



AGENDA

REGULAR MEETING OF THE BANNING CITY COUNCIL CITY OF BANNING, CALIFORNIA

May 24, 2022
5:00 p.m.
In Chambers and via Zoom

Council Chambers
99 E. Ramsey Street
Banning, CA 92220

Additional Teleconference Location

Mayor Kyle Pingree will be teleconferencing from the Business Center of South Point Hotel, Casino & Spa located at 9777 Las Vegas Boulevard South, Las Vegas, Nevada 89183. This meeting agenda will be posted and members of the public will be able to participate from this location.

The following information comprises the agenda for the regular meeting of the Banning City Council, a joint meeting of the City Council and Banning Utility Authority, and the Banning City Council sitting in its capacity as the Banning Successor Agency Board.

This meeting is being held via Zoom so that members of the public may observe and participate in this meeting electronically. If you participate in this meeting via Zoom, you are agreeing to abide by the City's Zoom Community Standards for Public Meetings (provided in full on the last page of the agenda). Esta reunión se lleva a cabo en la Cámara y a través de Video/Teleconferencia en Zoom para que los miembros del público puedan observar y participar en esta reunión de manera electrónica. Si elige participar en esta reunión a través de Zoom, acepta cumplir con los Estándares comunitarios de Zoom para reuniones públicas de la ciudad (que se proporcionan en su totalidad en la última página de la agenda).

To observe and participate in the online video portion of the meeting through your personal computer or device, follow this link:
<https://us02web.zoom.us/j/81007280759?pwd=d0JCK0yeGhOQk5Cek1kd3FJUmlsQT09>

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

1. CALL TO ORDER

1.1. Invocation – Pastor Dave Kieffer of Our Savior's Lutheran Church

1.2. Pledge of Allegiance

1.3. Roll Call

2. AGENDA APPROVAL

2.1. Approve Agenda

3. PRESENTATION(S)

None

4. REPORT ON CLOSED SESSION

4.1. City Attorney

5. PUBLIC COMMENTS, CORRESPONDENCE, APPOINTMENTS, CITY COUNCIL COMMITTEE REPORTS, CITY MANAGER REPORT, AND CITY ATTORNEY REPORT

5.1. PUBLIC COMMENTS – Non-Agenda Items Only

A three (3) 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 their time 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 Item 10). PLEASE STATE YOUR NAME FOR THE RECORD. ~ Se aplicará una limitación de tres (3) minutos a cada miembro del público que desee dirigirse al Alcalde y al Concejo sobre un asunto que no esté en la agenda. A ningún miembro del público se le permitirá compartir su tiempo con ningún otro miembro del público. Por lo general, cualquier artículo recibido bajo este encabezado se envía al personal para su estudio, investigación, finalización y / o acción futura del Consejo en el futuro (consulte el artículo 10). POR FAVOR INDIQUE SU NOMBRE PARA EL REGISTRO.

5.2. CORRESPONDENCE

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

5.3. APPOINTMENTS

5.3.1. Making Appointments to the City's General Plan Advisory Committee (GPAC) to Participate in the City's Update to the Land Use and Circulation Elements of the General Plan.....7

5.4. CITY COUNCIL COMMITTEE REPORTS

5.5. CITY MANAGER REPORT

5.6. CITY ATTORNEY REPORT

6. CONSENT ITEMS

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

Mayor to Open Consent Items for Public Comments

Motion: Approve consent items 6.1 to 6.14.

Resolutions require a recorded majority vote of the total membership of the City Council/Banning Utility Authority.

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7. PUBLIC HEARING(S)

None

8. REPORTS OF OFFICERS

8.1. Summer 2022 Energy Prices.....**37**
(*Staff Report: Tom Miller, Electric Utility Director*)

Recommendation: Receive and file.

8.2. Consideration of an Exclusive Negotiation Agreement (ENA) Between City of Banning, Grandave Capital, LLC, and First Industrial Realty Trust**41**
(*Staff Report: Doug Schulze, City Manager*)

Recommendation: A motion authorizing the City Manager to enter into an Exclusive Negotiation Agreement between the City of Banning, Grandave Capital, LLC, and First Industrial Realty Trust for APNs 532-130-011, 012 and 018; 150-002 and 003; 532-180-034; 532-240-009; and 532-250-009.

9. DISCUSSION ITEM(S)

None

10. ITEMS FOR FUTURE AGENDAS

10.1. New Items

10.2. Pending Items:

1. Permanent Homeless Solution
2. Shopping Cart Ordinance Update
3. Golf Cart/EV Ordinance (On hold)
4. Airport Advisory Commission
5. Business-Friendly Zoning (Wallace)
6. Community Garden Project (Sanchez)
7. Internship Program (Hamlin)

11. ADJOURNMENT

Next Regular Meeting – June 14, 2022 at 5:00 p.m.

Zoom Community Standards for Public Meetings

By participating in this meeting on Zoom, you are agreeing to abide by the City of Banning's Community Standards for Public Meetings. Zoom attendees that fail to adhere to these standards may be removed from the meeting room.

- Your microphone must remain on mute, and you may only unmute your microphone when/if you are recognized by the Mayor.
- Your camera must be turned off unless/until you are recognized by the Mayor.
- To indicate a desire to make Public Comment, you must use the Raise Hand function. The Mayor will not recognize those who have not used the Raise Hand function.
- Public Comment from Zoom attendees will immediately follow in person comment from members of the public in Council Chambers.
- If you fail to adhere to these community guidelines, **you may be removed** for disrupting the meeting occurring in Council Chambers. You may rejoin the meeting but may be removed for each violation of these community standards.
- The chat function will be disabled for all City Council meetings on Zoom.

Estándares comunitarios de Zoom para Reuniones Públicas

Al participar en esta reunión en Zoom, usted acepta cumplir con los Estándares Comunitarios para Reuniones Públicas de la ciudad de Banning. Los que atienden por Zoom que no cumplan con estos estándares pueden ser retirados de la sala de reuniones.

- Su micrófono debe permanecer en silencio, y solo puede reactivar su micrófono cuando / si es reconocido por el alcalde.
- Su cámara debe estar apagada a menos que sea reconocido por el alcalde.
- Para indicar el deseo de hacer un Comentario Público, debe utilizar la función Levantar la mano. El alcalde no reconocerá a quienes no hayan utilizado la función Levantar la mano.
- Los comentarios públicos de lo que atienden por Zoom seguirán inmediatamente los comentarios en persona de los miembros del público en las Cámaras del Consejo.
- Si no cumple con estas pautas de la comunidad, es posible que lo destituyan por interrumpir la reunión que tiene lugar en las Cámaras del Consejo. Puede volver a unirse a la reunión, pero es posible que lo eliminen por cada violación de estos estándares de la comunidad.
- La función de chat estará deshabilitada para todas las Reuniones del Ayuntamiento en Zoom.

AFFIDAVIT • DECLARACIÓN JURADA

IT IS HEREBY CERTIFIED under the laws of the State of California that the above agenda was posted on the City's website (www.banningca.gov) as well as the Bulletin Board at Banning City Hall, located at 99 E Ramsey Street, Banning, CA 92220 by 5:00 P.M. on the 19th day of May 2022.



Caroline Patton, Deputy City Clerk
Secretario adjunto de la ciudad

PUBLIC NOTICE • NOTICIA PÚBLICA

Meeting Agendas and Notices

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Public Comment

Agenda Items

Any member of the public may address this meeting of the City Council on any item appearing on the agenda. A five-minute limitation shall apply to each member of the public and no member of the public shall be permitted to share their time with any other person.

Non-Agenda Items

Any member of the public may address this meeting of the Council on any item which does not appear on the regular meeting agenda but is of interest to the general public and is an item upon which the Council may act. A three-minute limitation shall apply to each member of the public and no member shall be permitted to share their time with any other person. No action shall be taken, nor discussion held by the 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 §54954.2 of the Government Code.

Special Assistance/Accessibility Requests

In compliance with the Americans with Disabilities Act, any member of the public may request that the agenda and agenda packet be mailed to them. If you need special assistance to participate in this meeting (such as translation services), please contact the Office of the City Clerk. Advanced notification of at least 48 hours prior to the meeting will allow the city to make arrangements to ensure your accessibility.

¿Necesita servicios de traducción para participar? Contacto Oficina del Secretario de la Ciudad.

CONTACT • CONTACTO

Office of the City Clerk • 951-922-3102 • CityClerks@banningca.gov
99 East Ramsey Street, Banning, California 92220



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Adam B. Rush, Community Development Director

MEETING DATE: May 24, 2022

SUBJECT: Making Appointments to the City's General Plan Advisory Committee (GPAC) to Participate in the City's Update to the Land Use and Circulation Elements of the General Plan

RECOMMENDATION:

Staff recommends the City Council make appointments to the General Plan Advisory Committee (GPAC).

BACKGROUND:

At the March 9, 2021 meeting, the City Council established the general parameters of the General Plan Advisory Committee ("Committee"). A maximum of ten (10) committee members will be selected from a broad cross-section of key stakeholders within the City, drawn from the following organizations and entities:

- City Council – 2 *members*
- Planning Commission – 2 *members*
- Banning Chamber of Commerce - 2 *members*
- Building Industry Association (Riverside Chapter) – 2 *members*
- Members of the Public to serve "At Large" – 2 *members*

Staff recommends the Council keep the Committee capped at 10 members, maximum, as additional members have the potential to create inefficiencies and may "bog down" the process.

JUSTIFICATION:

The Committee provides an opportunity to gain perspective from those directly affected by the land use and circulation changes proposed by City staff. It is the desire that this Committee will represent the interests of those who will live, work, and do business in Banning for the next generation. The Committee also provides input by subject matter experts that act independently from the City and provide recommendations and advise to both the Planning Commission and City Council on the proposed General Plan Updates.

FISCAL IMPACT:

City staff will manage, moderate, and provide support services to the GPAC. These items have been budgeted for within the General Plan Update which is being funded through the Local Early Action Planning (LEAP) grant, provided by the Department of Housing and Community Development (HCD).

ALTERNATIVES:

1. Appoint members to the General Plan Advisory Committee.
2. Choose to continue this item to a future meeting.

ATTACHMENTS:

1. Staff Recommendations

<https://banningca.gov/DocumentCenter/View/10553/Att-1-Staff-Recommendation>

Approved by:



Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Caroline Patton, Deputy City Clerk *CP*

MEETING DATE: May 24, 2022

SUBJECT: Minutes of the May 10, 2022 City Council Meetings

RECOMMENDATION:

Approve the minutes of the May 10, 2022 City Council Meetings.

ALTERNATIVES:

1. Approve as recommended.
2. Approve with modifications.

ATTACHMENTS:

1. Minutes of the May 10, 2022 Special City Council Meeting – Closed Session
https://banningca.gov/DocumentCenter/View/10604/2022-05-10_Minutes_Special-Meeting---Closed-Session
2. Minutes of the May 10, 2022 Special City Council Meeting
https://banningca.gov/DocumentCenter/View/10602/2022-05-10_Minutes_Special-Meeting---Interviews
3. Minutes of the May 10, 2022 Regular City Council Meeting
https://banningca.gov/DocumentCenter/View/10603/2022-05-10_Minutes-Regular-Meeting

Approved by:



Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Suzanne Cook, Finance Director
A'ja Wallace, Budget and Financial Analyst

MEETING DATE: May 24, 2022

SUBJECT: Approval and Ratification of Accounts Payable and Payroll
Warrants Issued in the Month of April 2022

RECOMMENDATION:

That City Council review and ratify the warrants for period ending **April 30, 2022**, per California Government Code Section 37208.

WARRANT SUMMARY:

Description	Payment #	Amount	Total Amount
Checks:			
Checks Issued during Month	182090-182392	\$ 1,803,012.42	
Voided / Reissue Check		\$ 12.75	
Check Total			\$ 1,802,999.67
Wires Total	1078-1080		\$ 1,941,653.75
ACH payments:	9007251-9007271		
Payroll Direct Deposit	4/8/2022	\$ 462,204.97	
Payroll Direct Deposit	4/22/2022	\$ 445,069.72	
Other Payments		\$ 813,143.34	
ACH Total			\$ 1,720,418.03
Payroll Checks:	12573-12591		
Payroll - Regular	4/8/2022	\$ 3,043.17	
Payroll - Regular	4/22/2022	\$ 2,090.02	
Payroll Check Total			\$ 5,133.19
Total Warrants Issued for April 2022			\$ 5,470,204.64

ATTACHMENTS:

1. Fund List
<https://banningca.gov/DocumentCenter/View/10576/1-Fund-List>
2. Warrant Report April 2022
<https://banningca.gov/DocumentCenter/View/10573/2-Warrant-Report-April-2022>
3. Warrant Report Detail April 2022
<https://banningca.gov/DocumentCenter/View/10574/3-Warrant-Report-Detail-April-2022>
4. Voided Check Log, Payroll Log & Registers – April 2022
<https://banningca.gov/DocumentCenter/View/10575/4-Void-Check-Log-Payroll-Log-Payroll-Registers>

Approved by:



Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Suzanne Cook, Finance Director
A'ja Wallace, Budget and Financial Analyst

MEETING DATE: May 24, 2022

SUBJECT: Receive and File Cash, Investments and Reserve Report for the Month of April 2022

RECOMMENDATION:

That City Council receive and file Cash, Investment and Reserve Report for **April 30, 2022** in accordance with California Government Code 53646.

CASH AND INVESTMENT SUMMARY:

Description	Prior Month	Current Month
Funds Under Control of the City		
Cash		
Cash on Hand	\$ 4,155.00	\$ 4,155.00
Checking and Savings Accounts	\$ 4,871,524.65	\$ 5,245,037.37
Investments		
LAIF	\$ 39,792,269.15	\$ 39,823,626.49
Brokerage	\$ 27,543,114.34	\$ 27,550,437.15
Total Funds Under Control of the City	\$ 72,211,063.14	\$ 72,623,256.01
Funds Under Control of Fiscal Agents		
US Bank		
Restricted Bond Project Accounts	\$ 11,781,860.11	\$ 11,781,922.54
Restricted Bond Accounts	\$ 4,820,102.23	\$ 4,820,103.02
Union Bank & SCPPA		
Restricted Funds	\$ 3,933,795.60	\$ 4,005,186.21
Total Funds Under Control of Fiscal Agents	\$ 20,535,757.94	\$ 20,607,211.77
Total Funds	\$ 92,746,821.08	\$ 93,230,467.78

RESTRICTED, ASSIGNED, COMMITTED AND RESERVED SUMMARY:

Description	Prior Month	Current Month
Total Funds	\$ 92,746,821.08	\$ 93,230,467.78
Restricted Funds	\$ 43,199,623.20	\$ 42,452,234.61
Assigned Funds - Specific Purpose	\$ 4,715,985.61	\$ 4,715,985.61
Committed Funds - Specific Purpose	\$ 1,500,000.00	\$ 1,500,000.00
Fund Balance Reserves	\$ 12,747,791.41	\$ 12,747,791.41
Total Restricted, Assigned, Committed and Reserves	\$ 62,163,400.22	\$ 61,416,011.63
Operating Cash - Unrestricted Reserves	\$ 30,583,420.86	\$ 31,814,456.15
Less Accounts held in Investments	\$ 27,543,114.34	\$ 27,550,437.15
Liquid Cash	\$ 3,040,306.52	\$ 4,264,019.00

ATTACHMENTS:

1. Cash, Investment and Reserve Report April 2022
<https://banningca.gov/DocumentCenter/View/10580/1-Cash-Investment-and-Reserve-Report-April-2022>
2. Investment Report
<https://banningca.gov/DocumentCenter/View/10581/2-Investment-Report-April-2022>
3. City of Banning Broker Investment Report
<https://banningca.gov/DocumentCenter/View/10577/3-City-of-Banning-Broker-Report>
4. LAIF / PMIA Performance Report
<https://banningca.gov/DocumentCenter/View/10578/4-PMIA-LAIF-Performance-Report-April-2022>
5. LAIF Market Valuation Report
<https://banningca.gov/DocumentCenter/View/10579/5-LAIF-Market-Valuation-April-2022>

Approved by:



Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Matthew Hamner, Police Chief

MEETING DATE: May 24, 2022

SUBJECT: Receive and File Police Department Statistics for the Month of April 2022

RECOMMENDATION:

Receive and file Police Department statistics for the month of April 2022.

BACKGROUND:

The Police Department provides statistics to the public and City Council upon request.

ATTACHMENT:

1. Police Statistics for April 2022
<https://banningca.gov/DocumentCenter/View/10554/STATS>

Approved by:



Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Todd Hopkins, Division Chief
Laurie Sampson, Executive Assistant

MEETING DATE: May 24, 2022

SUBJECT: Receive and File Fire Department Statistics for the Month of April 2022

RECOMMENDATION:

Receive and file Fire Department statistics for the month of April 2022.

BACKGROUND:

The Fire Department provides statistics to the public and City Council upon request.

FISCAL IMPACT:

None

ATTACHMENT:

1. Fire Statistics for April 2022
<https://banningca.gov/DocumentCenter/View/10555/Banning-April-2022-Fire-Report>

Approved by:



Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Art Vela, Director of Public Works

MEETING DATE: May 24, 2022

SUBJECT: Public Works Capital Improvement Project Tracking List

RECOMMENDATION:

This is informational only; receive and file report.

BACKGROUND:

There are several planning, environmental, design and construction contracts that have been approved by City Council and/or the City Manager's office that are being managed by the Public Works Department. To keep the City Council and the public informed of the progress made and status of each project, staff has prepared and will continue to update the attached Public Works CIP Tracking List. The list will be presented to City Council monthly.

FISCAL IMPACT:

None

ATTACHMENT:

1. CIP Project List

<https://banningca.gov/DocumentCenter/View/10587/CIP-Update-May-2022>

Approved by:


Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Art Vela, Director of Public Works
Kevin Sin, Senior Civil Engineer

MEETING DATE: May 24, 2022

SUBJECT: Consideration of Resolution 2022-57, Awarding a Construction Agreement for Project No. 2022-02, "Street Rehabilitation at Various Locations" to Matich Corporation of San Bernardino, California in the Amount of \$848,796.00 and Establishing a Total Project Budget of \$933,675.60 and Rejecting All Other Bids

RECOMMENDATION:

The City Council adopt Resolution 2022-57 approving the following actions:

1. Approving a Construction Agreement for Project No. 2022-02, "Street Rehabilitation at Various Locations" to Matich Corporation of San Bernardino, California in the amount of \$848,796.00 and approving a 10% contingency in the amount of \$84,879.60 for a total project budget of \$933,675.60 and rejecting all other bids.
2. Authorizing the City Manager or his designee to make necessary budget adjustments, appropriations and transfers related to the Construction Agreement for Project No. 2022-02, "Street Rehabilitation at Various Locations" and to approve change orders within the 10% contingency.
3. Authorize the City Manager to execute the Construction Agreement with Matich Corporation for Project No. 2022-02, "Street Rehabilitation at Various Locations".

BACKGROUND:

Measure A

Voters in Riverside County approved Measure "A" in 1988, which authorized the Riverside County Transportation Commission to impose an additional one-half percent (0.5%) sales tax for the next 20 years to be used for improvements of state highways, public transit systems, and local streets. In 2002, voters in Riverside County approved a 30-year extension of the one-half percent sales tax for transportation improvements.

Annually, each City in Riverside County is required to submit a Five Year CIP, as approved by its governing board, to indicate how Measure "A" funding is to be utilized over the next five years. The list of streets to be improved as part of the Project are consistent with the approved Five-Year CIP adopted by City Council.

Senate Bill 1

Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statues of 2017) was passed by the Legislature and Signed into law by the Governor in April 2017 in order to address the significant multi-modal transportation funding shortfalls statewide.

Each city must include a list of all projects proposed to receive funding from the Road Maintenance and Rehabilitation Account (RMRA) created by SB 1, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement. A list of the proposed projects was approved by City Council on May 11, 2021. The approved list of projects are part of Project No. 2022-02, "Street Rehabilitation at Various Locations" ("Project").

Project

Public Works staff prepared plans and specifications for the Project's scope of work which includes the following items: grinding of existing asphalt concrete (AC) pavement; constructing new AC pavement; crack sealing of existing AC pavement; remove and replace broken sidewalks, curb and gutters; remove and replace access ramps to comply with ADA requirements; and remove and replace all affected pavement markings and striping. A list of streets for the various improvements can be found attached hereto.

A Notice Inviting to Bid and the Bid Documents for the Project were posted and advertised on the City's electronic bidding system, "ProcureNow" on April 6, 2022. In response to these efforts, five (5) bids were received on April 27, 2022 from the following contractors:

<u>Companies</u>	<u>Bid Amount</u>
1) Matich Corporation of San Bernardino, CA	\$848,796.00
2) Onyx Paving Company, Inc. of Anaheim, CA	\$972,000.00
3) Hardy & Harper, Inc. of Lake Forest, CA	\$995,000.00
4) Vance Corporation of Bloomington, CA	\$1,026,294.75
5) All American Asphalt of Corona, CA	\$1,163,138.20

The apparent lowest bidder is Matich Corporation of San Bernardino, California.

Purchasing and Public Works staff have conducted reference checks on Matich Corporation and found that the company was responsive and responsible on their contracts with other agencies. Public Works staff has also worked with Matich Corporation in the past and was satisfied with their work.

As a result, staff recommends that the Construction Agreement be awarded to the lowest responsive and responsible bidder, Matich Corporation of San Bernardino, California, in

the amount of \$848,796.00. A copy of the bid schedule for the lowest bid can be found attached hereto.

If awarded, staff anticipates the work to commence in the middle of June, 2022 and to be completed within sixty (60) working days or approximately three (3) months from the issuance of a Notice to Proceed.

JUSTIFICATION:

The Project will assist in maintaining the City's street network in good working order. Matich Corporation is the lowest responsive and responsible bidder to construct Project No. 2022-02, "Street Rehabilitation at Various Locations."

FISCAL IMPACT:

The Construction Agreement with Matich Corporation is for an amount of \$848,796.00 with a 10% contingency of \$84,879.60 for a total project budget amount of \$933,675.60.

The project shall be funded by the following sources:

Account No.	Amount
102-4904-431.93-15 (Street Improvements – SB1)	\$667,626.00
101-4900-431.93-16 (Street Improvements – Measure "A")	\$266,049.60

An appropriation in the amount of \$667,626 from the SB 1 Fund (balance estimated at \$840,000.00) will be required to fund the project.

ALTERNATIVES:

Reject Resolution No. 2022-57 and provide direction to staff.

ATTACHMENTS:

1. Resolution 2022-57
<https://banningca.gov/DocumentCenter/View/10558/Att-1-Resolution-2022-57>
2. Matich Corporation Bid Schedule
<https://banningca.gov/DocumentCenter/View/10556/Att-2-Matich-Corporation-Bid-Schedule>
3. Project List and Map of Street Improvements
<https://banningca.gov/DocumentCenter/View/10557/Att-3-Street-Improvements>

Approved by:



Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Art Vela, Director of Public Works/City Engineer
Kevin Sin, Senior Civil Engineer

MEETING DATE: May 24, 2022

SUBJECT: Consideration of Resolution 2022-58, Approving a List of Projects to be Funded for Fiscal Year 2022/2023 by Senate Bill (SB) 1 "The Road Repair and Accountability Act of 2017"

RECOMMENDATION:

That the City Council Adopt Resolution 2022-58, approving a list of projects for fiscal year 2022/2023 to be funded by SB 1, "The Road Repair and Accountability Act of 2017."

BACKGROUND:

Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by the Legislature and Signed into law by the Governor in April 2017 in order to address the significant multi-modal transportation shortfalls statewide.

SB 1 includes accountability and transparency provisions that will ensure the residents of our City are aware of the projects proposed for funding in our community and which projects have been completed each fiscal year. The City must include a list of all projects proposed to receive funding from the Road Maintenance and Rehabilitation Account (RMRA), created by SB 1, in the City budget, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvement.

The City will receive an estimated \$734,740 in RMRA funding in Fiscal Year 2022/2023 from SB 1. The City used a Pavement Management System to develop the SB 1 project list to ensure revenues are being used in an efficient and cost-effective manner.

The preliminary cost estimate for these proposed projects is \$730,000 as listed below.

- Hoffer Street AC Overlay (from 4th Street to 8th Street) - \$110,000
- George Street AC Overlay (from San Gorgonio Ave to 4th Street) - \$110,000
- Nicolet Street Slurry Seal (from 4th Street to 8th Street) - \$100,000

- 16th Street Slurry Seal (from Wilson Street to Ramsey Street) - \$100,000
- Williams Street Slurry Seal (from 16th Street to Sunset Avenue) - \$240,000
- Livingston Street Slurry Seal (from San Gorgonio Ave to 6th Street) – \$70,000

JUSTIFICATION:

Local agencies are required to submit a list of projects to be funded by RMRA funds to the California Transportation Commission (CTC) by July 1, 2022 in order to receive funding for Fiscal Year 2022/2023.

FISCAL IMPACT:

The State Department of Finance estimates that the City of Banning will receive \$734,740 in RMRA funding in FY 2022/2023 from SB 1.

ALTERNATIVES:

The City Council may choose not to adopt Resolution No. 2022-58 at this time, which as a result the City will not be eligible to receive SB 1 funding for the Fiscal Year 2022/2023.

ATTACHMENT:

1. Resolution 2022-58

<https://banningca.gov/DocumentCenter/View/10588/Att-1-Resolution-2022-58>

Approved by:



Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Laurie Sampson, Executive Assistant

MEETING DATE: May 24, 2022

SUBJECT: Consideration of Resolution 2022-59, Approving Amendment 1 to the Canon Financial Services Agreement for Copier Lease to Include Banning Electric Utility's Plotter for an Annual Purchase Order Amount not to Exceed \$22,000.00 through March 2026

RECOMMENDATION:

Staff recommends Council approve Resolution 2022-59, accepting an amendment to the Canon Financial Services agreement to lease copiers, to include Banning Electric Utility's plotter for an annual agreement amount not to exceed \$22,000.00 through March 2026.

BACKGROUND:

On December 8, 2020, Council approved Resolution 2020-149 to approve an agreement with Cell Business Equipment (CBE) to lease copiers for an annual cost not to exceed \$14,000 for 60 months. CBE contracts with Canon Financial Services (CFS) to service its lease agreements. On August 18, 2021, the Banning Electric Utility entered into an agreement with CBE to lease a plotter for a term of 36 months at an annual cost of \$5,962.80, including the cost of equipment insurance. The new total annual cost for this agreement is \$20,656.44. Staff is requesting approval for an amount not to exceed \$22,000.00 to cover unexpected costs such as late fees.

JUSTIFICATION:

Staff requires Council approval for the increase expenditure in order continue to pay for the leases agreements as required by contract.

FISCAL IMPACT:

The additional cost of \$5,962.80 per year will be paid out of account 670-7000-473.32-06.

ALTERNATIVES:

1. Approve Resolution 2022-59
2. Do not approve Resolution 2022-59 and provide alternative direction to staff.

ATTACHMENTS:

1. Resolution 2022-59
<https://banningca.gov/DocumentCenter/View/10561/Att-1-Resolution-2022-59-Approve-Canon-Agreement-Amendment>
2. Resolution 2020-149
<https://banningca.gov/DocumentCenter/View/10572/Att-2-CC-Resolution-No-2020-149>
3. Cell Business Equipment Agreement 729042-1
<https://banningca.gov/DocumentCenter/View/10559/Att-3-Contract-Number-729042-1>
4. Cell Business Equipment Agreement 729042-2
<https://banningca.gov/DocumentCenter/View/10560/Att-4-Contract-Number-729042-2>

Approved by:



Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Art Vela, Director of Public Works

MEETING DATE: May 24, 2022

SUBJECT: Consideration of Resolution 2022-60, Approving Amendment No. 2 to the Professional Services Agreement with IMEG Corporation Increasing the Total Compensation by \$8,703 and Extending the Term of Agreement through May 31, 2022 for Additional Construction Management Services (CMS)

RECOMMENDATION:

Staff recommends that the City Council adopt Resolution 2022-60:

1. Approving Amendment No. 2 to the Professional Services Agreement with IMEG Corporation for additional Construction Management Services at Banning Municipal Airport in the amount of \$8,703 and a term extension to May 31, 2022.
2. Authorizing the City Manager or his designee to make necessary budget adjustments, appropriations, and transfers related to Amendment No. 2 to the Professional Services Agreement with IMEG Corporation
3. Authorizing the City Manager or his designee to execute Amendment No. 2 to the Professional Services Agreement with IMEG Corporation of Ontario, California in the form approved by the City Attorney.

BACKGROUND:

Public Works Department staff submitted an initial construction grant application in December of 2020, and subsequently in June of 2021 the Federal Aviation Administration (FAA) approved the grant application and prepared a Grant Offer in the amount of \$425,650 to fund the construction phase of the project and recommended an additional 15% contingency be added to the project budget approval for unforeseen conditions that the FAA will approve if such conditions occur. Said FAA Grant Offer and associated FAA Agreement No. 3-06-0018-017-2021 was accepted by City Council on July 13, 2021 through Resolution No. 2021-66.

Award of Construction Management Services Contract

On March 31, 2020, staff released a Request for Proposal (RFP) for the "Design of Rehabilitation of the existing Runway and Taxiway at Banning Municipal Airport" to eight

(8) consultants from the on-call engineering list approved by City Council on September 10, 2019 under Resolution No. 2019-116 with proposals being due on April 17, 2020. In response to these efforts, one (1) proposal was received.

On August 25, 2020 under Resolution No. 2020-102, the City Council approved the Professional Services Agreement with IMEG Corporation for the “not to exceed” amount of \$56,970 for the “Design for the Rehabilitation of the existing Runway and Taxiway at Banning Municipal Airport.” The Scope of Work was to provide engineering design services for the rehabilitation of the existing airport runway and taxiway areas with crack sealing, slurry seal and the repainting of pavement markers. This work included design and Plans, a Restriping Plan, Construction Safety and Phasing Plan (CSPP), and project Specifications to rehabilitate and improve the safety and longevity of the airport runway and taxiway. The executed Professional Services Agreement is shown as Attachment 2.

On July 13, 2021 under Resolution No. 2021-67, the City Council approved Amendment No. 1 to the Professional Services Agreement with IMEG Corporation for Construction Management Services in the amount of \$27,500 and a term extension to January 31, 2022. The Scope of Work included Construction Management Services such as Contract Administration, Inspection, As-Built preparation, and FAA Grant Closeout assistance. The detailed Scope of Work is outlined in Attachment 3, Amendment No.1. Resolution No. 2021-67 also approved the Construction Agreement for Project No. 2020-06, “Runway and Taxiway Improvements at Banning Municipal Airport” with American Road Maintenance of Tucson, Arizona in the amount of \$394,149.35.

The scope of work under the construction Project No. 2020-06, “Runway and Taxiway Improvements at Banning Municipal Airport” included weed abatement in the larger cracks, crack routing and sealing, slurry (fog) sealing and the reapplication of striping and pavement markings of the runway, taxiway, and apron all in accordance with the FAA Standards, City of Banning Standards, Standard Specifications for Public Works Construction and the Project Plans and Specifications. The project has been completed and a Notice of Completion will be filed soon.

During the construction phase, there were four days that had weather with intermittent showers whereby the contractor and IMEG Corporation Inspector waited at the job site, but work could not be effectively performed. Additionally, there was conflicting construction that the contractor encountered during construction. Thus IMEG Corporation required additional inspector time, travel time, construction management, and associated direct expenses to complete the work with oversight as required by the FAA. These costs are reflected in Amendment No. 2, shown as Attachment 4.

JUSTIFICATION:

Due to inclement weather and ensuing weather delays, the construction phase took an additional four days to complete the work and inspection and construction management services from IMEG Corporation were required to ensure that the Plans and Specifications were followed. The additional labor and expenses during construction

were required for a combination of weather delays and conflicting construction that the contractor encountered during construction.

FISCAL IMPACT:

FAA Grant No. 3-06-0018-017-2021 is fully covering the contractor costs of \$394,149.35, consultant construction management costs of \$27,500 and an additional \$8,000 for Public Works' staff time to manage the construction and consultant contracts and prepare and submit required FAA forms. The FAA is currently providing one hundred percent (100%) of the project's funding by using entitlement and/or discretionary grant funding. The additional Construction Management Services (CMS) provided by IMEG Corporation will be a "not to exceed" amount of \$8,703 and will be funded with project savings (an underrun) of \$8,703 from the Construction contract. The total IMEG Corp contract amount will be for a "not to exceed" amount of \$93,173. There was an underrun on the Construction Contract equaling the overrun on the CMS Contract, so the entire project budget and costs will remain the same and are all funded by the FAA. The costs will be funded by an appropriation to the following account: Airport Fund, Account 600-5100-435.90-41 which in turn will be fully reimbursed by the FAA Grant 3-06-0018-017-2021, with no cost to the City. The FAA has already approved Amendment No. 2.

ALTERNATIVES:

The City Council may choose not to adopt Resolution 2022-60 at this time, which would result in the City not being eligible to receive FAA Grant funding to pay IMEG Corporation for the additional required CMS.

ATTACHMENTS:

1. Resolution 2022-60
<https://banningca.gov/DocumentCenter/View/10565/Att-1-Resolution-2022-60>
2. Agreement for Professional Services with IMEG Corporation
<https://banningca.gov/DocumentCenter/View/10562/Att-2-Executed-PSA-with-IMEG-C00671-9112020>
3. Amendment No. 1 to the IMEG Corporation Agreement
<https://banningca.gov/DocumentCenter/View/10563/Att-3-Amendment-No-1>
4. Draft Amendment No. 2 to the IMEG Corporation Agreement
<https://banningca.gov/DocumentCenter/View/10564/Att-4-Draft-Amendment-No-2>

Approved by:



Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Art Vela, Director of Public Works

MEETING DATE: May 10, 2022

SUBJECT: Consideration of Resolution 2022-61, Approving the Short-Range Transit Plan for Fiscal Years 2022/2023 through 2024/2025 and Authorize the Submittal of the Fiscal Year 2022/2023 Funding Claims

RECOMMENDATION:

Adopt Resolution 2022-61, approving the Short-Range Transit Plan (SRTP) for Fiscal Years 2022/2023 through 2024/2025 and authorizing submittal of the FY 2022/2023 funding claims.

BACKGROUND:

The Riverside County Transportation Commission (RCTC) is responsible by statute for developing and approving a SRTP for Riverside County (PUC 130303). The SRTP is intended to serve three purposes:

- Identify the transit operation services and capital improvements required to meet the transit needs of Riverside County over a three-year period and the proposed sources of funding to carry out the plan.
- Serve as a management tool for the operators to guide their activities over the next year.
- Provide justification for operating and capital assistance funds.

RCTC is tasked with allocating two primary funding sources to transit agencies: Local Transportation Fund (LTF) and State Transit Assistance (STA). RCTC also allocates State of Good Repair (SGR) funds.

LTF

LTF is derived from a quarter-cent of the statewide general sales tax and is returned to the source from which it was generated. The three areas of apportionment within Riverside County are the Western County, Coachella Valley, and Palo Verde Valley. LTF revenues received from the California Department of Tax and Fee Administration are allocated by RCTC for program administration, regional and local transportation planning, bicycle and

pedestrian facilities projects, and transit services. LTF provides a dependable revenue stream for Riverside County public transportation operations.

STA

STA is derived from the statewide sales tax on diesel fuel. STA is allocated by the state to Riverside County based on population and as a percentage of transit fare revenue. STA revenues received from the State Controller are allocated by RCTC for capital projects related to Riverside County's public transit operators.

SGR

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 (Chapter 5, Statutes of 2017), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred to as the SGR Program. This program receives funding of approximately \$105 million annually. SGR funds are to be made available for eligible transit maintenance, rehabilitation and capital projects.

Every year the City of Banning is required to prepare a SRTP and submit it to RCTC to receive LTF and STA funds. The City's SRTP identifies its operational and capital funding needs to continue to provide transit service to the community.

JUSTIFICATION:

The City's transit operations depend on LTF, STA and SGR funds to cover its operational and capital expenses. In order to receive this funds the City must submit its formally approved SRTP. The 2022/2023 – 2024/2025 has been developed by Public Works staff and reviewed by RCTC staff, who has deemed the SRTP ready for approval.

FISCAL IMPACT:

As proposed in the SRTP, the City will request the following funds:

Operations
LTF: \$1,866,500
STA: \$15,000
SGR: \$24,903
Total: \$1,906,403

Capital
STA: \$2,580,000

As an obligation of receiving the LTF funds, the City is obligated to provide a 10% farebox recovery match. Based on FY 2021/2022 projections, staff estimates that FY 2022/2023 farebox revenue will be approximately \$60,489, less than the expected 10% of LTF (\$186,500).

ALTERNATIVES:

Do not approve Resolution 2022-61. Without an approved SRTP to submit to RCTC, the City would not receive the requested funding.

ATTACHMENTS:

1. Resolution 2022-61

<https://banningca.gov/DocumentCenter/View/10582/Att-1-Resolution-2022-61-SRTP>

2. Short Range Transit Plan

<https://banningca.gov/DocumentCenter/View/10583/Att-2-Banning-SRTP-V20-5922-Final>

Approved by:



Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Matthew Hamner, Chief of Police
Jeff Horn, Police Captain

MEETING DATE: May 24, 2022

SUBJECT: Consideration of Resolution 2022-62, Approving an Agreement with Aikins IT to Provide, Install, and License Cameras for the Banning Police Station in the amount of \$138,334

RECOMMENDATION:

Staff respectfully recommend the City Council:

- approve the agreement of Aikins IT as the vendor to provide, install, and license cameras for the Banning Police Department; and,
- Authorize the City Manager or his designee to make the necessary budget adjustments, appropriations, and transfers related to the agreement with Aikins IT.

BACKGROUND:

During the April 12, 2022, City Council Meeting, the use of the American Rescue Plan Act (ARPA) funds to purchase and install cameras for the Banning Police Department. This staff report is requesting the use of vendor, Aikins IT, to provide the cameras and complete the installation. The cameras are from Verkada with Aikins IT as the reseller. The Verkada cameras are a significant upgrade from the current camera system that is, in part, 12 years old.

JUSTIFICATION:

The current camera system is 12-years old. This upgrade will modernize the system and provide a significant upgrade to the system. This includes adding cameras in areas of the police department that previously did not have coverage. This helps to create a more secure building and capture video of any potential foul play or chicanery. The cameras help victims of crime feel more secure by capturing images of potential suspects and allowing their story to be told and prevents further victimization.

FISCAL IMPACT:

This camera upgrade is coming from the previously approved ARPA funding. Aikins IT provided a Cooperative Price, called Organization for Educational Technology and Curriculum (OETC). This agreement is for the installation, cameras, and a 5-year licensing agreement. This will be reviewed at the end of the 5-year agreement for renewal. The funding includes \$138,334 in ARPA Funds that were approved on April 12, 2022, to be drawn from Account: 001-2200-421.90-15.

ALTERNATIVES:

The City Council may choose to reject staff's recommendation and provide alternative direction.

ATTACHMENTS:

1. Resolution 2022-62
<https://banningca.gov/DocumentCenter/View/10569/Att-1-Resolution-2022-62-Aikins-IT-Agreement>
2. Aikins IT Quote
<https://banningca.gov/DocumentCenter/View/10566/Att-2-Aikins-IT-Camera-System-Quote>
3. Aikins IT Quote for Installation
<https://banningca.gov/DocumentCenter/View/10567/Att-3-Aikins-IT-Installation-Quote>
4. Organization for Educational Technology and Curriculum (OETC) Cooperative Pricing
<https://banningca.gov/DocumentCenter/View/10568/Att-4-OETC-21B-CameraVideo-Verkada-3-24>

Approved by:



Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Art Vela, Director of Public Works
Holly Stuart, Public Works Program Manager

MEETING DATE: May 24, 2022

SUBJECT: Consideration of Resolution 2022-63, Establishing Rates for
Fiscal Year 2023 Solid Waste Collection, Transportation,
Disposal and Recycling Services

RECOMMENDATION:

Staff recommends that City Council adopt 2022-63:

1. Establishing Fiscal Year 2022/2023 solid waste rates and an increase for Collection, Transportation, Disposal and Recycling Services.
2. The Fiscal Year 2022/2023 rate adjustment for the Collection, Transportation, Disposal and Recycling of Solid Waste services shall be effective July 1, 2023 and is equal to an overall increase of 4%.
3. Rescind all previous Collection, Transportation and Disposal of Solid Waste rate structures.

BACKGROUND:

On April 27, 2021, City Council approved a new solid waste franchise agreement with Waste Management of the Inland Empire (Waste Management) for Residential and Commercial Garbage, Recyclable Materials and Organics Waste Collection, Transportation, Recycling and Disposal Services (Franchise Agreement), effective July 1, 2021. The Franchise Agreement establishes many services provided to the community and helps ensure that the City complies with State solid waste regulations. The term of the Franchise Agreement is valid through June 30, 2041.

As part of the initial approval, the City proposed a rate increase to cover the cost of the services provided under the newly adopted Franchise Agreement. In order to establish the new rates, it was identified that a Proposition (Prop) 218 process was required. As a result, on May 7, 2021, staff mailed Prop 218 notices to rate payers and property owners providing public hearing information, an explanation of the proposed charges, and instructions for submitting a protest. The notification identified that there would be

scheduled residential rate increases and annual adjustments for increases in operational cost and mandatory recycling and organics recycling programs. A public hearing was held on June 22, 2021 at which time City Council considered all protests and objections concerning the rates. Since a majority protest was not received by the public, the rates were approved.

At the time, it was established that there would be annual increases to the monthly rate for residential accounts in the amount of \$1.36 effective July 1, 2022 and in the amount of \$1.36 effective July 1, 2023. These scheduled rate increases reflect the cost of implementing new residential organic programs that are included as part of the bundled residential collection services and are in addition to approved increases related to the Consumer Price Index (CPI).

The Prop 218 approval also authorized annual rate adjustments beginning on July 1, 2022 and each July thereafter through July 1, 2025 based on the percentage increase of the Consumer Prices Index (CPI-U) published by the U.S. Department of Labor, Bureau of Labor Statistics, for All Urban Consumers in the Riverside-San Bernardino-Ontario area, using the change in the 12-month annual average of CPI-U index values between the January to December period of the prior year (the previous year), and the January to December period of the year before the prior year (the prior previous year). The annual adjustment, per the Prop 218 notice, has a one percent (1.00%) (the "Floor") and cannot exceed four percent (4.00%) (the "Cap"). In the event that the annual CPI adjustment exceeds the cap or is less than the Floor, the amount above the Cap or below the Floor shall be carried over into any succeeding year until such time it may be applied without violating the Cap or Floor limits.

JUSTIFICATION:

As permitted by the Franchise Agreement, Waste Management requested an annual rate adjustment for Fiscal Year 2022/2023 (July 1, 2022 – June 30, 2023), as shown in the attached letter.

Pursuant to the Franchise Agreement, there are four components to the solid waste rates that may be adjusted and require evaluation: 1) Service Component; 2) Disposal Component 3) Organics Waste Processing Component 4) Recycling Processing Component. The rate adjustment method outlined by the Franchise Agreement is not consistent with the Prop 218 approval, which limits annual increases to 4%. As a result, and in order to avoid delays, Waste Management agreed to limit the rate increase applied for Fiscal Year 2023 to the 4% cap identified by Prop 218 with the acknowledgement that the City is not in compliance with the terms of the Franchise Agreement and understanding that a future Prop 218 hearing will be held in order to implement the rate adjustment methodology identified in the Franchise Agreement.

Based on the methodology of the Franchise Agreement and the Prop 218 approval mentioned above, the increase in CPI for each annual rate adjustment has a 1% "Floor" and 4% "Cap". For this period, the CPI is 5.8%. As a result, a 4% increase was applied to the

rate adjustment and 1.8% shall be carried forward into any succeeding year until such time it may be applied without violating the Cap or Floor limits. For informational purposes, staff will continue to report future rate adjustments to the City Council prior to implementation.

FISCAL IMPACT:

The current residential rate for the collection of refuse is \$24.75 per month per household and the rate will increase to \$27.10 (includes the \$1.36 adjustment also). The commercial rate will be adjusted accordingly, as shown in the attached residential and commercial rate schedule. The new rate schedule will be effective July 1, 2023.

ALTERNATIVE:

Reject Waste Management's request to increase solid waste rates. If rejected, pursuant to the Franchise Agreement, WM shall have the right to dispute the denial action by pursing measures outlined in the Franchise Agreement.

ATTACHMENTS:

1. Resolution 2022-63 with Proposed Solid Waste Rates
<https://banningca.gov/DocumentCenter/View/10592/Att-1-Resolution-2022-63-Solid-Waste-Rate-Adjustment>
2. Proposed Solid Waste Rates for FY2023
<https://banningca.gov/DocumentCenter/View/10595/Att-2-FY-2023-Draft-Rates>
3. Waste Management Rate Increase Letter dated May 11, 2022
<https://banningca.gov/DocumentCenter/View/10596/Att-3-WM-Letter>
4. Rate Comparison with Other Local Providers
<https://banningca.gov/DocumentCenter/View/10597/Att-4-Rate-Comparison>

Approved by:



Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Tom Miller, Electric Utility Director

MEETING DATE: May 24, 2022

SUBJECT: Consideration of Resolution 2022-64 Awarding Engineering Services and System Analysis for 220kV Substation Connection to the Southern California Edison (SCE) 220kV System to Auriga Corporation of Milpitas, California

RECOMMENDATION:

Staff recommends awarding engineering services and system analysis for a 220kV substation connection to the Southern California Edison (SCE) high voltage system to Auriga Corporation, Milpitas, California. The amount of the contract is \$258,500 plus a 10-percent contingency.

BACKGROUND:

Banning Electric Utility's (BEU) February 2006 10-System Master Plan considered the construction of a 220kV transmission interconnection to adequately serve the growing load in the city of Banning. In 2009, BEU built the Sunset Distribution Substation in the north central area of the City anticipating the Atwell Master Planned Community. A larger piece of property was procured contemplating a transmission interconnection substation at the Sunset site. It was anticipated that the 220kV substation would be needed as the load achieved 75 MWs of peak demand. With the recession in 2008 and slow recovery, the load has not grown as forecasted or anticipated. Current peak load has been hovering around 50 MWs.

In 2016, SCE upgraded their transmission system in the San Gorgonio Pass area with the addition of their El Casco facilities. This included upgrading the SCE Banning Substation. BEU requested a third 34.5kV interconnection from the SCE Banning Substation and custom contracted for 46 MWs take or pay under SCE's Wholesale Distribution Access Transmission (WDAT).

The contract has a ten-year term from September 2017 to August 2027 and the annual payment growing from \$386,000 to \$3.8 million. In 2018, GDS was hired to complete a cost-benefit analysis to see if the investment in a 220kV asset would mitigate BEU's

WDAT annual payment. The results of the analysis were inconclusive. Since load was still waning, the 220kV project was postponed.

JUSTIFICATION:

In 2020, Tri Point Homes made application for over 890 new home building permits in Phase 1 of their Atwell Master Planned Community. Simultaneously, the City passed an ordinance approving cannabis cultivation including 8 new building permits. A host of other new commercial and industrial building permits quickly made the City of Banning the fastest growing community in California. With the new construction comes new electric load growth. This is prompting the system analysis and impact, application for interconnection, and 220kV substation design. We recommend interconnecting to SCE 220kV transmission service which is operated by the CAISO and bypasses SCE's WDAT and custom contract. Building and controlling a city-owned asset mitigates the \$3.8 million annual SCE WDAT payment.

FISCAL IMPACT:

The 220kV analysis and engineering services will be assigned to Electric CIP reserves Fund 673. Currently, \$250,000 is budgeted in 673-7000-473-96-47.

ALTERNATIVES:

1. Approve Resolution 2022-64 as presented.
2. Approve Resolution 2022-64 with modifications.
3. Do not approve Resolution 2022-64 and provide staff alternate direction.

ATTACHMENTS:

1. Resolution 2022-64
<https://banningca.gov/DocumentCenter/View/10586/Att-1-Resolution-2022-64-Auriga>
2. Auriga Corporation Bid
<https://banningca.gov/DocumentCenter/View/10584/Att-2-Auriga-Bid-Document>
3. Draft Agreement with Auriga Corporation
<https://banningca.gov/DocumentCenter/View/10585/Att-3-C00755-AURIGA-CORPORATION---Draft2>

Approved by:



Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Tom Miller, Electric Utility Director
Jim Steffens, Power Resources & Revenue Administrator

MEETING DATE: May 24, 2022

SUBJECT: Summer 2022 Energy Prices

SUMMARY:

Traditionally the Electric Utility (“Utility”) fully hedges the price of its expected energy needs for each summer (July through September). However, due to the exorbitant contract prices of financial energy hedges for the summer of 2022, the Utility is currently situated to be short this summer for the hours from 2 PM to 10 PM. Based on average summer peak load data from 2021, the Utility will be short a high of 7 MW for the hour 8 PM. However, if the summer of 2022 is hotter than the summer of 2021, or if any other factors increase its load, the Utility could be even shorter. Nevertheless, the Utility is currently operating under the premise that, unless the contract prices of financial energy hedges drop significantly before the summer begins, the Utility will maintain its current short position.

BACKGROUND:

The Utility’s load is much higher in the summer than during the rest of the year. For example, the **average** peak load during the non-summer months is 15 MW, while the **average** peak load during the summer is 37 MW. Similarly, the **highest** non-summer peak load in 2021 was 24 MW, while the **highest** summer peak load was 49 MW. (It should be noted that although the highest peak load in the summer of 2021 was 49 MW, only 1% of the hours in the summer of 2021 were greater than 45 MW, only 7% of the hours were greater than 40 MW, and only 17% of the hours were greater than 35 MW.)

The Utility has 15 MW of baseload resources, and 8 MW of solar resources. With this resource portfolio, the Utility has excess resources for the non-summer months but is short resources for the hot summer months. Traditionally, to cover the shortfall each summer the Utility enters into financial energy hedges to reduce the price volatility of the energy that we must purchase in the CAISO wholesale energy markets. These financial energy hedges ensure that the Utility will be paying a predetermined fixed price for energy that we purchase in the CAISO Day Ahead energy markets for every hour hedged. For example, consider a hedge with a contract price of \$50 per MW. For every hour during

the term of the hedge, we pay the counterparty \$50 per MW. In return, the counterparty pays us per MW what the wholesale CAISO Day Ahead market price is for that hour. The net result is that we pay \$50 per MW, no matter what the CAISO wholesale market price is. If the CAISO price for a particular hour is greater than \$50, the hedge is successful for that hour, and we reduce our energy expenses. If the CAISO price is less than \$50 per MW, we pay more for the energy than we would have absent the hedge. Either way, the goal of the hedge is to reduce the volatility of our summer energy expenses. The key is to enter into hedges with favorable contract prices. If we lock in prices that are too expensive, it can have a detrimental effect on our budget. Historically, the Utility has judiciously chosen favorably priced financial hedges that have reduced summer energy expenses every summer except for one summer.

Hedges come in three different standard hourly time periods: (1) “24 Hours per Day”; (2) “Traditional Peak” – 16 hours per day (7 AM to 10 PM); or (3) “Super Peak” – 9 hours per day (2 PM to 10 PM). The Utility generally enters into a mixture of 24 Hour per Day and Super Peak hedges to match our summer load as closely as possible. The Utility was able to enter into an 8 MW, 3-year summer strip of 24 Hour per Day hedge at an elevated, but not unreasonable, price of \$76.50 per MW. However, the contract prices for the Super Peak hedges have been so high for the summer of 2022, the Utility has not been able to procure them at a reasonable contract price level. Super Peak contract prices were \$66 for the summer of 2020 and \$98 for the summer of 2021. However, the Super Peak contract prices for the summer of 2022 have been greater than \$170 per MW. Even with going out into the future with a 3-year summer strip, the Super Peak prices are still greater than \$150. To put these prices in perspective, the average CAISO Super Peak wholesale prices in the summer of 2021 was \$89. Locking in a price as high as \$170 for 828 hours per contracted MW (92 summer days x 9 hours per day = 828 hours) could have detrimental effects upon the Utility’s budget. Granted, it is likely that summer Super Peak energy prices will be higher this summer due to the reasons discussed below. But absent a crystal ball, it still may not be prudent to lock in prices so high. For all we know, this could end up being a somewhat normal summer from a weather perspective. For example, the summer of 2020 had two days with rolling blackouts, leading everyone to be concerned about the summer of 2021. However, the summer of 2021 was uneventful with stable wholesale energy prices.

Attachment 1 shows the Utility’s available resources for this summer compared to the average hourly peak loads from the summer of 2021. Compared to the average hourly peaks of summer 2021, the Utility has sufficient or excess resources from 11 PM at night until 1 PM in the afternoon. However, the Utility is short resources from 2 PM to 10 PM. This time is the period usually covered by the Super Peak hedges. Based upon the 2021 data, the largest shortage we have for covering the average peak is 7 MW during the hour 8 PM. The four hours highlighted in orange and yellow indicate the evening hours when the CAISO wholesale energy prices tend to be the highest.

There are several reasons why the Super Peak contract prices have been so high for this summer:

1. It was anticipated that approximately 4,000 MW of additional battery storage was going to be added to the CAISO grid during the first half of 2022 to help cover the summer evening peak loads. However, due to supply chain issues, approximately 40% of these projects will not be ready by the summer.
2. A recent CAISO tariff change has caused some market uncertainty, and traders have priced in this uncertainty.
3. The drought is now in its third year, meaning that there will be less hydroelectricity this summer.
4. The war in Ukraine has elevated natural gas prices and brought a lot of uncertainty into the natural gas markets for this summer. This factor will likely affect the price of energy during the evening peak hours after the solar resources on the grid have dissipated. Once the sun goes down, natural gas peaker plants are a significant source of energy on the grid.

The Utility has already taken steps to create a long-term solution to this issue. To help ensure that the Utility never faces this issue again, the Utility has started hedging further out into the future. By spreading out when we enter hedges, we will be much better prepared in case there are pricing anomalies in any one year. We already have a 3-year summer strip hedge, which is 24 Hour per Day, 8 MW, and covers the summers of 2022 through 2024 at a contract price of \$76.50. Additionally for the summer of 2024, we have entered into a 5 MW Super Peak hedge at a reasonable contract price of \$97.50, and a 5 MW Traditional Peak hedge at a very reasonable contract price of \$70.25.

Another longer-term partial solution would be to add our own battery storage resources once the prices of battery storage become more economically attractive. The Utility could then use the battery storage to serve load during the expensive evening hours when solar is coming off the grid. Conversely, adding more solar would not help the pricing issue as the greatest price volatility occurs in the evening hours when solar stops producing.

However, the ultimate solution is that enough energy storage will be added to the CAISO grid that the high evening CAISO wholesale energy prices will get arbitrated away. It is extremely certain that this solution will occur, the only question is when. There are thousands of MW of energy storage projects either in the CAISO queue or waiting to be added to the CAISO queue. The timing of many of these projects will depend on the supply chain issues. Many experts estimate that there will be sufficient energy storage on the grid by the summer of 2025 to arbitrage away the high evening energy prices.

FISCAL IMPACT:

There are too many variables to do an exact analysis of the fiscal impacts of either entering into Super Peak hedges at these elevated prices or not. We would have to estimate our load for every summer hour from 2 PM to 10 PM and estimate the CAISO wholesale energy prices for every summer hour from 2 PM to 10 PM. Without a crystal ball, accurately estimating these variables is nearly an impossible task.

However, we have done a break-even analysis based upon: (1) the Super Peak contract price; and (2) a percentage increase in CAISO wholesale energy prices during the Super Peak summer hours compared to those same hours from the summer of 2021. For example, if we were to enter into a Super Peak hedge with a contract price of \$170, Super Peak CAISO wholesale energy prices would have to increase 91% from the summer of 2021 in order for the Utility to break even on the hedge. This summer has some unique issues occurring, but we have never seen a CAISO wholesale energy price increase of this magnitude since the western energy crisis of 2001.

The break-even analysis also offers another useful reference point. The analysis shows that if the average Super Peak prices increase 0% from the average Super Peak prices of summer 2021, entering into a 10 MW Super Peak hedge at a price of \$170 would increase energy expenses by \$671,000.

ALTERNATIVES:

1. Enter a Super Peak hedge of 5-10 MW at current elevated prices. At this MW level, the Utility would be covered to a level equivalent to the average peak of the summer of 2021. However, the contract price is so high right now that locking in the current price would put the Utility significantly over budget.
2. Wait and hope for a dip in Super Peak contract prices. Hedges for the summer can be entered into up to June 29th. If there is no dip, go into the summer short for the hours from 2 PM to 10 PM. Based on 2021 data, the largest shortage for covering estimated average peak is 7 MW during the hour 8 PM. This option exposes the Utility to market price volatility, which would be manageable under most conditions, but which could also be substantial if there is a major Black Swan event this summer.

ATTACHMENTS:

1. Utility Resources vs. Hourly Peaks from Summer 2021
<https://banningca.gov/DocumentCenter/View/10589/Att-1-Utility-Resources-vs-Hourly-Peaks>

Approved by:



Douglas Schulze
City Manager



CITY OF BANNING STAFF REPORT

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

MEETING DATE: May 24, 2022

SUBJECT: Consideration of an Exclusive Negotiation Agreement (ENA)
Between City of Banning, Grandave Capital, LLC, and First
Industrial Realty Trust

RECOMMENDATION:

A motion authorizing the City Manager to enter into an Exclusive Negotiation Agreement between the City of Banning, Grandave Capital, LLC, and First Industrial Realty Trust for APNs 532-130-011, 012 and 018; 150-002 and 003; 532-180-034; 532-240-009; and 532-250-009.

BACKGROUND:

The City of Banning owns the land identified as APNs 532-130-011, 012 and 018; 150-002 and 003; 532-180-034; 532-240-009; and 532-250-009, generally known as Banning Municipal Airport. On October 27, 2020, the City entered into a previous ENA with Grandave which expired on April 30, 2021; that was extended by a second ENA that was entered into on April 27, 2021 which was to expire on December 31, 2021; and the City and Grandave then entered into still another ENA dated January 1, 2022 which expires on June 30, 2022 ("Existing Grandave ENA"). While progress has been made, the project has not advanced far enough to obtain any entitlement permits.

Recently, Grandave Capital requested a meeting to discuss changes to their proposed project and the addition of First Industrial Realty Trust as a partner and lead developer. During the meeting, Grandave and First Industrial proposed a project that would require closure of Banning Municipal Airport, construction of industrial/warehouse buildings and film production studios for Grandave. The proposal includes an offer to purchase the airport property for \$150,000,000.

The ENA establishes the conditions and deliverables that will be necessary to complete the sale of the property and future development project, including closure of the airport. The term of the ENA is eighteen (18) months with a one-time extension of six (6) months. A fee of \$2,000,000 will be paid to the City for the ENA, which will be credited against the \$150,000,000 purchase price. In addition, a deposit of \$100,000 will be made for

reimbursement of City costs associated with the ENA, airport closure, drafting of the Disposition and Development Agreement, etc.

A frequent argument against closure of Banning Municipal Airport has been Cal Fire use of the airport for wildfires. This argument has not factual foundation as noted by the attached letter from Fire Division Chief Todd Hopkins. The airport is subsidized by the General Fund and financial sustainability of the airport is limited by the 4900' runway length and absence of a Fixed Base Operator. Neither limitation can be cured.

JUSTIFICATION:

The proposed First Industrial/Grandave re-development of Banning Municipal Airport generates substantial one-time as well as ongoing revenue for the City of Banning. The project will create thousands of new jobs.

FISCAL IMPACT:

Costs associated with the Exclusive Negotiated Agreement will be reimbursed by First Industrial Realty Trust. Substantial revenue will be generated by the proposed project, which will include property tax on over 230 acres of land that is currently exempt, plus improvements to the property estimated to exceed \$2B. Sales taxes generated by the project will vary depending on future tenants that will occupy the business park.

ALTERNATIVES:

1. Approve as recommended.
2. Approve with modifications.
3. Do not approve.

ATTACHMENTS:

1. Draft Exclusive Negotiation Agreement
<https://banningca.gov/DocumentCenter/View/10607/Att-1-FIRT-Grandave-Redline-Comments>
2. Aerial Photo of Banning Municipal Airport parcels
<https://banningca.gov/DocumentCenter/View/10570/Att-2-Aerial-Banning-Airport-Surplus-Land-05-17-2021>
3. Cal Fire Letter Regarding Banning Municipal Airport
<https://banningca.gov/DocumentCenter/View/10571/Att-3-Banning-Airport-CM>

Approved by:



Douglas Schulze
City Manager