



City of Los Banos

At the Crossroads of California

www.losbanos.org

AGENDA

CITY COUNCIL MEETING

CITY HALL COUNCIL CHAMBERS
520 J Street
Los Banos, California

FEBRUARY 19, 2020

If you require special assistance to attend or participate in this meeting, please call the City Clerk's Office @ (209) 827-7000 at least 48 hours prior to the meeting.

The City of Los Banos complies with the Americans with Disabilities Act (ADA) of 1990.

Si requiere asistencia especial para atender o participar en esta junta por favor llame a la oficina de la Secretaria de la ciudad al (209) 827-7000 a lo menos de 48 horas previas de la junta.

La Ciudad de Los Banos cumple con la Acta de Americanos con Deshabilidad (ADA) de 1990.

Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection at the meeting and in the City Clerk's office located at City Hall, 520 J Street, Los Banos, California during normal business hours. In addition, such writings and documents may be posted on the City's website at www.losbanos.org.

Cualquier escritura o los documentos proporcionaron a una mayoría del Ayuntamiento respecto a cualquier artículo en este orden del día será hecho disponible para la inspección pública en la reunión y en la oficina de la Secretaria de la ciudad en City Hall, 520 J Street, Los Banos, California durante horas de oficina normales. Además, tales escrituras y los documentos pueden ser anunciados en el website de la ciudad en www.losbanos.org.

1. CALL TO ORDER. **7:00 PM**
2. PLEDGE OF ALLEGIANCE.
3. ROLL CALL: (City Council Members)
Faria ____, Johnson-Santos ____, Jones ____, Lewis ____, Villalta ____
4. CONSIDERATION OF APPROVAL OF AGENDA.
5. PUBLIC FORUM. (Members of the public may address the City Council Members on any item of public interest that is within the jurisdiction of the City Council; includes agenda and non-agenda items. No action will be taken on non-agenda

items. Speakers are limited to a five (5) minute presentation. Detailed guidelines are posted on the Council Chamber informational table.)

6. **CONSIDERATION OF APPROVAL OF CONSENT AGENDA.** (Items on the Consent Agenda are considered to be routine and will be voted on in one motion unless removed from the Consent Agenda by a City Council Member.)

A. Check Register for #220240 – #220547 in the Amount of \$1,080,800.60.

Recommendation: Approve the check register as submitted.

B. Minutes for the February 5, 2020 City Council Meeting.

Recommendation: Approve the minutes as submitted.

C. City Council Resolution No. 6182 – Authorizing the Release of Unclaimed Checks Pursuant to California Government Code Section 50055 to the City of Los Banos.

Recommendation: Approve the resolution as submitted.

7. **INDUSTRIAL RECRUITMENT STRATEGY UPDATE PRESENTATION.**

Recommendation: Informational item only, no action to be taken.

8. **CONSIDERATION OF APPROVAL OF CITY COUNCIL RESOLUTION NO. 6183 – ACCEPTING THE 2018-2019 FISCAL YEAR AUDIT REPORTS CONSISTING OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR), AND THE GOVERNMENT AUDITING STANDARDS REPORT.**

Recommendation: Receive the staff report and adopt the resolution as submitted.

9. **CONSIDERATION OF APPROVAL OF CITY COUNCIL RESOLUTION NO. 6184 – AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH MARK THOMAS & COMPANY, INC. FOR ENGINEERING SERVICES FOR THE PIONEER ROAD WIDENING PROJECT.**

Recommendation: Receive staff report and adopt the resolution as submitted.

10. **CONSIDERATION OF APPROVAL OF CITY COUNCIL RESOLUTION NO. 6185 – AUTHORIZING AND APPROVING THE PURCHASE OF APPROXIMATELY 3.6 ACRES LOCATED AT 1111 G STREET, IN THE CITY OF LOS BANOS (APN 026-161-003 AND A PORTION OF APN 026-161-008) FOR THE FUTURE SITE OF THE NEW POLICE STATION.**

Recommendation: Receive staff report and adopt the resolution as submitted.

11. **CONSIDERATION OF OPTIONS TO REVISE THE COMPOSITION OF THE MERCED COUNTY ASSOCIATION OF GOVERNMENTS GOVERNING BOARD.**

Recommendation: Receive the staff report and direction from the City Council on how to proceed.

12. ADVISEMENT OF PUBLIC NOTICES. (Three Reports.)
13. CITY MANAGER REPORT.
14. REPORT/UPDATE ON MERCED COUNTY ASSOCIATION OF GOVERNMENTS (MCAG) AND MEASURE V COMMITTEE.

Recommendation: Informational item only, no action to be taken.

15. CITY COUNCIL MEMBER REPORTS.
 - A. Daronica Johnson-Santos
 - B. Brett Jones
 - C. Deborah Lewis
 - D. Tom Faria
 - E. Mayor Mike Villalta
16. CLOSED SESSION – Conference with Labor Negotiators, Pursuant to Government Code Section 54957.6, Agency Designated Representatives: City Manager Terrazas, City Attorney Vaughn, City Clerk/Human Resources Director Mallonee, Finance Director Williams, Police Chief Brizzee, Fire Chief Hurley, Legal Counsel Tuffo; Employee Organizations: Los Banos Police Officers Association (LBPOA), Los Banos Police Sergeants Association (LBPSA), Los Banos Fire Fighters Association (LBFFA), Los Banos Police Dispatchers/Community Services Officers Association (LBPDCSOA), Los Banos Public Employees Union (Public Works) Local 1/AFSCME and Unrepresented Miscellaneous Employees.
18. ADJOURNMENT.

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing agenda was posted on the City Hall bulletin board not less than 72 hours prior to the meeting.



Sara Blevins, Deputy City Clerk

Dated this 14th day of February 2020

CK # 220240 - # 220547

02/19/2020

\$1,080,800.60

Bank Reconciliation



City of
Los Banos
At the Crossroads of California

Checks by Date

User: jcanchola

Printed: 02/11/2020 - 10:03AM

Cleared and Not Cleared Checks

Print Void Checks

Check No	Check Date	Name	Module	Void	Amount
220242	1/31/2020	Alhambra	AP		153.20
220243	1/31/2020	Ameripride Services	AP		298.58
220244	1/31/2020	Aramark Uniform Ser Inc	AP		870.82
220245	1/31/2020	AT&T Mobility	AP		210.21
220246	1/31/2020	AT&T	AP		890.65
220247	1/31/2020	AT&T	AP		100.20
220248	1/31/2020	Blueglobes LLC	AP		221.38
220249	1/31/2020	Borges & Mahoney Company	AP		1,317.54
220250	1/31/2020	Brenntag Pacific Inc	AP		4,161.47
220251	1/31/2020	Bruce's Tire Inc	AP		1,056.51
220252	1/31/2020	BSK Associates	AP		1,080.00
220253	1/31/2020	California Dairies Inc	AP		70.58
220254	1/31/2020	Cal Traffic	AP		5,364.56
220255	1/31/2020	Cen-Cal Air	AP		654.86
220256	1/31/2020	Central Sanitary Supply	AP		291.49
220257	1/31/2020	Comcast	AP		334.41
220258	1/31/2020	Cook's Communications Corp.	AP		125.00
220259	1/31/2020	David Cummins	AP		185.00
220260	1/31/2020	City of Los Banos Utility	AP		4,789.82
220261	1/31/2020	Dept of Transportation	AP		5,221.81
220262	1/31/2020	Fastenal Company	AP		25.92
220263	1/31/2020	Fast Track Car Wash	AP		164.50
220264	1/31/2020	Federal Express Corporation	AP		11.56
220265	1/31/2020	Ferguson Enterprises Inc DBA Groeniger & Company	AP		755.22
220266	1/31/2020	Golden State Warriors LLC	AP		7,610.00
220267	1/31/2020	Galls Inc	AP		136.80
220268	1/31/2020	Gouveia Engineering Inc.	AP		14,548.01
220269	1/31/2020	Grainger Parts Operations	AP		154.81
220270	1/31/2020	Halcyon Creek Inc.	AP		1,403.24
220271	1/31/2020	Heppner Precision Machine Shop, Inc.	AP		183.21
220272	1/31/2020	Holt of California	AP		1,504.78
220273	1/31/2020	IDM Worldwide	AP		346.40
220274	1/31/2020	Jerry Witt	AP		2,389.00
220275	1/31/2020	Richard D. Jones, A Professional Law Corporation	AP		289.53
220276	1/31/2020	Kalmikov Enterprises, Inc	AP		52.85
220277	1/31/2020	Kings View Corporation	AP		400.00
220278	1/31/2020	Krazan & Associates	AP		3,700.00
220279	1/31/2020	Los Banos Lions Club	AP		600.00
220280	1/31/2020	Estella Lopez	AP		600.00
220281	1/31/2020	Madera Uniform & Accessories, LLC	AP		1,198.33
220282	1/31/2020	Marfab Inc	AP		152.26
220283	1/31/2020	McNamara Sports Inc	AP		1,197.90
220284	1/31/2020	Merced Truck & Trailer Inc	AP		215.16
220285	1/31/2020	MOO, Inc.	AP		187.99

220286	1/31/2020	NDN International LLC	AP	421.69
220287	1/31/2020	The Office City	AP	200.09
220288	1/31/2020	OSE	AP	135.50
220289	1/31/2020	David Oliveira	AP	206.25
220290	1/31/2020	O'Reilly Auto Parts	AP	552.20
220291	1/31/2020	PG&E Company	AP	5,332.92
220292	1/31/2020	Pacific Landscape Supply, Inc.	AP	3,731.13
220293	1/31/2020	The Phone Connection Inc	AP	279.94
220294	1/31/2020	PlaceWorks, Inc.	AP	39,817.84
220295	1/31/2020	Precision Civil Engineering, Inc	AP	1,440.00
220296	1/31/2020	Provost and Pritchard Engineering, Inc.	AP	8,839.45
220297	1/31/2020	Protech Security & Electronics, Inc.	AP	525.00
220298	1/31/2020	Quad Knopf, Inc.	AP	25,522.89
220299	1/31/2020	R3 Consulting Group	AP	7,620.00
220300	1/31/2020	Sample Traps LLC	AP	500.00
220301	1/31/2020	Sherwin Williams Co	AP	486.20
220302	1/31/2020	Sinclair General Engineering Construction, Inc.	AP	472,492.00
220303	1/31/2020	Soares Lumber & Fence Inc	AP	271.05
220304	1/31/2020	Sorensens True Value	AP	631.74
220305	1/31/2020	Sorensens True Value	AP	62.57
220306	1/31/2020	Sprint Solutions, Inc.	AP	303.92
220307	1/31/2020	Stantec Consulting Services, Inc.	AP	211.00
220308	1/31/2020	Jaclyn Ritchie Silva	AP	600.00
220309	1/31/2020	Technicon Engineering Services, Inc.	AP	1,486.00
220310	1/31/2020	Telcion Communications Group	AP	5,431.25
220311	1/31/2020	Terryberry Company LLC	AP	735.83
220312	1/31/2020	Terminix Processing Center	AP	109.00
220313	1/31/2020	United Site Services, Inc.	AP	116.09
220314	1/31/2020	Manuel Landaverry	AP	22.39
220315	1/31/2020	Westhill Real Estate	AP	176.12
220316	1/31/2020	D.R. Horton	AP	161.95
220317	1/31/2020	Westhill Property Mgmt	AP	164.18
220318	1/31/2020	Chaz Avellar	AP	10.46
220319	1/31/2020	Valley Entry Systems, Inc.	AP	317.00
220320	1/31/2020	Verizon Wireless	AP	666.29
220321	1/31/2020	Windecker Inc	AP	7,422.68
220322	1/31/2020	Young's Air Conditioning	AP	198.00
220323	1/31/2020	American Water Works Assoc. (AWWA)	AP	180.00
220324	1/31/2020	Apex Annex Health Center, Inc.	AP	860.00
220325	1/31/2020	Betty Cascia - Jack & Jill Preschool	AP	30.71
220326	1/31/2020	Liebert Cassidy Whitmore	AP	4,182.00
220327	1/31/2020	Los Banos Volunteer	AP	200.00
220328	1/31/2020	Los Banos Volunteer	AP	2,416.67
220329	1/31/2020	Los Banos Medical Group A Medical Corp.	AP	100.00
220330	1/31/2020	Morfin Child Development Academy	AP	30.71
220331	1/31/2020	Gerald "Obie" O'Brien	AP	77.14
220332	1/31/2020	Pinnacle Healthcare Medical Group	AP	40.00
220333	1/31/2020	Premier Access Insurance Co.	AP	20,926.98
220334	1/31/2020	Sun Life Financial	AP	6,943.36
220335	1/31/2020	Law Offices of William A Vaughn	AP	12,600.00
220336	1/31/2020	Wee Bee Kids Daycare	AP	30.71
220348	2/4/2020	Aflac-Customer Service	AP	494.24
220349	2/4/2020	In Shape Health Clubs Inc	AP	672.66
220350	2/4/2020	Los Banos Police Assn	AP	385.00

220351	2/4/2020	Los Banos Police Assn	AP	175.00
220352	2/4/2020	Los Banos Police Assn	AP	840.00
220353	2/4/2020	MassMutual	AP	1,336.96
220354	2/4/2020	MassMutual	AP	3,692.50
220355	2/4/2020	Merced County Sheriff	AP	150.00
220356	2/4/2020	Nationwide Retirement Solutions	AP	3,237.50
220357	2/4/2020	Professional Fire Fighter	AP	630.00
220358	2/4/2020	Public Employees Union, Local One	AP	1,007.24
220359	2/4/2020	State Disbursement Unit	AP	2,088.00
220360	2/4/2020	Vantagepoint Transfer Agents - 306797	AP	884.45
220361	2/4/2020	Vantagepoint Transfer Agents - 705827	AP	25.00
220362	2/4/2020	Vantagepoint Transfer Agents - 801838	AP	5,850.00
220363	2/7/2020	Abbott & Kindermann, Inc.	AP	89.66
220364	2/7/2020	Animal Damage Management, Inc.	AP	4,040.00
220365	2/7/2020	Aramark Uniform Ser Inc	AP	190.35
220366	2/7/2020	AT&T Long Distance	AP	0.59
220367	2/7/2020	AT&T	AP	50.71
220368	2/7/2020	Dorothy June Baker	AP	46.00
220369	2/7/2020	BSK Associates	AP	12,071.14
220370	2/7/2020	Cen-Cal Air	AP	145.00
220371	2/7/2020	Central Valley Cardiovascular Group Inc.	AP	360.00
220372	2/7/2020	Central Valley Concrete Inc.	AP	636.19
220373	2/7/2020	Comcast	AP	7.43
220374	2/7/2020	David Taussig & Associates Inc.	AP	20,000.00
220375	2/7/2020	Employee Relations, Inc.	AP	50.00
220376	2/7/2020	Employment Development Dept	AP	1,534.00
220377	2/7/2020	Fastenal Company	AP	130.97
220378	2/7/2020	Cody Griffis	AP	532.50
220379	2/7/2020	Helena Chemical Co Inc	AP	797.68
220380	2/7/2020	InfoSend Inc.	AP	2,900.46
220381	2/7/2020	David A Jones	AP	2,135.00
220382	2/7/2020	Laboratory Corporation of America Holdings	AP	288.00
220383	2/7/2020	League of California Cities	AP	15,997.00
220384	2/7/2020	Lucas Business Systems	AP	1,756.00
220385	2/7/2020	Steve Macillas	AP	105.00
220386	2/7/2020	Marfab Inc	AP	129.72
220387	2/7/2020	Matson Alarm Co Inc	AP	181.00
220388	2/7/2020	Merced County Assessor	AP	500.00
220389	2/7/2020	Merced Truck & Trailer Inc	AP	620.94
220390	2/7/2020	Samuel Morales	AP	570.00
220391	2/7/2020	Nixon-Egli Equipment Co. of Southern California	AP	135,043.97
220392	2/7/2020	The Office City	AP	162.63
220393	2/7/2020	OSE	AP	570.87
220394	2/7/2020	O'Reilly Auto Parts	AP	186.10
220395	2/7/2020	PG&E Company	AP	93,886.99
220396	2/7/2020	Irma Isabel Padilla	AP	15.00
220397	2/7/2020	Paul Butler Presentations, LLC	AP	375.55
220398	2/7/2020	Pitney Bowes Inc	AP	122.93
220399	2/7/2020	Provost and Pritchard Engineering, Inc.	AP	1,255.00
220400	2/7/2020	Purchase Power Inc	AP	4,000.00
220401	2/7/2020	Quality Code Publishing	AP	1,232.70
220402	2/7/2020	Ranchwood Contractors, Inc.	AP	10,500.00
220403	2/7/2020	Randik Paper Co	AP	135.16
220404	2/7/2020	Santos Ford Inc.	AP	1,056.41

220405	2/7/2020	Sherwin Williams Co	AP	175.22
220406	2/7/2020	Sinclair General Engineering Construction, Inc.	AP	1,000.00
220407	2/7/2020	Soares Lumber & Fence Inc	AP	1.39
220408	2/7/2020	Springbrook Software, Inc.	AP	1,808.00
220409	2/7/2020	Sorensens True Value	AP	790.72
220410	2/7/2020	Specialty Distributors, Inc.	AP	446.67
220411	2/7/2020	Sprint Solutions, Inc.	AP	189.95
220412	2/7/2020	Stantec Consulting Services, Inc.	AP	3,982.50
220413	2/7/2020	Technicon Engineering Services, Inc.	AP	702.00
220414	2/7/2020	Ramiro Rodriguez	AP	10.46
220415	2/7/2020	Hiedeliza Corr	AP	10.46
220416	2/7/2020	Maria Aguilar	AP	10.46
220417	2/7/2020	Regalado-Luna Margarita	AP	10.46
220418	2/7/2020	Coc Chong Liu	AP	100.00
220419	2/7/2020	Stacy Lemons	AP	10.46
220420	2/7/2020	Maria Baca	AP	10.46
220421	2/7/2020	Leonard Araiza	AP	100.00
220422	2/7/2020	Primitivo Plascencia	AP	10.46
220423	2/7/2020	Mark Marshall	AP	12.81
220424	2/7/2020	Gloria Orduno Dominguez	AP	49.78
220425	2/7/2020	Joe Narcisso	AP	32.45
220426	2/7/2020	Ray and Terri Corona	AP	10.46
220427	2/7/2020	Richard Regalado	AP	10.46
220428	2/7/2020	Soknirom Than	AP	10.46
220429	2/7/2020	Rebekah Jimenez	AP	10.92
220430	2/7/2020	Joseph C and Marykutty Philip	AP	10.46
220431	2/7/2020	Alem Gilaw	AP	100.00
220432	2/7/2020	Rafael Mena	AP	10.46
220433	2/7/2020	Erika Flores	AP	10.46
220434	2/7/2020	Odilon Barcenas	AP	100.00
220435	2/7/2020	Daniel Saldana	AP	10.46
220436	2/7/2020	Annette and Heiko Stichel	AP	10.46
220437	2/7/2020	Mary Lou Moreno	AP	10.46
220438	2/7/2020	Lawrence Rudd	AP	10.46
220439	2/7/2020	Raymond and Theresa Delgado	AP	60.58
220440	2/7/2020	Lucia Rodriguez	AP	10.46
220441	2/7/2020	Adrian Espino	AP	10.46
220442	2/7/2020	Douglas & Sonia George	AP	10.46
220443	2/7/2020	Jose & Marina Luna-Banuelos	AP	10.46
220444	2/7/2020	Pamela Medeiros	AP	10.46
220445	2/7/2020	Hortencia Lopez	AP	100.00
220446	2/7/2020	John Wallace	AP	10.46
220447	2/7/2020	Pedro Sedillo	AP	10.46
220448	2/7/2020	Teresa Valenzuela	AP	10.46
220449	2/7/2020	Ciria Hernandez	AP	10.46
220450	2/7/2020	Susan Young	AP	10.46
220451	2/7/2020	Jesus Rodriguez Covarrubias	AP	10.46
220452	2/7/2020	Hortencia Silvestre	AP	10.46
220453	2/7/2020	Myat Young	AP	100.00
220454	2/7/2020	Yazmin Rico Becerra	AP	10.46
220455	2/7/2020	Kenneth Gilbert	AP	10.46
220456	2/7/2020	America Roberts	AP	10.46
220457	2/7/2020	Fritz Conle	AP	100.00
220458	2/7/2020	Neil Miranda	AP	10.46

220459	2/7/2020	Thomas Melden	AP	10.46
220460	2/7/2020	Jose Ramos	AP	100.00
220461	2/7/2020	Maria Corona	AP	10.46
220462	2/7/2020	Vickie Navarro	AP	10.46
220463	2/7/2020	Felicitas Garcia	AP	10.46
220464	2/7/2020	Robert Kuhne	AP	100.00
220465	2/7/2020	Katherine Rusk	AP	10.46
220466	2/7/2020	Raul & Mandy Lopez	AP	10.46
220467	2/7/2020	Rosie Perez	AP	10.46
220468	2/7/2020	Wilson Cheung	AP	100.00
220469	2/7/2020	Adam Chong	AP	10.46
220470	2/7/2020	Prabhjot Lasher	AP	10.46
220471	2/7/2020	Barney Torres	AP	38.69
220472	2/7/2020	Rosa & Hector Castaneda	AP	100.00
220473	2/7/2020	Di Nguyen	AP	27.56
220474	2/7/2020	Anita Flores	AP	100.00
220475	2/7/2020	Angelina Moulton	AP	10.46
220476	2/7/2020	Donald Rudolfs	AP	100.00
220477	2/7/2020	Evelyn Zuniga	AP	10.46
220478	2/7/2020	Manuel DeSousa	AP	10.46
220479	2/7/2020	Harnam Bhullar	AP	100.00
220480	2/7/2020	Yohana Garcia Aguilera	AP	10.46
220481	2/7/2020	Mark & Ismenia Giammona	AP	10.46
220482	2/7/2020	Rene Reynoso	AP	10.46
220483	2/7/2020	Ria Calderon	AP	10.46
220484	2/7/2020	Tomas Cota-Beruman	AP	10.46
220485	2/7/2020	Jessica Chang	AP	10.46
220486	2/7/2020	Jose Gil	AP	10.46
220487	2/7/2020	Jose Alfredo Lepe Dominguez	AP	10.46
220488	2/7/2020	Edgar Zavala	AP	100.00
220489	2/7/2020	Jesus Anaya-Flores	AP	10.46
220490	2/7/2020	Edgar and Karla Santillan	AP	49.78
220491	2/7/2020	Nancy Cruz Delgado	AP	10.46
220492	2/7/2020	Robert Roybal	AP	10.46
220493	2/7/2020	Pete Landeros	AP	10.46
220494	2/7/2020	James Davis	AP	100.00
220495	2/7/2020	Juan Castro Maciel	AP	10.46
220496	2/7/2020	Maria Rodriguez	AP	10.46
220497	2/7/2020	Gabriel Govea Ambriz	AP	10.46
220498	2/7/2020	Christopher Guzman	AP	10.46
220499	2/7/2020	Nora Jauregui	AP	10.46
220500	2/7/2020	Alejandro and Thelma Nava	AP	10.46
220501	2/7/2020	Roberto Ramirez	AP	10.46
220502	2/7/2020	Rosa Rodriguez	AP	10.46
220503	2/7/2020	Yaneth Morado Ayala	AP	10.46
220504	2/7/2020	Scott Belzer	AP	100.00
220505	2/7/2020	Sydney Schmidt	AP	10.46
220506	2/7/2020	Armando Ledezma	AP	10.46
220507	2/7/2020	Rene Jimenez	AP	10.46
220508	2/7/2020	Lucas Velasquez	AP	10.46
220509	2/7/2020	Westhill Property Mgmt	AP	82.11
220510	2/7/2020	Ninette Bavaro-Latronica	AP	175.23
220511	2/7/2020	D.R. Horton	AP	156.02
220512	2/7/2020	Westhill Property Mgmt	AP	110.46

220513	2/7/2020	Flor Dorado	AP	49.27
220514	2/7/2020	Terry Wahington	AP	10.46
220515	2/7/2020	Guillermo Amado	AP	22.39
220516	2/7/2020	Alishca Hernandez	AP	13.45
220517	2/7/2020	Home Sweet Home Property Management	AP	167.17
220518	2/7/2020	Robert Bassinette	AP	77.63
220519	2/7/2020	Home Sweet Home Property Management	AP	167.17
220520	2/7/2020	Frank Dias	AP	158.22
220521	2/7/2020	Luis Guerrero Chavez	AP	13.45
220522	2/7/2020	Ava Joseph	AP	25.39
220523	2/7/2020	Los Banos Auto Repair, LLC	AP	38.06
220524	2/7/2020	Yueh Hung	AP	143.29
220525	2/7/2020	Bruce & Nancy Radetich	AP	143.29
220526	2/7/2020	Michael Nordgreen	AP	146.28
220527	2/7/2020	Jose Sanchez	AP	38.53
220528	2/7/2020	Aldina Real Estate, Inc.	AP	56.73
220529	2/7/2020	Trinity Real Estate and Property Management, Inc.	AP	60.42
220530	2/7/2020	Aldo Mendoza	AP	143.29
220531	2/7/2020	Ryan Duong	AP	95.53
220532	2/7/2020	Elizabeth Puthoff	AP	53.75
220533	2/7/2020	D.R. Horton	AP	160.42
220534	2/7/2020	Michael Yanko	AP	25.39
220535	2/7/2020	Isabel Quistian	AP	58.22
220536	2/7/2020	Mekila Lopez	AP	13.45
220537	2/7/2020	Kristine Talamante	AP	68.68
220538	2/7/2020	Westside Water Conditioning	AP	173.50
220539	2/7/2020	Windecker Inc	AP	15,547.89
220540	2/7/2020	Apex Annex Health Center, Inc.	AP	260.00
220541	2/7/2020	City of Los Banos Escrow Account	AP	3,446.95
220542	2/7/2020	City of Los Banos **	AP	8,887.10
220543	2/7/2020	Merced County Fire Department	AP	75.00
220544	2/7/2020	Merced County Fire Department	AP	75.00
220545	2/7/2020	Tractor Supply Credit Plan	AP	271.80
220546	2/7/2020	Walmart	AP	663.33
220547	2/7/2020	Wex Bank	AP	193.40

Break in check sequence due to the following:
Check #220240 - #220241 (Payroll)

Total Void Check Count: 0
Total Void Check Amount:
Total Valid Check Count: 295

Break in check sequence due to the following:
Check #220337 - #220347 (Payroll)

Total Valid Check Amount: 1,080,800.60
Total Check Count: 295
Total Check Amount: 1,080,800.60

**CITY OF LOS BANOS
CITY COUNCIL MEETING MINUTES
FEBRUARY 5, 2020**

ACTION MINUTES – These minutes are prepared to depict action taken for agenda items presented to the City Council. For greater detail of this meeting refer to the electronic media (CD and/or audio) kept as a permanent record.

CALL TO ORDER: Mayor Villalta called the City Council Meeting to order at the hour of 7:02 p.m.

PLEDGE OF ALLEGIANCE: Police Chief Brizzee led the pledge of allegiance.

ROLL CALL – MEMBERS OF THE CITY COUNCIL PRESENT: Council Members Tom Faria (7:11 pm), Daronica Johnson-Santos, Deborah Lewis, Brett Jones, Mayor Michael Villalta.

STAFF MEMBERS PRESENT: City Manager Terrazas, City Attorney Vaughn, City Clerk/Human Resources Director Mallonee, City Treasurer/Accounting & Budget Supervisor Tomas, Finance Director Williams, Police Chief Brizzee, Fire Chief Hurley, Community & Economic Development Director Elms, Public Works Director/City Engineer Fachin.

CONSIDERATION OF APPROVAL OF AGENDA: Motion by Johnson-Santos, seconded by Lewis to approve the City Council Meeting agenda. The motion carried by the affirmative action of all City Council Members present; Faria absent.

PRESENTATIONS – PROCLAMATION RECOGNIZING FEBRUARY AS “TEEN DATING VIOLENCE AWARENESS AND PREVENTION MONTH”: Mayor Villalta presented the proclamation to Lara McPherson on behalf of Valley Crisis Center. Ms. McPherson stated that she has worked with Valley Crisis for a couple years now, spoke regarding the programs she is working on, and thanked the City and the City Council for all their support.

PUBLIC FORUM: MEMBERS OF THE PUBLIC MAY ADDRESS THE CITY COUNCIL MEMBERS ON ANY ITEM OF PUBLIC INTEREST THAT IS WITHIN THE JURISDICTION OF THE CITY; INCLUDES AGENDA AND NON-AGENDA ITEMS. NO ACTION WILL BE TAKEN ON NON-AGENDA ITEMS. SPEAKERS ARE LIMITED TO A FIVE (5) MINUTE PRESENTATION. DETAILED GUIDELINES ARE POSTED ON THE COUNCIL CHAMBER INFORMATIONAL TABLE. Mayor Villalta opened the Public Forum. No one came forward to speak and the public forum was closed.

Council Member Faria arrived at the meeting at 7:11 pm.

CONSIDERATION OF APPROVAL OF CONSENT AGENDA. Council Member Lewis requested that item 7E – City Council Resolution No. 6177 – Accepting the 7th Street Ball Park Restroom Project as Complete and Authorizing the Filing of a Notice of Completion with the Merced County Recorder be removed from the Consent Agenda for separate approval and presentation.

Motion by Lewis, seconded by Jones to approve the consent agenda as follows: Check Register for #219954 – #220239 in the Amount of \$2,011,008.89; Second Quarter Investment Report for the 2019/2020 Fiscal Year; Minutes for the January 15, 2020 City Council Meeting; City Council Resolution No. 6176 – Approving, Authorizing and Ratifying the City's Participation in the Homeland Security Grant Program and Authorizing the City Manager on behalf of the City of Los Banos to Enter into the Standard Grant Assurance Agreement with Cal-OES and a Sub-Recipient Agreement with the County of Merced and Accepting State Homeland Security Grant Program Excess Funding, in the Amount of \$18,943.41 and Amending the 2019/2020 Fiscal Year Budget by Increasing the Appropriation Amount for Expenditures and Revenues in the Amount of \$18,943.41; ~~City Council Resolution No. 6177 – Accepting the 7th Street Ball Park Restroom Project as Complete and Authorizing the Filing of a Notice of Completion with the Merced County Recorder;~~ City Council Resolution No. 6178 – Accepting the 2019 Street Rehabilitations Project as Complete and Authorizing the Filing of a Notice of Completion with the Merced County Recorder; City Council Resolution No. 6179 – Accepting Public Improvements for Mission Village South, Phase 3C (Stonefield Home, Inc.). The motion carried by the affirmative action of all Council Members present.

CITY COUNCIL RESOLUTION NO. 6177 – ACCEPTING THE 7TH STREET BALL PARK RESTROOM PROJECT AS COMPLETE AND AUTHORIZING THE FILING OF A NOTICE OF COMPLETION WITH THE MERCED COUNTY RECORDER. Council Member Lewis inquired as to the work done with Change Order #1 regarding extra work to stub out an irrigation line, for which Public Works Director/City Engineer Fachin explained. Mayor Villalta added that this was quite a project, great site to see the restrooms craned in, how it was a project 25 years in the making, we have now honored a commitment to the fairgrounds, thanked the City of Los Banos staff for all the work, it is beautiful.

Motion by Lewis, seconded by Jones to adopt City Council Resolution No. 6177 – Accepting the 7th Street Ball Park Restroom Project as Complete and Authorizing the Filing of a Notice of Completion with the Merced County Recorder. The motion carried by the affirmative action of all Council Members present.

PUBLIC HEARING – TO RECEIVE PUBLIC COMMENT AND CONSIDERATION OF APPROVING AND ADOPTING A PROPOSED AMENDMENT TO TITLE 9, CHAPTER 2, ARTICLE 6 OF THE LOS BANOS MUNICIPAL CODE ESTABLISHING A GENERAL GOVERNMENT FACILITIES DEVELOPMENT IMPACT FEE; ORDINANCE NO. 1178 – AMENDING TITLE 9 CHAPTER 2 ARTICLE 6 OF THE LOS BANOS MUNICIPAL CODE ESTABLISHING A GENERAL GOVERNMENT FACILITIES DEVELOPMENT IMPACT FEE (SECOND READING & ADOPTION). Public Works Director/City Engineer Fachin presented the staff report.

Mayor Villalta opened the public hearing. No one came forward to speak and the public hearing was closed.

Motion by Lewis, seconded by Faria to waive the second reading of Ordinance No. 1178 – Amending Title 9 Chapter 2 Article 6 of the Los Banos Municipal Code Establishing a General Government Facilities Development Impact Fee. The motion carried by the affirmative action of all City Council Members present.

Motion by Lewis, seconded by Faria to adopt Ordinance No. 1178 – Amending Title 9 Chapter 2 Article 6 of the Los Banos Municipal Code Establishing a General Government Facilities Development Impact Fee. The motion carried by the following roll call vote: AYES: Faria, Johnson-Santos, Jones, Lewis, Villalta; NOES: None; ABSENT: None.

PARKS & RECREATION PRESENTATION. Joe Heim, Parks & Recreation Operations Manager presented an update, which included a PowerPoint presentation.

There was Council Member and staff discussion regarding recent renovations at City parks and how a lot of hard work has gone into these projects so that the parks can be more enjoyable and safe for the community. There are still some improvements and repairs that are needed, but progress is being made for each of these concerns. The new dog park was also discussed and how it is hoped that it will be open this summer. Planting trees around town and particularly in the downtown area was discussed and how the City needs to be mindful of how and where these trees are planted so that they are not affecting the storefronts and electrical outlets in that area.

Informational item only, no action taken.

CONSIDERATION OF APPROVAL OF CITY COUNCIL RESOLUTION NO. 6180 – ADOPTING THE LOS BANOS DOWNTOWN STRATEGIC PLAN. Community and Economic Development Director Elms presented the staff report and introduced Joanna Jansen and Bruce Brubaker from Placeworks who spoke in more detail to the Los Banos Downtown Strategic Plan.

There was Council Member, staff and representative discussion regarding issues the downtown area currently faces such as lack of parking and infrastructure safety. The Council would like to see more amenities offered downtown that would attract more foot traffic; however, they would also like to restrict certain uses in the area such as the use of bicycles and skateboards on the sidewalks.

This item on this agenda is only to adopt a plan. An actual implementation plan, which is funding dependent, will be discussed at a later meeting. The Property Business Improvement District (PBID) that was currently adopted is only active for a period of five years and improvements in the downtown area associated with this District will need to be met.

Motion by Faria, seconded by Johnson-Santos to approve City Council Resolution No. 6180 – Adopting the Los Banos Downtown Strategic Plan. The motion carried by the affirmative action of all City Council Members present.

REPORT REGARDING POTENTIAL IT DATA BREACH INCIDENT SUMMARY AND CONSIDERATION OF APPROVAL OF CITY COUNCIL RESOLUTION NO. 6181 – ADOPTING A REVISED BUDGET FOR THE 2019/2020 FISCAL YEAR AS IT PERTAINS TO RELATED EXPENDITURES. Finance Director Williams presented the staff report.

There was Council Member and staff discussion regarding coverage in total and if you sign up for credit monitoring it is for each individual.

Motion by Lewis, seconded by Faria to approve City Council Resolution No. 6181 – Adopting a Revised Budget for the 2019/2020 Fiscal Year as it Pertains to Related Expenditures. The motion carried by the affirmative action of all City Council Members present.

ADVISEMENT OF PUBLIC NOTICES. (No Report)

CITY MANAGER REPORT. No report.

REPORT/UPDATE ON MERCED COUNTY ASSOCIATION OF GOVERNMENTS (MCAG) AND MEASURE V COMMITTEE. Mayor Villalta spoke to how City staff have monthly safety meetings with CalTrans to explore ideas on how to improve the traffic flow on Highway 152. \$1.1 million is needed in order to sync the stop lights in town and CalTrans should be trying to locate those funds. There are seventeen intersections in the City of Los Banos that need to be analyzed. He thanked all the individuals who take the time to sit in on these meetings.

TOM FARIA: Council Member Faria thanked the Los Banos Fire Department for cooking chicken dinners for the Los Banos High School Choir fundraiser. He spoke to how Devin Rodney, one of his finest graduates, is subbing for him while he is out on recovery. Council Member Faria thanked his wife for caring for him.

Council Member Faria left the meeting at 8:42 p.m.

DARONICA JOHNSON-SANTOS: Council Member Johnson-Santos stated that she was born in Kansas City so she is happy to say “Go Chiefs.”

BRETT JONES: No report.

DEBORAH LEWIS: No report but she echoed Council Member Johnson-Santos’s statement “Go Chiefs”.

MAYOR MICHAEL VILLALTA: No report.

CLOSED SESSION – CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION; INITIATION OF LITIGATION PURSUANT TO PARAGRAPH (4) OF SUBDIVISION (D) OF GOVERNMENT CODE SECTION 54956.9: ONE POTENTIAL CASE. No reportable action taken.

ADJOURNMENT. The meeting was adjourned at 9:17 p.m.

APPROVED:

Michael Villalta, Mayor

ATTEST:

Lucille L. Mallonee, City Clerk



City of
Los Banos
At the Crossroads of California

Agenda Staff Report

TO: Mayor & City Council Members

FROM: Rosemarie Souto, Accountant I *rsouto*

DATE: February 19, 2020

SUBJECT: Authorizing the Release of Unclaimed Checks Pursuant to California Government Code Section 50055 to the City of Los Banos

TYPE OF REPORT: Consent Agenda

Recommendation:

That the City Council Authorize the release of attached unclaimed checks to the City of Los Banos.

Background:

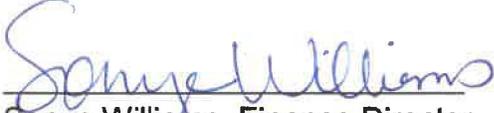
Section 50055 of the California Government Code allows for unclaimed checks of less than fifteen dollars (\$15.00) held over one (1) year to become the property of the local agency.

Staff has reviewed all outstanding checks and has determined that the checks on the attached list meets this criteria.

Fiscal Impact:

This will increase the Funds upon which the original checks were drawn, in the amount of \$ 1,193.14.

Reviewed by:


Sonya Williams, Finance Director


Alex Terrazas, City Manager

Attachments:

Resolution - Release of Unclaimed Checks

Exhibit A - List of Unclaimed Checks

Exhibit A
Unclaimed Checks To Be Released to The City of Los Banos

Check Date	Check Number	Amount	Payee
07/29/2016	200182	\$ 13.49	Eunice Wilson
07/29/2016	200192	\$ 13.49	Ramona Hernandez
07/29/2016	200193	\$ 13.49	Oscar Cobello
07/29/2016	200206	\$ 13.49	Jose Lopez Felix
07/29/2016	200228	\$ 8.57	Crystal Navarro
09/02/2016	200807	\$ 4.83	Anabel Ramiro
09/02/2016	200809	\$ 4.83	James Curiel
09/02/2016	200811	\$ 4.83	Victor Solis
09/09/2016	200901	\$ 4.83	Salvador Campa
09/09/2016	200907	\$ 11.51	Benny Wright
09/30/2016	201219	\$ 12.25	Michele Masso
10/07/2016	201335	\$ 13.49	Irma Rivera
10/14/2016	201470	\$ 2.93	Kirk Simeon
10/14/2016	201476	\$ 13.73	John Mendoza
11/04/2016	201849	\$ 6.93	Michael Cabral
11/04/2016	201855	\$ 13.49	Franklin Silva
11/04/2016	201865	\$ 13.49	Bruce Austin
11/04/2016	201871	\$ 2.01	Rosie Ojeda
11/04/2016	201877	\$ 8.57	Wendy Martel Hernandez
11/18/2016	202039	\$ 10.50	Fast Track Car Wash
11/23/2016	202163	\$ 5.15	Antemio Cortes
02/03/2017	203260	\$ 13.49	James Tillotson
02/03/2017	203269	\$ 13.49	Harbans Singh
02/03/2017	203270	\$ 13.49	Margarita Ruedas
02/03/2017	203284	\$ 13.49	Carlos Contreras Isaola
02/03/2017	203292	\$ 13.49	Robert Winchester
02/03/2017	203302	\$ 13.49	Luis Nunes
02/03/2017	203306	\$ 13.49	Tiffany Ann Pedraza
02/10/2017	203419	\$ 1.15	Paul J Montemurro
03/17/2017	203918	\$ 7.72	Ralph Partners II, LLC
03/22/2017	204066	\$ 13.49	Amarjit Sangha
03/22/2017	204069	\$ 13.49	Yeon Park
03/22/2017	204070	\$ 13.49	Godofredo Corral Jr.
03/22/2017	204071	\$ 13.49	Edgardo Agredano
03/22/2017	204086	\$ 13.49	Eugenio Corp
03/22/2017	204087	\$ 2.83	David Munguia
03/22/2017	204088	\$ 13.49	Danielle Souza
03/22/2017	204091	\$ 5.00	Chrystelle Ingemunson
03/22/2017	204093	\$ 13.49	Francisco Romero
03/23/2017	204138	\$ 4.00	Covello's Fine Arts Instructions
04/07/2017	204405	\$ 7.72	Joe Torres
04/14/2017	204484	\$ 13.49	Mayra Perez
04/14/2017	204485	\$ 13.49	Albert and Cheanie Omasters
05/05/2017	204796	\$ 13.49	Michelle Leonard
05/05/2017	204809	\$ 13.49	Micheal Ornelas
05/05/2017	204814	\$ 13.49	Scott Costa
05/05/2017	204830	\$ 13.49	Alejandro Fernandez
05/12/2017	204965	\$ 1.97	Fernando Araiza
05/19/2017	205069	\$ 4.83	Raul Hernandez
06/30/2017	205663	\$ 4.83	Gildardo Velazquez

07/07/2017	205737	\$	13.49	Nidia Dominguez Lopez
07/07/2017	205760	\$	5.29	Angelica Munguia
07/07/2017	205788	\$	7.72	David Tran
08/04/2017	206254	\$	13.49	Santiago Torres Hernandez
08/04/2017	206269	\$	13.49	Lucio Lopez
08/04/2017	206273	\$	13.49	Micheal Rosas
08/04/2017	206274	\$	10.21	Francisco Becerra
08/04/2017	206286	\$	1.97	Charles Mosley
08/04/2017	206287	\$	1.97	Reyna and Andres Godina
08/04/2017	206289	\$	1.97	Denise Moffitt
08/18/2017	206518	\$	4.83	Marilyn Gomes
09/15/2017	206916	\$	13.49	Ruben Yanez
10/13/2017	207388	\$	13.49	Jacob & Candace Mason
11/03/2017	207741	\$	8.57	Timothy and Malissa Lang
11/03/2017	207743	\$	13.49	Rafael Gomez
11/03/2017	207745	\$	13.49	Arturo Reyes Hernandez
11/03/2017	207747	\$	13.49	Jose Perez
11/03/2017	207755	\$	13.49	Salvador Martinez
11/03/2017	207761	\$	13.49	Jose Mimbela
11/03/2017	207769	\$	13.49	Jose & Sara Romo
11/17/2017	207976	\$	10.72	William and Nyzalda Trevino
02/02/2018	209080	\$	13.49	Sandra Medina
02/02/2018	209090	\$	13.49	Jose Cruz
02/02/2018	209108	\$	13.49	Margaret Benton
02/02/2018	209118	\$	13.49	Gabriel Belmonte
02/02/2018	209122	\$	13.49	Jose Bautista-Castro
02/09/2018	209248	\$	9.42	Fidel Cornejo
02/23/2018	209446	\$	4.83	Mariela Barreto
03/23/2018	209907	\$	4.83	Berenice Guzman-Hernandez
04/13/2018	210260	\$	13.49	Marcus Royster
04/27/2018	210490	\$	13.49	Carmen Cornejo
05/04/2018	210603	\$	13.49	Jose Castro
05/04/2018	210634	\$	13.49	Robert Stutts
06/08/2018	211104	\$	1.97	Mohammad Ayubzai
08/15/2018	212100	\$	13.49	Elizabeth Gonzalez
08/15/2018	212146	\$	1.97	Jewelea Luna
08/15/2018	212147	\$	12.70	Son Nguyen
08/17/2018	212265	\$	13.49	Ramakrishna Thondapu
08/17/2018	212269	\$	13.49	John Gonzales
08/31/2018	212456	\$	1.97	Alejandra Rocha Escobar
08/31/2018	212461	\$	4.83	Luisa Zelaya
09/28/2018	212871	\$	13.49	Mario Jimenez
09/28/2018	212894	\$	7.72	Amanda & Brett Da Graca
11/09/2018	213512	\$	7.38	Martha Meza
11/09/2018	213521	\$	7.78	Blake Ketcher
11/16/2018	213612	\$	13.49	Jorge Hernandez Guzman
11/16/2018	213631	\$	13.49	Benito Villa
11/16/2018	213642	\$	13.49	Robert Avila
12/21/2018	214248	\$	11.54	Elizabeth Loza
01/18/2019	214544	\$	2.96	Brooke Landeros
02/01/2019	214718	\$	13.49	Dolores and Rafael Gutierrez
02/01/2019	214722	\$	13.49	Marco Barboza
02/01/2019	214732	\$	13.49	Mario Velis Aguirre
02/01/2019	214746	\$	13.49	Juan Ruano
02/01/2019	214752	\$	12.67	Moises Nunez-Santiago

02/01/2019	214770	\$	13.49	Sulem Barrera Sanchez
02/01/2019	214785	\$	13.49	Timothy Pekar
02/01/2019	214794	\$	13.49	Juan and Maria Garcia
02/01/2019	214797	\$	13.49	Teri Reeve
02/01/2019	214801	\$	13.49	Cameron Zuspan
02/01/2019	214803	\$	13.49	Emiterio Alejo
02/01/2019	214806	\$	13.49	Nubia Prieto
02/01/2019	214812	\$	13.49	Andrew Gessell
02/08/2019	214909	\$	1.97	Jorge Corona
		\$	<u>1,193.14</u>	

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LOS BANOS AUTHORIZING THE
RELEASE OF UNCLAIMED CHECKS PURSUANT
TO CALIFORNIA GOVERNMENT CODE
SECTION 50055 TO THE CITY OF LOS BANOS**

WHEREAS, Section 50055 of the California Government Code allows any unclaimed checks of less than fifteen dollars (\$15.00) held over one (1) year to become the property of the local agency; and

WHEREAS, Staff has reviewed all unclaimed checks and had determined that the checks on the attached list meets this criteria.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Los Banos does hereby transfer the unclaimed checks on the attached list in the total amount of \$1,1936.14 to the City of Los Banos Funds upon which the original checks were drawn in accordance with Section 50055 of the California Government Code.

The foregoing Resolution was introduced at a regular meeting of the City Council of the City of Los Banos held on the 19 day of February 2020, by Council Member _____ who moved its adoption, which motion was duly seconded by Council Member _____ and the Resolution adopted by the following vote:

AYES:
NOES:
ABSENT:

APPROVED:

Michael Villalta, Mayor

ATTEST:

Lucille L. Mallonee, City Clerk



City of
Los Banos
At the Crossroads of California

Agenda Staff Report

TO: Mayor Villalta and City Council Members

FROM: Stacy Souza Elms, Community and Economic Development Director 

DATE: February 19, 2020

TYPE OF REPORT: Agenda Item

SUBJECT: Industrial Recruitment Strategy Update

Recommendation:

Informational item only, no action to be taken.

Discussion:

The first step in implementing the Industrial Recruitment Strategy has been to develop an Economic Development Story Map website. The website focuses on the City's Industrial areas and provides details on available property to potential developers/brokers. City staff and Chabin Concepts will be providing the City Council an online demonstration of the new website, which is designed to engage site selectors looking for potential development opportunities.

The website is the foundational piece for our Industrial Recruitment Strategy. The next step in the strategy is to prepare a business case for artisan foods, suitable for website and print marketing. The business case will have a message that provides information on market access, real estate, workforce, and the operating environment in Los Banos.

In the next task Chabin Concepts will be preparing a virtual building visual package on the website. The visual package will include an estimate of identifiable costs and site layouts for our focused industrial areas. The visual package will be valuable in building the City's business case as an affordable place to do business.

The last step in the strategy will be to identify target businesses. City staff and Chabin Concepts will develop a target marketing campaign to a targeted list of 25 artisan food companies. The campaign will consist of contact points and information with the following: letter of introduction, business case, virtual building, invitation to visit, and a City contact information.

Staff and Chabin Concepts will be providing an online demonstration of the new website and an Industrial Recruitment Strategy update.

Reviewed by:



Alex Terrazas, City Manager



City of
Los Banos
At the Crossroads of California

Agenda Staff Report

TO: Mayor Villalta & City Council Members

FROM: Sonya Williams, Finance Director

DATE: February 19, 2020

SUBJECT: 2018-2019 Fiscal Year Audit Reports

TYPE OF REPORT: Non Consent Agenda

Recommendation:

Staff recommends that Council adopt a Resolution accepting the 2018-2019 Comprehensive Annual Financial Report (CAFR), and the Government Auditing Standards Report prepared by Price Paige & Company, our independent auditors.

Background:

The CAFR communicates the City's financial condition and activity for the fiscal year ending June 30, 2019. Overall, the City's operations show stability and steady growth, reflecting its prudent and sound management practices.

The attached CAFR has received an unmodified, or clean, opinion from our independent auditors, Price Paige & Company. An unmodified report communicates that the CAFR, and audited information within, fairly present the City's financial position for the fiscal year ending June 30, 2019. An attached submittal letter states that the City's independent auditors encountered no difficulties, found no corrected or uncorrected misstatements, and had no disagreements with management during the audit. An additional report on the City's internal control over financial reporting and compliance notes no instances of non-compliance.

The City has received a clean audit report for the past several years and has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers' Association (GFOA) for three consecutive years; the City once again chose to submit the CAFR to the Government Finance Officers Association (GFOA). The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit

of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal.

Reports submitted to the CAFR program are reviewed by selected members of the GFOA professional staff and the GFOA Special Review Committee (SRC), which comprises individuals with expertise in public-sector financial reporting and includes financial statement preparers, independent auditors, academics, and other finance professionals. Award results are still pending.

Overview:

The CAFR communicates the City's financial condition and activity in a transparent and organized manner and in compliance with accounting and financial reporting standards established by the Governmental Accounting Standards Board (GASB). The report presents historical and comparative information that can be useful to City staff, elected officials, and external users such as debt rating agencies, businesses, other public agencies, and the City's residents. The most recent CAFR and several prior year reports are available on the City's website at: www.losbanos.org.

The City's CAFR includes the following major sections and information:

Introductory Section:

- Letter of Transmittal – prepared by management and used to communicate information on areas that may have an impact on the City's finances now and in the future. This includes economic factors as well as budget and management factors.

Financial Section (the main body of the CAFR for current year information)

- Independent Auditors' Report – the City's report card on the content of the CAFR
- Management Discussion and Analysis (MD&A) – provides an analytical overview of the City's financial status and results for the year
- Basic Financial Statements – reports finances at a point in time (assets – liabilities) and throughout the year (revenues – expenditures), and cash flows
 - Government-Wide Statements – overview of financial information including all of the City's operations by financial activity
 - Fund Financial Statements – a detailed look at funds, reporting the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance.
 - Notes to the Financial Statement (Notes) – a narrative explanation that accompanies the Basic Financial Statements

Required Supplementary Information Section

- OPEB Information – three years of Other Post-Employment Benefits funding information
- Pension Information – schedule of changes in the pension liability and related ratios; schedule of contribution by plan
- Budget to Actual Comparisons – for all governmental funds with a legally adopted budget

Combing and Individual Financial Statements and Schedules Section

- A breakout of individual funds – for funds that were presented in a cumulative manner in the Financial Section

Statistical Section

- Financial Trends
- Revenue Capacity Information
- Debt Capacity Information
- Demographic and Economic Information
- Operating Information

Discussion:

Overall, the City’s CAFR shows that City finances are stable. The following is an explanation of some key indicators reported in the CAFR.

General Fund Balance

The most notable measure of a City’s financial health is the General Fund balance. As presented in the Basic Financial Statements, the fund balance for the City’s General Fund ended the year with \$15,831,063. This balance is comprised of a number of categories as follows:

- \$675 thousand non-spendable, restricted or committed resources that are required for specific purposes according to legal/contractual agreements or by ordinance or resolution of the City Council
- \$3.7 million assigned funds set aside for specific purposes based on budget priorities, including continuing and future capital projects
- \$11.4 million in unassigned funds as follows:
 - \$4.6 million reserve (30% minimum reserve level)
 - \$6.8 million other unassigned fund balance (includes Measure H)

The established fund balance plays a key role in the City’s budget forecasting and will allow staff to mitigate the economic uncertainty of increased pension cost. In addition, the City will be able to pursue funding essential capital projects.

The General Fund balance increased by \$2.7 million over the prior year, primarily due to expenditure variations and an increase in property tax, sales tax, and the addition of Measure H revenues.

Citywide Net Position

The Statement of Net Position, similar to a balance sheet, reports total assets and liabilities of the City as of June 30, 2019. The total net position of the City for all activities was \$189.9 million. Net position is broken out into three categories; capital, restricted and unrestricted.

Net Capital Position (\$126.8 million)

Capital assets may include land, buildings, equipment, improvements, infrastructure and construction in progress.

Restricted Net Position (\$49.9 million)

These assets are subject to agreements with creditors, developers, grantors, or laws or regulations of other governments. Approximately 42% of this amount is restricted for development projects, 28% is restricted for various capital projects, 11% is restricted for public safety, 9% is restricted for highways and streets, and the remaining amounts are restricted for debt service, economic development and other constraints.

Unrestricted Net Position (\$13.2 million)

This represents the balance of net position that is neither part of capital assets nor restricted. Healthy capital and operating reserves in the business-type activities support rate stabilization and recovery strategies for the City's many activities.

Pension Liabilities

For greater transparency, beginning in FY 2014-15, new GASB pronouncements for pension accounting require that entities report unfunded liability in the financial statements rather than in the footnotes. These GASB pronouncements do not affect either the amount of contributions a government makes to pension plans or the total net pension liability, which is still actuarially determined. Total net pension liability, or unfunded liability, is based on projected future benefit payments attributed to the current and past employees' service, less the assets accumulated to pay those liabilities. As shown on pages 16 of the CAFR, the City has a combined net pension liability of \$21,796,766. The City's various pension plans are approximately 74% funded.

The City's annual payments include a portion to fund current benefits as well as an amount to pay down the unfunded liability. Annual actuarial valuations provide the City with the amount of the contribution that must be paid annually into the plan to ensure that the current unfunded liability is paid off over the subsequent 30 years. A detailed explanation of the employees benefit programs including detailed pension information by plan is included in the Notes section (see Note 10, pages 53 through 57) and the Required Supplementary Information (pages 71 and 72).

Cash and Investments

The CAFR also includes detailed information on the City's cash and investments. As of June 30, 2019, the City had \$95.7 million in total cash and investments, all of which are in the form of investments authorized by the California Government Code and are reported quarterly by the City's Treasurer. More information on cash and investments can be found in Note 3, pages 39 through 43 of the CAFR.

The Independent Auditor's Report states that the audit did not identify any deficiencies considered to be material misstatements. There are no findings to report.

CAFR Presentation

The City's auditors Price Paige & Company will be presenting the CAFR at the council meeting and will be present to answer any questions. The City selects its independent auditors through a competitive procurement process. Price Paige & Company is in its sixth year auditing the City.

The CAFR for the Fiscal Year Ending June 30, 2019 is available for review in the Finance Department located at City Hall and on the City's website, www.losbanos.org.

Fiscal Impact:

There is no immediate financial impact or budget action necessary as a result of the recommended action.

Reviewed by:



Alex Terrazas
City Manager

Attachments:

Resolution

Comprehensive Annual Financial Statements (CAFR)

Audit Submittal Letter

Government Auditing Standards Report

Appropriations Limitation Report

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS BANOS ACCEPTING THE 2018-2019 FISCAL YEAR AUDIT REPORTS CONSISTING OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT, AND THE GOVERNMENT AUDITING STANDARDS REPORT.

WHEREAS, the City of Los Banos is required to undergo an annual fiscal audit performed by an independent auditor; and

WHEREAS, the auditing firm of Price Paige & Company has completed the 2018-2019 Fiscal Year audit and all related reports and presented their findings to the Los Banos City Council;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Los Banos hereby accept the 2018-2019 Fiscal Year Audit Reports consisting of the Comprehensive Annual Financial Report (CAFR), and the Government Auditing Standards Report.

The foregoing resolution was introduced at a regular meeting of the City Council of the City of Los Banos held on the 19th day of February 2020, by Council Member _____ who moved for its adoption, which motion was duly seconded by Council Member _____, and the Resolution was adopted by the following vote:

AYES:
NOES:
ABSENT:

APPROVED:

Michael Villalta, Mayor

ATTEST:

Lucille L. Mallonee, City Clerk



City of Los Banos

Comprehensive Annual Financial Report For Fiscal Year Ending June 30, 2019

City of Los Banos
520 J Street
Los Banos, CA 93635

California



**CITY OF LOS BANOS
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

Prepared by

FINANCE DEPARTMENT

**CITY OF LOS BANOS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2019**

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**CITY OF LOS BANOS
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 FOR THE YEAR ENDED JUNE 30, 2019**

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**CITY OF LOS BANOS
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INTRODUCTORY SECTION



City of
Los Banos

City Hall
520 J Street
Los Banos, CA 93635

Phone: (209) 827-7000
Fax: (209) 827-7010
www.losbanos.org

December 31, 2019

Honorable Mayor,
Members of the City Council, and
Citizens of the City of Los Banos

SUBJECT: Comprehensive Annual Financial Report – June 30, 2019

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Los Banos (City) for the fiscal year ended June 30, 2019. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all information presented in this report. In order to provide a reasonable basis for making these representations, management of the City has established an internal control framework designed both to ensure the assets of the government are protected from loss, theft or misuse, and to ensure adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. As a recipient of federal, state, and local financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure and document compliance with applicable laws and regulations related to the appropriate programs. This internal control structure is subject to periodic evaluation by management.

Price Paige & Company, a firm of licensed certified public accountants approved by the City Council, has audited the City's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019, were free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

Price Paige & Company concluded based upon the audit, that there is reasonable basis for rendering an unmodified ("clean") opinion that the City's financial statements for the fiscal year ended June 30, 2018, were fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

In addition, the City may be required to undergo an annual single audit in compliance with provisions of the Title 2 U.S. Code of Federal Regulations. The report of the Single Audit is published separately from this CAFR. This fiscal year a Single Audit was not required as the

City expended less than the threshold amount of federal awards which is outlined in the requirements.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found in the financial section of this document, immediately following the report of the independent auditor.

Profile of the City Los Banos

The City, incorporated in 1907 as a General Law City has a population of 41,898, and is the second largest city in Merced County. The City is located near the geographical center of California in the San Joaquin Valley approximately 70 miles northwest of Fresno, 80 miles east of the Pacific Ocean and 120 miles south of Sacramento. The Crossroads of California describes Los Banos because State Highway 33, 165 and 152 pass through the City and Interstate 5 is six miles to the west. Los Banos is famous for its agricultural products, including melons, almonds, walnuts, apricots, cotton, tomatoes, and dairy products.

The City delivers a full range of municipal services which include Police, Fire, Community and Economic Development, Recreation, Park Maintenance, and Public Utilities under the Council-Manager form of government. The City Council meets the first and third Wednesdays of every month. Policy making and legislative authority are vested in the City Council, which consists of a Mayor and four Council Members. The Mayor is directly elected by the people and serves a two year term. Four Council Members, a City Clerk, and a City Treasurer are elected and serve four year terms. The City Manager is appointed by the City Council and is responsible for implementing policies and overseeing the day-to-day operations of the City.

The City Council is required to adopt a budget no later than the close of the prior fiscal year. The budget is prepared by fund (e.g. General Fund) and department (e.g. Police). After adoption, departmental adjustments may be done with the approval from the City Manager provided that there is no change to the fund balance. Budget amendments to increase appropriations may be taken to the City Council for their approval throughout the year.

Local Economy

Vital to any community is the current economic condition and outlook for the Nation, the State, and the City. Economic forecasts for the City and Merced County indicate growth, but at a more stable rate in line with the rest of California and the Nation. California's job growth has remained the same with its unemployment rate at 4.2%. The City experienced a slight decrease in unemployment rates at 10.1% which is .3% lower from last year. Merced County also saw a slight decrease of 0.4% in its unemployment rate of 8.1% over last year. As employment is an integral component to our economy, City staff continues to work with two recruitment firms to help attract potential businesses to the community. The City contracted with Buxton Company to solicit national retailers and major businesses and with Chabin Concepts to assist with industrial recruiting. As more businesses move to the City with the help of these partnerships, the City will benefit immensely with job creation, increased sales tax revenue, and a larger property tax base.

The City issued 162 new residential and commercial permits combined as well as finalizing a total of 221 permits in Fiscal Year 2018-2019. These numbers continue to be a reflection of the shortage in available homes in the Central Valley and the demand for affordable housing from the Bay Area. In Fiscal Year 2018-2019 there were several completed construction projects; some of which include: Ross Dress for Less, Prime Shine Car Wash, Windecker Fuel Station, Kagome Expansion and Overland Courts Senior Living Apartments. The following projects are set to be finalized in Fiscal Year 2019-2020 and will also bring additional benefit to the City: O'Reily's Auto Parts, Howard Mini Storage, 7-11 Fuel Station, Starbucks, Western Dental and Marshalls. This combined with the continued increase to property values and sales tax revenue is encouraging for our local economic stability.

Long Term Financial Planning

The City maintains an annual budget and it serves as the foundation for the City's financial planning and control. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget adopted by the City Council. The level of budgetary control (i.e. the level where the expenditures cannot legally exceed the appropriated amount) is maintained at the departmental level for the General Fund and at the fund level for all other funds. Department heads may transfer resources within a department as they see fit with the approval of the City Manager. The City Council may amend funds by an affirmative vote at any regular or special City Council Meeting.

The City Council has approved to maintain a 30% General Fund reserve to safeguard the City and improve its ability to respond to emergency needs. The current year budget provides a 55% operating reserve in the General Fund. This policy provides reassurance and protection against uncertain fluctuations in the local economy.

Retirement rates have increased as a result of CalPERS' changes in assumptions, decreased discount rate, and reduction in the amortization period for the unfunded accrued liability. These changes will continue to affect our employer contributions in future fiscal years. The City is working to develop a plan to mitigate the anticipated impact of increases in employer rates. In FY 2018-2019 the City took the first step in its plan and assigned \$1,000,000 in funds to help meet impending rises in employer contributions to CalPERS.

Major Achievements and Future Objectives

Measure H, a .5% sales tax was approved by voters in November 2018 and went into effect April 1, 2019. This measure will provide additional funding for Public Safety and Neighborhood Services as well as help maintain long-term fiscal stability. The City's continued exploration of new revenues sources as well as expense management has proven positive in its efforts as the City strives to keep up with personnel, infrastructure and equipment needs. There is an outlined five-year Capital Improvement Plan in the current budget to recognize capital needs throughout the City. Some of those objectives include:

Administration Department

- City Hall Renovation
- Fleet Replacement

Community and Economic Development

- General Plan update

Police Department

- Pilot Program City Wide Camera Surveillance
- New Police Station
- License Plate Reader
- Fleet Replacement

Fire Department

- Station Upgrade ADA Compliant
- Station Security
- Training tower and Fuel Tank Canopy
- SCBA Replacement

Public Works Department

- Street Rehabilitations
- State Streets Sidewalk Project
- Community Center Parking
- 8th St & 9th St Waterline
- Well 16
- Nantes Storm Basin
- 2 Leaf Machines
- 2 Street Sweepers
- Landscape/Irrigation -Ranchwood Estates, Somerset Park, and Jo-Lin Manor
- Airport Improvements
- Fleet Replacement

Information Technology Department

- Phone System Replacement
- Network/Server Replacement

Cash Management

The City finance staff focuses on safety, liquidity and yield of investments. The highest priority of cash management and investments is to ensure adequate funds are available to meet the City's obligations and all investments are in safe instruments. Yield, while important, is considered in third priority after safety and liquidity. The City invests in the Local Agency Investment Fund (LAIF) operated by the state for the benefit of local governments. The City also has investments in Wells Fargo Institutional Securities. Bond proceeds, debt service monies, debt service reserves, etc. are invested according to the bond covenants of each issue. Finance staff continues to work on updating the City's investment policy in order to improve the rate of returns on the City's investments, while still maintaining the safety and liquidity needs of the City.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of Los Banos for its CAFR for the fiscal year ended June 30, 2018. This is the fifth year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We are deeply grateful to the City Council for continuously striving to safeguard the City's finances and for their astute management of our municipality. The CAFR is a source of pride for the Finance Department and the department works diligently to produce a report that is both accountable and intelligible to its citizens. This effort would not be possible without the commitment and dedication of the staff and the elected officials that have provided vital assistance in the creation of this financial report. We expressly extend our appreciation to all City staff from the various departments as well as other agencies who also aided in its preparation. The City of Los Banos continues to strive to provide community services to its citizens in the most efficient and effective manner possible. The City's goal is to constantly improve the quality of life of its citizens and create a community that is a safe, clean, and enjoyable place to live, work, and prosper.

Respectfully submitted,



Sonya Williams
Finance Director



Alex Terrazas
City Manager

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Los Banos
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

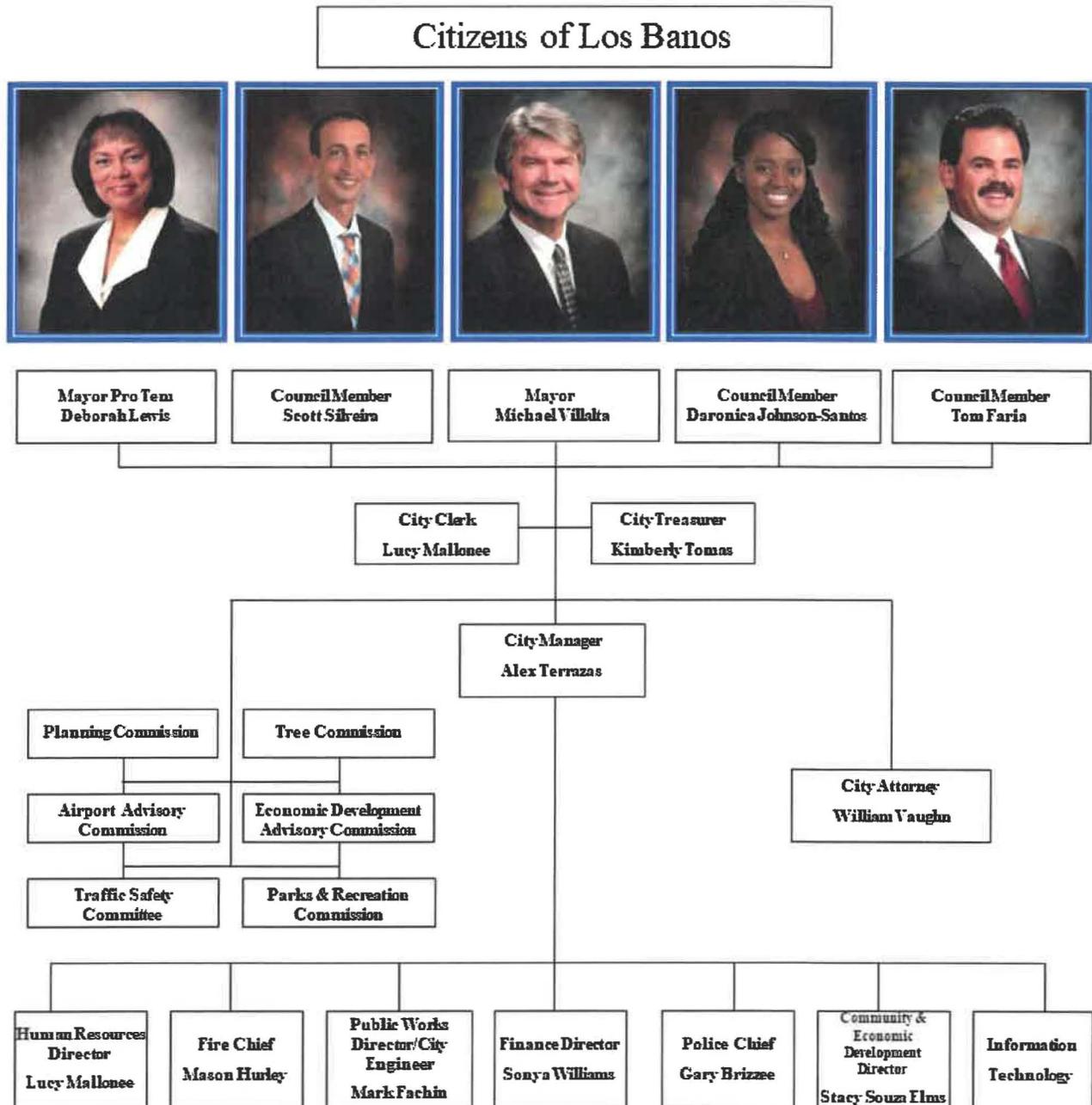
June 30, 2018

Christopher P. Merrill

Executive Director/CEO

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**CITY OF LOS BANOS
ORGANIZATION CHART**



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City of Los Banos
Directory of City Officials
June 30, 2019

Elected Officials

Mayor
Mayor Pro Tem
Council Member
Council Member
Council Member
City Clerk
City Treasurer

Michael Villalta
Deborah Lewis
Scott Siveira
Tom Faria
Daronica Johnson-Santos
Lucy Mallonee
Kimberly Tomas

Appointed Officials

City Manager
City Attorney
Human Resources Director
Fire Chief
Police Chief
Public Works Director/Engineer
Finance Director
Community & Economic Development Director

Alex Terrazas
William Vaughn
Lucy Mallonee
Mason Hurley
Gary Brizzee
Mark Fachin
Sonya Williams
Stacy Souza Elms

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Los Banos, 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 the City of Los Banos, California (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Los Banos, California, as of June 30, 2019, 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.

677 Scott Avenue
Clovis, CA 93612

tel 559.299.9540
fax 559.299.2344

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-13, budgetary comparison schedules on pages 64-70, the proportionate share of net pension liability on page 71, the schedule of pension contributions on page 72, the schedule of changes in OPEB liability and related ratios on page 73, and the schedule of other postemployment benefits contributions on page 74 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.

Supplementary 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 introductory section, combining nonmajor fund financial statements, the related budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the related budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Price Page & Company

Clovis, California
December 23, 2019

**CITY OF LOS BANOS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

As management of the City of Los Banos (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$189,935,876 (net position). The unrestricted net position of \$13,233,367 may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net position increased by \$12,077,189. This increase was mainly due to activity within the business type activities funds. The City's total assets increased by \$13,486,192 due to various equipment purchases and infrastructure improvements throughout the year. Liabilities increased by \$43,645. Increases in the Other Post-Employment Benefits (OPEB) liability and City's pension liability attributed to this increase.

The deferred outflows of resources decreased by \$1,276,642 and was mainly due to activity within the Governmental type activities funds related to pension. The deferred inflows of resources increased by \$88,716. The increase can be attributed to the business type activities related to OPEB.

As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$46,551,395. This is an increase of \$9,191,257 in comparison with the prior fiscal year. Approximately 23.2% or \$10,802,463 is available for spending at the government's discretion and is referred to as the unassigned fund balance.

At the end of the current fiscal year, total fund balance for the general fund was \$15,831,063. Of this amount, \$3,717,891 was assigned for various capital projects and \$11,437,736 was unassigned for discretionary use. The unassigned fund balance is 74.9% of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues, referred to as *governmental activities* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, known as *business-type activities*. The governmental activities of the City include general government, public safety, highways and streets, parks and recreation, and economic development. The business-type activities of the City include water, wastewater, airport, and solid waste operations.

**CITY OF LOS BANOS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The government-wide financial statements include not only the City itself which is known as the *primary government*, but all legally separate entities or *component units* for which the government is financially accountable. Currently, there are no component units of the City.

The government-wide financial statements can be found on pages 16-18 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains seventy-two (72) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, impact fee special revenue funds, CDBG & Home grant special revenue funds, streets and roads special revenue fund, public safety special revenue funds, and assessment districts special revenue fund which are considered to be major funds. Data from the four (4) non-major governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20-23 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprises funds to account for its water, wastewater, airport, and solid waste operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its retiree health benefits, its information technology, and for its fleet of vehicles. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information about the activities the government operates like businesses, such as the water, wastewater, and solid waste systems as well as the municipal airport, all of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

**CITY OF LOS BANOS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The basic proprietary fund financial statements can be found on pages 26-29 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

At this time, the City maintains the Neighborhood Stabilization Program (NSP) Impound Fund as a fiduciary fund. This agency fund reports resources held by the City in a custodial capacity for individuals, private organizations, and other governments.

The fiduciary fund financial statements can be found on page 32 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-61 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found on pages 64-74 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 78-88 of this report.

Government-wide Overall Financial Analysis

Net Position: A condensed presentation of the City's net position shown below totals \$189,935,876 as of June 30, 2019.

(in thousand of dollars)

	Governmental Activities		Business-type Activities		Total Activities	
	2018	2019	2018	2019	2018	2019
Current and other assets	\$ 42,142	\$ 51,309	\$ 50,282	\$ 53,214	\$ 92,424	\$ 104,523
Capital assets	73,831	71,767	52,040	55,491	125,871	127,258
Total Assets	115,973	123,076	102,322	108,705	218,295	231,781
Deferred outflows of resources	8,599	7,448	2,342	2,216	10,941	9,664
Long-term liabilities outstanding	30,498	30,860	15,753	15,211	46,251	46,071
Other liabilities	1,939	2,222	2,524	2,464	4,463	4,686
Total liabilities	32,437	33,082	18,277	17,675	50,714	50,757
Deferred inflows of resources	498	515	166	237	664	752
Net position:						
Net investment in capital assets	73,678	71,702	51,172	55,063	124,850	126,765
Restricted	28,043	34,310	14,748	15,627	42,791	49,937
Unrestricted	(10,084)	(9,085)	20,301	22,319	10,217	13,234
Total net position	\$ 91,637	\$ 96,927	\$ 86,221	\$ 93,009	\$ 177,858	\$ 189,936

**CITY OF LOS BANOS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

By far, the largest portion of the City's net position (66.7%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (26.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$13,233,367 is unrestricted and may be used to meet the government's ongoing needs and obligations to its citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all but one of the reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The prior fiscal year showed positive balances in all but one of the reported categories as well.

Changes in Net Position: Below is a current year recap of the changes in net position. The full Statement of Activities can be seen on Page 18.

	<u>2018</u>	<u>2019</u>
Program revenues	\$ 38,433,964	\$ 41,779,372
General revenues	14,184,683	17,264,091
Governmental expenses	(29,306,072)	(30,409,874)
Business-type expenses	<u>(15,381,826)</u>	<u>(16,556,400)</u>
Net increase (decrease)	<u>\$ 7,930,749</u>	<u>\$ 12,077,189</u>

Program revenues reflect charges for services, operating and capital grants or contributions for other sources.

General revenues consist of a variety of taxes, unrestricted investment earnings, and gain on sale of capital assets. These revenues reflect a \$3,079,408 overall increase from the 2018 fiscal year. This increase was primarily due to increases in property, sales tax, and investment earnings.

The City's overall net position increased \$12,077,189 (7%) from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Key elements of this increase are as follows:

**CITY OF LOS BANOS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

(in thousands of dollars)

	Governmental Activities		Business-type Activities		Total Activities	
	2018	2019	2018	2019	2018	2019
Program revenues:						
Charges for services	\$ 8,036	\$ 7,800	\$ 21,569	20,977	\$ 29,605	\$ 28,777
Operating grants	5,172	5,674	27	23	5,199	5,697
Capital grants	3,469	6,650	159	654	3,628	7,304
General revenues:						
Property taxes	6,230	6,794	4	4	6,234	6,798
Sales taxes	4,614	5,595	-	-	4,614	5,595
Other taxes	1,217	1,162	-	-	1,217	1,162
Use of money and property	1,287	1,935	529	1,246	1,816	3,181
Motor vehicle in-lieu	20	20	-	-	20	20
Gain on sale of capital assets	19	6	4	25	23	31
Miscellaneous	106	71	155	408	261	479
Total revenues	<u>30,170</u>	<u>35,707</u>	<u>22,447</u>	<u>23,337</u>	<u>52,617</u>	<u>59,044</u>
Expenses:						
General government	1,488	1,536	-	-	1,488	1,536
Public safety	15,812	16,098	-	-	15,812	16,098
Highways and streets	6,437	6,987	-	-	6,437	6,987
Parks and recreation	4,613	4,800	-	-	4,613	4,800
Economic development	946	981	-	-	946	981
Interest on long-term debt	10	8	-	-	10	8
Water	-	-	4,772	4,928	4,772	4,928
Sewer	-	-	4,527	4,557	4,527	4,557
Airport	-	-	337	338	337	338
Solid waste	-	-	5,745	6,733	5,745	6,733
Total expenses	<u>29,306</u>	<u>30,410</u>	<u>15,381</u>	<u>16,556</u>	<u>44,687</u>	<u>46,966</u>
Increase (decrease) in net position before transfers	864	5,297	7,066	6,781	7,930	12,078
Transfers	(4)	(7)	4	7	-	-
Increase (decrease) in net position	860	5,290	7,070	6,788	7,930	12,078
Net position - beginning	90,777	91,637	79,151	86,221	169,928	177,858
Net position - ending	<u>\$ 91,637</u>	<u>\$ 96,927</u>	<u>\$ 86,221</u>	<u>\$ 93,009</u>	<u>\$ 177,858</u>	<u>\$ 189,936</u>

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$5,289,045 or 5.7% from the prior fiscal year for an ending balance of \$96,927,250. The City is experiencing growth in property and sales tax that has led to an increase in revenues in governmental activities. The increase in the overall net position of governmental activities is the result of this tax revenue growth. The full Statement of Net Position can be found on Pages 16-17.

Business-type Activities. For the City's business-type activities, the results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$93,008,626. The total increase in net position for business-type activities (water, wastewater, and solid waste and airport funds) was \$6,788,144 or 7.8% from the prior fiscal year. The growth, in large part, is attributable to an increase in charges for services for solid waste and an increase in investment activity. As a result, charges for services increased \$169,497 for solid waste and investment earnings increased \$716,304 from the previous year's amounts.

Net Cost of Services: The table below presents the total cost of each of the City's governmental activities as well as each of the activities' net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

The total governmental activities costs of \$30,409,874 were offset by charges for services of \$7,799,743, operating grants/contributions of \$5,673,812, and capital grants/contributions of \$6,650,241, bringing the net expense to cost of services to \$10,286,078. Streets received a total of \$5,566,890 and Public Safety received \$779,129 from capital grants/contributions reflecting the restricted subventions for infrastructure and other capital improvements. Public Safety represents the highest percentage of total net costs at \$9,756,260 or 95%.

**CITY OF LOS BANOS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

(in thousands of dollars)

	Total Cost of Service		Net Cost of Service	
	2018	2019	2018	2019
General government	\$ 1,488	\$ 1,536	\$ (506)	\$ (456)
Public safety	15,812	16,098	(9,280)	(9,756)
Highways and streets	6,437	6,987	(2,127)	1,399
Parks and recreation	4,613	4,800	(150)	(733)
Economic development	946	981	(555)	(732)
Interest of long-term debt	10	8	(9)	(8)
Total	<u>\$ 29,306</u>	<u>\$ 30,410</u>	<u>\$ (12,627)</u>	<u>\$ (10,286)</u>

Financial Analysis of Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These funds have been classified as governmental or proprietary.

Governmental Funds

The focus of the City's governmental funds is on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

To provide an overview of the City's funds, following is a table showing the increases and (decreases) to total assets, liabilities, revenues, and expenditures of the City fund types from fiscal year 2018 to 2019. The total revenues and expenditures do not include any "other financing sources (uses)."

Increase (Decrease) from Prior Year

	<u>Assets</u>	<u>Liabilities</u>	<u>Revenues</u>	<u>Expenditures</u>
General fund	\$ 2,818,970	\$ 158,904	\$ 1,834,684	\$ 54,310
Special revenue funds*	10,835,209	217,185	5,531,839	4,180,566
Capital projects fund*	(150,123)	(809,262)	(50,695)	(37,132)
Other funds*	(4,392,098)	593,445	(4,646,981)	(4,079,598)

**Significant changes from prior year include capital project fund not considered a major fund this year and Streets and Roads funds and Assessment District funds classified as a major fund this year.*

As of June 30, 2019, the City's governmental funds reported combined ending fund balances of \$46,551,395 or an increase of \$9,191,257 from the prior fiscal year. Approximately 67.3% of this total amount (\$31,350,743) is not available for new spending because it is restricted to impact fee related projects and capital grant projects.

Of the remaining balance, \$305,775 is assigned for economic development, \$1,511,695 for general capital projects, \$900,421 for public safety capital projects, and \$1,000,000 for future PERS employer contributions. \$10,802,463 or 23.2% as unassigned and available for spending in the future at the government's discretion. However, approximately \$4.6 million of the General Fund's unassigned fund balance is needed to comply with the City's minimum fund balance policy.

General Fund

The assets in the General Fund realized an increase of 19% whereas liabilities increased by 10%. The total fund balance for General Funded ended the year at \$15,831,063 with \$11,437,736 as unassigned and available for discretionary use. This was an overall fund balance increase of 21% from the previous fiscal year. The significant reasons for the increase to the total general fund balance was due to growth in property and sales tax revenues. Further analysis of the General Fund budget is discussed below under the "General Fund Budgetary Highlights".

**CITY OF LOS BANOS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Major Governmental Funds. There are six major governmental funds: General Fund, Impact Fees Special Revenue Fund, CDBG and HOME Grants Special Revenue Fund, Streets and Roads Special Revenue Fund, Public Safety Special Revenue Fund, and Assessment Districts Special Revenue Fund. Changes in the General Fund are highlighted in the Financial Analysis section above. The following are changes in the other major funds:

Impact Fee Fund. These funds account for fees collected from developers for new development and used for future impact of capital needs within the City. At June 30, 2019, the impact fee funds had a total fund balance of \$21.1 million. The entire amount of the fund balance has been committed for capital projects. During the current year, funds were expended towards completion of the renovation of the soccer fields at Oliveira Park. Most of the remaining fund equity position will be used on expanding public safety facilities in order to mitigate the safety impact from new development.

CDBG and HOME Grants. These funds account for grant funding received from the State of California to assist low to moderate income homeowners. The total fund balance at June 30, 2019 was \$204,106 and was generated from repayment of loans. These funds are restricted and are required to be sent back to the State or used back into the program. The City will utilize all program income available.

Streets and Roads. These funds include Regional Surface Transportation Program (RSTP), Transportation Expenditure Plan (TEP), Gas Tax, and Local Transportation Fund (LTF). These funds are used to maintain, repair, and improve the City's 123 miles of streets, 5 miles of alleys, 227 miles of curbs and gutters, and 216 miles of sidewalks. The fund balance at June 30, 2019 was \$4.4 million for these funds.

Public Safety. These funds are generated from a half cent sales tax for public safety known as Measure P. In November 2009 Measure A was passed that amended Measure P to allow building funds generated by the half cent sales tax to be utilized for Police and Fire personnel. In November 2014 Measure K was passed which extended Measure A for an additional 7 years. The majority of Measure P funds are used for personnel. The total fund balance at June 30, 2019 was \$5.3 million. These funds also account for revenues received for public safety grants, impact fees, and community facility districts.

Assessment Districts. These funds are used to maintain the sidewalks, landscaping, parks, street signs, streetlights, trees, fences and storm drains within designated districts throughout the City. The total fund balance at June 30, 2019 was \$269,844.

Non-Major Governmental Funds. These funds include Congestion Mitigation and Air Quality (CMAQ) Grant fund used for pedestrian sidewalk infills; the Traffic Mitigation fund used to minimize the impact development has on increased traffic in the City; and the Child Development Center fund used to account for rental revenue and expenditures associated with the center.

There are no restrictions, commitments, or other limitations that would significantly affect the availability of fund resources for the future.

General Fund Budgetary Highlights

Original budget compared to final budget. At mid-year, the City Council approved budget adjustments for the general fund. The most significant adjustment to expenditures was an increase to professional services of \$75,000 to Engineering due to outside engineering services required for additional plan check activity. Also, included was approximately a \$72,000 increase to overtime and part time for Fire due to strike team assignments.

Final budget compared to actual results. Total revenues exceeded budget expectations by \$1,753,582 or 11%. The most significant differences between estimated revenues and actual revenues were property taxes and sales taxes. Revenue for property taxes was anticipated at \$6,455,349 but the actual amount received was \$6,764,382 for a \$309,033 amount over budget. Estimated revenues for sales taxes were \$4,568,848 and the actual amount received was \$5,594,516 exceeding the budget by \$1,025,668. These positive variances exceeded the budget by 12% or \$1,334,701. This was due to increased property values, home sales, and a rise in consumer spending.

**CITY OF LOS BANOS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Expenditure variances were positive coming in 9.3% under the amended budget. The most significant savings were found in public safety, community development, and capital outlay. Public safety realized a variance of \$512,892, community development \$262,237, and capital outlay \$571,477. There was a total variance of \$1,568,876 between the amended budget and actual expenditures.

Capital Assets and Debt Administration

Capital assets. City's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$127,258,558 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, wells, and the wastewater treatment plant. There was a total increase in capital assets for the current fiscal year in the amount of \$1,388,239.

For governmental activities, capital assets decreased \$2,063,192. Depreciation for the City's governmental activities is \$6,378,899. For business-type activities, capital assets increased by \$3,451,431. Depreciation for the business-type funds was \$2,273,580.

A recap of the City's capital assets, net of accumulated depreciation, is shown next:

(in thousands of dollars)

Description	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Land	\$ 7,121	\$ 7,121	\$ 8,068	\$ 8,068	\$ 15,189	\$ 15,189
Buildings and improvements	22,329	22,348	10,041	10,040	32,370	32,388
Equipment	15,902	16,231	9,596	10,001	25,498	26,232
Infrastructure	130,324	133,948	57,957	68,195	188,281	202,143
Construction in progress	572	807	5,725	530	6,297	1,337
Less: accumulated depreciation	(102,417)	(108,688)	(39,348)	(41,343)	(141,765)	(150,031)
Total capital assets	\$ 73,831	\$ 71,767	\$ 52,039	\$ 55,491	\$ 125,870	\$ 127,258

Major capital asset events during the current fiscal year include the projects stated as follows:

- Place Road Rehabilitation paid by Streets funding and the Local Transportation Fund for \$584,060
- 2018 CAT 229 DS Compact Truck Loader paid by Street Funding for \$108,704
- Oliveira Park Soccer Fields paid by the Park Fund for \$329,273
- Cresthills Park Picnic Arbor paid by the Landscaping & Lighting District #2 for \$232,963
- G Street Waterline paid by the Water Fund for \$556,876
- Iowa Waterline Replacement paid by the Water Fund for \$231,251
- VAC-Con Heavy Duty Sewer Cleaner Truck paid by the Water & Wastewater Funds for \$443,886
- 6th Street & K Street Storm Drain Line paid by the Wastewater Fund for \$445,585
- WWTP Headworks Project paid by the Wastewater Fund for \$8,174,622

There is more detailed information about the City's capital assets is presented in Note 6 to the financial statements on pages 46-47 of this report.

Long-term Debt: A recap of the City's long-term debt is shown below. Changes in the total outstanding long-term debt include a decrease of \$468,504 or 24% for the current fiscal year. The decrease in bonded debt was due to the City making its regularly scheduled bond payments as required. An increase of \$57,106 was recorded for employee compensated absences.

**CITY OF LOS BANOS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

(in thousands of dollars)

Debt Types	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
COPs	\$ -	\$ -	\$ 868	\$ 428	\$ 868	\$ 428
Capital leases	151	66	-	-	151	66
Comp. absences	666	720	227	230	893	950
Total debt	\$ 817	\$ 786	\$ 1,095	\$ 658	\$ 1,912	\$ 1,444

More detailed information about the City's long-term debt is presented in Note 7 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The City's property taxes are received in January and April whereas sales taxes are received on a monthly basis requiring the City to maintain a reserve in order to meet cash-flow needs of the General Fund. Property tax values have risen therefore, so has the property taxes in lieu of vehicle license fees. Sales taxes have also continued to increase for the City. The City remains consistent with a conservative approach to revenues and anticipates a modest growth in General Fund revenues in the next fiscal year. The City will continue to work diligently to preserve existing reserves in order to meet additional personnel expenditures that will impact the General Fund in future fiscal years as well as impending infrastructure/capital project needs.

Personnel costs will increase for next fiscal year due to step increases for all employee groups, a 3% cost of living increase, and increases due to the Memorandum of Understandings entered into with the bargaining groups in 2019. Health benefits continue to rise as well as employer contributions to CalPERS for retirement benefits for employees.

The City is a member of a public entity risk pool (see notes to these financial statements). The City will see a 12% increase in the self-insured pooling. This is an overall increase to property and auto premiums as well as liability and workers compensation premiums.

**CITY OF LOS BANOS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The City participates in the CalPERS retirement program for its employees. Changes that will affect the City's employer's rates include CalPERS' plan to change the amortization period for the unfunded accrued liability from a 30 year to a 20 year amortization period. CalPERS is also phasing down the discount rate to 7% which will affect employer contributions in future fiscal years starting in FY 2018-2019. Below is the employee rate, employer's normal cost rate, and unfunded accrued liability (UAL) by fiscal year:

	2.7% @ 55 Miscellaneous			3% @ 50 Safety		
	Employer			Employer		
	Employee	Normal Cost	UAL	Employee	Normal Cost	UAL
2018	8.00%	12.470%	\$768,224	9.00%	21.418%	\$773,265
2019	8.00%	13.084%	\$888,583	9.00%	22.346%	\$524,844
2020	8.00%	13.945%	\$715,298	9.00%	23.654%	\$633,978

	2.0% @ 60 Miscellaneous			3% @ 55 Safety		
	Employer			Employer		
	Employee	Normal Cost	UAL	Employee	Normal Cost	UAL
2018	8.00%	7.850%	\$171	9.00%	18.487%	\$0
2019	8.00%	8.346%	\$527	9.00%	19.353%	\$452
2020	7.00%	8.668%	\$2,408	9.00%	20.603%	\$1,159

	2.0% @ 62 Miscellaneous			2.7% @ 57 Safety		
	Employer			Employer		
	Employee	Normal Cost	UAL	Employee	Normal Cost	UAL
2018	6.50%	6.908%	\$163	12.25%	12.729%	\$51
2019	6.50%	7.266%	\$600	12.75%	12.965%	\$1,046
2020	7.25%	7.072%	\$3,357	12.75%	13.786%	\$894

The City completed an actuarial study to be in compliance with Governmental Accounting Standards Board (GASB) pronouncement 75 to determine the unfunded liability for other post-employment benefits (OPEB). The City complied with GASB by currently funding the retiree health benefits on a yearly basis, paid \$754,824 for retiree health benefits, and sent another \$1,128,737 for future retiree health benefits to the California Employers' Retiree Benefit Trust (CERBT) in order to comply with the City's Actuarially Determined Contribution (ADC).

A five-year utility rate increase was adopted by City Council on June 5, 2019 that increased water, wastewater, and solid waste rates by CPI not to exceed 3.5%. These rate changes complied with Prop 218 and were approved by the City Council. The new rates became effective July 1, 2019. The City will continue to evaluate current rates in the coming fiscal years to determine if the water, wastewater, and solid waste rates require additional adjusting in the future.

In FY 2017-2018, the City began work on an impact fee rate study as well as a comprehensive fee study to determine if the current fees in place are cost effective or if there is a need to increase fees to meet future demands on the City. The comprehensive fee study was completed and new user fees were adopted by the City Council on September 18, 2019. The new fees are effective December 1, 2019. The impact fee study is ongoing and anticipated to be completed in FY 2019-2020 with recommendations coming to the City Council for approval.

**CITY OF LOS BANOS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

REQUESTS FOR INFORMATION

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors of the City with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact:

City of Los Banos
Finance Department
520 J Street
Los Banos, CA 93635
(209) 827-7000

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BASIC FINANCIAL STATEMENTS

**CITY OF LOS BANOS
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 44,986,491	\$ 35,076,028	\$ 80,062,519
Restricted cash and investments with fiscal agents	-	496,991	496,991
Restricted cash and investments	-	15,130,020	15,130,020
Receivables:			
Accounts receivable	369,975	1,503,184	1,873,159
Taxes receivable	2,566,005	-	2,566,005
Interest receivable	171,910	189,084	360,994
Intergovernmental receivables	896,715	-	896,715
Loans receivable	2,955,087	-	2,955,087
Internal balances	(647,681)	647,681	-
Inventories	-	73,601	73,601
Prepaid items	10,624	97,107	107,731
Capital assets, not being depreciated:			
Land	7,121,007	8,067,666	15,188,673
Construction in progress	806,565	530,229	1,336,794
Capital assets, being depreciated:			
Building and structures	22,347,563	10,040,692	32,388,255
Machinery and equipment	16,231,042	10,001,019	26,232,061
Infrastructure	133,947,662	68,195,039	202,142,701
Less: accumulated depreciation	(108,686,514)	(41,343,412)	(150,029,926)
Total assets	123,076,451	108,704,929	231,781,380
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	5,336,329	1,479,294	6,815,623
Deferred outflows from OPEB	2,112,038	736,495	2,848,533
Total deferred outflows of resources	7,448,367	2,215,789	9,664,156
LIABILITIES			
Accounts payable	1,480,457	1,292,810	2,773,267
Interest payable	-	1,687	1,687
Deposits	42,095	537,125	579,220
Noncurrent liabilities:			
Compensated absences:			
Due within one year	642,098	204,029	846,127
Due in more than one year	78,752	25,829	104,581
Long-term debt:			
Due within one year	58,020	428,159	486,179
Due in more than one year	7,573	-	7,573
Net pension liability	16,731,649	5,065,117	21,796,766
Net OPEB liability	14,041,645	4,896,500	18,938,145
Landfill closure and postclosure care payable	-	5,224,000	5,224,000
Total liabilities	33,082,289	17,675,256	50,757,545

The notes to the basic financial statements are an integral part of this statement.

CITY OF LOS BANOS
STATEMENT OF NET POSITION
JUNE 30, 2019
(Continued)

	Governmental Activities	Business-Type Activities	Total
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	448,367	213,502	661,869
Deferred inflows from OPEB	66,912	23,334	90,246
Total deferred inflows of resources	515,279	236,836	752,115
NET POSITION			
Net investment in capital assets	71,701,732	55,063,074	126,764,806
Restricted for:			
Debt service	-	496,991	496,991
Public safety	5,350,360	-	5,350,360
Highways and streets	4,456,091	-	4,456,091
Parks and recreation	269,844	-	269,844
Development projects	21,075,204	-	21,075,204
Capital projects	-	13,852,386	13,852,386
Economic development	3,159,193	-	3,159,193
Landfill closure and postclosure costs	-	1,277,634	1,277,634
Total restricted	34,310,692	15,627,011	49,937,703
Unrestricted	(9,085,174)	22,318,541	13,233,367
Total net position	\$ 96,927,250	\$ 93,008,626	\$ 189,935,876

The notes to the basic financial statements are an integral part of this statement.

**CITY OF LOS BANOS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 1,535,597	\$ 774,894	\$ -	\$ 304,222	\$ (456,481)	\$ -	\$ (456,481)
Public safety	16,098,104	2,511,395	3,051,320	779,129	(9,756,260)	-	(9,756,260)
Highways and streets	6,987,449	330,808	2,489,154	5,566,890	1,399,403	-	1,399,403
Parks and recreation	4,799,711	4,066,810	-	-	(732,901)	-	(732,901)
Economic development	980,764	115,836	133,338	-	(731,590)	-	(731,590)
Interest on long-term debt	8,249	-	-	-	(8,249)	-	(8,249)
Total governmental activities	30,409,874	7,799,743	5,673,812	6,650,241	(10,286,078)	-	(10,286,078)
Business-type activities:							
Water	4,928,253	6,164,273	-	418,692	-	1,654,712	1,654,712
Wastewater	4,557,451	6,879,045	-	235,248	-	2,556,842	2,556,842
Airport	337,840	191,717	10,000	-	-	(136,123)	(136,123)
Solid waste	6,732,856	7,743,997	12,604	-	-	1,023,745	1,023,745
Total business-type activities	16,556,400	20,979,032	22,604	653,940	-	5,099,176	5,099,176
Total primary government	\$ 46,966,274	\$ 28,778,775	\$ 5,696,416	\$ 7,304,181	(10,286,078)	5,099,176	(5,186,902)
General revenues:							
Taxes:							
Property taxes					6,793,665	3,717	6,797,382
Sales taxes					5,594,516	-	5,594,516
Transient taxes and other taxes					621,498	-	621,498
Franchise taxes					540,449	-	540,449
Use of money and property					1,935,306	1,245,717	3,181,023
Motor vehicle in-lieu					19,673	-	19,673
Gain on sale of capital assets					5,587	25,083	30,670
Miscellaneous					70,973	407,907	478,880
Transfers					(6,544)	6,544	-
Total general revenues and transfers					15,575,123	1,688,968	17,264,091
Change in net position					5,289,045	6,788,144	12,077,189
Net position - beginning					91,638,205	86,220,482	177,858,687
Net position - ending					\$ 96,927,250	\$ 93,008,626	\$ 189,935,876

The notes to the basic financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal year 2019. Individual nonmajor funds may be found in the Combining Financial Statements and Schedules.

GENERAL FUND

This fund is the primary operating fund of the City. It accounts for normal recurring activities traditionally associated with government, which are not required to be accounted for in another fund. These activities are funded primarily by property taxes, sales and use taxes, interest and rental income, charges for services, and State grants.

IMPACT FEES SPECIAL REVENUE FUND

This fund accounts for fees collected from developers to cover the anticipated costs of improvement that will be necessary as a result of the impact the development has on the City.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME GRANTS SPECIAL REVENUE FUND

This fund accounts for certain designated projects paid for with Community Development Block Grant (CDBG) and Home Federal program monies received from the State, along with repayments of CDBG loans.

STREETS AND ROADS SPECIAL REVENUE FUND

These funds are used for the maintenance, repair, and improvements of the City's 123 miles of streets, 5 miles of alleys, 227 miles of curbs and gutters, and 216 miles of sidewalks. Street Services accomplishes a wide range of duties that include pavement management, concrete improvements, sidewalk maintenance, painting street and curb markings, traffic signs and signals, bridges, minor construction, flood control, and traffic surveys.

PUBLIC SAFETY SPECIAL REVENUE FUND

This fund accounts for a half-cent sales tax approved by local citizens in November 2004 by 77.9%. This measure passed is to be used for 911 services, Police, and Fire Protection. These funds are split 50/50 with the Police and Fire Departments. These funds also account for revenues received for public safety grants, impact fees and community facility districts.

ASSESSMENT DISTRICTS SPECIAL REVENUE FUND

These funds are used for maintenance of sidewalks, landscaping, parks, street signs, street lights, trees, fences, storm drains and professional services in designated districts within the City that are then charged to the residents through the property tax roll.

**CITY OF LOS BANOS
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds						Nonmajor Governmental Funds	Total Governmental Funds
	General	Impact Fees	CDBG and Home Grants	Streets and Roads	Public Safety	Assessment Districts		
ASSETS								
Cash and investments	\$ 15,176,614	\$ 20,233,960	\$ 211,966	\$ 3,728,019	\$ 4,883,599	\$ 296,938	\$ 152,990	\$ 44,684,086
Accounts receivable	363,859	-	4,555	26	1,001	-	-	369,441
Taxes receivable	1,984,490	-	-	-	447,538	133,977	-	2,566,005
Interest receivable	58,765	75,998	802	12,494	18,428	3,545	569	170,601
Intergovernmental receivables	75,646	-	-	769,611	2,952	25,713	22,793	896,715
Prepaid items	1,087	-	-	-	4,862	-	-	5,949
Due from other funds	15,420	-	-	-	-	-	-	15,420
Advances to other funds	-	786,996	-	-	-	-	-	786,996
Loans receivable	-	-	2,955,087	-	-	-	-	2,955,087
Total assets	\$ 17,675,881	\$ 21,096,954	\$ 3,172,410	\$ 4,510,150	\$ 5,358,380	\$ 460,173	\$ 176,352	\$ 52,450,300
LIABILITIES								
Accounts payable	\$ 1,146,114	\$ 21,750	\$ 13,217	\$ 54,059	\$ 8,020	\$ 190,329	\$ 9,209	\$ 1,442,698
Due to other funds	-	-	-	-	-	-	15,420	15,420
Deposits	42,095	-	-	-	-	-	-	42,095
Advances from other funds	610,000	-	-	-	-	-	786,996	1,396,996
Total liabilities	1,798,209	21,750	13,217	54,059	8,020	190,329	811,625	2,897,209
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	46,609	-	-	-	-	-	-	46,609
Unavailable revenue - loans	-	-	2,955,087	-	-	-	-	2,955,087
Total deferred inflows of resources	46,609	-	2,955,087	-	-	-	-	3,001,696
FUND BALANCES (DEFICITS)								
Nonspendable	1,087	-	-	-	4,862	-	-	5,949
Restricted	-	21,075,204	204,106	4,456,091	5,345,498	269,844	-	31,350,743
Committed	674,349	-	-	-	-	-	-	674,349
Assigned	3,717,891	-	-	-	-	-	-	3,717,891
Unassigned	11,437,736	-	-	-	-	-	(635,273)	10,802,463
Total fund balances (deficit)	15,831,063	21,075,204	204,106	4,456,091	5,350,360	269,844	(635,273)	46,551,395
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 17,675,881	\$ 21,096,954	\$ 3,172,410	\$ 4,510,150	\$ 5,358,380	\$ 460,173	\$ 176,352	\$ 52,450,300

The notes to the basic financial statements are an integral part of this statement.

**CITY OF LOS BANOS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 46,551,395
Capital assets used in governmental activities are not current assets or financial resources and, therefore, were not reported in the governmental funds.	71,562,617
Pension related deferrals are reported as deferred outflows and inflows of resources on the statement of net position.	4,699,478
OPEB related deferrals are reported as deferred outflows and inflows of resources on the statement of net position.	1,985,449
Internal service funds are not governmental funds; however, they are used by management to charge the costs of certain activities, such as insurance, central services, and maintenance to individual governmental funds. The net current assets of the internal service funds are therefore included in governmental activities in the following line items of the statement of net position:	
Cash and investments	302,405
Interest receivable	1,309
Accounts receivable	534
Prepaid items	4,675
Capital assets, net of accumulated depreciation	204,708
Deferred outflows from pensions	219,677
Deferred outflows from OPEB	61,629
Accounts payable and other current liabilities	(37,759)
Capital lease	(46,543)
Compensated absences	(15,935)
Net pension liability	(740,015)
Net OPEB liability	(409,729)
Deferred inflows from pensions	(31,193)
Deferred inflows from OPEB	(1,952)
Internal balances	(37,681)
Revenues which are deferred on the fund balance sheets, because they are not available currently, are taken into revenue in the statement of activities.	46,609
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	2,955,087
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Net pension liability	(15,991,634)
Net OPEB liability	(13,631,916)
Compensated absences	(704,915)
Long-term debt	<u>(19,050)</u>
Net position of governmental activities	<u>\$ 96,927,250</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF LOS BANOS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds						Nonmajor Governmental Funds	Total Governmental Funds
	General	Impact Fees	CDBG and Home Grants	Streets and Roads	Public Safety	Assessment Districts		
REVENUES								
Taxes:								
Property	\$ 6,764,382	\$ -	\$ -	\$ -	\$ 1,094,726	\$ -	\$ -	\$ 7,859,108
Sales	5,594,516	-	-	937,194	2,717,155	-	-	9,248,865
Franchise	540,449	-	-	-	-	-	-	540,449
Other	621,498	-	-	-	-	-	-	621,498
Licenses and permits	763,207	-	-	-	-	-	-	763,207
Intergovernmental	208,238	-	43,874	2,156,820	155,994	-	37,595	2,602,521
Charges for services	1,941,815	4,498,887	59,094	-	18,889	2,142,370	-	8,661,055
Fines	59,806	-	-	-	-	-	-	59,806
Use of property and money	1,282,404	411,618	4,613	71,195	96,853	23,372	45,251	1,935,306
Miscellaneous	121,983	-	29,030	235	114,136	-	6,154	271,538
Total revenues	17,898,298	4,910,505	136,611	3,165,444	4,197,753	2,165,742	89,000	32,563,353
EXPENDITURES								
Current:								
General government	1,227,119	2,625	-	-	-	-	-	1,229,744
Public safety	11,438,942	171,751	28,747	-	2,802,572	-	-	14,442,012
Highways and streets	196,407	17,466	-	2,030,990	-	-	8,229	2,253,092
Parks and recreation	1,339,358	-	-	-	-	2,127,326	15,218	3,481,902
Economic development	799,313	-	60,740	-	-	-	30,370	890,423
Debt service:								
Interest and fiscal charges	7,049	-	-	-	-	-	-	7,049
Capital outlay:								
General government	55,642	-	-	-	-	-	-	55,642
Public safety	129,094	12,492	-	-	-	-	-	141,586
Highways and streets	1,631	-	-	422,913	-	-	-	424,544
Parks and recreation	68,584	65,717	-	-	-	375,910	12,321	522,532
Economic development	4,392	-	-	-	-	-	-	4,392
Total expenditures	15,267,531	270,051	89,487	2,453,903	2,802,572	2,503,236	66,138	23,452,918
Excess (deficiency) of revenues over (under) expenditures	2,630,767	4,640,454	47,124	711,541	1,395,181	(337,494)	22,862	9,110,435
OTHER FINANCING SOURCES (USES)								
Proceeds from sale of capital assets	1,470	-	-	2,622	1,495	-	-	5,587
Insurance recoveries	81,779	-	-	-	-	-	-	81,779
Transfers in	-	-	-	-	-	-	1,004	1,004
Transfers out	(6,544)	-	-	(1,004)	-	-	-	(7,548)
Total other financing sources (uses)	76,705	-	-	1,618	1,495	-	1,004	80,822
Net change in fund balances	2,707,472	4,640,454	47,124	713,159	1,396,676	(337,494)	23,866	9,191,257
Fund balances (deficit) - beginning	13,123,591	16,434,750	156,982	3,742,932	3,953,684	607,338	(659,139)	37,360,138
Fund balances (deficit) - ending	\$ 15,831,063	\$ 21,075,204	\$ 204,106	\$ 4,456,091	\$ 5,350,360	\$ 269,844	\$ (635,273)	\$ 46,551,395

The notes to the basic financial statements are an integral part of this statement.

**CITY OF LOS BANOS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ 9,191,257

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are capitalized and allocated over their estimated useful lives, and reported as depreciation expense.

The capital outlay expenditures are, therefore, added back to fund balance. 4,269,977

Depreciation expense is deducted from the fund balance. Depreciation expense is net of internal service fund depreciation of \$113,839 which has already been allocated to internal service funds. (6,265,060)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. 14,495

Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (1,327,258)

Changes to net OPEB liability and OPEB related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (472,960)

Some amounts included in the statement of activities do not provide or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds (net change).

Unavailable revenue (47,406)

Deferred loans (192,165)

Compensated absences (54,056)

Internal service funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of net revenue (expense) of these internal service funds arising out of the transactions with governmental funds is reported with governmental activities because they service those activities. 172,221

Change in net position of governmental activities \$ 5,289,045

The notes to the basic financial statements are an integral part of this statement.

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MAJOR PROPRIETARY FUNDS

Proprietary funds account for the City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City reported all of its Enterprise Funds as major funds in fiscal year 2019.

WATER

Accounts for activities associated with the acquisition or construction of water facilities and production, distribution, and transmission of potable water to users.

WASTEWATER

Accounts for activities associated with the acquisition or construction, and operation and maintenance of wastewater facilities for drainage, treatment, and disposal of sanitary wastewater.

AIRPORT

Accounts for activities associated with the operations and capital improvements of the City's municipal airport.

SOLID WASTE FUND

Accounts for activities associated with the collection and disposal of refuse throughout the City.

**CITY OF LOS BANOS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service
	Water	Wastewater	Airport	Solid Waste	Total	Fund
ASSETS						
Current assets:						
Cash and investments	\$ 21,192,469	\$ 6,139,385	\$ 551,027	\$ 7,193,147	\$ 35,076,028	\$ 302,405
Restricted cash and investments with fiscal agents	-	496,991	-	-	496,991	-
Restricted cash and investments	8,089,498	5,762,888	-	1,277,634	15,130,020	-
Interest receivable	110,059	44,981	2,075	31,969	189,084	1,309
Accounts receivable	396,791	494,900	26,789	584,704	1,503,184	534
Inventories	9,700	-	63,901	-	73,601	-
Prepaid items	12,147	83,873	-	1,087	97,107	4,675
Total current assets	29,810,664	13,023,018	643,792	9,088,541	52,566,015	308,923
Noncurrent assets:						
Advances to other funds	610,000	-	-	-	610,000	-
Capital assets:						
Land	760,822	7,306,844	-	-	8,067,666	-
Construction in progress	408,334	46,762	60,752	14,381	530,229	29,452
Buildings and improvements	318,155	9,034,927	655,452	32,158	10,040,692	5,976
Machinery and equipment	5,042,754	3,233,503	431,120	1,293,642	10,001,019	1,249,679
Infrastructure	29,192,704	36,243,174	2,739,243	19,918	68,195,039	-
Less: accumulated depreciation	(16,339,770)	(21,373,027)	(2,769,609)	(861,006)	(41,343,412)	(1,080,399)
Total noncurrent assets	19,992,999	34,492,183	1,116,958	499,093	56,101,233	204,708
Total assets	49,803,663	47,515,201	1,760,750	9,587,634	108,667,248	513,631
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows from pensions	566,931	576,439	-	335,924	1,479,294	219,677
Deferred outflows from OPEB	304,175	276,213	-	156,107	736,495	61,629
Total deferred outflows of resources	871,106	852,652	-	492,031	2,215,789	281,306

The notes to the basic financial statements are an integral part of this statement.

**CITY OF LOS BANOS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019
(Continued)**

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Wastewater	Airport	Solid Waste	Total	
LIABILITIES						
Current liabilities:						
Accounts payable and other current liabilities	442,164	413,589	20,190	416,867	1,292,810	37,759
Interest payable	-	1,687	-	-	1,687	-
Deposits	528,545	5,000	3,580	-	537,125	-
Current portion of certificates of participation	-	428,159	-	-	428,159	-
Current portion of capital leases	-	-	-	-	-	42,867
Current portion of compensated absences	77,143	74,544	-	52,342	204,029	15,935
Total current liabilities	1,047,852	922,979	23,770	469,209	2,463,810	96,561
Noncurrent liabilities:						
Capital leases	-	-	-	-	-	3,676
Compensated absences	3,369	14,607	-	7,853	25,829	-
Net pension liability	1,941,116	1,976,409	-	1,147,592	5,065,117	740,015
Net OPEB liability	2,022,269	1,836,372	-	1,037,859	4,896,500	409,729
Landfill closure and postclosure care payable	-	-	-	5,224,000	5,224,000	-
Total noncurrent liabilities	3,966,754	3,827,388	-	7,417,304	15,211,446	1,153,420
Total liabilities	5,014,606	4,750,367	23,770	7,886,513	17,675,256	1,249,981
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows from pensions	81,820	83,309	-	48,373	213,502	31,193
Deferred inflows from pensions	9,637	8,751	-	4,946	23,334	1,952
Total deferred inflows of resources	91,457	92,060	-	53,319	236,836	33,145
NET POSITION						
Net investment in capital assets	19,382,999	34,064,024	1,116,958	499,093	55,063,074	158,165
Restricted for debt service	-	496,991	-	-	496,991	-
Restricted for capital projects	8,089,498	5,762,888	-	-	13,852,386	-
Restricted for landfill closure and postclosure costs	-	-	-	1,277,634	1,277,634	-
Unrestricted	18,096,209	3,201,523	620,022	363,106	22,280,860	(646,354)
Total net position	\$ 45,568,706	\$ 43,525,426	\$ 1,736,980	\$ 2,139,833	92,970,945	\$ (488,189)
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time					37,681	
Net position of business-type activities (page 16)					\$ 93,008,626	

The notes to the basic financial statements are an integral part of this statement.

CITY OF LOS BANOS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds					Governmental Activities -
	Water	Wastewater	Airport	Solid Waste	Total	Internal Service Fund
Operating revenues:						
Water charges	\$ 6,164,273	\$ -	\$ -	\$ -	\$ 6,164,273	\$ -
Wastewater charges	-	6,879,045	-	-	6,879,045	-
Solid waste charges	-	-	-	7,743,997	7,743,997	-
Airport	-	-	287,584	-	287,584	-
Interdepartmental charges	-	-	-	-	-	3,335,243
Miscellaneous	85,817	35,685	-	1,806	123,308	16,043
Total operating revenues	6,250,090	6,914,730	287,584	7,745,803	21,198,207	3,351,286
Operating expenses:						
Personnel services	2,017,723	1,982,459	11,033	963,595	4,974,810	2,366,808
Contractual services	257,382	314,435	26,797	4,830,970	5,429,584	82,345
Utilities	692,587	163,171	182,594	63,569	1,101,921	206,146
Repairs and maintenance	560,217	680,025	13,388	702,750	1,956,380	287,249
Insurance	62,380	53,203	11,461	38,677	165,721	14,221
Other supplies and expenses	368,094	285,715	1,605	61,847	717,261	39,270
Depreciation	994,721	1,077,575	90,962	110,322	2,273,580	113,839
Total operating expenses	4,953,104	4,556,583	337,840	6,771,730	16,619,257	3,109,878
Operating income (loss)	1,296,986	2,358,147	(50,256)	974,073	4,578,950	241,408
Nonoperating revenues (expenses):						
Investment earnings	627,939	303,378	11,762	172,221	1,115,300	24,641
Interest and fiscal charges	-	(30,223)	-	-	(30,223)	(4,103)
Intergovernmental revenue	-	-	10,000	12,604	22,604	-
Property tax revenue	-	-	3,717	-	3,717	-
Gain (loss) on sale of assets	5,742	2,313	-	(19,127)	(11,072)	-
Landfill closure/postclosure change in estimate	-	-	-	39,510	39,510	-
Miscellaneous	-	-	-	319,149	319,149	-
Total nonoperating revenues (expenses)	633,681	275,468	25,479	524,357	1,458,985	20,538
Income (loss) before capital contributions and transfers	1,930,667	2,633,615	(24,777)	1,498,430	6,037,935	261,946
Capital contributions	418,692	235,248	-	-	653,940	-
Transfers in	6,544	-	-	-	6,544	-
Change in net position	2,355,903	2,868,863	(24,777)	1,498,430	6,698,419	261,946
Net position - beginning	43,212,803	40,656,563	1,761,757	641,403		(750,135)
Net position - ending	\$ 45,568,706	\$ 43,525,426	\$ 1,736,980	\$ 2,139,833		\$ (488,189)
Adjustments for the net effect of the current year activity between the internal service funds and the enterprise funds					89,725	
Changes in net position of business-type activities (page 18)					\$ 6,788,144	

The notes to the basic financial statements are an integral part of this statement.

**CITY OF LOS BANOS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service
	Water	Wastewater	Airport	Solid Waste	Total	Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 6,197,718	\$ 6,893,131	\$ 278,468	\$ 7,738,213	\$ 21,107,530	\$ -
Receipts from interfund services provided	-	-	-	-	-	3,335,275
Payments to suppliers	(1,805,533)	(1,845,480)	(257,821)	(5,633,432)	(9,542,266)	(642,153)
Payments to or on behalf of employees for services	(1,787,057)	(1,773,143)	(11,033)	(1,203,797)	(4,775,030)	(2,566,935)
Receipts from other operating revenues	85,817	35,685	-	1,806	123,308	16,043
Net cash provided (used) by operating activities	2,690,945	3,310,193	9,614	902,790	6,913,542	142,230
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	6,544	-	-	-	6,544	-
Advances to other funds	95,000	-	-	-	95,000	-
Property taxes and grants received	-	-	13,717	22,812	36,529	-
Landfill closure/postclosure liability	-	-	-	(60,777)	(60,777)	-
Miscellaneous	-	-	-	319,149	319,149	-
Net cash provided (used) by noncapital financing activities	101,544	-	13,717	281,184	396,445	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal payments on long-term debt	-	(440,000)	-	-	(440,000)	(71,115)
Acquisition of capital assets	(1,167,466)	(3,935,122)	(16,598)	(8,931)	(5,128,117)	(45,730)
Proceeds from the sale of assets	5,742	2,313	-	37,917	45,972	-
Interest paid	-	(31,799)	-	-	(31,799)	(4,103)
Net cash provided (used) by capital and related financing activities	(1,161,724)	(4,404,608)	(16,598)	28,986	(5,553,944)	(120,948)
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash received from interest and land rentals	587,306	291,122	11,061	158,505	1,047,994	24,279
Net cash provided (used) by investing activities	587,306	291,122	11,061	158,505	1,047,994	24,279
Net increase (decrease) in cash and cash equivalents	2,218,071	(803,293)	17,794	1,371,465	2,804,037	45,561
Cash and cash equivalents - beginning	27,063,896	13,202,557	533,233	7,099,316	47,899,002	256,844
Cash and cash equivalents - ending	\$ 29,281,967	\$ 12,399,264	\$ 551,027	\$ 8,470,781	\$ 50,703,039	\$ 302,405

Reconciliation of Operating Income (Loss) to Cash Flows Provided (Used) by Operating Activities

Operating income (loss)	\$ 1,296,986	\$ 2,358,147	\$ (50,256)	\$ 974,073	\$ 4,578,950	\$ 241,408
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	994,721	1,077,575	90,962	110,322	2,273,580	113,839
(Increase) decrease in:						
Accounts receivable	13,205	14,086	(9,116)	(5,784)	12,391	32
Inventories	(1,833)	-	(13,715)	-	(15,548)	-
Prepaid items	5,611	(78,175)	-	(389)	(72,953)	2,338
Deferred outflows of resources for pensions	127,217	114,391	-	81,218	322,826	93,100
Deferred outflows of resources for OPEB	(102,596)	(87,204)	-	(7,190)	(196,990)	676
Increase (decrease) in:						
Accounts payable and other liabilities	131,349	(270,756)	(8,261)	64,770	(82,898)	(15,260)
Customer deposits	20,240	-	-	-	20,240	-
Compensated absences	(3,779)	5,515	-	716	2,452	598
Net pension liability	(36,244)	2,587	-	(33,872)	(67,529)	(152,567)
Net OPEB liability	218,047	144,857	-	(295,015)	67,889	(147,931)
Deferred inflows of resources for pensions	28,829	30,413	-	16,711	75,953	7,274
Deferred inflows of resources for OPEB	(808)	(1,043)	-	(2,770)	(4,621)	(1,277)
Net cash provided (used) by operating activities	\$ 2,690,945	\$ 3,310,193	\$ 9,614	\$ 902,790	\$ 6,913,542	\$ 142,230

Schedule of Non-Cash Capital and Financial Related Activities

Capital contributions	\$ 418,692	\$ 235,248	\$ -	\$ -	\$ 653,940	\$ -
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The notes to the basic financial statements are an integral part of this statement.

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FIDUCIARY FUND

AGENCY FUNDS

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

**CITY OF LOS BANOS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019**

	Agency Funds
ASSETS	
Cash	\$ 8,637
Accounts receivable	1,660
Total assets	10,297
LIABILITIES	
Due to others	10,297
Total liabilities	\$ 10,297

The notes to the basic financial statements are an integral part of this statement.

CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Los Banos (the City) was incorporated as a general law city on May 8, 1907. The City operates under the Council-Manager form of government consisting of five elected council members, including the Mayor and a City Manager appointed by the City Council. The City provides the following services as authorized: public safety (police and fire), sanitation (solid waste disposal, sanitary, wastewater, and storm water utilities), water utility, community and economic development, streets, parks and recreation, and general administrative services.

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments. Significant accounting policies are summarized below:

A. Description of the Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements present the City of Los Banos as the primary government. The City does not have any component units.

B. Basis of Presentation

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These standards require that the financial statements described below be presented.

Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City). These statements include the financial activities of the overall City government, except for fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund – The General Fund is the primary operating fund of the City. It accounts for normal recurring activities traditionally associated with government, which are not required to be accounted for in another fund. These activities are funded primarily by property taxes, sales and use taxes, interest and rental income, charges for services and State Grants.

Impact Fees Special Revenue Fund – This fund accounts for fees collected from developers to cover the anticipated costs of improvement that will be necessary as a result of the impact the development has on the City.

Community Development Block Grant (CDBG) and Home Grants Special Revenue Fund – This fund accounts for certain designated projects paid for with Community Development Block Grant (CDBG) and Home Federal program monies received from the State, along with repayments of CDBG loans.

Streets and Roads Special Revenue Fund - These funds are used for the maintenance, repair, and improvement of the City's 123 miles of streets, 5 miles of alleys, 227 miles of curbs and gutters, and 216 miles of sidewalks. Street Services accomplishes a wide range of duties that include pavement management, concrete improvement, sidewalk maintenance, painting street and curb markings, traffic signs and signals, bridges, minor construction, flood control, and traffic surveys.

Public Safety Special Revenue Fund – This fund accounts for a half-cent sales tax approved by local citizens in November 2004 by 77.9%. This measure was passed to be used for 911 services, Police, and Fire protection. These funds are split 50/50 with the Police and Fire Departments. These funds also account for revenues received for public safety grants, impact fees and community facility districts.

Assessment District Special Revenue Fund – These funds are used for maintenance of sidewalks, landscaping, parks, street signs, street lights, trees, fences, storm drains and professional services in designated districts within the City that are then charged to the residents through the property tax roll.

The City reported all of its enterprise funds as major funds in the accompanying financial statements:

Water Fund – Accounts for activities associated with the acquisition or construction of water facilities and production, distribution, and transmission of potable water to users.

Wastewater Fund – Accounts for activities associated with the acquisition or construction, operation and maintenance of wastewater facilities for drainage, and treatment and disposal of sanitary wastewater.

Airport Fund – Accounts for activities associated with the operations and capital improvements of the City's municipal airport.

Solid Waste Fund – Accounts for activities associated with the collection and disposal of refuse throughout the City.

The City also reports the following fund types:

Internal Service Funds – Account for financial transactions related to the City's fleet maintenance and repairs, information technology services, and retiree health programs. These services are provided to other departments or agencies of the City on a cost reimbursement basis.

CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds (Continued)

Fiduciary Funds – Agency Funds account for assets held by the City acting in an agent capacity. Those funds include the activities of the Neighborhood Stabilization Program (NSP). The financial activities of the fund are excluded from the government-wide financial statements because they are not directly or indirectly governed by the City Council, but are presented in the separate Fiduciary Fund financial statements.

D. Basis of Accounting

The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time the liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues other than grant reimbursements reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. The City considers all grant reimbursement revenues reported in the governmental funds to be available if the revenues are collected within 180 days. Expenditures are recorded when the related liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual at both the City-wide and Fund level are property, sales and franchise taxes, current service charges, and interest revenue. Fines and licenses and permits are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenues from entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's business-type activities and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

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.

CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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 City's enterprise funds and internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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.

E. Property Tax Revenues

Merced County assesses properties and bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 31, and becomes delinquent on August 31.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year they are assessed provided they become available as defined above.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments (including all restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The City maintains a cash and investment pool that is available for use by all funds. As the proprietary funds' share of this pool is readily available when needed, such share is also considered to be cash equivalent. Deposit assets in the proprietary funds are related to insurance and benefits and are not considered cash equivalents for purposes of the statement of cash flows.

**CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Compensated Absences

City employees are granted vacation in varying amounts and sick leave at eight hours per month. In the event of termination, an employee is reimbursed for accumulated vacation and compensatory time off leave at various rates as determined by the employee personnel manual. The value of accumulated vacation allowance is accrued as appropriated for all funds. With respect to obligations of the governmental fund types, the amounts are presented in the government-wide financial statements.

Compensated absences activity for the year ended June 30, 2019 was as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning balance	\$ 666,196	\$ 227,406	\$ 893,602
Additions	646,731	201,543	848,274
Payments	<u>(592,077)</u>	<u>(199,091)</u>	<u>(791,168)</u>
Ending balance	<u>\$ 720,850</u>	<u>\$ 229,858</u>	<u>\$ 950,708</u>
Current portion	<u>\$ 642,098</u>	<u>\$ 204,029</u>	<u>\$ 846,127</u>

I. Inventory of Supplies and Prepaid Items

Inventories are physically counted annually and valued at cost, on a first-in-first-out method, which approximates market value. Inventories consist of expendable supplies held on a consumption basis, wherein the cost is recorded as an expense at the time an item is consumed.

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.

J. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Los Banos' (City) California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City Retirees Benefits Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING

A. Budgeting Procedures

The City Council reviews and adopts an annual budget for the General, Special Revenue, Capital Projects and Enterprise Funds. The City Council holds public hearings and may modify the appropriations by general approval. Budgeted amounts may be transferred between line items within departments with the City Manager's approval. The legal level of expenditure control in the funds is considered to be at the department level. Operating appropriations lapse at the end of each fiscal year.

The budget is reported on the same basis as the fund types and on a basis consistent with accounting principles generally accepted in the United States of America. Additional appropriations or other changes during the fiscal year may be submitted by the department for Council review and approval.

B. Deficit Fund Balance/Net Position

The following funds contained a deficit fund balance or net position as of June 30, 2019. Future revenues are expected to offset the deficit in the Capital Grants Capital Projects fund. The deficit net position in the Internal Service Funds are caused by each fund's portion of the City's pension and other postemployment benefits liabilities. In the event the pension and other postemployment benefits liabilities become due in the future, the remaining balances will be subsidized by the City through a transfer of funds.

Governmental Funds

Capital Grants Capital Projects	\$ 635,273
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Internal Service Funds

Fleet Maintenance	363,676
Information Technology	351,647

NOTE 3 – CASH AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except cash and investments held by trustees so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law, this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City-managed investments, regardless of their form.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end, and it includes the effects of these adjustments in income for that fiscal year.

**CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 – CASH AND INVESTMENTS (Continued)

A. Policies (Continued)

Except as described below, the City pools idle cash from all funds for the purpose of maximizing interest through investment activities. Pooled investments do not include certain bond proceeds. Investments are carried at fair value with the exception of money market investments and certain nonparticipating guaranteed investment contracts, which are carried at cost. The fair value of investments is based on published market prices and quotations from major investment brokers.

The Local Agency Investment Fund (LAIF) is an external investment pool established under California State statutes. LAIF is not registered with the Securities and Exchange Commission. LAIF falls under the regulatory oversight of the State of California. Based on information obtained from the State of California, the investment in LAIF has been recorded at fair value.

Interest income on pooled investments is allocated on the basis of quarterly ending cash balances in the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, Water Fund, Wastewater Fund, Airport Fund, and Solid Waste Fund as required by law or as directed by the City Council adopted budget. The remainder or interest income is credited to all funds, as required by California Government Code.

B. Classifications

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of the City debt instruments or Agency agreements.

Primary Government:

Cash and investments available for operations	\$ 80,062,519
Restricted cash and investments with fiscal agents	496,991
Restricted cash and investments	<u>15,130,020</u>
Cash and investments in primary government	<u>95,689,530</u>

Fiduciary Fund:

Cash	<u>8,637</u>
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Total cash and investments	<u>\$ 95,698,167</u>
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Cash and investments as of June 30, 2019 consist of the following:

Cash on hand and in bank	\$ 25,268,165
Investments	<u>70,430,002</u>
Total cash and investments	<u>\$ 95,698,167</u>

Cash and Investments available for operations is used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expected to liquidate liabilities arising during the year.

Restricted cash and investments of \$14,349,377 are held in the Water and Wastewater Enterprise Funds for debt service and for capital projects for future infrastructure impacted by development.

Restricted cash and investments of \$1,277,634 are held in the Solid Waste Enterprise Fund to pay for landfill closure and postclosure costs.

CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – CASH AND INVESTMENTS (Continued)

C. Investments Authorized by the California Government Code and the City's Investment Policy

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City, and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Non-negotiable Certificates of Deposit	1 year	No limit	\$250,000
Bankers' Acceptances	180 days	No limit	No Limit
U.S. Treasury Bills and Notes	5 years	No limit	No Limit
U.S. Government Agency Securities	5 years	No limit	No Limit
U.S. Government Sponsored Securities	5 years	No limit	No Limit
Repurchase Agreements	N/A	No limit	\$1 Million
Commercial Paper	270 days	No limit	\$1 Million
State Local Agency Investment Fund	N/A	No limit	\$50 Million per Account
Money Market Mutual Funds	N/A	No limit	None
Insured Passbook on Demand Deposits with Banks and Savings and Loans	N/A	No limit	\$250,000

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Bankers' Acceptances	360 days	A-1
U.S. Treasury Bills and Notes	None	N/A
State General Obligations	None	A
Municipal Obligations	None	Aaa/AAA
U.S. Government Agency Securities	3 years	AAA
U.S. Government Sponsored Securities	3 years	AAA
Federal Housing Administration Debentures	None	N/A
Repurchase Agreements	1 year	A
Commercial Paper	270 days	A-1+
State Local Agency Investment Fund	N/A	N/A
Money Market Fund	N/A	AAm
Defeasance Securities	N/A	N/A
Pre-funded Municipal Obligations	None	AAA
Investment Agreements	N/A	AA
Unsecured Certificates of Deposit	30 days	A-1
CalTrust	None	N/A

CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Investment Type	12 Months or Less	13 to 24 Months	25 to 36 Months	More than 36 Months	Total
Held by City:					
Agency Bonds	\$ -	\$ -	\$ -	\$ 1,517,340	\$ 1,517,340
State Local Agency Investment Fund	57,358,463	-	-	-	57,358,463
Money Market Mutual Funds	5,643,139	-	-	-	5,643,139
Certificates of Deposit	-	489,884	-	4,924,185	5,414,069
Held by Trustee:					
Money Market Mutual Funds	496,991	-	-	-	496,991
Total investments	<u>\$ 63,498,593</u>	<u>\$ 489,884</u>	<u>\$ -</u>	<u>\$ 6,441,525</u>	70,430,002
Cash on hand and in bank					<u>25,268,165</u>
Total cash and investments					<u>\$ 95,698,167</u>

The City is a 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. The City reports its investments in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pooled share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain State funds, United States Treasury Notes and Bills, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2019, these investments matured in an average of 173 days.

**CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 – CASH AND INVESTMENTS (Continued)

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2019 were provided by Standard and Poor's investment rating system. The Local Agency Investment Fund was not rated as of June 30, 2019.

Investment Type	AAAm	AA-	Total
Held by City:			
Agency Bonds	\$ -	\$ 1,517,340	\$ 1,517,340
Money Market Mutual Funds	5,643,139	-	5,643,139
Held by Trustee:			
Money Market Mutual Funds	<u>496,991</u>	<u>-</u>	<u>496,991</u>
Total	<u>\$ 6,140,130</u>	<u>\$ 1,517,340</u>	7,657,470
Not rated:			
State Local Agency Investment Fund			57,358,463
Certificates of Deposit			5,414,069
Cash on hand and in banks			<u>25,268,165</u>
Total			<u>\$ 95,698,167</u>

G. Concentration of Credit Risk

The City's potential losses from credit risk are increased if a significant portion of its resources are invested in a single issuer. If the issuer did not make good on its obligation to the City, the impact could be potentially damaging. At June 30, 2019, the City did not have any investments in any one issuer, other than money market mutual funds and the Local Agency Investment Fund, that represent 5% or more of the total investments.

H. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a city will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterpart (e.g. broker-dealer) to a transaction, a city will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments other than the following provision for deposits:

The California Government Code requires that a financial institution secure deposits made by the state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under the state law (unless so waived by the government unit.) The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

As of June 30, 2019, the carrying amount of the City's bank deposits was \$25,264,420 and the respective bank balances totaled \$26,798,804. Of the total bank balance, \$500,000 was insured through the Federal Depository Insurance Company (FDIC). The remaining \$26,298,804 was collateralized with pooled securities held by the financial institution's trust department. These securities are held in the name of the financial institution and not that of the City.

**CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 – CASH AND INVESTMENTS (Continued)

I. Investment Valuation

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: 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. Investments' fair value measurements are as follows at June 30, 2019:

Investments by Fair Value Level	Fair Value	Fair Value Measurements		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Debt Securities:				
Agency bonds	\$ 1,517,340	\$ -	\$ 1,517,340	\$ -
Certificates of Deposit	5,414,069	-	5,414,069	-
Total Debt Securities	6,931,409	\$ -	\$ 6,931,409	\$ -
Unclassified Investments				
State Investment Pool	57,358,463			
Money Market Funds	6,140,130			
	<u>63,498,593</u>			
Total Investments	\$ 70,430,002			

Certificates of deposit are valued based on the rates currently offered for deposits of similar remaining maturities. Agency bonds are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

NOTE 4 – INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2019 were as follows:

Fund Making Transfer	Fund Receiving Transfers	Amount Transferred
RSTP Exchange Special Revenue Fund	CMAQ Grant Special Revenue Fund	\$ 1,004 (A)
General Fund	Water Fund	<u>6,544 (B)</u>
		<u>\$ 7,548</u>

- (A) Transfer funds for grant matching
- (B) Transfer receipt of fraud settlement

**CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 – INTERFUND TRANSACTIONS (Continued)

B. Due from/to Other Funds

Due from/to Other Funds represents short-term borrowings resulting from a fund’s temporary need for additional cash. Primarily, these amounts have been recorded when timing differences between when the services are provided and when they are paid for/reimbursed causes the funds to temporarily overdraw their share of pooled cash. These balances are generally expected to be repaid within the next few months and not longer than a 12-month fiscal operating cycle.

The composition of interfund balances at June 30, 2019, is as follows:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	USDA Rural Grants Special Revenue Fund	\$ 15,420
		<u>\$ 15,420</u>

C. Advances Between Funds

At June 30, 2019, the following funds had long-term advances that were not expected to be repaid within one year.

<u>Funds Making Advances</u>	<u>Funds Receiving Advances</u>	<u>Amount</u>
Water Enterprise Fund	General Fund	\$ 610,000
Impact Fees Special Revenue Fund	Capital Grants Capital Projects Fund	<u>786,996</u>
		<u>\$ 1,396,996</u>

In July 2012, the Water Enterprise Fund provided an interfund loan to the General Fund in the amount of \$1,200,000 to pay off the City’s 1993 Certificates of Participation and 2002 Lease Revenue Bonds early, thereby reducing future interest costs. The interfund advance bears an interest rate equivalent to the yield of the average quarterly investment portfolio or 1%, whichever is greater. The General Fund repaid \$95,000 in principal during the fiscal year ended June 30, 2019, and expects to repay the entire advance by fiscal year ending June 30, 2024.

The amount payable to the Impact Fee Special Revenue Fund relates to a capital loan made to the Capital Project Fund for the construction cost of the Child Development Center. The total cost for the facility was \$4,602,371. The City received funding (through federal and state grants) of \$3,533,061, leaving a deficit construction cost of \$1,069,310. Due to the fact that the site is located on a major park and thus part of the construction cost involved park improvements, the City loaned the amount needed to complete the project from the Impact Fees Fund. The loan carries no interest and is paid back from the net operational revenue generated by the Child Development Center. The outstanding balance of the loan at June 30, 2019 is \$786,996. The Child Development Center was sold on August 13, 2019. Accordingly, this balance will be paid in full in the fiscal year ending June 30, 2020.

**CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 – LOANS RECEIVABLE

At June 30, 2019, the City had the following loans receivable:

	Outstanding Balance as of June 30, 2019
Residential Rehabilitation Program	\$ 1,197,130
Commercial Micro-Enterprise Program	34,190
First-Time Home Buyer Program	895,997
Neighborhood Stabilization Program	827,770
	\$ 2,955,087

A. Residential Rehabilitation Program

The City administers a Housing Rehabilitation Loan Program using the Housing and Community Development Act Funds. Under this program, residents with incomes below a certain level are eligible to receive low interest loans, secured by deeds of trust, for construction work on their homes. Federal grants are used to fund these loans. Upon approval of loans, the City disburses the funds, and arranges for and collects repayments. As of June 30, 2019, outstanding loans of this program amounted to \$1,197,130.

B. Commercial Micro-Enterprise Program

The City along with Merced County Economic Development Corporation (MCEDCO) administered a Micro-Enterprise Loan Program for technical assistance in development and implementation of small businesses. Under this program, business owners with incomes below a certain level are eligible to receive low interest loans, secured by deeds of trust, for capital or operations of their businesses. The Micro-Enterprise Program also encourages business owners to upgrade, renovate and improve their businesses. Upon approval of the loan, the City disburses the funds, and arranges for and collects repayments. As of June 30, 2019, outstanding loans of this program amounted to \$34,190.

C. First-Time Home Buyer Program

The City along with Merced County Association of Governments (MCAG) administered a First-Time Home Buyer Program using the Housing and Community Development Act Funds. Under this program, residents with incomes below a certain level are eligible to receive low or no interest loans, secured by deeds of trust, for the purchase of their first home. The First-Time Home Buyer Program encourages those that would not be able to receive a bank loan due to low income to be able to purchase their own home. Upon approval of the loan, the City disburses the funds, and arranges for and collects repayments. As of June 30, 2019, outstanding loans of this program amounted to \$895,997.

D. Neighborhood Stabilization Program

In fiscal year 2012-13, the City was awarded the Neighborhood Stabilization Program (NSP) grant from the State of California Housing and Community Development Department. The purpose of the NSP is to address the housing crisis occurring within the City by providing funds to purchase, rehabilitate, and resell vacant and foreclosed properties. The City entered into various loan agreements with residents, with zero interest and a maturity of 20/30 years. At June 30, 2019, loans outstanding totaled \$827,770.

**CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 – CAPITAL ASSETS

Capital assets, which include land, equipment, buildings, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements and proprietary fund financial statements.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. 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.

Equipment, buildings, and infrastructure of the City are depreciated using the straight-line method over the following estimated useful lives:

Machinery and Equipment	3-20 years
Buildings, Structures and Improvements	25-50 years
Infrastructure	20-60 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

A. Governmental Activities

Capital assets activity of the governmental activities for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 7,121,007	\$ -	\$ -	\$ -	\$ 7,121,007
Construction in progress	571,957	563,881	-	(329,273)	806,565
Total capital assets not being depreciated	7,692,964	563,881	-	(329,273)	7,927,572
Capital assets being depreciated:					
Buildings, structures and improvements	22,329,104	18,459	-	-	22,347,563
Machinery and equipment	15,901,694	439,052	(109,704)	-	16,231,042
Infrastructure	130,324,074	3,294,315	-	329,273	133,947,662
Total capital assets being depreciated	168,554,872	3,751,826	(109,704)	329,273	172,526,267
Less accumulated depreciation for:					
Buildings, structures and improvements	(7,049,373)	(646,386)	-	-	(7,695,759)
Machinery and equipment	(12,376,298)	(757,144)	109,704	-	(13,023,738)
Infrastructure	(82,991,648)	(4,975,369)	-	-	(87,967,017)
Total accumulated depreciation	(102,417,319)	(6,378,899)	109,704	-	(108,686,514)
Total capital assets being depreciated, net	66,137,553	(2,627,073)	-	329,273	63,839,753
Governmental activities capital assets, net	\$ 73,830,517	\$ (2,063,192)	\$ -	\$ -	\$ 71,767,325

CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 – CAPITAL ASSETS (Continued)

B. Business-Type Activities

Capital assets activity of the business-type activities for the year ended June 30, 2019 was as follows:

	Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 8,067,666	\$ -	\$ -	\$ -	\$ 8,067,666
Construction in progress	5,725,002	4,213,560	-	(9,408,333)	530,229
Total capital assets not being depreciated	13,792,668	4,213,560	-	(9,408,333)	8,597,895
Capital assets being depreciated:					
Buildings, structures and improvements	10,040,692	-	-	-	10,040,692
Machinery and equipment	9,596,729	739,798	(335,508)	-	10,001,019
Infrastructure	57,958,009	828,697	-	9,408,333	68,195,039
Total capital assets being depreciated	77,595,430	1,568,495	(335,508)	9,408,333	88,236,750
Less accumulated depreciation for:					
Buildings, structures and improvements	(9,008,966)	(154,688)	-	-	(9,163,654)
Machinery and equipment	(6,253,460)	(476,722)	278,464	-	(6,451,718)
Infrastructure	(24,085,870)	(1,642,170)	-	-	(25,728,040)
Total accumulated depreciation	(39,348,296)	(2,273,580)	278,464	-	(41,343,412)
Total capital assets being depreciated, net	38,247,134	(705,085)	(57,044)	9,408,333	46,893,338
Business-type activities capital assets, net	\$ 52,039,802	\$ 3,508,475	\$ (57,044)	\$ -	\$ 55,491,233

C. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or programs are as follows:

Depreciation Allocation

Governmental Activities:

General government	\$ 121,314
Public safety	398,208
Economic development	27,478
Parks and recreation	1,260,907
Highways and streets	4,457,153
Internal service fund	113,839
Total governmental activities	\$ 6,378,899

Business-type Activities:

Water	\$ 994,721
Wastewater	1,077,575
Airport	90,962
Solid Waste	110,322
Total business-type activities	\$ 2,273,580

CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 – LONG-TERM DEBT

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, including prepaid bond insurance, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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. Bond issuance costs are reported as debt service expenditures.

A. Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
Governmental Activities:						
Capital Leases						
Fleet Equipment Lease 5.20%, due 01/03/2019	\$ 234,114	\$ 30,415	\$ -	\$ 30,415	\$ -	\$ -
Fleet Equipment Lease 5.20%, due 07/11/2020	195,413	87,243	-	40,700	46,543	42,867
Fleet Equipment Lease 4.45%, due 09/05/2020	70,501	33,545	-	14,495	19,050	15,153
Total Governmental Activity Debt		\$ 151,203	\$ -	\$ 85,610	\$ 65,593	\$ 58,020

	Original Issue Amount	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
Business-type Activities:						
Certificates of Participation						
2003 Wastewater Revenue Bonds 2.5-4.4%, due 12/01/19	\$ 5,680,000	\$ 900,000	\$ -	\$ 440,000	\$ 460,000	\$ 460,000
Less: unamortized discounts		(31,841)	-	-	(31,841)	-
Total Certificates of Participation		868,159	-	440,000	428,159	460,000
Total Business-Type Activities Debt		\$ 868,159	\$ -	\$ 440,000	\$ 428,159	\$ 460,000

CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 – LONG-TERM DEBT (Continued)

B. Fleet Equipment Lease

During fiscal year 2013-14, the City entered into a lease agreement with Ford Motor Credit Company to lease five vehicles. The cost of the equipment was \$234,114, with an interest rate of 5.20% due in monthly installments, which was paid off in the current fiscal year.

During fiscal year 2015-16, the City entered into a lease agreement with Ford Motor Credit Company to lease four vehicles. The cost of the equipment was \$195,413, with an interest rate of 5.20% due in monthly installments ending in fiscal year 2020-21.

During fiscal year 2015-16, the City entered into a lease agreement with Ford Motor Credit Company to lease a vehicle. The cost of the equipment was \$70,501, with an interest rate of 4.45% due in monthly installments ending in fiscal year 2020-21.

The lease agreements are secured by the leased vehicles and include provisions whereby in an event of default the lessor can demand immediate payment of the outstanding principal and interest, or that the City return the leased vehicles at the cost of the City.

C. 2003 Wastewater Revenue Certificates of Participation

The 2003 Wastewater Revenue Refunding Certificates of Participation are direct borrowing, serial certificates with annual maturities starting on December 1, 2004, in the amounts from \$275,000 to \$460,000. These Certificates bear interest rates from 2.50% to 4.40%, maturing December 1, 2019. Interest payments are due in semi-annual installments.

The City has pledged all future wastewater customer revenues to repay the Wastewater Revenue Bonds through 2020. The Wastewater Enterprise Fund's total principal and interest remaining to be paid on the bonds is \$470,120. The Wastewater Enterprise Fund's principal and interest paid for the current year and total customer revenues were \$488,124 and \$6,879,045, respectively.

There is a provision in the Certificates of Participation whereby in an event of default the Los Banos Public Financing Authority, with written consent by the insurer, may declare the unpaid principal and accrued interest and related expenses to be due and payable immediately if (1) the City is unable to make payment (2) if pledged revenues during the year are less than 115 percent of debt service coverage due in the following year and (3) the City seeks reorganization or arrangement under federal or state bankruptcy laws.

D. Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt:

For the Years Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 58,020	\$ 1,949	\$ 460,000	\$ 10,120
2021	7,573	40	-	-
Subtotal	65,593	1,989	460,000	10,120
Less: deferred amounts	-	-	(31,841)	-
Total	\$ 65,593	\$ 1,989	\$ 428,159	\$ 10,120

CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 – LANDFILL CLOSURE AND POSTCLOSURE CARE COST

State and Federal laws and regulations require the City to clean close its landfill site (due to subsurface hydrologic condition - the site operated under waste discharge requirements) when the landfill stopped accepting waste in 1991. The City received a clean closure extension until December 2017. However, the City has requested a review of the clean closure requirement by the State Water Resource Control Board and has asked to pursue alternative closure methods. Due to this request, the City's requirement to close the landfill is currently on hold until the State Water Resource Control Board finishes reviewing the City's request. Most of the costs associated with closure and postclosure care will be the construction cost associated with the clean closure process directly. The closure costs are ongoing with the start of the construction planning occurring once a final closure process has been approved by the State Water Resource Control Board. The City anticipates that the clean closure will not require substantial postclosure monitoring, and therefore anticipate minor additional costs related to postclosure care.

The City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$5,224,000 reported as landfill closure and postclosure care liability at June 30, 2019, represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. These amounts are based on what it would cost to perform all closure and postclosure care. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by State and Federal laws and regulations to have financial assurance in place to finance closure and postclosure care. The City has chosen to setup a fully funded trust in order to meet this obligation.

Due to the closure extension, the City delayed funding the trust. The City has also requested an additional extension to pursue alternate cleaning methods. This request is currently under review by the State Water Resource Control Board and will delay the process until further notice. Once the final determination is made by the Board the City will be ready to immediately fund the trust and proceed with the closure process. At June 30, 2019, there is \$1,277,634 restricted for closure and postclosure costs. The City expects to fund the closure and postclosure costs from revenues of the solid waste collection operations, interest earnings on the accumulated assets held in trust, and internal financing if necessary.

NOTE 9 – NET POSITION AND FUND BALANCES

A. Net Position

Net position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. It is the City's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets – This category groups all capital assets netted by related debt into a component of net position.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. These restrictions principally include developer fees received for use on capital projects, debt service requirements, and grant-funding sources.

Unrestricted net position – This category presents the net position of assets that do not meet the definition of "net investment in capital assets" or "restricted net position".

CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable fund balances represents balances set aside to indicate items that do not represent available spendable resources even though they are a component unit of assets. Fund balances are required to be maintained intact such as Permanent Funds, and assets not expected to be converted to cash such as prepaids, notes receivable, and land held for redevelopment are included.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation, which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council which, may be altered only by formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the direction of the City Council or its designee. This category includes encumbrances and nonspendables when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of special revenue, capital projects and debt service funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 – NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

Detailed classifications of the City's fund balances as of June 30, 2019 are as follows:

Fund Balance Classifications	General Fund	Impact Fees	CDBG and Home Grants	Streets and Roads	Public Safety	Assessment Districts	Other Governmental Funds	Total
Nonspendable:								
Items not in spendable form:								
Prepaid items	\$ 1,087	\$ -	\$ -	\$ -	\$ 4,862	\$ -	\$ -	\$ 5,949
Total nonspendable	1,087	-	-	-	4,862	-	-	5,949
Restricted for:								
Public safety	-	-	-	-	5,345,498	-	-	5,345,498 (A)
Highways and streets	-	-	-	4,456,091	-	-	-	4,456,091 (B)
Parks and recreation	-	-	-	-	-	269,844	-	269,844 (B)
Development projects	-	21,075,204	-	-	-	-	-	21,075,204 (C)
Economic development	-	-	204,106	-	-	-	-	204,106 (C)
Total restricted	-	21,075,204	204,106	4,456,091	5,345,498	269,844	-	31,350,743
Committed for:								
Public safety	319,559	-	-	-	-	-	-	319,559 (D)
Economic development	354,790	-	-	-	-	-	-	354,790 (E)
Total Committed	674,349	-	-	-	-	-	-	674,349
Assigned for:								
General government	1,500,000	-	-	-	-	-	-	1,500,000 (F)
Public safety	900,421	-	-	-	-	-	-	900,421 (G)
Economic development	305,775	-	-	-	-	-	-	305,775 (H)
Pension reserve	1,000,000	-	-	-	-	-	-	1,000,000 (I)
Subsequent year budget deficit	11,695	-	-	-	-	-	-	11,695 (J)
Total assigned	3,717,891	-	-	-	-	-	-	3,717,891
Unassigned:	11,437,736	-	-	-	-	-	(635,273)	10,802,463
Total Fund Balances	\$ 15,831,063	\$ 21,075,204	\$ 204,106	\$ 4,456,091	\$ 5,350,360	\$ 269,844	\$ (635,273)	\$ 46,551,395

- (A) Projects include a new Police facility and a Fire training tower
- (B) Projects include various street improvements such as overlays throughout the City as needed and various park improvements such as playground equipment for the parks located in the assessment districts
- (C) Projects include improvements to City Hall, improvements to the Community Center, traffic related improvements due to new development, Police and Fire equipment purchases and facility improvements and various economic development projects.
- (D) Purchase of police and fire vehicles for future fleet replacement
- (E) Costs associated with the completion of the City's General Plan Update
- (F) Various one-time expenditures for equipment and capital improvements
- (G) Various one time expenditures for Public Safety capital needs
- (H) Projects include relocation of the municipal airport, development of an industrial park and various other economic development projects
- (I) Funds to pay down the Unfunded Accrued Liability or future increases in employer pension contributions
- (J) Fiscal year 2020 budget deficit related to operating costs

C. Minimum Fund Balance Policies

The City's Budget and Fiscal Policy requires the City to strive to maintain 20-40% of the subsequent year's budgeted revenues for restricted fund balances in the special revenue funds and cash flow of 30% of General Fund expenditures for unassigned fund balance in the General Fund.

**CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 – PENSION PLAN

A. General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors seven rate plans (three miscellaneous and four safety.) 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 the Plan are applied as specified by the Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2019 are summarized as follows:

	Miscellaneous 1st Tier	Miscellaneous 2nd Tier	Miscellaneous PEPRA
Hire date	Prior to January 1, 2011	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 to 55	50 to 63	52 to 67
Monthly benefits, as a % of annual salary	2.0% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.000%	7.000%	6.500%
Required employer contribution rates	13.084%	8.346%	7.266%
	Safety 1st Tier	Safety 2nd Tier	Safety PEPRA
Hire Date	Prior to January 1, 2013	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 to 55	50 to 57
Monthly benefits, as a % of annual salary	3.0%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.000%	9.000%	12.750%
Required employer contribution rates	22.346%	19.353%	12.965%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$1,366,556 for the fiscal year ended June 30, 2019.

**CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law (PERL) requires that the employer rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. 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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The City’s contributions to the plan recognized as a part of pension expense for the year ended June 30, 2019 were \$2,937,919.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$21,796,766.

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, 2018, 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, 2017, rolled forward to June 30, 2018, using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Plan as of the measurement dates ended June 30, 2017 and 2018 was as follows:

Proportion - June 30, 2017	0.2261%
Proportion - June 30, 2018	0.2262%
Change - Increase (Decrease)	0.0001%

For the year ended June 30, 2019, the City recognized pension expense of \$4,481,191. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$2,874,876	\$ -
Changes of assumptions	2,131,445	403,029
Differences between actual and expected experience	532,012	62,981
Net difference between projected and actual earning on plan investments	120,205	-
Change in employer’s proportion	349,439	195,859
Differences between the employer’s actual contributions and the employer’s proportionate share of contributions	807,646	-
Total	\$ 6,815,623	\$ 661,869

**CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

\$2,874,876 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, 2019. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2020	\$2,417,327
2021	1,512,629
2022	(491,880)
2023	(159,198)
2024	-
Thereafter	-

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.8%
Projected Salary Increase	3.3% - 14.2% ⁽¹⁾
Investment Rate of Return	7.50% ⁽²⁾
Mortality	Derived from CalPERS Membership Data for all Funds ⁽³⁾

⁽¹⁾ Depending on age, service and type of employment

⁽²⁾ Net of pension plan investment expenses, including inflation

⁽³⁾ The mortality Table was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experiences Study can be found on the CalPERS website.

Changes in Assumption – In 2018, demographic assumptions and inflation rate were changed in accordance to the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. There were no changes to the discount rate.

**CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 – PENSION PLAN (Continued)

D. Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 PERF cash flows. 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+ 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 adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Infrastructure and Forestland	0.00%	0.00%	0.00%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

**CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 – PENSION PLAN (Continued)

D. Discount Rate (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Discount Rate -1%	Current Discount Rate	Discount Rate +1%
6.15%	7.15%	8.15%
\$ 33,091,648	\$ 21,796,766	\$ 12,508,283

E. Pension Plan Fiduciary Net Position

Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

F. Payable to the Pension Plan

The City had outstanding contributions of \$0 payable to the pension plan as of June 30, 2019.

NOTE 11 – POSTEMPLOYMENT BENEFITS

A. Plan Description

The City administers the City Retirees Benefits Plan (OPEB Plan), single-employer defined benefit post-employment healthcare plan. Benefits are provided to eligible employees as follows:

	Dispatchers (Hired before 1/1/08)	Fire (Hired before 4/1/10)	General (Hired before 7/1/08)	Police (Hired before 4/1/10)
▪ Eligibility	50% at 10 years plus 5% per year to 100% at 20 years			
▪ Benefits Provided	Medical only			
▪ Required Service	<u>Age 50 w/10+ yrs of service</u> City pays all medical benefits up to HMO rates based on eligibility rate above Note: No limitation to benefits for employees hired prior to 8/7/02	<u>Age 50 w/10+ yrs of service</u> City pays all medical benefits up to HMO rates based on eligibility rate above Note: No limitation to benefits for employees hired prior to 8/7/02	<u>Age 50 w/10+ yrs of service</u> City pays all medical benefits up to HMO rates based on eligibility rate above Note: No limitation to benefits for employees hired prior to 8/7/02	<u>Age 50 w/10+ yrs of service</u> City pays all medical benefits up to HMO rates based on eligibility rate above Note: No limitation to benefits for employees hired prior to 8/7/02

Dependents are eligible to enroll, and benefits continue on to surviving spouses.

Eligible employees hired after the dates listed above, or with less than 10 years of service will receive the Public Employees Medical and Hospital Act minimum benefit.

**CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – POSTEMPLOYMENT BENEFITS (Continued)

B. Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB plan:

Active employees	155
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	102
Inactive employees entitled to, but not yet receiving benefits	-
Total	257

C. Contributions

The OPEB Plan and its contribution requirements were established by a resolution incorporated into the City's policies and procedures manual and Memoranda of Understanding with the applicable employee bargaining units and has since been eliminated for all employees hired after the dates provided in the plan description chart found in Section A of this note. The City makes contributions based on an actuarially determined rate. For the fiscal year ended June 30, 2019, the City's cash contributions were \$1,883,561 in payments to the trust and the estimated implied subsidy was \$150,022 resulting in total payments of \$2,033,583.

D. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:

Discount Rate	7.28%
Inflation	2.50%
Salary Increases	2.75% per annum, in aggregate
Investment Rate of Return	7.28%
Mortality Rate ⁽¹⁾	Derived from CalPERS Membership Data for all Funds
Pre-Retirement Turnover ⁽²⁾	Derived from CalPERS Membership Data for all Funds
Healthcare cost trend rates	6.50% in the first year, trending down to 3.84% over 58 years

⁽¹⁾ Pre-retirement mortality information was derived from data collected during the 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CALPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website (www.calpers.ca.gov) under Forms and Publications.

⁽²⁾ Pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website (www.calpers.ca.gov) under Forms and Publications.

**CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – POSTEMPLOYMENT BENEFITS (Continued)

D. Net OPEB Liability (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return
Inflation Assets	5.00%	1.25%
Global Debt Securities	27.00%	2.25%
Global Equities	57.00%	5.25%
REITs	8.00%	4.50%
Commodities	3.00%	1.25%
Total	<u>100.00%</u>	

E. Discount Rate

The discount rate used to measure the total OPEB liability is 7.28%. This is the expected long-term rate of return on District assets using investment Strategy 1 within the California Employers' Retiree Benefit Trust (CERBT). The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position is projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

F. Changes in the OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	OPEB Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018 (Valuation Date June 30, 2017)	\$ 23,788,013	\$ 5,904,089	\$ 17,883,924
Changes recognized for the measurement period:			
Service cost	977,452	-	977,452
Interest	1,634,419	-	1,634,419
Changes in benefit terms	-	-	-
Differences between expected and actual experience	69,969	-	69,969
Changes of assumptions	839,742	-	839,742
Contributions:			
Employer - City's Contribution	-	1,848,085	(1,848,085)
Employer - Implicit Subsidy	-	150,022	(150,022)
Net investment income	-	472,333	(472,333)
Benefit payments, including refunds of employee contributions	(685,805)	(685,805)	-
Implicit Rate Subsidy Fulfilled	(150,022)	(150,022)	-
Administrative expenses	-	(3,079)	3,079
Net changes	<u>2,685,755</u>	<u>1,631,534</u>	<u>1,054,221</u>
Balance at June 30, 2019 (Measurement Date June 30, 2018)	\$ 26,473,768	\$ 7,535,623	\$ 18,938,145

**CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – POST EMPLOYMENT BENEFITS (Continued)

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
\$ 23,209,714	\$ 18,938,145	\$ 15,806,356

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the Authority if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
6.00% decreasing to 2.84%	7.00% decreasing to 3.84%	8.00% decreasing to 4.84%
\$ 15,206,816	\$ 18,938,145	\$ 24,353,820

I. OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized an OPEB expense of \$2,224,089. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	\$ 2,033,583	\$ -
Changes of assumptions	752,269	-
Differences between actual and expected experience	62,681	-
Net difference between projected and actual earning on OPEB Plan investments	-	90,246
Total	\$ 2,848,533	\$ 90,246

The \$2,033,583 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ending June 30		
2020	\$	65,728
2021		65,728
2022		65,729
2023		91,613
2024		94,761
Thereafter		341,145

CITY OF LOS BANOS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 – RISK MANAGEMENT

The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized as separate entities established under the Joint Exercise of Powers Act of the State of California. As separate entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each risk pool controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the City's responsibility.

The City participates with other public entities in a joint venture under a joint venture powers agreement, which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each worker's compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula, which among other expenses, charges the City's account for liability losses under \$1,000,000 and worker's compensation losses under \$500,000. The CSJVRMA participates in excess pools, which provide general liability coverage from \$1,000,000 to \$29,000,000 and Workers Compensation coverage from \$500,000 to \$5,000,000 and purchases excess insurance above \$50,000,000 to the statutory limit.

CSJVRMA is a consortium of fifty-four (54) cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et. seq. A Board of Directors governs the CSJVRMA, which meets 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA. The annual financial report may be obtained from the consortium's executive office at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The City is subject to litigation arising in the normal course of business. In the opinion of the City attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

The City signed a letter of intent in fiscal year 2019 to purchase land for the construction of a new police building. The agreed-upon purchase price of the land amounts to \$1.3 million. The City expects to finalize the sale in the second half of fiscal year 2020.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF LOS BANOS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amount			Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Taxes:				
Property	\$ 6,455,349	\$ 6,455,349	\$ 6,764,382	\$ 309,033
Sales	4,568,848	4,568,848	5,594,516	1,025,668
Franchise	551,250	551,250	540,449	(10,801)
Other	634,650	634,650	621,498	(13,152)
Licenses and permits	859,512	859,512	763,207	(96,305)
Intergovernmental	94,669	207,100	208,238	1,138
Charges for services	1,464,848	1,695,613	1,941,815	246,202
Fines	60,000	60,000	59,806	(194)
Use of property and money	1,029,694	1,029,694	1,282,404	252,710
Miscellaneous	74,500	82,700	121,983	39,283
Total revenues	15,793,320	16,144,716	17,898,298	1,753,582
EXPENDITURES				
Current:				
General government:				
Administration	1,227,725	1,253,930	1,203,326	50,604
Contingency	50,000	50,000	23,793	26,207
Total general government	1,277,725	1,303,930	1,227,119	76,811
Public safety:				
Police	9,114,327	9,147,052	8,768,133	378,919
Fire	1,648,294	1,759,018	1,720,392	38,626
Building	615,275	603,356	540,976	62,380
Code enforcement	441,698	442,408	409,441	32,967
Total public safety	11,819,594	11,951,834	11,438,942	512,892
Highways and streets:				
Engineering	159,408	245,191	196,407	48,784
Streets	-	3,070	-	3,070
Total highway and streets	159,408	248,261	196,407	51,854
Parks and recreation:				
Recreation	642,428	668,384	604,041	64,343
Maintenance	755,055	764,578	735,317	29,261
Total parks and recreation	1,397,483	1,432,962	1,339,358	93,604
Economic development:				
Community development	1,060,289	1,061,550	799,313	262,237
Total economic development	1,060,289	1,061,550	799,313	262,237
Debt service:				
Interest and fiscal charges	7,050	7,050	7,049	1
Total debt service	7,050	7,050	7,049	1
Capital outlay	753,262	830,820	259,343	571,477
Total expenditures	16,474,811	16,836,407	15,267,531	1,568,876

**CITY OF LOS BANOS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(Continued)**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over (under) expenditures	<u>(681,491)</u>	<u>(691,691)</u>	<u>2,630,767</u>	<u>3,322,458</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	1,470	1,470
Insurance recoveries	-	-	81,779	81,779
Transfers out	<u>(13,058)</u>	<u>(13,058)</u>	<u>(6,544)</u>	<u>6,514</u>
Total other financing sources (uses)	<u>(13,058)</u>	<u>(13,058)</u>	<u>76,705</u>	<u>89,763</u>
Net change in fund balances	(694,549)	(704,749)	2,707,472	3,412,221
Fund balance - beginning	<u>13,123,591</u>	<u>13,123,591</u>	<u>13,123,591</u>	<u>-</u>
Fund balance - ending	<u>\$ 12,429,042</u>	<u>\$ 12,418,842</u>	<u>\$ 15,831,063</u>	<u>\$ 3,412,221</u>

**CITY OF LOS BANOS
IMPACT FEES SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amount</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Charges for services	\$ 2,650,828	\$ 2,650,828	\$ 4,498,887	\$ 1,848,059
Use of property and money	<u>61,800</u>	<u>61,800</u>	<u>411,618</u>	<u>349,818</u>
Total revenues	<u>2,712,628</u>	<u>2,712,628</u>	<u>4,910,505</u>	<u>2,197,877</u>
EXPENDITURES				
Current:				
General government:				
Administration	<u>2,500</u>	<u>5,540</u>	<u>2,625</u>	<u>2,915</u>
Total general government	<u>2,500</u>	<u>5,540</u>	<u>2,625</u>	<u>2,915</u>
Public safety:				
Police	<u>210,000</u>	<u>210,000</u>	<u>171,751</u>	<u>38,249</u>
Fire	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total public safety	<u>220,000</u>	<u>220,000</u>	<u>171,751</u>	<u>48,249</u>
Highways and streets:				
Road	<u>11,500</u>	<u>53,460</u>	<u>17,466</u>	<u>35,994</u>
Total highway and streets	<u>11,500</u>	<u>53,460</u>	<u>17,466</u>	<u>35,994</u>
Parks and recreation:				
Park development	<u>372,598</u>	<u>372,598</u>	<u>-</u>	<u>372,598</u>
Total parks and recreation	<u>372,598</u>	<u>372,598</u>	<u>-</u>	<u>372,598</u>
Capital outlay	<u>1,965,548</u>	<u>1,975,548</u>	<u>78,209</u>	<u>1,897,339</u>
Total expenditures	<u>2,572,146</u>	<u>2,627,146</u>	<u>270,051</u>	<u>2,357,095</u>
Excess (deficiency) of revenues over (under) expenditures	<u>140,482</u>	<u>85,482</u>	<u>4,640,454</u>	<u>4,554,972</u>
Net change in fund balances	140,482	85,482	4,640,454	4,554,972
Fund balance - beginning	<u>16,434,750</u>	<u>16,434,750</u>	<u>16,434,750</u>	<u>-</u>
Fund balance - ending	<u>\$ 16,575,232</u>	<u>\$ 16,520,232</u>	<u>\$ 21,075,204</u>	<u>\$ 4,554,972</u>

**CITY OF LOS BANOS
COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME GRANTS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 40,608	\$ 40,608	\$ 43,874	\$ 3,266
Charges for services	59,100	59,100	59,094	(6)
Use of property and money	75	75	4,613	4,538
Miscellaneous	1,500	1,500	29,030	27,530
Total revenues	<u>101,283</u>	<u>101,283</u>	<u>136,611</u>	<u>35,328</u>
EXPENDITURES				
Current:				
Public safety:				
Code enforcement	40,608	40,608	28,747	11,861
Total public safety	<u>40,608</u>	<u>40,608</u>	<u>28,747</u>	<u>11,861</u>
Economic development	<u>75,200</u>	<u>75,200</u>	<u>60,740</u>	<u>14,460</u>
Total expenditures	<u>115,808</u>	<u>115,808</u>	<u>89,487</u>	<u>26,321</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,525)</u>	<u>(14,525)</u>	<u>47,124</u>	<u>61,649</u>
Net change in fund balances	(14,525)	(14,525)	47,124	61,649
Fund balance - beginning	<u>156,982</u>	<u>156,982</u>	<u>156,982</u>	<u>-</u>
Fund balance - ending	<u>\$ 142,457</u>	<u>\$ 142,457</u>	<u>\$ 204,106</u>	<u>\$ 61,649</u>

**CITY OF LOS BANOS
STREETS AND ROADS SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Sales	\$ 787,000	\$ 787,000	\$ 937,194	\$ 150,194
Intergovernmental	2,051,224	2,051,224	2,156,820	105,596
Use of property and money	10,000	10,000	71,195	61,195
Miscellaneous	400	400	235	(165)
Total revenues	2,848,624	2,848,624	3,165,444	316,820
EXPENDITURES				
Current:				
Highways and streets:				
Roads	2,442,420	2,442,420	2,030,990	411,430
Total highways and streets	2,442,420	2,442,420	2,030,990	411,430
Capital outlay	1,057,752	1,057,752	422,913	634,839
Total expenditures	3,500,172	3,500,172	2,453,903	1,046,269
Excess (deficiency) of revenues over (under) expenditures	(651,548)	(651,548)	711,541	1,363,089
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	2,622	2,622
Transfers out	-	-	(1,004)	(1,004)
Total other financing sources (uses)	-	-	1,618	1,618
Net change in fund balances	(651,548)	(651,548)	713,159	1,364,707
Fund balances - beginning	3,742,932	3,742,932	3,742,932	-
Fund balances - ending	\$ 3,091,384	\$ 3,091,384	\$ 4,456,091	\$ 1,364,707

**CITY OF LOS BANOS
PUBLIC SAFETY SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amount		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 1,030,806	\$ 1,120,806	\$ 1,094,726	\$ (26,080)
Sales	2,506,926	2,506,926	2,717,155	210,229
Intergovernmental	103,000	103,000	155,994	52,994
Charges for services	15,500	15,500	18,889	3,389
Use of property and money	13,100	13,100	96,853	83,753
Miscellaneous	-	114,136	114,136	-
Total revenues	<u>3,669,332</u>	<u>3,873,468</u>	<u>4,197,753</u>	<u>324,285</u>
EXPENDITURES				
Current:				
Public safety:				
Police	1,396,943	1,400,425	1,236,940	163,485
Fire	1,538,434	1,655,119	1,565,632	89,487
Total public safety	<u>2,935,377</u>	<u>3,055,544</u>	<u>2,802,572</u>	<u>252,972</u>
Total expenditures	<u>2,935,377</u>	<u>3,160,544</u>	<u>2,802,572</u>	<u>357,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>733,955</u>	<u>712,924</u>	<u>1,395,181</u>	<u>682,257</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	1,495	1,495
Transfers in	13,058	13,058	-	(13,058)
Total other financing sources (uses)	<u>13,058</u>	<u>13,058</u>	<u>1,495</u>	<u>(11,563)</u>
Net change in fund balances	747,013	725,982	1,396,676	670,694
Fund balance - beginning	<u>3,953,684</u>	<u>3,953,684</u>	<u>3,953,684</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,700,697</u>	<u>\$ 4,679,666</u>	<u>\$ 5,350,360</u>	<u>\$ 670,694</u>

**CITY OF LOS BANOS
ASSESSMENT DISTRICT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amount</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Charges for services	\$ 2,178,408	\$ 2,178,408	\$ 2,142,370	\$ (36,038)
Use of property and money	3,705	3,705	23,372	19,667
Total revenues	<u>2,182,113</u>	<u>2,182,113</u>	<u>2,165,742</u>	<u>(16,371)</u>
EXPENDITURES				
Current:				
Parks and recreation:				
Assessment districts	<u>2,239,240</u>	<u>2,271,104</u>	<u>2,127,326</u>	<u>143,778</u>
Total parks and recreation	<u>2,239,240</u>	<u>2,271,104</u>	<u>2,127,326</u>	<u>143,778</u>
Capital outlay	<u>399,631</u>	<u>414,337</u>	<u>375,910</u>	<u>38,427</u>
Total expenditures	<u>2,638,871</u>	<u>2,685,441</u>	<u>2,503,236</u>	<u>182,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(456,758)</u>	<u>(503,328)</u>	<u>(337,494)</u>	<u>165,834</u>
Net change in fund balance	(456,758)	(503,328)	(337,494)	165,834
Fund balances - beginning	<u>607,338</u>	<u>607,338</u>	<u>607,338</u>	<u>-</u>
Fund balances - ending	<u>\$ 150,580</u>	<u>\$ 104,010</u>	<u>\$ 269,844</u>	<u>\$ 165,834</u>

**CITY OF LOS BANOS
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 FISCAL YEARS***

	2015	2016	2017	2018	2019
Proportion of the net pension liability	0.2286%	0.2416%	0.2311%	0.2261%	0.2262%
Proportionate share of the net pension liability	\$ 14,362,655	\$ 16,582,007	\$ 19,994,163	\$ 22,419,524	\$ 21,796,766
Covered payroll	\$ 7,839,915	\$ 8,075,142	\$ 8,274,888	\$ 9,052,650	\$ 9,437,456
Proportionate share of the net pension liability as percentage of covered payroll	183.20%	205.35%	241.62%	247.66%	230.96%
Plan fiduciary net position as a percentage of the total pension liability	78.86%	75.82%	71.81%	71.38%	73.65%

NOTES TO SCHEDULE

Changes in Benefit Terms - None

Changes in Assumptions - In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**CITY OF LOS BANOS
SCHEDULE OF PENSION CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS***

	2014	2015	2016	2017	2018	2019
Actuarially required contribution (actuarially determined)	\$ 2,007,582	\$ 2,092,368	\$ 2,438,630	\$ 2,720,626	\$ 2,937,919	\$ 2,874,876
Contributions in relation to the actuarially determined contributions	<u>2,007,582</u>	<u>2,092,368</u>	<u>2,438,630</u>	<u>2,720,626</u>	<u>2,937,919</u>	<u>2,874,876</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 7,839,915	\$ 8,075,142	\$ 8,274,888	\$ 9,052,650	\$ 9,437,456	\$ 9,995,545
Contributions as a percentage of covered payroll	25.61%	25.91%	29.47%	30.05%	31.13%	28.76%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF LOS BANOS
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS*

	2018	2019
Total OPEB Liability:		
Service cost	\$ 948,983	\$ 977,452
Interest on total OPEB liability	1,580,117	1,634,419
Changes of assumptions	-	839,742
Differences between expected and actual experience	-	69,969
Benefit payments, including refunds of employee contributions	(580,388)	(685,805)
Implicit rate subsidy	(150,022)	(150,022)
Net change in total OPEB liability	1,798,690	2,685,755
Total OPEB liability - beginning	<u>21,989,323</u>	<u>23,788,013</u>
Total OPEB liability - ending (a)	<u>\$ 23,788,013</u>	<u>\$ 26,473,768</u>
 OPEB Plan Fiduciary Net Position:		
Net investment income	\$ 516,055	\$ 472,333
Contributions		
Employer - City's Contribution	1,080,904	1,848,085
Employer - Implicit Subsidy	150,022	150,022
Administrative expenses	(2,512)	(3,079)
Benefit payments, including refunds of employee contributions	(580,388)	(685,805)
Implicit rate subsidy fulfilled	<u>(150,022)</u>	<u>(150,022)</u>
Net change in plan fiduciary net position	1,014,059	1,631,534
Plan fiduciary net position beginning	<u>4,890,030</u>	<u>5,904,089</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,904,089</u>	<u>\$ 7,535,623</u>
 Net OPEB liability - ending (a) - (b)	<u>\$ 17,883,924</u>	<u>\$ 18,938,145</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	24.82%	28.46%
 Covered-employee payroll	9,057,433	9,306,512
 Net OPEB liability as a percentage of covered payroll	197.45%	203.49%

Notes to Schedule:

Change in Assumption - None

*Schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

**CITY OF LOS BANOS
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST 10 YEARS***

	2018	2019
Actuarially Determined Contribution (ADC)	\$ 1,997,107	\$ 2,115,559
Contributions in relation to the actuarially determined contributions	(1,230,926)	(1,998,107)
Contribution deficiency (excess)	\$ 766,181	\$ 117,452
 Covered payroll	 \$ 9,057,433	 \$ 9,306,512
 Contributions as a percentage of covered payroll	 13.59%	 21.47%

Notes to Schedule:

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry age normal, level percent of pay
Amortization Method	Closed period, level percent of pay
Amortization Period	30 years
Inflation	2.50%
Assumed Payroll Growth	2.75%
Health Trend Rates	6.50%, trending down to 3.84%
Investment Rate of Return	7.28%
Retirement Age	50 years
	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2011
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering all CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

*Schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

CONGESTION MITIGATION AIR QUALITY GRANT

This fund is used to account for projects related to the Congestion Mitigation and Air Quality Improvement Programs.

USDA RURAL GRANT

This fund is used to support targeted technical assistance, training and other activities leading to the development or expansion of small and emerging private businesses in rural areas that have fewer than 50 employees and less than \$1 million in gross revenues.

CAPITAL PROJECTS FUNDS

CAPITAL GRANTS CAPITAL PROJECTS FUND

This fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

**CITY OF LOS BANOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019**

	Special Revenue Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	CMAQ Grant	USDA Rural Grant	Capital Grants	
ASSETS				
Cash and investments	\$ 151	\$ -	\$ 152,839	\$ 152,990
Interest receivable	-	-	569	569
Intergovernmental receivables	6,273	16,520	-	22,793
Total assets	\$ 6,424	\$ 16,520	\$ 153,408	\$ 176,352
LIABILITIES				
Accounts payable	\$ 6,424	\$ 1,100	\$ 1,685	\$ 9,209
Due to other funds	-	15,420	-	15,420
Advances from other funds	-	-	786,996	786,996
Total liabilities	6,424	16,520	788,681	811,625
Fund balances:				
Unassigned	-	-	(635,273)	(635,273)
Total fund balances (deficits)	-	-	(635,273)	(635,273)
Total liabilities and fund balances	\$ 6,424	\$ 16,520	\$ 153,408	\$ 176,352

**CITY OF LOS BANOS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	CMAQ Grants	USDA Rural Grant	Capital Grants	
REVENUES				
Intergovernmental	\$ 7,225	\$ 30,370	\$ -	\$ 37,595
Use of property and money	-	-	45,251	45,251
Miscellaneous	-	-	6,154	6,154
Total revenues	<u>7,225</u>	<u>30,370</u>	<u>51,405</u>	<u>89,000</u>
EXPENDITURES				
Current:				
Highways and streets	8,229	-	-	8,229
Parks and recreation	-	-	15,218	15,218
Economic development	-	30,370	-	30,370
Capital outlay	-	-	12,321	12,321
Total expenditures	<u>8,229</u>	<u>30,370</u>	<u>27,539</u>	<u>66,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,004)</u>	<u>-</u>	<u>23,866</u>	<u>22,862</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>1,004</u>	<u>-</u>	<u>-</u>	<u>1,004</u>
Total other financing sources (uses)	<u>1,004</u>	<u>-</u>	<u>-</u>	<u>1,004</u>
Net change in fund balances	-	-	23,866	23,866
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>(659,139)</u>	<u>(659,139)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (635,273)</u>	<u>\$ (635,273)</u>

**CITY OF LOS BANOS
CMAQ GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Taxes:			
Intergovernmental	\$ 57,000	\$ 7,225	\$ (49,775)
Total revenues	<u>57,000</u>	<u>7,225</u>	<u>(49,775)</u>
EXPENDITURES			
Current:			
Highways and streets	64,000	8,229	55,771
Total expenditures	<u>64,000</u>	<u>8,229</u>	<u>55,771</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,000)</u>	<u>(1,004)</u>	<u>5,996</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	7,000	1,004	(5,996)
Total other financing sources (uses)	<u>7,000</u>	<u>1,004</u>	<u>(5,996)</u>
Net change in fund balance	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF LOS BANOS
 USDA RURAL GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE – BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Intergovernmental	\$ 36,000	\$ 30,370	\$ (5,630)
Total revenues	36,000	30,370	(5,630)
EXPENDITURES			
Current:			
Economic development	36,000	30,370	5,630
Total expenditures	36,000	30,370	5,630
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -

**CITY OF LOS BANOS
CAPITAL GRANTS FUND
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	Capital Grants		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Use of property and money	\$ 42,000	\$ 45,251	\$ 3,251
Miscellaneous	8,000	6,154	(1,846)
Total revenues	<u>50,000</u>	<u>51,405</u>	<u>1,405</u>
EXPENDITURES			
Current:			
Parks and recreation	<u>23,087</u>	<u>15,218</u>	<u>7,869</u>
Capital outlay	<u>12,321</u>	<u>12,321</u>	<u>-</u>
Total expenditures	<u>35,408</u>	<u>27,539</u>	<u>7,869</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,592</u>	<u>23,866</u>	<u>9,274</u>
Fund balances (deficit) - beginning	<u>(659,139)</u>	<u>(659,139)</u>	<u>-</u>
Fund balances (deficit) - ending	<u>\$ (644,547)</u>	<u>\$ (635,273)</u>	<u>\$ 9,274</u>

INTERNAL SERVICE FUNDS

FLEET MAINTENANCE

This fund is used for the maintenance, service, and repair of the City's fleet.

INFORMATION TECHNOLOGY

This fund is used to support, maintain, and enhance the City's information technology hardware, software, and communications infrastructure.

RETIREE'S HEALTH BENEFITS

This fund is used to charge the departments for retiree health benefits.

**CITY OF LOS BANOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019**

	Fleet Maintenance	Information Technologies	Retiree's Health Benefits	Total
ASSETS				
Current assets:				
Cash and investments	\$ 35,412	\$ 40,712	\$ 226,281	\$ 302,405
Interest receivable	146	310	853	1,309
Accounts receivable	-	534	-	534
Prepaid items	-	4,675	-	4,675
Total current assets	35,558	46,231	227,134	308,923
Noncurrent assets:				
Capital assets:				
Construction in progress	1,670	27,782	-	29,452
Buildings and improvements	5,976	-	-	5,976
Machinery and equipment	757,386	492,293	-	1,249,679
Less: accumulated depreciation	(719,892)	(360,507)	-	(1,080,399)
Total noncurrent assets	45,140	159,568	-	204,708
Total assets	80,698	205,799	227,134	513,631
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows from pensions	84,088	135,589	-	219,677
Deferred outflows from OPEB	25,076	36,553	-	61,629
Total deferred outflows of resources	109,164	172,142	-	281,306
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	32,485	5,274	-	37,759
Current portion of capital leases	42,867	-	-	42,867
Compensated absences	6,825	9,110	-	15,935
Total current liabilities	82,177	14,384	-	96,561
Noncurrent liabilities:				
Capital leases	3,676	-	-	3,676
Net pension liability	288,037	451,978	-	740,015
Net OPEB liability	166,713	243,016	-	409,729
Total long-term liabilities	458,426	694,994	-	1,153,420
Total liabilities	540,603	709,378	-	1,249,981
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows from pensions	12,141	19,052	-	31,193
Deferred inflows from OPEB	794	1,158	-	1,952
Total deferred inflows of resources	12,935	20,210	-	33,145
NET POSITION (DEFICIT)				
Net investment in capital assets	(1,403)	159,568	-	158,165
Unrestricted	(362,273)	(511,215)	227,134	(646,354)
Total net position (deficit)	\$ (363,676)	\$ (351,647)	\$ 227,134	\$ (488,189)

**CITY OF LOS BANOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

	Fleet Maintenance	Information Technologies	Retiree's Health Benefits	Total
Operating revenues:				
Interdepartmental charges	\$ 919,940	\$ 531,742	\$ 1,883,561	\$ 3,335,243
Miscellaneous	<u>3,538</u>	<u>2,075</u>	<u>10,430</u>	<u>16,043</u>
Total operating revenues	<u>923,478</u>	<u>533,817</u>	<u>1,893,991</u>	<u>3,351,286</u>
Operating expenses:				
Personnel services	232,159	251,088	1,883,561	2,366,808
Contractual services	10,630	71,715	-	82,345
Utilities	205,861	285	-	206,146
Repairs and maintenance	285,288	1,961	-	287,249
Insurance	5,966	8,255	-	14,221
Other supplies and expenses	34,375	4,895	-	39,270
Depreciation	<u>67,471</u>	<u>46,368</u>	<u>-</u>	<u>113,839</u>
Total operating expenses	<u>841,750</u>	<u>384,567</u>	<u>1,883,561</u>	<u>3,109,878</u>
Operating income (loss)	<u>81,728</u>	<u>149,250</u>	<u>10,430</u>	<u>241,408</u>
Nonoperating revenues (expenses):				
Investment earnings	6,025	5,365	13,251	24,641
Interest and fiscal charges	<u>(4,103)</u>	<u>-</u>	<u>-</u>	<u>(4,103)</u>
Total nonoperating revenues (expenses)	<u>1,922</u>	<u>5,365</u>	<u>13,251</u>	<u>20,538</u>
Change in net position	83,650	154,615	23,681	261,946
Net position (deficit) - beginning	<u>(447,326)</u>	<u>(506,262)</u>	<u>203,453</u>	<u>(750,135)</u>
Net position (deficit) - ending	<u>\$ (363,676)</u>	<u>\$ (351,647)</u>	<u>\$ 227,134</u>	<u>\$ (488,189)</u>

**CITY OF LOS BANOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	Fleet Maintenance	Information Technologies	Retiree's Health Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 919,940	\$ 531,774	\$ 1,883,561	\$ 3,335,275
Payments to suppliers	(537,731)	(104,422)	-	(642,153)
Payments to or on behalf of employees for services	(284,687)	(398,687)	(1,883,561)	(2,566,935)
Receipts from other operating revenue	3,538	2,075	10,430	16,043
Net cash provided (used) by operating activities	101,060	30,740	10,430	142,230
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments on long-term debt	(71,115)	-	-	(71,115)
Acquisition of capital assets	(1,633)	(44,097)	-	(45,730)
Proceed from sale of capital assets	-	-	-	-
Interest paid	(4,103)	-	-	(4,103)
Net cash provided (used) by capital and related financing activities	(76,851)	(44,097)	-	(120,948)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	6,144	5,213	12,922	24,279
Net cash provided (used) by investing activities	6,144	5,213	12,922	24,279
Increase (decrease) in cash and cash equivalents	30,353	(8,144)	23,352	45,561
Cash and equivalents - beginning	5,059	48,856	202,929	256,844
Cash and equivalents - ending	\$ 35,412	\$ 40,712	\$ 226,281	\$ 302,405

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

Operating income (loss)	\$ 81,728	\$ 149,250	\$ 10,430	\$ 241,408
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	67,471	46,368	-	113,839
(Increase) decrease in:				
Accounts receivable	-	32	-	32
Prepaid items	-	2,338	-	2,338
Deferred outflows of resources for pensions	17,426	75,674	-	93,100
Deferred outflows of resources for OPEB	1,205	(529)	-	676
Increase (decrease) in:				
Accounts payable and other liabilities	4,389	(19,649)	-	(15,260)
Compensated absences	(789)	1,387	-	598
Net pension Liability	(5,560)	(147,007)	-	(152,567)
Net OPEB liability	(68,516)	(79,415)	-	(147,931)
Deferred inflows of resources for pensions	4,274	3,000	-	7,274
Deferred inflows of resources for OPEB	(568)	(709)	-	(1,277)
Net cash provided (used) by operating activities	\$ 101,060	\$ 30,740	\$ 10,430	\$ 142,230

AGENCY FUND

NSP IMPOUND FUND

This fund is used for the collection of impound payments from ten Neighborhood Stabilization Program (NSP) homeowners and used to pay for their homeowners insurance and property taxes.

**CITY OF LOS BANOS
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019**

<u>NSP Impound Fund</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
ASSETS				
Restricted cash and investments	\$ 41,926	\$ 54,741	\$ 88,030	\$ 8,637
Accounts receivable	<u>1,176</u>	<u>22,006</u>	<u>21,522</u>	<u>1,660</u>
Total assets	<u>\$ 43,102</u>	<u>\$ 76,747</u>	<u>\$ 109,552</u>	<u>\$ 10,297</u>
LIABILITIES				
Due to others	<u>\$ 43,102</u>	<u>\$ 76,747</u>	<u>\$ 109,552</u>	<u>\$ 10,297</u>
Total liabilities	<u>\$ 43,102</u>	<u>\$ 76,747</u>	<u>\$ 109,552</u>	<u>\$ 10,297</u>

STATISTICAL SECTION

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STATISTICAL SECTION – OVERVIEW

This part of the City of Los Banos' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Financial Trends: These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity: These schedules contain information to help the reader assess the government's most significant local revenue sources, sales and property taxes.

Debt Capacity: These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.

**CITY OF LOS BANOS
NET POSITION BY COMPONENTS
LAST TEN FISCAL YEARS**

	Fiscal Years									
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Governmental activities										
Net investment in capital assets	\$ 85,183,899	\$ 83,345,450	\$ 90,435,796	\$ 87,022,967	\$ 83,335,435	\$ 74,482,065	\$ 83,051,535	\$ 77,813,813	\$ 73,679,314	\$ 71,701,732
Restricted	22,816,089	19,931,470	10,791,141	9,415,962	11,942,215	12,507,436	14,014,590	19,345,542	28,042,938	34,310,692
Unrestricted	7,566,224	12,244,204	11,272,314	12,020,755	10,906,999	(639,257)	4,527,558	5,374,816	(10,084,047)	(9,085,174)
Total governmental activities net position	<u>\$ 115,566,212</u>	<u>\$ 115,521,124</u>	<u>\$ 112,499,251</u>	<u>\$ 108,459,684</u>	<u>\$ 106,184,649</u>	<u>\$ 86,350,244</u>	<u>\$ 101,593,683</u>	<u>\$ 102,534,171</u>	<u>\$ 91,638,205</u>	<u>\$ 96,927,250</u>
Business-type activities										
Net investment in capital assets	\$ 42,203,158	\$ 41,988,815	\$ 42,580,463	\$ 42,539,669	\$ 46,049,921	\$ 45,206,093	\$ 45,816,837	\$ 46,906,196	\$ 51,171,643	\$ 55,063,074
Restricted	10,484,114	8,762,153	8,453,426	8,349,804	8,154,696	8,748,625	10,468,024	12,796,446	14,747,937	15,627,011
Unrestricted	11,774,359	14,064,398	14,670,827	17,934,205	16,092,089	18,127,680	21,106,896	23,730,905	20,300,902	22,318,541
Total business-type activities net position	<u>\$ 64,461,631</u>	<u>\$ 64,815,366</u>	<u>\$ 65,704,716</u>	<u>\$ 68,823,678</u>	<u>\$ 70,296,706</u>	<u>\$ 72,082,398</u>	<u>\$ 77,391,757</u>	<u>\$ 83,433,547</u>	<u>\$ 86,220,482</u>	<u>\$ 93,008,626</u>
Primary government										
Net investment in capital assets	\$ 127,387,057	\$ 125,334,265	\$ 133,024,845	\$ 129,562,636	\$ 129,385,356	\$ 119,688,158	\$ 128,868,372	\$ 124,720,009	\$ 124,850,957	\$ 126,764,806
Restricted	33,300,203	28,693,623	19,244,567	17,765,766	20,096,911	21,256,061	24,482,614	32,141,988	42,790,875	49,937,703
Unrestricted	19,340,583	26,308,602	25,934,572	29,954,960	26,999,088	17,488,423	25,634,454	29,105,721	10,216,855	13,233,367
Total primary government net position	<u>\$ 180,027,843</u>	<u>\$ 180,336,490</u>	<u>\$ 178,203,984</u>	<u>\$ 177,283,362</u>	<u>\$ 176,481,355</u>	<u>\$ 158,432,642</u>	<u>\$ 178,985,440</u>	<u>\$ 185,967,718</u>	<u>\$ 177,858,687</u>	<u>\$ 189,935,876</u>

**CITY OF LOS BANOS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Years									
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Expenses										
Governmental activities:										
General government	\$ 1,844,157	\$ 1,864,857	\$ 2,010,394	\$ 1,574,303	\$ 1,075,846	\$ 1,142,994	\$ 1,371,651	\$ 1,186,905	\$ 1,487,571	\$ 1,535,597
Public safety	11,116,070	10,969,903	10,886,906	11,001,775	11,462,611	11,382,513	9,687,489	12,473,523	15,813,709	16,098,104
Highways and streets	5,934,471	5,628,571	5,671,224	5,845,904	5,509,207	5,581,131	6,023,160	6,222,855	6,436,759	6,987,449
Parks and recreation	2,879,562	2,848,886	3,157,117	3,110,563	3,246,159	3,319,476	4,281,104	4,735,095	4,612,509	4,799,711
Redevelopment	6,545,659	1,487,704	1,727,676	-	-	-	-	-	-	-
Economic development	25,136	25,136	25,133	97,369	898,589	770,417	582,985	681,828	945,745	980,764
Interest on long-term debt	1,710,107	1,640,803	367,517	62,042	11,251	10,451	11,594	11,232	9,779	8,249
Total governmental activities	30,055,162	24,465,860	23,845,967	21,691,956	22,203,663	22,206,982	21,957,983	25,311,438	29,306,072	30,409,874
Business-type activities:										
Water	3,974,370	4,166,837	4,228,356	4,043,632	4,116,815	4,012,484	4,400,180	4,356,044	4,772,454	4,928,253
Wastewater	3,915,757	3,902,206	4,174,243	4,131,577	4,127,310	3,996,860	4,418,235	4,197,226	4,527,236	4,557,451
Airport	478,511	577,713	508,541	595,136	509,952	427,161	361,224	330,699	336,645	337,840
Solid waste	4,659,231	4,822,258	5,019,961	5,626,173	6,964,870	5,419,558	6,060,817	6,282,604	5,745,491	6,732,856
Total business-type activities	13,027,869	13,469,014	13,931,101	14,396,518	15,718,947	13,856,063	15,240,456	15,166,573	15,381,826	16,556,400
Total primary government expenses	\$ 43,083,031	\$ 37,934,874	\$ 37,777,068	\$ 36,088,474	\$ 37,922,610	\$ 36,063,045	\$ 37,198,439	\$ 40,478,011	\$ 44,687,898	\$ 46,966,274
Program Revenue										
Governmental activities:										
Charges for services	\$ 3,548,629	\$ 3,526,597	\$ 3,581,268	\$ 4,348,894	\$ 3,629,571	\$ 4,022,788	\$ 5,001,906	\$ 5,593,570	\$ 8,037,154	\$ 7,799,743
Operating grants and contributions	3,242,183	2,936,400	2,782,009	3,386,608	3,625,821	3,596,504	3,385,289	3,808,707	5,172,313	5,673,812
Capital grants and contributions	5,846,289	1,952,807	4,873,145	1,137,908	1,469,956	1,775,933	2,623,070	4,753,878	3,469,161	6,650,241
Total governmental activities	12,637,101	8,415,804	11,236,422	8,873,410	8,725,348	9,395,225	11,010,265	14,156,155	16,678,628	20,123,796
Business-type activities:										
Charges for services	14,629,989	13,346,234	14,390,214	16,074,638	16,802,170	17,823,033	19,539,564	20,693,974	21,568,675	20,979,032
Operating grants and contributions	82,930	161,247	90,611	22,455	24,737	15,334	24,812	34,588	27,363	22,604
Capital grants and contributions	-	-	-	-	-	-	-	-	159,298	653,940
Total business-type activities	14,712,919	13,507,481	14,480,825	16,097,093	16,826,907	17,838,367	19,564,376	20,728,562	21,755,336	21,655,576
Total primary government program revenue	\$ 27,350,020	\$ 21,923,285	\$ 25,717,247	\$ 24,970,503	\$ 25,552,255	\$ 27,233,592	\$ 30,574,641	\$ 34,884,717	\$ 38,433,964	\$ 41,779,372

**CITY OF LOS BANOS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Continued)**

	Fiscal Years									
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Net (expense)/revenue:										
Governmental activities	\$ (17,418,061)	\$ (16,050,056)	\$ (12,609,545)	\$ (12,818,546)	\$ (13,478,315)	\$ (12,811,757)	\$ (10,947,718)	\$ (11,155,283)	\$ (12,627,444)	\$ (10,286,078)
Business-type activities	1,685,050	38,467	549,724	1,700,575	1,107,960	3,982,304	4,323,920	5,561,989	6,373,510	5,099,176
Total primary government (expenses) revenue, net	\$ (15,733,011)	\$ (16,011,589)	\$ (12,059,821)	\$ (11,117,971)	\$ (12,370,355)	\$ (8,829,453)	\$ (6,623,798)	\$ (5,593,294)	\$ (6,253,934)	\$ (5,186,902)
General Revenues										
Governmental activities:										
Taxes:										
Property taxes	\$ 9,027,831	\$ 9,363,711	\$ 7,427,582	\$ 4,946,843	\$ 5,676,238	\$ 6,031,996	\$ 5,578,732	\$ 5,704,220	\$ 6,229,501	\$ 6,793,665
Sales taxes	2,481,027	3,980,909	4,226,624	2,571,065	2,740,697	2,786,423	3,829,042	4,012,401	4,613,579	5,594,516
Other taxes	873,260	1,457,350	746,254	758,928	844,820	925,402	1,072,950	1,158,812	1,237,553	1,181,620
Use of money and property	1,254,479	831,036	140,885	1,024,908	1,150,414	1,092,444	1,205,110	1,145,645	1,287,188	1,935,306
Insurance recoveries	-	-	-	-	-	-	240,396	-	-	-
Developer contributions	-	-	-	-	-	-	1,975,532	-	-	-
Miscellaneous	-	-	-	-	146,716	(4,264,350)	243,265	80,389	124,913	76,560
Transfers	(100,940)	371,962	(2,953,656)	(522,782)	15,432	(6,762)	(5,124)	(5,696)	(3,776)	(6,544)
Extraordinary item	-	-	-	-	-	-	12,051,254	-	-	-
Total governmental activities	13,535,657	16,004,968	9,587,689	8,778,962	10,574,317	6,565,153	26,191,157	12,095,771	13,488,958	15,575,123
Business-type activities:										
Property taxes	10,815	2,374	2,412	2,390	4,598	4,493	7,626	8,454	3,860	3,717
Use of money and property	260,912	312,856	339,943	209,252	433,926	307,030	384,004	334,106	529,413	1,245,717
Developer contributions	-	-	-	-	-	-	427,312	-	-	-
Miscellaneous	500	38	(2,729)	1,206,745	66,655	99,360	161,373	131,545	158,676	432,990
Transfers (Note 4)	100,940	-	-	-	(15,432)	6,762	5,124	5,696	3,776	6,544
Total business-type activities	373,167	315,268	339,626	1,418,387	489,747	417,645	985,439	479,801	695,725	1,688,968
Total primary government general revenues	\$ 13,908,824	\$ 16,320,236	\$ 9,927,315	\$ 10,197,349	\$ 11,064,064	\$ 6,982,798	\$ 27,176,596	\$ 12,575,572	\$ 14,184,683	\$ 17,264,091
Changes in Net Position										
Governmental	\$ (3,882,404)	\$ (45,088)	\$ (3,021,856)	\$ (4,039,584)	\$ (2,903,998)	\$ (6,246,604)	\$ 15,243,439	\$ 940,488	\$ 861,514	\$ 5,289,045
Business-type	2,058,217	353,735	889,350	3,118,962	1,597,707	4,399,949	5,309,359	6,041,790	7,069,235	6,788,144
Total primary government	\$ (1,824,187)	\$ 308,647	\$ (2,132,506)	\$ (920,622)	\$ (1,306,291)	\$ (1,846,655)	\$ 20,552,798	\$ 6,982,278	\$ 7,930,749	\$ 12,077,189

Source: City of Los Banos Finance Department

**CITY OF LOS BANOS
FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Years									
	2009-2010	2010-2011 (1)	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
General Fund:										
Reserved	\$ 2,252,353	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,305,998	-	-	-	-	-	-	-	-	-
Nonspendable	-	26,804	5,752	1,506	698	2,933	3,938	248	2,970	1,087
Restricted	-	59,102	283,826	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	494,657	674,349
Assigned	-	-	-	-	693,821	2,179,757	3,335,429	3,266,323	3,916,672	3,717,891
Unassigned	-	5,426,571	5,603,832	6,339,177	7,202,640	7,843,490	8,638,970	9,017,100	8,709,292	11,437,736
Total general funds (2)(3)	\$ 5,558,351	\$ 5,512,477	\$ 5,893,410	\$ 6,340,683	\$ 7,897,159	\$ 10,026,180	\$ 11,978,337	\$ 12,283,671	\$ 13,123,591	\$ 15,831,063
All other governmental funds:										
Reserved	\$ 4,137,378	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:										
Special revenue funds	14,426,214	-	-	-	-	-	-	-	-	-
Capital project funds	5,626,458	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	852,459	-	7,293	4,862
Restricted	-	20,850,874	12,898,904	12,237,064	11,732,860	12,294,820	13,818,032	19,174,130	24,888,393	31,350,743
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	755,211	(1,094,103)	(1,038,011)	(751,255)	(733,613)	(701,772)	(672,702)	(659,139)	(635,273)
Total all other governmental funds (4)(5)	\$ 24,190,050	\$ 21,606,085	\$ 11,804,801	\$ 11,199,053	\$ 10,981,605	\$ 11,561,207	\$ 13,968,719	\$ 18,501,428	\$ 24,236,547	\$ 30,720,332

Source: City of Los Banos Finance Department

Notes:

- (1) The City of Los Banos implemented GASB 54 in the fiscal year ended June 30, 2011.
- (2) Increase in fund balance for FY 2013-2014 due to one time revenue from the dissolution of the Los Banos Redevelopment Agency.
- (3) Increase in fund balance for FY 2014-2015 due to one time spike from the end of the State of California Triple Flip program and an increase in property tax.
- (4) Decrease in all other governmental funds for FY 2009-2010 due to expenditures related to construction of community center.
- (5) Decrease in all other governmental funds for FY 2011-2012 due to dissolution of Los Banos Redevelopment Agency.

**CITY OF LOS BANOS
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Years									
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Revenues										
Taxes:										
Property	\$ 9,715,042	\$ 9,363,711	\$ 7,427,582	\$ 5,642,221	\$ 6,262,533	\$ 6,863,634	\$ 6,316,878	\$ 6,504,693	\$ 7,198,259	\$ 7,859,108
Sales	4,174,239	3,980,909	4,226,624	4,463,919	4,671,192	5,026,830	6,094,290	6,458,115	8,075,623	9,248,865
Franchise	422,655	440,594	445,375	456,482	480,391	511,545	534,702	546,061	563,611	540,449
Motor vehicle	679,546	1,064,988	1,010,544	815,527	1,124,654	919,197	-	-	-	-
Other taxes	344,271	284,114	282,145	286,742	364,429	398,625	523,261	595,119	652,890	621,498
Licenses and permits	307,714	217,358	200,091	305,599	305,953	456,341	855,171	1,123,244	1,012,757	763,207
Intergovernmental	3,310,820	2,816,860	768,206	1,261,856	1,686,798	1,050,293	1,595,939	2,019,191	2,141,795	2,602,521
Charges for services	3,630,001	4,011,466	3,916,232	3,337,523	2,824,440	3,477,841	5,581,250	7,702,436	8,538,554	8,661,055
Fines	82,295	93,399	97,735	68,731	60,509	62,505	50,546	64,129	67,496	59,806
Use of property and money	1,411,870	1,293,039	1,237,070	1,069,142	1,150,414	1,092,444	1,205,110	1,145,645	1,287,188	1,935,306
Contributions and donations	59,059	1,820	2,055	-	-	-	-	-	-	-
Miscellaneous	169,708	273,658	199,061	66,593	141,901	98,708	250,317	280,468	356,333	271,538
Total revenues	24,307,220	23,841,916	19,812,720	17,774,335	19,073,214	19,957,963	23,007,464	26,439,101	29,894,506	32,563,353
Expenditures										
Current:										
General government	1,687,325	1,715,484	1,696,680	1,495,941	1,046,961	1,067,648	1,083,155	1,117,098	1,276,300	1,229,744
Public safety	10,245,666	10,286,114	10,253,039	10,255,576	10,912,197	11,167,699	12,202,688	13,423,807	14,592,038	14,442,012
Highways and streets	1,636,472	1,328,743	1,385,767	1,025,978	1,135,565	1,158,587	1,248,137	1,583,281	2,084,503	2,253,092
Parks and recreation	2,067,216	2,082,479	2,348,142	2,261,394	2,422,510	2,555,130	2,858,994	3,546,943	3,228,685	3,481,902
Economic development	-	-	-	67,515	700,675	550,212	503,184	630,829	803,714	890,423
Redevelopment	6,624,111	4,577,305	1,420,339	-	-	-	-	-	-	-
Debt service:										
Principal	1,969,465	804,075	645,000	1,405,000	-	-	9,828	13,263	-	-
Interest	1,680,963	1,611,864	834,188	62,042	11,251	10,451	11,594	11,232	7,950	7,049

**CITY OF LOS BANOS
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Continued)**

	Fiscal Years									
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Capital outlay:										
General government	-	-	-	36,895	86,723	5,425	5,000	28,245	412,723	55,642
Public safety	40,936	260,745	307,962	427,961	468,591	349,660	477,051	1,191,984	320,123	141,586
Redevelopment	9,766,513	1,375,849	7,528	-	-	-	-	-	-	-
Highways and streets	1,055,488	1,478,973	246,028	1,034,416	934,291	254,298	199,387	-	250,037	424,544
Parks and recreation	52,276	54,045	-	112,161	35,150	200,162	372,016	65,670	358,599	522,532
Economic development	-	-	-	-	519	473	6,521	3,348	100	4,392
Total expenditures	36,826,431	25,575,676	19,144,673	18,184,879	17,754,433	17,319,745	18,977,555	21,615,700	23,334,772	23,452,918
Excess (deficiency) of revenues over (under) expenditures	(12,519,211)	(1,733,760)	668,047	(410,544)	1,318,781	2,638,218	4,029,909	4,823,401	6,559,734	9,110,435
Other Financing Sources (Uses)										
Loss on property held for resale	-	-	(893,899)	-	-	-	-	-	-	-
Capital lease	-	-	-	-	-	-	70,501	-	-	-
Insurance recoveries	-	-	-	-	-	-	240,396	-	-	81,779
Transfer in	2,139,339	3,030,293	4,629,361	218,461	164,497	130,932	235,979	126,993	27,025	1,004
Transfer out	(2,240,279)	(2,658,331)	(4,652,302)	(741,243)	(149,065)	(137,694)	(241,102)	(132,688)	(30,801)	(7,548)
Proceeds from sale of capital assets	-	-	-	24,851	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	4,815	83,243	17,910	20,337	19,081	5,587
Claims and judgements	-	-	-	750,000	-	-	-	-	-	-
Total other financing sources (uses)	(100,940)	371,962	(916,840)	252,069	20,247	76,481	323,684	14,642	15,305	80,822
Extraordinary Items										
Assets transferred to housing Successor Agency	-	-	(1,124,645)	-	-	-	-	-	-	-
Assets transferred to/liability assumed by Successor Agency	-	-	(8,046,913)	-	-	-	-	-	-	-
Total extraordinary items	-	-	(9,171,558)	-						
Net changes in fund balances	\$ (12,620,151)	\$ (1,361,798)	\$ (9,420,351)	\$ (158,475)	\$ 1,339,028	\$ 2,714,699	\$ 4,353,593	\$ 4,838,043	\$ 6,575,039	\$ 9,191,257
Debt service as a percentage of noncapital expenditures	14.09%	10.78%	7.96%	8.85%	0.07%	0.06%	0.12%	0.12%	0.04%	0.03%

Source: City of Los Banos Finance Department

**CITY OF LOS BANOS
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)**

Fiscal Year	Real Property		Personal Property	Utility ⁽¹⁾	Total	Less Exemptions	Total Taxable Assessed Value	Total Direct Rate
	Land	Improvements	Personal					
2009-2010	439,964	1,385,997	55,642	2,149	1,883,752	69,417	1,814,335	1.00%
2010-2011	304,764	1,400,629	52,030	2,149	1,759,572	72,196	1,687,376	1.00%
2011-2012	317,257	1,445,927	51,882	2,429	1,817,495	73,779	1,743,716	1.00%
2012-2013	313,862	1,454,449	50,534	2,429	1,821,274	72,002	1,749,272	1.00%
2013-2014	338,088	1,530,444	50,653	2,429	1,921,614	77,042	1,844,572	1.00%
2014-2015	448,810	1,686,158	67,439	3,167	2,205,574	78,314	2,127,260	1.00%
2015-2016	543,391	1,738,793	67,619	3,163	2,352,966	82,650	2,270,316	1.00%
2016-2017	573,208	1,881,326	67,928	3,152	2,525,614	103,904	2,421,710	1.00%
2017-2018	633,774	2,025,405	67,987	3,147	2,730,313	109,628	2,620,685	1.00%
2018-2019	715,389	2,195,513	66,186	111	2,977,199	118,291	2,858,908	1.00%

Source: Merced County Assessor's Office
 Merced County Auditor-Controller's Office

Notes: Estimated value of taxable property not readily available in the State of California. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of actual property and is subject to the limitations of Proposition 13 passed in 1978.

(1) Aircraft value not available for financial year 2018 - 2019

**CITY OF LOS BANOS
TAX REVENUE BY SOURCE – GENERAL FUND
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales and Use</u>	<u>Franchise</u>	<u>Motor Vehicle</u>	<u>Other</u>	<u>Total</u>
2009-2010	4,518,769	2,481,027	401,372	106,334	344,271	7,851,773
2010-2011	4,609,443	2,298,721	419,554	183,820	284,114	7,795,652
2011-2012	4,411,414	2,437,124	424,274	18,734	282,145	7,573,691
2012-2013	4,919,660	2,571,065	435,827	-	286,742	8,213,294
2013-2014	5,541,291	2,684,458	480,391	-	364,429	9,070,569
2014-2015	6,112,770 (1)	2,842,662	511,545	15,232	398,625	9,880,834
2015-2016	5,551,292	3,829,042 (2)	534,702	-	523,261	10,438,297
2016-2017	5,675,697	4,012,401	546,061	-	595,119	10,829,278
2017-2018	6,200,655	4,613,579	563,611	-	652,890	12,030,735
2018-2019	6,764,382	5,594,516	540,449	-	621,498	13,520,845

Source: City of Los Banos Finance Department

Notes:

- (1) Increase in property tax due to Triple Flip ending; last admin fee settlement payment.
- (2) Sales tax increase due to increase in Triple Flip ending and true up payments.

**CITY OF LOS BANOS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(rate per \$1,000 of assessed value)
LAST SEVEN FISCAL YEARS**

Fiscal Year	City Direct Rates			Overlapping Rates		Total Rate
	City of Los Banos	County of Merced	Total District	Los Banos Unified School District Bond	Merced College Bond	
2011-2012	0.1750	0.8250	1.0000	0.1087	0.0264	0.1351
2012-2013	0.1750	0.8250	1.0000	0.0145	0.0251	0.0396
2013-2014	0.1953	0.8047	1.0000	0.0868	0.0250	0.1118
2014-2015	0.1953	0.8047	1.0000	0.0961	0.0234	0.1195
2015-2016	0.1953	0.8047	1.0000	0.1070	0.0214	0.1284
2016-2017	0.1953	0.8047	1.0000	0.1144	0.0207	0.1351
2017-2018	0.1953	0.8047	1.0000	0.7920	0.0209	0.8129
2018-2019	0.1953	0.8047	1.0000	0.7110	0.0202	0.7312

Source: Merced County Auditor-Controller-Tax Collector

Notes: In 1978, California voters passed Proposition 13 which sets the property tax rate at 1.00% fixed amount. This 1.00% is shared by all taxing agencies, including the City of Los Banos, for which the subject property resides within. The City of Los Banos's portion varies by several Tax Rate Areas (TRAs) within the City.

Information prior to 2012 is not available.

**CITY OF LOS BANOS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

Owner	2018-2019			2008-2009		
	Assessed Value	Rank	Percent of Total City Assessed Value	Assessed Value	Rank	Percent of Total City Assessed Value
CALIFORNIA MILK PRODUCERS	\$ 29,896,410	1	1.05%	-	-	-
WAL-MART REAL ESTATE BUSINESS TRUST	26,679,956	2	0.93%	10,670,260	10	0.37%
KAGOME USA INC	25,568,037	3	0.89%	12,739,428	6	0.45%
WARD ROAD APARTMENTS II LP	25,310,017	4	0.89%	-	-	-
FRANCISCAN HOSPITALLER SISTERS	21,620,931	5	0.76%	-	-	-
TARGET CORP	21,283,365	6	0.74%	-	-	-
STONEFIELD HOME INC	21,202,166	7	0.74%	-	-	-
SUTTER VALLEY HOSPITALS	13,951,835	8	0.49%	-	-	-
HOME DEPOT USA INC	12,937,830	9	0.45%	14,502,485	5	0.51%
LARK CREEK PROPERTIES LLC	12,240,071	10	0.43%	-	-	-
DEUTSCHE BANK NATIONAL TRUST CO. TRUSTEE	-	-	-	38,344,476	1	1.34%
LOWES HIW INC	-	-	-	20,999,684	2	0.73%
LOS BANOS DAIRYMEN ASSN	-	-	-	15,337,635	3	0.54%
ANDERSON HOMES A CORP	-	-	-	14,533,273	4	0.51%
LOS BANOS STONECREEK LP	-	-	-	12,530,724	7	0.44%
FARM CREDIT LEASING SERVICES CORP	-	-	-	11,894,520	8	0.42%
MERCY SPRINGS ROAD INC	-	-	-	10,720,250	9	0.37%
Top 10 Assessed Values	\$ 210,690,618		7.37%	\$ 162,272,735		5.68%
Total Assessed Value 2008-2009	\$ 2,862,172,000					
Total Assessed Value 2018-2019	\$ 2,858,907,614					

Source: Merced County Assessors Office

**CITY OF LOS BANOS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Current Tax Levies	Current Tax Collections	Percent of Current Taxes Collected ⁽¹⁾	Delinquent Tax Collections	Total Tax Collections
2009-2010	2,118,459	2,118,459	100%	-	2,118,459
2010-2011	1,946,307	1,946,307	100%	-	1,946,307
2011-2012	1,929,638	1,929,638	100%	-	1,929,638
2012-2013	2,129,214	2,129,214	100%	-	2,129,214
2013-2014	2,352,266	2,352,266	100%	-	2,352,266
2014-2015	2,861,634	2,861,634	100%	-	2,861,634
2015-2016	3,006,979	3,006,979	100%	-	3,006,979
2016-2017	3,197,238	3,197,238	100%	-	3,197,238
2017-2018	3,537,012	3,537,012	100%	-	3,537,012
2018-2019	3,843,207	3,843,207	100%	-	3,843,207

Source: Merced County Auditor-Controller

Notes: (1) Revenue and Taxation Code Sections 7401 through 4717 provide for an alternative method of distribution of tax levies and collections known as the Teeter Plan. Merced County distributes 100% of the current secured roll to the City of Los Banos.

**CITY OF LOS BANOS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Years	Governmental Activities ⁽³⁾					Business-Type Activities				Total Primary Government	Population	Per Capita	Percent of Assessed Valuation ⁽²⁾
	Lease Revenue Bond	Tax Allocation Bonds ⁽¹⁾	Capital Leases	COP's	Notes Payable	Bonds	Capital Leases	COP's	Notes Payable				
2009-2010	870,000	28,000,600	361,288	700,000	-	-	-	10,888,352	151,370	40,971,610	36,421	1,125	2.26%
2010-2011	845,000	27,502,929	115,803	645,000	-	-	-	10,130,942	131,128	39,370,802	36,525	1,078	2.33%
2011-2012	815,000	-	56,684	590,000	-	-	-	9,343,530	109,848	10,915,062	36,546	299	0.63%
2012-2013	-	-	-	-	-	-	-	8,521,119	87,530	8,608,649	37,017	233	0.49%
2013-2014	-	-	215,905	-	-	-	-	2,208,432	64,174	2,488,511	37,168	67	0.13%
2014-2015	-	-	173,077	-	-	-	-	1,897,114	39,780	2,109,971	38,670	55	0.10%
2015-2016	-	-	351,212	-	-	-	-	1,570,796	14,347	1,936,355	39,359	49	0.09%
2016-2017	-	-	253,750	-	-	-	-	1,229,477	-	1,483,227	39,993	37	0.06%
2017-2018	-	-	151,203	-	-	-	-	868,159	-	1,019,362	40,986	25	0.04%
2018-2019	-	-	65,593	-	-	-	-	428,159	-	493,752	41,898	12	0.02%

Source: California Municipal Statistics, City of Los Banos Finance Department

- Notes:**
- (1) Tax Allocation Bonds are zero in 2011-2012 due to the State dissolving the RDAs.
 - (2) See Assessed Value of Taxable Property schedule for Assessed Values.
 - (3) Governmental Activities are zero in Fiscal Year 2012-2013, due to City paying off the GF debt.

**CITY OF LOS BANOS
RATIOS OF GENERAL FUND DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	General Debt Outstanding			Total Assessed Property Value	Population	Percent of Actual Taxable Value of Property	
	General Fund Debt Outstanding ⁽²⁾	Redevelopment Bonds ⁽¹⁾	Total			Per Property	Per Capita
2009-2010	1,931,288	28,000,600	29,931,888	1,814,335,000	36,421	1.65%	822
2010-2011	1,605,803	27,502,929	29,108,732	1,687,376,000	36,525	1.73%	797
2011-2012	1,461,684	-	1,461,684	1,743,715,991	36,546	0.08%	40
2012-2013	-	-	-	1,749,273,122	37,017	0.00%	-
2013-2014	215,905	-	215,905	1,844,571,341	37,168	0.01%	6
2014-2015	173,077	-	173,077	2,127,260,281	38,670	0.01%	4
2015-2016	351,212	-	351,212	2,270,316,588	39,359	0.02%	9
2016-2017	253,750	-	253,750	2,620,761,000	39,993	0.01%	6
2017-2018	151,203	-	151,203	2,620,685,704	40,986	0.01%	4
2018-2019	65,593	-	65,593	2,858,907,614	41,898	0.00%	2

Source: California Municipal Statistics, City of Los Banos Finance Department.

Notes: (1) Tax Allocation Bonds are zero in 2011-2012 due to the State dissolving the RDAs.
(2) General Fund debt paid off in 2013

**CITY OF LOS BANOS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

2018-2019 Assessed Valuation: \$ 2,858,907,614

	Total Debt 06/30/19	Percent Applicable ⁽¹⁾	City's Share of Debt 6/30/19
<u>Direct and Overlapping Tax and Assessment Debt</u>			
Merced Community College District School Facilities Improvement District No. 2	\$ 7,319,847	55.774%	\$ 4,082,571
Los Banos Unified School District	69,419,080	66.049%	<u>45,850,608</u>
Total Overlapping Tax and Assessment Debt			<u>49,933,179</u>
 <u>Direct and Overlapping General Fund Debt</u>			
Merced County General Fund Obligations	26,720,317	11.859%	3,168,762
Merced County Certificates of Participation	9,935,000	11.859%	1,178,192
Los Banos Unified School District Certificate of Participation	21,650,000	66.049%	14,299,609
City of Los Banos Capital Lease Obligations	65,593	100.000%	<u>65,593</u>
Total Direct and Overlapping General Fund Debt			<u>18,712,156</u>
 Overlapping Tax Increment Debt (Successor Agency)	 \$ 21,878,037	 99.284%	 21,721,390
Total Direct Debt			65,593
Total Overlapping Debt			<u>90,301,132</u>
 Combined Total Debt			 <u>\$ 90,366,725</u> ⁽²⁾
 <u>Ratios to 2018-2019 Assessed Valuation:</u>			
Total Overlapping Tax and Assessment Debt		1.75%	
Total Direct Debt (\$65,593)		0.002%	
Combined Total Debt		3.16%	
 <u>Ratios to Successor Agency Redevelopment Incremental Valuation (\$ 545,140,330):</u>			
Total Overlapping Tax Increment Debt		3.98%	

Source: California Municipal Statistics

Notes: (1) The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable estimated value.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue, and non-bonded capital lease obligations.

CITY OF LOS BANOS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Expressed in Thousands of Dollars)

	Fiscal Years									
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Assessed value	\$ 1,814,335	\$ 1,687,376	\$ 1,743,716	\$ 1,749,272	\$ 1,844,572	\$ 2,127,260	\$ 2,270,317	\$ 2,421,710	\$ 2,620,686	\$ 2,858,908
25% of full assessed value	453,584	421,844	435,929	437,318	461,143	531,815	567,579	605,428	655,172	714,727
Debt limit (15% of reduced assessed value)	68,038	63,277	65,389	65,598	69,171	79,772	85,137	90,814	98,276	107,209
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 68,038</u>	<u>\$ 63,277</u>	<u>\$ 65,389</u>	<u>\$ 65,598</u>	<u>\$ 69,171</u>	<u>\$ 79,772</u>	<u>\$ 85,137</u>	<u>\$ 90,814</u>	<u>\$ 98,276</u>	<u>\$ 107,209</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Assessed Valuation California Municipal Statistics

Note: We have no General Obligation Bonds

**CITY OF LOS BANOS
PLEGDED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

	Fiscal Years									
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Water Revenue Bonds:										
Water revenue	\$ 5,303,822	\$ 4,503,897	\$ 4,834,313	\$ 5,130,735	\$ 5,301,489	\$ 5,413,681	\$ 6,001,003	\$ 6,342,156	\$ 6,653,861	\$ 6,247,950
Less: operating expenses ⁽³⁾	(3,704,228)	(3,127,961)	(3,082,750)	(2,904,393)	(3,004,186)	(3,107,370)	(3,115,891)	(3,342,002)	(3,528,711)	(3,646,595)
Net available revenue	1,599,594	1,375,936	1,751,563	2,226,342	2,297,303	2,306,311	2,885,112	3,000,154	3,125,150	2,601,355
Debt service ⁽¹⁾	563,462	566,904	559,523	561,385	4,434,626	-	-	-	-	-
Coverage ratio	2.84	2.43	3.13	3.97	0.52	N/A	N/A	N/A	N/A	N/A
Wastewater Revenue Bonds:										
Wastewater revenue ⁽⁴⁾	4,140,798	3,075,645	3,844,014	4,549,108	4,989,878	5,565,988	6,184,581	6,930,523	7,345,806	6,962,261
Less: operating expenses ⁽³⁾	(3,534,678)	(2,540,594)	(2,605,734)	(2,705,074)	(2,773,005)	(2,752,898)	(2,832,174)	(3,077,148)	(3,235,389)	(3,269,692)
Net available revenue	606,120	535,051	1,238,280	1,844,034	2,216,873	2,813,090	3,352,407	3,853,375	4,110,417	3,692,569
Debt service ⁽²⁾	654,017	814,101	817,148	810,501	2,379,577	470,309	470,115	468,929	471,598	468,124
Coverage ratio	0.93	0.66	1.52	2.28	0.93	5.98	7.13	8.22	8.72	7.89

Source: City of Los Banos Finance Department

(1) 2002 Water COP called in Fiscal Year 2013-2014

(2) 1997 Wastewater COP called in Fiscal Year 2013-2014

(3) Depreciation, Compensated Absences and Charge Outs not included in Operating Expenses

(4) Revenue includes Ag Farming Income

**CITY OF LOS BANOS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Calendar Year	City of Los Banos					Merced County				
	Population ⁽¹⁾	Labor Force ⁽²⁾	Employment	Unemployment		Population ⁽¹⁾	Labor Force ⁽²⁾	Employment	Unemployment	
				Rate ⁽²⁾	Numbers				Rate ⁽²⁾	Numbers
2010	36,421	15,800	12,900	18.30%	2,900	258,495	113,600	93,200	18.0%	20,400
2011	36,525	15,900	13,100	18.00%	2,900	257,984	114,700	94,500	17.6%	20,200
2012	36,546	16,000	13,300	16.70%	2,700	258,736	115,200	96,400	16.3%	18,800
2013	37,017	15,900	13,500	14.80%	2,400	262,478	114,900	98,200	14.5%	16,700
2014	37,168	15,800	13,800	13.10%	2,100	264,922	115,000	100,200	12.8%	14,700
2015	38,670	15,800	14,000	11.60%	1,800	266,134	115,100	102,000	11.4%	13,100
2016	39,359	15,900	14,100	11.00%	1,800	271,579	115,500	103,000	10.7%	12,400
2017	39,993	15,789	14,178	10.30%	1,633	274,665	114,578	103,022	10.1%	10,676
2018	40,986	16,100	14,700	10.40%	1,700	279,977	115,700	106,500	8.0%	9,300
2019	41,898	16,200	14,700	10.10%	1,700	282,928	113,400	104,000	8.1%	9,300

Source: (1) California State Department of Finance
(2) State of California Employment Development Department (City of Los Banos)

**CITY OF LOS BANOS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2018-2019			2009-2010*		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Los Banos Unified School District	1,145	1	7.79%	850	1	6.59%
Memorial Hospital	302	2	2.05%	217	2	1.68%
Wal-Mart	300	3	2.04%	130	5	1.01%
Kagome	200	4	1.36%	100	7	0.78%
City of Los Banos	178	5	1.21%	210	3	1.63%
Target	159	6	1.08%	-	-	-
Home Depot	124	7	0.84%	125	6	0.97%
Save Mart	115	8	0.78%	85	8	0.66%
APEX	102	9	0.69%	-	-	-
Central California Irrigation Dist.	75	10	0.51%	-	-	-
Lowe's	-	-	-	175	4	1.36%
Kmart	-	-	-	85	9	0.66%
California Dairies	-	-	-	70	10	0.54%
Total	2,700		18.37%	2,047		15.87%

Source: (1) City of Los Banos Finance Department

Note: *We only have records starting with FY 2009-2010

**CITY OF LOS BANOS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

FUNCTION/PROGRAM	Fiscal Years									
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
General Government:										
Administration	5.30	4.88	4.88	5.21	5.18	5.35	5.35	5.68	5.13	5.13
Community and Economic	3.00	3.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Water Admin	4.54	3.78	3.79	4.33	4.34	4.27	4.27	4.60	4.72	4.72
Waterwaste Admin	4.45	3.70	3.70	4.33	4.25	4.19	4.19	4.52	4.72	4.72
Solid Waste Admin	4.46	3.05	3.70	4.21	4.22	4.17	4.17	4.49	4.72	4.72
Police:										
Sworn	38.00	40.00	39.00	39.00	39.00	39.00	39.00	40.00	41.00	41.00
Non-Sworn	20.00	20.00	19.00	20.00	19.50	19.50	20.50	23.50	24.50	24.50
Code Enforcement	1.50	0.50	1.20	1.50	2.50	2.50	2.50	2.50	2.50	4.50
Fire:										
Sworn	15.25	15.25	15.20	15.90	15.90	15.90	15.90	15.90	15.90	15.90
Non-Sworn	1.50	1.50	1.50	1.50	1.00	1.00	2.00	2.00	2.00	2.00
Building Sworn	0.75	0.75	0.75	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Building Non-Sworn	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Works:										
Engineering	1.10	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
Water	11.55	11.55	11.30	11.35	10.85	11.19	11.19	11.76	11.76	11.76
Wastewater	10.95	10.95	10.70	10.70	10.26	10.59	10.59	10.90	10.90	10.90
Solid Waste	6.00	6.00	6.00	6.00	6.00	6.33	6.33	7.65	7.65	7.65
Streets	8.80	8.80	7.80	7.80	7.80	7.80	8.80	11.05	11.05	11.05
Maintenance	8.20	7.20	7.15	7.15	7.15	7.15	7.15	9.40	10.40	10.05
Recreation	1.19	1.19	1.13	1.16	1.19	1.19	1.19	1.19	1.19	2.54
Airport	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fleet	1.21	1.20	1.20	1.21	2.21	2.22	2.22	2.21	2.21	2.21
Redevelopment	4.25	5.15	4.45	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Information Technology	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	155.00	152.00	148.00	147.00	147.00	148.00	151.00	164.00	167.00	170.00

Source: City of Los Banos Finance Department

**CITY OF LOS BANOS
OPERATING INFORMATION, OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

FUNCTION/PROGRAM	Fiscal Years									
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Police:										
Jail Bookings ⁽²⁾	2,581	2,467	1,912	1,179	1,151	1,610	1,724	1,905	1,508	1,261
Traffic Collisions ⁽²⁾	342	435	349	358	407	421	546	631	361	425
Parking Citations ⁽²⁾	1,519	1,902	1,234	1,380	1,102	654	966	889	611	778
Moving Citations ⁽²⁾	3,105	3,555	3,308	2,513	3,017	2,929	3,803	2,919	1,509	707
Fire:										
Fire Calls	628	206	654	628	699	677	914	973	989	961
Medical Calls	1,268	1,190	1,430	1,406	1,557	1,664	1,793	1,737	1,923	1,889
Inspections	2,161	471	300	606	676	720	751	732	751	816
Public Works										
Streets:										
Street Surfacing (Miles)	-	-	-	-	0.14	0.55	0.52	1.04	1.04	3.12
Parks and Recreation:										
Rec. Youth Program Enrollments ⁽¹⁾	1,105	1,079	1,108	1,198	1,158	1,240	1,202	1,266	1,295	1,264
Water:										
Water Delivered (millions)	3,017	2,689	2,515	2,737	2,765	2,389	2,169	2,158	2,415	2,496
Connections	10,681	10,996	10,894	10,967	10,871	10,816	11,369	11,648	11,974	11,974
Sewer:										
Average Daily Flow (mgd)	2.97	2.92	2.90	2.86	2.90	2.93	2.90	2.80	2.70	2.50
Connections	10,361	10,617	10,737	10,854	10,699	10,640	11,077	11,294	11,601	11,843
Solid Waste:										
Street Sweeping, Miles per Year	20,178	22,298	22,920	21,697	23,704	22,576	22,386	21,225	22,163	23,406
Green Waste Pick-ups	9,744	9,961	10,087	10,154	11,163	10,193	10,491	10,546	10,822	11,341
Recycling Pick-ups	9,655	9,969	10,067	10,245	11,059	10,205	10,600	10,535	10,807	10,807

Source: Various City Departments

Notes: (1) in FY 2014-2015 the city offered British Soccer
(2) Bookings, Collisions and Citation numbers have decreased due to Law changes and reduction in staffing.

**CITY OF LOS BANOS
OPERATING INFORMATION, CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

FUNCTION/PROGRAM	Fiscal Years									
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	22	16	16	16	17	18	15	14	18	16
Motorcycle Units	2	2	2	2	2	2	2	2	2	2
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Service Units	15	15	15	15	14	13	14	16	16	15
Public Works										
Streets:										
Miles	108.9	109.85	109.85	109.85	110	123	123	123	123	123
Parks and Recreation:										
Acreage	233	233	233	233	233	233	233	233	233	233
Playgrounds	32	32	32	32	32	32	32	32	32	32
Baseball/Softball Diamonds	5	5	5	5	5	5	5	5	5	5
Soccer/Football Fields	4	4	4	4	4	4	4	4	4	4
Basketball Courts	13	13	13	13	13	13	13	13	13	13
Water:										
Water Mains (miles)	170	170	170	170	170	172	172	172	172	172
Fire Hydrants	1,510	1,510	1,510	1,510	1,510	1,510	1,510	1,510	1,510	1,510
Storage Capacity (gallons)	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000	5,100,000
Sewer:										
Sanitary Sewers (miles)	130	130	130	130	130	130	130	130	131	131
Solid Waste:										
Street Sweepers	2	2	2	2	2	2	2	2	2	2

Source: Various City Departments



December 23, 2019

To the Honorable Mayor and
Members of the City Council
City of Los Banos, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Los Banos, California (the City) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 23, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the City. We evaluated the key factors and assumptions used by management in computing depreciation expense and believe that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and related deferrals is based on actuarial valuations which include significant assumptions regarding discount rate, inflation, payroll growth, projected salary increases and investment rate of return. We evaluated the key factors and assumptions used to develop the liability and related deferrals in determining that it is reasonable in relation to the financial statements taken as a whole.

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Other postemployment benefit obligation is determined using terms of various health care plans offered, together with relevant actuarial assumptions and health care cost trend rates, projected annual rates and discount rate. We evaluated the key factors and assumptions used to develop the other post-retirement benefit obligation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the landfill closure and postclosure care costs is based on various factors including:

- Landfill total estimated capacity
- Cumulative capacity used
- Estimated costs to close, adjusted annually for inflation

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the Deficit Fund Balances in Note 2 to the financial statements provides information regarding the City's funds which have liabilities that exceed their assets resulting in a deficit fund balance.

The disclosure of the Pension Plan in Note 10 to the financial statements provides detailed information on the pension plan including a description of the plan, benefits provided, contributions, calculations of the net pension liability and related deferrals, actuarial assumptions and discount rate used to measure the liability.

The disclosure of the Postemployment Benefit Plan in Note 11 to the financial statements provides detailed information on the postemployment benefit plan including a description of the plan, benefits provided, contributions, calculations of the net OPEB liability and related deferrals, actuarial assumptions and discount rate used to measure the liability.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 23, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may

be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Schedule of Revenues, Expenditures and Fund Balances – Budget and Actual, Schedule of Changes in OPEB Liability and Related Ratios, Proportionate Share of Net Pension Liability (Assets) and Schedule of Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

Price Page & Company



INDEPENDENT AUDITOR'S 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 Los Banos, 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 governmental fund, each major enterprise fund, and the aggregate remaining fund information of the City of Los Banos, California (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2019.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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.

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Compliance and Other Matters

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

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.

Price Pugh & Company

Clovis, California
December 23, 2019



**CITY OF LOS BANOS
INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES
ARTICLE XIII B APPROPRIATIONS LIMITATION**

To the Honorable Mayor and
Members of the City Council
City of Los Banos, California

We have performed the procedures enumerated below, which were agreed to by the City Council and management (the specified parties) of the City of Los Banos (City), on assessing if the Appropriations Limit Worksheet of the City meets the requirements of Section 1.5 of Article XIII B of the California Constitution for the year ended June 30, 2019. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and our findings are as follows:

- A. We obtained the Appropriations Limit Worksheet and determined that the 2018-19 Appropriations Limit of \$87,483,758 and annual adjustment factors were adopted by Resolution of the City Council. We also determined that the City population and inflation options were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedures.

- B. We recomputed the 2018-19 Current Appropriations Limit by multiplying the 2017-18 Prior Year Appropriations Limit by the Total Growth Factor.

Finding: No exceptions were noted as a result of our procedures.

- C. For the Appropriations Limit Worksheet, we agreed the Per Capita Income, City Population and County Population Factors to the California State Department of Finance Worksheets.

Finding: No exceptions were noted as a result of our procedures.

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This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Appropriations Limit Worksheet. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use the specified parties and is not intended to be and should not be used by anyone other than those specified parties.

Price Pange & Company

Clovis, California
December 23, 2019



City of
Los Banos
At the Crossroads of California

Agenda Staff Report

TO: Mayor and City Council Members

FROM: Mark Fachin, P.E., Public Works Director/City Engineer

DATE: February 19, 2020

TYPE OF REPORT: Non Consent Agenda

SUBJECT: Entering into a Professional Services Agreement with Mark Thomas & Company, Inc. for Engineering Services for the Pioneer Road Widening Project

Recommendation:

That the City Council adopts the Resolution entering into an Professional Services Agreement with Mark Thomas & Company, Inc. for Engineering Services for the Pioneer Road Widening Project, and authorize the City Manager to execute the Professional Services Agreement. The administration of this Professional Services Agreement is to be performed by the Public Works Director/City Engineer. Said agreement is not to exceed \$152,692.00 for Phase 1-PID/PSR-Equivalent.

Background:

The Pioneer Road Widening Project is an approximately 6.5 mile long design and construction of a 4-lane arterial road. This road is to be designed per City Standards and will include a 10-foot Bicycle/Pedestrian Sidewalk. The approximate location of the widening is from State Route 152/Merced College Signalized intersection, south to Pioneer Road, easterly along Pioneer Road to the Pioneer Road/Ward Road future intersection, then north along Ward Road to the State Route 152/Ward Road signalized intersection.

Currently, Westside Regional Measure V Funding has dedicated \$8.65 million to the Pioneer Road Widening Project. This funding will take the project up to the construction phase.

Discussion:

The City of Los Banos released a Request for Qualifications (RFQ) for Engineering Services for the Pioneer Road Widening Project on October 11, 2019. A Public Notice for RFQ was issued in the Merced Sun Star on October 11, 2019.

On November 21, 2019, four engineering firms submitted RFQ's to the City Clerk. The Firms were: Provost and Pritchard
Mark Thomas & Company, Inc.
MNS Engineers, Inc.
QK, Inc.

A three person review panel previewed the submitted RFQ's. Mark Thomas & Company, Inc. and MNS Engineers, Inc. were selected to be interviewed.

After conducting interviews with the two recommended firms, the three person selection committee recommended entering into a Professional Services Agreement with Mark Thomas Company, Inc., to provide Engineering Services for the Pioneer Road Widening Project.

This agreement will authorize that Phase 1-PID/PSR-Equivalent, be awarded for a not to exceed amount of \$152,692.00.

In order to begin the engineering services for Phase 2-PA & ED, and Phase 3-PS & E, separate addendums to this agreement are required to be processed and presented to the City Council for their approval. These addendums will refine the proposal's scope and fee for Phases 2 and 3 once a clearer definition of the project's parameters are available after the completion of Phase 1.

Fiscal Impact:

The not to exceed amount of \$152,692.00 for Phase 1 of the Engineering Services for the Pioneer Road Widening Project has been budgeted in the Fiscal Year 2019-2020 Adopted Budget Account 229-430-100-238, Technical Services. The City will be receiving 100% reimbursement from Measure V Regional Funds for this amount.

Reviewed by:



Alex Terrazas, City Manager



Sonya Williams, Finance Director

Attachments:

- Resolution
- Professional Services Agreement with Exhibit A- Cost Proposal, Exhibit B- Project Schedule
- Insurance Certificate
- Scope of Services- Phase 1 PSR-Equivalent
- Request for Qualifications (RFQ) without appendices
- Budget Sheets

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS BANOS AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH MARK THOMAS & COMPANY, INC. FOR ENGINEERING SERVICES FOR THE PIONEER ROAD WIDENING PROJECT

WHEREAS, as Request for Qualifications was issued on October 11, 2019 to perform Engineering Services for the Pioneer Road Widening Project; and

WHEREAS, staff has reviewed the qualifications of each firm which submitted a proposal, conducted interviews of the top two firms, and negotiated the cost proposal with the firm being recommended; and

WHEREAS, the proposed Professional Services Agreement has been reviewed by the City Attorney and approved as to form; and

WHEREAS, this agreement approved the Phase 1 Scope and Phase 1 Cost of not to exceed \$152,692.00; and

WHEREAS, due to the project planning process not being completed at this stage, the Phase 2 and Phase 3 Scope and Cost Proposal will need to be approved by the City Council in future Agreement Addendums.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Los Banos does hereby authorize the City Manager to execute a Professional Services Agreement with Mark Thomas & Company, Inc. for Engineering Services for the Pioneer Road Widening Project.

The foregoing Resolution was introduced at a regular meeting of the City Council of the City of Los Banos held on the 19th day of February 2020, by Council Member _____ who moved its adoption, which motion was duly seconded by Council Member _____ and the Resolution adopted by the following vote:

AYES:
NOES:
ABSENT:

APPROVED:

Michael Villalta, Mayor

ATTEST:

Lucille L. Mallonee, City Clerk

**PROFESSIONAL SERVICES AGREEMENT BETWEEN
THE CITY OF LOS BANOS AND MARK THOMAS & COMPANY, INC.,
FOR ENGINEERING SERVICES
[PIONEER ROAD WIDENING PROJECT]**

THIS AGREEMENT ("Agreement" or "Contract") is made and entered into this ____ day of February 2020, by and between the City of Los Banos, California, a municipal corporation, ("City,") and Mark Thomas & Company, Inc., a California corporation ("Consultant").

RECITALS

WHEREAS, City is a municipal corporation duly organized and validly existing under the laws of the State of California with the power to carry on its business as it is now being conducted under the statutes of the State of California.

WHEREAS, City issued a Request for Qualifications ("RFQ") on October 11, 2019 seeking a qualified consulting firm to provide civil engineering services for the Pioneer Road Widening Project.

WHEREAS, on November 21, 2019 Consultant submitted a Statement of Qualifications ("SOQ") in response to the City's RFQ.

WHEREAS, the Consultant's submittal was evaluated and ranked according to the criteria provided in the RFQ.

WHEREAS, City desires to engage Consultant as an independent contractor to provide professional engineering services for specific tasks associated with the Pioneer Road Widening Project.

WHEREAS, Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the services described in this Agreement.

WHEREAS, City desires to retain Consultant to render professional services under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, it is mutually agreed by and between the undersigned parties as follows:

1. Term. The term of this Agreement shall commence upon the above written date and shall remain in effect until June 30, 2025, unless terminated earlier as set forth herein.

2. Project Description. The Pioneer Road Widening Project is an approximately 6.5 mile long design and construction of a 4-lane arterial road. This road is to be designed per City Standards and will include a 10-foot Class I bike/pedestrian path. The approximate location of the widening is from the State Route 152/Merced College signalized intersection, south to Pioneer Road, easterly along Pioneer Road to the Pioneer Road/Ward Road future intersection, then north along Ward Road to the Highway 152/Ward Road signalized intersection.

3. General Scope of Services. Services to be performed by Consultant will generally include the following:

- a. Provide consulting and professional services including project planning, design, engineering, land surveying, and plan preparation serviced.
- b. Provide professional services during the bid process including preparation of cost estimates and specifications, project construction, and project completion.
- c. Provide field surveys as required by project.
- d. Provide maps and mapping services as requested and as required by the project.
- e. Review the City's requested project and/or task to be accomplished, and provide preliminary consultation, research and evaluation of same.
- f. Assist the City's Engineering Division with presentations and/or recommendations to City staff administration, or City Council in relation to the project.
- g. Prepare a PSR/PSR Equivalent for the project. This task's completion date is February 2021. The PSR/PSR Equivalent will include three intersections under Caltrans jurisdiction.
- h. Prepare the Environmental Review, permitting and project approvals with all involved jurisdictions, including Caltrans, County of Merced, Irrigation Districts, etc.
- i. Perform the complete project design which will include up to a three phase construction scenario.
- j. Perform required engineering support/documentation for the required right-of-way acquisition technical data/plans.
- k. Assist/preparation of the construction grant funding applications.
- l. Stay within the Measure V Westside Regional Funding amounts and schedule, as set forth in the RFQ.

3.1. Phasing of Scope of Services. The Scope of Services shall be divided into three (3) phases with identifiable tasks within each phase (Phase 1-PID/PSR-Equivalent, Phase 2-PA & ED, Phase 3-PS & E) as set forth in the SOQ, incorporated herein by reference.

a. Phase 1. The parties agree that upon execution of this Agreement and notice to proceed issued by City, Consultant shall commence work on Phase 1, Tasks 1.0 through 5.3 as set forth in the SOQ.

b. Phase 2. The parties agree that upon execution of this Agreement and notice to proceed issued by City, Consultant shall commence work on Phase 2, Tasks 1.0 through 4.4 as set forth in

the SOQ. The parties recognize that the project improvements have not been defined at the time of execution of this Agreement, therefore the parties agree that the scope of work and tasks for Phase 2 shall be refined by mutual agreement as necessary by amendment/addendum to this Agreement.

c. Phase 3. The parties agree that upon execution of this Agreement and notice to proceed issued by City, Consultant shall commence work on Phase 3, Tasks 1.0 through 12.2 as set forth in the SOQ. The parties recognize that the project improvements have not been defined at the time of execution of this Agreement, therefore the parties agree that the scope of work and tasks for Phase 3 shall be refined by mutual agreement as necessary by amendment/addendum to this Agreement.

3.2. Consultant shall provide such services when given written instruction to do so by the Public Works Director, or his designee. Consultant shall diligently perform all the services described in the Scope of Services. The City may elect to delete certain tasks of the Scope of Services at its sole discretion. **Nothing in this Agreement shall be interpreted to obligate City to proceed with the Project or authorize any Phase of Work described in the Scope of Services which decision shall be entirely at the sole discretion of the City.**

3.3. All professional services shall be performed by Consultant or under Consultant's supervision. All professional services to be provided by Consultant pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional Consultants in accordance with sound professional practices.

4. **Administration.** The Public Works Director shall administer this Agreement on behalf of the City. The Public Works Director or his/her authorized representative shall represent City in all matters pertaining to the services to be rendered pursuant to this Agreement.

5. **Time of Performance.** Time is of the essence in the performance of services under this Agreement and the services shall be performed to completion in a diligent and timely manner in accordance with the Project Schedule for each Phase as set forth in the SOQ and as revised for Phase 1 and added as **Exhibit B** to this Agreement. A revised Project Schedule shall be mutually agreed upon for Phase 2 and Phase 3 as necessary by amendment/addendum to this Agreement. The failure by Consultant to perform the services in a diligent and timely manner may result in termination of this Agreement by City. Notwithstanding the foregoing, Consultant shall not be responsible for delays due to causes beyond Consultant's reasonable control. However, in the case of any such delay in the services to be provided for the Project, each party hereby agrees to provide notice to the other party so that all delays can be addressed.

6. **Compensation, Allowable Costs and Payments.** City shall pay Consultant for services rendered on a time and materials not to exceed basis in accordance with the provisions of this Section and the Cost Proposal submitted by Consultant on November 18, 2019 attached hereto as **Exhibit A** and incorporated herein by reference as follows:

a. Phase 1. Consultant's compensation for all work performed in accordance with this Agreement for Phase 1, including all reimbursable items and sub Consultant fees, shall not exceed

one hundred fifty two thousand six hundred ninety two dollars (\$152,692.00) unless otherwise authorized in writing by the City.

b. Phase 2. Consultant's compensation for all work performed in accordance with this Agreement for Phase 2, including all reimbursable items and sub Consultant fees, shall not exceed **one million eight hundred seventeen thousand seven hundred twenty dollars (\$1,817,720.00)** unless otherwise authorized in writing by the City. The parties recognize that the project improvements have not been defined at the time of execution of this Agreement, therefore the parties have agreed that the scope of work and tasks for Phase 2 may be refined as necessary by amendment/addendum to this Agreement and agree that the cost proposal for Phase 2 shall be amended by mutual agreement to reflect the amended scope.

c. Phase 3. Consultant's compensation for all work performed in accordance with this Agreement for Phase 3, including all reimbursable items and sub Consultant fees, shall not exceed **five million two hundred thirty thousand five hundred seventy eight dollars (\$5,230,578.00)** unless otherwise authorized in writing by the City. The parties recognize that the project improvements have not been defined at the time of execution of this Agreement, therefore the parties have agreed that the scope of work and tasks for Phase 3 may be refined as necessary by amendment/addendum to this Agreement and agree that the cost proposal for Phase 3 shall be amended by mutual agreement to reflect the amended scope.

The specified hourly rates shall include direct salary costs, employee benefits, overhead, and fee. These rates are not adjustable for the performance period set forth in this Contract. Consultant's compensation for all work performed in accordance with this Agreement, including all reimbursable items and subconsultant fees, shall not exceed the approved budget during the term of this Agreement.

6.1. In addition, Consultant will be reimbursed for incurred (actual) direct costs other than salary costs that are in the cost proposal and identified in the cost proposal and in the executed Agreement.

6.2. Reimbursement for transportation and subsistence costs shall not exceed the rates as specified in the approved Cost Proposal.

6.3. When milestone cost estimates are included in the approved Cost Proposal, Consultant shall obtain prior written approval for a revised milestone cost estimate from the Contract Administrator before exceeding such estimate.

6.4. Progress payments will be made monthly in arrears based on services provided and actual costs incurred.

6.5. Consultant shall not commence performance of work or services until this contract has been approved by the City, and notification to proceed has been issued by the City's Contract Administrator. No payment will be made prior to approval or for any work performed prior to approval of this contract.

6.6. Consultant will be reimbursed, as promptly as fiscal procedures will permit upon

receipt by the City's Contract Administrator of itemized invoices. Invoices shall be submitted no later than forty five (45) calendar days after the performance of work for which Consultant is billing. Invoices shall detail the work performed on each milestone, as applicable. Invoices shall follow the format stipulated for the approved Cost Proposal and shall reference the project title. Invoices shall be mailed to the City's Contract Administrator at the following address:

City of Los Banos,
Mark Fachin, P.E.,
Public Works Director/City Engineer
411 Madison Avenue,
Los Banos, CA 93635

6.7. The total amount payable by the City shall not exceed the amount agreed upon, unless authorized by contract amendment.

6.8. If the Consultant fails to satisfactorily complete a deliverable according to the schedule, no payment will be made until the deliverable has been satisfactorily completed.

7. Subcontracting. Nothing contained in this contract or otherwise, shall create any contractual relation between the City and any subconsultant(s), and no subcontract shall relieve Consultant of its responsibilities and obligations hereunder. Consultant agrees to be as fully responsible to the City for the acts and omissions of its subconsultant(s) and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by Consultant. Consultant's obligation to pay its subconsultant(s) is an independent obligation from the City's obligation to make payments to the Consultant.

7.1. Consultant shall perform the work contemplated with resources available within its own organization and no portion of the work pertinent to this contract shall be subcontracted without written authorization by the City's Contract Administrator, except that, which is expressly identified in the approved Cost Proposal.

7.2. Consultant shall pay its subconsultants within ten (10) calendar days from receipt of each payment made to Consultant by the City.

7.3. All subcontracts entered into as a result of this contract shall contain all the provisions stipulated in this contract to be applicable to subconsultants.

7.4. Any substitution of subconsultant(s) must be approved in writing by City's Contract Administrator prior to the start of work by the subconsultant(s).

8. Indemnification. When the law establishes a professional standard of care for Consultant's Services, to the fullest extent permitted by law, Consultant shall indemnify, protect, defend, and hold harmless City and any and all of its officials, employees and agents from and against any and all losses, liabilities, damages, costs, and expenses, including legal counsel's fees and costs but only to the extent the Consultant (and its Sub consultants), are responsible for such damages, liabilities and costs on a comparative basis of fault between the Consultant (and its Sub consultants) and the City in the performance of professional services under this agreement.

Other than in the performance of professional services and to the full extent permitted by law, Consultant shall indemnify, defend, and hold harmless City, and any and all of its employees, officials and agents from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or costs of any kind, whether actual, alleged or threatened, including legal counsel's fees and costs, court costs, interest, defense costs, and expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, the performance of this Agreement by Consultant or by any individual or City for which Consultant is legally liable, including, but not limited to officers, agents, employees, or subcontractors of Consultant, except when caused by the active negligence or willful misconduct of the City.

Notwithstanding the foregoing, nothing herein shall be construed to require Consultant to indemnify the Indemnified Parties from any Claim arising from the active negligence or willful misconduct of the Indemnified Parties. Nothing in this indemnity shall be construed as authorizing any award of attorney's fees in any action on or to enforce the terms of this Agreement. This indemnity shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by the Consultant.

In the event the City indemnities are made a party to any action, lawsuit, or other adversarial proceeding arising from Consultant's performance of this agreement, the Consultant shall provide a defense to the City indemnities, or at the City's option, reimburse the City indemnities their costs of defense, including reasonable legal counsels' fees, incurred in defense of such claims.

9. Insurance. Without limiting Consultant's indemnification of City, and prior to commencement of work, Consultant shall obtain, provide and maintain at its own expense during the term of this Agreement, a policy or policies of liability insurance of the type and amounts described below and in a form satisfactory to City.

A. Certificates of Insurance. Consultant shall provide certificates of insurance with original endorsements to City as evidence of the insurance coverage required herein. Insurance certificates must be approved by the City Attorney prior to commencement of performance or issuance of any permit. Current certification of insurance shall be kept on file with City at all times during the term of this Agreement.

B. Signature. A person authorized by the insurer to bind coverage on its behalf shall sign certification of all required policies.

C. Acceptable Insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance in the State of California, with an assigned policyholders' Rating of A (or higher) and Financial Size Category Class VII (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the City Attorney.

D. Coverage Requirements.

i. **Workers' Compensation Coverage.** Consultant shall maintain Workers' Compensation Insurance and Employer's Liability Insurance for his or her employees in accordance with the laws of the State of California. In addition, Consultant shall require each subcontractor to similarly maintain Workers' Compensation Insurance and Employer's Liability Insurance in accordance with the laws of the State of California for all of the subcontractor's employees. Any notice of cancellation or non-renewal of all Workers' Compensation policies must be received by City at least thirty (30) calendar days (10 calendar days written notice of non-payment of premium) prior to such change. The insurer shall agree to waive all rights of subrogation against City, its officers, agents, employees and volunteers for losses arising from work performed by Consultant for City.

ii. **General Liability Coverage.** Consultant shall maintain commercial general liability insurance in an amount not less than one million dollars (\$1,000,000) per occurrence for bodily injury, personal injury, and property damage, including without limitation, contractual liability. If commercial general liability insurance or other form with a general aggregate limit is used, the general aggregate limit shall be at least twice the required occurrence limit.

iii. **Automobile Liability Coverage.** Consultant shall maintain automobile insurance covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than one million dollars (\$1,000,000) combined single limit for each occurrence.

iv. **Professional Errors and Omissions Insurance.** Consultant shall maintain professional errors and omissions insurance, which covers the services to be performed in connection with this Agreement in the minimum amount of one million dollars (\$1,000,000) per claim and not less than two million dollars (\$2,000,000) in the annual aggregate.

E. Endorsements. Each general liability and automobile liability insurance policy shall be endorsed with the following specific language:

i. 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.

ii. This policy shall be considered primary insurance as respects to City, its elected or appointed officers, officials, employees, agents and volunteers as respects to all claims, losses, or liability arising directly or indirectly from the Consultant's operations or services provided to City. Any insurance maintained by City, including any self-insured retention City may have, shall be considered excess insurance only and not contributory with the insurance provided hereunder.

iii. 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.

iv. The insurer waives all rights of subrogation against City, its elected or appointed

officers, officials, employees, agents and volunteers.

v. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its elected or appointed officers, officials, employees, agents or volunteers.

vi. The insurance provided by this policy shall not be suspended, voided, canceled, or reduced in coverage or in limits, by either party except after thirty (30) calendar days (10 calendar days written notice of non-payment of premium) written notice has been received by City.

9.1. Nothing in this Section shall be construed as limiting in any way, the indemnification provision contained in this Agreement, or the extent to which Consultant may be held responsible for payments of damages to persons or property.

9.2. All subconsultants shall be included as additional insureds under the Consultant's policies, or the Consultant shall be responsible for causing subconsultants to purchase the appropriate insurance in compliance with the terms of this Agreement, including adding the City as an Additional Insured to the subconsultant's policies.

10. Nondiscrimination. In the performing of this Agreement, Consultant shall not discriminate against any subcontractor, employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, sex, age, or sexual orientation race, religion, color, national origin, handicap, ancestry, sex or age.

11. Independent Contractor. It is understood that City retains Consultant on an independent contractor basis and Consultant is not an agent or employee of City. The manner and means of conducting the work are under the control of Consultant, except to the extent they are limited by statute, rule or regulation and the expressed terms of this Agreement. Nothing in this Agreement shall be deemed to constitute approval for Consultant or any of Consultant's employees or agents, to be the agents or employees of City. Consultant shall have the responsibility for and control over the means of performing the work, provided that Consultant is in compliance with the terms of this Agreement. Anything in this Agreement that may appear to give City the right to direct Consultant as to the details of the performance or to exercise a measure of control over Consultant shall mean only that Consultant shall follow the desires of City with respect to the results of the services.

11.1. The Consultant shall at all times remain an independent Contractor with respect to the services to be performed under this Agreement and shall be responsible for the payment of Federal and State Employer Withholding Taxes, Unemployment Insurance Taxes, FICA Taxes, Retirement, Life and/or Medical Insurance, and Worker's Compensation Insurance for the employees of the Consultant or any other person performing services under this Agreement. Consultant and its employees are not entitled to the rights or benefits afforded to City's employees, including disability or unemployment insurance, workers' compensation, medical insurance, sick leave, or any other employment benefit. Consultant agrees to indemnify and hold City harmless from any claims, costs, losses, fees, penalties, interest, or damages suffered by City as a result of any claim by any person or entity contrary to the provisions of this Section.

12. Ownership of Documents. All documents, information and materials of any and every type furnished or prepared by the Consultant or any of its subcontractors pursuant to and in the course of performance of this Agreement shall be and remain the sole and exclusive property of the City. Such documents, information and materials shall include but not be limited to all findings, reports, plans, specifications, studies, drawings, estimates, documents, information and data including, but not limited to, electronic media, computer tapes or discs, files, and tapes furnished or prepared or accumulated by the Consultant in performing work under this Agreement, whether completed or in process. City shall have the sole right to use such documents, materials and information in its discretion without further compensation to Consultant or any other party. Consultant shall, at Consultant's expense, provide such documents, materials and information to City upon prior written request.

12.1. All Documents shall be considered works made for hire and all Documents and any and all intellectual property rights arising from their creation, including, but not limited to, all copyrights and other proprietary rights, shall be and remain the property of the City without restriction or limitation upon their use, duplication or dissemination by the City. Consultant shall not obtain or attempt to obtain copyright protection as to any Documents.

13. Confidentiality. All City information disclosed to Consultant during the course of performance of services under this Agreement shall be treated as confidential and shall not be disclosed to any other persons or parties except as authorized by City, excepting that information which is public record and subject to disclosure pursuant to the Public Records Act, or otherwise required by law. All documents, including drafts, notes and communications that result from the services in this Agreement, shall be kept confidential unless City authorizes in writing the release of information, excepting that information which is public record and subject to disclosure pursuant to the Public Records Act, or otherwise required by law.

14. Access to Records. Consultant shall maintain all books, records, documents, accounting ledgers, and similar materials relating to work performed for City under this Agreement on file for at least three (3) years following the date of final payment to Consultant by City. Any duly authorized representative(s) of City shall have access to such records for the purpose of inspection, audit and copying at reasonable times, during Consultant's usual and customary business hours. Consultant shall provide proper facilities to City's representative(s) for access and inspection. Consultant shall be entitled to reasonable compensation for time and expenses relate to such access and inspection activities, which shall be considered to be an additional service to the City, subject to the provisions of Section 5 hereinabove.

15. Conflict of Interest. Consultant shall disclose any financial, business, or other relationship with the City that may have an impact upon the outcome of this contract, or any ensuing City construction project. Consultant shall also list current clients who may have a financial interest in the outcome of this contract, or any ensuing City construction project, which will follow.

15.1. Consultant hereby certifies that it does not now have, nor shall it acquire any financial or business interest that would conflict with the performance of services under this contract.

15.2. Consultant hereby certifies that neither Consultant, nor any firm affiliated with

Consultant will bid on any construction contract, or on any contract to provide construction inspection for any construction project resulting from this contract. An affiliated firm is one, which is subject to the control of the same persons through joint-ownership, or otherwise.

15.3. Except for subconsultants whose services are limited to providing surveying or materials testing information, no subconsultant who has provided design services in connection with this contract shall be eligible to bid on any construction contract, or on any contract to provide construction inspection for any construction project resulting from this contract.

15.4. Consultant hereby certifies that neither Consultant, its employees, nor any firm affiliated with Consultant providing services on this project prepared the Plans, Specifications, and Estimates for any construction project included within this contract. An affiliated firm is one, which is subject to the control of the same persons through joint- ownership, or otherwise.

15.5. Consultant further certifies that neither Consultant, nor any firm affiliated with Consultant, will bid on any construction subcontracts included within the construction contract. Additionally, Consultant certifies that no person working under this contract is also employed by the construction contractor for any project included within this contract.

15.6. Except for subconsultants whose services are limited to materials testing, no subconsultant who is providing service on this contract shall have provided services on the design of any project included within this contract.

16. Assignment. This is a personal service contract, and the duties set forth herein shall not be delegated or assigned to any person or entity without the prior written consent of City.

16.1. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of City. Consultant shall be fully responsible to City for all acts and omissions of the subconsultant. Nothing in this Agreement shall create any contractual relationship between City and subconsultant nor shall it create any obligation on the part of City to pay or to see to the payment of any monies due to any such subconsultant other than as otherwise required by law.

17. Compliance with Laws, Rules, Regulations. Consultant's signature affixed herein, and dated, shall constitute a certification under penalty of perjury under the laws of the State of California that Consultant has, unless exempt, complied with, the nondiscrimination program requirements of Government Code Section 12990 and Title 2, California Administrative Code, Section 8103.

17.1. During the performance of this Contract, Consultant and its subconsultants shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. Consultant and subconsultants shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Consultant and subconsultants shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the

Applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Contract by reference and made a part hereof as if set forth in full. Consultant and its subconsultants shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

17.2. The Consultant shall comply with regulations relative to Title VI (nondiscrimination in federally-assisted programs of the Department of Transportation – Title 49 Code of Federal Regulations, Part 21 - Effectuation of Title VI of the 1964 Civil Rights Act). Title VI provides that the recipients of federal assistance will implement and maintain a policy of nondiscrimination in which no person in the state of California shall, on the basis of race, color, national origin, religion, sex, age, disability, be excluded from participation in, denied the benefits of or subject to discrimination under any program or activity by the recipients of federal assistance or their assignees and successors in interest.

17.3. The Consultant, with regard to the work performed by it during the Agreement shall act in accordance with Title VI. Specifically, the Consultant shall not discriminate on the basis of race, color, national origin, religion, sex, age, or disability in the selection and retention of Subconsultants, including procurement of materials and leases of equipment. The Consultant shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the U.S. DOT's Regulations, including employment practices when the Agreement covers a program whose goal is employment.

17.4. Consultant shall perform the services required by this Agreement in compliance with all applicable Federal and California employment laws including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers' compensation insurance and safety in employment; and all other Federal, State and local laws and ordinances applicable to the services required under this Agreement. Consultant shall indemnify and hold harmless City from and against all claims, demands, payments, suits, actions, proceedings, and judgments of every nature and description including attorneys' fees and costs, presented, brought, or recovered against City for, or on account of any liability under any of the above-mentioned laws, which may be incurred by reason of Consultant's performance under this Agreement.

17.5. Consultant is aware of the requirements of California Labor Code section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are subject to the Prevailing Wage Laws, Consultant agrees to fully comply with such Prevailing Wage Laws.

18. Debarment and Suspension Certification. Consultant's signature affixed herein, shall constitute a certification under penalty of perjury under the laws of the State of California, that Consultant has complied with Title 2 CFR, Part 180, "OMB Guidelines to Agencies on Government wide Debarment and Suspension (nonprocurement)", which certifies that he/she or

any person associated therewith in the capacity of owner, partner, director, officer, or manager, is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any federal agency; has not been suspended, debarred, voluntarily excluded, or determined ineligible by any federal agency within the past three (3) years; does not have a proposed debarment pending; and has not been indicated, convicted, or had a civil judgment rendered against it by a court of competent jurisdiction in any matter involving fraud or official misconduct within the past three (3) years. Any exceptions to this certification must be disclosed to the City.

Exceptions will not necessarily result in denial of recommendations for award, but will be considered in determining Consultant responsibility. Disclosures must indicate to whom exceptions apply, initiating agency, and dates of action.

Exceptions to the Federal Government Excluded Parties List System maintained by the General Services Administration are to be determined by the Federal Highway Administration.

19. Integration; Amendment. This Agreement represents the entire understanding of City and Consultant as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered in it. This Agreement may not be modified or altered except by amendment in writing sign by both parties.

20. Severability. If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null, and void insofar as it is in conflict with said laws, but the remainder of the Agreement shall continue to be in full force and effect.

21. Waiver/Validity. Consultant agrees that waiver by City of any one or more of the conditions of performance under this Agreement shall not be construed as waiver of any other condition of performance under this Agreement. The acceptance by the City of the performance of any work or services by Contractor shall not be deemed to be a waiver of any term or condition of this Agreement.

22. Jurisdiction. City and Consultant agree that the law governing this Agreement shall be that of the State of California. Any suit brought by either party against the other arising out of the performance of this Agreement shall be filed and maintained in the County of Merced.

23. Notice. Any notices required to be given pursuant to this Agreement shall be deemed to have been given by their deposit, postage prepaid, in the United States Postal Service, addressed to the parties as follows:

To City: Mark Fachin, P.E.
Public Works Director/City Engineer
411 Madison Avenue
Los Banos, California 93635

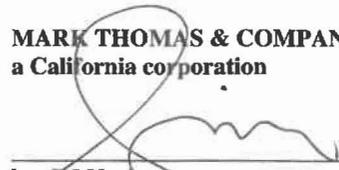
To Consultant: Ed Noriega, P.E.
Mark Thomas & Company, Inc.
7571 North Remington Avenue, Suite 102
Fresno, California 93711

24. **Termination.** The City may, in its sole discretion, terminate this Agreement at any time and for any reason whatsoever by giving written notice of such termination to Consultant. In the event of such termination, Consultant shall immediately stop rendering services under this Agreement unless directed otherwise by the City. In the event of such termination, Consultant shall be entitled to compensation for all services rendered and work performed for City to the date of such termination.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates set forth below.

**MARK THOMAS & COMPANY, INC.,
a California corporation**

Date: Jan. 29, 2020


by: Ed Noriega
title: Division Manager

**CITY OF LOS BANOS, a California
municipal corporation**

Date: _____, 2020

by:
title:

**ATTEST:
CITY CLERK**

Lucille L. Mallonee, City Clerk

APPROVED AS TO FORM:

William A. Vaughn
City Attorney

EXHIBIT A

Cost Proposal

COST PROPOSAL FOR PROJECT SCOPE: Los Banos - Pioneer Road Widening PSR-E

MARK THOMAS						Subconsultants									TOTAL COST
	Engineering Manager	Sr. Project Engineer	Design Engineer II	Project Coordinator	Total Hours	Total MT Cost	AVILA & ASSOCIATES	CORNERSTONE	FEHR & PEERS	GPA	KLEINFELDER	MONUMENT	ODELL	PLACEWORKS	
	\$267	\$158	\$120	\$91			Non-DBE	Non-DBE	Non-DBE	DBE	Non-DBE	DBE	Non-DBE	Non-DBE	
1.0 PROJECT ADMINISTRATION															
1.1 Team Management/Coordination	24	24		16	64	\$11,656	-	-	-	7,254	-	-	-	-	\$18,910
1.2 Meetings and Coordination	12	16			28	\$5,732	-	-	-	8,020	-	-	-	-	\$13,752
1.3 Quality Management Plan	16	16			32	\$6,800	-	-	-	-	-	-	-	-	\$6,800
1.4 Risk Register	8	16			24	\$4,664	-	-	-	-	-	-	-	-	\$4,664
Subtotal Phase 1	60	72	0	16	148	\$28,852	\$0	\$0	\$0	\$15,274	\$0	\$0	\$0	\$0	\$44,126
2.0 PERFORM INITIAL ENGINEERING ANALYSIS															
2.1 Data Collection		16	16		32	\$4,448	-	-	-	-	-	-	-	-	\$4,448
2.2 Identify Design Alternatives		24	40		64	\$8,592	-	-	-	-	-	-	-	-	\$8,592
2.3 Order-Of-Magnitude Capital Cost Estimate		8	16		24	\$3,184	-	-	-	-	-	-	-	-	\$3,184
2.4 Order-Of-Magnitude Right of Way Cost Estimate			8	8	16	\$2,224	-	-	-	-	-	-	-	-	\$2,224
2.5 Stormwater Documentation	2	16	16		34	\$4,982	-	-	-	-	-	-	-	-	\$4,982
Subtotal Phase 2	2	72	96	0	170	\$23,430	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$23,430
3.0 TRAFFIC ENGINEERING PERFORMANCE ASSESSMENT (TEPA)															
3.1 Prepare Traffic Forecasts		1			1	\$158	-	-	6,169	-	-	-	-	-	\$6,327
3.2 Traffic Capacity Analysis		2			2	\$316	-	-	13,409	-	-	-	-	-	\$13,725
3.3 Prepare Traffic Engineering Performance Assessment (TEPA)			1		1	\$158	-	-	10,482	-	-	-	-	-	\$10,640
Subtotal Phase 3	0	4	0	0	4	\$632	\$0	\$0	\$30,060	\$0	\$0	\$0	\$0	\$0	\$30,692
4.0 MINI-PRELIMINARY ENVIRONMENTAL ANALYSIS REPORT EQUIVALENT															
4.1 Preliminary Investigations and Database Searches		2			2	\$316	-	-	-	9,125	-	-	-	-	\$9,441
4.2 Mini-PEAR Equivalent		2			2	\$316	-	-	-	18,487	-	-	-	-	\$18,803
4.3 AB 52 Notifications		2			2	\$316	-	-	-	2,416	-	-	-	-	\$2,732
Subtotal Phase 4	0	6	0	0	6	\$948	\$0	\$0	\$0	\$30,029	\$0	\$0	\$0	\$0	\$30,972
5.0 PROJECT STUDY REPORT - EQUIVALENT (PSR-E)															
5.1 Define Purpose and Need	1	6			7	\$1,215	-	-	-	-	-	-	-	-	\$1,215
5.2 Supplemental Documentation					0	\$0	-	-	-	-	-	-	-	-	\$0
5.2.1 Design Scoping Index	1	6			7	\$1,215	-	-	-	-	-	-	-	-	\$1,215
5.2.2 Transportation Planning Scoping Information Sheet	1	6			7	\$1,215	-	-	-	-	-	-	-	-	\$1,215
5.2.3 Survey Needs Questionnaire	1	6			7	\$1,215	-	-	-	-	-	-	-	-	\$1,215
5.2.4 Division of Engineering Services (DES) Scoping Checklist	1	6			7	\$1,215	-	-	-	-	-	-	-	-	\$1,215
5.3 PSR-E	16	40	40		96	\$15,392	-	-	-	-	-	-	-	-	\$15,392
Subtotal Phase 5	21	70	40	0	131	\$21,467	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,467
TOTAL HOURS	83	224	136	16	459										
OTHER DIRECT COSTS						\$0	\$0	\$0	\$2,000	\$0	\$0	\$0	\$0	\$0	\$2,000
TOTAL COST	\$22,161	\$35,392	\$16,320	\$1,456		\$75,329	\$0	\$0	\$32,060	\$45,303	\$0	\$0	\$0	\$0	\$152,692

COST PROPOSAL FOR PROJECT SCOPE: Los Banos - Pioneer Road Widening PA&E

	MARK THOMAS							Subconsultants											TOTAL COST	
	Engineering Manager	Project Manager	Sr. Project Engineer	Design Engineer II	Design Engineer I	Project Contributor	Sr. Graphic Designer	Total Hours	Total MT Cost	AVILA & ASSOCIATES	CORRIENSTONE	FEAR & PEERS	GPA	KLEINFELDER	NICHUMMENT	TREK DESIGN GROUP	BACKHAY AERIAL SURVEYS	COBELL		PLACERWORKS
	\$267	\$183	\$158	\$120	\$97	\$91	\$120			Non-DBE	Non-DBE	Non-DBE	DBE	Non-DBE	DBE	Non-DBE	DBE	Non-DBE		Non-DBE
1.0 PROJECT MANAGEMENT/COORDINATION																				
1.1 Kick-Off/PDT Meeting/Focus Meeting	100		80	80				260	\$48,940			1,725		13,072						7,500
1.2 Mark Thomas Team Mgmt./Coordination	100		200	80				380	\$67,900					15,053						2,500
1.3 CPM Schedule/Progress Reports & Budgets	40	40				120		200	\$38,920					7,112						
1.4 Coordination w/Various Agencies	40	60						100	\$21,660											5,500
1.5 Public Outreach	60		100					160	\$31,820											2,500
1.5.1 Communications & Community Outreach Plans	2	2						4	\$900											3,000
1.5.2 General Graphic Design & Content for Caltrans Website		2						2	\$364											4,000
1.5.3 Public Information Meetings (2 Total)	16	2		8				26	\$5,591											14,500
1.6 Quality Assurance/Quality Control	40	40						80	\$18,000											5,000
1.7 Develop Final Design Work Scope	10	12						22	\$4,864											3,500
Subtotal Phase 1	408	158	380	168	0	120	0	1234	\$228,970	\$0	\$1,725	\$0	\$15,187	\$0	\$0	\$0	\$0	\$0	\$0	\$48,000
2.0 PROJECT DEFINITION																				
2.1 Perform Surveys and Base Mapping								0	\$0											6,500
2.1.1 Data Collection		8	40	40				88	\$12,564										5,179	
2.1.2 Control Surveys and Photogrammetric Mapping		2	2					4	\$682							31,100	62,500	86,070		\$180,352
2.1.3 Land-Net Pre-Construction Record of Survey								0	\$0											\$192,040
2.1.4 Supplemental Topographic Survey								0	\$0											\$21,520
2.2 Drainage Feasibility Evaluation	20	80		120				220	\$34,380											\$14,380
2.3 Traffic Modeling and Analysis								0	\$0											\$0
2.3.1 Analyze Traffic Operations for Existing Conditions	4	8						12	\$2,532			44,108								\$46,641
2.3.2 Forecast Travel Demand Volume	4	8						12	\$2,531			31,856								\$34,387
2.3.3 Study Area Traffic Operations Analysis	4	8						12	\$2,531			68,646								\$71,178
2.3.4 Prepare Traffic Report for Project Report	4	8						12	\$2,531			21,870								\$24,402
2.4 Roadway and Structure Alternatives	20	120		120				260	\$41,700		16,804									\$58,504
2.5 Preliminary General Cross Sections			20	40				60	\$8,460											\$8,460
2.6 Utility Conflicts - Preliminary	2	52		48	54			156	\$31,041											\$21,048
2.7 Update Right of Way Estimator (R/W and Utility Impacts)	8	20		40				68	\$10,591						25,000					\$35,591
2.8 Concept Landscape/Aesthetic Features	2	8						10	\$1,998											20,000
2.9 Cost Estimates	16	16		40	24			96	\$14,328		3,466									8,500
2.10 Value Analysis (Optional)	40	40						80	\$18,000											\$18,000
2.11 Phasing Strategies	16	20		40				76	\$12,732											\$12,732
Subtotal Phase 2	140	416	47	488	78	0	0	1168	\$186,434	\$0	\$30,270	\$166,480	\$0	\$0	\$25,000	\$31,100	\$62,500	\$304,809	\$35,000	
3.0 ENVIRONMENTAL TECHNICAL STUDIES																				
3.1 Community Impact Assessment	2	8						10	\$1,998				46,864							\$48,862
3.2 Visual Impact Assessment Memo, Moderate Level	2	8				120		130	\$18,381				15,519							\$33,900
3.3 Cultural Studies	2	8						10	\$1,998				138,108							\$138,108
3.4 Water Quality Study	2	8						10	\$1,998				2,371							\$4,369
3.5 Air Quality Study	2	8						10	\$1,998				21,011							\$23,009
3.6 Air Quality Conformity Analysis	2	8						10	\$1,998				12,383							\$14,381
3.7 Noise Study	2	8						10	\$1,998				39,011							\$38,009
3.8 Noise Abatement Decision Report	2	8	60	80				150	\$19,231				4,243							\$23,474
3.9 Phase I Initial Site Assessment	2	8						10	\$1,998				3,011	18,249						\$21,260
3.10 Natural Environmental Study	2	8						10	\$1,998				48,260							\$50,258
3.11 Aquatic Resources Delineation	2	8						10	\$1,998				21,944							\$23,942
3.12 Biological Assessment and Federal Endangered Species Act Consultation	2	8						10	\$1,998				18,245							\$20,243
Subtotal Phase 3	24	96	60	0	80	0	120	388	\$55,434	\$0	\$0	\$0	\$389,989	\$18,249	\$0	\$0	\$0	\$0	\$0	
4.0 ENVIRONMENTAL DOCUMENTATION																				
4.1 Administrative Draft IS/EA	16	24		16				56	\$10,511				54,096							\$64,607
4.2 Public Review Draft IS/EA	16	24						40	\$8,460				16,899							\$25,359
4.3 Final IS-MND/FONSI	16	24						40	\$8,460				37,853							\$46,313
4.4 Permit Engineering Evaluation Report	24	36		16				76	\$14,916											\$19,932
Subtotal Phase 4	72	108	0	32	0	0	0	232	\$42,837	\$0	\$0	\$0	\$108,748	\$0	\$0	\$0	\$0	\$0	\$0	
TOTAL HOURS	644	790	482	688	138	120	170	2992												
Anticipated Salary Increases									\$0				\$0		\$0		\$0		\$0	\$0
OTHER DIRECT COSTS									\$19,281			\$0	\$344	\$11,100	\$0	\$0	\$0	\$0	\$0	\$86,434
TOTAL COST	\$174,948	\$182,748	\$78,158	\$82,868	\$15,338	\$18,800	\$14,400		\$188,911	\$0	\$22,238	\$177,580	\$101,804	\$18,249	\$25,000	\$81,100	\$62,100	\$394,809	\$83,000	

COST PROPOSAL FOR PROJECT SCOPE: Los Banos - Pioneer Road Widening PS&E

	MARK THOMAS											Subconsultants								TOTAL COST		
	Engineering Manager	Sr. Project Manager	Project Manager	Sr. Project Engineer	Design Engineer II	Design Engineer I	Intern	Sr. Funding Specialist	Project Coordinator	Sr. Graphic Manager	Total Hours	Total MT Cost	AVILA & ASSOCIATES	CORNERSTONE	FEHR & PEERS	GPA	KLEINFELDER	MONUMENT	DOELL		PLACEWORIS	
	\$267	\$224	\$183	\$158	\$120	\$97	\$56	\$160	\$91	\$138			Non-DBE	Non-DBE	Non-DBE	DBE	Non-DBE	DBE	Non-DBE		Non-DBE	
1.0 PROJECT MANAGEMENT																						
1.1 Kick-Off/PDT Meeting/Focus Meeting	100			100	80						280	\$52,100	2,521	4,381	-	3,307	-	9,555	-	3,000	\$74,864	
1.2 Mark Thomas Team Mgmt/Coordination	180			200	80						\$89,350	-	-	-	4,836	-	-	-	-	-	\$94,096	
1.3 CPM Schedule/Progress Reports & Budgets	40		40	40					105		\$33,875	-	-	-	5,594	-	-	-	-	-	\$39,469	
1.4 Quality Assurance/Quality Control	40	120	100								\$55,860	-	-	-	-	-	-	-	-	-	\$55,860	
1.5 Caltrans Right of Way Certification			60		40						\$15,780	-	-	-	-	-	-	-	-	-	\$15,780	
1.6 Project Funding			2								\$366	-	-	-	-	-	-	-	-	-	\$366	
1.6.1 Funding Strategies and Implementation								40			\$6,400	-	-	-	-	-	-	-	-	-	\$6,400	
1.6.2 Project Support (Optional)											\$0	-	-	-	-	-	-	-	-	-	\$0	
Subtotal Phase 1	360	120	202	340	200	0	0	40	105	0	1367	\$253,641	\$2,521	\$4,381	\$0	\$13,737	\$0	\$9,555	\$0	\$3,000	\$286,835	
2.0 UTILITY RESEARCH & COORDINATION																						
2.1 Utility 'A' Letters	2		60		40	16	16				\$18,762	-	-	-	-	-	-	-	-	-	-	\$18,762
2.2 Liability Determination			16		16	8					\$5,624	-	-	-	-	-	-	-	-	-	-	\$5,624
2.3 Utility 'B' Letters/Conflict Mapping			180		120	80					\$55,100	-	-	-	-	-	-	-	-	-	-	\$55,100
2.4 Coordinate Utility Agreements			40		20						\$9,720	-	-	-	-	-	-	-	-	-	-	\$9,720
2.5 Utility 'C' Letters/NTD			40		40						\$12,120	-	-	-	-	-	-	-	-	-	-	\$12,120
Subtotal Phase 2	2	0	336	0	236	104	16	0	0	0	694	\$101,326	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$101,326	
3.0 SURVEYING & BASE MAPPING INCLUDING ROW																						
3.1 Supplemental Topographic Survey											\$0	-	-	-	-	-	-	-	-	22,224	-	\$22,224
3.2 Right-of-Way Acquisition Documents											\$0	-	-	-	-	-	-	-	-	235,164	5,000	\$240,164
3.3 Right-of-Way Closeout											\$0	-	-	-	-	-	-	-	-	243,348	-	\$243,348
Subtotal Phase 3	0	0	0	0	0	0	0	0	0	0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500,736	\$5,000	\$505,736	
4.0 RIGHT OF WAY ACQUISITION																						
4.1 Appraisal											\$0	-	-	-	-	-	-	-	-	-	-	\$0
4.1.1 Fee Appraisals	2		32		8						\$7,350	-	-	-	-	-	-	-	-	352,500	-	\$359,850
4.1.2 Appraisal Review			12								\$2,196	-	-	-	-	-	-	-	-	104,400	-	\$106,596
4.2 Acquisition Process											\$0	-	-	-	-	-	-	-	-	293,826	-	\$293,826
4.2.1 Preparation of Offer Package											\$0	-	-	-	-	-	-	-	-	-	-	\$0
4.2.2 Negotiations			16								\$2,928	-	-	-	-	-	-	-	-	-	-	\$2,928
4.2.3 Administrative Settlements			20								\$3,660	-	-	-	-	-	-	-	-	-	-	\$3,660
4.2.4 Escrows Coordination											\$0	-	-	-	-	-	-	-	-	-	-	\$0
4.2.5 Condemnation Support											\$0	-	-	-	-	-	-	-	-	-	-	\$0
4.3 Relocation Assistance											\$0	-	-	-	-	-	-	-	-	-	-	\$0
4.3.1 Relocation Management			8		8						\$2,424	-	-	-	-	-	-	-	-	-	-	\$2,424
4.3.2 Relocation Plan			2								\$366	-	-	-	-	-	-	-	-	-	-	\$366
4.3.3 Residential Relocation Assistance											\$0	-	-	-	-	-	-	-	-	-	-	\$0
4.3.4 Business Relocation Assistance											\$0	-	-	-	-	-	-	-	-	-	-	\$0
Subtotal Phase 4	2	0	90	0	16	0	0	0	0	0	108	\$18,924	\$0	\$0	\$0	\$0	\$0	\$750,726	\$0	\$0	\$769,650	
5.0 HYDRAULIC ANALYSIS																						
5.1 Project Drainage Report	16		80		100	60					\$36,732	-	-	-	-	-	-	-	-	-	-	\$36,732
5.2 Storm Water Data Report	16		80		100	60					\$36,732	-	-	-	-	-	-	-	-	-	-	\$36,732
5.3 Bridge Design Hydraulic Study Report	2		8		8						\$2,958	37,362	5,196	-	-	-	-	-	-	-	-	\$45,516
Subtotal Phase 5	34	0	168	0	328	120	0	0	0	0	530	\$76,422	\$37,362	\$5,196	\$0	\$0	\$0	\$0	\$0	\$0	\$118,980	

8.17	Electrical Plans	2		2								4	\$900	-	-	71,959	-	-	-	-	-	-	-	\$72,859
8.17.1	Point of Service											0	\$0	-	-	3,082	-	-	-	-	-	-	-	\$3,082
8.18	Structure Plans											0	\$0	-	-	-	-	-	-	-	-	-	-	\$0
8.18.1	Los Banos Creek	2		16								18	\$3,462	-	24,110	-	-	-	-	-	-	-	-	\$27,572
8.18.2	CCID Canal	2		16								18	\$3,462	-	35,711	-	-	-	-	-	-	-	-	\$39,173
8.19	Special Provisions	4		120	40	20						184	\$31,748	-	6,729	7,303	21,121	-	-	-	-	-	-	\$66,900
8.20	Construction Cost Estimate	4		120	40	80						244	\$38,948	-	7,460	10,443	-	-	-	-	-	-	-	\$56,856
8.21	General Cross Sections	8		200	40	40						288	\$49,856	-	-	-	-	-	-	-	-	-	-	\$49,856
	Subtotal Phase 8	321	0	2944	1290	1680	940	590	0	0	0	7775	\$1,155,299	\$0	\$109,769	\$141,391	\$21,121	\$0	\$0	\$0	\$0	\$0	\$243,800	\$1,671,379
9.0	FINAL DESIGN																							
9.1	95% Submittal											0	\$0	-	-	-	-	-	-	-	-	-	-	\$0
9.2	Review of 65% Design Comments	4		16	8	4						32	\$5,740	-	2,013	3,697	-	-	-	-	-	-	6,000	\$17,450
9.3	Update Title Sheet thru Project Control	1		20	16	16						53	\$8,375	-	-	-	-	-	-	-	-	-	-	\$8,375
9.4	Update Plan & Profile thru Construction Details	16		80	60	40	20	20				236	\$36,252	-	-	-	-	-	-	-	-	-	-	\$36,252
9.5	Update Contour Grading	2		60	40	30	20	10				162	\$23,934	-	-	-	-	-	-	-	-	-	-	\$23,934
9.6	Update Drainage Plans	8		80	60	48	40	20				256	\$37,016	-	-	-	-	-	-	-	-	-	-	\$37,016
9.7	Update Water Plans	6		48	40	32	20					146	\$22,486	-	-	-	-	-	-	-	-	-	-	\$22,486
9.8	Update Utility Plans	4		40	40	32	20	20				156	\$21,608	-	-	-	-	-	-	-	-	-	-	\$21,608
9.9	Update Sewer Plans	6		48	40	32	20					146	\$22,486	-	-	-	-	-	-	-	-	-	-	\$22,486
9.10	Update Planting & Irrigation Plans											0	\$0	-	-	-	-	-	-	-	-	-	126,000	\$126,000
9.11	Update Construction Area Signs thru Traffic Handling	8		80	60	40	20	10				218	\$33,556	-	-	-	-	-	-	-	-	-	-	\$33,556
9.12	Update Signage and Striping Plans	2		20	20	20	20					82	\$11,694	-	-	-	-	-	-	-	-	-	-	\$11,694
9.13	Update Summary Quantities	4		160	80	80	60	40				424	\$60,648	-	-	-	-	-	-	-	-	-	-	\$60,648
9.14	Update Electrical Plans			4								4	\$732	-	-	36,263	-	-	-	-	-	-	-	\$36,995
9.15	Independent Review (Structures)		80									80	\$17,920	-	-	-	-	-	-	-	-	-	-	\$17,920
9.16	Update Structure Plans											0	\$0	-	-	-	-	-	-	-	-	-	-	\$0
9.16.1	Los Banos Creek			2								2	\$366	-	5,171	-	-	-	-	-	-	-	-	\$5,537
9.16.2	CCID Canal			2								2	\$366	-	3,795	-	-	-	-	-	-	-	-	\$4,161
9.17	Update Special Provisions	2		40	20	20						82	\$13,414	-	1,107	3,697	13,667	-	-	-	-	-	-	\$31,885
9.18	Construction Cost Estimate	1		120	40	20						181	\$30,947	-	2,200	4,175	-	-	-	-	-	-	-	\$37,321
9.19	Update General Cross Sections			80	20							100	\$17,800	-	-	-	-	-	-	-	-	-	-	\$17,800
9.20	Independent Constructability Review		60									60	\$13,440	-	-	4,674	-	-	-	-	-	-	-	\$18,114
9.21	100% Submittal											0	\$0	-	-	-	-	-	-	-	-	-	-	\$0
9.22	Review of 95% Design Comments	2		16	8	4						30	\$5,206	-	1,107	-	-	-	-	-	-	-	6,000	\$12,313
9.23	Title Sheet thru Project Control	2		24	24	16						66	\$10,638	-	-	-	-	-	-	-	-	-	-	\$10,638
9.24	Layout Sheets thru Construction Details	8		160	120	100	80	40				508	\$72,376	-	-	-	-	-	-	-	-	-	-	\$72,376
9.25	Contour Grading	2		40	36	20						98	\$15,942	-	-	-	-	-	-	-	-	-	-	\$15,942
9.26	Drainage Plans	4		60	40	40	40	20				204	\$28,168	-	-	-	-	-	-	-	-	-	-	\$28,168
9.27	Water Plans	2		40	36	20						98	\$15,942	-	-	-	-	-	-	-	-	-	-	\$15,942
9.28	Utility Plans	2		20	28	20	16					86	\$12,570	-	-	-	-	-	-	-	-	-	-	\$12,570
9.29	Sewer Plans	2		40	36	20						98	\$15,942	-	-	-	-	-	-	-	-	-	-	\$15,942
9.30	Planting & Irrigation Plans											0	\$0	-	-	-	-	-	-	-	-	-	50,000	\$50,000
9.31	Construction Area Signs thru Traffic Handling	2		40	32	20						94	\$15,310	-	-	-	-	-	-	-	-	-	-	\$15,310
9.32	Signage and Striping Plans	1		24	20	16						61	\$9,739	-	-	-	-	-	-	-	-	-	-	\$9,739
9.33	Summary Quantities	2		30	20	10						62	\$10,384	-	-	-	-	-	-	-	-	-	-	\$10,384
9.34	Electrical Plans			4	2							6	\$1,048	-	-	20,580	-	-	-	-	-	-	-	\$21,628
9.35	Structure Plans											0	\$0	-	-	-	-	-	-	-	-	-	-	\$0
9.35.1	Los Banos Creek			2	1							3	\$524	-	1,675	-	-	-	-	-	-	-	-	\$2,199
9.35.2	CCID Canal			2	1							3	\$524	-	1,675	-	-	-	-	-	-	-	-	\$2,199
9.36	Special Provisions	2		20	40							62	\$10,514	-	1,168	2,372	-	-	-	-	-	-	5,000	\$19,053
9.37	Construction Cost Estimate	1		16	40	8	8					73	\$11,251	-	728	2,372	-	-	-	-	-	-	3,000	\$17,356
9.38	Update General Cross Sections			40	20							60	\$10,480	-	-	-	-	-	-	-	-	-	-	\$10,480
9.39	Independent Bidability Review		16		40							56	\$9,904	-	-	-	-	-	-	-	-	-	-	\$9,904
9.40	Prepare Final PS&E Submittals	2		16	8							26	\$4,726	-	2,148	4,691	-	-	-	-	-	-	-	\$11,565
9.41	Electronic Submittals			8		8						16	\$2,424	-	-	-	-	-	-	-	-	-	-	\$2,424
9.42	Survey File	4		20								24	\$4,728	-	-	-	-	-	-	-	-	-	-	\$4,728
9.43	RE Pending File	4		20								24	\$4,728	-	-	-	-	-	-	-	-	-	-	\$4,728
	Subtotal Phase 9	106	156	1542	1096	716	384	180	0	0	0	4180	\$651,848	\$0	\$22,787	\$82,520	\$13,667	\$0	\$0	\$0	\$0	\$0	\$196,000	\$966,823

EXHIBIT A
Mark Thomas & Company, Inc. Rate Schedule

Expires June 30, 2020*

HOURLY CHARGE RATE RANGES

Engineering Services

Intern	\$43 - \$68
Technician	\$68 - \$103
Design Engineer I	\$83 - \$110
Sr. Technician	\$103 - \$131
Design Engineer II	\$110 - \$130
Project Engineer	\$130 - \$145
Sr. Project Engineer	\$145 - \$171
Sr. Technical Engineer	\$145 - \$171
Project Manager	\$171 - \$195
Technical Lead	\$171 - \$195
Sr. Project Manager	\$195 - \$252
Sr. Technical Lead	\$195 - \$252
Engineering Manager	\$252 - \$282
Practice Area Leader	\$252 - \$282
Sr. Engineering Manager	\$282 - \$345
Principal	\$356 - \$385

Urban Planning/Landscape Architecture Services

Intern	\$43 - \$68
Landscape Designer	\$71 - \$128
Landscape Architect	\$100 - \$163
LAUD Project Manager	\$163 - \$174
Sr. LAUD Project Manager	\$174 - \$205
LAUD Division Manager	\$205 - \$228
Sr. LAUD Division Manager	\$228 - \$242

District Management Services

Inspector - Apprentice	\$57 - \$80
Inspector	\$86 - \$108
Sr. Inspector	\$108 - \$125
Assistant Sanitary Engineer	\$125 - \$137
Associate Sanitary Engineer	\$137 - \$165
Deputy District Manager	\$271 - \$288

Construction Management Services

ARE/Construction Inspector	\$151
Resident Engineer	\$224

Survey Services

Survey Intern	\$43 - \$71
Survey Technician	\$71 - \$86
Sr. Survey Technician	\$86 - \$131
Surveyor	\$100 - \$111
Sr. Surveyor	\$114 - \$148
Lead Survey Technician	\$131 - \$143
Project Surveyor	\$138 - \$154
Sr. Project Surveyor	\$154 - \$165
Survey Manager	\$165 - \$185
Sr. Survey Manager	\$185 - \$228
Survey Division Manager	\$242 - \$262
Single Chief	\$128 - \$143
Single Instrumentman	\$120 - \$125
Single Chainman	\$111 - \$116
Apprentice	\$56 - \$106
1 Person Field Crew	\$128 - \$143
2 Person Field Crew	\$240 - \$286
3 Person Field Crew	\$295 - \$401

Project Support/Coordination Services

Project Assistant	\$57 - \$80
Technical Writer	\$57 - \$83
Sr. Project Assistant	\$80 - \$100
Project Coordinator	\$80 - \$103
Graphic Designer	\$88 - \$106
Sr. Technical Writer	\$83 - \$120
Project Accountant	\$91 - \$114
Sr. Project Coordinator	\$103 - \$128
Sr. Graphic Designer	\$105 - \$134
Sr. Project Accountant	\$114 - \$140
Sr. Graphic Manager	\$134 - \$143

Grant Writing Services

Funding Specialist	\$130
Sr. Funding Specialist	\$160

Special Services

Expert Witness	\$420
Strategic Consulting	\$420

OTHER DIRECT COSTS

Reimbursables including, but not limited to:

Reproductions, Delivery and Filing Fees	Cost Plus 5%	Outside Consultant Fees	Cost Plus 5%
Mileage	Per IRS Rate	Survey Field Expenses	Cost Plus 5%

EXHIBIT B

Project Schedule

Exhibit B

PID Phase Pioneer Road Widening

ID	Task Name	Duration	Start	Finish	2020												
					Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov		
1	PID PHASE ACTIVITIES	135 days	Mon 2/24/20	Mon 8/31/20													
2	Notice to Proceed	0 days	Mon 2/24/20	Mon 2/24/20			2/24										
3	Data Collect	1 mon	Tue 2/25/20	Mon 3/23/20													
4	<i>City/Caltrans Consultation</i>	<i>2 wks</i>	<i>Tue 3/3/20</i>	<i>Mon 3/16/20</i>													
5	<i>Develop Purpose & Need</i>	<i>2 wks</i>	<i>Tue 3/17/20</i>	<i>Mon 3/30/20</i>													
6	Prepare Supporting Documents	75 days	Tue 3/17/20	Mon 6/29/20													
7	<i>PID Design Scoping Index</i>	<i>1 wk</i>	<i>Tue 3/31/20</i>	<i>Mon 4/6/20</i>													
8	Stormwater Documentation	4 wks	Tue 3/24/20	Mon 4/20/20													
9	Transportation Planning Scoping Information	1 wk	Tue 3/24/20	Mon 3/30/20													
10	Traffic Engineering Performance Assessment	35 days	Tue 3/17/20	Mon 5/4/20													
11	Prepare Draft Traffic Ops Memo	4 wks	Tue 3/17/20	Mon 4/13/20													
12	City Review	1 wk	Tue 4/14/20	Mon 4/20/20													
13	Prepare Final Traffic Ops Memo	2 wks	Tue 4/21/20	Mon 5/4/20													
14	Prepare TEPA	1 wk	Tue 4/28/20	Mon 5/4/20													
15	Prepare Mini-PEAR Equivalent	6 wks	Tue 3/31/20	Mon 5/11/20													
16	Schematic Maps/Cost Estimates	50 days	Tue 4/7/20	Mon 6/15/20													
17	<i>Develop Geometric Alternatives</i>	<i>4 wks</i>	<i>Tue 4/7/20</i>	<i>Mon 5/4/20</i>													
18	<i>City Review</i>	<i>4 wks</i>	<i>Tue 5/5/20</i>	<i>Mon 6/1/20</i>													
19	<i>Revise Alternatives</i>	<i>2 wks</i>	<i>Tue 6/2/20</i>	<i>Mon 6/15/20</i>													
20	<i>R/W Concept Cost Estimate</i>	<i>1 wk</i>	<i>Tue 6/16/20</i>	<i>Mon 6/22/20</i>													
21	PSR-E Survey Questionnaire	1 wk	Tue 3/31/20	Mon 4/6/20													
22	Quality Management Plan	4 wks	Tue 3/31/20	Mon 4/27/20													
23	<i>Risk Register</i>	<i>1 wk</i>	<i>Tue 6/23/20</i>	<i>Mon 6/29/20</i>													
24	<i>DES PSR-E Scoping Checklist</i>	<i>1 wk</i>	<i>Tue 6/23/20</i>	<i>Mon 6/29/20</i>													
25	PSR-Equivalent	45 days	Tue 6/30/20	Mon 8/31/20													
26	<i>Prepare Draft PSR-E</i>	<i>4 wks</i>	<i>Tue 6/30/20</i>	<i>Mon 7/27/20</i>													
27	<i>City Review</i>	<i>4 wks</i>	<i>Tue 7/28/20</i>	<i>Mon 8/24/20</i>													
28	<i>Prepare Final PSR-E</i>	<i>1 wk</i>	<i>Tue 8/25/20</i>	<i>Mon 8/31/20</i>													
29	Approve PSR-E	0 days	Mon 8/31/20	Mon 8/31/20													8/31

Task



Critical Task



Milestone

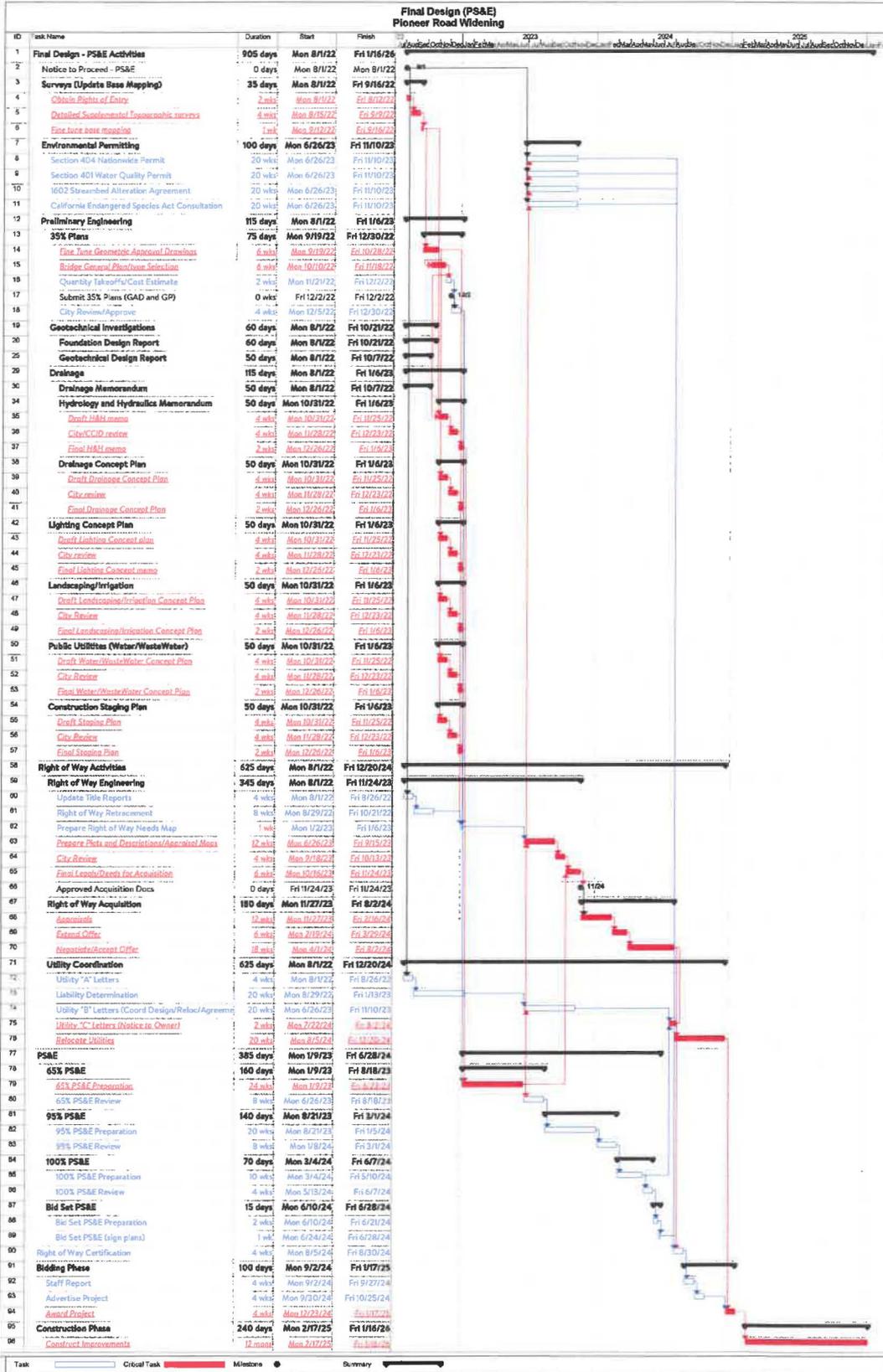


Summary



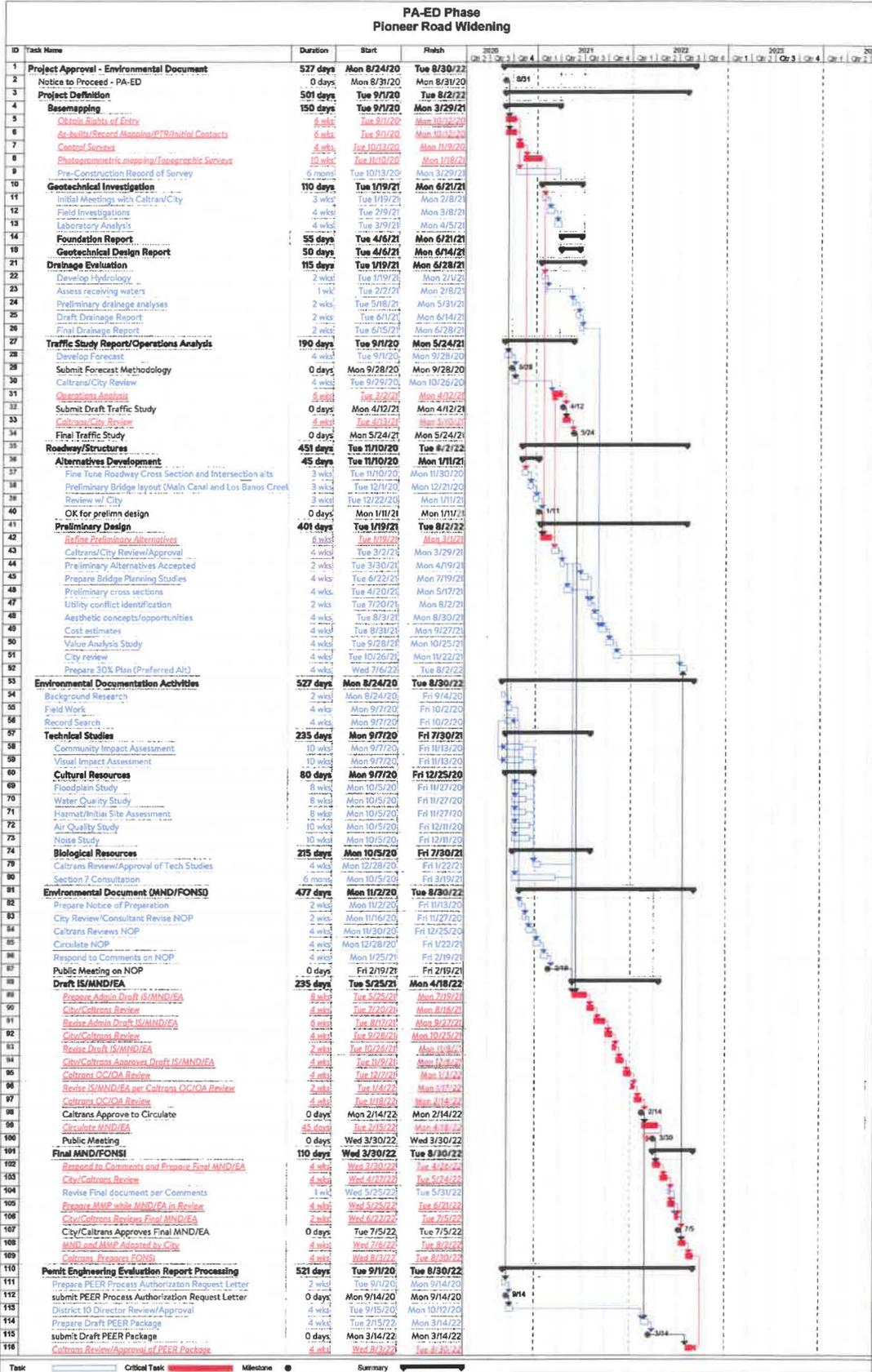
PROJECT SCHEDULE (PS&E PHASE)

If the City desires to accelerate the schedule, Final Design can begin as soon as a Preferred Alternative is unofficially identified; after completion of the Value Study Analysis in November 2021 (line 58 of PA-ED schedule); otherwise, Final Design begins at the completion of the PA-ED Phase in August 2022 (line 2). 30% Plans of the Preferred Alternative would be fine-tuned to 35% level; Concept Plans for Roadway, Structures, Landscaping/Irrigation, Public Utilities (Water, WasteWater, and Drainage), Electrical, and Construction Staging would be developed; completion of the 35% Plans is anticipated by January 2023 (line 18). Concurrent with Preliminary Engineering is to identify the Right of Way needs of the project. Plans and Legals would be ready for Appraisals in November 2023 (line 66). Offers to acquire Right of Way would be extended in February 2023 (line 69). Assuming all voluntary acquisitions, Offers would be accepted in August 2024 (line 70). Utilities would be scheduled to begin relocation after possession of Right of Way and completion is anticipated by December 2024 (line 76). Concurrent with Right of Way acquisition is possessing Final Design (PS&E); we anticipate submittals to be 65% PS&E in June 2023 (line 79), 95% PS&E in January 2024 (line 82), 100% PS&E in May 2024 (line 85), and Signed Plans by June 2024 (line 89). Right of Way Certification (to receive Authorization of Construction Funds) is expected in August 2024 (line 90).



PROJECT SCHEDULE (PA&ED PHASE)

Processing an Environmental Document with the State usually takes about two years. At the completion of the PID Phase, a major milestone is to obtain authorization from the District 10 Director, Dan McElhinney, to use the PEER process for improvements within the State right of way early in the process (line 112) in September 2020; this defines a more streamline process of project approval with Caltrans. Concurrently, Project Definition would progress with Basemapping and Topographic Surveys (line 8) and completed by January 2021. This allows the City to define alternatives (line 44) by April 2021. While project alternatives are being developed, Technical Studies of environmental resources are being prepared (lines 58 through 79) from September 2020 through December 2020. Completion of both the Project Alternatives and Environmental Technical Studies allows for the preparation of the Environmental Document. The Draft Environmental Document is anticipated for Public Review (line 99) by February 2022. Approval of the Final Environmental Document is anticipated by August 2022 (line 109); PEER approval would occur upon completion of the Environmental Document and Caltrans issuance of the FONSI.





ADDITIONAL REMARKS SCHEDULE

AGENCY Asero Insurance Services		NAMED INSURED Mark Thomas & Company, Inc. 2833 Junction Avenue, Ste 110 San Jose CA 95134	
POLICY NUMBER		EFFECTIVE DATE:	
CARRIER	NAIC CODE		

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,

FORM NUMBER: 25 **FORM TITLE:** Certificate of Liability (03/16)

HOLDER: City of Los Banos

ADDRESS: 411 Madison Avenue Los Banos, CA 94066

Commercial General Liability Blanket Additional Insured - Owners, Lessees Or Contractors - With Products-Completed Operations Coverage Endorsement and Primary and Noncontributory Insurance as required by written contract per attached from CNA75079XX (10-16).
Commercial General Liability Waiver Of Transfer Of Rights Of Recovery Against Others To The Insurer Endorsement as required by written contract per attached form CNA75008XX (10-16).

Commercial Auto Liability Additional Insured - Primary And Non-Contributory as required by written contract per attached form CNA71527XX (Ed. 10/12).
Commercial Auto Liability Waiver Of Transfer Of Rights Of Recovery Against Others To Us (Waiver Of Subrogation) as required by written contract per attached form CA 04 44 10 13.

Workers' Compensation Blanket Waiver Of Our Right To Recover From Others as required by written contract per attached form G-19160-B (Ed. 11/97).

*Subject To Policies Terms, Conditions, and Exclusions



SCOPE OF SERVICES (PSR-EQUIVALENT)

TASK 1.0 PROJECT ADMINISTRATION

1.1 Team Management/Coordination

Mark Thomas will manage the project team, which includes: Mark Thomas, Fehr & Peers, and GPA. Mark Thomas's Project Manager will plan, organize, direct and monitor project work activities and resources in accordance with contracted scope, schedule and budget. This task will include managing the team, coordinating with Caltrans and the City of Los Banos (City), and includes preparing contract paperwork, memos, letters and e-mail, making phone calls and maintaining project files. This activity commences with receiving the Notice-To-Proceed, continues through submittal of the key final project deliverables, and concludes when the project's Project Study Report – Equivalent (PSR-E) is signed.

1.2 Meeting and Coordination

This Task will include coordinating and scheduling meetings, periodically checking in on subconsultant progress, assisting in communication between team members, City, Caltrans, and other entities, and planning ahead for milestones requiring joint project team effort. Mark Thomas will attend a project kickoff meeting with the City and hold 3 PDT meetings and 3 coordination meetings in person or by phone with City staff to keep the project on track. The meetings will be centered on key project milestones.

1.3 Quality Management Plan

Per the Caltrans PDPM, the implementing agency is required to develop and follow a Quality Management Plan that meets the standards of professional practice and satisfies requirements of the project scope and schedule for the PSR-E phase. Mark Thomas will prepare a project specific Quality Management Plan to describe the quality procedures that will be implemented for work performed during the development, review and approval of the PSR-E. Two iterations of the Quality Management Plan are assumed.

1.4 Risk Register

A Risk Register will be prepared for the project which will transfer risks to future project phases. Mark Thomas will work with the PDT to jointly identify risks and define probability, severity, impacts, and ownership of each risk. Two iterations of the Risk Register are assumed.

DELIVERABLES:

- Project Schedule with monthly updates
- Monthly invoices and progress reports
- Meeting Agendas and Minutes for Kickoff Meeting, 7 PDT Meetings and 10 Coordination Meetings
- Draft and Final Quality Management Plan
- Draft and Final Risk Register

TASK 2.0 PERFORM INITIAL ENGINEERING ANALYSIS

Mark Thomas will perform a PSR-level engineering analysis for the project, with specific tasks outlined below:

2.1 Data Collection

Mark Thomas will gather and review available existing information and reports relevant to the project site, history, and planning context from the City, Merced County, Caltrans, and local agencies.



These may include as-built plans, utility maps, City planning documents, previous study reports, Caltrans route planning documents, or local and regional funding plans. This data will be reviewed and incorporated in the PSR-E document. This task also includes project site visits to evaluate existing conditions. Up to 3 site visits are included.

2.2 Identify Design Alternatives

Mark Thomas will prepare up to 2 alternatives or design variations for the project. Typical Cross Sections will be prepared for up to 4 locations. Potential design exceptions will be identified which will be discussed with the Caltrans HQ Design Coordinator and District Design unit regarding the likelihood of future approval of the features. The non-standard features will be documented in a risk assessment and included in the PSR-E.

2.3 Order – of – Magnitude Capital Cost Estimate

Mark Thomas will prepare an order-of-magnitude capital cost estimate for each alternative or design variation to be used for long-range planning purposes only. A range of cost will be developed based on the available information. The cost estimates will be in the PSR-E Capital Outlay Project Estimate format provided in the PDPM.

2.4 Order – of – Magnitude Right of Way Cost Estimate

Mark Thomas will identify the number of parcels and areas of potential right of way acquisitions for each alternative or design variation. Railroad and utility involvement will be determined. This information will be used to prepare the Conceptual Cost Estimate - Right-of-Way Component intended for long-range planning purposes only.

2.5 Stormwater Documentation

Mark Thomas will prepare the Evaluation Documentation Form to determine if there will be any significant impacts to the project alternatives, right-of-way needs, or project costs due to the need to incorporate treatment BMPs for compliance with stormwater requirements. The Evaluation Documentation Form found in PPDG Appendix E will be used to document the need to incorporate treatment BMPs in a PSR-E.

DELIVERABLES:

- Up to 2 Geometric Layouts
- Up to 5 Typical Cross Sections per alternative
- Up to 2 PSR-E Capital Outlay Cost Estimates
- Up to 2 Conceptual Cost Estimate Right of Way Component
- Evaluation Documentation Form

TASK 3.0 TRAFFIC ENGINEERING PERFORMANCE ASSESSMENT (TEPA)

The following is an excerpt from the PSR-E guidelines that form the basis of the TEPA assumptions and approach:

To meet the purpose of the PSR/PDS, the preliminary traffic engineering studies should be limited to an assessment of readily available information and data, and macro-level analysis and evaluation. This effort will produce preliminary traffic engineering findings and estimates to inform and advise the PDT on:



- The potential scope of work and features
- Potential performance benefits and deficiencies
- The scope and magnitude of traffic engineering work (traffic forecasting, modeling, analysis and evaluation) to be performed during the Project Approval and Environmental Document phase

The TEPA is a preliminary assessment while detailed traffic forecasting and operations analysis will be performed as part of the TOAR (Traffic Operations Analysis Report) in the PA-ED phase. The primary sources of data for the TEPA will be the traffic study prepared for the City of Los Banos 2030 General Plan (2030 General Plan) and recent transportation studies in Los Banos that are readily available. The design year for the Project is anticipated to be Year 2046 (20 years after construction completion).

This scope of work assumes one in-person meeting.

3.1 Prepare Traffic Forecasts

To assist in developing preliminary design year (2046) traffic forecasts the following new traffic data will be collected:

- Weekday AM (7-9 AM) and PM (4-6 PM) intersection counts at the following study intersections:
- State Route 152/Merced College
- State Route 165/Pioneer Road
- State Route 152/Ward Road

Detailed traffic forecasting will be performed at a later date during the PA-ED phase. For the PSR-E phase the traffic data from the 2030 General Plan will be used to develop an annual peak hour and daily volume growth rate. Design year traffic forecasts under No Project conditions will be prepared for the three intersections listed above based on the annual growth factor. Design year average daily traffic forecasts will also be prepared for up to 3 key roadway segments on SR 152, SR 165, and Pioneer Road. The key roadway locations will be selected to help demonstrate the project benefit and changes to daily traffic volumes as a result of the project. Design Year With Project forecasts will be developed through manual redistribution of No Project forecasts assuming the Project is built.

3.2 Traffic Capacity Analysis

A weekday AM and PM peak hour Synchro 10 model for the study intersections will be developed. Synchro 10 provides results consistent with the Transportation Research Board's Highway Capacity Manual (HCM) 6th Edition methodology. The Synchro models will be used to determine intersection delay, level of service, and 95th percentile queue lengths. Synchro models will be developed for the following scenarios:

- Existing
- Year 2046 No Project
- Year 2046 With Project

For the same three scenarios listed above a volume to capacity ratio will be determined for each of the key roadway segments. Level of service will be determined based on roadway segment level of service thresholds presented in the 2030 General Plan. The Intersection Control Evaluation (ICE) evaluation is anticipated to be completed during the PA-ED phase.

3.3 Prepare Traffic Engineering Performance Assessment (TEPA)

The results of the traffic analysis will be documented in the Draft TEPA and will be submitted to Caltrans for review. We will respond to one round of written comments and prepare the Final TEPA. As required by the PSR-E guidelines, the TEPA will also include a preliminary scope of work for the traffic engineering studies to be completed in the PA-ED phase. The preliminary scope of work will be developed in consultation with Caltrans.



DELIVERABLES:

- Admin Draft, Draft, and Final TEPA

TASK 4.0 MINI- PRELIMINARY ENVIRONMENTAL ANALYSIS REPORT EQUIVALENT

4.1 Preliminary Investigations and Database Searches

To support project initiation, GPA will complete preliminary investigations consisting of database searches for various biological, cultural and historic, and hazardous materials resources, and a “windshield” survey of the project area to identify areas of potential environmental constraints and opportunities, and confirm the environmental topic areas requiring technical evaluation, and the anticipated level of environmental document and determination. Database searches will consist of:

- A records search conducted at the Central California Information Center (CCIC) at California State University, Stanislaus. The search will be conducted of the Draft APE and a one-half-mile radius. The search will include a review of previous cultural resource surveys, previously identified archaeological sites and historic-period resources, as well as resources listed or determined eligible for listing on the National Register of Historic Places (NRHP), California Register of Historical Resources (CRHR), California State Historical Landmarks (SHI), California Points of Interest (POI), and Local Surveys. Copies of all resource documentation will be requested; copies of previous surveys will be requested as deemed appropriate. Literature Review will consist of a desktop search of online sources (historic maps, soils and geology maps) and in-house archaeological, ethnographic, and historical sources;
- Biological resources databases such as the California Natural Diversity Database (CNDDDB), National Wetlands Inventory, and California Native Plant Society. Additionally, a list of threatened and endangered species with the potential to be within the project area will be requested from the United States Fish and Wildlife Service (USFWS).

4.2 Mini-PEAR Equivalent

GPA will prepare a Mini-Preliminary Environmental Analysis Report Equivalent (Mini-PEAR Equivalent). The Mini-PEAR Equivalent documents will be prepared following Caltrans requirements for content and format.

4.3 AB 52 Notifications

InContext will assist the City in complying with Public Resources Code Section 20180.3.1 and 21080.3.2 (AB52). AB52 requires the CEQA lead agency to provide notification of proposed CEQA projects to California Native American Tribes (Tribes) who have requested consultation with the City in regard to the identification of Tribal Cultural Resources.

InContext will draft a letter on behalf of the City to send to Tribes who have requested AB52 consultation. The letter will notify the Tribes of the project; include a written summary of the project, a map illustrating the location and general features of the project, a summary of research conducted to date, and a request for information or concerns. The letter will advise Tribes of the required response time for AB52; request the Tribes to designate a lead contact person for AB52 consultation; and specifically request that Tribes provide any information pertaining to Tribal Cultural Resources as defined by AB52 that may be affected by project implementation.

Once approved and signed by the City, InContext will prepare and mail the letters via certified return receipt, to document the day on which each letter was received by the intended recipient, thereby initiating the 30-day time period for their response.





Two weeks after the letters are sent, InContext will follow up with phone calls and/or emails to ensure the addressees received and understood the content of the letters and to inquire if they have concerns or information. InContext will review all responses received from tribal representatives and recommend to the City an appropriate approach for any follow-up actions that may be warranted for further consultation with tribes expressing an interest in the project. A separate deliverable will be provided for this task, which will consist of a letter report, consultation log, and copies of all communication.

DELIVERABLES:

- Database Search Results
- Mini-Preliminary Environmental Analysis Report Equivalent
- AB 52 Tribal Notifications

TASK 5.0 PROJECT STUDY REPORT – EQUIVALENT (PSR-E)

Mark Thomas will prepare the PSR-E document using available information, using the PSR-E template for State Transportation Improvement Program (STIP) projects and projects-funded-by-others provided in the PDPM, with specific tasks outlined below:

5.1 Define Purpose and Need

Mark Thomas, City, and Caltrans will develop the project Purpose and Need statement. It is assumed that one brainstorming workshop will be held with Mark Thomas, City, and Caltrans. Mark Thomas will prepare a Purpose and Need Statement that will be reviewed and approved by the City and Caltrans, assuming up to 2 iterations.

5.2 Supplemental Documentation

Supplemental checklists and forms will be required for the approval of the PSR-E, which includes the Design Scoping Index, Transportation Planning Scoping Information Sheet, Survey Needs Questionnaire, and Division of Engineering Services PSR-E Scoping Checklist. Because the forms are meant for Caltrans internal scoping, it is assumed that Mark Thomas will prepare a draft of the supplemental forms and Caltrans will be responsible for finalizing and approving them.

5.2.1 Design Scoping Index

Mark Thomas will prepare a draft Design Scoping Index based on the available information for submittal to Caltrans to be part of the project file. It is assumed that Caltrans will be responsible for completing the checklist and Mark Thomas will only provide support information related to design features.

5.2.2 Transportation Planning Scoping Information Sheet

Mark Thomas will prepare a draft Transportation Planning Scoping Information Sheet based on the available information for submittal to Caltrans to be attached to the PSR-E. It is assumed that Caltrans will be responsible for completing the checklist and Mark Thomas will fill out a draft based on available information.

5.2.3 Survey Needs Questionnaire

Mark Thomas will prepare a draft Survey Needs Questionnaire based on the available information for submittal to Caltrans to be part of the project file. It is assumed that as-built information and right of way record maps will be made available to Mark Thomas by Caltrans in order to establish the project datums. It is assumed that Caltrans will be responsible for completing the questionnaire and Mark Thomas will fill out a draft based on available information.



5.2.4 Division of Engineering Services (DES) Scoping Checklist

Mark Thomas will prepare a draft Scoping Checklist based on the available information for submittal to Caltrans to be part of the project file. The intent of the checklist is to gather as much information as possible on the alternatives for Caltrans internally to accurately identify the involvement of DES. A summarized project description paragraph will be provided for each alternative. It is assumed that Caltrans will be responsible for completing the checklist and Mark Thomas will fill out a draft based on available information.

5.3 PSR-E

Mark Thomas will prepare the PSR-E document in accordance with Chapter 9 and Appendix S of the Caltrans PDPM.

DELIVERABLES:

- Draft and Final Purpose and Need Statement for Review and Approval by City and Caltrans
- Draft Design Scoping Index
- Draft Transportation Planning Scoping Information Sheet
- Draft Survey Needs Questionnaire
- Draft Division of Engineering Services Scoping Checklist
- Admin Draft, Draft, and Final PSR-E

ASSUMPTIONS:

- No Traditional Cultural Resources will be identified as a result of AB52 consultation. The City must consult directly with consulting parties under AB52. If the City requests additional assistance beyond that described above, InContext would prepare an additional scope of work and cost as appropriate. InContext will only share data with consulting parties.



City of
Los Banos
At the Crossroads of California

REQUEST FOR QUALIFICATIONS
for
ENGINEERING SERVICES FOR
THE PIONEER ROAD WIDENING PROJECT

Date Released: October 11, 2019

**Questions with regard to submission, process, or proposal
can be emailed to:**

Mark Fachin, P.E.
Public Works Director/City Engineer
mark.fachin@losbanos.org

**Proposals must be received prior to 4:00 p.m. November 21, 2019
at the office of City Clerk
City of Los Banos
520 J Street
Los Banos, CA 93635**

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REQUEST FOR QUALIFICATIONS

Engineering Services for the Pioneer Road Widening Project

The City of Los Banos (City) is seeking a qualified consulting firm to provide civil engineering services for the Pioneer Road Widening Project. The response to this solicitation will be in the form of a Statement of Qualifications (SOQ).

The Request for Qualifications (RFQ), in its entirety, can be viewed and/or obtained from the City of Los Banos website: www.losbanos.org.

The City intends to award the project to one (1) civil engineering firm. The performance period becomes effective upon execution of the Agreement by both parties and shall continue in full force and effect until June 30, 2025.

All qualified firms interested in providing these services are invited to submit their SOQs. The SOQs will be evaluated and ranked according to the criteria provided in Appendix B, "Proposal Evaluation," of this Request for Qualifications (RFQ).

It shall be the Consultant's responsibility to check the City of Los Banos' website to obtain any addenda that may be issued.

The Consultant's attention is directed to Appendix A, "Submittal Requirements."

Submit five (5) hard copies and one (1) electronic copy in PDF format on a USB flash drive of the Consultant's SOQs. The hard copies and USB flash drive shall be mailed or submitted to the City of Los Banos, 520 J Street, Los Banos, CA 93635, prior to **4:00 p.m., Pacific Standard Time (PST), November 21, 2019**. SOQs shall be submitted in a sealed package clearly marked "**ENGINEERING SERVICES FOR THE PIONEER ROAD WIDENING PROJECT**" and addressed as follows:

City of Los Banos
Attention: City Clerk
520 J Street
Los Banos, CA 93635

Submittals received after the time and date specified above will be considered nonresponsive and will be returned to the Consultant.

Any proposals received prior to the time and date specified above may be withdrawn or modified by written request of the Consultant. To be considered, however, the modified submittal must be received prior to **4:00 p.m., PST, on November 21, 2019**.

Unsigned submittals or submittals signed by an individual not authorized to bind the prospective Consultant will be considered nonresponsive and rejected.

Upon review of submitted proposals, the Selection Committee will determine whether interviews are necessary to determine a Consultant selection. The City reserves the right to hold interviews or make a Consultant selection based solely on the SOQs received.

This RFQ does not commit the City of Los Banos to award a contract, to pay any costs incurred in the preparation of a proposal for this request, or to procure, or contract for services. The City of Los Banos reserves the right to accept or reject any or all SOQs received as a result of this request, to negotiate with any qualified Consultant, or to modify or cancel in part or in its entirety the RFQ if it is in the best interests of the City of Los Banos to do so.

The prospective Consultant is advised that should this RFQ result in recommendation for award of a contract, the contract will not be in force until it is approved and fully executed by the City of Los Banos.

All products used or developed in the execution of any contract resulting from this RFQ will remain in the public domain at the completion of the contract.

The anticipated consultant selection schedule is as follows:

SOQ review and evaluation: November 21, 2019 through December 5, 2019
Oral interviews (if necessary): December 9, 2019 through December 13, 2019
Cost Negotiation: December 26, 2019 through January 7, 2020
Contract Award: January 15, 2020

Any questions related to this RFQ shall be submitted in writing to the attention of Mark Fachin, P.E., via email at mark.fachin@losbanos.org. Questions shall be submitted before 5:00 p.m. PST on November 5, 2019. Answers to questions and addendum, if necessary, shall be posted on the City website before 5:00 p.m. PST on November 7, 2019.

No oral questions or inquiries about the RFQ shall be accepted.

PROJECT DESCRIPTION AND BACKGROUND

The Pioneer Road Widening Project is an approximately 6.5 mile long design and construction of a 4-lane arterial road. This road is to be designed per City Standards and will include a 10-foot Class I bike/pedestrian path. The location of the widening is from the State Route 152/Merced College signalized intersection, south to Pioneer Road, easterly along Pioneer Road to the Pioneer Road/Ward Road future intersection, then north along Ward Road to the Highway 152/Ward Road signalized intersection.

The City of Los Banos (City) will select a qualified consulting firm to provide engineering services for the Pioneer Road Widening Project. The consultant shall have the ability to provide in-house services, or the capacity to sublet, traffic engineering, QSP/QSD services, land surveying, geotechnical engineering, landscape design, structural design, Project Study Report (PSR) preparation, right-of-way acquisition engineering, and other associated engineering services to complete the engineering requirements of the project. The consultant must be knowledgeable and experienced in the preparation of construction plans and specifications and have a history of producing plans that are successfully implemented.

Consultants who plan to sublet any of the required services of a project contained in this RFQ shall include the name of the company(ies) and description of project services that may be potentially sublet.

The project services are to be rendered for the duration of the contract term. The City intends to award the contract to one (1) civil engineering firm. The City does not guarantee a specific dollar amount of the project will be contracted.

SCOPE OF SERVICES

PURPOSE OF WORK

The consultant may provide services to the City for the Pioneer Road Widening Project including, but not limited to, the following:

- Provide consulting and professional services including project planning, design, engineering, land surveying, and plan preparation services.
- Provide professional services during the bid process including preparation of cost estimates and specifications, project construction, and project completion.
- Provide field surveys as required by project.
- Provide maps and mapping services as requested and as required by the project.
- Review the City's requested project and/or task to be accomplished, and provide preliminary consultation, research and evaluation of same.
- Assist the City's Engineering Division with presentations and/or recommendations to City administration, staff, or City Council in relation to the project.
- Prepare a PSR/PSR Equivalent for the project. This task's completion date is February 2021. The PSR/PSR Equivalent will include three intersections under Caltrans jurisdiction.
- Prepare the Environmental Review, permitting and project approvals with all involved jurisdictions, including Caltrans, County of Merced, Irrigation Districts, etc.
- Perform the complete project design which will include up to a three phase construction scenario.
- Perform required engineering support/documentation for the required right-of-way acquisition technical data/plans.
- Assist/preparation of the construction grant funding applications.

- Stay within the Measure V Westside Regional Funding amounts and schedule, attached as Appendix D and E.

GENERAL PERSONNEL REQUIREMENTS

The consultant's personnel shall be capable, competent, and experienced in performing the types of work in this Contract with minimal instruction. Personnel skill level should match the specific job classifications, as set forth herein or in the consultant's Cost Proposal and task complexity. The consultant's personnel shall be knowledgeable about, and comply with, all applicable Federal, State, and Local laws and regulations.

The consultant is required to submit a written request and obtain the City's Contract Administrator's prior written approval for any substitutions, additions, alterations, or modifications to the consultant's originally proposed personnel and project organization, as depicted on the proposed consultant's organization chart or the consultant's cost proposals. The substitute personnel shall have the same job classification as set forth herein or in the consultant's Cost Proposal not exceed the billing rate, and meet or exceed the qualifications and experience level of the previously assigned personnel, at no additional cost to the City.

The consultant Contract Manager shall be a Registered Professional Engineer licensed in the State of California in good standing with the California State Board for Professional Engineer, Land Surveyors, and Geologists at all times during the Contract period, to perform the tasks described in this Contract and shall have a documented minimum ten (10) years of demonstrated experience acceptable to City in management and delivery of federally funded transportation projects for local agencies.

In addition to other specified responsibilities, the consultant Project Manager shall be responsible for all matters related to the consultant's personnel, subconsultants, and consultant's and subconsultants' operations including, but not limited to, the following:

- a. Ensuring that deliverables are clearly defined and those criteria are specific, measurable, attainable, realistic and time-bound.
- b. Supervising, reviewing, monitoring, training, and directing the consultant's and subconsultants' personnel.
- c. Assigning qualified personnel to complete the required tasks in coordination with the City Contract Administrator.
- d. Administering personnel actions for consultant personnel and ensuring appropriate actions taken for Subconsultant personnel
- e. Maintaining and submitting organized project files for record tracking and auditing.
- f. Developing, organizing, facilitating, and attending scheduled coordination meetings, and preparation and distribution of meeting minutes.
- g. Implementing and maintaining quality control procedures to manage conflicts, insure product accuracy, and identify critical reviews and milestones.
- h. Assuring that all applicable safety measures are in place.
- i. Providing invoices in a timely manner and providing monthly Contract expenditures.
- j. Reviewing invoices for accuracy and completion before billing to City.
- k. Managing Subconsultants.
- l. Managing overall budget for Contract and provide report to the City Contract Administrator.
- m. Ensuring compliance with the revisions in the Contract and all specific Task Order requirements.
- n. Knowledge, experience, and familiarity with prevailing wage issues and requirements in the State of California.

DELIVERABLES

As agreed upon by the City and consultant.

SCHEDULE

As agreed upon by the City and consultant.

METHOD OF PAYMENT

Consultant shall be paid based on the Specific Rates of Compensation for this Contract and for the amount as agreed upon by the City and Consultant. Consultant shall submit request for monthly progress payments.

MATERIALS TO BE PROVIDED BY THE CONSULTANT

Unless otherwise specified, the consultant shall provide all materials to complete the required work in accordance with the delivery schedule and cost estimate.

City of Los Banos
Local Transportation Fund
Regional Traffic Impact Fee
Traffic Impact Fee
CMAQ Grant
2019-2020

Account Number	Description	2016-2017 Actual	2017-2018 Actual	2018-2019 Estimated	2019-2020 Adopted
<u>LOCAL TRANSPORTATION FUND</u>					
220-430-210-231	Professional Services	0	47,983	0	0
	Supplies & Services	0	47,983	0	0
220-430-210-715	Street & Road Impr. Overlay	0	0	365,000	0
	Capital Outlay	0	0	365,000	0
	Total Local Transportation Fund	\$0	\$47,983	\$365,000	\$0
<u>REGIONAL TRANSPORTATION IMPACT FEE</u>					
* 229-430-100-238	Technical Services	0	0	20,000	210,000
	Supplies & Services	0	0	20,000	210,000
	Total RTIF	\$0	\$0	\$20,000	\$210,000
<u>TRAFFIC IMPACT FEE</u>					
230-430-220-231	Professional Services	0	13,842	53,460	210,000
	Supplies & Services	0	13,842	53,460	210,000
230-430-220-716	Street/Road Improvement	0	0	0	500,000
	Capital Outlay	0	0	0	500,000
	Total Traffic Impact	\$0	\$13,842	\$53,460	\$710,000
<u>CMAQ GRANT</u>					
249-430-210-231	Professional Services	0	0	64,000	0
	Supplies & Services	0	0	64,000	0
249-430-210-715	Street Improvements	0	0	0	296,743
	Capital Outlay	0	0	0	296,743
	Total CMAQ Grant	\$0	\$0	\$64,000	\$296,743

Regional Traffic Impact Fee

SERVICES & SUPPLIES

- * **238-TECHNICAL SERVICES:** Charges for services to outside engineering firms to complete traffic related projects (Pioneer Road Specific Plans), traffic studies, and other traffic related issues. Service may include design, drawings, and project management; as well as other miscellaneous professional services, which may be require

Traffic Impact Fee

SERVICES & SUPPLIES

231-PROFESSIONAL SERVICES: Charges for services to outside engineering firms to complete traffic related projects (State Route 152 Specific Plans), development impact studies, traffic studies, traffic master plans, and other traffic related issues. Service may include design, drawings, and project management; as well as other miscellaneous professional services, which may be required.

CAPITAL OUTLAY

716-STREET/ROAD IMPROVEMENTS: Reimbursement to school district for public improvements to the streets adjacent to the new school near the intersection of Place Road and East B Street.

CMAQ Grant

SERVICES & SUPPLIES

715-STREET/ROAD IMPROVEMENTS: Construction of the Pedestrian Sidewalk In-Fills estimated at \$296,743 (\$34,377 from RSTP and \$262,366 from CMAQ grant funding).



City of
Los Banos
At the Crossroads of California

Agenda Staff Report

TO: Mayor and City Council Members

FROM: Mark Fachin, P.E., Public Works Director/City Engineer

DATE: February 19, 2020

TYPE OF REPORT: Non Consent Agenda

SUBJECT: Authorizing and Approving the purchase of 3.6 acres of land for the future site of the New Police Station

Recommendation:

That the City Council adopts the Resolution authorizing and approving the purchase of approximately 3.6 acres located at 1111 G Street, in the City of Los Banos (APN 026-161-003 and a portion of APN 026-161-008).

Background:

On January 17, 2018, the City Council of the City of Los Banos approved the Purchase and Sale Agreement and Joint Escrow Instructions between the City of Los Banos and Los Banos Gateway Center, LLC, and Jose & Anna Montes.

On November 14, 2018, the Los Banos Planning Commission held a duly noticed Public Hearing to consider the New Police Station Facility Project and recommended approval of said project to the Los Banos City Council.

On December 5, 2018 and December 19, 2018, the City Council of the City of Los Banos adopted Resolution 6029 making the appropriate findings and approving the Negative Declaration (SCH#2018101013) for the Los Banos Police Station Project.

On December 5, 2018 and December 19, 2018, the City Council of the City of Los Banos adopted Resolution 6030 determining that the acquisition of the property for the future Los Banos Police Station Project was consistent with the City's 2030 General Plan.

On September 18, 2019 the City Council of the City of Los Banos adopted Resolution 6130 accepting the Police Facilities Needs Assessment Report as prepared by Indigo + Playle Architects, LLP.

Discussion:

Staff is recommending that the City Council approves the purchase of the real property located at 1111 G Street in the City of Los Banos (APN 026-161-003 and a portion of APN 026-161-008) per the price, terms, and conditions as set forth in the said Purchase Agreement dated January 17, 2018.

The property has been remediated per the said Agreement and a LUC (Land Use Covenant) has been recorded on said property.

Staff is also recommending that the City Council of the City of Los Banos authorizes the City Manager or designee to execute all documents necessary to complete the sale and acquisition of said property.

Currently, staff is reviewing the RFQ's (Request for Qualifications) for Project Management Services that were received by the Office of the City Clerk on February 7, 2020.

After the review of the RFQ's had been completed, staff will bring to the City Council a recommendation on the firm to perform the Project Management Services for the New Police Station Project.

Fiscal Impact:

The funds to purchase the properties for the future New Los Banos Police Station Project have been budgeted in the Fiscal Year 2019-2020 Adopted Budget. The account number is 245-421-100-710, Land Purchase.

Reviewed by:



Alex Terrazas, City Manager



Sonya Williams, Finance Director

Attachments:

- Resolution with Attachment A
- Purchase and Sale Agreement
- Recorded Land Use Covenant
- Budget Sheets

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS BANOS AUTHORIZING AND APPROVING THE PURCHASE OF APPROXIMATELY 3.6 ACRES LOCATED AT 1111 G STREET, IN THE CITY OF LOS BANOS (APN 026-161-003 AND A PORTION OF APN 026-161-008)

WHEREAS, the City of Los Banos is in need of new police station facility; and

WHEREAS, the City negotiated a purchase of approximately 3.6 acres located at 1111 G Street, in the City of Los Banos (APN 026-161-003 and a portion of APN 026-161-008) as the future site of the new police station facility, more particularly described in **Exhibit A** attached hereto and incorporated into this Resolution; and

WHEREAS, on January 17, 2018, the City Council of the City of Los Banos approved the Purchase and Sale Agreement and Joint Escrow Instructions between the City of Los Banos and Los Banos Gateway Center, LLC and Jose & Anna Montes in the form and on the terms presented to the City Council, and authorized the Mayor to execute the Agreement upon final approval by the City Attorney; and

WHEREAS, on November 14, 2018 the Los Banos Planning Commission held a duly noticed public hearing to consider the project and at the completion of the public hearing, duly considered the evidence presented, and recommended approval to the Los Banos City Council; and

WHEREAS, the City Council of the City of Los Banos held a duly noticed public hearing on December 5, 2018 and on December 19, 2018 adopted Resolution 6029 making the appropriate findings and approving Negative Declaration (SCH#2018101013) for the Los Banos Police Station Project; and

WHEREAS, the City Council of the City of Los Banos held a duly noticed public hearing on December 5, 2018 and on December 19, 2018 adopted Resolution 6030 determining that the acquisition of the property by the City of Los Banos to be consistent with the City's 2030 General Plan.

NOW THEREFORE BE IT RESOLVED THAT:

1. The City Council of the City of Los Banos approves the purchase of the real property located at 1111 G Street in the City of Los Banos (APN 026-161-003 and a portion of APN 026-161-008) as the future site of the new police station facility, more particularly described in **Exhibit A** attached hereto and incorporated into this Resolution, for the price and on the terms and conditions set forth in the purchase agreement dated January 17, 2017 by and between the City of Los Banos and Los Banos Gateway Center, LLC and Jose & Anna Montes.

2. The City Council of the City of Los Banos authorizes the City Manager or designee to execute all documents necessary to complete the sale and acquisition of the property including a certificate of acceptance of the deeds, pursuant to Government Code section 27281, conveying title to City of Los Banos.

The foregoing Resolution was introduced at a regular meeting of the City Council of the City of Los Banos held on this 19th day of February 2020, by Council Member _____, who moved its adoption, which motion was duly seconded by Council Member _____, and the Resolution was adopted by the following vote:

AYES:
NOES:
ABSENT:

APPROVED:

Michael Villalta, Mayor

ATTEST:

Lucille L. Mallonee, City Clerk

EXHIBIT A
LEGAL DESCRIPTION
EXISTING PARCEL DOCUMENT NO. 2005-062582

COMMENCING AT THE POINT OF INTERSECTION OF THE SOUTHEASTERLY LINE OF TENTH STREET WITH THE SOUTHWESTERLY LINE OF "G" STREET, AS SAID STREETS ARE SHOWN ON MAP ENTITLED, "MAP OF THE TOWN OF LOS BANOS, MERCED COUNTY CALIFORNIA", DATED SEPTEMBER 1889 AND FILED FOR RECORD OCTOBER 29, 1892 IN THE OFFICE OF THE COUNTY RECORDER OF MERCED COUNTY; THENCE SOUTH 60° 23' 45" EAST ALONG SAID SOUTHWESTERLY LINE OF "G" STREET, 199.47 FEET TO A POINT IN THE WESTERLY LINE OF LOT 52 OF MILLER AND LUX'S SUBDIVISION OF LANDS AT LOS BANOS, MERCED COUNTY, CALIFORNIA, ACCORDING TO MAP THEREOF FILED FOR RECORD NOVEMBER 28, 1890 IN THE OFFICE OF THE COUNTY RECORDER OF MERCED COUNTY IN BOOK 2, PAGE 18 OF MAPS; THENCE NORTH 0° 53' 15" EAST ALONG THE WESTERLY LINE OF SAID LOT, 66.96 FEET TO THE NORTHWEST CORNER OF SAID LOT AND THE ACTUAL POINT OF BEGINNING OF THE PARCEL OF LAND TO BE DESCRIBED; THENCE SOUTH 89° 22' EAST ALONG THE NORTHERLY LINE OF SAID LOT 52, A DISTANCE OF 460.0 FEET; THENCE SOUTH 0° 38' WEST, LEAVING SAID NORTHERLY LINE, 206.0 FEET TO A POINT IN A LINE THAT IS PARALLEL WITH AND DISTANT SOUTHERLY, 206 FEET, MEASURED AT RIGHT ANGLES FROM SAID NORTHERLY LINE OF SAID LOT; THENCE NORTH 89° 22' WEST ALONG SAID PARALLEL LINE, 340.03 FEET TO A POINT; THENCE NORTHWESTERLY ALONG A CURVE TO THE RIGHT, HAVING A RADIUS OF 448.59 FEET, (TANGENT TO SAID CURVE AT THE LAST MENTIONED IS THE LAST DESCRIBED COURSE AND CHORD OF SAID CURVE BEARS NORTH 81° 33' 18" WEST, 121.94 FEET), AND ARC DISTANCE OF 122.32 FEET TO A POINT IN THE WESTERLY LINE OF SAID LOT 52 ; THENCE NORTH 0° 53' 15" EAST ALONG SAID WESTERLY LINE, 189.43 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO THE CITY OF LOS BANOS, A MUNICIPAL CORPORATION BY GRANT DEED RECORDED FEBRUARY 06, 2012 AS INSTRUMENT NO. 2012-004191 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM ALL MINERALS AND MINERAL ORES AS RESERVED IN THE DEED FROM SOUTHERN PACIFIC RAILROAD COMPANY, A CORPORATION TO SAM HAMBURG PRODUCE COMPANY, A CORPORATION RECORDED JANUARY 14, 1953 IN VOL. 1082 OF OFFICIAL RECORDS, PAGE 28.



Daniel J. Zoldak 11/15/19

Exhibit A
Legal Description
Parcel by Deed to City of Los Banos

A portion of Lot 52 in Section 14, Township 10 South, Range 10 East, Mt Diablo Base and Meridian, according to that certain map designated as "Miller and Lux's Subdivision of Lands at Los Banos, Merced County, California" filed for record November 28, 1890, in the Office of the County Recorder, Merced County, in Book 2 of Maps at Page 18, being more particularly described as follows:

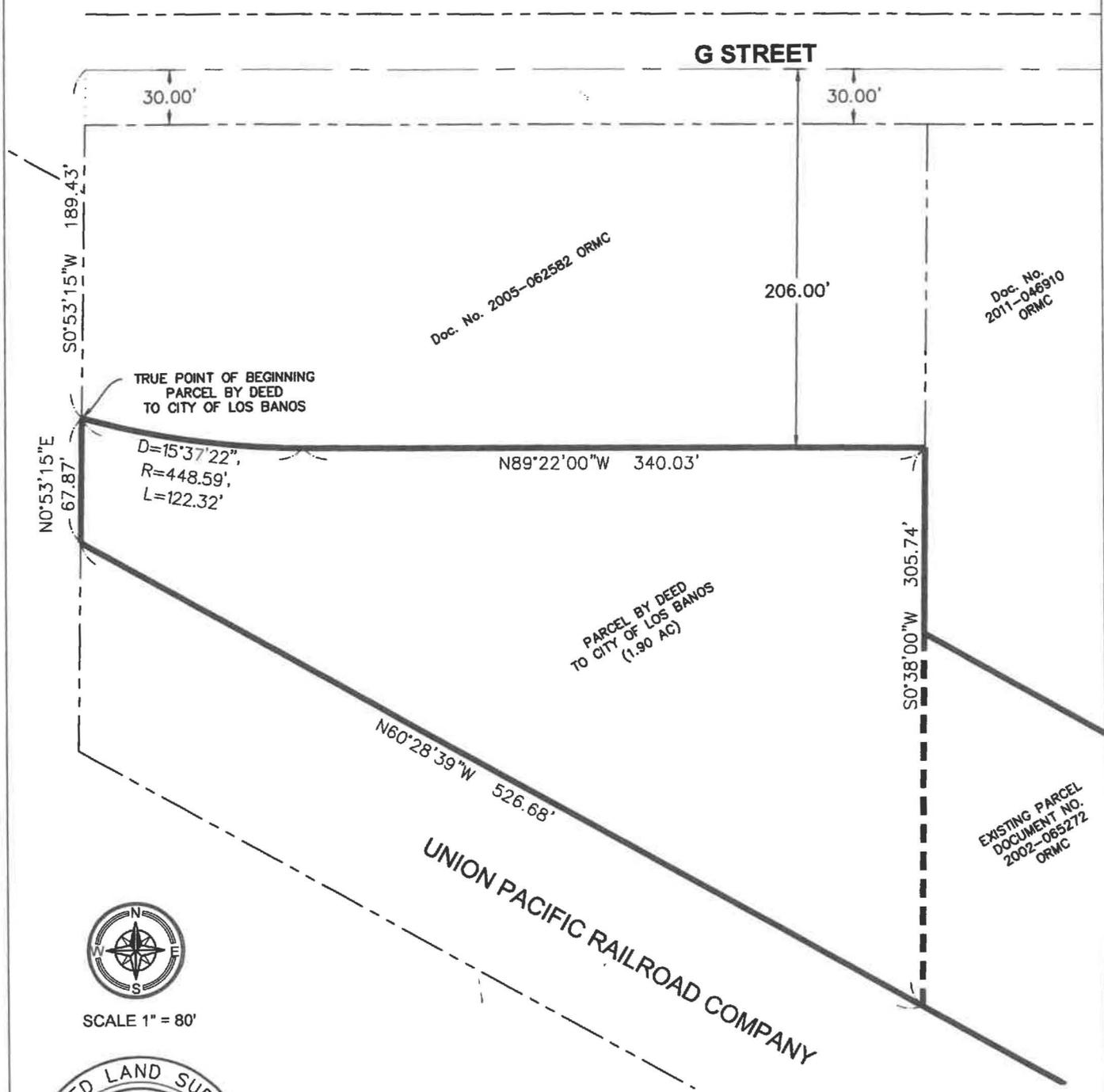
Beginning at the Northwestern corner of said Lot 52; Thence South 00° 53' 15" West, 189.43 feet along the Westerly line of said Lot 52 to the TRUE POINT OF BEGINNING; Thence along the arc of a curve to the left having a radius of 448.59 feet for a distance of 122.32 feet the long chord of which bears South 81° 33' 18" East, 121.94 feet; Thence South 89° 22' East, 340.03 feet along a line parallel with and distant 206.0 feet at right angles to the Northerly line of said Lot 52, to a point on the West line of the lands described in the Grant Deed to the State of California, acting by and through the Judicial Council of California, Administrative Office of the Courts, recorded on December 30th, 2011 as Document No. 2011-046910 of Official Records Merced County; Thence South 00° 38' 00" West, 305.74 feet along the Southerly prolongation of the East line of the lands described in the Grant Deed to Jose Montes, et ux, recorded on August 12th, 2005 as Document No. 2005-062582 of Official Records Merced County, to a point on the Northeasterly right of way of the Union Pacific Railroad Company and Southwesterly line of said Lot 52; Thence North 60° 28' 39" West, 526.68 feet along the Northeasterly right of way of the Union Pacific Railroad Company and the Southwesterly line of said Lot 52 to a point on the Westerly line of said Lot 52; Thence North 00° 53' 15" East 67.87 feet along the Westerly line of said Lot 52 to the Point of Beginning.

Containing 1.90 Acres more or less.



Daniel J. Zoldak 11/5/19
L.S. NO. 9279

EXHIBIT A
GRANT DEED PLAT
SHEET 2 OF 2



[Signature]
 L.S. NO. 9279

LEGEND

	ORMC	OFFICIAL RECORDS OF MERCED COUNTY
		SUBJECT PROPERTY BOUNDARY
		PROPOSED PARCEL LINE
		EXISTING PARCEL LINE

**PURCHASE AND SALE AGREEMENT AND
JOINT ESCROW INSTRUCTIONS
BETWEEN
CITY OF LOS BANOS
BUYER
AND
JOSE AND ANNA MONTES
AND
LOS BANOS GATEWAY CENTER, LLC
SELLERS
FOR THE PURCHASE AND SALE OF
APPROXIMATELY 3.6 ACRES LOCATED
AT 1111 G STREET, LOS BANOS, CALIFORNIA
(APN 026-161-003 AND A PORTION OF APN 026-161-008)
JANUARY 17, 2018**

SUMMARY STATEMENT

This Summary Statement is attached to that certain Purchase and Sale Agreement and Joint Escrow Instructions by and between the Buyer and Sellers referenced below and is for reference purposes only. If there is any conflict between this Summary Statement and the Purchase and Sale Agreement and Joint Escrow Instructions, the terms of the Purchase and Sale Agreement and Joint Escrow Instructions shall control.

Effective Date: The effective date shall be deemed to be January 17, 2018.

Property Address: 1111 G Street, Los Banos, California.

Sellers (collectively): Jose and Anna Montes (collectively "Montes") and Los Banos Gateway Center, LLC ("Gateway") (collectively referred to in the Agreement as "Sellers").

Sellers' Address: Los Banos Gateway Center, LLC
c/o Sam Watson
760 W. 16th Street, Suite A-1
Costa Mesa, CA 92627
Telephone: (949) 650-9517
Electronic Mail: pwmllcsam@gmail.com

Jose and Anna Montes
c/o Sam Watson
760 W. 16th Street, Suite A-1
Costa Mesa, CA 92627
Telephone: (949) 650-9517
Electronic Mail: pwmllcsam@gmail.com

Buyer: City of Los Banos (referred to in the Agreement as "Buyer").

Buyer's Address: City of Los Banos
Attention: Sonya Williams, Finance Director
520 J Street
Los Banos, CA 93635
Telephone: (209) 827-7000
Electronic Mail: sonya.williams@losbanos.org

Remediation Date: January 17, 2020.

Purchase Price: See Section 2(a) herein.

Real Property: 3.6 acres generally located at 1111 G Street, Los Banos, California, (APN 026-161-003 (the "Montes Parcel") and a portion of APN 026-161-008 (the "Gateway Parcel")) as depicted in Exhibit A.

Closing Date (or Closing) See Section 3(b) herein.

Escrow/Title Company: Trans County Title Co.
265 Mercey Springs Road, Suite K
Los Banos, CA 93635
Telephone: (209) 826-0804
Attention: Sheila Waltman, Escrow Officer
Attention: Brian Frazier, Title Officer

**PURCHASE AND SALE AGREEMENT
AND
JOINT ESCROW INSTRUCTIONS**

This **PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS** ("Agreement") is made and entered into effective as of January 17, 2018 (the "Effective Date") by and between Jose and Anna Montes (collectively "Montes") and Los Banos Gateway Center, LLC ("Gateway") (collectively referred to in the Agreement as "Sellers"), on the one hand; and the City of Los Banos (referred to in the Agreement as "Buyer"), on the other hand. This Agreement shall serve as joint escrow instructions to Trans County Title Co. ("Escrow Holder" or "Title Company", as applicable) who shall act as both the escrow holder and the title company for purposes of this Agreement.

RECITALS

A. Sellers are the fee owners of that real property consisting of two separate contiguous parcels, the "Montes Parcel" (APN 026-161-003 and approximately 1.8 acres in size) and the "Gateway Parcel" (a portion of APN 026-161-008 and approximately 1.8 acres in size), generally located at 1111 G Street, Los Banos, Merced County, California, as depicted in the map labeled as Exhibit "A" attached hereto and made a part hereof (collectively the "Real Property").

B. As of the Effective Date, the Real Property is zoned Rail Corridor.

C. Buyer's potential use of the Real Property includes construction and operation of a municipal building, which may include office and commercial space, retail and food service space, as well as, a parking lot and related landscaping (collectively, "Buyer's Use").

D. Sellers have agreed to sell to Buyer the Real Property described herein for the price and subject to the terms set forth below. Buyer desires to buy from Sellers the Real Property as more specifically described below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Sellers and Buyer agree as follows:

1. **Joint Purchase and Sale.** Sellers hereby agree to sell the Real Property to Buyer, and Buyer hereby agrees to purchase the Real Property from Sellers, on the terms and conditions set forth in this Agreement. Buyer's obligation to purchase the Real Property under this Agreement is contingent upon the simultaneous closing of the purchase and sale of both the Montes Parcel and the Gateway Parcel. In conjunction with the foregoing, all of Sellers' obligations under this Agreement prior to the Closing shall be joint and several as between Montes and Gateway; Sellers' obligations under this Agreement following the Closing shall be several only.

The term Real Property includes the following:

- (a) The fee interest in the Real Property;
- (b) All rights, privileges, easements, licenses and interests appurtenant to the Real Property. Such rights shall be deemed to include, without limitation, all royalties, minerals, oil and gas rights and profits, water and water rights (whether or not appurtenant) owned by Sellers, if any.

2. Payment of Purchase Price.

(a) Buyer shall purchase the Real Property for the aggregate purchase price of ONE MILLION FOUR HUNDRED FIFTY THOUSAND FIVE HUNDRED FORTY EIGHT DOLLARS AND 00/100 CENTS (\$1,450,548.00) (the "Purchase Price"). The Purchase Price shall be allocated SEVEN HUNDRED TWENTY-FIVE THOUSAND TWO HUNDRED SEVENTY-FOUR DOLLARS AND 00/100 CENTS (\$725,274.00) for the Montes Parcel and SEVEN HUNDRED TWENTY-FIVE THOUSAND TWO HUNDRED SEVENTY-FOUR DOLLARS AND 00/100 CENTS (\$725,274.00) for the Gateway Parcel, unless Sellers inform Buyer to the contrary in writing. The Purchase Price is based on the approximate acreage of the Gateway Parcel resulting from a Lot Line Adjustment to be effectuated by Sellers (described in Section 5 herein), which will separate Gateway's current parcel into the portion subject to purchase and sale (the Gateway Parcel) and the portion to be retained by Gateway (the "Remainder Parcel"). If either party obtains a survey as part of such lot line adjustment, and the acreage of the portion of the Gateway Parcel is less than the approximate acreage set forth above, then the Purchase Price and the portion of the Purchase Price allocated to the Gateway Parcel shall be proportionately reduced based on the reduced acreage of the Gateway Parcel.

(b) Within five (5) business days of executing the Agreement, Buyer shall make a deposit (the "Deposit") of FIFTY THOUSAND DOLLARS AND 00/100 CENTS (\$50,000.00) with Escrow Holder, which shall accrue interest for the benefit of Buyer and will be credited against the Purchase Price at the Closing (as defined below). The Deposit shall be refundable in the event that: (i) Sellers do not complete Remediation (defined below) of the Real Property by the Remediation Date (defined below), as may be extended, (ii) an LUC (defined below) is required by the Environmental Agencies (defined below) to be placed on the Real Property as part of the Remediation which includes a "material and adverse restriction on Buyer's Use" (as described in Section 4(b) herein) and Buyer exercises its termination right with respect thereto, (iii) the purchase and sale of the Real Property fails to close due to a default by Sellers, or (iv) as additionally specifically set forth in this Agreement.

(c) Notwithstanding anything in this Agreement to the contrary, One Hundred Dollars (\$100.00) of the Deposit (the "Independent Consideration") shall be paid to Sellers and considered completely nonrefundable to Buyer in all events, it being the intent of the parties to recognize that such amount has been bargained for and agreed to as consideration for Buyer's exclusive right to purchase the Property provided hereunder, and for Sellers' execution and delivery of this Agreement.

(d) Prior to Closing, Buyer shall deposit with Escrow Holder immediately available funds in the amount of the balance of the Purchase Price, together with funds necessary to cover Buyer's closing costs described in Section 10(b) herein.

3. Escrow and Deposit.

(a) **Opening of Escrow.** For the purposes of this Agreement, the escrow ("Escrow") shall be deemed opened ("Opening of Escrow") on the date that Escrow Holder receives a copy of this Agreement fully executed by Buyer and Sellers. Buyer and Sellers shall use their commercially reasonable efforts to cause the Opening of Escrow to occur on or before two (2) business days after the Effective Date. Escrow Holder shall promptly notify Buyer and Sellers in writing of the date of the Opening of Escrow. Buyer and Sellers agree to execute, deliver and be bound by any reasonable or customary supplemental escrow instructions or other instruments reasonably required by Escrow Holder to consummate the transaction contemplated by this Agreement; provided, however, that no such instruments shall be inconsistent or in conflict with, amend or supersede any portion of this Agreement. If there is any conflict or inconsistency between the terms of such instruments and the terms of this Agreement, then the terms of this Agreement shall control. Without limiting the generality of the foregoing, no such instruments shall extinguish any obligations imposed by this Agreement or any other agreement between Sellers and Buyer.

(b) **Closing.** Unless changed in writing by Buyer and Sellers, the close of escrow for Buyer's purchase of the Real Property from Sellers (the "Closing") shall occur on a date mutually agreed upon by Buyer and Sellers no later than sixty (60) days following the completion of the title review procedures described in Section 7(a) herein. For purposes of this Agreement, the "Closing" or "Closing Date" shall be the date the Grant Deeds described below are recorded in the Office of the Merced County Recorder. If the Closing has not, for any reason, occurred by the Closing Date, then either Buyer or Sellers may terminate this Agreement by delivering written notice to the other at any time after the Closing Date; provided, however, that if either party is in default under this Agreement at the time of such termination, then such termination shall not affect the rights and remedies of the non-defaulting party against the defaulting party.

4. Sellers' Pre-Closing Environmental Obligations.

(a) Prior to the Closing, Sellers shall enter into a voluntary cleanup agreement ("VCA") with the California Regional Water Quality Control Board ("Board"), the California Department of Toxic Substances Control ("DTSC"), the County of Merced, and/or such other applicable state or federal environmental agency or agencies (collectively, the "Environmental Agencies"), setting forth the remedial actions that must be performed at the Real Property: (i) to address the arsenic impacted soil that has been identified by Buyer's Phase I Environmental Site Assessment prepared by Brusca Associates, Inc. ("Brusca") dated June 29, 2015 and the environmental sampling of the Real Property performed by Brusca on Buyer's behalf summarized in a package entitled "Vicinity Map, Site Map, Summary of Soil Analytical Data, Sample Analysis" (collectively, the "Buyer Environmental Report"), and (ii) to remediate (solely if and as required by the Environmental Agencies for Buyer's Use) the presence of any other environmental contamination found on, in, or under the Real Property. Buyer and Sellers

acknowledge and agree to be bound by the cleanup standard for the Real Property prescribed by the Environmental Agencies which will remediate the Real Property to a condition that is appropriate for and compatible with Buyer's Use (the "Cleanup Standard").

(b) If at any time prior to the Closing the Environmental Agencies propose that a land use covenant ("LUC") be recorded against the Real Property which includes a material and adverse restriction on Buyer's Use, Sellers shall: (i) include Buyer in all negotiations with the Environmental Agencies regarding the terms of the LUC and allow Buyer to provide reasonable input regarding its terms, and (ii) provide copies to Buyer of all communications to and from the Environmental Agencies regarding the LUC. If a material and adverse restriction on Buyer's Use is required to be included by the Environmental Agencies as part of the final terms of any LUC, Buyer shall have the right to terminate the Agreement and receive a refund of the Deposit, including any accrued interest thereon. For purposes of this Agreement, a "material and adverse restriction on Buyer's Use" shall mean any negative impact on Buyer's qualitative use of the Real Property, any required substantial deviation from Buyer's plans for developing the Real Property, or any restriction or requirement that would more than nominally increase Buyer's costs of operating the Real Property (such as those resulting from ongoing monitoring or reporting requirements). The foregoing notwithstanding, Buyer agrees to accept either of the following restrictions as part of the final terms of any LUC required by the Environmental Agencies: (i) a covenant restricting the use of groundwater for potable or agricultural uses, and (ii) a covenant requiring ongoing monitoring or reporting regarding environmental contamination on, in, or under the Real Property. Either of the foregoing shall not give rise to any termination right of Buyer, provided that, with respect to (ii), Sellers agree to fund the costs associated therewith.

(c) Sellers shall be required, as a condition precedent to Buyer's purchase of the Real Property, to: (i) complete remediation of the Real Property (but not the Remainder Parcel) in accordance with the work plan approved by the Environmental Agencies, (ii) complete remediation of the Real Property (but not the Remainder Parcel) to the Cleanup Standard, (iii) finalize and record, if required by the Environmental Agencies, a LUC approved by Buyer consistent with the provisions of Section 4(b) herein, and (iv) provide Buyer with written notice (the "Remediation Notice") of the satisfaction of the foregoing conditions precedent, including reasonable supporting documentation from the Environmental Agencies. Collectively, the conditions precedent set forth in this Section 4(c)(i)-(iv), inclusive, are referred to herein as the "Remediation".

(d) Sellers shall exercise commercially reasonable efforts to complete the Remediation of the Real Property no later than the second (2nd) annual anniversary of the effective date of the Agreement (the "Remediation Date"). If the Remediation is not completed by the Remediation Date for any reason, then either Buyer and Seller shall agree to extend the Remediation Date by entering into an amendment to this Agreement or Buyer, as its sole and exclusive remedy against Sellers at law or in equity, may terminate the Agreement, receive a refund of the Deposit (including any accrued interest thereon), and receive a payment from Sellers in the amount of TWENTY-FIVE THOUSAND DOLLARS AND 00/100 CENTS (\$25,000.00) in the aggregate as liquidated damages (the "Liquidated Damages"). Buyer and Sellers shall acknowledge and agree that Sellers' failure to complete the Remediation by the Remediation Date may cause Buyer to incur substantial economic damages and

losses of types and in amounts which are impossible to compute and ascertain with certainty as a basis for recovery by Buyer of actual damages, and therefore the Liquidated Damages represent a fair, reasonable, and appropriate estimate thereof, and are not intended to operate as a penalty against Sellers.



Buyer's Initials



Sellers' Initials

(e) Following the Effective Date of this Agreement until the Remediation Notice is issued, Sellers shall (semi-monthly) provide Buyer with: (i) a written summary of the status of the Remediation, (ii) an updated list of milestones remaining in the Remediation and projected completion dates of those milestones; and (iii) a copy of all incoming and outgoing correspondence related to the Remediation.

(f) Following receipt of the Buyer Environmental Report, Sellers performed independent sampling of the Real Property, the results of which are summarized in a Table and Figure prepared by Ardent Environmental Group, Inc., for Project No. 100871001 (the "Sellers Environmental Report"). The Buyer Environmental Report and the Sellers Environmental Report are collectively referred to as the "Baseline Condition Report." The Baseline Condition Report reveals the presence of shallow soils in certain areas of the Real Property containing arsenic at concentrations in excess of the Federal and California Regional Screening Level for arsenic ("Existing Arsenic Condition"). Buyer acknowledges that it has received the Baseline Condition Report and by doing so, Sellers have satisfied their obligation under California Health and Safety Code Section 25359.7.

5. Sellers' Pre-Closing Lot Line Adjustment/Concrete Foundation Removal.

(a) Sellers', at Sellers' expense, shall effectuate a lot line adjustment prior to Closing, which will divide the parcel owned by Gateway into the portion subject to purchase and sale (the Gateway Parcel) and the remainder portion to be retained by Gateway ("Lot Line Adjustment"). The anticipated location of the Lot Line Adjustment is depicted on the attached Exhibit "A". Any conditions of approval associated with the Lot Line Adjustment or changes in the area of the Real Property shall be subject to the Buyer's prior written consent and approval which Buyer shall not unreasonably withhold or delay; if Buyer fails to provide consent and approval within ten (10) business days of request therefor, the change for which consent or approval was sought by Sellers shall be deemed approved by Buyer. If the Sellers have exercised their commercially reasonable efforts to accomplish the Lot Line Adjustment but have been unable to obtain same by the Remediation Date, Sellers shall not be deemed in default and this Agreement shall terminate on the Remediation Date and the Deposit shall be returned to Buyer.

(b) Prior to the Closing, Sellers, at Sellers' expense, shall demolish and remove the existing concrete slab foundations located on the Real Property including back fill and rough grading.

6. Due Diligence; Access Agreement.

(a) Buyer has had an opportunity to make any and all inspections, investigations, tests, studies, inventories and surveys of the Real Property ("**Inspection Rights**") Buyer has deemed necessary, appropriate or desirable including, without limitation, title review and studies relating to environmental risks and soil conditions of the Real Property, in order for Buyer to enter into this Agreement.

(b) Buyer shall be entitled to exercise Inspection Rights while this Agreement is in effect only as follows: (i) inspection rights over the Remediation of the Real Property; (ii) any and all inspections or studies required for CEQA compliance obligations described in Section 7(b) herein; and (iii) as otherwise approved by Sellers upon the request of Buyer, which approval shall not be unreasonably withheld. Consistent with the foregoing, from and after the Opening of Escrow through the earlier to occur of the termination of this Agreement or the Closing, Buyer and Buyer's employees, agents, consultants and contractors ("**Buyer's Agents**") shall have the right to enter upon the Real Property during reasonable times, provided reasonable prior written notice has been given to Sellers. After any disturbance or alteration of the Real Property by Buyer or Buyer's Agents that has been approved by Sellers, if any, Buyer shall restore the Property, at Buyer's sole expense, to its condition at the time immediately prior to entry onto the Real Property by Buyer or Buyer's Agents so far as reasonably practicable.

(c) Buyer shall indemnify, protect, defend and hold Sellers harmless from and against any claim, loss, damage, liability, cost or expense, including reasonable attorney fees and costs, arising out of or in conjunction with the exercise of any Inspection Rights or other activities on or in relation to the Real Property by Buyer or Buyer's Agents. This indemnification shall survive termination of the Agreement or Closing.

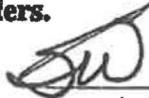
7. Buyer's Conditions Precedent. The Closing and Buyer's obligation to consummate the transaction contemplated by this Agreement are subject to the timely satisfaction or written waiver of the following conditions precedent (collectively, "**Buyer's Contingencies**"), which are for Buyer's benefit only.

(a) **Title Review; Title Policy.**

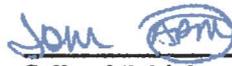
(i) Sellers have provided Buyer with a current commitment regarding the Real Property for Buyer's review and approval prepared by First American Title Insurance Company; a copy of that commitment is attached hereto as **Exhibit "B"** ("**Baseline Report**"). Concurrently with Sellers' delivery of the Remediation Notice to Buyer, Sellers shall deliver to Buyer an updated preliminary title report prepared by Title Company ("**Updated Report**"). In the event the Updated Report does not include any new or modified exceptions to title from that shown on the Baseline Report other than any exceptions contemplated or addressed in this Agreement (e.g., updated taxes, recordation of the LUC) (collectively, "**New Exceptions**"), the parties shall close the purchase and sale within the time period described in Section 3(b) herein.

(ii) In the event the Updated Report includes any New Exceptions which will not be satisfied by Sellers at Closing, Buyer shall have ten (10) days to review such New Exceptions ("**Title Review Period**"). Prior to the expiration of the Title Review Period,

Buyer shall provide written notice to Sellers of any objection to any New Exceptions ("Buyer's Objections") or a written notice setting forth its approval of the New Exceptions ("Buyer's Approval"). If Buyer provides Buyer's Approval or fails to provide Buyer's Objections during the Title Review Period, the parties shall close the purchase and sale within the time period described in Section 3(b) herein. If Buyer provides Buyer's Objections, Sellers shall have the right, but not the obligation, within ten (10) days after the receipt thereof, to have Buyer's Objections removed from title or to provide Buyer with written notice that Sellers will pay the costs to endorse over Buyer's Objections to Buyer's satisfaction (in either case, "Sellers' Response"). If Sellers timely provide Sellers' Response, the parties shall close the purchase and sale within the time period described in Section 3(b) herein. If Sellers fail to timely provide or effectuate Sellers' Response, or elects not to remove or endorse over Buyer's Objections, Buyer shall have the right (but not the obligation) as its sole and exclusive remedy against Sellers at law or in equity to terminate the Agreement, receive a refund of its Deposit (including any accrued interest thereon), and receive a payment from Sellers in the amount of the Liquidated Damages against Sellers at law or in equity. Buyer and Sellers shall acknowledge and agree that Sellers' unwillingness or failure to remove or endorse over Buyer's Objections may cause Buyer to incur substantial economic damages and losses of types and in amounts which are impossible to compute and ascertain with certainty as a basis for recovery by Buyer of actual damages, and therefore the Liquidated Damages represent a fair, reasonable, and appropriate estimate thereof, and are not intended to operate as a penalty against Sellers.



Buyer's Initials



Sellers' Initials

(iii) On or before the Closing, Sellers shall remove all deeds of trust, mortgages and delinquent taxes (but not the lien for any real property taxes or assessments not yet delinquent) and mechanics liens, including items #13 and #20 of the Baseline Report. Sellers agree to provide Title Company with a reasonable Owner's affidavit, if and to the extent required to obtain the Buyer's Title Policy. Sellers shall have no obligation to remove any exceptions created as a result of Buyer's Inspection Rights.

(iv) On or before the Closing, the Title Company shall, have agreed to issue to Buyer, a CLTA owner's policy of title insurance ("Buyer's Title Policy") in the amount of the Purchase Price applicable to each parcel of the Real Property as allocated in this Agreement showing fee title to the Real Property vested solely in Buyer and subject only to (i) the standard, preprinted exceptions to Buyer's Title Policy; (ii) liens to secure payment of real estate taxes or assessments not yet delinquent; (iii) matters set forth in the Baseline Report with the exception of items #13 and #20; (iv) matters affecting the Real Property created by or with the written consent of Buyer; and (v) those matters specifically approved in writing by Buyer. Buyer shall have the right, at its sole cost and expense, to obtain coverage beyond that offered by a CLTA policy; provided, however, that Buyer's ability to obtain such extended coverage shall not be a Buyer's Contingency and Buyer's obligations hereunder shall in no way be conditioned or contingent upon obtaining such extended coverage. Buyer shall have sole responsibility for obtaining, and bearing the cost of, any endorsements and for any survey or other matters required by the Title Company for such extended coverage.

(b) **CEQA Compliance.** On or before the date that is one year from the Opening of Escrow ("**CEQA Deadline**"), Buyer at Buyer's expense shall have complied with the provisions of Cal. Pub. Res. Code sections 21000 et seq. and shall have obtained complete CEQA compliance prior to approval of the project by the City Council ("**CEQA Compliance**"); Buyer shall obtain CEQA Compliance either by having (1) prepared a negative declaration, (2) prepared an environmental impact report, or (3) made a finding that the project is exempt from CEQA. Buyer shall file the Notice of Determination or Notice of Exemption, as applicable, within five (5) days after such compliance and forty days (40) shall have elapsed from the filing of the Notice of Determination or Notice of Exemption, as applicable, without the filing of a lawsuit by a third party challenging the Buyer's proposed use of the Real Property for the purposes stated herein. If Buyer has not satisfied this CEQA Contingency by the CEQA Deadline, Buyer shall be deemed to have waived this Buyer Contingency unless it has exercised its rights in subsection (d) below.

(c) **Land Use Entitlements.** Buyer and Sellers acknowledge that Buyer's Intended Use may require a zone change or similar discretionary land use entitlements ("**Discretionary Land Use Entitlements**"). Sellers, at Buyer's cost and expense, shall reasonably cooperate with Buyer in connection with Buyer's efforts to seek the Discretionary Land Use Entitlements on or before the CEQA Deadline (provided same shall not be binding on the Real Property unless and until the Close of Escrow occurs), and such cooperation shall include execution by Sellers, if required, a Discretionary Land Use Entitlements application. All such application procedures shall be at Buyer's sole expense. If Buyer has not satisfied this contingency by the CEQA Deadline, Buyer shall be deemed to have waived this Buyer Contingency unless it has exercised its rights in subsection (d) below.

(d) **Time Extension.** In the event Buyer has undertaken diligent and continuous efforts to satisfy the conditions set forth in subparagraphs (b) and (c) of this Section 7 and despite such efforts the same have not been satisfied by the date specified for satisfaction, Buyer shall have the right to extend the date by which such conditions must be satisfied in two (2) successive ninety day (90) increments, up to a total of one hundred eighty (180) calendar days, by written notice to Sellers, which notice shall include a description of Buyer's Contingency items which have not been resolved to Buyer's satisfaction and detailing the efforts Buyer has undertaken to satisfy such conditions.

(e) **Failure to Satisfy Conditions.** If CEQA compliance and the Discretionary Land Use Entitlements are not obtained (including expiration of any Appeals Period with no lawsuit being filed, unless waived by Buyer) by the dates specified above, then Buyer, may terminate this transaction without cost or penalty by delivering notice to Sellers, in which case Buyer shall be entitled to the return of its Deposit (including any accrued interest thereon) and Escrow shall be terminated.

(f) **Delivery of Documents.** Sellers' timely delivery of all documents described in Section 9 herein.

(g) **Representations and Warranties.** All representations and warranties of Sellers contained in this Agreement shall be materially true and correct as of the date made and as of the Closing.

(h) **No Default.** As of the Closing, Sellers shall not be in default in the performance of any material covenant or agreement to be performed by Sellers under this Agreement.

(i) **Sale Contingency.** Buyer's obligation to perform its obligations under this Agreement is subject to the purchase and sale of both the Montes Parcel and the Gateway Parcel simultaneously.

(j) **Other Conditions.** Sellers' satisfaction of any other pre-closing condition specifically set forth in this Agreement for the benefit of Buyer.

8. **Sellers' Condition Precedent.** The Closing and Sellers' obligations with respect to the transaction contemplated by this Agreement are subject to the timely satisfaction or written waiver of the following condition precedent ("Sellers' Contingency") on or prior to the Closing Date (or such earlier date specified in this Agreement), which are for Sellers' benefit only:

(a) **Delivery of Documents and Funds.** Buyer's delivery of all items described in Section 10, herein.

(b) **Representations and Warranties.** All representations and warranties of Buyer contained in this Agreement shall be materially true and correct as of the date made and as of the Closing.

(c) **No Default.** As of the Closing, Buyer shall not be in default in the performance of any material covenant or agreement to be performed by Buyer under this Agreement.

9. **Sellers' Deliveries to Escrow Holder.**

(a) **Sellers' Delivered Documents.** At least three (3) business days prior to the Closing Date, Sellers shall deposit or cause to be deposited with Escrow Holder the following items, duly executed and, where appropriate, acknowledged ("Sellers' Delivered Items"):

(i) **Deeds.** Grant Deeds in the form attached hereto as **Exhibit "C"** ("Deeds").

(ii) **FIRPTA/Tax Exemption Forms.** The Transferor's Certification of Non-Foreign Status, as applicable, (the "FIRPTA Certificate"), together with any necessary tax withholding forms, and a duly executed California Form 593-C, as applicable (the "California Exemption Certificate").

(iii) **Authority.** Such proof of Sellers' authority and authorization to enter into this Agreement and to consummate this transaction as may be reasonably requested by the Title Company.

(iv) **Further Documents or Items.** Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company.

10. **Buyer's Deliveries to Escrow.** At least three (3) business days prior to the Closing Date, Buyer shall deposit or cause to be deposited with Escrow Holder the following, each duly executed and acknowledged, by Buyer as appropriate ("Buyer's Delivered Items"):

(i) **Purchase Money.** The Purchase Price, together with additional funds necessary to pay Buyer's closing costs set forth in Section 11(b) herein.

(ii) **Change of Ownership Report.** Preliminary Change of Ownership Report to be provided by the Escrow Holder.

(iii) **Certificate of Acceptance.** Certificate of Acceptance executed by Buyer to be attached to the Deeds.

(iv) **Final Escrow Instructions.** Buyer's final written escrow instructions to close escrow in accordance with the terms of this Agreement.

(v) **Authority.** Such proof of Buyer's authority and authorization to enter into this Agreement and to consummate the transaction contemplated hereby as may be reasonably requested by the Title Company.

(vi) **Further Documents or Items.** Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company.

11. **Costs and Expenses.**

(a) **Closing Costs.** All closing costs and fees including, without limitation, transfer taxes, escrow fees, recording costs and title insurance premiums, shall be paid by the parties in accordance with the customary practice of Merced County, California, except as provided in this Agreement.

(b) **Generally.** Each party shall bear the costs of its own attorneys, consultants, and real estate brokers in connection with the negotiation and preparation of this Agreement and the consummation of the transaction contemplated hereby. The items provided in this Section are hereinafter referred to as "General Expenses."

12. **Prorations; Withholding.**

(a) All non-delinquent general and special real property taxes for the fiscal year at the Close of Escrow, if any, and all special and bonded assessments and levies, if any, included in and payable with the taxes attributable to the Real Property, are to be prorated as of the date of the Close of Escrow. Buyer is not to be responsible for, and Sellers are to assume all responsibility for, unpaid delinquent taxes or assessments, if any. Such real estate taxes and assessments shall be apportioned and paid as provided in California Revenue and Taxation Code Section 5086. If Sellers have prepaid any taxes or assessments that are cancelled pursuant to Section 5086, Sellers may seek any refunds to which it is entitled from applicable taxing agencies. All taxes, assessments and bonds, if any, up to the date of apportionment by the

County of Merced, as appropriate, shall be paid by Sellers. Personal property taxes, if any, shall be paid in full by Sellers.

(b) In the event Seller(s) does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code (the "Tax Code") as evidenced by the delivery to Buyer at Closing of the California Exemption Certificate duly executed by Seller(s), (i) Title Company shall withhold three and one-third percent (3-1/3%) of the Purchase Price on behalf of Buyer at Closing for payment to the California Franchise Tax Board in accordance with the Tax Code, (ii) Buyer shall deliver three (3) duly executed originals of California Form 597 to Title Company at or immediately after Closing, (iii) two (2) executed originals of California Form 597 shall be delivered by Title Company to Seller, and (iv) on or before the 20th day of the month following the month title to the Real Property is transferred to Buyer (as evidenced by the recording of the Deed), Title Company shall remit such funds withheld from the Purchase Price, together with one (1) executed original of California Form 597 to the California Franchise Tax Board on behalf of Buyer. Buyer and Sellers hereby appoint Title Company as a reporting entity under the Tax Code, authorized to withhold and remit the withholding tax contemplated under the Tax Code, together with such other documents required by the Tax Code (including, without limitation, California Form 597), to the California Franchise Tax Board.

13. **Closing Procedure.** When the Title Company is ready to issue the Buyer's Title Policy and all required documents and funds have been deposited with Escrow Holder, Escrow Holder shall immediately close Escrow in the manner and order provided below.

(a) **Recording.** Escrow Holder shall cause the Deeds to be recorded pursuant to applicable law in Merced County and obtain conformed copies thereof for distribution to Buyer and Sellers.

(b) **Disburse Funds.** Escrow Holder shall debit or credit (as provided herein) all Buyer's Costs, Sellers' Costs and General Expenses, prorate matters and withhold funds as provided herein. The Purchase Price shall be distributed by wire transfer as instructed in writing by the Sellers to the Escrow Holder.

(c) **Documents to Sellers.** Escrow Holder shall deliver to Sellers a conformed copy of the Deeds, and a copy of each other document (or copies thereof) deposited into Escrow by Buyer pursuant hereto.

(d) **Documents to Buyer.** Escrow Holder shall deliver to Buyer the original FIRPTA Certificate, the original California Exemption Certificate (as applicable), a conformed copy of the Deeds and each other document (or copies thereof) deposited into Escrow by Sellers pursuant hereto, including, without limitation, those documents referenced in Section 9 herein.

(e) **Title Company.** Escrow Holder shall cause the Title Company to issue the Buyer's Title Policy to Buyer.

(f) **Closing Statement.** Escrow Holder shall forward to both Buyer and Sellers a separate accounting of all funds received and disbursed for each party.

(g) **Informational Reports.** Escrow Holder shall file any information reports required by Internal Revenue Code Section 6045(e), as amended.

(h) **Possession.** Possession of the Real Property shall be delivered to Buyer at the Closing.

14. Representations and Warranties.

(a) **Sellers' Representations and Warranties.** In consideration of Buyer entering into this Agreement and as an inducement to Buyer to enter into this Agreement and to purchase the Real Property, Sellers, individually as to themselves and where applicable as to their respective Parcels, make the following representations and warranties as of the Effective Date and as of the Closing, each of which is material and is being relied upon by Buyer (and the truth and accuracy of which shall constitute a condition precedent to Buyer's obligations hereunder), and all of which shall survive Closing for a period of eighteen (18) months (no claim for a breach of any representation or warranty of Sellers will be actionable or payable if Buyer does not notify Sellers in writing of such breach and commence a "legal action" thereon within said eighteen (18) months:

(i) Sellers have the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and subject to the recording of the Lot Line Adjustment, to consummate the transaction contemplated hereby.

(ii) All requisite action (corporate, trust, partnership or otherwise) has been taken by Sellers in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby subject to receipt of the Lot Line Adjustment. By the Closing, provided that the Remediation Notice has been issued, the LUC recorded, if required, and the Lot Line Adjustment recorded, no additional consent of any individual, director, manager, shareholder, partner, member, trustee, trustor, beneficiary, creditor, investor, judicial or administrative body, governmental authority or other party shall be required for Buyer to consummate the transaction contemplated by this Agreement.

(iii) The individuals executing this Agreement and the instruments referenced herein on behalf of Sellers have the legal power, right and actual authority to bind Sellers to the terms and conditions hereof and thereof.

(iv) Neither the execution or delivery of this Agreement or the documents or instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement or the documents or instruments referenced herein or therein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreement or instrument to which Sellers are a party or that affect the Real Property.

(v) To Sellers' actual knowledge, there is no pending litigation or threatened litigation, which does or will adversely affect the Real Property.

(vi) To Sellers' actual knowledge, there are no actions or proceedings pending or, threatened against Sellers, before any court or administrative agent in any way connected with or relating to the Real Property other than the VCA, the Lot Line Adjustment, the CEQA Actions and the Discretionary Land Use Entitlements, or affecting Sellers' ability to fulfill all of its obligations under this Agreement.

(vii) Sellers have made no written or oral commitments to or agreements with any governmental authority or agency materially and adversely affecting the Real Property, or any part hereof, or any interest therein, which will survive the Closing. Sellers have entered into no understanding or agreement with any taxing or assessing authority respecting the imposition or deferment of any taxes or assignments respecting the Real Property. Sellers are not in default of its obligations under any contract, agreement or instrument to which Sellers are a party pertaining to the Real Property.

(viii) There are no undisclosed contracts, licenses, commitments, undertakings or other written or oral agreements for services, supplies or materials concerning the maintenance of the Real Property that will be binding upon Buyer or the Real Property after the Closing other than the LUC, if required. There are no oral contracts or other oral agreements for services, supplies or materials, affecting the maintenance of the Real Property.

(ix) There are not as of the Effective Date of this Agreement, nor will there be as of the Closing, any written or oral leases or contractual right or option to lease, purchase, or otherwise enjoy possession of the Real Property or any part thereof as of the Closing, entered into or granted by Sellers.

(x) No person, excepting Sellers, has possession or any rights to possession of the Real Property or portion thereof through Sellers or with the authority of Sellers. Except as to the Existing Arsenic Condition as described in Section 4 herein, to Sellers' actual knowledge, during the period of Sellers' ownership of the property, there have been no disposals, releases or threatened releases of hazardous substances or hazardous waste on, from or under the property.

(xi) Except as to the Existing Arsenic Condition as described in Section 4 herein, to Sellers' actual knowledge, there are no hazardous substances, or storage tanks containing hazardous substances, in, on, under or within the property. Further, except as to the Existing Arsenic Condition as described in Section 4 herein, Sellers have no actual knowledge of any disposal, release or threatened release of hazardous substances or hazardous waste on, from or under the property that may have occurred prior to Sellers taking title to the property.

(b) **Actual Knowledge.** For purposes of this Agreement, the actual knowledge of Sellers shall be limited to the actual present knowledge of Jose Montes, Anna Montes and Sam Watson, without any duty of investigation or inquiry.

(c) **Subsequent Changes to Sellers' Representations and Warranties.** If, prior to the Closing, Buyer or Sellers should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Sellers set forth herein incorrect or untrue in any respect (collectively, the "Sellers' Representation Matter"),

then the party who has learned, discovered or become aware of such Representation Matter shall promptly give written notice thereof to the other party and Sellers' representations and warranties shall be automatically limited to account for the Representation Matter. Buyer shall have the right to approve or disapprove any such change and, as its sole and exclusive remedy at law and/or in equity to terminate this Agreement by written notice to Sellers if Buyer reasonably disapproves any such change and receive the Deposit. If Buyer does not elect to terminate this Agreement, Sellers' representation shall be qualified by such Sellers Representation Matter and Sellers shall have no obligation or liability to Buyer for such Sellers Representation Matter.

(d) **Buyer's Representations and Warranties.** In consideration of Sellers entering into this Agreement and as an inducement to Sellers to sell the Real Property, Buyer makes the following representations and warranties as of the date hereof and at and as of the Closing, each of which is material and is being relied upon by Sellers (and the truth and accuracy of which shall constitute a condition precedent to Sellers' obligations hereunder), and all of which shall survive Closing for a period of eighteen (18) months (no claim for a breach of any representation or warranty of Buyer will be actionable or payable if Sellers do not notify Buyer in writing of such breach and commence a "legal action" thereon within said eighteen (18) months):

(i) Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(ii) All requisite governmental action has been taken by Buyer in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby. By the Closing no additional consent of any individual, judicial or administrative body, governmental authority or other party shall be required for Buyer to consummate the transaction contemplated by this Agreement.

(iii) The individuals executing this Agreement and the instruments referenced herein on behalf of Buyer have the legal power, right and actual authority to bind Buyer to the terms and conditions hereof and thereof.

(iv) Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party or by which any of Buyer's properties are bound.

(e) **Subsequent Changes to Buyer's Representations and Warranties.** If, prior to the Closing, Sellers or Buyer should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Buyer set forth herein incorrect or untrue in any respect (collectively, the "Buyer's Representation Matter"), then the party who has learned, discovered or become aware of such Buyer's Representation

Matter shall promptly give written notice thereof to the other party and Buyer's representations and warranties shall be automatically limited to account for the Buyer's Representation Matter. Sellers shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Buyer if Sellers reasonably disapproves any such change and shall be entitled to retain the Deposit as its sole and exclusive remedy. If Sellers do not elect to terminate this Agreement, Buyer's representation shall be qualified by such Buyer's Representation Matter and Buyer shall have no obligation to Sellers for such Buyer's Representation Matter.

15. Escrow Cancellation.

(a) **Cancellation.** If either party defaults with respect to its obligations hereunder, or if Escrow is not in a condition to close by the agreed Closing date, Escrow Holder shall continue to comply with the instructions contained herein until a written demand has been made by a party entitled to do so for the cancellation of Escrow. Escrow Holder shall notify the other party of any such demand.

(b) **Fees.** If the Close of Escrow fails to occur due to Sellers' default, Sellers shall pay all Escrow cancellation charges. If the Close of Escrow fails to occur due to Buyer's default, Buyer shall pay all Escrow cancellation charges. Except as otherwise set forth in this Agreement, if the Close of Escrow fails to occur for any reason other than the foregoing, Buyer and Sellers shall each pay one-half (1/2) of any Escrow cancellation charges, and each party shall release the other party from all liability hereunder for the failure of the Close of Escrow to occur, and Buyer shall be entitled to the immediate refund of the Deposits and any other funds deposited by Buyer into Escrow including all interest earned thereon. "Escrow cancellation charges" means all fees, charges and expenses charged by Escrow Holder as well as all charges related to the services of the Title Company in connection with title matters relating to this Escrow.

(c) **Sellers Default.** In the event Sellers shall default under any of the terms and provisions of this Agreement prior to the Closing, Buyer shall have the right, but not the obligation, in lieu of any other rights or remedies which it may have at law or in equity, to (i) terminate Buyer's obligations under this Agreement and the Escrow created hereby, in which event Buyer shall be entitled to the immediate refund of the Deposit and any other funds deposited by Buyer into Escrow or released to Sellers, including all interest earned thereon and receive the Liquidated Damages from Sellers; or (ii) seek specific performance of this Agreement.

(d) **BUYER'S DEFAULT.** BUYER AND SELLERS AGREE THAT IF THE CLOSE OF ESCROW FAILS TO OCCUR DUE TO THE DEFAULT OF BUYER, IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX SELLERS' ACTUAL DAMAGES FOR, AMONG OTHER ITEMS, TAKING OR HAVING THE PROPERTY OFF THE MARKET, AND BUYER AND SELLERS AGREE THAT THE DEPOSITS ARE A REASONABLE ESTIMATE OF SELLERS' DAMAGES IF THE CLOSE OF ESCROW FAILS TO OCCUR DUE TO BUYER'S DEFAULT. IN ADDITION, BUYER DESIRES TO LIMIT THE AMOUNT OF DAMAGES FOR WHICH BUYER MIGHT BE LIABLE SHOULD BUYER BREACH THIS AGREEMENT, AND SELLERS DESIRE TO AVOID THE COSTS AND LENGTHY

DELAYS THAT WOULD RESULT IF SELLERS WERE REQUIRED TO FILE A LAWSUIT TO COLLECT ITS DAMAGES FOR A BREACH OF THIS AGREEMENT. THEREFORE, IF THE CLOSE OF ESCROW FAILS TO OCCUR DUE TO THE DEFAULT OF BUYER, THEN UPON THE WRITTEN DEMAND OF SELLERS, THIS AGREEMENT AND THE ESCROW SHALL BE TERMINATED AND CANCELLED. IN SUCH EVENT, (A) ESCROW HOLDER SHALL RETURN ALL DOCUMENTS AND INSTRUMENTS TO THE PARTIES WHO DEPOSITED SAME, (B) ALL TITLE AND ESCROW CANCELLATION CHARGES SHALL BE CHARGED TO BUYER AND (C) SELLERS MAY RETAIN BUYER'S DEPOSIT AS LIQUIDATED DAMAGES PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671 AND 1677 FOR BUYER'S FAILURE TO COMPLETE THE PURCHASE OF THE PROPERTY. SELLERS' SOLE AND EXCLUSIVE REMEDY IN THE EVENT OF BUYER'S DEFAULT SHALL BE LIMITED TO THE DEPOSIT AND SELLERS HEREBY WAIVE ALL OTHER CLAIMS FOR DAMAGES OR RELIEF AT LAW OR IN EQUITY (INCLUDING, WITHOUT LIMITATION, ANY RIGHTS TO SPECIFIC PERFORMANCE THAT SELLERS MAY HAVE PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1680 OR 3389, OR OTHERWISE).



Buyer's Initials



Sellers' Initials

16. Sellers' Post-Closing Environmental Obligations; AS-IS.

(a) **Montes Remediation.** Montes at Montes's sole cost and expense, shall be responsible for: (i) remediation of any pre-existing environmental contamination on, in, or under the Montes Parcel as of the Closing Date, whether presently known or unknown, (ii) any remediation obligations imposed by the Environmental Agencies in the future as a result of the Environmental Agencies reopening Remediation of the Montes Parcel, and (iii) any monitoring or financial assurance of performance required by the Environmental Agencies with respect to ongoing environmental obligations at the Montes Parcel, including but not limited to, the replenishment of any funds expended from any related account made in furtherance of Sellers' environmental obligations described herein.

(b) **Montes Indemnity.** Montes shall defend, indemnify, and hold Buyer harmless from and against any and all claims (including those for declaratory or injunctive relief), expenses, costs, damages, or losses of any kind (including attorneys' and experts' fees and costs) incurred by Buyer relating to, arising under, based upon, or as a consequence of any one or more of the following: (i) Montes's performance or nonperformance of the obligations described in Section 16(a) above; (ii) the imposition of the obligations described above in Section 16(a) above upon Buyer by the Environmental Agencies (including those related to Buyer's compliance with the LUC); and (iii) the pre-existing environmental condition of the Montes Parcel. The obligation set forth herein shall survive the Closing.

(c) **Gateway Remediation.** Gateway, at Gateway's sole cost and expense, shall be responsible for: (i) remediation of any pre-existing environmental contamination on, in,

or under the Gateway Parcel as of the Closing Date, whether presently known or unknown, (ii) any remediation obligations imposed by the Environmental Agencies in the future as a result of the Environmental Agencies reopening Remediation of the Gateway Parcel, and (iii) any monitoring or financial assurance of performance required by the Environmental Agencies with respect to ongoing environmental obligations at the Gateway Parcel, including but not limited to, the replenishment of any funds expended from any related account made in furtherance of Sellers' environmental obligations described herein.

(d) **Gateway Indemnity.** Gateway shall defend, indemnify, and hold Buyer harmless from and against any and all claims (including those for declaratory or injunctive relief), expenses, costs, damages, or losses of any kind (including attorneys' and experts' fees and costs) incurred by Buyer relating to, arising under, based upon, or as a consequence of any one or more of the following: (i) Gateway's performance or nonperformance of the obligations described in Section 16(a) above; (ii) the imposition of the obligations described above in Section 16(a) above upon Buyer by the Environmental Agencies (including those related to Buyer's compliance with the LUC); and (iii) the pre-existing environmental condition of the Gateway Parcel. The obligation set forth herein shall survive the Closing.

(e) **O&M Exclusion.** The foregoing notwithstanding, Sellers shall not be required to indemnify, defend or hold Buyer harmless from minimal expenses incurred by Buyer as part of Buyer's general, ordinary, or routine compliance with any monitoring or reporting requirements set forth in any recorded LUC, such as periodic visual inspections or periodic reporting or other basic compliance with monitoring requirements that may be conducted within the scope of the job duties of Buyer's public works department, as agreed by Buyer.

(f) **AS-IS Sale and Purchase.** Buyer acknowledges, by its initials as set forth below, that the provisions of this Section 16 have been required by Sellers as a material inducement to enter into the contemplated transactions, and the intent and effect of such provisions have been explained to Buyer by Buyer's counsel and have been understood and agreed to by Buyer. As a material inducement to Sellers to enter into this Agreement and to convey the Property to Buyer, Buyer hereby acknowledges and agrees that:

(i) **AS-IS.** Except with respect to representations set forth in the Agreement, Buyer has not relied upon and will not rely upon, either directly or indirectly, any representation or warranty of Sellers or any of its respective agents and acknowledges that no such representations have been made. Except for the representations, warranties and covenants of Sellers expressly set forth in the Agreement, Buyer is relying solely upon, and as of the Closing will have conducted, its own, independent inspection, investigation and analysis of the Property as it deems necessary or appropriate in so acquiring the Property from Sellers, including, without limitation, an analysis of any and all matters concerning the condition of the Property and their suitability for Buyer's intended purposes, the ability to use the Property for the intended use described herein, the ability to develop the Property and commence using same for the Intended Use within the timeframes desired by Buyer and a review of all applicable laws, ordinances, rules and governmental regulations (including, but not limited to, those relative to building, zoning and land use) affecting the development, use, occupancy or enjoyment of the Property. Buyer acknowledges and agrees that, except as otherwise expressly provided in the

Agreement, upon Closing, Seller shall sell and convey to Buyer and Buyer shall accept the Property "AS-IS" and "WITH ALL FAULTS".

(ii) Section 25359.7 of Health and Safety Code. Section 25359.7 of the California Health and Safety Code requires owners of non-residential real property who know, or have reasonable cause to believe, that any release of hazardous substance has come to be located on or beneath the real property to provide written notice of such to a Buyer of the real property. Buyer acknowledges and agrees that Sellers have informed Buyer about the Sellers Environmental Report and that the sole inquiry and investigation Sellers have conducted in connection with the environmental condition of the Property is to obtain and/or review the Baseline Report and by execution of this Agreement, Buyer (i) acknowledges its receipt of the foregoing notice given pursuant to Section 25359.7 of the California Health and Safety Code; (ii) will, prior to the Closing, have fully reviewed said environmental report; and (iii) after receiving advice of its legal counsel, waives any and all rights Buyer may have to assert that Sellers have not complied with the requirements of Section 25359.7 of the California Health and Safety Code based on the foregoing facts.

(g) Natural Hazard Disclosure. Buyer and Sellers acknowledge that Sellers may be required to disclose if the Property lies within the following natural hazard areas or zones: (i) a special flood hazard area designated by the Federal Emergency Management Agency (California Civil Code Section 1103(c)(1)); (ii) an area of potential flooding (California Government Code Section 8589.4); (iii) a very high fire hazard severity zone (California Government Code Section 51178 et seq.); (iv) a wild land area that may contain substantial forest fire risks and hazards (Public Resources Code Section 4135); (v) earthquake fault zone (Public Resources Code Section 2622); or (vi) a seismic hazard zone (Public Resources Code Section 2696) (sometimes all of the preceding are herein collectively called the "Natural Hazard Matters"). Escrow Holder is hereby instructed to engage a qualified expert (who, in such capacity, is herein called the "Natural Hazard Expert") to examine the maps and other information specifically made available to the public by government agencies for the purposes of enabling Sellers to fulfill its disclosure obligations, if and to the extent such obligations exist, with respect to the natural hazards referred to in California Civil Code Section 1103 and to report the result of its examination to Buyer and Seller in writing. The written report prepared by the Natural Hazard Expert regarding the results of its full examination will fully and completely discharge Sellers from its disclosure obligations referred to herein, if and to the extent any such obligations exist, and, for the purpose of this Agreement, the provisions of Civil Code Section 1103.4 regarding non-liability of Sellers for errors or omissions not within its personal knowledge shall be deemed to apply and the Natural Hazard Expert shall be deemed to be an expert, dealing with matters within the scope of its expertise with respect to the examination and written report regarding the natural hazards referred to above. Buyer agrees to provide Sellers with a written acknowledgment of its receipt of the report.

17. General Provisions.

(a) Condemnation. If any material portion of the Real Property shall be taken or appropriated by a public or quasi public authority exercising the power of eminent domain, Buyer shall have the right, at its option, to (i) terminate this Agreement or (ii) proceed

with the purchase of the Real Property and receive all of the award or payment made in connection with such taking.

(b) **Notices.** All notices, demands, requests or other communications required or permitted hereunder (collectively, "Notices") shall be in writing, shall be addressed to the receiving party as provided in the Summary Statement section above, and shall be personally delivered, sent by overnight mail (Federal Express or another carrier that provides receipts for all deliveries), sent by certified mail, postage prepaid, return receipt requested, or sent by facsimile transmission (provided that a successful transmission report is received). All Notices shall be effective upon receipt at the appropriate address. Notice of change of address shall be given by written notice in the manner detailed in this Section. Rejection or other refusal to accept or the inability to deliver because of changed address of which no Notice in accordance with this Section was given shall be deemed to constitute receipt of such Notice. The providing of copies of Notices to the parties' respective counsels is for information only, is not required for valid Notice and does not alone constitute Notice hereunder.

(c) **Brokers.** Sam Watson has served as the broker for the Sellers. No brokerage commissions shall be payable by Buyer in connection with the transactions contemplated herein. Sellers will indemnify, defend, and hold Buyer harmless from and against any claim for a broker's commission or finder's fee arising out of this transaction. Buyer will indemnify, defend, and hold Sellers harmless from and against any claim for a broker's commission or finder's fee arising out of this transaction resulting from the acts of Buyer.

(d) **Waiver, Consent and Remedies.** Either party may specifically and expressly waive in writing any portion of this Agreement or any breach thereof, but no such waiver shall constitute a further or continuing waiver of a preceding or succeeding breach of the same or any other provision. A waiving party may at any time thereafter require further compliance by the other party with any breach or provision so waived. The consent by one party to any act by the other for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement. All rights, remedies, undertakings, obligations, options, covenants, conditions and agreements contained in this Agreement shall be cumulative and no one of them shall be exclusive of any other. Except as otherwise specified herein, either party hereto may pursue any one or more of its rights, options or remedies hereunder or may seek damages or specific performance in the event of the other party's breach hereunder, or may pursue any other remedy at law or equity, whether or not stated in this Agreement.

(e) **Cooperation.** Buyer and Sellers agree to execute such instruments and documents and to diligently undertake such actions as may be reasonably required in order to consummate the purchase and sale herein contemplated and shall use all reasonable efforts to accomplish the Closing in accordance with the provisions hereof.

(f) **Attorney's Fees.** In the event any declaratory or other legal or equitable action is instituted between Sellers, Buyer and/or Escrow Agent in connection with this Agreement, then as between Buyer and Sellers the prevailing party shall be entitled to recover

from the losing party all of its costs and expenses including court costs and reasonable attorney's fees, and all fees, costs and expenses incurred on any appeal or in collection of any judgment.

(g) **Time.** Time is of the essence of every provision herein contained. In the computation of any period of time provided for in this Agreement or by law, the day of the act or event from which said period of time runs shall be excluded, and the last day of such period shall be included, unless it is a Saturday, Sunday, or legal holiday, in which case the period shall be deemed to run until 5:00 p.m. of the next day that is not a Saturday, Sunday, or legal holiday. Except as otherwise expressly provided herein, all time periods expiring on a specified date or period herein shall be deemed to expire at 5:00 p.m. on such specified date or period.

(h) **Counterparts; Facsimile Signatures.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument. A facsimile signature shall be deemed an original signature.

(i) **Captions.** Any captions to, or headings of, the sections or subsections of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

(j) **No Obligations to Third Parties.** Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties to this Agreement to, any person or entity other than the parties hereto.

(k) **Amendment to this Agreement.** The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

(l) **Applicable Law.** This Agreement shall be governed by and construed in accordance with the local law of the State of California.

(m) **Exhibits and Schedules.** The exhibits and schedules attached hereto are incorporated herein by this reference for all purposes.

(n) **Entire Agreement.** This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between, and the final expression of, Buyer and Sellers with respect to the subject matter hereof. The parties hereto expressly agree and confirm that this Agreement is executed without reliance on any oral or written statements, representations or promises of any kind which are not expressly contained in this Agreement. No subsequent agreement, representation or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party hereto shall be of any effect unless it is in writing and executed by the party to be bound thereby.

(o) **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the parties hereto.

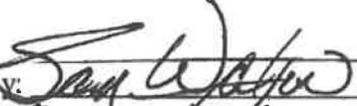
(p) **Assignment.** This Agreement may not be assigned without the prior written consent of the other party hereto, which consent shall not unreasonably be withheld.

[SIGNATURE BLOCK BEGINS ON NEXT PAGE]

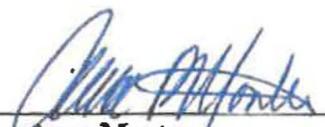
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above.

"SELLERS"

Los Banos Gateway Center, LLC,
a California limited liability company

By: 
Sam Watson, Member


Jose Montes


Anna Montes

"BUYER"

CITY OF LOS BANOS,
a California municipal corporation

By: 
Michael Villalta
Mayor

ATTEST:


Lucy Mallonee
City Clerk

APPROVED AS TO FORM:


William A. Vaughn,
City Attorney

BARBARA J LEVEY
Merced County Clerk - Recorder
P Public

RECORDING REQUESTED BY:

Los Banos Gateway Center, LLC
760 W. 16th Street A-1
Costa Mesa, California 92627
Attention: Mr. Sam Watson

Doc#: **2020003838**



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Titles: 1 Pages: 42
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WHEN RECORDED, MAIL TO:

California Regional Water Quality Control Board, Central Valley Region
11020 Sun Center Drive, #200
Rancho Cordova, California 95670-6114
Attention: Cleanup Program Manager

(Space Above This Line For Recorder's Use Only)

COVENANT AND AGREEMENT TO RESTRICT USE OF PROPERTY

ENVIRONMENTAL RESTRICTION

(Re: 1111 G Street, Los Banos, California)

APNs: Portions of 026-161-003 and 026-161-008

This Covenant and Agreement ("Covenant") is made by and between Los Banos Gateway Center, LLC (the "Owner"), and the California Regional Water Quality Control Board, Central Valley Region ("Central Valley Water Board"). The Owner and the Central Valley Water Board are collectively referred to as the "Parties." The Property, which is situated in Merced County, State of California, is depicted in **Exhibit A** attached hereto and legally described in **Exhibit B** attached hereto, each of which are incorporated herein by this reference (the "Property").

Pursuant to Civil Code Section 1471 and Water Code Section 13307.1, the Central Valley Water Board has determined that this Covenant is reasonably necessary to protect present or future human health or safety or the environment as a result of potential risk related to the possible presence on the land of hazardous materials, as defined in Health & Safety Code ("H&SC") Section 25260, and, pursuant to Civil Code Section 1471 and Water Code Sections 13304 and 13307.1, use of the Property shall be restricted as set forth in this Covenant.

ARTICLE I
STATEMENT OF FACTS

1.01 Property Description. The Property, totaling approximately 4.07 acres, is depicted in Exhibit A and described in Exhibit B, respectively. The Property historically contained a packing house from at least 1980 through 1999, a towing company in 2008 and storage for a dairy company in 2013. The Property is adjacent to a section of the former Union Pacific Railroad Company Right-of-Way Corridor through Los Banos, California, commonly referred to as the Los Banos Rail Corridor. The Property is currently unoccupied. The Property address is 1111 G Street, Los Banos, California.

1.02 Soil Conditions. Arsenic impacted soil is often associated with railroad right-of-ways from use of preservative treatments in the railroad ties and/or herbicides sprayed along the railroad track. Investigations at the Property indicate limited areas of shallow (less than two feet below ground surface) soil impacted with arsenic above concentrations of twelve (12) milligrams per kilogram of soil ("**Arsenic Impacts**"). The Arsenic Impacts are not present on the entire Property; the area of the Property where Arsenic Impacts are present is depicted on Exhibit C and legally described on Exhibit D and is hereinafter referred to as the "**Affected Property**."

1.03 Remedial Action. Provost & Pritchard, on behalf of Owner, has implemented that certain "Arsenic Affected Soil Remediation Work Plan" dated May 18, 2018 ("**Work Plan**") which was approved with comment by the Central Valley Water Board by letters dated November 7, 2018 and January 10, 2019. The Work Plan activities, as documented in the Remedial Action Completion Report dated August 19, 2019, have remediated the Arsenic Impacts at the Affected Property, such that it can be used for a commercial or industrial use (including, without limitation, a police station and associated uses).

1.04 Residual Impacts. Notwithstanding implementation of the Work Plan, residual arsenic impacts remain present at the Affected Property that may require additional assessment and potential additional remediation to be completed to make the Affected Property suitable for residential use ("**Residual Arsenic Impacts**"). The

Residual Arsenic Impacts will not pose a future threat to human health if the Affected Property is restricted to commercial and industrial uses (including, without limitation, a police station and associated uses). This restriction on use of the Affected Property is necessary until the Central Valley Water Board determines that the potential threat to human health has been eliminated.

ARTICLE II

DEFINITIONS

2.01 Central Valley Water Board. "**Central Valley Water Board**" shall mean the Regional Water Quality Control Board, Central Valley Region, and shall include its successor agencies, if any.

2.02 Owner. "**Owner**" means Los Banos Gateway Center, LLC, its successors in interest, including heirs and assigns, who at any time hold title to or an ownership interest in all or any portion of the Property, during the time of such ownership.

2.03 Occupant. "**Occupant**" means Owner and any person or entity entitled by ownership, leasehold, or other legal relationship to the right to occupy any portion of the Property.

2.04 Improvements. "**Improvements**" includes, but is not limited to: buildings, structures, roads, driveways, sidewalks, improved parking areas, wells, pipelines, or other utilities.

ARTICLE III

GENERAL PROVISIONS

3.01 Restrictions to Run with the Land. This Covenant sets forth protective provisions, covenants, restrictions, and conditions (collectively, "**Restrictions**"), subject to which the Property and every portion thereof shall be improved, held, used, occupied, leased, sold, hypothecated, encumbered, and/or conveyed. Each and every Restriction: (a) runs with the land pursuant to Civil Code Section 1471; (b) inures to the benefit of and passes with each and every portion of the Property; (c) is for the benefit

of, and is enforceable by the Central Valley Water Board; and (d) is imposed upon the entire Property unless expressly stated as applicable only to a specific portion thereof (i.e., the Affected Property).

3.02 Binding upon Owners / Occupants. This Covenant binds all Owners/Occupants of the Property, their heirs, successors, and assignees, and the agents, employees, and lessees of the Owners/Occupants, heirs, successors, and assignees. Pursuant to Civil Code Section 1471(b), all successive Owners/Occupants of the Property are expressly bound hereby for the benefit of the State.

3.03 Written Notification of Hazardous Substance Release. Written notice of the existence of this Covenant shall be given to the buyer, lessee, or sublessee of the Property prior to the sale, lease or sublease of the Property.

3.04 Incorporation into Deeds and Leases. This Covenant shall be incorporated by reference in each and every deed and lease for any portion of the Property.

3.05 Conveyance of Property. The Owner shall, no later than thirty (30) days after any conveyance, provide written notice to the Central Valley Water Board of any change in ownership of the Property (excluding leases, and mortgages, liens, and other non-possessory encumbrances). The written notice shall include the name and mailing address of the new owner of the Property and shall reference the site name and site code as listed on page one of this Covenant. The notice shall also include the Assessor's Parcel Number (APN) noted on page one or, if the APN has changed, the APN assigned at the time of transfer. If the new owner's Property has been assigned a different APN, each such APN that covers the Property must be provided. The Central Valley Water Board does not, by reason of this Covenant, have authority to approve, disapprove, or otherwise affect any proposed conveyance, except as otherwise provided by law, by administrative order, or by a specific provision of this Covenant.

ARTICLE IV
RESTRICTIONS

4.01 Restrictions. The Affected Property may not be put to any of the following uses by Owners/Occupants:

- (1) A residence, including any mobile home or factory-built housing, used as residential human habitation.
- (2) A hospital or urgent care center for humans.
- (3) A public or private school for persons under 18 years of age.
- (4) A day care center for children.

4.02 Soil Management. The following restrictions apply to soils on the Affected Property depicted on Exhibit C and legally described on Exhibit D:

(1) Any soils brought to the surface by digging, grading, excavation, trenching or backfilling in the Affected Property shall be managed in accordance with all applicable provisions of state and federal law, as well as the Soil Management Plan included as Exhibit E.

(2) Construction workers digging, grading, excavation, trenching or backfilling in the Affected Property shall adhere to a health and safety plan and wear personal protective equipment, as needed, to protect against exposure to Residual Arsenic Impacts.

4.03 Access for the Central Valley Water Board. The Central Valley Water Board shall have reasonable right of entry and access to the Property defined for inspection, monitoring, and other activities consistent with the purposes of this Covenant as deemed necessary by the Central Valley Water Board to protect the public health or safety or the environment. Such access shall be during normal business hours and shall not unduly disrupt ongoing operations at the Property. The Central Valley Water Board shall to the extent possible provide advance notice to, and coordinate with, the Owner, lessee, or sublessee of the Property, as appropriate, regarding access requirements.

ARTICLE V
ENFORCEMENT

5.01 Enforcement. Failure of the Owner or Occupant to comply with this Covenant shall be grounds for the Central Valley Water Board to require modification or removal of any Improvements constructed or placed upon any portion of the Property in violation of this Covenant. Violation of this Covenant, including but not limited to, failure to submit record of report to the Central Valley Water Board, or the submission of any false statement, shall be grounds for the Central Valley Water Board to pursue administrative, civil or criminal actions, as provided by law.

5.02 No Preemption. Nothing in this Covenant is intended to preempt the State's authority to implement and enforce applicable laws.

ARTICLE VI
VARIANCE, TERMINATION, AND TERM

6.01 Variance. The Owner, or any other aggrieved person, may apply to Central Valley Water Board for a written variance from the provisions of this Covenant. The Central Valley Water Board will grant the variance only after finding that such a variance would be protective of human health, safety and the environment.

6.02 Termination or Modification. The Owner, or any other aggrieved person, may apply to the Central Valley Water Board for a termination or modification of one or more terms of this Covenant as they apply to all or any portion of the Property.

6.03 Term. This Covenant shall continue in effect in perpetuity unless ended in accordance with the Termination paragraph above, by law, or by the State in the exercise of its discretion. The Parties agree that the State shall terminate this Covenant if and when it is determined by the Central Valley Water Board, that this Covenant is no longer reasonably necessary to protect present or future human health or safety or the environment as a result of potential risk related to the possible presence on the land of hazardous materials. This Covenant may also be terminated at an earlier point in time in accordance with the provisions of Section 6.02, above.

ARTICLE VII
MISCELLANEOUS

7.01 No Dedication or Taking. Nothing set forth in this Covenant shall be construed to be a gift or dedication, or offer of a gift or dedication, of the Property, or any portion thereof to the general public or anyone else for any purpose whatsoever. Further, nothing set forth in this Covenant shall be construed to affect a taking under state or federal law.

7.02 Notices. Whenever any person gives or serves any notice ("notice" as used here includes any demand or other communication with respect to this Covenant), each such notice shall be in writing and shall be deemed effective: when delivered, if personally delivered to the person being served or three (3) business days after deposit in the mail, if mailed by United States mail, postage paid, certified, return receipt requested:

To: Cleanup Program Manager
California Regional Water Quality Control Board
Central Valley Region
11020 Sun Center Drive #200
Rancho Cordova, CA 95670-6114

And,

To Owner: Los Banos Gateway Center, LLC
760 W. 16th Street A-1
Costa Mesa, California 92627
Attention: Mr. Sam Watson

Any party may change its address or the individual to whose attention a notice is to be sent by giving written notice in compliance with this paragraph.

7.03 Partial Invalidity. If any portion of the Restrictions or other term set forth herein is determined by a court of competent jurisdiction to be invalid for any reason,

the surviving portions of this Covenant shall remain in full force and effect as if such portion found invalid had not been included.

7.04 Exhibits. All exhibits referenced in this Covenant are deemed incorporated into this Covenant by reference.

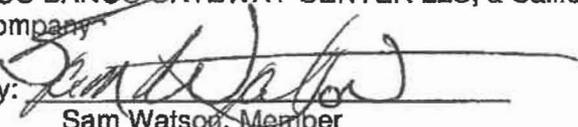
7.05 Statutory References. All statutory references include successor provisions.

7.06 Recordation. The Owner shall record this Covenant, with all referenced Exhibits, in the County of Merced within ten (10) days of the Owner's receipt of a fully executed original.

7.07 Approvals. Where the approval or concurrence of the Central Valley Water Board is required under this Covenant, such approval shall not be unreasonably withheld.

IN WITNESS WHEREOF, the parties execute this Covenant as of the date set forth above.

LOS BANOS GATEWAY CENTER LLC, a California limited liability company

By: 

Sam Watson, Member

Date: 1-16-2020

(Attach notary page)

See Attached Document
Notary Public

CALIFORNIA JURAT WITH AFFIANT STATEMENT

GOVERNMENT CODE § 8202

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-6 to be completed only by document signer[s], not Notary)

1 _____

2 _____

3 _____

4 _____

5 _____

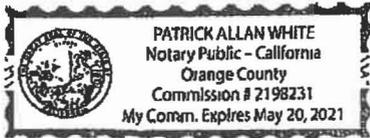
6 _____

Signature of Document Signer No. 1 *Signature of Document Signer No. 2 (if any)*

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 Orange

Subscribed and sworn to (or affirmed) before me
 on this 16th day of January, 2020,
 by Sam Watson
 (1) _____



(and (2) _____),
Name(s) of Signer(s)

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me
 Signature [Handwritten Signature]
Signature of Notary Public

Place Notary Seal and/or Stamp Above

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

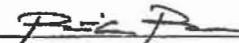
Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

California Regional Water Quality Control Board, Central Valley Region

Name: Patrick Pulupa

Signature: 

Title: Executive Officer

Date: 1/30/20

CERTIFICATE OF ACKNOWLEDGMENT

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, _____
(insert name and title of the officer)

personally appeared _____,
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.

See attached CA compliant
Acknowledgement/Jurat

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 _____ (Seal)

EXHIBITS

- Exhibit A: Depiction of Entire Property
- Exhibit B: Legal Description of Entire Property
- Exhibit C: Depiction of Affected Property
- Exhibit D: Legal Description of Affected Property

**See attached CA compliant
Acknowledgement/Jurat**

CALIFORNIA 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 Sacramento }

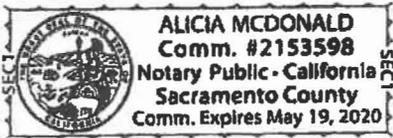
On January 30, 2020 before me, Alicia McDonald, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Patrick Pulupa
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.



Place Notary Seal and/or Stamp Above

Signature Alicia
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 Covenant and Agreement to Restrict Use

Title or Type of Document: Property ARN: 026-161-003 / 026-161-008

Document Date: 1/30/2020 Number of Pages: 42

Signer(s) Other Than Named Above: Sam Watson

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
DEPICTION OF ENTIRE PROPERTY

LOT LINE ADJUSTMENT NO. 2017-18

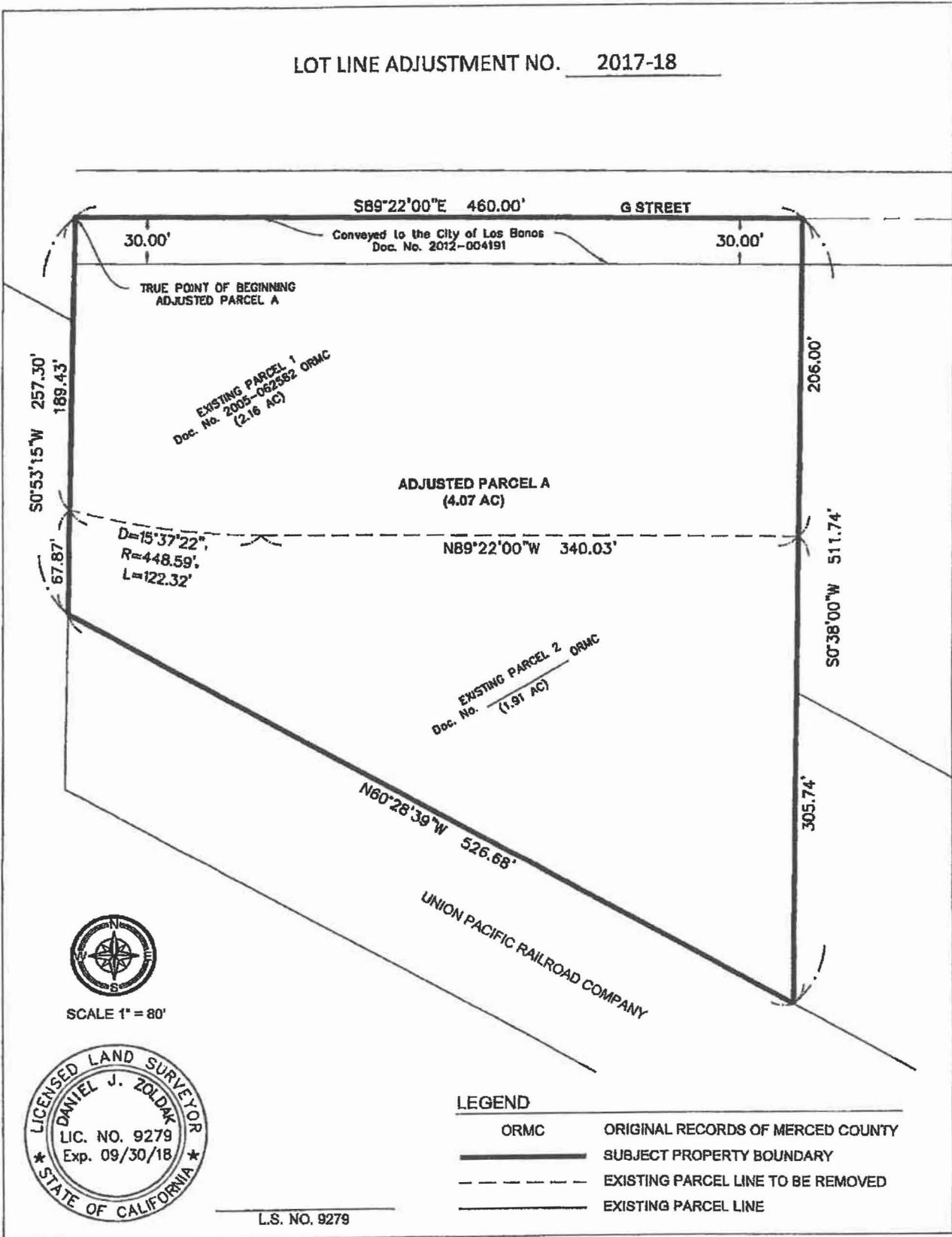


EXHIBIT B
LEGAL DESCRIPTION OF ENTIRE PROPERTY

Legal Description

A portion of Lot 52 in Section 14, Township 10 South, Range 10 East, Mt Diablo Base and Meridian, according to that certain map designated as "Miller and Lux's Subdivision of Lands at Los Banos, Merced County, California" filed for record November 28, 1890, in the Office of the County Recorder, Merced County, in Book 2 of Maps at Page 18, being more particularly described as follows:

BEGINNING at the Northwesterly corner of said Lot 52; Thence South $89^{\circ} 22'$ East, 460.00 feet along the Northerly line of said Lot 52, to the Northeast corner of the lands described in the Grant Deed to Jose Montes, et ux, recorded on August 12th, 2005 as Document No. 2005-062582 of Official Records Merced County; Thence South $00^{\circ} 38' 00''$ West, 511.74 feet along the East line of the lands described in the Grant Deed to Jose Montes, et ux, recorded on August 12th, 2005 as Document No. 2005-062582 of Official Records Merced County and the West line of the lands described in the Grant Deed to the State of California, acting by and through the Judicial Council of California, Administrative Office of the Courts, recorded on December 30th, 2011 as Document No. 2011-046910 of Official Records Merced County to a point on the Northeasterly right of way of the Union Pacific Railroad Company and Southwesterly line of said Lot 52; Thence North $60^{\circ} 28' 39''$ West, 526.68 feet along the Northeasterly right of way of the Union Pacific Railroad Company and the Southwesterly line of said Lot 52 to a point on the Westerly line of said Lot 52; Thence North $00^{\circ} 53' 15''$ East 257.30 feet along the Westerly line of said Lot 52 to the Point of Beginning.

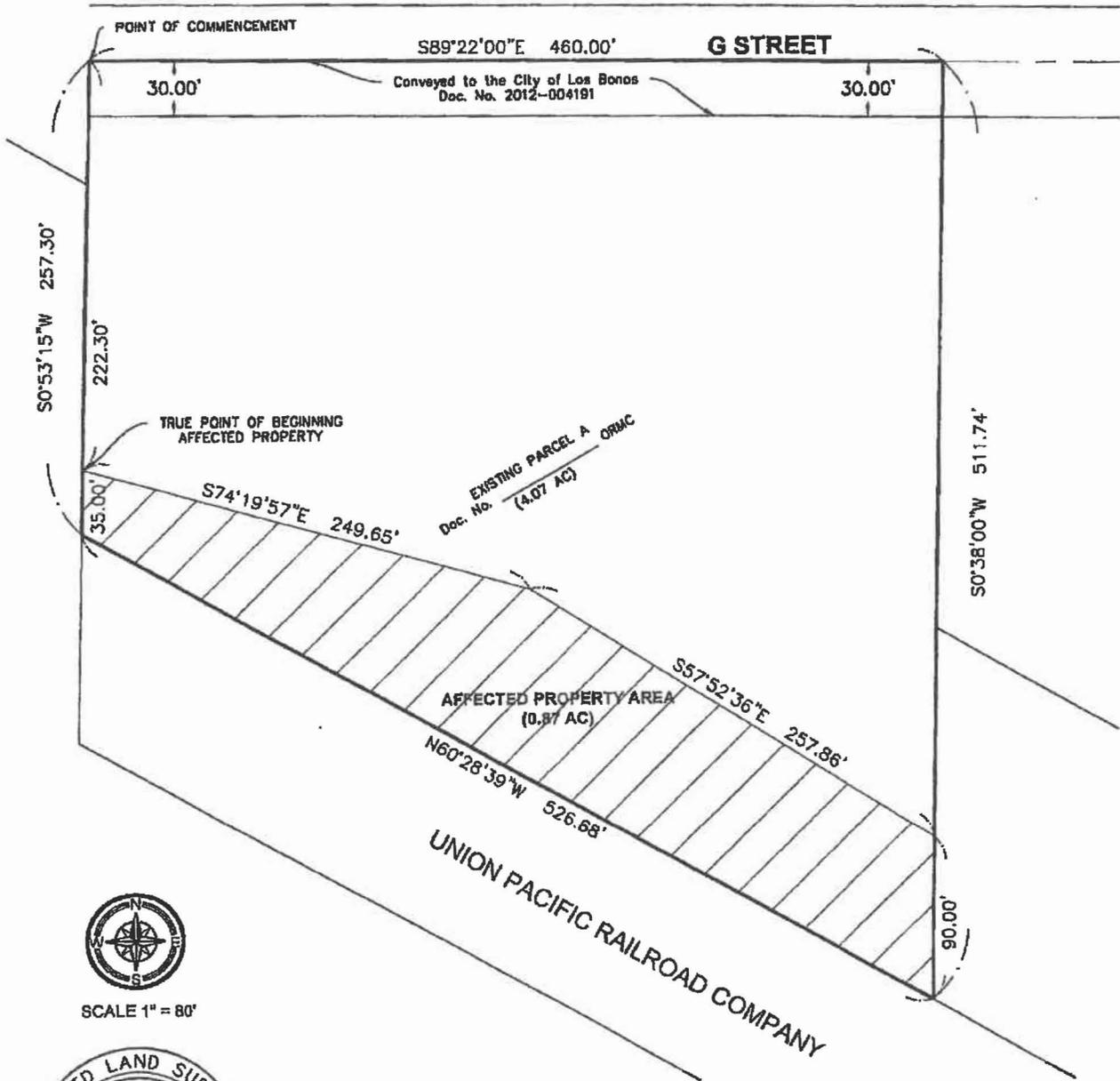
Containing 4.07 Acres more or less.



L.S. NO. 9279

EXHIBIT C
DEPICTION OF AFFECTED PROPERTY

Exhibit C
Affected Property Plat



SCALE 1" = 80'



L.S. NO. 9279

LEGEND

-  ORMC ORIGINAL RECORDS OF MERCED COUNTY
-  SUBJECT PROPERTY BOUNDARY
-  AFFECTED PROPERTY

EXHIBIT D
LEGAL DESCRIPTION OF AFFECTED PROPERTY

Exhibit D

Affected Property
Legal Description

A portion of Lot 52 in Section 14, Township 10 South, Range 10 East, Mt Diablo Base and Meridian, according to that certain map designated as "Miller and Lux's Subdivision of Lands at Los Banos, Merced County, California" filed for record November 28, 1890, in the Office of the County Recorder, Merced County, in Book 2 of Maps at Page 18, being more particularly described as follows:

Commencing at the Northwestern corner of said Lot 52; Thence South 00° 53' 15" West, 222.30 feet along the Westerly line of said Lot 52 to the TRUE POINT OF BEGINNING; Thence South 74° 19' 57" East, 249.65 feet; Thence South 57° 52' 36" East, 257.86 feet; Thence South 00° 38' 00" West, 90.00 feet along the Southerly prolongation of the East line of the lands described in the Grant Deed to Jose Montes, et ux, recorded on August 12th, 2005 as Document No. 2005-062582 of Official Records Merced County, to a point on the Northeasterly right of way of the Union Pacific Railroad Company and Southwesterly line of said Lot 52; Thence North 60° 28' 39" West, 526.68 feet along the Northeasterly right of way of the Union Pacific Railroad Company and the Southwesterly line of said Lot 52 to a point on the Westerly line of said Lot 52; Thence North 00° 53' 15" East 35.00 feet along the Westerly line of said Lot 52 to the Point of Beginning.

Containing 0.87 Acres more or less.



L.S. NO. 9279

EXHIBIT E
SOIL MANAGEMENT PLAN

SOIL MANAGEMENT PLAN

1111 G Street
Los Banos, Merced County, California

December 19, 2019

Prepared for:

Mr. Mark Bare
Regional Water Quality Control Board
11020 Sun Center Drive, Suite 200
Rancho Cordova, California 95670

On Behalf of:

Los Banos Gateway Center, LLC

Prepared by:



Provost & Pritchard Consulting Group
Clovis, California

Daryn Tachella, PG #9661
Associate Geologist

David Norman
Principal Environmental Specialist

2776-18-001

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SMP\2019-1219 Soil Management Plan.Docx

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2776-18-001

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SMP\2019-1219 Soil Management Plan.Docx

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Appendix A: Vicinity Map

Appendix B: Dust Control Plan

1 INTRODUCTION

Provost & Pritchard Consulting Group (Provost & Pritchard or P&P) has prepared this Soil Management Plan (SMP) on behalf of Los Banos Gateway Center, LLC (LBGC). This Plan has been prepared to establish procedures that will be followed should future construction or maintenance activities at the 1111 G Street property require the need to manage soils with potentially elevated concentrations of arsenic excavated from the subsurface or when existing site surfaces (asphalt, concrete, landscaping and/or foundations) are disturbed. The plan serves to supplement the *Covenant and Agreement to Restrict Use of Property, Environmental Restriction (Covenant)* for portions of Merced County Assessor's Parcel Numbers (APNs) 026-161-003 and 026-161-008.

1.1 Background

The property is in Los Banos between G Street and H Street, west of Mercey Springs Road (Appendix A). The site is located on portions of the parcels currently identified as Merced County APN 026-161-003 and -008. The project site has been the subject of a lot line adjustment (Exhibits A and B of the Covenant). The site is currently unoccupied. Intended future land use at the property is commercial and will include buildings, hardscapes (parking lots and walkways), and limited landscape areas.

The property is adjacent to a section of the former Union Pacific Railroad Company Right-of-Way Corridor through Los Banos and includes a former rail spur. This section of the corridor has been developed into the Los Banos Rail Trail. Previous assessments at the property reported elevated concentrations of arsenic in the soil. Arsenic contamination in soil is sometimes associated with railroad rights-of-way from use of preservative treatments on the railroad ties and/or herbicides sprayed along the tracks.

Based on the work plan submitted to the Regional Water Quality Control Board (RWQCB) by P&P for this property on May 18, 2018, a cleanup goal of 28.2 mg/kg was proposed and approved by the RWQCB under a commercial or industrial land use designation. The area of the property with arsenic concentrations exceeding the commercial/industrial specified goal were remediated in July 2019 by excavation and disposal offsite. The excavated areas were then backfilled with soil containing less than 12 mg/kg of arsenic.

The property can now be developed for commercial/industrial uses. However, residual arsenic impacts remain on a portion of the property, referred to as the affected property, that may require additional assessment and potential additional remediation if other land uses are proposed. The affected property is depicted and described in Exhibits C and D of the Covenant. Thus, the Covenant restricts the development of other non-commercial/industrial uses such as residential housing, day care, and other unrestricted uses. This restriction on use is necessary until the RWQCB determines that the potential threat to human health has been eliminated.

1.2 Purpose

The purpose of this SMP is to minimize and control the potential exposure to workers or the public to soils and dust containing arsenic that is above residential concentrations during construction projects. This SMP summarizes the procedures and protocol to be implemented during approved earthmoving activities that penetrate or disturb the existing

ground surface and shallow soil on the affected property. Applicable construction activities include, but are not limited to, subsurface utility installations, foundation excavations, and other activities associated with the development within the affected property.

This SMP addresses worker health and safety controls, personnel assignments and responsibilities, management of contaminated and potentially contaminated materials, and offsite disposal procedures. It also provides recommendations to reduce exposure to workers and the public from contaminants. Work performed under this SMP shall comply with a site health and safety plan, and applicable local, state, and federal statutes and regulations.

2 SOIL MANAGEMENT PLAN

A plan for excavation of the elevated arsenic soil in the affected property considers the following:

- Soil management implications concerning possible worker exposure during construction, which should be accomplished using best management practices (BMPs) for occupational exposures.
- The Los Banos area is prone to elevated wind velocities, which could increase generation and transport of fugitive dust. At sufficient concentrations, arsenic in fugitive dust generated from the affected property could pose an unacceptable risk to onsite construction workers. If not controlled, fugitive dust could also migrate beyond property boundaries and expose offsite residents during construction work. Dust control measures and monitoring will be required during these activities. A Dust Control Plan is included in Appendix B, which is from the RWQCB-approved Work Plan (P&P, 2019).
- Storm water pollution prevention will be accomplished by following BMPs published by the California Stormwater Quality Association. The full text of the BMPs can be reviewed in the California Stormwater BMP Handbook (2011), available from the Web site: <https://www.casqa.org/resources/bmp-handbooks>. NPDES permitting requirements will be the responsibility of the Contractor.

2.1 Regulatory Framework

The RWQCB is the lead regulatory agency for the site. The agency requires notification prior to conducting work that involves disturbing surface and/or subsurface materials on the affected property. No soil at the affected property is to be disturbed without prior written permission of the RWQCB, except for minor inspections, maintenance, and landscaping activities that do not disturb the contaminated soil at the affected property. As part of the notification process, the property Owner shall provide a brief written description of the anticipated site activity involving soil excavation. The notification should be submitted to the RWQCB no later than 60 days prior to the proposed start of site activities. The description shall include an estimate of the volume of soil to be excavated, a list of the known and anticipated contaminants of concern, a site figure clearly identifying the proposed areas to be excavated/disturbed, the duration of the project, and the proposed disposal or reuse location of the soil.

2.2 Project Team

This section describes the project team relevant to the potential excavation, handling, transportation, offsite disposal, and/or reuse of arsenic-affected materials from the affected property.

2.2.1 General Contractor

If future planned construction activities extend into the affected property of the parcel, the Contractor will be required to implement this SMP. The SMP addresses excavation and soil management, temporary stockpiling, onsite materials reuse, and possible offsite disposal. It also includes measures to protect worker and public health, and the environment, from impacts caused by the Contractor's activities. The Contractor shall be responsible for assigning qualified personnel to execute the work, and for selecting and supervising the work of other subcontractors assigned to the project.

The Contractor shall provide a site Superintendent, who will be responsible for site activities. The site Superintendent's responsibilities will include oversight of equipment, labor, materials, and resources needed to complete the project.

2.2.2 Health and Safety Manager

The Health and Safety Manager (HSM) will be responsible for preparing and overseeing implementation of site-specific Health and Safety Plan (HASP). The plan shall list the various safety-related Contractor personnel and their duties and responsibilities. The HASP shall be prepared in accordance with the federal and state OSHA Hazardous Waste Operations and Emergency Response (HAZWOPER) Standards: 29 CFR 1910.120 and 8 CCR Section 5192.

2.3 Waste Categorization

Future development or construction activities in the parcel may involve generating contaminated materials from the affected property that require offsite disposal. It is recommended that during any excavation activities on the affected property, arsenic-affected soils be separately stockpiled from other soils excavated from other areas on the property for purposes of waste characterization and possible offsite disposal. The material excavated from the affected property will likely be considered non-hazardous but may potentially contain arsenic greater than the residential concentration of 12 mg/kg.

2.4 Excavation Material Handling Within the Affected Property

Following assessment and remediation that has been completed at the property, arsenic containing soils are expected to be at concentrations below the residential concentration for much of the property. However, within the affected property, soils are anticipated to contain arsenic at concentrations that exceed the recommended residential, unrestricted concentration of 12 mg/kg. The excavation Contractor can proceed in either of two ways after excavating soils from within the affected property. The Contractor may excavate the soil from the affected property and either place the soil directly into trucks and transport the materials to the disposal site or place the materials onsite in a separate stockpile for characterization for reuse or later disposal. Within the affected property, excavated soils will require handling as described below.

2.4.1 Stockpile Characterization

Stockpile sampling will be conducted for reuse onsite or, if not loaded directly into trucks, offsite disposal of excavated materials. For reuse on site, the stockpiled material will be sampled and analyzed for total arsenic, at the least. One 3-part composite sample should be collected per each 100 cubic yards estimated to have been excavated. For characterization for offsite disposal the selected disposal facility should be contacted regarding analytical testing and conducted in general conformance with the waste disposal facility acceptance requirements.

2.4.2 Material Reuse

For reuse onsite, soils must be initially segregated and stockpiled in a predetermined area, appropriately sampled and analytically tested for total arsenic by a certified environmental laboratory. Soils are suitable for reuse under commercial/industrial land use if the total arsenic concentrations are below 28.2 mg/kg. However, soils with arsenic above 28.2 mg/kg should not be placed in areas of the property other than the affected property due to the subsequent need for additional land use restrictions. Soils with arsenic concentrations below 12 mg/kg may be reused without restriction on the property. Previous samples analyzed for soluble arsenic (P&P, 2019) did not exceed STLC regulatory levels so this analysis is not recommended for potential soil reuse. The geotechnical suitability of excavated materials should be evaluated by a geotechnical professional.

2.4.3 Material Disposal

Excavated soil that will not be reused may either be directly loaded into trucks and disposed at an appropriate pre-approved landfill or stockpiled and characterized for disposal. The excavated materials from the affected property are anticipated to be characterized as non-hazardous and acceptable for disposal at a local Class III municipal landfill. However, the Contractor must verify the hazard classification of the soil prior to disposal and ensure the soil is disposed of at an appropriate landfill.

Areas excavated that require imported backfill will use engineer-approved material required by the project design and compacted to meet the project design specifications. Imported materials shall not contain arsenic above 12 mg/kg or other hazardous materials above regulatory criteria. Imported materials will require pre-approval by the RWQCB prior to being transported to the site.

2.4.4 Dust Control

The Contractor will mitigate dust with water, either with a hand-held sprayer or by water trucks, on the surface of active work areas. Care will be exercised to minimize the overuse of water so as not to create surface water runoff or excessively saturated conditions. The Dust Control Plan in Appendix B will be used during excavation or other earthwork activities within the affected property.

2.4.5 Transport and Disposal

For offsite disposal, the excavated soil will be managed, transported, and disposed of in accordance with federal, state and local regulations. Transporters and disposal facilities used must be appropriately licensed and/or permitted, and properly insured. The

Contractor will manage the transportation and disposal of wastes to the disposal facility. The Contractor shall be responsible for manifests, documentation of loading and transportation, and load tickets that document receipt of the waste at the permitted facility.

Vehicles and vessels shall be decontaminated, as necessary, prior to their departure from the site. The transport trucks shall be enclosed such that there is no dust during transportation along the haul route.

2.5 Documentation

Documentation of earthwork activities, soil characterization, transport and disposal, backfill, and/or material reuse will be provided as required by the RWQCB.

3 LIMITATIONS

This SMP has been prepared for the sole use of the Owner and the Regional Water Quality Control Board, and other involved regulatory agencies. No other person or entity can use or rely on this report without the express written consent of Provost & Pritchard Consulting Group.

Provost & Pritchard's professional services were performed consistent with generally accepted environmental principles and practices in California at the time the services were performed. Judgments leading to conclusions and recommendations are made without a complete knowledge of subsurface conditions. No assessment can eliminate uncertainty regarding the potential for recognized environmental conditions.

Changes in existing conditions at the Site due to time lapse, natural causes, or operations on adjoining properties, may deem the recommendations in this SMP inappropriate. Therefore, the recommendations in this SMP must be approved by the Regional Water Quality Control Board before earthwork is conducted.

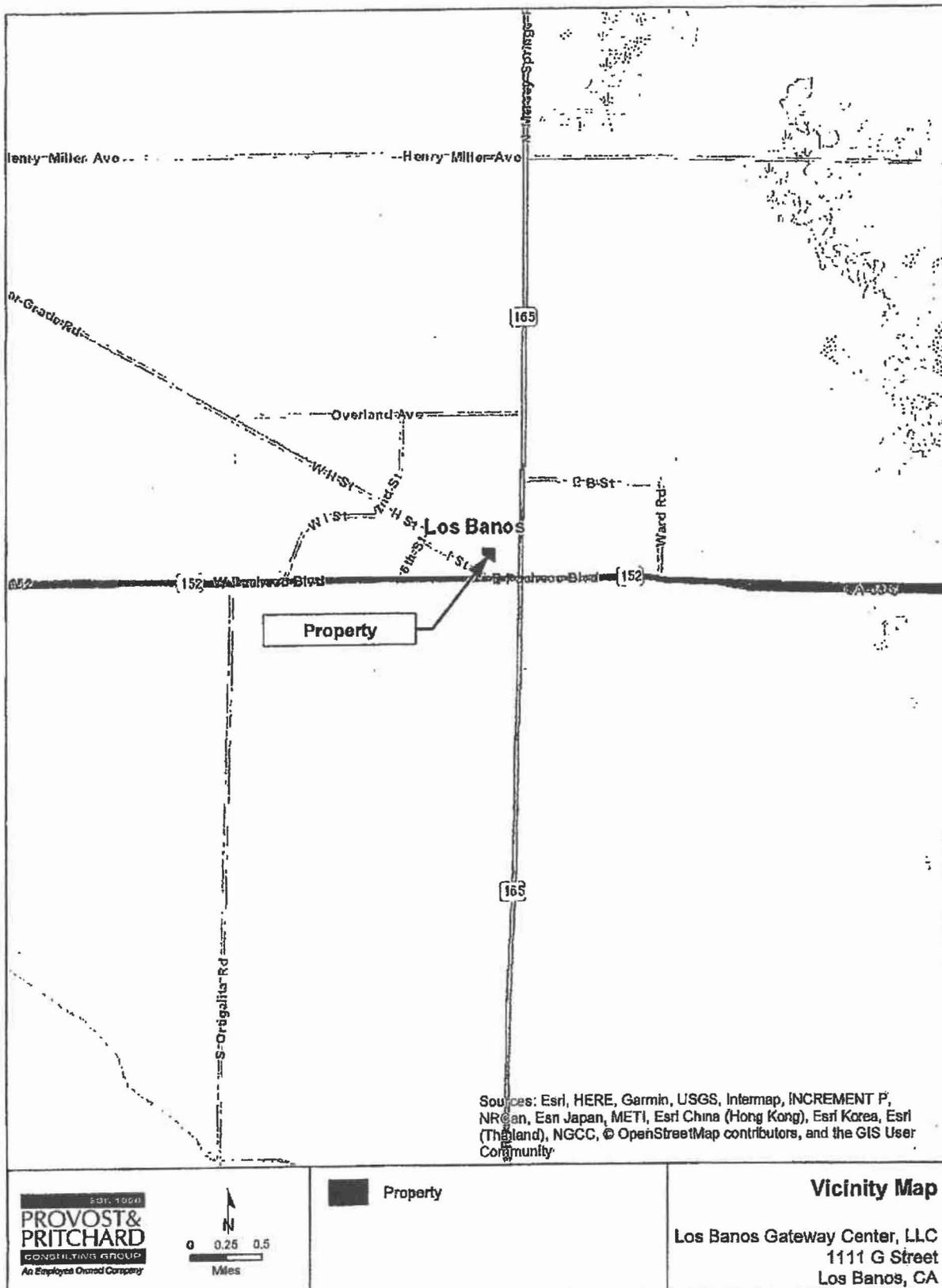
No guarantee or warranty expressed or implied is made.

4 REFERENCES

Provost & Pritchard. 2018. *Arsenic Affected Soil Remediation Work Plan, 1111 G Street, Los Banos, Merced County, California*. May 18.

Provost & Pritchard. 2019. *Revised Arsenic Affected Soil Remediation Work Plan, 1111 G Street, Los Banos, Merced County, California*. May 23.

Appendix A: Vicinity Map



Appendix B: Dust Control Plan

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I. INTRODUCTION

On behalf of Los Banos Gateway Center, LLC, Provost & Pritchard Consulting Group (P&P) has prepared this Dust Control Plan (DCP) for use during excavation of soils with elevated arsenic. The site is at 1111 G Street in Los Banos, between G Street and H Street, west of Mercey Springs Road (Appendix A). The areas of concern are localized surface and near-surface soils present on a portion of Merced County APN 026-161-008.

The excavation contractor will be responsible for complying with all dust control (fugitive dust) regulations of the San Joaquin Valley Air Pollution Control District, including the appropriate rules under Regulation VIII - Fugitive PM10 Prohibitions. These rules are available from: <http://www.valleyair.org/rules/1ruleslist.htm#reg8>.

II. APPROACH

Construction workers and others involved with the soil removal project will potentially be exposed by direct contact (i.e., soil ingestion, inhalation, and dermal contact) to soil that contains arsenic. Also, soil excavation and truck loading activities will produce dust that contains arsenic. The dust presents a potential exposure hazard to onsite workers and to adjacent offsite properties from airborne dust. Screening levels have been developed for these potential exposure pathways as discussed below.

To evaluate potential hazards from compounds in onsite airborne dust, the United States Occupational Health and Safety Administration (OSHA) published permissible exposure limits (PELs) for elements detected with airborne particulates (29 CFR 1910.1018(c)). The PELs are standards that can be used for evaluating exposure to arsenic in airborne dust. The time weighted average PEL for arsenic is 0.010 milligrams per cubic meter of air (mg/m³). To evaluate the potential exposure to the public at the site boundary from airborne dust, a conservative EPA dust emissions model was used to evaluate dust screening levels based on health risk-based criteria.

III. DUST CONTROL LIMITS

Dust control measures described in this DCP are intended to limit worker exposure to arsenic in the airborne dust and offsite dust migration. For the purposes of this DCP, "active excavation area" means the active area of excavation and adjacent truck loading area. This area will be subject to the maximum dust generation and worker exposure. Only appropriate and necessary personnel will be allowed in this active work area. The term "onsite" refers to the site which contains the delineated areas to be excavated while "offsite" refers to the areas directly adjacent to the site boundary.

Water should be made available to the contractor for dust suppression purposes from City-designated sources. Excavation activities may be suspended when wind speeds are high enough to result in dust emissions (potentially containing arsenic) crossing the site boundary, despite the application of dust mitigation measures.

A. Estimated Airborne Concentrations of Arsenic and Cal/OSHA Worker Exposure Standards

Cal/OSHA has established a permissible exposure limit (PEL) for arsenic in the workplace that is equivalent to the federal OSHA PEL, 10 µg/m³. Based on the assumption that arsenic in soil is bound to soil particulate matter, estimates of airborne arsenic due to wind

erosion, grading, excavation, and vehicle and equipment traffic were developed based on a dust emission model to estimate the transport of dust into the breathing zone and a box model to estimate the concentration of airborne arsenic in the breathing zone. The following assumptions and model equations were used:

Parameter	Value	Source
Soil concentration (C_{soil})	28.2 mg/kg	Estimated background
	65 mg/kg	Maximum reported soil concentration
Dust emission factor, construction sites (E)	1.04E-4 g/m ² -sec	EPA (1993)
Conversion factor (CF)	10E-6 kg/mg	NA
Breathing zone concentration (C_{air})	Calculated, mg/m ³	NA
Source area size (A)	5,020 m ²	Less than two-acre estimated construction site
Width of source area (W)	26 m	Less than two-acre estimated construction site
Average wind speed (V)	2.25 m/sec (~5 mph)	Professional judgment
Height of breathing zone (H)	2 m	Professional judgment

Calculation of Dust Emission Flux (arsenic)

The emission flux, or amount of arsenic that could become airborne under a construction scenario can be calculated as follows:

Equation A-1

$$Q = C_{\text{soil}} \times E \times CF1$$

$$Q = 28.2 \text{ mg/kg} \times 1.04\text{E-}4 \text{ g/m}^2\text{-sec} \times 1\text{E-}6 \text{ kg/mg}$$

$$Q = 2.93\text{E-}9 \text{ g/m}^2\text{-sec}$$

Where:

Q = rate of arsenic release (emission flux) to the breathing zone (g/m²-sec)

E = dust emission rate during construction (g/m²-sec)

CF1 = conversion factor to cancel soil concentration units (1E-6 kg/mg)

Calculation of Breathing Zone Concentration of Arsenic Based on Estimated Background Soil Concentration

Based on the emission flux calculated above, the airborne concentration of arsenic can then be calculated as follows:

Equation A-2

$$C_{\text{air}} = (Q \times A \times CF) / (W \times V \times H)$$

$$C_{\text{air}} = (2.93\text{E-}9 \text{ g/m}^2\text{-sec} \times 5,020 \text{ m}^2 \times 1,000,000 \text{ } \mu\text{g/g}) / (26 \text{ m} \times 2.25 \text{ m/sec} \times 2 \text{ m})$$

$$C_{\text{air}} = 0.126 \text{ } \mu\text{g/m}^3$$

Where:

A = source area size (5,020 m²)

CF = conversion factor (1,000,000 µg/g)

W = width of source area (26 m)

V = average wind speed (2.25 m/sec)

H = height of breathing zone (2 m)

The estimated airborne concentration of arsenic, therefore, is more than two orders of magnitude less than the Cal/OSHA PEL of 10 µg/m³ based on the site-specific background concentration of 28.2 mg/kg developed in P&P (2017).

Calculation of Breathing Zone Concentration of Arsenic Based on Maximum Soil Concentration

Equation A-3

$$Q = C_{\text{soil}} \times E \times CF$$

$$Q = 273 \text{ mg/kg} \times 1.04\text{E-}4 \text{ g/m}^2\text{-sec} \times 1\text{E-}6 \text{ kg/mg}$$

$$Q = 2.84\text{E-}8 \text{ g/m}^2\text{-sec}$$

Equation A-4

$$C_{\text{air}} = (Q \times A \times 1,000,000 \text{ µg/g}) / (L \times V \times H)$$

$$C_{\text{air}} = (2.84\text{E-}8 \text{ g/m}^2\text{-sec} \times 5,020 \text{ m}^2 \times 1000 \text{ mg/g}) / (26 \text{ m} \times 2.25 \text{ m/sec} \times 2 \text{ m})$$

$$C_{\text{air}} = 1.22\text{E-}3 \text{ mg/m}^3 \times 1000 \text{ µg/mg}$$

$$C_{\text{air}} = 1.22 \text{ µg/m}^3$$

The estimated airborne concentration of arsenic, therefore, is approximately 10-fold less than the Cal/OSHA PEL of 10 µg/m³.

Based on the foregoing approach, the estimated airborne dust concentrations and resulting cancer risk and noncancer hazard can be estimated from the following equations, A-5 for cancer risk and A-6 for noncancer hazard:

Equation A-5

$$\text{Cancer Risk} = (C_{\text{air}} \times \text{IUR} \times \text{EF} \times \text{ED} \times \text{ET}) / (\text{AT}_c \times 365 \text{ days/year})$$

Where:

- C_{air} = modeled airborne concentration of chemical ($\mu\text{g}/\text{m}^3$)
- IUR = inhalation unit risk [arsenic, $4.3 \times 10^{-3} (\mu\text{g}/\text{m}^3)^{-1}$]
- EF = exposure frequency (commercial/industrial, 250 days/year)
- ED = exposure duration (estimate of construction duration, 1 year)
- ET = exposure time (8 hours/24 hours)
- AT_c = averaging time for carcinogens (70 years)

Equation A-6

$$\text{Hazard Quotient} = (C_{\text{air}} \times \text{EF} \times \text{ED} \times \text{ET}) / (\text{RfC}_i \times \text{AT}_{\text{nc}} \times 365 \text{ days/year})$$

Where:

- C_{air} = modeled airborne concentration of chemical ($\mu\text{g}/\text{m}^3$)
- RfC_i = inhalation reference concentration [arsenic, $1.5 \times 10^{-5} (\text{mg}/\text{m}^3)$]
- EF = exposure frequency (commercial/industrial, 250 days/year)
- ED = exposure duration (estimate of construction duration, 1 year)
- ET = exposure time (8 hours/24 hours)
- AT_c = averaging time for carcinogens (commercial worker, 25 years)

Estimates of cancer risk and noncancer hazard were calculated using Equations A-5 and A-6 based on the estimated airborne concentrations of arsenic developed from Equations A-3 and A-4 (Table A-1).

Table A-1. Estimated Airborne Arsenic Concentrations and Resulting Cancer Risk and Noncancer Hazard Based on Various Arsenic Soil Concentrations

Arsenic Soil Concentration (mg/kg)	Concentration Source	Airborne Concentration of Arsenic In Dust ($\mu\text{g}/\text{m}^3$)	Cancer Risk	Hazard Quotient	Exceeds Cal/OSHA PEL ^a	Exceeds EPA (and Cal/EPA) Policy ^b
28.2	Site-specific background	0.126	9E-7	0.04	NO	NO

273	Site-specific maximum concentration	1.22	1E-5	0.39	NO	YES
4,275	Arsenic concentration that yields airborne concentration equivalent to CalOSHA PEL (10 ug/m3)	~10	1E-4	6.09	NO	YES

^a CalOSHA PEL for arsenic is 10 µg/m³.

^b EPA and Cal/EPA policy generally defines a cancer risk of 1 x 10⁻⁶ and a noncancer hazard quotient of 1.0 as the points of departure risk management decisions for exposure to carcinogens and noncarcinogens, respectively.

As shown in Table A-1, the site-specific background estimate of arsenic in soil could yield an airborne concentration that, in turn, yields a cancer risk of approximately 1 x 10⁻⁶, which is the Cal/EPA point of departure for environmental risk management decisions. The maximum concentration of arsenic reported in soil on the Los Banos Rail Trail site was 273 mg/kg and yields an estimated cancer risk of 1 x 10⁻⁵. The soil concentration required to generate an airborne concentration of arsenic in dust equivalent to the CalOSHA PEL of 10 µg/m³ is 4,275 mg/kg and yields an estimated cancer risk of 1 x 10⁻⁴. These results support the conclusion that arsenic concentrations in the soil on the subject site are insufficient to generate dust concentrations that require mitigation under a construction worker exposure scenario.

B. Active Excavation Dust Limits

The active excavation dust target level (TL) concentration is the level above which initiates certain required activities such as engineering controls and exposure monitoring. The TL is based on the site background arsenic (As) concentration in soil of 28.2 mg/kg and the total respirable dust action level, while the maximum dust concentrations is based on the PEL (see calculations below).

Assumptions:

1. Maximum As concentration in soil: 28.2 mg/kg (=0.0000282 mg As/mg soil)
2. Maximum As concentration in dust is 0.0000282 mg As/mg dust
3. Maximum allowable As concentration in air = PEL (0.010 mg As/m³ of air) (a.)
4. Action Level As = 0.005 mg/m³ (b.)

(a.) Occupational Safety and Health Administration (OSHA) Permissible Exposure Limits (PELS) from 29 CFR 1910.1018(c) for arsenic, PELs are 8-hour time weighted averages unless otherwise indicated.

(b.) OSHA *Action level* means a concentration designated in 29 CFR part 1910.1018(b) for arsenic, calculated as an eight (8)-hour time-weighted average.

Calculations

1. Trigger Level dust concentration = Action Level As concentration / Concentration of As in
In air (mg/m³) for 8 hr dust (mg/mg)
= 0.005 / 0.0000282
= **177.3 mg dust / m³ air**
2. Maximum dust concentration = PEL As concentration / Concentration of As in
In air (mg/m³) for 8 hr dust (mg/mg)
= 0.010 / 0.0000282
= **355 mg dust / m³ air**

The above concentrations are based on 8-hour time weighted averages (TWAs) of exposure. When the particulate monitor measures dust concentrations below this trigger level (177.3 mg/m³) no additional action will be required. Engineering controls, such as water spray dust suppression will be implemented when a sustained reading greater than the TL is measured. If engineering controls cannot reduce the amount of particulate below the maximum dust concentration, the contractor may be required to shut down the earthwork operations until concentrations are sustained below the maximum concentrations.

C. Perimeter Dust Limits

Human health risk-based criteria have been applied to the potential airborne dust concentrations and site specific arsenic background level to develop conservative limits for airborne dust at the actively excavated site boundary.

To establish risk-based perimeter dust limits, the concentration of arsenic in the respirable fraction of airborne dust must be calculated. Brook et al. (1997) reported that PM₁₀, which is the respirable fraction of airborne particulate matter, accounts for 44% of the total suspended particulate (TSP) based on a minimum of two years of data from 19 locations in Canada. If PM₁₀ accounts for a similar fraction of TSP in the air at the subject site, perimeter dust limits should be based on an incremental increase in TSP or PM₁₀ above the background TSP or PM₁₀ according to the following relationship:

$$\text{Acceptable Perimeter Dust Limit} = 0.126 \mu\text{g}/\text{m}^3 / 0.44 + \text{Background PM}_{10}$$

Where:

- 0.126 $\mu\text{g}/\text{m}^3$ = airborne arsenic concentration based on a background soil concentration of 28.2 mg/kg
- 0.44 = factor to account for PM₁₀ fraction of TSP

Measurements will be collected from an upwind and downwind location of the site to monitor for airborne dust migration. The appropriate site for the monitoring will be

assessed daily and established based on wind direction. If the average downwind particulate concentrations at the site boundary during a 15-minute period exceed the acceptable perimeter dust limit, or if visible airborne dust is observed leaving the work area, then the excavation contractor will be required to implement dust suppression. Work activities may resume, with dust suppression techniques, provided that particulate concentrations at the area boundary do not exceed the acceptable perimeter dust limit for a period of 15 minutes and provided that no visible dust is migrating from the work area.

If particulate concentrations at the actively excavated site boundary are still greater than the acceptable perimeter dust limit after implementing dust suppression, work must be stopped, and construction activities re-evaluated. The work can resume once changed work practices or controls reduce the dust concentration to less than the acceptable perimeter dust limit and prevent visible dust migration offsite.

D. Particulate Air Monitoring

Particulate monitoring will be performed using a DataRAM pDR1000AN (Mini-RAM) real time monitor or equivalent. The TSP measured by the Mini-RAM will be used as surrogate readings of PM₁₀. The airborne particulate detection limit for the Mini-RAM (1 µg/m³) is less than the lowest action level (0.066 µg/m³ / 0.44 + background) at the site boundary.

IV. DUST CONTROL

Dust control measures are intended to limit airborne particulate (fugitive dust) concentrations to mitigate worker exposure to arsenic in the airborne dust and offsite dust migration. The project contractor shall implement a dust control program to minimize excavation-generated and wind-blown dust during the soil mitigation activities. Dust control measures will include:

- Using water trucks or other approved methods to wet soils on the site and surrounding streets as needed to minimize dust impacts. Water is available at customary rates from the City of Los Banos with the approval of and requesting a water meter from the Public Works department.
- Increasing the use and frequency of dust control measures and street cleaning when winds increase during excavation and truck loading stages of the project.
- Discontinue dust producing activities if the dust being generated exceeds Trigger Levels that consider site arsenic concentrations.

An on-site worker will conduct dust monitoring during soil excavation and truck loading or other operations to monitor and prevent offsite migration of dust. The monitoring will use a personal DataRAM™ pDR-1000AN (Mini-RAM) monitor or equivalent. The DataRAM™ measures mass concentrations of dust in real time. It shall be calibrated in accordance with the manufacturer's instructions at the start of the project and as recommended by DataRAM™.

Monitoring will be conducted in the work area to assess worker exposure. Monitoring will also be conducted at the site boundaries to assess exposure of the general public outside

the work area. Real-time monitoring results will be used to implement modifications to remedial activities if specified "trigger levels" (TL) are exceeded.

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SIGNATURE OF THE MERCED
COUNTY CLERK-RECORDER.

DATE: 2/4/2020



COUNTY CLERK-RECORDER

Barbara Jovey

MERCED COUNTY
STATE OF CALIFORNIA

City of Los Banos
Police Capital Improvement
Traffic Safety
2019-2020

Account Number	Description	2016-2017 Actual	2017-2018 Actual	2018-2019 Estimated	2019-2020 Adopted
<u>PD CAPITAL IMPROVEMENT</u>					
245-421-100-203	Equipment Repair & Maintenance	9,673	4,028	2,008	0
245-421-100-231	Professional Services	0	0	125,000	150,000
	Supplies & Services	<u>9,673</u>	<u>4,028</u>	<u>127,008</u>	<u>150,000</u>
* 245-421-100-710	Land Purchase	0	0	203	1,400,345 *
245-421-100-753	Specialized Equipment	16,845	0	0	0
	Capital Outlay	<u>16,845</u>	<u>0</u>	<u>203</u>	<u>1,400,345</u>
245-498-000-000	Transfer Out	2,500	0	0	0
	Transfer Out	<u>2,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Total Police Capital Improvement	<u>\$29,018</u>	<u>\$4,028</u>	<u>\$127,211</u>	<u>\$1,550,345</u>
<u>TRAFFIC SAFETY</u>					
<u>General Services</u>					
246-421-100-267	General Materials & Supplies	0	0	5,000	0
	Supplies & Services	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>0</u>
246-421-100-750	Vehicles	0	0	0	45,000
246-421-100-753	Specialized Equipment	0	0	0	60,000
	Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>105,000</u>
<u>Special Services</u>					
246-421-170-750	Vehicles	23,958	0	0	0
	Capital Outlay	<u>23,958</u>	<u>0</u>	<u>0</u>	<u>0</u>
	Total Traffic Safety	<u>\$23,958</u>	<u>\$0</u>	<u>\$5,000</u>	<u>\$105,000</u>

Police Capital Improvement

SERVICE & SUPPLIES

231-PROFESSIONAL SERVICES: Funding for a feasibility study and other costs related to the design and construction of new Police Facility.

CAPITAL OUTLAY

*** **710-LAND PURCHASE:** Expenses related to the purchase of land for the new Police Facility. ***

Traffic Safety

CAPITAL OUTLAY

753-SPECIALIZED EQUIPMENT: Expenses related to the purchase of a license plate reader, which will be installed at a major local intersection to help identify stolen and/or other wanted vehicles.



City of
Los Banos

At the Crossroads of California

Agenda Staff Report

TO: Mayor & City Council Members

FROM: Alex Terrazas, City Manager *AT*

DATE: February 19, 2020

TYPE OF REPORT: Agenda Item

SUBJECT: Merced County Association of Governments Board Composition Options

Recommendation:

Provide direction to the Mayor regarding the Board composition options to be considered by the Merced County Association of Governments (MCAG).

Background:

A subcommittee of MCAG Board members has met to develop options to revise the composition of the MCAG Governing Board. The MCAG Board will be meeting on February 20th to consider the options outlined in the attached MCAG staff report (Attachment 1).

The purpose of this agenda item is for the City Council to provide direction to the Mayor regarding the options to be considered by the MCAG Board.

Attachments:

1. MCAG staff report for Board Item

ITEM 23

MEMORANDUM

DATE: February 13, 2020

TO: MCAG Governing Board

FROM: Stacie Guzman, Executive Director

RE: Subcommittee on Board Composition Options – Alternatives for Consideration

SUMMARY

The subcommittee formed by the Governing Board to consider alternative structures to the MCAG Governing Board related to the composition of representatives from the 6 cities and the County of Merced has concluded their discussions. The subcommittee did not find consensus that would provide for a single recommendation for the Governing Board's consideration. Two of the four subcommittee members were in favor of making no changes to the current board structure (Directors Pareira and Oliveira), and two members (Director Murphy and Silveira) will be prepared to discuss three alternative structures for the board's consideration at the February meeting.

BACKGROUND

In September 2019, the Governing Board provided the Board Chair with the authority to appoint members to a subcommittee to discuss alternative structures to the MCAG board composition. In October 2019, the board pulled the minutes for the aforementioned item and Directors were encouraged to view the meeting video for clarification on the direction provided to the Chair. In November 2019, the Chair appointed Directors Mike Murphy, Scott Silveira, Lloyd Pareira and Joe Oliveira to the subcommittee. The first meeting was held on December 16, 2019 and staff was provided direction to research approaches taken by other councils/associations of government that would add additional seats to the governing board for cities, specifically. The subcommittee met again on January 27, 2020 to review the staff's data and analysis which is attached in its original form.

The conclusion of the second meeting was that no additional meetings would be needed and that without a consensus, individual members of the subcommittee would be provided the opportunity to advocate for alternative options at the February Governing Board meeting. Staff was directed to provide a summary staff report (this document) and the material from the January 27th subcommittee meeting (Attachment 1). Also attached is additional information provided by Director Murphy describing two of the three alternative structures that will be presented to the Governing Board at the February board meeting (Attachment 2).

ATTACHED STAFF ANALYSIS

Attachment 1 is the staff report to the Subcommittee dated January 27, 2020 which summarizes the subcommittee's discussion and direction to staff related to areas to consider as the potential basis for additional seats on the MCAG Governing Board – 1) population and 2) geography.

The population-based approach looked at how the other Valley COGs are structured compared to MCAG and found 4 models:

1. Fewer Seats for County Representatives
2. More Seats for the Largest City (or Cities) in the County
3. Weighted Voting System
4. Adding At-Large Voting Members

Staff's research demonstrated the lack of consistency or "one-right-way" for balancing city and county representation on the Governing Board across other regional governments. However, the two structural commonalities were 1) representation of all cities in the county with at least 1 seat, and 2) some level of representation of the County with either one, some, or all of the County Supervisors.

The geographical considerations included discussions involving representation based on road miles, supervisorial districts and east/west balance. Related to road miles, data was provided for road miles by supervisorial district and by jurisdiction. A brief assessment of east/west populations and road miles as considerations for the board's composition was also provided. All data can be found in Attachment 1.

OPTIONS FOR CONSIDERATION

At the conclusion of the subcommittee discussions, a consensus on a single recommendation to the board was not reached. Instead, four options were identified to be presented to the Governing Board for discussion:

OPTION A - Take no action

Take no action on this item hereby resulting in no change to the current board composition structure. This option does not require a vote of the Governing Board as it is the default should no other option succeed in obtaining majority support.

OPTION B – Add 4 additional seats for the largest cities

Add 2 additional seats for the City of Merced (for a total of 3 seats on the board), and one additional seat to the Cities of Los Banos and Atwater (for a total of 2 seats on the board per City) – thereby changing the total board size to 15.

NOTE: See Attachment 2 – Alternative 1

OPTION C – Add 4 additional seats for the largest city and for each westside city

Add one additional seat for the Cities of Merced, Gustine, Los Banos and Dos Palos (for a total of 2 per City) – thereby changing the total board size to 15.

OPTION D – Weighted Voting System

Implement a double-weighted voting system with the current board composition that requires two conditions for board action to occur: 1) a majority vote of the board (6 of 11) and; 2) representation from at least 50% of the region's population with the 5 Supervisorial votes counted based on each district's unincorporated populations.

NOTE: See Attachment 2 – Alternative 2

Options B, C and D will require an amendment to the Joint Powers Agreement. The current bylaws require proposed amendments be submitted to each member of the Board 15 days prior to the meeting at which the proposed amendment is to be acted upon. As such, a draft amendment will be brought back to the Governing Board for consideration no sooner than the April Governing Board meeting, depending on the option selected.

FISCAL IMPACT

None of the 4 options would result in a financial impact to the agency unless it involved a change to membership dues which was not discussed at the subcommittee level.

REQUESTED ACTION

Identify the preferred option and related next steps.

ATTACHMENTS

Attachment 1: Staff report to the subcommittee from Stacie Guzman dated January 27, 2020 which includes the following:

- Population and voting authority data by COG/CAG
- Regional Road Network Map
- Merced County Supervisorial District Map
- Measure V Funding Allocation Memo dated 3.20.2019

Attachment 2: Memo from Director Murphy outlining Option B (Alternative 1) and Option D (Alternative 2)



To: Board Subcommittee on Board Composition Options

Fr: Stacie Guzman, Executive Director

Date: January 27, 2020

Summary of Direction and Approach

The subcommittee formed to discuss alternative structures to the JPA Governing Board composition met on December 16, 2019. As part of that discussion, the general direction to staff was to look into approaches taken by other councils/associations of government that add additional seats to the governing board for cities, specifically. The discussion identified several areas to explore as the potential basis for additional seats including a jurisdiction's:

1. Population
2. Geography (road miles, supervisorial districts, east/west)

In looking at other agencies, staff focused on one-county, one-COG examples which are primarily found in the San Joaquin Valley. However, the Madera County Transportation Commission was not used as a relevant example as it is a Transportation Commission formed by state statute rather than a Joint Powers Agreement which means their Governing Board structure is dictated by statute and not at the discretion of the Governing Board. The staff analysis focused on the following agencies: San Joaquin Council of Governments, Stanislaus Council of Governments, Merced County Association of Governments, Fresno Council of Governments, Kings County Association of Governments, Tulare County Association of Governments, and Kern Council of Governments.

In addition to the two factors listed above, there was also some discussion about how the Governing Board structure might have influenced how funds have been distributed over time. This discussion resulted in a request for staff to assess funding distribution by supervisorial district and/or jurisdiction as a means to identify a correlation. Unfortunately, this type of broad assessment would not only require a considerable amount of staff time, the process and product would be fraught with errors and inconsistencies due to the following issues:

- MCAG does not maintain historical funding data by jurisdiction.
- "Funding" is a generic term that would need to be defined for the purposes of the assessment related to characteristics such as formula vs. competitive, pass-through vs. discretionary, local authority vs. MCAG authority. 2) Any attempt to conduct such an assessment will require considerable agency staff time and resources.

While MCAG is the recipient of several funding sources, many of them are pass-through funds that the MCAG Governing Board has no discretion over. Those allocations are often based on population, road miles or a combination of both. As such, those allocations are not subject to board action and therefore would arguably not be influenced by composition of the board.

There are several funding sources that are at the discretion of the Governing Board (STIP, CMAQ, LPP for example) but an attempt to determine whether there has been a fair distribution of those funds historically would not be an accurate measure as it would not take into account past board support for project funding that were unsuccessful. This is important in the matter of looking at STIP funds in the east and west sides of the county. While the board has been successful in securing STIP funds for east side projects and is currently in the process of securing funds for AME, simply looking at where the money has gone doesn't capture several years of unsuccessful efforts to secure millions of dollars of STIP funds for the Los Banos bypass.

Simply put, the distribution of funds is not an accurate measure in assessing how the composition of the Governing Board may or may not provide a disproportionate influence for one population over another (east/west, city/county, etc). Additionally, any attempt to collect and analyze years of historical data related to project funding with geographic considerations would require the dedication of significant staff time.

New Information for Discussion

1. Population Based Considerations (See attached Valley COG comparison)

When considering population as the basis for which additional seats, or otherwise stated as increased voting authority, for cities can be achieved, four approaches were identified among Valley COGs.

- **Fewer seats/votes for County representatives**
 - San Joaquin COG (3 of 5)
 - Kings CAG (2 of 5)
 - Fresno COG (1 of 5)
 - Kern COG (2 of 5)
- **More seats/votes for the largest city in the county**
 - San Joaquin COG (Stockton = 3 seats)
 - Stanislaus COG (Modesto = 3 seats)
- **Weighted voting system**
 - Fresno COG (majority vote and 40% population threshold)
- **At-Large voting members**
 - Tulare CAG (3 = at the discretion of the Governing Board)

It appears that the two agencies with additional city seats have a largest city that is three times the size of the next largest city: Stockton/Tracy and Modesto/Turlock. This data can be found in the attached comparison. However, Bakersfield in Kern County has one seat on the COG board despite having a population 4.5 times larger than the next largest city, Delano.

In summary, the assessment of COG board composition based on population considerations suggests there are two structural commonalities – representation of all cities in the county with at least 1 seat, and there is some level of representation of the County by either 1 or all of the County Supervisors. Beyond that, the Valley COGs (as a representative sample of the single-county COG model), demonstrate the lack of consistency or “one-right-way” for balancing city and county representation on the Governing Board.

2. Geographic Considerations

As part of the discussion at the December 16, 2019 subcommittee meeting, several considerations were identified that resulted in a request for staff to provide data for the next meeting's discussion. These considerations were: Road Miles by District and Jurisdiction, Supervisorial District Populations and Road Miles, and East/West Population and Road Miles.

Road Miles by District and Jurisdiction

Similar to the generic definition of "funding" that requires specificity prior to using it as a framework for analysis, "road miles" also involves a variety of subcategories that require explanation.

Public Road Miles is most simply described as all public roads in Merced County except for state highway miles. This data is used in the Measure V local projects formula allocations – see attached memo dated 3.20.19.

- The total number of public road miles in Merced County is 2,831.92.
- 79% of *Public Road Miles* are in the County of Merced.
- 21% of *Public Road Miles* are in the 6 cities.
- Funding for projects on local roads are typically formula based.

Jurisdiction	2016 Public Road Miles	% of Total
Atwater	103.7	3.64%
Dos Palos	22.83	.81%
Gustine	21.97	0.78%
Livingston	46.97	1.66%
Los Banos	129.61	4.58%
Merced	273.51	9.66%
County of Merced	2233.95	78.99%
Total Public Road Miles	2831.92	100%

Regional Road Network includes both regional roads and state highway miles. This distinction between *Public Road Miles* and *Regional Road Miles* is important when considering the distribution of funds for these projects as it relates to MCAG decision-making authority. Funding for *Public Roads* is typically by formula while the majority of the discretionary funding programs at the discretion of the MCAG Governing Board are for projects on the Regional Road Network. A map of the Regional Road Network is attached.

- The entire Regional Road Network in Merced County is 576 miles
 - 382 miles of state highway miles
 - 194 of locally maintained regional roads
- 89% of *Regional Road Network* miles are in the County of Merced.
- 11% of *Regional Road Network* miles are in the 6 cities.

Total Regional Road Network Miles	576
State Highway Miles	382
Locally Maintained Regional Road Miles	194
Regional Road Miles by Incorporated/Unincorporated Areas	
Total Miles within Unincorporated Areas	510
Total Miles within Incorporated Areas	66
Breakdown of Incorporated Regional Road Miles by Jurisdiction	
Within City of Los Banos	11
Within City of Dos Palos	1
Within City of Gustine	4
Within City of Merced	30
Within City of Livingston	7
Within City of Atwater	13

Supervisory District Populations and Road Miles

According to the 2010 Supervisory District Information on the County of Merced website, the district populations are as follows, along with Regional Road Network miles by district:

District	East/West	Population	Regional Road Miles
1	East	50,103	145
2	East	52,401	13
3	East	51,048	48
4	Both	51,140	168
5	West	51,101	202
TOTAL			576

East/West Population and Road Miles as Considerations for Board Composition

The East Side of Merced County as defined by Measure V includes:

- 3 cities (Merced, Atwater, Livingston)
- 3 full supervisory districts (1, 2, and 3)
- 1 partial supervisory district (4)

This results in:

- 6.5 of the 11 seats on the MCAG Governing Board.
- Representing 59% of the board voting authority.
- Representing 77% of the region's population.

The West Side of Merced County as defined by Measure V includes:

- 3 cities (Gustine, Los Banos and Dos Palos)
- 1 full supervisorial district (5)
- 1 partial supervisorial district (4)

This results in:

- 4.5 of the 11 seats on the MCAG Governing Board.
- Representing 41% of the board voting authority.
- Representing 23% of the region's population.

Conclusion

The purpose of this report is to summarize the information collected as requested by the subcommittee in a manner that would promote further discussion. Further direction and specificity from the subcommittee related to the type of information needed is requested should there be additional requests for staff research.

ATTACHMENTS:

Population by County/City/COG

Regional Road Network Map

Merced County Supervisorial District Map

Measure V Funding Allocation Memo dated 3.20.19

San Joaquin Council of Governments

Total County Population: 770,385

- Total Unincorporated Population: 159,808 (21%)
- Total Incorporated Population: 610,577 (79%)

Total Number of Cities in the County: 7

Total Number of Supervisors on BOS: 5

Size of COG Board: 15 (12 voting: 9 city / 3 county)

- 9 City Seats (75% of voting seats)
 - City of Stockton (3) – population 316,410
 - City of Tracy (1) – population 92,800
 - City of Manteca (1) – population 83,781
 - City of Lodi (1) – population 68,272
 - City of Lathrop (1) – population 24,936
 - City of Ripon (1) – population 16,613
 - City of Escalon (1) – population 7,765
- 3 (of 5) County Seats (25% of voting seats)
- 3 Non-Voting Seats:
 - Caltrans District 10
 - San Joaquin Regional Transit District
 - Port of Stockton

Stanislaus Council of Governments

Total County Population: 558,972

- Total Unincorporated Population: 118,046 (21%)
- Total Incorporated Population: 440,926 (79%)

Total Number of Cities in the County: 9

Total Number of Supervisors on BOS: 5

Size of COG Board: 16 (16 voting: 11 city / 5 county)

- 11 City Seats (69% of voting seats)
 - City of Modesto (3) – population 215,201
 - City of Turlock (1) – population 74,471
 - City of Ceres (1) – population 49,510
 - City of Riverbank (1) – population 25,318
 - City of Oakdale (1) – population 23,807
 - City of Patterson (1) – population 23,764
 - City of Newman (1) – population 11,738
 - City of Waterford (1) – population 9,100
 - City of Hughson (1) – population 8,017
- 5 (of 5) County Seats (31% of voting seats)
- 1 Non-Voting Seat: Caltrans District 10
- NOTE: 1 must also serve on a transit agency board

Merced County Association of Governments

Total County Population: 282,928

- Total Unincorporated Population: 96,214 (34%)
- Total Incorporated Population: 186,714 (66%)

Total Number of Cities in the County: 6

Total Number of Supervisors on BOS: 5

Size of COG Board: 11 (11 voting: 6 city / 5 county)

- 6 City Seats (54%)
 - City of Merced (1) – population 83,316
 - City of Los Banos (1) – population 40,074
 - City of Atwater (1) – population 29,479
 - City of Livingston (1) – population 14,427
 - City of Gustine (1) – population 5,855
 - City of Dos Palos (1) – population 5,520
- 5 (of 5) County Seats (45%)
- 0 Non-Voting or “Other” Seats

Kings County Association of Governments

Total County Population: 153,710

- Total Unincorporated Population: 33,693 (22%)
- Total Incorporated Population: 120,017 (78%)

Total Number of Cities in the County: 4

Total Number of Supervisors on BOS: 5

Size of COG Board: 6 (6 voting: 4 city / 2 county)

- 4 City Seats (67%)
 - City of Hanford (1) – population 58,105
 - City of Lemoore (1) – population 26,257
 - City of Corcoran (1) – population 21,832
 - City of Avenal (1) – population 13,823
- 2 (of 5) County Seats (33%)
- 0 Non-Voting or “Other” Seats

Tulare County Association of Governments

Total County Population: 479,112

- Total Unincorporated Population: 144,741 (30%)
- Total Incorporated Population: 334,371 (70%)

Total Number of Cities in the County: 8

Total Number of Supervisors on BOS: 5

Size of COG Board: 17 (16 voting: 8 city / 5 county / 3 AL)

- 8 City Seats (50% of voting seats)
 - City of Visalia (1) – population 138,207
 - City of Tulare (1) – population 66,967
 - City of Porterville (1) – population 60,260
 - City of Dinuba (1) – population 25,328
 - City of Lindsay (1) – population 13,358
 - City of Farmersville (1)- population 11,358
 - City of Exeter (1) – population 11,002
 - City of Woodlake (1) – population 7,891
- 5 (of 5) County Seats (31% of voting seats)
- 3 Members At Large Seats (19% of voting seats)
 - Elected or non-elected
 - Selected by the Governing Board through an application process
- 1 Non-Voting: Caltrans District 6
- NOTE: Certain functions of the board involves a representative from a City transit agency.

Madera County Transportation Commission

MCTC is established by state law rather than through a Joint Powers Agreement. Therefore, its board composition is not at the discretion of the Governing Board.

Fresno Council of Governments

Total County Population: 1,018,241

- Total Unincorporated Population: 175,561 (17%)
- Total Incorporated Population: 842,680 (83%)

Total Number of Cities in the County: 15

Total Number of Supervisors on BOS: 5

Size of COG Board: 16 (16 voting: 15 city / 1 county)

- 15 City Seats (94% of voting seats*)
 - City of Fresno (1) – population 536,683
 - City of Clovis (1) – population 117,003
 - City of Sanger (1) – population 27,094
 - City of Reedley (1) – population 26,666
 - City of Selma (1) – population 25,045
 - City of Coalinga (1) – population 17,600
 - City of Parlier (1) – population 16,151
 - City of Kerman (1) – population 15,495
 - City of Kingsburg (1) – population 12,392
 - City of Mendota (1) – population 12,315
 - City of Orange Cove (1)– population 9,975
 - City of Firebaugh (1) – population 8,132
 - City of Huron (1) – population 7,308
 - City of Fowler (1) – population 6,605
 - City of San Joaquin (1) – population 4,216
- 1 (of 5) County Seats (6% of voting seats*)
- 0 Non-Voting Seats

*VOTING: Fresno COG uses a “double-weighted” voting system which provides for an urban/rural balance as opposed to either area dominating. Each member has a percentage vote based upon population. To approve any action the vote must pass two tests:

1. Agencies representing over 40% of the population must be in favor, and;
2. A majority of all the members must support the action; that is, 9 of the 16 members.

Kern Council of Governments

Total County Population: 916,464

- Total Unincorporated Population: 318,006 (35%)
- Total Incorporated Population: 598,458 (65%)

Total Number of Cities in the County: 11

Total Number of Supervisors on BOS: 5

Size of COG Board: 17 (13 voting: 11 city / 2 county)

- 11 City Seats (85% of voting seats)
 - City of Bakersfield (1)- population 389,211
 - City of Delano (1) – population 53,936
 - City of Ridgecrest (1) – population 29,712
 - City of Wasco (1) – population 27,955
 - City of Arvin (1) – population 22,178
 - City of Shafter (1) – population 20,886
 - City of McFarland (1) – population 15,242
 - California City (1) – population 15,000
 - City of Tehachapi (1) – population 13,668
 - City of Taft (1) – population 9,430
 - City of Maricopa (1) – population 1,240
- 2 (of 5) County Seats (15% of voting seats)
- 4 Non-Voting Seats:
 - Caltrans District 6
 - Caltrans District 9
 - Golden Empire Transit
 - Joint Planning Policy Board

SOURCES

Population Data: Department of Finance estimates for January 1, 2019:

<http://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-1/>

Board Composition Data:

<https://www.sjcog.org>

<https://www.stancog.org>

<https://www.fresnocog.org>

<https://www.kingscog.org>

<http://www.tularecog.org/>

<https://www.kerncog.org>

MERCED COUNTY SUPERVISORIAL DISTRICT MAP

STANISLAUS COUNTY

MARIPOSA COUNTY

SANTA CLARA COUNTY

MADERA COUNTY

SAN BENITO COUNTY

FRESNO COUNTY

- RODRIGO ESPINOZA DISTRICT - 1
- LEE LOR DISTRICT - 2
- DARON McDANIEL DISTRICT - 3
- LLOYD PAREIRA DISTRICT - 4
- SCOTT SILVEIRA DISTRICT - 5



0 2.5 5 10 Miles



MEMORANDUM

DATE: March 20, 2019
 TO: Member Agencies
 FROM: Stacie Dabbs, Executive Director
 RE: Notice of Local Project Funding Allocation Formula Update for FY 2019-2020

Local Project Funding Allocation Formula

The Measure V Expenditure Plan (Plan), as passed by Merced County voters in November 2016 and amended by the MCAG Governing Board in May 2018, states:

The funds for the Local Projects program will be allocated annually to local jurisdictions (the Cities and the County) using a formula as follows:

1. *A base amount of \$150,000 will be allocated to each jurisdiction;*
2. *The remaining funds will be allocated based on the average of the jurisdiction's share of the total countywide population and their share of the total countywide public maintained road miles. For example, if a jurisdiction has 35% of the population and 75% of the road miles they will be allocated 55% of the funds remaining after the base amounts are allocated.*

The 2018 Local Project Funding agreements executed between each jurisdiction and MCAG states:

Article I, Paragraph A(2) – Recipient allocations are subject to change based on variations of annual population figures and percent of road miles pursuant to Article II Paragraph A(2) herein.

Article II, Paragraph A(2) – MCAG shall annually update the Measure V revenue projections and the resulting fund allocation formulas to reflect the most current population using the California Department of Finance's annual population estimates (Report E-1 published annually in May) and the Maintained Miles by jurisdiction as published in the most current California Public Road Data. MCAG shall use the updated Local Projects allocation formulas in the allocations beginning July 1 of each new fiscal year, which is from July 1 to June 30. MCAG shall provide the RECIPIENT prompt notice of any update to the allocation formulas and MCAG's application of the updated formula to the RECIPIENT's allocation.

Allocation Formula Update for FY 2019-2020

Based on the direction provided in the Expenditure Plan and current Local Project Funding Agreement summarized above, MCAG updated the Local Projects Funding Allocation formula to be implemented with revenue collected after June 30, 2019. Per the Expenditure Plan and Local Projects Funding Agreement, the update to the allocation formula reflects the most recent changes to population and road miles data.

POPULATION DATA BY JURISDICTION					
	2017 Population	2017 % of Total	2018 Population	2018 % of Total	% Change
Atwater	30,406	11.07 %	31,235	11.16 %	1.8 %
Dos Palos	5,391	1.96 %	5,679	2.03 %	3.4 %
Gustine	5,886	2.14 %	5,874	2.10 %	1.6 %
Livingston	13,947	5.08 %	14,328	5.12 %	2.5 %
Los Banos	39,993	14.56 %	40,986	14.64 %	2.4 %
Merced	84,464	30.75 %	86,750	30.98 %	0.9 %
County of Merced	94,578	34.43 %	95,125	33.98 %	2.1 %
Total Population	274,665	100 %	279,977	100 %	1.8 %

ROAD MILES DATA BY JURISDICTION					
	2014 Road Miles	2014 % of Total	2016 Road Miles	2016 % of Total	% Change
Atwater	84.2	3.58 %	103.7	3.64 %	18 %
Dos Palos	24.5	1.04 %	22.83	0.81 %	-7 %
Gustine	20.79	0.88 %	21.97	0.78 %	5 %
Livingston	37.55	1.60 %	46.97	1.66 %	20 %
Los Banos	123.17	5.24 %	129.61	4.58 %	5 %
Merced	305.07	12.97 %	273.51	9.66 %	-12 %
County of Merced	1756.04	74.68 %	2,233.95	78.88 %	21 %
Total Miles	2,351.32	100.00 %	2,831.92	100 %	17 %

FUNDING ALLOCATION PERCENTAGE BY JURISDICTION			
<small>(% Road Miles + % Population) ÷ 2 = Allocation %</small>			
	2017 Allocation %	2019 Allocation %	% Change
Atwater	7.33 %	7.40 %	1 %
Dos Palos	1.50 %	1.42 %	-6 %
Gustine	1.51 %	1.44 %	-5 %
Livingston	3.34 %	3.39 %	1 %
Los Banos	9.90 %	9.61 %	-3 %
Merced	21.86 %	20.32 %	-8 %
County of Merced	54.56 %	56.43 %	3 %
Total Population	100 %	100 %	

Projected Local Projects Funding Allocations by Jurisdiction for FY 2019-20

PROJECTED LOCAL PROJECTS FUNDING ALLOCATIONS			
FY 2019-2020			
Based on overall program revenue projection of \$15 million/annually. Projected total includes Local Project Funding and Alt Modes (20%).			
	Annual Base Amount	50/50 Formula Amount	Projected Annual Allocation
Atwater	\$ 150,000	\$ 477,166	\$ 627,166
Dos Palos	\$ 150,000	\$ 91,416	\$ 241,416
Gustine	\$ 150,000	\$ 92,685	\$ 242,685
Livingston	\$ 150,000	\$ 218,531	\$ 368,531
Los Banos	\$ 150,000	\$ 619,714	\$ 769,714
Merced City	\$ 150,000	\$ 1,310,730	\$ 1,460,730
County	\$ 150,000	\$ 3,639,759	\$ 3,789,759
Total	\$ 1,050,000	\$ 6,450,000	\$ 7,500,000

Data Sources

2016 Road Miles:

California Public Road Data 2016, Table 6 - Merced County

Caltrans, March 2018

http://www.dot.ca.gov/hq/tsip/hpms/hpmslibrary/prd/prd_pdf_format/prd2016.pdf

2014 Road Miles:

California Public Road Data 2014, Table 6 - Merced County

Caltrans, July 2016

http://www.dot.ca.gov/hq/tsip/hpms/hpmslibrary/prd/prd_pdf_format/prd2014.pdf

2018 Population:

E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2017 and 2018.

California Department of Finance, May 2018.

<http://www.dof.ca.gov/Forecasting/Demographics/Estimates/E-1/>

2017 Population: from the previous E-1 report published May 2017.

Contact

Please direct questions to Matt Fell at matt.fell@mcagov.org (209)723-3153 x 128.

MEMORANDUM

DATE: February 10, 2020

TO: Governing Board

FROM: Mike Murphy, Director

RE: Subcommittee on Board Composition Options – Alternatives for Consideration

DISCUSSION

The subcommittee formed by the Governing Board to consider alternative structures to the MCAG Governing Board has concluded its discussions. The subcommittee did not reach consensus that would provide a single recommendation for the Governing Board’s consideration. I put forward several suggestions to the subcommittee for consideration that I would now like to share with the Governing Board.

The current composition of the Governing Board provides more representation to the Merced County Board of Supervisors than the population that it represents in the unincorporated areas of Merced County. This representation comes at the expense of the cities of Merced, Los Banos, and Atwater. For example, the population of the City of Merced is 30.79% of the total population of Merced County.¹ The population of the unincorporated areas of Merced County is 34.01% of the total population of Merced County.² Nevertheless, all five members of the County Board of Supervisors are on the Governing Board and the City of Merced only has one representative. Currently, Merced County constitutes 45.5% of the Governing Board membership and the City of Merced constitutes just 9%. Our Governing Board is not reflective of the constituents we represent.

At the direction of the subcommittee, MCAG staff researched the board composition of the various councils of government (“COGs”) in California. After surveying the other areas of the state, MCAG staff’s recommendation was to focus on the composition of the COGs in the Central Valley because they are most similar to our county. Their work showed that no other Central Valley COG has a structure like MCAG’s that provides such weighted voting to the county board.

As a guiding principle, the composition of our Governing Board should be reflective of our constituents. Notably, the members of the Board of Supervisors who served in city government prior to being elected to county government expressed their concern with the current structure of our Governing Board while in city government. In 2019, however, the Governing Board was unwilling to reduce the number of seats allocated to Merced County. In part, this was due to the fact that any such change would require a 2/3rds vote of the Governing Board, which provides Merced County with veto power. As an alternative, I proposed the following two options:

¹ January 2018 Department of Finance population estimate of 87,110 residents.

² January 2018 Department of Finance population estimate of 96,214 residents.

ATTACHMENT 2

Alternative 1: Add four additional seats to the Governing Board. Two seats would be allocated to the City of Merced, one to the City of Los Banos, and one to the City of Atwater. The City of Merced would still be underrepresented by nearly 11%, but no other entity would be underrepresented by more than 1.5%. Alternative 1 also responds to Merced County’s concern that it needs all five supervisors to be on the Governing Board.

	Current Board Members	2018 Population	% of Population	Proposed Board Members	% of Board	Difference b/w Board Vote and Population
Atwater	1	31,470	11.12%	2	13.33%	2.21%
Dos Palos	1	5,541	1.96%	1	6.67%	4.71%
Gustine	1	5,884	2.08%	1	6.67%	4.59%
Livingston	1	14,811	5.23%	1	6.67%	1.43%
Los Banos	1	41,898	14.81%	2	13.33%	-1.48%
Merced	1	87,110	30.79%	3	20.00%	-10.79%
County	5	96,214	34.01%	5	33.33%	-0.67%
	11	282,928	100.00%	15	100.00%	

Alternative 2:

The Fresno County Council of Governments has addressed the issue described above by having a double weighted voting system. If implemented here, Governing Board approvals would require a (i) majority of the Directors and (ii) majority³ of the Directors by population. The population would be tabulated so that each resident is only counted once. Residents in cities would be represented by their city representative and residents in the unincorporated areas of the county would be represented in this vote by their county representative. This would ensure that decision making takes into account each city, each supervisorial district, and the majority of the population of Merced County as a whole.

³ The Fresno COG only requires 40%.



City of
Los Banos
At the Crossroads of California

COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

Date: February 14, 2020
Re: Notice of Public Hearing
Proposal: Site Plan Review #2019-04

NOTICE IS HEREBY GIVEN THAT a Public Hearing will be held by the Los Banos Planning Commission to consider a Categorical Exemption from the California Environmental Quality Act (CEQA) pursuant to Section 15303 (New Construction or Conversion of Small Structures) for Site Plan Review #2019-04 for the development of an unmanned telecommunications facility which includes one (1) 70' tall disguised monopole and various ground equipment including perimeter fencing of a 600 square foot portion of leased private property within the General Industrial Zoning District located at 220 Willmott Avenue; more specifically identified as Assessor's Parcel Number 081-110-055.

A PUBLIC HEARING on this matter will be held at the next scheduled meeting of the Planning Commission on Wednesday, February 26, 2020 at 7:00 p.m. in the Council Chambers of Los Banos City Hall located at 520 "J" Street. Questions regarding the above-referenced item may be directed to Rudy Luquin, Associate Planner at City Hall or at (209) 827-2432.

All persons are invited to be present at the public hearing. Written and oral testimony is invited. Notice is hereby further given that if you challenge the above described Project in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this Notice, or in written correspondence delivered to the Planning Commission at, or prior to, the public hearing.

Additional information may be obtained from the Community & Economic Development Department at 520 J Street, Los Banos, California. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at (209) 827-7000. Notification at least 72 hours prior to the public hearing will enable the City to make reasonable arrangements to allow participation at this hearing

THE CITY OF LOS BANOS

Rudy Luquin
Associate Planner



City of
Los Banos
At the Crossroads of California

**COMMUNITY AND ECONOMIC DEVELOPMENT
DEPARTMENT**

Date: February 14, 2020

Regarding: Notice of Public Hearing

Proposal: Proposed Ordinance – Reasonable Accommodation

NOTICE IS HEREBY GIVEN THAT a Public Hearing will be held by the Los Banos Planning Commission to consider a Statutory Exemption from CEQA pursuant to Section 15061(b)(3) (General Rule) and to consider a recommendation to the Los Banos City Council to add Article 46 to Chapter 3 of Title 9 of the Los Banos Municipal Code relating to reasonable accommodation.

A PUBLIC HEARING on this matter will be held at the next scheduled meeting of the Los Banos Planning Commission on Wednesday, February 26, 2020 at 7:00 p.m. in the Council Chambers of Los Banos City Hall located at 520 "J" Street. Questions regarding the above-referenced item may be directed to Stacy Souza Elms, Community and Economic Development Director, at City Hall or at (209) 827-2433.

All persons are invited to be present at the public hearing. Written and oral testimony is invited. Notice is hereby further given that if you challenge the above described Ordinance in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this Notice, or in written correspondence delivered to the Planning Commission at, or prior to, the public hearing per Government Code Section 65009.

Additional information may be obtained from Community & Economic Development Department at 520 J Street, Los Banos, California. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at (209) 827-7000. Notification at least 72 hours prior to the public hearing will enable the City to make reasonable arrangements to allow participation at this hearing

THE CITY OF LOS BANOS

Stacy Souza Elms
Community and Economic Development Director



City of
Los Banos
At the Crossroads of California

**COMMUNITY AND ECONOMIC DEVELOPMENT
DEPARTMENT**

Date: February 14, 2020

Regarding: Notice of Public Hearing

Proposal: Proposed Ordinance – SB 2 Compliance

NOTICE IS HEREBY GIVEN THAT a Public Hearing will be held by the Los Banos Planning Commission to consider a Statutory Exemption from CEQA pursuant to Section 15061(b)(3) (General Rule) and to consider a recommendation to the Los Banos City Council to amend Chapter 3 of Title 9 of the Municipal Code as it relates to removing barriers for development of supportive and transitional housing, emergency shelters, and single room occupancies in accordance with State Housing Element Law.

A PUBLIC HEARING on this matter will be held at the next scheduled meeting of the Los Banos Planning Commission on Wednesday, February 26, 2020 at 7:00 p.m. in the Council Chambers of Los Banos City Hall located at 520 "J" Street. Questions regarding the above-referenced item may be directed to Stacy Souza Elms, Community and Economic Development Director, at City Hall or at (209) 827-2433.

All persons are invited to be present at the public hearing. Written and oral testimony is invited. Notice is hereby further given that if you challenge the above described Ordinance in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this Notice, or in written correspondence delivered to the Planning Commission at, or prior to, the public hearing per Government Code Section 65009.

Additional information may be obtained from Community & Economic Development Department at 520 J Street, Los Banos, California. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at (209) 827-7000. Notification at least 72 hours prior to the public hearing will enable the City to make reasonable arrangements to allow participation at this hearing

THE CITY OF LOS BANOS

Stacy Souza Elms
Community and Economic Development Director