement) (i) any amounts the payment of which may be in dispute hereunder or which are necessary to compensate City for any losses, costs, liabilities, or damages suffered by City, and (ii) all amounts for which City may be liable to third parties, by reason of Consultant's acts or omissions in performing or failing to perform Consultant's obligation under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by Consultant, or any indebtedness shall exist which shall appear to be the basis for a claim of lien, City may withhold from any payment due, without liability for interest because of such withholding, an amount sufficient to cover such claim. The failure of City to exercise such right to deduct or to withhold shall not, however, affect the obligations of the Consultant to insure, indemnify, and protect City as elsewhere provided herein.

7.4 Waiver.

Waiver by any party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition, or covenant. Waiver by any party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision or a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by City of any work or services by Consultant shall not constitute a waiver of any of the provisions of this Agreement. No delay or omission in the exercise of any right or remedy by a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

7.5 Rights and Remedies are Cumulative.

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

#### 7.6 Legal Action.

In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Notwithstanding any contrary provision herein, Consultant must file a statutory claim pursuant to Government Code Sections 905 et seq. and 910 et. seq., in order to pursue a legal action under this Agreement.

#### 7.7 Liquidated Damages.

Since the determination of actual damages for any delay in performance of this Agreement would be extremely difficult or impractical to determine in the event of a breach of this Agreement, the Consultant and its sureties shall be liable for and shall pay to the City the sum of Not Applicable (\$0.0) as liquidated damages for each working day of delay in the performance of any service required hereunder, as specified in the Schedule of Performance (Exhibit "D"). The City may withhold from any monies payable on account of services performed by the Consultant any accrued liquidated damages.

#### 7.8 Termination Prior to Expiration of Term.

This Section shall govern any termination of this Contract except as specifically provided in the following Section for termination for cause. The City reserves the right to terminate this Contract at any time, with or without cause, upon thirty (30) days' written notice to Consultant, except that where termination is due to the fault of the Consultant, the period of notice may be such shorter time as may be determined by the Contract Officer. In addition, the Consultant reserves the right to terminate this Contract at any time, with or without cause, upon sixty (60) days' written notice to City, except that where termination is due to the fault of the City, the period of notice may be such shorter time as the Consultant may determine. Upon receipt of any notice of termination, Consultant shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Except where the Consultant has initiated termination, the Consultant shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer, except as provided in Section 7.3. In the event the Consultant has initiated termination, the Consultant shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder. In the event of termination without cause pursuant to this Section, the terminating party need not provide the non-terminating party with the opportunity to cure pursuant to Section 7.2.

#### 7.9 Termination for Default of Consultant.

If termination is due to the failure of the Consultant to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 7.2, take over the work and prosecute the same to completion by contract or otherwise, and the Consultant shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that the City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to the Consultant for the purpose of set-off or partial payment of the amounts owed the City as previously stated.

#### 7.10 Attorneys' Fees.

If either party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees. Attorney's fees shall include attorney's fees on any appeal, and in addition a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

### **ARTICLE 8. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION**

#### 8.1 Non-liability of City Officers and Employees.

No officer or employee of the City shall be personally liable to the Consultant, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

#### 8.2 Conflict of Interest.

Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the Contract Officer. Consultant agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City in the performance of this Agreement.

No officer or employee of the City shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which effects his financial interest or the financial interest of any corporation, partnership or association in which he is, directly or indirectly, interested, in violation of any State statute or regulation. The Consultant warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement.

#### 8.3 Covenant Against Discrimination.

Consultant covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry, or other protected class in the performance of this Agreement. Consultant shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, marital status, national origin, ancestry, or other protected class.

#### 8.4 Unauthorized Aliens.

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. §§ 1101, et seq., as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should the any liability or sanctions be imposed against City for such use of unauthorized aliens, Consultant hereby agrees to and shall reimburse City for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorneys' fees, incurred by City.

## ARTICLE 9. MISCELLANEOUS PROVISIONS

### 9.1 Notices.

Any notice, demand, request, document, consent, approval, or communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the City, to the City Manager and to the attention of the Contract Officer, CITY OF BANNING, 99 E. Ramsey St. , Banning, CA 92220 and in the case of the Consultant, to the person at the address designated on the execution page of this Agreement. Either party may change its address by notifying the other party of the change of address in writing. Notice shall be deemed communicated at the time personally delivered or in seventy-two (72) hours from the time of mailing if mailed as provided in this Section.

### 9.2 Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

### 9.3 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

### 9.4 Integration; Amendment.

This Agreement including the attachments hereto is the entire, complete and exclusive expression of the understanding of the parties. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and approved by the Consultant and by the City Council. The parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

### 9.5 Severability.

In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this

Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

9.6 Corporate Authority.

The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first-mentioned written.

CITY:

CITY OF BANNING, a municipal corporation

  
Interim City Manager

ATTEST:



Marie A. Calderon, City Clerk

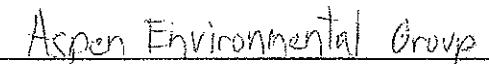
APPROVED AS TO FORM:

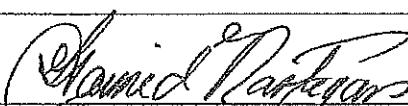
ALESHIRE & WYNDER, LLP



Loha Laymon, Assistant City Attorney

CONSULTANT:



By: 

Name: HAMID RASTEGAR  
Title: PRESIDENT

By: 

Name: Jon Davidson  
Title: Vice President

Address: 3020 Cheshbro Rd., Ste. 200  
Agoura Hills, CA 91301

Two signatures are required if a corporation.

NOTE: CONSULTANT'S SIGNATURES SHALL BE DULY NOTARIZED, AND APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO CONSULTANT'S BUSINESS ENTITY.

## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

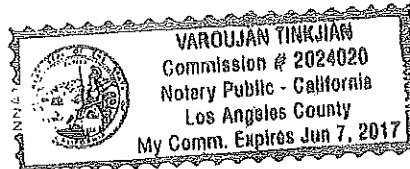
COUNTY OF RIVERSIDE

On 8/21/15, 2015 before me, VAROUJAN TINKIAN personally appeared Hamid Rastegar, approved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Varoujan Tinkian



### OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form

#### CAPACITY CLAIMED BY SIGNER

INDIVIDUAL  
 CORPORATE OFFICER  
President  
TITLE(S)

#### DESCRIPTION OF ATTACHED DOCUMENT

Professional Services Agreement  
TITLE OR TYPE OF DOCUMENT

PARTNER(S)  LIMITED  
  GENERAL  
 ATTORNEY-IN-FACT  
 TRUSTEE(S)  
 GUARDIAN/CONSERVATOR  
 OTHER \_\_\_\_\_

19  
NUMBER OF PAGES

August 3, 2015  
DATE OF DOCUMENT

SIGNER IS REPRESENTING:  
(NAME OF PERSON(S) OR ENTITY(IES))  
Aspen Environmental Group

Jon Davidson  
SIGNER(S) OTHER THAN NAMED ABOVE

## CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

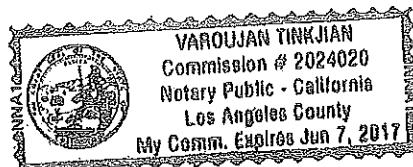
COUNTY OF RIVERSIDE

On 8/21, 2015 before me, VAROUJAN TINKJIAN personally appeared Jon David, proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: lulu



### OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form

#### CAPACITY CLAIMED BY SIGNER

INDIVIDUAL  
 CORPORATE OFFICER  
Vice President  
TITLE(S)

PARTNER(S)  LIMITED  
  GENERAL

ATTORNEY-IN-FACT  
 TRUSTEE(S)  
 GUARDIAN/CONSERVATOR  
 OTHER \_\_\_\_\_

#### DESCRIPTION OF ATTACHED DOCUMENT

Professional Services Agreement  
TITLE OR TYPE OF DOCUMENT

19

NUMBER OF PAGES

August 3, 2015

DATE OF DOCUMENT

#### SIGNER IS REPRESENTING:

(NAME OF PERSON(S) OR ENTITY(IES))

Aspen Environmental Group

Hamid Rastegar  
SIGNER(S) OTHER THAN NAMED ABOVE

**EXHIBIT "A"**

**SCOPE OF SERVICES**

**I. Consultant will perform the following Services:**

To provide environmental and permitting services to the City for the purpose of obtaining a US Forest Service (USFS) Special Use Permit and any other applicable agency permits or authorizations, to repair, upgrade, operate, and maintain existing water conveyance facilities. In addition, the City may pursue a Federal Energy Regulatory Commission (FERC) license to operate the existing conveyance system as a hydroelectric power plant, consistent with its historic use.

Upon receipt of a written Notice to Proceed from the City of Banning, consultant shall conduct a kick-off meeting with the City and/or Participating Entities ("PE") to review the scope of the project, develop a project schedule, and confirm deliverables. The project schedule shall include each task and subtasks, milestones, critical path designation and a schedule for progress meetings. Additionally, it is estimated that the consultant will be required to attend ten (10) meetings located at City Hall, Banning, California. The meetings will be held between staff, Consultant, and participating entities

**II. As part of the Services, Consultant will prepare and deliver the following tangible work products to the City:**

Deliverable Event	Week	Timeframe
<b>IS/MND and EA</b>		
Administrative Draft IS and Draft EA		
Notice to Proceed (NTP) Issued	0	
Project Data Request	1	Within 1 week of Project Kick-Off Meeting
Administrative IS,EA, and Potential Technical Reports to City	6	5 weeks from Project Kick-Off Meeting
City provides Comments on Administrative Draft IS and EA	10	4 weeks for County (including Caltrans) review
Revised Administrative Draft IS and EA to County	12	2 weeks for Aspen to incorporate changes
<b>Draft IS/MND and EA</b>		
Print Public Draft IS/MND and EA	13	1 week to receive approval to print
Draft IS/MND and EA released for 30-day Public Comment Period	14	3.5 months from NTP
End of 30-day Public Comment Period	18	4.5 months into CEQA/NEPA Review Period
<b>Response to Comments/NOD and FONSI</b>		
Aspen/City to review public comments on Draft IS/MND and EA	19	1 week from close of comment period

Aspen prepares responses to comments	21	2 weeks from receipt of comments
City provides Comments on responses to comments	24	3 weeks for County (including Caltrans) review
Aspen finalizes Response to Comments and prepares NOD and FONSI	25	6 to 6.5 months into CEQA/NEPA Review Period
<b>Permitting</b>		
Submit 404 Notification and 401 certification request	14	Approximately 180 days to approval
Submit LSAA Notification (long-term operation authorization, per Fish and Game Code Section 1605)	14	Approximately 180 days to approval for Section 1605

**III. In addition to the requirements of Section 6.2, during performance of the Services, Consultant will keep the City apprised of the status of performance by delivering the following status reports:**

A. Consultant shall prepare regular progress reports each month.

**IV. All work product is subject to review and acceptance by the City, and must be revised by the Consultant without additional charge to the City until found satisfactory and accepted by City.**

**V. Consultant will utilize the following personnel to accomplish the Services:**

- A. Jon Davidson, Principal in Charge
- B. Chris Huntley, Project Manager
- C. Scott White, Permitting Lead
- D. Negar Vahidi, NEPA/CEQA Lead

**EXHIBIT "C"**

**SCHEDULE OF COMPENSATION**

**I.** Consultant shall perform the following tasks at the following rates:

**SUB-BUDGET**

A. Initial Coordination	49,951.00
B. Meetings	32,147.00
Total	82,098.00

**II.** A retention of ten percent (10%) shall be held from each payment as a contract retention to be paid as part of the final payment upon satisfactory completion of services.

**III.** Within the budgeted amounts for each Task, and with the approval of the Contract Officer, funds may be shifted from one Task sub-budget to another so long as the Contract Sum is not exceeded per Section 2.1, unless Additional Services are approved per Section 1.8.

**IV.** The City will compensate Consultant for the Services performed upon submission of a valid invoice. Each invoice is to include:

- A. Line items for all personnel describing the work performed, the number of hours worked, and the hourly rate.
- B. Line items for all materials and equipment properly charged to the Services.
- C. Line items for all other approved reimbursable expenses claimed, with supporting documentation.
- D. Line items for all approved subcontractor labor, supplies, equipment, materials, and travel properly charged to the Services.

**V.** The total compensation for the Services shall not exceed \$82,098.00 as provided in Section 2.1 of this Agreement.

**VI.** The Consultant's billing rates for all personnel are attached as Exhibit C-1.

Exhibit C-1

Fiscal Year 2014/2015

Jon Davidson	Principal Associate	Principal-In-Charge	\$195
Chris Huntley	Senior Associate II	Project Manager, Biological Resources	\$165
Scott White	Senior Associate II	Permitting Lead, Biological Resources	\$175
Negar Vahidi	Senior Associate III	NEPA/CEQA Lead, Land Use and Planning, Environmental Justice	\$160
Scott Debauche	Associate II	Aesthetics, Noise, Population, Housing and Environmental Justice, Public Services and Utilities, Transportation and Traffic	\$100
William Walters	Senior Associate III	Air Quality and Greenhouse Gasses	\$170
Justin Wood	Associate II	Biological Resources	\$100
Carla Wakeman	Associate II	Biological Resources	\$100
Jared Varonin	Senior Associate I	CDFW/USACE Permitting	\$110
Elizabeth Bagwell	Senior Associate I	Cultural and Paleontological Resources	\$110
Evan Elliot	Associate I	Cultural and Paleontological Resources	\$75
Anton Kozhevnikov	Senior Associate I	Geographic Information Systems	\$140
Tracy Popiel	Associate I	Geographic Information Systems	\$75
Matthew Long	Associate II	Geology/Soils, Mineral Resources, Surface Hydrology/Water Quality	\$210
Phillip Lowe	Senior Associate III	Groundwater, Surface Hydrology and Water Quality	\$165
Susanne Huerta	Associate II	Land Use and Planning, Public Services and Utilities, Recreation	\$87
Jamison Miner	Associate II	Biological Resources	\$95
Jennifer Lancaster	Associate II	Biological Resources	\$95
Melissa Jordan	Staff I	Administrative Assistant	\$65
Maral Koshkarian	Staff I	Accounting	\$65
<b>Subconsultants</b>			
James Thurber	Senior Geologist	Geology/Soils, Mineral Resources, Groundwater, Hazards/Hazardous Materials	\$180
Aurie Patterson	Senior Geologist	Geology/Soils, Mineral Resources, Hazards/Hazardous Materials	\$110
John Kessler	Principal	FERC Regulatory Specialist	\$100
William LaHaye	Principal	USFS Special Use Compliance	\$110

110 (W)

**EXHIBIT "D"**

**SCHEDULE OF PERFORMANCE**

- I. Consultant shall perform all Services timely in accordance with the schedule to be developed by Consultant and subject to the written approval of the Contract Officer. Contractor will provide a written proposal within one week of the city's request for services, unless otherwise agreed to by the Contract Officer.
- II. Consultant shall deliver the following tangible work products to the City by the following dates.
  - A. As requested by the Director of Public Works or his/her designee based on individual maintenance and repairs to be determined as needed.
- III. The Contract Officer may approve extensions for performance of the services in accordance with Section 3.2.

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**CITY OF BANNING  
CITY COUNCIL REPORT**

**TO:** CITY COUNCIL

**FROM:** Michael Rock, City Manager

**PREPARED BY:** Rochelle Clayton, Deputy City Manager

**MEETING DATE:** May 24, 2016

**SUBJECT:** Receive and file or comment on the City of Banning's Audited Financial Statements for Fiscal Year 2014-2015

---

**RECOMMENDATION:**

Receive and file or comment on the City of Banning's Audited Financial Statements for Fiscal Year 2014-2015, prepared by Lance, Soll & Lunghard, LLP, also known as LSL CPAs and Advisors.

**JUSTIFICATION:**

To meet the State Controller minimum requirements for California Cities.

**BACKGROUND:**

The City annually engages a certified public accounting firm to review its financial condition in accordance with generally accepted auditing standards and government auditing standards applicable to financial audits, issued by the Comptroller General of the United States, which meets the State Controller's Minimum Audit Requirements for California Cities and the Office of Management and Budget Circular A-133.

The auditor's responsibility is to express opinions on the City's financial statements based on their audit, in accordance with generally accepted auditing standards and government auditing standards. Those standards require that they plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

In the Independent Auditor's Report, Lance, Soll & Lunghard, LLP expressed that in their opinion "the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-

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, 2015, and the respective changes in financial position and, where applicable, cash flows therof for the year then ended in accordance with accounting principles generally accepted in the United States of America."

**FISCAL IMPACT:**

None.

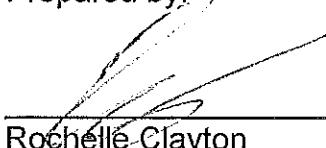
**OPTIONS:**

1. Receive and file.
2. Comment.

**ATTACHMENTS:**

1. City of Banning Management Representation Letter
2. Audit Communication Letter from Lance, Soll & Lunghard, LLP (LSL CPAs and Advisors)
3. City of Banning Audited Financial Statements for the fiscal year ended June 30, 2015

Prepared by:



---

Rochelle Clayton  
Deputy City Manager

Approved by:



---

Michael Rock  
City Manager

**ATTACHMENT 1**  
City of Banning Management Representation Letter



## City of Banning Finance Department

April 4, 2016

Lance, Soll & Lunghard, LLP  
Certified Public Accountants  
203 North Brea Boulevard, Suite 203  
Brea, CA 92821-4056

This representation letter is provided in connection with your audit of the financial statements of the City of Banning, California, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of April 4, 2016, the following representations made to you during your audit.

### Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 30, 2015, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

#### Information Provided

- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of the City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the City and involves:
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which we are aware.

**Government—specific**

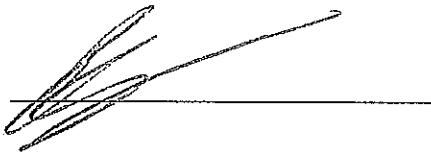
- 19) We have made available to you all financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
- 20) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 21) We have a process to track the status of audit findings and recommendations.
- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 24) The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

- 31) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements properly classify all funds and activities, in accordance with GASB Statement No. 34.
- 35) All funds that meet the quantitative criteria in GASB Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted), and components of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 40) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 43) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 44) We have appropriately disclosed the City Council's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 45) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 46) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

47) With respect to the combining and individual fund schedules and statements:

- a) We acknowledge our responsibility for presenting the combining and individual non-major fund schedules and statements in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual non-major fund schedules and statements, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual non-major fund schedules and statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- b) If the combining and individual non-major fund schedules and statements is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature:

A handwritten signature in black ink, appearing to be a stylized 'J' or a similar character, is written over a horizontal line.

Title: Finance Director

### Summary of Audit Differences

Name of Governmental Unit: City of Banning

Date of Combined Balance Sheet: June 30, 2015

Opinion Unit, Fund Type or Fund: All Funds

Unadjusted Audit Differences	Cause	Current Year Over (Under) Revenues and Expenditures/Expenses and Changes In Fund Balance/Equity
Accumulated depreciation	Understatement of PY depreciation expense	123,371
Capital Assets	Repairs capitalized as asset cost	111,966
Cumulative effect (before effect of prior year differences)		<u>235,337</u>
Effect of unadjusted audit difference - prior year		-
Cumulative effect (after effect of prior year differences)		<u>\$ 235,337</u>

## **ATTACHMENT 2**

Audit Communication Letter from Lance, Soll & Lunghard, LLP  
(LSL CPAs and Advisors)



CPA & FINANCIAL ADVISORS

April 4, 2016

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, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, 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 July 6, 2015. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

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.

As described in Note 1, the City changed accounting policies related to pensions reporting by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 in fiscal year 2014-2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the government-wide statement of activities; proprietary funds statement of revenues, and expenses and changes in net position.

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 most sensitive estimates affecting the City's financial statements were:

Management's estimate of its proportionate share of the net pension liability is based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the proportionate share of the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.





To the Honorable Mayor and Members of the City Council  
City of Banning, California

Management's estimate of its Other Post-Employment Benefit Obligation is based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the Other Post-Employment Benefit Obligation in determining that it is reasonable in relation to the financial statements taken as a whole.

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. These differences are described below. In addition, we detected misstatements as a result of audit procedures which were material, and were subsequently corrected by management. The details of these misstatements are described in a separate letter dated April 4, 2016.

Unadjusted Audit Differences	Cause	Current Year Over (Under) Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity
Accumulated depreciation	Understatement of PY depreciation expense	\$ 123,371
Capital Assets	Repairs capitalized as asset cost	111,966
Cumulative effect (before effect of prior year differences)		235,337
Effect of unadjusted audit difference - prior year		-
Cumulative effect (after effect of prior year differences)		\$ 235,337

#### ***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.

#### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated April 4, 2016.



To the Honorable Mayor and Members of the City Council  
City of Banning, California

***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 City'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 management's discussion and analysis, the budgetary comparison schedules for the general fund, the schedule of changes in net pension liability and related ratio, the schedules of contributions, and the schedule of proportionate share of the net pension liability; which are 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.

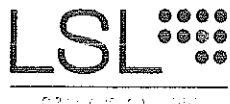
We were engaged to report on the combining and individual non-major fund schedules and statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing 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 2014-2015 audit:

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 – an Amendment of GASB Statement No. 68*.



To the Honorable Mayor and Members of the City Council  
City of Banning, California

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2015-2016

GASB Statement No. 72, *Fair Value Measurement and Application*.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement Nos. 67 and 68*.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

Fiscal year 2016-2017

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

Fiscal year 2017-2018

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

**Restriction on Use**

This information is intended solely for the use of City Council and management of the City of Banning and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Brea, California

**ATTACHMENT 3**  
City of Banning Audited Financial Statements  
for the fiscal year ended June 30, 2015

CITY OF BANNING, CALIFORNIA  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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CITY OF BANNING  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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CITY OF BANNING  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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CITY OF BANNING  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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CPAs AND ADVISORS

## 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, 2015, 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.

### ***Auditor's 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 entity'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 entity'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.



An Association of  
Independent Accounting Firms



To the Honorable Mayor and Members of the City Council  
City of Banning, California

#### *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, 2015, 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.

#### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

#### *Other Matters*

##### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund, the schedule of changes in net pension liability and related ratio, the schedules of contributions, and the schedule of proportionate share of the net pension liability 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.



To the Honorable Mayor and Members of the City Council  
City of Banning, California

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2016 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 the City's internal control over financial reporting and compliance.

Brea California  
April 4, 2016

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Proud History  
Prosperous Tomorrow

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2015 (FY15). 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, 2014 (FY14). 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.

### FINANCIAL HIGHLIGHTS

- ❖ The City, in conformance with Government Accounting Standards Board (GASB) Statement No. 68 (Accounting and Financial Reporting for Pensions) and Statement No. 71 (Pension Transition for Contributions Made Subsequent to the Measurement Date) implemented the new reporting guidelines for pensions. The new standards require that the Net Pension Liability be presented on the face of the financial statements instead of reporting it only in the footnotes.
- ❖ As of June 30, 2015 the City's Net Position, which is the difference between the City's assets and deferred outflows of resources versus its liabilities and deferred inflows of resources, is at \$190.13 million, down by approximately \$28.25 million versus last fiscal year.
- ❖ At the close of the fiscal year, the Unrestricted portion of the Net Position, that which may be used to meet on-going obligations to citizens and creditors, amounts to \$48.64 million, a decrease of \$4.76 million versus last fiscal year. The Net Investment in Capital Assets, another portion of the Net Position, is at \$114.82 million, a decrease of \$20.13 million versus last fiscal year. The Restricted portion of the Net Position amounted to \$26.67 million, a decrease of \$3.37 million versus last fiscal year.
- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$16.18 million, an increase of \$3.12 million or 23.9% versus last fiscal year.
- ❖ Approximately \$9.80 million or 99.95% of the General Fund balance is unrestricted (total of the Committed, Assigned, and Unassigned Fund Balance). This represents 71.95% of the General Fund expenditures and transfers-out.
- ❖ Governmental revenues from Taxes generated \$10.14 million, an increase of \$0.731 million, up by 7.78% from last fiscal year. Revenue from Mining Tax generated approximately \$0.440 million.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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This annual report consists of three parts –

- ❖ 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 Housing 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.

In an effort to align the audited financial statements with the City's internal financial reporting system, effective in FY15, previous items recognized in the Public Works category have been reclassified to either the Transportation or Community Development category and the Parks and Recreation category has been renamed Culture and Leisure.

Table 1 summarizes the Statement of Net Position and provides a comparison with FY14. The focus of the analysis relates to the Changes in Net Position of the City as a whole.

TABLE 1 -NET POSITION (IN MILLIONS)

*Table 1 -Summary of Net Position (In Millions)*

	Governmental Activities		Business-Type Activities		Government-Wide Totals		% CHG
	2014	2015	2014	2015	2014	2015	
Assets:							
Current and other assets	24.58	27.17	86.87	89.27	111.45	116.44	4.5%
Capital assets	85.93	81.94	107.18	106.50	193.11	188.44	2.4%
<b>TOTAL ASSETS</b>	<b>\$ 110.51</b>	<b>\$ 109.11</b>	<b>\$ 194.05</b>	<b>\$ 195.77</b>	<b>\$ 304.56</b>	<b>\$ 304.88</b>	<b>0.1%</b>
Deferred outflows on refunding	-	-	0.35	0.29	0.35	0.29	17.1%
Deferred pension related items	-	1.91	-	0.75	-	2.66	-
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>\$ -</b>	<b>\$ 1.91</b>	<b>\$ 0.35</b>	<b>\$ 1.04</b>	<b>\$ 0.35</b>	<b>\$ 2.95</b>	<b>742.9%</b>
Liabilities:							
Current and other liabilities	3.40	4.02	6.71	6.70	10.11	10.72	6.0%
Long-term liabilities*	4.17	21.49	72.21	80.15	76.38	101.64	33.1%
<b>TOTAL LIABILITIES</b>	<b>\$ 7.57</b>	<b>\$ 25.51</b>	<b>\$ 78.92</b>	<b>\$ 86.85</b>	<b>\$ 86.49</b>	<b>\$ 112.36</b>	<b>29.9%</b>
Deferred inflows on refunding	-	-	0.03	0.02	0.03	0.02	33.3%
Deferred pension related items	-	3.64	-	1.67	-	5.32	-
<b>TOTAL DEFERRED INFLOWS</b>	<b>\$ -</b>	<b>\$ 3.64</b>	<b>\$ 0.03</b>	<b>\$ 1.69</b>	<b>\$ 0.03</b>	<b>\$ 5.34</b>	<b>17700.0%</b>
Net Position:							
Net investment in capital assets	84.09	79.80	50.86	35.03	134.95	114.82	14.9%
Restricted for:							
Community Development Projects	2.81	3.16	-	-	2.81	3.16	12.5%
Public Safety	0.15	0.05	-	-	0.15	0.05	66.7%
Culture and Leisure	0.07	0.05	-	-	0.07	0.05	28.6%
Transportation	2.95	2.55	-	-	2.95	2.55	13.6%
Capital Projects	0.33	0.01	18.26	15.37	18.59	15.38	17.3%
Debt Service	-	-	5.46	5.48	5.46	5.48	0.4%
<b>Unrestricted</b>	<b>12.53</b>	<b>(3.75)</b>	<b>40.87</b>	<b>52.40</b>	<b>53.40</b>	<b>48.64</b>	<b>8.9%</b>
<b>TOTAL NET POSITION</b>	<b>\$ 102.94</b>	<b>\$ 81.87</b>	<b>\$ 115.45</b>	<b>\$ 108.27</b>	<b>\$ 218.39</b>	<b>\$ 190.13</b>	<b>12.9%</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 FY15 is \$190.13 million, a decrease of \$28.26 million or (12.94%) compared to FY14. No significant changes are noted in the total assets while total liabilities increased by \$25.88 million mainly due to the inclusion of the net pension liability in conformance to GASB Statement No. 68 and 71. Corresponding analysis of the causes of these changes are reflected in the following paragraphs.

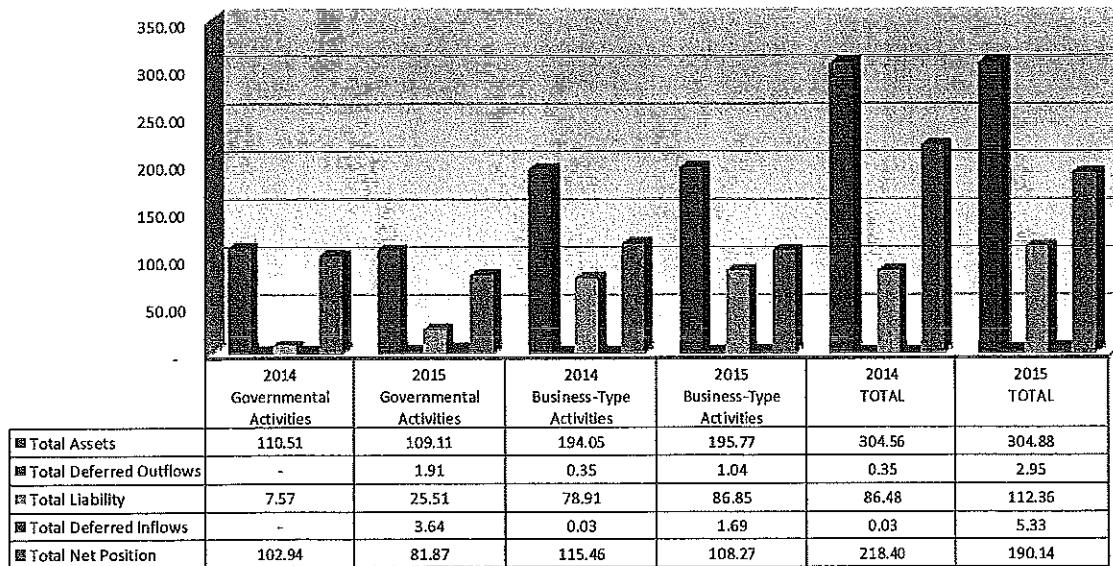
The *Net investment in Capital Assets* of \$114.82 million represents 60.39% of the City's Total Net Position. Investment in capital assets (e.g., infrastructure, land, structures and improvements, furniture and equipment) for this purpose is reduced by unspent bond proceeds used to acquire those assets 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. No new long-term debt was incurred during the current fiscal year that would have significantly affected this section. Any decrease therefore, is mainly due to recurring annual depreciation of the capital assets offset by additional capitalized expenditures for FY15.

The portion of the City's Net Position subject to *external restrictions* in how they may be used is \$26.67 million (14.03% 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 \$48.64 million (25.58% of the Total Net Position) may be used to meet the government's ongoing obligations to citizens and creditors within the program areas. The negative unrestricted net position in the Governmental Activities is mainly the result of the implementation of GASB Statement No. 68 and 71. Net Pension Liability for Governmental and Business Type Activities were \$18.66 million and \$10.17 million respectively. Additional information can be found in the Notes to Financial Statements (see note 11).

Chart 1 – provides a visual summary of the information presented in Table 1.

Chart 1 – Net Position



Note: Details can be found in the "Statement of 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	
	2014	2015	2014	2015	2014	2015
<b>Revenues</b>						
Program Revenues:						
Charges for Services	4.27	4.58	48.32	46.76	52.59	51.33
Operating Contributions and Grants	1.63	1.16	1.80	1.68	3.43	2.85
Capital Contributions and Grants	0.42	0.89	-	-	0.42	0.89
Subtotal Program Revenues	6.32	6.63	50.12	48.44	56.44	55.07
General Revenues:						
Property Taxes	4.00	4.24	-	-	4.00	4.24
Sales Taxes	3.41	3.53	-	-	3.41	3.53
Business Licenses Taxes	0.16	0.16	-	-	0.16	0.16
Franchise Taxes	0.86	0.87	-	-	0.86	0.87
Transient Occupancy Taxes	0.71	0.72	-	-	0.71	0.72
Other Taxes	0.26	0.68	-	-	0.26	0.68
Motor Vehicle In-Lieu	-	0.01	-	-	-	0.01
Use of Money and Property	0.58	0.52	0.27	0.16	0.86	0.68
Other	0.47	0.77	0.29	0.18	0.76	0.95
Gain on sale of capital asset	0.00	-	0.00	-	0.00	-
Subtotal General Revenues	10.46	11.51	0.56	0.34	11.02	11.86
<b>TOTAL REVENUES</b>	<b>16.78</b>	<b>18.14</b>	<b>50.68</b>	<b>48.78</b>	<b>67.46</b>	<b>66.93</b>
<b>Expenses</b>						
General Government	2.58	2.16	-	-	2.58	2.16
Public Safety	10.13	9.62	-	-	10.13	9.62
Community Development	0.09	1.33	-	-	0.09	1.33
Culture and Leisure	1.12	1.13	-	-	1.12	1.13
Transportation	6.27	5.04	-	-	6.27	5.04
Interest on Long-term debt	0.10	0.09	-	-	0.10	0.09
Airport	-	-	0.38	0.38	0.38	0.38
Transit	-	-	1.72	1.85	1.72	1.85
Electric Utility	-	-	28.82	28.25	28.82	28.25
BUA Water	-	-	7.57	7.79	7.57	7.79
BUA Wastewater	-	-	2.92	2.88	2.92	2.88
Refuse	-	-	3.07	3.09	3.07	3.09
<b>TOTAL EXPENSES</b>	<b>20.29</b>	<b>19.38</b>	<b>44.48</b>	<b>44.25</b>	<b>64.78</b>	<b>63.63</b>
<b>Increase/(Decrease) in Net Position</b>						
Before Transfers and Extraordinary Items	(3.51)	(1.24)	6.20	4.53	2.69	3.29
Transfers	0.72	0.72	(0.72)	(0.72)	-	-
Extraordinary Gain on Dissolution of Redevelopment Agency	-	-	-	-	-	-
Increase/(Decrease) in Net Position	(2.79)	(0.52)	5.48	3.81	2.69	3.29
Net Position at Beginning of Year	105.73	102.94	109.97	115.45	215.70	218.39
Restatement of Net Position *	-	(20.56)	-	(10.99)	-	(31.55)
<b>Net Position at End of Year</b>	<b>102.94</b>	<b>81.86</b>	<b>115.45</b>	<b>108.27</b>	<b>218.40</b>	<b>190.13</b>

*Note: Details can be found in the "Statement of Activities"*

\* Restatement of Net Position due to GASB Statements No. 68 and 71 implementation.

The decrease in the City's Government wide FY15 Net Position of \$28.27 million was due to the restatement of the beginning Net Position in the amount of (\$31.55) million and a decrease in total revenues of \$0.54 million offset by a decrease in total expenses in the amount of \$1.15 million. The restatement of \$31.55 million in both governmental and business-type activities was due to the implementation of GASB Statement No. 68 and 71.

### **REVENUES – CITY WIDE**

The total Government-Wide revenues (Table 2) for FY15 were \$66.92 million, \$18.14 million of which is accounted for in the Governmental Activities, and \$48.78 million is from Business-Type Activities. Compared to FY14, city-wide total revenues fell by \$0.54 million or 0.8% from \$67.46 million.

### **EXPENSES – CITY WIDE**

Total Government-Wide expenses amounted to \$63.63 million, a decrease of \$1.15 million or 1.78% from FY14 figures (see Table 2). The expenses in Governmental Activities totaled \$19.38 million or 30.46% of the total expenses while expenses from Business-Type Activities accounted for \$44.25 million, of 69.54%. Governmental expenses and Business-Type Activities have been steadily decreasing annually by an average of \$1.9 and \$0.78 million respectively for the last five years.

### **GOVERNMENTAL ACTIVITIES**

Net Position as of June 30, 2015 for Governmental Activities amounted to \$81.86 million, a decrease of \$21.08 million or 20.48% versus FY14 mainly due to the restatement of the beginning balance amounting to \$20.56 million, in conformance with GASB Statement No. 68 and 71. Overall, Total Revenues for Governmental Activities were \$18.14 million with expenses totaling \$19.38 million.

#### **Revenues:**

Charges for Services amounted to \$4.57 million for the current year which represents approximately 25% of the total revenues in the Governmental Activities category. This revenue source accounts for fees collected by the different departments during the normal course of business. Of the \$4.57 million, roughly 70% of the revenue stream is contributed by the Electric Department's administrative transfer (10% of Operating Revenues) amounting to \$3.2 million.

Property Taxes continue to be the second largest revenue source under the General Revenues category, amounting to \$4.24 million. This revenue category showed a moderate increase of \$0.24 million from the prior year amount of \$4.0 million, or 6.0% (see Table 7). Property tax revenues amounting to \$1.65 million received by the former Redevelopment Agency are 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 (see note 16).

Revenues from Sales taxes amounted to \$3.53 million, a slight increase of \$0.12 million or 3.52% versus last fiscal year. Sales tax revenues from the Cabazon outlets generated \$0.83 million, an increase of \$0.14 or 20.97% from last fiscal year.

Other Taxes increased by \$0.42 million or 161.54% from last year mainly due to the Mining Tax implemented as a result of the voter-approved Measure J proposal in November of 2014. In the first year of collections, revenues from the mining tax generated \$0.44 million.

Additional information on other revenue sources can be found in *Section III- Financial Analysis of the General Fund.*

### Expenses:

Government-wide expenses showed a decrease of \$1.15 million or 1.78% versus last year, focused primarily in the Public Safety category mainly due to the settlement payment made in FY14 to the former Chief of Police (\$0.15 million), a non-recurring expense. Others include higher workers' compensation reimbursement offsetting expenses (\$0.10 million), and lower overtime (\$0.052 million) versus last fiscal year.

Due to certain expenses being reclassified from the Public Works category to the Community Enhancement category this year, it would appear that there is a drop in Transportation (previously Public Works) expenses and an increase in Community Development (previously Parks & Recreation). However, if combined, overall expenses for the two categories are almost the same versus last year.

### Net Revenues (Expenses):

The Net Revenues (Expenses) show the financial burden that was placed on the City's taxpayers by each of the functions.

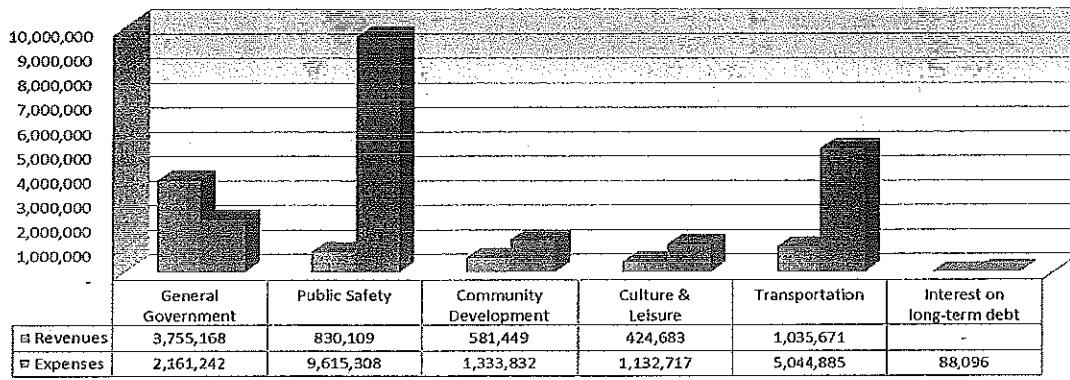
Table 3 and Chart 2 focus on the information on the Statement of Activity that relates to Governmental Activities. Chart 2 clearly depicts that with the exception of the General Government, program expenses exceed program revenues for all other governmental activities. The remaining gap in program expenses and revenues are subsidized by General Revenues (Taxes, Use of Money and Property, Other Revenue and Transfers).

*Table 3 - Program Net Cost: Government Activities*

	Program Revenues			Total Cost of Services			Net Revenues (Expenses)		
	2014	2015	% Chg	2014	2015	% Chg	2014	2015	% Chg
General Government	3,528,043	3,755,168	6%	2,584,494	2,161,242	16%	943,549	1,593,926	69%
Public Safety	724,678	830,109	15%	10,126,310	9,615,308	5%	(9,401,632)	(8,785,199)	7%
Community Development	-	581,449	-	89,000	1,333,832	1399%	(89,000)	(752,383)	745%
Culture & Leisure	137,573	424,683	209%	1,122,226	1,132,717	1%	(984,653)	(708,034)	28%
Transportation	1,928,764	1,035,671	46%	6,270,524	5,044,885	20%	(4,341,760)	(4,009,214)	8%
Interest on long-term debt	-	-	-	101,479	88,096	13%	(101,479)	(88,096)	13%
Government Subtotal	6,319,058	6,627,080	5%	20,294,033	19,376,080	5%	(13,974,975)	(12,749,000)	9%
General Revenues*	10,459,677	11,513,282	10%	-	-	-	10,459,677	11,513,282	10%
Transfers	724,000	720,432	0%	-	-	-	724,000	720,432	0%
SUBTOTAL	17,502,735	18,860,794	8%	20,294,033	19,376,080	5%	(2,791,298)	(515,286)	82%
<i>Extraordinary Gain/(loss)</i> <i>on dissolution of</i> <i>redevelopment agency</i>	-	-	-	-	-	-	-	-	-
TOTAL	17,502,735	18,860,794	8%	20,294,033	19,376,080	5%	(2,791,298)	(515,286)	82%

*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 (see page 10) indicates that the Net Position from Business-Type Activities were \$108.27 million, a decrease of \$7.18 million. Program and General Revenues amounted to \$48.78 million, a decrease of approximately \$1.90 million or 3.75% while expenses totaled \$44.25 million, a slight decrease from last year's \$44.48 million.

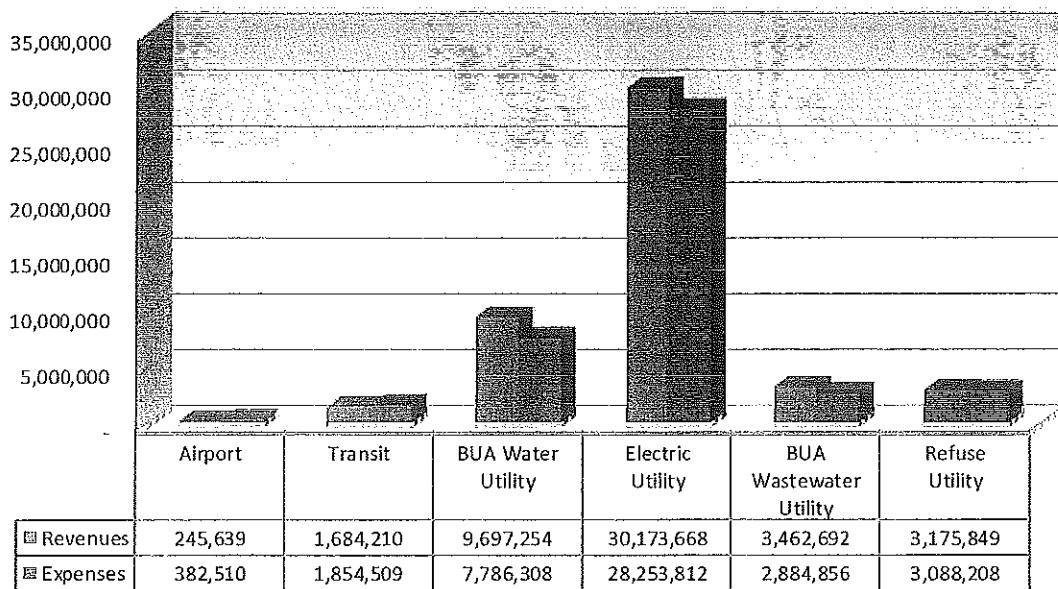
Certain services provided by the City are funded by customer fees. Table 4 and Chart 3 focus on the information on the Statement of Activity that relates to Business-type Activities and represent the cost of each of the City's six programs - Airport, Transit, BUA Water Utility, Electric Utility, BUA 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)		
	2014	2015	% Chg	2014	2015	% Chg	2014	2015	% Chg
Airport	643,861	245,639	62%	382,611	382,510	0%	261,250	(136,871)	152%
Transit	1,435,699	1,684,210	17%	1,722,416	1,854,509	8%	(286,717)	(170,299)	41%
BUA Water Utility	10,577,301	9,697,254	8%	7,569,525	7,786,308	3%	3,007,776	1,910,946	36%
Electric Utility	30,823,395	30,173,668	2%	28,819,584	28,253,812	2%	2,003,811	1,919,856	4%
BUA Wastewater Utility	3,425,907	3,462,692	1%	2,915,736	2,884,856	1%	510,171	577,836	13%
Refuse Utility	3,218,011	3,175,849	1%	3,074,393	3,088,208	0%	143,618	87,641	39%
Business Subtotal	50,124,174	48,439,312	3%	44,484,265	44,250,203	1%	5,639,909	4,189,109	26%
General Revenues	561,814	343,175	39%	-	-	-	561,814	343,175	39%
SUBTOTAL	50,685,988	48,782,487	4%	44,484,265	44,250,203	1%	6,201,723	4,532,284	27%
Transfers	(724,000)	(720,432)	0%	-	-	-	(724,000)	(720,432)	0%
TOTAL	49,961,988	48,062,055	4%	44,484,265	44,250,203	1%	5,477,723	3,811,852	30%

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"*

Key elements of this year's activity versus last fiscal year are as follows:

- The decrease in net position primarily relates to the re-statement in the beginning balance of the net position in the amount of \$10.99 million for all Business-Type Activities in the current fiscal year as result of the implementation of the new pension accounting and financial reporting standards under GASB Statements 68 & 71.
- Airport net revenues dropped by 152% due to the timing of program grant revenues received in FY14 from the Federal Aviation Authority relative to the relocation of Taxiway A and the relocation of the fuel facility. This project was completed in the previous fiscal year.
- Banning Utility Authority (BUA) net revenues dropped by \$0.90 million versus last fiscal year mainly due to the reduction in operating revenues. Water production levels were reduced in compliance with the State-mandated water conservation program requiring reduction of total potable water production by 32% versus 2013 production numbers.
- Electric Utility net revenues show a very minimal drop of \$0.83 million, or 4%. Revenues from Sales and Services dropped by \$0.75 million but were offset by a reduction in power purchases of \$0.61 million.

## II. FUND FINANCIAL STATEMENTS

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The "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, 2015, with comparative amounts from the prior year. Revenues from Governmental Funds for Fiscal Year 2015 amounted to \$18.37 million, an increase of \$1.83 million or 11.09% compared to the previous fiscal year.

*Table 5 - Comparison of Governmental Revenues*

	2013-14	% of Total Revenues	2014-15	% of Total Revenues	\$ Increase / (Decrease)	% Change
Taxes	9,406,564	56.87%	10,138,020	55.17%	731,456	7.78%
Licenses & Permits	219,998	1.33%	542,773	2.95%	322,775	146.72%
Intergovernmental	1,935,257	11.70%	2,388,989	13.00%	453,732	23.45%
Charges for Services	3,580,518	21.65%	3,555,706	19.35%	(24,812)	0.69%
Use of Money & Property	540,560	3.27%	519,940	2.83%	(20,620)	3.81%
Fines and Forfeitures	291,125	1.76%	303,308	1.65%	12,183	4.18%
Contributions	27,671	0.17%	139,713	0.76%	112,042	404.91%
Miscellaneous	538,711	3.26%	786,454	4.28%	247,743	45.99%
<b>TOTAL</b>	<b>16,540,404</b>	<b>100.00%</b>	<b>18,374,903</b>	<b>100.00%</b>	<b>1,834,499</b>	<b>11.09%</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 revenue from Taxes, which accounts for 55% of Governmental Revenues, again showed consistent growth with an increase of 7.78% or \$731,456. Property Taxes, a major component of Tax revenues, continue to show an upward trend for the last four years and are now back to FY10 levels.

Intergovernmental revenues increased by \$453,732 or 23.45% versus last year due to the timing of grant reimbursements arising from Community Development Block Grant (CDBG), Article 3-Sidewalk construction projects, and the Sunset Grade Separation project. Charges for Services decreased by \$24,812 or 0.69%, mainly due to reimbursable Environmental Impact Review and Plan Development fees for the on-going Rancho San Gorgonio project. The increase in Contribution Revenues was mainly due to the receipt of pass-thru Redevelopment Property Tax Trust Fund (RPTTF) which, compared to last year, increased by \$112,042 or 404.91%, due to the distribution of excess RPTTF funds to all affected taxing entities in the redevelopment area.

Please refer to the 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, 2015, with comparative amounts from fiscal year 2013-2014 (FY14). Expenditures for FY15 were \$16.65 million, an increase of \$0.609 million or 3.80% from the prior year.

*Table 6 - Comparison of Governmental Expenditures*

	2013-14	% of Total Expenditures	2014-15	% of Total Expenditures	\$ Increase / (Decrease)	% Change
General Government	2,359,703	14.71%	2,515,876	15.11%	156,173	6.62%
Public Safety	9,322,284	58.12%	8,973,171	53.89%	(349,113)	3.74%
Community Development	-	0.00%	1,320,264	7.93%	1,320,264	-
Parks and Recreation	729,874	4.55%	727,793	4.37%	(2,081)	0.29%
Public Works	2,373,978	14.80%	1,015,760	6.10%	(1,358,218)	57.21%
Operating Expenditures	14,785,839	92.18%	14,552,864	87.41%	(232,975)	1.58%
Capital Outlay	818,606	5.10%	1,660,791	9.97%	842,185	102.88%
Debt Service	436,253	2.72%	435,982	2.62%	(271)	0.06%
<b>TOTAL</b>	<b>16,040,698</b>	<b>100.00%</b>	<b>16,649,637</b>	<b>100.00%</b>	<b>608,939</b>	<b>3.80%</b>

*Note: Details can be found in the "Statement of Revenues, Expenditures and Changes in Fund Balances"*

The increase in General Government expenditures of \$0.156 million is due to the General Fund share in the settlement agreement with the former City Manager, the cost of election services for the Nov. 4 elections, and higher inter-fund transfers for City Attorney expenditures. The decrease in Capital Outlay expenditures of \$0.84 million relates primarily to the Sunset Grade Separation Fund expenditures as the City's commitment to the project is almost complete.

### **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 16).

### III. FINANCIAL ANALYSIS OF THE GENERAL FUND

The City Council committed \$3.81 million as an emergency contingency in the General Fund (see page 26, Balance Sheet - Governmental Funds). Funds classified as Non-spendable total \$0.005 million for prepaid costs. Funds classified as Assigned total \$2.72 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. The remaining fund balance (\$3.27 million) 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

Table 7 below summarizes the General Fund Revenues for the fiscal year ended June 30, 2015.

*Table 7 - General Fund Revenues*

	2012-13	2013-14	2014-15	% of Total	\$ Increase / (Decrease) to Last Year	% Change
Property Tax	3,794,362	4,001,147	4,238,973	25.21%	237,826	5.94%
Sales Tax	2,738,500	2,917,944	2,952,014	17.55%	34,070	1.17%
Transient Occupancy Tax	626,255	712,135	722,434	4.30%	10,299	1.45%
Franchise	813,682	861,155	871,284	5.18%	10,129	1.18%
Other Taxes	258,282	282,250	703,118	4.18%	420,868	149.11%
License & Permits	171,406	219,998	542,773	3.23%	322,775	146.72%
Intergovernmental	1,265,573	278,026	203,831	1.21%	(74,195)	26.69%
Charges for Services	3,565,536	3,580,448	3,555,635	21.14%	(24,813)	0.69%
Use of Money & Property	482,732	511,083	506,294	3.01%	(4,789)	0.94%
Fines & Forfeitures	291,465	291,125	303,308	1.80%	12,183	4.18%
Transfers In	749,087	720,003	1,402,241	8.34%	682,238	94.75%
Contributions*	13,000	11,727	129,240	0.77%	117,513	1002.07%
Miscellaneous	720,708	504,223	685,109	4.07%	180,886	35.87%
<b>TOTALS</b>	<b>15,490,588</b>	<b>14,891,264</b>	<b>16,816,254</b>	<b>100.00%</b>	<b>1,924,990</b>	<b>12.93%</b>

*\*Category did not exist prior to fiscal year 2013*

*Note: Details can be found in the "Budgetary Comparison Schedule, General Fund"*

For Fiscal Year 2014-2015 (FY15), General Fund revenues were \$16.82 million, an increase of \$1.93 million or 12.93% versus last year. Key elements of this year's activity versus last fiscal year are as follows:

- Property Tax revenues increased by \$0.24 million compared to last year, or 5.94%, signaling the consistent increase in assessed values over the last four years.
- Sales Tax revenues show a minimal increase of 1.17% as the increase in sales taxes from sale of autos were offset by reductions in sales tax revenues from fuel and service stations which were negatively impacted by lower retail fuel prices versus last year, owing to a worldwide glut in oil supply.

- The increase in Other Taxes is mainly due to the receipt of \$0.44 million in Mining Tax revenues due to the voter approved Measure J in the November 2014 ballot. This tax measure was implemented in FY15.
- Revenues from Charges for Services decreased by (\$0.02) million or .69% mainly due to the decrease in the Electric Department's mandated 10% administrative service transfer to the General Fund and fee revenues arising from the Rancho San Gorgonio project.
- Compared to the last fiscal year, revenues from Transfers In increased by \$0.68 million or 94.75%. This increase is mainly due to the settlement agreement regarding the oil spill case (City of Banning vs. Dureau and HCI) resulting in a reimbursement of costs to the General Fund in the amount of \$0.69 million which is a non-recurring revenue.
- Miscellaneous Revenue increased by \$0.18 million or 35.87% mainly due to the increase in CRA - pass-thru tax apportionments from the RPTTF (Redevelopment Property Tax Trust Fund).

Table 8 below summarizes the General Fund Expenditures for the fiscal year ended June 30, 2015.

*Table 8 - General Fund Expenditures*

	2012-13	2013-14	2014-15	% of Total	\$ Increase / (Decrease) to Last Year	% Change
General Government*	2,273,136	2,359,703	2,515,876	18.48%	156,173	6.62%
Public Safety	8,818,847	8,715,093	8,278,738	60.80%	(436,355)	5.01%
Community Development	-	-	1,291,523	9.49%	1,291,523	-
Culture & Leisure	595,189	599,171	727,793	5.35%	128,622	21.47%
Public Works *	1,156,102	1,299,066	-	0.00%	(1,299,066)	100.00%
Capital Outlay	138,014	153,674	196,340	1.44%	42,666	27.76%
Debt Service	435,787	436,253	435,982	3.20%	(271)	0.06%
Transfers Out	164,325	164,325	169,955	1.25%	5,630	3.43%
Refunding Debt Issued costs	-	-	-	-	-	-
<b>TOTALS</b>	<b>13,581,400</b>	<b>13,727,285</b>	<b>13,616,207</b>	<b>100.00%</b>	<b>(111,078)</b>	<b>0.81%</b>

\* Some items reclassified from General Government & Public Works to Community Development category.

Note: Details can be found in the "Budgetary Comparison Schedule, General Fund"

Public Safety showed a decrease in expenditures versus last fiscal year in the amount of \$0.44 million due to the severance package payment made in FY14 with the former Police Chief (\$0.15 million), the increase in workers' compensation reimbursements (\$0.10 million), and decrease in regular payroll (\$0.18 million) due to vacancies of Police personnel.

Certain expenditures previously categorized as General Government and Public Works were reclassified to the Community Development category in an effort to align the audited financial statements to the City's internal financial reporting software. Overall, expenses for the two categories are almost the same versus last year.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The original FY15 budget for the General Fund was a structurally balanced budget incorporating the estimated upswing in the economy primarily indicated by increased property taxes and sales tax revenue projections offset by projected increases in personnel costs.

The final adjusted revenue 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. The budgetary comparison information can be found in the "Budgetary Comparison Statement, General Fund" (see page 91).

For the City's General Fund, actual ending revenues of \$16.82 million were \$0.73 million higher than the final budgeted revenues of \$16.09 million (please refer to Budgetary Comparison Schedule-General Fund). This is mainly due to improved revenues from Taxes and higher than expected revenues from RPTTF (Redevelopment Property Tax Trust Fund), offset by lower than expected service fee revenues from Engineering, Police, Fire and other fees.

The General Fund actual ending expenditures of \$13.62 million were \$1.66 million less than the final budget of \$15.28 million. The majority of the difference is accounted for by salary savings due to vacancies in the City Manager, Police and Planning departments, and the unused contingency account in Central Services. \$0.59 million of this amount was carried forward as continuing appropriations to be spent in FY16.

Overall, the City's General Fund showed a net increase in fund balance of \$3.20 million as a result of improved revenues and reduced expenditures.

## **IV. CAPITAL ASSET AND DEBT ADMINISTRATION**

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### **CAPITAL ASSETS**

The City's investment in capital assets (Table 9, see next page) for its Governmental and Business-Type Activities as of June 30, 2015, is \$188.44 million (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, furniture and equipment, infrastructure and construction in progress. 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		
	2014	2015	% Chg	2014	2015	% Chg	2014	2015	% 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	5,283,510	6,202,908	17%	6,023,844	6,255,521	4%	11,307,354	12,458,429	10%
Building and Structures*	12,855,478	11,787,514	8%	115,732	109,585	5%	12,971,210	11,897,099	8%
Land Improvements*	3,798,533	3,919,155	3%	1,776,138	2,432,001	37%	5,574,671	6,351,156	14%
Machinery and Equipment*	920,745	635,307	31%	-	-	-	920,745	635,307	31%
Vehicles*	204,497	229,001	12%	-	-	-	204,497	229,001	12%
Utility Plant	-	-	-	98,080,932	96,518,970	2%	98,080,932	96,518,970	2%
Infrastructure*	59,805,232	56,107,536	6%	-	-	-	59,805,232	56,107,536	6%
<b>TOTAL</b>	<b>85,929,895</b>	<b>81,943,321</b>	<b>5%</b>	<b>107,180,875</b>	<b>106,500,306</b>	<b>1%</b>	<b>193,110,770</b>	<b>188,443,627</b>	<b>2%</b>

Note: Details can be found in "Note 4 (Changes in Capital Assets)"

\* Net of accumulated depreciation

## LONG-TERM DEBT

Table 10 below is a summary of the City's long-term debt for the year ended June 30, 2015; it also incorporates amounts recorded as Net Pension Liability. At year-end, the City's Governmental Activities had long term debt in the amount of \$4.44 million, a decrease of \$0.59 million or 12% versus last year. In addition, \$18.66 million in Net Pension Liability is being reported due to the implementation of GASB Statements No. 68 and 71 requiring the reporting of net pension liability on the face of the financial statement rather than in the footnotes. No new debts were issued in the governmental activities for the current year. 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.

Long-term debt in the Business-Type Activities amounted to \$72.39 million, a decrease of \$2.31 million or 3% from FY14. In addition, Net Pension Liability of \$10.17 million is being reported for the Business-Type Activities due to the implementation of GASB Statements No. 68 and 71. For additional information on long-term debt refer to the Note 8 of the Notes to the Financial Statements. For additional information on the Net Pension Liability refer to Note 11 of the Notes to the Financial Statements. Except for regular principal payments and the implementation of GASB 68 and 71, there were no new issuances of debt and other significant events affecting the City's long term debt.

Table 10 - Long Term Debt/Liability Recap

	Governmental Activities			Business-Type Activities			Totals		
	2014	2015	% Chg	2014	2015	% Chg	2014	2015	% Chg
Compensated Absences	1,143,952	1,020,723	11%	742,995	645,830	13%	1,886,947	1,666,553	12%
Refunding Lease	2,493,082	2,147,361	14%	-	-	-	2,493,082	2,147,361	14%
Revenue Bonds	-	-	-	70,590,000	68,695,000	3%	70,590,000	68,695,000	3%
Claims & Judgements	1,389,920	1,270,939	9%	-	-	-	1,389,920	1,270,939	9%
Loans	-	-	-	1,924,715	1,670,469	13%	1,924,715	1,670,469	13%
SUBTOTAL	5,026,954	4,439,023	12%	73,257,710	71,011,299	3%	78,284,664	75,450,322	4%
Less:									
Unamortized original issue premium				1,536,719	1,466,609	5%	1,536,719	1,466,609	5%
Unamortized original issue discount				(90,653)	(86,437)	5%	(90,653)	(86,437)	5%
Net Business-Type Activities				74,703,776	72,391,471	3%	79,730,730	76,830,494	4%
Net Pension Liability		18,664,140	-		10,172,416	-		28,836,556	-
TOTAL	5,026,954	23,103,163	360%	74,703,776	82,563,887	11%	79,730,730	105,667,050	33%

Note: Details can be found in Note 8 (Long Term Debt) and in Note 11 (City Employees Retirement Plan)

## 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.

CITY OF BANNING

STATEMENT OF NET POSITION  
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$ 18,205,686	\$ 59,889,039	\$ 78,094,725
Receivables:			
Accounts	769,883	5,435,240	6,205,123
Loans	906,205	8,062	914,267
Interest	24,145	67,480	91,625
Grants	84,557	-	84,557
Internal balances	705,080	(705,080)	-
Prepaid costs	5,100	730,766	735,866
Deposits	-	109,512	109,512
Due from other governments	5,751,070	-	5,751,070
Inventories	61,068	2,687,742	2,748,810
Restricted assets:			
Cash and investments	-	192,887	192,887
Cash with fiscal agent	657,858	20,852,195	21,510,053
Capital assets not being depreciated	9,264,808	7,439,750	16,704,558
Capital assets, net of depreciation	72,678,511	99,060,556	171,739,067
<b>Total Assets</b>	<b>109,113,971</b>	<b>195,768,149</b>	<b>304,882,120</b>
<b>Deferred Outflows of Resources:</b>			
Deferred charge on refunding	-	287,594	287,594
Deferred pension related items	1,910,696	752,531	2,663,227
<b>Total Deferred Outflows of Resources</b>	<b>1,910,696</b>	<b>1,040,125</b>	<b>2,950,821</b>
<b>Liabilities:</b>			
Accounts payable	1,259,490	1,774,177	3,033,667
Accrued liabilities	375,794	168,104	543,898
Accrued interest	13,452	454,705	468,157
Unearned revenue	101,982	1,125,861	1,227,843
Deposits payable	661,218	758,198	1,419,416
Noncurrent liabilities:			
Due within one year	1,610,629	2,418,358	4,028,987
Due in more than one year	2,828,394	69,973,113	72,801,507
Net pension liability	18,664,140	10,172,416	28,836,556
<b>Total Liabilities</b>	<b>25,515,099</b>	<b>86,844,932</b>	<b>112,360,031</b>
<b>Deferred Inflows of Resources:</b>			
Deferred gain on refunding	-	16,917	16,917
Deferred pension related items	3,644,424	1,673,839	5,318,263
<b>Total Deferred Inflows of Resources</b>	<b>3,644,424</b>	<b>1,690,756</b>	<b>5,335,180</b>
<b>Net Position:</b>			
Net investment in capital assets	79,795,958	35,025,342	114,821,300
Restricted for:			
Community development projects	3,163,979	-	3,163,979
Public safety	45,467	-	45,467
Culture and leisure	46,495	-	46,495
Transportation	2,549,973	-	2,549,973
Capital projects	14,051	15,369,198	15,383,249
Debt service	-	5,482,997	5,482,997
Unrestricted	(3,750,779)	52,395,049	48,644,270
<b>Total Net Position</b>	<b>\$ 81,865,144</b>	<b>\$ 108,272,586</b>	<b>\$ 190,137,730</b>

CITY OF BANNING

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015

	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	\$ 2,161,242	\$ 3,673,140	\$ 82,028	\$ -	
Public safety	9,615,308	167,426	520,744	141,939	
Community development	1,333,832	581,449	-	-	
Culture and leisure	1,132,717	78,191	2,236	344,256	
Transportation	5,044,885	75,897	557,728	402,046	
Interest on long-term debt	88,096	-	-	-	
<b>Total Governmental Activities</b>	<b>19,376,080</b>	<b>4,576,103</b>	<b>1,162,736</b>	<b>888,241</b>	
Business-Type Activities:					
Airport	382,510	147,965	97,674	-	
Transit	1,854,509	153,211	1,530,999	-	
Banning Utility Authority Water	7,786,308	9,696,891	363	-	
Electric Utility	28,253,812	30,163,068	10,600	-	
Banning Utility Authority Wastewater	2,884,856	3,462,692	-	-	
Refuse Utility	3,088,208	3,131,670	44,179	-	
<b>Total Business-Type Activities</b>	<b>44,250,203</b>	<b>46,755,497</b>	<b>1,683,815</b>	<b>-</b>	
<b>Total Primary Government</b>	<b>\$ 63,626,283</b>	<b>\$ 51,331,600</b>	<b>\$ 2,846,551</b>	<b>\$ 888,241</b>	
<b>General Revenues:</b>					
Taxes:					
Property taxes, levied for general purpose					
Transient occupancy taxes					
Sales taxes					
Franchise taxes					
Business licenses taxes					
Other taxes					
Motor vehicle in lieu - unrestricted					
Use of money and property					
Other					
Transfers					
<b>Total General Revenues and Transfers</b>					
Change in Net Position					
Net Position at Beginning of Year					
Restatement of Net Position					
<b>Net Position at End of Year</b>					

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 1,593,926	\$ -	\$ 1,593,926
(8,785,199)	-	(8,785,199)
(752,383)	-	(752,383)
(708,034)	-	(708,034)
(4,009,214)	-	(4,009,214)
(88,096)	-	(88,096)
<b>(12,749,000)</b>	<b>-</b>	<b>(12,749,000)</b>
 - (136,871)	 (136,871)	 (136,871)
- (170,299)	- (170,299)	(170,299)
- 1,910,946	- 1,910,946	1,910,946
- 1,919,856	- 1,919,856	1,919,856
- 577,836	- 577,836	577,836
- 87,641	- 87,641	87,641
 <b>- 4,189,109</b>	 <b>4,189,109</b>	 <b>4,189,109</b>
<b>(12,749,000)</b>	<b>4,189,109</b>	<b>(8,559,891)</b>
 4,238,973	 -	 4,238,973
722,434	-	722,434
3,533,478	-	3,533,478
871,284	-	871,284
155,025	-	155,025
684,734	-	684,734
12,427	-	12,427
519,940	164,885	684,825
774,987	178,290	953,277
720,432	(720,432)	-
 <b>12,233,714</b>	 <b>(377,257)</b>	 <b>11,856,457</b>
 (515,286)	 3,811,852	 3,296,566
 102,938,135	 115,452,128	 218,390,263
 (20,557,705)	 (10,991,394)	 (31,549,099)
 <b>\$ 81,865,144</b>	 <b>\$ 108,272,586</b>	 <b>\$ 190,137,730</b>

CITY OF BANNING

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Pooled cash and investments	\$ 8,254,030	\$ 5,619,603	\$ 13,873,633
<b>Receivables:</b>			
Accounts	744,702	2,591	747,293
Loans	-	906,205	906,205
Interest	15,008	6,242	21,250
Grants	79,303	5,254	84,557
Prepaid costs	5,100	-	5,100
Due from other governments	1,132,378	4,547,753	5,680,131
Due from other funds	2,107,300	-	2,107,300
Restricted assets:			
Cash and investments with fiscal agents	-	657,858	657,858
<b>Total Assets</b>	<b>\$ 12,337,821</b>	<b>\$ 11,745,506</b>	<b>\$ 24,083,327</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 934,124	\$ 67,611	\$ 1,001,735
Accrued liabilities	296,218	26,628	322,846
Unearned revenues	-	101,982	101,982
Deposits payable	560,027	101,191	661,218
Due to other funds	-	2,107,300	2,107,300
Advances from other funds	394,118	-	394,118
<b>Total Liabilities</b>	<b>2,184,487</b>	<b>2,404,712</b>	<b>4,589,199</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenues	351,738	2,962,107	3,313,845
<b>Total Deferred Inflows of Resources</b>	<b>351,738</b>	<b>2,962,107</b>	<b>3,313,845</b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	5,100	-	5,100
<b>Restricted for:</b>			
Community development projects	-	3,163,979	3,163,979
Public safety	-	45,467	45,467
Culture and leisure	-	46,495	46,495
Transportation	-	2,549,973	2,549,973
Capital Projects	-	14,051	14,051
<b>Committed to:</b>			
Emergency Contingency	3,806,936	-	3,806,936
<b>Assigned to:</b>			
Culture and leisure	11,232	-	11,232
Transportation	68,430	-	68,430
Capital Projects	1,100,000	2,620,462	3,720,462
Debt service	4,299	-	4,299
General government	165,104	-	165,104
Future compensated absences	433,850	-	433,850
Litigation Contingency	179,189	-	179,189
Gas tax commitment	164,325	-	164,325
PEG	125,840	-	125,840
SB1186 Disability Access	3,578	-	3,578
Police Reward	25,000	-	25,000
Community development projects	1,523	-	1,523
Mining Tax - Pending Litigation	439,795	-	439,795
<b>Unassigned</b>	<b>3,267,395</b>	<b>(2,061,740)</b>	<b>1,205,655</b>
<b>Total Fund Balances</b>	<b>9,801,596</b>	<b>6,378,687</b>	<b>16,180,283</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 12,337,821</b>	<b>\$ 11,745,506</b>	<b>\$ 24,083,327</b>

CITY OF BANNING

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2015

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Fund balances of governmental funds \$ 16,180,283

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. 81,579,135

Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2014, and pension contributions subsequent to the measurement date are reclassified as deferred pension contributions. 1,673,794

Long-term debt, net pension liability and compensated absences that have not been included in the governmental fund activity:

Bonds payable	\$ (2,147,361)
Net pension liability	(15,461,780)
Compensated Absences	<u>(867,700)</u>
	(18,476,841)

The difference between the proportionate share of the projected and actual earnings on the pension plan investments is reported as deferred inflows of resources and amortized over the remaining service life. (3,117,487)

Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds. (13,452)

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. 3,313,845

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. 725,867

**Net Position of governmental activities** \$ 81,865,144

CITY OF BANNING

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 9,487,823	\$ 650,197	\$ 10,138,020
Licenses and permits	542,773	-	542,773
Intergovernmental	203,831	2,185,158	2,388,989
Charges for services	3,555,635	71	3,555,706
Use of money and property	506,294	13,646	519,940
Fines and forfeitures	303,308	-	303,308
Contributions	5,400	10,473	15,873
Contribution from Successor Agency	123,840	-	123,840
Miscellaneous	685,109	101,345	786,454
<b>Total Revenues</b>	<b>15,414,013</b>	<b>2,960,890</b>	<b>18,374,903</b>
<b>Expenditures:</b>			
Current:			
General government	2,515,876	-	2,515,876
Public safety	8,278,738	694,433	8,973,171
Community development	1,291,523	28,741	1,320,264
Culture and leisure	727,793	-	727,793
Transportation	-	1,015,760	1,015,760
Capital outlay	196,340	1,464,451	1,660,791
Debt service:			
Principal retirement	345,721	-	345,721
Interest and fiscal charges	90,261	-	90,261
<b>Total Expenditures</b>	<b>13,446,252</b>	<b>3,203,385</b>	<b>16,649,637</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>1,967,761</b>	<b>(242,495)</b>	<b>1,725,266</b>
<b>Other Financing Sources (Uses):</b>			
Transfers in	1,402,241	599,262	2,001,503
Transfers out	(169,955)	(432,875)	(602,830)
<b>Total Other Financing Sources (Uses)</b>	<b>1,232,286</b>	<b>166,387</b>	<b>1,398,673</b>
Net Change in Fund Balances	<b>3,200,047</b>	<b>(76,108)</b>	<b>3,123,939</b>
Fund Balances, Beginning of Year	<b>6,601,549</b>	<b>6,454,795</b>	<b>13,056,344</b>
<b>Fund Balances, End of Year</b>	<b>\$ 9,801,596</b>	<b>\$ 6,378,687</b>	<b>\$ 16,180,283</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, 2015

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Net change in fund balances - total governmental funds \$ 3,123,939

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	\$ 1,666,340
Depreciation	<u>(5,599,614)</u>
	(3,933,274)

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	345,721
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Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.

2,166

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.

93,596

Pension obligation 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. These include:

192,051

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.

(234,542)

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.

(104,943)

Change in net position of governmental activities

\$ (515,286)

CITY OF BANNING

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

Business-Type Activities - Enterprise Funds					
	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater		
<b>Assets:</b>					
<b>Current:</b>					
Pooled cash and investments	\$ 16,571,765	\$ 23,834,417	\$ 17,393,667		
Receivables:					
Accounts	1,193,427	3,396,008	427,471		
Loans	1,936	2,568	-		
Interest	18,834	27,238	19,581		
Prepaid costs	-	730,766	-		
Deposits	-	109,512	-		
Due from other governments	-	-	-		
Inventories	438,230	2,233,089	-		
<b>Restricted:</b>					
Cash and investments	-	192,887	-		
Cash with fiscal agent	3,675,419	13,830,349	3,346,427		
<b>Total Current Assets</b>	<b>21,899,611</b>	<b>44,356,834</b>	<b>21,187,146</b>		
<b>Noncurrent:</b>					
Advances to other funds	-	394,118	-		
Capital assets - net of accumulated depreciation	47,749,713	41,053,163	14,341,488		
<b>Total Noncurrent Assets</b>	<b>47,749,713</b>	<b>41,447,281</b>	<b>14,341,488</b>		
<b>Total Assets</b>	<b>69,649,324</b>	<b>85,804,115</b>	<b>35,528,634</b>		
<b>Deferred Outflows of Resources:</b>					
Deferred charge on refunding	172,705	-	114,889		
Deferred pension related items	164,591	383,820	80,137		
<b>Total Deferred Outflows of Resources</b>	<b>337,296</b>	<b>383,820</b>	<b>195,026</b>		
<b>Liabilities:</b>					
<b>Current:</b>					
Accounts payable	157,035	1,217,449	122,678		
Accrued liabilities	32,514	89,182	14,686		
Accrued interest	244,919	141,442	68,344		
Unearned revenues	-	-	-		
Deposits payable	169,798	380,398	91,834		
Compensated absences	38,696	92,189	22,265		
Claims and judgments	-	-	-		
Bonds, notes, and capital leases	840,000	970,000	420,857		
<b>Total Current Liabilities</b>	<b>1,482,962</b>	<b>2,890,660</b>	<b>740,664</b>		
<b>Noncurrent:</b>					
Net Pension Liability	2,224,874	5,188,333	1,083,258		
Compensated absences	94,590	225,345	54,424		
Claims and judgments	-	-	-		
Bonds, notes, and capital leases	29,360,984	33,730,625	6,423,175		
<b>Total Noncurrent Liabilities</b>	<b>31,680,448</b>	<b>39,144,303</b>	<b>7,560,857</b>		
<b>Total Liabilities</b>	<b>33,163,410</b>	<b>42,034,963</b>	<b>8,301,521</b>		
<b>Deferred Inflows of Resources:</b>					
Deferred gain on refunding	-	16,917	-		
Deferred pension related items	366,096	853,724	178,247		
<b>Total Deferred Inflows of Resources</b>	<b>366,096</b>	<b>870,641</b>	<b>178,247</b>		
<b>Net Position:</b>					
Net investment in capital assets	17,721,434	6,335,621	7,612,345		
Restricted for capital projects	944,585	11,158,193	3,266,420		
Restricted for debt service	2,730,834	2,672,156	80,007		
Unrestricted	15,060,261	23,116,361	16,285,120		
<b>Total Net Position</b>	<b>\$ 36,457,114</b>	<b>\$ 43,282,331</b>	<b>\$ 27,243,892</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

## CITY OF BANNING

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			Governmental Activities-Internal Service Funds	
	Other Enterprise Funds	Totals			
<b>Assets:</b>					
<b>Current:</b>					
Pooled cash and investments	\$ 2,089,190	\$ 59,889,039	\$ 4,332,053		
Receivables:					
Accounts	416,334	5,435,240	22,590		
Loans	3,558	8,062	-		
Interest	1,827	67,480	2,895		
Prepaid costs	-	730,766	-		
Deposits	-	109,512	-		
Due from other governments	-	-	70,939		
Inventories	16,423	2,687,742	61,068		
<b>Restricted:</b>					
Cash and investments	-	192,887	-		
Cash with fiscal agent	-	20,852,195	-		
<b>Total Current Assets</b>	<b>2,529,332</b>	<b>89,972,923</b>	<b>4,489,545</b>		
<b>Noncurrent:</b>					
Advances to other funds	-	394,118	-		
Capital assets - net of accumulated depreciation	3,355,942	106,500,306	364,184		
<b>Total Noncurrent Assets</b>	<b>3,355,942</b>	<b>106,894,424</b>	<b>364,184</b>		
<b>Total Assets</b>	<b>5,885,274</b>	<b>196,867,347</b>	<b>4,853,729</b>		
<b>Deferred Outflows of Resources:</b>					
Deferred charge on refunding	-	287,594	-		
Deferred pension related items	123,983	752,531	236,902		
<b>Total Deferred Outflows of Resources</b>	<b>123,983</b>	<b>1,040,125</b>	<b>236,902</b>		
<b>Liabilities:</b>					
<b>Current:</b>					
Accounts payable	277,015	1,774,177	257,755		
Accrued liabilities	31,722	168,104	52,948		
Accrued interest	-	454,705	-		
Unearned revenues	1,125,861	1,125,861	-		
Deposits payable	116,168	758,198	-		
Compensated absences	34,351	187,501	100,265		
Claims and judgments	-	-	864,033		
Bonds, notes, and capital leases	-	2,230,857	-		
<b>Total Current Liabilities</b>	<b>1,585,117</b>	<b>6,699,403</b>	<b>1,275,001</b>		
<b>Noncurrent:</b>					
Net Pension Liability	1,675,951	10,172,416	3,202,360		
Compensated absences	83,970	458,329	52,758		
Claims and judgments	-	-	406,906		
Bonds, notes, and capital leases	-	69,514,784	-		
<b>Total Noncurrent Liabilities</b>	<b>1,759,921</b>	<b>80,145,529</b>	<b>3,662,024</b>		
<b>Total Liabilities</b>	<b>3,345,038</b>	<b>86,844,932</b>	<b>4,937,025</b>		
<b>Deferred Inflows of Resources:</b>					
Deferred gain on refunding	-	16,917	-		
Deferred pension related items	275,772	1,673,839	526,937		
<b>Total Deferred Inflows of Resources</b>	<b>275,772</b>	<b>1,690,756</b>	<b>526,937</b>		
<b>Net Position:</b>					
Net investment in capital assets	3,355,942	35,025,342	364,184		
Restricted for capital projects	-	15,369,198	-		
Restricted for debt service	-	5,482,997	-		
Unrestricted	(967,495)	53,494,247	(737,515)		
<b>Total Net Position</b>	<b>\$ 2,388,447</b>	<b>\$ 109,371,784</b>	<b>\$ (373,331)</b>		
		\$ 109,371,784			
		(1,189,468)			
		90,270			
		\$ 108,272,586			

CITY OF BANNING

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

Business-Type Activities - Enterprise Funds			
	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater
<b>Operating Revenues:</b>			
Sales and service charges	\$ 9,696,891	\$ 30,163,068	\$ 3,462,692
Miscellaneous	21,124	124,013	23,584
<b>Total Operating Revenues</b>	<b>9,718,015</b>	<b>30,287,081</b>	<b>3,486,276</b>
<b>Operating Expenses:</b>			
Salaries and benefits	1,443,636	3,274,233	708,590
Supplies and services	3,649,175	5,449,860	1,270,599
Repairs and maintenance	9,803	17,001	20,019
Street lighting costs	-	108,215	-
Power purchased	-	16,393,665	-
Bad debt expense	15,772	106,838	14,652
Insurance premiums	-	-	-
Depreciation expense	1,238,118	1,262,815	561,191
<b>Total Operating Expenses</b>	<b>6,356,504</b>	<b>26,612,627</b>	<b>2,575,051</b>
<b>Operating Income (Loss)</b>	<b>3,361,511</b>	<b>3,674,454</b>	<b>911,225</b>
<b>Nonoperating Revenues (Expenses):</b>			
Intergovernmental	363	10,600	-
Interest revenue and change in fair value of investments	46,938	69,240	45,532
Interest expense	(1,474,266)	(1,700,535)	(317,468)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(1,426,965)</b>	<b>(1,620,695)</b>	<b>(271,936)</b>
<b>Income (Loss) Before Transfers</b>	<b>1,934,546</b>	<b>2,053,759</b>	<b>639,289</b>
Transfers in	2,099	131	1,124
Transfers out	(488,000)	-	(181,000)
<b>Changes in Net Position</b>	<b>1,448,645</b>	<b>2,053,890</b>	<b>459,413</b>
<b>Net Position:</b>			
Beginning of Year, as previously reported	37,412,467	46,834,485	27,954,950
Restatements	(2,403,998)	(5,606,044)	(1,170,471)
Beginning of Fiscal Year, as restated	35,008,469	41,228,441	26,784,479
<b>End of Fiscal Year</b>	<b>\$ 36,457,114</b>	<b>\$ 43,282,331</b>	<b>\$ 27,243,892</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, 2015

<u>Business-Type Activities - Enterprise Funds</u>			
	Other Enterprise Funds	Totals	Governmental Activities- Internal Service Funds
<b>Operating Revenues:</b>			
Sales and service charges	\$ 3,432,846	\$ 46,755,497	\$ 5,702,426
Miscellaneous	9,569	178,290	916,443
<b>Total Operating Revenues</b>	<b>3,442,415</b>	<b>46,933,787</b>	<b>6,618,869</b>
<b>Operating Expenses:</b>			
Salaries and benefits	1,250,708	6,677,167	1,998,154
Supplies and services	3,543,772	13,913,406	2,871,874
Repairs and maintenance	20,063	66,886	220,264
Street lighting costs	-	108,215	-
Power purchased	-	16,393,665	-
Bad debt expense	9,504	146,766	1,877
Insurance premiums	-	-	845,202
Depreciation expense	479,975	3,542,099	53,300
<b>Total Operating Expenses</b>	<b>5,304,022</b>	<b>40,848,204</b>	<b>5,990,671</b>
<b>Operating Income (Loss)</b>	<b>(1,861,607)</b>	<b>6,085,583</b>	<b>628,198</b>
<b>Nonoperating Revenues (Expenses):</b>			
Intergovernmental	1,672,852	1,683,815	-
Interest revenue and change in fair value of investments	3,175	164,885	35,370
Interest expense	-	(3,492,269)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,676,027</b>	<b>(1,643,569)</b>	<b>35,370</b>
<b>Income (Loss) Before Transfers</b>	<b>(185,580)</b>	<b>4,442,014</b>	<b>663,568</b>
Transfers in	214	3,568	-
Transfers out	(55,000)	(724,000)	(678,241)
<b>Changes in Net Position</b>	<b>(240,366)</b>	<b>3,721,582</b>	<b>(14,673)</b>
<b>Net Position:</b>			
Beginning of Year, as previously reported	4,439,694	116,641,596	3,101,523
Restatements	(1,810,881)	(10,991,394)	(3,460,181)
Beginning of Fiscal Year, as restated	2,628,813	105,650,202	(358,658)
<b>End of Fiscal Year</b>	<b>\$ 2,388,447</b>	<b>\$ 109,371,784</b>	<b>\$ (373,331)</b>
		\$ 3,721,582	
		90,270	
		<u><u>\$ 3,811,852</u></u>	

CITY OF BANNING

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	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	\$ 10,265,089	\$ 30,902,732	\$ 3,473,141
Cash received from/(paid to) interfund service provided	21,608	124,013	23,584
Cash paid to suppliers for goods and services	(3,790,445)	(23,450,775)	(1,250,404)
Cash paid to employees for services	(1,467,059)	(3,199,540)	(740,606)
Cash received from (payments to) others	-	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>5,029,193</b>	<b>4,376,430</b>	<b>1,505,715</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash transfers in	2,099	131	1,124
Cash transfers out	(488,000)	-	(181,000)
Intergovernmental	363	-	-
Repayment received from other funds	-	10,600	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(485,538)</b>	<b>10,731</b>	<b>(179,876)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(144,832)	(2,593,302)	(83,658)
Principal paid on capital debt	(855,536)	(954,574)	(405,030)
Interest paid on capital debt	(1,480,303)	(1,720,763)	(322,895)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(2,480,671)</b>	<b>(5,268,639)</b>	<b>(811,583)</b>
<b>Cash Flows from Investing Activities:</b>			
Collections of repayment on loan receivables	-	3,366	200
Issuance of notes and loans receivable	(109)	-	-
Interest received	55,464	82,798	57,654
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>55,355</b>	<b>86,164</b>	<b>57,854</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2,118,339</b>	<b>(795,314)</b>	<b>572,110</b>
Cash and Cash Equivalents at Beginning of Year	18,128,845	38,652,967	20,167,984
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 20,247,184</b>	<b>\$ 37,857,653</b>	<b>\$ 20,740,094</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 3,361,511	\$ 3,674,454	\$ 911,225
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>			
Depreciation	1,238,118	1,262,815	561,191
Bad debt expense	15,772	106,838	14,652
(Increase) decrease in accounts receivable	554,211	652,842	(3,654)
(Increase) decrease in deposits receivable	-	(9,341)	-
(Increase) decrease in due from other governments	484	-	-
(Increase) decrease in prepaid expense	-	(260,086)	-
(Increase) decrease in inventories	980	(552,158)	-
Increase (decrease) in accounts payable	(154,782)	(577,365)	30,465
Increase (decrease) in accrued liabilities	(272)	14,413	(1,130)
Increase (decrease) in deposits payable	36,594	(10,675)	24,982
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in employee salary/benefit obligations	22,381	52,193	10,897
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	(45,804)	22,500	(42,913)
<b>Total Adjustments</b>	<b>1,667,682</b>	<b>701,976</b>	<b>594,490</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 5,029,193</b>	<b>\$ 4,376,430</b>	<b>\$ 1,505,715</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>			
Amortization of Unamortized Premiums/Discounts	\$ 50,536	\$ 19,574	\$ (4,216)
Amortization of Gain/Loss on Defeasance	(38,379)	16,917	25,531

CITY OF BANNING

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Business-Type Activities -		
	Other Enterprise Funds	Totals	Governmental Activities-Internal Service Funds
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers and users	\$ 3,473,814	\$ 48,114,776	\$ 5,706,541
Cash received from/(paid to) interfund service provided	220,487	389,692	944,462
Cash paid to suppliers for goods and services	(2,780,320)	(31,271,944)	(4,045,165)
Cash paid to employees for services	(1,264,797)	(6,672,002)	(1,995,572)
Cash received from (payments to) others	17,746	17,746	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(333,070)</b>	<b>10,578,268</b>	<b>610,266</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash transfers in	214	3,568	-
Cash transfers out	(55,000)	(724,000)	(678,241)
Intergovernmental	1,575,178	1,575,541	-
Repayment received from other funds	66,674	77,274	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>1,587,066</b>	<b>932,383</b>	<b>(678,241)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(39,738)	(2,861,530)	-
Principal paid on capital debt	-	(2,215,140)	-
Interest paid on capital debt	-	(3,523,961)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(39,738)</b>	<b>(8,600,631)</b>	<b>-</b>
<b>Cash Flows from Investing Activities:</b>			
Collections of repayment on loan receivables	-	3,566	-
Issuance of notes and loans receivable	(3,558)	(3,667)	-
Interest received	3,255	199,171	36,456
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(303)</b>	<b>199,070</b>	<b>36,456</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,213,955</b>	<b>3,109,090</b>	<b>(31,519)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>875,235</b>	<b>77,825,031</b>	<b>4,363,572</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,089,190</b>	<b>\$ 80,934,121</b>	<b>\$ 4,332,053</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (1,861,607)	\$ 6,085,583	\$ 628,198
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>			
Depreciation	479,975	3,542,099	53,301
Bad debt expense	-	137,262	-
(Increase) decrease in accounts receivable	51,489	1,254,888	4,115
(Increase) decrease in deposits receivable	-	(9,341)	-
(Increase) decrease in due from other governments	228,664	229,148	28,019
(Increase) decrease in prepaid expense	-	(260,086)	-
(Increase) decrease in inventories	(2,076)	(553,254)	28,079
Increase (decrease) in accounts payable	(34,227)	(735,909)	(16,499)
Increase (decrease) in accrued liabilities	3,366	16,377	1,452
Increase (decrease) in deposits payable	(1,017)	49,884	-
Increase (decrease) in unearned revenue	816,452	816,452	-
Increase (decrease) in employee salary/benefit obligations	16,859	102,330	32,215
Increase (decrease) in claims and judgments	-	-	(118,981)
Increase (decrease) in compensated absences	(30,948)	(97,165)	(29,633)
<b>Total Adjustments</b>	<b>1,528,537</b>	<b>4,492,685</b>	<b>(17,932)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (333,070)</b>	<b>\$ 10,578,268</b>	<b>\$ 610,266</b>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>			
Amortization of Unamortized Premiums/Discounts	\$ -	\$ 65,894	\$ -
Amortization of Gain/Loss on Defeasance	-	4,069	-

CITY OF BANNING

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2015

	Agency Funds	Private-Purpose Trust Fund Successor	Agency of the Former RDA
<b>Assets:</b>			
Pooled cash and investments	\$ 368,381	\$ 1,588,530	
Receivables:			
Accounts	-	18,176	
Notes and loans	-	6,015,081	
Interest	367	2,495	
Due from other governments	13,891	-	
Land held for resale	-	4,675,556	
Restricted assets:			
Cash and investments with fiscal agents	223,069	11,596,137	
Capital assets:			
Capital assets, not being depreciated	-	3,967	
Capital assets, net of accumulated depreciation	-	5,799,138	
<b>Total Assets</b>	<b>\$ 605,708</b>		<b>29,699,080</b>
<b>Liabilities and Net Position:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 32,452	41,154	
Accrued interest	-	664,151	
Deposits payable	77,357	1,696	
Due to bondholders	495,899	-	
Long-term liabilities:			
Due in one year	-	1,262,406	
Due in more than one year	-	37,015,838	
<b>Total Liabilities</b>	<b>\$ 605,708</b>		<b>38,985,245</b>
<b>Net Position:</b>			
Held in trust for other purposes			<u>(9,286,165)</u>
<b>Total Net Position</b>	<b>\$ (9,286,165)</b>		

## CITY OF BANNING

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Private-Purpose Trust Fund Successor Agency of the Former RDA
<b>Additions:</b>	
Taxes	\$ 1,648,964
Interest and change in fair value of investments	61,056
Miscellaneous	17,250
<b>Total Additions</b>	<b>1,727,270</b>
<b>Deductions:</b>	
Administrative expenses	129,159
Interest expense	1,609,315
Amortization expense	30,236
Depreciation expense	250,218
Loss of sale of capital assets	1,206,679
Contributions to the city	123,840
Forgiven loan expense	323,915
<b>Total Deductions</b>	<b>3,673,362</b>
<b>Changes in Net Position</b>	<b>(1,946,092)</b>
Net Position - Beginning of the Year	(7,343,484)
Restatement of Net Position	3,411
Net Position - Beginning of the Year, as restated	(7,340,073)
<b>Net Position - End of the Year</b>	<b>\$ (9,286,165)</b>

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## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

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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 Agency's Officers are the Banning City Council. The Agency 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, 2015

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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, 2015

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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 fund:

- 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 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, 2015

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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, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Equity**

**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, 2015

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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, 2015

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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, 2015

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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 currently has two items that qualify for reporting in this category. The first item is the deferred charge on refunding reported in the Statements 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. The second item relates to the deferred outflows from changes in net pension liability arising under a full accrual basis of accounting, which are reported only in the Statements of Net Position.

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 currently has three items that qualify for reporting in this category. The first item, which arises only under a modified accrual basis of accounting, 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. The second item is a deferred gain on refunding, which is reported in the Business-Type Activities and Proprietary Funds Statement of Net Position. The third item relates to changes in net pension liability arising under a full accrual basis of accounting, which is reported only in the Statements of Net Position.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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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 were 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 were 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 were 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.

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.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

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 were 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, as well as Police 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 were 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.

**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.

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2015

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#### Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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) were 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 were moved to a unique leave bank and the City Manager and Department Directors will no longer accrue holidays, but are 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 were 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 were 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 were moved to a unique leave bank and the Management employees are no longer accrue holidays, but are 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:

	Hours
City Manager (vacation)	120
Department Directors (vacation)	80
Managers 80 (vacation in excess of 80)	
Police Management (vacation)	80
Police (vacation)	40
Police (holiday)	88

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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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 Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the pension plans fiduciary net positions and additions to/deductions from the pension plans fiduciary net positions have been determined on the same basis as they are reported by the CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2015

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#### Note 1: Organization and Summary of Significant Accounting Policies (Continued)

##### 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.

##### 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.

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2015

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#### Note 1: Organization and Summary of Significant Accounting Policies (Continued)

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.

#### Fund Balance Deficits

The following funds contained a deficit fund balance:

Fund	Amount
Transit Fund	\$ (1,247,895)
Community Development Block Grant - Special Revenue	(11,915)
Sunset Grade Separation - Capital Projects Fund	(2,049,825)
Successor Agency	(9,286,165)
Information Services	(369,986)
Utility Billing Services	(1,731,966)

#### e. New Accounting Pronouncements

During the fiscal year ended June 30, 2015, the City implemented the following GASB standards:

**GASB Statement No. 68 – Accounting and financial Reporting for Pensions**—an Amendment of GASB Statement No. 27 will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information. The requirements of this statement are retroactive and effective for financial statements for periods beginning after June 15, 2014.

The City has fully implemented this standard, which resulted in restated Net Positions as of June 30, 2014. Please refer to Note 17 regarding the restatement.

**GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date** – an amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

The provisions of GASB Statement No. 71 are effective for financial statements beginning after June 15, 2014.

**II. DETAILED NOTES ON ALL FUNDS**

**Note 2: Cash and Investments**

As of June 30, 2015, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 18,863,544
Business-type activities	80,934,121
Fiduciary funds	<u>13,776,117</u>
Total Cash and Investments	<u>\$ 113,573,782</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, 2015, the carrying amount of the City's deposits was \$8,266,572, and the bank balance was \$7,808,289. The \$458,283 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.

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2015

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#### Note 2: Cash and Investments (Continued)

##### 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

##### 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, 2015, 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, 2015, 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, 2015, the City's investments in external investment pools are unrated.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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Note 2: Cash and Investments (Continued)

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, 2015, none of the City's deposits or investments were exposed to custodial credit risk.

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. The investments in mutual money market funds and external investment pools are excluded from this requirement. As of June 30, 2015, the City has investments with the following issuer that exceeded 5%:

Federal Home Loan Bank	\$ 5,997,460	6%
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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, 2015, the City had the following investments and maturities:

Investment Type	Remaining Investment Maturities			Fair Value
	1 year or less	1 to 3 years	3 to 5 years	
Federal Agency Securities	\$ -	\$ 7,698,123	\$ 999,810	\$ 8,697,933
Local Agency Investment Fund	45,428,852	-	-	45,428,852
Money Market	17,408,347	-	-	17,408,347
Cash with Fiscal Agents:				
Money Market	33,772,078	-	-	33,772,078
Total	<u>\$ 96,609,277</u>	<u>\$ 7,698,123</u>	<u>\$ 999,810</u>	<u>\$ 105,307,210</u>

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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Note 3: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due To/From Other Funds

Funds	Due to Other Funds
Due from Other Funds:	Nonmajor Governmental Funds
General Fund	<u>\$ 2,107,300</u>

The interfund balances were the results of routine interfund transactions not cleared prior to year-end.

Advances To/From Other Funds

Funds	Advances to Other Funds
Advances from Other Funds:	Electric Utility
General Fund	<u>\$ 394,118</u>
Total	<u>\$ 394,118</u>

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, 2015, principal owed on those loans was \$394,118.

Interfund Transfers

Funds	Transfers Out:						
	General Fund	BUA Water Fund	Banning Utility Authority Wastewater	Other Enterprise Funds	Internal Service Funds	Nonmajor Governmental Funds	Totals
<b>Transfers In:</b>							
General Fund	\$ -	\$ 488,000	\$ 188,000	\$ 55,000	\$ 678,241	\$ -	\$ 1,409,241
Electric Utility	131	-	-	-	-	-	131
BUA Water Fund	2,099	-	-	-	-	-	2,099
BUA Wastewater Fund	1,124	-	-	-	-	-	1,124
Other Enterprise Funds	214	-	-	-	-	-	214
Nonmajor Governmental Funds	166,387	-	-	-	-	432,875	599,262
<b>Totals</b>	<b>\$ 169,955</b>	<b>\$ 488,000</b>	<b>\$ 188,000</b>	<b>\$ 55,000</b>	<b>\$ 678,241</b>	<b>\$ 432,875</b>	<b>\$ 2,012,071</b>

**CITY OF BANNING**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015**

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**Note 3: Interfund Receivables, Payables and Transfers (Continued)**

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.

**Note 4: Changes in Capital Assets**

Capital asset activity for the year ended June 30, 2015, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 3,061,900	\$ -	\$ -	\$ -	\$ 3,061,900
Construction-in-progress	5,283,510	1,534,961	-	(615,563)	6,202,908
Total Capital Assets, Not Being Depreciated	8,345,410	1,534,961	-	(615,563)	9,264,808
Capital assets, being depreciated:					
Buildings and structures	26,047,895	-	136,177	16,150	25,927,868
Land improvements	7,074,384	-	-	423,100	7,497,484
Machinery and equipment	6,133,638	131,379	12,498	48,848	6,301,367
Vehicles	4,212,327	-	155,666	113,285	4,169,946
Infrastructure	112,780,872	-	-	14,180	112,795,052
Total Capital Assets, Being Depreciated	156,249,116	131,379	304,341	615,563	156,691,717
Less accumulated depreciation:					
Buildings and structures	13,192,417	1,084,114	136,177	-	14,140,354
Land improvements	3,275,851	302,478	-	-	3,578,329
Machinery and equipment	5,212,893	465,665	12,498	-	5,666,060
Vehicles	4,007,830	88,781	155,666	-	3,940,945
Infrastructure	52,975,640	3,711,876	-	-	56,687,516
Total Accumulated Depreciation	78,664,631	5,652,914	304,341	-	84,013,204
Total Capital Assets, Being Depreciated, Net	77,584,485	(5,521,535)	-	615,563	72,678,511
Governmental Activities Capital Assets, Net	\$ 85,929,895	\$ (3,986,574)	\$ -	\$ -	\$ 81,943,319

Depreciation expense was charged to governmental functions as follows:

<b>Governmental Activities:</b>		
General government		\$ 223,985
Public safety		895,938
Public works		4,087,718
Transportation		391,973
Internal Service Fund		53,300
<b>Total Depreciation Expense - Governmental Activities</b>		<b>\$ 5,652,914</b>

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

Note 4: Changes in Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,184,229	\$ -	\$ -	\$ -	\$ 1,184,229
Construction-in-progress	6,023,844	2,750,575	-	(2,518,898)	6,255,521
Total Capital Assets, Not Being Depreciated	7,208,073	2,750,575	-	(2,518,898)	7,439,750
Capital assets, being depreciated:					
Airport master plan	38,875	-	-	-	38,875
Buildings and structures	519,247	-	-	-	519,247
Land improvements	3,561,602	-	-	851,231	4,412,833
Machinery and equipment	29,109	-	-	-	29,109
Utility plant	164,725,256	110,955	10,722	1,667,667	166,493,156
Total Capital Assets, Being Depreciated	168,874,089	110,955	10,722	2,518,898	171,493,220
Less accumulated depreciation:					
Airport master plan	38,875	-	-	-	38,875
Buildings and structures	403,515	6,147	-	-	409,662
Land improvements	1,785,464	195,368	-	-	1,980,832
Machinery and equipment	29,109	-	-	-	29,109
Utility plant	66,644,324	3,340,584	10,722	-	69,974,186
Total Accumulated Depreciation	68,901,287	3,542,099	10,722	-	72,432,664
Total Capital Assets, Being Depreciated, Net	99,972,802	(3,431,144)	-	2,518,898	99,060,556
Business-type Activities					
Capital Assets, Net	\$ 107,180,875	\$ (680,569)	\$ -	\$ -	\$ 106,500,306

Depreciation expense was charged to business-type activities as follows:

Business-Type Activities:	
Banning Utility Authority Water	\$ 1,238,118
Electric Utility	1,262,815
Banning Utility Authority Wastewater	561,191
Airport	202,485
Transit	277,490
Total Depreciation Expense - Business-Type Activities	\$ 3,542,099

**CITY OF BANNING****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015****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	\$ 1,237,132	\$ (43,705)	\$ 1,193,427
Electric	3,522,615	(126,607)	3,396,008
Wastewater	443,453	(15,982)	427,471
Nonmajor Proprietary Funds	<u>433,268</u>	<u>(14,934)</u>	<u>418,334</u>
	<u>\$ 5,636,468</u>	<u>\$ (201,228)</u>	<u>\$ 5,435,240</u>

**Note 6: Loans Receivable**

The City has entered into various loan agreements relating to owner's 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, 2015:

<u>Description</u>	<u>Balance at June 30, 2015</u>
Owners participation loans	\$ 500,000
First time home buyer down payment assistance loans	380,000
Rehabilitation loans	26,205
Other loans	<u>8,062</u>
Total loans receivable at June 30, 2015	<u>\$ 914,267</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, 2015, amounted to \$192,887.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

Note 8: Long-Term Debt

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2015:

	Balance at July 1, 2014	Incurred	Retired	Balance at June 30, 2015	Due Within One Year
<b>Governmental Activities:</b>					
2011 Refunding Lease	\$ 2,493,082	\$ -	\$ 345,721	\$ 2,147,361	\$ 358,807
Compensated Absences					
Governmental Funds	961,296	224,943	318,539	867,700	287,524
Internal Service Funds	182,656	9,832	39,465	153,023	100,265
Claims and Judgment	1,389,920	825,940	944,921	1,270,939	864,033
<b>Total</b>	<b>\$ 5,026,954</b>	<b>\$ 1,060,715</b>	<b>\$ 1,648,646</b>	<b>\$ 4,439,023</b>	<b>\$ 1,610,629</b>
<b>Business-Type Activities:</b>					
Loans Payable	\$ 1,924,715	\$ -	\$ 254,246	\$ 1,670,469	\$ 260,857
2005 Water Revenue Bond	29,970,000	-	805,000	29,165,000	840,000
2005 Wastewater Revenue Bond	5,415,000	-	155,000	5,260,000	160,000
2007 Electric Revenue Bond	35,205,000	-	935,000	34,270,000	970,000
Compensated Absences	742,995	118,545	215,710	645,830	187,501
<b>Total</b>	<b>\$ 73,257,710</b>	<b>\$ 118,545</b>	<b>\$ 2,364,956</b>	<b>71,011,299</b>	<b>\$ 2,418,358</b>
<b>Less:</b>					
Unamortized original issue premium				1,466,609	
Unamortized original issue discount				(86,437)	
<b>Net Business-Type Activities</b>				<b>\$ 72,391,471</b>	

**a. Compensated Absences**

For governmental activities, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2015, was \$1,020,703 which includes \$153,023 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 \$645,830.

**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, 2015, the outstanding balance on the refunding lease agreement is \$2,147,361.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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Note 8: Long-Term Debt (Continued)

Year Ending June 30,	Principal	Interest	Total
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	416,295	19,705	436,000
2021	212,276	3,980	216,256
<b>Total</b>	<b>\$ 2,147,361</b>	<b>\$ 248,895</b>	<b>\$ 2,396,256</b>

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, 2015, the outstanding balance on the refunding lease agreement is \$29,165,000. The total debt service payment requirements with respect to the above bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	985,000	1,302,203	2,287,203
2021 - 2025	5,680,000	5,721,188	11,401,188
2026 - 2030	7,305,000	4,049,719	11,354,719
2031 - 2035	9,430,000	1,864,538	11,294,538
2036	2,195,000	57,619	2,252,619
<b>Totals</b>	<b>\$ 29,165,000</b>	<b>\$ 18,586,865</b>	<b>\$ 47,751,865</b>

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2015

#### 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, 2015, amounted to \$5,260,000.

The total debt service payment requirements with respect to the above bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	185,000	204,966	389,966
2021 - 2025	1,055,000	894,403	1,949,403
2026 - 2030	1,320,000	626,538	1,946,538
2031 - 2035	1,650,000	284,438	1,934,438
2036	375,000	8,672	383,672
Total	<u>\$ 5,260,000</u>	<u>\$ 2,910,641</u>	<u>\$ 8,170,641</u>

##### 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 a 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, 2015, was \$1,670,469. The loan is recorded in the BUA Wastewater Utility Enterprise Fund.

**CITY OF BANNING****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015****Note 8: Long-Term Debt (Continued)**

Year Ending June 30,	Principal	Service Charge	Total
2016	\$ 260,857	\$ 43,432	\$ 304,289
2017	267,639	36,650	304,289
2018	274,597	29,691	304,288
2019	281,737	22,552	304,289
2020	289,063	15,227	304,290
2021	296,576	7,711	304,287
<b>Total</b>	<b>\$ 1,670,469</b>	<b>\$ 155,263</b>	<b>\$ 1,825,732</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, 2015, amounted to \$34,270,000. The total debt service payment requirements with respect to the above bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	1,180,000	1,488,050	2,668,050
2021 - 2025	6,860,000	6,492,750	13,352,750
2026 - 2030	8,610,000	4,657,775	13,267,775
2031 - 2035	8,335,000	2,459,750	10,794,750
2036 - 2038	5,100,000	518,500	5,618,500
<b>Total</b>	<b>\$ 34,270,000</b>	<b>\$ 22,105,025</b>	<b>\$ 56,375,025</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, 2015**

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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.

	<u>Amount of Issue</u>	<u>Outstanding June 30, 2015</u>
AD 2004-1	\$ 2,898,000	\$ 2,390,000

**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, 2015.

**Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan)**

**a. Miscellaneous Plan**

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

The Plan provisions and benefits in effect at June 30, 2015, are summarized as follows:

Miscellaneous Plan		
Hire date	Prior to January 1, 2013*	On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.00% to 2.50%	1.1% to 2.00%
Required employee contribution rates	7.975%	6.250%
Required employer contribution rates	20.255%	20.099%

\* Closed to new entrants not previously in CalPERS

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms of the plan:

Inactive employees or beneficiaries currently receiving benefits	238
Inactive employees entitled to but not yet receiving benefits	66
Active employees	118
<b>Total</b>	<b>422</b>

Contribution

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the period ended June 30, 2015, City contributions totaling \$1,511,733 was recognized as a reduction to the net pension liability.

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

A summary of principal assumptions and methods used to determine the net pension liability is shown below.

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period

(2) An expected inflation of 3.0% used for this period

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

			Increase (Decrease)	
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)		Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2013 (Valuation Date) (1)	\$ 59,527,669	\$ 38,311,035		\$ 21,216,634
Changes Recognized for the Measurement Period:				
Service Cost	1,309,205		-	1,309,205
Interest on the Total Pension Liability	4,417,332		-	4,417,332
Contribution from the Employer	-	1,511,733		(1,511,733)
Contributions from Employees	-	608,478		(608,478)
Net Investment Income (2)	-	6,586,288		(6,586,288)
Benefit Payments including Refunds of Employee Contributions	(2,569,019)	(2,569,019)		-
Net Changes During 2013-14	3,157,518	6,137,480		(2,979,962)
Balance at: 6/30/2014 (Measurement Date) (1)	<u>\$ 62,685,187</u>	<u>\$ 44,448,515</u>		<u>\$ 18,236,672</u>

(1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.

(2) Net of administrative expenses.

Sensitivity of the Net Pension Liability to Changes in the Discount Rates

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.5%)	Discount Rate +1% (8.5%)
Miscellaneous Plan's Net Pension Liability/(Assets)	\$ 26,259,015	\$ 18,236,672	\$ 11,541,818

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the City of Banning incurred a pension expense of \$1,532,559 for the Plan. At June 30, 2014, the City of Banning has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,349,103	\$ -
Net Difference between Projected and Actual Earnings on Pension Plan		
Investments	-	(3,000,788)
<b>Total</b>	<b>\$ 1,349,103</b>	<b>\$ (3,000,788)</b>

The \$1,349,103 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	\$ (750,197)
2017	(750,197)
2018	(750,197)
2019	(750,197)
<b>Total</b>	<b>\$ (3,000,788)</b>

b. Safety Plan

Plan Descriptions

The City of Banning Safety Plan, is a cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). All qualified safety employees are eligible to participate in the City's Safety (Police and Fire) Plan. Benefit provisions under the Safety Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2015

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#### Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

##### Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. These PEPRA members in pooled plans are reflected in the new Miscellaneous and Safety risk pools created by the CalPERS Board in response to the passage of PEPRA, beginning with the June 30, 2013, risk-pool valuations.

##### Safety cost-sharing plans

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Hire date	Prior to January 1, 2013
Benefit formula	3% @ 50
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50
Monthly benefits, as a % of eligible compensation	3.000%
Required employee contribution rates	9.000%
Required employer contribution rates	41.376%

##### Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is based on the estimated amount necessary to pay the Plans allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as a reduction to the net pension liability was \$952,158.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Pension Liabilities, Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported a \$10,599,884 net pension liability for its proportionate share of the pooled net pension liability.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. City's proportion of the net pension liability was based on CalPERS' Public Agency Cost-Sharing Allocation Methodology Report, which can be obtained on the CalPERS website. The City's proportionate share of the net pension liability for the Plan as of June 30, 2013 and 2014 was as follows:

<b>Safety Plan</b>	
Proportion - June 30, 2013	0.27073%
Proportion - June 30, 2014	0.28259%
Change - Increase (Decrease)	<u>0.0119%</u>

For the year ended June 30, 2015, the City recognized a total pension expense of \$793,856 for the Safety Plan.

At June 30, 2015, the City reported deferred outflows and deferred inflows of resources related to pension as follows:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 1,034,818	\$ -
Unamortized difference between employer contribution and the plans proportionate share of aggregate employer contributions	156,337	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(2,317,475)
Adjustment due to Difference in Proportions	122,969	-
<b>Total</b>	<b><u>\$ 1,314,124</u></b>	<b><u>\$ (2,317,475)</u></b>

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

The \$1,034,818 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal year ended June 30:	Deferred Outflows/(Inflows) of Resources
2016	\$ (389,994)
2017	(389,994)
2018	(389,994)
2019	(404,694)
2020	(463,493)
Total	<u>(2,038,169)</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method Actuarial Assumptions	Entry Age Normal Cost Method
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	3.3% - 14.2% (1)
Investment Rate of Return	7.50% (2)
Mortality Rate Table (3)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service and type of employment

(2) Net of Pension Plan Investment and Administrative Expenses; includes Inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report on the CalPERS website.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS determined this difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

(1) An expected inflation of 2.5% used for this period  
(2) An expected inflation of 3.0% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Safety Plans Net Pension Liability/(Asset)	Discount Rate - 1% 6.50%	Current Discount 7.50%	Discount Rate +1% 8.50%
Plan's Net Pension Liability/(Asset)	\$ 16,524,617	\$ 10,599,884	\$ 5,718,159

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

c. 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.

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2015

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#### Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

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.

##### 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 \$13,476 (7.5% of covered payroll). Total payroll for employees covered under this plan for the year was \$179,684.

#### 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.

#### 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.

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2015

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#### Note 13: Insurance Programs

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, 2015, the amount of these liabilities was \$1,270,939. The amount represents an estimate of \$871,316 for reported claims through June 30, 2015, and \$464,811 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, 2015, resulted from the following:

Year	Liability at Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	Liability at End of Fiscal Year
2014	\$ 919,981	\$ 953,090	\$ 483,151	\$ 1,389,920
2015	1,389,920	825,940	944,921	1,270,939

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

##### a. Grant Compliance Audits

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.

##### b. Pending Litigation

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.

##### c. Proposition 218

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.

**CITY OF BANNING****NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2015****Note 14: Commitments and Contingencies (Continued)**

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.

**d. Construction Contracts**

The following material construction commitments existed at June 30, 2015:

Project Name	Contract Amount	Expenditures to date as of June 30, 2015	Remaining Commitments
Wastewater Treatment Plant Expansion-Parsons	\$ 2,397,929	\$ 2,169,811	\$ 228,118
Irrigation Water Pipeline - Albert Webb	196,090	189,312	6,778
Street lights - Wesco Dist	985,248	917,240	68,008
Hydroelectric rehab - Charles King Co	702,350	688,500	13,850
Sunset Grade Separation- Perry C Thomas	199,806	141,180	58,626
Mgmt- downtown underground conv - Leidos Eng	178,144	30,946	147,198
Downtown underground- phase 3 - West Coast El	1,324,230	1,203,845	120,385
Const Mgmt- Corp Yard - Bernards Bros	356,159	138,608	217,551
Corp yard warehouse -Phase 1 - Molej Builders	1,200,650	581,429	619,221
Corp yard warehouse- Phase 2 - Kinsman Const	944,900	129,334	815,566
Design for 4 substations - Leidos Engineering	125,000	74,483	50,517
	<u>\$ 8,610,506</u>	<u>\$ 6,264,688</u>	<u>\$ 2,345,818</u>

**Note 15: Southern California Public Power Authority**

The City, through its Electric Utility Fund, has entered into a "take or pay" contract and "take and pay" contract through its participation in the Southern California Public Power Authority (SCPPA) in order to meet the electric needs of its customers. These contracts are not considered a joint venture since the City has no interest in the assets, liabilities, or equity associated with any of the projects to which these contracts refer. Under the "take or pay" contract, the City is obligated to pay its share of the indebtedness regardless of the ability of the contracting agency to provide electricity or the City's need for the electricity. The City is only obligated to pay its share of the indebtedness upon delivery of energy under the "take and pay" contracts. A long-term obligation has not been recorded in the accompanying basic financial statements as these commitments do not represent an obligation of the Electric Utility until the year the power is available to be delivered to the Electric Utility.

During the fiscal year ended June 30, 2015, the Electric Utility Fund made payments totaling \$1,222,066 for these contracts. SCPPA membership consists of 10 Southern California cities and one public irrigation district of the State of California, which serves the electric power needs of its Southern California electricity customers. SCPPA, a public entity organized under the laws of the State of California, was formed by a joint powers agreement dated November 1, 1980, pursuant to the Joint Exercise of Powers Act of the State of California. SCPPA was created for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation and transmission of electric energy for sale to its participants. The joint power agreement has a term of 50 years.

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2015

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#### Note 15: Southern California Public Power Authority (Continued)

For the year ended June 30, 2015, the City of Banning had power purchase agreements in the following SCPPA operating projects:

##### a. Palo Verde Project

Pursuant to an assignment agreement dated August 14, 1981 with the Salt River Project, SCPPA purchased a 5.910% interest in the Palo Verde Nuclear Generating Station, a 3,810 MW nuclear-fueled generating station near Phoenix, Arizona and a 6.550% share of the right to use certain portions of the Arizona nuclear power project valley transmission system (collectively, the PV). Units 1, 2 and 3 of PV began commercial operations in January 1986, September 1986 and January 1988, respectively. The City's ownership share of this project is 1.0%.

##### b. San Juan Project

Effective July 1, 1993, the SCPPA purchased a 41.80% interest in Unit 3 and related common facilities of the San Juan Generation Station from Century Power Corporation. The City's ownership share of this project is 9.8%.

##### c. Mead-Phoenix Project

SCPPA entered into an agreement dated December 17, 1991 to acquire an interest in the MP, a transmission line extending between the West Wing substation in Arizona and the Marketplace substation in Nevada. The agreement provides SCPPA with an 18.308% interest in the West Wing-Mead project, a 17.756% interest in the Mead substation project component and a 22.408% interest in the Mead-Marketplace component. The project is a 256 mile, 500 kV AC transmission line with a rating of 1,300 MW. The City's ownership share of MP is 1.0%.

##### d. Mead-Adelanto Project

SCPPA also entered into an agreement dated December 17, 1991 to acquire a 67.917% interest in the MA, a transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada. Funding for these projects was provided by a transfer from the Multiple Projects Fund, and commercial operations commenced in April 1996. LADWP serves as the operations manager of MA. The project is a 202 mile, 500 kV AC transmission line with a rating of 1,200 MW. The City's ownership share of MA is 1.3%.

##### e. Hoover Uprating Project

On March 1, 1986, SCPPA and the City, and eight participants including the Cities of Anaheim, Azusa, Banning, Colton, Glendale, Pasadena, Riverside and Vernon entered into an agreement pursuant to which each participant assigned its entitlement to capacity and associated firm energy to SCPPA in return for SCPPA's agreement to make advance payments to the USBR on behalf of such participants. SCPPA has an 18.680% interest in the contingent capacity of the HU. All 17 "uprated" generators of the HU have commenced commercial operations. The City has a 2.1% (15 MW) ownership interest in this project.

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2015

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#### Note 15: Southern California Public Power Authority (Continued)

A summary of the City's contracts and related projects and its commitments at June 30, 2015 are shown below:

	City of Banning portion	City of Banning share of bonds	City of Banning obligation relating to total debt service
Palo Verde	1.00%	\$ 244,400	\$ 375,030
San Juan	9.80%	2,091,810	4,258,492
Mead-Phoenix	1.00%	297,300	372,290
Mead-Adelanto	1.30%	1,294,410	1,613,144
Hoover Uprating	2.10%	87,801	138,285
		<b>\$ 4,015,721</b>	<b>\$ 6,757,241</b>

#### Note 16: 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, 2015

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Note 16: 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	\$ 1,588,530
Cash and investments with fiscal agent	<u>11,596,137</u>
	<u>\$ 13,184,667</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, 2015:

Description	Balance at June 30, 2015
Owners participation loans	\$ 4,995,081
Disposition and development agreements	<u>1,020,000</u>
Total loans receivable at June 30, 2015	<u>\$ 6,015,081</u>

During the Fiscal Year ending June 30, 2015, \$323,915 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, 2015

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency

c. Capital Assets

An analysis of capital assets as of June 30, 2015, follows:

	Balance July 1, 2014	Transfers	Additions	Deletions	Balance June 30, 2015
<b>Nondepreciable Assets:</b>					
Land	\$ 3,845	\$ -	\$ -	\$ -	\$ 3,845
Construction-in-progress	-	-	122	-	122
<b>Total nondepreciable assets</b>	<b>3,845</b>	<b>-</b>	<b>122</b>	<b>-</b>	<b>3,967</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	3,307,989	-	-	-	3,307,989
<b>Total depreciable assets</b>	<b>7,367,619</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,367,619</b>
<b>Less Accumulated Depreciation</b>					
Land Improvements	616,177	-	97,883	-	714,060
Building and Structures	210,093	-	52,390	-	262,483
Machinery and Equipment	28,378	-	-	-	28,378
Infrastructure	463,615	-	99,945	-	563,560
<b>Total Accumulated Depreciation</b>	<b>1,318,263</b>	<b>-</b>	<b>250,218</b>	<b>-</b>	<b>1,568,481</b>
<b>Total depreciable assets, net</b>	<b>6,049,356</b>	<b>-</b>	<b>(250,218)</b>	<b>-</b>	<b>5,799,138</b>
<b>Capital Assets</b>	<b>\$ 6,053,201</b>	<b>\$ -</b>	<b>\$ (250,096)</b>	<b>\$ -</b>	<b>\$ 5,803,105</b>

d. Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2015, follows:

	Balance July 1, 2014	Additions	Repayments	Balance June 30, 2015	Due Within One Year
<b>Fiduciary Funds:</b>					
2003 Tax Allocation Bonds	\$ 10,100,000	\$ -	\$ 480,000	\$ 9,620,000	\$ 500,000
2007 Tax Allocation Bonds	27,585,000	-	710,000	26,875,000	750,000
Loans Payable	136,655	-	11,648	125,007	12,406
SERAFA loan	2,298,433	-	-	2,298,433	-
<b>Total Fiduciary Funds</b>	<b>\$ 40,120,088</b>	<b>\$ -</b>	<b>\$ 1,201,648</b>	<b>38,918,440</b>	<b>\$ 1,262,406</b>
Unamortized Premiums/Discounts					
				<b>(640,196)</b>	
				<b>Total Long-term Debt</b>	<b>\$ 38,278,244</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, 2015****Note 16: 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, 2015, totaled \$9,620,000.

Year Ending June 30,	Principal	Interest	Total
2016	\$ 500,000	\$ 458,370	\$ 958,370
2017	520,000	436,370	956,370
2018	545,000	412,733	957,733
2019	570,000	387,360	957,360
2020	595,000	359,375	954,375
2021 - 2025	3,455,000	1,307,625	4,762,625
2026 - 2029	3,435,000	354,375	3,789,375
Total	<u>\$ 9,620,000</u>	<u>\$ 3,716,208</u>	<u>\$ 13,336,208</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, 2015, totaled \$26,875,000.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

Year Ending June 30,	Principal	Interest	Total
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	865,000	990,250	1,855,250
2021 - 2025	4,885,000	4,389,088	9,274,088
2026 - 2030	6,650,000	3,245,388	9,895,388
2031 - 2035	7,235,000	1,654,044	8,889,044
2036 - 2039	4,070,000	255,063	4,325,063
<b>Total</b>	<b>\$ 26,875,000</b>	<b>\$ 14,807,655</b>	<b>\$ 41,682,655</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, 2015, the outstanding balance on the note payable is \$125,007.

Year Ending June 30,	Principal	Interest	Total
2016	\$ 12,406	\$ 8,125	\$ 20,531
2017	13,212	7,319	20,531
2018	14,070	6,460	20,530
2019	14,985	5,546	20,531
2020	15,959	4,572	20,531
2021 - 2023	54,375	7,217	61,592
<b>Total</b>	<b>\$ 125,007</b>	<b>\$ 39,239</b>	<b>\$ 164,246</b>

h. **Supplement Education Augmentation Fund (SERAFF) 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.

i. **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

## CITY OF BANNING

### NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2015

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#### Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

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 \$57,481,542 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 \$1,648,964 and the debt service obligation on the bonds was \$2,810,963.

#### j. 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.

#### k. Commitments and Contingencies

At June 30, 2015, 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 17: Fund Balance/Net Position Restatement

Pursuant to GASB Statement No. 68 – “Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27,” the City’s governmental activities and business-type activities net positions on the government-wide statements, and proprietary fund net positions were restated as of June 30, 2014, to reflect the City’s proportionate share of the net pension liability.

Restatements to net position made on the government-wide statements relating to the implementation of GASB 68 are as follows:

	Governmental Activities	Business-Type Activities
Beginning Net Position, as Previously Reported	\$ 102,938,135	\$ 115,452,128
Restatements:		
Miscellaneous Pension Plans	(8,713,508)	(10,991,394)
Safety Pension Plans	(11,844,197)	-
Beginning Net Position, as Restated	<u>\$ 82,380,430</u>	<u>\$ 104,460,734</u>

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2015

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Note 18: Subsequent Events

a. Refunding Revenue Bonds (Electric System Project) Series 2015

In August 2015, the City of Banning Financing Authority issued \$31,755,000 Banning Financing Authority Refunding Revenue Bonds (Electric System Project) Series 2015, at a premium to make substantial deposits for the Acquisition and Construction Fund, the Escrow Fund, and to pay the cost of issuance.

b. Refunding Water Revenue Bonds Series 2015

On September 7, 2015, the City of Banning Utility Authority issued \$25,365,000 revenue bonds with a \$2,503,093 premium to defease its outstanding 2005 Water Revenue Bonds.

c. Pending litigations

*City of Banning v. Hunter Consulting, Inc (HCI).*

On October 4, 2013, the City filed its Complaint against HCI for Negligent Misrepresentation, Fraud, False Claims Act, Professional Malpractice, Breach of Contract, Breach of Implied Covenant of Good Faith and Fair Dealing, and Breach of Warranty. This is an action to recover excessive fees and costs billed to the City for the cleanup performed by HCI in response to a waste material spill on July 25, 2011. Per the City's retained experts in the Dureau lawsuit, HCI overcharged the City approximately \$1.3 million in fees. This Complaint was served on December 3, 2013. The City attended a mediation session and was informed that HCI's insurance carrier was defending under a reservation of rights, offered \$10,000 in settlement of the case. The parties have since engaged in mediation, which has concluded with no settlement.

*Robertson's Ready Mix, LTD. v. City of Banning*

Robertson ready mix has two suits outstanding against the City:

- 1) Robertson Ready Mix brought under the Public Records Act, alleges that the City did not provide all records requested by Plaintiff at the time of request. After suit was brought, City provided additional records. Under the Act, Plaintiff is entitled to reasonable attorneys' fees and have requested \$90,000 in fees. The City admitted that it did not produce all unprivileged documents responsive to Robertson's Public Records Act requests and offered to have judgment entered against it prior to adjudication by the court in order to cut off Robertson's right to recover attorneys' fees incurred after such offer was tendered. Thus, judgment was entered in favor of Robertson's, and Robertson's filed a motion for approximately \$90,000 in attorneys' fees. Hearing on such motion is set for a hearing on April 22, 2016.
- 2) Robertson Ready Mix seeks a refund of taxes paid pursuant to Measure J and recovery for an alleged inverse condemnation of their mine. Robertson Ready Mix contends that the City has "taken" the mine by imposing an unduly high mining tax that will force it out of business, and such mining taxes paid by Robertson should be refunded because Measure J is invalid. The City moved to dismiss this suit, and hearing on such motion was originally set for March 17, 2016, but was continued to May 20, 2016 because the court ordered the parties to mediation on May 3, 2016 at 2:30 pm. The court is requiring Robertson's to have a settlement demand (not necessarily confined to money), and the City to bring some authority to settle the case.

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CITY OF BANNING

MISCELLANEOUS PLAN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

MEASUREMENT PERIOD	2015
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 1,309,205
Interest	4,417,332
Benefit Payments, Including Refunds of employee Contributions	(2,569,019)
<b>Net Change in Total Pension Liability</b>	<b>\$ 3,157,518</b>
<b>Total Pension Liability - Beginning</b>	<b>\$ 59,527,669</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 62,685,187</b>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contribution - Employer	\$ 1,511,733
Contribution - Employee	608,478
Net Investment Income	6,586,288
Benefit Payments, Including Refunds of Employee Contributions	(2,569,019)
<b>Net Change in Fiduciary Net Position</b>	<b>\$ 6,137,480</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>\$ 38,311,035</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 44,448,515</b>
<b>Plan Net Pension Liability/(Assets) - Ending (a) - (b)</b>	<b>\$ 18,236,672</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>70.91%</b>
<b>Covered-Employee Payroll</b>	<b>\$ 7,427,270</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered- Employee Payroll</b>	<b>245.54%</b>

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

(2) Net of administrative expenses.

**Notes to Schedule:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

CITY OF BANNING

MISCELLANEOUS PLAN

SCHEDULE OF PLAN CONTRIBUTIONS

AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2015
Actuarially Determined Contribution	\$ 1,349,103
Contribution in Relation to the Actuarially Determined Contribution	<u>(1,349,103)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
 Covered-Employee Payroll	 \$ 6,378,436
Contributions as a Percentage of Covered-Employee Payroll	21.15%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

**Note to Schedule:**

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Assets valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF BANNING

SAFETY PLAN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

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	<u>2015</u>
Proportion of the Net Pension Liability	0.17035%
Proportionate Share of the Net Pension Liability	\$ 10,599,884
Covered-Employee Payroll	\$ 2,408,602
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	440.08%
Plan Fiduciary Net Position	\$ 33,631,871
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	36.88%

**Notes to Schedule:**

Benefit Changes: None.

Changes of Assumptions: None.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

CITY OF BANNING

SAFETY PLAN

SCHEDULE OF PLAN CONTRIBUTIONS

AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2015
Actuarially Determined Contribution	\$ 1,034,818
Contribution in Relation to the Actuarially Determined Contribution	(1,034,818)
Contribution Deficiency (Excess)	<u>\$</u> <u>—</u>
 Covered-Employee Payroll	 \$ 2,408,602
Contributions as a Percentage of Covered-Employee Payroll	42.96%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

**Note to Schedule:**

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Average remaining period	19 years as of the valuation date
Assets valuation method	15 Year smoothed market
 Inflation	2.75%
Salary Increases	Varies by entry age and service
Investment rate of return	7.50% net of pension plan investment and administrative expenses, including inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,601,549	\$ 6,601,549	\$ 6,601,549	\$ -
<b>Resources (Inflows):</b>				
Taxes:				
Sales and use	2,997,666	2,997,666	2,952,014	(45,652)
Property	4,085,755	4,131,815	4,238,973	107,158
Franchise	861,000	861,000	871,284	10,284
Transient occupancy	620,000	620,000	722,434	102,434
Other	250,000	525,000	703,118	178,118
Subtotal	<u>8,814,421</u>	<u>9,135,481</u>	<u>9,487,823</u>	<u>352,342</u>
Licenses and permits:				
Building permits	98,000	98,000	72,978	(25,022)
Other permits	(98,000)	(98,000)	469,795	567,795
Subtotal	<u>-</u>	<u>-</u>	<u>542,773</u>	<u>542,773</u>
<b>Intergovernmental:</b>				
State motor vehicle in-lieu fees			12,427	12,427
Other intergovernmental revenues	99,414	219,131	191,404	(27,727)
Subtotal	<u>99,414</u>	<u>219,131</u>	<u>203,831</u>	<u>(15,300)</u>
<b>Charges for services:</b>				
Engineering, police, fire and other fees	150,087	202,364	200,549	(1,815)
Recreation fees	60,500	60,500	72,112	11,612
Interfund charges	3,081,618	3,103,008	3,282,974	179,966
Subtotal	<u>3,292,205</u>	<u>3,365,872</u>	<u>3,555,635</u>	<u>189,763</u>
<b>Use of money and property:</b>				
Interest and rents	483,700	483,700	506,294	22,594
Subtotal	<u>483,700</u>	<u>483,700</u>	<u>506,294</u>	<u>22,594</u>
<b>Fines and forfeitures</b>				
Parking fines	12,150	15,000	7,785	(7,215)
Court fines and other fines	245,800	242,950	295,523	52,573
Subtotal	<u>257,950</u>	<u>257,950</u>	<u>303,308</u>	<u>45,358</u>
<b>Contributions</b>				
Contribution from Successor Agency	5,400	5,400	5,400	-
Miscellaneous			123,840	123,840
Transfers in	318,963	319,963	685,109	365,146
Subtotal	<u>724,000</u>	<u>1,455,439</u>	<u>1,402,241</u>	<u>(53,198)</u>
<b>Total Resources (inflows)</b>	<b>13,996,053</b>	<b>15,242,936</b>	<b>16,816,254</b>	<b>1,573,318</b>
<b>Amounts Available for Appropriations</b>	<b>20,597,602</b>	<b>21,844,485</b>	<b>23,417,803</b>	<b>1,573,318</b>

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Charges to Appropriations (Outflow):</b>				
General government				
City council	181,756	176,797	174,072	2,725
City manager	415,474	474,631	412,891	61,740
Personnel	143,021	174,793	155,789	19,004
City clerk	93,262	94,834	90,648	4,186
Elections	40,150	37,700	37,532	168
City attorney	422,534	494,810	494,810	-
Finance	250,001	264,172	220,812	43,360
Economic Development	3,050	27,320	13,195	14,125
Community enhancement	42,687	48,911	29,967	18,944
Central services	1,014,741	1,016,363	860,098	156,265
Building maintenance	128,172	78,583	26,062	52,521
Subtotal	<u>2,734,848</u>	<u>2,888,914</u>	<u>2,515,876</u>	<u>373,038</u>
Public safety				
Police	5,491,595	5,349,277	4,815,320	533,957
Animal control	147,350	167,350	92,646	74,704
Fire	2,588,892	2,605,487	2,581,045	24,442
Dispatch	830,973	805,391	789,727	15,664
Subtotal	<u>9,058,810</u>	<u>8,927,505</u>	<u>8,278,738</u>	<u>648,767</u>
Community development				
TV government access	8,968	14,373	17,406	(3,033)
Building safety	361,944	361,886	271,494	90,392
Code enforcement	156,477	159,837	123,517	36,320
Planning	388,187	924,417	653,574	270,843
Developer pardee	-	52,277	-	52,277
Engineering	175,417	247,805	218,174	29,631
Community enhancement	-	32,400	7,358	25,042
Subtotal	<u>1,090,993</u>	<u>1,792,995</u>	<u>1,291,523</u>	<u>501,472</u>
Culture and leisure				
Parks	419,667	406,224	330,770	75,454
Recreation	228,204	226,099	225,352	747
Aquatics	107,750	121,090	117,493	3,597
Senior Center	56,194	57,322	54,178	3,144
Subtotal	<u>811,815</u>	<u>810,735</u>	<u>727,793</u>	<u>82,942</u>
Capital outlay				
Debt service:				
Principal retirement	61,132	259,036	196,340	62,696
Interest and fiscal charges	346,510	346,510	345,721	789
Transfers out	90,490	90,490	90,261	229
Subtotal	<u>164,325</u>	<u>164,325</u>	<u>169,955</u>	<u>(5,630)</u>
<b>Total Charges to Appropriations</b>	<b><u>14,358,923</u></b>	<b><u>15,280,510</u></b>	<b><u>13,616,207</u></b>	<b><u>1,664,303</u></b>
<b>Budgetary Fund Balance, June 30</b>	<b><u>\$ 6,238,679</u></b>	<b><u>\$ 6,563,975</u></b>	<b><u>\$ 9,801,596</u></b>	<b><u>\$ 3,237,621</u></b>

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## CITY OF BANNING

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2015

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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, and Capital Projects Funds, except for the Banning Housing Authority Special Revenue Fund, Asset Forfeiture Special Revenue Fund, State Park Bond Act Special Revenue Fund, Animal Control Reserve Special Revenue Fund, Ramsey/HIGHLAND Home Signal Special Revenue Fund, Wilson Median Improvement Special Revenue Fund, the Fire Facilities Development Capital Project Fund, and the Sunset Grade Separation Capital Project 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).

###### b. Excess expenditures over appropriations

General Fund	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
Community Development			
TV government access	\$ 17,406	\$ 14,373	\$ 3,033

CITY OF BANNING

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

Special Revenue Funds					
	Gas Tax Street	Measure A	SB 300 Street	Article 3 Sidewalk	
<b>Assets:</b>					
Pooled cash and investments	\$ 390,468	\$ 1,319,393	\$ 71,475	\$ 13,096	
Receivables:					
Accounts	2,591	-	-	-	
Loans	-	-	-	-	
Interest	371	1,449	98	15	
Grants	-	-	-	-	
Due from other governments	250	144,379	-	-	
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	-	
<b>Total Assets</b>	<b>\$ 393,680</b>	<b>\$ 1,465,221</b>	<b>\$ 71,573</b>	<b>\$ 13,111</b>	
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 7,136	\$ -	\$ -	\$ -	
Accrued liabilities	9,964	-	-	-	
Unearned revenues	-	-	-	-	
Deposits payable	95,961	-	-	-	
Due to other funds	-	-	-	-	
<b>Total Liabilities</b>	<b>113,061</b>	<b>-</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	-	-	-	-	
Culture and leisure	-	-	-	-	
Transportation	280,619	1,465,221	71,573	-	
Capital Projects	-	-	-	13,111	
<b>Assigned to:</b>					
Capital Projects	-	-	-	-	
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Fund Balances</b>	<b>280,619</b>	<b>1,465,221</b>	<b>71,573</b>	<b>13,111</b>	
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 393,680</b>	<b>\$ 1,465,221</b>	<b>\$ 71,573</b>	<b>\$ 13,111</b>	

## CITY OF BANNING

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Community Development Block Grant	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture
<b>Assets:</b>				
Pooled cash and investments	\$ 84	\$ 271,968	\$ 266,580	\$ 2,515
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	-	328	297	2
Grants	5,254	-	-	-
Due from other governments	25,901	2,448	9,873	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 31,239</b>	<b>\$ 274,744</b>	<b>\$ 276,750</b>	<b>\$ 2,517</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 2,269	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	37,900	-	-	-
<b>Total Liabilities</b>	<b>37,900</b>	<b>2,269</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues	5,254	846	-	-
<b>Total Deferred Inflows of Resources</b>	<b>5,254</b>	<b>846</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Community development projects	-	-	276,750	-
Public safety	-	-	-	2,517
Culture and leisure	-	-	-	-
Transportation	-	271,629	-	-
Capital Projects	-	-	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	-
<b>Unassigned</b>	<b>(11,915)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>(11,915)</b>	<b>271,628</b>	<b>276,750</b>	<b>2,517</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 31,239</b>	<b>\$ 274,744</b>	<b>\$ 276,750</b>	<b>\$ 2,517</b>

CITY OF BANNING

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	Special Revenue Funds			
	Supplemental Law Enforcement	State Park Bond Act	Special Donations	Senior Center Activities
<b>Assets:</b>				
Pooled cash and investments	\$ 121,798	\$ 939	\$ 26,313	\$ 46,760
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	169	1	-	53
Grants	-	-	-	-
Due from other governments	16,667	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 138,634</b>	<b>\$ 940</b>	<b>\$ 26,313</b>	<b>\$ 46,813</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 36,652	\$ -	\$ -	\$ 318
Accrued liabilities	-	-	-	-
Unearned revenues	101,982	-	-	-
Deposits payable	-	-	5,230	-
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>138,634</b>	<b>-</b>	<b>5,230</b>	<b>318</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	-	-	21,083	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	46,495
Transportation	-	-	-	-
Capital Projects	-	940	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>940</b>	<b>21,083</b>	<b>46,495</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 138,634</b>	<b>\$ 940</b>	<b>\$ 26,313</b>	<b>\$ 46,813</b>

CITY OF BANNING

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Animal Control Reserve	Police Volunteer	Ramsey/Highland Home Signal	Wilson Median Improvement
<b>Assets:</b>				
Pooled cash and investments	\$ 4,928	\$ 1,190	\$ 81,068	\$ 379,341
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	6	1	92	430
Grants	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 4,934</b>	<b>\$ 1,191</b>	<b>\$ 81,160</b>	<b>\$ 379,771</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	-	1,180	-	-
Public safety	4,934	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	-	81,160	379,771
Capital Projects	-	-	-	-
<b>Assigned to:</b>				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>4,934</b>	<b>1,180</b>	<b>81,160</b>	<b>379,771</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 4,934</b>	<b>\$ 1,191</b>	<b>\$ 81,160</b>	<b>\$ 379,771</b>

CITY OF BANNING

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	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	\$ 54,680	\$ 565,895	\$ 11,725	\$ 948,428	\$ 440,360
Receivables:					
Accounts	-	-	-	-	-
Loans	-	906,205	-	-	-
Interest	-	638	38	1,076	499
Grants	-	-	-	-	-
Due from other governments	-	2,298,433	-	-	-
Restricted assets:					
Cash and investments with fiscal agents	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 54,680</b>	<b>\$ 3,771,171</b>	<b>\$ 11,763</b>	<b>\$ 949,504</b>	<b>\$ 440,859</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	16,664	-	-	-	-
Unearned revenues	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>16,664</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenues	-	906,205	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>906,205</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>					
Restricted for:					
Community development projects	-	2,864,966	-	-	-
Public safety	38,016	-	-	-	-
Culture and leisure	-	-	-	-	-
Transportation	-	-	-	-	-
Capital Projects	-	-	-	-	-
Assigned to:					
Capital Projects	-	-	11,763	949,504	440,859
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>38,016</b>	<b>2,864,966</b>	<b>11,763</b>	<b>949,504</b>	<b>440,859</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 54,680</b>	<b>\$ 3,771,171</b>	<b>\$ 11,763</b>	<b>\$ 949,504</b>	<b>\$ 440,859</b>

CITY OF BANNING

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015

	Capital Projects Funds					Total Governmental Funds
	General Facilities	Park Development	Capital Improvement	Sunset Grade Separation		
<b>Assets:</b>						
Pooled cash and investments	\$ 435,975	\$ 164,334	\$ 215	\$ 75	\$ 5,619,603	
Receivables:						
Accounts	-	-	-	-	2,591	
Loans	-	-	-	-	906,205	
Interest	494	185	-	-	6,242	
Grants	-	-	-	-	5,254	
Due from other governments	-	-	-	2,049,802	4,547,753	
Restricted assets:						
Cash and investments with fiscal agents	-	-	657,858	-	657,858	
<b>Total Assets</b>	<b>\$ 436,469</b>	<b>\$ 164,519</b>	<b>\$ 658,073</b>	<b>\$ 2,049,877</b>	<b>\$ 11,745,506</b>	
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>						
Liabilities:						
Accounts payable	\$ -	\$ 21,225	\$ -	\$ -	\$ 67,611	
Accrued liabilities	-	-	-	-	26,628	
Unearned revenues	-	-	-	-	101,982	
Deposits payable	-	-	-	-	101,191	
Due to other funds	-	-	19,500	2,049,900	2,107,300	
<b>Total Liabilities</b>	<b>-</b>	<b>21,225</b>	<b>19,500</b>	<b>2,049,900</b>	<b>2,404,712</b>	
Deferred Inflows of Resources:						
Unavailable revenues	-	-	-	2,049,802	2,962,107	
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,049,802</b>	<b>2,962,107</b>	
Fund Balances:						
Restricted for:						
Community development projects	-	-	-	-	3,163,979	
Public safety	-	-	-	-	45,467	
Culture and leisure	-	-	-	-	46,495	
Transportation	-	-	-	-	2,549,973	
Capital Projects	-	-	-	-	14,051	
Assigned to:						
Capital Projects	436,469	143,294	638,573	-	2,620,462	
Unassigned	-	-	-	(2,049,825)	(2,061,740)	
<b>Total Fund Balances</b>	<b>436,469</b>	<b>143,294</b>	<b>638,573</b>	<b>(2,049,825)</b>	<b>6,378,687</b>	
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 436,469</b>	<b>\$ 164,519</b>	<b>\$ 658,073</b>	<b>\$ 2,049,877</b>	<b>\$ 11,745,506</b>	

## CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Gas Tax Street	Measure A	SB 300 Street	Article 3 Sidewalk
<b>Revenues:</b>				
Taxes	\$ -	\$ 513,556	\$ -	\$ -
Intergovernmental	767,103	-	-	155,046
Charges for services	-	-	-	-
Use of money and property	871	2,572	222	31
Contributions	-	-	-	-
Miscellaneous	1,072	-	-	-
<b>Total Revenues</b>	<b>769,046</b>	<b>516,128</b>	<b>222</b>	<b>155,077</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Community development	-	-	-	-
Transportation	889,979	21,912	-	-
Capital outlay	18,000	1,042,892	-	-
<b>Total Expenditures</b>	<b>907,979</b>	<b>1,064,804</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(138,933)	(548,676)	222	155,077
<b>Other Financing Sources (Uses):</b>				
Transfers in	166,387	432,706	-	169
Transfers out	(418,036)	(169)	(14,670)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(251,649)</b>	<b>432,537</b>	<b>(14,670)</b>	<b>169</b>
Net Change in Fund Balances	(390,582)	(116,139)	(14,448)	155,246
Fund Balances, Beginning of Year	671,201	1,581,360	86,021	(142,135)
<b>Fund Balances, End of Year</b>	<b>\$ 280,619</b>	<b>\$ 1,465,221</b>	<b>\$ 71,573</b>	<b>\$ 13,111</b>

## CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Community Development Block Grant	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture
<b>Revenues:</b>				
Taxes	\$ -	\$ 136,641	\$ -	\$ -
Intergovernmental	344,256	-	37,625	-
Charges for services	-	-	-	-
Use of money and property	-	700	702	5
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>344,256</b>	<b>137,341</b>	<b>38,327</b>	<b>5</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Community development	-	-	3,000	-
Transportation	-	103,869	-	-
Capital outlay	309,669	-	-	-
<b>Total Expenditures</b>	<b>309,669</b>	<b>103,869</b>	<b>3,000</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,587	33,472	35,327	5
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	34,587	33,472	35,327	5
Fund Balances, Beginning of Year	(46,502)	238,157	241,423	2,512
<b>Fund Balances, End of Year</b>	<b>\$ (11,915)</b>	<b>\$ 271,629</b>	<b>\$ 276,750</b>	<b>\$ 2,517</b>

## CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	Supplemental Law Enforcement	State Park Bond Act	Special Donations	Senior Center Activities
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	141,939	-	-	-
Charges for services	-	-	-	71
Use of money and property	355	2	-	112
Contributions	-	-	8,237	2,236
Miscellaneous	-	-	-	2,803
<b>Total Revenues</b>	<b>142,294</b>	<b>2</b>	<b>8,237</b>	<b>5,222</b>
<b>Expenditures:</b>				
Current:				
Public safety	99,109	-	-	-
Community development	-	-	10,102	10,586
Transportation	-	-	-	-
Capital outlay	43,185	-	-	-
<b>Total Expenditures</b>	<b>142,294</b>	<b>-</b>	<b>10,102</b>	<b>10,586</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	2	(1,865)	(5,364)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	-	2	(1,865)	(5,364)
Fund Balances, Beginning of Year	-	938	22,948	51,859
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 940</b>	<b>\$ 21,083</b>	<b>\$ 46,495</b>

## CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2015

(CONTINUED)

	Special Revenue Funds			
	Animal Control Reserve	Police Volunteer	Ramsey/ Highland Home Signal	Wilson Median Improvement
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	13	2	209	976
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>13</b>	<b>2</b>	<b>209</b>	<b>976</b>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	-
Community development	-	149	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>149</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	13	(147)	209	976
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	13	(147)	209	976
Fund Balances, Beginning of Year	4,921	1,327	80,951	378,795
<b>Fund Balances, End of Year</b>	<b>\$ 4,934</b>	<b>\$ 1,180</b>	<b>\$ 81,160</b>	<b>\$ 379,771</b>

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2015

	Special Revenue Funds		Capital Projects Funds		
	Riverside County MOU	Banning Housing Authority	Police Facilities Development	Fire Facilities Development	Traffic Control Facilities
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	492,189	-	-	-	-
Charges for services	-	-	-	-	-
Use of money and property	-	1,452	97	2,456	1,155
Contributions	-	-	-	-	-
Miscellaneous	-	60,250	6,167	9,031	13,583
<b>Total Revenues</b>	<b>492,189</b>	<b>61,702</b>	<b>6,264</b>	<b>11,487</b>	<b>14,738</b>
Expenditures:					
Current:					
Public safety	595,324	-	-	-	-
Community development	-	4,904	-	-	-
Transportation	-	-	-	-	-
Capital outlay	-	-	29,420	-	-
<b>Total Expenditures</b>	<b>595,324</b>	<b>4,904</b>	<b>29,420</b>	<b>-</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(103,135)	56,798	(23,156)	11,487	14,738
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(103,135)	56,798	(23,156)	11,487	14,738
Fund Balances, Beginning of Year	141,151	2,808,168	34,919	938,017	426,121
<b>Fund Balances, End of Year</b>	<b>\$ 38,016</b>	<b>\$ 2,864,966</b>	<b>\$ 11,763</b>	<b>\$ 949,504</b>	<b>\$ 440,859</b>

## CITY OF BANNING

COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2015

	Capital Projects Funds				Total Governmental Funds
	General Facilities	Park Development	Capital Improvement	Sunset Grade Separation	
<b>Revenues:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 650,197
Intergovernmental	-	-	-	247,000	2,185,158
Charges for services	-	-	-	-	71
Use of money and property	1,125	424	165	-	13,646
Contributions	-	-	-	-	10,473
Miscellaneous	2,766	5,673	-	-	101,345
<b>Total Revenues</b>	<b>3,891</b>	<b>6,097</b>	<b>165</b>	<b>247,000</b>	<b>2,960,890</b>
<b>Expenditures:</b>					
Current:					
Public safety	-	-	-	-	694,433
Community development	-	-	-	-	28,741
Transportation	-	-	-	-	1,015,760
Capital outlay	-	21,285	-	-	1,464,451
<b>Total Expenditures</b>	<b>-</b>	<b>21,285</b>	<b>-</b>	<b>-</b>	<b>3,203,385</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,891	(15,188)	165	247,000	(242,495)
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	-	-	599,262
Transfers out	-	-	-	-	(432,875)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>166,387</b>
<b>Net Change in Fund Balances</b>	<b>3,891</b>	<b>(15,188)</b>	<b>165</b>	<b>247,000</b>	<b>(76,108)</b>
Fund Balances, Beginning of Year	432,578	158,482	638,408	(2,296,825)	6,454,795
<b>Fund Balances, End of Year</b>	<b>\$ 436,469</b>	<b>\$ 143,294</b>	<b>\$ 638,573</b>	<b>\$ (2,049,825)</b>	<b>\$ 6,378,687</b>

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
GAS TAX STREET  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts \$ 671,201	Variance with Final Budget Positive (Negative) \$ -
	Original	Final		
Budgetary Fund Balance, July 1	\$ 671,201	\$ 671,201	\$ 671,201	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	756,916	1,445,862	767,103	(678,759)
Use of money and property	900	900	871	(29)
Miscellaneous	1,500	3,000	1,072	(1,928)
Transfers in	164,325	493,714	166,387	(327,327)
<b>Amounts Available for Appropriations</b>	<b>1,594,842</b>	<b>2,614,677</b>	<b>1,606,634</b>	<b>(1,008,043)</b>
<b>Charges to Appropriations (Outflow):</b>				
Transportation	965,493	1,354,543	889,979	464,564
Capital outlay	-	18,027	18,000	27
Transfers out	-	417,376	418,036	(660)
<b>Total Charges to Appropriations</b>	<b>965,493</b>	<b>1,789,946</b>	<b>1,326,015</b>	<b>463,931</b>
Budgetary Fund Balance, June 30	\$ 629,349	\$ 824,731	\$ 280,619	\$ (544,112)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
MEASURE A  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,581,360	\$ 1,581,360	\$ 1,581,360	\$ -
<b>Resources (Inflows):</b>				
Taxes	530,000	530,000	513,556	(16,444)
Use of money and property	2,200	2,200	2,572	372
Transfers in	-	432,144	432,706	562
<b>Amounts Available for Appropriations</b>	<b>2,113,560</b>	<b>2,545,704</b>	<b>2,530,194</b>	<b>(15,510)</b>
<b>Charges to Appropriations (Outflow):</b>				
Transportation	50,000	64,541	21,912	42,629
Capital outlay	530,000	1,444,728	1,042,892	401,836
Transfers out	-	49,737	169	49,568
<b>Total Charges to Appropriations</b>	<b>580,000</b>	<b>1,559,006</b>	<b>1,064,973</b>	<b>494,033</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,533,560</b>	<b>\$ 986,698</b>	<b>\$ 1,465,221</b>	<b>\$ 478,523</b>

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
SB 300 STREET  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 86,021	\$ 86,021	\$ 86,021	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	200	200	222	22
<b>Amounts Available for Appropriations</b>	<b>86,221</b>	<b>86,221</b>	<b>86,243</b>	<b>22</b>
<b>Charges to Appropriations (Outflow):</b>				
Transfers out	-	14,768	14,670	98
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>14,768</b>	<b>14,670</b>	<b>98</b>
Budgetary Fund Balance, June 30	\$ 86,221	\$ 71,453	\$ 71,573	\$ 120

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
ARTICLE 3 SIDEWALK  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (142,135)	\$ (142,135)	\$ (142,135)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	180,000	155,046	(24,954)
Use of money and property	25	25	31	6
Transfers in	-	49,737	169	(49,568)
<b>Amounts Available for Appropriations</b>	<b>(142,110)</b>	<b>87,627</b>	<b>13,111</b>	<b>(74,516)</b>
<b>Charges to Appropriations (Outflow):</b>				
Capital outlay	-	69,441	-	69,441
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>69,441</b>	<b>-</b>	<b>69,441</b>
Budgetary Fund Balance, June 30	\$ (142,110)	\$ 18,186	\$ 13,111	\$ (5,075)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
 COMMUNITY DEVELOPMENT BLOCK GRANT  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
	\$ (46,502)	\$ (46,502)		
Budgetary Fund Balance, July 1	\$ (46,502)	\$ (46,502)	\$ (46,502)	\$ -
Resources (Inflows):				
Intergovernmental	245,000	606,633	344,256	(262,377)
Amounts Available for Appropriations	198,498	560,131	297,754	(262,377)
Charges to Appropriations (Outflow):				
Capital outlay	245,000	560,130	309,669	250,461
Total Charges to Appropriations	245,000	560,130	309,669	250,461
Budgetary Fund Balance, June 30	\$ (46,502)	\$ 1	\$ (11,915)	\$ (11,916)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
 LANDSCAPE MAINTENANCE DISTRICT  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
	\$ 238,157	\$ 238,157		
Budgetary Fund Balance, July 1			\$ 238,157	\$ -
Resources (Inflows):				
Taxes	137,518	139,067	136,641	(2,426)
Use of money and property	350	350	700	350
Miscellaneous	121	121	-	(121)
Amounts Available for Appropriations	<u>376,146</u>	<u>377,695</u>	<u>375,498</u>	<u>(2,197)</u>
Charges to Appropriations (Outflow):				
Transportation	128,582	128,582	103,869	24,713
Total Charges to Appropriations	<u>128,582</u>	<u>128,582</u>	<u>103,869</u>	<u>24,713</u>
Budgetary Fund Balance, June 30	<u>\$ 247,564</u>	<u>\$ 249,113</u>	<u>\$ 271,629</u>	<u>\$ 22,516</u>

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
 AQMD AIR POLLUTION PROGRAM  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 241,423	\$ 241,423	\$ 241,423	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	30,000	60,000	37,625	(22,375)
Use of money and property	350,300	700,300	702	(699,598)
<b>Amounts Available for Appropriations</b>	<b>621,723</b>	<b>1,001,723</b>	<b>279,750</b>	<b>(721,973)</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	418,000	418,000	3,000	415,000
<b>Total Charges to Appropriations</b>	<b>418,000</b>	<b>418,000</b>	<b>3,000</b>	<b>415,000</b>
Budgetary Fund Balance, June 30	\$ 203,723	\$ 583,723	\$ 276,750	\$ (306,973)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
SUPPLEMENTAL LAW ENFORCEMENT  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
	\$	\$		
Budgetary Fund Balance, July 1,				
Resources (Inflows):				
Intergovernmental		100,000	141,939	41,939
Use of money and property	100	100	355	255
Amounts Available for Appropriations	100	100,100	142,294	42,194
Charges to Appropriations (Outflow):				
Public safety		179,408	99,109	80,299
Capital outlay		58,282	43,185	15,097
Total Charges to Appropriations		237,690	142,294	95,396
Budgetary Fund Balance, June 30	\$ 100	\$ (137,590)	\$ -	\$ 137,590

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
 SPECIAL DONATIONS  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 22,948	\$ 22,948	\$ 22,948	\$ -
<b>Resources (Inflows):</b>				
Contributions	5,000	5,000	8,237	3,237
<b>Amounts Available for Appropriations</b>	<b>27,948</b>	<b>27,948</b>	<b>31,185</b>	<b>3,237</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	5,000	5,000	10,102	(5,102)
<b>Total Charges to Appropriations</b>	<b>5,000</b>	<b>5,000</b>	<b>10,102</b>	<b>(5,102)</b>
Budgetary Fund Balance, June 30	<u>\$ 22,948</u>	<u>\$ 22,948</u>	<u>\$ 21,083</u>	<u>\$ (1,865)</u>

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
SENIOR CENTER ACTIVITIES  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Variance with Final Budget	
	Original	Final		
Budgetary Fund Balance, July 1	\$ 51,859	\$ 51,859	\$ 51,859	\$ -
<b>Resources (Inflows):</b>				
Charges for services	200	200	71	(129)
Use of money and property	100	100	112	12
Contributions	2,800	2,800	2,236	(564)
Miscellaneous	3,200	3,200	2,803	(397)
<b>Amounts Available for Appropriations</b>	<b>58,159</b>	<b>58,159</b>	<b>57,081</b>	<b>(1,078)</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	11,450	11,450	10,586	864
<b>Total Charges to Appropriations</b>	<b>11,450</b>	<b>11,450</b>	<b>10,586</b>	<b>864</b>
Budgetary Fund Balance, June 30	\$ 46,709	\$ 46,709	\$ 46,495	\$ (214)

## CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
POLICE VOLUNTEER  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,327	\$ 1,327	\$ 1,327	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	2	2
<b>Amounts Available for Appropriations</b>	<b>1,327</b>	<b>1,327</b>	<b>1,329</b>	<b>2</b>
<b>Charges to Appropriations (Outflow):</b>				
Community development	220	1,317	149	1,168
<b>Total Charges to Appropriations</b>	<b>220</b>	<b>1,317</b>	<b>149</b>	<b>1,168</b>
Budgetary Fund Balance, June 30	\$ 1,107	\$ 10	\$ 1,180	\$ 1,170

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
RIVERSIDE COUNTY MOU  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 141,151	\$ 141,151	\$ 141,151	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	494,614	494,614	492,189	(2,425)
Use of money and property	175	175	-	(175)
<b>Amounts Available for Appropriations</b>	<b>635,940</b>	<b>635,940</b>	<b>633,340</b>	<b>(2,600)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	607,581	609,278	595,324	13,954
<b>Total Charges to Appropriations</b>	<b>607,581</b>	<b>609,278</b>	<b>595,324</b>	<b>13,954</b>
Budgetary Fund Balance, June 30	\$ 28,359	\$ 26,662	\$ 38,016	\$ 11,354

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
POLICE FACILITIES DEVELOPMENT  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 34,919	\$ 34,919	\$ 34,919	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	50	50	97	47
Miscellaneous	-	-	6,167	6,167
<b>Amounts Available for Appropriations</b>	<b>34,969</b>	<b>34,969</b>	<b>41,183</b>	<b>6,214</b>
<b>Charges to Appropriations (Outflow):</b>				
Capital outlay	-	29,421	29,420	1
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>29,421</b>	<b>29,420</b>	<b>1</b>
Budgetary Fund Balance, June 30	\$ 34,969	\$ 5,548	\$ 11,763	\$ 6,215

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
TRAFFIC CONTROL FACILITIES  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary Fund Balance, July 1	\$ 426,121	\$ 426,121	\$ 426,121	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	750	750	1,155	405
Miscellaneous	250	13,583	13,583	-
<b>Amounts Available for Appropriations</b>	<b>427,121</b>	<b>440,454</b>	<b>440,859</b>	<b>405</b>
<b>Charges to Appropriations (Outflow):</b>				
Transportation	-	25,000	-	25,000
Capital outlay	-	20,000	-	20,000
Transfers out	-	80,730	-	80,730
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>125,730</b>	<b>-</b>	<b>125,730</b>
Budgetary Fund Balance, June 30	\$ 427,121	\$ 314,724	\$ 440,859	\$ 126,135

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
GENERAL FACILITIES  
YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 432,578	\$ 432,578	\$ 432,578	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	800	800	1,125	325
Miscellaneous	-	-	2,766	2,766
<b>Amounts Available for Appropriations</b>	<b>433,378</b>	<b>433,378</b>	<b>436,469</b>	<b>3,091</b>
<b>Charges to Appropriations (Outflow):</b>				
Capital outlay	60,000	60,000	-	60,000
<b>Total Charges to Appropriations</b>	<b>60,000</b>	<b>60,000</b>	<b>-</b>	<b>60,000</b>
Budgetary Fund Balance, June 30	<b>\$ 373,378</b>	<b>\$ 373,378</b>	<b>\$ 436,469</b>	<b>\$ 63,091</b>

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
 PARK DEVELOPMENT  
 YEAR ENDED JUNE 30, 2015

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 158,482	\$ 158,482	\$ 158,482	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	250	250	424	174
Miscellaneous	1,955	3,718	5,673	1,955
<b>Amounts Available for Appropriations</b>	<b>160,687</b>	<b>162,450</b>	<b>164,579</b>	<b>2,129</b>
<b>Charges to Appropriations (Outflow):</b>				
Capital outlay	-	132,046	21,285	110,761
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>132,046</b>	<b>21,285</b>	<b>110,761</b>
Budgetary Fund Balance, June 30	<b>\$ 160,687</b>	<b>\$ 30,404</b>	<b>\$ 143,294</b>	<b>\$ 112,890</b>

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENT  
YEAR ENDED JUNE 30, 2015

	Budget Amounts	Actual	Variance with Final Budget
	Original	Final	Positive (Negative)
Budgetary Fund Balance, July 1	\$ 638,408	\$ 638,408	\$ 638,408
<b>Resources (Inflows):</b>			
Use of money and property	300	300	165
<b>Amounts Available for Appropriations</b>	<b>638,708</b>	<b>638,708</b>	<b>638,573</b>
<b>Charges to Appropriations (Outflow):</b>			
Capital outlay	120,000	120,000	-
<b>Total Charges to Appropriations</b>	<b>120,000</b>	<b>120,000</b>	<b>120,000</b>
Budgetary Fund Balance, June 30	<b>\$ 518,708</b>	<b>\$ 518,708</b>	<b>\$ 638,573</b>
			<b>\$ 119,865</b>

CITY OF BANNING

COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
<b>Assets:</b>				
Current:				
Cash and investments	\$ 96,944	\$ 1,255,524	\$ 736,722	\$ 2,089,190
Receivables:				
Accounts	19,336	-	398,998	418,334
Notes and loans	-	3,558	-	3,558
Interest	87	909	831	1,827
Inventories	16,423	-	-	16,423
<b>Total Current Assets</b>	<b>132,790</b>	<b>1,259,991</b>	<b>1,136,551</b>	<b>2,529,332</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	3,064,915	291,027	-	3,355,942
<b>Total Noncurrent Assets</b>	<b>3,064,915</b>	<b>291,027</b>	<b>-</b>	<b>3,355,942</b>
<b>Total Assets</b>	<b>3,197,705</b>	<b>1,551,018</b>	<b>1,136,551</b>	<b>5,885,274</b>
<b>Deferred Outflows of Resources:</b>				
Pension related items	5,801	104,151	14,031	123,983
<b>Total Deferred Outflows of Resources</b>	<b>5,801</b>	<b>104,151</b>	<b>14,031</b>	<b>123,983</b>
<b>Liabilities:</b>				
Current:				
Accounts payable	18,498	3,832	254,685	277,015
Accrued liabilities	315	29,770	1,637	31,722
Unearned revenues	-	1,125,861	-	1,125,861
Deposits payable	22,848	-	93,320	116,168
Compensated absences	202	30,214	3,935	34,351
<b>Total Current Liabilities</b>	<b>41,863</b>	<b>1,189,677</b>	<b>353,577</b>	<b>1,585,117</b>
Noncurrent:				
Compensated absences	495	73,855	9,620	83,970
Net Pension Liability	78,419	1,407,871	189,661	1,675,951
<b>Total Noncurrent Liabilities</b>	<b>78,914</b>	<b>1,481,726</b>	<b>199,281</b>	<b>1,759,921</b>
<b>Total Liabilities</b>	<b>120,777</b>	<b>2,671,403</b>	<b>552,858</b>	<b>3,345,038</b>
<b>Deferred Inflows of Resources:</b>				
Pension related items	12,903	231,661	31,208	275,772
<b>Total Deferred Inflows of Resources</b>	<b>12,903</b>	<b>231,661</b>	<b>31,208</b>	<b>275,772</b>
<b>Net Position:</b>				
Investment in capital assets	3,064,915	291,027	-	3,355,942
Unrestricted	4,911	(1,538,922)	566,516	(967,495)
<b>Total Net Position</b>	<b>\$ 3,069,826</b>	<b>\$ (1,247,895)</b>	<b>\$ 566,516</b>	<b>\$ 2,388,447</b>

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

<u>Business-Type Activities - Enterprise Funds</u>				
	<u>Airport</u>	<u>Transit</u>	<u>Refuse Utility</u>	<u>Totals</u>
<b>Operating Revenues:</b>				
Sales and service charges	\$ 147,965	\$ 153,211	\$ 3,131,670	\$ 3,432,846
Miscellaneous	11	-	9,558	9,569
<b>Total Operating Revenues</b>	<b>147,976</b>	<b>153,211</b>	<b>3,141,228</b>	<b>3,442,415</b>
<b>Operating Expenses:</b>				
Salaries and benefits	58,186	1,047,538	144,984	1,250,708
Supplies and services	106,068	504,490	2,933,214	3,543,772
Repairs and maintenance	14,080	5,983	-	20,063
Bad debt expense	-	-	9,504	9,504
Depreciation expense	202,485	277,490	-	479,975
<b>Total Operating Expenses</b>	<b>380,819</b>	<b>1,835,501</b>	<b>3,087,702</b>	<b>5,304,022</b>
<b>Operating Income (Loss)</b>	<b>(232,843)</b>	<b>(1,682,290)</b>	<b>53,526</b>	<b>(1,861,607)</b>
<b>Nonoperating Revenues (Expenses):</b>				
Intergovernmental	97,674	1,530,999	44,179	1,672,852
Interest revenue and change in fair value of investments	240	982	1,953	3,175
<b>Total Nonoperating Revenues (Expenses)</b>	<b>97,914</b>	<b>1,531,981</b>	<b>46,132</b>	<b>1,676,027</b>
<b>Income (Loss) Before Transfers</b>	<b>(134,929)</b>	<b>(150,309)</b>	<b>99,658</b>	<b>(185,580)</b>
Transfers in	17	-	197	214
Transfers out	-	-	(55,000)	(55,000)
<b>Changes in Net Position</b>	<b>(134,912)</b>	<b>(150,309)</b>	<b>44,855</b>	<b>(240,366)</b>
<b>Net Position:</b>				
Beginning of Year, as originally reported	3,289,470	423,632	726,592	4,439,694
Restatements	(84,732)	(1,521,218)	(204,931)	(1,810,881)
Beginning of Fiscal Year, as restated	3,204,738	(1,097,586)	521,661	2,628,813
<b>End of Fiscal Year</b>	<b>\$ 3,069,826</b>	<b>\$ (1,247,895)</b>	<b>\$ 566,516</b>	<b>\$ 2,388,447</b>

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ 128,109	\$ 153,287	\$ 3,192,418	\$ 3,473,814
Cash received from/(paid to) interfund service provided	140,967	79,520	-	220,487
Cash paid to suppliers for goods and services	(153,776)	305,999	(2,932,543)	(2,780,320)
Cash paid to employees for services	(62,425)	(1,030,623)	(171,749)	(1,264,797)
Cash received from (payments to) others	-	-	17,746	17,746
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>52,875</b>	<b>(491,817)</b>	<b>105,872</b>	<b>(333,070)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers in	17	-	197	214
Cash transfers out	-	-	(55,000)	(55,000)
Intergovernmental	-	1,530,999	44,179	1,575,178
Repayment received from other funds	66,674	-	-	66,674
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>66,691</b>	<b>1,530,999</b>	<b>(10,624)</b>	<b>1,587,066</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(27,736)	(12,002)	-	(39,738)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(27,736)</b>	<b>(12,002)</b>	<b>-</b>	<b>(39,738)</b>
<b>Cash Flows from Investing Activities:</b>				
Issuance of notes and loans receivable	-	(3,558)	-	(3,558)
Interest received and change in fair value of investments	199	699	2,357	3,255
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>199</b>	<b>(2,859)</b>	<b>2,357</b>	<b>(303)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>92,029</b>	<b>1,024,321</b>	<b>97,605</b>	<b>1,213,955</b>
Cash and Cash Equivalents at Beginning of Year	4,915	231,203	639,117	875,235
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 96,944</b>	<b>\$ 1,255,524</b>	<b>\$ 736,722</b>	<b>\$ 2,089,190</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (232,843)	\$ (1,682,290)	\$ 53,526	\$ (1,861,607)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	202,485	277,490	-	479,975
(Increase) decrease in accounts receivable	(18,651)	76	70,064	51,489
(Increase) decrease in due from other governments	140,956	79,520	8,188	228,664
(Increase) decrease in inventories	(2,076)	-	-	(2,076)
Increase (decrease) in accounts payable	(30,643)	(6,473)	2,889	(34,227)
Increase (decrease) in accrued liabilities	(909)	6,493	(2,218)	3,366
Increase (decrease) in deposits payable	(1,205)	-	188	(1,017)
Increase (decrease) in unearned revenue	-	816,452	-	816,452
Increase (decrease) in employee salary/benefit obligations	789	14,163	1,907	16,859
Increase (decrease) in compensated absences	(5,028)	2,752	(28,672)	(30,948)
<b>Total Adjustments</b>	<b>285,718</b>	<b>1,190,473</b>	<b>52,346</b>	<b>1,528,537</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 52,875</b>	<b>\$ (491,817)</b>	<b>\$ 105,872</b>	<b>\$ (333,070)</b>

## CITY OF BANNING

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2015

	Governmental Activities				
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
<b>Assets:</b>					
Current:					
Pooled cash and investments	\$ 3,156,259	\$ 722,372	\$ 132,607	\$ 320,815	\$ 4,332,053
Receivables:					
Accounts	-	7,833	293	14,464	22,590
Interest	1,505	837	156	397	2,895
Due from other governments	70,853	86	-	-	70,939
Inventories	-	61,068	-	-	61,068
<b>Total Current Assets</b>	<b>3,228,617</b>	<b>792,196</b>	<b>133,056</b>	<b>335,676</b>	<b>4,489,545</b>
Noncurrent:					
Capital assets - net of accumulated depreciation	-	292,721	54,772	16,691	364,184
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>292,721</b>	<b>54,772</b>	<b>16,691</b>	<b>364,184</b>
<b>Total Assets</b>	<b>3,228,617</b>	<b>1,084,917</b>	<b>187,828</b>	<b>352,367</b>	<b>4,853,729</b>
<b>Deferred Outflows of Resources:</b>					
Pension related outflows	29,410	38,719	34,672	134,101	236,902
<b>Total Deferred Outflows of Resources</b>	<b>29,410</b>	<b>38,719</b>	<b>34,672</b>	<b>134,101</b>	<b>236,902</b>
<b>Liabilities:</b>					
Current:					
Accounts payable	171,809	69,533	5,593	10,820	257,755
Accrued liabilities	4,247	9,262	7,482	31,957	52,948
Compensated absences	1,998	1,351	32,262	64,654	100,265
Claims and judgments	864,033	-	-	-	864,033
<b>Total Current Liabilities</b>	<b>1,042,087</b>	<b>80,146</b>	<b>45,337</b>	<b>107,431</b>	<b>1,275,001</b>
Noncurrent:					
Net pension liability	397,560	523,393	468,682	1,812,725	3,202,360
Compensated absences	15,006	36,405	1,347	-	52,758
Claims and judgments	406,906	-	-	-	406,906
<b>Total Noncurrent Liabilities</b>	<b>819,472</b>	<b>559,798</b>	<b>470,029</b>	<b>1,812,725</b>	<b>3,662,024</b>
<b>Total Liabilities</b>	<b>1,861,559</b>	<b>639,944</b>	<b>515,366</b>	<b>1,920,156</b>	<b>4,937,025</b>
<b>Deferred Inflows of Resources:</b>					
Pension related items	65,417	86,122	77,120	298,278	526,937
<b>Total Deferred Inflows of Resources</b>	<b>65,417</b>	<b>86,122</b>	<b>77,120</b>	<b>298,278</b>	<b>526,937</b>
<b>Net Position:</b>					
Investment in capital assets	-	292,721	54,772	16,691	364,184
Unrestricted	1,331,051	104,849	(424,758)	(1,748,657)	(737,515)
<b>Total Net Position</b>	<b>\$ 1,331,051</b>	<b>\$ 397,570</b>	<b>\$ (369,986)</b>	<b>\$ (1,731,966)</b>	<b>\$ (373,331)</b>

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2015

	Governmental Activities				
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
<b>Operating Revenues:</b>					
Sales and service charges	\$ 2,422,282	\$ 1,085,578	\$ 424,361	\$ 1,770,205	\$ 5,702,426
Miscellaneous	<u>877,569</u>	<u>38,850</u>	<u>24</u>	<u>-</u>	<u>916,443</u>
<b>Total Operating Revenues</b>	<b>3,299,851</b>	<b>1,124,428</b>	<b>424,385</b>	<b>1,770,205</b>	<b>6,618,869</b>
<b>Operating Expenses:</b>					
Salaries and benefits	199,194	344,671	280,316	1,173,973	1,998,154
Supplies and services	1,612,837	684,625	74,425	499,987	2,871,874
Repairs and maintenance	1,802	86,150	93,468	38,844	220,264
Cost of sales and services	-	-	-	1,877	1,877
Insurance premiums	845,202	-	-	-	845,202
Depreciation expense	-	12,100	34,941	6,259	53,300
<b>Total Operating Expenses</b>	<b>2,659,035</b>	<b>1,127,546</b>	<b>483,150</b>	<b>1,720,940</b>	<b>5,990,671</b>
<b>Operating Income (Loss)</b>	<b>640,816</b>	<b>(3,118)</b>	<b>(58,765)</b>	<b>49,265</b>	<b>628,198</b>
<b>Nonoperating Revenues (Expenses):</b>					
Interest revenue and change in fair value	32,173	1,920	311	966	35,370
<b>Total Nonoperating Revenues (Expenses)</b>	<b>32,173</b>	<b>1,920</b>	<b>311</b>	<b>966</b>	<b>35,370</b>
<b>Income (Loss) Before Transfers</b>	<b>672,989</b>	<b>(1,198)</b>	<b>(58,454)</b>	<b>50,231</b>	<b>663,568</b>
<b>Transfers out</b>	<b>(678,241)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(678,241)</b>
<b>Changes in Net Position</b>	<b>(5,252)</b>	<b>(1,198)</b>	<b>(58,454)</b>	<b>50,231</b>	<b>(14,673)</b>
<b>Net Position:</b>					
Beginning of Year, as originally reported	1,765,870	964,299	194,883	176,471	3,101,523
Restatements	(429,567)	(565,531)	(506,415)	(1,958,668)	(3,460,181)
Beginning of Fiscal Year, as restated	1,336,303	398,768	(311,532)	(1,782,197)	(358,658)
<b>End of Fiscal Year</b>	<b>\$ 1,331,051</b>	<b>\$ 397,570</b>	<b>\$ (369,986)</b>	<b>\$ (1,731,966)</b>	<b>\$ (373,331)</b>

## CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2015

	Governmental Activities				
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers and users	\$ 2,422,282	\$ 1,087,484	\$ 424,232	\$ 1,772,543	\$ 5,706,541
Cash received from/(paid to) interfund service provided	905,394	39,044	24	-	944,462
Cash paid to suppliers for goods and services	(2,590,990)	(755,522)	(166,974)	(531,679)	(4,045,165)
Cash paid to employees for services	(208,013)	(356,708)	(275,346)	(1,155,505)	(1,995,572)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>528,673</b>	<b>14,298</b>	<b>(18,064)</b>	<b>85,359</b>	<b>610,266</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Cash transfers out	(678,241)	-	-	-	(678,241)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>(678,241)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(678,241)</b>
<b>Cash Flows from Investing Activities:</b>					
Interest received	32,725	2,314	417	1,000	36,456
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>32,725</b>	<b>2,314</b>	<b>417</b>	<b>1,000</b>	<b>36,456</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(116,843)</b>	<b>16,612</b>	<b>(17,647)</b>	<b>86,359</b>	<b>(31,519)</b>
Cash and Cash Equivalents at Beginning of Year	3,273,102	705,760	150,254	234,456	4,363,572
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 3,156,259</b>	<b>\$ 722,372</b>	<b>\$ 132,607</b>	<b>\$ 320,815</b>	<b>\$ 4,332,053</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ 640,816	\$ (3,118)	\$ (58,765)	\$ 49,265	\$ 628,198
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>					
Depreciation	-	12,100	34,941	6,260	53,301
(Increase) decrease in accounts receivable	-	1,906	(129)	2,338	4,115
(Increase) decrease in due from other governments	27,825	194	-	-	28,019
(Increase) decrease in inventories	-	28,079	-	-	28,079
Increase (decrease) in accounts payable	(9,200)	(13,912)	1,636	4,977	(16,499)
Increase (decrease) in accrued liabilities	(2,968)	1,086	(717)	4,051	1,452
Increase (decrease) in employee salary/benefit obligations	4,000	5,265	4,715	18,235	32,215
Increase (decrease) in claims and judgments	(118,981)	-	-	-	(118,981)
Increase (decrease) in compensated absences	(12,819)	(17,302)	255	233	(29,633)
<b>Total Adjustments</b>	<b>(112,143)</b>	<b>17,416</b>	<b>40,701</b>	<b>36,094</b>	<b>(17,932)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 528,673</b>	<b>\$ 14,298</b>	<b>\$ (18,064)</b>	<b>\$ 85,359</b>	<b>\$ 610,266</b>

## CITY OF BANNING

COMBINING STATEMENT OF ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
JUNE 30, 2015

	Sun Lake CFD 86-1	Special AD 91-1	Area Police Computer	Fair Oaks AD 2004-1	Cameo Homes	Totals
<b>Assets:</b>						
Pooled cash and investments	\$ 35,185	\$ 50,445	\$ 46,378	\$ 190,377	\$ 45,996	\$ 368,381
<b>Receivables:</b>						
Interest	40	57	64	154	52	367
Due from other governments	-	7,100	-	6,791	-	13,891
<b>Restricted assets:</b>						
Cash and investments with fiscal agents	-	-	-	223,069	-	223,069
<b>Total Assets</b>	<b>\$ 35,225</b>	<b>\$ 57,602</b>	<b>\$ 46,442</b>	<b>\$ 420,391</b>	<b>\$ 46,048</b>	<b>\$ 605,708</b>
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ -	\$ 30,452	\$ 2,000	\$ -	\$ 32,452
Deposits payable	-	4,701	-	32,656	40,000	77,357
Due to bondholders	35,225	52,901	15,990	385,735	6,048	495,899
<b>Total Liabilities</b>	<b>\$ 35,225</b>	<b>\$ 57,602</b>	<b>\$ 46,442</b>	<b>\$ 420,391</b>	<b>\$ 46,048</b>	<b>\$ 605,708</b>

## CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED JUNE 30, 2015

	Balance 7/1/2014	Additions	Deductions	Balance 6/30/2015
<b><u>Sun Lake CFD 86-1</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 35,067	\$ 118	\$ -	\$ 35,185
Receivables:				
Interest	66	40	66	40
<b>Total Assets</b>	<b>\$ 35,133</b>	<b>\$ 158</b>	<b>\$ 66</b>	<b>\$ 35,225</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 35,133	\$ 169	\$ 77	\$ 35,225
<b>Total Liabilities</b>	<b>\$ 35,133</b>	<b>\$ 169</b>	<b>\$ 77</b>	<b>\$ 35,225</b>
<b><u>Special AD 91-1</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 50,277	\$ 200	\$ 32	\$ 50,445
Receivables:				
Interest	95	57	95	57
Due from other governments	-	7,100	-	7,100
<b>Total Assets</b>	<b>\$ 50,372</b>	<b>\$ 7,357</b>	<b>\$ 127</b>	<b>\$ 57,602</b>
<b>Liabilities:</b>				
Deposits payable	\$ 4,701	\$ -	\$ -	\$ 4,701
Due to bondholders	45,671	7,230	-	52,901
<b>Total Liabilities</b>	<b>\$ 50,372</b>	<b>\$ 7,230</b>	<b>\$ -</b>	<b>\$ 57,602</b>
<b><u>Area Police Computer</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 19,034	\$ 66,455	\$ 39,111	\$ 46,378
Receivables:				
Interest	72	64	72	64
<b>Total Assets</b>	<b>\$ 19,106</b>	<b>\$ 66,519</b>	<b>\$ 39,183</b>	<b>\$ 46,442</b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,877	\$ 40,581	\$ 12,006	\$ 30,452
Due to bondholders	17,229	5,375	6,614	15,990
<b>Total Liabilities</b>	<b>\$ 19,106</b>	<b>\$ 45,956</b>	<b>\$ 18,620</b>	<b>\$ 46,442</b>

CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
YEAR ENDED JUNE 30, 2015

	Balance 7/1/2014	Additions	Deductions	Balance 6/30/2015
<b><u>Fair Oaks AD 2004-1</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 171,822	\$ 221,418	\$ 202,863	\$ 190,377
Receivables:				
Interest	240	155	241	154
Due from other governments	6,844	6,791	6,844	6,791
Restricted assets:				
Cash and investments with fiscal agents	220,575	35,057	32,563	223,069
<b>Total Assets</b>	<b>\$ 399,481</b>	<b>\$ 263,421</b>	<b>\$ 242,511</b>	<b>\$ 420,391</b>
<b>Liabilities:</b>				
Accounts payable	\$ 81	\$ 9,111	\$ 7,192	\$ 2,000
Deposits payable	16,886	15,770	-	32,656
Due to bondholders	382,514	7,756	4,535	385,735
<b>Total Liabilities</b>	<b>\$ 399,481</b>	<b>\$ 32,637</b>	<b>\$ 11,727</b>	<b>\$ 420,391</b>
<b><u>Cameo Homes</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 45,842	\$ 183	\$ 29	\$ 45,996
Receivables:				
Interest	87	52	87	52
<b>Total Assets</b>	<b>\$ 45,929</b>	<b>\$ 235</b>	<b>\$ 116</b>	<b>\$ 46,048</b>
<b>Liabilities:</b>				
Deposits payable	\$ 40,000	\$ -	\$ -	\$ 40,000
Due to bondholders	5,929	119	-	6,048
<b>Total Liabilities</b>	<b>\$ 45,929</b>	<b>\$ 119</b>	<b>\$ -</b>	<b>\$ 46,048</b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 322,042	\$ 288,374	\$ 242,035	\$ 368,381
Receivables:				
Interest	560	368	561	367
Due from other governments	6,844	13,891	6,844	13,891
Restricted assets:				
Cash and investments with fiscal agents	220,575	35,057	32,563	223,069
<b>Total Assets</b>	<b>\$ 550,021</b>	<b>\$ 337,690</b>	<b>\$ 282,003</b>	<b>\$ 605,708</b>
<b>Liabilities:</b>				
Accounts payable	\$ 1,958	\$ 49,692	\$ 19,198	\$ 32,452
Deposits payable	61,587	15,770	-	77,357
Due to bondholders	486,476	20,649	11,226	495,899
<b>Total Liabilities</b>	<b>\$ 550,021</b>	<b>\$ 86,111</b>	<b>\$ 30,424</b>	<b>\$ 605,708</b>

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