

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

March 13, 2018
5:00 p.m.

Banning Civic Center
Council Chamber
99 E. Ramsey Street

The following information comprises the agenda for a regular meeting of the City Council, a joint meeting with the Banning Utility Authority, and a scheduled meeting of the Banning Utility Authority..

Per City Council Resolution No. 2016-44 matters taken up by the Council before 10:00 p.m. may be concluded, but no new matters shall be taken up after 10:00 p.m. except upon a unanimous vote of the council members present and voting, but such extension shall only be valid for one hour and each hour thereafter shall require a renewed action for the meeting to continue.

I. CALL TO ORDER

- Invocation – Pastor Tate Crenshaw LifePoint Church
- Pledge of Allegiance
- Roll Call – Council Members Andrade, Franklin, Peterson, Welch, Mayor Moyer

II. REPORT ON CLOSED SESSION

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

Roll Call: Board Members Andrade, Franklin, Peterson, Welch, Chairman Moyer

I. PRESENTATION

1. Fiscal Year 2016-17 Audited Financial Statements for the City of Banning and the Banning Utility Authority **1**
(Report by Lance, Soll & Lunghard, LLP)

Adjourn joint meeting and reconvene the regular City Council Meeting.

III. PUBLIC COMMENTS / CORRESPONDENCE / ANNOUNCEMENTS & REPORTS

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 for future study, research, completion and/or future Council Action. See last page.) PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.

CORRESPONDENCE

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

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

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

IV. CONSENT ITEMS

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

Motion: Approve Consent items 1 through 10: Items ____, ____, ____, to be pulled for discussion. *(Resolutions require a recorded majority vote of the total membership of the City Council)*

1.	Minutes – Special Meeting – 2/27/2018 (Employee Recognition).....	171
2.	Minutes – Special Joint Meeting – 2/27/2018 (Workshop).....	177
3.	Minutes – Special Meeting – 2/27/2018 (Closed Session).....	203
4.	Minutes – Regular Meeting – 2/27/2018.....	205
5.	Minutes – Special Meeting – 3/6/2018 (Closed Session).....	225
6.	Contracts Approved Under City Manager’s Signature Authority	227
7.	California Water Environment Association Small Collection System of the Year Award	231
8.	2 nd Reading of Ordinance 1516, an Ordinance of the City of Banning Re-Establishing and Declaring Prima Facie Speed Limits within Specified Speed Zones Throughout the City of Banning and Amending Ordinance 1449.	235
9.	Donated Window Tint for Police Department Vehicles	239
10.	Information Regarding 2/3 Voter Approval Bill.....	241

- Open Consent Items for Public Comments
- Make Motion

V. REPORTS OF OFFICERS

1. Resolution 2018-25, Awarding the Repplier Park Parking Lot Landscaping Improvements Contract 269
(*Staff Report – Art Vela, Public Works Director*)

Recommendation: **Adopt Resolution 2018-25: 1) Approving a Construction Agreement with Urban Habitat Environmental Landscapes of La Quinta, California for Project No. 2017-10, “Repplier Park Parking Lot Landscape Improvements” in an amount of \$88,467 and a 10% contingency for a total project budget of \$97,314 and rejecting all other bids. 2) Authorizing the Interim City Manager or his designee to make necessary budget adjustments, appropriations and transfers related to the Construction Agreement and approval of change orders within the 10% contingency. 3) Authorizing the Interim City Manager or his designee to execute the Construction Agreement.**

2. Recommendation by Downtown Ad Hoc Committee to Research Micro Business Incubator 289
(*Staff Report – Ted Shove, Economic Development Manager*)

Recommendation: **Concur with the Downtown Ad Hoc Committee in directing staff to develop a micro business incubator concept for the City Council to consider as part of the revitalization effort for the downtown area.**

3. Resolution 2018-07, Awarding Contract for Security at Services for City Parks 293
(*Staff Report – Heidi Meraz, Community Services Director*)

Recommendation: **Adopt Resolution 2018-07: 1) Awarding a Professional Services Agreement to Power Security Group, Inc. of Corona, for a twenty-four (24) month term, in an amount not to exceed \$91,250.00. 2) Authorizing the Interim City Manager to execute the applicable documents related to the contract for security services in city parks and approve any renewals as outlined in the Agreement. 3) Authorizing the Administrative Services Director to make the necessary budget adjustments, appropriations, and transfers related to the agreement.**

VI. PUBLIC HEARING

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

1. Resolution 2018-26 Approving a Twelve (12) Month Extension for Tentative Parcel Map (TPM) 33326, Located Generally North of Sun Lakes Boulevard and East of Highland Springs Avenue, APN 419-140-057 **393**
(Staff Report – Patty Nevins, Community Development Director)
Recommendation: **Adopt Resolution 2018-26, approving a 12-month extension of time for TPM 33326**

RECESS REGULAR MEETING OF THE BANNING CITY COUNCIL AND CALL TO ORDER A SCHEDULED MEETING OF THE BANNING UTILITY AUTHORITY

Roll Call: Board Members Andrade, Franklin, Peterson, Welch, Chairman Moyer

I. REPORT OF OFFICERS

1. Water and Wastewater Rate Study and Proposed Rate Update **435**
(Staff Report – Rochelle Clayton, Deputy City Manager)
Recommendation: **Authorize staff to mail written notice to customers and property owners of the proposed update to Water and Wastewater rates in compliance with all requirements of Proposition 218 and California State Law and schedule a Public Hearing to consider adoption of updated Water and Wastewater rates at a date no less than 45 days after mailing the notice.**

BUA ADJOURNMENT - Next regular meeting: Tuesday, March 27, 2018

Adjourn scheduled meeting and reconvene the regular City Council Meeting.

BANNING FINANCING AUTHORITY (BFA) – no meeting.

VII. ITEMS FOR FUTURE AGENDAS

New items –

Pending Items – City Council

1. Information Technology – Media Room/Production Set
2. Penalty for Illegal Fireworks
3. Update on Armory Lease
4. Mills Act – Additional Information
5. WRCOG HERO Program
6. One-Year Moratorium on Fees for New Small Businesses
7. Highland Home Road Interchange

VIII. ADJOURNMENT

NOTICE: Any member of the public may address this meeting of the Mayor and City 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]

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.



**CITY OF BANNING
JOINT CITY COUNCIL AND UTILITY AUTHORITY REPORT**

TO: CITY COUNCIL AND BANNING UTILITY AUTHORITY

FROM: Alejandro Diaz, Interim City Manager

PREPARED BY: Rochelle Clayton, Deputy City Manager

MEETING DATE: March 13, 2018

SUBJECT: Fiscal Year 2016-17 Audited Financial Statements for City of Banning and the Banning Utility Authority

COMMITTEE REVIEW:

The Budget and Finance Committee reviewed the Draft Audit Report and Statements at its meeting on February 14, 2018.

RECOMMENDATION:

Approve Fiscal Year 2016-17 Comprehensive Annual Financial Reports ("CAFRs") and Independent Auditor's Reports for the City and Banning Utility Authority, which were audited by Lance, Soll & Lunghard, LLP ("LSL").

LSL gave an opinion that the financial statements were presented fairly, in all material respects, and the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Banning, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof, were in accordance with accounting principles generally accepted in the United States of America.

BACKGROUND:

The City's auditors follow specified guidelines in performing their audits including guidelines that are in accordance with generally accepted auditing standards practiced in the United States; Government Auditing Standards issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-133, Audits of State and Local Government.

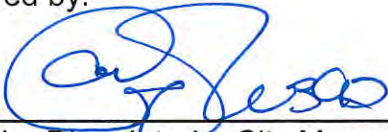
FISCAL IMPACT:

None.

ATTACHMENTS:

1. FY 2016-17 City Audited Financial Statements
2. FY 2016-17 Banning Utility Authority Audited Financial Statements

Approved by:



Alejandro Diaz, Interim City Manager

ATTACHMENT 1

(FY 2016-17 Audited City Financial Statements)

CITY OF BANNING, CALIFORNIA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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CITY OF BANNING
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Banning, California, (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.





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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General Fund, the schedule of changes in net pension liability and related ratio, the schedule 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. The 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 March 6, 2018 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.

Lance, Soll & Lughard, LLP

Brea, California
March 6, 2018

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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, 2017 (FY2017). 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, 2016 (FY2016).

City management encourages readers to consider the information presented within this discussion and analysis in conjunction with the City's financial statements. The City's financial statements are in adherence to the pronouncements of the Governmental Accounting Standards Board (GASB). This annual report consists of five (5) sections as arranged in the Table of Contents:

- 1. Independent Auditor's Report,**
- 2. Management's Discussion and Analysis,**
- 3. Basic Financial Statements,**
- 4. Required Supplementary Information, and the**
- 5. Combining and Individual Fund Statements and Schedules for Non-Major Governmental Funds, Non-Major Enterprise Funds, and Internal Service Funds.**

Although the Combining Statements provide details about Non-Major Governmental Funds, Non-Major Enterprise Funds, and Internal Service Funds. The totals of Non-major funds, governmental and proprietary, are summarized in the Basic Financial Statements as "Other Governmental Funds" and "Other Enterprise Funds." The total of Internal Service Funds is also brought forward.

The General Fund Budgetary Comparison Schedule is in the section 4, Required Supplementary Information. Budgetary Comparison Schedules for each governmental fund are in section 5, Schedules for Non-Major Governmental Funds.

FOCUS OF MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis will focus on financial information contained in section 3. Basic Financial Statements. Other key points from other sections may be included.

The Basic Financial Statements present operation and fiscal accountability measurements, or in their presentation order, Government-wide and Funds, as required by GASB Statement 34 (GASB 34).

The two measurements differ in that Government-wide Statements report current and long-term activities on a full accrual basis of accounting, whereas, Fund Statements report current year transactions on a modified accrual basis of accounting. The focus here intends to explain the differences of the reporting requirements and to highlight areas of importance.

FRAMEWORK OF GASB STATEMENT 34 REPORTING MODEL

GASB 34 required all local and state governments in the United States to implement the new reporting model by June 15, 2003. GASB 34 requires that governments present top level, or Government-wide, financial statements using full accrual accounting, similar to business enterprises, for all City activities. GASB recognized the importance of traditional Funds statements by requiring the two presentations, traditional Funds statements and the new GASB 34 Government-wide statements.

❖ Government-Wide Financial Statements,

- Operational accountability considers whether sufficient resources exist to cover the cost of providing services in the long term, i.e., the economic resource flows measurement focus, full accrual basis of accounting
 - Top level statements consolidate all City-wide activities in two column format
 - Governmental Activities
 - Business-Type Activities
 - Top level statements report City-wide activities in two statements
 - Statement of Net Position
 - Statement of Activities

❖ GASB 34 Reconciliation to convert Fund statements to Government-wide statements

- Converts Governmental Funds to Governmental activities
- Converts Proprietary Funds to Business-Type Activities

❖ Fund Financial Statements report fiscal accountability using the current financial resource flows measurement focus, modified accrual basis of accounting.

- Types of funds
 - Governmental funds
 - Proprietary funds
- Non-major Funds are reported in Combining Statements
- Fiduciary Funds are not reported in Government-wide Financial Statements

NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements, in the section Basic Financial Statements, provide additional information that is essential to the full understanding of the financial information contained therein.

In Note 1 of the Notes to Financial Statements, Organization and Summary of Significant Accounting Policies, there is further discussion as to the source of authoritative reporting requirements, the significance of those policies on the City's financial statements and provide additional supporting information as to the basis for the presentation formats of the Basic financial statements.

PROCESSING THE FINANCIAL STATEMENTS

Accounting information is internally processed in traditional City funds categorized as Governmental, Proprietary or Fiduciary, based on the activity. Fund Financial Statements (pre-GASB 34) are prepared from the accounting information collected for each individual fund. Again, subsequent year-end adjustments are calculated to provide the reconciliations to arrive at Government-Wide Financial Statements (GASB 34 model).

Funds are classified as either major or non-major funds based on criteria established by GASB. Major funds are individually reported in the Funds Financial Statements. The non-major funds are individually reported in the section "Combining Fund Statements and Schedules".

The traditional Fund Financial Statements focus on funds' accounting of the city government that reflect the City's accounting and budgetary structure. City's operations are accounted for in funds in much more detail. There are three (3) main fund categories; Governmental, Proprietary and Fiduciary. There are Fund Financial Statements for each main fund category, i.e., Governmental, Proprietary and Fiduciary. Within each of the reports, the report columns will provide each major fund and the total of non-major funds; the non-major funds are sub-totaled in columns entitled "Other Governmental Funds" and "Other Enterprise Funds".

Since full accrual is the method of accounting for Proprietary Funds in the Funds Financial Statements, the reconciliations necessary to arrive at Business-Type Activities are not as extensive as for Governmental Funds which are accounted for using modified accrual accounting. Those reconciling items are included within the Proprietary Funds' Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position.

GASB 34 reconciliations provide the necessary long-term adjustments to bridge the results of Governmental Funds and convert into Government-wide financial statements.

There are two reconciliations that convert Governmental Funds in the Funds Financial Statements to Governmental Activities in the Government-Wide Financial Statements. Those are a Reconciliation of the Balance Sheet of Governmental Funds to the Government-Wide, Governmental Activities, Statement of Net Position and the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities. The two reconciliations provide the linkage from Governmental Funds' operations to Governmental Activities in the Government-Wide Financial Statements.

1. Converts Governmental Funds to Governmental activities
 - a. Balance Sheet of Governmental Funds to Statement of Net Position
 - b. Statement of Revenues, Expenditures and Changes in Fund Balances to Statement of Activities
2. Converts Proprietary Funds to Business-Type Activities
 - a. Interfund Eliminations
 - b. Internal service fund adjustments related to Proprietary funds

The Government-Wide Financial Statements accomplish the GASB 34 model by reporting designated "Governmental Activities" and "Business-Type Activities" in a two column format resulting in Government-wide totals (City-wide). Governmental Activities are Governmental Fund totals and the reconciliation to full accrual. Similarly, the Business-Type Activities are the Proprietary Fund totals and their applicable reconciling items. The totals of these two types of City activities are the Government-wide totals.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

REPORTING THE CITY AS A WHOLE

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.

All City funds, as well as, the Banning Financing Authority, Banning Housing Authority, Banning Public Facilities Corporation, and the Banning Utility Authority are included. 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 governing structure and the relationship with the City.

As noted earlier, in this presentation, City operations are designated as either a "Governmental Activities" or a "Business-Type Activities", and reported under the designated columns, as identified in the Fund Financial Statements. "Reporting the City as a Whole" is the total of the two activities.

Key items affecting the City's Net Position are highlighted below.

HIGHLIGHTS OF THE CITY AS A WHOLE

- ❖ As of June 30, 2017 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 \$203.71 million, an increase of \$21 thousand over June 30, 2016.
- ❖ At the close of the fiscal year, the Unrestricted portion of the Net Position, that which may be used to meet on-going obligations due to creditors, is \$50.17 million, an increase of \$0.14 million over the prior fiscal year. The Net Investment in Capital Assets, another component of Net Position, was \$121.62 a decrease of \$0.70 million over June 30, 2016. The Restricted portion of the Net Position amounted to \$31.93 million, an increase of \$0.58 million.
- ❖ GASB Statement No. 68 (Accounting and Financial Reporting for Pensions) and Statement No. 71 (Pension Transition for Contributions Made Subsequent to the Measurement Date) require that the Net Pension Liability be presented on the face of the financial statements. At June 30, 2017, the total Net Pension Liability for the City of Banning, government-wide, was \$36.87 million, an increase of \$5.04 million.

A COMPARATIVE SUMMARY OF CITY'S 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 Statement of Net Position measures the City's 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.

Net Position increased by \$21 thousand to \$203.71 million. Net Revenues over Expenses increased Net Position by \$21 thousand.

Net Position from Governmental Activities was \$87.77 million, a decrease of \$4.02 million, was mainly due to \$2.99 million increase in Public Safety Governmental activities.

Net Position from Business-Type Activities was \$115.94 million, an increase of \$4.05 million. Program and General Revenues amounted to \$54.10 million, an increase of \$5.17 million while expenses totaled \$49.32 million, an increase from last year's \$44.66 million.

ASSETS AND DEFERRED OUTFLOWS

Total Assets increased \$0.72 million to \$308.61 million. Deferred outflows increased \$2.37 million to \$12.49 million. Total Assets and Deferred outflows was \$321.10 million.

LIABILITIES AND DEFERRED INFLOWS

Total Liabilities increased \$5.59 million to \$115.96 million. Deferred inflows decreased \$2.53 million to \$1.43 million. Total Liabilities and Deferred inflows was \$117.39.

GASB 54 CLASSIFICATIONS OF NET POSITION

GASB 54 established a hierarchy of constraints applicable to the resources available in Fund Balances as well as the component of Net Position that corresponds to fund balances. The City's Net Position is made-up of three components: Net Investment in Capital Assets (net of related debt), Restricted, and Unrestricted.

Table 1 is a comparison of the Net Position in the Basic Financial Statements – Statement of Net Position with previous year. It includes both Changes in Net Position and any Restatements of Net Position. The City's Government-Wide Total Net Position for FY2017 is \$203.71 million, an increase of \$21 thousand, or 0.00% over the June 30, 2016 balance. No significant changes are noted in the total assets while total liabilities increased by \$5.59 million. Corresponding analysis of the causes of these changes are reflected in the following paragraphs.

The *Net investment in Capital Assets* of \$121.62 million represents 59.70% 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. 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. 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 FY2017.

The portion of the City's Net Position subject to *external restrictions* in how they may be used is \$31.93 million (15.67% of the Total Net Position). The Restricted Net Position includes Community Development Projects, Public Safety, Parks and Recreation, Public Works, Capital Projects, and Debt Service.

The remaining *Unrestricted Net Position* balance of \$50.17 million (24.63% 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 \$24.19 million and \$12.68 million respectively. Additional information can be found in the Notes to Financial Statements.

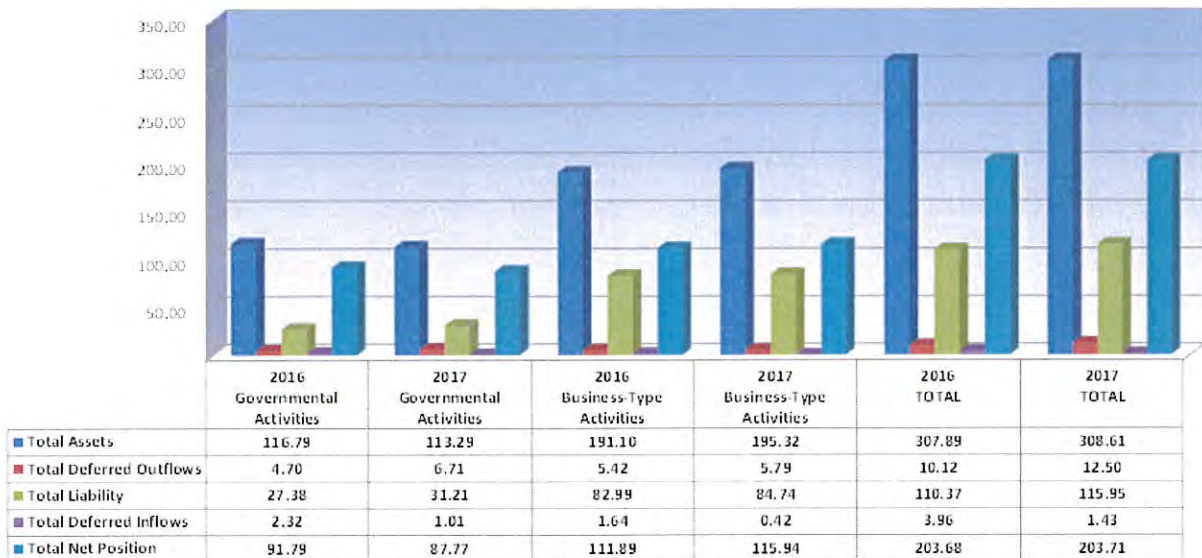
Table 1 summarizes the Statement of Net Position of the City as a whole and provides a comparison.

Table 1 - Summary of Net Position (In Millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals		% CHG
	2016	2017	2016	2017	2016	2017	
Assets:							
Current and other assets	38.73	39.21	81.58	84.81	120.31	124.02	3.1%
Capital assets	78.06	74.08	109.52	110.51	187.58	184.59	1.6%
TOTAL ASSETS	\$ 116.79	\$ 113.29	\$ 191.10	\$ 195.32	\$ 307.89	\$ 308.61	0.2%
Deferred outflows on refunding	-	-	3.47	3.32	3.47	3.32	4.3%
Deferred pension related items	4.71	6.71	1.95	2.47	6.66	9.17	37.7%
TOTAL DEFERRED OUTFLOWS	\$ 4.71	\$ 6.71	\$ 5.42	\$ 5.79	\$ 10.12	\$ 12.49	23.4%
Liabilities:							
Current and other liabilities	3.58	4.83	6.47	9.33	10.06	14.17	40.9%
Long-term liabilities*	23.80	26.38	76.52	75.41	100.31	101.79	1.5%
TOTAL LIABILITIES	\$ 27.38	\$ 31.21	\$ 82.99	\$ 84.74	\$ 110.37	\$ 115.96	5.1%
Deferred inflows on refunding	-	-	-	-	-	-	0.0%
Deferred pension related items	2.32	1.01	1.64	0.42	3.97	1.43	64.0%
TOTAL DEFERRED INFLOWS	\$ 2.32	\$ 1.01	\$ 1.64	\$ 0.42	\$ 3.96	\$ 1.43	63.9%
Net Position:							
Net investment in capital assets	76.16	72.52	46.16	49.10	122.32	121.62	0.6%
Restricted for:							
Community Development Projects	2.39	2.46	-	-	2.39	2.46	2.9%
Public Safety	0.07	0.05	-	-	0.07	0.05	28.6%
Culture and Leisure	0.04	0.04	-	-	0.04	0.04	0.0%
Transportation	3.01	2.77	-	-	3.01	2.77	8.0%
Capital Projects	8.75	9.37	17.00	17.15	25.76	26.52	3.0%
Debt Service	-	-	0.08	0.09	0.08	0.09	12.5%
Unrestricted	1.38	0.57	48.65	49.60	50.03	50.17	0.3%
TOTAL NET POSITION	\$ 91.79	\$ 87.77	\$ 111.89	\$ 115.94	\$ 203.68	\$ 203.71	0.0%

Note: Details can be found in the "Statement of Net Position"

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



Note: Details can be found in the "Statement of Net Position"

STATEMENT OF ACTIVITIES

Table 2 is a two-year comparison of the Governmental and Business-Type Activities in the Statement of Activities. Comparisons are provided for City-wide Revenues and Expenses by Function/Program, the Change in City-wide Net Position, and the Beginning and Ending Net Position.

Table 2 - Statement of Activities (In Millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2016	2017	2016	2017	2016	2017
Revenues						
Program Revenues:						
Charges for Services	4.51	4.44	46.56	51.47	51.08	55.91
Operating Contributions and Grants	1.85	0.77	1.97	2.13	3.82	2.90
Capital Contributions and Grants	0.39	0.16	-	-	0.39	0.16
Subtotal Program Revenues	6.75	5.37	48.53	53.60	55.29	58.97
General Revenues:						
Property Taxes	4.46	4.69	-	-	4.46	4.69
Sales Taxes	3.50	3.76	-	-	3.50	3.76
Business Licenses Taxes	0.16	0.17	-	-	0.16	0.17
Franchise Taxes	0.86	0.84	-	-	0.86	0.84
Transient Occupancy Taxes	0.79	0.86	-	-	0.79	0.86
Other Taxes	0.73	0.37	-	-	0.73	0.37
Motor Vehicle In-Lieu	0.01	0.01	-	-	0.01	0.01
Use of Money and Property	0.63	0.65	0.22	0.25	0.85	0.90
Other	0.40	0.53	0.18	0.25	0.58	0.79
Gain on sale of capital asset	-	-	-	-	-	-
Subtotal General Revenues	11.54	11.88	0.40	0.50	11.94	12.39
TOTAL REVENUES	18.29	17.25	48.93	54.10	67.23	71.36
Expenses						
General Government	2.23	2.59	-	-	2.23	2.59
Public Safety	8.58	11.57	-	-	8.58	11.57
Community Development	1.60	1.50	-	-	1.60	1.50
Culture and Leisure	1.00	1.31	-	-	1.00	1.31
Transportation	4.58	4.97	-	-	4.59	4.97
Interest on Long-term debt	0.09	0.08	-	-	0.09	0.08
Airport	-	-	0.21	0.35	0.21	0.35
Transit	-	-	1.86	1.73	1.86	1.73
Electric Utility	-	-	29.50	33.34	29.51	33.34
BUA Water	-	-	7.31	7.66	7.31	7.66
BUA Wastewater	-	-	2.70	2.90	2.70	2.90
Refuse	-	-	3.08	3.34	3.08	3.34
TOTAL EXPENSES	18.08	22.02	44.66	49.32	62.76	71.34
Increase/(Decrease) in Net Position Before Transfers and Special Items	0.21	(4.76)	4.27	4.77	4.48	0.01
Transfers	0.65	0.72	(0.65)	(0.72)	-	-
Special Item	8.80	-	-	-	8.80	-
Increase/(Decrease) in Net Position	9.66	(4.04)	3.62	4.05	13.28	0.01
Net Position at Beginning of Year	81.87	91.79	108.27	111.89	190.14	208.68
Restatement of Net Position	0.26	-	-	-	0.26	-
Net Position at End of Year	91.79	87.77	111.89	115.94	203.68	208.71

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

GOVERNMENT-WIDE REVENUES AND EXPENSES

In the following two paragraphs, refer to Table 2 for Government-wide Revenues and Expenses. Net Revenues over Expenses increased Net Position by \$21 thousand.

The total Government-Wide revenues for FY2017 were \$71.35 million, \$17.25 million from Governmental Activities, and \$54.10 million from Business-Type Activities. City-wide total revenues increased by \$4.13 million or 6.14% from \$67.23 million in FY 2016.

Total Government-Wide expenses for FY2017 to \$71.34 million, an increase of \$8.58 million or 13.67%. City-wide total expenses supporting Governmental Activities was \$22.02 million or 30.87%, and Business-Type Activities, \$49.32 million, or 69.13%.

GOVERNMENTAL ACTIVITIES

Net Position for Governmental Activities was \$87.77 million, a decrease of \$4.02 million or 4.38%.

REVENUES

Total Revenues for Governmental Activities were \$17.25 million.

Charges for Services amounted to \$4.44 million for the current year which represents approximately 25.74% of the total revenues in the Governmental Activities category.

Revenues from overall tax sources increased 1.81% in FY2017. The two largest taxes sources were Property Taxes and Sales Taxes, increasing to \$4.69 million and \$3.76 million, respectively. In comparison to the FY2016 levels, Property Taxes moderately increased 5.16% from \$4.46 million and Sales Taxes increased from \$3.50 million, 7.43%.

EXPENSES

Total Expenses for Governmental Activities were \$22.02 million.

Governmental Activities expenses increased 21.79% to \$22.02 million, \$3.93 million more than last year. The breakdown by governmental activity follows; General Government increased \$365,523, Public Safety increased \$2,983,227, Community Development decreased \$103,377 Culture and Leisure increased \$307,400. Public Works (replaced Transportation as an activity) increased \$382,715, and Interest on long-term debt decreased \$10,119.

GOVERNMENTAL ACTIVITIES-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 3 focus on the Revenues and Expenses (Cost of Services) in the Statement of Activity related to Governmental Activities. Chart 3 compares each program, the Revenues, in blue, versus Expenses, in red. Note that the General Government program revenues sufficiently cover program revenues, but for all other governmental activities, 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)		
	2016	2017	% Chg	2016	2017	% Chg	2016	2017	% Chg
General Government	3,698,398	3,603,179	3%	2,225,118	2,590,641	16%	1,473,280	1,012,538	31%
Public Safety	952,869	246,794	74%	8,583,405	11,566,632	35%	(7,630,536)	(11,319,838)	48%
Community Development	856,327	692,337	-	1,598,792	1,495,415	6%	(742,465)	(803,078)	8%
Culture & Leisure	451,638	176,148	61%	1,001,189	1,308,589	31%	(549,551)	(1,132,441)	106%
Transportation	795,914	650,048	18%	4,581,375	4,967,935	8%	(3,785,461)	(4,317,887)	14%
Interest on long-term debt	-	-	-	86,124	76,005	12%	(86,124)	(76,005)	12%
Government Subtotal	6,755,146	5,368,506	21%	18,076,003	22,005,217	22%	(11,320,857)	(16,636,711)	47%
General Revenues*	11,929,332	11,885,037	0%	-	-	-	11,929,332	11,885,037	0%
Transfers	652,157	724,000	11%	-	-	-	652,157	724,000	11%
SUBTOTAL	19,336,635	17,977,543	7%	18,076,003	22,005,217	7%	1,260,632	(4,027,674)	419%
Extraordinary Gain/(loss) on dissolution of redevelopment agency	9,060,873	-	-	-	-	-	9,060,873	-	-
TOTAL	28,397,508	17,977,543	37%	18,076,003	22,005,217	22%	10,321,505	(4,027,674)	139%

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

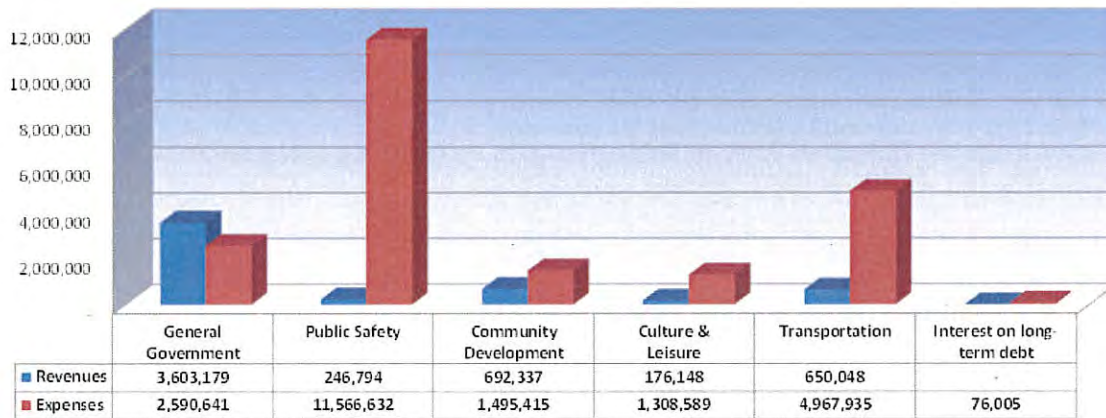


Chart 3: Details can be found in the "Statement of Activities"

BUSINESS-TYPE ACTIVITIES

Table 4 focus is on the information on the Statement of Activities that relates to Business-type Activities which are the City's six services funded by customer user fees; Airport, Transit, BUA Water Utility, Electric Utility, BUA Wastewater Utility, and Refuse Utility; revenues, the cost of each program, and its net cost.

Table 4 - Program Net Cost: Business-Type Activities

	Program Revenues			Total Cost of Services			Net Revenues (Expenses)		
	2016	2017	% Chg	2016	2017	% Chg	2016	2017	% Chg
Airport	258,138	162,731	37%	209,930	351,599	67%	48,208	(188,868)	492%
Transit	1,913,069	1,993,706	4%	1,858,161	1,726,873	7%	54,908	266,833	386%
BUA Water Utility	8,858,473	9,969,803	13%	7,308,819	7,658,337	5%	1,549,654	2,311,466	49%
Electric Utility	30,616,383	34,385,039	12%	29,505,627	33,351,692	13%	1,110,756	1,033,347	7%
BUA Wastewater Utility	3,483,786	3,568,129	2%	2,701,401	2,899,152	7%	782,385	668,977	14%
Refuse Utility	3,404,970	3,514,810	3%	3,082,003	3,341,491	8%	322,967	173,319	46%
Business Subtotal	48,534,819	53,594,218	10%	44,665,941	49,329,144	10%	3,868,878	4,265,074	10%
General Revenues	403,704	507,643	26%	-	-	-	403,704	507,643	26%
SUBTOTAL	48,938,523	54,101,861	11%	44,665,941	49,329,144	10%	4,272,582	4,772,717	12%
Transfers	-	-	-	652,157	724,000	-	(652,157)	(724,000)	-
TOTAL	48,938,523	54,101,861	11%	45,318,098	50,053,144	10%	3,620,425	4,048,717	12%

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

Important highlights of the Changes in Net Position of Business-Type Activities are:

- Net Position from Business-Type Activities was \$115.94 million (see Table 2).
- Business-type activities increased Net Position by \$4.05 million (see Table 2).
- All Business-type activities contributed to the Increase in Net Position. The FY 2017 results of Net Revenues (Expenses) was \$4,048,717, including non-operating revenue of \$507,643, as shown in Table 4.
- Net Increases by program operations are detailed in Table 4; Airport (\$188,868), Transit \$266,833, Water \$2,311,466, Electric \$1,033,347, Wastewater \$668,977, and Refuse \$173,319.

FUNDS FINANCIAL STATEMENTS

Funds are accounted for on a modified accrual basis. Their focus is on reporting financial information useful for managing the budget and day to day operations.

Funds Financial Statements 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 fund types:

- **Governmental funds 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. Property taxes, sales tax, transient occupancy tax, interest income, franchise fees, grants, contributions from other agencies, and other revenues fund these activities. The General Fund is reported as a major fund; all other Governmental funds are non-major.
- **Proprietary funds statements** offer short-term and long-term financial information of the City's utilities, the major proprietary funds, water, wastewater and electric, as well as airport, transit and refuse collection services. These funds require the use of full accrual accounting.
- **Internal Service funds statements** are reported with Governmental activities.
- **Fiduciary funds 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 Successor Agency, assessment districts and other non-City funds are accounted for in these fund types.

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. Budget and interim council reporting are generally based on these funds.

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.

Although the annual operating budget includes Proprietary and Fiduciary Funds, those budgets are not required to be comparatively reported in the annual audit report.

GOVERNMENTAL FUNDS

Governmental Funds only 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. The Fund Financial Statements include the General Fund, the major fund of the governmental funds, and Other Governmental Funds, which are the total of the non-major governmental funds.

All City Funds are presented separately, the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. The General Fund is considered a Major Governmental Fund. Each of the Non-Major Governmental Funds are reported in the "Combining and Individual Fund Statements and Schedules" that follow the Notes to Financial Statements and the totals are brought forward to the "Other Governmental Funds" column of the Funds Financial Statements.

GOVERNMENTAL FUNDS HIGHLIGHTS

- ❖ At the close of the fiscal year, the City's governmental funds reported a combined ending fund balance of \$29.54 million, an increase of \$1.96 million, 7.11% versus last fiscal year.
- ❖ GASB 54 requires governments to classify fund balances according to the spending constraints defined by GASB 54. \$4.74 of the \$13.32 million is Unassigned, that is, those funds do not have restrictions. However, the remaining \$8.58 million is in the categories of Non-spendable, Restricted, Committed or Assigned.

GOVERNMENTAL REVENUES

Table 5 below presents a summary of Governmental Fund Revenues by Revenue category for the fiscal year 2016-17, with comparative amounts from the prior year. Fiscal Year 2016-17 Revenues were \$18,902,285, an increase of \$430,253 compared to the previous fiscal year.

Table 5 - Comparison of Governmental Revenues

	2015-16	% of Total Revenues	2016-17	% of Total Revenues	\$ Increase / (Decrease)	% Change
Taxes	10,792,461	58.43%	10,739,122	56.81%	(53,339)	0.49%
Licenses & Permits	779,554	4.22%	605,809	3.20%	(173,745)	22.29%
Intergovernmental	2,040,858	11.05%	2,582,458	13.66%	541,600	26.54%
Charges for Services	3,317,149	17.96%	3,396,761	17.97%	79,612	2.40%
Use of Money & Property	553,390	3.00%	640,812	3.39%	87,422	15.80%
Fines and Forfeitures	267,410	1.45%	252,114	1.33%	(15,296)	5.72%
Contributions	13,724	0.07%	13,502	0.07%	(222)	1.62%
Successor Agency Admin	250,000	1.35%	103,932	0.55%	(146,068)	58.43%
Miscellaneous	457,486	2.48%	567,775	3.00%	110,289	24.11%
TOTAL	18,472,032	100.00%	18,902,285	100.00%	430,253	2.33%

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

GOVERNMENTAL EXPENDITURES

Table 6 summarizes the Governmental Fund Expenditures by function for the fiscal years 2015-16 and 2016-17, with related % of total expenditures for each fiscal year. Expenditures for FY2017 were \$17,657,190, an increase of \$1,129,571 from FY2016.

Table 6 - Comparison of Governmental Expenditures

	2015-16	% of Total Expenditures	2016-17	% of Total Expenditures	\$ Increase / (Decrease)	% Change
General Government	2,227,796	13.48%	2,317,140	13.12%	89,344	4.01%
Public Safety	9,529,941	57.66%	10,063,201	56.99%	533,260	5.60%
Community Development	1,547,336	9.36%	1,447,973	8.20%	(99,363)	6.42%
Parks and Recreation	764,076	4.62%	1,049,253	5.94%	285,177	37.32%
Public Works	1,059,235	6.41%	918,170	5.20%	(141,065)	13.32%
Operating Expenditures	15,128,384	91.53%	15,795,737	89.46%	667,353	4.41%
Capital Outlay	963,545	5.83%	1,203,917	6.82%	240,372	24.95%
Debt Service	435,690	2.64%	657,536	3.72%	221,846	50.92%
TOTAL	16,527,619	100.00%	17,657,190	100.00%	1,129,571	6.83%

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

BALANCE SHEETS OF GOVERNMENTAL FUNDS

The City maintains twenty-six individual governmental funds. These funds report financial transactions using the modified accrual accounting method.

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).

As a result of AB 1X 26, a law enacted by the State in 2012 dissolving the Redevelopment Agencies, Successor Agency Trust Fund receives trust revenues based on ROP's approved by CA Department of Finance. In FY 2016-17, the Successor Agency received \$3.76 million from the Riverside County Redevelopment Property Tax Trust Fund (RPTTF).

Although the Fiduciary Funds Statements are a standalone report in the Funds Financial Statements they are not part of the Government-wide Statements as the fiduciary activities are not considered part of City activities.

PROPRIETARY FUNDS

Proprietary funds account for utility services, use of airport facilities, transit services and services where user fees are developed to recover the costs of services provided. Proprietary Funds are integrated into the Government-Wide Financial Statements, provide both long-term and short-term financial information. The full accrual method of accounting is required for these funds.

❖ **Enterprise Funds** are used to report the individual functions for each of the enterprise activities operated by the City. The major proprietary funds are the top three below. In addition "Other Enterprise Funds" are considered non-major under the GASB criteria.

- Banning Utility Authority-Water
- Electric Utility
- Banning Utility Authority-Wastewater
- Other Enterprise funds:
 - Airport
 - Transit
 - Refuse Utility

❖ **Internal Service Funds** report activities that provide internal services for the City's other programs and activities such as the:

- City's Self Insurance
- Fleet Maintenance
- Information Systems
- Utility Billing Services

NET POSITION

The Total Net Position of Proprietary Funds \$116.76 million. The major funds, the total of City Utilities make up \$113.75 million.

An important metric in utility operations is the Operating Income (Loss).

OPERATING INCOME (LOSS)

All three major proprietary funds have positive results of operation; Water's operating income was \$3,056,030, Electric's was \$2,520,044 and Wastewater's was \$1,037,095.

GENERAL FUND HIGHLIGHTS

The General Fund Balance is \$13.32 million, with \$4.74 identified as Unassigned and the balance of \$8.58 million classified within one of the other four classifications applicable under the GASB 54 constraints. (see Balance Sheet - Governmental Funds) The balance of the fund, City Council commit as an emergency contingency in the General Fund as 25% of the operating budget, \$4.09 million. Funds classified as Non-spendable total \$0.06 million for prepaid costs and employee loans. Funds classified as Assigned total \$4.42 million which account for capital replacement, future compensated absences, litigation, Gas Tax, PEG, police reward, mining tax and CalPERS liability. The terminology and presentation of fund balance changed with the implementation of GASB 54.

GENERAL FUND - REVENUES

Table 7 below provides more information of the General Fund Revenues by category for the fiscal years 2014-15, 2015-16 and 2016-17.

Table 7 - General Fund Revenues

	2014-15	2015-16	2016-17	% of Total	\$ Increase / (Decrease) to Last Year	% Change
Property Tax	4,238,973	4,459,662	4,731,744	29.02%	272,082	6.10%
Sales Tax	2,952,014	3,262,934	3,213,574	19.71%	(49,360)	1.51%
Transient Occupancy Tax	722,434	789,994	861,221	5.28%	71,227	9.02%
Franchise	871,284	860,923	839,395	5.15%	(21,528)	2.50%
Other Taxes	703,118	767,331	406,225	2.49%	(361,106)	47.06%
License & Permits	191,900	779,554	605,809	3.71%	(173,745)	22.29%
Intergovernmental	203,831	431,943	148,988	0.91%	(282,955)	65.51%
Charges for Services	3,906,508	3,317,495	3,396,761	20.83%	79,266	2.39%
Use of Money & Property	506,294	528,586	534,527	3.28%	5,941	1.12%
Fines & Forfeitures	303,308	267,410	252,114	1.55%	(15,296)	5.72%
Transfers In	1,526,081	724,000	724,000	4.44%	-	0.00%
Contributions*	5,400	251,800	106,182	0.65%	(145,618)	57.83%
Miscellaneous	685,109	431,606	487,078	2.99%	55,472	12.85%
Refunding Debt Issued	-	-	-	0.00%	-	-
Gain on disposal of capital assets	-	-	-	0.00%	-	-
TOTALS	16,816,254	16,873,238	16,307,618	100.00%	(565,620)	3.35%

*Category did not exist prior to fiscal year 2013

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

For Fiscal Year 2016-17, General Fund revenues were \$16,307,618, a decrease of \$565,620 over FY 2015-16. Key elements of this year's activity versus last fiscal year are as follows:

- Property Tax Revenues, \$4,731,744 increased by \$272,082, a 6.10% increase over FY2016.
- Licenses & Permits, \$605,809 decreased 22.29%, as a result of a slight decrease in commercial development activity, from \$779,554 in FY2016.
- Other Tax revenues, \$406,225 decreased by \$361,106, a 47.06% decrease over FY2016.
- Revenues from Charges for Services, \$3,396,761, increased 2.39% from FY2016. This includes the Electric Department's 10% administrative service transfer to the General Fund and increased fee revenues arising from the Rancho San Gorgonio project. This revenue source accounts for fees collected from the City's departments for administrative charges during the normal course of business.

GENERAL FUND – EXPENDITURES

Table 8 below summarizes the General Fund Expenditures for the fiscal year ended June 30, 2016.

Table 8 - General Fund Expenditures

	2014-15	2015-16	2016-17	% of Total	\$ Increase / (Decrease) to Last Year	% Change
General Government*	2,515,876	2,175,889	2,306,156	15.14%	130,267	5.99%
Public Safety	8,278,738	9,029,278	9,606,638	63.07%	577,360	6.39%
Community Development	1,291,523	1,521,876	1,428,239	9.38%	(93,637)	6.15%
Culture & Leisure	727,793	764,076	1,045,776	6.87%	281,700	36.87%
Public Works *	-	-	-	0.00%	-	-
Capital Outlay	196,340	256,128	24,063	0.16%	(232,065)	90.61%
Debt Service	435,982	435,690	657,536	4.32%	221,846	50.92%
Transfers Out	169,955	248,084	164,325	1.08%	(83,759)	33.76%
Refunding Debt Issued costs	-	-	-	-	-	-
TOTALS	13,616,207	14,431,021	15,232,733	100.00%	801,712	5.56%

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

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

A Community Development expenditure category, previously classified General Government and Public Works expenditures, were aligned with the audited financial statements for fiscal years ending June 30, 2016 and 2017.

Total General Fund expenditures were \$15,232,733, a 5.56% increase over the previous year. The largest changes occurred in the following areas:

- General Government expenditures of \$2,306,156, increased by \$130,267, or 5.99%.
- Public Safety expenditures of \$9,606,638, increased by \$577,360, or 6.39%.
- Culture & Leisure expenditures of \$1,045,776 increased by \$281,700, or 36.87%.
- Capital Outlay expenditures of \$24,063, decreased by \$232,065, or 90.61%

GENERAL FUND BUDGETARY HIGHLIGHTS

The original FY2017 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 audit report section "Combining and Individual Funds Statements and Schedules" under "Budgetary Comparison Schedule, General Fund".

For the City's General Fund, actual ending revenues of \$16.31 million were \$0.17 million lower than the final budgeted revenues of \$16.48 million (please refer to Budgetary Comparison Schedule-General Fund). This is mainly due to less revenues from Other Taxes, lower Inter-fund charges and Contributions

The General Fund actual ending expenditures of \$15.23 million were \$2.18 million lower than the final budget of \$17.42 million. The majority of the difference is accounted for by salary savings due to vacancies in several departments, and the unused contingency account in Central Services. Overall, the City's General Fund showed a net increase in fund balance of \$2.01 million as a result of improved revenues and reduced expenditures.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The City's investment in capital assets (Table 9) for its Governmental and Business-Type Activities as of June 30, 2017, is \$184,593,683 (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.

Table 9 Capital Assets by Activity

	Governmental Activities			Business Type Activities			Totals		
	2016	2017	% Chg	2016	2017	% Chg	2016	2017	% Chg
Land	3,204,822	3,204,822	0%	1,184,229	1,184,229	0%	4,389,051	4,389,051	0%
Construction in Progress	57,974	1,042,603	1698%	11,006,828	6,957,094	37%	11,064,802	7,999,697	28%
Building and Structures*	11,235,322	10,336,521	8%	10,1150	94,034	7%	11,336,472	10,430,555	8%
Land Improvements*	3,950,853	3,623,462	8%	2,251,754	2,169,677	4%	6,202,607	5,793,139	7%
Machinery and Equipment*	975,183	776,317	20%				975,183	776,317	20%
Vehicles*	247,327	366,828	48%				247,327	366,828	48%
Utility Plant				94,972,671	100,103,863	5%	94,972,671	100,103,863	5%
Infrastructure*	58,397,895	54,734,233	6%				58,397,895	54,734,233	6%
TOTAL	78,069,376	74,084,786	5%	109,516,632	110,508,897	1%	187,586,008	184,593,683	2%

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

* Net of accumulated depreciation

Details on the capital assets can be found on Note 4 of the Notes to Financial Statements section.

LONG-TERM DEBT

Table 10 is a summary of the City's long-term debt for the year ended June 30, 2017, including the Net Pension Liability required by GASB No. 68 and 71 beginning with year end June 30, 2015. City-wide long-term debt was \$103,938,957 at June 30, 2016 and \$106,386,692 at June 30, 2017.

At year June 30, 2017, the City's Governmental Activities had long term debt in the amount of \$28,294,289 including Net Pension Liability of \$24,193,592. 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 16 of the notes to the Financial Statements.

Long-term debt in the Business-Type Activities amounted to \$78,092,403 including Net Pension Liability of \$12,680,739. 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.

Table 10 - Long Term Debt/Liability Recap

	Governmental Activities			Business-Type Activities			Totals		
	2016	2017	% Chg	2016	2017	% Chg	2016	2017	% Chg
Compensated Absences	1,103,895	1,064,253	4%	789,535	682,602	14%	1,893,430	1,746,855	8%
Refunding Lease	1,788,555	1,416,167	21%	-	-	-	1,788,555	1,416,167	21%
Vehicle Lease	-	151,569	0%	-	-	0%	-	151,569	0%
Revenue Bonds	-	-	-	59,915,000	58,290,000	3%	59,915,000	58,290,000	3%
Claims & Judgements	1,475,725	1,468,708	0%	-	-	-	1,475,725	1,468,708	0%
Loans	125,007	-	-	1,409,613	1,141,974	19%	1,534,620	1,141,974	26%
SUBTOTAL	4,493,182	4,100,697	9%	62,114,148	60,114,576	3%	66,607,330	64,215,273	4%
Less:									
Unamortized original issue premium				5,581,039	5,375,092	4%	5,581,039	5,375,092	4%
Unamortized original issue discount				(82,221)	(78,004)	5%	(82,221)	(78,004)	5%
Net Business-Type Activities				67,612,966	65,411,664	3%	72,106,148	69,512,361	4%
Net Pension Liability	20,642,709	24,193,592	17%	11,190,100	12,680,739	13%	31,832,809	36,874,331	16%
TOTAL	25,135,891	28,294,289	13%	78,803,066	78,092,403	1%	103,938,957	106,386,692	2%

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, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 25,790,270	\$ 53,305,782	\$ 79,096,052
Receivables:			
Accounts	680,425	8,059,174	8,739,599
Loans	893,335	5,190	898,525
Interest	59,614	137,417	197,031
Grants	30,000	-	30,000
Internal balances	346,360	(346,360)	-
Prepaid costs	32,942	71,937	104,879
Deposits	-	110,148	110,148
Due from other governments	3,026,633	212,278	3,238,911
Inventories	48,977	3,738,335	3,787,312
Restricted assets:			
Cash and investments	-	2,279,429	2,279,429
Cash with fiscal agent	8,292,435	17,237,091	25,529,526
Capital assets not being depreciated	4,247,425	8,141,323	12,388,748
Capital assets, net of depreciation	69,837,361	102,367,574	172,204,935
Total Assets	113,285,777	195,319,318	308,605,095
Deferred Outflows of Resources:			
Deferred charge on refunding	-	3,322,094	3,322,094
Deferred pension related items	6,705,788	2,468,216	9,174,004
Total Deferred Outflows of Resources	6,705,788	5,790,310	12,496,098
Liabilities:			
Accounts payable	1,845,990	3,108,782	4,954,772
Accrued liabilities	275,857	251,915	527,772
Accrued interest	8,872	349,301	358,173
Unearned revenue	252,678	2,137,312	2,389,990
Deposits payable	535,963	804,393	1,340,356
Noncurrent liabilities:			
Due within one year	1,915,824	2,758,551	4,674,375
Due in more than one year	2,184,873	62,653,113	64,837,986
Net pension liability	24,193,592	12,680,739	36,874,331
Total Liabilities	31,213,649	84,744,106	115,957,755
Deferred Inflows of Resources:			
Deferred pension related items	1,011,258	423,794	1,435,052
Total Deferred Inflows of Resources	1,011,258	423,794	1,435,052
Net Position:			
Net investment in capital assets	72,517,050	49,101,929	121,618,979
Restricted for:			
Community development projects	2,457,478	-	2,457,478
Public safety	49,621	-	49,621
Culture and leisure	40,085	-	40,085
Transportation	2,765,039	-	2,765,039
Capital projects	9,367,817	17,152,053	26,519,870
Debt service	-	85,038	85,038
Unrestricted	569,568	49,602,708	50,172,276
Total Net Position	\$ 87,766,658	\$ 115,941,728	\$ 203,708,386

CITY OF BANNING

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Contributions	Contributions
			and Grants	and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 2,590,641	\$ 3,498,269	\$ 104,910	\$ -
Public safety	11,566,632	60,673	63,168	122,953
Community development	1,495,415	692,337	-	-
Culture and leisure	1,308,589	136,740	2,205	37,203
Transportation	4,967,935	52,830	597,218	-
Interest on long-term debt	76,005	-	-	-
Total Governmental Activities	22,005,217	4,440,849	767,501	160,156
Business-Type Activities:				
Airport	351,599	162,731	-	-
Transit	1,726,873	130,112	1,863,594	-
Banning Utility Authority Water	7,658,337	9,756,472	213,331	-
Electric Utility	33,351,692	34,374,969	10,070	-
Banning Utility Authority Wastewater	2,899,152	3,568,129	-	-
Refuse Utility	3,341,491	3,473,035	41,775	-
Total Business-Type Activities	49,329,144	51,465,448	2,128,770	-
Total Primary Government	\$ 71,334,361	\$ 55,906,297	\$ 2,896,271	\$ 160,156

General Revenues:

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
 Gain on sale of capital asset

Transfers**Total General Revenues and Transfers**

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 1,012,538	\$ -	\$ 1,012,538
(11,319,838)	-	(11,319,838)
(803,078)	-	(803,078)
(1,132,441)	-	(1,132,441)
(4,317,887)	-	(4,317,887)
(76,005)	-	(76,005)
(16,636,711)	-	(16,636,711)
-	(188,868)	(188,868)
-	266,833	266,833
-	2,311,466	2,311,466
-	1,033,347	1,033,347
-	668,977	668,977
-	173,319	173,319
-	4,265,074	4,265,074
(16,636,711)	4,265,074	(12,371,637)
4,685,723	-	4,685,723
861,221	-	861,221
3,762,082	-	3,762,082
839,395	-	839,395
168,831	-	168,831
373,310	-	373,310
13,813	-	13,813
646,221	252,397	898,618
534,441	252,581	787,022
-	2,665	2,665
724,000	(724,000)	-
12,609,037	(216,357)	12,392,680
(4,027,674)	4,048,717	21,043
91,794,332	111,893,011	203,687,343
\$ 87,766,658	\$ 115,941,728	\$ 203,708,386

CITY OF BANNING

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Pooled cash and investments	\$ 12,913,542	\$ 8,316,611	\$ 21,230,153
Receivables:			
Accounts, net	636,055	4,544	640,599
Loans	-	893,335	893,335
Interest	37,662	16,084	53,746
Grants	-	30,000	30,000
Prepaid costs	32,942	-	32,942
Due from other governments	1,351,922	1,625,851	2,977,773
Due from other funds	1,119,827	-	1,119,827
Restricted assets:			
Cash and investments with fiscal agents	-	8,292,435	8,292,435
Total Assets	\$ 16,091,950	\$ 19,178,860	\$ 35,270,810
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,631,780	\$ 110,805	\$ 1,742,585
Accrued liabilities	158,286	32,152	190,438
Unearned revenues	69,198	183,480	252,678
Deposits payable	436,457	99,506	535,963
Due to other funds	83,759	1,119,827	1,203,586
Advances from other funds	394,118	-	394,118
Total Liabilities	2,773,598	1,545,770	4,319,368
Deferred Inflows of Resources:			
Unavailable revenues	-	1,404,461	1,404,461
Total Deferred Inflows of Resources	-	1,404,461	1,404,461
Fund Balances:			
Nonspendable:			
Prepaid costs	32,942	-	32,942
Employee loans	30,283	-	30,283
Restricted for:			
Community development projects	-	2,457,478	2,457,478
Public safety	-	49,621	49,621
Culture and leisure	-	40,085	40,085
Transportation	-	2,765,039	2,765,039
Capital Projects	-	9,367,817	9,367,817
Committed to:			
Emergency Contingency	4,096,473	-	4,096,473
Assigned to:			
Capital Replacement	1,500,000	2,662,362	4,162,362
Future compensated absences	934,808	-	934,808
Litigation Contingency	179,189	-	179,189
Gas tax commitment	164,325	-	164,325
PEG	133,104	-	133,104
Police Reward	25,000	-	25,000
Mining Tax Collected	979,274	-	979,274
CalPERS Liability	500,000	-	500,000
Unassigned	4,742,954	(1,113,773)	3,629,181
Total Fund Balances	13,318,352	16,228,629	29,546,981
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,091,950	\$ 19,178,860	\$ 35,270,810

CITY OF BANNING

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Fund balances of governmental funds		\$ 29,546,981
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.		73,751,710
Deferred outflows related to pension items:		
Adjustments due to difference in proportions	\$ 845,181	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	97,462	
Net differences between projected and actual earnings on plan investments	2,868,418	
Current year contributions that occurred after the measurement date	<u>2,135,643</u>	5,946,704
Long-term debt, compensated absences and net pension liability that have not been included in the governmental fund activity:		
Bonds payable	(1,567,736)	
Net pension liability	(20,227,691)	
Compensated Absences	<u>(909,568)</u>	(22,704,995)
Deferred inflows related to pension items:		
Adjustments due to difference in proportions		
Change of assumptions	(145,196)	
Difference between expected and actual experiences	<u>(719,653)</u>	(864,849)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(8,872)
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.		1,404,461
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>695,518</u>
Net Position of governmental activities		<u>\$ 87,766,658</u>

CITY OF BANNING

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 10,052,159	\$ 686,963	\$ 10,739,122
Licenses and permits	605,809	-	605,809
Intergovernmental	148,988	2,433,470	2,582,458
Charges for services	3,396,761	-	3,396,761
Use of money and property	534,527	106,285	640,812
Fines and forfeitures	252,114	-	252,114
Contributions	2,250	11,252	13,502
Contribution from Successor Agency	103,932	-	103,932
Miscellaneous	487,078	80,697	567,775
Total Revenues	15,583,618	3,318,667	18,902,285
Expenditures:			
Current:			
General government	2,306,156	10,984	2,317,140
Public safety	9,606,638	456,563	10,063,201
Community development	1,428,239	19,734	1,447,973
Culture and leisure	1,045,776	3,477	1,049,253
Transportation	-	918,170	918,170
Capital outlay	24,063	1,179,854	1,203,917
Debt service:			
Principal retirement	579,198	-	579,198
Interest and fiscal charges	78,338	-	78,338
Total Expenditures	15,068,408	2,588,782	17,657,190
Excess (Deficiency) of Revenues Over (Under) Expenditures	515,210	729,885	1,245,095
Other Financing Sources (Uses):			
Transfers in	724,000	164,325	888,325
Transfers out	(164,325)	-	(164,325)
Total Other Financing Sources (Uses)	559,675	164,325	724,000
Net Change in Fund Balances	1,074,885	894,210	1,969,095
Fund Balances, Beginning of Year	12,243,467	15,334,419	27,577,886
Fund Balances, End of Year	\$ 13,318,352	\$ 16,228,629	\$ 29,546,981

CITY OF BANNING

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds \$ 1,969,095

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	\$ 1,286,377	
Capital leases	233,372	
Depreciation	<u>(5,479,138)</u>	(3,959,389)

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	579,198	
Proceeds from capital lease	<u>(233,372)</u>	345,826

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

2,333

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.

25,240

Pension Expenses recognized in accordance with GASB 68 not recognized in the governmental fund activity.

(316,913)

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.

(1,654,151)

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.

(439,715)

Change in net position of governmental activities

\$ (4,027,674)

CITY OF BANNING

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities - Enterprise Funds		
	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater
Assets:			
Current:			
Pooled cash and investments	\$ 16,186,039	\$ 16,547,192	\$ 18,325,667
Receivables:			
Accounts, net	1,788,689	5,067,074	620,513
Loans	258	3,750	-
Interest	37,427	55,271	40,195
Prepaid costs	-	71,937	-
Deposits	-	110,148	-
Due from other governments	212,278	-	-
Due from other funds	-	-	-
Inventories	429,938	3,290,922	-
Restricted:			
Cash and investments	-	2,279,429	-
Cash with fiscal agent	2,715,912	11,163,806	3,357,373
Total Current Assets	21,370,541	38,589,529	22,343,748
Noncurrent:			
Advances to other funds	-	394,118	-
Capital assets - net of accumulated depreciation	46,924,606	46,456,677	13,724,237
Total Noncurrent Assets	46,924,606	46,850,795	13,724,237
Total Assets	68,295,147	85,440,324	36,067,985
Deferred Outflows of Resources:			
Deferred charge on refunding	905,723	2,352,544	63,827
Deferred pension related items	481,862	1,358,857	222,690
Total Deferred Outflows of Resources	1,387,585	3,711,401	286,517
Total Assets and Deferred Outflows of Resources	\$ 69,682,732	\$ 89,151,725	\$ 36,354,502
Liabilities, Deferred Inflow of Resources and Net Position:			
Liabilities:			
Current:			
Accounts payable	\$ 585,751	\$ 1,780,455	\$ 241,557
Accrued liabilities	56,378	126,340	23,463
Accrued interest	177,460	114,879	56,962
Unearned revenues	-	1,343,400	-
Deposits payable	176,211	414,440	93,714
Compensated absences	117,277	263,875	65,209
Claims and judgments	-	-	-
Bonds, notes, and capital leases	730,000	1,045,000	444,597
Total Current Liabilities	1,843,077	5,088,389	925,502
Noncurrent:			
Net Pension Liability	2,682,379	6,630,926	1,284,256
Compensated absences	31,258	70,331	17,380
Claims and judgments	-	-	-
Bonds, notes, and capital leases	25,553,766	31,401,326	5,554,373
Total Noncurrent Liabilities	28,267,403	38,102,583	6,856,009
Total Liabilities	30,110,480	43,190,972	7,781,511
Deferred Inflows of Resources:			
Deferred pension related items	138,737	133,065	78,829
Total Deferred Inflows of Resources	138,737	133,065	78,829
Net Position:			
Net investment in capital assets	21,546,563	16,362,895	7,789,094
Restricted for capital projects	2,715,912	11,163,806	3,272,335
Restricted for debt service	-	-	85,038
Unrestricted	15,171,040	18,300,987	17,347,695
Total Net Position	\$ 39,433,515	\$ 45,827,688	\$ 28,494,162
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 69,682,732	\$ 89,151,725	\$ 36,354,502

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, 2017

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Assets:			
Current:			
Pooled cash and investments	\$ 2,246,884	\$ 53,305,782	\$ 4,560,117
Receivables:			
Accounts, net	582,898	8,059,174	39,826
Loans	1,182	5,190	-
Interest	4,524	137,417	5,868
Prepaid costs	-	71,937	-
Deposits	-	110,148	-
Due from other governments	-	212,278	48,860
Due from other funds	83,759	83,759	-
Inventories	17,475	3,738,335	48,977
Restricted:			
Cash and investments	-	2,279,429	-
Cash with fiscal agent	-	17,237,091	-
Total Current Assets	2,936,722	85,240,540	4,703,648
Noncurrent:			
Advances to other funds	-	394,118	-
Capital assets - net of accumulated depreciation	3,403,377	110,508,897	333,076
Total Noncurrent Assets	3,403,377	110,903,015	333,076
Total Assets	6,340,099	196,143,555	5,036,724
Deferred Outflows of Resources:			
Deferred charge on refunding	-	3,322,094	-
Deferred pension related items	404,807	2,468,216	759,084
Total Deferred Outflows of Resources	404,807	5,790,310	759,084
Total Assets and Deferred Outflows of Resources	\$ 6,744,906	\$ 201,933,865	\$ 5,795,808
Liabilities, Deferred Inflow of Resources and Net Position:			
Liabilities:			
Current:			
Accounts payable	\$ 501,019	\$ 3,108,782	\$ 103,405
Accrued liabilities	45,734	251,915	85,419
Accrued interest	-	349,301	-
Unearned revenues	793,912	2,137,312	-
Deposits payable	120,028	804,393	-
Compensated absences	92,593	538,954	142,224
Claims and judgments	-	-	545,497
Bonds, notes, and capital leases	-	2,219,597	-
Total Current Liabilities	1,553,286	9,410,254	876,545
Noncurrent:			
Net Pension Liability	2,083,178	12,680,739	3,965,901
Compensated absences	24,679	143,648	12,461
Claims and judgments	-	-	923,211
Bonds, notes, and capital leases	-	62,509,465	-
Total Noncurrent Liabilities	2,107,857	75,333,852	4,901,573
Total Liabilities	3,661,143	84,744,106	5,778,118
Deferred Inflows of Resources:			
Deferred pension related items	73,163	423,794	146,409
Total Deferred Inflows of Resources	73,163	423,794	146,409
Net Position:			
Net investment in capital assets	3,403,377	49,101,929	333,076
Restricted for capital projects	-	17,152,053	-
Restricted for debt service	-	85,038	-
Unrestricted	(392,777)	50,426,945	(461,795)
Total Net Position	\$ 3,010,600	\$ 116,765,965	\$ (128,719)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 6,744,906	\$ 201,933,865	\$ 5,795,808
		\$ 116,765,965	
		(869,880)	
		45,643	
		<u>\$ 115,941,728</u>	

CITY OF BANNING

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds		
	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater
Operating Revenues:			
Sales and service charges	\$ 9,756,472	\$ 34,374,969	\$ 3,568,129
Miscellaneous	44,999	151,380	42,791
Total Operating Revenues	9,801,471	34,526,349	3,610,920
Operating Expenses:			
Salaries and benefits	1,508,716	3,740,402	669,727
Supplies and services	3,857,901	5,741,008	1,350,245
Repairs and maintenance	16,872	16,247	25,441
Street lighting costs	-	154,318	-
Power purchased	-	20,985,376	-
Bad debt expense	145,661	97,536	14,517
Insurance premiums	-	-	-
Depreciation expense	1,216,291	1,271,418	513,895
Total Operating Expenses	6,745,441	32,006,305	2,573,825
Operating Income (Loss)	3,056,030	2,520,044	1,037,095
Nonoperating Revenues (Expenses):			
Intergovernmental	213,331	10,070	-
Interest revenue and change in fair value of investments	68,381	103,277	77,490
Interest expense	(1,015,835)	(1,391,803)	(291,882)
Gain (loss) on disposal of capital assets	1,845	-	-
Total Nonoperating Revenues (Expenses)	(732,278)	(1,278,456)	(214,392)
Income (Loss) Before Transfers	2,323,752	1,241,588	822,703
Transfers out	(488,000)	-	(181,000)
Changes in Net Position	1,835,752	1,241,588	641,703
Net Position:			
Beginning of Year	37,597,763	44,586,100	27,852,459
End of Fiscal Year	\$ 39,433,515	\$ 45,827,688	\$ 28,494,162

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, 2017

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Operating Revenues:			
Sales and service charges	\$ 3,765,878	\$ 51,465,448	\$ 5,161,351
Miscellaneous	13,411	252,581	299,007
Total Operating Revenues	3,779,289	51,718,029	5,460,358
Operating Expenses:			
Salaries and benefits	1,225,043	7,143,888	2,392,644
Supplies and services	3,697,566	14,646,720	2,200,511
Repairs and maintenance	17,620	76,180	321,238
Street lighting costs	-	154,318	-
Power purchased	-	20,985,376	-
Bad debt expense	11,109	268,823	-
Insurance premiums	-	-	906,860
Depreciation expense	398,358	3,399,962	38,586
Total Operating Expenses	5,349,696	46,675,267	5,859,839
Operating Income (Loss)	(1,570,407)	5,042,762	(399,481)
Nonoperating Revenues (Expenses):			
Intergovernmental	1,905,369	2,128,770	-
Interest revenue and change in fair value of investments	3,249	252,397	5,409
Interest expense	-	(2,699,520)	-
Gain (loss) on disposal of capital assets	820	2,665	-
Total Nonoperating Revenues (Expenses)	1,909,438	(315,688)	5,409
Income (Loss) Before Transfers	339,031	4,727,074	(394,072)
Transfers out	(55,000)	(724,000)	-
Changes in Net Position	284,031	4,003,074	(394,072)
Net Position:			
Beginning of Year	2,726,569	112,762,891	265,353
End of Fiscal Year	\$ 3,010,600	\$ 116,765,965	\$ (128,719)
		\$ 4,003,074	
		45,643	
		<u>\$ 4,048,717</u>	

CITY OF BANNING

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds		
	Banning Utility Authority Water	Electric Utility	Banning Utility Authority Wastewater
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 9,404,609	\$ 34,806,966	\$ 3,446,556
Cash received from interfund services provided	44,999	151,380	42,791
Cash paid to suppliers for goods and services	(3,756,571)	(27,145,530)	(1,251,129)
Cash paid to employees for services	(1,557,783)	(3,954,460)	(679,053)
Cash received from others	-	-	-
Net Cash Provided (Used) by Operating Activities	4,135,254	3,858,356	1,559,165
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	(488,000)	-	(181,000)
Intergovernmental	213,331	10,070	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(274,669)	10,070	(181,000)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(845,673)	(2,783,098)	(319,286)
Principal paid on capital debt	(455,000)	(1,005,000)	(432,639)
Interest paid on capital debt	(1,073,873)	(1,106,552)	(267,913)
Proceeds from sales of capital assets	1,845	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,372,701)	(5,209,153)	(1,019,838)
Cash Flows from Investing Activities:			
Collections of repayment on loan receivables	2,049	2,975	-
Interest received	53,582	84,363	62,532
Net Cash Provided (Used) by Investing Activities	55,631	87,338	62,532
Net Increase (Decrease) in Cash and Cash Equivalents	1,543,515	(1,253,389)	420,859
Cash and Cash Equivalents at Beginning of Year	17,358,436	31,243,816	21,262,181
Cash and Cash Equivalents at End of Year	\$ 18,901,951	\$ 29,990,427	\$ 21,683,040
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 3,056,030	\$ 2,520,044	\$ 1,037,095
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	1,216,291	1,271,418	513,895
Bad debt expense	145,661	97,536	14,517
(Increase) decrease in accounts receivable	(294,069)	(1,029,893)	(138,004)
(Increase) decrease in deposits receivable	-	(420)	-
(Increase) decrease in due from other governments	(212,278)	-	-
(Increase) decrease in prepaid expense	-	344,632	-
(Increase) decrease in inventories	19,948	(1,207,788)	-
Increase (decrease) in accounts payable	236,588	801,473	136,889
Increase (decrease) in accrued liabilities	7,327	(89,362)	2,185
Increase (decrease) in deposits payable	8,823	21,374	1,914
Increase (decrease) in unearned revenue	-	1,343,400	-
Increase (decrease) in employee salary/benefit obligations	(44,433)	(141,524)	(19,344)
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	(4,634)	(72,534)	10,018
Total Adjustments	1,079,224	1,338,312	522,070
Net Cash Provided (Used) by Operating Activities	\$ 4,135,254	\$ 3,858,356	\$ 1,559,165
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of Unamortized Premiums/Discounts	\$ 92,750	\$ 113,197	\$ (4,217)
Amortization of Gain/Loss on Defeasance	(36,229)	(87,132)	25,531

CITY OF BANNING

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 3,771,383	\$ 51,429,514	\$ 5,160,831
Cash received from interfund services provided	41	239,211	279,778
Cash paid to suppliers for goods and services	(3,713,618)	(35,866,848)	(3,548,772)
Cash paid to employees for services	(1,304,464)	(7,495,760)	(2,478,724)
Cash received from others	13,370	13,370	-
Net Cash Provided (Used) by Operating Activities	(1,233,288)	8,319,487	(586,887)
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	(55,000)	(724,000)	-
Intergovernmental	1,905,369	2,128,770	-
Net Cash Provided (Used) by Non-Capital Financing Activities	1,850,369	1,404,770	-
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(444,334)	(4,392,391)	(13,385)
Principal paid on capital debt	-	(1,892,639)	-
Interest paid on capital debt	-	(2,448,338)	-
Proceeds from sales of capital assets	820	2,665	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(443,514)	(9,045,206)	(13,385)
Cash Flows from Investing Activities:			
Collections of repayment on loan receivables	1,730	6,754	-
Interest received	1,739	202,216	3,561
Net Cash Provided (Used) by Investing Activities	3,469	208,970	3,561
Net Increase (Decrease) in Cash and Cash Equivalents	177,036	888,021	(596,711)
Cash and Cash Equivalents at Beginning of Year	2,069,848	71,934,281	5,156,828
Cash and Cash Equivalents at End of Year	\$ 2,246,884	\$ 72,822,302	\$ 4,560,117
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (1,570,407)	\$ 5,042,762	\$ (399,481)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	398,358	3,399,962	38,586
Bad debt expense	(11,109)	246,605	-
(Increase) decrease in accounts receivable	25,429	(1,436,537)	(520)
(Increase) decrease in deposits receivable	-	(420)	-
(Increase) decrease in due from other governments	-	(212,278)	(19,229)
(Increase) decrease in prepaid expense	-	344,632	-
(Increase) decrease in inventories	(5,649)	(1,193,489)	18,643
Increase (decrease) in accounts payable	246,922	1,421,872	(129,599)
Increase (decrease) in accrued liabilities	4,441	(75,409)	696
Increase (decrease) in deposits payable	2,294	34,405	-
Increase (decrease) in unearned revenue	(244,146)	1,099,254	-
Increase (decrease) in employee salary/benefit obligations	(39,638)	(244,939)	(74,564)
Increase (decrease) in claims and judgments	-	-	(7,017)
Increase (decrease) in compensated absences	(39,783)	(106,933)	(14,402)
Total Adjustments	337,119	3,276,725	(187,406)
Net Cash Provided (Used) by Operating Activities	\$ (1,233,288)	\$ 8,319,487	\$ (586,887)
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of Unamortized Premiums/Discounts	\$ -	\$ 201,730	\$ -
Amortization of Gain/Loss on Defeasance	-	(97,830)	-

CITY OF BANNING

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2017

	Agency Funds	Private-Purpose Trust Fund Successor Agency of the Former RDA
Assets:		
Pooled cash and investments	\$ 379,610	\$ 2,995,805
Receivables:		
Accounts	-	10,000
Notes and loans	-	2,964,164
Interest	724	1,543
Prepaid costs	25,774	264,772
Due from other governments	3,735	-
Land held for resale	-	4,675,556
Restricted assets:		
Cash and investments with fiscal agents	225,649	13,729
Capital assets:		
Capital assets, not being depreciated	-	317,805
Capital assets, net of accumulated depreciation	-	4,961,962
Total Assets	\$ 635,492	16,205,336
Deferred Outflows of Resources:		
Deferred charge on refunding		932,636
Total Deferred Outflows of Resources		932,636
Liabilities:		
Accounts payable	\$ 30,763	47,334
Accrued interest	-	337,342
Deposits payable	77,614	1,037
Due to bondholders	527,115	-
Long-term liabilities:		
Due in one year	-	1,075,000
Due in more than one year	-	32,148,415
Total Liabilities	\$ 635,492	33,609,128
Net Position:		
Held in trust for other purposes		(16,471,156)
Total Net Position		\$ (16,471,156)

CITY OF BANNING

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2017

	Private-Purpose Trust Fund Successor Agency of the Former RDA
Additions:	
Taxes	\$ 3,759,131
Interest and change in fair value of investments	39,247
Total Additions	3,798,378
Deductions:	
Administrative expenses	384,859
Interest expense	876,524
Amortization expense	30,236
Depreciation expense	226,164
Contributions to the city	1,500
Forgiven loan expense	1,363,348
Total Deductions	2,882,631
Changes in Net Position	915,747
Net Position - Beginning of the Year	(17,386,903)
Net Position - End of the Year	\$ (16,471,156)

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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. Separate financial statements can be obtained at City Hall.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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. No separate financial statements are prepared.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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.
- 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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 are deferred outflows relating to the net pension obligation reported in the statement of net position. These outflows are the results of contributions made after the measurement period, adjustments due to differences in proportions, adjustments due to difference in proportions and the difference between actual contributions made and the proportionate share of the risk pool's total contributions, and differences between expected and actual experiences. These amounts are deferred and amortized over the expected average remaining service lifetime, expensed in the following year, or over 5 years.

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 two 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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

The second item is in relation to the net pension obligation reported in the statement of net position. These inflows are the results of net differences between projected and actual earnings on pension plan investments, adjustments due to differences in proportions, changes in assumptions, and net difference between proportion actuarial and actual contributions. Inflows from changes in net pension liability arise only under a full accrual basis of accounting, and are reported in the government-wide Statement of Net Position and proprietary funds.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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

Sick Leave accrues to employees in the following manner: Police employees accrue sick leave without limit. Each employee may be eligible to convert up to 40 hours of unused sick leave to vacation each year, and after 10 years of service to the City, each employee, upon voluntary separation or involuntary disability, shall be eligible to be paid 40% of accrued sick leave.

Management employees, Utility personnel and General employees will accrue sick leave up to a cap of 400 hours. Effective the first full pay period in July 2013, excess hours above 224 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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

Vacation and Holiday Leave Police employees accrue hours according to schedules set forth in a memorandum of understanding. After one year of employment, each employee is eligible to be paid for accrued vacation. Maximum accrual for vacation is 320 hours and 336 hours for non-supervisory and supervisory personnel, respectively. Holiday leave may be accrued to a maximum of 160 hours. At termination, after 1 year of continuous full-time service, employees shall be paid for 100% of accrued vacation and holiday leave.

General and Utility personnel accrue vacation leave in accordance with schedules set forth in a memorandum of understanding. Holidays do not accrue, but are paid per schedules set forth in a memorandum of understanding. Vacation leave accrues up to a maximum of 320 hours. Upon termination, all union personnel with at least six months service will be paid for all accrued hours.

The City Manager's maximum accrual for vacation is 320 hours. Department Directors will accrue vacation leave up to a cap of 480 hours. Effective the first full pay period in July 2013, excess hours above 160 (for Department Directors) 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:

<u>Hours</u>	
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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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 of 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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 non-major funds contained a deficit fund balance:

Fund	Amount
Transit Fund	\$ (799,381)
Riverside County MOU - Special Revenue	(342,276)
Sunset Grade Separation - Capital Projects	(771,497)
Information Services	(380,990)
Utility Billing Services	(1,362,955)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

II. DETAILED NOTES ON ALL FUNDS

Note 2: Cash and Investments

As of June 30, 2017, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 34,082,705
Business-type activities	72,822,302
Fiduciary funds	<u>3,614,793</u>
Total Cash and Investments	<u>\$ 110,519,800</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, 2017, the carrying amount of the City's deposits was \$14,693,334 and the bank balance was \$14,681,034. The \$12,300 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)
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, the City's investments in Federal Agency Securities consisted of investments in Federal Home Loan Bank Bonds and Federal Home Loan Mortgage Corporation Notes. At June 30, 2017, 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, 2017, the City's investments in external investment pools are unrated.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, 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, 2017, none of the City's investments exceeded more than 5% of the total investment value with a single issuer.

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, 2017, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Remaining Investment Maturities</u>				<u>Fair Value</u>
	<u>1 year or less</u>	<u>1 to 3 years</u>	<u>3 to 5 years</u>	<u>More than 5 years</u>	
Federal Agency Securities	\$ 1,985,160	\$ -	\$ -	\$ -	\$ 1,985,160
Local Agency Investment Fund	43,899,141	-	-	-	43,899,141
Money Market	24,174,157	-	-	-	24,174,157
Cash with Fiscal Agents:					
Money Market	25,768,008	-	-	-	25,768,008
Total	\$ 95,826,466	\$ -	\$ -	\$ -	\$ 95,826,466

Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2017:

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 2: Cash and Investments (Continued)

Investments by fair value level	Totals	Level		
		1	2	3
Federal Agency Securities	\$ 1,985,160	\$ -	\$ 1,985,160	\$ -
Local Agency Investment	43,899,141	-	43,899,141	-
Total Investments	45,884,301	\$ -	\$ 45,884,301	\$ -

Investments measured at amortized cost	
Money Market Funds	24,174,157
Cash with Fiscal Agents	
Money Market Funds	25,768,008
Totals	49,942,165
Total Investments	\$ 95,826,466

Local Agency Investment Funds classified in Level 2 of the fair value hierarchy are valued using specified fair market value factors. Federal Agency Securities classified in Level 2 of the fair value hierarchy are valued using institutional bond quotes.

Note 3: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due To/From Other Funds

Funds	Due to Other Funds		
	General Fund	Nonmajor Governmental Funds	Total
Due from Other Funds:			
General Fund	\$ -	\$ 1,119,827	\$ 1,119,827
Transit	83,759	-	83,759
Total	\$ 83,759	\$ 1,119,827	\$ 1,203,586

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
	Electric Utility
Advances from Other Funds:	
General Fund	\$ 394,118
Total	\$ 394,118

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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

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, 2017, principal owed on those loans was \$394,118.

Interfund Transfers

Funds	Transfers Out:				Totals
	General Fund	BUA Water Fund	BUA Wastewater Fund	Nonmajor Enterprise Funds	
Transfers In:					
General Fund	\$ -	\$ 488,000	\$ 181,000	\$ 55,000	\$ 724,000
Nonmajor Governmental Funds	164,325	-	-	-	164,325
Totals	<u>\$ 164,325</u>	<u>\$ 488,000</u>	<u>\$ 181,000</u>	<u>\$ 55,000</u>	<u>\$ 888,325</u>

Transfers out of the General, Water, Nonmajor Governmental Funds, the BUA Water Fund and the BUA Wastewater Fund 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, 2017, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 3,204,822	\$ -	\$ -	\$ -	\$ 3,204,822
Construction-in-progress	57,974	1,299,762	-	(315,133)	1,042,603
Total Capital Assets, Not Being Depreciated	<u>3,262,796</u>	<u>1,299,762</u>	<u>-</u>	<u>(315,133)</u>	<u>4,247,425</u>
Capital assets, being depreciated:					
Buildings and structures	26,420,632	-	-	-	26,420,632
Land improvements	7,910,030	-	-	-	7,910,030
Machinery and equipment	6,930,877	-	123,882	61,914	6,868,909
Vehicles	4,223,277	233,372	240,163	-	4,216,486
Infrastructure	118,797,287	-	-	253,219	119,050,506
Total Capital Assets, Being Depreciated	<u>164,282,103</u>	<u>233,372</u>	<u>364,045</u>	<u>315,133</u>	<u>164,466,563</u>
Less accumulated depreciation:					
Buildings and structures	15,185,310	898,801	-	-	16,084,111
Land improvements	3,959,177	327,391	-	-	4,286,568
Machinery and equipment	5,955,694	260,780	123,882	-	6,092,592
Vehicles	3,975,950	113,871	240,163	-	3,849,658
Infrastructure	60,399,392	3,916,881	-	-	64,316,273
Total Accumulated Depreciation	<u>89,475,523</u>	<u>5,517,724</u>	<u>364,045</u>	<u>-</u>	<u>94,629,202</u>
Total Capital Assets, Being Depreciated, Net	<u>74,806,580</u>	<u>(5,284,352)</u>	<u>-</u>	<u>315,133</u>	<u>69,837,361</u>
Governmental Activities Capital Assets, Net	<u>\$ 78,069,376</u>	<u>\$ (3,984,590)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,084,786</u>

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 4: Changes in Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

General government	\$ 181,537
Public safety	969,162
Public works	3,916,881
Transportation	88,034
Community Development	71,480
Parks and Recreation	252,044
Internal Service Fund	38,586
Total Depreciation Expense - Governmental Activities	<u>\$ 5,517,724</u>

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,184,229	\$ -	\$ -	\$ -	\$ 1,184,229
Construction-in-progress	11,006,828	4,128,754	-	(8,178,488)	6,957,094
Total Capital Assets, Not Being Depreciated	12,191,057	4,128,754	-	(8,178,488)	8,141,323
Capital assets, being depreciated:					
Airport master plan	38,875	-	-	-	38,875
Buildings and structures	519,247	-	-	-	519,247
Land improvements	4,430,729	-	-	123,408	4,554,137
Machinery and equipment	29,109	-	-	-	29,109
Utility plant	168,116,460	263,473	618,573	8,055,080	175,816,440
Total Capital Assets, Being Depreciated	173,134,420	263,473	618,573	8,178,488	180,957,808
Less accumulated depreciation:					
Airport master plan	38,875	-	-	-	38,875
Buildings and structures	418,097	7,116	-	-	425,213
Land improvements	2,178,975	205,485	-	-	2,384,460
Machinery and equipment	29,109	-	-	-	29,109
Utility plant	73,143,789	3,187,361	618,573	-	75,712,577
Total Accumulated Depreciation	75,808,845	3,399,962	618,573	-	78,590,234
Total Capital Assets, Being Depreciated, Net	97,325,575	(3,136,489)	-	8,178,488	102,367,574
Business-type Activities Capital Assets, Net	<u>\$ 109,516,632</u>	<u>\$ 992,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,508,897</u>

Depreciation expense was charged to business-type activities as follows:

Business-Type Activities:	
Banning Utility Authority Water	\$ 1,216,291
Electric Utility	1,271,418
Banning Utility Authority Wastewater	513,895
Airport	212,601
Transit	185,757
Total Depreciation Expense - Business-Type Activities	<u>\$ 3,399,962</u>

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 5: Accounts Receivable

Accounts receivable are shown net of applicable allowances for doubtful accounts. The accounts receivable and respective allowances are as follows:

	Gross Receivable	Allowance For Doubtful Accounts	Net Receivable
General Fund	\$ 744,333	\$ (108,278)	\$ 636,055
Nonmajor Governmental	4,544	-	4,544
Internal Service Funds	39,826	-	39,826
Water	1,840,711	(52,022)	1,788,689
Electric	5,215,008	(147,934)	5,067,074
Wastewater	638,809	(18,296)	620,513
Nonmajor Proprietary Funds	599,839	(16,941)	582,898
	<u>\$ 9,083,070</u>	<u>\$ (343,471)</u>	<u>\$ 8,739,599</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, 2017:

Description	Balance at June 30, 2017
Owners participation loans	\$ 500,000
First time home buyer down payment assistance loans	360,000
Rehabilitation loans	33,335
Other loans	5,190
Total loans receivable at June 30, 2017	<u>\$ 898,525</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 amount is shown as a restricted investment. The amount of deposit with the City of Riverside as of June 30, 2017, amounted to \$695,863.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 8: Long-Term Debt

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2017:

	Balance at July 1, 2016	Incurred	Retired	Balance at June 30, 2017	Due Within One Year
Governmental Activities:					
2011 Refunding Lease	\$ 1,788,555	\$ -	\$ 372,388	\$ 1,416,167	\$ 386,483
Ford Motor Credit Vehicle Lease	-	233,372	81,803	151,569	73,846
Glick Note Payable	125,007	-	125,007	-	-
Compensated Absences					
Governmental Funds	934,808	763,840	789,080	909,568	767,774
Internal Service Funds	169,087	182,544	196,946	154,685	142,224
Claims and Judgment	1,475,725	541,086	548,103	1,468,708	545,497
Total	\$ 4,493,182	\$ 1,720,842	\$ 2,113,327	\$ 4,100,697	\$ 1,915,824
Business-Type Activities:					
Loans Payable	\$ 1,409,613	\$ -	\$ 267,639	\$ 1,141,974	\$ 274,597
2005 Wastewater Revenue Bond	5,100,000	-	165,000	4,935,000	170,000
2015 Electric Refunding Bond	30,395,000	-	1,005,000	29,390,000	1,045,000
2015 Water Revenue Bond	24,420,000	-	455,000	23,965,000	730,000
Compensated Absences	789,535	516,448	623,381	682,602	538,954
Total	\$ 62,114,148	\$ 516,448	\$ 2,516,020	\$ 60,114,576	\$ 2,758,551
Less:					
Unamortized original issue premium				5,375,092	
Unamortized original issue discount				(78,004)	
Net Business-Type Activities				\$ 65,411,664	

a. Compensated Absences

For governmental activities, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2017, was \$1,064,253, which includes \$154,685 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 \$682,602.

b. Loan Payable – Glick

On August 27, 2008, the Successor 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. This liability transferred from the Successor Agency and became an obligation to the City during fiscal year 2017. The City paid off the balance of the note during the current fiscal year. At June 30, 2017, the outstanding balance on the note payable is \$0.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 8: Long-Term Debt (Continued)

c. 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, 2017, the outstanding balance on the refunding lease agreement is \$1,416,167.

Year Ending June 30,	Principal	Interest	Total
2018	\$ 386,483	\$ 49,517	\$ 436,000
2019	401,112	34,888	436,000
2020	416,295	19,705	436,000
2021	212,277	3,980	216,257
Total	<u>\$ 1,416,167</u>	<u>\$ 108,090</u>	<u>\$ 1,524,257</u>

d. 2017 Ford Motor Credit Vehicle Lease

On January 27, 2017 the City entered into a lease agreement with Ford Motor Credit Company, LLC for the purpose of leasing 8 police related vehicles. The lease agreement totals \$232,827 and is subject to an interest rate of 5.25% per annum. The lease agreement is payable annually on January, 27 commencing January 2017, 2017 through 2019. At June 30, 2017, the outstanding balance on the refunding lease agreement is \$151,569.

Year Ending June 30,	Principal	Interest	Total
2018	\$ 73,846	\$ 7,957	\$ 81,803
2019	77,723	4,080	81,803
Total	<u>\$ 151,569</u>	<u>\$ 12,037</u>	<u>\$ 163,606</u>

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 8: Long-Term Debt (Continued)

e. 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, 2017, amounted to \$4,935,000.

The total debt service payment requirements with respect to the above bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 170,000	\$ 44,950	\$ 214,950
2019	180,000	37,838	217,838
2020	185,000	30,309	215,309
2021	195,000	22,472	217,472
2020	200,000	13,950	213,950
2022 - 2027	1,150,000	4,725	1,154,725
2027 - 2032	1,445,000	-	1,445,000
2032 - 2037	1,410,000	-	1,410,000
Total	<u>\$ 4,935,000</u>	<u>\$ 154,244</u>	<u>\$ 5,089,244</u>

f. 2015 Water Enterprise Revenue Bonds, Refunding and Improvement Projects

On August 19, 2015, the Banning Utility Authority issued \$25,365,000 in Water Enterprise Revenue Bonds, Refunding and Improvement Projects. The proceeds of the bonds, together with other money being made available by the Authority, will be used to (i) finance certain capital improvements to the Water Enterprise; (ii) refund a portion of the Authority's \$35,635,000 Water Enterprise Revenue Bonds, Refunding and Improvement Projects, 2005 Series, currently outstanding in the aggregate principal amount of \$29,165,000; and (iii) pay costs of issuance of the Bonds. As a result, the refunding bonds defeased the liability of the 2005 Water Revenue Bonds, which have

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 8: Long-Term Debt (Continued)

been removed from long-term debt. The refunding resulted in an economic gain of \$9,756,559. The 2015 Water Enterprise Revenue Bonds bear interest at rates ranging from 2.00% to 5.00%. Interest is payable semi-annually on May 1 and November 1. The balance outstanding as of June 30, 2017, of the debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 730,000	\$ 1,053,813	\$ 1,783,813
2019	745,000	1,027,963	1,772,963
2020	970,000	988,813	1,958,813
2021	1,020,000	939,063	1,959,063
2022	1,075,000	886,688	1,961,688
2022 - 2027	6,230,000	3,550,313	9,780,313
2027 - 2032	7,765,000	2,017,869	9,782,869
2032 - 2037	5,430,000	401,700	5,831,700
Total	<u>\$ 23,965,000</u>	<u>\$ 10,866,222</u>	<u>\$ 34,831,222</u>

g. Loan Payable - California Water Resource Control Board

On March 17, 1999, the City entered 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, 2017, was \$1,141,974. The loan is recorded in the BUA Wastewater Utility Enterprise Fund.

Year Ending June 30,	Principal	Service Charge	Total
2018	\$ 274,597	\$ 29,691	\$ 304,288
2019	281,737	22,552	304,289
2020	289,063	15,227	304,290
2021	296,578	7,711	304,289
Total	<u>\$ 1,141,975</u>	<u>\$ 75,181</u>	<u>\$ 1,217,156</u>

CITY OF BANNING**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

Note 8: Long-Term Debt (Continued)**h. 2015 Electric Revenue Refunding Bonds**

On August 19, 2015, the Banning Financing Authority issued \$31,755,000 in Refunding Revenue Bonds (Electric System Project). The proceeds of the bond, together with other money being made available by the Authority, will be used to (i) refund the Authority's \$45,790,000 Revenue Bonds (Electric System Project) Series 2007, currently outstanding in the amount of \$34,270,000; (ii) finance certain improvements (the "Facilities") to the electric system of the City of Banning; (iii) pay the insurance premium for the Bonds; (iv) purchase a reserve surety bond for the Bonds; and (v) pay costs of issuance of the Bonds. As a result, the refunding bonds defeased the liability of the 2007 Electric Revenue Bonds, which have been removed from long-term debt. The refunding resulted in an economic gain of \$6,893,088.83. The 2015 Electric Enterprise Revenue Bonds bear interest at rates ranging from 3.00% to 5.00%. Interest is payable semi-annually on June 1 and December 1. The balance outstanding as of June 30, 2017, of the debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 1,045,000	\$ 1,378,544	\$ 2,423,544
2019	1,095,000	1,326,294	2,421,294
2020	1,150,000	1,271,544	2,421,544
2021	1,210,000	1,214,044	2,424,044
2022	1,275,000	1,153,544	2,428,544
2023 - 2027	7,370,000	4,747,719	12,117,719
2028 - 2032	8,890,000	3,014,781	11,904,781
2033 - 2037	7,355,000	1,139,500	8,494,500
Total	<u>\$ 29,390,000</u>	<u>\$ 15,245,970</u>	<u>\$ 44,635,970</u>

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2017

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 secured by liens against the assessed properties. The City acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders. Neither the faith and credit, nor the taxing power, of the City of Banning or the Agency has been pledged to the payment of the bonds. Therefore, none of the following special assessment bonds are shown in the financial statements of the City.

	Amount of Issue	Outstanding June 30, 2017
AD 2004-1	\$ 2,898,000	\$ 2,205,000

Note 10: Operating Lease

In December 2005, the Banning Utility Authority entered 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, 2017.

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan)

Plan Description – City Miscellaneous Plan

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.

Plan Description – City Safety Plan

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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 Plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

Miscellaneous Plan		
	Prior to January 1, 2013*	On or after January 1, 2013
Hire date		
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	24.018%	24.018%

* Closed to new entrants not previously in CalPERS

Safety cost-sharing plan	
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	21.230%

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

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, 2017, City contributions totaling \$2,812,712 was recognized as a reduction to the net pension liability.

Net Pension Liability

The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

For the measurement period ended June 30, 2016, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2015 and the June 30, 2016 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2007, 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 7.65 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 of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 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.

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 (Public Employees' Retirement 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. The target allocation shown was adopted by CalPERS effective on July 1, 2015.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.0%	5.25%	5.71%
Global Debt Securities	20.0	0.99	2.43
Inflation Assets	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	1.0	(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

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

Miscellaneous Rate Plan	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2014 (Valuation Date) (1)	\$ 64,643,225	\$ 44,710,976	\$ 19,932,249
Changes Recognized for the Measurement Period:			
Service Cost	1,068,763	-	1,068,763
Interest on the Total Pension Liability	4,783,405	-	4,783,405
Change of Assumptions	-	-	-
Difference between Expected and Actual Experience	(1,098,175)	-	(1,098,175)
Plan to Plan Resource Movement	-	-	-
Contribution from the Employer	-	1,579,886	(1,579,886)
Contributions from Employees	-	445,598	(445,598)
Net Investment Income (2)	-	221,312	(221,312)
Benefit Payments including Refunds of Employee Contributions	(3,102,523)	(3,102,523)	-
Administrative Expense	-	(27,249)	27,249
Net Changes During 2014-15	1,651,470	(882,976)	2,534,446
Balance at: 6/30/2015 (Measurement Date) (1)	\$ 66,294,695	\$ 43,828,000	\$ 22,466,695

(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.

As of June 30, 2017, the City reported a \$14,407,636 net pension liability for its proportionate share of the pooled net pension liability.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 11: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

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, 2016, 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, 2015 rolled forward to June 30, 2016 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, 2015 and 2016 was as follows:

	Safety Plan
Proportion - June 30, 2015	0.28882%
Proportion - June 30, 2016	0.27818%
Change - Increase (Decrease)	-0.0106%

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 7.65 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 (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Miscellaneous Plan's Net Pension Liability/(Assets)	\$ 31,036,638	\$ 22,466,695	\$ 15,342,116
Safety Plan's Net Pension Liability/(Assets)	\$ 20,777,970	\$ 14,407,636	\$ 9,178,244

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)
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, the City of Banning incurred a pension expense of \$3,331,281 for the Plan. At June 30, 2017, 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	\$ 3,310,834	\$ -
Difference between Expected and Actual Experience	-	(762,216)
Change in Assumptions	-	(631,369)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	4,412,950	-
Adjustment due to Difference in Proportions	1,300,279	-
Difference in proportionate share	149,941	(41,467)
Total	\$ 9,174,004	\$ (1,435,052)

The \$3,310,834 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, 2018. 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
2017	\$ 439,396
2018	780,733
2019	2,058,506
2020	1,149,483

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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 \$13,949 (7.5% of covered payroll). Total payroll for employees covered under this plan for the year was \$185,992.

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 13: Insurance Programs (Continued)

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, 2017, the amount of these liabilities \$1,468,708. The amount represents an estimate of \$883,749 for reported claims through June 30, 2017, and \$584,959 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 there have been no settlements exceeding the insurance coverages for each of the past four fiscal years.

Changes in the reported liability since June 30, 2017, resulted from the following:

Year	Liability at Beginning of Fiscal Year	Claims and Changes in Estimates	Claim Payments	Liability at End of Fiscal Year
2016	\$ 1,270,939	\$ 484,219	\$ 279,433	\$ 1,475,725
2017	1,475,725	541,086	548,103	1,468,708

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)
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017:

Project Name	Contract Amount	Expenditures to date as of June 30, 2017	Remaining Commitments
Wastewater Treatment Plant Expansion-Parsons	\$ 2,412,929	\$ 2,184,521	\$ 228,408
Mgmt- downtown underground conv - Leidos Eng	178,144	23,327	154,817
Design for 4 substations - Leidos Engineering	670,693	442,447	228,246
Elec distribution imp - Regency-Pacific Dev	485,320	484,763	557
Repairs to wells/booster pumps - Tri County Pump	201,250	183,022	18,228
Canyon Water Main Replacement - design Albert Webb	247,990	206,407	41,583
Planning Services - Romo Planning Services	210,500	34,583	175,918
Project 2016-01EL West Barbour St 12KV Underground - M E	226,149	183,842	42,307
Airport and Alola Substation Switchgear and Multifunction Re	1,121,473	-	1,121,473
Smart Meter Installation Services - Vanguard Utility Services,	365,480	-	365,480
Analyze & Compare Indirect Potable Reuse (IPR) Alternatives	431,344	206,751	224,593
Street Repairs - All American Asphalt	1,039,390	843,001	196,389
Design of Ramsey St and Hathaway St Roadway - Stantec C	254,512	121,891	132,621
Anaerobic Digester Dome - Pipe and Plant Solutions, Inc.	199,089	148,945	50,144
Eldorado National EZ Rider II Bus - Creative Bus Sales, Inc.	443,347	-	443,347
Itron and Centron Open-way Meters - Mc Avoy & Markham	249,036	37,780	211,256
Utility Tree Trimming Services - Utility Tree Service	150,000	53,200	96,800
IRWM Prog. Develop and Mgmt Services - Water Quality			867,626
Monitoring Lab Equipment - Woodward & Curran, Inc.	1,079,904	212,278	
	<u>\$ 9,966,549</u>	<u>\$ 5,366,758</u>	<u>\$ 4,599,792</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, 2017, the Electric Utility Fund made payments totaling \$1,062,567 on 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 15: Southern California Public Power Authority (Continued)

For the year ended June 30, 2017, 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 0.7%.

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 1.1%.

e. Hoover Upgrading 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)
FOR THE YEAR ENDED JUNE 30, 2017****Note 15: Southern California Public Power Authority (Continued)**

A summary of the City's contracts and related projects and its commitments at June 30, 2017 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%	\$ -	\$ 124,100
San Juan	9.80%	-	-
Mead-Phoenix	0.70%	298,704	346,654
Mead-Adelanto	1.10%	979,550	1,197,570
Hoover Upgrading	2.10%	21	44,856
		<u>\$ 1,278,275</u>	<u>\$ 1,713,180</u>

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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	\$ 2,995,805
Cash and investments with fiscal agent	<u>13,729</u>
	<u>\$ 3,009,534</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, 2017:

Description	Balance at June 30, 2017
Owners participation loans	<u>\$ 2,964,164</u>
Total loans receivable at June 30, 2017	<u>\$ 2,964,164</u>

During the Fiscal Year ending June 30, 2017, \$1,363,348 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)
FOR THE YEAR ENDED JUNE 30, 2017

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

c. Capital Assets

An analysis of capital assets as of June 30, 2017, follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Nondepreciable Assets:				
Construction-in-progress	\$ 93,557	\$ 224,248	\$ -	\$ 317,805
Total nondepreciable assets	93,557	224,248	-	317,805
Depreciable Assets:				
Land Improvements	2,201,160	-	-	2,201,160
Building and Structures	1,349,031	-	-	1,349,031
Machinery and Equipment	28,378	-	-	28,378
Infrastructure	3,307,989	-	-	3,307,989
Total depreciable assets	6,886,558	-	-	6,886,558
Less Accumulated Depreciation				
Land Improvements	811,942	97,882	-	909,824
Building and Structures	194,607	28,337	-	222,944
Machinery and Equipment	28,378	-	-	28,378
Infrastructure	663,505	99,945	-	763,450
Total Accumulated Depreciation	1,698,432	226,164	-	1,924,596
Total depreciable assets, net	5,188,126	(226,164)	-	4,961,962
Capital Assets	\$ 5,281,683	\$ (1,916)	\$ -	\$ 5,279,767

d. Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2017, follows:

	Balance July 1, 2016	Defeased	Additions	Repayments	Balance June 30, 2017	Due Within One Year
Fiduciary Funds:						
2003 Tax Allocation Bonds	\$ 9,120,000	\$ 8,600,000	\$ -	\$ 520,000	\$ -	\$ -
2007 Tax Allocation Bonds	26,125,000	25,345,000	-	780,000	-	-
2016 Tax Allocation Refunding Bonds	-	-	32,255,000	-	32,255,000	1,075,000
SERAF loan	1,993,008	-	-	1,024,593	968,415	-
Total Fiduciary Funds	\$ 37,238,008	\$ 33,945,000	\$ 32,255,000	\$ 2,324,593	\$ 33,223,415	\$ 1,075,000

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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.

These bonds were refunded with the issuance of the 2016 Taxable Allocation Refunding Bonds.

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.

These bonds were refunded with the issuance of the 2016 Taxable Allocation Refunding Bonds.

2016 Tax Allocation Refunding Bonds

On September 22, 2016 the Successor Agency of the Dissolved Redevelopment Agency of the City of Banning issued Tax Allocation Refunding Bonds, Series 2016 (Taxable) in the amount of \$32,255,000, in order to (i) refund the Taxable Allocation Bonds, Series 2003 and 2007; (ii) purchase a surety bond for the Reserve Fund for the 2016 Bonds; (iii) purchase a municipal bond insurance policy for the 2016 Bonds as described below; and (iv) pay costs of issuance of the 2016 Bonds.

Principal on the 2016 Bonds is due annually on September 1 of each year, commencing September 1, 2017, and interest on the 2016 Bonds is due semiannually on March 1 and September 1 of each year, commencing March 1, 2017. Interest rates vary from 1.240% - 3.935%.

As a result of the refunding, the Successor Agency refunding bonds defeased the liability of the 2003 and 2007 Taxable Allocation Bonds and reduced its total debt service payments over 20 years by \$352,912 cash savings.

CITY OF BANNING

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

The balance outstanding as of June 30 and the remaining debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 1,075,000	\$ 1,005,364	\$ 2,080,364
2019	1,205,000	990,023	2,195,023
2020	1,220,000	971,404	2,191,404
2021	1,240,000	949,712	2,189,712
2022	1,265,000	924,838	2,189,838
2022 - 2027	6,785,000	4,138,094	10,923,094
2027 - 2032	7,890,000	2,987,845	10,877,845
2032 - 2037	9,455,000	1,375,774	10,830,774
2037 - 2042	2,120,000	41,711	2,161,711
Total	<u>\$ 32,255,000</u>	<u>\$ 13,384,765</u>	<u>\$ 45,639,765</u>

Supplement Education Augmentation Fund (SERAF) Loan

The advance for \$2,298,433 from the Low and Moderate Income Housing Fund to the Redevelopment Agency Debt Service Fund was made to fund the mandated payment for the "Supplemental" Educational Revenue Augmentation Fund. The Department of Finance allowed a payment of \$305,425 with the Agency's concurrence in the current year. The amount of the loan outstanding at June 30, 2017, totaled \$968,415.

Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$45,639,765 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$3,759,131 and the debt service obligation on the bonds was \$2,820,199.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Note 16: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)

e. 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.

f. Commitments and Contingencies

At June 30, 2017, 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.

CITY OF BANNING

MISCELLANEOUS RATE 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	2016	2017
TOTAL PENSION LIABILITY			
Service Cost	\$ 1,309,205	\$ 1,237,963	\$ 1,068,763
Interest	4,417,332	4,647,945	4,783,405
Difference Between expected and Actual Experience	-	(48,685)	(1,098,175)
Changes in Assumptions	-	(1,116,894)	-
Benefit Payments, Including Refunds of employee Contributions	(2,569,019)	(2,762,291)	(3,102,523)
Net Change in Total Pension Liability	\$ 3,157,518	\$ 1,958,038	\$ 1,651,470
Total Pension Liability - Beginning	59,527,669	62,685,187	64,643,225
Total Pension Liability - Ending (a)	\$ 62,685,187	\$ 64,643,225	\$ 66,294,695
PLAN FIDUCIARY NET POSITION			
Contribution - Employer	\$ 1,511,733	\$ 1,479,527	\$ 1,579,886
Contribution - Employee	608,478	566,122	445,598
Plan to Plan Resource Movement	-	9,303	-
Net Investment Income	6,586,288	1,020,136	221,312
Benefit Payments, Including Refunds of Employee Contributions	(2,569,019)	(2,762,291)	(3,102,523)
Administrative Expense	-	(50,336)	(27,249)
Net Change in Fiduciary Net Position	\$ 6,137,480	\$ 262,461	\$ (882,976)
Plan Fiduciary Net Position - Beginning	38,311,035	44,448,515	44,710,976
Plan Fiduciary Net Position - Ending (b)	\$ 44,448,515	\$ 44,710,976	\$ 43,828,000
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 18,236,672	\$ 19,932,249	\$ 22,466,695
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	69.17%	66.11%
Covered-Employee Payroll	\$ 7,427,270	\$ 6,992,494	\$ 7,149,518
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	245.54%	285.05%	314.24%

(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 three years are shown.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. 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: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

Measurement Date: All information in this schedule is as of the measurement date noted in the financial statement footnotes.

CITY OF BANNING

SAFETY RATE PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2015	2016	2017
Proportion of the Net Pension Liability	0.28259%	0.28882%	0.27818%
Proportionate Share of the Net Pension Liability	\$ 10,599,884	\$ 11,900,560	\$ 14,407,636
Covered-Employee Payroll	\$ 2,399,596	\$ 2,184,008	\$ 2,205,720
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	441.74%	544.90%	653.19%
Plan Fiduciary Net Position	\$ 33,631,871	\$ 32,989,395	\$ 32,521,518
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	72.69%

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, 2015. 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: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

Measurement Date: All information in this schedule is as of the measurement date noted in the financial statement footnotes.

(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 three years are shown.

CITY OF BANNING

MISCELLANEOUS RATE PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2015	2016	2017
Actuarially Determined Contribution	\$ 1,349,103	\$ 1,483,525	\$ 1,579,886
Contribution in Relation to the Actuarially Determined Contribution	(1,349,103)	(1,483,525)	(1,579,886)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 6,992,494	\$ 7,149,518	\$ 5,903,926
Contributions as a Percentage of Covered-Employee Payroll	19.29%	20.75%	26.76%

(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 three years are shown.

Note to Schedule:

Valuation Date: June 30, 2014

Methods and assumptions used to determine contribution rates:

Amortization method	Level percentage of payroll, closed
Assets valuation method	Market Value
Discount rate	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll growth	3.00%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation of 2.75% and an annual production growth of 0.25%.

CITY OF BANNING

**SAFETY RATE PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2015	2016	2017
Actuarially Determined Contribution	\$ 1,034,818	\$ 1,329,187	\$ 1,481,661
Contribution in Relation to the Actuarially Determined Contribution	(1,034,818)	(1,329,187)	(1,481,661)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-Employee Payroll	\$ 2,184,008	\$ 2,205,720	\$ 1,581,595
Contributions as a Percentage of Covered-Employee Payroll	47.38%	60.26%	93.68%

(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 three years are shown.

Note to Schedule:

Valuation Date: June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Assets valuation method	Market Value
Discount Rate	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment.
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation of 2.75% and an annual production growth of 0.25%.
Investment rate of return	7.65% 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, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 12,243,467	\$ 12,243,467	\$ 12,243,467	\$ -
Resources (Inflows):				
Taxes:				
Sales and use	3,404,616	3,404,616	3,213,574	(191,042)
Property	4,708,780	4,754,279	4,731,744	(22,535)
Franchise	875,000	875,000	839,395	(35,605)
Transient occupancy	720,000	830,000	861,221	31,221
Other	698,800	698,800	406,225	(292,575)
Subtotal	10,407,196	10,562,695	10,052,159	(510,536)
Licenses and permits:				
Building permits	121,908	122,371	127,341	4,970
Other permits	(121,908)	(122,371)	478,468	600,839
Subtotal	-	-	605,809	605,809
Intergovernmental:				
State motor vehicle in-lieu fees	-	-	13,813	13,813
Other intergovernmental revenues	100,500	203,168	135,175	(67,993)
Subtotal	100,500	203,168	148,988	(54,180)
Charges for services:				
Engineering, police, fire and other fees	139,131	139,131	147,531	8,400
Recreation fees	92,900	92,900	92,151	(749)
Interfund charges	3,319,800	3,326,166	3,157,079	(169,087)
Subtotal	3,551,831	3,558,197	3,396,761	(161,436)
Use of money and property:				
Interest and rents	512,600	515,731	534,527	18,796
Subtotal	512,600	515,731	534,527	18,796
Fines and forfeitures				
Parking fines	8,400	11,000	18,452	7,452
Court fines and other fines	300,750	298,150	233,662	(64,488)
Subtotal	309,150	309,150	252,114	(57,036)
Contributions	5,400	5,400	2,250	(3,150)
Contribution from Successor Agency	250,000	250,000	103,932	(146,068)
Miscellaneous	352,288	352,288	487,078	134,790
Transfers in	724,000	724,000	724,000	-
Subtotal	1,331,688	1,331,688	1,317,260	(14,428)
Total Resources (inflows)	16,212,965	16,480,629	16,307,618	(173,011)
Amounts Available for Appropriations	28,456,432	28,724,096	28,551,085	(173,011)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Charges to Appropriations (Outflow):				
General government				
City council	119,430	123,635	134,335	(10,700)
City manager	201,072	257,092	221,548	35,544
Personnel	161,288	161,288	134,158	27,130
City clerk	84,831	84,831	90,173	(5,342)
Elections	40,750	40,750	31,759	8,991
City attorney	269,945	269,945	167,503	102,442
Finance	299,492	419,650	303,005	116,645
Economic Development	301,731	330,206	276,873	53,333
Community enhancement	100,905	140,695	104,688	36,007
Central services	828,271	987,824	727,522	260,302
Building maintenance	130,311	182,037	114,592	67,445
Subtotal	2,538,026	2,997,953	2,306,156	691,797
Public safety				
Police	6,406,993	6,478,624	5,888,041	590,583
Animal control	159,031	159,031	134,477	24,554
Fire	2,965,975	3,016,637	2,650,000	366,637
Dispatch	848,817	848,817	934,120	(85,303)
Subtotal	10,380,816	10,503,109	9,606,638	896,471
Community development				
TV government access	9,869	38,758	24,169	14,589
Building safety	339,872	311,816	335,059	(23,243)
Code enforcement	324,319	324,319	252,049	72,270
Planning	649,409	835,167	514,100	321,067
Developer Pardee	-	12,226	12,225	1
Engineering	250,889	338,063	233,595	104,468
Community enhancement	60,000	85,620	57,042	28,578
Subtotal	1,634,358	1,945,969	1,428,239	517,730
Culture and leisure				
Parks	462,258	459,758	456,446	3,312
Recreation	424,698	436,698	380,836	55,862
Aquatics	116,519	116,519	131,596	(15,077)
Senior Center	83,263	83,263	76,898	6,365
Subtotal	1,086,738	1,096,238	1,045,776	50,462
Capital outlay	162,131	178,529	24,063	154,466
Debt service:				
Principal retirement	373,239	465,961	579,198	(113,237)
Interest and fiscal charges	63,761	63,761	78,338	(14,577)
Transfers out	164,325	164,325	164,325	-
Subtotal	763,456	872,576	845,924	26,652
Total Charges to Appropriations	16,403,394	17,415,845	15,232,733	2,183,112
Budgetary Fund Balance, June 30	\$ 12,053,038	\$ 11,308,251	\$ 13,318,352	\$ 2,010,101

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

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.

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 Special Revenue Fund, the Excess Bond Proceeds Capital Project Fund, and the Excess Bond Proceeds Low/Mod 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

<u>General Fund</u>	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
General Government			
City council	\$ 134,335	\$ 123,635	\$ 10,700
City clerk	90,173	84,831	5,342
Public Safety			
Dispatch	923,139	848,817	85,303
Community Development			
Building safety	335,059	311,816	23,243
Culture and Leisure			
Aquatics	131,596	116,519	15,077
Debt Service			
Principal retirement	579,198	465,961	113,237
Interest and fiscal charges	78,338	63,761	14,577

CITY OF BANNING

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Special Revenue Funds			
	Gas Tax Street	Measure A	SB 300 Street	Article 3 Sidewalk
Assets:				
Pooled cash and investments	\$ 215,809	\$ 1,706,000	\$ 71,939	\$ 7
Receivables:				
Accounts	4,368	-	-	-
Loans	-	-	-	-
Interest	421	4,225	158	-
Grants	-	-	-	-
Due from other governments	643	107,204	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 221,241	\$ 1,817,429	\$ 72,097	\$ 7
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 9,640	\$ 48,481	\$ -	\$ 7
Accrued liabilities	18,935	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	95,961	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	124,536	48,481	-	7
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	96,705	1,768,948	72,097	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	96,705	1,768,948	72,097	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 221,241	\$ 1,817,429	\$ 72,097	\$ 7

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Community Development Block Grant	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture
Assets:				
Pooled cash and investments	\$ 1	\$ 363,763	\$ 41,591	\$ 44,071
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	-	766	157	71
Grants	-	-	30,000	-
Due from other governments	-	2,029	10,009	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1	\$ 366,558	\$ 81,757	\$ 44,142
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 3,684	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	3,684	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	1	-	81,757	-
Public safety	-	-	-	44,142
Culture and leisure	-	-	-	-
Transportation	-	362,874	-	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	1	362,874	81,757	44,142
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1	\$ 366,558	\$ 81,757	\$ 44,142

CITY OF BANNING

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Special Revenue Funds			
	Supplemental Law Enforcement	State Park Bond Act	Special Donations	Senior Center Activities
Assets:				
Pooled cash and investments	\$ 168,443	\$ 945	\$ 29,096	\$ 40,014
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	376	2	-	89
Grants	-	-	-	-
Due from other governments	16,667	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 185,486	\$ 947	\$ 29,096	\$ 40,103
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,498	\$ -	\$ -	\$ 18
Accrued liabilities	-	-	-	-
Unearned revenues	183,480	-	-	-
Deposits payable	-	-	3,545	-
Due to other funds	-	-	-	-
Total Liabilities	184,978	-	3,545	18
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	25,551	-
Public safety	508	-	-	-
Culture and leisure	-	-	-	40,085
Transportation	-	-	-	-
Capital Projects	-	947	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	508	947	25,551	40,085
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 185,486	\$ 947	\$ 29,096	\$ 40,103

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Animal Control Reserve	Police Volunteer	Ramsey/ Highland Home Signal	Wilson Median Improvement
Assets:				
Pooled cash and investments	\$ 4,960	\$ 474	\$ 81,594	\$ 381,803
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	11	1	179	839
Grants	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 4,971	\$ 475	\$ 81,773	\$ 382,642
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 11	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	11	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	464	-	-
Public safety	4,971	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	-	81,773	382,642
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	4,971	464	81,773	382,642
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,971	\$ 475	\$ 81,773	\$ 382,642

CITY OF BANNING

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Special Revenue Funds		Capital Projects Funds	
	Riverside County MOU	Banning Housing Authority	Police Facilities Development	Fire Facilities Development
Assets:				
Pooled cash and investments	\$ -	\$ 1,379,579	\$ 18,803	\$ 975,273
Receivables:				
Accounts	-	-	-	-
Loans	-	886,205	-	-
Interest	-	1,711	35	2,124
Grants	-	-	-	-
Due from other governments	-	968,415	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ -	\$ 3,235,910	\$ 18,838	\$ 977,397
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	13,217	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	329,059	-	-	-
Total Liabilities	342,276	-	-	-
Deferred Inflows of Resources:				
Unavailable revenues	-	886,205	-	-
Total Deferred Inflows of Resources	-	886,205	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	2,349,705	-	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	-	-	18,838	977,397
Unassigned	(342,276)	-	-	-
Total Fund Balances	(342,276)	2,349,705	18,838	977,397
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 3,235,910	\$ 18,838	\$ 977,397

CITY OF BANNING

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

(CONTINUED)

	Capital Projects Funds			
	Traffic Control Facilities	General Facilities	Park Development	Capital Improvement
Assets:				
Pooled cash and investments	\$ 457,391	\$ 431,927	\$ 139,914	\$ -
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Interest	993	964	281	-
Grants	-	-	-	-
Due from other governments	-	-	2,628	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	658,175
Total Assets	\$ 458,384	\$ 432,891	\$ 142,823	\$ 658,175
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 1,500	\$ 5,375	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	19,271
Total Liabilities	-	1,500	5,375	19,271
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	-	-	-
Capital Projects	-	-	-	-
Assigned to:				
Capital Projects	458,384	431,391	137,448	638,904
Unassigned	-	-	-	-
Total Fund Balances	458,384	431,391	137,448	638,904
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 458,384	\$ 432,891	\$ 142,823	\$ 658,175

CITY OF BANNING

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	Capital Projects Funds			Total Governmental Funds
	Sunset Grade Separation	BEA Low/Mod Capital Project Fund	BEA Capital Project Fund	
Assets:				
Pooled cash and investments	\$ -	\$ 536,224	\$ 1,226,990	\$ 8,316,611
Receivables:				
Accounts	-	-	176	4,544
Loans	-	-	7,130	893,335
Interest	-	1,577	1,104	16,084
Grants	-	-	-	30,000
Due from other governments	518,256	-	-	1,625,851
Restricted assets:				
Cash and investments with fiscal agents	-	-	7,634,260	8,292,435
Total Assets	\$ 518,256	\$ 537,801	\$ 8,869,660	\$ 19,178,860
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 40,591	\$ 110,805
Accrued liabilities	-	-	-	32,152
Unearned revenues	-	-	-	183,480
Deposits payable	-	-	-	99,506
Due to other funds	771,497	-	-	1,119,827
Total Liabilities	771,497	-	40,591	1,545,770
Deferred Inflows of Resources:				
Unavailable revenues	518,256	-	-	1,404,461
Total Deferred Inflows of Resources	518,256	-	-	1,404,461
Fund Balances:				
Restricted for:				
Community development projects	-	-	-	2,457,478
Public safety	-	-	-	49,621
Culture and leisure	-	-	-	40,085
Transportation	-	-	-	2,765,039
Capital Projects	-	537,801	8,829,069	9,367,817
Assigned to:				
Capital Projects	-	-	-	2,662,362
Unassigned	(771,497)	-	-	(1,113,773)
Total Fund Balances	(771,497)	537,801	8,829,069	16,228,629
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 518,256	\$ 537,801	\$ 8,869,660	\$ 19,178,860

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			
	Gas Tax Street	Measure A	SB 300 Street	Article 3 Sidewalk
Revenues:				
Taxes	\$ -	\$ 550,506	\$ -	\$ -
Intergovernmental	591,568	-	-	-
Use of money and property	792	8,403	288	-
Contributions	-	-	-	-
Miscellaneous	21,712	-	-	-
Total Revenues	614,072	558,909	288	-
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	823,484	-	-	-
Capital outlay	-	802,634	-	-
Total Expenditures	823,484	802,634	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(209,412)	(243,725)	288	-
Other Financing Sources (Uses):				
Transfers in	164,325	-	-	-
Total Other Financing Sources (Uses)	164,325	-	-	-
Net Change in Fund Balances	(45,087)	(243,725)	288	-
Fund Balances, Beginning of Year	141,792	2,012,673	71,809	-
Fund Balances, End of Year	\$ 96,705	\$ 1,768,948	\$ 72,097	\$ -

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Community Development Block Grant	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture
Revenues:				
Taxes	\$ -	\$ 136,457	\$ -	\$ -
Intergovernmental	37,203	-	69,375	41,524
Use of money and property	-	1,301	42	91
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	37,203	137,758	69,417	41,615
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	3,000	-
Culture and leisure	3,477	-	-	-
Transportation	-	94,686	-	-
Capital outlay	-	-	-	-
Total Expenditures	3,477	94,686	3,000	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	33,726	43,072	66,417	41,615
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	33,726	43,072	66,417	41,615
Fund Balances, Beginning of Year	(33,725)	319,802	15,340	2,527
Fund Balances, End of Year	\$ 1	\$ 362,874	\$ 81,757	\$ 44,142

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			
	Supplemental Law Enforcement	State Park Bond Act	Special Donations	Senior Center Activities
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	122,953	-	-	-
Use of money and property	2,006	4	-	161
Contributions	-	-	9,047	2,205
Miscellaneous	-	-	-	4,432
Total Revenues	124,959	4	9,047	6,798
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	53,702	-	-	-
Community development	-	-	5,541	7,107
Culture and leisure	-	-	-	-
Transportation	-	-	-	-
Capital outlay	70,749	-	-	-
Total Expenditures	124,451	-	5,541	7,107
Excess (Deficiency) of Revenues Over (Under) Expenditures	508	4	3,506	(309)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	508	4	3,506	(309)
Fund Balances, Beginning of Year	-	943	22,045	40,394
Fund Balances, End of Year	\$ 508	\$ 947	\$ 25,551	\$ 40,085

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

(CONTINUED)

	Special Revenue Funds			
	Animal Control Reserve	Police Volunteer	Ramsey/ Highland Home Signal	Wilson Median Improvement
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Use of money and property	19	4	328	1,532
Contributions	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	19	4	328	1,532
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	481	-	-
Culture and leisure	-	-	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	481	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	19	(477)	328	1,532
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	19	(477)	328	1,532
Fund Balances, Beginning of Year	4,952	941	81,445	381,110
Fund Balances, End of Year	\$ 4,971	\$ 464	\$ 81,773	\$ 382,642

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Special Revenue Funds		Capital Projects Funds	
	Riverside County MOU	Banning Housing Authority	Police Facilities Development	Fire Facilities Development
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Use of money and property	-	4,821	57	3,859
Contributions	-	-	-	-
Miscellaneous	-	395	7,000	20,690
Total Revenues	-	5,216	7,057	24,549
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	402,861	-	-	-
Community development	-	3,605	-	-
Culture and leisure	-	-	-	-
Transportation	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	402,861	3,605	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(402,861)	1,611	7,057	24,549
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(402,861)	1,611	7,057	24,549
Fund Balances, Beginning of Year	60,585	2,348,094	11,781	952,848
Fund Balances, End of Year	\$ (342,276)	\$ 2,349,705	\$ 18,838	\$ 977,397

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

(CONTINUED)

	Capital Projects Funds			
	Traffic Control Facilities	General Facilities	Park Development	Capital Improvement
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	39,300	-
Use of money and property	1,800	1,761	518	293
Contributions	-	-	-	-
Miscellaneous	14,172	7,463	4,833	-
Total Revenues	15,972	9,224	44,651	293
Expenditures:				
Current:				
General government	-	10,984	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Culture and leisure	-	-	-	-
Transportation	-	-	-	-
Capital outlay	-	4,856	48,396	-
Total Expenditures	-	15,840	48,396	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,972	(6,616)	(3,745)	293
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	15,972	(6,616)	(3,745)	293
Fund Balances, Beginning of Year	442,412	438,007	141,193	638,611
Fund Balances, End of Year	\$ 458,384	\$ 431,391	\$ 137,448	\$ 638,904

CITY OF BANNING

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2017

	Capital Projects Funds			Total Governmental Funds
	Sunset Grade Separation	BEA Low/Mod Capital Project Fund	BEA Capital Project Fund	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 686,963
Intergovernmental	1,531,547	-	-	2,433,470
Use of money and property	-	2,149	76,056	106,285
Contributions	-	-	-	11,252
Miscellaneous	-	-	-	80,697
Total Revenues	1,531,547	2,149	76,056	3,318,667
Expenditures:				
Current:				
General government	-	-	-	10,984
Public safety	-	-	-	456,563
Community development	-	-	-	19,734
Culture and leisure	-	-	-	3,477
Transportation	-	-	-	918,170
Capital outlay	253,219	-	-	1,179,854
Total Expenditures	253,219	-	-	2,588,782
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,278,328	2,149	76,056	729,885
Other Financing Sources (Uses):				
Transfers in	-	-	-	164,325
Total Other Financing Sources (Uses)	-	-	-	164,325
Net Change in Fund Balances	1,278,328	2,149	76,056	894,210
Fund Balances, Beginning of Year	(2,049,825)	535,652	8,753,013	15,334,419
Fund Balances, End of Year	\$ (771,497)	\$ 537,801	\$ 8,829,069	\$ 16,228,629

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 GAS TAX STREET
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 141,792	\$ 141,792	\$ 141,792	\$ -
Resources (Inflows):				
Intergovernmental	630,560	1,006,260	591,568	(414,692)
Use of money and property	400	400	792	392
Miscellaneous	1,500	1,500	21,712	20,212
Transfers in	164,325	245,055	164,325	(80,730)
Amounts Available for Appropriations	938,577	1,395,007	920,189	(474,818)
Charges to Appropriations (Outflow):				
Transportation	829,916	1,235,146	823,484	411,662
Total Charges to Appropriations	829,916	1,235,146	823,484	411,662
Budgetary Fund Balance, June 30	\$ 108,661	\$ 159,861	\$ 96,705	\$ (63,156)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 MEASURE A
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 2,012,673	\$ 2,012,673	\$ 2,012,673	\$ -
Resources (Inflows):				
Taxes	569,000	569,000	550,506	(18,494)
Use of money and property	2,200	2,200	8,403	6,203
Amounts Available for Appropriations	2,583,873	2,583,873	2,571,582	(12,291)
Charges to Appropriations (Outflow):				
Transportation	-	6,090	-	6,090
Capital outlay	546,000	1,552,837	802,634	750,203
Total Charges to Appropriations	546,000	1,558,927	802,634	756,293
Budgetary Fund Balance, June 30	\$ 2,037,873	\$ 1,024,946	\$ 1,768,948	\$ 744,002

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 SB 300 STREET
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 71,809	\$ 71,809	\$ 71,809	\$ -
Resources (Inflows):				
Use of money and property	200	200	288	88
Amounts Available for Appropriations	72,009	72,009	72,097	88
Budgetary Fund Balance, June 30	\$ 72,009	\$ 72,009	\$ 72,097	\$ 88

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (33,725)	\$ (33,725)	\$ (33,725)	\$ -
Resources (Inflows):				
Intergovernmental	-	220,615	37,203	(183,412)
Amounts Available for Appropriations	(33,725)	186,890	3,478	(183,412)
Charges to Appropriations (Outflow):				
Parks and recreation	-	220,615	3,477	217,138
Total Charges to Appropriations	-	220,615	3,477	217,138
Budgetary Fund Balance, June 30	\$ (33,725)	\$ (33,725)	\$ 1	\$ 33,726

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
 LANDSCAPE MAINTENANCE DISTRICT
 YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 319,802	\$ 319,802	\$ 319,802	\$ -
Resources (Inflows):				
Taxes	136,750	136,750	136,457	(293)
Use of money and property	350	600	1,301	701
Miscellaneous	121	121	-	(121)
Amounts Available for Appropriations	457,023	457,273	457,560	287
Charges to Appropriations (Outflow):				
Transportation	284,386	284,386	94,686	189,700
Total Charges to Appropriations	284,386	284,386	94,686	189,700
Budgetary Fund Balance, June 30	\$ 172,637	\$ 172,887	\$ 362,874	\$ 189,987

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 AQMD AIR POLLUTION PROGRAM
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 15,340	\$ 15,340	\$ 15,340	\$ -
Resources (Inflows):				
Intergovernmental	35,000	35,000	69,375	34,375
Use of money and property	300	300	42	(258)
Amounts Available for Appropriations	50,640	50,640	84,757	34,117
Charges to Appropriations (Outflow):				
Community development	3,000	3,000	3,000	-
Total Charges to Appropriations	3,000	3,000	3,000	-
Budgetary Fund Balance, June 30	\$ 47,640	\$ 47,640	\$ 81,757	\$ 34,117

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 SUPPLEMENTAL LAW ENFORCEMENT
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1,	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	-	100,000	122,953	22,953
Use of money and property	-	-	2,006	2,006
Amounts Available for Appropriations	-	100,000	124,959	24,959
Charges to Appropriations (Outflow):				
Public safety	-	152,114	53,702	98,412
Capital outlay	-	109,307	70,749	38,558
Total Charges to Appropriations	-	261,421	124,451	136,970
Budgetary Fund Balance, June 30	\$ -	\$ (161,421)	\$ 508	\$ 161,929

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 SPECIAL DONATIONS
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 22,045	\$ 22,045	\$ 22,045	\$ -
Resources (Inflows):				
Contributions	8,000	8,000	9,047	1,047
Amounts Available for Appropriations	30,045	30,045	31,092	1,047
Charges to Appropriations (Outflow):				
Community development	8,000	8,000	5,541	2,459
Total Charges to Appropriations	8,000	8,000	5,541	2,459
Budgetary Fund Balance, June 30	\$ 22,045	\$ 22,045	\$ 25,551	\$ 3,506

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 SENIOR CENTER ACTIVITIES
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 40,394	\$ 40,394	\$ 40,394	\$ -
Resources (Inflows):				
Use of money and property	100	100	161	61
Contributions	2,000	2,000	2,205	205
Miscellaneous	5,800	5,800	4,432	(1,368)
Amounts Available for Appropriations	48,294	48,294	47,192	(1,102)
Charges to Appropriations (Outflow):				
Community development	13,600	13,600	7,107	6,493
Total Charges to Appropriations	13,600	13,600	7,107	6,493
Budgetary Fund Balance, June 30	\$ 34,694	\$ 34,694	\$ 40,085	\$ 5,391

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 POLICE VOLUNTEER
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 941	\$ 941	\$ 941	\$ -
Resources (Inflows):				
Use of money and property	-	-	4	4
Transfers in	1,500	1,500	-	(1,500)
Amounts Available for Appropriations	2,441	2,441	945	(1,496)
Charges to Appropriations (Outflow):				
Community development	1,500	1,500	481	1,019
Total Charges to Appropriations	1,500	1,500	481	1,019
Budgetary Fund Balance, June 30	\$ 941	\$ 941	\$ 464	\$ (477)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 RAMSEY/HIGHLAND HOME SIGNAL
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 81,445	\$ 81,445	\$ 81,445	\$ -
Resources (Inflows):				
Use of money and property	150	150	328	178
Amounts Available for Appropriation	81,595	81,595	81,773	178
Budgetary Fund Balance, June 30	\$ 81,595	\$ 61,595	\$ 81,773	\$ 20,178

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 WILSON MEDIAN IMPROVEMENT
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 381,110	\$ 381,110	\$ 381,110	\$ -
Resources (Inflows):				
Use of money and property	700	700	1,532	832
Amounts Available for Appropriation	381,810	381,810	382,642	832
Budgetary Fund Balance, June 30	\$ 381,810	\$ 381,810	\$ 382,642	\$ 832

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 RIVERSIDE COUNTY MOU
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 60,585	\$ 60,585	\$ 60,585	\$ -
Resources (Inflows):				
Intergovernmental	505,437	505,437	-	(505,437)
Use of money and property	175	175	-	(175)
Amounts Available for Appropriations	566,197	566,197	60,585	(505,612)
Charges to Appropriations (Outflow):				
Public safety	499,705	499,705	402,861	96,844
Total Charges to Appropriations	499,705	499,705	402,861	96,844
Budgetary Fund Balance, June 30	\$ 66,492	\$ 66,492	\$ (342,276)	\$ (408,768)

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 BANNING HOUSING AUTHORITY
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$2,348,094	\$ 2,348,094	\$ 2,348,094	\$ -
Resources (Inflows):				
Intergovernmental	1,024,593	1,024,593	-	(1,024,593)
Use of money and property	1,200	1,200	4,821	3,621
Amounts Available for Appropriations	3,373,887	3,373,887	2,353,310	(1,020,577)
Charges to Appropriation (Outflow):				
Community development	3,605	3,605	3,605	-
Total Charges to Appropriations	3,605	3,605	3,605	-
Budgetary Fund Balance, June 30	\$3,370,282	\$ 3,370,282	\$ 2,349,705	\$ (1,020,577)

CITY OF BANNING

**BUDGETARY COMPARISON SCHEDULE
POLICE FACILITIES DEVELOPMENT
YEAR ENDED JUNE 30, 2017**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 11,781	\$ 11,781	\$ 11,781	\$ -
Resources (Inflows):				
Use of money and property	25	25	57	32
Miscellaneous	-	-	7,000	7,000
Amounts Available for Appropriations	11,806	11,806	18,838	7,032
Budgetary Fund Balance, June 30	\$ 11,806	\$ 11,806	\$ 18,838	\$ 7,032

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 FIRE FACILITIES DEVELOPMENT
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 952,848	\$ 952,848	\$ 952,848	\$ -
Resources (Inflows):				
Use of money and property	1,600	1,600	3,859	2,259
Miscellaneous	-	-	20,690	20,690
Amounts Available for Appropriation	954,448	954,448	977,397	22,949
Budgetary Fund Balance, June 30	\$ 954,448	\$ 954,448	\$ 977,397	\$ 22,949

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC CONTROL FACILITIES
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 442,412	\$ 442,412	\$ 442,412	\$ -
Resources (Inflows):				
Use of money and property	700	700	1,800	1,100
Miscellaneous	250	250	14,172	13,922
Amounts Available for Appropriations	443,362	443,362	458,384	15,022
Charges to Appropriations (Outflow):				
Transportation	-	25,000	-	25,000
Transfers out	-	80,730	-	80,730
Total Charges to Appropriations	-	105,730	-	105,730
Budgetary Fund Balance, June 30	\$ 443,362	\$ 337,632	\$ 458,384	\$ 120,752

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 GENERAL FACILITIES
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 438,007	\$ 438,007	\$ 438,007	\$ -
Resources (Inflows):				
Use of money and property	800	800	1,761	961
Miscellaneous	-	-	7,463	7,463
Amounts Available for Appropriations	438,807	438,807	447,231	8,424
Charges to Appropriations (Outflow):				
General government	-	15,000	10,984	4,016
Capital outlay	50,000	110,000	4,856	105,144
Total Charges to Appropriations	50,000	125,000	15,840	109,160
Budgetary Fund Balance, June 30	\$ 388,807	\$ 313,807	\$ 431,391	\$ 117,584

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 PARK DEVELOPMENT
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 141,193	\$ 141,193	\$ 141,193	\$ -
Resources (Inflows):				
Intergovernmental	-	-	39,300	39,300
Use of money and property	250	250	518	268
Miscellaneous	1,955	1,955	4,833	2,878
Amounts Available for Appropriations	143,398	143,398	185,844	42,446
Charges to Appropriations (Outflow):				
Capital outlay	66,800	67,600	48,396	19,204
Total Charges to Appropriations	66,800	67,600	48,396	19,204
Budgetary Fund Balance, June 30	\$ 76,598	\$ 75,798	\$ 137,448	\$ 61,650

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
 CAPITAL IMPROVEMENT
 YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ 638,611	\$ 638,611	\$ 638,611	\$ -
Resources (Inflows):				
Use of money and property	50	50	293	243
Amounts Available for Appropriations	638,661	638,661	638,904	243
Charges to Appropriations (Outflow):				
Capital outlay	-	120,000	-	120,000
Total Charges to Appropriations	-	120,000	-	120,000
Budgetary Fund Balance, June 30	\$ 638,661	\$ 518,661	\$ 638,904	\$ 120,243

CITY OF BANNING

BUDGETARY COMPARISON SCHEDULE
SUNSET GRADE SEPARATION
YEAR ENDED JUNE 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Budgetary Fund Balance, July 1	\$ (2,049,825)	\$ (2,049,825)	\$ (2,049,825)	\$ -
Resources (Inflows):				
Intergovernmental	229,189	2,278,991	1,531,547	(747,444)
Amounts Available for Appropriations	(1,820,636)	229,166	(518,278)	(747,444)
Charges to Appropriation (Outflow):				
Capital outlay	229,189	506,437	253,219	253,218
Total Charges to Appropriations	229,189	506,437	253,219	253,218
Budgetary Fund Balance, June 30	\$ (2,049,825)	\$ (277,271)	\$ (771,497)	\$ (494,226)

CITY OF BANNING

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Assets:				
Current:				
Cash and investments	\$ 155,756	\$ 859,486	\$ 1,231,642	\$ 2,246,884
Receivables:				
Accounts	8,777	-	574,121	582,898
Notes and loans	-	1,182	-	1,182
Interest	38	1,960	2,526	4,524
Due from other funds	-	83,759	-	83,759
Inventories	17,475	-	-	17,475
Total Current Assets	182,046	946,387	1,808,289	2,936,722
Noncurrent:				
Capital assets - net of accumulated depreciation	2,770,113	633,264	-	3,403,377
Total Noncurrent Assets	2,770,113	633,264	-	3,403,377
Total Assets	2,952,159	1,579,651	1,808,289	6,340,099
Deferred Outflows of Resources:				
Pension related items	11,153	355,104	38,550	404,807
Total Deferred Outflows of Resources	11,153	355,104	38,550	404,807
Liabilities:				
Current:				
Accounts payable	2,163	384	498,472	501,019
Accrued liabilities	1,127	38,390	6,217	45,734
Unearned revenues	8,099	785,813	-	793,912
Deposits payable	23,067	-	96,961	120,028
Compensated absences	2,181	67,858	22,554	92,593
Total Current Liabilities	36,637	892,445	624,204	1,553,286
Noncurrent:				
Compensated absences	581	18,086	6,012	24,679
Net Pension Liability	84,575	1,774,825	223,778	2,083,178
Total Noncurrent Liabilities	85,156	1,792,911	229,790	2,107,857
Total Liabilities	121,793	2,685,356	853,994	3,661,143
Deferred Inflows of Resources:				
Pension related items	10,003	48,780	14,380	73,163
Total Deferred Inflows of Resources	10,003	48,780	14,380	73,163
Net Position:				
Investment in capital assets	2,770,113	633,264	-	3,403,377
Unrestricted	61,403	(1,432,645)	978,465	(392,777)
Total Net Position	\$ 2,831,516	\$ (799,381)	\$ 978,465	\$ 3,010,600

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Operating Revenues:				
Sales and service charges	\$ 162,731	\$ 130,112	\$ 3,473,035	\$ 3,765,878
Miscellaneous	41	-	13,370	13,411
Total Operating Revenues	162,772	130,112	3,486,405	3,779,289
Operating Expenses:				
Salaries and benefits	32,709	1,012,560	179,774	1,225,043
Supplies and services	87,477	456,404	3,153,685	3,697,566
Repairs and maintenance	12,935	4,685	-	17,620
Bad debt expense	-	-	11,109	11,109
Depreciation expense	212,601	185,757	-	398,358
Total Operating Expenses	345,722	1,659,406	3,344,568	5,349,696
Operating Income (Loss)	(182,950)	(1,529,294)	141,837	(1,570,407)
Nonoperating Revenues:				
Intergovernmental	-	1,863,594	41,775	1,905,369
Interest revenue and change in fair value of investments	23	(1,312)	4,538	3,249
Gain (loss) on disposal of capital assets	-	820	-	820
Total Nonoperating Revenues (Expenses)	23	1,863,102	46,313	1,909,438
Income (Loss) Before Transfers	(182,927)	333,808	188,150	339,031
Transfers out	-	-	(55,000)	(55,000)
Changes in Net Position	(182,927)	333,808	133,150	284,031
Net Position:				
Beginning of Year	3,014,443	(1,133,189)	845,315	2,726,569
End of Fiscal Year	\$ 2,831,516	\$ (799,381)	\$ 978,465	\$ 3,010,600

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2017

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 266,310	\$ 131,021	\$ 3,374,052	\$ 3,771,383
Cash received from/(paid to) interfund service provided	41	-	-	41
Cash paid to suppliers for goods and services	(110,521)	(715,695)	(2,887,402)	(3,713,618)
Cash paid to employees for services	(32,959)	(1,091,579)	(179,926)	(1,304,464)
Cash received from others	-	-	13,370	13,370
Net Cash Provided (Used) by Operating Activities	122,871	(1,676,253)	320,094	(1,233,288)
Cash Flows from Non-Capital Financing Activities:				
Cash transfers out	-	-	(55,000)	(55,000)
Intergovernmental	-	1,863,594	41,775	1,905,369
Net Cash Provided (Used) by Non-Capital Financing Activities	-	1,863,594	(13,225)	1,850,369
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	(444,334)	-	(444,334)
Proceeds from sales of capital assets	-	820	-	820
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(443,514)	-	(443,514)
Cash Flows from Investing Activities:				
Collections of repayment on loan receivables	-	1,730	-	1,730
Interest received and change in fair value of investments	19	(1,584)	3,304	1,739
Net Cash Provided (Used) by Investing Activities	19	146	3,304	3,469
Net Increase (Decrease) in Cash and Cash Equivalents	122,890	(256,027)	310,173	177,036
Cash and Cash Equivalents at Beginning of Year	32,866	1,115,513	921,469	2,069,848
Cash and Cash Equivalents at End of Year	\$ 155,756	\$ 859,486	\$ 1,231,642	\$ 2,246,884
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (182,950)	\$ (1,529,294)	\$ 141,837	\$ (1,570,407)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	212,601	185,757	-	398,358
Bad debt expense	-	-	(11,109)	(11,109)
(Increase) decrease in accounts receivable	102,734	909	(78,214)	25,429
(Increase) decrease in inventories	(5,649)	-	-	(5,649)
Increase (decrease) in accounts payable	(12,575)	(5,205)	264,702	246,922
Increase (decrease) in accrued liabilities	16	2,844	1,581	4,441
Increase (decrease) in deposits payable	845	-	1,449	2,294
Increase (decrease) in unearned revenue	8,099	(252,245)	-	(244,146)
Increase (decrease) in employee salary/benefit obligations	(538)	(35,835)	(3,265)	(39,638)
Increase (decrease) in compensated absences	288	(43,184)	3,113	(39,783)
Total Adjustments	305,821	(146,959)	178,257	337,119
Net Cash Provided (Used) by Operating Activities	\$ 122,871	\$ (1,676,253)	\$ 320,094	\$ (1,233,288)

CITY OF BANNING

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

	Governmental Activities				
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Assets:					
Current:					
Pooled cash and investments	\$ 3,243,353	\$ 546,411	\$ 107,802	\$ 662,551	\$ 4,560,117
Receivables:					
Accounts	6,944	22,590	373	9,919	39,826
Interest	3,374	1,180	376	938	5,868
Due from other governments	48,812	48	-	-	48,860
Inventories	-	48,977	-	-	48,977
Total Current Assets	3,302,483	619,206	108,551	673,408	4,703,648
Noncurrent:					
Capital assets - net of accumulated depreciation	-	284,195	44,708	4,173	333,076
Total Noncurrent Assets	-	284,195	44,708	4,173	333,076
Total Assets	3,302,483	903,401	153,259	677,581	5,036,724
Deferred Outflows of Resources:					
Pension related outflows	83,570	121,724	107,794	445,996	759,084
Total Deferred Outflows of Resources	83,570	121,724	107,794	445,996	759,084
Liabilities and Net Position:					
Liabilities:					
Current:					
Accounts payable	54,085	30,493	3,262	15,565	103,405
Accrued liabilities	6,351	15,725	8,222	55,121	85,419
Compensated absences	18,819	25,055	28,796	69,554	142,224
Claims and judgments	545,497	-	-	-	545,497
Total Current Liabilities	624,752	71,273	40,280	140,240	876,545
Noncurrent:					
Net pension liability	476,112	644,837	575,110	2,269,842	3,965,901
Compensated absences	1,649	2,195	2,523	6,094	12,461
Claims and judgments	923,211	-	-	-	923,211
Total Noncurrent Liabilities	1,400,972	647,032	577,633	2,275,936	4,901,573
Total Liabilities	2,025,724	718,305	617,913	2,416,176	5,778,118
Deferred Inflows of Resources:					
Pension related items	26,333	25,590	24,130	70,356	146,409
Total Deferred Inflows of Resources	26,333	25,590	24,130	70,356	146,409
Net Position:					
Investment in capital assets	-	284,195	44,708	4,173	333,076
Unrestricted	1,333,996	(2,965)	(425,698)	(1,367,128)	(461,795)
Total Net Position	\$ 1,333,996	\$ 281,230	\$ (380,990)	\$ (1,362,955)	\$ (128,719)

CITY OF BANNING

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	Governmental Activities				
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Operating Revenues:					
Sales and service charges	\$ 1,268,607	\$ 1,009,163	\$ 489,227	\$ 2,394,354	\$ 5,161,351
Miscellaneous	274,142	24,865	-	-	299,007
Total Operating Revenues	1,542,749	1,034,028	489,227	2,394,354	5,460,358
Operating Expenses:					
Salaries and benefits	247,063	382,637	322,148	1,440,796	2,392,644
Supplies and services	971,219	583,980	48,623	596,689	2,200,511
Repairs and maintenance	1,912	176,404	100,061	42,861	321,238
Insurance premiums	906,860	-	-	-	906,860
Depreciation expense	-	10,522	21,805	6,259	38,586
Total Operating Expenses	2,127,054	1,153,543	492,637	2,086,605	5,859,839
Operating Income (Loss)	(584,305)	(119,515)	(3,410)	307,749	(399,481)
Nonoperating Revenues:					
Interest revenue and change in fair value	726	2,226	711	1,746	5,409
Total Nonoperating Revenues (Expenses)	726	2,226	711	1,746	5,409
Changes in Net Position	(583,579)	(117,289)	(2,699)	309,495	(394,072)
Net Position:					
Beginning of Year	1,917,575	398,519	(378,291)	(1,672,450)	265,353
End of Fiscal Year	<u>\$ 1,333,996</u>	<u>\$ 281,230</u>	<u>\$ (380,990)</u>	<u>\$ (1,362,955)</u>	<u>\$ (128,719)</u>

CITY OF BANNING

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2017

	Governmental Activities				
	Self Insurance	Fleet Maintenance	Information Services	Utility Billing Services	Totals
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 1,266,822	\$ 1,008,406	\$ 488,941	\$ 2,396,662	\$ 5,160,831
Cash received from interfund service provided	254,839	24,939	-	-	279,778
Cash paid to suppliers for goods and services	(1,933,899)	(817,620)	(152,032)	(645,221)	(3,548,772)
Cash paid to employees for services	(256,009)	(411,412)	(338,413)	(1,472,890)	(2,478,724)
Cash received from (payments to) others	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	(668,247)	(195,687)	(1,504)	278,551	(586,887)
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	-	(13,385)	-	-	(13,385)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(13,385)	-	-	(13,385)
Cash Flows from Investing Activities:					
Interest received	(263)	2,020	495	1,309	3,561
Net Cash Provided (Used) by Investing Activities	(263)	2,020	495	1,309	3,561
Net Increase (Decrease) in Cash and Cash Equivalents	(668,510)	(207,052)	(1,009)	279,860	(596,711)
Cash and Cash Equivalents at Beginning of Year	3,911,863	753,463	108,811	382,691	5,156,828
Cash and Cash Equivalents at End of Year	\$ 3,243,353	\$ 546,411	\$ 107,802	\$ 662,551	\$ 4,560,117
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (584,305)	\$ (119,515)	\$ (3,410)	\$ 307,749	\$ (399,481)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	-	10,522	21,805	6,259	38,586
(Increase) decrease in accounts receivable	(1,785)	(757)	(286)	2,308	(520)
(Increase) decrease in due from other governments	(19,303)	74	-	-	(19,229)
(Increase) decrease in inventories	-	18,643	-	-	18,643
Increase (decrease) in accounts payable	(45,552)	(79,238)	862	(5,671)	(129,599)
Increase (decrease) in accrued liabilities	(1,339)	3,359	(4,210)	2,886	696
Increase (decrease) in employee salary/benefit obligations	(7,647)	(11,862)	(10,374)	(44,681)	(74,564)
Increase (decrease) in claims and judgments	(7,017)	-	-	-	(7,017)
Increase (decrease) in compensated absences	(1,299)	(16,913)	(5,891)	9,701	(14,402)
Total Adjustments	(83,942)	(76,172)	1,906	(29,198)	(187,406)
Net Cash Provided (Used) by Operating Activities	\$ (668,247)	\$ (195,687)	\$ (1,504)	\$ 278,551	\$ (586,887)

CITY OF BANNING

COMBINING STATEMENT OF ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2017

	Sun Lake CFD 86-1	Special AD 91-1	Area Police Computer	Fair Oaks AD 2004-1	Cameo Homes	Totals
Assets:						
Pooled cash and investments	\$ 35,413	\$ 73,222	\$ 50,704	\$ 173,977	\$ 46,294	\$ 379,610
Receivables:						
Interest	78	153	106	285	102	724
Due from other governments	-	-	-	3,735	-	3,735
Restricted assets:						
Cash and investments with fiscal agents	-	-	-	225,649	-	225,649
Total Assets	\$ 35,491	\$ 73,375	\$ 76,584	\$ 403,646	\$ 46,396	\$ 635,492
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 29,994	\$ 769	\$ -	\$ 30,763
Deposits payable	-	19,958	-	17,656	40,000	77,614
Due to bondholders	35,491	53,417	46,590	385,221	6,396	527,115
Total Liabilities	\$ 35,491	\$ 73,375	\$ 76,584	\$ 403,646	\$ 46,396	\$ 635,492

CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2017

	Balance 7/1/2016	Additions	Deductions	Balance 6/30/2017
<u>Sun Lake CFD 86-1</u>				
Assets:				
Pooled cash and investments	\$ 35,299	\$ 114	\$ -	\$ 35,413
Receivables:				
Interest	50	53	25	78
Total Assets	\$ 35,349	\$ 167	\$ 25	\$ 35,491
Liabilities:				
Due to bondholders	\$ 35,349	\$ 161	\$ 19	\$ 35,491
Total Liabilities	\$ 35,349	\$ 161	\$ 19	\$ 35,491
<u>Special AD 91-1</u>				
Assets:				
Pooled cash and investments	\$ 72,991	\$ 266	\$ 35	\$ 73,222
Receivables:				
Interest	87	111	45	153
Total Assets	\$ 73,078	\$ 377	\$ 80	\$ 73,375
Liabilities:				
Deposits payable	\$ 19,958	\$ -	\$ -	\$ 19,958
Due to bondholders	53,120	333	36	53,417
Total Liabilities	\$ 73,078	\$ 333	\$ 36	\$ 73,375
<u>Area Police Computer</u>				
Assets:				
Pooled cash and investments	\$ 48,050	\$ 75,764	\$ 73,110	\$ 50,704
Receivables:				
Interest	64	75	33	106
Prepaid costs	-	25,774	-	25,774
Due from other governments	-	62,336	62,336	-
Total Assets	\$ 48,114	\$ 163,949	\$ 135,479	\$ 76,584
Liabilities:				
Accounts payable	\$ 1,877	\$ 99,203	\$ 71,086	\$ 29,994
Due to bondholders	46,237	450,668	450,315	46,590
Total Liabilities	\$ 48,114	\$ 549,871	\$ 521,401	\$ 76,584

CITY OF BANNING

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2017

	Balance 7/1/2016	Additions	Deductions	Balance 6/30/2017
<u>Fair Oaks AD 2004-1</u>				
Assets:				
Pooled cash and investments	\$ 172,941	\$ 201,848	\$ 200,812	\$ 173,977
Receivables:				
Interest	181	196	92	285
Due from other governments	4,419	3,735	4,419	3,735
Restricted assets:				
Cash and investments with fiscal agents	223,096	37,771	35,218	225,649
Total Assets	\$ 400,637	\$ 243,550	\$ 240,541	\$ 403,646
Liabilities:				
Accounts payable	\$ 77	\$ 7,904	\$ 7,212	\$ 769
Deposits payable	17,656	-	-	17,656
Due to bondholders	382,904	240,693	238,376	385,221
Total Liabilities	\$ 400,637	\$ 248,597	\$ 245,588	\$ 403,646
<u>Cameo Homes</u>				
Assets:				
Pooled cash and investments	\$ 46,145	\$ 174	\$ 25	\$ 46,294
Receivables:				
Interest	65	70	33	102
Total Assets	\$ 46,210	\$ 244	\$ 58	\$ 46,396
Liabilities:				
Deposits payable	\$ 40,000	\$ -	\$ -	\$ 40,000
Due to bondholders	6,210	210	24	6,396
Total Liabilities	\$ 46,210	\$ 210	\$ 24	\$ 46,396
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 375,426	\$ 278,166	\$ 273,982	\$ 379,610
Receivables:				
Interest	447	505	228	724
Prepaid costs	-	25,774	-	25,774
Due from other governments	4,419	66,071	66,755	3,735
Restricted assets:				
Cash and investments with fiscal agents	223,096	37,771	35,218	225,649
Total Assets	\$ 603,388	\$ 408,287	\$ 376,183	\$ 635,492
Liabilities:				
Accounts payable	\$ 1,954	\$ 107,107	\$ 78,298	\$ 30,763
Deposits payable	77,614	-	-	77,614
Due to bondholders	523,820	692,065	688,770	527,115
Total Liabilities	\$ 603,388	\$ 799,172	\$ 767,068	\$ 635,492



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Banning, California, (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 6, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies to be material weaknesses:

Long-Term Liability Reconciliation

Condition:

In performing our audit procedures, it was noted that the City did not properly record a material debt service payment for several governmental liabilities. The principal payments were reduced to zero, causing the City's GASB 34 Funds cash to be negative, approximately \$579,000. We recommend that the City reconcile the City's debt on a monthly basis to assist in ensuring all liabilities are properly recorded.

Management's Response:

The entry was made following the same processes for other debt service payments to apply the principal payment against the loan balance. Current practices have these payments charged to Expenditure accounts when they happen and then a year-end entry is made to apply the principal





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

payments to the outstanding loan long-term debt account. Management will re-evaluate the process to make necessary adjustments and put controls in place to prevent the improper recording of principal payments.

Cash Reconciliation

Condition:

In performing our audit procedures, it was noted that the City did not reduce the cash balance at June 30, 2017 by \$1,583,666, related to an RPU agreement with a third party. The amounts initially recorded overstated the asset. We recommend that the City establish procedures to reconcile the City's cash balance related to this agreement on a monthly basis.

Management's Response:

This relates to the RPU payment that was made in July for the month of June. These payments are made on a monthly basis for the month prior. A year-end accrual entry was made during the audit to record the June amount in June for Fiscal Year End June 30, 2017. Management will put a process in place to make sure the reconciliation of this agreement is done to ensure the proper recording of the payment.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies to be significant deficiencies:

Deposits Payable

Condition:

In performing our audit procedures, it was noted that the City held various deposits payable accounts with debit balances. These accounts were not reconciled on a timely basis. We recommend that the City reconcile these accounts, investigate for any misappropriations, develop a formal policy for release/write-off of funds, and going forward reconcile these deposits payable accounts on a quarterly basis.

Management Response:

Management is reviewing this process and working with the appropriate departments to reconcile the outstanding deposits and will implement a formal policy for release/write-off of funds.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lughard, LLP

Brea, California
March 6, 2018

ATTACHMENT 2

(FY 2016-17 Audited Banning Utility Authority
Financial Statements)

BANNING UTILITY AUTHORITY
BANNING, CALIFORNIA

COMPONENT UNIT FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

BANNING UTILITY AUTHORITY
COMPONENT UNIT FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Commission of the
Banning Utility Authority
City of Banning, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Banning Utility Authority (the Authority), a component unit of the City of Banning, California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District'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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special District. 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.



To the Commission of the
Banning Utility Authority
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 Banning Utility Authority, a component unit of the City of Banning, California, as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the schedule of changes in net pension liability and related ratio, the schedule of contributions, 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

As discussed in Note 1, the financial statements present only the Banning Utility Authority Funds and are not intended to present fairly the financial position and results of operations of the City of Banning in conformity with accounting principles general accepted in the United States.



To the Commission of the
Banning Utility Authority
City of Banning, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2018 on our consideration of the Authority'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 solely 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 the effectiveness of the Authority's 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 Authority's internal control over financial reporting and compliance.

Lance, Soll & Loughard, LLP

Brea, California
March 6, 2018

BANNING UTILITY AUTHORITY

STATEMENT OF NET POSITION
JUNE 30, 2017

	Water Enterprise Fund	Wastewater Enterprise Fund	Totals
Assets:			
Current:			
Pooled cash and investments	\$ 16,186,039	\$ 18,325,667	\$ 34,511,706
Receivables:			
Accounts, net	1,788,689	620,513	2,409,202
Loans	258	-	258
Interest	37,427	40,195	77,622
Due from other governments	212,278	-	212,278
Inventories	429,938	-	429,938
Restricted:			
Cash with fiscal agent	2,715,912	3,357,373	6,073,285
Total Current Assets	21,370,541	22,343,748	43,714,289
Noncurrent:			
Capital assets, net of accumulated depreciation	46,924,606	13,724,237	60,648,843
Total Noncurrent Assets	46,924,606	13,724,237	60,648,843
Total Assets	68,295,147	36,067,985	104,363,132
Deferred Outflows of Resources:			
Deferred charge on refunding	905,723	63,827	969,550
Deferred pension related items	481,862	222,690	704,552
Total Deferred Outflows of Resources	1,387,585	286,517	1,674,102
Liabilities:			
Current:			
Accounts payable	\$ 585,751	\$ 241,557	\$ 827,308
Accrued liabilities	56,378	23,463	79,841
Accrued interest	177,460	56,962	234,422
Deposits payable	176,211	93,714	269,925
Compensated absences	117,277	65,209	182,486
Bonds, notes, and capital leases	730,000	444,597	1,174,597
Total Current Liabilities	1,843,077	925,502	2,768,579
Noncurrent:			
Net Pension Liability	2,682,379	1,284,256	3,966,635
Compensated absences	31,258	17,380	48,638
Bonds, notes, and capital leases	25,553,766	5,554,373	31,108,139
Total Noncurrent Liabilities	28,267,403	6,856,009	35,123,412
Total Liabilities	30,110,480	7,781,511	37,891,991
Deferred Inflows of Resources:			
Deferred pension related items	138,737	78,829	217,566
Total Deferred Inflows of Resources	138,737	78,829	217,566
Net Position:			
Net investment in capital assets	21,546,563	7,789,094	29,335,657
Restricted for capital projects	2,715,912	3,272,335	5,988,247
Restricted for debt service	-	85,038	85,038
Unrestricted	15,171,040	17,347,695	32,518,735
Total Net Position	\$ 39,433,515	\$ 28,494,162	\$ 67,927,677

BANNING UTILITY AUTHORITY

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2017**

	Water Enterprise Fund	Wastewater Enterprise Fund	Totals
Operating Revenues:			
Sales and service charges	\$ 9,756,472	\$ 3,568,129	\$ 13,324,601
Miscellaneous	44,999	42,791	87,790
Total Operating Revenues	9,801,471	3,610,920	13,412,391
Operating Expenses:			
Salaries and benefits	1,508,716	669,727	2,178,443
Supplies and services	3,857,901	1,350,245	5,208,146
Repairs and maintenance	16,872	25,441	42,313
Bad debt expense	145,661	14,517	160,178
Depreciation expense	1,216,291	513,895	1,730,186
Total Operating Expenses	6,745,441	2,573,825	9,319,266
Operating Income (Loss)	3,056,030	1,037,095	4,093,125
Nonoperating Revenues (Expenses):			
Intergovernmental	213,331	-	213,331
Interest revenue and change in fair value of investments	68,381	77,490	145,871
Interest expense	(1,015,835)	(291,882)	(1,307,717)
Gain (loss) on disposal of capital assets	1,845	-	1,845
Total Nonoperating Revenues (Expenses)	(732,278)	(214,392)	(946,670)
Income (Loss) Before Transfers	2,323,752	822,703	3,146,455
Transfers out	(488,000)	(181,000)	(669,000)
Changes in Net Position	1,835,752	641,703	2,477,455
Net Position:			
Beginning of Fiscal Year	37,597,763	27,852,459	65,450,222
End of Fiscal Year	\$ 39,433,515	\$ 28,494,162	\$ 67,927,677

BANNING UTILITY AUTHORITY

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017

	Water Enterprise Fund	Wastewater Enterprise Fund	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 9,404,609	\$ 3,446,556	\$ 12,851,165
Cash received from interfund service provided	44,999	42,791	87,790
Cash paid to suppliers for goods and services	(3,756,571)	(1,251,129)	(5,007,700)
Cash paid to employees for services	(1,557,783)	(679,053)	(2,236,836)
Net Cash Provided by Operating Activities	4,135,254	1,559,165	5,694,419
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	(488,000)	(181,000)	(669,000)
Intergovernmental	213,331	-	213,331
Net Cash Used by Non-Capital Financing Activities	(274,669)	(181,000)	(455,669)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(845,673)	(319,286)	(1,164,959)
Principal paid on capital debt	(455,000)	(432,639)	(887,639)
Interest paid on capital debt	(1,073,873)	(267,913)	(1,341,786)
Proceeds from sales of capital assets	1,845	-	1,845
Net Cash Used by Capital and Related Financing Activities	(2,372,701)	(1,019,838)	(3,392,539)
Cash Flows from Investing Activities:			
Collections of repayment on loan receivables	2,049	-	2,049
Interest received	53,582	62,532	116,114
Net Cash Provided by Investing Activities	55,631	62,532	118,163
Net Increase in Cash and Cash Equivalents	1,543,515	420,859	1,964,374
Cash and Cash Equivalents at Beginning of Year	17,358,436	21,262,181	38,620,617
Cash and Cash Equivalents at End of Year	\$ 18,901,951	\$ 21,683,040	\$ 40,584,991
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 3,056,030	\$ 1,037,095	\$ 4,093,125
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	1,216,291	513,895	1,730,186
Bad debt expense	145,661	14,517	160,178
(Increase) decrease in accounts receivable	(294,069)	(138,004)	(432,073)
(Increase) decrease in due from other governments	(212,278)	-	(212,278)
(Increase) decrease in inventories	19,948	-	19,948
Increase (decrease) in accounts payable	236,588	136,889	373,477
Increase (decrease) in accrued liabilities	7,327	2,185	9,512
Increase (decrease) in deposits payable	8,823	1,914	10,737
Increase (decrease) in employee salary/benefit obligations	(44,433)	(19,344)	(63,777)
Increase (decrease) in compensated absences	(4,634)	10,018	5,384
Total Adjustments	1,079,224	522,070	1,601,294
Net Cash Provided by Operating Activities	\$ 4,135,254	\$ 1,559,165	\$ 5,694,419
Non-Cash Investing, Capital, and Financing Activities:			
Amortization of Unamortized Premiums/Discounts	\$ 92,750	\$ (4,217)	\$ 88,533
Amortization of Gain/Loss on Defeasance	(36,229)	25,531	(10,698)

BANNING UTILITY AUTHORITY

NOTES TO THE COMPONENT UNIT BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

Note 1: Reporting Entity and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The Banning Utility Authority (Authority) is a joint powers authority which was established on June 1, 2005 pursuant to a Joint Exercise of Powers Agreement between the City of Banning and the Redevelopment Agency of the City of Banning in accordance with the Joint Powers Law (Article 1 through 4 of Chapter 5, division 7, title 1 of the California Government code) for the purpose of assisting the City in the leasing of the utility system. The Banning Redevelopment Agency was dissolved as of January 31, 2012, through the Supreme Court decision on Assembly Bill 1X26. The City serves as the Successor Agency to the Redevelopment Agency of the City of Banning. The Authority's Officers are the Banning City Council. The Authority is a separate legal entity, which is financially accountable to the City of Banning. It is considered a component unit of the City and, accordingly, is included in the Comprehensive Annual Financial Report of the City of Banning.

The Authority consists of the Water Enterprise Fund and the Wastewater Enterprise Fund. These funds account for the operations of the Water and Wastewater utilities, respectively. Both funds render services on a user charge basis to residents and businesses located within the City of Banning. The City has issued its Basic Financial Statements under a separate cover and are available at City Hall.

b. Basis of Accounting/Measurement Focus

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses, as appropriate.

Proprietary Fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows for each major proprietary fund.

Proprietary Funds are accounted for using the *economic resources* measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating Revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

NOTES TO THE COMPONENT UNIT BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

c. Net Position Flow Assumption

Sometimes the Authority 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

d. Cash, Cash Equivalents and Investments

1. Cash Management

The Authority pools cash with the City's resources of its various funds to facilitate cash management. Cash in excess of current requirements is invested and reported as investments. It is the City's intent to hold investments until maturity. However, the City may, in response to market conditions, call investments prior to maturity in order to improve the quality, liquidity or yield of the portfolio. Interest earnings are apportioned among funds based on ending accounting period cash and investments balances. More information on investments is available in the City's financial statements.

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less at the time of acquisition.

2. Investment Valuation

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 that change occurred. All investments have been stated at fair value.

3. State Investment Pool

The City and the Authority participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. LAIF has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as a result of changes in interest rates.

BANNING UTILITY AUTHORITY

NOTES TO THE COMPONENT UNIT BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

4. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Authority considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and investments of the proprietary fund types are pooled with the City's pooled cash and investments.

e. Unbilled Services Receivables

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided, but unbilled, at year-end has been included in the accompanying financial statements.

f. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

g. Inventories and Prepaid Items

Inventory is valued at cost using the first in, first out method. Inventory in the Proprietary Funds consists of expandable supplies held for future consumption or capitalization. The cost is recorded as an expense when inventory items are consumed. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

h. Capital Assets

The Authority's assets are capitalized at historical cost or estimated historical cost. The Authority follows the City policy, which has set the capitalization threshold for reporting capital assets at \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Gifts or contributions of capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

<u>Assets</u>	<u>Years</u>
Utility Plant	20-60

i. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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) until then. The Authority currently has two items that qualify for reporting in this category. The first item is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The 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.

BANNING UTILITY AUTHORITY

NOTES TO THE COMPONENT UNIT BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position 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 Authority has one item that qualifies for reporting in this category. It is the changes in net pension liability.

j. 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.

Note 2: Cash and Investments

The Authority's cash is pooled with City funds for investment purposes, with interest being allocated on the basis of the Authority's overall percentage of participation. Investment policies and associated risk factors applicable to the Authority's funds are those of the City and are included in the City's financial statements. As of June 30, 2017, cash and investments of the Authority was as follows:

Unrestricted Cash and Investments – Pooled Cash	\$34,511,706
Restricted Cash and Investments:	
Cash with Fiscal Agents	<u>6,073,285</u>
Total Cash and Investments	<u>\$40,584,991</u>

Note 3: Receivables

As of June 30, 2017, the Authority had \$2,409,202 in accounts receivables. Receivables are reported net of allowance for doubtful accounts, which were established based on current collection experience. Allowances for doubtful accounts were \$52,022 for the Water Enterprises Fund and \$18,296 for the Wastewater Enterprise Fund.

BANNING UTILITY AUTHORITY

NOTES TO THE COMPONENT UNIT BASIC FINANCIAL STATEMENTS (CONTINUED) YEAR ENDED JUNE 30, 2017

Note 4: Changes in Capital Assets

Capital Assets of the Authority for the year ended June 30, 2017, consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 677,827	\$ -	\$ -	\$ -	\$ 677,827
Construction-in-progress	2,773,124	1,009,614	-	(868,460)	2,914,278
Total Capital Assets, Not Being Depreciated	3,450,951	1,009,614	-	(868,460)	3,592,105
Capital assets, being depreciated:					
Utility plant	101,730,181	155,345	47,960	868,460	102,706,026
Total Capital Assets, Being Depreciated	101,730,181	155,345	47,960	868,460	102,706,026
Less accumulated depreciation:					
Utility plant	43,967,062	1,730,186	47,960	-	45,649,288
Total Accumulated Depreciation	43,967,062	1,730,186	47,960	-	45,649,288
Total Capital Assets, Being Depreciated, Net	57,763,119	(1,574,841)	-	868,460	57,056,738
Capital Assets, Net	\$ 61,214,070	\$ (565,227)	\$ -	\$ -	\$ 60,648,843

Depreciation expense was charged to business-type activities as follows:

Water Utilities	\$ 1,216,291
Wastewater Utilities	513,895
Total Depreciation Expense	<u>\$ 1,730,186</u>

Note 5: Long-Term Debt

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2017:

	Balance at July 1, 2016	Incurred	Retired	Balance at June 30, 2017	Due Within One Year
2005 Wastewater Revenue Bond	\$ 5,100,000	\$ -	\$ 165,000	\$ 4,935,000	\$ 170,000
2015 Water Enterprise Revenue Bond	24,420,000	-	455,000	23,965,000	730,000
Loans Payable	1,409,613	-	267,639	1,141,974	274,597
Compensated Absences	225,740	169,717	164,333	231,124	182,486
Total	<u>\$ 31,155,353</u>	<u>\$ 169,717</u>	<u>\$ 1,051,972</u>	30,273,098	<u>\$ 1,357,083</u>
Less:					
Unamortized original issue premium				2,318,766	
Unamortized original issue discount				(78,004)	
Net Business-Type Activities				<u>\$ 32,513,860</u>	

BANNING UTILITY AUTHORITY**NOTES TO THE COMPONENT UNIT BASIC FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED JUNE 30, 2017

Note 5: Long-Term Debt (Continued)**a. Compensated Absences**

Accumulated vacation, sick leave, holiday and compensatory time amounted to \$231,124.

b. 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, 2017 amounted to \$4,935,000.

The total debt service payment requirements with respect to the above bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 170,000	\$ 44,950	\$ 214,950
2019	180,000	37,838	217,838
2020	185,000	30,309	215,309
2021	195,000	22,472	217,472
2020	200,000	13,950	213,950
2022 - 2027	1,150,000	4,725	1,154,725
2027 - 2032	1,445,000	-	1,445,000
2032 - 2037	1,410,000	-	1,410,000
Total	<u>\$ 4,935,000</u>	<u>\$ 154,244</u>	<u>\$ 5,089,244</u>

BANNING UTILITY AUTHORITY**NOTES TO THE COMPONENT UNIT BASIC FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED JUNE 30, 2017**Note 5: Long-Term Debt (Continued)****c. 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, 2017, was \$1,141,974. The loan is recorded in the BUA Wastewater Utility Enterprise Fund.

Year Ending June 30,	Principal	Service Charge	Total
2018	\$ 274,597	\$ 29,691	\$ 304,288
2019	281,737	22,552	304,289
2020	289,063	15,227	304,290
2021	296,577	7,711	304,288
Total	<u>\$ 1,141,974</u>	<u>\$ 75,181</u>	<u>\$ 1,217,155</u>

d. 2015 Water Enterprise Revenue Bonds

On August 19, 2015, the Banning Utility Authority issued \$25,365,000 in Water Enterprise Revenue Bonds, Refunding and Improvement Projects. The proceeds of the bonds, together with other money being made available by the Authority, will be used to (i) finance certain capital improvements to the Water Enterprise; (ii) refund a portion of the Authority's \$35,635,000 Water Enterprise Revenue Bonds, Refunding and Improvement Projects, 2005 Series, currently outstanding in the aggregate principal amount of \$29,165,000; and (iii) pay costs of issuance of the Bonds. As a result, the refunding bonds defeased the liability of the 2005 Water Revenue Bonds, which have been removed from long-term debt. The refunding resulted in an economic gain of \$9,756,559. The 2015 Water Enterprise Revenue Bonds bear interest at rates ranging from 2.00% to 5.00%. Interest is payable semi-annually on May 1 and November 1. The balance outstanding as of June 30, 2017 of the debt service payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 730,000	\$ 1,053,813	\$ 1,783,813
2019	745,000	1,027,963	1,772,963
2020	970,000	988,813	1,958,813
2021	1,020,000	939,063	1,959,063
2022	1,075,000	886,688	1,961,688
2022 - 2027	6,230,000	3,550,313	9,780,313
2027 - 2032	7,765,000	2,017,869	9,782,869
2032 - 2037	5,430,000	401,700	5,831,700
Total	<u>\$ 23,965,000</u>	<u>\$ 10,866,222</u>	<u>\$ 34,831,222</u>

BANNING UTILITY AUTHORITY

NOTES TO THE COMPONENT UNIT BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 6: Insurance

The Authority 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 Authority.

Note 7: Operating Lease

In December 2005, the Authority entered into an operating lease with the City of Banning for the use of the City of Banning's water and wastewater systems. The lease agreement states that an initial payment of \$17,000,000 be paid to the City of Banning, 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 of Banning over that time cannot exceed the fair value of the water and wastewater systems. In 2005-2006, the Authority paid the City of Banning the initial payment of \$17,000,000. The Authority made a payment of \$651,000 during the fiscal year ending June 30, 2017.

Note 8: City Employees Retirement Plan (Defined Benefit Pension Plan)

a. Miscellaneous Plan

Plan Description

All qualified permanent and probationary employees of the Authority 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.

BANNING UTILITY AUTHORITY

NOTES TO THE COMPONENT UNIT BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 8: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

The Plan provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous Plan	
	Prior to January 1, 2013*	On or after January 1, 2013
Hire date		
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	24.018%	24.018%

* Closed to new entrants not previously in CalPERS

Employees Covered

At June 30, 2017, the following Authority employees were covered by the benefit terms of the plan:

Inactive employees	30
Active employees	20
Total	50

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, 2017, Authority's portion of contributions totaling \$269,556 was recognized as a reduction to the net pension liability.

Net Pension Liability

The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures.

BANNING UTILITY AUTHORITY

NOTES TO THE COMPONENT UNIT BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 8: 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.

For the measurement period ended June 30, 2016, the total pension liability was determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2015 and the June 30, 2016 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% 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, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2007, 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 7.65 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 of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 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.

BANNING UTILITY AUTHORITY**NOTES TO THE COMPONENT UNIT BASIC FINANCIAL STATEMENTS (CONTINUED)**
YEAR ENDED JUNE 30, 2017

Note 8: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

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 (Public Employees' Retirement 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. The target allocation shown was adopted by CalPERS effective on July 1, 2015.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.0%	5.25%	5.71%
Global Debt Securities	20.0	0.99	2.43
Inflation Assets	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Forestland	2.0	4.50	5.09
Liquidity	1.0	(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

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

BANNING UTILITY AUTHORITY

NOTES TO THE COMPONENT UNIT BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 8: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2015 (Valuation Date) (1)	\$ 11,726,685	\$ 8,110,466	\$ 3,616,219
Changes Recognized for the Measurement Period:			
Service Cost	147,769	-	147,769
Interest on the Total Pension Liability	661,362	-	661,362
Changes of Assumptions	-	-	-
Difference between Expected and Actual Experience	(151,836)	-	(151,836)
Plan to Plan Resource Movement	-	-	-
Contribution from the Employer	-	218,438	(218,438)
Contributions from Employees	-	61,609	(61,609)
Net Investment Income (2)	-	30,599	(30,599)
Benefit Payments including Refunds of Employee Contributions	(428,960)	(428,960)	-
Administrative Expense	-	(3,767)	3,767
Net Changes During 2015-16	228,335	(122,081)	350,416
Balance at: 6/30/2016 (Measurement Date) (1)	\$ 11,955,020	\$ 7,988,385	\$ 3,966,635

- (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 7.65 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 (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
Miscellaneous Plan's Net Pension Liability/(Assets)	\$ 5,630,046	\$ 3,966,635	\$ 2,783,060

*This information represents the sensitivity of the City's overall Net Pension Liability to changes in the discount rates.

BANNING UTILITY AUTHORITY

NOTES TO THE COMPONENT UNIT BASIC FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED JUNE 30, 2017

Note 8: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the Banning Utility Authority incurred a pension expense of \$282,241 for the Plan. At June 30, 2017, 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	\$ 282,241	\$ -
Difference between Expected and Actual Experience	-	(163,084)
Change in Assumptions	-	(54,482)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	422,311	
Total	\$ 704,552	\$ (217,566)

The \$282,241 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, 2017. 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
2017	\$ 20,317
2018	36,099
2019	95,180
2020	53,149
Total	\$ 204,745

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)

	2017	2016	2015
TOTAL PENSION LIABILITY			
Service Cost	\$ 147,769	\$ 224,071	\$ 237,490
Interest	661,362	841,278	801,304
Difference Between expected and Actual Experience	(151,836)	(8,812)	-
Changes in Assumptions	-	(200,970)	-
Benefit Payments, Including Refunds of employee Contributions	(428,960)	(499,975)	(466,020)
Net Change in Total Pension Liability	\$ 228,335	\$ 355,592	\$ 572,774
Total Pension Liability - Beginning	11,726,685	11,371,093	10,798,319
Total Pension Liability - Ending (a)	\$ 11,955,020	\$ 11,726,685	\$ 11,371,093
PLAN FIDUCIARY NET POSITION			
Contribution - Employer	\$ 218,438	\$ 267,794	\$ 274,228
Contribution - Employee	61,609	102,468	110,378
Plan to Plan Resource Movement	-	1,684	-
Net Investment Income	30,599	184,645	1,194,753
Benefit Payments, Including Refunds of Employee Contributions	(428,960)	(499,975)	(466,020)
Administrative Expense	(3,767)	(9,111)	-
Net Change in Fiduciary Net Position	\$ (122,081)	\$ 47,505	\$ 1,113,339
Plan Fiduciary Net Position - Beginning	8,110,466	8,062,961	6,949,622
Plan Fiduciary Net Position - Ending (b)	\$ 7,988,385	\$ 8,110,466	\$ 8,062,961
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 3,966,635	\$ 3,616,218	\$ 3,308,132
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.82%	69.16%	70.91%
Covered-Employee Payroll	\$ 903,564	\$ 1,084,435	\$ 1,073,672
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	439.00%	333.47%	308.11%

(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 three years are shown.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. 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: In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative

Measurement Date: All information in this schedule is as of the measurement date noted in the financial statement footnotes.

CITY OF BANNING

MISCELLANEOUS PLAN
 SCHEDULE OF PLAN CONTRIBUTIONS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2017	2016	2015
Actuarially Determined Contribution	\$ 282,241	\$ 268,518	\$ 244,728
Contribution in Relation to the Actuarially Determined Contribution	(282,241)	(268,518)	(244,728)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 750,489	\$ 903,564	\$ 1,084,435
Contributions as a Percentage of Covered-Employee Payroll	37.61%	29.72%	22.57%

(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 two years are shown.

Note to Schedule:

Valuation Date:

June 30, 2015

Methods and assumptions used to determine contribution rates:

Amortization method	Level percentage of payroll, closed
Assets valuation method	Market Value
Discount Rate	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Service, and type of employment.
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation of 2.75% and an annual production growth of 0.25%.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Commission of the
Banning Utility Authority
City of Banning, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Banning Utility Authority (the Authority), a component unit of the City of Banning, California, (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 6, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.





To the Commission of the
Banning Utility Authority
City of Banning, California

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Loughard, LLP

Brea, California
March 6, 2018

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MINUTES
CITY COUNCIL
BANNING, CALIFORNIA

02/27/18
SPECIAL MEETING

A special meeting of the Banning City Council was called to order by Mayor Moyer on February 27, 2018 at 2:01 p.m. at the Banning Civic Council Chamber, 99 E. Ramsey Street, Banning, California.

COUNCIL MEMBERS PRESENT: Council Member Andrade
Council Member Franklin
Council Member Peterson
Council Member Welch
Mayor Moyer

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT: Rochelle Clayton, Deputy City Manager
Kevin Ennis, City Attorney
Art Vela, Public Works Director
Stephen Badgett, Interim Electric Utility Director
Heidi Meraz, Community Services Director
Phil Holder, Police Captain
Laurie Sampson, Executive Assistant
Sonja De La Fuente, Deputy City Clerk

PUBLIC COMMENTS

None

EMPLOYEE RECOGNITION CEREMONY

1. Recognition for Years of Service and Special Achievements

City of Banning employees were recognized by Council and Staff for their various years of service and special achievements during the 2017 calendar year (Exhibit "A").

ADJOURNMENT

By common consent the meeting adjourned at 2:21 p.m.

Minutes Prepared by:

Sonja De La Fuente, Deputy City Clerk

These Action Minutes reflect actions taken by the City Council. The entire discussion of this meeting can be found by visiting the following website: <https://banninglive.viebit.com/player.php?hash=kMfCBRN2pZ7U> or by requesting a CD or DVD at Banning City Hall located at 99 E. Ramsey Street.

Exhibit A



*As City leaders, we appreciate all of our employees.
We know you strive every day in your jobs to put Banning first.
We are proud to have you serve our residents and visitors.
Thank you!*

VISION STATEMENT

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.

CORE VALUES

We excel in what we do by staying responsive, flexible, patient, effective, and professional.

We are ethical, accountable and compliant with our responsibility to the public and community.

We work together and maintain great communication and respect and foster a fun and enjoyable atmosphere to take pleasure in what we do.

We recognize diversity and maintain a positive attitude to do all we can to serve the community in the safest and most responsible manner.



STAGECOACH TOWN USA

Proud History - Prosperous Tomorrow

EMPLOYEE RECOGNITION & APPRECIATION CEREMONY

February 27, 2018
Council Chambers
2:00 p.m.

Exhibit "A"

WELCOME

George Moyer, *Mayor*
Don Peterson, *Mayor Pro Tem*
Art Welch, *Councilmember*
Debbie Franklin, *Councilmember*
Daniela Andrade, *Councilmember*

PRESENTATION OF AWARDS

Rochelle Clayton, *Deputy City Manager & Administrative Services Director*
Heidi Meraz, *Community Services Director*
Art Vela, *Public Works Director & City Engineer*
Stephen Badgett, *Interim Electric Utility Director*
Alex Diaz, *Interim City Manager & Chief of Police*

It is often said that employees are an organization's biggest asset. That is certainly true of these employees and all the employees of The City of Banning. We thank you for your efforts and congratulate you for your years of dedicated service and special achievements.

YEARS OF SERVICE RECOGNITION

The following employees are being recognized for their years of service with The City of Banning as of December 31, 2017.

ADMINISTRATIVE SERVICES

15 Year Service Award

Tom Chapparosa
Field Service Representative

10 Year Service Award

Joyce Phillips
P.T. Financial Services Specialist

5 Year Service Award

Stacy Bouslog
Utility Financial Analyst

COMMUNITY SERVICES

10 Year Service Award

Enedina Lomeli
Recreation Leader

Ana Sandoval
Program Coordinator

5 Year Service Awards

Doris Davis
P.T. Bus Driver

PUBLIC WORKS

30 Year Service Award

Carl D. Szyoka
Public Works Superintendent

15 Year Service Award

Gregory Collage
Maintenance Worker

10 Year Service Awards

Hector Baeza
Water Crew Lead

Ruben Macias
Senior Maintenance Worker

James Thompson
Public Works Inspector

Jeffrey Woodley
Senior Maintenance Worker

Warren Woodstock
Wastewater Collections System Supervisor

ELECTRIC

10 Year Service Award

Amber Rockwell
Utility Services Assistant

5 Year Service Award

Brandon Robinson
Associate Electrical Engineer

POLICE DEPARTMENT

20 Year Service Award

Mike Loader
Police Sergeant

10 Year Service Awards

Mike Nolan
Police Officer

Daniele Savard
Executive Assistant

Jennifer Segura
Police Officer

Nissa Tammany
Police Officer

5 Year Service Awards

Alison Cunning
Police Assistant

2017 SPECIAL ACHIEVEMENTS (CM TO PRESENT)

Robert Fisher
Police Lieutenant
Bachelor of Science in Criminal Justice
California Coast University
(Summa Cum Laude)

Mandy Stephens
Police Assistant
Master of Arts in Organizational Leadership
California Baptist University

William Auer
Police Officer
Intermediate POST Certificate

Scott Foster
Receptionist
Bachelors of Arts Degrees in Psychology
and Human Development
California State University, San Bernardino



EMPLOYEE RECOGNITION & APPRECIATION CEREMONY

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MINUTES
CITY COUNCIL & PLANNING COMMISSION
BANNING, CALIFORNIA

02/27/18
SPECIAL JOINT MEETING

A special joint meeting of the Banning City Council, Planning Commission, and Parks & Recreation Commission was called to order by Mayor Moyer on February 27, 2018, at 3:00 p.m. at the Banning Civic Center Council Chamber, 99 E. Ramsey Street, Banning, California.

COUNCIL MEMBERS PRESENT: Council Member Andrade
Council Member Franklin
Council Member Peterson
Council Member Welch
Mayor Moyer

PLANNING COMMISSIONERS
PRESENT: Commissioner Ellis
Commissioner Krick
Commissioner Price
Commissioner Schuler (arrived at 3:04 p.m.)
Chairman Shaw

OTHERS PRESENT: Rochelle Clayton, Deputy City Manager
Kevin Ennis, City Attorney
Patty Nevins, Community Development Director
Art Vela, Public Works Director
Ted Shove, Economic Development Manager
Sonia Pierce, Senior Planner
Sandra Calderon, Community Development Project Coordinator
Sonja De La Fuente, Deputy City Clerk

PUBLIC COMMENTS

None

WORKSHOP

City Attorney Ennis introduced Diana Varat, Esq. with Richards, Watson & Gershon. She shared a PowerPoint presentation (Exhibit "A") regarding 2017 legislation related to housing.

There were some questions and answers related to the topics of discussion as outlined on the agenda.

ADJOURNMENT

By common consent the meeting adjourned at 4:09 p.m.

Minutes Prepared by:

Sonja De La Fuente, Deputy City Clerk

The entire discussion of this meeting can be found by visiting the following website link: <https://banninglive.viebit.com/player.php?hash=e17gAiiURDgn> or by requesting a CD or DVD at Banning City Hall located at 99 E. Ramsey Street.

EXHIBIT A




**City of Banning
Joint Meeting of the
City Council and
Planning Commission**

2017 HOUSING PACKAGE

February 27, 2018 Kevin Ennis, City Attorney
Diana Varat, Esq.

Goals of the 2017 Housing Package

- To increase the supply and affordability of housing in California
- To strengthen planning for, and production of, housing for people at all income levels, especially lower income households
- To create tools for local agencies to plan and encourage the production of more dwelling units, and more affordable housing
- To reduce barriers to the development of new housing
- To strengthen enforcement mechanisms to ensure local agencies plan and approve housing to reduce the State's housing shortage



Many, Many Laws ...

- Housing Element Law, Gov't Code § 65583
- No Net Loss, Gov't Code § 65863
- Housing Accountability Act, Gov't Code § 65589.5
- Housing Element Annual Reports, Gov't Code § 65400
- Streamlined Housing Approval ("SB 35"), Gov't Code § 65913.4
- Inclusionary Housing, Gov't Code § 65850
- Density Bonus Law, Gov't Code § 65915
- Accessory Dwelling Units, Gov't Code § 65852.2
- Workforce Housing Opportunity Zones, Gov't Code §§ 65620 to 65625
- Housing Sustainability Districts, Gov't Code §§ 66200 to 66210

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Planning for Housing

- Each city must adopt a General Plan, which must include a **Housing Element**
 - Analyze local demographic trends and housing needs
 - Analyze governmental and nongovernmental constraints that prevent the development of housing
 - Prepare a "Site Inventory" that identifies parcels in the City where housing can be developed to meet RHNA allocation
 - RHNA Allocation = projection of the number of units needed for the City to meet its projected household growth, with a total RHNA number and specific numbers for various income levels

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Housing Element – Site Inventory

- List of properties showing the number of units that can be accommodated on each site
 - The Site Inventory must demonstrate that the zoning (i.e., the allowable density) can accommodate the number of units needed at various income levels
- Identify sites where the maximum allowed density is “deemed appropriate” for lower income households – known as the “default density”
 - “Default density” for Banning = 30 dwelling units / acre

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Housing Element Law

- Previously, the State required cities / counties to zone at densities that would allow for the development of housing to meet RHNA
- With 2017 Housing Package, the State seeks to address failure to build enough housing – both affordable and market-rate
- Now, the State wants cities / counties to demonstrate that they're actually producing housing to meet RHNA at all income levels

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No Net Loss (SB 166)



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No Net Loss

- Cities must maintain, at all times during the planning period, adequate sites to meet their unmet share of the RHNA
- Cities may not take any action that would allow or cause the sites identified in its Site Inventory to be insufficient to meet its remaining unmet share of the City's RHNA **for lower and moderate-income households**
 - Government Code § 65863



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No Net Loss – When to be Concerned

- Downzoning – i.e., reducing allowed density – for any site in the Site Inventory
- Approving a specific project on a site included in the Site Inventory, either:
 - With fewer units than were indicated in the Site Inventory, or
 - With fewer units at the income level than were indicated in the Site Inventory, or
 - At a “lower residential density” (as defined by statute)



Maintaining Unit Capacity

- A city may reduce the density, or approve the development of a parcel at a “lower residential density,” only if it makes the following findings:
 - Reduction in density is consistent with General Plan and Housing Element; and
 - Remaining sites in the Site Inventory are adequate to meet the City’s RHNA share at all income levels
 - Must quantify the unmet RHNA need and the remaining capacity of sites identified in the Site Inventory to accommodate the City’s RHNA at each income level



Duty to "Up-Zone" Other Sites

- If the remaining sites are not adequate, the City must identify "additional, adequate, and available sites" so there is no net loss in unit capacity
 - Rezoning must occur within 180 days of the initial project approval
- City cannot disapprove a project simply because it would result in the need to up-zone other sites to comply with No Net Loss provisions

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No Net Loss – CEQA Review

- CEQA analysis for the initial project will not consider any subsequent rezoning of other sites that may be necessary to comply with the no net loss requirements
- Subsequent rezoning subject to CEQA as a separate project
- The City must cover the cost of any rezoning required, including CEQA review process



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Housing Accountability Act (AB 1515)



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Housing Accountability Act (HAA)

- "The Legislature's intent in enacting this section in 1982 and in expanding its provisions since then was to significantly **increase the approval and construction of new housing** for all economic segments of California's communities by meaningfully and effectively **curbing the capability of the local governments** to **deny, reduce the density of, or render infeasible** housing development projects. This intent has not been fulfilled."

- Government Code § 65589.5(a)(2)(K)

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HAA Applicability

- All “housing development projects”:
 - Residential units only; or
 - Mixed use developments, with at least 2/3 of the square footage designated for residential use; or
- Both affordable and market-rate projects
- Transitional housing or supportive housing
- Emergency shelters

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Basic Standard under the HAA

- If a housing development project complies with “objective” general plan, zoning, and subdivision standards and criteria, including design review standards, ... the City can only lower the density or deny the project if there is “specific, adverse impact” to public health and safety that cannot be mitigated in any other way.
 - Government Code § 65589.5(j)

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Specific, Adverse Impact

- A significant, quantifiable, direct, and unavoidable impact, based on objective, identified written public health and safety standards, policies, or conditions as they existed on the date the application was deemed complete.



- Very hard standard to meet!

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Letter of Inconsistency

- **Significant, new** burden on City staff:
 - To analyze the project and **send written documentation** explaining if / how a proposed project does not conform to "objective" general plan, zoning, and subdivision standards / criteria, including design review standards
- Letter must be sent:
 - Within 30 days of project being deemed complete (for projects of ≤ 150 units)
 - Within 60 days of project being deemed complete (for projects of > 150 units)

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Failure to Send Adequate Letter

- If the City does not provide an adequate letter, the housing development project shall be deemed consistent, compliant, and in conformity with the applicable plan, program, policy, ordinance, standard, requirement or other similar provision
- Result → City can only deny, or approve project at lower density, if the "specific, adverse impact" finding can be made



HAA – Burden on the City

- City findings are evaluated based on a "preponderance of the evidence," not merely "substantial evidence"
- Majority of the evidence in the record must support the City's findings under the HAA



HAA – Who Can Sue?

- An applicant (developer), an individual who is a potentially eligible resident, and a housing organization
- Includes housing advocacy groups, and trade / industry groups "whose local members are primarily engaged in the construction or management of housing units"
 - Government Code § 65589.5(k)



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HAA – Penalties

- If the City acted in bad faith, the court shall direct the City to approve the project and award reasonable attorney's fees and costs to the plaintiff
- Failure to comply within 60 days →
 - Minimum \$10,000 fine per dwelling unit
 - Court can multiply by 5 → up to \$50,000 per unit!
 - Money from fines must be put in a local housing trust fund and used within 5 years to finance construction of new affordable housing – otherwise, funds revert to the State



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Annual Housing Reports

- Each city must submit a report to the Department of Housing & Community Development (HCD), showing progress in meeting local share of RHNA
 - Reporting requirement now applies to charter cities
- Report describes progress towards programs identified in Housing Element
- Report is due to HCD each year on April 1
 - Gov't Code § 65400

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New Housing Report Requirements

For the prior year, Housing Report **must now include:**

- The number of housing development applications received
- The number of units included in all development applications
- The number of units approved and disapproved
- List of sites rezoned because the City's share of RHNA could not be accommodated on land identified in the Site Inventory (listed for each income level)
- List of any additional sites that were rezoned pursuant to the No Net Loss provisions

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New Housing Report Req'ts (Cont.)

- List of, and the number of, net new housing units (both rental and for-sale) that have been issued a "completed-entitlement, a building permit, or a certificate of occupancy" during the relevant housing element cycle, and identifying the income category designated for each unit
- The number of applications submitted for consideration under SB 35, as well as the total number of developments approved, building permits issued, and housing units constructed pursuant to the SB 35 process



Increased Enforcement – HCD Review

- HCD shall review any city's action or failure to act that HCD determines to be inconsistent with adopted the Housing Element or State Housing Element Law
- HCD shall notify a city if HCD finds that:
 - The City's housing element or an amendment to its housing element does not substantially comply with State law;
 - The City's action or failure to act is inconsistent with an adopted housing element;
 - The City has taken an action in violation of HAA, No Net Loss provisions, Density Bonus Law, or housing discrimination laws



Consequences of HCD Review



- HCD may revoke a finding that the City's housing element "substantially complies" with State law
- HCD may notify the Office of the Attorney General that the City has violated State law



How to Produce Housing (and More Affordable Housing)

- Streamlined Housing Approval Process (Gov't Code § 65913.4)
- Density Bonus Ordinance (Gov't Code § 65915)
- Commercial Development Bonus (Gov't Code § 65915.7)
- Inclusionary Housing Ordinance (Gov't Code § 65850 et seq.)
- Accessory Dwelling Units (Gov't Code § 65852.2)
- Workforce Housing Opportunity Zones (Gov't Code § 65620 et seq.)
- Housing Sustainability Districts (Gov't Code § 66200 et seq.)



Streamlined Housing Approval (SB 35)



Developer-Initiated Streamlining (SB 35)

- HCD has identified cities that are subject to SB 35 streamlined housing approval process (and applicable affordability levels)
 - Banning is now subject to SB 35 streamlining
- Creates a streamlined, ministerial approval process for multi-family residential developments that an applicant can request if the project meets certain criteria
- Substantially limits City's ability to impose parking and other requirements on developments applying under SB 35 process
- No CUP or other discretionary review may be imposed
 - Projects are exempt from CEQA review under ministerial exemption



SB 35 – Eligible Projects

- Multi-family residence containing at least two units
- Residential or Mixed Use (at least 2/3 must be residential)
- Prevailing wage and skilled/trained workforce required for projects exceeding 10 units
- Site must be surrounded by current / former urban land uses
- Limited application to subdivision (condo) projects
- The project must be consistent with the "objective zoning standards and objective design review standards" established before the application is submitted

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SB 35 – Parking Requirements

- At most, one space per dwelling unit
- No parking required if:
 - Located within ½-mile of public transit;
 - Within an architecturally or historically significant district;
 - Within one block of a car share vehicle; or
 - In areas where street parking permits are required but not offered to the project's occupants



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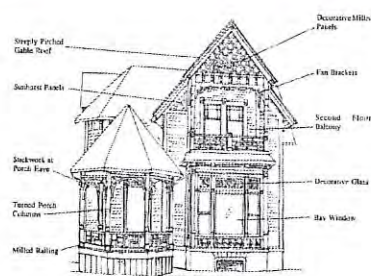
SB 35 – Affordability Requirements

- HCD Determination (February 2018):
 - For the City of Banning, a developer must dedicate at least 10 % of the proposed units for households making below 80 % of AMI
 - BUT, if the City's inclusionary ordinance has a higher inclusionary requirement, then the City's inclusionary requirement will apply

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SB 35 – Objective Zoning / Design Review Standards



Stick style dwelling at 170 E. Chicago Street

- City may apply "objective" zoning and design review standards
- What is "objective"?
- Applicable objective design standards must be established and published **prior to** the date of the project's application to be applied to the project

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SB 35 – Design Standard Review

- Planning Commission or Design Review Committee may review the project's design, but review is limited to assessing whether the project conforms to the "reasonable objective design standards"
- If the City chooses to allow for design review, the review must be completed:
 - within 90 days of a project's submission for approval (for projects containing ≤ 150 units), or
 - within 180 days of a project's submission for approval (for projects > 150 units)

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SB 35 – Limited Review Period

- If an SB 35 application is submitted, the City must review it to determine if the project meets the statutory criteria:
 - Within 60 days for projects of ≤ 150 units, or
 - Within 90 days for projects of > 150 units
- If the project does not meet the criteria, the City must provide written explanation within these timeframes – otherwise, the project will be deemed to satisfy the objective planning standards

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No Streamlining under SB 35 if ...

With limited exceptions, SB 35 projects cannot be located in:

- Coastal zone
- High or, very high fire hazard severity zone
- Hazardous waste site
- Earthquake fault zone
- FEMA flood plain
- FEMA floodway
- Protected species habitat
- Protected agricultural, farmland or wetlands

Projects cannot be subject to:

- Mobilehome Residency Law
- RV Park Occupancy Law
- Mobilehome Parks Act
- Special Occupancy Parks Act
- Conservation easement
- Conservation plan

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Complying with SB 35

- Determine what areas of the City may be subject to SB 35 (given exclusions)
- Review zoning / design review standards to determine whether those standards are “objective” and may be applied to SB 35 project
- Consider adopting or refining objective design review standards for all projects in the City

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Building Affordable Housing

- Inclusionary Housing
 - Gov't Code § 65850(g)
 - Expressly gives cities authority to apply inclusionary housing requirements to rental housing projects (AB 1505)
- Density Bonus Law
 - Gov't Code § 65915
- Commercial Development Bonus
 - Gov't Code § 65915.7

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Accessory Dwelling Units

- 2017 Legislative Changes (AB 494 / SB 229)
 - City may require a maximum of one parking space per ADU
 - May not prohibit tandem parking unless specific topographical / safety findings
 - Applicable to ADUs on lots with proposed dwellings (not just existing single-family dwellings)



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(Optional) Tools to Develop Housing

■ Workforce Housing Opportunity Zones (SB 540)

- City may prepare a Specific Plan (and an EIR) for an area of the City that includes parcels identified on the City's Housing Element Site Inventory
- Minimum densities; affordability requirements; prevailing wages
- Streamlined project approval once the WHOZ is created

■ Housing Sustainability Districts (AB 73)

- City may establish HSDs to establish regulations for housing projects in areas located within ½-mile of public transit or "highly suitable for a residential or mixed-use" district due to existing infrastructure (or underutilized utilities), transportation access, or location
- Minimum densities; affordability requirements; prevailing wages
- Streamlined project approval once the District is created

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Financial Incentives

■ Building Homes and Jobs Act (SB 2)

- Imposes a \$75 real estate transaction fee
 - In 2018, 50 % of the money will be available for local agencies to update planning and zoning documents (to streamline housing production)
 - Local gov'ts must request funds
 - In 2019, 70 % will go to local planning efforts

■ Veteran's and Affordable Housing Bond Act (SB 3)

- November 2018 ballot measure that would establish a \$4-billion fund for housing and veteran's assistance programs

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Additional Legislation

- **Farmworker Housing (AB 571)**

- Amends requirements for Farmworker Housing Tax Credit to make it easier to develop farmworker housing

- **Preservation Notice Law (AB 1521)**

- Amends rules related to the preservation of assisted (subsidized) housing developments
 - Requires owner to give tenants 3-year notice when affordability covenants will be expiring
 - Requires owners to accept a qualified offer to purchase from an entity that would continue to rent to low-income residents
 - Amends requirements for entities seeking to purchase assisted housing developments

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Housing Strategies

- "Up-zone" to allow higher densities to ensure the City maintains available unit capacity (to comply with No Net Loss provisions)
- Adopt an inclusionary housing ordinance to ensure the development of at least some lower-income units
- Monitor "natural" affordability of market-rate units (especially ADUs)
- Consider reviewing City codes and adopting objective design review standards

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Anticipated 2018 Housing Legislation

- Transit-Oriented Housing?
 - Senate Bill 827
- By-Right Supportive Housing?
- More Streamlined Housing Procedures?
- Accessory Dwelling Units?
- Density Bonus?
- Rent Control and Eviction Restrictions?

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QUESTIONS?

THANK YOU!

February 27, 2018

Kevin Ennis, City Attorney
Diana Varat, Esq.

MINUTES
CITY COUNCIL
BANNING, CALIFORNIA

02/27/18
SPECIAL MEETING

A special meeting of the Banning City Council was called to order by Mayor Moyer on February 27, 2018, at 4:14 p.m. at the Banning Civic Center Council Chamber, 99 E. Ramsey Street, Banning, California.

COUNCIL MEMBERS PRESENT: Council Member Andrade
Council Member Franklin
Council Member Peterson
Council Member Welch
Mayor Moyer

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT: Rochelle Clayton, Deputy City Manager
Kevin Ennis, City Attorney
Ted Shove, Economic Development Manager
Sonja De La Fuente, Deputy City Clerk

CLOSED SESSION

Mayor Moyer opened the closed session items for public comments. Seeing none, closed public comment. City Attorney Kevin Ennis listed the items on the closed session agenda, which included: 1) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Paragraph (1) of Subdivision (d) of Section 54956.9) Healing Garden Remedies, Inc. vs. City of Banning, Riverside County Superior Court Case No. RIC 1714764 2) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Paragraph (1) of Subdivision (d) of Section 54956.9) Cali Emerald Care, Inc. vs. City of Banning, Riverside County Superior Court Case No. RIC 1717418 3) CONFERENCE WITH REAL PROPERTY NEGOTIATORS pursuant to Government Code Section 54956.8: Property description: APN: 541-141-005, located in the vicinity of the intersection of San Gorgonio Avenue and Williams Street. City Negotiator Alex Diaz, Interim City Manager and Ted Shove, Economic Development Manager – Negotiating Parties: Robert Rochelle; Under Negotiation: Price and Terms.

The Meeting went into closed session at 4:15 p.m. and reconvened to open session at 4:36 p.m.

ADJOURNMENT

By common consent the meeting adjourned at 4:36 p.m.

Minutes Prepared by:

Sonja De La Fuente, Deputy City Clerk

MINUTES
CITY COUNCIL
BANNING, CALIFORNIA

02/27/18
REGULAR MEETING

A regular meeting of the Banning City Council was called to order by Mayor Moyer on February 27, 2018, at 5:00 p.m. at the Banning Civic Center Council Chamber, 99 E. Ramsey Street, Banning, California.

COUNCIL MEMBERS PRESENT: Council Member Andrade
Council Member Franklin
Council Member Peterson
Council Member Welch
Mayor Moyer

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT Rochelle Clayton, Deputy City Manager
Kevin Ennis, City Attorney
Stephen Badgett, Interim Electric Utility Director
Tim Chavez, Fire Battalion Chief
Heidi Meraz, Community Services Director
Patty Nevins, Community Development Director
Art Vela, Public Works Director/City Engineer
Phil Holder, Police Captain
Jennifer McCoy, Purchasing Manager
Ted Shove, Economic Development Manager
Sonja De La Fuente, Deputy City Clerk
Laurie Sampson, Executive Assistant
Leila Lopez, Office Specialist

The Invocation was given by Merle Malland, Police Chaplin. Council Member Welch led the audience in the Pledge of Allegiance to the Flag.

REPORT ON CLOSED SESSION

The City Attorney provided the following report on Closed Session: Mayor Moyer opened the closed session items for public comments. Seeing none, closed public comment. City Attorney Kevin Ennis listed the items on the closed session agenda, which included: 1) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Paragraph (1) of Subdivision (d) of Section 54956.9) Healing Garden Remedies, Inc. vs. City of Banning, Riverside County Superior Court Case No. RIC 1714764. The case was dismissed. 2) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Paragraph (1) of Subdivision (d) of Section 54956.9) Cali Emerald Care, Inc. vs. City of Banning, Riverside County Superior Court Case No. RIC 1717418. The case was dismissed. 3) CONFERENCE WITH REAL PROPERTY NEGOTIATORS pursuant to Government

Code Section 54956.8: Property description: APN: 541-141-005, located in the vicinity of the intersection of San Geronio Avenue and Williams Street. City Negotiator Alex Diaz, Interim City Manager and Ted Shove, Economic Development Manager – Negotiating Parties: Robert Rochelle; Under Negotiation: Price and Terms. Direction was given to the City's negotiators with no final reportable action.

PUBLIC COMMENTS / CORRESPONDENCE / ANNOUNCEMENTS & REPORTS

PUBLIC COMMENTS

Ellen Carr shared that the Animal Action League was at the Community Center February 19-20 and 60 cats and dogs were spayed or neutered. They will be back March 27-28, and appointments can be made by calling (760) 366-1100. She also expressed concern regarding her 31 day utility bill, and asked about the monthly charge variance between water and electric.

Laura Leindecker, Vice President of the Banning San Geronio Pass Area Chamber of Commerce, shared about an event they will be holding on March 24th (see Exhibit "A").

Ann Price invited all out to help clean up Lion's Park on Saturday from 8:00 a.m. until 12:00 p.m. in preparation for Banning Pass Little League's Opening Day.

Jerry Westholder shared that he believes the City has the highest electric rates in the state and that Banning residents have a median income of \$35,000 per year.

Jim Price announced Banning Pass Little League's Opening Day is on March 10th at Lion's Park at 10:00 a.m.

Inge Schuler thanked the Council for including the Mill's Act information on the Agenda. She also asked about the monthly fee on the utility bills and how it changes according to the number of days in the billing cycle. She asked for clarification in regard to the City's logo, as she has noticed some items with the Proud History, Prosperous Tomorrow tagline and thought it had been changed back to Stagecoach Town USA. Finally, she asked what the current pension liability was for the City.

Seeing no further comments, Mayor Moyer closed public comment.

CORRESPONDENCE

There was no correspondence.

ANNOUNCEMENTS & REPORTS

Council Member Peterson had nothing to report.

Council Member Welch:

- The RTA Board met Thursday and honored Riverside County's 5th District Supervisor Marion Ashley for his 15 years of service. He will not be running for re-election.

Council Member Franklin:

- Riverside County Transportation Commission (RCTC) met and discussed new construction on I-15 over the next couple of years.
- The Water Alliance will meet on February 28th at 5:00 p.m. at Banning City Hall in the Large Conference Room to discuss strategies for the future affordability of water.
- On March 7th the Downtown Ad-Hoc Committee will hold a workshop with Business owners and will work with the Chamber of Commerce to coordinate a community workshop in the future. The Ad-Hoc Committee will ask City Council at the next meeting to direct staff to explore a food court idea for City property.
- The Disaster Survival Expo will be held on April 28, 2018 at Banning City Hall. Dr. Lucy Jones, Glen Pomeroy, Team Rubicon, and the County will be speakers and the event will be free to the community.

Council Member Andrade:

- The Downtown Ad Hoc Committee is excited to bring forth the ideas Council Member Franklin mentioned.

Mayor Moyer:

- On March 15th at 6:00 p.m. there will be an open forum for the Riverside County Supervisor candidates at Sun Lakes. The public is invited, but must contact him or Council Member Welch to get your name at the gate for admission.
- The I-10 Bypass Town Hall Meeting will be in April.
- Community Action Partnership is offering free tax preparation services (see Exhibit "B").
- The Receiver for the former Banning Business Center has sold the property and escrow will last 45 days.

REPORT BY CITY ATTORNEY

City Attorney Ennis did not have anything to report.

REPORT BY CITY MANAGER

Deputy City Manager Clayton did not have anything to report.

CONSENT ITEMS

1. Minutes – Special Meeting – 2/13/18 (Workshop)

Recommendation: Approve the Minutes from the February 13, 2018 Special Meeting of the Banning City Council (Workshop)

2. Minutes – Special Meeting – 2/13/18 (Closed Session)

Recommendation: Approve the Minutes from the February 13, 2018 Special Meeting of the Banning City Council (Closed Session)

3. Minutes – Regular Meeting 2/13/18

Recommendation: Approve the Minutes from the February 13, 2018 Regular Meeting of the Banning City Council

4. Accounts Payable and Payroll Warrants Issued in the Month of January 2018

Recommendation: Approve and Ratify

5. Capital Improvement Project Update

Recommendation: Receive and File

6. 2nd Reading of Ordinance 1513 – Recreational Vehicles, Recreation Trailers, and Utility Trailers Parking

Recommendation: Ordinance 1513 Pass its 2nd Reading

7. Resolution 2018-19 Repealing and Superseding Resolution 2017-116, Approving Amendment No. 1 Revisions to the E-Procurement Management Software Solution Services Agreement with PlanetBids, Inc.

Recommendation: Adopt Resolution 2018-19

Mayor Moyer opened the consent items 1 through 7 for public comment. Seeing none, closed public comment.

Motion Welch/Franklin to approve Consent Items 1 through 7. Motion carried, 5-0.

REPORTS OF OFFICERS

Council Member Peterson recused himself due to a potential conflict of interest.

1. Resolution 2018-20, Approving Amended and Restated Agreement for the Reverter of Real Property Pursuant to Purchase and Sale Agreement

Economic Development Manager Ted Shove presented the Staff Report as contained in the Agenda packet.

The Mayor opened the item for public comment. Seeing none, closed public comment.

Motion Andrade/Welch to adopt Resolution 2018-20, approving the Amended and Restated Agreement for the Reverter of Real Property Pursuant to the Purchase and Sale Agreement. Motion carried, 4-0, with Council Member Peterson not voting.

2. Resolution 2018-18, Approving the General Plan Annual Progress Report for Calendar Year 2017

Community Development Director Patty Nevins presented the Staff Report as contained in the Agenda packet.

Council Member Franklin asked some questions and offered suggested amendments as follows:

- Page 27, Policy 4 – the City participates in RCTC meetings regarding transportation.
- Page 38, Policy 4 – Program 4.B – the City approved and will implement online registration for community services programs.
- Page 59, Policy 1 – the City attends RCA meetings.
- Page 81, Policy 2 – Program 2.F – the City has designated the Disaster Survival Expo a City Signature Event. We cooperate with the County Emergency Management Department to host local CERT courses.

Council Member Peterson asked what the purpose of a General Plan is, as he doesn't think it is adhered to because the General Plan has been changed with various projects.

Director Nevins explained that it is used as a guide, but may be amended at the Council's discretion when an applicant makes such requests, which they are entitled to.

Council Member Andrade asked if this item had to go back to Planning Commission for approval of the recommended changes.

Director Nevins explained that the Council is able to make the recommended changes.

The Mayor opened the item for public comment. Seeing none, closed public comment.

Motion Franklin/Andrade to adopt Resolution 2018-18, approving the General Plan Annual Progress Report for Calendar Year 2017 with recommended amendments. Motion carried, 4-1, with Council Member Peterson voting against.

3. The Mills Act Program, an Economic Incentive Program in the State of California for the Restoration and Preservation of Qualified Historic Buildings by Private Property Owners

Community Development Director Patty Nevins presented the staff report as contained in the Agenda packet.

Mayor Moyer asked if this item would fall under the Community Development Department. Director Nevins confirmed that it is and advised that staff is looking for direction from the Council.

Council Member Andrade asked if there would be a cost to the City.

Director Nevins explained that the City would forego some property tax revenue.

There was some discussion regarding how the program may work.

Director Nevins advised that more research would be required before bringing back, and explained that she would like direction to move forward with additional research.

Council Member Franklin recommended partnering with the Historical Society to see if they have this information already.

Mayor Moyer opened the item for public comment. Seeing none, closed public comment.

There was a consensus of the Council in support of moving forward with additional research.

4. Options for the City of Banning's Compressed Natural Gas (CNG) Fueling Facility

Public Works Director Vela presented the Staff Report as contained in the Agenda packet.

Council Member Peterson asked about an article he read in the Record Gazette regarding the City of Beaumont obtaining funds for their project.

Council Member Franklin suggested partnering with the Banning Unified School District to get funds to help with the project.

Director Vela explained that there was an agreement with the Banning School District related to a fueling facility, however no agreement has been located related to the CNG facility.

Council Member Welch explained that Beaumont's City busses have taken on the burden of transporting the school children, as Beaumont Unified School District had done away with school busses. So, this may be why they qualify for more funding.

Council Member Franklin will check with RCTC at the next meeting regarding funding.

Council Member Andrade recommended working with Banning Unified School District to see if additional funding can be obtained.

Mayor Moyer opened the item for public comment.

Kerry Mariner with Banning Unified School District asked if this item could be tabled and that it be taken to the 2x2 meeting on March 6th to see what options are available in regard to grants and working together.

Cathy Bagnara with Banning Unified School District explained that the School District has had a relationship with the City since 1996 (a 25 year agreement) related to use of the fueling station.

Seeing no further comments, the Mayor closed public comment.

**Motion Welch/Andrade to continue this item to the second meeting in March.
Motion carried, 5-0.**

5. Electric Utility Audit Request for Proposal (RFP)

Deputy City Manager Rochelle Clayton presented the Staff Report as contained in the Agenda packet.

Council Member Franklin expressed some concern with the amount of analysis being done and if \$55,000 would cover it.

Council Member Peterson recommended Christy White Associates based upon his review of the proposals.

The Mayor opened the item for public comment.

Jerry Westholder asked if the auditors would be checking to be sure the amount of electricity used matches the amount charged. He also feels Christy White would be the best choice.

Deputy City Manager confirmed that it is included in the scope of work.

Seeing no further comments, the Mayor closed public comment.

Motion Franklin/Peterson to move forward with the final evaluation phase. Motion carried, 5-0.

6. Resolution 2018-22, Approving the Employment Agreement for the Position of Electric Utility Director

Deputy City Manager Rochelle Clayton presented the Staff Report as contained in the Agenda packet.

Council Member Andrade expressed concern with the starting salary step being high and also wanted to be sure the City wouldn't be responsible for relocation fees.

Council Member Peterson expressed concern with the Council not being aware of the terms of the contract prior to it coming to a regular City Council Meeting. He asked that the exact hours the Director would work be added instead of generally Monday through Friday, 8:00 a.m. until 5:00 p.m. He also would like six months of severance removed from the contract.

Council Member Welch explained that the Council approves salaries and benefits for management and the City Manager negotiates contracts with Directors.

Mayor Moyer believes the Council generally approves the contract prior to it being brought to a regular meeting.

The Mayor opened the item for public comment.

Jerry Westholder recalls a policy being put in place about five years ago related to Council's approval of contracts. He also feels that the City is paying its employees three times more than the average citizen.

Seeing no further comments, the Mayor closed public comment.

Mayor Moyer asked for the severance to be adjusted to three months maximum in the contract prior to the Interim City Manager signing.

According to Government Code Section 54953(c)(3) the Mayor reported a summary of compensation and benefits to be received by the Electric Utility Director.

Motion Moyer/Franklin to Adopt Resolution 2018-22, affirming the appointment of Thomas Miller as Electric Utility Director, and authorizing the City Manager to execute the Employment Agreement between the City of Banning and Thomas Miller for the position of Electric Utility Director effective February 18, 2018 with the recommended change. Motion carried, 3-1-1, with Council Member Peterson voting against and Council Member Andrade abstaining.

PUBLIC HEARING

1. Resolution 2018-14, Approving a 12-Month Extension of Time for Tentative Tract Map (TTM) 36939

Community Development Director Nevins presented the Staff Report as provided in the Agenda packet.

Council Member Andrade asked why construction hasn't started.

Director Nevins explained they are working on obtaining permits from other agencies and it is time consuming. Tentative Maps do seem to take some time for various reasons.

Pete Pitassi with Diversified Pacific explained that all of the final engineering has been completed, it has been through plan check, and is currently awaiting permit issuance.

The Mayor opened the Public Hearing. With no comments from the public, he closed the public hearing.

Motion Welch/Peterson to adopt Resolution 2018-14, approving a 12-month extension of time for TM 36939. Motion carried, 5-0.

2. Resolution 2017-112, Approving the 2017 Engineering and Traffic Survey and Ordinance 1516, Re-Establishing Prima Facie Speed Limits throughout the City of Banning and Amending Ordinance 1449.

Public Works Director Vela presented the Staff Report as provided in the Agenda packet.

Council Member Moyer explained that it doesn't seem right that if 85% of the people are breaking the speed-limit law the limit is increased.

Council Member Franklin suggested traffic calming measures be implemented. Especially near schools and in highly residential areas.

Director Vela will attempt to implement such measures and reminded everyone that the law requires a lower speed limit near schools when children are present.

The Deputy City Clerk read correspondence related to this item (Exhibit "C").

There was some discussion about potential stop signs or signals along Wilson.

The Mayor opened the Public Hearing. With no comments from the public, closed the public hearing.

Motion Peterson/Franklin to adopt Resolution 2017-112, approving the 2018 Engineering and Traffic Survey. Motion carried, 4-1 with Council Member Andrade voting against.

The Deputy City Clerk read the title of Ordinance 1516.

Motion Peterson/Franklin to waive further reading of Ordinance 1516. Motion carried, 4-1 with Council Member Andrade voting against.

Motion Peterson/Franklin Ordinance 1515 pass its first reading. Motion carried, 4-1 with Council Member Andrade voting against.

The Mayor recessed the Regular City Council Meeting and called to order a scheduled meeting of the Banning Utility Authority.

BOARD MEMBERS PRESENT: Board Member Andrade
Board Member Franklin
Board Member Peterson
Board Member Welch
Chairman Moyer

BOARD MEMBERS ABSENT: None

REPORTS OF OFFICERS

1. Resolutions 2018-03 UA and 2018-21, Authorizing the Fiscal Year (FY) 2017-2018 Mid-Year Budget Adjustments

Deputy City Manager Clayton presented the staff report as contained in the Agenda packet.

Council Member Peterson asked about the \$7 million rate stabilization fund. Manager Clayton explained that because there were no adjustments to the fund it was not included in the budget adjustments.

There was some discussion related to the budget.

Chairman Moyer opened the item for public comment.

Jerry Westholder shared his concern with hiring a new position in the Electric Department prior to the Electric Utility Director being hired.

Seeing no further comments, the Chairman closed public comment.

Motion Peterson/Welch to adopt Resolutions 2018-03 UA and 2018-21, authorizing the FY 2017-2018 Mid-Year Budget Adjustments. Motion carried, 5-0.

The Mayor adjourned the joint meeting of the Banning City Council and Banning Utility Authority and called to order a scheduled meeting of the Banning Utility Authority.

BOARD MEMBERS PRESENT: Board Member Andrade
Board Member Franklin
Board Member Peterson
Board Member Welch
Chairman Moyer

BOARD MEMBERS ABSENT: None

REPORTS OF OFFICERS

Resolution 2018-02 UA, Approving an Agreement in the Amount of \$134,096 with L.O. Lynch Quality Wells & Pumps, Inc. for the Repairs to Wells and Pumps.

Public Works Director Vela presented the Staff Report as contained in the Agenda packet.

Council Member Andrade asked if these are drinking wells. Director Vela confirmed that they are.

The Mayor opened the item for public comment. Seeing none, closed public comment.

Motion Franklin/Peterson to adopt Resolution 2018-02 UA, approving an agreement in the amount of \$134,096 with L.O. Lynch Quality Wells & Pumps, Inc. plus a 10% contingency. Motion carried, 5-0.

The Mayor reconvened the regular City Council Meeting.

ITEMS FOR FUTURE AGENDAS

Council Member Peterson would like Council to consider a one-year moratorium of fees charged to new small businesses.

Council Member would like to know what fees have been received in the last year.

Council Member Franklin asked when the fee study would be done. Deputy City Manager Clayton expects it to go to the Budget & Finance Committee on March 14th.

Council Member Franklin and the Downtown Ad-Hoc Committee would like staff to bring back the request to move forward with exploring an eatery project.

ADJOURNMENT

By common consent the meeting was adjourned at 7:44 P.M.

Minutes Prepared by:

Sonja De La Fuente, Deputy City Clerk

These Minutes reflect actions taken by the City Council. The entire discussion of this meeting can be found by visiting the following website: <https://banninglive.viebit.com/player.php?hash=OtaF2uZa2Giu> or by requesting a CD or DVD at Banning City Hall located at 99 E. Ramsey Street.

EXHIBIT A

Chamber of Commerce Presents:



"Community Spring Day Event"

Spring Celebration - March 24 . 9:00am - 1:00pm

Nicolet Middle School, field

101 E. Nicolet - Banning, CA

FREE
EVENT



FREE
EVENT

"Children's Games . Scavenger Egg Hunt . Food"

"1 Lucky Winner " weekend Camping to - Silent Valley "



McDonald's Event Sponsor



i'm lovin' it®

San Geronio Pass Rotary



Thank You Sponsors!



Nicolet Middle School - 101 E. Nicolet . Banning, CA 92220 [the field]

contact BSGPA Chamber of Commerce-Carol 951.524.3516 **Page 217**

EXHIBIT B



**County of Riverside
Community Action Partnership**



GET YOUR TAXES DONE FREE!

If you earned less than \$66K in 2017 and had no business losses or rental income you qualify!

Items to bring to get your taxes done for free:

Identification – No Copies

- ☐ Driver's License
- ☐ California ID
- ☐ Military ID
- ☐ Social Security Cards – For you and all dependents you can claim.

Income and Earnings

- ☐ W-2 Forms
- ☐ 1099 Forms
- ☐ Self-Employment Income
- ☐ Unemployment Income

Education Expenses

- ☐ 1098-T Forms
- ☐ Receipts for Books

Childcare Expenses

- ☐ Proof of Childcare Expense

Health Insurance Expenses

- ☐ 1095 Forms A, B or C
- ☐ Exemption Notification
- ☐ Out of Pocket Medical Expenses

If you purchased or own a Home

- ☐ 1098 Statement
- ☐ HUD-1 Form

Miscellaneous

- ☐ Charitable Contributions
- ☐ Vehicle Registration
- ☐ Work Related Expenses

Reminders:

- Bring previous year's tax documents.
- For Direct Deposit, you must bring a direct deposit form from your bank with routing and account numbers or bring a blank check.

www.capriverside.org



For more information call Community Action Partnership at (951) 955-4900.

COUNTY OF RIVERSIDE COMMUNITY ACTION PARTNERSHIP VITA/EITC PROGRAM

FREE TAX PREPARATION SITES

*****SITES OPEN JANUARY 26, 2018*****

www.capriverside.org

CITY	Name of Site	ADDRESS	HOURS OF OPERATION	APPOINTMENT REQUIRED
Beaumont	Albert Chatigny Community Center (Beaumont)	1310 Oak Valley Parkway Beaumont, CA 92223	Tuesday & Thursday 9 am to 1 pm	Appt Only (951)769-8539
Blythe	Blythe Community Center	445 N Broadway Blythe, CA 92225	Monday through Thursday 9 am - 1 pm Closed 2/12 & 2/19	Appt Only (760) 921-5080
Corona	Hope Through Housing Corona Del Oro Apts	680 W 2nd Street, Corona, CA 92882	Wednesday 4 pm- 7 pm Saturday 9 am - 3 pm	Appt & Walkin (951)551-4053
Desert Hot Springs	Desert Hot Springs FRC	14291 Palm Drive Ste 108 Desert Hot Springs, CA 92240	Wednesday & Thursday 9 am - 3 pm	Appt Only (760)288-3313
Highgrove	Highgrove Library	530 Center St., Riverside, Ca 92507	Saturday 10:30 am - 2 pm	
Indio	Martha's Village	83791 Date Ave, Indio, CA 92201	Friday 4 pm - 7 pm Saturday 9 am - 4 pm	
Indio	Catholic Charities	83-180 Requa Ave Ste 9B Indio, CA 92201	Wednesday & Thursday 9 am - 12 pm	
Jurupa Valley	Louis Robidoux Library	5840 Mission Blvd. Jurupa Valley, CA 92509	Saturday 10:30 am - 3:30 pm	
Lake Elsinore	Lake Elsinore Senior Center	420 E. Lakeshore Dr. Lake Elsinore, CA 92530	Tuesday & Wednesday 9 am - 3 pm	Appt Only (951)328-1575
Lake Elsinore	Vick Knight Community Library	32593 Riverside Dr, Lake Elsinore, CA 92530	Saturday 10:30 am - 3:30 pm	
Mead Valley	Charles Meigs Senior Center (Mead Valley)	21091 Rider St Perris, CA 92570	Thursday 9 am - 1 pm	Appt Only (951)210-1587
Mecca	Mecca WIC Office	91275 Avenue 66 Mecca, CA 92554	Tuesday 9:30 am -3:30 pm	
Moreno Valley	Moreno Valley Library	25480 Alessandro Blvd, Moreno Valley, CA 92553	Tuesday 3 pm - 7 pm Saturday 10 am - 3 pm	
Norco	Norco Community College	2001 3rd St, Rm IT 202 Norco CA	Saturday 8:30am - 12:30pm Closed 2/10, 2/17 & 4/14	
Palm Springs	Desert Aids Project	1695 North Sunrise Way Palm Springs, CA 92262	Wednesday & Thursday 9 am - 1 pm	
Perris	Perris Valley FRC	2055 N. Perris Blvd C-1 Perris, Ca 92571	Friday & Saturday 10:30 am - 3:30 pm	
Riverside	Cesar Chavez Community Center	2060 University Ave. Riverside, CA 92507	Tuesday, Wednesday, & Thursday 3 pm - 6 pm	
Riverside	Riverside City College	4800 Magnolia Ave. Riverside, CA 92506	Friday 3 pm - 7 pm Saturday 9 am - 3 pm Closed 2/16 - 2/19 & 3/30 - 3/31	
Riverside	Casa Blanca Library	2985 Madison St. Riverside, CA 92504	Friday & Saturday 10:30 am - 3:30 pm	
San Jacinto	Mt. San Jacinto College	1499 N. State St. San Jacinto, CA 92583 BLDG 100 ROOM 111	Saturday 9 am -3 pm Closed 2/10, 2/17 & 4/14	

For more information call Community Action Partnership at (951) 955-4900.

Revised 1/10/2018

EXHIBIT C

Exhibit "C"

Donald E. Smith
55 N. 8th St
Banning, CA 92220
(951) 849-4521 FAX (951) 849-4244

RECEIVED

JAN 19 2018

Per City Clerk's Office/ycs

January 19, 2018

Banning City Clerk
Banning City Council

Re: Resolution 2017-112 Traffic Study

Dear Mayor, Council and City Clerk:

I have reviewed the proposed resolution, traffic study and recommendation and support the recommendation to continue the matter. I support the recommendation because my first reaction to the report is: "You have to be joking."

The traffic study recommendation is to increase the speed limit on 17 of 44 sections of road. This is a recommendation to increase the speed limit on 38% of these roads. Why? Because people are currently speeding on them.

There are a few of these recommended increases on which I need to comment and voice my objection.

First, the report suggests increasing the speed limit on Westward Ave. between Sunset and San Geronio from 35 to 45 miles per hour. As you are aware, you have the ability to not set the speed at the 85 percentile if there are extenuating circumstance to justify a lower speed. There are 2 schools and one unbuilt school site on Westward. It is a residential neighborhood (no businesses) with on street parking. It is a street where people back out of their driveways onto the street. It is a street on which people ride their horses. It is the street on which the High School cross country team practices most days and children walk to school. It is simply a bad decision and would be unsafe to increase the speed limit on Westward. What the city should do is enforce the current speed limit.

Lincoln from 22nd to 8th Street is also a residential street without sidewalks were the residents park on the street, walk on the street and have to back their cars out of their driveways onto the street. Its width varies. Once again it is not a safe spot to increase speed limits

Wilson Street has had several accidents over the years and is also a residential street with residents parking in front of their houses and backing in to the street from Highland Home Road to Blanchard yet the report suggests increasing the


speed to 50 from Highland Springs to Highland Home and from Sunset to 16th. The speed limits on Wilson should remain as is with more enforcement.

Finally increasing the speed limit on Ramsey between 22nd and 8th where people are turning right and left into businesses and turning right and left out of the businesses' driveways would add to an already challenging traffic area.

There are probably justifications to deny many of the other increases as well but these are the increases that jumped off the page to me.

Thank you for your consideration of these issues. I will be out of town on 2/23 at the Fair but hope you find justification for not raising the speed limits in these areas.

Very Truly Yours



Don Smith

MINUTES
CITY COUNCIL
BANNING, CALIFORNIA

03/06/2018
SPECIAL MEETING

A special meeting of the Banning City Council was called to order by Mayor Moyer on March 6, 2018, at 2:00 p.m. at the Banning Police Department Community Room, 125 E. Ramsey Street, Banning, California.

COUNCIL MEMBERS PRESENT: Council Member Andrade
Council Member Franklin
Council Member Peterson
Council Member Welch
Mayor Moyer

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT: Alejandro Diaz, Interim City Manager
Kevin Ennis, City Attorney
Sonja De La Fuente, Deputy City Clerk

CLOSED SESSION

Mayor Moyer opened the closed session items for public comments. Seeing none, closed public comment.

City Attorney Kevin Ennis listed the items on the closed session agenda, which included:
1) PUBLIC EMPLOYEE APPOINTMENT: City Manager – Pursuant to Government Code Section 54957. 2) PUBLIC EMPLOYEE PERFORMANCE EVALUATION: Interim City Manager – Pursuant to Government Code Section 54957.

The Meeting went into closed session at 2:00 p.m. and reconvened to open session at 4:10 p.m.

ADJOURNMENT

By common consent the meeting adjourned at 4:10 p.m.

Minutes Prepared by:

Sonja De La Fuente, Deputy City Clerk

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**CITY OF BANNING
CITY COUNCIL REPORT**

TO: CITY COUNCIL

FROM: Alejandro Diaz, Interim City Manager

PREPARED BY: Laurie Sampson, Executive Assistant

MEETING DATE: March 13, 2018

SUBJECT: List of Contracts Approved Under the City Manager's Signature Authority

RECOMMENDATION:

Receive and file the list of Contracts approved under the City Manager's signature authority of \$25,000 or less.

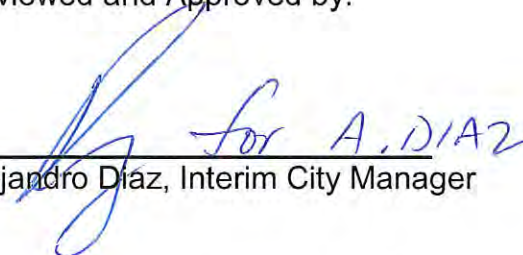
BACKGROUND:

City Council requested regular reports of contracts signed under the City Manager's signature authority of \$25,000 or less.

ATTACHMENT:

- 1) List of Contracts approved by City Manager

Reviewed and Approved by:


Alejandro Diaz, Interim City Manager

ATTACHMENT 1

List of Contracts

City Manager Approval	Vendor	Description of Item/Service	Compensation Amount (Change Orders)	Compensation Amount (New Contract Total)	Department	Comments
1-Feb-2018	Lithopass Printing	Printing Services	\$ 7,000.00	\$ 12,000.00	ASD - Purchasing	02/01/18: PR to CM for approval.
1-Feb-2018	Olin Corp.	Bleach Sodium Hypochlorite - Bulk	\$ -	\$ 6,000.00	Public Works - Water	02/01/18: PR to CM for approval.
1-Feb-2018	Raceway Ford Inc.	Vehicle Parts/Service	\$ 9,995.44	\$ 14,995.44	Public Works - F/M	02/01/18: Change order #1 to add funds to PO.
6-Feb-2018	Quinn Company	Parts & Service for Caterpillar Equipment	\$ 19,792.18	\$ 24,792.18	Public Works - F/M	02/06/18: Change Order #1 - to increase PO.
8-Feb-2018	Prudential Overall Supply	Uniform Rental and Cleaning Services	\$ 10,000.00	\$ 15,000.00	Public Works	02/13/18: Change Order #1 - Increase PO funds.
15-Feb-2018	Fortel Traffic, Inc.	V-Calm Radar Speed Signs - Repairs	\$ -	\$ 5,000.00	Public Works	Sole Source approved by CM on 02/15/18.
15-Feb-2018	Vision Security Systems	Dome Camera's, License and Labor	\$ -	\$ 3,758.15	Police Department	Sole Source approved by CM on 02/15/18.
16-Feb-2018	Design West Engineering	HVAC Assessment Services & Recommendations PD & City Hall - Amendment #1	\$ -	\$ 24,750.00	Public Works	Amendment #1 - Renewal #1.
1-Mar-2018	HR Green Pacific, Inc.	WQMP Review & Environmental Engineering - Amendment #2	\$ -	\$ 25,000.00	Public Works	Amendment #2: Vendor name change request and renewal #2.

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CITY OF BANNING CITY COUNCIL REPORT

TO: CITY COUNCIL

FROM: Alejandro Diaz, Interim City Manager

PREPARED BY: Art Vela, Director of Public Works
Tammi Phillips, Management Analyst

MEETING DATE: March 13, 2018

SUBJECT: Receive and File California Water Environment Association
Small Collection System of the Year Award

RECOMMENDED ACTION:

This is informational only; receive and file report.

BACKGROUND

The City of Banning has won the Small Collection System of the Year award, presented by the California Water Environment Association (CWEA), for the second year in a row. The award is designed to honor exceptional CWEA members and California wastewater professionals, facilities and agencies. It is given in recognition of outstanding maintenance programs, regulatory compliance and safety & training procedures. In addition to recognizing outstanding achievement, the awards program aims to improve the professional status of those working in the wastewater industry and to stimulate public awareness of the importance of wastewater treatment to public health and the water environment.

Since the program inception, the City has been nominated in 2010, 2016, 2017 and 2018 and has won three of the four years. Agencies are rated on the following criteria: Regulatory Compliance, Special Accomplishments, Maintenance Program, Safety Program and Records, Training Program, Emergency Procedures and Administrative Procedures.

With this local recognition, the City is now being considered for an award at the State level.

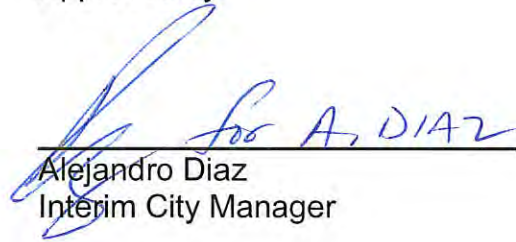
FISCAL IMPACT:

None

ATTACHMENTS:

Attachment 1: Award

Approved by:

 for A. DIAZ

Alejandro Diaz
Interim City Manager



CWEA

California Water Environment Association

and its

Colorado River Basin Section

present to

CITY OF BANNING



this

**Collection System of the Year Award
Small**

2017

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ORDINANCE 1516

AN ORDINANCE OF THE CITY OF BANNING, CALIFORNIA, RE-ESTABLISHING AND DECLARING PRIMA FACIE SPEED LIMITS WITHIN SPECIFIED SPEED ZONES THROUGHOUT THE CITY OF BANNING AND AMENDING ORDINANCE 1449

WHEREAS, Section 40802 of the California Vehicle Code provides that speed limits for streets may be deemed unenforceable if not justified by an Engineering and Traffic Survey (ETS) conducted less than five, seven, or ten years with conditions, prior to enforcement of that speed limit; and

WHEREAS, the ETS used to justify the City's current speed limits was completed in 2012; and

WHEREAS, a new ETS dated February 2018 was recently completed and approved by the City Council; and

WHEREAS, the 2017 ETS includes a recommended list of prima facie speed limits for the City along with adequate justification for the recommended limits per the requirements of state law; and

WHEREAS, the City Council wishes to maintain the enforceability of its speed limits to ensure that traffic speeds throughout the community are kept at a safe level given the conditions that exist on certain streets.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BANNING AS FOLLOWS:

SECTION 1. CEQA Finding. The City Council finds that it can be seen with certainty that there is no possibility that the adoption of this Ordinance and the establishment of the regulations hereby will have a significant effect on the environment. The Ordinance is therefore exempt from review under the California Environmental Quality Act, pursuant to Title 14, Section 15061(b)(3) of the California Code of Regulations.

SECTION 2. The list of prima facie speed limits adopted by Ordinance No. 1449 of the City of Banning is hereby amended in its entirety and replaced with the list of prima facie speed limits attached herewith as Exhibit "A."

SECTION 3. The Mayor shall sign this ordinance and the City Clerk shall attest thereto and shall publish it or a summary of it in a newspaper printed and published within the City, and thereafter this ordinance shall be in force and effect according to law.

PASSED, ADOPTED AND APPROVED this _____ day of _____, 2018.

George Moyer, Mayor
City of Banning

ATTEST:

Sonja De La Fuente, Deputy City Clerk
City of Banning

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

Kevin G. Ennis, City Attorney
Richards, Watson, and Gershon

CERTIFICATION:

I, Sonja De La Fuente, Deputy City Clerk of the City of Banning, California, do hereby certify that Ordinance No. 1516 was duly introduced at a regular meeting of the City Council of the City of Banning, held on the 27th day of February, 2018, and was duly adopted at a regular meeting of said City Council on the _____ day of _____, 2018, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Sonja De La Fuente, Deputy City Clerk
City of Banning, California

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**CITY OF BANNING
CONSENT ITEM**

TO: CITY COUNCIL
FROM: Alejandro Diaz, Interim City Manager
PREPARED BY: Phil Holder, Captain
MEETING DATE: March 13, 2018
SUBJECT: Donated window tint for police department vehicle.

RECOMMENDATION:

City Council accept a window tinting donation for a police department vehicle.

JUSTIFICATION:

Acceptance of the donated service will save the City the cost of tinting the vehicle.

BACKGROUND:

Jose Perry, the owner of Black Market Tint in Banning, offered to tint a department vehicle for free, as a way of showing his appreciation for the police department.

FISCAL IMPACT:

The value of the service, which includes materials and installation, is \$360.

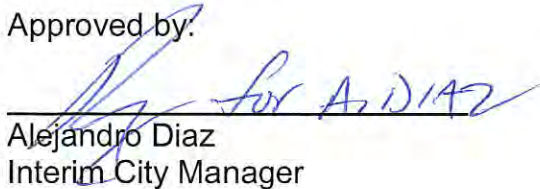
OPTIONS:

1. Authorize the acceptance of the donated service
2. Reject the donated service and provide direction to staff.

ATTACHMENTS:

None

Approved by:


Alejandro Diaz
Interim City Manager

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**CITY OF BANNING
CITY COUNCIL REPORT**

TO: CITY COUNCIL

FROM: Alejandro Diaz, Interim City Manager

PREPARED BY: Kevin G. Ennis, ^{NW} City Attorney

MEETING DATE: March 13, 2018

SUBJECT: Information on a Potential Statewide Ballot Measure for the November 2018 Statewide Ballot; the "Tax Fairness, Transparency and Accountability Act"

RECOMMENDED ACTION:

Receive and file.

BACKGROUND:

The League of California Cities has informed its member cities and city officials that there is a proposed statewide initiative measure currently in the signature gathering phase that is proposed for the November 2018 statewide ballot. This proposed measure is entitled the "Tax Fairness, Transparency and Accountability Act."

If this measure qualifies for the ballot and is approved by the voters of California, it would subject all municipal tax measures to a two-thirds voter approval requirement, even if the measure is to enact a tax for general purposes. It would also apply that new standard retroactively to any municipal tax measure enacted on or after January 1, 2018.

This potentially means that if this proposed ballot measure is enacted by the voters in California in November 2018, and on that same ballot, the City has a general tax (a tax requiring only 50% plus one of the voters supporting the tax) the City's tax would not be valid unless it obtained two-thirds voter approval.

In addition, the measure places new and stricter limitations on the procedure for imposing and adopting new fees, narrower standards for calculating the amount of fees, and would make it harder for cities to defend legal challenges to those fees. For example, new fees and increases to existing fees, could only be approved by a two-

thirds vote of a city council rather than by a majority. This would mean four out of five councilmembers would need to approve new or increased fee amounts rather than a majority of three out of five. In addition, it would require cities to show that the fees imposed were set at actual costs rather than the reasonable cost of service.

A summary of the contents of the proposed measures, as summarized by the League of California Cities, is attached as Attachment 1. A full copy of the proposed measure is attached as Attachment 2.

FISCAL IMPACT:

None at this time.

ATTACHMENTS:

Attachment No. 1 - League Summary of Proposed Measure

Attachment No. 2 - Contents of Proposed Measure

Attachment No. 3 - Summary from California Legislative Analyst's Office

Approved by:


Alejandro Diaz, Interim City Manager

ATTACHMENT 1

Summary of “Tax Fairness, Transparency and
Accountability Act” as prepared by the
League of California Cities

(This Summary is Prepared by the California League of Cities)

Tax Fairness, Transparency and Accountability Act of 2018

Summary:

This measure (AG 1700-50 Amd #1), currently under circulation for signatures and proposed for the November ballot, would drastically limit local revenue authority, while making comparatively minor modifications to state authority. For cities and other local agencies, it applies retroactively and voids any local measure approved by local voters on or after January 1, 2018, but prior to the effective date of this act, that does not comply with the provisions of the act, and:

Restricting Local Tax Authority:

- a) Eliminates local authority to impose a tax for general purposes by majority vote and instead requires all local proposed tax increases subject to a two-thirds vote. This proposal also requires two-thirds approval of all members of the local legislative body before a tax can be placed on the ballot.
- b) Requires a two-thirds vote to "extend" a tax to new territory, a new class of payor, or expanded base. For cities, this would limit all future annexations by requiring a separate two-thirds vote of the affected residents prior to applying any existing city tax. Other limitations may apply to a local interpretation that an existing local tax applies to a business or product.
- c) Expands the definition of a tax to include payments voluntarily made in exchange for a benefit received, which may cover local franchise fees.
- d) Prohibits any tax to be placed on the ballot unless it either specifically identifies by binding and enforceable limitation how it can be spent, with any change requiring reapproval by the electorate, or states in a separate stand-alone segment of the ballot that the tax revenue is intended for "unrestricted revenue purposes."
- e) Requires tax measures to be consolidated with the regularly scheduled general election for members of the governing body, unless an emergency is declared by a unanimous vote of the governing body.
- f) Expands the application of this act to include actions and "legal authority" that may be "enforced" or "implemented" by a local government.
- g) Requires a tax imposed by initiative to also be subject to a two-thirds vote, to address concerns over the *Upland* decision.
- h) Clarifies a levy, charge, or exaction retained by and payable to a non-governmental entity is a tax, if the local agency limits in any way the use of the proceeds, to address concerns over the *Schmeer* decision.
- i) Exempts existing school bond (55% vote) construction authority from the application of the bill.

Restricting Local Fee Authority:

Restricts the ability of a local government to impose fees or charges, other than those subject to Prop. 218, by:

- a) Prohibiting a fee or charge from being imposed, increased or extended unless approved by two-thirds vote of the legislative body.
- b) Authorizing a referendum on decisions of a legislative body to impose, increase or extend a fee or charge triggered by petitions signed by 5% of affected voters.
- c) Requiring a fee or charge proposed by initiative to be subject to a two-thirds vote of the electorate.
- d) Narrows the legal threshold from "reasonable" to "actual" costs for fees applied to local services, permits, licenses, etc. Further, the measure authorizes new avenues to challenge "actual" costs by enabling a payor to also second-guess in court whether they are "reasonable." Opens up further litigation and debate by replacing the existing standard that fees and charges bear a "fair and reasonable relationship to the payors burdens and benefits" with a more rigorous "proportional to the costs created by the payor" standard.
- e) Increases the legal burden of proof for local agencies from "preponderance of evidence" (more likely than not) to "clear and convincing evidence" (high probability) to establish that a levy, charge or other exaction is: (1) not a tax, (2) the amount is no more than necessary to cover the actual costs, and (3) the revenue is not being used for other than its stated purpose.

Provisions Applicable to State Actions:

- a) Requires a tax contained in a regulation adopted by a state agency must be approved by two-third vote of the Legislature (unless the Legislature adopted a state tax that authorized the action of the state agency). This change is responsive to the recent *Chamber of Commerce* decision on cap and trade revenues.
- b) Unlike the retroactive provisions that apply to local government, the application of this Act to the state is only prospective.
- c) Requires a fee contained in a regulation adopted by a state agency to be approved by majority vote of the Legislature.
- d) Imposes the same burden of proof changes applied to local governments.

Background: This initiative is sponsored by the California Business Roundtable, an organization that claims membership from some of the state's largest companies including, Wells Fargo, Albertsons, KB Home, Blackstone Group, Chevron, Farmers Insurance, Granite Construction and others. <http://www.cbirt.org/members/>.

The initiative contains over three pages of findings and statements maintaining that the state's tax burden is high compared to other states, including state revenue growth of

68 percent since 2009. Concerns are also raised over employee pensions increasing costs and other issues affecting the economy and business climate.

One paragraph among the three pages declares one of the purposes of the measure is to overturn “loopholes” created by *Cannabis Coalition v. City of Upland* (concern that voters could enact special taxes via initiative by majority vote); *Chamber of Commerce v. Air Resources Board* (a recent case lost by the Chamber which alleged that the state Cap and Trade Program was an illegal tax) and *Schmeer v. Los Angeles* (which held that a locally imposed-grocer retained bag fee was not a tax). This measure, however, has much broader impacts than such fixes.

ATTACHMENT 2

Copy of the Proposed
“Tax Fairness, Transparency and Accountability Act”
as provided by the California Attorney General’s Office

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

EXPANDS REQUIREMENT FOR SUPERMAJORITY APPROVAL TO ENACT NEW REVENUE MEASURES. INITIATIVE CONSTITUTIONAL AMENDMENT. For new revenue measures, broadens definition of state taxes that would require approval by two-thirds supermajority vote of Legislature. For local governments, requires two-thirds approval of electorate to raise new taxes or governing body to raise new fees. Requires that state and local laws enacting new taxes specify how revenues can be spent. Heightens legal threshold for state and local governments to prove that fees passed without two-thirds approval are not taxes. Invalidates local taxes imposed in 2018, unless taxes meet criteria adopted by this measure. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Likely minor decrease in annual state revenues and potentially substantial decrease in annual local revenues, depending upon future actions of the Legislature, local governing bodies, voters, and the courts.** (17-0050.)

December 22, 2017

VIA PERSONAL DELIVERY

Hon. Xavier Becerra
Attorney General of California
1300 I Street, 17th Floor, P.O. Box 944255
Sacramento, CA 95814

RECEIVED

DEC 22 2017

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Attention: Ashley Johansson, Initiative Coordinator

Re: Request for Title and Summary for Initiative Constitutional
Amendment (A.G. No. 17-0050) - Amended Language

Dear Ms. Johansson:

Pursuant to Section 9002(b) of the California Elections Code, please find attached hereto amendments to the above-captioned initiative measure. I hereby request that a title and summary be prepared for the initiative measure using the amended language. My address as a registered voter, the required proponent affidavits pursuant to Sections 9001 and 9608 of the California Elections Code, and a check for \$2,000.00 were included with the original submission.

All inquires or correspondence relative to this initiative should be directed to Nielsen, Merksamer, Parrinello, Gross & Leoni, LLP, 1415 L Street, Suite 1200, Sacramento, CA 95814, (916) 446-6752, Attention: Kurt Oneto (telephone: 916/446-6752).

Thank you for your assistance.

Sincerely,



Robert Lapsley, Proponent

Enclosure: Proposed Initiative Constitutional Amendment

[Deleted codified text is denoted in ~~strikeout~~. Added codified text is denoted by *italics and underline*.]

Section 1. Title.

This Act shall be known, and may be cited as, the Tax Fairness, Transparency and Accountability Act of 2018.

Section 2. Findings & Declarations.

(a) State and local governments' appetite for new revenue adds to the rapidly rising costs of living that Californians face for housing, childcare, gasoline, food, energy, healthcare, and education. Compared to 2009, state revenues from taxes and other sources are set to grow by 68 percent— \$72 billion, or the equivalent of more than an additional \$7,200 annually for a family of four. Comparable growth in local government charges such as employee pensions adds considerably more to this total. This growing burden of taxes and other charges is hurting hardworking Californians who find themselves living paycheck to paycheck, and being forced to make tough choices between paying for housing, food, or healthcare.

(b) Californians are already among the highest taxed people in the country and already pay among the highest tax rates in the nation for the state personal income tax, sales taxes, and gasoline tax. From the most recent data from the US Census Bureau, California state and local government general revenues collected in 2015 from taxes, fees, charges, and other non-utility local sources were the highest in the nation at \$419 billion, making them the 9th highest on a per capita basis at \$8,385 per person. With 12 percent of the national population, US Census Bureau data shows that Californians in 2016 paid 17 percent of all taxes collected by the states including 13 percent of all general sales taxes, 15 percent of all vehicle license fees, 16 percent of all property taxes, 22 percent of all corporation taxes, 23 percent of all personal income taxes, and 29 percent of all occupation and business license fees.

(c) Californians have tried repeatedly to force greater accountability upon government before revenues can be increased. Voter-approved ballot measures such as Proposition 13 (1978), Proposition 62 (1986), Proposition 218 (1996), and Proposition 26 (2010) required state and local governments to make their case to the voters on the need for increased government revenues.

(d) Through these measures, voters also tried to keep government honest and transparent about why new revenues and charges are needed and how they will be used. For too long, politicians, state and local governments, and special interests have promised that taxpayer money will be spent for a specific purpose, only to divert its use once the money starts coming in. Revenues that were supposed to improve education instead have been diverted to general salary and benefit increases. Revenues that were promised to improve and expand government services were instead diverted to pay down debts created by past government decisions. Recent major transportation improvements have seen cost overruns more than double their original estimate. Polling by the nonpartisan Public Policy Institute of California showed 88 percent of Californians believe state government wastes a lot or some of the money we pay in taxes and charges.

(e) Contrary to the voters' intent, voter approval of government revenue increases and spending accountability measures have been weakened by the Legislature, the courts, and special interests, making it easier to raise government revenues in a myriad of ways by only a simple majority of the Legislature or with no vote by the public who is expected to pay the costs.

(f) Worse, court-created loopholes have enabled governments and their surrogates to become less transparent about how the funds taken from taxpayers are raised and spent. Loopholes have been created which are used by the Legislature, local governments and even special interest groups to: (1) pass vaguely-worded statutes allowing unelected bureaucrats to impose new fees and other charges on their own that increase the costs of goods and services in the state; (2) impose new taxes and other charges by hiding them and simply calling them by another name or even using the term "something else;" (3) shelter the revenues from voter approval by running the revenues through a nonprofit organization or another third party; and (4) encourage "divide and tax" by making it easier to raise taxes or charges on only a part of the population through simple majority votes in low turnout elections.

Section 3. Statement of Purpose.

(a) In enacting this measure, the voters reassert their right to require a two-thirds vote of the Legislature at the state level, and two-thirds of voters at the local level, for increases in state and local taxes, no matter how they are labeled nor how or by whom they are proposed. The

voters also intend that government remain accountable to the voters for how the taxes, fees, charges, and other government revenues extracted from Californians are spent.

(b) Furthermore, the purpose and intent of the voters in enacting this measure is to clarify that any new or increased form of state revenue, by any name or manner of extraction paid directly or indirectly by Californians, shall be authorized only by a two-thirds vote of the Legislature to ensure that the purposes for such tax, fee, or other charge are broadly supported and transparently debated.

(c) Furthermore, the purpose and intent of the voters in enacting this measure is also to ensure that taxpayers have the right and ability to effectively balance new or increased taxes, fees, charges, or other government revenues with the rapidly increasing costs Californians are already paying for housing, food, gasoline, energy, healthcare, education, and other basic costs of living.

(d) Furthermore, the purpose and intent of the voters in enacting this measure is to force transparency and accountability on how state and local revenues are utilized, so that revenues are used for their promised purposes, and not diverted to other uses.

(e) Furthermore, the purpose and intent of the voters in enacting this measure is to require that the public be allowed to vote on any and all local taxes that were created or increased by regulation or other bureaucratic action.

(f) In enacting this measure, the voters also additionally intend to reverse loopholes in the legislative two-thirds vote and voter approval requirements for government revenue increases created by the courts including, but not limited to, *Cannabis Coalition v. City of Upland*, *Chamber of Commerce v. Air Resources Board*, and *Schmeer v. Los Angeles County*.

Section 4. Section 3 of Article XIII A of the California Constitution is amended, to read:

SECTION 3.

(a) Every levy, charge, or exaction of any kind imposed, adopted, created, or established by state law is either a tax or an exempt charge.

(b) (a) Any change in state ~~statute~~ law which results in any taxpayer paying a higher tax must be imposed by an act passed by not less than two-thirds of all members elected to each of the two houses of the Legislature, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property, may be imposed.

~~(c) (b)~~ As used in this section, “tax” means every ~~any~~ levy, charge, or exaction of any kind imposed, adopted, created, or established by the State state law that is not an exempt charge, except the following:

(d) As used in this section, “exempt charge” means only the following:

~~(1)~~ A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the State of conferring the benefit or granting the privilege to the payor.

~~(1)~~ ~~(2)~~ A reasonable charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable actual costs to the State of providing the service or product to the payor.

~~(2)~~ ~~(3)~~ A reasonable charge imposed ~~for the reasonable~~ not to exceed the actual regulatory costs to the State incident to for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, imposing assessments on a business by a tourism marketing district, and the administrative enforcement and adjudication thereof.

~~(3)~~ ~~(4)~~ A charge imposed for entrance to or use of state property, or the purchase, rental, or lease of state property, except charges governed by Section 15 of Article XI.

~~(4)~~ ~~(5)~~ A fine, or penalty, ~~or other monetary charge~~ including any applicable interest for nonpayment thereof, imposed by the judicial branch of government or the State, ~~as a result of a state administrative enforcement agency pursuant to adjudicatory due process, to punish a~~ violation of law.

~~(c)~~ Any tax adopted after January 1, 2010, but prior to the effective date of this act, that was not adopted in compliance with the requirements of this section is void 12 months after the effective date of this act unless the tax is reenacted by the Legislature and signed into law by the Governor in compliance with the requirements of this section.

(e) As used in this section, “state law” includes, but is not limited to, any state statute, state regulation, state executive order, state resolution, state ruling, state opinion letter, or other legal authority or interpretation adopted, enacted, enforced, issued, or implemented by the legislative or executive branches of state government. Because subdivision (f) of Section 9 of Article IX of this Constitution requires that the University of California shall be entirely

independent of all political or sectarian influence, "state law" does not include acts of the Regents of the University of California.

(f)(1) A levy, charge, or exaction of any kind imposed, adopted, created, or established by state law and which is retained by or payable to a non-government entity remains subject to this section if a state law also limits in any way how the non-government entity can use the levy, charge, or exaction.

(2) The characterization of a levy, charge, or exaction of any kind imposed, adopted, created, or established by state law as being voluntary, or paid in exchange for a benefit, privilege, allowance, authorization, or asset, shall not be a factor in determining whether the levy, charge, or exaction is a tax or an exempt charge.

(g) No new, increased, or extended tax shall be valid or given any effect unless:

(1) The state law creating, increasing, or extending the tax contains a specific and legally binding and enforceable limitation on how the revenue from the tax can be spent. If the revenue from the tax can be spent for unrestricted general revenue purposes, then a statement that the tax revenue can be spent for "unrestricted general revenue purposes" shall be included in the separate, stand-alone section required by paragraph (2).

(2) A true and impartial statement of facts explicitly and affirmatively identifying each tax and the specific limitation on how the revenue therefrom can be spent is set forth in the state law as a separate, stand-alone section containing no other information.

(3) The revenue from the tax is not used for any purpose other than those identified pursuant to this subdivision.

(h) The specific and legally binding and enforceable limitation on how the revenue from a tax can be spent shall only be changed by a state law which is adopted by a separate act that is passed by not less than two-thirds of all members elected to each of the two houses of the Legislature.

(i) ~~(d)~~ The State bears the burden of proving by a preponderance of the clear and convincing evidence that a levy, charge, or other exaction of any kind is an exempt charge and is not a tax, that the amount is reasonable and no more than necessary to cover the reasonable actual costs of the governmental activity service or product or regulatory task, that an exempt charge is not used for any purpose other than its stated purpose, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens

on, or benefits received from, the governmental activity is proportional based on the service or product provided to the payor as described in paragraph (1) of subdivision (d), or is proportional to the costs to the State created by the payor for performing the regulatory tasks described in paragraph (2) of subdivision (d).

Section 5. Section 3.1 is added to Article XIII A of the California Constitution, to read:

SECTION 3.1.

(a) No new, increased, or extended levy, charge, or exaction of any kind that is contained in, or authorized by, a new or amended regulation shall be given any force or effect unless and until the Legislature by statute approves the levy, charge, or exaction as provided in this section.

(b) If the levy, charge, or exaction is a tax as defined in Section 3 of this article, then it must be approved by not less than two-thirds of all members elected to each of the two houses of the Legislature. If the levy, charge, or exaction is an exempt charge as defined in Section 3 of this article, then it must be approved by not less than a majority of all members elected to each of the two houses of the Legislature.

(c) The Legislature shall not vote to approve any levy, charge, or exaction of any kind subject to this section until after the regulation containing the levy, charge, or exaction is approved in its final form by the Office of Administrative Law or any alternative or successor agency. No regulation containing or authorizing a levy, charge, or exaction subject to this section shall be filed with the Secretary of State or published in the California Code of Regulations, or any alternative or successor publication, until the levy, charge, or exaction is approved by the Legislature in compliance with this section.

(d) An emergency regulation, including any readoption thereof, that contains or authorizes any new, increased, or extended levy, charge, or exaction of any kind shall not remain in effect longer than 120 days without approval of the levy, charge, or exaction by the Legislature pursuant to this section.

(e) This section shall not apply to any new, increased, or extended levy, charge, or exaction of any kind that is contained in, or authorized by, a new or amended regulation promulgated pursuant to a state tax that was adopted in compliance with Section 3.

(f) For purposes of this section, "regulation" has the same meaning as found in Section 11342.600 of the Government Code, and "emergency" has the same meaning as found in Section 11342.545 of the Government Code, as those sections read on January 1, 2017.

(g) Nothing in this section shall be interpreted as a grant of authority to tax to any executive branch agency or department.

Section 6. Section 1 of Article XIII C of the California Constitution is amended, to read:

SECTION 1.

Definitions. As used in this article:

(a) "Article XIII D assessment, fee, or charge" means an assessment, fee, or charge subject to Article XIII D. "General tax" means any tax imposed for general governmental purposes.

(b) "Local government" means any county, city, city and county, including a charter city or county, any special district, ~~or~~ any other local or regional governmental entity, or the electorate of any of the preceding entities when exercising the initiative power.

(c) "Special district" means an agency of the State, formed pursuant to general law or a special act, for the local performance of governmental or proprietary functions with limited geographic boundaries including, but not limited to, school districts and redevelopment agencies.

~~(d) "Special tax" means any tax imposed for specific purposes, including a tax imposed for specific purposes, which is placed into a general fund.~~

~~(d) (e)~~ As used in this article, "tax" means every ~~any~~ levy, charge, or exaction of any kind imposed, adopted, created, or established by a local government law that is not an exempt charge or Article XIII D assessment, fee, or charge, ~~except the following:~~

(e) "Exempt charge" means only the following:

~~(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.~~

~~(1) (2)~~ A reasonable charge imposed for a specific local government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the ~~reasonable~~ actual costs to the local government of providing the service or product.

(2) (3) A reasonable charge imposed for the reasonable not to exceed the actual regulatory costs to the a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof.

(3) (4) A charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property.

(4) (5) A fine, or penalty, or other monetary charge including any applicable interest for nonpayment thereof, imposed by the judicial branch of government or a local government administrative enforcement agency pursuant to adjudicatory due process, as a result of to punish a violation of law.

(5) (6) A charge imposed as a condition of property development, or an assessment imposed upon a business by a tourism marketing district.

(6) (7) An Article XIII D assessment, fee, or charge Assessments and property-related fees imposed in accordance with the provisions of Article XIII D.

(f) "Local law" includes, but is not limited to, any ordinance, resolution, regulation, ruling, opinion letter, or other legal authority or interpretation adopted, enacted, enforced, issued, or implemented by a local government.

(g) "Extend" includes, but is not limited to, doing any of the following with respect to a tax, exempt charge, or Article XIII D assessment, fee, or charge: lengthening its duration, delaying or eliminating its expiration, expanding its application to a new territory or class of payor, or expanding the base to which its rate is applied.

(h)(1) A levy, charge, or exaction of any kind imposed, adopted, created, or established by a local law and which is retained by or payable to a non-government entity remains subject to this section and Section 2 if a local law also limits in any way how the non-government entity can use the levy, charge, or exaction.

(2) The characterization of a levy, charge, or exaction of any kind imposed, adopted, created, or established by a local law as being voluntary, or paid in exchange for a benefit, privilege, allowance, authorization, or asset, shall not be factors in determining whether the levy, charge, or exaction is a tax or an exempt charge.

(i) The local government bears the burden of proving by a preponderance of the clear and convincing evidence that a levy, charge, or other exaction of any kind is an exempt charge and

not a tax, that the amount is reasonable and no more than necessary to cover the reasonable actual costs of the governmental activity service or product or regulatory task, that an exempt charge is not used for any purpose other than its stated purpose, and that the manner in which those costs are allocated to a payor is proportional based on the service or product provided to the payor as described in paragraph (1) of subdivision (e), or is proportional to the costs to the local government created by the payor for performing the regulatory tasks described in paragraph (2) of subdivision (e) bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Section 7. Section 2 of Article XIII C of the California Constitution is amended, to read:
SECTION 2.

Local Government Tax Limitation. Notwithstanding any other provision of this Constitution:

~~(a) All taxes imposed by any local government shall be deemed to be either general taxes or special taxes. Special purpose districts or agencies, including school districts, shall have no power to levy general taxes.~~

~~(b) No local government may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body.~~

~~(c) Any general tax imposed, extended, or increased, without voter approval, by any local government on or after January 1, 1995, and prior to the effective date of this article, shall continue to be imposed only if approved by a majority vote of the voters voting in an election on the issue of the imposition, which election shall be held within two years of the effective date of this article and in compliance with subdivision (b).~~

(a) Every levy, charge, or exaction of any kind imposed, adopted, created, or established by local law is either a tax, an exempt charge, or an Article XIII D assessment, fee, or charge.

(b) ~~(d)~~ No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax shall

not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved.

(c) The governing body of a local government shall only submit a tax to the electorate of the local government by an act passed by not less than two-thirds of all members elected to the governing body. Any tax so submitted shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body.

(d) The governing body of a local government shall not impose, extend, or increase any exempt charge unless and until the act containing the exempt charge is passed by not less than two-thirds of all members elected to the governing body. An exempt charge imposed, extended, or increased by a governing body shall be subject to referendum pursuant to the same signature requirement applicable to statewide referendum measures.

(e) No initiative in any local government may impose, extend, or increase any exempt charge unless and until the exempt charge is submitted to the electorate and approved by a two-thirds vote.

(f) No new, increased, or extended tax shall be valid or given any effect unless:

(1) The act creating, increasing, or extending the tax contains a specific and legally binding and enforceable limitation on how the revenue from the tax can be spent. If the revenue from a tax can be spent for unrestricted general revenue purposes, then a statement that the tax revenue can be spent for "unrestricted general revenue purposes" shall be included in the separate, stand-alone section required by paragraph (2), and included in the ballot question presented to voters.

(2) A true and impartial statement of facts explicitly and affirmatively identifying each tax and the specific limitation on how the revenue therefrom can be spent is set forth in the act as a separate, stand-alone section containing no other information.

(3) The revenue from the tax is not used for any purpose other than those specifically identified pursuant this subdivision.

(g) A change in how the revenue from a tax can be spent shall be treated as a new tax and shall be approved in accordance with the requirements of this section.

(h) An Article XIII D assessment, fee, or charge can be extended, imposed, or created pursuant to Article XIII D.

(i) In order to preserve the right of voters to vote on all local taxes as provided for in this section, all of the following shall apply:

(1) Any imposition, increase, or extension of a local government tax that was voted on by the electorate of the local government after January 1, 2018, but prior to the effective date of this subdivision, and which does not satisfy all of the requirements of paragraph (2), shall cease to be imposed, extended, increased, or collected unless and until the tax is approved in strict compliance with all the requirements of paragraph (2).

(2)(A) The tax imposition, increase, or extension was approved by two-thirds of the local government's electorate.

(B) The act imposing, increasing, or extending the tax strictly complies with subdivision (f).

(C) The ballot question presented to voters for the tax imposition, increase, or extension strictly complies with subdivision (f).

Section 8. Section 5 is added to Article XIII C of the California Constitution, to read:

SECTION 5.

(a) This article and Section 4 of Article XIII A shall apply to all local lawmaking power, whether exercised by a governing body or by the electorate acting through the initiative power.

(b) Nothing in this article or Section 3 of Article XIII A shall be interpreted as altering the voter approval requirements for bonded indebtedness described in paragraph (3) of subdivision (b) of Section 1 of Article XIII A.

Section 9. Section 3 of Article XIII D of the California Constitution is amended, to read:

SECTION 3.

Property Taxes, Assessments, Fees and Charges Limited.

(a) No tax, assessment, fee, or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except:

(1) The ad valorem property tax imposed pursuant to Article XIII and Article XIII A.

(2) Any ~~special~~ non-ad valorem tax receiving a two-thirds vote pursuant to Section 4 of Article XIII A.

(3) Assessments as provided by this article.

(4) Fees or charges for property related services as provided by this article.

(b) For purposes of this article, fees for the provision of electrical or gas service shall not be deemed charges or fees imposed as an incident of property ownership.

Section 10. Liberal Construction.

This Act shall be liberally construed in order to effectuate its purposes.

Section 11. Conflicting Measures.

(a)(1) In the event that this initiative measure and another initiative measure or measures relating to state or local vote requirements for the imposition, adoption, creation, or establishment of taxes, charges, and other revenue measures shall appear on the same statewide election ballot, the other initiative measure or measures shall be deemed to be in conflict with this measure. In the event that this initiative measure receives a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other initiative measure or measures shall be null and void.

(2) Notwithstanding paragraph (1), this initiative measure shall not be deemed to be in conflict with any other initiative measure that requires statewide voter approval of the creation, increase, extension, or continued imposition of any tax.

(b) If this initiative measure is approved by the voters but superseded in whole or in part by any other conflicting initiative measure approved by the voters at the same election, and such conflicting initiative is later held invalid, this measure shall be self-executing and given full force and effect.

Section 12. Severability.

The provisions of this Act are severable. If any portion, section, subdivision, paragraph, clause, sentence, phrase, word, or application of this Act is for any reason held to be invalid by a decision of any court of competent jurisdiction, that decision shall not affect the validity of the remaining portions of this Act. The People of the State of California hereby declare that they would have adopted this Act and each and every portion, section, subdivision, paragraph, clause, sentence, phrase, word, and application not declared invalid or unconstitutional without regard to whether any portion of this Act or application thereof would be subsequently declared invalid.

Section 13. Legal Defense.

If this Act is approved by the voters of the State of California and thereafter subjected to a legal challenge alleging a violation of state or federal law, and both the Governor and Attorney General refuse to defend this Act, then the following actions shall be taken:

(a) Notwithstanding anything to the contrary contained in Chapter 6 of Part 2 of Division 3 of Title 2 of the Government Code or any other law, the Attorney General shall appoint independent counsel to faithfully and vigorously defend this Act on behalf of the State of California.

(b) Before appointing or thereafter substituting independent counsel, the Attorney General shall exercise due diligence in determining the qualifications of independent counsel and shall obtain written affirmation from independent counsel that independent counsel will faithfully and vigorously defend this Act. The written affirmation shall be made publicly available upon request.

(c) A continuous appropriation is hereby made from the General Fund to the Controller, without regard to fiscal years, in an amount necessary to cover the costs of retaining independent counsel to faithfully and vigorously defend this Act on behalf of the State of California.

Section 14. Effective Date.

Notwithstanding any other provision of the California Constitution, this act shall take effect the day after its approval by the voters.

ATTACHMENT 3

Copy of Summary from
California Legislative Analyst's Office



January 11, 2018

RECEIVED

JAN 11 2018

Hon. Xavier Becerra
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

Attention: Ms. Ashley Johansson
Initiative Coordinator

Dear Attorney General Becerra:

Pursuant to Elections Code Section 9005, we have reviewed the proposed constitutional initiative concerning state and local government taxes and fees (A.G. File No. 17-0050, Amendment No. 1).

BACKGROUND

State Government

Taxes and Fees. The state levies various taxes to fund over 80 percent of the state budget. The remainder of the budget is funded through various fees and other charges. Examples include: (1) charges for a specific government service or product, such as a driver's license; (2) charges relating to regulatory activities; (3) charges for entering state property, such as a state park; and (4) judicial fines, penalties, and other charges.

Vote Thresholds for Changing State Taxes and Fees. Under the State Constitution, state tax increases require approval by two-thirds of each house of the Legislature. The Legislature needs approval by only a majority of each house in order to levy fees and other charges. Voters, on the other hand, can levy state taxes or fees via initiative by a majority vote of the statewide electorate. The Legislature can reduce or change taxes with a majority vote of each house, provided the change does not increase taxes on any taxpayer. If a bill increases a tax on any taxpayer, the bill requires a two-thirds vote of both houses of the Legislature—even if the bill results in an overall state revenue loss.

Local Governments

Taxes and Fees. The largest local government tax is the property tax, followed by local sales taxes, utility taxes, hotel taxes, and other taxes. In addition to these taxes, local governments levy a variety of fees and other charges. Examples include parking meter fees, building permit fees, regulatory fees, and judicial fines and penalties.

Legislative Analyst's Office
California Legislature
Mac Taylor • Legislative Analyst
925 L Street, Suite 1000 • Sacramento CA 95814
(916) 445-4656 • FAX 324-4281

Vote Threshold for Changing Local Taxes and Fees. In order to increase taxes, the State Constitution generally requires that local governments secure a two-thirds vote of their governing body—for example, a city council or county board of supervisors—as well as approval of the electorate in that local jurisdiction. “General taxes”—that is, taxes levied by cities and counties for any purpose—may be approved by a majority vote of the electorate. On the other hand, “special taxes”—that is, any taxes levied by schools or special districts or taxes levied by cities and counties for specified purposes—require a two-thirds vote of the electorate. Citizen initiatives that increase taxes must secure the same vote of the electorate—majority vote for general taxes and two-thirds vote for special taxes—as those placed on the ballot by local governing bodies.

Fee increases, on the other hand, generally may be approved by a majority vote of the local governing body and do not require voter approval. (Exceptions include certain property-related fees which require voter approval.) Citizen initiatives changing fees must be approved by a majority vote of the electorate.

PROPOSAL

This measure amends the State Constitution to change the rules for how the state and local governments can impose taxes, fees, and other charges.

Taxes

Expands Definition of Tax. The measure amends the State Constitution to expand the definition of taxes to include some charges that state and local governments currently treat as nontax levies. As a result, the measure would increase the number of revenue proposals subject to the higher state and local vote requirements for taxes. Specifically, regulatory fees and fees charged for a government service or product would have to more closely approximate the payer’s actual costs in order to remain fees. Certain charges retained by or payable to nongovernmental entities would also be considered taxes under the measure. In addition, certain charges imposed for a benefit or privilege granted the payer but not granted to those not charged would no longer be considered fees.

Increases Vote Thresholds for Some Local Taxes. The measure increases the vote thresholds for increasing some local taxes. Specifically, the measure requires that increases in local general taxes be approved by a two-thirds vote of the electorate whether sought by local governments or by citizen initiative. Any local government tax approved between January 1, 2018 and the effective date of this measure would be nullified unless it complies with the measure’s new vote threshold and other rules described below.

Allowable Uses of Revenues Must Be Specified in Certain Cases. The measure requires tax measures to include a statement of how the revenues can be spent. If the revenue is to be used for general purposes, the law must state that the revenue can be used for “unrestricted general revenue purposes.” These requirements would apply to increases in state and local taxes. In the case of local government taxes, the measure requires that a statement of allowable uses be included in the ballot question presented to voters. Any change to the statement of allowable uses of revenue would have to be passed by (1) a two-thirds majority of both houses of the

Legislature in the case of state taxes, (2) a two-thirds vote of the local governing body and two-thirds vote of the electorate in the case of local government taxes, or (3) a two-thirds vote of the electorate in the case of local citizen initiative taxes.

Local Government Fees

Increases Vote Thresholds for Certain Local Government Fees. The measure requires that increased fees and other charges be approved by either a two-thirds vote of a local governing body in the case of local government fees or a two-thirds vote of the electorate in the case of local citizen initiative fees. The measure also provides that fees and other charges levied by a local governing body may be overturned via referendum. (The measure would not change vote thresholds and rules for developer fees and property assessments imposed on parcels.)

Other Provisions

State Regulations Containing Tax or Charge Must Be Approved by Legislature. Under the measure, state regulations containing increased taxes or fees would not take effect unless the Legislature passes a law approving the regulation. (This requirement would not apply to regulations implementing laws that were already approved by the Legislature.) If the regulation contains a tax, the bill allowing the regulation to remain in place must be passed by a two-thirds majority of both houses of the Legislature. The measure allows emergency regulations to take effect for up to 120 days without approval of the Legislature.

FISCAL EFFECTS

Reduced State Tax Revenue. By increasing the number of revenue measures subject to a two-thirds vote of both houses of the Legislature, the measure makes it harder for the Legislature to increase certain state revenues. The amount of reduced state revenue under the measure would depend on various factors, including future court decisions that could change the number of revenue measures subject to the higher vote requirements. The fiscal effects also would depend on future decisions made by the Legislature. For example, requirements for legislative approval of regulations that increase taxes or fees could result in reduced revenue depending upon future votes of the Legislature. That reduced revenue could be particularly notable for some state programs largely funded by fees. Due to the uncertainty of these factors, we cannot estimate the amount of reduced state revenue but the fiscal effects on state government likely would be minor relative to the size of the state budget.

Reduced Local Government Tax and Fee Revenue. By expanding the definition of taxes and increasing vote thresholds for certain taxes and fees, the measure makes it harder for local governments and initiative proponents to increase local revenues. The amount of reduced local government revenues would also depend on various factors, including the extent to which local governments would substitute developer fees and other majority-vote revenue sources for the revenue sources subject to a higher vote threshold under the measure. Roughly half of recently enacted sales, business, hotel, and utility general tax measures would have failed if the measure's increased vote threshold requirements were in effect, suggesting that the reduction in local tax revenue could be substantial.

Summary of Fiscal Effects

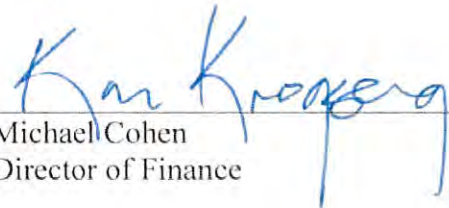
- Likely minor decrease in annual state revenues and potentially substantial decrease in annual local revenues, depending upon future actions of the Legislature, local governing bodies, voters, and the courts.

Sincerely,



Mac Taylor
Legislative Analyst

to


For Michael Cohen
Director of Finance

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**CITY OF BANNING
CITY COUNCIL REPORT**

TO: CITY COUNCIL

FROM: Alejandro Diaz, Interim City Manager

PREPARED BY: Art Vela, Director of Public Works

MEETING DATE: March 13, 2018

SUBJECT: Resolution 2018-25, Awarding a Construction Agreement to Urban Habitat Environmental Landscapes of La Quinta, California for Project No. 2017-10, "Repplier Park Parking Lot Landscape Improvements" in the amount of \$88,467 and Approving a 10% Contingency for a Total Project Budget of \$97,314; and Rejecting all Other Bids

RECOMMENDED ACTION:

Staff recommends that the City Council adopt Resolution 2018-25:

1. Approving a Construction Agreement to Urban Habitat Environmental Landscapes of La Quinta, California for Project No. 2017-10, "Repplier Park Parking Lot Landscape Improvements" in an amount of \$88,467 and a 10% contingency for a total project budget of \$97,314 and rejecting all other bids.
2. Authorizing the Interim City Manager or his designee to make necessary budget adjustments, appropriations and transfers related to the Construction Agreement and approval of change orders within the 10% contingency.
3. Authorizing the Interim City Manager or his designee to execute the Construction Agreement with Urban Habitat Environmental Landscapes for Project No. 2017-10, "Repplier Park Parking Lot Landscape Improvements".

BACKGROUND:

On October 22, 2013, under Resolution 2013-03, City Council awarded a construction contract to Avi-Con, Inc. to construct parking lot improvements at Repplier Park. Under this contract, the parking lot was constructed which increased parking capacity and

included curbs, gutters, sidewalks, planters, lighting conduit, ADA parking and ramps. Due to budget constraints at the time, parking lot landscaping improvements were not included as part of the project.

On June 28, 2016, the City Council approved the Two-Year Budget for Fiscal Years 2016/17 and 2017/18 which included the funding approval and inclusion of the construction of Replier Park parking lot landscape improvements in the Capital Improvement Program. The scope of work for landscape improvements consists of landscaping and irrigation to the existing parking lot which includes planters, swales fronting the parking lot and the retention basin at the northwest corner of George Street and San Gorgonio Avenue. Drought tolerant landscape materials shall be used and water conservation measures will be incorporated.

Upon completion of the plans and specifications, staff released the notice inviting construction bids on January 26, 2018 and February 2, 2018 in the Press Enterprise, as well as, on the City's website. In response to these efforts, staff received seven (7) bids from the following bidders:

<u>Companies</u>	<u>Base Bid</u>
1. Urban Habitat Environmental Landscapes	\$88,467
2. Sunrise Landscape Co. Inc.	\$130,465
3. G Team Landscape Construction, Inc.	\$134,455
4. Aramexx Group	\$139,217
5. Marina Landscape, Inc.,	\$149,639
6. Southern California Landscape	\$175,338
7. AToM Engineering Construction, Inc.	\$238,398

The lowest responsive and responsible bidder is Urban Habitat Environmental Landscapes of La Quinta, California. As a result, staff recommends the award of a Construction Agreement to Urban Habitat Environmental Landscapes. If staff's recommendation is approved, it is anticipated that the project will be completed within sixty (60) working days from the issuance of a Notice to Proceed.

JUSTIFICATION:

The construction and funding for Project 2017-10, "Replier Park Parking Lot Landscape Improvements" were approved under the adoption of the current budget and is listed in the Capital Improvement Program.

Staff has reviewed and discussed the lowest bid with Urban Habitat Environmental Landscapes, has completed reference checks on the apparent lowest bidder and has therefore concluded that the Urban Habitat Environmental Landscapes is the lowest responsive and responsible bidder.

FISCAL IMPACT:

The Construction Agreement for Project 2017-10, "Replier Park Parking Lot Landscape Improvements" will be funded by the Parks Division, Account No. 001-3600-461.90-37 (Replier Park Improvement). The current account balance is \$98,090 and the Construction Agreement amounts to \$88,467 with a 10% contingency for a total project budget of \$97,314.

ALTERNATIVE:

1. Reject Resolution 2018-25 and discuss other alternative for beautifying the Replier Park parking lot.

ATTACHMENTS:

1. Resolution 2018-25
2. Notice of Advertisement
3. Bid Summary
4. Draft Agreement

Approved by:


Alejandro Diaz
Interim City Manager

ATTACHMENT 1

Resolution 2018-25

RESOLUTION 2018-25

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, AWARDING A CONSTRUCTION AGREEMENT TO URBAN HABITAT ENVIRONMENTAL LANDSCAPES OF LA QUINTA, CALIFORNIA FOR PROJECT NO. 2017-10, "REPPLIER PARK PARKING LOT LANDSCAPE IMPROVEMENTS" IN THE AMOUNT OF \$88,467 AND APPROVING A 10% CONTINGENCY FOR A TOTAL PROJECT BUDGET OF \$97,314; REJECTING ALL OTHER BIDS

WHEREAS, on October 22, 2013, under Resolution 2013-03, City Council awarded a construction contract to Avi-Con, Inc. which included Repplier Park parking lot improvements which increased parking capacity and included curbs, gutters, sidewalks, planters, lighting conduit, ADA parking and ramps; and

WHEREAS, due to budget constraints, parking lot landscaping was not included as part of the initial project constructed by Avi-Con, Inc.; and

WHEREAS, on June 28, 2016, the City Council approved the Two-Year Budget for Fiscal Years 2016/17 and 2017/18 and funding for the Capital Improvement Program which included the construction of Repplier Park parking lot landscape improvements; and

WHEREAS, the scope of work for landscape improvements consists of landscaping and irrigation to the existing parking lot which includes planters, swales fronting the parking lot, and retention basin at the northwest corner of George Street and San Gorgonio; and

WHEREAS, staff released the notice inviting bids in early 2018 and received seven (7) bids in response with the lowest responsive and responsible bidder being Urban Habitat Environmental Landscapes of La Quinta, California; and

WHEREAS, the Construction Agreement for Project 2017-10, "Repplier Park Parking Lot Landscape Improvements" will be funded by the Parks Division, Account No. 001-3600-461.90-37 (Repplier Park Improvement) in the amount of \$88,467 with a 10% contingency for a total project budget of \$97,314.

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

SECTION 1. The Banning City Council adopts Resolution 2018-25 awarding a Construction Agreement to Urban Habitat Environmental Landscapes of La Quinta, California for Project No. 2017-10, "Repplier Park Parking Lot Landscape Improvements" in the amount of \$88,467 and approves a 10% contingency for a total project of \$97,314; rejecting all other bids.

SECTION 2. The City Manager or his designee is authorized to make necessary budget adjustments, appropriations and transfers related to the Construction Agreement and approval of change orders within the 10% contingency

SECTION 3. The City Manager is authorized to execute the Construction Agreement for Project No. 2017-10, "Replier park Parking Lot Landscape Improvements" with Urban Habitat Environmental Landscapes of La Quinta, California, in a form approved by the City Attorney.

PASSED, APPROVED AND ADOPTED this 13th day of March, 2018.

George Moyer, Mayor
City of Banning

ATTEST:

Sonja De La Fuente, Deputy City Clerk
City of Banning

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

Kevin G. Ennis, City Attorney
Richards, Watson & Gershon

CERTIFICATION:

I, Sonja De La Fuente, Deputy City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution 2018-25, was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 13th day of March, 2018, by the following vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

Sonja De La Fuente, Deputy City Clerk
City of Banning, California

ATTACHMENT 2

Notice of Advertisement

City of Banning**Invitation for Bids for Project 2017-10, "Repplier Park Parking Lot Landscape Improvements"**

NOTICE IS HEREBY GIVEN that online bid price and document submittal must be uploaded to the online bid system in accordance with the instructions included within bid documents for IFB No. 18-008 - Project 2017-10, "Repplier Park Parking Lot Landscape Improvements", on or before the hour of 3:00 p.m. on February 21, 2018. It shall be the responsibility of the bidder to upload his proposal by the announced time. However, submittals may be submitted at any time prior to the deadline. (Submitted bids may be withdrawn and resubmitted at any time prior to the deadline, and cannot be viewed by City staff until the close date and time.)

BID DOCUMENTS: To obtain a copy of the bid documents, please visit

<http://www.planetbids.com/portal/portal.cfm?CompanyID=33077>. If you are not currently registered with the City of Banning through Planet Bids, please click on the "New Vendor Registration" button and then complete the electronic supplier registration. After registering your firm, click on the "Bid Opportunities" button to view and download the Bid Documents, which include the complete Notice Inviting Bids document. Firms must also check the web site periodically for addenda information as failure to download any and all addenda, and acknowledge in the bid submittal, will result in bid disqualification.

REQUIREMENTS: Prevailing Wage, Certified Payroll, Bid Bond, Payment and Performance Bond. The successful bidder shall meet all insurance requirements of the City, including \$1,000,000 per occurrence for General, Automobile, Professional, and Employer's Liability. Insurance shall name the City of Banning as additional insured. No bid will be considered unless it is made on a proposal form furnished by the City. Each bid must be accompanied by cash, a certified or cashier's check, or bidders bond of the prescribed form and made payable to the City of Banning for an amount equal to ten (10%) of the total bid, such guaranty to be forfeited should the bidder to whom the contract is awarded fail to furnish the required bonds and enter into a contract with the City within the period of time provided by the proposal requirements.

PRE-BID MEETING: Tuesday, February 6, 2018 @ 2:00 p.m. at 769 N. San Geronio Ave., Banning, CA in the Multipurpose Room to discuss the Description of Work. Site walkthrough will immediately follow. Attendance of the pre-bid meeting is **not mandatory**.

SEALED BIDS DUE: February 21, 2018 and Opened Publicly online only by 3:00 p.m.

Bids must be submitted electronically by visiting the City of Banning Planetbids Vendor Portal at <http://www.planetbids.com/portal/portal.cfm?CompanyID=33077>. Click on the "Bid Opportunities" link. Next, "Log In." Enter your User Name and Password. Click "Bid Opportunities" and then select the Invitation for Bid (IFB). Click on "Place eBid" and follow the instructions.

If you have additional questions, please contact Jennifer McCoy, via online bid system.

City of Banning
99 E. Ramsey St.
P.O. Box 998
City Clerk's Office
Banning, CA 92220-0998
Phone: 951-922-3121
Fax: 951-922-3165

CITY OF BANNING, CALIFORNIA
Dated: 01/26/18 and 02/02/18

/s/ Jennifer McCoy
Purchasing Manager

ATTACHMENT 3

Bid Summary

Bid Results**Bidder Details**

Vendor Name Urban Habitat Environmental Landscapes
Address P.O. Box 1177
 La Quinta, CA 92247
 United States

Respondee Joe Ular
Respondee Title Sr Estimator
Phone 442-202-8120 Ext.
Email joe@myurbanhabitat.com
Vendor Type DBE
License # 963744
CA DIR

Bid Detail

Bid Format Electronic
Submitted February 21, 2018 12:14:47 PM (Pacific)
Delivery Method
Bid Responsive Yes
Bid Status Submitted
Confirmation # 132941
Ranking 0

Respondee Comment**Buyer Comment****Attachments**

File Title	File Name	File Type
PDF	Banning Bid.pdf	Bid Response
pdf	City of Banning Bid Bond.pdf	Bid Bond

Line Items

Type	Item Code	UOM	Qty	Unit Price	Line Total	Comment
	Total Bid Amount (Items 1-18)					
1	Permits and Licenses					
	Item #1	LS	1	\$1,200.00	\$1,200.00	
2	Overhead & Mobilization / Demobilization					
	Item #2	LS	1	\$5,560.00	\$5,560.00	
3	NPDES Compliance					
	Item #3	LS	1	\$1,625.00	\$1,625.00	
4	Clearing and Grubbing					
	Item #4	LS	1	\$6,800.00	\$6,800.00	
5	Demolish/Remove Concrete Planter & Fill w/A.C.					
	Item #5	EA	10	\$1,420.00	\$14,200.00	

Bid Results

Type	Item Code	UOM	Qty	Unit Price	Line Total	Comment
6	Decomposed Granite Areas					
	Item #6	SF	1100	\$1.20	\$1,320.00	
7	River Rock 4"-6" w/Drain Fabric					
	Item #7	SF	960	\$2.00	\$1,920.00	
8	Install 3" Layer of Ballast Rock w/Drain Fabric					
	Item #8	SF	1600	\$1.63	\$2,608.00	
9	Install 2" Layer of Ballast Rock					
	Item #9	SF	4100	\$1.15	\$4,715.00	
10	5" Aluminum Header					
	Item #10	LF	86	\$11.00	\$946.00	
11	Irrigation System					
	Item #11	LS	1	\$24,200.00	\$24,200.00	
12	Soil Preparation and Fine Grading					
	Item #12	SF	11900	\$0.23	\$2,737.00	
13	Rooted Cutting @ 18" o.c.					
	Item #13	EA	916	\$1.65	\$1,511.40	
14	1 Gal. Shrub					
	Item #14	EA	536	\$6.15	\$3,296.40	
15	15 Gal. Tree					
	Item #15	EA	22	\$105.00	\$2,310.00	
16	Weed Abatement					
	Item #16	SF	17800	\$0.27	\$4,806.00	
17	Shredded Mulch					
	Item #17	SF	11900	\$0.64	\$7,616.00	
18	90-Day Maintenance					
	Item #18	SF	13700	\$0.08	\$1,096.00	
				Subtotal	\$88,466.80	
				Total	\$88,466.80	

ATTACHMENT 4

Draft Agreement

SECTION 1.5
OF
PROCEDURAL DOCUMENTS
AGREEMENT

THIS AGREEMENT, made this 28th day of March, 2018 by and between the CITY OF BANNING, hereinafter called "Owner", and Urban Habitat Environmental Landscapes, doing business as a corporation hereinafter called "Contractor".

WITNESSETH: That for and in consideration of the payments and agreements hereinafter mentioned, it is agreed that:

1. The Contractor will commence and complete **PROJECT NO. 2017-10, "REPPLIER PARK PARKING LOT LANDSCAPE IMPROVEMENTS"** as per the plan and specifications.
2. The Contractor will furnish all of the materials, supplies, tools, equipment, labor and other services necessary for the construction and completion of the Project described herein.
3. The Contractor will commence the Work required by the Contract Documents on or before the date specified to commence Work in the Notice to Proceed and will complete the same within Sixty (60) working days unless the period for completion is extended otherwise by the Contract Documents.
4. Owner and Contractor have discussed the provisions of Civil Code 1671 and the damages, which may be incurred by Owner if the Work is not completed within the time specified in this Agreement. Owner and Contractor hereby represent that at the time of signing this Agreement, it is impractical and extremely difficult to fix the actual damage which will be incurred by the Owner if the Work is not completed within the number of working days allowed.
5. The Contractor hereby acknowledges that the plans and specifications are made as a part of this Contract.
6. The Contractor agrees to perform all of the Work described in the Contract Documents and comply with the terms therein for the sum of Eighty-Eight Thousand Four Hundred Sixty-Six Dollars and Eighty Cents (\$88,466.80) or as shown in the Notice of Award; subject to additions and deductions, if any, in accordance with said documents. Payment shall not be made more often than once each thirty (30) days. Final payment shall be made thirty-five (35) days subsequent to recordation of Notice of Completion. Contractor may, at his sole cost and expense, substitute securities equivalent to any monies withheld by the Owner to ensure performance under the Contract. Such securities shall be

deposited with the Owner or with a state or federally chartered bank acceptable to the Owner as an escrow agent who shall pay such moneys to the Contractor upon satisfactory completion of the Contract. The Contractor shall be the beneficial owner of any securities substituted for monies withheld and shall receive any interest thereon. Securities eligible for substitution shall include those listed in Public Contract Code Section 22300.

7. The term "Contract Documents" means and includes the following:
 - a. Invitation for Bids
 - b. Instruction to Bidders
 - c. Bid
 - d. Bid Bond
 - e. Agreement
 - f. Payment Bond
 - g. Contract Performance Bond
 - h. Certificates of Insurance and Endorsements
 - i. Notice of Award
 - j. Notice to Proceed
 - k. Change Orders
 - l. General Conditions
 - m. Supplemental General Conditions
 - n. Special Conditions, Technical Specification Provisions and Standard Drawings and Details
 - o. Drawings Prepared by the City of Banning or Consultant and Specifications
 - p. Addenda: None
8. The Owner will pay to the Contractor in the manner and at such times as set forth in the General Conditions such amounts as required by the Contract Documents.
9. This Agreement shall be binding upon all parties hereto and their respective heirs, executors, administrators, successors, and assigns.
10. Should any litigation or arbitration be commenced between the parties hereto concerning said project, any provisions of this Contract, or the rights and obligations of either in relation thereto the party, Owner or Contractor, prevailing in such litigation shall be entitled, in addition to such other relief as may be granted, to a reasonable sum as and for his attorney's fees in such litigation, and court costs.
11. Pursuant to Section 1770 et. seq., the following, of the California Labor Code, the successful Bidder shall pay not less than the higher of State or Federal prevailing rate of per diem wages. The Owner has obtained the State Prevailing wage rates from the California Department of Industrial Relations. Copies of such prevailing rate of per diem wages are on file at the office of the Owner, which copies shall be made available for review to any interested party on request.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Agreement in copies each of which shall be deemed an original on the date first above written.

OWNER:

CITY OF BANNING

By: _____

Name: _____

Please Type

Title: _____

ATTEST:

By: _____

Name: _____

Title: _____

CONTRACTOR:

(SEAL)

By: Theresa Brennan

Name: Theresa Brennan

Title: President

Please Type

Address: PO Box 1177

La Quinta, CA 92247

Contractor's License No. 963744

ATTEST: Theresa Brennan

Name: Theresa Brennan

Title: Secretary

All signatures on this Contract Agreement on behalf of the Contractor must be acknowledged before a Notary Public. In the event that the Contractor is a corporation, the President/Vice President and the corporate secretary of the corporation must sign and the corporate seal must be affixed thereto.

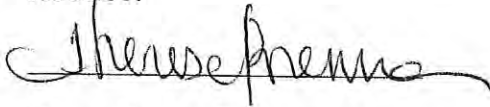
CORPORATE CERTIFICATE

I, Theresa Brennan, certify that I am the Corporate Secretary of the
Urban Habitat Environmental Landscapes Corporation named as
CONTRACTOR in the foregoing Contract; that Theresa Brennan
, who signed said Contract on behalf of the CONTRACTOR, was then
President of said corporation; and that said Contract was duly
signed for and in behalf of said corporation by authority of its governing body and is
within the scope of its corporate powers.

Name: Theresa Brennan

(SEAL)

ATTEST:



Name Theresa Brennan
(Please Print)

Title President/Secretary

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Riverside }

On March 5, 2018 before me, Teresa Angulo
Date Here Insert Name and Title of the Officer

personally appeared _____

Theresa C. Brennan Name(s) of Signer(s)

who 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.



Place Notary Seal and/or Stamp Above

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 Teresa Angulo
Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

☐ Corporate Officer – Title(s): _____

☐ Partner – ☐ Limited ☐ General

☐ Individual ☐ Attorney in Fact

☐ Trustee ☐ Guardian of Conservator

☐ Other: _____

Signer is Representing: _____

Signer's Name: _____

☐ Corporate Officer – Title(s): _____

☐ Partner – ☐ Limited ☐ General

☐ Individual ☐ Attorney in Fact

☐ Trustee ☐ Guardian of Conservator

☐ Other: _____

Signer is Representing: _____

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**CITY OF BANNING
CITY COUNCIL REPORT**

TO: CITY COUNCIL

FROM: Alejandro Diaz, Interim City Manager

PREPARED BY: Patty Nevins, Community Development Director
Ted Shove, Economic Development Manager

MEETING DATE: March 13, 2018

SUBJECT: Discuss and Consider Downtown Ad Hoc Committee
Recommendation to Research Micro Business Incubator

RECOMMENDED ACTION:

That the City Council concur with the Downtown ad hoc Committee in directing staff to develop a micro business incubator concept for the City Council to consider as part of the revitalization effort for the downtown area.

GOAL STATEMENT:

Economic Development, Goal #3: Business attraction, retention, and job development. The concept discussed with the Downtown Ad Hoc Committee ("Committee") lends itself to a potential reuse of under-utilized City property that may spur new business and job creation by reducing the impediments to business entry for area residents.

COMMITTEE RECOMMENDATION:

The Committee recommended and seeks concurrence from the City Council to research and return findings for the development of a micro business incubator concept in the downtown area. Findings should include:

- Define project parameters
- Quantify market potential
- Identify stakeholders that would devote resources (funding and/or staffing)
- Identify who would manage the operation

- Identify the capital and ongoing costs of potential funding sources (i.e. City and private)
- Identify the parameters of the City's involvement
- Identify when, how, and by whom the incubator could be operated and managed

BACKGROUND:

In the summer of 2017, the City Council appointed Councilmembers Franklin and Andrade to a Downtown ad hoc Committee, to evaluate needs for the Downtown business area, including existing design criteria and aesthetic features, and return to the City Council with recommendations for changes and updates. Since then, the Committee has met with staff and downtown business owners a number of times and also conducted an in person survey of over 30 businesses in the area.

Most recently, on February 22, the Committee met with representatives from Brew Rebellion and the Station Tap House to discuss a micro business incubator concept. As a precursor to discussing the concept, some concerns were raised regarding barriers to entry to business for area residents, including limited startup capital and historical business startup failure rates. It was noted that Long Beach, Bellflower, and Riverside have a concept either in operation or soon to open that could be modified to fit in Banning's downtown. The concept involves aligning shipping containers and converting the interior surfaces to small kitchens. These small kitchens could be rented out to new start up restaurateurs and other craft-making artists for a nominal monthly fee. The concept itself lends itself to significantly reducing the barriers to entry for a startup business and concentrating the concepts in a central location could assist with reduced marketing and consumer attraction to the downtown area. In many of the examples discussed, the shipping containers had simple, community reflective exterior treatments similar to murals or protrusions that generally camouflaged the shipping container itself.

JUSTIFICATION:

If the Council directs staff to proceed in researching this concept, it will require staffing resources. It is requested that the Council identify the priority level for this project and a timeline for staff to return findings to the Council.

FISCAL IMPACT:

None.

OPTIONS:

1. Approve as recommended.
2. Do not approve and provide alternative direction.

Approved by:



Alejandro Diaz
Interim City Manager

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CITY OF BANNING CITY COUNCIL REPORT

TO: CITY COUNCIL

FROM: Alejandro Diaz, Interim City Manager

PREPARED BY: Heidi Meraz, Community Services Director

MEETING DATE: March 13, 2018

SUBJECT: Resolution 2018-07, "Awarding a Contract for Security Services to Power Security Group, Inc. of Corona, CA for Security Services for City Parks"

RECOMMENDATION:

1. Awarding a Professional Services Agreement to Power Security Group, Inc. of Corona, for a twenty-four (24) month term, in an amount not to exceed \$91,250.00
2. Authorize the City Manager to execute the applicable documents related to the contract for security services in city parks and approve any renewals as outlined in the Agreement.
3. Authorizing the Administrative Services Director to make the necessary budget adjustments, appropriations, and transfers related to the agreement.

JUSTIFICATION:

Approval of Resolution 2018-07 will provide roving security patrols in Banning city parks thirty-six (36) hours per week, deterring vandalism and inappropriate activities from occurring in these public spaces.

BACKGROUND:

In an effort to address vandalism and vagrancy issues, Council allocated funding to contract for security services that will provide roving patrols of our city parks. The lowest responsible bidder to "RFP No. 17-095 "Security Services for City Parks" was Power Security Group, Inc. The current funding allocated for security services will provide

patrols 36 hours per week, with the schedule to be determined by the Community Services Director.

FISCAL IMPACT:

Funds are available in account 001-4000-461.22-11 to cover the initial \$40,000 of this expense, the remaining balance of \$51,250 will be allocated in the 2018/2019 budget cycle.


OPTIONS:

1. Approve as recommended
2. Do not approve and provide alternative direction

ATTACHMENTS:

1. Resolution 2018-07
2. Contract for Professional Services between the City of Banning and Power Security Group, Inc.
3. Exhibit A: Bid Results
4. Exhibit B: Power Security Group Proposal

Approved by:



Alejandro Diaz
Interim City Manager

ATTACHMENT 1

Resolution 2018-07

RESOLUTION 2018-07

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, APPROVING THE AWARD OF THE CONTRACT FOR PROFESSIONAL SERVICES BETWEEN THE CITY OF BANNING AND POWER SECURITY GROUP, INC.

WHEREAS, The City of Banning desires to create a more safe and secure environment in the city parks; and

WHEREAS, the City does not have the personnel available to provide patrols of the parks and desires to contract for such services; and

WHEREAS, RFP No. 17-095 was prepared and released and Power Security Group, Inc. is the lowest bidder; and

WHEREAS, Funds to cover the expense for said Agreement for the balance of FY 2018 are available in account 001-4000-461.22-11;

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

1. Resolution 2018-07 is approved, awarding a contract for security services in city parks to Power Security Group, Inc. for a twenty-four (24) month term, in the amount not to exceed \$91,250.00
2. Authorize the City Manager to execute the applicable documents related to the Security Services for City Parks contract.
3. Authorize the Administrative Director to make the necessary budget adjustments, appropriations, and transfers related to this agreement.

PASSED, APPROVED AND ADOPTED this 13th day of March, 2018.

George Moyer, Mayor
City of Banning, California

ATTEST:

Sonja De La Fuente, Deputy City Clerk

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

Kevin Ennis, City Attorney
Richards, Watson & Gershon

CERTIFICATION:

I, Sonja De La Fuente, Deputy City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution 2018-07 was duly adopted by the City Council of the City of Banning at a regular meeting thereof held on the 13th day of March, 2018, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Sonja De La Fuente, City Clerk
City of Banning, California

ATTACHMENT 2

Contract for Professional Services Between the City
of Banning and Power Security Group, Inc.

**CONTRACT FOR PROFESSIONAL SERVICES
BETWEEN
THE CITY OF BANNING
AND
POWER SECURITY GROUP, INC**

This AGREEMENT is entered into this 15th day of March, 2018, by and between the **CITY OF BANNING**, a general law city a municipal corporation ("CITY") and **POWER SECURITY GROUP, INC.**, a California corporation ("CONSULTANT").

RECITALS

- A. The City does not have the personnel able and/or available to perform the services required under this agreement.
- B. Therefore, the City desires to contract out for Security Services for City Parks.
- C. The Consultant warrants to the City that it has the qualifications, experience and facilities to perform properly and timely the services under this Agreement.
- D. The City desires to contract with the Consultant to perform the services as described in Exhibit A of this Agreement.

NOW, THEREFORE, based on the foregoing recitals, the City and the Consultant agree as follows:

1. **CONSIDERATION AND COMPENSATION**

- A. As partial consideration, CONSULTANT agrees to perform the work listed in the SCOPE OF SERVICES, attached as EXHIBIT A;
- B. As additional consideration, CONSULTANT and CITY agree to abide by the terms and conditions contained in this Agreement;
- C. As additional consideration, CITY agrees to pay CONSULTANT a total of \$91,250.00, for CONSULTANT's services, unless otherwise specified by written amendment to this Agreement.
- D. No additional compensation shall be paid for any other expenses incurred, unless first approved by the City Manager or his designee.
- E. CONSULTANT shall submit to CITY, by not later than the 10th day of each month, its bill for services itemizing the fees and costs incurred during the previous month. The City shall pay the Consultant all uncontested amounts set forth in the Consultant's bill within 30 days after it is received.

2. SCOPE OF SERVICES.

- A. CONSULTANT will perform the services and activities set forth in the SCOPE OF SERVICE attached hereto as Exhibit A and incorporated herein by this reference.
- B. Except as herein otherwise expressly specified to be furnished by CITY, CONSULTANT will, in a professional manner, furnish all of the labor, technical, administrative, professional and other personnel, all supplies and materials, equipment, printing, vehicles, transportation, office space, and facilities necessary or proper to perform and complete the work and provide the professional services required of CONSULTANT by this Agreement.

3. PAYMENTS. For CITY to pay CONSULTANT as specified by this Agreement, CONSULTANT must submit an invoice to CITY which lists the reimbursable costs, the specific tasks performed, and, for work that includes deliverables, the percentage of the task completed during the billing period.

4. TIME OF PERFORMANCE. The services of the CONSULTANT are to commence upon receipt of a notice to proceed from the CITY and shall continue until all authorized work is completed to the CITY's reasonable satisfaction, in accordance with the schedule incorporated in "Exhibit A," unless extended in writing by the CITY.

5. FAMILIARITY WITH WORK. By executing this Agreement, CONSULTANT represents that CONSULTANT has (a) thoroughly investigated and considered the scope of services to be performed; (b) carefully considered how the services should be performed; and (c) understands the facilities, difficulties, and restrictions attending performance of the services under this Agreement.

6. KEY PERSONNEL. CONSULTANT's key person assigned to perform work under this Agreement is Sid Hashemi. CONSULTANT shall not assign another person to be in charge of the work contemplated by this Agreement without the prior written authorization of the City.

7. TERM OF AGREEMENT. The term of this Agreement shall commence upon execution by both parties and shall expire on March 14, 2020, unless earlier termination occurs under Section 11 of this Agreement, or extended in writing in advance by both parties. Maximum term and any subsequent amendment or modification shall not exceed five (5) years.

8. CHANGES. CITY may order changes in the services within the general scope of this Agreement, consisting of additions, deletions, or other revisions, and the contract sum and the contract time will be adjusted accordingly. All such changes must be authorized in writing, executed by CONSULTANT and CITY. The cost or credit to CITY resulting from changes in the services will be determined in accordance with written agreement between the parties.

9. TAXPAYER IDENTIFICATION NUMBER. CONSULTANT will provide CITY with a Taxpayer Identification Number.

10. PERMITS AND LICENSES. CONSULTANT will obtain and maintain during the term of this Agreement all necessary permits, licenses, and certificates that may be required in connection with the performance of services under this Agreement.

11. TERMINATION.

- A. Except as otherwise provided, CITY may terminate this Agreement at any time with or without cause. Notice of termination shall be in writing.
- B. CONSULTANT may terminate this Agreement. Notice will be in writing at least 30 days before the effective termination date.
- C. In the event of such termination, the CONSULTANT shall cease services as of the date of termination, all finished or unfinished documents, data, drawings, maps, and other materials prepared by CONSULTANT shall, at CITY's option, become CITY's property, and CONSULTANT will receive just and equitable compensation for any work satisfactorily completed up to the effective date of notice of termination.
- D. Should the Agreement be terminated pursuant to this Section, CITY may procure on its own terms services similar to those terminated.

12. INDEMNIFICATION.

- A. CONSULTANT shall indemnify, defend with counsel approved by CITY, and hold harmless CITY, its officers, officials, employees and volunteers from and against all liability, loss, damage, expense, cost (including without limitation reasonable attorneys fees, expert fees and all other costs and fees of litigation) of every nature arising out of or in connection with CONSULTANT's performance of work hereunder or its failure to comply with any of its obligations contained in this AGREEMENT, regardless of CITY'S passive negligence, but excepting such loss or damage which is caused by the sole active negligence or willful misconduct of the CITY. Should CITY in its sole discretion find CONSULTANT'S legal counsel unacceptable, then CONSULTANT shall reimburse the CITY its costs of defense, including without limitation reasonable attorneys' fees, expert fees and all other costs and fees of litigation. The CONSULTANT shall promptly pay any final judgment rendered against the CITY (and its officers, officials, employees and volunteers) covered by this indemnity obligation. It is expressly understood and agreed that the foregoing provisions are intended to be as broad and inclusive as is permitted by the law of the State of California and will survive termination of this Agreement.
- B. The requirements as to the types and limits of insurance coverage to be maintained by CONSULTANT as required by Section 17, and any approval of said insurance by

CITY, are not intended to and will not in any manner limit or qualify the liabilities and obligations otherwise assumed by CONSULTANT pursuant to this Agreement, including, without limitation, to the provisions concerning indemnification.

13. ASSIGNABILITY. This Agreement is for CONSULTANT's professional services. CONSULTANT's attempts to assign the benefits or burdens of this Agreement without CITY's written approval are prohibited and will be null and void.

14. INDEPENDENT CONTRACTOR. CITY and CONSULTANT agree that CONSULTANT will act as an independent contractor and will have control of all work and the manner in which it is performed. CONSULTANT will be free to contract for similar service to be performed for other employers while under contract with CITY. CONSULTANT is not an agent or employee of CITY and is not entitled to participate in any pension plan, insurance, bonus or similar benefits CITY provides for its employees. Any provision in this Agreement that may appear to give CITY the right to direct CONSULTANT as to the details of doing the work or to exercise a measure of control over the work means that CONSULTANT will follow the direction of the CITY as to end results of the work only.

15. AUDIT OF RECORDS.

- A. CONSULTANT agrees that CITY, or designee, has the right to review, obtain, and copy all records pertaining to the performance of this Agreement. CONSULTANT agrees to provide CITY, or designee, with any relevant information requested and will permit CITY, or designee, access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this Agreement. CONSULTANT further agrees to maintain such records for a period of three (3) years following final payment under this Agreement.
- B. CONSULTANT will keep all books, records, accounts and documents pertaining to this Agreement separate from other activities unrelated to this Agreement.

16. CORRECTIVE MEASURES. CONSULTANT will promptly implement any corrective measures required by CITY regarding the requirements and obligations of this Agreement. CONSULTANT will be given a reasonable amount of time as determined by the City to implement said corrective measures. Failure of CONSULTANT to implement required corrective measures shall result in immediate termination of this Agreement.

17. INSURANCE REQUIREMENTS.

- A. The CONSULTANT, at the CONSULTANT's own cost and expense, shall procure and maintain, for the duration of the contract, the following insurance policies:
 - 1. Workers Compensation Insurance as required by law. The Consultant shall require all subcontractors similarly to provide such compensation insurance for their respective employees. Any notice of cancellation or non-renewal of all Workers' Compensation policies must be received by the CITY at least thirty (30) days prior to such change.

The insurer shall agree to waive all rights of subrogation against the CITY, its officers, agents, employees, and volunteers for losses arising from work performed by the CONSULTANT for City.

2. General Liability Coverage. The CONSULTANT shall maintain commercial general liability insurance in an amount of not less than one million dollars (\$1,000,000) per occurrence for bodily injury, personal injury, and property damage. If a commercial general liability insurance form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit.
 3. Automobile Liability Coverage. The CONSULTANT shall maintain automobile liability insurance covering bodily injury and property damage for all activities of the CONSULTANT arising out of or in connection with the work to be performed under this Agreement, including coverage for owned, hired, and non-owned vehicles, in an amount of not less than one million dollars (\$1,000,000) combined single limit for each occurrence.
 4. Professional Liability Coverage. The CONSULTANT shall maintain professional errors and omissions liability insurance for protection against claims alleging negligent acts, errors, or omissions which may arise from the CONSULTANT'S operations under this Agreement, whether such operations be by the CONSULTANT or by its employees, subcontractors, or subconsultants. The amount of this insurance shall not be less than one million dollars (\$1,000,000) on a claims-made annual aggregate basis, or a combined single-limit-per-occurrence basis. When coverage is provided on a "claims made basis," CONSULTANT will continue to renew the insurance for a period of three (3) years after this Agreement expires or is terminated. Such insurance will have the same coverage and limits as the policy that was in effect during the term of this Agreement, and will cover CONSULTANT for all claims made by CITY arising out of any errors or omissions of CONSULTANT, or its officers, employees or agents during the time this Agreement was in effect.
- B. Endorsements. Each general liability, automobile liability and professional liability insurance policy shall be issued by a financially responsible insurance company or companies admitted and authorized to do business in the State of California, or which is approved in writing by City, and shall be endorsed as follows. CONSULTANT also agrees to require all contractors, and subcontractors to do likewise.
1. "The CITY, its elected or appointed officers, officials, employees, agents, and volunteers are to be covered as additional insureds with respect to liability arising out of work performed by or on behalf of the CONSULTANT, including materials, parts, or equipment furnished in connection with such work or operations."
 2. This policy shall be considered primary insurance as respects the CITY, its elected or appointed officers, officials, employees, agents, and volunteers. Any insurance maintained by the CITY, including any self-insured retention the CITY may have, shall be considered excess insurance only and shall not contribute with this policy.

3. This insurance shall act for each insured and additional insured as though a separate policy had been written for each, except with respect to the limits of liability of the insuring company.
 4. The insurer waives all rights of subrogation against the CITY, its elected or appointed officers, officials, employees, or agents.
 5. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the City, its elected or appointed officers, officials, employees, agents, or volunteers.
 6. The insurance provided by this policy shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days' written notice has been received by the CITY.
- C. CONSULTANT agrees to provide immediate notice to CITY of any claim or loss against Consultant arising out of the work performed under this agreement. CITY assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve CITY.
 - D. Any deductibles or self-insured retentions must be declared to and approved by the CITY. At the CITY's option, the CONSULTANT shall demonstrate financial capability for payment of such deductibles or self-insured retentions.
 - E. The CONSULTANT shall provide certificates of insurance with original endorsements to the CITY as evidence of the insurance coverage required herein. Certificates of such insurance shall be filed with the CITY on or before commencement of performance of this Agreement. Current certification of insurance shall be kept on file with the CITY at all times during the term of this Agreement.
 - F. Failure on the part of the CONSULTANT to procure or maintain required insurance shall constitute a material breach of contract under which the CITY may terminate this Agreement pursuant to Section 11 above.
18. USE OF OTHER CONSULTANTS. CONSULTANT must obtain CITY's prior written approval to use any consultants while performing any portion of this Agreement. Such approval must include approval of the proposed consultant and the terms of compensation.
19. FINAL PAYMENT ACCEPTANCE CONSTITUTES RELEASE. The acceptance by the CONSULTANT of the final payment made under this Agreement shall operate as and be a release of the CITY from all claims and liabilities for compensation to the CONSULTANT for anything done, furnished or relating to the CONSULTANT'S work or services. Acceptance of payment shall be any negotiation of the CITY'S check or the failure to make a written extra compensation claim within ten (10) calendar days of the receipt of that check. However, approval or payment by the CITY shall not constitute, nor be deemed, a release of the responsibility and liability of the CONSULTANT, its employees, sub-consultants and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by the CITY for any defect or error in the work prepared by the Consultant, its employees, sub-consultants and agents.

20. CORRECTIONS. In addition to the above indemnification obligations, the CONSULTANT shall correct, at its expense, all errors in the work which may be disclosed during the City's review of the Consultant's report or plans. Should the Consultant fail to make such correction in a reasonably timely manner, such correction shall be made by the CITY, and the cost thereof shall be charged to the CONSULTANT. In addition to all other available remedies, the City may deduct the cost of such correction from any retention amount held by the City or may withhold payment otherwise owed CONSULTANT under this Agreement up to the amount of the cost of correction.

21. NON-APPROPRIATION OF FUNDS. Payments to be made to CONSULTANT by CITY for services preformed within the current fiscal year are within the current fiscal budget and within an available, unexhausted fund. In the event that CITY does not appropriate sufficient funds for payment of CONSULTANT'S services beyond the current fiscal year, the Agreement shall cover payment for CONSULTANT'S only to the conclusion of the last fiscal year in which CITY appropriates sufficient funds and shall automatically terminate at the conclusion of such fiscal year.

22. NOTICES. All communications to either party by the other party will be deemed made when received by such party at its respective name and address as follows:

CITY	CONSULTANT
<u>City of Banning</u> <u>99 East Ramsey Street</u> <u>Banning, CA 92220</u>	<u>Power Security Group, Inc.</u> <u>1390 W. 6th Street #120</u> <u>Corona, CA 92882</u>
<u>ATTN: City Manager</u>	<u>ATTN: Sid Hashemi</u>

Any such written communications by mail will be conclusively deemed to have been received by the addressee upon deposit thereof in the United States Mail, postage prepaid and properly addressed as noted above. In all other instances, notices will be deemed given at the time of actual delivery. Changes may be made in the names or addresses of persons to whom notices are to be given by giving notice in the manner prescribed in this paragraph. Courtesy copies of notices may be sent via electronic mail, provided that the original notice is deposited in the U.S. mail or personally delivered as specified in this Section.

23. SOLICITATION. CONSULTANT maintains and warrants that it has not employed nor retained any company or person, other than CONSULTANT's bona fide employee, to solicit or secure this Agreement. Further, CONSULTANT warrants that it has not paid nor has it agreed to pay any company or person, other than CONSULTANT's bona fide employee, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Should CONSULTANT breach or violate this warranty, CITY may rescind this Agreement without liability.

24. THIRD PARTY BENEFICIARIES. This Agreement and every provision herein is generally for the exclusive benefit of CONSULTANT and CITY and not for the benefit of any other party. There will be no incidental or other beneficiaries of any of CONSULTANT's or CITY's obligations under this Agreement.

25. INTERPRETATION. This Agreement was drafted in, and will be construed in accordance with the laws of the State of California, and exclusive venue for any action involving this agreement will be in Los Angeles County.

26. ENTIRE AGREEMENT. This Agreement, and its Attachments, sets forth the entire understanding of the parties. There are no other understandings, terms or other agreements expressed or implied, oral or written.

27. RULES OF CONSTRUCTION. Each Party had the opportunity to independently review this Agreement with legal counsel. Accordingly, this Agreement will be construed simply, as a whole, and in accordance with its fair meaning; it will not be interpreted strictly for or against either Party.

28. AUTHORITY/MODIFICATION. The Parties represent and warrant that all necessary action has been taken by the Parties to authorize the undersigned to execute this Agreement and to engage in the actions described herein. This Agreement may be modified by written amendment with signatures of all parties to this Agreement. CITY's city administrator, or designee, may execute any such amendment on behalf of CITY.

29. ACCEPTANCE OF FACSIMILE OR ELECTRONIC SIGNATURES. The Parties agree that this Contract, agreements ancillary to this Contract, and related documents to be entered into in connection with this Contract will be considered signed when the signature of a party is delivered by facsimile transmission or scanned and delivered via electronic mail. Such facsimile or electronic mail copies will be treated in all respects as having the same effect as an original signature.

30. FORCE MAJEURE. Should performance of this Agreement be impossible due to fire, flood, explosion, war, embargo, government action, civil or military authority, the natural elements, or other similar causes beyond the Parties' control, then the Agreement will immediately terminate without obligation of either party to the other.

31. TIME IS OF ESSENCE. Time is of the essence to comply with dates and schedules to be provided.

32. ATTORNEY'S FEES. The parties hereto acknowledge and agree that each will bear his or its own costs, expenses and attorneys' fees arising out of and/or connected with the negotiation, drafting and execution of the Agreement, and all matters arising out of or connected therewith except that, in the event any action is brought by any party hereto to enforce this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees and costs in addition to all other relief to which that party or those parties may be entitled.

33. STATEMENT OF EXPERIENCE. By executing this Agreement, CONSULTANT represents that it has demonstrated trustworthiness and possesses the quality, fitness and capacity to perform the Agreement in a manner satisfactory to CITY. CONSULTANT represents that its financial resources, surety and insurance experience, service experience, completion ability, personnel, current workload, experience in dealing with private consultants, and experience in dealing with public agencies all suggest that CONSULTANT is capable of performing the proposed contract and has a demonstrated capacity to deal fairly and effectively with and to satisfy a public agency.

34. DISCLOSURE REQUIRED. (City and Consultant initials required at one of the following paragraphs)

By their respective initials next to this paragraph, City and Consultant hereby acknowledge that Consultant is a "consultant" for the purposes of the California Political Reform Act because Consultant's duties would require him or her to make one or more of the governmental decisions set forth in Fair Political Practices Commission Regulation 18701(a)(2) or otherwise serves in a staff capacity for which disclosure would otherwise be required were Consultant employed by the City. Consultant hereby acknowledges his or her assuming-office, annual, and leaving-office financial reporting obligations under the California Political Reform Act and the City's Conflict of Interest Code and agrees to comply with those obligations at his or her expense. Prior to consultant commencing services hereunder, the City's Manager shall prepare and deliver to consultant a memorandum detailing the extent of Consultant's disclosure obligations in accordance with the City's Conflict of Interest Code.

City Initials _____
Consultant Initials _____

OR

By their initials next to this paragraph, City and Consultant hereby acknowledge that Consultant is not a "consultant" for the purpose of the California Political Reform Act because Consultant's duties and responsibilities are not within the scope of the definition of consultant in Fair Political Practice Commission Regulation 18701(a)(2)(A) and is otherwise not serving in staff capacity in accordance with the City's Conflict of Interest Code.

City Initials _____
Consultant Initials _____

IN WITNESS WHEREOF the parties hereto have executed this contract the day and year first hereinabove written.

CITY OF BANNING

CONSULTANT

Alejandro Diaz, Interim City Manager

By:

NAME:
TITLE:

By:

NAME:
TITLE:

ATTEST:

Marie A. Calderon, City Clerk

Tax ID No.

APPROVED AS TO FORM:

Kevin G. Ennis., City Attorney

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 DEVELOPER'S BUSINESS ENTITY.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)

County of _____)

On _____ before me, _____

Date

Here Insert Name and Title of the Officer

personally appeared _____

Name(s) of Signer(s)

who 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 _____

Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

☐ Corporate Officer — Title(s): _____

☐ Partner — ☐ Limited ☐ General

☐ Individual ☐ Attorney in Fact

☐ Trustee ☐ Guardian or Conservator

☐ Other: _____

Signer Is Representing: _____

Signer's Name: _____

☐ Corporate Officer — Title(s): _____

☐ Partner — ☐ Limited ☐ General

☐ Individual ☐ Attorney in Fact

☐ Trustee ☐ Guardian or Conservator

☐ Other: _____

Signer Is Representing: _____

EXHIBIT A

Bid Results

Security Services for City Parks (17-095), bidding on October 31, 2017 10:00 AM (Pacific)

Printed 12/13/2017

Bid Detail**Bid Information**

Project Title Security Services for City Parks
Invitation No. 17-095
Bid Posting Date October 13, 2017 6:49 AM (Pacific)
Project Stage Awarded
Bid Due Date October 31, 2017 10:00 AM (Pacific)
Response Format Electronic only
Link to Project on Public Site <https://www.planetbids.com/portal/portal.cfm?CompanyID=33077&BidID=41934>
Reference ID C00346
Project Type RFP (Request For Proposal)
Response Types Line Item, Response File, General Attachments
Type of Award Lump Sum
Categories 947006 - MISCELLANEOUS SERVICES: ALARM SERVICE
965040 - SECURITY, FIRE/SAFETY SERV: GUARD & SECURITY SERVICES

License Requirements

Department Community Services
Address 99 E. Ramsey St., Banning, California
County Riverside

Bid Valid**Liquidated Damages**

Target Bid Amount \$40,000.00

Estimated Bid Value

Start/Delivery Date Based upon PO/Contract approval

Project Duration One Year w/4-1 Year Renewal Options

Prevailing Wage No

Cooperative Bid No

Piggy-backable No

eBid Notes Electronic Bids shall be submitted via the City's secure online bidding system. All required sections of the Bid must be submitted via the website. Bidder is solely responsible for "on time" submission of their electronic bid. Bid attachment documents shall be signed in ink and included with the electronic bid submission as a general attachment.

Preferences Local - Local Business

Restriction Type None

Restricted To

Bid Bond Information

Bid 0.0%
Performance 0.0%
Payment 0.0%

Pre-Bid Meeting Information

Pre-Bid Meeting Yes - Not Mandatory
Pre-Bid Meeting Date October 19, 2017 2:00 PM (Pacific)
Pre-Bid Meeting Loc 99 E. Ramsey St., Banning, CA 92220

Online Q&A

Online Q&A Yes
Q&A Cutoff Date October 24, 2017 3:00 PM (Pacific)

Contact Information

Contact Info Jennifer McCoy - 951-922-3121
jmccoy@ci.banning.ca.us
Bids to
Owner's Agent

Bid Detail**Description**

Scope of Services The City of Banning has submitted a request for proposal for unarmed security guard services for city parks.

Other Details Attachments:
 1. Notice to Bidders
 2. RFP Specifications (Must be submitted online with your eBid)
 3. Ex Parte Communications Certificate
 4. Disclosure of Government Positions
 5. Disqualifications Questionnaire
 6. Professional Services Agreement (Sample)

Notes E-Bids are sealed and cannot be viewed by the City until the closing date and time. If you need to withdraw your bid, you may do so any time before the bid deadline, by going back into the system and selecting "Withdraw".

Local Programs & Policies**Special Notices****Downloadable Files**

File Title	File Name	File Size	On Server	Uploaded Date	Visible
RFP 17-095 Notice to Bidders	Legal Notice - Online Bid Submittal.pdf	138.2 kb	On Server	10/11/2017	Yes
RFP 17-095 Bid Specifications	RFP 17-095 Security Services for City Parks.pdf	363.4 kb	On Server	10/11/2017	No
Ex Parte Communications Certificate	Ex Parte Communications Certificate.pdf	67.7 kb	On Server	10/11/2017	No
Disclosure of Government Positions	Disclosure of Government Positions.pdf	4.2 kb	On Server	10/11/2017	Yes
Disqualifications Questionnaire	Disqualifications Questionnaire.pdf	5.2 kb	On Server	10/11/2017	Yes
Professional Service Agreement Sample	RFP Appendix B.pdf	474.7 kb	On Server	10/11/2017	Yes
RFP 17-095 Pre-Proposal Sign In Sheet	RFP 17-095 Pre-Proposal Sign In Sheet.pdf	373.5 kb	On Server	10/20/2017	No

Download File Fee \$0.00

Hard Copy Plans

Title/Description	Receive From	Plan Fee	Mailing Fee	Refund
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Line Items

Type	Item Code	UOM	Qty	Ref	MFR	Model#	Brand Req	Brand	Delivery Loc
	Security Officer								
1	Day Shift Standard Rate	Hourly/Guard	1						
2	Day Shift Overtime Rate	Hourly/Guard	1						
3	Day Shift Holiday Rate	Hourly/Guard	1						
4	Evening Shift Standard Rate	Hourly/Guard	1						
5	Evening Shift Overtime Rate	Hourly/Guard	1						
6	Evening Shift Holiday Rate	Hourly/Guard	1						
	Supervisor								
7	Day Shift Standard Rate	Hourly/Guard	1						
8	Day Shift Overtime Rate	Hourly/Guard	1						
9	Day Shift Holiday Rate	Hourly/Guard	1						
10	Evening Shift Standard Rate	Hourly/Guard	1						
11	Evening Shift Overtime Rate	Hourly/Guard	1						

Line Items

Type	Item Code	UOM	Qty	Ref	MFR	Model#	Brand Req	Brand	Delivery Loc
12	Evening Shift Holiday Rate	Hourly/Guard	1						

Additional Coverages

13	Emergency Call Out Services	Hourly/Guard	1						
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Security Services for City Parks (17-095), bidding on October 31, 2017 10:00 AM (Pacific)

Printed 12/13/2017

Vendor Notifications

250 external vendors notified through BidBroadcast

4 City of Banning vendors notified

Notified Vendors on October 13, 2017

Using Criteria Category:947006 - MISCELLANEOUS SERVICES: ALARM SERVICE
965040 - SECURITY,FIRE/SAFETY SERV: GUARD & SECURITY SERVICES**Ava Security** (527340)
544 N 6th St #3
Banning, CA 92220
United States**Contact:** Kenneth King
Phone: 951-849-1294
Fax: 951-849-1294
Email: kennethking45@yahoo.com

MBE

National Business Investigations, Inc.
(543821)
25020 Las Brisas Rd.
Murrieta, CA 92562
United States**Contact:** Valerie Dovifaaz
Phone: 951-677-3500 ext. 30
Fax: 951-677-5772
Email: vdovifaaz@investigations-nbi.com**Vision Security Systems** (537442)
23800 Sunnymead Blvd.
Ste. G
Moreno Valley, CA 92553
United States**Contact:** Chaun Goldberg
Phone: 951-924-1560
Fax: 951-924-7881
Email: chaun@visionsecuritysystems.com

DGS,CABE

Notified Vendors on October 20, 2017

Using Criteria Category:947006 - MISCELLANEOUS SERVICES: ALARM SERVICE
965040 - SECURITY,FIRE/SAFETY SERV: GUARD & SECURITY SERVICES**SSG20 THE RECRUIT** (567461)
7611 Etiwanda Ave
PO Box 3498
Rancho Cucamonga, CA 91729
United States**Contact:** Iyke U Harrison
Phone: 909-481-0009
Fax:
Email: iyke@ssg20.com

Notified Vendors on October 24, 2017

Using Criteria Category:947006 - MISCELLANEOUS SERVICES: ALARM SERVICE
965040 - SECURITY,FIRE/SAFETY SERV: GUARD & SECURITY SERVICES

Notified Vendors on October 26, 2017

Using Criteria Category:947006 - MISCELLANEOUS SERVICES: ALARM SERVICE
965040 - SECURITY,FIRE/SAFETY SERV: GUARD & SECURITY SERVICES

Notified Vendors on October 26, 2017

Using Criteria Category:947006 - MISCELLANEOUS SERVICES: ALARM SERVICE
965040 - SECURITY,FIRE/SAFETY SERV: GUARD & SECURITY SERVICES

Notified Vendors on October 26, 2017

Using Criteria Category:947006 - MISCELLANEOUS SERVICES: ALARM SERVICE
965040 - SECURITY,FIRE/SAFETY SERV: GUARD & SECURITY SERVICES

Security Services for City Parks (17-095), bidding on October 31, 2017 10:00 AM (Pacific)

Printed 12/13/2017

Prospective Bidders

25 Prospective Bidders

Vendor	Contact	Vendor Type	Pre-Bid	Status
Gladiator Security Services 6931 Van Nuys Blvd Van Nuys, CA 91405 United States	Contact: Harris K. Phone: 818-470-7237 Fax: 818-647-1513 Email: Gmanager02@gss19.com		yes	Bidder
Elite Enforcement Security Solutions, Inc. 1290 N. Hancock St Suite 101 Anaheim, CA 92807 United States	Contact: Jennifer Wood Phone: 714-801-4385 Fax: 877-699-5399 Email: Jennifer.w@eliteenforcement.com		yes	Bidder
DSS GLOBAL AGENCY INC 7581 Etiwanda Ave PO Box 3498 Rancho Cucamonga, CA 91729 United States	Contact: I Unaka Harrison Phone: 909-476-0003 Fax: Email: iyke@dss.gs			Bidder
Secure Net Protection/Net Check Investigations 217 E. Alameda Ave. Ste 301 Burbank, CA 91502 United States	Contact: Aldric Horton Phone: 818-848-4900 Fax: 818-748-1969 Email: ahornton@securenetprotect.com			Bidder
American Guard Services, Inc. 1299 E Artesia Blvd. Ste. 200 Carson, CA 90746 United States	Contact: Nagah Abdelshahid Phone: 424-266-7684 Fax: 310-645-6233 Email: nabelshahid@americanguardservices.com			Bidder
Lyons Security Service, Inc. 2582 N. Santiago Blvd. Orange, CA 92867 United States	Contact: Kathleen Guidice Phone: 949-298-6859 Fax: Email: kathleen@lyonssecurityinc.com			Bidder
Public Protective Services 4431 11th Ave Los Angeles, CA 90043 United States	Contact: Kevin Bell Phone: 888-424-0640ext. 1 Fax: Email: kbell@publicprotectiveservices.com			Bidder
North American Procurement Council PO Box 40445 Grand Junction, CO 81504 United States	Contact: Lyra De Asis Phone: 302-450-1923 Fax: Email: lyra@napc.me			Bidder
Point 2 Point Global Security Inc 500 N State College Blvd Suite 1100 Orange, CA 92867 United States	Contact: George Weymer Phone: 323-371-2492 Fax: Email: gweymer@p2pgsi.net	WBE		Bidder
Power Security Group 1180 Olympic Drive 206 Corona, CA 92881 United States	Contact: Sid Hashemi Phone: 951-898-6004 Fax: 877-667-2854 Email: sid@pssca.com			Bidder
SSG20 THE RECRUIT 7611 Etiwanda Ave PO Box 3498 Rancho Cucamonga, CA 91729 United States	Contact: Iyke U Harrison Phone: 202-909-5440 Fax: Email: iykeh95@gmail.com			Bidder
Alltech Industries Inc. 301 E. Pomona Blvd. Suite B Monterey Park, CA 91755 United States	Contact: Hilda Perez Phone: 323-450-2168 Fax: Email: hperez@alltechguards.com			Bidder
Ava Security 544 N 6th St #3 Banning, CA 92220 United States	Contact: Kenneth King Phone: 951-849-1294 Fax: Email: kennethking45@yahoo.com	MBE,Local	yes	Bidder
AGC San Diego Chapter 6212 Ferris Sq. San Diego, CA 92121 United States	Contact: Plan Room Phone: 858-558-7444 Fax: Email: planroom@agcsd.org			Non-Bidder, receive communicati ons

Security Services for City Parks (17-095), bidding on October 31, 2017 10:00 AM (Pacific)

Printed 12/13/2017

Prospective Bidders

Absolute Security International, Inc 4255 Tyler Avenue El Monte, CA 91731 United States	Contact: Lucy Lin Phone: 626-858-7188 Fax: Email: llin@absolutesecurityintl.com	DGS,DBE,MB E,WBE	yes	Bidder
Cypress Security 478 Tehama San Francisco, CA 94103 United States	Contact: Carl Cunningham Phone: 415-946-4102 Fax: 415-352-1910 Email: ccunningham@cypress-security.com			Bidder
FISHER EXECUTIVE PROTECTION 919 HARRISON ST OAKLAND, CA 94607 United States	Contact: ANTONE FISHER Phone: 510-451-3474 Fax: Email: AFISHER519@FISHEREP.COM			Bidder
PSMG, Inc. 3303 Harbor Blvd. Suite A-103 Costa Mesa, CA 92626 United States	Contact: Vicki Langley Phone: 714-429-1300 ext. 103 Fax: Email: vickil@pacwestsecurity.com			Bidder
National Business Investigations, Inc. 25020 Las Brisas Rd. Murrieta, CA 92562 United States	Contact: Valerie Dovifaaz Phone: 951-677-3500 ext. 30 Fax: 951-677-5772 Email: vdovifaaz@investigations-nbi.com			Bidder
Onvia, Inc. 509 Olive Way Seattle, WA 98101 United States	Contact: Source Management Phone: 206-373-9500 Fax: Email: sourcemanagement2@onvia.com			Bidder
Servexo Protective Services 879 W 190th Street Suite 400 Gardena, CA 90248 United States	Contact: John Palmer Phone: 323-527-9994 Fax: 323-521-5034 Email: jpalmer@servexousa.com			Bidder
Access Control Security, Inc. 18317 Napa Street Northridge, CA 91325 United States	Contact: Jerry Bashin Phone: 818-349-0029 ext. 102 Fax: 818-349-0069 Email: jerry@247acs.com			Bidder
Worldwide Intelligence and Protection Agency 1224 West 14th Street Upland, CA 91786 United States	Contact: Landell E. Collins Phone: 909-600-1190 Fax: Email: leugene.ph.d@gmail.com			Bidder
U.S. Security Associates, Inc 41-921 Beacon Hill Ste. B Palm Desert, CA 92211 United States	Contact: Kimberly Burnett Phone: 323-706-9469 Fax: Email: kburnett@ussecurityassociates.com		yes	Bidder
CONSTRUCTION BIDBOARD 11622 EL CAMINO REAL SUITE 100 SAN DIEGO, CA 92130 United States	Contact: N RIVERS Phone: 800-479-5314 Fax: 619-688-0585 Email: PLANROOM@EBIDBOARD.COM			Bidder

Security Services for City Parks (17-095), bidding on October 31, 2017 10:00 AM (Pacific)

Printed 12/13/2017

Q & A

Vendor	Submit Date	Question	Answer	Release Date	Set
American Guard Services, Inc.	10/16/2017 9:16 AM (Pacific)	Who is the current incumbent? When were they awarded the contract? Copy of current contract? Estimated usage (number of hours) of prior contract? How many monthly/annually hours are required for this bid? What is the current bill rate? What was the previous bill rate? What was the contract amount spent last year? Is there a prevailing wage? Are there any additional Security guard services to this contract? Are vehicles required for this bid? if so, how many and what type are needed? How many vehicles and what types of vehicles is the incumbent using?	1. The City hasn't had a previous security company on contract. 2. Not applicable. 3. Not applicable. 4. 485.34 hours/month - 5,824 hours/year 5. Not applicable. 6. Not applicable. 7. Not applicable. 8. See attached Wage Determination #2015-5629. 9. Refer to the RFP Scope of Work. 10. Yes. No specific type.	10/24/2017 4:05 PM (Pacific)	1.1
American Guard Services, Inc.	10/17/2017 3:46 PM (Pacific)	Who is the Current incumbent?	The City hasn't had a previous security company on contract.	10/24/2017 4:05 PM (Pacific)	1.2
American Guard Services, Inc.	10/17/2017 3:46 PM (Pacific)	When was the current Incumbent awarded the contract?	Not applicable.	10/24/2017 4:05 PM (Pacific)	1.3
American Guard Services, Inc.	10/17/2017 3:46 PM (Pacific)	what is the estimated usage (number of annual hours) of prior contract?	Not applicable.	10/24/2017 4:05 PM (Pacific)	1.4
American Guard Services, Inc.	10/17/2017 3:46 PM (Pacific)	what is the estimated total number of annual hours for this contract?	5,824 hours per year.	10/24/2017 4:05 PM (Pacific)	1.5
American Guard Services, Inc.	10/17/2017 3:46 PM (Pacific)	what is the current Bill rate?	Not applicable.	10/24/2017 4:05 PM (Pacific)	1.6
American Guard Services, Inc.	10/17/2017 3:46 PM (Pacific)	what is the current pay rate paid to the guards?	Not applicable.	10/24/2017 4:05 PM (Pacific)	1.7
American Guard Services, Inc.	10/17/2017 3:46 PM (Pacific)	what was the contract amount spent last year ?	Not applicable.	10/24/2017 4:05 PM (Pacific)	1.8
American Guard Services, Inc.	10/17/2017 3:46 PM (Pacific)	are there any additional services that may be needed that are not listed in the RFP?	RFP Pg. 4 - If requested, provide additional officers for special events on a per event basis.	10/24/2017 4:05 PM (Pacific)	1.9

Q & A

Vendor	Submit Date	Question	Answer	Release Date	Set
Absolute Security International, Inc	10/17/2017 5:13 PM (Pacific)	1. Who is the incumbent security company? 2. What is the current billing rate? 3. Is the award based on lowest bidder? 4. Is there any minimum wage or living wage ordinance complied? 5. Is there any favorable reward or price discount towards a company who is certified as DBE, MBE, SBE, and/or WBE? 6. Is there a requirement for bid bond or performance bond for this RFP? 7. Will any vehicles be needed for this project? And if so, please specify. 8. In the RFP on page 4, it only states the times of the security schedule, but not the days. Which days will be needing the services? 9. Will a clearly marked, company vehicle be required for this project? 10. What is the average mileage usage for one trip to all 6 parks? 11. How many rounds of patrol is needed per shift?	1. The City hasn't had a previous security company on contract. 2. Not applicable. 3. Please see the criteria listing in the RFP specifications on page 9. 4. See attached Wage Determination #2015-5629. 5. No. 6. No. 7. Yes. No specific type. 8. Sunday - Saturday, (7 Days/Week).	10/24/2017 4:05 PM (Pacific)	1.10
Absolute Security International, Inc	10/17/2017 5:15 PM (Pacific)	1. Who is the incumbent security company? 2. What is the current billing rate? 3. Is the award based on lowest bidder? 4. Is there any minimum wage or living wage ordinance complied? 5. Is there any favorable reward or price discount towards a company who is certified as DBE, MBE, SBE, and/or WBE? 6. Is there a requirement for bid bond or performance bond for this RFP? 7. Will any vehicles be needed for this project? And if so, please specify. 8. In the RFP on page 4, it only states the times of the security schedule, but not the days. Which days will be needing the services? 9. Will a clearly marked, company vehicle be required for this project? 10. What is the average mileage usage for one trip to all 6 parks? 11. How many rounds of patrol is needed per shift?	1. The City hasn't had a previous security company on contract. 2. Not applicable. 3. Please see the criteria listing in the RFP specifications on page 9. 4. See attached Wage Determination #2015-5629. 5. No. 6. No. 7. Yes. No specific type. 8. Sunday - Saturday, (7 Days/Week).	10/24/2017 4:05 PM (Pacific)	1.11
American Guard Services, Inc.	10/18/2017 4:53 PM (Pacific)	what is the Supervisor line items are for in regards to pricing. this is for two unarmed security officer to work day and night. where would the supervisor work?	See RFP Pg. 4 - Provide a Mobile Supervisor Patrol in emergencies.	10/24/2017 4:05 PM (Pacific)	1.12
Ava Security	10/23/2017 5:09 PM (Pacific)	Guard Tour Verification products and systems to track of site patrol. Who will install detectors at each site? I have an Associates Degree in Electronics Technology and would install Guard Tour Verification detectors or equivalent system at each park.	The City will install verification products and systems as deemed necessary.	10/26/2017 7:06 AM (Pacific)	2.1
Absolute Security International, Inc	10/24/2017 11:05 AM (Pacific)	1. Will the City be able to provide a place to store the company's patrol vehicle?	Yes, the company will be provided a secure area for storage of vehicle.	10/26/2017 7:06 AM (Pacific)	2.2

Addenda

Bid Results

7 Bid Results

Bidder Details

Vendor Name Ava Security
Address 544 N 6th St #3
 Banning, CA 92220
 United States

Respondee Kenneth King
Respondee Title Owner
Phone 951-849-1294 Ext.
Email kennethking45@yahoo.com
Vendor Type MBE,Local

Bid Detail

Bid Format Electronic
Submitted October 27, 2017 3:37:48 PM (Pacific)
Delivery Method
Bid Responsive No
Bid Status Submitted
Confirmation # 120723
Ranking 0

Respondee Comment**Buyer Comment**

Proposal was incomplete. All forms were submitted.

Attachments

File Title	File Name	File Type
Banning Park Proposal	Banning Park Proposal.pdf	Response File
Ex Parte communications Certificate	EX PATRE COMM.pdf	Ex Parte Communications Certificate
DISCLOSURE OF GOVERNMENT POSTIONS	DISCLOSURE OF GOVERNMENT POSITIONS.pdf	Disclosure of Government Positions
DISQUALIFICATIONS QUESTIONNAIRE	DISQUALIFICATION QUESTIONNAIRE.pdf	Disqualifications Questionnaire

Line Items

Discount Terms		no discount					
Type	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
	Security Officer						
1	Day Shift Standard Rate	Hourly/Guard	1	\$25.0000	\$25.0000	\$25.0000	
2	Day Shift Overtime Rate	Hourly/Guard	1	\$25.0000	\$25.0000	\$25.0000	

Bid Results

Type	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
3	Day Shift Holiday Rate						
		Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	
4	Evening Shift Standard Rate						
		Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	
5	Evening Shift Overtime Rate						
		Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	
6	Evening Shift Holiday Rate						
		Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	
				Subtotal	\$150.0000	\$150.0000	
Supervisor							
7	Day Shift Standard Rate						
		Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	
8	Day Shift Overtime Rate						
		Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	
9	Day Shift Holiday Rate						
		Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	
10	Evening Shift Standard Rate						
		Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	
11	Evening Shift Overtime Rate						
		Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	
12	Evening Shift Holiday Rate						
		Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	
				Subtotal	\$150.0000	\$150.0000	
Additional Coverages							
13	Emergency Call Out Services						
		Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	
				Subtotal	\$25.0000	\$25.0000	
				Total	\$325.0000	\$325.0000	

Bid Results**Bidder Details**

Vendor Name Public Protective Services
Address 4431 11th Ave
 Los Angeles, CA 90043
 United States

Respondee Kevin Bell
Respondee Title Operationsmanager
Phone 888-424-0640 Ext. 1
Email kbell@publicprotectiveservices.com
Vendor Type

Bid Detail

Bid Format Electronic
Submitted October 30, 2017 4:13:27 PM (Pacific)
Delivery Method
Bid Responsive Yes
Bid Status Submitted
Confirmation # 122249
Ranking 5

Respondee Comment

Pricing Includes all taxes, fees, fuel, insurance, equipment (officer/ vehicle/ post), vehicle maintenance

Buyer Comment**Attachments**

File Title	File Name	File Type
Response File - Banning Park Patrol	Banning Bid.pdf	Response File
Ex Parte Communications Certification	Ex Parte.pdf	Ex Parte Communications Certificate
Disclosure of Government Positions	Disclosure.pdf	Disclosure of Government Positions
Disqualifications Questionnaire	Questionnaire.pdf	Disqualifications Questionnaire

Line Items

Discount Terms		no discount					
Type	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
	Security Officer						
1	Day Shift Standard Rate	Hourly/Guar d	1	\$21.0000	\$21.0000	\$21.0000	
2	Day Shift Overtime Rate	Hourly/Guar d	1	\$31.5000	\$31.5000	\$31.5000	
3	Day Shift Holiday Rate	Hourly/Guar d	1	\$31.5000	\$31.5000	\$31.5000	

Security Services for City Parks (17-095), bidding on October 31, 2017 10:00 AM (Pacific)

Printed 12/13/2017

Bid Results

Type	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
4	Evening Shift Standard Rate	Hourly/Guard	1	\$21.0000	\$21.0000	\$21.0000	
5	Evening Shift Overtime Rate	Hourly/Guard	1	\$31.5000	\$31.5000	\$31.5000	
6	Evening Shift Holiday Rate	Hourly/Guard	1	\$31.5000	\$31.5000	\$31.5000	
				Subtotal	\$168.0000	\$168.0000	
Supervisor							
7	Day Shift Standard Rate	Hourly/Guard	1	\$23.0000	\$23.0000	\$23.0000	
8	Day Shift Overtime Rate	Hourly/Guard	1	\$34.5000	\$34.5000	\$34.5000	
9	Day Shift Holiday Rate	Hourly/Guard	1	\$34.5000	\$34.5000	\$34.5000	
10	Evening Shift Standard Rate	Hourly/Guard	1	\$23.0000	\$23.0000	\$23.0000	
11	Evening Shift Overtime Rate	Hourly/Guard	1	\$34.5000	\$34.5000	\$34.5000	
12	Evening Shift Holiday Rate	Hourly/Guard	1	\$34.5000	\$34.5000	\$34.5000	
				Subtotal	\$184.0000	\$184.0000	
Additional Coverages							
13	Emergency Call Out Services	Hourly/Guard	1	\$21.0000	\$21.0000	\$21.0000	
				Subtotal	\$21.0000	\$21.0000	
				Total	\$373.0000	\$373.0000	

Bid Results**Bidder Details**

Vendor Name Absolute Security International, Inc
Address 4255 Tyler Avenue
 El Monte, CA 91731
 United States

Respondee Lucy Lin
Respondee Title President/QM
Phone 626-858-7188 Ext.
Email llin@absolutesecurityintl.com
Vendor Type DGS,DBE,MBE,WBE

Bid Detail

Bid Format Electronic
Submitted October 30, 2017 6:31:16 PM (Pacific)
Delivery Method Online submittal/6:30PM
Bid Responsive Yes
Bid Status Submitted
Confirmation # 121119
Ranking 2

Respondee Comment**Buyer Comment****Attachments**

File Title	File Name	File Type
Banning Complete RFP	Banning RFP.pdf	Response File
Ex Parte Communications	Ex Parte Communications Certificate (2).pdf	Ex Parte Communications Certificate
Disclosure of Government Positions	Disclosure of Government Positions (2).pdf	Disclosure of Government Positions
Disqualifications Questionnaire	Disqualifications Questionnaire (2).pdf	Disqualifications Questionnaire

Line Items

Discount Terms		no discount					
Type	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
	Security Officer						
1	Day Shift Standard Rate	Hourly/Guard	1	\$21.8000	\$21.8000	\$21.8000	
2	Day Shift Overtime Rate	Hourly/Guard	1	\$32.7000	\$32.7000	\$32.7000	
3	Day Shift Holiday Rate	Hourly/Guard	1	\$32.7000	\$32.7000	\$32.7000	

Bid Results

Type	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
4	Evening Shift Standard Rate						
		Hourly/Guar d	1	\$21.8000	\$21.8000	\$21.8000	
5	Evening Shift Overtime Rate						
		Hourly/Guar d	1	\$32.7000	\$32.7000	\$32.7000	
6	Evening Shift Holiday Rate						
		Hourly/Guar d	1	\$32.7000	\$32.7000	\$32.7000	
				Subtotal	\$174.4000	\$174.4000	
	Supervisor						
7	Day Shift Standard Rate						
		Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	
8	Day Shift Overtime Rate						
		Hourly/Guar d	1	\$37.5000	\$37.5000	\$37.5000	
9	Day Shift Holiday Rate						
		Hourly/Guar d	1	\$37.5000	\$37.5000	\$37.5000	
10	Evening Shift Standard Rate						
		Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	
11	Evening Shift Overtime Rate						
		Hourly/Guar d	1	\$37.5000	\$37.5000	\$37.5000	
12	Evening Shift Holiday Rate						
		Hourly/Guar d	1	\$37.5000	\$37.5000	\$37.5000	
				Subtotal	\$200.0000	\$200.0000	
	Additional Coverages						
13	Emergency Call Out Services						
		Hourly/Guar d	1	\$22.8000	\$22.8000	\$22.8000	
				Subtotal	\$22.8000	\$22.8000	
				Total	\$397.2000	\$397.2000	

Bid Results**Bidder Details**

Vendor Name American Guard Services, Inc.
Address 1299 E Artesia Blvd. Ste. 200
 Carson, CA 90746
 United States

Respondee American Guard Service, Inc.
Respondee Title Alyshia Assal
Phone 424-213-4090 Ext.
Email alyshia@americanguardservices.com
Vendor Type

Bid Detail

Bid Format Electronic
Submitted October 27, 2017 3:04:33 PM (Pacific)
Delivery Method
Bid Responsive Yes
Bid Status Submitted
Confirmation # 121090
Ranking 4

Respondee Comment**Buyer Comment****Attachments**

File Title	File Name	File Type
AGS Responce	City of Banning Semi Final 10-26-2017.docx	Response File
AGS - Ex Parte Communication	Ex Parte Communication.pdf	Ex Parte Communications Certificate
AGS Disclosure	Disclosure of Government Positions.pdf	Disclosure of Government Positions
AGS/ Disqualification Submittal Form	DisQualification Submittal.pdf	Disqualifications Questionnaire

Line Items

Discount Terms		no discount					
Type	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
	Security Officer						
1	Day Shift Standard Rate	Hourly/Guard	1	\$21.2400	\$21.2400	\$21.2400	
2	Day Shift Overtime Rate	Hourly/Guard	1	\$29.7400	\$29.7400	\$29.7400	
3	Day Shift Holiday Rate	Hourly/Guard	1	\$29.7400	\$29.7400	\$29.7400	

Bid Results

Type	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
4	Evening Shift Standard Rate						
		Hourly/Guar d	1	\$21.2400	\$21.2400	\$21.2400	
5	Evening Shift Overtime Rate						
		Hourly/Guar d	1	\$29.7400	\$29.7400	\$29.7400	
6	Evening Shift Holiday Rate						
		Hourly/Guar d	1	\$29.7400	\$29.7400	\$29.7400	
				Subtotal	\$161.4400	\$161.4400	
	Supervisor						
7	Day Shift Standard Rate						
		Hourly/Guar d	1	\$22.4400	\$22.4400	\$22.4400	
8	Day Shift Overtime Rate						
		Hourly/Guar d	1	\$31.4200	\$31.4200	\$31.4200	
9	Day Shift Holiday Rate						
		Hourly/Guar d	1	\$31.4200	\$31.4200	\$31.4200	
10	Evening Shift Standard Rate						
		Hourly/Guar d	1	\$22.4400	\$22.4400	\$22.4400	
11	Evening Shift Overtime Rate						
		Hourly/Guar d	1	\$31.4200	\$31.4200	\$31.4200	
12	Evening Shift Holiday Rate						
		Hourly/Guar d	1	\$31.4200	\$31.4200	\$31.4200	
				Subtotal	\$170.5600	\$170.5600	
	Additional Coverages						
13	Emergency Call Out Services						
		Hourly/Guar d	1	\$29.7400	\$29.7400	\$29.7400	
				Subtotal	\$29.7400	\$29.7400	
				Total	\$361.7400	\$361.7400	

Bid Results**Bidder Details**

Vendor Name Power Security Group
Address 1180 Olympic Drive
 206
 Corona, CA 92881
 United States
Respondee Sid Hashemi
Respondee Title Director of Operations
Phone 877-769-3703 Ext.
Email sid@pssca.com
Vendor Type

Bid Detail

Bid Format Electronic
Submitted October 30, 2017 9:20:54 PM (Pacific)
Delivery Method 9:00pm
Bid Responsive Yes
Bid Status Submitted
Confirmation # 122272
Ranking 1

Respondee Comment**Buyer Comment****Attachments**

File Title	File Name	File Type
Security services for parks	CITY OF BANNING PDF.pdf	Response File
exparte communication cert banning	exparte communication cert banning.pdf	Ex Parte Communications Certificate
disclosure of government positions banning	disclosure of government positions banning.pdf	Disclosure of Government Positions
disqualification questionnaire banning	disqualification questionnaire banning.pdf	Disqualifications Questionnaire

Line Items

Discount Terms		no discount					
Type	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
	Security Officer						
1	Day Shift Standard Rate						
		Hourly/Guard	1	\$22.0000	\$22.0000	\$22.0000	
2	Day Shift Overtime Rate						
		Hourly/Guard	1	\$33.0000	\$33.0000	\$33.0000	
3	Day Shift Holiday Rate						
		Hourly/Guard	1	\$33.0000	\$33.0000	\$33.0000	

Bid Results

Type	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
4	Evening Shift Standard Rate	Hourly/Guar d	1	\$22.0000	\$22.0000	\$22.0000	
5	Evening Shift Overtime Rate	Hourly/Guar d	1	\$33.0000	\$33.0000	\$33.0000	
6	Evening Shift Holiday Rate	Hourly/Guar d	1	\$33.0000	\$33.0000	\$33.0000	
				Subtotal	\$176.0000	\$176.0000	
Supervisor							
7	Day Shift Standard Rate	Hourly/Guar d	1	\$23.0000	\$23.0000	\$23.0000	
8	Day Shift Overtime Rate	Hourly/Guar d	1	\$34.5000	\$34.5000	\$34.5000	
9	Day Shift Holiday Rate	Hourly/Guar d	1	\$34.5000	\$34.5000	\$34.5000	
10	Evening Shift Standard Rate	Hourly/Guar d	1	\$23.0000	\$23.0000	\$23.0000	
11	Evening Shift Overtime Rate	Hourly/Guar d	1	\$34.5000	\$34.5000	\$34.5000	
12	Evening Shift Holiday Rate	Hourly/Guar d	1	\$34.5000	\$34.5000	\$34.5000	
				Subtotal	\$184.0000	\$184.0000	
Additional Coverages							
13	Emergency Call Out Services	Hourly/Guar d	1	\$23.0000	\$23.0000	\$23.0000	
				Subtotal	\$23.0000	\$23.0000	
				Total	\$383.0000	\$383.0000	

Bid Results**Bidder Details**

Vendor Name SSG20 THE RECRUIT
Address 7611 Etiwanda Ave
 PO Box 3498
 Rancho Cucamonga, CA 91729
 United States
Respondee I Unaka Harrison
Respondee Title President
Phone 909-476-0003 Ext.
Email iyke@dss.gs
Vendor Type

Bid Detail

Bid Format Electronic
Submitted October 25, 2017 10:05:10 AM (Pacific)
Delivery Method
Bid Responsive No
Bid Status Submitted
Confirmation # 120626
Ranking 0

Respondee Comment**Buyer Comment**

Bid submission didn't contain proposal required in RFP and Forms that were required weren't signed.

Attachments

File Title	File Name	File Type
Response Letter	PROPOSAL TRANSMITTAL LETTER FOR CITY OF BANNING CA.pdf	Response File
Communications Certification	Ex Parte Communications Certificate.pdf	Ex Parte Communications Certificate
Disclosure	Disclosure of Government Positions.pdf	Disclosure of Government Positions
Disqualifications	Disqualifications Questionnaire.pdf	Disqualifications Questionnaire

Line Items

Type	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
	Discount Terms 5%20 net 30						
	Security Officer						
1	Day Shift Standard Rate	Hourly/Guard	1	\$16.0000	\$16.0000	\$15.2000	
2	Day Shift Overtime Rate	Hourly/Guard	1	\$22.4000	\$22.4000	\$21.2800	
3	Day Shift Holiday Rate	Hourly/Guard	1	\$22.4000	\$22.4000	\$21.2800	

Bid Results

Type	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
4	Evening Shift Standard Rate	Hourly/Guar d	1	\$16.0000	\$16.0000	\$15.2000	
5	Evening Shift Overtime Rate	Hourly/Guar d	1	\$16.0000	\$16.0000	\$15.2000	
6	Evening Shift Holiday Rate	Hourly/Guar d	1	\$22.4000	\$22.4000	\$21.2800	
				Subtotal	\$115.2000	\$109.4400	
Supervisor							
7	Day Shift Standard Rate	Hourly/Guar d	1	\$24.3900	\$24.3900	\$23.1705	
8	Day Shift Overtime Rate	Hourly/Guar d	1	\$34.1500	\$34.1500	\$32.4425	
9	Day Shift Holiday Rate	Hourly/Guar d	1	\$34.1500	\$34.1500	\$32.4425	
10	Evening Shift Standard Rate	Hourly/Guar d	1	\$19.5000	\$19.5000	\$18.5250	
11	Evening Shift Overtime Rate	Hourly/Guar d	1	\$26.6600	\$26.6600	\$25.3270	
12	Evening Shift Holiday Rate	Hourly/Guar d	1	\$26.6600	\$26.6600	\$25.3270	
				Subtotal	\$165.5100	\$157.2345	
Additional Coverages							
13	Emergency Call Out Services	Hourly/Guar d	1	\$19.5000	\$19.5000	\$18.5250	
				Subtotal	\$19.5000	\$18.5250	
				Total	\$300.2100	\$285.1995	

Bid Results**Bidder Details**

Vendor Name Alltech Industries Inc.
Address 301 E. Pomona Blvd.
 Suite B
 Monterey Park, CA 91755
 United States
Respondee Hilda Perez
Respondee Title President
Phone 760-486-0779 Ext.
Email hperez@alltechguards.com
Vendor Type

Bid Detail

Bid Format Electronic
Submitted October 30, 2017 12:18:31 PM (Pacific)
Delivery Method
Bid Responsive Yes
Bid Status Submitted
Confirmation # 122122
Ranking 3

Respondee Comment**Buyer Comment****Attachments**

File Title	File Name	File Type
Alltech Industries Inc. Response	City of Banning-Final.pdf	Response File
Ex Parte Communications Cert	Ex Parte Communications Certificate.pdf	Ex Parte Communications Certificate
Disclosure of Government Positions	Disclosure of Government Positions.pdf	Disclosure of Government Positions
Disqualifications Questionnaire	Disqualifications Questionnaire.pdf	Disqualifications Questionnaire

Line Items

Discount Terms		no discount				
Type	Item Code	UOM	Qty	Unit Price	Line Total	Discount Comment
	Security Officer					
1	Day Shift Standard Rate	Hourly/Guard	1	\$19.6800	\$19.6800	\$19.6800
2	Day Shift Overtime Rate	Hourly/Guard	1	\$29.5200	\$29.5200	\$29.5200
3	Day Shift Holiday Rate	Hourly/Guard	1	\$29.5200	\$29.5200	\$29.5200

Bid Results

Type	Item Code	UOM	Qty	Unit Price	Line Total	Discount	Comment
4	Evening Shift Standard Rate	Hourly/Guar d	1	\$19.6800	\$19.6800	\$19.6800	
5	Evening Shift Overtime Rate	Hourly/Guar d	1	\$29.5200	\$29.5200	\$29.5200	
6	Evening Shift Holiday Rate	Hourly/Guar d	1	\$29.5200	\$29.5200	\$29.5200	
				Subtotal	\$157.4400	\$157.4400	
Supervisor							
7	Day Shift Standard Rate	Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	
8	Day Shift Overtime Rate	Hourly/Guar d	1	\$37.5000	\$37.5000	\$37.5000	
9	Day Shift Holiday Rate	Hourly/Guar d	1	\$37.5000	\$37.5000	\$37.5000	
10	Evening Shift Standard Rate	Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	
11	Evening Shift Overtime Rate	Hourly/Guar d	1	\$37.5000	\$37.5000	\$37.5000	
12	Evening Shift Holiday Rate	Hourly/Guar d	1	\$37.5000	\$37.5000	\$37.5000	
				Subtotal	\$200.0000	\$200.0000	
Additional Coverages							
13	Emergency Call Out Services	Hourly/Guar d	1	\$25.0000	\$25.0000	\$25.0000	6 hour minimum
				Subtotal	\$25.0000	\$25.0000	
				Total	\$382.4400	\$382.4400	

Project Evaluation**Evaluators**

First Name	Last Name	Organization	Title	Phone	Email	Status
Alberto	Jasso	City of Banning	Parks & Recreation Commissioner	951-922-3241	aalberto.jasso@gmail.com	Active
Heidi	Meraz	City of Banning	Community Services Director	951-922-3241	hmeraz@ci.banning.ca.us	Active
Carl	Szoyka	City of Banning	Public Works Superintendant	951-922-3286	cszoyka@ci.banning.ca.us	Active

Meetings

No Meetings

Project Evaluation**Evaluator Forms**

File Title	File Name	File Size	Status	Uploaded Date	Uploaded By
Planet Bids Evaluator Instructions	Evaluator Instructions_4_13_15.pdf	252.8 kb	On Server	10/31/2017	McCoy, Jennifer
Instructions for Evaluation Phase	02 Instructions to Evaluators Memo.pdf	87.0 kb	On Server	10/31/2017	McCoy, Jennifer
Evaluation Committee Member Statement	03 EVALUATION COMMITTEE MEMBER STATEMENT.pdf	73.5 kb	On Server	10/31/2017	McCoy, Jennifer
IFB 17-095 Reference Summary	Reference Summary RFP 17-095.pdf	130.8 kb	On Server	12/06/2017	McCoy, Jennifer

Evaluator Attachments

File Title	File Name	File Size	Status	Uploaded Date	Uploaded By
evaluation committee member statement	member statement.pdf	302.1 kb	On Server	11/08/2017	Szoyka, Carl
Eval Committee Member Statement	AJasso.pdf	408.7 kb	On Server	11/09/2017	Jasso, Alberto
Evaluation Committee Member Statement	Member Statement.pdf	394.5 kb	On Server	11/09/2017	Meraz, Heidi

Project Evaluation**Technical Qualifications**

Vendor Name	Disclosure of Govt. Positions	Proposal Format Guidelines	Price Proposal	Disqualification Questionnaire	Ex Parte Communications Cert.
	Signed and submitted form.	Vendor submitted a proposal containing all requested areas. 1. Vendor Cover Letter 2. Background and Project Summary Section 3. Methodology Section 4. Staffing 5. Qualifications (to included references) 6. Financial Capacity	Vendor submitted a completed fee schedule.	Signed and submitted form.	Signed and submitted form.
	mandatory	mandatory	mandatory	mandatory	mandatory
Absolute Security International, Inc	Pass	Pass	Pass	Pass	Pass
Alltech Industries Inc.	Pass	Pass	Pass	Pass	Pass
American Guard Services, Inc.	Pass	Pass	Pass	Pass	Pass
Ava Security	Pass	Fail	Pass	Pass	Pass
Power Security Group	Pass	Pass	Pass	Pass	Pass
Public Protective Services	Pass	Pass	Pass	Pass	Pass
SSG20 THE RECRUIT	Fail	Fail	Fail	Fail	Fail

Vendor Name	Overall
Description	
Absolute Security International, Inc	Pass
Alltech Industries Inc.	Pass
American Guard Services, Inc.	Pass
Ava Security	Fail
Power Security Group	Pass
Public Protective Services	Pass
SSG20 THE RECRUIT	Fail

Project Evaluation

Project Evaluation Notes

Heidi Meraz (12/11/2017 1:07 PM)

Power Security

Carl Szoyka (12/07/2017 6:22 AM)

My recommendation would be for Power Security.

Security Services for City Parks (17-095), bidding on October 31, 2017 10:00 AM (Pacific)

Printed 12/13/2017

Project Evaluation**Project Evaluation Email****Email - Project Evaluation****Date Sent** 11/02/2017**To** Alberto Jasso (aalberto.jasso@gmail.com), Heidi Meraz (hmeraz@ci.banning.ca.us), Carl Szoyka (cszoyka@ci.banning.ca.us)**Subject** RFP 17-095 Security Services for City Parks

Message This is a notification pertaining to **Security Services for City Parks (17-095)**, with a bid due date of October 31, 2017 10:00 AM (Pacific). You have been chosen for the evaluations of the vendor proposals submitted through our eBid system Planet Bids. Attached you will find the evaluator instructions that will guide you through the system. I've uploaded the instructions and the Member Statement under the Documents tab. Please be sure to sign the Member Statement and upload with your final evaluation. For each criterion, enter the number in the score box based on the following scale: 0 - (Zero) Criterion was not address at all. 1 – Unacceptable 2 – Below Average 3 – Average 4 – Above Average 5 – Exceptional You should evaluate the proposal independently and each proposal is to be evaluated against RFP requirements. If you need further clarification, do not contact the proposer but e-mail your questions to me instead. Please submit all correspondence through the online system. After your review, please follow the evaluation instructions and submit your final scoring to me by the set deadline so I can summarize your scores and comments. An evaluation team meeting will be (in person or by webinar), so we can discuss the scores given to each proposal, develop a team score, determine the proposers who will move onto the Interview phase of this process and make changes to the Interview questions if deemed necessary. If you have any questions regarding this process, please call me at (951) 922-3121. Thank you for your participation and cooperation in this project. Jennifer McCoy Purchasing Manager

Attachments

File Title	File Name	Status
Evaluator Instructions	Evaluator Instructions_4_13_15.pdf	On Server

Email - Project Evaluation**Date Sent** 11/02/2017**To** Alberto Jasso (aalberto.jasso@gmail.com), Heidi Meraz (hmeraz@ci.banning.ca.us), Carl Szoyka (cszoyka@ci.banning.ca.us)**Subject** Evaluation Due Date

Message This is a notification pertaining to **Security Services for City Parks (17-095)**, with a bid due date of October 31, 2017 10:00 AM (Pacific). Hi All, Please upload your signed Member Statement and complete your evaluations no later than 10:00 a.m. on Thursday, November 9, 2017. Thanks, Jenn

Attachments

No Attachments

Email - Project Evaluation**Date Sent** 11/09/2017**To** Alberto Jasso (aalberto.jasso@gmail.com), Heidi Meraz (hmeraz@ci.banning.ca.us), Carl Szoyka (cszoyka@ci.banning.ca.us)**Subject** Evaluations for RFP 17-095

Message This is a notification pertaining to **Security Services for City Parks (17-095)**, with a bid due date of October 31, 2017 10:00 AM (Pacific). Hi Heidi and Alberto, It appears that I've only received Carl's evaluations for this RFP, but haven't received your scores yet. Please provide your results as soon as possible. I've received the signed member statements from Carl and Alberto. Heidi, please post yours along with your evaluation. Please let me know if you have questions. Thanks, Jenn

Attachments

No Attachments

Security Services for City Parks (17-095), bidding on October 31, 2017 10:00 AM (Pacific)

Printed 12/13/2017

Project Evaluation**Email - Project Evaluation****Date Sent** 11/09/2017**To** Alberto Jasso (aalberto.jasso@gmail.com), Heidi Meraz (hmeraz@ci.banning.ca.us), Carl Szoyka (cszoyka@ci.banning.ca.us)**Subject** Evaluation Results**Message** This is a notification pertaining to **Security Services for City Parks (17-095)**, with a bid due date of October 31, 2017 10:00 AM (Pacific). Hi All, Attached are the results of your evaluations. Heidi will review and let me know if interviews will be required. I will keep you posted on evaluation status changes/decisions. Thanks, Jenn**Attachments**

File Title	File Name	Status
Evaluation Total Ranking with Comments	Evaluation Total Ranking with Comments.pdf	On Server

Email - Project Evaluation**Date Sent** 12/06/2017**To** Alberto Jasso (aalberto.jasso@gmail.com), Heidi Meraz (hmeraz@ci.banning.ca.us), Carl Szoyka (cszoyka@ci.banning.ca.us)**Subject** References for IFB #17-095**Message** This is a notification pertaining to **Security Services for City Parks (17-095)**, with a bid due date of October 31, 2017 10:00 AM (Pacific). Hi All, Attached for your review are the references received for the top 3 ranked vendors. Please let me know if you have any questions. Please submit your final recommendations through the "Notes Tab" under the Project Evaluation. Thanks, Jenn**Attachments**

File Title	File Name	Status
IFB 17-095 Reference Summary	Reference Summary RFP 17-095.pdf	On Server

Email - Project Evaluation**Date Sent** 12/08/2017**To** Alberto Jasso (aalberto.jasso@gmail.com), Heidi Meraz (hmeraz@ci.banning.ca.us), Carl Szoyka (cszoyka@ci.banning.ca.us)**Subject** Final Evaluation Recommendation**Message** This is a notification pertaining to **Security Services for City Parks (17-095)**, with a bid due date of October 31, 2017 10:00 AM (Pacific). Hi Heidi and Alberto, I will gladly move forward with finalizing the RFP evaluation once I receive your recommendations for award. If you would like to proceed with interviews, please let me know so I can work on the schedule. Otherwise, please review all of the references and provide your recommendation in the Notes tab of the Project Evaluation. Feel free to contact me with questions. Thanks, Jenn**Attachments**

No Attachments

Award

Award Status Awarded
Award Date 12/13/2017
Type of Award Lump Sum
Awarded To Power Security Group (\$383.0000)

Type	Item Code	UOM	Qty
	Security Officer		
1	Day Shift Standard Rate	Hourly/Guar d	1
2	Day Shift Overtime Rate	Hourly/Guar d	1
3	Day Shift Holiday Rate	Hourly/Guar d	1
4	Evening Shift Standard Rate	Hourly/Guar d	1
5	Evening Shift Overtime Rate	Hourly/Guar d	1
6	Evening Shift Holiday Rate	Hourly/Guar d	1
	Supervisor		
7	Day Shift Standard Rate	Hourly/Guar d	1
8	Day Shift Overtime Rate	Hourly/Guar d	1
9	Day Shift Holiday Rate	Hourly/Guar d	1
10	Evening Shift Standard Rate	Hourly/Guar d	1
11	Evening Shift Overtime Rate	Hourly/Guar d	1
12	Evening Shift Holiday Rate	Hourly/Guar d	1
	Additional Coverages		
13	Emergency Call Out Services		

Award

Public Notes Notice of Intent to Award: The City of Banning has selected Power Security as the lowest responsible bidder.

Security Services for City Parks (17-095), bidding on October 31, 2017 10:00 AM (Pacific)

Printed 12/13/2017

Email History**Email - Bid Edit Notice****Date Sent** 10/20/2017

To Public Protective Services (kbell@publicprotectiveservices.com), North American Procurement Council (lyra@napc.me), Point 2 Point Global Security Inc (gweymer@p2pgsi.net), Power Security Group (sid@pssca.com), Ava Security (kennethking45@yahoo.com), AGC San Diego Chapter (planroom@agcsd.org), Absolute Security International, Inc (lilin@absolutesecurityintl.com), Cypress Security (ccunningham@cypress-security.com), FISHER EXECUTIVE PROTECTION (AFISHER519@FISHEREP.COM), PSMG, Inc. (vickil@pacwestsecurity.com), National Business Investigations, Inc. (vdovifaaz@investigations-nbi.com), Onvia, Inc. (sourcemanagement2@onvia.com), Servexo Protective Services (jpalmer@servexousa.com), Access Control Security, Inc. (jerry@247acs.com), Worldwide Intelligence and Protection Agency (leugene.ph.d@gmail.com), U.S. Security Associates, Inc (kburnett@ussecurityassociates.com), CONSTRUCTION BIDBOARD (PLANROOM@EBIDBOARD.COM), Gladiator Security Services (Gmanager02@gss19.com), Elite Enforcement Security Solutions, Inc. (Jennifer.w@eliteenforcement.com), DSS GLOBAL AGENCY INC (iyke@dss.gs), Secure Net Protection/Net Check Investigations (ahorton@securenetprotect.com), American Guard Services, Inc. (nabdelshahid@americanguardservices.com), Lyons Security Service, Inc. (kathleen@lyonssecurityinc.com)

Subject Notice of Bid Update for Security Services for City Parks (17-095)**Message** This is a notification pertaining to **Security Services for City Parks (17-095)**, with a bid due date of October 31, 2017 10:00 AM (Pacific). A change has been made to the bid. The Pre-Proposal Meeting Sign-In Sheet has been posted.**Attachments**

File Title	File Name	Status
RFP 17-095 Pre-Proposal Sign In Sheet	RFP 17-095 Pre-Proposal Sign In Sheet.pdf	On Server

Email - Q&A Notice**Date Sent** 10/24/2017

To Public Protective Services (kbell@publicprotectiveservices.com), North American Procurement Council (lyra@napc.me), Point 2 Point Global Security Inc (gweymer@p2pgsi.net), Power Security Group (sid@pssca.com), SSG20 THE RECRUIT (iykeh95@gmail.com), Alltech Industries Inc. (hperez@alltechguards.com), Ava Security (kennethking45@yahoo.com), AGC San Diego Chapter (planroom@agcsd.org), Absolute Security International, Inc (lilin@absolutesecurityintl.com), Cypress Security (ccunningham@cypress-security.com), FISHER EXECUTIVE PROTECTION (AFISHER519@FISHEREP.COM), PSMG, Inc. (vickil@pacwestsecurity.com), National Business Investigations, Inc. (vdovifaaz@investigations-nbi.com), Onvia, Inc. (sourcemanagement2@onvia.com), Servexo Protective Services (jpalmer@servexousa.com), Access Control Security, Inc. (jerry@247acs.com), Worldwide Intelligence and Protection Agency (leugene.ph.d@gmail.com), U.S. Security Associates, Inc (kburnett@ussecurityassociates.com), CONSTRUCTION BIDBOARD (PLANROOM@EBIDBOARD.COM), Gladiator Security Services (Gmanager02@gss19.com), Elite Enforcement Security Solutions, Inc. (Jennifer.w@eliteenforcement.com), DSS GLOBAL AGENCY INC (iyke@dss.gs), Secure Net Protection/Net Check Investigations (ahorton@securenetprotect.com), American Guard Services, Inc. (nabdelshahid@americanguardservices.com), Lyons Security Service, Inc. (kathleen@lyonssecurityinc.com)

Subject Q and A Set 1**Message** Q & A Set 1**Attachments**

No Attachments

Security Services for City Parks (17-095), bidding on October 31, 2017 10:00 AM (Pacific)

Printed 12/13/2017

Email History**Email - Q&A Notice****Date Sent** 10/26/2017

To Public Protective Services (kbell@publicprotectiveservices.com), North American Procurement Council (lyra@napc.me), Point 2 Point Global Security Inc (gweymer@p2pgsi.net), Power Security Group (sid@pssca.com), SSG20 THE RECRUIT (iykeh95@gmail.com), Alltech Industries Inc. (hperez@alltechguards.com), Ava Security (kennethking45@yahoo.com), AGC San Diego Chapter (planroom@agcsd.org), Absolute Security International, Inc (llin@absolutesecurityintl.com), Cypress Security (ccunningham@cypress-security.com), FISHER EXECUTIVE PROTECTION (AFISHER519@FISHEREP.COM), PSMG, Inc. (vickil@pacwestsecurity.com), National Business Investigations, Inc. (vdovifaaz@investigations-nbi.com), Onvia, Inc. (sourcemanagement2@onvia.com), Servexo Protective Services (jpalmer@servexousa.com), Access Control Security, Inc. (jerry@247acs.com), Worldwide Intelligence and Protection Agency (leugene.ph.d@gmail.com), U.S. Security Associates, Inc (kburnett@ussecurityassociates.com), CONSTRUCTION BIDBOARD (PLANROOM@EBIDBOARD.COM), Gladiator Security Services (Gmanager02@gss19.com), Elite Enforcement Security Solutions, Inc. (Jennifer.w@eliteenforcement.com), DSS GLOBAL AGENCY INC (iyke@dss.gs), Secure Net Protection/Net Check Investigations (ahorton@securenetprotect.com), American Guard Services, Inc. (nabdelshahid@americanguardservices.com), Lyons Security Service, Inc. (kathleen@lyonssecurityinc.com)

Subject Q and A Set 2**Message** Q & A Set 2**Attachments**

No Attachments

Email - Award Notice**Date Sent** 12/13/2017

To Ava Security (kennethking45@yahoo.com), Public Protective Services (kbell@publicprotectiveservices.com), Absolute Security International, Inc (llin@absolutesecurityintl.com), American Guard Services, Inc. (alyshia@americanguardserives.com), Power Security Group (sid@pssca.com), SSG20 THE RECRUIT (iyke@dss.gs), Alltech Industries Inc. (hperez@alltechguards.com)

Subject Attention All Bidders: An Award has been posted for Security Services for City Parks (17-095)

Message This is a notification that an award has been issued for Security Services for City Parks (17-095), with a bid due date of October 31, 2017 10:00 AM (Pacific). Please visit the bid details to receive the latest information. The City thoroughly reviews all viable proposals based on the Request for Proposal Specifications and Scope of Work, Criteria, references and past performance for each qualified applicant. We received a great selection of responses to this RFP and after the analysis of these variables, Power Security Group stood out as the lowest responsible bidder and best choice for the City's needs. Thank you all for your participation in this process! Feel free to contact me with questions. Jennifer McCoy

Attachments**File Title**

Notice of Intent to Award

File Name

Intent-to-Award Online Notification.pdf

Status

On Server

EXHIBIT B

Power Security Group, Inc. Proposal



PSSCA.COM
Power Security Group

EVER READY FOR PROTECTION
15- Years of Quality, Responsive Services
PPO: 17051

Respondent: Power Security Group



DGS
CALIFORNIA DEPARTMENT OF
GENERAL SERVICES

USWC EDWOSB
U.S. Women's Chamber of Commerce



CITY OF BANNING
REQUEST FOR PROPOSAL
NO. 17-095
SECURITY SERVICES FOR CITY PARKS

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	Ex. 2 Quality Control	
	Ex. 3 Retention	
	Ex. 4 Hiring Process	
	Ex. 5 Uniform and Appearance	
	Ex. 6 Sample DAR	

VENDOR COVER LETTER

10/23/2017

Dear Committee:

It is with great confidence that we submit this proposal in response to the City of Banning (the City) RFP NO. 17-095 Security Services for City Parks. Power Security Group provides quality services and outstanding protection with knowledgeable staff and exceptional customer service. We have thoroughly reviewed the proposal requirements as outlined in the RFP. Power Security Group prides itself on being an Equal Opportunity Employer with no defaults and/or terminations. We are certain that we have the staff, qualifications and dedication to provide you with services that will be of great value to the City. We are a Customer Service oriented organization and our intention is to not only secure the contract but to develop a long-term successful relationship with the City. Power Security Group will provide outstanding service in a skillful and competent matter with the capacity, internal capabilities, management experience, and knowledgeable field personnel to be your provider of choice for security services. It will show in our performance!

We have offices in Riverside and San Diego Counties. This project will be managed from our corporate office in Corona.

Corporate Headquarters
1180 Olympic Dr. #206
Corona, CA 92881
O: 877-769-3703 F: 877-667-2854

District Office
3505 Camino Del Rio South #263
San Diego, CA 92108
O: 877-769-3703 F: 877-667-2854

- We own our on-site State Licensed Training Academy.
- Instructors are Certified by B.S.I.S, Red Cross and NRA, they are experts in their chosen field.
- 20 administrative/professional staff members that manage the overall administrative aspects of the organization.
- 160 technical staff/security officers that provide professional technical services.
- The management team conducts weekly audits of accounts and site visits to ensure that we perform to our standards-and exceed your expectations.
- We are transparent in our process and stand by the quality of work of our security professionals. That's why we provide our clients with transparent access to service performance. This includes a delivery of incident reports, activity logs, schedules and payroll, all available within 24 hours.
- We strongly believe in continuing education and support local college students by hosting internship programs.
- Security Officers are trained and capable of handling all incidents in a lawful and professional manner. Use of deadly force policy is clearly outlined in the Employee Handbook.
- Field Supervisors ensure that tasks specified in the Post Orders are being performed, including the enforcement of Quality Control measures. They are tasked with Discipline and/or counseling. Supervision for this contract will be provided daily, 7 days a week, and will conduct on-site inspections of assigned personnel at least twice per week. The supervisor.

Services Provided

- Fire Watch
- Search of persons and vehicles

- Mobile Patrol
- Standing/Roving Security Officer
- CCTV Monitoring
- Alarm Response
- Special Events
- Public Transportation Centers
- Cash-in-Transit
- Secure Courier Services
- Lock and Unlock Service
- Ticket Takers
- Bag Checks
- Shopping Center Security
- Park and Recreation Security
- Access Control
- Crowd Management
- Front Desk Services
- School Districts

EXPERIENCE

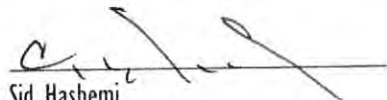
- Cleveland National Forest
- City of Coachella
- City of El Cajon
- County of Riverside
- RIVCO Parks
- Rowland Unified School District
- City of Covina Parks and Recreation
- City of Covina Metrolink Station and Parking Structure
- Steer n' Stein Shopping Center
- Pacific Hills Banquet and Catering Club
- Charles King Company
- Covina Valley Unified School District (4th year contract extension)
- San Diego Housing Commission (2nd year contract extension)
- Etiwanda Unified School District (2nd year contract extension)
- San Diego Unified School District (2nd largest District in the State)
- Charter Oak Unified School District
- Arizona Partners / North Main Plaza Shopping Center
- Village Grove HOA
- Jacobs — Port of Long Beach
- Weber Logistics (all Southern California locations)
- City of Burbank Downtown Metrolink Station

- Department of Transportation Caltrans District 7
- Los Angeles State Historic Park – California Department of Parks and Recreation
- Bay Alarm – Subcontractor
- Corona Partners for Parks and Recreation
- American Cancer Society
- Kelterite Company
- Pacific Tank
- Direct Property Management
- Belfor Property Restoration
- Village Center Plaza
- Self Help Graphics and Art
- As You Like It Event and Catering
- Phoenix Club – Oktoberfest (30,000 in attendance)
- Columbian Festival (6000 in attendance)
- Persian New Year Concert (15,000 in attendance)
- American Opal Society – Opal, Gem & Jewelry Show (1,000 in attendance)
- Corona Circle City Center
- California Correctional Health Care Services (CCHCS)
- City of Corona / City Hall South Lawn
- Arcadis Construction

The proposal price will be valid for a period of at least 180 days. Mr. Sid Hashemi is the individual authorized to bind Power Security Group, during the proposal process and all contract negotiations, and for the term of the contract.

We are very interested in doing business with the City and hope that you find our response to be comprehensive and compelling. If you need clarification regarding our submission please contact me for immediate assistance.

Respectfully,



Sid Hashemi
Director of Operations
sid@pssca.com

DEDICATED TO MAINTAINING SAFE AND SECURE ENVIRONMENTS!

Background and Project Summary Section

Approach and Understanding

The City of Banning is requesting proposals from a qualified public entity or private firm, to establish a contract for SECURITY SERVICES FOR CITY PARKS. Response to the RFP is via the online bid system on or before 10/31/17 at 10:00am. The City of Banning was incorporated in 1913, and has a rich and colorful history, strategically located astride Interstate 10 between the Inland Empire and the Coachella Valley in the San Geronio Pass. Historically Banning served as a stagecoach and railroad stop between the Arizona territories and Los Angeles. This history has contributed to the present-day spirit of pioneer resourcefulness and "can do" attitude that is so prevalent in the community. Banning is a friendly and wholesome place to work and raise a family. Desirable executive housing is available, as well as moderate and lower income housing. Clean air, ample water supplies and the memorable and inspiring scenic vistas of both Mt. San Geronio and Mt. San Jacinto, the 2 tallest peaks in Southern California, are additional amenities which make the City of Banning a logical choice as a development opportunity in the Southern California area.

Scope

Power Security Group will provide professional, bonded and uniformed unarmed security officers to provide a combination of random vehicle and foot patrols, regularly to patrol and monitor all City Parks between the hours of 7:00am to 11:00pm daily at the following locations:

- Sylvan Park
- Replier Park
- Lions Park
- Roosevelt Williams Park
- Richard Sanchez Park
- Dysart Park

Restroom Lock up by 8:00pm and unlock by 8:00am daily at the following locations:

- Sylvan Park
- Replier Park
- Lions Park
- Roosevelt Williams Park

The service hours will be split into two shifts, the day shift 7:00am-3:00pm and the night shift 3:00pm-11:00pm. Actual requested coverage may vary. Coverage will be provided as requested by the Community Services Department to best deter and address any violations of the City of Banning Municipal Code. Security officers will report to the Community Services Director or his/her designee.

The day shift patrol officer will unlock the restrooms by 8:00am and the night patrol officer will lock the restrooms by 8:00pm. Park hours are from dawn to dusk. Services will be provided smart and efficient. We provide the same services for other clients such as City of Covina, Los Angeles Historic State Park and City of Coachella. City parks are prime spots for transients, this presents a potential problem with the homeless who may want to camp out within the park location. Power Security Group security officers will be instructed to urge homeless persons to leave and hand them information from the local shelter. If they refuse to leave, security officers will be instructed to call police for assistance. The City's municipal codes as they relate to the scope of services are included as part of the post orders. Security officers will enforce laws, rules and regulations within the boundaries of the public parks, playgrounds and recreational areas, such as;

No Smoking

No Alcohol consumption or open container

Illegal Drug Activity

Curfew

Trespassing

Permits for Groups Users?

During each shift patrol officers will check the entire park location, observing for lock tampering, vandalism, graffiti, attempted break-ins, theft and unusual conditions. Security officers will perform on site foot patrols at each park location to ensure the various amenities and buildings are locked and secured. And that there are no trespassers on site after the parks close. Security officers will check the outer perimeter of the amenities and buildings as outlined below:

Roosevelt Williams Park

Located in East Banning, home of the Banning Boys and Girls club

- Check children's playground
- Check basketball courts
- Covered picnic area
- Boys & Girls Club House
- Lock and unlock restrooms

Replier Park Complex

Located in central Banning, home to the Playhouse Bowl "Concerts in the Park Series"

- Playhouse Bowl Amphitheatre
- Aquatics Center
- Tennis Courts
- Baseball Field
- Skate Park
- Children's playground
- Covered picnic area
- Gymnasium
- Kitchen facilities
- Senior center
- Lock and unlock restrooms

Sylvan Park

Located in West Banning

- Covered picnic
- Children's playground
- Baseball Field
- Basketball Courts
- Lock and unlock restrooms

Dysart Equestrian Park

Located in Southwest Banning, home of the Banning Stagecoach Days Carnival

- Rodeo Grandstand
- Equestrian Area

Richard Sanchez Park

Located in northwest Banning

- Picnic Areas

- Kids Playground
- Basketball Courts

Lions Park

Located in southeast Banning, home location of the Banning Little League

- Three Baseball Fields
- Snack Bar Facilities
- Children's Playground
- Lock and unlock restrooms

Other Duties:

- Observations of unwanted criminal activity and unacceptable behavior will be reported to the Banning Police Dispatch Center.
- Individuals who are on the premises after park closes will be escorted off the property. Also at the direction of City staff call police when necessary.
- Report security and public safety problems to the Community Services Director or his/her designee immediately.
- For each shift the security officer is to complete a Daily Activity Report (DAR).
- Complete, sign and provide a Daily Activity Report (DAR) for each shift worked. A DAR template will be provided to the contractor for the distribution to Security Guard(s) assigned to this project.
- Report damage problems to the Community Services Director or his/her designee immediately.
- If requested, provide additional officers for special events on a per event basis.
- By calling our communications and dispatch center 877-769-3703 to request a supervisor, dispatch will respond immediately and the supervisor can be in route within 15 minutes time.

Security officers will have all necessary safety equipment, such as a flashlight, personal alert signal and safety vest. Based on our experience in providing services for same/similar projects, we feel that batons and pepper spray is not necessary. The personal alert signal is a hand-held device, that plays a loud piercing, screeching sound when the panic button is pushed. Good for chasing off wild animals, etc.

We will install weather proof button points at each park location and the security officer will scan with a wand during each patrol route. The GPS system allows for generation of reports that include data such as the location and time of each park round. We also have installed in each patrol vehicle a Hum device which allows for real-time movement of our security officers. We understand that we will be responsible for any damages caused by our employees.

Methodology Section

I.

(i)

The primary role of the security contractor is to ensure the safe and secure environment of the City Park locations, as well as rapidly and effectively responding to emergency and other incident situations. We believe that the entire contract process is an on-going discussion that requires input from Power Security Group and from the City and we would like to set aside the implementation period to discuss goals, prioritize if necessary and brainstorm on new initiatives.

Some of the controls we use are:

Training (Ex. 1)

Quality Control (Ex. 2)

Document Control

Scheduling

Employee Retention (Ex. 3)

Hiring Process (Ex. 4)

Uniform and Appearance (Ex. 5)

Security Officer Post Duties

The information provided in the post orders located in the Security Officer Manual (SOM) contains City General, Post, and Specific Orders for the post assignment. Security personnel are 100% knowledgeable of their assigned post duties and review the SOM at the beginning of their shift for updates and/or changes.

Security personnel receive random "no-notice" assessments by field supervisors and operations management on their knowledge of their post assignment and their SOM. Deficiencies are documented during these assessments, incorporated into the Quality Control process and brought to the attention of the Training Manager and Compliance Manager. The Operations Manager is responsible for correcting deficiencies in the officer knowledge of SOM's and modifying recurrent training curricula or daily post checks with supervisory personnel.

Roving Posts

Adhering to post orders and delivering professional services goes hand-in-hand with performing the duties at the City Parks. We understand the necessity of highly visible (mobile) positions and the importance placed on observing and reporting. Our security officers are encouraged to be proactive — to identify potential deficiencies/problems and take action to mitigate a possible crisis. We report inoperative equipment, items in need of repair, and maintenance problems, as well as security and safety issues. Our on-going training emphasizes the professionalism expected and trust required of our security officers.

Rules and Regulations

Security personnel assigned to this contract must demonstrate their understanding and knowledge of the scope of work, as well as their specified duties.

Security Personnel

Security personnel display professionalism, thoroughness, interest, alertness and a suspicious mind! The slightest doubt or suspicion about anything will be noted and questioned. We take pride in our security guards and guarantee they meet the specific requirements; they are approachable, helpful, courteous and maintain a professional command appearance always. Communicate effectively, exercise sound judgment, and are capable and prepared to handle unforeseen situations under demanding conditions. We are confident and capable of meeting and exceeding your expectations. Our understanding of criminal behavior and safety protocols provides a foundation for making critical decisions and ensuring safety through professional monitoring of areas with an authoritative presence. Our security officers are highly trained "first responders" who make the difference between life and

death. We maintain a well-trained security force that presents a command appearance, you can feel confident that Power Security Group hires and trains only the best and it will show in our performance. Security Officers are prepared for their daily duties and unexpected challenges. Security personnel know how to respond in an efficient and appropriate manner, including dealing with the public in a professional and ethical manner. Training is extensive and aligns with both the post assignment, job duties and the industry where services will be provided. Security Personnel always have reasonable concern for their own physical safety and take reasonable precautions not to place themselves or others in situations that would encourage violence. Use of Powers to Arrest are at client's discretion. Reliability, professionalism and ability to follow procedure are a must.

(ii) Power Security Group does not have any internal or external stakeholders

2.

Good security companies train their officers in security related specialties, but exceptional security companies, like Power Security Group provide their officers with instruction that allows them to communicate effectively with customers and provide the services that they want. During the training period a security officer is going to be taught to do a variety of tasks, but one of the most important skills they need to have a grasp on is how to provide customers with service. Security officers are more capable of meeting the expectations of our clients/customers if they are properly trained. Clients/Customers expect things to be done a certain way and before a security officer can be hired and trained it is the responsibility of managers and supervisors to know what customers want so that officers can be trained in a way that produces positive results when dealing with customers. In this way there is a better chance of having officers interact with customers in a positive manner in every instance: training and procedures may miss a customer relations area of concern but an officer educated on customer needs and desires is most likely to arrive at a positive interaction.

One way we have improved customer service is the surrogate shopper approach. We have individuals who pretend to be a staff member, resident, or visitor (depending on the industry where service is being provided) and these individuals pose as a customer to observe how the security officers react and treat customers without supervision. Using this service has shown management and supervisors the areas that the security officers need to improve in. It also allows management and security supervisors to see which employees need to be trained again, let go or rewarded for the way that they handle customers and do their job. Employee Retention (Ex. 3)

Treat your security officers well and they will treat your clients well!

3.

Power Security Group can deliver the services as outline in the scope of work, within 2 weeks, upon award of contract. There is no transition plan since there is no a current incumbent. We have a flex team trained to provide coverage support and/or additional services such as City events. We clearly defined our pricing in the price proposal there will be no price adjustments, unless it involves the need for additional patrol vehicles.

4.

Power Security Group would request a meeting with the City designated contact person to coordinated delivery of services and to obtain needed information such as:

- Name and phone number of the designated contact source.
- Restroom lock up and unlock keys.
- Develop a process which will provide information to the City contact person so that he/she can review security qualifications for staff that will be assigned to the City.
- The City contact person will deal directly with the project manager, Sid Hashemi.
- We will need the contact information for the on-call person for after hour incidents/emergencies.
- How will non-emergent situations such as; work orders, repairs and/or maintenance issues be reported.

- What are the official park hours for each location?
- Provide details regarding use of parks by groups. Are Permits required?

For our clients of same services, we email the designated contact person the DAR'S every 2 weeks. If there was an incident to be reported, it will be reported the next business day via email (with images) to the City contact person.

5.

Our clients use a DAR that we created and is very user friendly. (Ex. 6)

For the lock and unlock restrooms service, at the start of the officers shift the first task is to do a "sweep" of each park location looking for evidence of tampering or illegal unwanted criminal activity, while simultaneously performing the lock up / unlock procedures for the restrooms. Once all the restrooms are unlocked and/or locked and secured, the officer starts his/her first patrol of each park location where he/she spends 30-40 minutes at each location (depending on park size) and does a thorough foot patrol of the entire site while observing for vandalism, graffiti, attempted break-ins, broken windows, doors and maintenance/ repair issues. This process is repeated for all patrols required during the shift. The in-between times of the 1st and 2nd patrols, the officer performs continuous vehicle patrols of each park site.

Security officers will use the correct grammar and spelling by using a pocket dictionary is necessary. We realize that all DAR's become part of the LEGAL DOCUMENTS and may be subpoenaed for court. Therefore, the officers will report only the facts and write it in a fluent public language.

If there is an issue such as a broken urinal or lights out, etc. the security officer uses his cell phone to complete a work order via the City website. Work orders are for situations that are non-emergent and can wait until the next business day. Urgent situations the security officer contacts the on-call person and stands guard until dismissed by the on-call person. Security officers use the camera function on their cell phones to document vandalism or any incidents.

In the event additional security officers are needed for special events, we have a flex team that is trained to provide coverage support for the patrol officers not only are they trained to perform the services as required per the agreement, they are also trained in Event Management Services and can handle tasks such as:

- Access control
- Crowd control
- Traffic control
- Bag checks
- Ticket takers
- Alcohol and Beverage Control (ABC) Training (for events with alcohol service)
- Active shooter training
- Crisis Response
- Basic First Aid

Power Security Group would like to propose/request permission to have a parking space dedicated for the patrol car/security officer personal car at a centralized city location. We would use a lock box to keep the keys in it and hang it discreetly on a fence or other place suggested by the City.

Document Control

To ensure company issued documents are accurate and appropriate, we have an application to document control procedures to ensure acceptability. When relevant, working documents distributed to security officers will require that they sign a receipt acknowledging an understanding of the material distributed.

Corrective and Preventive Action

When contract performance or compliance problems are identified. Power Security takes corrective action immediately to minimize quality issues and implement permanent solutions. Corrective actions are done in writing, by the contracting manager documenting the problem, identifying the cause and what action was taken to correct it. The report remains on file and available for review at our corporate office. Our policy is to encourage preventive action by its employees. Employees are encouraged to monitor and request preventive/corrective action when a problem is identified which impacts on the safety, quality, and performance of the operation.

6.

At this time Power Security Group does not own or rent/lease any city facilities, buildings or property. Our leasing options do not affect the overall cost proposal.

Staffing

Power Security Group and all assigned managing staff have the background, experience and qualifications to complete the project. Key personnel come with a wide range of experience from the military, contract security, and professional businesses. The team ensures that our security personnel have the tools needed to provide top quality security and safety services. We understand that any personnel assigned to this contract must be a "good fit" for the Client, and therefore we welcome the Client to review qualifications and credentials prior to assignment. Changes to key personnel at the Client's request will be done immediately for the good of the contract. Key staff are currently and properly certified or licensed to perform the services and hold all proper business or other required licenses. We will use every best effort to ensure that these key personnel remain engaged to perform the Services for the duration of the contract. Any substitution of Managing Staff must be requested in writing, and agreed upon by both the Client and Power Security Group. Managing staff members are available 24/7 to assist client staff as needed.

Sid Hashemi

Project Manager

25 hours a week

Directly responsible for the entire operations for the Corona and San Diego office locations. Mr. Hashemi has extensive experience in the security services industry, and is 110% committed to this assignment as well as our current assignments, available 24 hours a day, 7 days a week. He will oversee the entire scope of the contract, and working closely with the project manager to ensure timelines are met. 10-year employee and is the acting Director of Operations. 4-year Degree in Criminal Justice.

Sheryl Lyden, Operations Manager

Project Manager Assistant

16 hours a week

Ms. Lyden oversees the day to day operations for the Corona and San Diego office locations. Will assist the project manager with contract compliance. Check equipment, two-way radios, cell phones and vehicles to ensure 100% operational. Assign uniforms and develop a work schedule. Sheryl is 110% committed to current assignments and any anticipated assignments. Works closely with training instructors to ensure training requirements are met. 5-years' employee.

Dan Matloff, Retired Correctional Officer

Captain

8 hours a week

Mr. Matloff is a recently retired correctional officer with 25 years' experience in law enforcement and is 100% committed to new assignments. During part-time and now full-time employment, he has provided coverage support in many different capacities. He assisted with the shift of service and implementation of service for the Covina Valley Unified School District contract and provided the initial training, follow up training and on-going training. Employment period over 4 years.

Steve Briseno
Security Officer Supervisor

3 hours a week

Mr. Briseno has 15 years' experience in the security services industry. Working many tactical post assignments throughout San Bernardino where there is gang affiliated activities. Works closely with local law enforcement on many occasions. He provides many different job functions for Power Security Group, such as; Project Manager for Covina Valley Unified School District, and School Security Officer for Etiwanda School District.

Jessica Sanchez
Patrol Officer

7am — 9pm daily

Ms. Sanchez welcomes new challenges and commits 110% to new contractual relationships. She has been in a wide range of various post assignments. On a regular basis we get emails from happy clients telling us how satisfied they are with her service. She is outstanding in any task given to her. Employment period almost 4 years.

Joshua Lovely
Patrol Officer

3pm — 11pm daily

Mr. Lovely has 8+ years' experience in the security services industry. He has worked his way up through the ranks of the company. His skills, knowledge and responsibilities make him one of our "to-go-to" guys. He leads by example and always looks for an opportunity to mentor or educate a new rookie to the team.

Flex Officers will cover Saturday and Sunday, Day and Evening shifts.

Resumes

SID HASHEMI

Career Summary

Over ten year's impressive success in the security services industry, running company- wide operational functions and leading large-scale projects from inception to successful completion, while making / executing sound strategic decisions. Extensive knowledge of the fundamentals of Security. Understands the multiple responsibilities of protecting an organization and their employees from harm. Work successfully to develop and implement procedures for minimizing company asset shortages. Trustworthy professional skilled at providing creative solutions to difficult situations.

- Knowledge and Experience in the conduct of security operations to include threat assessment, risk assessment & mitigation and operational planning. Knowledge of Afghanistan Law Enforcement Organization & Operations and geographically inclined with Afghanistan and surrounding areas. Well versed in current events.

AREAS OF IMPACT

Business Development | Change Management | Strategic Planning & Leadership
Profit Growth | Executive Management | Finance & Budgeting | Operations Management
Expertise with PC Applications and Interfaces, MS Office, Outlook, Publisher and QuickBooks

Objective — provide oversight, leadership, and support too corporate and branch personnel, as well as the for the successful daily operation of both office locations, as well as ensuring total customer satisfaction. Utilize strong successful managerial experience in corporate operations. Establish quality, safety and financial operational standards to produce positive impact on overall performance of the organization.

- Knowledge in the areas of emergency/disaster management, physical security, critical incident stress management, risk management and business resiliency
- Leads and develops security officer supervisors, managers and their teams
- Provides leadership to understand, collaborate and influence across the organization
- Implements organizational policies and procedures to mitigate risk to employees and assets
- Liaison between our client and their staff and security personnel
- Supervise and evaluate the performance of all security supervisor personnel. Provide leadership and discipline and make recommendations regarding the employment status of assigned personnel.
- Meet with clients to review security measures
- Maintains relationships with local law enforcement and fire departments

PROFESSIONAL HISTORY

Power Security Group Inc., Corona and San Diego, CA <i>Director of Operations</i>	2008-Present
Power Security Academy, Corona and San Diego, CA <i>Chief of Training</i>	2014-Present
Department of Justice, Afghanistan <i>Translator, U.S. Contract stationed in Afghanistan</i>	Aug 2009-June 2010

EDUCATION

- 4 year Business Degree in Criminal Justice
- B.S.I.S. Certified Instructor
- CPR/AED/FIRST AID Instructor
- NRA Certified Instructor
- Security Guard Armed and Unarmed

Sheryl Lyden

- An exceptional motivator who generates high levels of employee morale and engagement by modeling excellent service behaviors, building productive relationships, establishing high standards and coaching performance.
- Understand the multiple responsibilities of protecting an organization and their employees from harm.
- Project management skills: Influencing, leading, negotiating and delegating abilities.
- Q.A., Licensures, Permits & Certifications Expert
- Tolerant and flexible to different situations, decision making, critical thinking, organizing and planning.
- Entrusted to maintain a confidential environment. High integrity and honesty, skilled at providing creative solutions to difficult situations.

EXPERIENCE

Operations Manager Jul 2011 — current Power Security Group INC

Responsibilities:

- Provides support to the Director of Operations/General Manager.
- Supervising & scheduling assigned staff, review & process payroll for accuracy.
- Strong management presentation and negotiation skills as well as proven experience in organizing and directing staff/team work.
- Hire, train and coordinate work schedules of all security personnel to ensure a secure environment at all locations at all times.

- Maintains Patrol Vehicle schedules for mechanical or routine service.
- Ensures that the appearance and work performance of all staff are in line with company guidelines including branch recognition.
- Successful working relationships with large numbers of employees from diverse backgrounds.
- Planning ability so that each client location is inspected at least once per week.
- Ensure compliance with local, state and federal guidelines regarding emergency and security.
- Advising and counsel management their compliance posture to all division and corporate standards.

SKILLS

Surveillance Equipment /CCTV, Knowledge of relevant Federal & State Laws, Martial Arts, Clean DMV

Dan Matloff

Power Security in Corona: Currently part time Guard in various venues throughout Orange and Riverside Counties including protection of fine jewelry and money, personal parties, special occasions and large events. Current valid Guard Card, Exposed Gun Permit, Baton Permit and Chemical Weapons Permit.

Retired Riverside County Jail Forensic Mental Health: Currently full time Mental Health First Responder (13 plus Years in present position): Level V security facility operated by the Riverside County Sheriff, and under the Department of Mental Health. I am responsible for assessing inmates for dangerous behaviors toward self or others such as suicide and homicide, which include placing inmates into isolation "Safety Cells" to prevent them from hurting or killing themselves or others using a variety of techniques. Hospitalizing for inmates in Psychiatric facilities under Penal Code 4011.6 (WIC 5150). In addition, I assess inmates within the County Jail System for security concerns in specialized programs to determine their appropriateness and safety inside the jail on work crews, for the on-site drug & alcohol program, as well as programs and housing concerns when inmates are release into the community. Conduct detailed assessments, counsel inmates regarding drug and alcohol issues, domestic violence, and interpersonal relationships in a level V security environment.

Riverside County Mental Health (1995 to 2017): Provided Crisis Assessments to Psychiatric patients who were in crisis and either attempting to harm or kill themselves or others, which include Involuntary Hospitalization Holds (WIC 5150). Also provided Officer of The Day duties in out-patient Mental Health clinics throughout Riverside County. In addition, I provided multicultural Psychotherapy and Case Management to all age groups. Interfaced with multiple community agencies.

Riverside County Department of Public Social Services (1986 to 1988):

First Responder to assessed children victimized by sexual, physical and emotional abuse within families and in the community. Placed children into *Protective Custody* and temporary shelters or foster homes to protect them from further abuses, and provided written recommendations to the Riverside County Juvenile Court regarding safety and appropriateness of their return to their families. Cross reported suspected child abuse to Law Enforcement agencies when appropriate.

Private Consulting Service in Palm Springs, California (1988 to 1995): Provided Crisis Intervention to Psychiatric Patients in the Hospital Setting, as well as crisis intervention to Juvenile Wards of The Court who were placed in "Boot Camp" settings and Group Homes. Also provided Psychotherapy to all ages and cultures.

United States Navy during the Vietnam War and Honorably Discharged.

From 1975 through 1986 I was in school completing my college education as listed below which includes a three year internship:

B.A. degree in the Behavioral Sciences with a minor in Correction and Criminology from California Polytechnic University in Pomona, California.

Masters of Arts from International College in Los Angeles, California.

California Licensed Marriage and Family Therapist.

Steve J. Briseno

SUMMARY: BSIS certified security professional with 8+ years of hands-on experience in protecting lives and property of clients. Familiar with basic security and civil law with demonstrated skills in exerting control over factors causing unrest. SB 1626 Certification, PC 832 training, Current Driver's License with reliable vehicle and clean DMV Record.

PROFESSIONAL EXPERIENCE

Security Officer Supervisor | LOS PINOS COMPOUND CLEVELAND NATIONAL FOREST

Vehicle and Foot Patrol Services 7-days a week, for the 47 acre unoccupied compound. TRESPASSERS , VIOLATIONS, FACILITIES CHECK, TWO WAY RADIO TRABUCO CANYON. Secure buildings and padlocked gates, gate access, open wide access, hikers, camp fires.

Security Guard | COVINA VALLEY UNIFIED SCHOOL DISTRICT West Covina, CA | 2010-2013

Hands-on experience in providing security services in a school environment, provided immediate response to alarm events, vehicle patrols of over 30 plus schools and adult education centers. Examined gates, doors and windows to ensure security. Addressed concerns from students, parents and faculty staff. Exceptional knowledge of school security procedures, amazing ability to handle aggressive students, outstanding ability to work in extreme weather conditions.

Security Guard | CORONA POINTE Riverside, CA | 2010-2013

Respond to security alarms and handle disturbances, monitor and authorize entrance and departure of visitors and staff. Call police and fire departments in case of emergency and ensure premises security at all times.

Patrol Officer | WEST TEC SECURITY, Riverside, CA 2008-2010

Identified irregularities, possible conflicts and safety hazards. Approached suspicious persons on the premises and notified police as required. Carried out periodic emergency call box checks.

Key Accomplishments:

- Implemented a daily log keeping system that ensured 100% recording of all incidents taking place during duty hours.
- Identified a damaged that was collapsing during patrol and took immediate measures to remove the security threat within 2 hours of identification.
- Reduced security breaches and property loss by 70% through effective surveillance and fool proof patrolling routines.
- Responded to a supplies theft issue and identified the person responsible by closely watching surveillance videos.

SKILLS:

- Management and training of security personnel
- Investigation related to security, excellent ability to resolve complaints
- Remarkable ability of oral and written report communication, familiar with local, state and federal rules
- Great ability of safety preventions and security risk management, excellent communication and interpersonal skills
- Certified in Security Supervisory Course, Certified in safety training and VIP protection course
- AA Degree Criminal Justice, CPR and First Aid Certified, Bilingual/ Spanish Speaking

Jessica Sanchez

Objective Statement — Enforce security measures ensuring safe and protected environment.

■ Qualifications Profile

Highly responsible and dedicated security officer with twelve years of experience working at complex sites that require using top guarding skills such as good judgment, quick response to different situations and prioritization.

Other Strengths Presented:

Detail-Oriented | Agile | Active Listener — Articulate
Problem Solving Skills | Dedication
Tolerance | Hardworking | Familiarity with Security Equipment

■ Employment History

Security Guard Power Security Group July 2016-Current
Responsibilities and Achievements

- Monitored area surrounding firm's offices continuously to detect any possible security breaches or intrusion by an outsider without permission — Conducted checks and authorized entry or exit of guests/visitors to avoid security threat and theft.
- Used various security devices such as metal detectors and scanners to implement security and prevent external threats from entering the site.
- Assisted in the installation of security alarms on office premises, as per the area's importance.
- Documented monthly reports on visitors' and vehicles' entry to the premises for future references security budget.
- Maintained records of all important contact numbers required in case of emergency or other natural calamities such as fire.
- Attended to visitors and guests during non-working hours; provided them with information.
- Educated visitors and office personnel about rules and regulations, forestalled violation of rules by outsiders.

Qualifications

- High school Diploma, some College
- CA State Drivers License
- CPR/AED/First Aid Certification

JOSHUA LOVELY

Senior Security Officer with over 5 years' diverse experience in security and patrol service. With a vigilant eye for detail and a commitment to the Safety and Protection of Lives and Property. Directly responsible for approximately 20 security officers. Monitor their performance, ensuring compliance, reporting, site evaluations and performance evaluations.

HIGHLIGHTS OF QUALIFICATIONS

- First Aid and CPR Certified — Adult and Children
- Committed to Safety and Protection of Lives and Property
- Identified new positions for security cameras — Decreased potential threats by 40%
- Trained 20 new Security personnel

SECURITY RELATED SKILLS

- Highly skilled in performing patrol duties within assigned areas to guard against theft, shoplifting, vandalism and fire
- Adapts to handling emergency, medical and accident situations effectively
- Extensive hands-on experience providing security in a range of environments including public and private schools, colleges and administrative offices
- Well-versed in all types of alarm systems and management
- Practical approach of observing all activities at premises and reporting any suspicious circumstances
- Understanding of school student behavior and safety protocols provides a foundation for making critical decisions

INTERPERSONAL SKILLS

- Oral, verbal and written communication
- Bilingual — English and Some Spanish
- Exceptional attention to detail
- Even tempered demeanor combined with training enhances ability to minimize stressful situations

PROFESSIONAL EXPERIENCE

Power Security Group Inc — Corona, CA

Jul 2012-Aug 2016 Security Officer

Aug 2016-Current Senior Security Officer

- Patrol the premises and adjacent areas
- Direct traffic to and from the main building
- Monitored heavy activity areas such as cafeteria and playgrounds
- Screened school visitors issued passes and kept visitor log
 - Track and report security personnel activities, and monitor on-going performance
 - Review time sheets prior to payroll, Scheduling, Post Assignments and Site Training, Lead Supervisor for the implementation of most new contracts.
 - Scheduling

Security Guard in a K12 environment

- Patrol the premises and adjacent areas
- Direct traffic to and from the main building
- Screened school visitors issued passes and kept visitor log
- Perform safety inspections in order to eliminate any negative activity

EDUCATION

SANTA ANA COLLEGE — SANTA ANA, CA — 2014

In progress Associate's Degree in Criminal Justice

Qualifications

If you select us, you will benefit from the results we deliver!

Power Security Group has been providing same/similar services for almost 10 years. We are flexible to the changing needs of the City including those needs on limited notice. We are licensed, insured, and bonded. With a commitment to professionalism and excellence, our clients are always assured of a superior level of quality, efficiency and service. We feel our small business roots, local presence involvement and proven reputation working with different municipal departments demonstrates a measurable benefit to the City.

Power Security Group is owner operated with a hands-on management team and highly recommended security personnel. Together we bring a team with 20-years' experience in the security services industry. The team includes security professionals, Qualified Manager through the State of California, Bureau of Security and Investigative Services, retired Correctional Officer, Part-time EMS personnel, Ex-Military, and Part-time Armored Transportation security personnel. The team utilizes good judgement in assessing customer needs, and applies their industry expertise in providing customer service excellence. We are a trusted leader with proven expertise in a wide range of industries. We have extensive experience with Federal Government contracting for example we currently provide contract security services for the Cleveland National Forest and Los Angeles Historic State Park/California Department of Parks and Recreation

Power Security Group is a company that is constantly investing in its personnel, by providing job training and job advancement to enhance the employees job satisfaction. We believe that a satisfied employee is a loyal and diligent employee. This creates a synergy between Power Security and our clients that is mutually beneficial and leads to long term business relationships. We will always respond to our client's needs by providing site specific focus and insuring that our client's needs are always met. We will never stop improving, until we maintain our excellent reputation in the industry.

Excellent Customer Service comes from having an awesome team of security personnel. Most of the time, it's the security officers who are the first point-of-contact for your customers, so it's crucial to have the best people on the job. We maintain a well-trained security force that presents a command appearance, you can feel confident that Power Security Group hires and trains only the best and it will show in our performance. We take pride in our security officers and guarantee they meet the specific requirement; they are helpful, courteous, communicate effectively, and are capable and prepared to handle unforeseen situations under demanding conditions. We are confident and capable of meeting and exceeding your expectations.

We ensure that they know how to respond in an efficient and appropriate manner to keep the client, staff, visitors and property safe. We encourage our security officers to have face-to-face communications with the public, staff employees, guests and visitors. Keeping an open line of communication creates a safe and welcomed presence in their living, working and recreational environments. We ensure that security is always a solution and never a problem.

Power Security Group's Site Security & Patrol Division includes security personnel with extensive public safety training, earning us a strong reputation for providing clients with the most highly skilled security staff in the industry. *Our security personnel display professionalism, thoroughness, interest, alertness and a suspicious mind! The slightest doubt or suspicion about anything will be noted and questioned.*

We are proud to say, that Power Security Group (PSG) continues to acquire new clients, we also continue to hone our expertise and master the art of client satisfaction. We remain easy to do business with and flexible enough to readily adjust to changes in your security requirements. Power Security Group is organized as an "S" corporation and licensed as a Private Patrol Operator PPO 17051, by the Bureau of Security and Investigative Services (B.S.I.S.), providing Quality Security and Patrol contract services since 2008. We have offices in Riverside County and San Diego County.

Key Staff

Sid Hashemi

Projects: City of Covina, Los Angeles Historic State Park, City of Coachella and Cleveland National Forest

Coordination of service, transition, scheduling, invoicing, roving supervisor

Sheryl Lyden

Projects: City of Covina, Los Angeles Historic State Park, City of Coachella and Cleveland National Forest

Recruitment, hiring, on-site and off-site training, personnel files, uniform and equipment program

Client References

Reference 1.

City of Covina

Restroom Locking Services for city parks, nightly. Highly visible presence to combat homeless problems and ensure no trespassing after parks close.

11/1/2016 to current

Alvin Ho

Phone: 626-384-5523

aho@covina.ca.gov

Reference 2.

City of Coachella

Restroom Locking Services for city parks, nightly. Highly visible presence to combat homeless problems and ensure no trespassing after parks close.

8/10/2017 to current

Maritza Martinez

Phone: 760-501-8100

mmartinez@coachella.org

Reference 3.

Los Angeles Historic State Park

A team of 2 uniformed and unarmed security officers provide overnight patrol and surveillance of the historic park, seven (7) days per week.

Provide a highly visible presence in all areas of the park, respond and intervene upon trespassing or suspicious activity. Respond to areas that need attention or require a response and intervention. Assist California State Park (CSP) Peace Officers when they respond to calls in the park.

Close, secure and lock site gates and restroom facilities, observe for incidents affecting the safety or security of the park, or for defective hardware which might affect building security. Observe criminal, safety or health hazards that could affect the visitors or other state employees at the site. Ensure that all facilities are locked and secured. In addition to our primary contractual obligations, security is provided for the various events/venues hosting a maximum occupancy of 15,000 attendees.

4/15/17 to current

Scott Raley

Phone: 213-935-0076

scott.raley@parks.ca.gov

Financial Stability, Capacity and Resources

Power Security Group is a trustworthy and ethical business operations delivering quality contract security services following the high standards and strict compliance requirements as outlined in the Better Business Bureau's (BBB) Code of Business practices. We have no outstanding or pending complaints as determined through the BBB, State of California Department of Consumer Affairs. Power Security Group's mechanisms for pricing, allocating, and managing financial risks are functioning well enough to contribute to the performance of this contract. We have the administrative and fiscal capability to provide and manage the proposed services and the ability to withstand a temporary problem, such as a decrease in contracts, lack of capital or loss of a key client. Our key source of credit is with Wells Fargo Bank with a credit line of \$300,000.00 including a Payment Bond. There are no plans to close any office locations and no pending merge or any drastic projected changes that may negatively impact our ability to meet the timelines and schedules or to provide the required services. We are not engaged with any other firms partnering or subcontracting for this proposal submission.

Default/Non-performance

Power Security Group has never had a contract cancelled or terminated by default or for performance, non-performance, unacceptable performance or illegal activities.

Certificate of Insurance

We have maintained our "not at risk" status from 2008 to current. No claims have been filed or paid by our insurance policies.

Litigation

As with any security services company, we are subject to routine litigation in the ordinary course of our business, which could involve claims resulting from the conduct of our security services day-to-day operations. We maintain general liability and other insurance coverage that adequately insure us against the risks associated with these claims. No record of on-going or pending lawsuits, claims, administrative proceedings, litigation, bankruptcy, regulatory action, legal proceeding or other exposures from 2008 to current, that would cause a substantial change in Power Security Group's financial condition.

Accountant

One Hour Tax Service

951-736-7437

1450 W. 6th St., Ste. #112, Corona, CA

Lisa Skeldon

Please see ATTACHMENTS for financial statements

Disclosure

Power Security Group, its CEO, Director of Operations, and Employees have not engaged in the past or current business and personal relationships with any current Banning elected official, appointed official, City employee, or family member of any current Banning elected official, appointed official, or City employee.

EXHIBITS

ATTACHMENTS

4:24 PM

07/17/17

Accrual Basis

Power Security Group Inc.
Profit & Loss YTD Comparison
 June 2017

	Jun 17	Jan - Jun 17
Ordinary Income/Expense		
Income		
Sales	125,717.36	685,330.27
Total Income	125,717.36	685,330.27
Gross Profit	125,717.36	685,330.27
Expense		
ACCOUNTING	0.00	784.00
Advertising and Promotion	89.94	958.72
Automobile Expense		
Car Wash	19.71	181.27
Fuel	1,824.94	9,618.27
Repairs	867.94	5,333.79
Automobile Expense - Other	60.00	530.00
Total Automobile Expense	2,772.59	15,663.33
Bank Service Charges	0.00	4.65
Continuing Education	644.50	1,041.49
Contract Labor	55,552.13	324,979.62
Dues and Subscriptions	58.25	58.25
Insurance Expense	4,608.45	23,333.62
Lease	12,042.42	13,349.52
Legal Fees	4,500.00	4,500.00
License	197.00	623.00
Meals and Entertainment	558.74	2,187.48
Office Expense	310.94	4,530.53
Office Supplies	653.12	8,028.32
Parking and Tolls	399.65	1,466.69
Payroll Expenses		
Payroll Fees	194.37	1,072.77
Payroll Taxes	5,728.53	30,491.78
Wages	20,759.49	91,371.01
Total Payroll Expenses	26,682.39	122,935.56
Permits and Fees	251.00	968.00
Personal Training	10.00	159.95
Postage and Shipping	0.00	73.75
Professional Fees	0.00	1,494.00
Rent Expense	2,200.00	13,105.00
Repairs and Maintenance	280.14	2,879.26
Software	0.00	99.99
Supplies	470.25	733.79
TAXES	314.75	13,827.97
Telephone Expense	780.93	3,579.07
Travel Expense	0.00	3,707.78
Uniforms	1,119.02	2,794.55
Utilities	860.64	3,718.45
Total Expense	115,356.85	571,586.34
Net Ordinary Income	10,360.51	113,743.93
Other Income/Expense		
Other Income		
Credit Card Cash Back	0.00	448.21
Interest Income	0.07	0.35
Total Other Income	0.07	448.56

4:24 PM

07/17/17

Accrual Basis

Power Security Group Inc.
Profit & Loss YTD Comparison
June 2017

	Jun 17	Jan - Jun 17
Other Expense		
Ask My Accountant	60.63	60.63
Charitable Contributions	1.00	1,131.35
Total Other Expense	61.63	1,191.98
Net Other Income	-61.56	-743.42
Net Income	10,298.95	113,000.51

DISQUALIFICATIONS QUESTIONNAIRE

The Consultant shall complete the following questionnaire:

Has the Consultant, any officer of the Consultant, or any employee of the Consultant who has proprietary interest in the Consultant, ever been disqualified, removed, or otherwise prevented from bidding on, or completing a federal, state, or local government project because of a violation of law or safety regulation?

Yes _____

No ☒

If the answer is yes, explain the circumstances in the following space.

DISCLOSURE OF GOVERNMENT POSITIONS

Each Proposer shall disclose below whether any owner or employee of the firm currently hold positions as elected or appointed officials, directors, officers, or employees of a governmental entity or held such positions in the past twelve months. List below or state "None."

NONE

EX PARTE COMMUNICATIONS CERTIFICATION

Please indicate by signing below one of the following two statements. **Only sign one statement.**

I certify that Proposer and Proposer's representatives have not had any communication with a City Councilmember concerning the Security Services for City Parks RFP at any time after October 13, 2017.

A handwritten signature in black ink, consisting of a stylized 'a' followed by a series of loops and a long horizontal stroke.

OR

I certify that Proposer or Proposer's representatives have communicated after October 13, 2017 with a City Councilmember concerning the Security Services for City Parks RFP. A copy of all such communications is attached to this form for public distribution.

A solid horizontal line.



District Superintendent
Richard M. Sheehan, Ed.D.

Board of Education
Charles M. Kemp
William L. Knoll
Sue L. Maulucci
Darrell A. Myrick
Richard M. White

August 25, 2015

It is my pleasure that I write this letter of recommendation for Power Security Group. In my position as Manager of Maintenance and Operations for the Covina-Valley Unified School District I have the responsibility of contracting and overseeing our Districts security patrol concerns.

We have contracted security patrol services from Power Security Group since May of 2014 and I have found Power Security to be a customer service orientated company. Sid Hashemi has been very accommodating and responsive to Covina-Valley Unified School Districts needs and special requests. Their patrol officers have been responsible with their assignments and have shown good judgment in the performance of their duties.

Power Security Group has proven to me to be highly reliable, responsible and accommodating to our needs. It is because of these traits that I recommend that Power Security Group be given the highest consideration.

A handwritten signature in black ink that reads 'Mike Stragier'.

Mike Stragier
Manager of Maintenance and Operations
Covina -Valley Unified School District

519 E. Badillo Street • Covina, California 91723
626.974.7000 • FAX 626.974.7032
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F +1.949.224.7501
www.jacobs.com

September 21, 2015

Port of Long Beach Middle Harbor Program Level Support

Power Security

To Whom It May Concern,

Jacobs Engineering is providing Program Management/Construction Management Support to the Port of Long Beach's Middle Harbor Redevelopment Program. As a part of this support, we selected Power Security to provide secure access to the construction site. In August 2015, the responsibility of providing site access control transitioned from the Port's Harbor Patrol staff to Power Security. The transition from Harbor Patrol to Power Security was made smooth and timely largely due to the professionalism shown by Sid Hashemi and his guards.

Because of the success we have had with the Power Security Team we have expanded their role, adding an additional gate to monitor. When we asked Power Security to take on the additional gate, they had a guard in place in 48 hours. Mr. Hashemi said that he could have a guard in place in 24 hours if we would have needed it. The Power Security Team has worked well with our PM/CM Team and Harbor Patrol during their time on site.

As a result of our success with Power Security, I would recommend their services to others with similar needs.

Regards,

Bob Turner
Manager Project Control
714-869-6435
robert.turner@jacobs.com

Jacobs Project Management Co.



June 27, 2016

To Whom It May Concern,

I am pleased to write this letter recommendation on behalf of Power Security as we have worked with Sid Hashemi and his team for many years. His team has always provided the most courteous and professional staff persons. After being dissatisfied with other companies it was Sid's team that was recommended to us and we have been very happy with their work ethic and rapport with our constituents. Power Security has provided their services for our smaller VIP events and our largest community event where thousands of community members attend.

Because of their commitment to provide quality service we have been please to recommend Power Security to many of our colleagues and partner organizations. It is with confidence that we are able to send this letter of recommendation on behalf of Sid and Power Security.

Thank you,

Joel Garcia
Director of Programs and Operations
Self Help Graphics & Art
323.881.6444 SHG&A

Board Members

Dr. Karen Mary Davalos, Chair
Valarie De La Garza, Vice Chair
Roberta Tinajero-Frankel, Secretary
Dr. Gilberto Cárdenas
Keri V. Castaneda
Rose Ann Djelmane
Raquel Dominguez
Paulina M. Flores
Alfred Fraijo, Jr., Esq.
Zac Guevara

Staff

Joel Garcia
Director of Programs & Operations

Betty Avila
Associate Director

Alexa B. Kim
Program Assistant

1300 East 1st Street
Boyle Heights, CA 90033
323.881.6444
www.selfhelpgraphics.com



SAN DIEGO
HOUSING
COMMISSION

Administrative Services Department

April 7, 2016

Ms. Sheryl Lyden
1180 Olympic Dr. #206,
Corona, CA. 92881

Re: Letter of Recommendation

To whom it may concern:

Last October the San Diego Housing Commission awarded a security contract to Power Security, Inc. I have received positive feedback for their efforts to secure and maintain a site that has its share of challenges. In the time leading up to the contract award, Power Security, Inc. submitted paperwork in a timely fashion. In addition, the group has made great efforts to work with demanding schedule.

Please feel free to call if further information is needed. I would be happy to share the positive experience we have had thus far with Power Security, Inc.

Sincerely,

David Tomaino
Sr. Program Analyst
San Diego Housing Commission
1122 Broadway, Suite 300, San Diego, CA 92101
619-578-7537 (o) | 619-578-7349 (f)
davidt@sdhc.org

Sid Hashemi

From: Veronica Purpura <angeldragonoflight@yahoo.com>
Sent: Tuesday, November 8, 2016 5:16 PM
To: Sid Hashemi; Sid Hashemi
Subject: special thank you to Power Security from the AOS show

Hello Sid,

I wanted to say "thank you" from the American Opal Society for your company's continued help guarding our Opal, Gem and Jewelry Show. The show this year went great. Keeping a guard closed up at night worked great and I was particularly grateful at your performance during tear down. Some dealers spotted a guy on a bike nearby, and later on there were more of them, so your guys called back-up with the Anaheim PD and everything seemed under control. The AOS are looking forward to having you again next year as well. Thank you again, from the American Opal Society.

Veronica Purpura
AOS Show Chairman



PHOENIX CLUB, INC.
DEUTSCHER VEREIN IN ORANGE COUNTY

Mr. Sid Hashemi
Power Security Corp.
1450 W 6th Street, Suite 205
Corona CA 92882

Dear Mr. Hashemi,

Thank you for providing security services for our 2011 Oktoberfest event here at The Phoenix Club. Over the course of the 7 weekend event, we accommodated over 30,000 guests. During those 7 weekends, we only had 2 minor incidents that your security team handled very professionally and effectively.

Power Security Corp's high visibility and professional appearance allowed all of our guests enjoy a memorable experience here during Oktoberfest, as well as other events that your company has provided security for since then.

Thank you and we look forward to using your service for our future events.

Very truly yours,

Mark Sarabyn
General Manager

STATEMENT OF TRAINING PROGRAM

We own our on-site State licensed training academy and our security training program is approved by the B.S.I.S., our instructors are Red Cross, NRA and BSIS Certified. We believe training forms the backbone of providing the best security we can offer. Training is an on-going endeavor, not only to cover existing skills, but to learn new ones. We strongly encourage the growth of our employees. We are firmly committed to the principle that both specific and ongoing training guarantees the security officers are best prepared to meet and exceed specifications, and keeps them alert and aware of best practices. Continuing training will be a requisite for security personnel assigned to this contract. We understand that security officers must be a good fit for the client and security officers can and will be replaced at any time. We never use a third party for continuing education. The course curriculum is developed by the BSIS Qualified Manager and Instructors. Course curriculum is developed using resources and references from various state and local government entities such as; OSHA, Department of Labor Relations, California Department of Public Health, Red Cross, FEMA, and the BSIS Skills Training Course for Security Guards, among other resources and references. All classes and training incorporate DHS concepts as part of our curriculum and Principals and Methodology of the Community Police Officer Program (CPOP). Power Security Academy provides access to subject matter experts, gives reference materials, and reviews course materials to ensure adherence to style and usage guidelines.

Evaluation criteria is developed by our instructors in consultation with other training professionals who evaluate courses on four levels. The first level assesses the reaction of the participants. The second level measures the extent to which participants learned the material presented. The third level measures behavioral in the field, and the fourth level reveals the business impact, if any that occurred as a result of course attendance.

Employee Motivation and Retention

Training as a reward is an effective motivator, and happy employees are more productive and less likely to think about leaving. A structured security training program shows security personnel that the organization recognizes their worth and it is in their interests to stay. Keeping the security personnel motivated and happy is one of the best public relations tools an organization can have.

KEY POINTS

- On-site State licensed training facility
- B.S.I.S. approved training program
- Red Cross, NRA and BSIS Certified Instructors
- No 3rd parties are ever used for continuing education
- All classes and training incorporate DHS concepts as part of our curriculum
- Principals and Methodology of the Community Police Officer Program (C.P.O.P.)

Training that Boosts Employee Performance, helps us gain the competitive edge!

We actively strive to ensure that our employees are being taught the correct and proper information and techniques always, and understand the how and why of the scenario. On a yearly basis, our company offers more than 80+ hours of additional classroom, field, and on-going training above the state mandated requirements.

The quality of job performance is directly linked to our training program therefore, PSG spends a large portion of company resources to create effective training programs. Training sessions are interactive and include scenario based training, lecture, discussion, power point presentations, in field, on-site and professional training videos. Security officers must pass a written examination to demonstrate that he/she understands the subject matter and is qualified to perform the basic duties of a private security officer. All training is accompanied by an appropriate assessment and evaluation to measure the security officer's knowledge of the training subject.

Security officers must complete a 4-hours of orientation training and 48 hours of pre-assignment training with a special section dedicated exclusively to our expectations of the PSG security officer, including proper behavior on the job site, punctuality, and the importance of respectful treatment of the public, clients, and law enforcement. Patrol security officers must meet the same requirements including additional training with our Patrol Division in courses such as; Defensive Driving Course in real time using freeways, highways, toll roads, off-road, street, residential, parking lots, etc. and, Motor Vehicle and Driver Safety.

Considerable time is spent stressing the consequences for violating company policies such as; sleeping on the job, abandoning post or using electronic entertainment devices while on duty. Violations, disciplinary procedures and termination process are clearly outlined in our Employee Policy Manual.

Orientation Training

4 Hours

This training covers business operations, the Employee Policy Manual, Expectations of the Employer, Customer Service/Professional Conduct and Violations of Company Policies. Some of the topics covered in orientation are, but not limited to the following:

BSIS Employee Orientation	Vision & Mission Statements	Disciplinary Process
Time & Attendance	Performance/Attitude/Behavior	Chain of Command

Sleeping on the Job	Post Abandonment	Uniform & Appearance
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Uniform & Appearance

The uniform & appearance component of training is led by a member of our management team, who dress in full uniform for this 15-minute show and tell which covers the proper way to wear the uniform, and care for the uniform, from head to toe. Including the correct way to put on the duty belt, add a holster, pouch, handcuffs and case.

Pre-Assignment Training

48 Hours

Each security officer must complete 48 hours of pre-assignment training in a wide range of topics to enhance the security officer's skills and performance. Scenario based training is very effective for when the security officer experiences hands on a situation he/she will know how to respond. A partial list as follows:

Employer Policies and Procedures	Emergency Response Procedures	Harassment and Discrimination
Evacuation Procedures	Work Place Violence	Basic Defensive Tactics
Work Place Security Awareness	Fire Safety Course	Radio Procedures
Parking Lot/Traffic Control	Officer Safety	Trespass
Patrolling Techniques	Active Shooter	Public Safety
Alarm Response Management	Protecting the Crime Scene	Legal and Liability Aspects
Surveillance Awareness	Report Writing	Interview Techniques
Assignment / Post Orders	Blood Borne Pathogens	Bomb Threats
Communications	Crowd Control	CPR/AED/First Aid
Customer Service	Public Relations	Diversity in the workplace
Ethics, honesty, professional image and proper conduct	Fire prevention and control	Fire Equipment
Information security	Laws of evidence	Legal aspects of security
Lock and key control	Nature and role of private security	Note taking/report writing
Physical security and access control	Preserving the incident scene	Safety awareness
Substance abuse	Technology in security	Testimony
Theft prevention	Urban terrorism	Use of force and force continuum

On-The-Job Training

8 Hours+

On the job training is client specific and could be up to 24 hours depending on the site and location.

- On Post Application of Classroom taught lessons
- Learning site-specific per post orders

- Site safety guidelines

Annual Training

16 Hours

On a yearly basis, employees must complete 16 hours of continuing education, which can be a refresher course of a topic that the individual completed previously, site specific training, or supervisor recommended training. The 16 hours is the requirement from the State, however we have over 80 hours of continuing education available to employees

QUALITY CONTROL (Q.C.)

Strong supervision is essential for maintaining quality of service. We ensure quality of service and performance of work, by using several Quality Control measures. Some of the measures taken, but not limited to are as follows:

- Enforce security standards and regulations on site and ensure personnel compliance with contractual requirements and agreed levels of service and informing the Quality Control Department of irregularities.
- Our department will work closely with the client's designated person to monitor and evaluate the overall performance. Any deficiencies will be corrected immediately.
- Conduct unscheduled inspections to ensure that all security personnel remain alert, diligent, and on their assigned posts or other assignments. Inspections are on-going for the duration of the contract.
- Supervisors periodically use Task Post Sheets to test the officers on their knowledge and execution of a specific duty.
- Continuing education training will be utilized for officers that lack skills and/or training in specific areas of their job/post duties.
- Perform regular scheduled inspections of sites to ensure compliance with critical policies and procedures, that equipment is working and the job is being done as required.
- Ensure security personnel attendance and keep records.
- Document findings after inspections and ensure critical information is conveyed to Quality Control Manager.
- Ensure that security officers are properly dressed in uniform, have an acceptable appearance, observe behavior, and that they have the required equipment in their possession.
- Ensure security officers adhere to the assignment instructions and guidelines for their duties at the start and end of each shift. This includes reviewing DAR's, Pass Down Logs and Incident Reports.
- Make unannounced visits to patrol the property and premises to ensure that security officers are performing as per the required standards.
- Provide guidance and assess security officers to ensure familiarity with and implementation of site and safety procedures as required.
- Ensure that all records are maintained and that all information required for monthly reports is completed.
- Any irregularities that take place on site must be reported. And make recommendations for corrective and preventive measures. Allowing 24 hours for corrective action to take place.
- Written reports must be legible and are reviewed for clarity and spelling. Reports must be acceptable to serve as a legal document if needed.

A consistently maintained high level of contract service performance is directly related to the adequate performance of quality control activities. To ensure compliance with contractual and Federal, State and client requirements, we combine technological devices to aid in field supervision and training. Our Quality Control Plan monitors and maintains the highest quality of services. Power Security Group's Quality Control Department monitors the day-to-day operations, monthly, quarterly, and yearly basis.

Key Elements

- Organization
- Document Control Procedures
- Instruction and Procedures
- Inspections
- Corrective Action
- Audits
- Quality Control Records
- Quality Control Team

the Quality Control Team conducts scheduled and unscheduled inspections. Any performance deficiencies are disclosed and are put in writing and discussed with the Security Officers. The Q.C. team works with the Security Officers to develop a plan of corrective action. All performance deficiencies are addressed with employees within 24 hours. Deficiencies that affect the entire operation are discussed in memorandum form to all employees. Employees are required to sign an acknowledgment form, that they have received and understand. Contract compliance deficiencies are immediately brought to the attention of the Director of Operations.

Inspections

During each official inspection of the Security Officers post, the inspections will include, but not be limited to, the following:

- Is the post manned as required?
- Is the security officer alert and aware of his/her surroundings?
- Is the security officer properly groomed and in full uniform?
- are the security officer's license/permit in his/her possession, on the job?
- Is the security officer knowledgeable of all post orders?
- Is the security officer properly trained and qualified?

All inspections are documented and each week, the supervisors and the Q.C. department will complete a report outlining all quality control monitoring activity and any corrective actions taken.

To minimize our turnover costs and maintain a productive workforce, PSG looks beyond salary and benefits. Work is a satisfying and positive experience for our employees because their work expectations are being met. Salary and benefits are the obvious compensations for most employees, but there are a host of immaterial things that PSG provides to bring job satisfaction. Such as there are incentives in place for those who maintain a good record of customer service, punctuality, appearance, attitude and behavior. Although the reward doesn't always have to be monetary sometimes a new job title, increased responsibility or other incentives provide the positive reinforcement our employee's desire. The contract client and staff have a huge impact on the security officer assigned to the job location, for example: just knowing the officer's first name, introducing yourself, and a manager that express's appreciation for good performance, are a few simple things that will enhance the officer's morale and going that extra mile. We promote our managers from within the company to show examples of success for others to follow. More than 70% of our management employees have more than 3-years tenure. We attribute our high retention rate to above-average.



**TREAT YOUR OFFICERS WELL AND
THEY WILL TREAT YOUR CLIENTS WELL!**

Our officers are treated fairly, therefore they exhibit the positive behaviors that we desire: Attention to detail, professionalism, and alertness.

Employee Appreciation

- Our entire security force is recognized during *National Security Officer Appreciation Week* (third week in September). We have a week-long celebration of giveaways, raffles, prizes, ice cream socials, Shirley Temples and Snacks with the Supervisors and much more!
- Officer of the Month program based on job performance, attendance and supervisor recommendation. The officer may select from three reward packages: #1 Reserved Parking, #2 One year membership at a fitness center, #3 a gift card from a leading retailer.
- We host a yearly event called "NUTRI-KIDS", in which we invite our employees, their families and friends to bring their children to the event to learn how to make healthy snacks, the kids love it, the parents love it and it always turns out to be a fun day with lots of games and prizes.
- Tickets to major sporting events or theme parks (family of 4).
- Our office staff, as a group, opts to taking two 15-minute walks a day, as well as bringing in lunch which is a healthy alternative to fast food. We are always reminding each other to drink water.
- Every month we give a "SPIRIT AWARD" certificate to an employee who is inspired to lead a healthy life style, shows enthusiasm, and coaches/cheers on co-workers to do the same.
- Every February we host an event for our employees called "SECURITY SWEETHEARTS". We provide healthy snacks, literature on eating healthy, and healthy fun recipes. We have a Fitness Coach on site who does one on one counseling and group exercise activities. Teenage volunteers from our local community help with the activities for the children.

Ex. 4

APPLICATION / RECRUITING PROCESS

Power Security Group is an equal opportunity employer. Our recruiting process targets both those who are looking to further their experience in customer service, security and public safety as well as those who are new to the industry. We look for people who have the aptitude to effectively communicate and resolve conflicts with honor, integrity, and common sense. These steps provide our clients with the highest levels of security oriented customer service. Applicants are personally interviewed to determine if they possess these qualities. Applicants go through an interviewing process which consists of multiple interviews. We test the mental alertness of all applicants to evaluate the ability to compute and communicate accurately and effectively. Power Security Group has a full understanding of the need to provide continuous responsive services utilizing a fully trained and stable security workforce. Our general approach to meeting staffing requirements is described below:

- Project Coordinator notifies our Corporate and District offices as to the required qualifications, the quantity of security officers needed, and shifts available.
- Employee Recommendations
- Universities and Colleges
- Law Enforcement Agencies
- Military
- Internet, Job Posting sites such as, Monster and Indeed
- Internal Supervisory Recommendations
- Local Job Fair

Currently our workforce does meet all requirements stipulated in the scope of work/services. Upon notification of contract award, Power Security Group will re-verify all security personnel to ensure that they meet all the requirements.

Power Security Group understands the necessity to maintain a security workforce able to satisfy the requirements of this solicitation. We will continue to recruit those candidates who have applicable experience, such as appropriate military, law enforcement, or contract security background. All candidates must meet the following personnel standards and requirements:

Requirements	U.S. Citizen, 18+ years old, with a valid state driver's license or identification card, mentally alert, emotionally stable and in good health, must work as a team player with good character and freedom from drug use.
Experience	2 years prior security experience
Skills	<ul style="list-style-type: none"> ○ Good oral, written and interpersonal communication skills ○ Must have the ability to communicate and de-escalate or otherwise re-direct negative behavior in a professional courteous manner ○ Prior experience in crisis intervention and emergency management preferred
Ability	<ul style="list-style-type: none"> ○ Write reports and maintain security logs and other records in a legible, clear and concise manner in the English language ○ Basic Computer Skills ○ Be mentally alert and capable of exercising good judgment, implementing instructions and assimilating necessary specialized training ○ Able to perform normal, emergency duties and basic first aid ○ Provide a contact phone number, reliable transportation, and be available in the event of an emergency
Education	High School Graduate or GED Equivalent with some college course work preferred

Certifications	Must show evidence (Certificate) of the state mandated 40 hours training in security officer skills Must show evidence of required yearly training Any other training received
Training	12-Hour Security Officer Orientation 48-Hour Pre-Assignment Training On-going training quarterly Continuing Education Supervisor / Management Training Refresher Training 16-hours annually
Screening	<ul style="list-style-type: none"> ○ Drug Screening ○ Local and Statewide Criminal/Background Check and Finger Print Screening by the DOJ ○ Court Records ○ Driving Records reflecting reasonable care and judgment ○ References and Social Media ○ Employment Background – solid employment history ○ Sex Offender data base ○ Credit Checks
Interview Process	<ul style="list-style-type: none"> ○ 1st. Level: Scenario Q & A process ○ 2nd. Level: Security Officer Supervisor ○ 3rd. Level: Final level with Watch Commander

- Applicants are required to complete a detailed employment application
- Power Security Group will review the employment application to determine generally whether the applicant meets the above standards
- Further review of the employment application by Project Coordinator who will schedule potentials to come in for the evaluation test
- First interview of the process requires an in-depth interview, focusing of professional experience, employment patterns, work experience verification, personal background, and pertinent aptitudes and credentials
- Must pass a successful security background check and personnel clearances
- Any applicant that receives a negative reference that precludes him/her from working as a Security officer will be removed from the selection process.

Negatives include:

- Unsafe driving record
- Felony conviction
- Prior derogatory employment and/or reference check
- Conviction of a misdemeanor crime of domestic abuse
- Falsification of application information, including education
- Drug use and/or excessive alcohol use

Application Processing

In addition to the interview, Power Security Group will conduct a variety of pre-employment tests. The process for screening potential new employees includes the following:

- Process applicant documents such as; employment application, supplemental data sheet, guard card, driving records, and birth certificate or proof of citizenship
- Check references; personal references are former employers are contacted
- Any applicant that receives a negative reference that precludes him/her from working as a security officer will be removed from the selection process
- Conduct background investigations too include; local and state court records, credit checks, social media

Post-Hire Process:

Upon hiring all personnel will move on to the following:

- Completion of employment records and payroll information

- Uniform program, issue of complete uniforms for standing posts and patrol mobile posts, include jackets and rain gear when required, are marked so our security officers are easily recognizable while standing or patrolling his/her post duties.
- Equipment use; each security officer post is equipped with the following supplemental equipment at a minimum:
 - ✿ Loose-leaf guard sign-in logs kept in a 3 ring binder, clipboards, note pads and pens
 - ✿ Copies of blank incident forms
 - ✿ Copies of blank daily activity reports
 - ✿ Flashlights, with one set of back up batteries

Uniform and Appearance



PSG security officers wear their uniforms with pride and dignity always. It identifies them as a member of the security team and the first line of defense against unauthorized activities.

The ability to handle an assignment, is directly affected by the way the Security Officer appears to the person with whom he/she comes in contact. This is such an important statement because it says that you might be the most intelligent, well-intentioned security officer in the business, but you will not get the *respect* if you do not *look professional*. A sloppy-appearing security officer will have more difficulty in obtaining compliance and cooperation from those with whom they are dealing. Security Officers must comply with the military hair/mustache length and style. Women officers must comply with the same.

We own our own Uniform Shop, operated by a professional tailor and a seamstress. All security officers are directed to the shop to be measured and properly fitted in their uniform. You will never see a PSG security officer wearing a sloppy, unfitted uniform.

Uniforms are Dark Blue in color with a patch on each shoulder that reads "Power Security and Private Security". A cloth Badge patch above the left pocket that reads "Power Security and Private Security with an employee assigned number". A cloth patch of the United States Flag above the right pocket. All patches have been approved by the B.S.I.S. and DOJ.

We have an extensive inventory of uniform wear and accessories. We have a "Uniform Program" in place that allows constant rotating of uniforms so that appearance is always exceptional. Each security officer is issued:



2 Short Sleeve & 1 Long Sleeve Buttoned Collar Shirts	2 Pair of Pants	2 Golf Shirts
1 Jacket	1 Windbreaker	1 Duty Belt
I.D. Badges (2)	1 Yellow Safety Vest – ANSI, Class II, with SECURITY on the back, Officer name badge and sewn on security badge.	1 High Visibility Rainwear, ANSI, Class II, with SECURITY on the back
1 Pair of Gloves	Flashlight	Holster for Two-Way Radio

OUR SECURITY OFFICERS

Look Good

Feel Good

And

Work Good!!!

Ex. 6

DAILY ACTIVITY REPORT		CLIENT: CITY OF COACHELLA			DATE: _____	
Patrol Hours: 2200 hours - 0600 hours		*** Lock up Park restrooms first 10pm - 10:30pm ***				
		** MILITARY TIME**				
SITE NAME	ADDRESS	PATROL 1	PATROL 2	PATROL 3	WORK ORDER	VEHICLE INSPECTION
BAGDOUMA PARK	84599 AVENUE 52					MILEAGE
DATELAND PARK	51805 SHADY LANE					START:
VETERANS PARK	Orchard & 4th behind City Hall					END:
SIERRA VISTA PARK	50570 CALLE MENDOZA					
RANCHO DE ORO PARK	84600 AVENUE 50					FUEL:
RANCHO LAS FLORES PARK	48-400 VAN BUREN ST. (lock and unlock)					OIL:
CITY HALL	1515 6TH ST.					DAMAGE:
CORPORATE YARD	53462 ENTERPRISE WAY & Construction site					
COACHELLA PERMIT CENTER	53990 ENTERPRISE WAY (Vacant Building)					
SENIOR CENTER/BLDG. 1 & 2	1540 7TH ST.					
COACHELLA LIBRARY	CORNER 7TH & ORCHARD (next to Senior Center)					

COMMENTS:

OFFICER NAME: _____

OFFICER SIGNATURE: _____



POWER SECURITY GROUP
1180 OLYMPIC DR. #206 CORONA, CA 92881

24 HOUR DISPATCH
877-769-3703

DISCLOSURE OF GOVERNMENT POSITIONS

Each Proposer shall disclose below whether any owner or employee of the firm currently hold positions as elected or appointed officials, directors, officers, or employees of a governmental entity or held such positions in the past twelve months. List below or state "None."

NONE

DISQUALIFICATIONS QUESTIONNAIRE

The Consultant shall complete the following questionnaire:

Has the Consultant, any officer of the Consultant, or any employee of the Consultant who has proprietary interest in the Consultant, ever been disqualified, removed, or otherwise prevented from bidding on, or completing a federal, state, or local government project because of a violation of law or safety regulation?

Yes _____ No ☒

If the answer is yes, explain the circumstances in the following space.

EX PARTE COMMUNICATIONS CERTIFICATION

Please indicate by signing below one of the following two statements. **Only sign one statement.**

I certify that Proposer and Proposer's representatives have not had any communication with a City Councilmember concerning the Security Services for City Parks RFP at any time after October 13, 2017.

A handwritten signature in black ink, consisting of a stylized 'a' followed by a series of loops and a long horizontal stroke, is written over a horizontal line.

OR

I certify that Proposer or Proposer's representatives have communicated after October 13, 2017 with a City Councilmember concerning the Security Services for City Parks RFP. A copy of all such communications is attached to this form for public distribution.

A single horizontal line, likely intended for a signature or date.



**CITY OF BANNING
CITY COUNCIL REPORT**

TO: CITY COUNCIL

FROM: Alejandro Diaz, Interim City Manager

PREPARED BY: Patty Nevins, Community Development Director
Sandra Calderon, Development Project Coordinator

MEETING DATE: March 13, 2018

SUBJECT: Resolution 2018-26, Approving a twelve (12) month extension for Tentative Parcel Map 33326, located generally north of Sun Lakes Boulevard and east of Highland Springs Avenue; APN 419-140-057 granting the requested twelve (12) month extension.

RECOMMENDED ACTION:

That the City Council Adopt Resolution 2018-26

1. Conduct a Public Hearing on the extension of time for Tentative Parcel Map 33326; and
2. Approve a twelve (12) month extension of time for Tentative Parcel Map 33326.

JUSTIFICATION:

The property owner is currently looking for development partners with the intent to develop a commercial center and requests the extension to allow for additional time for further planning and processing of improvement plans.

After approval of a tentative subdivision map, actions typically required to be completed by a property owner prior to final map approval include development of rough and precise grading plans, water and wastewater plans, stormwater pollution prevention plans, water quality management plans, final soils and hydrology reports, street improvement plans, and bonding for required

improvements, along with completion of applicable map and environmental mitigation measures.

In accordance with California Government Code (CGC) Section 66452.6 (a) (1), the approval of a Tentative Map shall expire 24 months after it is approved. CGC Section 66452.6 (e) allows for extensions of time for approved tentative tract maps if an application for extension is submitted prior to its expiration. Tentative tract maps may be extended for a period or periods not exceeding a total of six years. Therefore, an approved tentative tract map may remain active for a total of eight years before expiring. Additional extensions of time may result from the filing of a final map for part of the property, or for acts of the State Legislature known as automatic "Legislative Extensions".

BACKGROUND:

On March 28, 2006, by adoption of Resolution 2006-37, the City Council approved Tentative Parcel Map 33326 to allow the subdivision of the approximately 47.1 acre site into 14 Commercial Parcels ranging in size from 1.3 to 5.5 acres. The approval provided the applicant two (2) years in which to record the map (until March 2008).

In April 8, 2008, the City Council approved the first twelve (12) month extension of time for Tentative Parcel Map 33326 by adoption of Resolution 2008-38. Therefore, said tentative parcel map's new expiration date was March 28, 2009.

Actions by the State Legislature, specifically SB 1185, AB 333, AB 208, and AB 116, extended TPM 33326 until March 28, 2016.

On March 22, 2016, the City Council approved the second twelve (12) month extension of time for Tentative Parcel Map 33326 by adoption of Resolution 2016-17. Therefore, said tentative parcel map's next expiration date was March 28, 2017. On March 14, 2017, The City Council approved the third twelve (12) month extension of time for Tentative Parcel Map 33326 by adoption of Resolution 2017-29. Therefore, said tentative parcel map's next (current) expiration date is March 28, 2018.

If approved, this would grant the fourth extension and will require the project proponent to record the subdivision map by March 28, 2019. Alternately, the applicant could request approval for an additional two (2) years of extensions.

FISCAL IMPACT:

There are no direct fiscal impacts to the General Fund from this action. However, should the applicant record the subdivision map and obtain permits for the project, the City would receive development impact fees.

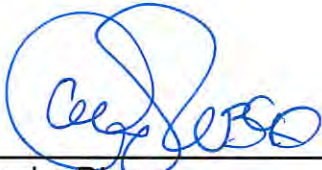
PUBLIC COMMUNICATION:

The proposed Tentative Map Extension was advertised in the Record Gazette newspaper on March 2, 2018. Additionally, notice was mailed to all property owners within 300 feet of the project. As of the date of this report, staff has not received any verbal or written comments for or against the proposal.

ATTACHMENTS:

1. Resolution 2018-26
2. Tentative Parcel Map 33326
3. Resolution 2006-37 dated March 28, 2006 (original approval), Resolution 2008-38 (First Extension), Resolution 2016-17 (Second Extension), and Resolution 2017-29 (Third Extension)
4. Public Hearing Notice

Approved by:



Alejandro Díaz
Interim City Manager

ATTACHMENT 1

Resolution 2018-26

RESOLUTION 2018-26

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, APPROVING A TWELVE (12) MONTH EXTENSION FOR TENTATIVE PARCEL MAP 33326 (TPM 33326)

WHEREAS, an application for time extension for Tentative Parcel Map 33326 has been duly filed by:

Project Applicant: Banning 47, LLC
Project Location: Generally located at the north of Sun Lakes Boulevard, east of Highland Springs Avenue.
APN: 419-140-057
Project Area: 47.1 Acres

WHEREAS, it has been determined that no additional environmental review is required pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15162 in that a previous negative declaration was duly adopted and no substantial changes to the project that require major revisions are proposed by the extension of time for the tentative map; and

WHEREAS, on March 28, 2006, by adoption of Resolution 2006-37 the City Council of the City of Banning approved Tentative Parcel Map 3326 to allow the subdivision of approximately 47.1 acre site into 14 commercial parcels ranging in size from 1.3 to 5.5 acres; and

WHEREAS, on April 8, 2008, by adoption of Resolution 2008-38 the City Council of the City of Banning approved a twelve (12) month extension of time for Tentative Parcel Map 33326 ; and

WHEREAS, Actions by the State Legislature specifically SB 1185, AB 333, AB 208 and AB 116 extended Tentative Tract Map No. 33013 to March 28, 2016; and

WHEREAS, on March 22, 2016, by adoption of Resolution 2016-17 the City Council of the City of Banning approved a twelve (12) month extension of time for Tentative Parcel Map 33326.

WHEREAS, on March 14, 2017, by adoption of Resolution 2017-29 the City Council of the City of Banning approved a twelve (12) month extension of time for Tentative Parcel Map 33326.

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Banning hereby approves an additional twelve (12) month extension of time for Tentative Parcel Map 33326 in accordance with Government Code Section 66452.6. Therefore, said Tentative Parcel Map shall expire March 28, 2019.

The above action is final unless an appeal is filed pursuant to Section 17.68.100 of the Banning Municipal Code within fifteen (15) calendar days following City Council action.

PASSED, APPROVED AND ADOPTED this 13th day of March, 2018.

George Moyer, Mayor
City of Banning, California

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

Kevin G. Ennis, City Attorney
Richards, Watson & Gershon

ATTEST:

Sonja De La Fuente, Deputy City Clerk
City of Banning, California

CERTIFICATION:

I, Sonja De La Fuente, Deputy City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution 2018-26 was duly adopted by the City Council of the City of Banning at a regular meeting thereof held on the 13th day of March, 2018.

AYES:

NOES:

ABSENT:

ABSTAIN:

Sonja De La Fuente, Deputy City Clerk
City of Banning, California

ATTACHMENT 2

Tentative Parcel Map 33326

ATTACHMENT 3

Resolution 2006-37 (Original Approval),
Resolution 2008-38 (First Extension),
Resolution 2016-17 (Second Extension),
Resolution 2017-29 (Third Extension)

RESOLUTION NO. 2006-37

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA APPROVING TENTATIVE PARCEL MAP NO. 33326 PERTAINING TO APPROXIMATELY 47.1 ACRES INTO 14 COMMERCIAL PARCELS AND THREE LETTERED LOTS FOR STREETS GENERALLY LOCATED ON SUN LAKES BOULEVARD, APPROXIMATELY 750 FEET EAST OF HIGHLAND SPRINGS AVENUE. APN: 419-140-057.

WHEREAS, an application for Lot Split 05-401 for TPM 33326, for a 14 lot subdivision in the Sun Lakes Specific Plan area has been duly filed by:

Applicant / Owner:	Silverstone Development
Authorized Agent:	Tim Hamilton
Project Location:	North of Sun Lakes Boulevard, east of Highland Springs Avenue
APN Number:	419-140-057
Lot Area:	47.1 Acres

WHEREAS, the Municipal Code allows for the subdivision of approximately 47.1 acres within the Sun Lakes Specific Plan area into 14 Commercial Parcels ranging in size from 1.3 to 5.5 acres in size subject to the approval of a Lot Split application; and

WHEREAS, on March 17, 2006, the City gave public notice as required under Government Code Section 66451.3 by mailing to property owners within 300 feet of the site and advertising in the Record Gazette newspaper of the holding of a public hearing at which the project would be considered; and

WHEREAS, in accordance with Government Code Section 66452.3, the City has provided the applicant with a copy of the Planning Department's report and recommendation to the City Council at least three (3) days prior to the below referenced noticed public hearing; and

WHEREAS, on March 28, 2006, the City Council of the City of Banning held the noticed public hearing at which interested persons had an opportunity to testify in support of, or opposition to, the Tentative Parcel Map and at which the City Council considered the Tentative Parcel Map;

WHEREAS, at this public hearing on March 28, 2006, the City Council of the City of Banning considered and heard public comments on approval of a Mitigated Negative Declaration and Monitoring Program for the project by Resolution No. 2006-08.

NOW THEREFORE, the City Council of the City of Banning does hereby resolve, determine and order as follows:

SECTION 1: ENVIRONMENTAL FINDINGS.

The City Council, in light of the whole record before it, including, but not limited to, the City's local CEQA Guidelines, the recommendation of the Community Development Director, as provided in the Staff Report Dated March 28, 2006 and documents incorporated therein by reference, and any other evidence (within the meaning of Public Resources Code §21080(e) and §21082.2) within the record or provided at the public hearing of this matter, hereby finds and determines as follows:

1. **CEQA:** The approval of Tentative Parcel Map 33326 is in compliance with the requirements of the California Environmental Quality Act ("CEQA"), in that on March 28, 2006, at a duly noticed public hearing, the City Council of the City of Banning approved and adopted a Mitigated Negative Declaration and Mitigation monitoring Program reflecting its independent judgment and analysis and documenting that there was no substantial evidence, in light of the whole record, from which it could be fairly argued that the project may have a significant effect on the environment. The documents comprising the City's environmental review for the project are on file and available for public review at Banning City Hall, 99 E. Ramsey Street, Banning, California 92220.
2. **Wildlife Resources:** Pursuant to Title 14, California Code of Regulations Section 753.5(c), the City Council has determined, based on consideration of the whole record before it, that there is no evidence that the proposed project will have the potential for any adverse effect on wildlife resources or the habitat upon which wildlife depends. Furthermore, on the basis of substantial evidence, the City Council hereby finds that any presumption of adverse impact has adequately been rebutted.
3. **Multiple Species Habitat Conservation Plan (MSHCP):** The project is found to be consistent with the MSHCP. The project is located outside of any MSCHP criteria area and mitigation is provided through payment of the MSHCP Mitigation Fee.

SECTION 2: MAP ACT FINDINGS.

In accordance with Banning Municipal Code §2-9 and Government Code §66473.1, §66473.5 and §66474, the City Council, in light of the whole record before it, including but not limited to the Planning Department's staff report and all documents incorporated by reference therein, the City's General Plan, Subdivision Ordinance, Zoning Ordinance, standards for public streets and facilities and any other evidence within the record or provided at the public hearing of this matter, hereby finds and determines as follows:

Finding 1:

Tentative Parcel Map 33326 is consistent and compatible with the objectives, policies, general land uses, and programs specified the City's General Plan in that:

Fact:

The General Plan land use designation for the site is General Commercial (Specific Plan). General Commercial allows a variety of commercial land uses. Specifically, General Plan Commercial Goal indicates the commercial uses increase the City's revenues, and provide a range of employment opportunities. The proposed map will result in the development of 14 commercial parcels, which will eventually accommodate various commercial land uses. Although the applicant is not proposing to develop the lots, the Specific Plan land use designations will ensure that the development of the parcels is consistent with the General Plan's land use designation.

Finding 2:

The proposed subdivision has been designed to meet City standards which provide satisfactory pedestrian and vehicular circulation, including emergency vehicle access and on site improvements, such as streets, utilities, and drainage facilities have been designed and are conditioned to be constructed in conformance with City standards.

Fact:

The design and improvement of the subdivision proposed under Tentative Parcel Map 33326 is consistent with the City's General Plan in that the proposed subdivision has been designed to meet City standards which provide satisfactory pedestrian and vehicular circulation, including emergency vehicle access and on site improvements, such as streets, utilities, and drainage facilities which have been designed and are conditioned to be constructed in conformance with City standards.

Finding 3:

The site is physically suitable for the type of development proposed under Tentative Parcel Map 33326, in that:

Fact:

The site is generally flat and rectangular in shape and 47.1 acres in size and suitable for development. The site is not located within a flood plain and no major geologic hazards have been reported on the site or other limited conditions that would render it unsuitable for commercial development. There is a commercial development immediately adjacent to the project site.

Finding 4:

The site is physically suitable for the density of development proposed under Tentative Parcel Map 33326, in that:

Fact:

The site is generally rectangular and flat in shape and consists of 47.1 acres in size and suitable for commercial development. The subdivision has been designed to accommodate the development of a variety of commercial parcels ranging in size from 1.3 to 5.5 acres in size. There are no density ranges provided in the Land Use Element of the City's General Plan.

Finding 5:

The design of the subdivision and improvements proposed under Tentative Parcel Map 33326 is not likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat in that:

Fact:

The site is currently vacant and does not contain any significant vegetation or habitat for wildlife. There is no evidence that any endangered, threatened or listed species of plant or animal, or its habitat, is located on the site. There is no evidence that vernal pool complex; similar bodies of water or conditions suitable for forming such bodies of water exist on site. This determination is based on information contained in the Initial Study/Environmental Checklist and Mitigated Negative Declaration. In addition, this project has been conditioned to comply with the environmental policies and regulations of the City of Banning and those of all local and regional governmental agencies having jurisdiction over the site.

Finding 6:

The design of the subdivision and improvements proposed under Tentative Parcel Map 33326, is not likely to cause serious public health problems in that:

Fact:

The design of the subdivision is in conformance with the City's General Plan, Zoning Ordinance, and Subdivision Ordinance, the construction of all units on the site has been conditioned to comply with all applicable City of Banning ordinances, codes and standards including, but not limited to, the California Uniform Building Code, the City's Ordinances relating to stormwater runoff management and controls. In addition, the design and construction of all improvements for the subdivision have been conditioned to be in conformance with adopted City Street and public works standards. The city's ordinances, codes, and standards have been created based on currently accepted standards and practices for the preservation of the public health, safety and

welfare. Finally, the proposed street through the subdivision will improve emergency vehicular access in the immediate area.

Finding 7:

The design of the subdivision and improvements proposed under Tentative Parcel Map 33326, will not conflict with easements, acquired by the public at large, for access through or use of, property within the proposed subdivision in that:

Fact:

No easement of record or easements established by judgment of a court of competent jurisdiction for public access across the site have been disclosed in a search of the title records for the site and the City does not otherwise have any constructive or actual knowledge or any such easements.

Finding 8:

The design of the subdivision proposed for Tentative Parcel Map 33326 adequately provides for future passive or natural heating and cooling opportunities in the subdivision in that:

Fact:

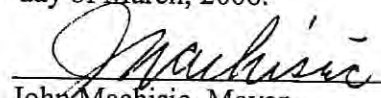
The proposed layout has taken into consideration the local climate and the existing contours and its surroundings because the size and configuration of lots within the proposed subdivision have been arranged, to the greatest extent feasible, to permit the future orientation of structures in an east-west alignment for southern exposure, or to take advantage of prevailing breezes.

SECTION 3. CITY COUNCIL ACTIONS.

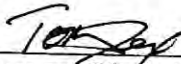
The City Council hereby takes the following actions:

1. **Approval of Tentative Parcel Map.** Recommends approval of Tentative Parcel Map 33326 subject to the Conditions of Approval attached hereto and incorporated here in by reference as Exhibit "1".

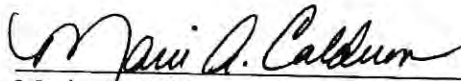
PASSED, APPROVED AND ADOPTED this 28th day of March, 2006.


John Machisic, Mayor
City of Banning City Council

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


Julie Hayward Biggs, Thomas D. Jay
Deputy City Attorney

ATTEST:


Marie A. Calderon, City Clerk

CERTIFICATION:

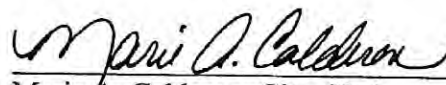
I, Marie A. Calderon, City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution, No. 2006-37, was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 28th day of March 2006, by the following vote, to wit:

AYES: Councilmembers Hanna, Palmer, Welch, Mayor Machisic

NOES: Councilmember Salas

ABSENT: None

ABSTAIN: None


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

**CONDITIONS OF APPROVAL
TENTATIVE PARCEL MAP 33326**

PLANNING DEPARTMENT:

1. The applicant shall indemnify, protect, defend, and hold harmless, the City, and/or any of its officials, officers, employees, agents, departments, agencies, and instrumentalities thereof, from any and all claims, demands, lawsuits, writs of mandamus, and other actions and proceedings (whether legal, equitable, declaratory, administrative or adjudicatory in nature), and alternative dispute resolutions procedures (including, but not limited to arbitrations, mediations, and other such procedures), (collectively "Actions"), brought against the City, and/or any of its officials, officers, employees, agents, departments, agencies, and instrumentalities thereof, that challenge, attack, or seek to modify, set aside, void, or annul, the action of, or any permit or approval issued by, the City and/or any of its officials, officers, employees, agents, departments, agencies, and instrumentalities thereof (including actions approved by the voters of the City), for or concerning the project, whether such Actions are brought under the California Environmental Quality Act, the Planning and Zoning Law, the Subdivisions Map Act, Code of Civil Procedure Section 1085 or 1094.5, or any other state, federal, or local statute, law, ordinance, rule, regulation, or any decision of a competent jurisdiction. It is expressly agreed that the City shall have the right to approve, which approval will not be unreasonably withheld, the legal counsel providing the City's defense, and that applicant shall reimburse City for any costs and expenses directly and necessarily incurred by the City in the course of the defense. City shall promptly notify the applicant of any Action brought and City shall cooperate with applicant in the defense of the Action.
2. The Approval of Tentative Parcel Map 33326 shall be for a period of two (2) years from the date of City Council Approval; the expiration date is . All Conditions of Approval must be met on or before the expiration date or the applicant must request an extension of time at least thirty (30) days prior to the expiration date; otherwise, the approval shall expire and become null and void.
3. The development of the property shall provide for no more than 17 lots as illustrated by Tentative Parcel map 33326. The design of all lots within the subdivision shall meet the minimum property development requirements of the Very Low Density Residential Zone District outlined in the City's Municipal Code.

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4. Prior to the issuance of any building permits, "typical" building elevations shall be submitted to the Planning Department for design review and approval, in accordance with the provisions and requirements of the Specific Plan and Article 16E of the Banning Ordinance code or Ordinance in effect at the time of the submittal. All dwellings shall have the front, side and rear elevations upgraded with architectural treatment, detailing and increased delineation of surface treatment. Submittal and approval of Design Review application and related materials is required prior to the issuance of building permits.
5. A detailed landscape and irrigation plan shall be prepared by a licensed landscape architect and submitted to the Planning Department. Landscaping and irrigation shall be designed in accordance with the Specific Plan to conserve water through the principles of Xeriscape.
6. Prior to the issuance of a Certificate of Occupancy within TTM 33326 the applicant shall submit to the City for review and approval a detailed landscape and irrigation plan (comprised of xeriscape plant material) indicating type, species and location of the following minimum number of drought tolerant, multi-branched trees on each lot adjacent to the street right-of-way (all trees shall be planted with root barriers).
7. The plan shall be forwarded to a Landscape Architect for review and the applicant shall pay all fees associated with the review process. The approved landscape plan shall be implemented/installed prior to the issuance of a Certificate of Occupancy for any building constructed within TTM 33326. (Submit landscape and irrigation plans as soon as possible to allow sufficient time for a Landscape Architect to review.)
8. The site shall be developed and maintained in accordance with the approved Specific plan, which include site plans, architectural elevations, exterior materials and colors, landscaping, sign program, and grading on file in the Planning Division, the conditions contained herein, and Development Code regulations.
9. Prior to any use of the project site or business activity being commenced thereon, all Conditions of Approval shall be completed to the satisfaction of the Community Development Director.
10. Occupancy of the facilities shall not commence until such time as all Uniform Building Code and State Fire Marshal regulations have been complied with. Prior to occupancy, plans shall be submitted to the City of Banning Fire Marshal and the Building and Safety Division to show compliance. The buildings shall be inspected for compliance prior to occupancy.

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11. Approval of this request shall not waive compliance with all sections of the Development Code, all other applicable City Ordinances, and applicable Community or Specific Plans in effect at the time of building permit issuance.
12. All ground-mounted utility appurtenances such as transformers, AC condensers, etc., shall be located out of public view and adequately screened through the use of a combination of concrete or masonry walls, berming, and/or landscaping to the satisfaction of the Community Development Director.
13. All building numbers and individual units shall be identified in a clear and concise manner, including proper illumination.
14. A six (6) foot chain link fence must be maintained around the perimeter of the site during all phases of construction.
15. Applicant shall pay all development fees adopted by the City in effect at the time of issuance of any building permits, which shall include but not be limited to: police and fire safety developer fees, water and sewer fees, park land dedication fees, and electric meter installation fees. Project proponent shall provide to the City that school mitigation fees have been paid or other arrangements acceptable to the Banning Unified School District have been met.
16. Prior to the issuance of any Building Permits, the project proponent may be required to submit to the City's Building Department completed hydrology and seismic study conducted by a registered Engineering Geologist.
17. Developer shall meet all requirements of responsible agencies, including but not limited to: Southern California Gas Company, and Southern California Edison Company.

Engineering Conditions

General:

1. A Public Works Permit shall be required prior to commencement of any work within the public right-of-way. The contractor working within the public right-of-way shall submit proof of a Class "A" State Contractor's License, City of Banning Business License, and Liability Insurance. Any existing public improvements, or public improvements not accepted by the City that are damaged during construction shall be removed and replaced as determined by the City Engineer or his/her representative.

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2. Prior to the issuance of any grading, construction, or public works permit by the City, the applicant shall obtain any necessary clearances and/or permits from the following agencies:

- Fire Marshal
- Public Works Department (Grading Permit, Improvement Permit)
- Community Development Department
- Riverside County Environmental Health Department
- Banning Unified School District
- California Regional Water Quality Control Board Colorado River Basin (RWQCB)
- South Coast Air Quality Management District (SCAQMD)

The applicant is responsible for meeting all requirements of permits and/or clearances from the above listed agencies. When the requirements include approval of improvement plans, the applicant shall furnish proof of such approvals when submitting improvements plans to the City.

3. The following improvement plans shall be prepared by a civil engineer or architect licensed by the State of California as allowed and submitted to the Engineering Division for review and approval. A separate set of plans shall be prepared for each line item listed below. Unless otherwise authorized by the City Engineer in writing, the plans shall utilize the minimum scale specified and shall be drawn on 24" x 36" Mylar. Plans may be prepared at a larger scale if additional detail or plan clarity is desired (Note: the applicant may be required to prepare other improvement plans not listed here pursuant to improvements required by other agencies and utility purveyors).

- | | |
|-------------------------------|---------------------|
| A. On-Site Rough Grading Plan | 1" = 40' Horizontal |
| B. SWPPP | 1" = 40' Horizontal |

Note: A & B shall be processed concurrently.

- | | |
|--|---|
| C. Storm Drain Plan | 1" = 40' Horizontal |
| D. Off-Site Street Improvement Plan | 1" = 40' Horizontal
1" = 4' Vertical |
| E. Off-Site Landscaping Plan | 1" = 20' Horizontal |
| F. Off-Site Signing & Striping Plan | 1" = 40' Horizontal |
| G. On-Site Street Improvement/ Signing & Striping Plan | 1" = 40' Horizontal
1" = 4' Vertical |
| H. On-Site Precise Grading Plan | 1" = 30' Horizontal |
| I. Traffic Signal Plan(s) | 1" = 20' Horizontal |

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J. Traffic Signal Interconnect Plan

1"= 40' Horizontal

Other engineered improvement plans prepared for City approval that are not listed herein shall be prepared in formats approved by the City Engineer prior to commencing plan preparation.

All off-site plan and profile street improvement plans and signing & striping plans shall show all existing improvements for a distance of at least 200-feet beyond the project limits, or at a distance sufficient to show any required design transitions.

All on-site signing and striping plans shall show the following at a minimum: stop signs, limit lines and legends, no parking signs, raised pavement markers (including blue raised pavement markers at fire hydrants) and street name signs per Public Works standard plans and/or as approved by the City Engineer.

A small index map shall be included on the title sheet of each set of plans, showing the overall view of the entire work area.

4. Upon completion of construction, the applicant shall furnish the City with reproducible record drawings on Mylar of all improvement plans that were approved by the City Engineer. Each sheet shall be clearly marked "As-Built" or "As-Constructed" and shall be stamped and signed by the engineer or surveyor certifying the accuracy and completeness of the drawings. The applicant shall have all AutoCAD or raster-image files submitted to the City, revised to reflect the "As-Built" conditions.
5. All utility systems including gas, electric, telephone, water, sewer, and cable TV shall be provided for underground, with easements provided as required, and designed and constructed in accordance with City Codes and the utility provider. Telephone, cable TV, and/or security systems shall be pre-wired in the residence.

Rights of Way:

6. Prior to issuance of any permit(s), the applicant shall acquire or confer property rights necessary for the construction or proper functioning of the proposed development. Conferred rights shall include right-of-way dedications, irrevocable offers to dedicate or grant of easements to the City for emergency services, maintenance, utilities, storm drain facilities, or temporary construction purposes including the reconstruction of essential improvements.
7. Offer to dedicate for public purposes an additional 2.5 feet of right-of-way for Sun Lakes Boulevard a designated arterial highway; 110 foot width per Proposed General Plan Street System. Offers of dedication shall include corner cut-off at intersections.

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8. Offer to dedicate for public purposes the right-of-way for "A" Street, "B" Street, and "C" Street as specific plan designed streets; 80 foot width. The geometrics for the cul-de-sac(s) shall be special design 64 foot radius minimum. Offers of dedication shall include corner cut-off at intersections.
9. Access rights shall be restricted along Sun Lakes Boulevard with the exception of two right-in right-out only access points, one between Parcel No. 10 and Parcel No. 11, and the other between Parcel No. 12 and Parcel No. 13. This restriction shall be delineated on the final map.
10. Further, the applicant shall offer for dedication on the Final Map all public street right-of-ways in conformance with the City's General Plan or approved Specific Plan, Municipal Code, standard plans, and/or as required by the City Engineer.

Public Improvements:

11. Construct half street improvements in accordance with City standards and approved Specific Plan Design Guidelines fronting **Sun Lakes Boulevard** including street lighting, curb and gutter, access ramps, sidewalk, and asphalt concrete paving, street name signs, traffic signs and striping, and any transitions. Curb returns shall have a 35 foot radius minimum on Sun Lakes Boulevard. Street lights on Sun Lakes Boulevard shall be installed offset of any existing street lights. Where the transverse slope of the existing pavement exceeds 3% the applicant shall remove pavement and join the existing pavement surface. Applicants' geotechnical engineer shall provide the design of the pavement section based upon the Caltrans method.
12. Construct full street improvements for "A" Street, "B" Street, and "C" Street in accordance with City Standards and approved Specific Plan Design Guidelines including street lighting, curb and gutter, cross gutters and spandrels, access ramps, drive approaches, sidewalk, and asphalt concrete paving, street name signs, traffic signs and striping, and any transitions. Applicants' geotechnical engineer shall provide the design of the pavement section based upon the Caltrans method.
13. Construct a median island for eastbound left turn pocket on Sun Lakes Boulevard at Country Club Drive West. The pocket shall be minimum 250 feet in length or per approved traffic study.
14. Construct a median island for eastbound left turn pocket on Sun Lakes Boulevard at "C" Street. The pocket shall be 150 feet in length or per approved traffic study, and accommodate access to the private drive to the east.
15. All required public improvements for each parcel shall be completed, tested, and approved by the Engineering Division prior to issuance of any Certificate of Occupancy.

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Grading and Drainage:

16. Submit a Drainage Study with hydrologic and hydraulic analysis for developed and undeveloped (existing) conditions to the Engineering Division for review and approval. The study and analysis must be prepared by a civil engineer licensed by the State of California. Drainage design shall be in accordance with Banning Master Drainage Plan adopted by Riverside County Flood Control and Water Conservation District (RCFC), RCFC Hydrology Manual, and standard plans and specifications. The 10-year storm flow shall be contained within the street curbs, and the 100-year storm shall be contained within the street right-of-way; when this criteria is exceeded, additional drainage facilities shall be designed and constructed.
17. The design of the development shall not cause any increase in flood boundaries, levels or frequencies in any area outside the development.
18. Construct off-site drainage facilities in accordance with approved drainage study and approved Specific Plan.
19. Construct junction structures for existing exposed drainage pipes at south-east corner of site and south-west corner of site. All structures shall be designed in accordance with Riverside County Flood Control and Water Conservation District standards and specifications.
20. The project grading shall be designed in a manner that perpetuates the existing natural drainage patterns with respect to tributary drainage areas, outlet points and outlet conditions. Otherwise, a drainage easement shall be obtained for the release of concentrated or diverted storm flows. The project shall accept and convey storm flows from the adjacent property to the north.
21. The applicant shall comply with Chapter 34 "*Stormwater Management and Discharge Controls*" of the Banning Municipal Code (BMC); California Building Code Appendix Chapter 33 "*Excavation and Grading*"; and the State Water Resources Control Board's Order No. 99-08-DWQ.
 - a. For construction activities including clearing, grading or excavation of land that disturbs one (1) acre or more of land, or that disturbs less than one (1) acre of land, but which is a part of a construction project that encompasses more than one (1) acre of land, the applicant shall be required to submit a Storm Water Pollution Protection Plan (SWPPP) and file a Notice of Intent (NOI) with the Regional Water Quality Control Board.
 - b. The applicant's SWPPP shall be reviewed and approved by the City Engineer prior to any on-site or off-site grading being done in relation to this project.
 - c. The applicant shall ensure that the required SWPPP is available for inspection

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at the project site at all times through, and including acceptance of all improvements by the City.

d. The applicant's SWPPP shall include provisions for all of the following Best Management Practices ("BMPs"):

- i. Temporary Soil Stabilization (erosion control).
- ii. Temporary Sediment Control.
- iii. Wind Erosion Control.
- iv. Tracking Control.
- v. Non-Storm Water Management.
- vi. Waste Management and Materials Pollution Control.

All erosion and sediment control BMPs proposed by the applicant shall be approved by the City Engineer prior to any onsite or offsite grading, pursuant to this project.

The approved SWPPP and BMPs shall remain in effect for the entire duration of project construction until all improvements are completed and accepted by the City.

22. Grading and excavations in the public right-of-way shall be supplemented with a soils and geology report prepared by a professional engineer or geologist licensed by the State of California.
23. A rough grading plan and a precise grading plan shall be submitted to the City Engineer for review and approval. A grading permit shall be obtained prior to commencement of any grading activity. Rough grading plans shall include perimeter walls with top of wall and top of footing elevations shown. All footings shall have a minimum of 1-foot of cover, and/or sufficient cover to clear any obstructions.
24. Prior to the issuance of a building permit for any building lot, the applicant shall provide a lot pad certification stamped and signed by a qualified civil engineer or land surveyor. Each pad certification shall list the pad elevation as shown on the approved grading plan, the actual pad elevation and the difference between the two, if any. Such pad certification shall also list the relative compaction of the pad soil. The data shall be organized by lot number, and listed cumulatively if submitted at different times.
25. All lot drainage shall be directed to the driveway by side lot drainage swales independent of any other lot.

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Public Landscaping:

26. Prior to recordation of the subdivision map, the subdivider shall enter into an agreement and post financial security guaranteeing installation and maintenance of public landscape improvements.
27. Prior to the issuance of any building permit(s), the applicant shall submit a landscape plan showing detailed planting and irrigation designs to the City Engineer and Community Development Director for review and approval. The plan shall take into account the previously approved landscape plan for the Sun Lakes development, the City standard plans for landscape areas, adopted plant palette guides, applicable scenic and specific plan requirements, and water conservation measures contained in the Banning Municipal Code. The irrigation system shall include a landscape controller, a separate water meter, and electric meter.
28. Prior to the issuance of certificates of occupancy and the release of financial security guaranteeing the landscape improvements, said improvements shall be installed and shall be certified by a licensed landscape architect or licensed landscape contractor, as having been installed in accordance with the approved detailed plans. The applicant shall furnish said certification, including an irrigation management report for each landscape irrigation system, and any other required implementation report determined applicable, to the Manager, Construction, and the Manager, Building Inspection Services, prior to the issuance of any certificates of occupancy.
29. A property owner's association shall be formed, and Conditions, Covenants, and Restrictions (CC&Rs) shall be recorded. Prior to recordation a copy of the CC&Rs shall be submitted to the Planning Division for review and approval. The CC&Rs shall include:
 - a. The Conditions of Approval of the Specific Plan Development (design guidelines and any other applicable standards).
 - b. Provisions for short and long term maintenance of landscaping, parking, driveways, and utility connections.
 - c. Posting of no parking signage in shared driveways.
 - d. Provisions for a property owners association.
 - e. Membership in and support of a property owners association shall be mandatory for all property owners within the development. The property owners association shall control all common facilities and shall obtain approval from the Director of Community Development prior to any modifications to the CC&Rs pertaining to or specifying the City or City requirements.

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Traffic:

30. Street name signs and traffic control devices including traffic legends and traffic striping shall be installed, or relocated in accordance with Caltrans Standards and as shown on the approved plans, and/or as directed by the City Engineer.
31. Construct a traffic signal at the intersection of Sun Lakes Boulevard and Country Club Drive/"A" Street. The traffic signal shall be placed into operation prior to issuance of building permit(s).
32. Construct a traffic signal at the intersection Sun Lakes Boulevard and Sun Lakes Village Drive. The traffic signal operation shall be interconnected with the traffic signal at Sun Lakes Boulevard and Country Club Drive/"A" Street. The traffic signal shall be placed into operation including interconnect prior to issuance of any certificate of occupancy.
33. Design and construct golf cart crossing(s) at "A" Street/ Country Club Drive in accordance with state and local regulations. The crossing shall connect the existing residential development to the south with the proposed development. Additionally, golf cart access shall be provided to the retail center to the west. Any golf cart paths along parkways shall be designed and constructed separately from any pedestrian paths.

Final Map:

34. Prior to approval of any Final Map, the applicant shall construct all on-site and off-site improvements in accordance with the approved plans and satisfy its obligations for same, or shall furnish a fully secured and executed Agreement for Construction of Public Improvements guaranteeing the construction of such improvements and the satisfaction of its obligations for same, or shall agree to any combination thereof, as may be required by the City.
35. Security for the construction of public improvements in accordance with Government Code Section 66499 shall be as follows:

Faithful Performance Bond 100% of estimated cost
Labor and Material Bond 100% of estimated cost
Monumentation Bond \$5,000.00

Securities for the public improvements shall be on file with the City Clerk prior to scheduling the final map for approval by City Council. Unit prices for bonding estimates shall be those specified or approved by the City Engineer.

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36. Prior to approval of the Final Map, the applicant shall submit a list of street names and addresses in Microsoft Excel spread sheet format for review and approval. The house number system shall be in accordance with Section 21-17 & 21-18 of the Banning Municipal Code. A reduced copy of the subdivision map shall be included with the submittal.
37. Revisions to the tentative map during plan check including, but not limited to, lot line alignments, easements, improvement plan revisions, and similar minor changes which do not alter the design (property rights, number of lots, environmental impact, etc.) may be administratively approved through the plan check process with the mutual consent and approval of the Community Development Director and City Engineer. Final maps shall be amended in accordance with the Subdivision Map Act.
38. Prior to approval of any final map the applicant shall identify and include in its improvement plans those routine structural and non-structural Best Management Practices (BMP's) as outlined in Supplement A to the Riverside County Drainage Area Management Plans and any attachments.
39. A record of all street centerline monument ties shall be submitted to the Engineering Division upon completion of improvements or prior to release of Monumentation Bond.
40. Submit a copy of the title report, closure calculations, and any separate instruments or necessary right-of-way documents to the Engineering Division prior to final map approval.
41. A map of the proposed subdivision drawn at 1"=200' showing the outline of the streets including street names shall be submitted to the City to update the city atlas map.
42. An original Mylar of the final map (after recordation) shall be provided to the City for the record files.

Trash/Recycling:

43. Construction debris shall be disposed of at a certified recycling site. It is recommended that the developer contact the City's franchised solid waste hauler for disposal of construction debris.
44. The developer shall participate in the City's recycling program by providing two trash receptacles, one for regular trash and one for recycling, within the trash enclosure for each parcel. The trash enclosure shall be designed and constructed in such a manner to accommodate a recycling bin as well as the necessary solid waste containers.

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Fees:

45. Plan check fees for final map review, professional report review (geotechnical, drainage, etc.), and all improvement plans review, shall be paid prior to submittal of said documents for review and approval in accordance with the Fee Schedule in effect at the time of submittal.
46. Pay fair-share contribution for the construction of public improvements at the intersections of Highland Springs Avenue at: Ramsey Street, I-10 Freeway west bound ramps, I-10 Freeway east bound ramps, 2nd Street, Sun Lakes Boulevard, 1st Street in accordance with approved traffic impact analysis. The City Engineer shall review and approve fair share estimates.
47. Pay fair-share contribution for the construction of public improvements at the intersection of Sun Lakes Boulevard at: "C" Street, Country Club Drive East in accordance with approved traffic impact analysis. The City Engineer shall review and approve fair share estimates.
48. Public Works Inspection fees shall be paid prior to the scheduling the final map for approval by City Council in accordance with the Fee Schedule in effect at time of time of scheduling.
49. Water and sewer connection fees including frontage fees and water meter installation charges shall be paid on a per lot basis at the time of building permit issuance in accordance with the Fee Schedule in effect at that time.
50. A plan storage fee shall be paid prior to approval of the final map and improvement plans in accordance with the Fee Schedule in effect at the time the fee is paid.
51. A Traffic Signal Mitigation fee shall be paid on a per lot basis prior to issuance of building permits for each lot within the subdivision.
52. A fee shall be paid to Riverside County Flood Control and Water Conservation District in the amount specified by them to perform plan checking for drainage purposes for the proposed subdivision.

Trash/Recycling:

53. Construction debris shall be disposed of at a certified recycling site. It is recommended that the developer contact the City's franchised solid waste hauler for disposal of construction debris.

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Fees:

54. Plan check fees for final map review, professional report review (geotechnical, drainage, etc.), and all improvement plans review, shall be paid prior to submittal of said documents for review and approval in accordance with the Fee Schedule in effect at the time of submittal.
55. Public Works Inspection fees shall be paid prior to the scheduling the final map for approval by City Council in accordance with the Fee Schedule in effect at time of time of scheduling.
56. Water and sewer connection fees including frontage fees and water meter installation charges shall be paid on a per lot basis at the time of building permit issuance in accordance with the Fee Schedule in effect at that time.
57. A plan storage fee shall be paid prior to approval of the final map and improvement plans in accordance with the Fee Schedule in effect at the time the fee is paid.
58. A Traffic Signal Mitigation fee shall be paid on a per lot basis prior to issuance of building permits for each lot within the subdivision.
59. A fee shall be paid to Riverside County Flood Control and Water Conservation District in the amount specified by them to perform plan checking for drainage purposes for the proposed subdivision.

FIRE DEPARTMENT:

Requirements specific to this Project are highlighted in bold and italics.

The following are the minimum Fire Department requirements. There may be additional requirements when the project specifics are defined and the final proposal is submitted for approval.

1. FIRE DEPARTMENT DEVELOPER FEES:

Fees are increased annually and may be different at the time of construction. The fee schedule at the time of plan submittal shall apply.

*Residential Dwelling Units - \$543.00 per unit +
\$ 5.00 per unit Disaster Planning*
Apartments - Condominiums - \$543.00 per unit
Mobile Home Parks - \$543.00 per unit
Recreational Vehicle Units - \$274.00 per unit
Plan Check & Inspection - \$ 42.00 per unit
Commercial, Industrial and/or Office Complex –
\$.275 per square foot +

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Plan Check and Inspection - \$ 25.00 per unit Disaster Planning
\$ 42.00 per hour

2. *CITY OF BANNING BUSINESS LICENSE AND PROOF OF INSURANCE:*

All contractors, subcontractors etc. are required to obtain a City of Banning Business license prior to submitting plans or starting construction.

3. *CODE COMPLIANCE:*

All Plans, Specifications and Construction shall comply with and conform to the current edition of the California Fire Code (CFC), California Building Code (CBC), and other state and local laws as applicable.

4. *PLAN SUBMITTAL:*

Five (5) sets of Plans and Specifications shall be submitted for review prior to obtaining a permit. This requirement applies to all work regardless of the size of the job; new construction or remodel.

5. *FIRE HYDRANTS:*

Prior to construction or renovation, fire hydrants shall be provided when any portion of any structure exceeds 150 feet from a water supply on a public street.

All hydrants must be installed, working and inspected by the public works department before any combustible materials can be placed at the worksite.

Spacing of fire hydrants shall comply with UFC Appendix III B and the City of Banning Public Works Standards. (maximum 300 feet between hydrants)

Minimum 6-inch riser, street valve, approved shear valve and blue dot identification marker shall be provided for each fire hydrant.

The City standard fire hydrant is the Commercial, James Jones #J3765, Residential, James Jones #J3700, or an equivalent approved by the Fire Marshal.

Fire Hydrants are to be painted by the developer, conParcelor, etc., prior to the final inspection. (EOS Standard W714) Rustoleum Red, damp proof #769 and two (2) coats of Rustoleum semi-gloss yellow #659, or an approved equivalent.

6. *WATER SUPPLY:*

Fire flow shall be established by the Fire Department using the information provided in the UFC Appendix III A. Fire Flow may be adjusted upward where

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conditions indicate an unusual susceptibility to fire. (1000 gallons/minute for 2 hours)

7. FIRE DEPARTMENT ACCESS:

Shall be required when any portion of the first story of any structure is more than 150 feet from Fire Department apparatus access.

Minimum clearances or widths may be increased when the minimum standards are not adequate for Fire Department access.

Surfaces shall be designed and maintained to support the imposed loads of fire apparatus (65,000gvw). Surfaces shall have all-weather driving capabilities, including bridges. All roads must be place and meet the above standard before any combustible materials can be delivered to the site.

Minimum unobstructed width shall be 20 feet.

Minimum unobstructed vertical clearance shall not be less than 13 feet 6 inches.

Minimum turning radius shall be 42 feet.

All dead-end access roads in excess of 150 feet shall have approved provisions for turning around of fire apparatus.

Maximum grade shall be established by the Fire Department.

Vehicles shall not be parked or otherwise obstruct the required width of any fire apparatus access.

Two means of ingress/egress shall be provided for emergency vehicles and fire apparatus.

The requirements for this segment are covered in UFC Article 9.

Maximum allowed cul-de-sac length is 600 feet.

- A. *A "knox" box will be required for fire department access*

8. PREMISES IDENTIFICATION:

Approved numbers or addresses shall be placed on all new and existing buildings in such a position as to be plainly visible and legible from the street or road fronting the property. Said numbers shall contrast with their background.

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Commercial - 6" mm. Size

Residential - 3-1/2" mm. Size

9. SPARK ARRESTORS:

Chimneys used in conjunction with fireplaces or heating appliances in which solid or liquid fuel is used shall be maintained with an approved spark arrestor.

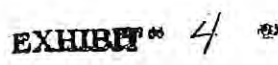
10. A GREENBELT OR FUEL MODIFICATION ZONES MAY BE REQUIRED.

11. OTHER REQUIREMENTS:

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RESOLUTION NO. 2008-38

**A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF BANNING, CALIFORNIA APPROVING A
ONE-YEAR EXTENSION OF TIME FOR TENTATIVE
PARCEL MAP 33326 (TPM 33326) PREVIOUSLY
APPROVED BY CITY COUNCIL ON MARCH 28, 2006,
BY RESOLUTION NO. 2006-37**

WHEREAS, an application for time extension for Tentative Parcel Map No. 33326 has been duly filed by:

Applicant / Owner:	Sun Lakes Commercial, L.P.
Authorized Agent:	John Guell
Project Location:	Generally, north of Sun Lakes Boulevard, east of Highland Springs Avenue.
APN Number:	419-140-057
Project Area:	47.1 Acres
Application Complete:	February 18, 2008

WHEREAS, the City Council of the City of Banning, on March 28, 2006, approved Tentative Parcel Map 33326, to allow the subdivision of approximately 47.1-acre site into 14 commercial parcels ranging in size from 1.3 to 5.5 acres; and,

WHEREAS, a tentative map expires 24 months after its initial approval unless extensions are granted by the legislative body; and,

WHEREAS, John Guell, agent for Sun Lakes Commercial, L.P. submitted a request for a time extension for Tentative Parcel Map 33326 in accordance with Section 66452.6(e) of the Subdivision Map Act; and,

WHEREAS, On March 28, 2006, a Mitigated Negative Declaration and a Mitigation Monitoring Program prepared for the project was approved in accordance with the California Environmental Quality Act (CEQA) when the project was approved by City Council by adoption of Resolution No. 2006-35; therefore, a subsequent/supplemental environmental document is not required; and,

WHEREAS, on March 28, 2008, the City gave public notice as required under Government Code Section 66451.3 by mailing to property owners within 300 feet of the site and advertising in the Record Gazette newspaper of the holding of a public hearing at which the request for an Extension of Time would be considered; and

WHEREAS, in accordance with Government Code Section 66452.3, the City has provided the applicant with a copy of the Planning Department's report and recommendation to the City Council at least three (3) days prior to the below referenced noticed public hearing; and,

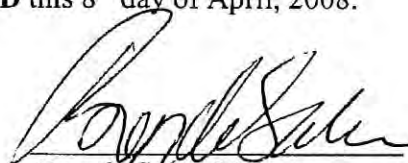
WHEREAS, on April 8, 2008, the City Council of the City of Banning held the noticed public hearing at which interested persons had an opportunity to testify in support of, or opposition to, the Tentative Parcel Map Extension of Time and at which the City Council considered said Extension of Time; and,

WHEREAS, at this public hearing on April 8, 2008, the City Council of the City of Banning considered and heard public comments on approval of Extension of Time for TPM 33326;

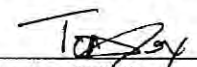
NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Banning hereby approves a one-year time extension for Tentative Parcel Map No. 33326 in accordance with Government Code Section 66452.6(e). Therefore, said tentative map shall expire on March 28, 2009, unless said map has been recorded, or a request has been filed with the City for an extension of time in accordance with law.

The above action is final unless an appeal is filed pursuant to Section 9117.10 of the Banning Municipal Code within fifteen (15) calendar days following City Council action.


PASSED, APPROVED AND ADOPTED this 8th day of April, 2008.


Brenda Salas, Mayor
City of Banning

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


Burke, Williams & Sorensen, LLP
City Attorney

ATTEST:


Marie A. Calderon, City Clerk

CERTIFICATION:

I, Marie A. Calderon, City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution, No. 2008-38, was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 8th day of April 2008, by the following vote, to wit:

AYES: Councilmembers Botts, Franklin, Hanna, Machisic, Mayor Salas

NOES: None

ABSENT: None

ABSTAIN: None



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

RESOLUTION NO. 2016-17

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF BANNING, CALIFORNIA, APPROVING A TWELVE
(12) MONTH EXTENSION OF TIME FOR TENTATIVE
PARCEL MAP NO. 33326 (TPM 33326)**

WHEREAS, an application for time extension for Tentative Parcel Map No. 33326 has been duly filed by:

Project Applicant: Banning 47, LLC
Project Location: Generally located at the north of Sun Lakes Boulevard, east of
Highland Springs Avenue.
APN: 419-140-057
Project Area: 47.1 Acres

WHEREAS, it has been determined that no additional environmental review is required pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15162 in that a previous negative declaration was duly adopted and no substantial changes to the project that require major revisions are proposed by the extension of time for the tentative map; and

WHEREAS, on March 28, 2006, by adoption of Resolution No. 2006-35 the City Council of the City of Banning approved Tentative Parcel Map No. 33326 to allow the subdivision of approximately 47.1 acre site into 14 commercial parcels ranging in size from 1.3 to 5.5 acres; and

WHEREAS, on April 8, 2008, by adoption of Resolution No. 2008-38 the City Council of the City of Banning approved a twelve (12) month extension of time for Tentative Parcel Map No. 33326 ; and


WHEREAS, Actions by the State Legislature specifically SB 1185, AB 333, AB 208 and AB 116 extended Tentative Tract Map No. 33013 to March 28, 2016; and

WHEREAS, The State Legislature has not provided the automatic extensions of time as previously recited;


NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Banning hereby approves an additional twelve (12) month extension of time for Tentative Parcel Map No. 33326 in accordance with Government Code Section 66452.6. Therefore, said tentative parcel map shall expire March 28, 2017.

The above action is final unless an appeal is filed pursuant to Section 17.68.100 of the Banning Municipal Code within fifteen (15) calendar days following City Council action.

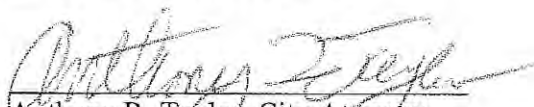
PASSED, APPROVED AND ADOPTED this 22nd day of March, 2016.


Arthur L. Welch, Mayor
City of Banning

ATTEST:


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

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


Anthony R. Taylor, City Attorney
Aleshire & Wynder, LLP

CERTIFICATION:


I, Marie A. Calderon, City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution No. 2016-17 was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 22nd day of March, 2016 by the following vote, to wit:

AYES: Councilmembers Franklin, Moyer, Peterson, Mayor Welch

NOES: None

ABSENT: Councilmember Miller

ABSTAIN: None


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

RESOLUTION 2017-29

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, APPROVING A TWELVE (12) MONTH EXTENSION FOR TENTATIVE PARCEL MAP NO. 33326 (TPM 33326)

WHEREAS, an application for time extension for Tentative Parcel Map No. 33326 has been duly filed by:

Project Applicant: Banning 47, LLC
Project Location: Generally located at the north of Sun Lakes Boulevard, east of Highland Springs Avenue.
APN: 419-140-057
Project Area: 47.1 Acres

WHEREAS, it has been determined that no additional environmental review is required pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15162 in that a previous negative declaration was duly adopted and no substantial changes to the project that require major revisions are proposed by the extension of time for the tentative map; and

WHEREAS, on March 28, 2006, by adoption of Resolution 2006-37 the City Council of the City of Banning approved Tentative Parcel Map No. 33326 to allow the subdivision of approximately 47.1 acre site into 14 commercial parcels ranging in size from 1.3 to 5.5 acres; and

WHEREAS, on April 8, 2008, by adoption of Resolution 2008-38 the City Council of the City of Banning approved a twelve (12) month extension of time for Tentative Parcel Map No. 33326 ; and

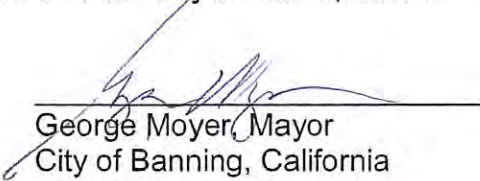
WHEREAS, Actions by the State Legislature specifically SB 1185, AB 333, AB 208 and AB 116 extended Tentative Tract Map No. 33013 to March 28, 2016; and

WHEREAS, on March 22, 2016, by adoption of Resolution 2016-17 the City Council of the City of Banning approved a twelve (12) month extension of time for Tentative Parcel Map No. 33326.


NOW THEREFORE, BE IT FURTHER RESOLVED, that the City Council of the City of Banning finds that a twelve (12) month extension of time for Tentative Parcel Map No. 33326 will not result in a condition dangerous to the health or safety of the community and hereby approves an additional twelve (12) month extension of time in accordance with Government Code Section 66452.6. Therefore, said tentative parcel map shall expire March 28, 2018.

The above action is final unless an appeal is filed pursuant to Section 17.68.100 of the Banning Municipal Code within fifteen (15) calendar days following City Council action.

PASSED, APPROVED AND ADOPTED this 14th day of March, 2017.


George Moyer, Mayor
City of Banning, California

ATTEST:


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

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


John C. Cotti, Interim City Attorney
Jenkins & Hugin, LLP

CERTIFICATION:


I, Marie A. Calderon, City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution No. 2017-29 was duly adopted by the City Council of the City of Banning at a regular meeting thereof held on the 14th day of March, 2017, by the following vote, to wit:

AYES: Councilmembers Andrade, Welch, Mayor Moyer

NOES: None

ABSENT: Councilmembers Franklin, Peterson

ABSTAIN: None


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

ATTACHMENT 4

Public Hearing Notice

NOTICE OF PUBLIC HEARING FOR A TWELVE (12) MONTH EXTENSION OF TIME FOR TENTATIVE PARCEL MAP 33326 (TPM 33326), LOCATED GENERALLY NORTH OF SUN LAKES BOULEVARD, AND EAST OF HIGHLAND SPRINGS AVENUE; ASSESSOR'S PACEL NUMBER 419-140-057

NOTICE IS HEREBY GIVEN of a public hearing before the City of Banning City Council, to be held on Tuesday, March 13, 2018, at 5:00 p.m. in the Council Chambers, City Hall, 99 East Ramsey Street, Banning, California, to consider granting a twelve (12) month time extension for Tentative Parcel Map 33326 (TPM 33326) The proposed project site is located generally, north of Sun Lakes Boulevard, east of Highland Springs Avenue, Assessor's Parcel Number 419-140-057. TPM 33326 was previously approved for a 3rd extension on March 14, 2017.

Information regarding the request for a twelve (12) month extension of time for Tentative Parcel Map 33326 (TPM 33326) can be obtained by contacting the City's Community Development Department at (951) 922-3125, or by visiting the City Hall located at 99 East Ramsey Street, Banning. You may also go to the City of Banning website at <http://www.ci.banning.ca.us/>.

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

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

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

Patty Nevins
Community Development Director

Dated: February 27, 2018
Publish: March 2, 2018



CITY OF BANNING UTILITY AUTHORITY REPORT

TO: BANNING UTILITY AUTHORITY

FROM: Alejandro Diaz, Interim City Manager

PREPARED BY: Rochelle Clayton, Deputy City Manager

MEETING DATE: March 13, 2018

SUBJECT: Water and Wastewater Rate Study and Proposed Rate Update

RECOMMENDATION:

Authorize Staff to mail written notice to customers and property owners of the proposed update to Water and Wastewater rates in compliance with all requirements of Proposition 218 and California State Law, and schedule a Public Hearing to consider adoption of updated Water and Wastewater rates at a date no less than 45 days after mailing the notice.

COMMITTEE REVIEW:

The Budget and Finance Committee reviewed the Draft Proposed Rate Increases and related Capital needs for Water and Wastewater at its meetings on August 9, 2017, September 5, 2017, October 17, 2017 and November 15, 2017.

JUSTIFICATION:

The purpose of the rate study is to identify the cost of service to deliver safe and reliable water, collect and treat wastewater, and maintain the infrastructure associated with both the water and wastewater systems.

Considerations include the funding needed for the next ten years to operate and maintain the systems, and determination of the adequate revenue necessary to fund the Capital Improvement Projects ("CIPs") identified in the Capital Improvement Program. Ultimately the goal is to adequately fund the operations to provide clean, safe and reliable water that meet environmental standards. That goal includes the funding of future system rehabilitation costs and the maintenance to extend the useful lives of the

existing infrastructure and assets, as well as maintaining a reserve for emergencies and changes to state and federal water regulations.

BACKGROUND:

The last rate study was completed in 2010 and prior to that was 2003. In October 2013, the Banning Utility Authority approved the contract with Willdan Financial Services ("Willdan") to complete this Rate Study. Willdan completed nearly all of the work on the Rate Study, however on May 28, 2014 the Office of Administrative Law ("OAL") approved regulations, which were effective on July 1, 2014, for the reduction in chromium-6 standards to 10 parts per billion ("PPB") from 50 PPB in California.

Due to Banning having more than a third of the City's water wells affected by the updated regulation, Council gave direction to stop the study as the cost of treating for chromium-6 needed to be better understood prior to finalizing the study. On March 28, 2017, Willdan's contract was amended to allow them to complete the study. Further, based on the recent repeal in the chromium-6 standard of 10 PPB in California, Willdan has based the proposed rates without the cost of the City treating for chromium-6.

On August 22, 2017, Willdan presented their rate analysis to Council with proposed rates based on the current operating costs and Capital Improvement Plan. The proposed increases on the consumption rates were 19%, 18%, 18%, 5% and 3% annually over five years. At that meeting, Council gave direction for staff to work with the Budget and Finance Committee to identify what options were available to allow for a lesser rate increase.

Staff presented the operating and capital costs to the Budget and Finance Committee ("Committee"), including the comprehensive Capital Improvement Plan. The Committee requested that staff reduce the CIPs by 25%, 50%, and 75% to determine which CIP cuts would allow for a 3% rate increase annually over five years. A 75% reduction of CIPs accommodated the 3% rate increase.

At a workshop on January 9, 2018, Staff presented to Council the proposed CIP cuts to accommodate Willdan's updated proposed rate increases to 3% annually over five years. Council supported the 75% reduction of the Capital Improvement Plan for Water and Wastewater, resulting in the deferred capital projects identified in Appendix E of Willdan's final report, while the reduced Capital Improvement Plan is found on appendices pages A-7 and B-6 of the report.

The corresponding proposed rate increases are as detailed in the chart below, with the historical rates going back to 2006:

WATER RATES

MONTHLY BASE CHARGE

Meter Size	Effective 2006		Effective Oct 2010	Sept 2011	Sept 2012	Current Sept 2013	Proposed 2014	Proposed 2019	Proposed 2020	Proposed 2021	Proposed 2022	Proposed 2023
5/8"	16.77		15.90	18.29	19.57	20.94		21.57	22.22	22.88	23.57	24.28
3/4"	16.77		15.90	18.29	19.57	20.94		21.57	22.22	22.88	23.57	24.28
1"	25.64		24.11	27.73	29.67	31.75		32.70	33.68	34.69	35.73	36.81
Proposed by Raffetis-June 2010 - 5/8":			17.73	19.15	20.68	22.33	23.89					
PROPOSED BY WILLDAN-August 2017 - 5/8":								24.92	29.40	34.70	36.43	37.52

COMMODITY/CONSUMPTION CHARGE

Tier	Effective 2006		Effective Oct 2010	Sept 2011	Sept 2012	Current Sept 2013	Proposed 2014	Proposed 2019	Proposed 2020	Proposed 2021	Proposed 2022	Proposed 2023
Tier 1 - 0-9 hcf	1.15	0-12 hcf	1.40	1.61	1.72	1.84		1.90	1.95	2.01	2.07	2.13
Tier 2 - 10-29 hcf	1.34	13-25 hcf	1.78	2.05	2.19	2.34		2.41	2.48	2.56	2.63	2.71
Tier 3 - 30+ hcf	1.51	26+ hcf	2.01	2.31	2.47	2.64		2.72	2.80	2.88	2.97	3.06
Proposed by Raffetis-June 2010 - Tier 1:			1.56	1.68	1.81	1.95	2.09					
PROPOSED BY WILLDAN-August 2017 - Tier 1:								2.19	2.58	3.05	3.20	3.30

WASTEWATER RATES

	Effective 2006		Effective Oct 2010	Sept 2011	Sept 2012	Current Sept 2013	Proposed 2014	Proposed 2019	Proposed 2020	Proposed 2021	Proposed 2021	Proposed 2023
Residential	12.86		14.40	15.84	17.11	18.48		19.03	19.61	20.19	20.80	21.42
Commercial	12.86-38.58		14.40	15.84	17.11	18.48		19.03	19.61	20.19	20.80	21.42
Tertiary Surcharge	2.00		2.00	2.00	2.00	2.00		2.06	2.12	2.19	2.25	2.32
Proposed by Raffetis-June 2010:			14.40	16.56	19.04	21.9	22.56					
PROPOSED BY WILLDAN-August 2017 - Res/Comm (EDU):								25.15	31.69	33.27	33.27	33.27

GOAL STATEMENT:

This item supports Goal No. 4, Public Health & Safety; Objective No. 1, Effectively manage the City's water resources to ensure system reliability and regulatory compliance.

OPTIONS:

1. Provide direction to staff to proceed with mailing the Proposition 218 Notice to customers and property owners, and set a hearing date of no less than 45 days from mailing the notice.
2. Provide alternative direction to staff.

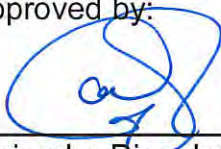
FISCAL IMPACT:

The cost to mail the Proposition 218 notice will be less than \$10,000 and will be charged 50% to the Water fund and 50% to the Wastewater fund. Future impacts will be based on the results of the Public Hearing.

ATTACHMENTS:

1. PowerPoint Presentation by Willdan
2. Water and Wastewater Rate Study by Willdan.

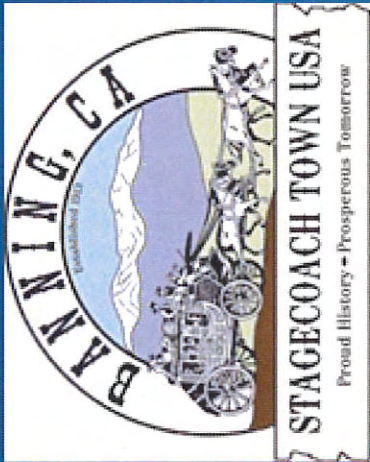
Approved by:



Alejandro Diaz, Interim City Manager

ATTACHMENT 1

(Water and Wastewater Rate Study PowerPoint by
Willdan)



CITY OF
BANNING, CALIFORNIA

WATER AND SEWER RATE STUDY



Presented by **Kevin Burnett**



PRESENTATION CONTENTS

- Introduction
- Review purpose of study
- Overview of utility rate setting process
 - Current study process
- Summary of proposed revenue increases
- Financial plan summary
- Proposed rates
- Next steps



PURPOSE OF THE RATE STUDY

- Evaluate sufficiency of existing water and sewer revenues to:
 - Provide funding for current and future operating, maintenance, and **capital expenses**
 - Meet minimum reserve level requirements
 - Meet legal obligations associated with outstanding debt
- Develop rates which will generate sufficient revenue **to** meet cost of providing essential services

TYPICAL UTILITY RATE-SETTING PROCESS





CURRENT RATE STUDY PROCESS

- Worked with City staff to identify financial plan options incorporating:
 - Ongoing operations and maintenance expense needs
 - Capital needs to maintain and operate the systems efficiently and reliably
- Presented initial financial plans and rates to Council on August 22, 2017
- Refined capital improvement projections and financial plans based on Council direction
- Adopt report and Proposition 218 notices based on Council direction, conduct Public Hearing, adopt rates
- New rates effective July 1, 2018



FINANCIAL PLANS



WHY INCREASE WATER REVENUE?

- Additional revenue is needed to:
 - Reinvest in and maintain the system
 - Fund capital needs
 - Waterline replacements
 - New water mains
 - Meet targeted reserve levels
 - Meet debt service coverage requirements

REVENUE RECOMMENDATIONS - WATER

Proposed Water Financial Plan

Fiscal Year	Revenue Increase	Debt Issuance (millions)
2018-19	3%	\$-
2019-20	3%	-
2020-21	3%	-
2021-22	3%	-
2022-23	3%	-

WATER CASHFLOW PROJECTIONS- PROPOSED (1)

Year	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Beginning Cash Reserves	\$6,562	\$4,713	\$3,537	\$3,820	\$3,989
Revenue	9,147	9,619	10,121	10,656	11,219
O&M	2,084	2,140	2,198	2,257	2,318
Transfers Out ⁽²⁾	1,104	1,132	1,160	1,189	1,219
Capital	2,306	1,681	485	883	113
Debt Service	1,788	1,983	1,985	1,989	1,990
Total Expenses	10,996	10,795	9,838	10,487	9,974
Net Cashflow	(1,849)	(1,176)	283	169	1,245
End of Year Cash Reserves	\$4,713	\$3,537	\$3,820	\$3,989	\$5,234
Target Reserves	759	798	819	841	864
DSC – 1.20 Requirement	1.87	1.83	1.97	2.13	2.29

(1) In thousands

(2) Water Fund's share of other City functions such as Council, finance, IT etc.



WHY INCREASE SEWER REVENUE?

- Additional revenue is needed to:
 - Meet debt service coverage requirements
 - Meet repair and replacement capital needs
 - Meet targeted reserve levels

REVENUE RECOMMENDATIONS - SEWER

Proposed Sewer Financial Plan		
Fiscal Year	Revenue Increase	Debt Issuance (millions)
2018-19	3%	\$-
2019-20	3%	-
2020-21	3%	-
2021-22	3%	-
2022-23	3%	-

SEWER CASHFLOW PROJECTIONS (1)

Year	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Beginning Cash Reserves	\$1,435	\$1,429	\$1,578	\$2,307	\$3,151
Revenue	3,379	3,560	3,752	3,957	4,172
O&M	2,088	2,148	2,209	2,273	2,338
Transfers Out ⁽²⁾	715	725	431	442	453
Capital	192	149	0	19	0
Debt Service	394	396	393	394	395
Total Expenses	3,385	3,411	3,023	3,113	3,166
Net Cashflow	(6)	149	729	844	1,007
End of Year Cash Reserves	\$1,435	\$1,429	\$1,578	\$2,307	\$4,158
Target Reserves	278	284	259	265	271
DSC - 1.15 Requirement	3.29	3.58	3.95	4.31	4.70

(1) In thousands

(2) Sewer Fund's share of other City functions such as Council, finance, IT etc.



PROPOSED RATES



MONTHLY BASE CHARGE - WATER

Meter Size	Current	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
5/8-inch	\$20.94	\$21.57	\$22.22	\$22.88	\$23.57	\$24.28
¾-inch	20.94	21.57	22.22	22.88	23.57	24.28
1-inch	31.75	32.70	33.68	34.69	35.73	36.81
1 ½-inch	58.74	60.50	62.32	64.19	66.11	68.10
2-inch	91.14	93.87	96.69	99.59	102.58	105.66
3-inch	166.77	171.77	176.93	182.23	187.70	193.33
4-inch	247.83	283.07	291.57	300.31	309.32	318.60
6-inch	544.79	561.13	577.97	595.31	613.17	631.56
8-inch	888.83	894.89	921.74	949.39	977.88	1,007.21

VOLUME RATE - WATER

\$/HCF

Class/Use	Current	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Residential						
0-12 HCF	\$1.84	\$1.90	\$1.95	\$2.01	\$2.07	\$2.13
13 – 25 HCF	2.34	2.41	2.48	2.56	2.63	2.71
26+ HCF	2.64	2.72	2.80	2.88	2.97	3.06
City Facilities/Parks						
All Use	0.58	0.60	0.62	0.63	0.65	0.67

SEWER RATES

Class/Use	Current	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Residential	\$18.48	\$19.03	\$19.61	\$20.19	\$20.80	\$21.42
Commercial (EDU)	18.48	19.03	19.61	20.19	20.80	21.42
Tertiary Surcharge (EDU)	2.00	2.06	2.12	2.19	2.25	2.32



NEXT STEPS

- Conduct Public Hearing
- Adopt New Rates
- New Rates Effective July 1

QUESTIONS & DISCUSSION

ATTACHMENT 2

(Final Report on the Water and Wastewater Rate
Study)

CITY OF BANNING



FINAL REPORT

2018

MARCH 7

WATER

WASTEWATER



RATE STUDY



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Section 1 - Introduction

1.1. Introduction

Willdan Financial Services ("Willdan") was retained by the City of Banning, California ("City") to conduct a Water and Wastewater Rate Study ("Rate Study") for the City's Water and Wastewater utilities ("Utilities"). This report details the results of the Rate Study analysis for the forecast period, Fiscal Year (FY) 2017-18 to FY 2026-27.

The results of the Rate Study presented herein include a financial plan and rate structure designed to provide revenues sufficient to fund the ongoing operating and Council approved capital costs necessary to operate the City's water and wastewater utilities, while meeting the financial requirements and goals set forth by the City for the water and wastewater enterprise funds.

1.2. Goals and Objectives

The primary goal of the Rate Study was to develop cost based rates that will allow the City to meet its ongoing costs (operations & maintenance and capital), and to maintain industry standard financially prudent cash reserves for the utilities. More specifically the Rate Study was undertaken to:

- Conduct the analysis in accordance with industry standards consistent with American Water Works ("AWWA") and Water Environment Federation ("WEF") guidelines;
- Develop financial plans and rates consistent with industry standards and best practices while recognizing the needs specific to the City;
- Recommend rates that will meet the City's revenue requirements based on City specific water and wastewater utility operating and capital costs and reserve requirements; and
- Recommend rates that adhere to and meet Proposition 218 requirements.

1.3. Overview of the Rate Study Process

The Rate Study process consisted of two primary study components. First, a determination of the adequacy of system revenues to meet system expenses during the study forecast period was made. The result of this analysis, known as the Revenue Sufficiency Analysis, is an assessment of the ability of the existing water and sewer rate revenue streams to meet the projected financial requirements of the



systems during the forecast period. This analysis also identifies, to the extent required, the magnitude and timing of any required rate adjustments.

Second, specific rates and charges were developed which when implemented, would provide sufficient revenue, as identified in the Revenue Sufficiency Analysis, to recover costs in a manner consistent with general rate-making practices. This step is known as the Rate Design Analysis.

1.4. Organization of this Report

This Rate Study presents an overview of the rate-making concepts utilized in the development of the analysis outlined in this report. The analysis is followed by a discussion of the data, assumptions and results associated with each component of the analysis. Finally, appendices with detailed schedules are presented for further investigation into the data, assumptions and calculations which drive the results presented in this Rate Study. The report is organized as follows:

- Section 1 - Introduction
- Section 2 – Overview of Utility Rate-Making Principles, Processes and Issues
- Section 3 – Rate Study Development and Results
- Section 4 – Conclusions and Recommendations
- Appendix A – Water Financial Plan
- Appendix B - Sewer Financial Plan
- Appendix C – Water Rates
- Appendix D – Sewer Rates
- Appendix E – Full Capital Improvements Program



1.5. Reliance on Data

During the course of this project the City (and/or its representatives) provided Willdan with a variety of technical information, including cost and revenue data. Willdan did not independently assess or test for the accuracy of such data – historic or projected. Willdan has relied on this data in the formulation of its findings and subsequent recommendations, as well as in the preparation of this report. As is often the case, there will be differences between actual and projected data, and these differences may be significant. Therefore, Willdan does not take responsibility for the accuracy of data or projections provided by or prepared on behalf of the City, nor does Willdan have responsibility for updating this report for events occurring after the date of this report.

1.6. Acknowledgements

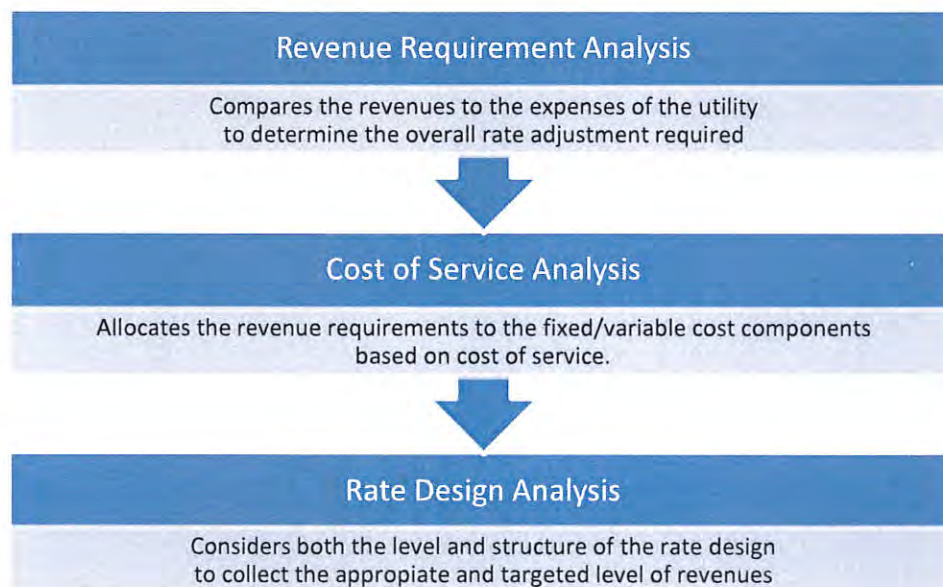
We wish to extend our appreciation to the City and its staff for their cooperation during the progress of this study. In particular, we would like to thank Ms. Rochelle Clayton, Deputy City Manager/Administrative Services Director, Mr. Art Vela, Public Works Director/City Engineer and Ms. Stacy Bouslog, Utility Financial Analyst for their guidance and assistance throughout this project.

Section 2 - Overview of Utility Rate-Making Principles, Processes and Issues

2.1. Introduction

The scope of this study included the development of cost-based water and wastewater user charges through a cost of service and rate design analysis. Utility rates must be set at a level where operating and capital expenses are met with the revenues received from customers. This is a significant point, as failure to achieve this level could lead to insufficient funds being available to adequately maintain the system. A comprehensive rate study typically consists of following three interrelated analyses:

- I. *Financial Planning/Revenue Requirement Analysis*: Create a ten-year plan to support an orderly, efficient program of on-going maintenance and operating costs, capital improvement and replacement activities, debt financing, and retirement of any outstanding debt. In addition, the long-term plan should fund and maintain reserve balances to adequate levels based on industry standards and the City of Banning's fiscal policies.
- II. *Cost of Service Analysis*: Identifies and apportions annual revenue requirements to functional cost components based on the demand placed on the utility system.
- III. *Rate Design*: Develops an equitable and proportionate fixed/variable schedule of rates for the City's customer base. This is also where other policy objectives can be achieved, such as, promoting the efficient use of water. The policy objectives are harmonized with cost of service objectives to achieve the delicate balance between customer equity, financial stability and resource conservation goals.





The Rate Study utilized generally accepted rate-making principles established by the American Water Works Association (AWWA) in its "M1 Principles of Water Rates Fees and Charges" manual and by the Water Environment Federation (WEF) in its "Financing and Charges for Wastewater Systems, Manual of Practice No. 27 (2004)". The principles used resulted in the development of rates and charges which are projected to: 1) generate sufficient revenue to meet the financial requirements of the water and sewer utilities, and 2) address the need to recover costs from users in a manner which is proportionate to the cost of providing service on a fair and equitable basis relative to the service provided, and which does not exceed the cost of providing the service. A discussion of some of the key principles of rate-making, and how the processes employed herein are guided by those principles, is presented below.

2.2. Discussion of General Rate-Making Principles

While the individual rates for the utility vary based on a variety of factors, the development of rates should, for the most part, be consistent with general rate-making principles set forth in utility rate-making practice and literature, and in compliance with State law (Proposition 218). State Law requires that property-related fees and charges (including water and sewer utility rates) must be based upon the proportionate cost of providing the services, and not exceed the cost of providing the services. The principles by which rate practitioners are guided is that rates designed for any utility should strike a reasonable balance between several key factors. In general, rates designed should:

- Generate a stable rate revenue stream which, when combined with other sources of funds, is sufficient to meet the financial requirements and goals of the utility;
- Be fair and equitable – that is, they should generate revenue from customer classes which is reasonably in proportion to the cost to provide service to that customer class;
- Be easy to understand by customers; and
- Be easy to administer by the utility.

Striking the appropriate balance between the principles of rate-making is the result of a detailed process of evaluation of revenue requirements and cost of service, and how those translate into the rate design alternatives which meet legal requirements and the specific objectives of the utility under the circumstances in which the utility operates.



2.3. The Revenue Sufficiency Process

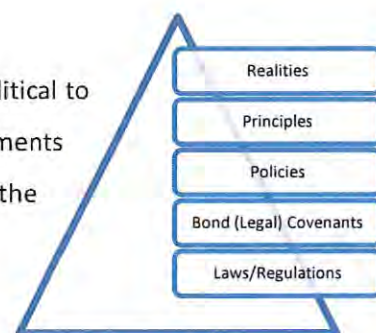
In order to develop rates and charges which will generate sufficient revenue to meet the fiscal requirements of the water and sewer utilities, a determination of the annual rate revenue required must be completed. The first step in the process is the Revenue Sufficiency Analysis. The Revenue Sufficiency Analysis compares the forecasted revenues of the utility under its existing rates to its forecasted operations and maintenance, capital, and reserve costs to determine the adequacy of the existing rates to recover the utility's costs.

The process employed in the Revenue Sufficiency Analysis involves a rigorous review of operating, maintenance and capital budgets for the utility, and results in the identification of revenue requirements of the system, such as operating expenses, capital expenses (minor and major), debt service expense (including a provision for debt service coverage), transfers in and out, and the maintenance of both restricted and unrestricted reserves at appropriate levels. These revenue requirements are then compared to the total sources of funds available during each year of the forecast period to determine the adequacy of projected revenues to meet projected revenue requirements. To the extent that the existing revenue stream is projected to be insufficient to meet the annual revenue requirements of the system during the projection period, a series of rate revenue increases are calculated which would be required to provide revenue sufficient to meet those needs.

2.3.1 Determination of the Revenue Requirements

Considerations in Setting Revenue Requirements

There are a multitude of considerations, ranging from financial to political to legal that must be analyzed or discussed during the revenue requirements process of a rate analysis. This section provides an overview of the considerations that are reviewed during this process.



Capital Budgeting and Financing

Capital needs are defined by the City's Water and Sewer Capital Improvement Plan. As part of its budget and planning process, the City identifies capital improvements that are necessary for the continued delivery of clean, safe, drinking water, and collection and treatment of sewer flows. The Capital Improvement Plan is funded by a variety of sources including system depreciation, water rates, connection (impact) fees, and capital reserves.



Capital Funding: Debt vs. PAYGO

The selection of the most appropriate funding strategy for capital projects is primarily a policy decision between use of cash ("Pay-as-you-go financing" or PAYGO), the issuance of debt, or a combination. PAYGO is the use or build-up of cash to fund capital improvements. With debt financing, capital improvements are funded with borrowed funds (usually through the issuance of bonds) with the obligation of repayment, typically with interest, in future years. Development of an optimal capital financial plan depends on the definition of optimal. Each funding mechanism has a different impact on water rates in the short and long run, different net present values, risks, and legal obligations. Due to the borrowing costs associated with debt, cash funding can be cheaper in the end; however, debt typically ensures greater generational equity for larger and longer lasting capital projects.

The City, as is typical for a public utility, operates its water and sewer utilities on a "cash basis". Under the "cash basis" approach, revenues and expenses are recognized at the time physical cash is received or paid out. Revenue requirements are determined for a specified period of time (in the case of the City an annual fiscal year), by summing the total anticipated expenses to be paid out during the fiscal year. Where cash flows and balances are insufficient, the revenue requirements analysis recommends the needed additional cash flows to meet all funding goals. The two primary categories of expenses are as follows:

- Operations and Maintenance (O&M) expenses, such as salaries and benefits of utility personnel, transfers out, existing and anticipated debt service, and reserves; and
- Capital expenses, such as the annual capital improvement program, including waterline replacements and sewer capacity projects.

Financial Planning

In the development of the revenue requirements, certain parameters are utilized to project future expenditures, growth in customers and consumption, and necessary revenue adjustments. The City's budget documents are used as the baseline, which are then projected over a planning horizon to account for fluctuations in costs from year to year as well as any adjustments to debt service payments. Conservative growth assumptions and prudent financial planning are fundamental in ensuring adequate rate revenue to promote financial stability. The financial model developed for this study considers the City's existing debt service coverage ratio and operating cash balances (cash on hand). The cost of depreciated infrastructure is collected and used to fund annual repair and replacement. As existing debt



is redeemed, additional debt may be utilized to fund additional capital improvements required due to aging infrastructure.

2.4. The Cost Allocation Process

In order to provide guidance to the City as to how to appropriately recover the rate revenue requirements identified in the Revenue Sufficiency Analysis, a Cost of Service Analysis is required.

The process employed in the Cost of Service Analysis results in the identification of the cost to provide water and sewer service to customers. These water and sewer cost allocations are then used as the basis for the assignment of revenue requirements to customer classes, upon which the development of rates and charges is based.

The industry standard approach to the development of a cost of service analysis is the Base-Extra Capacity methodology, as detailed in the American Water Works Association (AWWA) M1 Manual – Principles of Water Rates, Fees and Charges.

The general approach to the development of cost of service allocations under the Base-Extra Capacity methodology is to: 1) identify the costs by functional cost category, 2) allocate the functionalized costs further to cost categories and then 3) allocate rate revenue requirements to customer classes based on the distribution of costs and customer characteristics.

The resulting allocations provide guidance to the rate practitioner which, combined with the other goals and objectives of the utility, provides the necessary information required to proceed to the development of utility rates and charges.

2.5. The Rate Design Process

With the rate revenue requirement determined in the Revenue Sufficiency Analysis, the development of specific rates and charges can be undertaken. Once the rate revenue requirement has been identified, the manner in which those requirements should be recovered, and the billing units to be used to recover the required revenue determined, specific rates and charges can then be developed.

Utilities consider a variety of factors in establishing rates, including cost allocation, customer impact, conservation of resources and ease of administration. The rate design process seeks to find the balance between the need to recover sufficient revenue in a fair and equitable manner and the need to do so within the constraints of other objectives which are unique to each utility. By understanding the types of



customers served by the utility, and the general usage characteristics of those customers, a system of rates and charges can be developed that balances those many objectives while also generating sufficient revenue.

First, the rate design goals of the utility are reviewed to identify areas the utility wishes to address over the course of the Rate Study. Next, an assessment of the existing rate design is undertaken to identify what has worked well for the utility with regard to their specific goals and objectives, and the general goals and objectives of utility rate-making. This assessment typically also identifies areas for improvement which can provide guidance to the rate practitioner with respect to the design of future rates and charges.

After a review of the existing rates and charges, a dialog of how to build on the positive aspects of the existing structure and how to address deficiencies in the existing structure occurs with utility management and staff. For instance, for a utility with a primary goal of encouraging water conservation, the substitution of a uniform rate structure, which charges the same unit price for water regardless of consumption level, with a conservation/inclining block rate structure, which charges a greater unit price as usage levels increase beyond certain thresholds, would better address that primary goal.

With an evaluation of the strengths and weaknesses of the existing rate structure and the goals of the utility going forward, the development of a new rate structure can begin. Development of a new rate structure which recovers the costs to provide water and sewer service in a manner which achieves the goals of the utility in a manner consistent with standard rate-making practice requires an analysis of the projected usage characteristics of the customer base to which the rates will apply. This analysis is typically referred to as a billing frequency analysis.

In the State of California, rates must adhere to and conform to the California Constitution article XIII D, section 6 commonly referred to as Proposition 218 (Prop 218). More specifically, Prop 218 requires that property related fees and charges, such as sewer rates, must not exceed the reasonable cost of providing the service associated with the fee or charge, and shall not exceed the proportional cost of the service attributable to the parcel that is subject to the fee or charge.

Besides ensuring compliance with State law, another key principle for a comprehensive Rate Study is found in economic theory, which suggests the price of a commodity must roughly equal its cost or value if equity among customers is to be maintained – i.e., cost-based. In terms of economic theory, the



principle is that the price of a commodity (water or sewer service) must be proportionately equal to its cost (the City's cost of providing the service).

This Rate Study was performed to allocate the costs of providing service to users to ensure that rates are equitable and in compliance with Proposition 218 requirements.

2.6. Financial Management Goals of the City

The establishment of specific financial management goals of a utility is a key step in developing financial plans which will ensure the financial health of the utility remains strong. The financial management goals of the City are described below.

2.6.1 Minimum Unrestricted Working Capital Balance

In order to maintain a certain level of liquidity, the City has developed a goal of maintaining unrestricted working capital reserves in an amount greater than or equal to approximately 45 days of operating expenses.

2.6.2 Debt Service Coverage

The City currently has outstanding debt which contains covenants requiring the City to maintain rates and charges such that a debt service coverage ratio, defined as Current Year Net Revenues divided by Current Year Debt Service, be maintained at a minimum of 1.20 for water and 1.15 for sewer. The coverage requirements of 1.20x and 1.15x respectively are associated with all outstanding debt for each specific year the coverage is being calculated. The analysis presented herein meets this goal in each year of the forecast period. The debt service coverage requirement is intended to provide assurance to debt holders that the City will be able to meet its annual debt obligations.



Section 3 - Rate Study Development and Results

3.1. Revenue Sufficiency Analysis

3.1.1 General Methodology

The general methodology utilized in the Revenue Sufficiency Analysis was discussed previously in Section 2.3. In summary, however, the level of revenues generated by rates must be sufficient to recover the fiscal requirements, or projected expenditures of the utility. To the extent that the projected revenue stream based upon current water and sewer rates are not sufficient to meet the annual revenue requirements of the systems, a series of rate revenue increases were calculated to provide the revenue necessary to meet those expenditure needs, while satisfying the financial goals and objectives of the utilities. From a financial perspective, the City's utilities must "stand on their own" by meeting its respective financial obligations without assistance from other City funds. The financial plan was developed for the ten-year period fiscal year (FY) 2017-18 through FY 2026-27.

3.1.2 Data Items

Key data items reviewed, discussed and incorporated into the Revenue Sufficiency Analysis were:

- Financial management goals of the City;
- FY 2015-16 fund balance;
- FY 2016-17 and FY 2017-18 budgets; and
- Capital improvement program (CIP).

General assumptions utilized in the analysis include the following:

- Customer growth; and
- Cost escalation factors.

A discussion of the use of each of the above data items and general assumptions is presented below.

3.1.3 FY 2015-16 Fund Balance

To better understand what funds the City will have on hand to start the forecast period, a detailed review of fund balances from the FY 2015-16 period was discussed and reviewed with City staff. Assumptions were made to estimate the actual unrestricted cash (available cash) balances available at the end of FY



2015-16, and therefore at the beginning of FY 2016-17. A summary of the fund balances for the water and wastewater utilities, for the end of FY 2015-16 and therefore the beginning of FY 2016-17, as adjusted and subsequently used in this analysis, is presented in Table 3-1 below.

Table 3-1 Beginning Fund Balance Fiscal Year Ending June 30, 2016		
Description	Water	Sewer
Cash Balance	\$9,278,125	\$1,686,520

3.1.4 FY 2016-17 and FY 2017-18 Budgets

Staff provided Willdan with the FY 2016-17 and FY 2017-18 budgets, and associated line-item detail, as the basis for the projection of financial needs for FY 2018-19 (the base year). The FY 2017-2018 budget was also used as the basis for the projection of future budgetary line-items for the remainder of the forecast period. Cost escalation factors were reviewed by staff (see section 3.1.6.2) and were used to project line-item costs beyond the FY 2017-18 budget. Those factors were applied based on line-item cost classifications.

In order to maintain a certain level of liquidity, the City has developed a goal of maintaining unrestricted working capital reserves in an amount greater than or equal to approximately 45 days of operating expenses. The financial plan was developed such that there would be at least 45 days of working capital reserves for each year of the study period.

A summary of the FY 2017-18 operating budgets for water and wastewater, as well as subsequent projected budgetary expenses through FY 2022-23 is presented in Table 3-2

A more detailed presentation of the line-item budgeted and projected revenues and expenses is presented in Schedules A-3 through A-6 of Appendix A and B-3 through B-5 of Appendix B.



Table 3-2 Operating Budget Fiscal Years Ending June 30						
Description	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Water						
O&M	\$5,604,202	\$5,797,640	\$5,998,828	\$6,208,131	\$6,425,922	\$6,652,608
Debt Service	1,803,846	1,787,863	1,983,063	1,984,563	1,988,563	1,989,813
Transfers	<u>1,077,624</u>	<u>1,104,499</u>	<u>1,132,030</u>	<u>1,160,250</u>	<u>1,189,176</u>	<u>1,218,824</u>
Total Expenses	\$8,485,672	\$8,690,002	\$9,113,921	\$9,352,944	\$9,603,661	\$9,861,245
Sewer						
O&M	\$2,029,965	\$2,084,478	\$2,140,468	\$2,191,978	\$2,257,048	\$2,317,733
Debt Service	388,473	393,781	396,150	393,106	394,106	394,656
Transfers	<u>705,661</u>	<u>714,993</u>	<u>725,261</u>	<u>431,498</u>	<u>442,285</u>	<u>453,342</u>
Total Expenses	\$3,124,099	\$3,193,252	\$3,261,879	\$3,022,582	\$3,093,439	\$3,165,731

3.1.5 Capital Improvements Plan (CIP)

The City provided Willdan with a forecast of capital requirements for the ten-year study period. The City originally identified water related capital needs in the amount of \$95.75 million between FY 2017-18 and FY 2022-23, which would require a cumulative revenue increase of 62% and the issuance of \$69.1 million in debt to finance the capital program. The original sewer related capital program for FY 2017-18 through FY 2022-23 totaled \$43.0 million and required a cumulative revenue increase of 29% and debt a debt issuance of \$20.8 million to fund the capital program. City Council directed staff to reevaluate the capital projects and choose the highest priority items that would be funded due to increases in revenue from 3% annual rate increases. The original capital improvement project list can be found in Appendix E, while the revised list can be found on appendices pages A-6 and B-6.

The capital projects identified by the City are required to maintain service to customers by making investments in the water and sewer systems to repair or replace aging system components as they wear out over time. The City provided cost estimates for capital projects in current day dollars which were subsequently annually escalated at 2.50% using the Engineering News Record (ENR) Construction Cost Index (CCI) to adjust the cost items to real dollars for the years in which construction is estimated to occur. These adjusted capital costs were then used in the analysis for rate-making purposes.

A summary table of the adjusted CIP for the FY 2016-17 – FY 2022-23 study period is presented below in Table 3-3. The CIP for the full forecast period is presented in the Schedules B-6 of Appendix B.



Table 3-3 Capital Improvement Plan Fiscal Years Ending June 30 (\$ thousands)							
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Capital Costs - W	\$1,602	\$2,306	\$1,681	\$485	\$883	\$113	\$7,070
Capital Costs - S	102	192	149	0	19	0	463
Note: Values are rounded to the nearest \$1,000							

3.1.6 General Assumptions

In order to develop the financial and rate projections, certain assumptions were made with regard to elements of the revenue sufficiency analysis. A summary of those assumptions is presented below.

3.1.6.1. System Growth

The City anticipates population growth of 2.3% per year based on their analysis of current City population growth projections and trends. Through discussions with City staff, it was determined that the 2.3% annual population increase would reasonably translate to a 2.3% annual increase in water and sewer service units respectively, and is consistent with recent system growth trends.

3.1.6.2. O&M Escalation Factors

Willdan worked with City staff to identify reasonable cost escalation factors to be applied to operations and maintenance expenses in recognition of increasing costs over time. It was determined that a 2.5% general inflationary factor represented a reasonable estimate of annual cost increases during the study period. There were, however, some expenses which were anticipated to have increases above the projected 2.5% general inflationary increase. Personnel increases were projected to increase at an annual rate of 3%, electricity costs were projected to increase at the rate of system growth and chemicals at an annual inflationary rate of 4%.

3.1.6.3. Results of the Revenue Sufficiency Analysis

After a thorough review of the above-mentioned data elements, a draft of the Revenue Sufficiency Analysis was developed and reviewed with City staff. This draft provided the forum in which various alternative assumptions were discussed, tested and evaluated for both their reasonableness and their impact upon the ultimate financial health of the utility. Table 3-4 provides a summary of the annual revenue requirements for both the water and sewer utilities incorporating the assumptions in Section 3



of this report as compared to the projected rate revenue described in in more detail in Schedules A-1 and B-1 of the appendices.

Table 3-4 Revenue Requirements vs. Revenue Under Existing Rates Fiscal Years Ending June 30 (\$ thousands)					
	2019	2020	2021	2022	2023
Water					
Revenue Under Existing Rates	\$8,886	\$9,075	\$9,273	\$9,479	\$9,688
Revenue Requirements	10,996	10,795	9,838	10,487	9,974
Difference	(2,110)	(1,720)	(565)	(1,008)	(286)
Sewer					
Revenue Under Existing Rates	\$3,281	\$3,356	\$3,432	\$3,513	\$3,595
Revenue Requirements	3,385	3,411	3,023	3,113	3,166
Difference	(104)	(55)	409	400	429
Note: Values are rounded to the nearest \$1,000					

The resulting financial plans presented herein is the embodiment of the data, assumptions and review process undertaken with City staff.

3.1.6.4. Rate Revenue Increases Required

As discussed in section 3.1.6.2, operations and maintenance expenses are growing at a faster rate than the City's increase in service units (section 3.1.6.1). The average annual increase in revenue requirements (identified in Table 3-4) is projected at 3.50% for water and 2.87% for sewer. Our financial analysis of the utilities indicates that the increase in operating costs is projected to outpace revenue increases through growth in service units alone. Revenue increases above growth in service units are therefore required in order to maintain the financial integrity of the water and sewer utilities.

The analysis indicated that the City would need to increase water and sewer rate revenues by 3%, in addition to the anticipated growth in service units for FY 2018-19, in order to meet revenue requirements (O&M, capital and debt service). Table 3-5 reflects our projections of revenue increases required during the forecast period in order for the City to meet its ongoing operational costs (revenue requirements) and meet minimum prudent financial and system maintenance standards.



Table 3-5 Projected Rate Revenue Increases Fiscal Years Ending June 30		
Description	Water Rate Revenue Increases	Sewer Rate Revenue Increases
2018-19	3.00%	3.00%
2019-20	3.00%	3.00%
2020-21	3.00%	3.00%
2021-22	3.00%	3.00%
2022-23	3.00%	3.00%

A more detailed presentation of the pro forma, including a fund balance reconciliation is presented in Schedules A-1 and B-1 of the appendices.

3.1.6.5. Summary of Revenue Sufficiency Analysis

The resulting financial plan is presented in Table 3-6, which provides for funding of projected revenue requirements based on the current knowledge of expected expenditure forecasts during the forecast period, as provided by the City, and is projected to meet or exceed the financial operations of the sewer utility. A more detailed presentation of the financial plan, including fund balance reconciliations for the forecast period, is presented in appendices A and B.



Table 3-6 Projected Net Operating Fund Results Fiscal Years 2017-18- to 2021-22 (\$ thousands)					
Description	18-19	19-20	20-21	21-22	22-23
Water					
Beginning Fund Balance	\$6,562	\$4,713	\$3,537	\$3,820	\$3,989
Total Operating Revenue	9,147	9,619	10,121	10,656	11,219
Operating Expenses	<u>5,798</u>	<u>5,999</u>	<u>6,208</u>	<u>6,426</u>	<u>6,653</u>
Net Revenue	3,349	3,620	3,913	4,230	4,567
Less:					
CIP, Debt Service and Transfers Out	<u>5,199</u>	<u>4,796</u>	<u>3,629</u>	<u>4,061</u>	<u>3,322</u>
Net Cash Flow	(1,850)	(1,176)	283	169	1,245
Ending Fund Balance	\$4,713	\$3,537	\$3,820	\$3,989	\$5,234
Sewer					
Beginning Fund Balance	\$1,435	\$1,430	\$1,578	\$2,307	\$3,151
Total Operating Revenue	3,379	3,560	3,752	3,956	4,172
Operating Expenses	<u>2,084</u>	<u>2,140</u>	<u>2,198</u>	<u>2,257</u>	<u>2,318</u>
Net Revenue	1,295	1,419	1,554	1,700	1,855
Less:					
CIP, Debt Service and Transfers Out	<u>1,300</u>	<u>1,271</u>	<u>825</u>	<u>856</u>	<u>848</u>
Net Cash Flow	(5)	149	729	844	1,007
Ending Fund Balance	\$1,430	\$1,578	\$2,307	\$3,151	\$4,158
Note: Variances are due to rounding values to the nearest \$1,000					

3.1.6.6. Revenue Sufficiency Analysis Conclusions

Based on the revenue requirements identified in our analysis, it is our opinion that:

- Revenue projections based on existing rates are insufficient to meet the revenue requirements for FY 2018-19 through FY 2022-23;
- Rate revenue adjustments are needed in order to keep pace with increasing O&M and capital costs; and
- The proposed rate revenue increases identified in Table 3-6, maintain the financial integrity of the City's utilities based upon the assumptions contained in this report.



3.2. Rate Design Analysis

3.2.1 General Methodology

With the rate revenue requirement determined in the Revenue Sufficiency Analysis, the development of specific rates and charges was completed as described below.

First, the rate design goals of the City were reviewed to identify areas the City wanted to address over the forecast period included in this Rate Study. Next, an assessment of the existing rate design was completed to identify areas which have worked well for the City with regard to their specific goals and objectives, and the general goals and objectives of utility rate-making. In addition to the City's goals, rate design should seek to achieve the following industry standard objectives:

- Generate a stable rate revenue stream which, when combined with other sources of funds, is sufficient to meet the financial requirements and goals of the utility;
- Be fair and equitable – that is, they should generate revenue from customer classes which is reasonably in proportion to the cost to provide service to that customer class;
- Be easy to understand by customers;
- Be easy to administer by the utility; and
- Be compliant with State law, specifically Proposition 218, whereby the rates must be based upon the proportionate cost of providing sewer service.

This analysis was conducted consistent with the provisions of Proposition 218.

3.2.2 Review of Existing Rate Structure

The City's current water rates are comprised of a fixed monthly charge by meter size and a 3-tier volume rate assessed on a per 100 cubic foot (HCF) basis for all customers except City facilities and parks which are assessed volume rates on a uniform rate basis. As a customer's water use progresses through the higher tiers, the incremental cost per HCF of water use increases. The City's sewer rate structure is comprised of a flat monthly rate per equivalent dwelling unit (EDU) for residential customers and a flat monthly charge per EDU and a flat tertiary charge (both per EDU) for commercial customers. An EDU represents the estimated flow of a single family residential customer. In other words, each single-family customer is



assigned 1 EDU. If a property or customer contributes the equivalent flow of two single family residences, the monthly fee charged to this property or customer will be two times the monthly rate per single EDU.

3.2.3 Cost of Service Analysis

Willdan reviewed the most recent (June 9, 2010 Raftelis Financial Consultants Rate Study, beginning page 21) water cost of service analysis conducted for the City, which used the AWWA base-extra capacity methodology for assigning costs to customers based on each customer classes proportionate cost to be served. The peaking factor as well as the cost allocation and unit cost summaries from the report are provided in Table 3-7 and 3-8.

Table 3-7					
Peaking Factors¹					
Base Extra Capacity Method Components	Factors	Base	Max Day	Max Hour	Total
Base	1.0	100.00%			100.00%
Max Day	1.7	58.82%	41.18%		100.00%
Max Hour	3.0	33.33%	23.33%	43.33%	100.00%

¹ From Table II-12: Peaking Factors, June 9, 2010 Raftelis Financial Consultants Rate Study Report page 23.



Table 3-8
Cost Allocation and Unit Cost Calculation²

	Base	Max Day	Max Hour	Meter Charges	Billing & Cust Serv	Fire Hydrant	General	Total
Allocation %	43.2%	14.3%	5.3%	5.9%	4.5%	0.6%	26.1%	100.00%
Net Op Expense	\$3,056,777	\$1,008,956	\$377,700	\$420,176	\$318,992	\$44,003	\$1,850,672	\$7,027,275
Debt Service	<u>1,189,761</u>	<u>651,215</u>	<u>72,887</u>	<u>88,203</u>	<u>73,815</u>	<u>40,314</u>	<u>180,646</u>	<u>2,296,842</u>
Cost of Service	4,246,538	1,660,171	450,856	508,379	392,807	84,317	2,031,318	9,374,117
Allocation of General Cost	1,188,412	464,606	126,099	142,272	109,929			2,013,318
Allocation of Fire Service				84,317				84,317
Total Modified COS	\$5,163,203	\$1,106,144	\$300,218	\$2,301,816	\$502,736			\$9,374,117
Unit of Measure	hcf	hcf/day	hcf/day	Equiv Meters	Monthly Bills			
Total Units of Service	3,314,078	6,356	3,632	14,028	10,326			
Unit Cost of Service	\$1.56	\$0.48	\$0.23	\$13.67	\$4.06			
Average Unit Cost of Service	\$1.98							

While the costs identified in Table 3-8 have changed since the 2010 study, the City has not experienced any significant changes in its customer base (new industries coming to the City or existing industries leaving, or a significant increase in residential customers) that would result in a change in the overall distribution of accounts and flows by customer class or changes, or in peaking factors identified in Table 3-7. Therefore, the distribution of costs identified in the prior study are believed to remain unchanged for the current study.

As was the case for the prior sewer analysis (June 9, 2010 Raftelis Financial Consultants Rate Study, beginning page 26), the City does not actively monitor sewer flows for different strength characteristics by customer type. Monitoring of strength characteristics is a typical industry accepted approach for assessing different sewer rates to different customer types. Because the City does not monitor individual customer flows, the cost to treat flows is assumed to be consistent across all customer classes, with only the amount or volume of flows from each customer class as the basis for higher fees. The discharge from a single family residence (an equivalent dwelling unit or EDU) is 225 gallons per day (GPD). An EDU value

² From Table II-13: Cost Allocation and Unit Cost Calculation, June 9, 2010 Raftelis Financial Consultants Rate Study Report page 23.



of 225 GPD forms the basis for customers with higher flows paying incrementally higher monthly rates as described in Section 3.2.2.

3.2.4 Revised Rates

Willdan reviewed the cost of service analysis completed in the previous study (Section 3.2.3) with City Staff, and reviewed current system operating data and customer demand characteristics. As discussed in the prior section, there have not been significant changes in operating characteristics, or the composition of customers and customer classes, or customer demand characteristics, which would require the completion of a completely new cost of service analysis and change to the existing rate structure. Similar to the water utility, Willdan reviewed the previous analysis with the City, along with current operating characteristics. Willdan did not identify any issues with the City's existing cost allocations or sewer rate structure, or need to complete a new cost of service analysis with changes to the rate structure, furthermore, through discussions with City staff it was determined that the existing sewer structure is effectively meeting the City's goals and is consistent with both AWWA and WEF rate making practices. As such, no changes are proposed to the current rate structures themselves, but the individual rates are proposed to increase in an across-the-board manner consistent with the financial plan projections. The proposed water rates are summarized in Table 3-9, while the proposed sewer rates are illustrated in Table 3-10.



Table 3-9 Proposed Water Rates Fiscal Years 2018-19 through FY 2022-23					
Monthly Charge/ Volume Rate	18-19	19-20	20-21	21-22	22-23
Fixed Charge - \$/Month					
5/8-inch	\$21.57	\$22.22	\$22.88	\$23.57	\$24.28
3/4-inch	21.57	22.22	22.88	23.57	24.28
1-inch	32.70	33.68	34.69	35.73	36.81
1 ½-inch	60.50	62.32	64.19	66.11	68.10
2-inch	93.87	96.69	99.59	102.58	105.66
3-inch	171.77	176.93	182.23	187.70	193.33
4-inch	283.07	291.57	300.31	309.32	318.60
6-inch	561.13	577.97	595.31	613.17	631.56
8-inch	894.89	921.74	949.39	977.88	1,007.21
Volume Rate - \$/HCF					
0-12 HCF	\$1.90	\$1.95	\$2.01	\$2.07	\$2.13
13-25 HCF	2.41	2.48	2.56	2.63	2.71
26+ HCF	2.72	2.80	2.88	2.97	3.06
City/Parks	0.60	0.62	0.63	0.65	0.67

Table 3-10 Proposed Sewer Rates Fiscal Years 2018-19 through FY 2022-23 (\$/EDU)					
Monthly Charge per EDU	18-19	19-20	20-21	21-22	22-23
Residential	\$19.03	\$19.61	\$20.19	\$20.80	\$21.42
Commercial	19.03	19.61	20.19	20.80	21.42
Tertiary Surcharge	2.06	2.12	2.19	2.25	2.32

Water and sewer rates are further presented in appendices C and D.

3.2.5 Summary of the Rate Study

The Rate Study presented herein utilized generally accepted rate-making principles which resulted in the development of rates and charges which are projected to: 1) generate sufficient revenue to meet the financial requirements of the utility, 2) address the need to recover costs from users in a manner which is fair and equitable relative to service provided, and 3) meet the financial and rate design goals of the City.



Section 4 - Conclusions and Recommendations

4.1. Conclusions

- Projected operating revenues and operating expenses for the forecast period were developed by, and/or in consultation with, City staff and are based upon reasonable projections.
- The projected capital project expenses have been developed by City staff to address water and sewer systems renewal and replacement.
- Based on Conclusions 1 and 2 above, Willdan is of the opinion that the financial projections presented herein demonstrate the sewer utility's ability to meet its obligations with regard to:
 - Operating expenses,
 - Non-operating expenses,
 - Capital project expenses, and
 - Key financial policies, including maintenance of at least 45 days of operating reserve balances.
- The proposed rates presented herein are in conformance with industry standard rate-making practice, Proposition 218 and/or the City's rate policies with respect to:
 - The fair and equitable recovery of costs through water and sewer rates;
 - Water and sewer rates based upon the proportionate cost of providing services, and
 - Generation of sufficient revenue to fully recover system revenue requirements and reserve requirements.

4.2. Recommendations

- It is recommended that the City implement the proposed rates presented in this Report for FY 2018-19 through FY 2022-23.
- It is recommended that the City update the Revenue Sufficiency Analysis portion of this study each year to ensure projected revenue is sufficient to fund projected expenses going forward as assumptions made during this analysis may change and have a material impact upon the analysis.

Banning CA
Pro Forma with Debt Service Coverage and Fund Balance Reconciliation

Line No		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1	Operations											
2	Water Rate Revenue Increases											
3	% of Year Rate Increase Effective	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%	0.00%	0.00%
4		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
5	Beginning Unrestricted Fund Balance	\$ 9,278,185	\$ 7,952,011	\$ 6,561,917	\$ 4,712,881	\$ 3,537,042	\$ 3,820,285	\$ 3,989,210	\$ 5,234,034	\$ 5,998,118	\$ 7,827,024	\$ 9,001,110
6	Rate Revenue 1	\$ 7,900,000	\$ 8,500,000	\$ 8,956,365	\$ 9,437,232	\$ 9,943,917	\$ 10,477,806	\$ 11,040,359	\$ 11,633,116	\$ 12,257,698	\$ 12,539,625	\$ 12,828,036
7	Total Rate Revenue	\$ 7,900,000	\$ 8,500,000	\$ 8,956,365	\$ 9,437,232	\$ 9,943,917	\$ 10,477,806	\$ 11,040,359	\$ 11,633,116	\$ 12,257,698	\$ 12,539,625	\$ 12,828,036
8	Other Operating Revenue	127,400	128,850	128,850	128,850	128,850	128,850	128,850	128,850	128,850	128,850	128,850
9	Interest Income - Operating Fund	25,000	69,000	62,000	53,000	48,000	49,000	50,000	56,000	60,000	70,000	75,000
10	Total Operating Revenue	\$ 8,052,400	\$ 8,697,850	\$ 9,147,215	\$ 9,619,082	\$ 10,120,767	\$ 10,656,656	\$ 11,218,209	\$ 11,817,966	\$ 12,446,548	\$ 12,738,475	\$ 13,031,886
11	Operating Expenses	(6,429,745)	(5,604,202)	(5,797,640)	(5,998,828)	(6,208,131)	(6,425,922)	(6,652,608)	(6,888,601)	(7,134,349)	(7,390,314)	(7,656,987)
12	Net Revenue	\$ 1,622,655	\$ 3,093,648	\$ 3,349,575	\$ 3,620,254	\$ 3,912,636	\$ 4,229,734	\$ 4,566,601	\$ 4,929,365	\$ 5,312,199	\$ 5,348,161	\$ 5,374,899
13	Plus:											
14	Other Sources of Funds											
15	Transfers In											
16	Less:											
17	Other Uses of Funds											
18	Minor Capital											
19	Major Capital Funded with Existing Reserves/Current Cash											
20	Transfers Out	(320,000)	(1,602,272)	(2,306,250)	(1,681,000)	(484,601)	(883,050)	(113,141)	(927,755)	(118,869)	(974,722)	(124,886)
21	Non Operating Expenses	(2,628,829)	(2,881,470)	(2,892,362)	(3,115,093)	(3,144,813)	(3,177,739)	(3,208,637)	(3,237,526)	(3,264,425)	(3,293,353)	(3,331,830)
22	Existing SRF Debt Service											
23	Existing Revenue Bond Debt Service											
24	Existing Revenue Bond Debt Service											
25	New Revenue Bond Debt Service											
26	Total Revenue Bond Debt Service											
27	Debt Service Coverage - Rate Covenant	\$ 1,608,634	\$ 1,803,846	\$ 1,787,863	\$ 1,983,063	\$ 1,984,563	\$ 1,988,563	\$ 1,989,813	\$ 1,988,313	\$ 1,984,063	\$ 1,987,063	\$ 1,986,813
	Debt Service Coverage Requirement	1.01	1.72	1.87	1.83	1.97	2.13	2.29	2.48	2.68	2.69	2.71
		1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
	Net Cash Flow	\$ (1,326,174)	\$ (1,390,094)	\$ (1,849,037)	\$ (1,175,839)	\$ 283,223	\$ 188,945	\$ 1,244,824	\$ 764,085	\$ 1,928,906	\$ 1,074,086	\$ 1,918,183
	Ending Unrestricted Fund Balance	\$ 7,952,011	\$ 6,561,917	\$ 4,712,881	\$ 3,537,042	\$ 3,820,285	\$ 3,989,210	\$ 5,234,034	\$ 5,998,118	\$ 7,827,024	\$ 9,001,110	\$ 10,919,294
	Months of O&M and R&R Capital	15	14	10	7	7	7	9	10	13	15	17
	Target Unrestricted Fund Balance	\$ 803,838	\$ 740,805	\$ 758,550	\$ 798,189	\$ 819,269	\$ 841,448	\$ 864,242	\$ 887,691	\$ 911,841	\$ 937,738	\$ 964,380
	Debt Service Coverage Calculations:											
	Revenue Bond Debt Service Coverage											
	Rate Covenant Debt Service Coverage Test:											
	Net Revenue Available for Debt Service Coverage Test	\$ 1,622,655	\$ 3,093,648	\$ 3,349,575	\$ 3,620,254	\$ 3,912,636	\$ 4,229,734	\$ 4,566,601	\$ 4,929,365	\$ 5,312,199	\$ 5,348,161	\$ 5,374,899
	Revenue Bond Debt Service	1,608,634	1,803,846	1,787,863	1,983,063	1,984,563	1,988,563	1,989,813	1,988,313	1,984,063	1,987,063	1,986,813
	Existing Revenue Bond Debt Service											
	New Revenue Bond Debt Service											
	Total Revenue Bond Debt Service	\$ 1,608,634	\$ 1,803,846	\$ 1,787,863	\$ 1,983,063	\$ 1,984,563	\$ 1,988,563	\$ 1,989,813	\$ 1,988,313	\$ 1,984,063	\$ 1,987,063	\$ 1,986,813
	Debt Service Coverage - Rate Covenant	1.01	1.72	1.87	1.83	1.97	2.13	2.29	2.48	2.68	2.69	2.71
	Debt Service Coverage Requirement	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20

Banning CA
Beginning Fund Balance Reconciliation

BEGINNING BALANCES		Operations
Line No:		
1	Current assets:	
2	Pooled cash and investments	\$ 9,278,185
	Receivables (net of allowance for uncollectibles):	
	Loans	
	Interest	
	Inventories	
3		-
4		-
5		-
6		-
7		-
8	Total Current Assets	\$ 9,278,185
	Current Liabilities:	
	Accounts and contracts payable	
	Accrued Liabilities	
	Accrued Interest	
	Deposits Payable	
	Compensated Absences	
	Bonds, Notes & Capital Leases	
9		-
10		-
11	Total Current Liabilities	\$ -
	Adjustments by:	
12	Removal of Inventories (Not Liquid)	-
13	Other Assets (Unknown Cash)	-
14	Net Adjustments	\$ -
15	Net Beginning Balances (Curr Assets less Current Liabilities - with Adjustments)	\$ 9,278,185

Banning CA
Revenue

Line No.	Code	Description	Summary										
			2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1	RR1	Rate Revenue 1	\$ 7,900,000	\$ 8,500,000	\$ 8,956,365	\$ 9,437,232	\$ 9,943,917	\$ 10,477,806	\$ 11,040,359	\$ 11,633,116	\$ 12,257,698	\$ 12,539,625	\$ 12,828,036
2	OR	Other Operating Revenue	127,400	128,850	128,850	128,850	128,850	128,850	128,850	128,850	128,850	128,850	128,850
3	TRIN	Transfers In											
4		Sources - Fund 2	95,000	32,000									
5	INT - Fund 1	Interest Earnings - Fund 1	16,000	40,000	33,000	24,000	18,000	19,000	20,000	26,000	30,000	40,000	45,000
6	INT - Fund 2	Interest Earnings - Fund 2	9,000	29,000	29,000	29,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
7													
8													
9													
10	RR1 - BE-FUND												
11	INCR												
12	RR1 - Growth												
13		Rate Revenue 1	\$ 7,900,000	\$ 8,500,000	\$ 8,956,365	\$ 9,437,232	\$ 9,943,917	\$ 10,477,806	\$ 11,040,359	\$ 11,633,116	\$ 12,257,698	\$ 12,539,625	\$ 12,828,036
14		Growth	0.00%	0.00%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%
		Revenue Increase	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		Pct of Year Revenue Increase Effective	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	RR1	Total Rate Revenue 1 - After Revenue Increase	\$ 7,900,000	\$ 8,500,000	\$ 8,956,365	\$ 9,437,232	\$ 9,943,917	\$ 10,477,806	\$ 11,040,359	\$ 11,633,116	\$ 12,257,698	\$ 12,539,625	\$ 12,828,036
15	OR	Turn on Charges	47,500	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000	48,000
16	OR	Delinq. Reconnect Fee	37,500	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000
17	OR	Backflow Charges	25,500	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750	25,750
18	OR	Miscellaneous Revenues	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
19	OR	Restitution/Subrogation	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
20	OR	Misc. Receipts/Revenue	2,250	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400	2,400
21	OR	Meter Installation & Conn	2,150	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200
22		Interest Earning Calculation											
23		Average Balance	\$ 4,639,000	\$ 3,976,000	\$ 3,281,000	\$ 2,356,000	\$ 1,769,000	\$ 1,910,000	\$ 1,995,000	\$ 2,617,000	\$ 2,999,000	\$ 3,964,000	\$ 4,501,000
24		Assumed Interest Earnings Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
25	INT - Fund 1	Projected Interest Earnings	16,000	40,000	33,000	24,000	18,000	19,000	20,000	26,000	30,000	40,000	45,000

Line No:10

Operations

Water Financial Plan

A-4

Banning CA
Expenses Other than Major Capital Expenses

FUND		Summary - Operations											
		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Line No:	Description	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1	Operating	6,429,745	5,604,202	5,797,640	5,998,828	6,208,131	6,425,922	6,652,608	6,888,601	7,134,349	7,390,314	7,656,987	
2	Non Operating	-	-	-	-	-	-	-	-	-	-	-	
3	Minor Capital	-	-	-	-	-	-	-	-	-	-	-	
4	Transfers	-	-	-	-	-	-	-	-	-	-	-	
5	Existing Bond Debt Service	2,628,829	2,881,470	2,892,362	3,115,093	3,144,813	3,177,739	3,208,637	3,237,526	3,264,425	3,299,353	3,331,830	
6	New Bond Debt Service	-	-	-	-	-	-	-	-	-	-	-	
7	Existing SRF Debt Service	-	-	-	-	-	-	-	-	-	-	-	
8	New SRF Debt Service	-	-	-	-	-	-	-	-	-	-	-	
9	TOTAL	9,058,574	8,485,672	8,690,002	9,113,921	9,352,944	9,603,661	9,861,245	10,126,127	10,398,774	10,689,667	10,988,817	

FUND #	Annual Expense Escalation Factor	Detail											
		EXPENSES											
		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Operations													
1	2.5%	51,000	45,000	46,125	47,278	48,460	49,672	50,914	52,187	53,492	54,829	56,200	57,608
1	2.5%	2,000	2,000	2,050	2,101	2,154	2,208	2,263	2,320	2,378	2,437	2,498	2,561
1	2.5%	47,500	50,000	51,250	52,531	53,844	55,190	56,570	57,984	59,434	60,920	62,443	64,000
1	2.5%	60,000	60,000	61,500	63,038	64,614	66,229	67,885	69,582	71,322	73,105	74,933	76,806
1	2.5%	50,000	50,000	51,250	52,531	53,844	55,190	56,570	57,984	59,434	60,920	62,443	64,000
1	2.5%	76,425	75,000	76,875	78,797	80,767	82,786	84,856	86,977	89,151	91,380	93,665	96,000
1	2.5%	60,000	9,000	9,225	9,456	9,692	9,934	10,182	10,437	10,698	10,965	11,239	11,513
1	2.5%	282,232	250,000	256,250	262,656	269,222	275,953	282,852	289,923	297,171	304,600	312,215	320,000
1	2.5%	24,023	450,000	461,250	472,781	484,601	496,716	509,134	521,862	534,909	548,282	561,989	576,000
1	2.5%	12,500	12,500	12,813	13,133	13,461	13,798	14,143	14,497	14,859	15,230	15,611	16,000
1	2.5%	30,000	35,000	35,875	36,772	37,691	38,633	39,599	40,589	41,604	42,644	43,710	44,800
1	2.5%	15,000	15,000	15,375	15,759	16,153	16,557	16,971	17,395	17,830	18,276	18,733	19,200
1	2.5%	32,325	33,087	33,914	34,762	35,631	36,522	37,435	38,371	39,330	40,313	41,321	42,350
1	2.5%	58,945	59,945	60,963	62,000	63,057	64,134	65,231	66,348	67,485	68,643	69,821	71,020
1	2.5%	27,987	28,767	29,486	30,223	30,979	31,753	32,547	33,361	34,195	35,050	35,926	36,823
1	2.5%	36,140	37,603	38,543	39,507	40,495	41,507	42,545	43,609	44,699	45,816	46,961	48,134
1	2.5%	26,370	27,113	27,791	28,486	29,198	29,928	30,676	31,443	32,229	33,035	33,861	34,708
1	2.5%	93,422	134,559	137,923	141,371	144,905	148,528	152,241	156,047	159,948	163,947	168,046	172,245
1	2.5%	313,448	323,755	331,849	340,145	348,649	357,365	366,299	375,456	384,842	394,463	404,325	414,337
1	2.5%	290,810	299,464	306,951	314,625	322,491	330,553	338,817	347,287	355,969	364,868	373,990	383,337
1	2.5%	71,351	73,382	75,217	77,097	79,024	81,000	83,025	85,101	87,229	89,410	91,645	93,926
1	2.5%	48,164	48,939	50,162	51,416	52,701	54,019	55,369	56,753	58,172	59,626	61,117	62,644
1	2.5%	18,000	18,000	18,450	18,911	19,384	19,869	20,366	20,875	21,397	21,932	22,480	23,040
1	2.5%	1,611,869	1,807,081	1,791,113	1,986,313	1,987,813	1,991,813	1,993,063	1,997,313	1,991,563	1,990,063	1,990,063	1,990,063
1	2.5%	470,000	470,000	481,750	493,794	506,139	518,792	531,762	545,056	558,682	572,649	586,965	601,636
1	2.5%	2,000	2,000	2,050	2,101	2,154	2,208	2,263	2,320	2,378	2,437	2,498	2,561
1	2.5%	30,000	30,000	30,750	31,519	32,307	33,115	33,943	34,792	35,662	36,554	37,468	38,400
1	2.5%	10,000	10,000	10,250	10,506	10,769	11,038	11,314	11,597	11,887	12,184	12,489	12,800
1	2.5%	7,500	7,500	7,688	7,880	8,077	8,279	8,486	8,698	8,915	9,138	9,366	9,600
1	2.5%	4,500	1,000	1,025	1,051	1,077	1,104	1,132	1,160	1,189	1,219	1,249	1,280
1	2.5%	7,500	100	-	-	-	-	-	-	-	-	-	-
1	2.5%	100	100	103	106	109	112	115	118	121	124	127	130
1	2.5%	10,000	5,000	5,125	5,253	5,384	5,519	5,657	5,798	5,943	6,092	6,244	6,400
1	2.5%	242	-	-	-	-	-	-	-	-	-	-	-
1	2.5%	80,000	25,000	25,625	26,266	26,923	27,596	28,286	28,993	29,718	30,461	31,223	32,000
1	2.5%	50,000	-	-	-	-	-	-	-	-	-	-	-
1	2.5%	1,000	1,600	1,640	1,681	1,723	1,766	1,810	1,855	1,901	1,949	1,998	2,048
1	2.5%	-	-	-	-	-	-	-	-	-	-	-	-
1	0.0%	-	-	-	-	-	-	-	-	-	-	-	-

Banning CA
CIP (Inflated)

Line No:	Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1	Capital Projects											
2	City Facility Programming Assessment	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Water Master Plan Update	-	152,272	-	-	-	-	-	-	-	-	-
4	Flume Consultant Costs	300,000	300,000	-	-	-	-	-	-	-	-	-
5	Replace SCADA Comp Hardware/Software	-	250,000	256,250	-	-	-	-	-	-	-	-
6	Water Line Replacement Locations #2 (Const)	-	400,000	256,250	-	-	-	-	-	-	-	-
7	Water Line Replacement Locations #3 (Const)	-	-	256,250	420,250	-	-	-	-	-	-	-
8	Annual Main Replacement (PS&E)	-	-	-	-	107,689	-	113,141	927,755	118,869	-	124,886
9	Annual Main Replacement (Const)	-	-	-	-	-	883,050	-	-	-	974,722	-
10	Pilot and Drill Well in Cabazon SU	-	500,000	512,500	525,313	-	-	-	-	-	-	-
11	Equip Well in Cabazon SU	-	-	1,025,000	735,438	-	-	-	-	-	-	-
12	Main to Cabazon Well	-	-	-	-	-	-	-	-	-	-	-
	Total	\$ 320,000	\$ 1,602,272	\$ 2,306,250	\$ 1,681,000	\$ 484,601	\$ 883,050	\$ 113,141	\$ 927,755	\$ 118,869	\$ 974,722	\$ 124,886
											Total	\$ 9,536,546

Uninflated

Line No:	Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1	Capital Projects											
2	City Facility Programming Assessment	\$20,000	152,272									
3	Water Master Plan Update	300,000	300,000									
4	Flume Consultant Costs		250,000	250,000								
5	Replace SCADA Comp Hardware/Software		400,000	250,000	400,000	100,000	800,000	100,000	800,000	100,000	800,000	100,000
6	Water Line Replacement Locations #2 (Const)											
7	Water Line Replacement Locations #3 (Const)											
8	Annual Main Replacement (PS&E)											
9	Annual Main Replacement (Const)											
10	Pilot and Drill Well in Cabazon SU		500,000	500,000	500,000	350,000						
11	Equip Well in Cabazon SU			1,000,000	700,000							
12	Main to Cabazon Well											
	Total	\$ 320,000	\$ 1,602,272	\$ 2,306,250	\$ 1,681,000	\$ 484,601	\$ 883,050	\$ 113,141	\$ 927,755	\$ 118,869	\$ 974,722	\$ 124,886
											Total	\$ 9,536,546

Inflation Factor

		\$320,000	\$1,602,272	\$2,306,250	\$1,681,000	\$450,000	\$800,000	\$100,000	\$800,000	\$100,000	\$800,000	\$100,000
		100.00%	100.00%	102.50%	105.06%	107.69%	110.38%	113.14%	115.97%	118.87%	121.84%	124.89%

Banning CA
Pro Forma with Debt Service Coverage and Fund Balance Reconciliation

Line No	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1	0.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	0.00%	0.00%	0.00%
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
2	\$ 1,686,620	\$ 1,454,301	\$ 1,434,870	\$ 1,428,855	\$ 1,577,731	\$ 2,306,845	\$ 3,150,778	\$ 4,157,521	\$ 5,298,363	\$ 6,524,343	\$ 7,965,262
3	\$ 3,200,000	\$ 3,200,000	\$ 3,371,808	\$ 3,552,840	\$ 3,743,592	\$ 3,944,585	\$ 4,156,370	\$ 4,370,526	\$ 4,614,663	\$ 4,720,800	\$ 4,829,378
4	\$ 3,200,000	\$ 3,200,000	\$ 3,371,808	\$ 3,552,840	\$ 3,743,592	\$ 3,944,585	\$ 4,156,370	\$ 4,370,526	\$ 4,614,663	\$ 4,720,800	\$ 4,829,378
5	104	104	104	104	104	104	104	104	104	104	104
6	8,000	7,000	7,000	7,000	8,000	12,000	16,000	21,000	25,000	33,000	40,000
7	\$ 3,208,104	\$ 3,207,104	\$ 3,378,912	\$ 3,559,944	\$ 3,751,696	\$ 3,956,689	\$ 4,172,474	\$ 4,400,630	\$ 4,640,767	\$ 4,783,904	\$ 4,869,482
8	(2,174,108)	(2,029,965)	(2,084,478)	(2,140,466)	(2,187,978)	(2,237,048)	(2,317,733)	(2,444,090)	(2,509,860)	(2,559,860)	(2,577,425)
9	\$ 1,033,996	\$ 1,177,139	\$ 1,294,434	\$ 1,419,476	\$ 1,553,718	\$ 1,699,641	\$ 1,854,741	\$ 2,020,567	\$ 2,196,677	\$ 2,244,044	\$ 2,292,057
10											
11											
12	\$ (182,500)	\$ (102,437)	\$ (191,675)	\$ (145,189)	\$ (19,317)	\$ (19,317)	\$ (847,998)	\$ (20,285)	\$ (870,698)	\$ (21,322)	\$ (897,446)
13	(1,083,715)	(1,094,134)	(1,106,774)	(1,121,411)	(824,504)	(636,391)					
14											
15											
16											
17											
18	\$ (232,219)	\$ (19,432)	\$ (6,015)	\$ 148,877	\$ 729,114	\$ 843,933	\$ 1,006,743	\$ 1,140,842	\$ 1,325,981	\$ 1,340,919	\$ 1,394,611
19	\$ 1,454,301	\$ 1,434,870	\$ 1,428,855	\$ 1,577,731	\$ 2,306,845	\$ 3,150,778	\$ 4,157,521	\$ 5,298,363	\$ 6,524,343	\$ 7,965,262	\$ 9,359,873
20	\$ 8	\$ 8	\$ 8	\$ 9	\$ 13	\$ 17	\$ 22	\$ 27	\$ 33	\$ 38	\$ 44
21	Target	\$ 285,709	\$ 271,083	\$ 278,255	\$ 284,091	\$ 298,108	\$ 285,115	\$ 271,239	\$ 277,462	\$ 283,850	\$ 297,447
22											
23											
24	\$ 1,033,996	\$ 1,177,139	\$ 1,294,434	\$ 1,419,476	\$ 1,553,718	\$ 1,699,641	\$ 1,854,741	\$ 2,020,567	\$ 2,196,677	\$ 2,244,044	\$ 2,292,057
25	390,289	388,473	393,781	395,150	393,106	394,106	394,656	394,756	394,406	393,606	397,044
26	\$ 390,289	\$ 388,473	\$ 393,781	\$ 395,150	\$ 393,106	\$ 394,106	\$ 394,656	\$ 394,756	\$ 394,406	\$ 393,606	\$ 397,044
27	2.65	3.03	3.29	3.58	3.95	4.31	4.70	5.12	5.57	5.70	5.77
28	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
29											
30											
31											
32	\$ 1,033,996	\$ 1,177,139	\$ 1,294,434	\$ 1,419,476	\$ 1,553,718	\$ 1,699,641	\$ 1,854,741	\$ 2,020,567	\$ 2,196,677	\$ 2,244,044	\$ 2,292,057
33	\$ (390,289)	\$ (388,473)	\$ (393,781)	\$ (395,150)	\$ (393,106)	\$ (394,106)	\$ (394,656)	\$ (394,756)	\$ (394,406)	\$ (393,606)	\$ (397,044)
34	\$ 643,707	\$ 785,666	\$ 900,653	\$ 1,023,326	\$ 1,160,612	\$ 1,305,535	\$ 1,460,085	\$ 1,625,611	\$ 1,802,271	\$ 1,850,438	\$ 1,895,013
35	\$ 292,891	\$ 292,389	\$ 304,289	\$ 304,289	\$ 304,289	\$ 304,289	\$ 304,289	\$ 304,289	\$ 304,289	\$ 304,289	\$ 304,289
36	\$ 292,891	\$ 292,389	\$ 304,289	\$ 304,289	\$ 304,289	\$ 304,289	\$ 304,289	\$ 304,289	\$ 304,289	\$ 304,289	\$ 304,289
37	2.20	2.70	2.95	3.36	3.95	4.31	4.70	5.12	5.57	5.70	5.77
38	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
39											

Banning CA
Beginning Fund Balance Reconciliation

BEGINNING BALANCES		Operations
Line No:		
1	Current assets:	
2	Pooled cash and investments	\$ 1,686,520
3	Receivables (net of allowance for uncollectibles):	-
4	Loans	-
5		-
6		-
7		-
8		-
9		-
10		-
11		-
12	Total Current Assets	\$ 1,686,520
13	Current Liabilities:	
14	Accounts and contracts payable	\$ -
15	Accrued Liabilities	-
16	Accrued Interest	-
17	Deposits Payable	-
18	Compensated Absences	-
19	Bonds, Notes & Capital Leases	-
20	Due to other funds	-
21	Deferred revenue	-
22	Total Current Liabilities	\$ -
23	Adjustment:	
24	Removal of Inventories (Not Liquid)	-
25	Other Assets (Unknown Cash)	-
26	Net Adjustments	\$ -
27	Net Beginning Balances (Curr Assets less Current Liabilities - with Adjustments)	\$ 1,686,520

**Banning CA
Revenue**

Line No:	Code	Description	Summary										
			2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1	RR1	Rate Revenue 1	\$ 3,200,000	\$ 3,200,000	\$ 3,371,808	\$ 3,352,840	\$ 3,743,592	\$ 3,944,585	\$ 4,156,370	\$ 4,379,526	\$ 4,614,663	\$ 4,720,800	\$ 4,829,378
2	OR	Other Operating Revenue	104	104	104	104	104	104	104	104	104	104	104
3	TRIN	Transfers In	-	-	-	-	-	-	-	-	-	-	-
4	Sources - Fund 2		70,000	18,000	-	-	-	-	-	-	-	-	-
5	INT - Fund 1	Interest Earnings - Fund 1	2,000	10,000	10,000	10,000	13,000	18,000	24,000	32,000	40,000	49,000	58,000
6	INT - Fund 2	Interest Earnings - Fund 2	20,000	72,000	72,000	72,000	73,000	73,000	73,000	74,000	74,000	75,000	75,000
7													
8													
9													
10	RR1	Rate Revenue 1	\$ 3,200,000	\$ 3,200,000	\$ 3,371,808	\$ 3,352,840	\$ 3,743,592	\$ 3,944,585	\$ 4,156,370	\$ 4,379,526	\$ 4,614,663	\$ 4,720,800	\$ 4,829,378
11	OR	Other Operating Revenue	104	104	104	104	104	104	104	104	104	104	104
12	TRIN	Transfers In	-	-	-	-	-	-	-	-	-	-	-
13	Sources - Fund 2		70,000	18,000	-	-	-	-	-	-	-	-	-
14	INT - Fund 1	Interest Earnings - Fund 1	2,000	10,000	10,000	10,000	13,000	18,000	24,000	32,000	40,000	49,000	58,000
15	INT - Fund 2	Interest Earnings - Fund 2	20,000	72,000	72,000	72,000	73,000	73,000	73,000	74,000	74,000	75,000	75,000
16													
17													
18													
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Banning CA
Expenses Other than Major Capital Expenses

FUND #	Description	Summary - Operations										
		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1	Operating	\$ 2,174,106	\$ 2,029,955	\$ 2,094,478	\$ 2,140,468	\$ 2,197,978	\$ 2,257,046	\$ 2,317,733	\$ 2,380,063	\$ 2,444,090	\$ 2,509,860	\$ 2,577,425
1	Non Operating	-	-	-	-	-	-	-	-	-	-	-
1	Minor Capital	-	-	-	-	-	-	-	-	-	-	-
1	Transfers	-	-	-	-	-	-	-	-	-	-	-
1	Existing Bond Debt Service	1,063,715	1,094,134	1,108,774	1,121,411	824,604	836,391	847,998	859,430	870,696	881,803	887,446
1	New Bond Debt Service	-	-	-	-	-	-	-	-	-	-	-
1	Existing SRF Debt Service	-	-	-	-	-	-	-	-	-	-	-
1	New SRF Debt Service	-	-	-	-	-	-	-	-	-	-	-
1	TOTAL	3,257,823	3,124,099	3,193,252	3,261,879	3,022,582	3,093,439	3,165,731	3,239,493	3,314,786	3,391,663	3,474,871

Detail

	Detail													
	FUND #	Annual Expense Escalation Factor	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
	Operations													
	Sewer Operations													
1	3.0%	Payroll-Regular	379,024	389,223	400,900	412,927	425,315	438,074	451,216	464,752	478,695	493,056	507,848	
1	3.0%	Overtime	3,000	3,000	3,090	3,183	3,278	3,376	3,477	3,581	3,688	3,799	3,913	
1	3.0%	Incentive Pay	5,692	5,692	5,863	6,039	6,220	6,407	6,599	6,797	7,001	7,211	7,427	
1	3.0%	Standby Pay	17,800	17,800	18,334	18,884	19,451	20,035	20,636	21,255	21,893	22,550	23,227	
1	3.0%	Education Incentive Bonus	6,591	6,591	6,769	6,953	7,143	7,339	7,539	7,744	7,954	8,169	8,389	
1	3.0%	Comp Time Payoff	8,709	9,018	9,289	9,568	9,855	10,151	10,456	10,770	11,093	11,426	11,769	
1	3.0%	Vacation Payoff	6,408	6,661	6,861	7,067	7,279	7,497	7,722	7,954	8,193	8,439	8,692	
1	3.0%	Sick Leave Payoff	11,736	12,121	12,485	12,860	13,246	13,643	14,052	14,474	14,908	15,355	15,816	
1	3.0%	FICA	33,049	33,523	34,029	34,529	35,065	35,632	36,233	36,863	37,521	38,207	38,921	
1	3.0%	PERS	93,393	102,954	106,043	109,224	112,501	115,987	119,576	123,263	127,051	130,840	134,630	
1	3.0%	Workers Comp	18,234	15,761	16,721	17,723	18,765	19,848	20,972	22,136	23,300	24,464	25,628	
1	3.0%	Unemployment Insurance	2,297	2,514	2,589	2,667	2,747	2,829	2,914	3,001	3,091	3,184	3,280	
1	3.0%	Life Insurance	767	767	790	814	838	863	889	916	943	971	1,000	
1	3.0%	Health Insurance	4,311	4,311	4,440	4,573	4,710	4,851	4,997	5,147	5,301	5,460	5,624	
1	3.0%	Dental Insurance	762	762	785	809	833	858	884	911	938	966	995	
1	3.0%	Utility Credit	2,070	2,132	2,196	2,262	2,330	2,400	2,472	2,546	2,622	2,701	2,781	
1	3.0%	Benefit Allowance	82,884	82,884	85,371	87,932	90,570	93,287	96,086	98,969	101,938	104,996	108,146	
1	3.0%	Vehicle Allowance	3,615	3,615	3,723	3,835	3,950	4,069	4,191	4,317	4,447	4,580	4,717	
1	2.5%	Boot Allowance	888	888	910	933	956	980	1,005	1,030	1,056	1,082	1,109	
1	2.5%	Advertising/Publishing	1,500	1,500	1,538	1,576	1,615	1,655	1,696	1,738	1,781	1,826	1,872	
1	2.5%	Printing/Binding	500	500	513	526	539	552	566	580	595	610	625	
1	2.5%	Dues/Subscriptions	750	750	769	788	808	828	849	870	892	914	937	
1	2.5%	Postage/Mailings	2,500	2,500	2,561	2,624	2,689	2,756	2,825	2,895	2,967	3,041	3,117	
1	2.5%	Travel/Conferences	1,250	1,250	1,281	1,313	1,346	1,380	1,415	1,450	1,486	1,523	1,561	
1	2.5%	Staff Training	7,500	7,500	7,700	7,900	8,100	8,300	8,500	8,700	8,900	9,100	9,300	
1	2.5%	Contract Employment Svcs	12,000	12,000	12,300	12,600	12,923	13,246	13,577	13,916	14,264	14,621	14,987	
1	2.5%	Laboratory Services	25,000	25,000	25,625	26,266	26,923	27,596	28,286	28,993	29,718	30,461	31,223	
1	2.5%	Sledge Hauling	25,000	25,000	25,625	26,266	26,923	27,596	28,286	28,993	29,718	30,461	31,223	
1	2.5%	NPDES Storm Water Expense	663,000	663,000	683,167	703,496	723,985	744,634	765,454	786,464	807,664	829,064	850,664	
1	2.5%	Contracted WWTTR Plant SVC	1,000	1,000	1,025	1,051	1,077	1,104	1,132	1,160	1,189	1,219	1,249	
1	2.5%	Uniform Purchase/Maint	250	250	256	262	269	276	283	290	297	304	312	
1	2.5%	Overtime Meals	250	250	256	262	269	276	283	290	297	304	312	
1	2.5%	Vision Allowance	95,000	95,000	97,185	99,420	101,707	104,046	106,439	108,887	111,391	113,953	116,574	
1	2.5%	Utilities-Banning	550	550	564	578	592	607	622	638	654	670	687	
1	2.5%	Telephone SVC	400	400	410	420	431	442	453	464	476	488	500	
1	2.5%	Radio Transmission Svcs	2,800	2,800	2,880	2,960	3,040	3,120	3,200	3,280	3,360	3,440	3,520	
1	2.5%	Repair/Maint-Buildings	5,000	5,000	5,100	5,200	5,300	5,400	5,500	5,600	5,700	5,800	5,900	
1	2.5%	Repair/Maint-Plant	17,657	17,657	18,100	18,543	18,986	19,429	19,872	20,315	20,758	21,201	21,644	
1	2.5%	Repair/Maint-Equipment	150	150	154	158	162	166	170	174	178	182	187	
1	2.5%	Repair/Maint-Fencing	7,380	7,380	7,560	7,740	7,920	8,100	8,280	8,460	8,640	8,820	9,000	
1	2.5%	Repair/Maint-Radios	16,700	16,700	17,118	17,546	17,985	18,435	18,896	19,368	19,852	20,348	20,857	
1	2.5%	City Hall Lease	52,850	52,850	54,000	55,150	56,300	57,450	58,600	59,750	60,900	62,050	63,200	
1	2.5%	Professional Services	1,800	1,800	1,845	1,891	1,938	1,986	2,036	2,087	2,139	2,192	2,247	
1	2.5%	Audit Services	200	200	205	210	215	220	226	232	238	244	250	
1	2.5%	Medical/Physical Exams	1,000	1,000	1,025	1,051	1,077	1,104	1,132	1,160	1,189	1,219	1,249	
1	2.5%	Departmental Supplies	150	150	154	158	162	166	170	174	178	182	187	
1	2.5%	Food/Meals Cost	30,000	30,000	31,200	32,448	33,746	35,096	36,500	37,960	39,478	41,057	42,699	
1	4.0%	Chemicals/Gases/Pool Supplies	2,500	2,500	2,561	2,624	2,689	2,756	2,825	2,895	2,967	3,041	3,117	
1	2.5%	Laboratory Supplies	35,000	35,000	35,875	36,772	37,691	38,633	39,599	40,589	41,604	42,644	43,710	
1	2.5%	Licenses/Permits/Fees	2,000	2,000	2,050	2,101	2,154	2,208	2,263	2,320	2,378	2,437	2,498	
1	2.5%	Community Promotion	85,000	85,000	87,125	89,303	91,536	93,824	96,170	98,574	101,038	103,564	106,153	
1	2.5%	Sewer Coll System Expense												

Sewer Financial Plan

City of Banning, CA

B-4

Banning CA
Expenses Other than Major Capital Expenses

Summary - Operations													
FUND #	Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
1	Operating	\$ 2,174,108	\$ 2,029,965	\$ 2,084,478	\$ 2,140,468	\$ 2,197,978	\$ 2,257,048	\$ 2,317,733	\$ 2,380,063	\$ 2,444,090	\$ 2,509,860	\$ 2,577,425	
1	Non Operating	-	-	-	-	-	-	-	-	-	-	-	
1	Minor Capital	-	-	-	-	-	-	-	-	-	-	-	
1	Transfers	-	-	-	-	-	-	-	-	-	-	-	
1	Existing Bond Debt Service	1,083,715	1,094,134	1,108,774	1,121,411	824,604	836,391	847,998	859,430	870,696	881,803	897,446	
1	New Bond Debt Service	-	-	-	-	-	-	-	-	-	-	-	
1	Existing SRF Debt Service	-	-	-	-	-	-	-	-	-	-	-	
1	New SRF Debt Service	-	-	-	-	-	-	-	-	-	-	-	
1	TOTAL	3,257,823	3,124,099	3,193,252	3,261,879	3,022,582	3,093,439	3,165,731	3,239,493	3,314,786	3,391,663	3,474,871	

Detail													
FUND #	Annual Expense Escalation Factor	EXPENSES	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Operations													
1	2.5%	Tools/Misc Supplies	6,309	5,500	5,638	5,779	5,923	6,071	6,223	6,379	6,538	6,701	6,869
1	2.5%	Interfund SVC-Personnel	12,107	12,393	12,703	13,021	13,347	13,681	14,023	14,374	14,733	15,101	15,479
1	2.5%	Interfund SVC-Attorney	17,205	14,512	14,875	15,247	15,628	16,019	16,419	16,829	17,250	17,681	18,123
1	2.5%	Interfund SVC-Jan/Maint	10,412	10,703	10,971	11,245	11,526	11,814	12,109	12,412	12,722	13,040	13,366
1	2.5%	Interfund SVC-Insurance	27,572	28,689	29,406	30,141	30,895	31,667	32,459	33,270	34,102	34,955	35,829
1	2.5%	Interfund SVC-Purch & A/P	9,912	10,192	10,447	10,708	10,976	11,250	11,531	11,819	12,114	12,417	12,727
1	2.5%	Interfund SVC-Fleet Maint	23,839	34,336	35,194	36,074	36,976	37,900	38,848	39,819	40,814	41,834	42,880
1	2.5%	Interfund SVC-Bill/Call	233,451	234,589	240,454	246,465	252,627	258,943	265,417	272,052	278,853	285,824	292,970
1	2.5%	Interfund SVC-Financial	28,820	27,584	28,274	28,981	29,706	30,449	31,210	31,980	32,790	33,610	34,450
1	2.5%	Interfund SVC-Computer	27,133	27,688	28,360	29,090	29,817	30,562	31,326	32,109	32,912	33,735	34,578
1	2.5%	Interfund SVC-State Rev Loan FD	300,000	300,000	304,289	304,289	304,289	304,289	304,289	304,289	304,289	304,289	304,289
1	2.5%	Interfund SVC-BUA WWTR Debt SVC	395,264	393,448	393,781	396,150	394,106	394,106	394,656	394,406	393,606	397,044	
1	2.5%	Lease Payment	181,000	181,000	185,525	190,163	194,917	199,790	204,785	209,905	215,153	220,532	226,045
1	2.5%	Bond Paying Agent Fees	1,975	1,975	2,075	2,075	2,127	2,180	2,235	2,291	2,348	2,407	2,467
1	2.5%	Computer Hardware	1,610	1,000	1,025	1,051	1,077	1,104	1,132	1,160	1,189	1,219	1,249
1	2.5%	Machinery/Equipment	7,500	7,500	7,688	7,880	8,077	8,279	8,486	8,698	8,915	9,138	9,366
1	2.5%	Fencing Improvements	75,000	-	-	-	-	-	-	-	-	-	-
1	2.5%	Machinery/Equipment	115,000	-	-	-	-	-	-	-	-	-	-
1	2.5%	Professional Services - Debt Service Fund	1,350	1,350	1,384	1,419	1,454	1,490	1,527	1,565	1,604	1,644	1,685
1	2.5%	Bond Paying Agent Fees - Debt Service Fund	3,275	3,275	3,357	3,441	3,527	3,615	3,705	3,798	3,893	3,990	4,090
1	3.0%		-	-	-	-	-	-	-	-	-	-	-
Non-Departmental Miscellaneous													
1	3.0%	Unemployment	-	-	-	-	-	-	-	-	-	-	-
1	2.5%	Liability Insurance	-	-	-	-	-	-	-	-	-	-	-
1	3.0%	Salary Contingency	-	-	-	-	-	-	-	-	-	-	-
1	0.0%		-	-	-	-	-	-	-	-	-	-	-
1	0.0%	Bond Paying Agent Fees	-	-	-	-	-	-	-	-	-	-	-
1	0.0%	Existing SRF Debt Service	-	-	-	-	-	-	-	-	-	-	-
1	2.5%	Interfund Transfer	-	-	-	-	-	-	-	-	-	-	-
1	0.0%	Transfer to Repair and Replacement Fund	-	-	-	-	-	-	-	-	-	-	-
1	0.0%		-	-	-	-	-	-	-	-	-	-	-

Banning CA
CIP (Inflated)

Line No:	Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1	Capital Projects											
2	City Facility Programming Assessment	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Digester Dome Repairs (PS&E)	20,000	-	-	-	-	-	-	-	-	-	-
4	Digester Cleaning/Dome Repairs (Const)	62,500	-	-	-	-	-	-	-	-	-	-
5	WWTP Fencing	45,000	-	-	-	-	-	-	-	-	-	-
6	Repairs to Heat Exchanger (WWTP)	-	5,000	25,625	-	-	-	-	-	-	-	-
7	Repairs to Boiler Gas Control Valves	-	7,500	33,313	-	-	-	-	-	-	-	-
8	PVC Digester Gas Piping	-	2,500	12,813	-	-	-	-	-	-	-	-
9	Iron Sponge Media Replacement	-	17,500	-	18,386	-	19,317	-	20,295	-	21,322	-
10	Portable Camera System (CCTV)	50,000	-	-	-	-	-	-	-	-	-	-
11	Sewer Master Plan Update	-	69,937	-	-	-	-	-	-	-	-	-
12	Replacement of 30" Trunk to WWTP w/DIP (Design)	-	-	-	-	-	-	-	-	-	-	-
13	Replacement of 30" Trunk to WWTP w/DIP (Const)	-	-	-	-	-	-	-	-	-	-	-
14	WWTP Expansion (D)	-	-	-	-	-	-	-	-	-	-	-
15	WWTP Expansion (C)	-	-	-	-	-	-	-	-	-	-	-
16	Capacity Project C-1	-	-	119,925	-	-	-	-	-	-	-	-
17	Capacity Project C-2	-	-	-	130,803	-	-	-	-	-	-	-
18	Total	\$ 182,500	\$ 102,437	\$ 191,675	\$ 149,189	\$ -	\$ 19,317	\$ -	\$ 20,295	\$ -	\$ 21,322	\$ 686,734

Uninflated												
Line No:	Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1	Capital Projects											
2	City Facility Programming Assessment	\$5,000										
3	Digester Dome Repairs (PS&E)	20,000										
4	Digester Cleaning/Dome Repairs (Const)	62,500										
5	WWTP Fencing	45,000										
6	Repairs to Heat Exchanger (WWTP)		5,000	25,000								
7	Repairs to Boiler Gas Control Valves		7,500	32,500								
8	PVC Digester Gas Piping		2,500	12,500								
9	Iron Sponge Media Replacement		17,500		17,500		17,500		17,500		17,500	
10	Portable Camera System (CCTV)	50,000										
11	Sewer Master Plan Update		69,937									
12	Replacement of 30" Trunk to WWTP w/DIP (Design)											
13	Replacement of 30" Trunk to WWTP w/DIP (Const)											
14	WWTP Expansion (D)											
15	WWTP Expansion (C)											
16	Capacity Project C-1			117,000								
17	Capacity Project C-2				124,500							
18	Total	\$ 182,500	\$ 102,437	\$ 187,000	\$ 142,000	\$ -	\$ 17,500	\$ -	\$ 17,500	\$ -	\$ 17,500	\$ 666,437

Inflation Factor 100.00% 100.00% 102.50% 105.06% 107.69% 110.38% 113.14% 115.97% 118.87% 121.84% 124.89%

Meter Size \$/Month	Current	Proposed				
		FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
5/8-inch	\$20.94	\$21.57	\$22.22	\$22.88	\$23.57	\$24.28
3/4-inch	20.94	21.57	22.22	22.88	23.57	24.28
1-inch	31.75	32.70	33.68	34.69	35.73	36.81
1.5-inch	58.74	60.50	62.32	64.19	66.11	68.10
2-inch	91.14	93.87	96.69	99.59	102.58	105.66
3-inch	166.77	171.77	176.93	182.23	187.70	193.33
4-inch	274.83	283.07	291.57	300.31	309.32	318.60
6-inch	544.79	561.13	577.97	595.31	613.17	631.56
8-inch	868.83	894.89	921.74	949.39	977.88	1,007.21
Commodity \$/HCF						
0-12 HCF	\$1.84	\$1.90	\$1.95	\$2.01	\$2.07	\$2.13
13-25 HCF	2.34	2.41	2.48	2.56	2.63	2.71
26+ HCF	2.64	2.72	2.80	2.88	2.97	3.06
City/Parks	0.58	0.60	0.62	0.63	0.65	0.67

Class	Current	Proposed				
		FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Residential	\$18.48	\$19.03	\$19.61	\$20.19	\$20.80	\$21.42
Commercial (\$/EDU)	18.48	19.03	19.61	20.19	20.80	21.42
Tertiary Surcharge (\$/EDU)	2.00	2.06	2.12	2.19	2.25	2.32

Banning CA
CIP (Inflated)

Line No:	Service	Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1		Capital Projects											
2	Water	City Facility Programming Assessment	\$20,000	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Water	Water Master Plan Update	-	-	-	-	-	-	-	-	-	-	-
4	Water	Flume Consultant Costs	300,000	300,000	307,500	-	-	-	-	-	186,624	-	-
5	Water	Replace SCADA Comp Hardware/Software	-	-	250,000	252,656	-	-	-	-	-	-	-
6	Water	Water Line Replacement Locations #2 (Const)	-	650,000	-	-	-	-	-	-	-	-	-
7	Water	Water Line Replacement Locations #3 (Const)	-	-	666,250	-	-	-	-	-	-	-	-
8	Water	New Transmission Main for Upper Main Reservoir 1	-	-	-	537,920	2,755,763	2,259,505	-	-	-	-	-
9	Water	New Transmission Main for Foothill West Reservoir 1 (Butterfield)	-	-	-	391,863	2,008,401	1,646,889	-	-	-	-	-
10	Water	New Transmission Main for Proposed Lower Main Well C-8	-	-	-	-	-	-	-	-	-	-	-
11	Water	New Transmissions Main for Proposed Upper Main C-9	-	414,000	-	-	-	-	-	480,113	-	-	-
12	Water	Fireflow Improvement 1	-	-	-	-	-	-	-	-	-	-	-
13	Water	Fireflow Improvement 2	-	126,000	-	-	-	-	-	-	-	-	-
14	Water	Fireflow Improvement 3 (Includes PRV & Check Valves)	-	29,000	-	-	-	-	-	-	-	-	-
15	Water	Fireflow Improvement 3 (Includes PRV & Check Valves)	-	341,000	-	-	-	-	-	-	-	-	-
16	Water	Fireflow Improvement 3 (Includes PRV & Check Valves)	-	511,000	412,050	173,353	-	-	-	-	-	-	-
17	Water	Fireflow Improvement 4	-	-	1,019,875	1,206,219	-	-	-	-	-	-	-
18	Water	Fireflow Improvement 4	-	-	-	-	62,460	-	-	-	-	-	-
19	Water	Fireflow Improvement 5	-	-	-	-	236,916	-	-	-	-	-	-
20	Water	Fireflow Improvement 6	-	-	-	-	31,230	-	-	-	-	-	-
21	Water	Fireflow Improvement 7	-	-	-	-	196,149	-	-	-	-	-	-
22	Water	Fireflow Improvement 8	-	-	-	-	67,844	-	-	-	-	-	-
23	Water	Fireflow Improvement 9	-	-	-	-	33,384	-	-	-	-	-	-
24	Water	Fireflow Improvement 10	-	-	-	-	31,230	-	-	-	-	-	-
25	Water	Fireflow Improvement 11	-	-	-	-	203,532	-	-	-	-	-	-
26	Water	Fireflow Improvement 12	-	-	-	-	196,149	-	-	-	-	-	-
27	Water	Fireflow Improvement 13	-	-	-	-	135,688	-	-	-	-	-	-
28	Water	Fireflow Improvement 14	-	-	-	-	-	-	-	-	-	-	-
29	Water	Fireflow Improvement 15	-	-	-	-	-	69,540	-	-	-	-	-
30	Water	Fireflow Improvement 15	-	-	-	-	-	915,061	-	-	-	-	-
31	Water	Fireflow Improvement 16	-	-	-	-	-	-	462,746	-	-	-	-
32	Water	Fireflow Improvement 16	-	-	-	-	-	-	703,736	-	-	-	-
33	Water	Fireflow Improvement 17	-	-	-	-	-	-	356,394	-	-	-	-
34	Water	Fireflow Improvement 18	-	-	-	-	-	-	498,951	-	-	-	-
35	Water	Fireflow Improvement 18	-	-	-	-	-	-	498,951	-	-	-	-
36	Water	Fireflow Improvement 19	-	-	-	-	-	-	-	1,753,456	-	-	-
37	Water	Fireflow Improvement 19	-	-	-	-	-	-	-	-	-	-	-
38	Water	Add VFD to Pump Stations	-	747,225	-	-	-	-	-	-	-	-	-
39	Water	Add VFD to Well C-8	-	-	-	-	-	183,233	-	-	-	-	-
40	Water	Proposed Upper Main Reservoir 1	-	-	-	1,393,129	7,139,785	183,233	-	-	-	-	-
41	Water	Proposed Foothill West Reservoir 1	-	-	-	387,299	3,012,063	5,854,624	-	-	-	-	-
42	Water	Proposed Zone Main Well C-8	-	-	-	1,436,306	-	2,470,333	-	-	-	-	-
43	Water	Proposed Upper Main Well C-9	-	342,000	1,753,775	-	-	-	-	-	-	-	-
44	Water	Altruds Valve (City's Existing CIP)	-	250,000	-	-	-	-	480,846	2,464,349	2,020,766	-	-
45	Water	Altruds Valve (City's Existing CIP)	-	-	-	-	-	-	-	-	-	-	-
46	Water	Pipeline Pressure Reducing Valve for Rancho San Geronimo	-	-	-	-	-	883,050	113,141	927,755	405,342	-	-
47	Water	Pipeline Replacement Program ViewChevy (City's Existing CIP)	-	-	-	-	-	-	-	-	116,869	-	-
48	Water	San Geronimo Reservoir Site R&R	-	-	30,750	577,844	107,689	-	-	-	445,757	-	-
49	Water	Sourwater Reservoir Site R&R	-	-	-	-	-	-	-	-	-	-	-
50	Water	Mountain Reservoir Site R&R	-	-	-	28,418	-	-	-	-	-	-	-
51	Water	High Valley Reservoir Site R&R	-	181,000	165,025	169,151	230,455	-	-	-	-	-	-
52	Water	High Valley Reservoir Site R&R	-	-	185,525	-	-	-	658,480	-	-	-	-
53	Water	High Valley Reservoir Site R&R	-	-	-	-	-	-	-	-	-	-	-
54	Water	High Valley Reservoir Site R&R	-	133,000	35,875	-	-	-	-	-	-	-	-
55	Water	Well 1 Site R&R	-	-	-	-	18,307	-	-	-	-	-	-
56	Water	Well 2 Site R&R	-	-	-	-	675,210	-	-	-	-	-	-
57	Water	Well C-4 Site R&R	-	-	-	-	-	-	-	-	-	-	-
58	Water	Well C-5 Site R&R	-	-	-	-	-	-	-	-	-	-	-
59	Water	Well M-3 Site R&R	-	-	-	-	-	14,350	436,724	-	-	-	-
60	Water	Well M-11 Site R&R	-	-	-	-	-	-	14,708	-	-	-	-
61	Water	Well Endorses (City's Existing CIP)	-	-	-	-	-	-	-	28,992	-	-	-
62	Water	Well Rehabilitation (City's Existing CIP)	-	80,000	-	84,050	-	88,305	-	92,775	-	-	-
63	Water	Multi Site Projects (Emergency Power & Safety Retrofits)	-	150,000	-	157,594	-	165,972	-	173,954	-	-	-
64	Water	Phishing Remediation at Water Yard (City's Existing CIP)	-	273,000	279,825	286,821	293,991	301,341	308,874	316,596	324,511	-	-
65	Water	Security Cameras at Water Yard (City's Existing CIP)	-	33,000	-	-	-	-	-	-	-	-	-
66	Water	Work Truck (City's Existing CIP)	-	-	-	42,025	43,076	-	-	-	-	-	-
67	Water	Automatic Meter Reading (AMR) (City's Existing CIP)	-	1,800,000	2,050,000	-	-	-	-	-	-	-	-
68	Water	Advanced Metering Infrastructure (AMI) (City's Existing CIP)	-	-	766,750	-	-	-	-	-	-	-	-
69	Water	Computer Information System/ERP (City's Existing CIP)	-	-	-	-	-	-	-	-	-	-	-
70	Water	Chromium 6 Treatment Pilot Study, Design and Construction (City's Existing CIP)	-	-	-	-	-	-	-	-	-	-	-
		Total	\$ 320,000	\$ 6,132,000	\$ 8,863,175	\$ 9,440,916	\$ 23,823,359	\$ 42,630,358	\$ 4,533,553	\$ 6,872,876	\$ 3,501,868	\$ -	\$ -

Line No:	Service	Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1	Water	Capital Projects											
2	Water	City Facility Programming Assessment	\$20,000	\$20,000									
3	Water	Water Master Plan Update											
4	Water	Flume Consultant Costs	300,000	300,000	300,000						157,000		
5	Water	Replace SCADA Comp Hardware/Software	250,000	250,000	250,000								
6	Water	Water Line Replacement Locations #2 (Const)	650,000	650,000	650,000								
7	Water	Water Line Replacement Locations #3 (Const)											
8	Water	New Transmission Main for Upper Main Reservoir 1											
9	Water	New Transmission Main for Foothill West Reservoir 1 (Butterfield)											
10	Water	New Transmission Main for Proposed Lower Main Well C-8		414,000			2,559,000	2,047,000					
11	Water	New Transmissions Main for Proposed Upper Main C-9					1,865,000	1,492,000					
12	Water	Fireflow Improvement 1		126,000						414,000			
13	Water	Fireflow Improvement 2		29,000									
14	Water	Fireflow Improvement 3 (Includes PRV & Check Valves)		341,000									
15	Water	Fireflow Improvement 3 (Includes PRV & Check Valves)		511,000									
16	Water	Fireflow Improvement 3 (Includes PRV & Check Valves)			402,000		165,000						
17	Water	Fireflow Improvement 3 (Includes PRV & Check Valves)			995,000		1,150,000						
18	Water	Fireflow Improvement 4											
19	Water	Fireflow Improvement 5					58,000						
20	Water	Fireflow Improvement 6					220,000						
21	Water	Fireflow Improvement 7					145,000						
22	Water	Fireflow Improvement 8					63,000						
23	Water	Fireflow Improvement 9					31,000						
24	Water	Fireflow Improvement 10					29,000						
25	Water	Fireflow Improvement 11					189,000						
26	Water	Fireflow Improvement 12					145,000						
27	Water	Fireflow Improvement 13					126,000						
28	Water	Fireflow Improvement 14											
29	Water	Fireflow Improvement 15						63,000					
30	Water	Fireflow Improvement 16						829,000					
31	Water	Fireflow Improvement 17							409,000				
32	Water	Fireflow Improvement 18							622,000				
33	Water	Fireflow Improvement 19							315,000				
34	Water	Fireflow Improvement 20							441,000				
35	Water	Fireflow Improvement 21											
36	Water	Fireflow Improvement 22											
37	Water	Two Additional Pump Stations			725,000					1,512,000			
38	Water	Add VFD to Well C-8											
39	Water	Proposed Upper Main Reservoir 1											
40	Water	Proposed Foothill West Reservoir 1											
41	Water	Proposed Upper Main Well C-9											
42	Water	Proposed Upper Main Well C-9											
43	Water	Altitude Valves (City's Existing CIP)											
44	Water	New Pressure Reducing Valve for Rancho San Geronio											
45	Water	Pipeline Age Replacement Program											
46	Water	Water Line Replacement Joint View/Chevy (City's Existing CIP)											
47	Water	San Geronio Reservoir Site R&R			30,000	550,000	100,000	800,000	100,000	800,000	341,000		
48	Water	Southwest Reservoir Site R&R									100,000		
49	Water	Mountain Reservoir Site R&R									375,000		
50	Water	High Valley Reservoir Site R&R											
51	Water	Sunset Reservoir Site R&R											
52	Water	Huachuca & John PRV R&R											
53	Water	Well 1 Site R&R											
54	Water	Well 3 Site R&R											
55	Water	Well C-2 Site R&R											
56	Water	Well C-5 Site R&R											
57	Water	Well C-6 Site R&R											
58	Water	Well M-3 Site R&R											
59	Water	Well M-11 Site R&R											
60	Water	Well Enclosures (City's Existing CIP)											
61	Water	Well Rehabilitation (City's Existing CIP)											
62	Water	Multi Site Projects (Emergency Power & Safety Retrofits)											
63	Water	Pipeline Rehabilitation Asset Study											
64	Water	Security Cameras at Water yard (City's Existing CIP)											
65	Water	Work Truck (City's Existing CIP)											
66	Water	Automatic Meter Reading (AMR) (City's Existing CIP)											
67	Water	Advanced Metering Infrastructure (AMI) (City's Existing CIP)											
68	Water	Computer Information System/ERP (City's Existing CIP)											
69	Water	Chromium 6 Treatment Pilot Study, Design and Construction (City's Existing CIP)											
70	Water												
Inflation Factor			\$320,000	\$6,132,000	\$8,647,000	\$8,980,000	\$22,127,000	\$36,621,000	\$4,007,000	\$5,754,000	\$2,946,000	\$0	\$0
			100.00%	100.00%	102.50%	105.06%	107.69%	110.38%	113.14%	115.97%	118.87%	121.84%	124.85%

Line No:	Service	Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1	Sewer	Capital Projects											
2	Sewer	City Facility Programming Assessment	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	Sewer	Digester Dome Repairs (PS&E)	20,000	-	-	-	-	-	-	-	-	-	-
4	Sewer	Digester Cleaning/Dome Repairs (Const)	62,500	-	-	157,594	-	-	-	-	-	-	-
5	Sewer	WWTP Fencing	43,000	-	-	-	-	-	-	-	-	-	-
6	Sewer	Repairs to Heat Exchanger (WWTP)	-	10,000	51,250	-	-	-	-	-	-	-	-
7	Sewer	Repairs to Boiler Gas Control Valves	-	15,000	66,625	-	-	-	-	-	-	-	-
8	Sewer	PVC Digester Gas Piping	-	5,000	25,625	-	-	-	-	-	-	-	-
9	Sewer	Portable Camera System (CCTV)	50,000	-	-	-	-	-	-	-	-	-	-
10	Sewer	WWTP Expansion (D)	-	250,000	-	-	-	-	-	-	-	-	-
11	Sewer	WWTP Expansion (C)	-	-	1,793,750	15,759,375	10,768,906	320,106	-	-	-	-	-
12	Sewer	Gravily Mains Along Williams Street	-	-	-	-	-	-	-	-	-	-	-
13	Sewer	Gravily Mains Along Charles Street	-	456,000	-	-	330,605	-	-	-	-	-	-
14	Sewer	Northern Segment of Gravily Main Along Hathaway St	-	-	-	465,427	-	-	-	-	-	-	-
15	Sewer	Casing Under I-10	-	-	-	-	-	-	-	-	-	-	-
16	Sewer	Gravily Main Along Hathaway St	-	-	1,019,875	-	-	-	347,342	-	-	-	-
17	Sewer	Gravily Main Along Ramsey Street	-	-	-	-	-	-	-	356,026	-	-	-
18	Sewer	Gravily Main Along Livingston Street	-	-	-	-	-	-	-	-	181,869	-	-
19	Sewer	Gravily Main Along Fourth Street	-	-	-	-	-	-	-	-	-	-	-
20	Sewer	Butterfield Offsite Trunk	-	-	-	-	2,677,150	-	-	-	-	-	-
21	Sewer	Butterfield-Loma Linda Offsite Trunk	-	-	-	-	-	1,098,294	-	-	-	-	-
22	Sewer	Butterfield-Loma Linda Offsite Trunk	-	-	-	-	-	548,595	-	-	-	-	-
23	Sewer	RSG Main Trunk	-	-	-	-	-	1,646,889	3,868,285	1,652,563	-	-	-
24	Sewer	Westward Lift Station Bypass	-	-	-	-	-	-	-	826,861	-	-	-
25	Sewer	Gravily Main Along Wilson Street	-	-	-	-	-	-	-	-	1,004,439	-	-
26	Sewer	Annual Sewer Replacement	-	80,000	358,750	-	64,613	386,335	-	69,562	416,040	-	-
27	Sewer	Westward Lift Station Site Improvements	-	86,000	-	-	-	-	-	-	-	-	-
28	Sewer	Caltrans Lift Station Site Improvements	-	-	-	-	43,076	-	-	-	-	-	-
29	Sewer	Lift Station Telemetry	-	-	51,250	-	-	-	-	-	-	-	-
		Total	\$ 182,500	\$ 882,000	\$ 3,418,375	\$ 16,382,396	\$ 13,927,426	\$ 4,000,218	\$ 4,215,627	\$ 2,905,032	\$ 1,602,348	\$ -	\$ -

Line No:	Service	Description	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1	Sewer	Capital Projects											
2	Sewer	City Facility Programming Assessment	\$5,000										
3	Sewer	Digester Dome Repairs (PS&E)	20,000										
4	Sewer	Digester Cleaning/Dome Repairs (Const)	62,500			150,000							
5	Sewer	WWTP Fencing	43,000										
6	Sewer	Repairs to Heat Exchanger (WWTP)	-	10,000	50,000	-	-	-	-	-	-	-	-
7	Sewer	Repairs to Boiler Gas Control Valves	-	15,000	65,000	-	-	-	-	-	-	-	-
8	Sewer	PVC Digester Gas Piping	-	5,000	25,000	-	-	-	-	-	-	-	-
9	Sewer	Portable Camera System (CCTV)	50,000	-	-	-	-	-	-	-	-	-	-
10	Sewer	WWTP Expansion (D)	-	250,000	-	-	-	-	-	-	-	-	-
11	Sewer	WWTP Expansion (C)	-	-	1,750,000	15,000,000	10,000,000	290,000	-	-	-	-	-
12	Sewer	Gravily Mains Along Williams Street	-	-	-	-	-	-	-	-	-	-	-
13	Sewer	Gravily Mains Along Charles Street	-	456,000	-	-	307,000	-	-	-	-	-	-
14	Sewer	Northern Segment of Gravily Main Along Hathaway St	-	-	-	443,000	-	-	-	-	-	-	-
15	Sewer	Casing Under I-10	-	-	-	-	-	-	-	-	-	-	-
16	Sewer	Gravily Main Along Hathaway St	-	-	995,000	-	-	-	307,000	-	-	-	-
17	Sewer	Gravily Main Along Ramsey Street	-	-	-	-	-	-	-	307,000	-	-	-
18	Sewer	Gravily Main Along Livingston Street	-	-	-	-	-	-	-	-	153,000	-	-
19	Sewer	Gravily Main Along Fourth Street	-	-	-	-	-	-	-	-	-	-	-
20	Sewer	Butterfield Offsite Trunk	-	-	-	-	2,486,000	-	-	-	-	-	-
21	Sewer	Butterfield-Loma Linda Offsite Trunk	-	-	-	-	-	995,000	-	-	-	-	-
22	Sewer	Butterfield-Loma Linda Offsite Trunk	-	-	-	-	-	497,000	-	-	-	-	-
23	Sewer	RSG Main Trunk	-	-	-	-	-	1,492,000	3,419,000	1,425,000	-	-	-
24	Sewer	Westward Lift Station Bypass	-	-	-	-	-	-	-	713,000	-	-	-
25	Sewer	Gravily Main Along Wilson Street	-	60,000	350,000	-	60,000	350,000	-	60,000	845,000	-	-
26	Sewer	Annual Sewer Replacement	-	86,000	-	-	-	-	-	-	350,000	-	-
27	Sewer	Westward Lift Station Site Improvements	-	-	-	-	-	-	-	-	-	-	-
28	Sewer	Caltrans Lift Station Site Improvements	-	-	-	-	40,000	-	-	-	-	-	-
29	Sewer	Lift Station Telemetry	-	-	50,000	-	-	-	-	-	-	-	-
		Total	\$ 182,500	\$ 882,000	\$ 3,285,000	\$ 15,593,000	\$ 12,893,000	\$ 3,624,000	\$ 3,726,000	\$ 2,505,000	\$ 1,348,000	\$ -	\$ -

Inflation Factor 100.00% 100.00% 102.50% 105.06% 107.69% 110.38% 113.14% 115.97% 118.87% 121.84% 124.89%



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EXHIBIT A

(DRAFT PROPOSITION 218 NOTICE)



**Notice to Property Owners of Public Hearing
Regarding Proposed Water and Sewer Rate Changes**

**Hearing Date & Time: May 22, 2018 at 5:00 p.m.
Hearing Location: Banning Civic Center Council Chambers
99 E Ramsey Street, Banning, CA 92220**

Why are you receiving this notice?

The City of Banning (the "City") is mailing this notice to you because you are a water and/or sewer customer directly liable for payment of water and/or sewer service fees, or are the owner of record of a property that receives one or both of the services. This notice describes proposed **rate changes** to be implemented to recover cost of providing water and sewer service to City customers, and provides a notice of a public hearing to be held on **May 22, 2018** regarding these proposed changes.

Monthly water and sewer service fees are the primary source of revenue used to pay for the water and sewer systems that provide services to customers. Expenses for those services include, but are not limited to, operations and maintenance, debt service, major and minor capital improvements, administration, as well as costs related to prudent long-term operational, capital planning and financial management of the systems. Financial management would include maintaining adequate fund reserves and planning for contingencies.

Presently, the average single-family residential customer in Banning has a 3/4-inch meter and uses approximately 11.75 hundred cubic feet (HCF) of water per month. Based on that average usage, the current total monthly water cost is \$42.56. Assuming the customer's usage remains the same, the proposed rate adjustment will result in a \$1.28 increase in the monthly bill to \$43.84, beginning with the bill received in August 2018.

The sewer rate for an average Banning residential customer described above is a flat rate of \$18.48 a month. The proposed sewer rate adjustment will result in a \$0.55 increase in the monthly bill to \$19.03 for a single-family residence. The table below shows the projection of the proposed monthly sewer rates over the next five years.

RESIDENTIAL CUSTOMER BILL WITH ¾-INCH METER AND USING 11.75 HCF OF WATER						
	Current	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Water Bill						
Fixed Monthly Charge						
Varies by meter size						
¾- inch shown	\$20.94	\$21.57	\$22.22	\$22.88	\$23.57	\$24.28
Volume Rate						
0 – 12 HCF	\$1.84	\$1.90	\$1.95	\$2.01	\$2.07	\$2.13
13 – 25 HCF	2.34	2.41	2.48	2.56	2.63	2.71
> 26 HCF	2.64	2.72	2.80	2.88	2.97	3.06
Total Water Bill	\$42.56	\$43.84	\$45.15	\$46.51	\$47.90	\$49.34
Sewer Bill						
Flat Rate	\$18.48	\$19.03	\$19.61	\$20.19	\$20.80	\$21.42

Why are Rate Increases needed?

The City of Banning is committed to providing high quality, reliable water service at the lowest possible rates for our customers. It is critically important for the City to continually maintain, repair and improve the assets it holds, and keep pace with ever increasing operating costs. In recent years, the City has been forced to use cash reserves to pay for operating costs and expenses. These costs include operating, maintaining, repairing and replacing infrastructure. The proposed water and sewer rates will ensure that the utilities collect sufficient revenue to cover fixed expenses, fund capital improvements and build up cash reserves to fund ongoing repair and replacement of the water and sewer systems to address aging system components.

Over the next five years, the City has planned capital improvements to replace water transmission mains and pipes as well as equip wells to provide for ongoing water service. In addition, the City has planned capital improvements to the City's Wastewater Treatment Facility (WWTF) and sewer system.

The proposed rates are calculated using the costs associated with providing the service to each customer class. These costs include, but are not limited to operations, maintenance, required repairs and/or replacement of aging system components. Since some costs are fixed in nature and some costs fluctuate based on system demands, there are two types of revenue rates: fixed costs and variable/volumetric costs.

The fixed monthly service charge recovers the fixed costs of providing water services, which are allocated based on number of accounts and the size of a customer's water meter. The volume rate recovers the variable costs of providing water treatment and the costs associated with the delivery of water, which are allocated based on the demand (amount of base & peak usage) that each customer class places on the water utility. Sewer rates are designed to recover the cost of collection and treatment of sewer flows, and maintains the existing rate structure of a monthly fixed charge for residential customers and a fixed charge per equivalent dwelling unit (EDU) basis for non-residential customers.

What do the new rates look like?

The following tables identify the "customer classes" and the Fixed and Volume (variable) Rates that are currently set to be implemented on July 1, 2018, and the proposed rates which, if approved, will be implemented annually on the July 1.

Proposed Monthly Water Fixed Charges						
Meter Size	Current	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
5/8-inch	\$20.94	\$21.57	\$22.22	\$22.88	\$23.57	\$24.28
3/4-inch	20.94	21.57	22.22	22.88	23.57	24.28
1-inch	31.75	32.70	33.68	34.69	35.73	36.81
1 ½-inch	58.74	60.50	62.32	64.19	66.11	68.10
2-inch	91.14	93.87	96.69	99.59	102.58	105.66
3-inch	166.77	171.77	176.93	182.23	187.70	193.33
4-inch	274.83	283.07	291.57	300.31	309.32	318.60
6-inch	544.79	561.13	577.97	595.31	613.17	631.56
8-inch	868.83	894.89	921.74	949.39	977.88	1,007.21

Proposed Water Volumetric Rates						
	Rate per HCF of Water Use					
HCF per Month	Current	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
0 – 12	\$1.84	\$1.90	\$1.95	\$2.01	\$2.07	\$2.13
13 – 25	2.34	2.41	2.48	2.56	2.63	2.71
> 25	2.64	2.72	2.80	2.88	2.97	3.06
City Facilities/Parks	0.58	0.60	0.62	0.63	0.65	0.67

The table below illustrates the proposed Sewer Rates by customer class:

Proposed Sewer Rates						
Customer Class	Current	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Residential	\$18.48	\$19.03	\$19.61	\$20.19	\$20.80	\$21.42
Commercial (\$/EDU)	18.48	19.03	19.61	20.19	20.80	21.42
Tertiary Surcharge (\$/EDU)	2.00	2.06	2.12	2.19	2.25	2.32

How do you file a protest or participate in the public hearing?

Any property owner of a parcel subject to City water and/or sewer service fees or any tenant directly responsible for the payment of water and/or sewer service fees (i.e., a customer of record) may submit a written protest to the proposed rate changes. Only one protest will be counted per identified parcel. Should there be property owners who own multiple properties and wish to submit a protest letter, they may list those properties with the respective parcel number on one letter and each parcel will be counted provided there were no other letters received for that parcel.

Every written protest MUST include ALL of the following to be counted:

- (1) State that the identified property owner or customer of record is in opposition to the proposed rate changes;
- (2) Provide the location of the identified parcel by including the street address or assessor's parcel number (APN);
- (3) Include the name and signature of the property owner or customer of record submitting the protest.

Written protests may be submitted by mail to the City Clerk at: 99 E Ramsey Street, Banning, CA 92220, in person to the City Clerk, or at the Public Hearing (date and time noted above). Regardless of how the written protest is submitted, it must be received by the City prior to the conclusion of the public comment portion of the Public Hearing. Any protest submitted via e-mail or other electronic means will not be accepted. Please identify on the front of the envelope for any written protest, whether mailed or submitted in person to the City Clerk, that the enclosed protest is for the Public Hearing on the Proposed Rate Changes - Water and Sewer Service Fees.

The City Council will hear and consider all written and oral protests to the proposed rate changes at the Public Hearing. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. Upon the conclusion of the Public Hearing, there will be no more written protests accepted and no more testimony taken and the City Council will consider adoption of the proposed rates for water and sewer service described in this notice. If written protests against the proposed rates, as outlined above, are not presented by a **majority** of property owners or customers of record, the City Council will be authorized to implement the proposed rates. If adopted, the rates for water and sewer will be in effect beginning July 1, 2018, and would be reflected in the bill you receive in August 2018.

If you have any questions about the proposed rate changes or would like to see more information about data used for the study, please contact Rochelle Clayton at: (951) 922-3148 8:00 a.m. to 5:00 p.m. Monday through Thursday. Additional information and documents related to the proposed rate changes can be found on the City of Banning's website at www.Banning.ca.gov.