

**BENICIA CITY COUNCIL
REGULAR MEETING AGENDA**

**City Council Chambers
February 03, 2015
7:30 PM**

*Times set forth for the agenda items are estimates.
Items may be heard before or after the times designated.*

I. CALL TO ORDER (7:30 PM):

II. CLOSED SESSION:

III. CONVENE OPEN SESSION:

A. ROLL CALL.

B. PLEDGE OF ALLEGIANCE.

C. REFERENCE TO THE FUNDAMENTAL RIGHTS OF THE PUBLIC.

A plaque stating the fundamental rights of each member of the public is posted at the entrance to this meeting room per section 4.04.030 of the City of Benicia's Open Government Ordinance.

IV. ANNOUNCEMENTS/PROCLAMATIONS/APPOINTMENTS/PRESENTATIONS:

A. ANNOUNCEMENTS.

1. Announcement of action taken at Closed Session, if any.

2. Openings on Boards and Commissions:

We are currently in the process of interviewing for Board and Commission recommendations for appointment.

3. **Mayor's Office Hours:**
Mayor Patterson will maintain an open office every Monday (except holidays) in the Mayor's Office of City Hall from 6:00 p.m. to 7:00 p.m. No appointment is necessary. Other meeting times may be scheduled through the City Hall office at 746-4200.

4. **Benicia Arsenal Update**

Update from City Attorney

B. PROCLAMATIONS.

C. APPOINTMENTS.

D. PRESENTATIONS.

1. **HUMAN SERVICES BOARD ANNUAL REPORT**

V. ADOPTION OF AGENDA:

VI. OPPORTUNITY FOR PUBLIC COMMENT:

This portion of the meeting is reserved for persons wishing to address the Council on any matter not on the agenda that is within the subject matter jurisdiction of the City Council. State law prohibits the City Council from responding to or acting upon matters not listed on the agenda. Each speaker has a maximum of five minutes for public comment. If others have already expressed your position, you may simply indicate that you agree with a previous speaker. If appropriate, a spokesperson may present the views of your entire group. Speakers may not make personal attacks on council members, staff or members of the public, or make comments which are slanderous or which may invade an individual's personal privacy.

A. WRITTEN COMMENT.

B. PUBLIC COMMENT.

VII. CONSENT CALENDAR (7:50 PM):

Items listed on the Consent Calendar are considered routine and will be enacted, approved or adopted by one motion unless a request for removal or explanation is received from a Council Member, staff or member of the public. Items removed from the Consent Calendar shall be considered immediately following the adoption of the Consent Calendar.

A. APPROVAL OF THE MINUTES OF THE JANUARY 20, 2015 SPECIAL AND REGULAR MEETINGS.

B. APPROVE CONTRACT CHANGE ORDER AND BUDGET ADJUSTMENT FOR THE CORDELIA TRANSMISSION MAIN REPAIR AND DESIGNATE AUTHORIZED AGENTS FOR THE PURPOSES OF FEMA AND CAL OES. (Public Works Director)

Argonaut Constructors, Santa Rosa, was issued a purchase order in December 2014 to excavate and expose a leak on the 24-inch CTM in Cordelia. Due to the urgency of the repair to this raw water pipeline, the City Manager approved a purchase order in the amount of \$49,990 to perform the preliminary tasks prior to the repair of the pipeline. The pipeline is being repaired by a specialized contractor during the week of January 19. After repairs are completed, Argonaut's remaining job tasks (pipeline splice, backfill, site restoration) will exceed the amount on the existing purchase order. The cost for Argonaut to complete the remaining tasks is estimated at \$35,000. When the pipeline was exposed, specialty contractors were needed to find and repair the leaks, so additional costs were incurred. A budget adjustment of \$91,780 is needed to replenish the Emergency Repairs account.

Recommendation: Adopt a resolution authorizing (1) the City Manager to approve a Contract Change Order in the amount of \$35,000 to Argonaut Constructors, Inc. for the repair of the 24-inch Cordelia Transmission Main (CTM), subject to review and approval of final documents by the City Attorney, (2) approve a budget adjustment in the amount of \$91,780 to fund the repair project until the City is reimbursed 93.75% by the Federal Emergency Management Agency (FEMA), (3) designate authorized agents to work with FEMA and CalOES on this and other disasters.

C. SOLANO CITY-COUNTY COORDINATING COUNCIL'S DRAFT PROPOSED 2015 STATE & FEDERAL LEGISLATIVE PLATFORM. (City Manager)

Staff have identified several recommended changes to the Solano City-County Coordinating Council's Draft Proposed 2015 State & Federal Legislative Platform. At Council's direction, these recommendations would be forwarded to the City-County Coordinating Council for consideration as it adopts its 2015 legislative priorities.

Recommendation: Review and forward the recommended changes to the draft proposed 2015 State & Federal Legislative Platform.

D. APPROVAL OF \$85,000 LOAN AGREEMENT WITH SOLTRANS TO FUND THE CONSTRUCTION OF THE BENICIA INDUSTRIAL PARK BUS HUB PROJECT TO BE REPAYED BY THE REGIONAL TRAFFIC IMPACT FEES. (Public Works Director)

The City owns the 1.0 acre parcel for the park-and-ride lot at the southwest corner of Park Road and Industrial Way. The construction bid documents are being prepared and construction is scheduled for the summer and fall of 2015. The construction is being funded with Regional Measure 2 and Regional Traffic Impact Fee (RTIF) funds, but the RTIF funding might not be available for five years. SolTrans has agreed to provide a “bridge loan” with the expectation that the loan will be paid off with RTIF Working Group 3 funds within three years. If RTIF Working Group 3 funds collected in three years do not cover the loan payment, the City will need to pay SolTrans directly and get paid RTIF Working Group 3 funds as they are collected.

Recommendation: Adopt a resolution approving a \$85,000 loan agreement with SolTrans to fund the construction of the Benicia Industrial Park Bus Hub Project, authorizing the City Manager to execute a loan agreement with SolTrans, and authorizing the expenditure of \$40,000 in city traffic impact fees for the project.

E. APPROVAL OF AGREEMENTS TO ADMINISTER, COLLECT AND REPORT UPON THE SALES TAX REVENUE DERIVED FROM MEASURE C. (Economic Development Manager)

In order to administer, collect and report upon the sales tax revenue derived from the passage of Measure C, it is necessary to enter into agreements with the Board of Equalization and HdL Companies.

Recommendation: Adopt proposed resolutions and approve related agreements with the Board of Equalization and HdL Companies to process and report sales tax revenue derived from the passage of Measure C.

F. Approval to waive the reading of all ordinances introduced and adopted pursuant to this agenda.

VIII. BUSINESS ITEMS (8:00 PM):

A. MARIN CLEAN ENERGY (MCE) - OUTREACH PLAN OVERVIEW. (Interim Community Development Director)

On November 4, 2014, the City Council voted to join Marin Clean Energy (MCE), a community choice aggregation program that will provide Benicia customers with renewable electricity. As part of this program, MCE undertakes extensive outreach in the community to educate customers about its program and their choice of energy providers. MCE will provide an overview of this outreach plan, timeline, and sample opt-out notices that will be sent to all Benicia customers. Staff is asking Council to review and comment on the

structure of the plan and provide feedback on key community groups to engage. Outreach will officially launch on February 19, 2015 when the first of five Opt Out notices is sent to Benicia customers.

Recommendation: Review outreach plan overview, timeline, and sample opt out notices and provide feedback to MCE and City Staff.

B. ST. AUGUSTINE FLOOD RELIEF PROJECT UPDATE, APPROVAL OF AN AMENDMENT TO AGREEMENT WITH CARDNO AND REQUEST FOR SOLANO COUNTY WATER AGENCY FUNDING. (Public Works Director)

The December 2012 rainstorm caused flooding and property damage along the drainage way that passes under St. Augustine Drive. The City entered into a consultant agreement with Cardno in August 2014 for the flood relief design. An amended agreement with Cardno is necessary to provide a preliminary design report, technical funding application support and construction support for the St. Augustine Flood Relief Project.

A possible funding source for construction of the project has been identified from the Solano County Water Agency Large Project Flood Management Funding Program. If approved, the grant would fund one third of the construction phase of the project costs. Cost of construction is currently estimated as \$195,000, but this number could change based on design and conditions encountered.

Recommendation: Receive project update and adopt a resolution approving 1) a letter to the Solano County Water Agency for grant funding, 2) an amended consultant agreement with Cardno to prepare a preliminary design report, provide funding application support and construction support for the St. Augustine Flood Relief Project at a not-to-exceed cost of \$52,380, and 3) authorizing the City Manager to execute the amendment on behalf of the City.

C. COMPREHENSIVE ANNUAL FINANCIAL REPORT AND MEMORANDUM ON INTERNAL CONTROL FOR THE FISCAL YEAR ENDED JUNE 30, 2014. (Finance Director)

The City's auditor, Maze & Associates has completed review of the annual financial statements for the fiscal year ended June 30, 2014 and has issued an unqualified audit opinion. The audited financial statements are incorporated in to a Comprehensive Annual Financial Report (CAFR). In addition to review of the financial statements, the auditors are required to report matters that could adversely affect the City's ability to record, process, summarize and report financial data. The auditors identified no deficiencies in internal control, which they considered to be material weaknesses, which could result in a material misstatement of the City's financial statements. The auditors did include in

their Memorandum on Internal Control other matters that could be a concern such as the review of the City's Investment Policy and the Treasurer's Report. Staff responses to each of the items noted are included in the Memorandum on Internal Control.

Recommendation: Accept the Comprehensive Annual Financial Report and Memorandum on Internal Control for the fiscal year ended June 30, 2014.

IX. ADJOURNMENT (9:30 PM):

Public Participation

The Benicia City Council welcomes public participation.

Pursuant to the Brown Act, each public agency must provide the public with an opportunity to speak on any matter within the subject matter jurisdiction of the agency and which is not on the agency's agenda for that meeting. The City Council allows speakers to speak on non-agendized matters under public comment, and on agendized items at the time the agenda item is addressed at the meeting. Comments are limited to no more than five minutes per speaker. By law, no action may be taken on any item raised during the public comment period although informational answers to questions may be given and matters may be referred to staff for placement on a future agenda of the City Council.

Should you have material you wish to enter into the record, please submit it to the City Manager.

Disabled Access or Special Needs

In compliance with the Americans with Disabilities Act (ADA) and to accommodate any special needs, if you need special assistance to participate in this meeting, please contact Anne Cardwell, the ADA Coordinator, at (707) 746-4211. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting.

Meeting Procedures

All items listed on this agenda are for Council discussion and/or action. In accordance with the Brown Act, each item is listed and includes, where appropriate, further description of the item and/or a recommended action. The posting of a recommended action does not limit, or necessarily indicate, what action may be taken by the City Council.

Pursuant to Government Code Section 65009, if you challenge a decision of the City Council 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 City Council at, or prior to, the public hearing. You may also be limited by the ninety (90) day statute of limitations in which to challenge in court certain administrative decisions and orders (Code of Civil Procedure 1094.6) to file and serve a petition for administrative writ of mandate challenging any final City decisions regarding planning or zoning.

The decision of the City Council is final as of the date of its decision unless judicial review is initiated pursuant to California Code of Civil Procedures Section 1094.5. Any such petition for judicial review is subject to the provisions of California Code of Civil Procedure Section 1094.6.

Public Records

The agenda packet for this meeting is available at the City Manager's Office and the Benicia Public Library during regular working hours. To the extent feasible, the packet is also available on the City's web page at www.ci.benicia.ca.us under the heading "Agendas and Minutes." Public records related to an open session agenda item that are distributed after the agenda packet is prepared are available before the meeting at the City Manager's Office located at 250 East L Street, Benicia, or at the meeting held in the Council Chambers. If you wish to submit written information on an agenda item, please submit to the City Clerk as soon as possible so that it may be distributed to the City Council. A complete proceeding of each meeting is also recorded and available through the City Clerk's Office.

AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 3, 2015
PRESENTATION

DATE : January 28, 2015
TO : City Manager
FROM : Assistant City Manager
SUBJECT : **ANNUAL REPORT FROM HUMAN SERVICES BOARD**

RECOMMENDATION:

Receive a presentation regarding the Human Services Board Annual Report.

EXECUTIVE SUMMARY:

The Chair of the Human Services Board will present to the City Council the Annual Report for 2013-14.

BUDGET INFORMATION:

N/A

STRATEGIC PLAN:

Relevant Strategic Plan Goals and Strategies:

- Strategy Issue #3: Strengthening Economic and Fiscal Conditions
 - Strategy #4: Manage City finances prudently

Attachment:

- Human Services Board 2013-14 Annual Report

| |
|-------------------------------------|
| Benicia Human Services Board |
| |
| Annual Report - 2013-14 |

Board Mission

To advocate for the human services as major elements in Benicia's community identity.

Fund Purpose & Scope

The purpose of the Benicia Human Services Fund is to support the broad economic, educational and social goals of the City of Benicia by assessing the human service needs, making recommendations to the City Council regarding funding of effective human service agencies and programs, and evaluating those services and programs on behalf of the community.

Board Duties

The Benicia Human Services Board meets monthly and works on a continual and ongoing basis to accomplish the following in concert with the board's mission and purpose stated above.

- Regular assessment of the community's human service needs
- Regular review of each funded agency's performance as measured against the agency's contract and Request for Funding
- Organize and establish community outreach campaigns in an effort to raise additional funds and awareness of the board's mission and goals
- Set criteria and work with the City Council in an advisory capacity for the two-year budget cycle regarding funding for the agencies
- Work closely with each funded agency on a regular basis to assess their ongoing needs and to assist the agency to meet their stated goals in an effective and efficient manner

The Request for Funding (RFF) Process

The Benicia Human Services Board has established the following criteria for agencies requesting grant funds from the city during the upcoming budget cycle.

These criteria are assigned weighted point values.

- Service commensurate with the board's mission and purpose
- Present need of the service provided
- Quantifiable goals attached to measurable and specific outcomes

- Financial ability of the agency to provide services to Benicians
- Cost per client relative to impact of the intervention
- Other sources of funding
- Outreach plan
- Past performance providing services to Benicians

The timeline for the RFF Process for the 2015-17 Budget is as follows:

| <u>Date</u> | <u>Task</u> |
|--------------------|---|
| November 2, 2014 | Notice of Human Services Board (HSB) meeting regarding Request for Funding Process in Benicia Herald on November 10, 2014 |
| November 5, 2014 | Agenda packet sent to current and former grantees for November 10, 2014 HSB meeting |
| November 10, 2014 | Meeting to assess community needs and review RFF process with potential grantees. Update recipient list as needed. |
| November 17, 2014 | Finalize and send out RFF Form to potential grantees. |
| January 30, 2015 | Due date for completed RFFs |
| February 9, 2015 | Meeting - Board reviews RFF packets received from applicants |
| March 9, 2015 | Meeting – Council Chambers – Board receives presentations from applicants |
| March 23, 2015 | Special Meeting for Board to review information received at 3/9 Meeting |
| April 13, 2015 | Board finalizes recommendations to Finance Director for inclusion in the City's 2015-17 budget |

Grantee Review Process

All agencies receiving grant funds from the City of Benicia are required to submit quarterly performance reports that are reviewed by the board before grant funds

are released to the agency. Should any questions arise in regard to the quarterly reports submitted, the board may decide to ask a representative of the agency to appear at a future board meeting to address the issues or concerns.

Further, each board member is assigned to be the liaison for every funded agency and that board member will conduct an onsite visit to the agency and/or attend an agency board meeting annually. The board member then prepares a comprehensive report on the site visit that is then presented to the entire board.

Summary of Grantee Scope of Work and Performance for 2013-14

- Catholic Charities of Solano County

City funding is used to allow the Catholic Charities of Solano County (formerly Catholic Social Services) to continue their eight (8) year old counseling program to offer low/no income Benicia residents low/no-fee individual, family, couples and group counseling services. Catholic Social Service serves Benicia residents of all ages, with the main objective of improving their mental, social and emotional health and welfare.

- Total number of hours of counseling provided in Benicia office - 218
- Number of individuals/couples/family units receiving counseling - 59
- Number of hours of groups/classes provided in Benicia - 6
- Number of Benicia participants in groups/classes provided in Benicia - 7

- Benicia Community Action Council (CAC)

Human Services funds are used to allow the Benicia CAC to provide human services to ensure a higher quality of life to low income people in Benicia. These direct services include case management, job training, referral and placement, mandated community services hours, food, rent and mortgage payments, PG&E utility assistance payments, and health care referrals. The CAC is also a Workability Site for the Benicia Unified School District. These funds are also applied to the general operating expenses of the agency so that the CAC can continue to provide needed services and resources to low income Benicians.

The object is to help low income families become self sufficient so that they are able to move from poverty. Recipients will be able to maintain an improved quality of life via the CAC helping families in crisis.

Helping Low Income People Become Self Sufficient:

- Total number of clients who obtained employment - 17
- Total number of clients who maintained employment at least 90 days - 16

- Total number of clients assisted with increasing ability to manage income and resources - 95
- Total number of clients assisted with eliminating barriers to employment and self-sufficiency - 29
- Total number of clients who obtained Federal Income Tax Credit - 220

Helping Low Income People Achieve their Potential by Strengthening Family and Other Support Systems

- Number of families with increased nutrition - 9,239
- Number of families experiencing reduced emergency needs - 154
- Number of families that will increase ability to manage income through individual budgeting workshops - 39
- Number of families that obtain linkages - 1,333
- Number of families that have increased/maintained housing - 49
- Total number of senior citizens participating in services that support active, independent living - 453
- Total number of unduplicated families served - 493
- Total number of individuals and families that were seen over a period of time requiring case management - Individuals: 39 / Families: 14

- Benicia Families in Transition (FIT)

Benicia Families in Transition provides past due rent or mortgage payments for Benicia families who encounter sudden difficult financial problems and are unable to meet the monthly payment. FIT also pays PG&E and Water bills. The purpose of FIT is to prevent homelessness in Benicia. Help is given on a short-term basis with the purpose of helping the families to stabilize when confronting loss of income due to unforeseen circumstances such as disability, loss of employment, relocation due to separation, divorce or death.

- Total number of families served with rental assistance - 59
- Total number of families served with utilities assistance - 11
- Dollars provided in rental assistance - \$47,718
- Dollars provided in utilities assistance - \$3,582
- Repaid assistance loans from previous clients - (\$610)

- BUSD Special Friends Program

Special Friends is proven model that serves children in Kindergarten through third grade by engaging them a non-directed play supervised by a caring and supportive aide. The goal of the program is to serve children experiencing mild to moderate school adjustment problems by fostering a sense of belonging and creating enhanced resilience.

- Number of children served - 136
 - Number of individual 40 minute contacts - 1,939
 - Number of family meetings - 115
 - Number of staff meetings - 25
- Children's Nurturing Project (CNP)

The Child Assault Prevention Program of the CNP provides onsite classroom workshops to approximately 1,200 children. Workshops are offered to Preschool, K, 1st, and 3rd grade classes at all Benicia Elementary schools and Benicia State Preschool.

- Number of classrooms - 23
- Number of children participating in program - 558

Past Fiscal Year Board Fundraising Efforts

As in prior years, the Benicia Human Services Board, in addition to its regular ongoing fundraising efforts, conducted a major awareness and outreach campaign in July 2014. This campaign included the following:

- Torchlight Parade Campaign 'Kickoff' on 7/03/14
- 'Donate on your Water Bill' banner displayed at City Park
- Participation table at Farmer's Market

Preliminary (pre-audit) total donations received for the Human Services Fund in 2013-14 is \$28,162 (2013-14 Budget projected \$27,335 in donations).

Although not in the prior fiscal year, the Board also recently held its first Oktoberfest fundraising event at the Clocktower on September 28, 2014 and raised approximately \$3,900 for the Human Services Fund. The event was very successful and the Board plans to hold another Oktoberfest on October 3, 2015.

Future Challenges

Based on the current economy and the feedback received from our various grantees, we anticipate that the requests for assistance we see in the community at present will, at the very least, maintain at current levels.

In light of City budget issues at present, we aim to do our very best with the resources we have and redouble our efforts at effective fundraising.

MINUTES OF THE
SPECIAL MEETING – CITY COUNCIL
January 20, 2015

City Council Chambers, City Hall, 250 East L Street, complete proceedings of which are recorded on tape.

I. CALL TO ORDER:

II. CONVENE OPEN SESSION:

A. ROLL CALL

All Council Members were present.

Finance Committee Members Coester and Oliveira were absent. All other Members were present.

B. PLEDGE OF ALLEGIANCE

Teri Davena led the Pledge of Allegiance.

C. REFERENCE TO THE FUNDAMENTAL RIGHTS OF THE PUBLIC:

III. ADOPTION OF AGENDA:

On motion of Council Member Schwartzman, seconded by Council Member Hughes, Council and the Finance Committee Members adopted the Agenda, as presented, on roll call by the following vote:

Ayes: Council Members Campbell, Hughes, Schwartzman, Strawbridge, Mayor Patterson, Finance Committee Members Johnsen, Lindsay, Cullen, Finn and McFadden
Noes: (None)

IV. OPPORTUNITY FOR PUBLIC COMMENT:

A. WRITTEN COMMENT

B. PUBLIC COMMENT

None

V. STUDY SESSION ITEMS:

A. REVIEW OF DRAFT MARKET STUDY OF BENICIA INDUSTRIAL PARK

Mario Giuliani, Economic Development Manager, introduced the item.

Audrey Taylor, President, Chabin Concepts, Inc., and Debbie Kern, Senior Principal, Keyser Marston Associates, reviewed a PowerPoint presentation titled "Benicia Industrial Park Market Study" (copy on file).

Chair Johnson stated that he did not find a lot of surprises in the report. The City needs to hang on to what we have, expansion of the Industrial Park, proceed with the broadband project, and engage brokers and the stakeholders.

Member McFadden stated that her takeaway was that the City's niche is value added manufacturing. The report shows that the distribution and warehouses are eating up all the open properties in the Industrial Park. How do we target value added manufacturers? She discussed the issue of innovation districts.

Member Cullen discussed Benicia's lagging Industrial Park. The City needs to be forward-thinking in regards to how it progresses. We need to pursue the technology industry. He was concerned regarding the no risk - easy money tenants. It does nothing for retail and sales tax. We have to get the property owners on board.

Member Lindsay discussed the need to talk with the property owners. Maybe they could be given incentive to improve the properties/buildings. The roads in the Industrial Park need to be improved. We need to look at the infrastructure needs of the Industrial Park.

Member Finn discussed the need to change the tenants that are in place or the people that we are attracting, and target tenants that will help with the tax revenue and growth.

Council Member Campbell and Staff discussed the issue of 'cannibalizing' the Industrial Park, and what happened with the City of Fairfield. It is not clear which niche the City was going after. Staff clarified that the City was not looking for more distribution companies in the Industrial Park; they were looking for more businesses that would generate sales tax revenue.

Council Member Schwartzman and Staff discussed the need for more sales tax generating businesses in the Industrial Park, and the need to focus on how to vary and broaden the business mix.

Council Member Strawbridge discussed the recent events with the City of Vallejo's recent direction to make Mare Island an Industrial area, concerns

regarding City staff time to implement all of the changes.

Vice Mayor Hughes discussed the issue of the new competition that was coming online, and the need to sit down with the owners of the Seeno property and share the report with them so they understand the demand for the type of development needed. The City should sit down with them on potential development of that property.

Mayor Patterson discussed the issue of land, adding value to the properties so the other businesses would come, encourage staff and the consultants to look at other opportunities to get affordable high-speed internet in the Industrial Park (such as the current project American Canyon and Vallejo are working on). She discussed the possibility of getting involved in the project with Vallejo and American Canyon.

Public Comment:

1. Jasmine Powell - Ms. Powell discussed the need to focus on infrastructure, and improving the broadband before the manufacturing companies will come.

Councilmember Schwartzman discussed the internet issue in the Industrial Park, and possibly getting involved with the cities of American Canyon and Vallejo as suggested by Mayor Patterson.

Mr. Giuliani discussed Broadband Project in the Industrial Park. Benicia City Staff would be talking with Vallejo tomorrow and getting an update on what they were doing in regards to the fiber cable project with American Canyon.

VI. ADJOURNMENT:

Mayor Patterson adjourned the meeting at 7:02 p.m.

MINUTES OF THE
REGULAR MEETING – CITY COUNCIL
January 20, 2015

City Council Chambers, City Hall, 250 East L Street, complete proceedings of which are recorded on tape.

I. CALL TO ORDER:

Mayor Patterson called the meeting to order at 7:08 p.m.

II. CLOSED SESSION:

III. CONVENE OPEN SESSION:

A. ROLL CALL

All Council Members were present.

B. PLEDGE OF ALLEGIANCE

Sandy Pearson led the Pledge of Allegiance.

C. REFERENCE TO THE FUNDAMENTAL RIGHTS OF PUBLIC

IV. ANNOUNCEMENTS/PROCLAMATIONS/ APPOINTMENTS/PRESENTATIONS:

A. ANNOUNCEMENTS

1. Announcement of action taken at Closed Session, if any.

2. Openings on Boards and Commissions:

Arts & Culture Commission
1 unexpired term
Application due date: January 30, 2015

Civil Service Commission
1 full term
Application due date: January 30, 2015

Community Sustainability Commission
1 full term
1 unexpired term

Application due date: January 30, 2015

Finance Committee

2 full terms

Application due date: January 30, 2015

Human Services Board

1 unexpired term

Application due date: January 30, 2015

Library Board of Trustees

2 full terms

Application due date: January 30, 2015

Parks, Recreation & Cemetery Commission

3 full terms

Application due date: January 30, 2015

Planning Commission

2 full terms

Application due date: January 30, 2015

SoITrans Public Advisory Committee

3 full terms

Application due date: January 30, 2015

3. Mayor's Office Hours:

B. PROCLAMATIONS

C. APPOINTMENTS

D. PRESENTATIONS

1. PRESENTATION OF MONTHLY WATER REPORT

V. ADOPTION OF AGENDA:

On motion of Council Member Schwartzman, seconded by Council Member Hughes, Council adopted the Agenda, as presented, on roll call by the following vote:

Ayes: Council Members Campbell, Hughes, Schwartzman, Strawbridge, and Mayor Patterson

Noes: (None)

VI. OPPORTUNITY FOR PUBLIC COMMENT:

A. WRITTEN COMMENT

Two items received (copies on file).

B. PUBLIC COMMENT

1. Gretchen Burgess - Ms. Burgess discussed upcoming Voena performances.

VII. CONSENT CALENDAR:

On motion of Council Member Hughes, seconded by Council Member Strawbridge, Council adopted the Consent Calendar, as presented, on roll call by the following vote:

Ayes: Council Members Campbell, Hughes, Schwartzman, Strawbridge, and Mayor Patterson
Noes: (None)

A. APPROVAL OF THE MINUTES OF THE JANUARY 6, 2015 CITY COUNCIL MEETING

B. ACCEPTANCE OF WATER TREATMENT PLANT FILTER SLIDE GATE REPLACEMENT PROJECT

RESOLUTION 15-04 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA ACCEPTING THE WATER TREATMENT PLANT FILTER SLIDE GATE REPLACEMENT PROJECT AS COMPLETE, AUTHORIZING THE CITY MANAGER TO SIGN THE NOTICE OF COMPLETION, AND AUTHORIZING THE CITY CLERK TO FILE SAME WITH THE SOLANO COUNTY RECORDER

C. REVIEW THE ANNUAL REPORT TO COUNCIL FOR THE OPEN GOVERNMENT COMMISSION

D. AUTHORIZE PURCHASE OF ELEVEN (11) REPLACEMENT COMPUTERS FOR POLICE PATROL VEHICLES

RESOLUTION 15-05 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA AUTHORIZING THE PURCHASE OF ELEVEN (11) REPLACEMENT IN CAR COMPUTERS UTILIZING COPS SUPPLEMENTAL LAW ENFORCEMENT FUNDS

E. AMENDING THE MASTER FEE SCHEDULE TO INCREASE FIRE DEPARTMENT SERVICE FEES

RESOLUTION 15-06 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA AUTHORIZING THE AMENDMENT OF THE MASTER FEE SCHEDULE TO INCREASE FIRE DEPARTMENT SERVICE FEES

F. Approval to waive the reading of all ordinances introduced and adopted pursuant to this agenda.

VIII. BUSINESS ITEMS:

A. PRESENTATION OF DRAFT WORK PLAN TO REVISE SECTION 6.32.060 OF THE BENICIA MUNICIPAL CODE TO PERMIT URBAN BEE KEEPING IN RESIDENTIAL AREAS OF THE CITY

Gina Eleccion, Management Analyst, reviewed the staff report.

Vice Mayor Hughes and Staff discussed the issue of over-regulation. He suggested going back to what was being done prior to 2007 and modify that ordinance, or looking at other cities ordinances and see what they are doing. He did not support having workshops or meetings, as it is not a priority, and could be dealt with easily.

Council Member Schwartzman discussed the need to do due-diligence on the issue, but did not feel there needed to be workshops.

Mayor Patterson discussed looking at the bee keeping ordinances in cities such as Richmond. She discussed the need to involve the public.

Public Comment:

1. Logan Bledsoe - Mr. Bledsoe discussed the importance of bee keeping in Benicia.
2. Tony Shannon - Mr. Shannon spoke in support of bee keeping.
3. Claudia Claverie - Ms. Claverie spoke in support of bee keeping.
4. Elena Karoulina, Benicia Community Garden - Ms. Karoulina spoke in support of bee keeping.
5. Gretchen Burgess - Ms. Burgess spoke in support of bee keeping.

Vice Mayor Hughes discussed going back to the pre-2007 ordinance and striking the section that talks about only allowing the bee keeping in open spaces. Then later, we can craft a more comprehensive solution in the future.

Heather McLaughlin, City Attorney, discussed the pre-2007 ordinance, and the

timing for changing an ordinance.

Mayor Patterson discussed working with the community garden to help in the community outreach effort. She and Staff discussed the staff time that would be required.

Council Member Campbell and Staff discussed whether there had been any complaints regarding bee keeping. He discussed the need to have an ordinance, permit, etc. in place for safety measures.

Council Member Strawbridge and Staff discussed whether the current ordinance could be updated to allow bee keeping in certain areas, and the need to look at what other municipalities had done regarding this issue.

Council Member Schwartzman discussed Council's options. He felt it could be dealt with quickly in two meetings.

Mayor Patterson stated there seemed to be a consensus from Council to go with Plan A, which is to develop a simple ordinance that meets the requirements of the law and the needs of the City. If there is objection, the City could go through the public outreach process.

Staff discussed staff's work load and suggested going with no permit, as there was not enough staff time available to include permitting requirements while on the fast track.

Council Member Campbell discussed the need to at least have the bee keepers register with the county.

Council member Schwartzman asked Staff to provide pros and cons when this is brought back.

**B. APPEAL OF TENTATIVE PARCEL MAP AT 1035 WEST K STREET,
AFTER A DETERMINATION THAT THE PROJECT IS EXEMPT FROM
CEQA**

**RESOLUTION 15-07 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF BENICIA DENYING THE APPEAL AND UPHOLDING DECISION OF
RECORD NO. 14-18 (CDD) REGARDING APPROVAL OF THE TENTATIVE
PARCEL MAP FOR 1035 WEST K STREET (14PLN-00072)**

Dan Marks, Interim Community Development Director, reviewed the staff report.

Public Hearing Opened

Appellant:

Ricky Steele, Appellant, discussed the CEQA exemption, concern regarding chemicals on the property, concerns regarding the health, safety, and welfare of the residents around the property, traffic congestion, noise, and the impact on her property and quality of life.

Proponent:

Jeff Page, Contractor, discussed the history of the demolition, soil samples, noise complaints, work hours, Planning Commission actions, conditions of approval, and the neighbor's concerns regarding views.

Steve McKee, Project Architect, discussed the project.

David Cymanski, Principal Engineer, KC Engineering, discussed the soil samples that were conducted and how an environmental assessment report is done. The debris they found were chunks of cement and asphalt. They did not find anything that warranted any further investigation.

Mayor Patterson discussed ex parte conversations she has had regarding this issue.

Vice Mayor Hughes discussed Ms. Steele's concerns regarding her view, the noise and work hour concerns, and suggestions regarding making the same noise/work hour conditions on the other lots.

Council Member Schwartzman sympathized with Ms. Steele's concerns regarding her view, how deep they drilled when doing the soil samples, and the issue of work hours.

Council Member Campbell and Staff discussed the core samples, what was not suitable with the fill that was originally found, concern regarding the ordinance providing for work hours of 7:00 a.m. to 10:00 p.m.

Council Member Strawbridge and Mr. McKee discussed who the homes were being built for, whether any of the homes had been sold to date, and the issue of work hours.

Mayor Patterson discussed her support for infill development and compact infill development. She discussed the advantages of CEQA, the issue of residents losing their view (and how the issue was addressed with the St. Catherine's Woods development), protocols for preliminary site assessments, and how to deal with unusual circumstances. She and Staff discussed whether the appeal could be denied with a good faith effort to address site location, roof design, preserving some element of view shed, and limiting construction hours. Staff

confirmed that could not be done with a categorical exemption.

Vice Mayor Hughes asked Mr. Page if he would commit to the same work times he did for lot #1. Mr. Page stated that he could not commit to any changes, as the lots have not even been sold. He might not even be the contractor for those other lots. He would volunteer to abide by the same rules as he did for lot #1, but he could not have it as a condition for the properties, as it was an uncertain future.

Staff discussed the possibility of revising the ordinance regarding work hours.

Council Member Campbell discussed the need to change the work hours in the ordinance.

Ms. McLaughlin suggested revising the resolution to incorporate the information from the original conditions of approval, which are on page VIII.B.50.

Rebuttal:

Ms. Steele reiterated her concerns regarding the project.

On motion of Council Member Hughes, seconded by Council Member Schwartzman, Council adopted Resolution 15-07, as amended, on roll call by the following vote:

Ayes: Council Members Campbell, Hughes, Schwartzman, Strawbridge, and Mayor Patterson

Noes: (None)

C. Council Member Committee Reports:

1. **Mayor's Committee Meeting.(Mayor Patterson) Next Meeting Date: TBD**
2. **Association of Bay Area Governments (ABAG)**
<http://www.abag.ca.gov/>. (Vice Mayor Hughes and Council Member Schwartzman)Next Meeting Date: TBD
3. **Finance Committee. (Council Member Strawbridge and Vice Mayor Hughes) Next Meeting Date: January 22, 2015**
4. **League of California Cities. (Mayor Patterson and Vice Mayor Hughes) Next Meeting Date: January 21, 2015**
5. **School Liaison Committee. (Vice Mayor Hughes and Council Member Strawbridge) Next Meeting Date: March 5, 2015**

6. Sky Valley Open Space Committee. (Council Member Campbell and Vice Mayor Hughes) Next Meeting Date: TBD
7. Solano EDC Board of Directors. (Vice Mayor Hughes and Council Member Strawbridge) Next Meeting Date: January 22, 2015
8. Solano Transportation Authority (STA). <http://www.sta.ca.gov/> (Mayor Patterson and Council Member Campbell) Next Meeting Date: February 11, 2015
9. Solano Water Authority-Solano County Water Agency and Delta Committee. <http://www.scwa2.com/> (Mayor Patterson and Council Member Campbell/Vice Mayor Hughes) Next Meeting Date: February 12, 2015
10. Traffic, Pedestrian and Bicycle Safety Committee. (Vice Mayor Hughes and Council Member Strawbridge) Next Meeting Date: April 16, 2015
11. Tri-City and County Cooperative Planning Group. (Vice Mayor Hughes and Council Member Schwartzman) Next Meeting Date: TBD
12. Valero Community Advisory Panel (CAP). (Council Member Campbell and Council Member Schwartzman) Next Meeting Date: TBD
13. Youth Action Coalition. (Council Member Strawbridge and Vice Mayor Hughes) Next Meeting Date: January 28, 2015
14. ABAG-CAL FED Task Force-Bay Area Water Forum. <http://www.baywaterforum.org/> (Mayor Patterson)Next Meeting Date: TBD
15. SOLTRANS Joint Powers Authority (Mayor Patterson, Council Member Campbell and Vice Mayor Hughes) Next Meeting Date: February 19, 2015

IX. ADJOURNMENT:

Mayor Patterson adjourned the meeting at 9:24 p.m.

AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 3, 2015
CONSENT CALENDAR

DATE : January 23, 2015

TO : City Manager

FROM : Public Works Director

SUBJECT : **APPROVE CONTRACT CHANGE ORDER AND BUDGET
ADJUSTMENT FOR THE CORDELIA TRANSMISSION MAIN REPAIR
AND DESIGNATE AUTHORIZED AGENTS FOR THE PURPOSES OF
FEMA AND CAL OES**

RECOMMENDATION:

Adopt a resolution authorizing (1) the City Manager to approve a Contract Change Order in the amount of \$35,000 to Argonaut Constructors, Inc. for the repair of the 24-inch Cordelia Transmission Main (CTM), subject to review and approval of final documents by the City Attorney, (2) approve a budget adjustment in the amount of \$91,780 to fund the repair project until the City is reimbursed 93.75% by the Federal Emergency Management Agency (FEMA), (3) designate authorized agents to work with FEMA and CalOES on this and other disasters.

EXECUTIVE SUMMARY:

Argonaut Constructors, Santa Rosa, was issued a purchase order in December 2014 to excavate and expose a leak on the 24-inch CTM in Cordelia. Due to the urgency of the repair to this raw water pipeline, the City Manager approved a purchase order in the amount of \$49,990 to perform the preliminary tasks prior to the repair of the pipeline. The pipeline is being repaired by a specialized contractor during the week of January 19. After repairs are completed, Argonaut's remaining job tasks (pipeline splice, backfill, site restoration) will exceed the amount on the existing purchase order. The cost for Argonaut to complete the remaining tasks is estimated at \$35,000.

When the pipeline was exposed, specialty contractors were needed to find and repair the leaks, so additional costs were incurred. A budget adjustment of \$91,780 is needed to replenish the Emergency Repairs account.

BUDGET INFORMATION:

The total estimated cost to repair and restore the CTM is approximately \$105,000, and is comprised of the following items:

1. \$49,999 Argonaut Constructors Construction Contract(exploratory and site work, pipe cutting, dewatering)
2. \$35,000 Argonaut Constructors Contract Change Order (CCO) (remaining job tasks – pipeline splice, backfill, site restoration)
3. \$17,213 Miksis Services (pipe repair work)
4. \$1,600 ARB (video inspection)
5. \$1,000 Shoring box rental for 2015

Funding for this work has been funded from 090-8205-8812 (Water Operations – Emergency Repairs). This account is now over budget by \$56,778. A budget increase in the amount of \$91,780 (\$56,778 plus \$35,000 Argonaut CCO) is requested from Fund 090 water reserves to Account No. 090-8205-8812 to cover the cost of the entire project. Sufficient funds are available in Fund 090 reserves. The Federal Emergency Management Agency (FEMA) and California Office of Emergency Services (CalOES) has indicated to City staff that they will reimburse the City 93.75% of this project (75% FEMA and 18.75% State). Therefore, the City will pay 6.25% or \$6,562.50 of the estimated \$105,000 project costs from Account No. 090-8205-8812.

GENERAL PLAN:

Relevant General Plan Goals:

- Overarching Goal of the General Plan: Sustainability
- Goal 2.36: Ensure an adequate water supply for current and future residents and businesses

STRATEGIC PLAN:

Relevant Strategic Plan Issue and Strategy:

- Strategic Issue #2: Protecting and enhancing the environment
- Strategic Issue #4: Preserving and enhancing infrastructure

BACKGROUND:

The CTM was built in 1968 as part of the Raw Water Transmission Line Project to carry Lake Berryessa water from the Putah South Canal to the new water treatment plant, Humble Oil Refinery and the industrial park. The 24" CTM began leaking on December 1, 2014. The section of pipe that is leaking is enclosed in a 36-inch steel casing pipe that is like a tunnel, transiting under Interstate 80 in Fairfield.

Staff contacted three pipeline contractors on December 3 (Associated Constructors, Spiess Construction Company, Argonaut Constructors) to assist the City in repairing the pipeline, and Argonaut was the only contractor available at the time. The City Manager executed a purchase order in the amount of \$49,999 to Argonaut to excavate and expose the pipe for inspection.

VII.B.2

The pipeline excavation was located at 5200 Watt Court, Fairfield, which is an industrial warehouse facility with a large parking lot adjacent to the excavation site. Argonaut excavated the site, dewatered the trench, and exposed the pipe. It was determined that the leak occurred within the CTM under I-80, so Argonaut crews cut an opening in the pipe for a video camera insertion. ARB, Inc. provided the video inspection, and after reviewing the video, their technician pointed out three welded seams in the pipe that were crushed and cracked.

Staff determined that the CTM was most likely damaged due to seismic forces that occurred during the August 24 South Napa Earthquake. Whereas the CTM was not in service during the time of the earthquake, Water Treatment Plant staff placed the pipeline in service on November 15 and two weeks later, a large leak was discovered at 5200 Watt Ct. After consulting with the Cal OES and FEMA, the City applied for emergency Public Assistance funding to repair the pipe. FEMA has indicated that the City will receive 93.75% reimbursement (75% FEMA and 18.75% State) for repairs and associated restoration.

To obtain the FEMA reimbursement, the City Council needs to designate the City's Authorized Agents to work with FEMA and Cal OES. It is recommended that the City Council designate the City Manager, Finance Director and Public Works Director to be Authorized Agents for three years.

Argonaut cut out a 5-foot section of the pipe to allow Miksis Services to enter and repair the pipe on January 19. Miksis Services proposed a cast & cured-in-place repair for the three seam breaks, and these repairs occurred on January 20-23.

Following the seam repair, Argonaut must install a new pipe sleeve and couplings, backfill the trench, and restore the site to "as-found" conditions. The estimate for these remaining tasks is \$35,000 as described in further detail below:

- \$41,100 - Work performed up to January 19 (excavation, dewatering, shoring, pipe cutout, box lid to protect excavation)
- \$7,344 - Pipeline splice and couplings materials
- \$5,000 - Install pipe splice and casing seal
- \$15,000 - Remove shoring box, backfill, compaction, aggregate base material
- \$12,000 - Landscape restoration
- \$3,000 - Shoring box rental

\$500 – Street sweeping

\$84,944 - Total Cost of Services provided by Argonaut Constructors

\$49,999 - Original amount on P.O. to Argonaut

\$34,945 - Estimated balance of work to be performed by Argonaut

Staff, therefore, recommends adopting a resolution authorizing the City Manager to approve a Contract Change Order in the amount of \$35,000 to Argonaut Constructors, Inc. for the repair and restoration of the 24-inch CTM, subject to review and approval of final documents by the City Attorney and approving a budget adjustment in the amount of \$91,780 to fund the repair project until the City is reimbursed 93.75% by FEMA.

Attachments:

- Proposed Resolution
- Cal OES Form 130 – Designation of Applicant's Agent

RESOLUTION NO. 15-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA AUTHORIZING THE CITY MANAGER TO APPROVE A CONTRACT CHANGE ORDER IN THE AMOUNT OF \$35,000 TO ARGONAUT CONSTRUCTORS, INC. FOR THE REPAIR OF THE 24-INCH PUTAH SOUTH CANAL RAW WATER TRANSMISSION PIPELINE, SUBJECT TO REVIEW AND APPROVAL OF FINAL DOCUMENTS BY THE CITY ATTORNEY, APPROVAL OF A BUDGET ADJUSTMENT IN THE AMOUNT OF \$91,780 TO FUND THE REPAIR PROJECT UNTIL THE CITY IS REIMBURSED 93.75% BY THE FEDERAL EMERGENCY MANAGEMENT ADMINISTRATION (FEMA) AND DESIGNATE AUTHORIZED AGENTS TO WORK WITH FEMA AND CAL OES

WHEREAS, the City entered into a construction contract with Argonaut Constructors on December 5, 2014 in the amount of \$49,999 for exploratory work on the broken water transmission main located at 5200 Watt Court in Fairfield; and

WHEREAS, additional work, in the estimated amount of \$35,000, is needed from Argonaut to complete the project including pipeline splice, backfill and site restoration; and

WHEREAS, City staff does not have the expertise, equipment or capacity to perform this work in-house; and

WHEREAS, staff recommends a Contract Change Order in the amount of \$35,000 with Argonaut Constructors for continued work on the Cordelia Transmission Main (CTM) repair; and

WHEREAS, City Council needs to designate Authorized Agents to obtain damage repair reimbursements from FEMA and Cal OES.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Benicia hereby authorizes the City Manager to approve a Contract Change Order in the amount of \$35,000 to Argonaut Constructors, Inc. for the repair of the 24-inch CTM, subject to review and approval of final documents by the City Attorney.

BE IT FURTHER RESOLVED THAT a budget increase in the amount of \$91,780 is authorized from Fund 090 water reserves to Account No. 090-8205-8812 (Water Operations – Emergency Repairs) to cover the cost of the entire project.

BE IT FURTHER RESOLVED THAT the City Manager, Finance Director and Public Works Director are hereby designated as Authorized Agents for FEMA and Cal OES the purposes of the South Napa earthquake disaster and all future disasters for a period of three years after the adoption of the resolution. Cal OES Form 130 Resolution is hereby adopted by reference to accomplish this.

On motion of Council Member _____, and seconded by Council Member _____, the above Resolution was introduced and passed by the City Council of the City of Benicia at a regular meeting of said Council held on the 3rd day of February, 2015, and adopted by the following vote.

Ayes:

Noes:

Absent:

Elizabeth Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk

Date

**DESIGNATION OF APPLICANT'S AGENT RESOLUTION
FOR NON-STATE AGENCIES**

BE IT RESOLVED BY THE City Council OF THE City of Benicia
(Governing Body) (Name of Applicant)

THAT City Manager, OR
(Title of Authorized Agent)

Finance Director, OR
(Title of Authorized Agent)

Public Works Director
(Title of Authorized Agent)

is hereby authorized to execute for and on behalf of the City of Benicia, a public entity
(Name of Applicant)

established under the laws of the State of California, this application and to file it with the California Governor's Office of Emergency Services for the purpose of obtaining certain federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.

THAT the City of Benicia, a public entity established under the laws of the State of CA
(Name of Applicant)

hereby authorizes its agent(s) to provide to the California Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required.

Please check the appropriate box below:

This is a universal resolution and is effective for all open and futures disasters up to three (3) years following the date of approval below.

This is a disaster specific resolution and is effective for only disaster number(s) _____

Passed and approved this 3rd day of February, 2015

Elizabeth Patterson, Mayor
(Name and Title of Governing Body Representative)

(Name and Title of Governing Body Representative)

(Name and Title of Governing Body Representative)

CERTIFICATION

I, Lisa Wolfe, duly appointed and City Clerk of
(Name) (Title)

City of Benicia, do hereby certify that the above is a true and correct copy of a
(Name of Applicant)

Resolution passed and approved by the City Council of the City of Benicia
(Governing Body) (Name of Applicant)

on the 3rd day of February, 2015.

(Signature)

City Clerk
(Title)

Cal OES Form 130 **Instructions**

A new Designation of Applicant's Agent Resolution for Non-State Agencies is required if the previously submitted document is older than three (3) years from the last date of approval.

When completing the Cal OES Form 130, Applicants should fill in the blanks on page 1. The blanks are to be filled in as follows:

Resolution Section:

Governing Body: This is the individual or group responsible for appointing and approving the Authorized Agents. Examples include: Board of Directors, City Council, Board of Supervisors, etc.

Name of Applicant: This is the official name of the non-profit, agency, city, or county that has applied for the grant. Examples include: Sacramento Public Water Works; City of Sacramento; or Sacramento County.

Authorized Agent: These are the individuals that are authorized by the Governing Body to engage with the Federal Emergency Management Agency and the California Governor's Office of Emergency Services regarding grants applied for by the Applicant. There are two ways of completing this section:

1. **Titles Only:** If the Governing Body so chooses, the titles of the Authorized Agents should be entered here, not their names. This allows the document to remain valid if an Authorized Agent leaves the position and is replaced by another individual. If "Titles Only" is the chosen method, this document must be accompanied by a cover letter naming the Authorized Agents by name and title. This cover letter can be completed by any authorized person within the agency (e.g.; City Clerk, the Authorized Agent, Secretary to the Director) and does not require the Governing Body's signature.
2. **Names and Titles:** If the Governing Body so chooses, the names and titles of the Authorized Agents should be listed. A new Cal OES Form 130 will be required if any of the Authorized Agents are replaced, leave the position listed on the document or their title changes.

Governing Body Representative: These are the names and titles of the approving board members. Examples include: Chairman of the Board, Director, Superintendent, etc. The names and titles cannot be one of the designated Authorized Agents.

Certification Section:

Name and Title: This is the individual that was in attendance and recorded the Resolution creation and approval. Examples include: City Clerk, Secretary to the Board of Directors, County Clerk, etc. This person cannot be one of the designated Authorized Agents to eliminate "Self Certification."

AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 3, 2015
CONSENT CALENDAR

DATE : January 7, 2015

TO : City Council

FROM : City Manager

SUBJECT : **SOLANO CITY-COUNTY COORDINATING COUNCIL'S DRAFT
PROPOSED 2015 STATE & FEDERAL LEGISLATIVE PLATFORM**

RECOMMENDATION:

Review and forward recommended changes to the draft proposed 2015 State & Federal Legislative Platform for the City-County Coordinating Council's consideration.

EXECUTIVE SUMMARY:

Staff have identified several recommended changes to the Solano City-County Coordinating Council's Draft Proposed 2015 State & Federal Legislative Platform. At Council's direction, these recommendations would be forwarded to the City-County Coordinating Council for consideration as it adopts its 2015 legislative priorities.

BUDGET INFORMATION:

There is no direct budget impact. However, coordinated legislative advocacy could have a secondary positive budget impact by increasing the likelihood of acquiring grants or via improved alignment of state and federal funding with local priorities and emerging concerns.

GENERAL PLAN:

Relevant General Plan goals:

- Overarching Goal of the General Plan: Sustainability
- Goal 2.17: Provide an efficient, reliable, and convenient transit system
- Goal 2.28: Improve and maintain public facilities and services
- Goal 2.36: Ensure an adequate water supply for current and future residents and businesses.
- Goal 4.1: Make community health and safety a high priority for Benicia
- Goal 4.22: Update and maintain the City's Emergency Response Plan.

STRATEGIC PLAN:

Relevant Strategic Plan Issues and Strategies:

- Strategic Plan Issue #1: Protecting Community Health and Safety

- Strategy #3: Provide a high state of preparedness for disasters/emergencies
- Strategic Plan Issue #2: Protecting and Enhancing the Environment
 - Strategy #1: Reduce greenhouse gas emissions and energy consumption
 - Strategy #2: Implement new water conservation projects/programs
- Strategic Plan Issue #3: Strengthening Economic and Fiscal Conditions
- Strategic Plan Issue #4: Preserving and Enhancing Infrastructure
 - Strategy #4: Provide adequate funding for ongoing infrastructure needs

BACKGROUND:

The Solano City-County Coordinating Council (CCCC) consists of the Mayors of all seven cities in Solano County and the five members of the County Board of Supervisors. The CCCC was established in 1991, with the primary goal of improving city/county communications, coordination, and problem resolution. The CCCC also explores issues of regional importance and seeks ways to respond effectively to the actions of other levels of government, including to sponsor or support legislation at the State and Federal level that is of regional importance.

The CCCC began adopting annual State and Federal legislative platforms in 2006. The legislative platform represents a compilation of shared concepts and priorities created with input from Solano cities, the County, the Solano County Water Agency, the Solano Transportation Authority, the Travis Community Consortium, Yolo-Solano Air Quality Management District, and our public higher education institutions (Solano Community College, UC Davis, and CSU Maritime Academy). The platform is developed with the goal of capturing all of the significant regional priorities, as well as the priorities established by other regional entities such as the Solano County Board of Supervisors and Solano Transportation Authority, and umbrella organizations such as the California League of Cities and the California State Association of Counties.

On November 4th of last year, County staff sent an email to the Solano County City Managers informing them that the CCCC was in the process of updating their Draft Proposed 2015 Legislative Platform and requested that each City send to them any suggested “changes/additions/deletions.” As the item was to be heard at the CCCC’s November 13 meeting, City staff forwarded a series of quickly drafted comments on the draft document.

City staff was unaware that the comments would be submitted in their draft form directly to the CCCC Board and the County staff did not request City staff attendance at the meeting to respond to any questions the CCCC members might have. Further, Mayor Patterson, the City’s representative to the CCCC,

was unable to attend the meeting. It was subsequently learned by City staff that at the meeting the CCCC members expressed concern about the number of comments and whether the Benicia City Council concurred with the recommended changes (note that these were comments, not recommended amendments). Staff subsequently conferred with County staff assigned to the CCCC and revised the comments to fit into the format of the CCCC Draft Legislative Platform (attached).

In City staff's review of the CCCC Draft Proposed Legislative Platform, several emerging policy issues were identified that staff felt were of regional significance and should therefore be included in the Platform. Goals identified by staff are reflected in the attached 'Redlined Draft Proposed 2015 CCCC Legislative Platform with City of Benicia Recommended Changes.' In summary, the recommended changes address the following regional policy areas:

- Support for funding and allocations that support local priorities to ensure adequate drinking water supplies, including programs that fund water storage, conservation, and recycling.
- Preserving or expanding funding for several public safety programs.
- Support for funding for Disaster Preparedness training and planning.
- Support for funding for flood management and sea-level rise mitigation and adaptation, inclusive of shoreline restoration and recreation priorities.

Attachments:

- Draft Proposed 2015 CCCC Legislative Platform
- Redlined Draft Proposed 2015 CCCC Legislative Platform with City of Benicia Recommended Changes

SOLANO
City-County Coordinating Council
2014-2015 State & Federal Legislative Platform

Overview

The Solano City-County Coordinating Council (CCCC) consists of the Mayors of all seven cities in Solano County – Benicia, Dixon, Fairfield, Rio Vista, Suisun, Vacaville and Vallejo - and the five members of the County Board of Supervisors. On an annual basis, the CCCC adopts a legislative platform; recommending positions and strategies on both state and federal legislative and budget related issues. The platform takes into consideration and seeks to support the legislative priorities of all seven cities, the County of Solano, Solano Transportation Agency (STA), Solano County Water Agency (SCWA), Travis Community Consortium (TCC), Yolo-Solano Air Quality Management District and our public higher education institutions (Solano College, UC Davis and CSU Maritime Academy).

Listed below are the CCCC's highest State and Federal legislative priorities as well as other significant policy issues. These are issues that CCCC believes are important to support and partner on. These priorities are extracted from other regional entities and are not intended to conflict or compete, but rather support and compliment efforts to improve funding of regional needs and priorities.

2014-2015 State and Federal Legislative Priorities (Listed Alphabetically)

1. **Funding for Key Infrastructure Projects.** Support efforts in Congress to authorize and appropriate fund funding for infrastructure projects in Solano cities and the county, including key water infrastructure initiatives pursuant to the newly authorized Army Corp's project selection process under the Water Resources Reform and Development Act (WRRDA) funding for water projects identified as priorities by Solano cities and the county.
2. **Protect the Sacramento-San Joaquin Delta.** Ensure that Solano cities and the county is adequately represented in efforts to develop policy impacting the Sacramento-San Joaquin Delta, including policies to address water quality and supply, flood protection, environmental preservation and emergency response. Support legislation that protects Solano County water sources and supplies and provides for mitigation with regard to disaster preparedness, water rights, North Delta Water Agency Contract with the California Department of Water Resources, socio-economic vitality, water quality, water elevations, levee protection, loss of agricultural production, aquaculture, and access to fresh water supplies. Support efforts to develop other water supply options outside the areas-of-origin so as to reduce stresses in the Delta region. In general, support legislation that would provide for assurances and mitigations to the County, local Districts, and our residents and ensure sustainable funding outside of the General Fund for existing and future obligations created by State / Federal water projects and their Habitat Conservation Plans. Support appropriations from Proposition 1 that will facilitate key water infrastructure projects.
3. **Public Safety and Emergency Preparedness.** Support funding for programs that assist Solano cities and the county with efforts aimed at reducing crime and enhancing public safety through community partnerships and multi-jurisdictional efforts, such as the Community Oriented Policing Services (COPS) program and the Justice Assistance Grant (JAG) program. In addition, support funding for programs that assist the County and cities with disaster response and preparedness and homeland security-related needs, including efforts aimed at achieving communications interoperability. Monitor legislation and state budget actions regarding the implementation of Proposition 47 to ensure that proper resources exist at the local level.

Note: tracked changes included in this version were proposed by other CCCC member agencies

Solano City County Coordinating Council

Proposed [2014-2015](#) State and Federal Legislative Platform

- 4. State Realignment & Cost-Shifts.** Oppose proposals to restructure, realign, or otherwise shift the cost of state programs to local government, without commensurate compensation and a legislative ability for counties to draw down available federal funding. Support efforts to constitutionally guarantee continued funding for realigned programs. Support efforts to obtain and improve the stability of current Solano cities and the county's revenue sources. Oppose any realignment initiatives, which fail to fully fund services shifted to the County and cities. Advocate for funding for local police agencies [and the Sheriff's Office](#) dealing with the increase in specific crimes in [Solano](#) cities [and the county](#) due to realignment.

2014 State and Federal Legislative Principles (Sections Listed Alphabetically)

Agriculture, Natural Resources, and Water

- Support efforts to protect the Suisun Marsh consistent with the Suisun Marsh Preservation Act and the Suisun Marsh Plan;
- Support funding for improved mapping of flood hazard areas and advocate for the US Army Corps of Engineers and other federal agencies to protect [the Solano cities and the county](#) from these hazards.
- Support, develop, or seek out legislation that protects the Solano cities and the county's quality of life, its diverse natural resources, and preserves the essence and history of Solano.
- Support legislation to establish the Sacramento-San Joaquin Delta National Heritage Area to protect and promote the economic vitality and cultural, historical, and natural assets of the region.
- Support protections and assurances to assure a reliable supply and access to high quality water for agriculture and recreation in the County.
- [Support funding for an alternate intake to the North Bay Aqueduct.](#)
- [Support legislative or regulatory efforts to maintain local control/involvement in allocation of water resources.](#)

General Government

- Support efforts to realign government services with necessary funding in order to improve the delivery of services and make government more accountable and efficient to the people they serve.
- Seek out, develop, and support legislative, regulatory, and budget efforts that protect and/or enhance local governments' revenues, maximize Solano cities and the county's access to Federal funding sources, and/or increases local funding flexibility.
- Support legislation that provides tax and funding formulas and regulations for the equitable distribution of Federal monies while opposing attempts to decrease, restrict, or eliminate Solano cities special districts and the county's revenue sources.
- Support any expansion, continuation, and/or increased flexibility in the bidding/procurement, delivery, and management of construction projects.
- Oppose legislative or administrative actions that would create State or Federal unfunded mandates and/or preempt local decision-making authority.
- Oppose attempts to restrict local authority with respect to issues that affect local communities.
- Oppose any effort to balance the state budget through the taking of local government resources.
- Support the enactment of legislation to allocate statewide bond funding based on objective criteria developed with local input.

Solano City County Coordinating Council
Proposed 2014-2015 State and Federal Legislative Platform

Housing, Community and Economic Development, and Workforce Investment

- Support Housing Element reform that provides for self-certification process for all jurisdictions that have a housing allocation, and that provides greater flexibility to agencies with limited urban services and strong city centered development policies.
- Support continued funding for existing programs including the Community Development Block Grant (CDBG) program, the HOME Investment Partnerships Program (HOME), and the Neighborhood Stabilization Program (NSP). Oppose efforts to reduce funding and operational flexibility for these programs.
- Encourage and seek legislation to facilitate orderly economic expansion and growth, and increase the opportunity for discretionary revenues, programmatic and financial flexibility for Solano cities and the county.
- Support funding and incentives for smart growth and sustainable development, including infrastructure funding.
- Oppose Federal legislation that would reduce U.S. Economic Development Administration (EDA) funds and support the expanded eligibility and access to these funds.
- Support legislation that encourages job growth and the success of the business community.
- Support legislation that provides a stable national-level appropriation for workforce development programs as a longer-term investment strategy for the nation's economy.
- Support or seek federal grant funding opportunities that advance and improve housing, community and economic development, and workforce investment opportunities Solano cities and the county.
- Support and/or advocate for funding programs that would provide funding for community youth programs, including programs targeting underserved youth.
- Oppose Federal legislation that would reduce funding to the Department of Housing and Urban Development (HUD) that provides rent subsidies and administrative funding to the Housing Choice Voucher (Section 8) Programs.
- Support State legislation that would create a new funding mechanism for local governments to provide funding for affordable housing (new construction, acquisition and rehabilitation and rehabilitation)
- Support State legislation that would create funding for local governments for economic development purposes.
- Support efforts to increase employment opportunities and linking training programs to local available employment.

Public Safety and Emergency Disaster Preparedness

- Support the preservation of funding levels for existing public safety programs such as the Byrne Justice Assistance Grant (Byrne/JAG) Program, and the Community Oriented Policing Services (COPS) program. Oppose efforts to reduce or divert funding away from these programs.
- Support continued or new funding for emergency disaster preparedness programs such as FEMA - Emergency Management Performance Grants (EMPG), the Urban Areas Security Initiative (UASI), and emergency disaster preparedness and infrastructure damage recovery programs. Oppose efforts to reduce or divert funding away from these programs.
- Support funding to address emergency preparedness needs, particularly those that include communications equipment, training/exercises, or ongoing operations and maintenance costs.
- Support the preservation of funding for the State's Police Officer Standards and Training program that reimburses local agencies for training.

Note: tracked changes included in this version were proposed by other CCCC member agencies

Solano City County Coordinating Council
Proposed 2014-2015 State and Federal Legislative Platform

- Support changes to US Corps of Engineer's current flood control inspection standards that have resulted in the loss of Public Law 84-99 eligibility for post disaster restoration funding for local governments.
- Support efforts to improve safety of hazardous materials transported by rail, including crude by rail and enhance capacity of local emergency responders to appropriately respond to potential emergency events resulting from derailment or releases.
- Support legislation that improves the availability, affordability and coverage for earthquake and flood insurance.

Resource Management, Environmental Health, and Sustainability

- Support measures and funding for County, city, and special district programs and projects that address sustainability issues such as air quality improvement, energy efficiency, water efficiency, renewable energy, fuel efficiency, energy adequacy, and security while balancing the reduction of emissions with impacts on business.
- Support legislation and administrative action that further the goals of the Solano cities and the county's climate protection and sustainability efforts, including programs that promote energy-efficient home improvements like the Property Assessed Clean Energy (PACE) program and as referenced in their approved Climate Action Plans.
- Support Federal climate change legislation and policies that include local government funding and consideration for implementation at the local level.
- Support legislation and grant funding opportunities that improve land use planning for major economic drivers and infrastructure projects in Solano cities and the county.
- Support sensible CEQA reform that streamlines processes for broader range of infill development while maintaining strong analytic and mitigation requirements for large projects that clearly have significant environmental consequences at a regional or statewide level.
- Support regulatory processes that are not a one-size-fits-all approach and maintain flexibility for Solano cities, special districts, and the County to determine the best means of achieving water conservation mandates.
- Support legislation that fosters, establishes or expands regional purchasing capabilities and inter-jurisdictional infrastructure development to achieve local environmental and sustainability goals/requirements.
- Support legislation that enhances funding options for sustaining and expanding a countywide parks system.

Transportation

- Support efforts to reduce requirements and restrictions on the use of street maintenance funding by local agencies.
- Support efforts to maintain existing or increased funding for transportation programs and projects within the County.
- Support legislative efforts for Federal transportation reauthorization measures that reflect the needs of Solano cities and the county and project priority in funding streams.
- Support consideration of an increase or the indexing of the Federal gasoline tax and alternative sources of funding for pavement maintenance.
- Support legislation and budget action that provides additional and continuing funding for local infrastructure, including local roads, bridges, and transit priorities.
- Ensure that existing transportation funding sources are retained.
- Seek to reverse the current diversion of the Off highway vehicle funding so that it returns to local source.

Note: tracked changes included in this version were proposed by other CCCC member agencies

Solano City County Coordinating Council

Proposed 2014-2015 State and Federal Legislative Platform

- Seek funding from the Cap and Trade measure to pay for green road maintenance (not sure what this means) and other enhancements to the transportation network that reduce greenhouse gas emissions.
- Support or sponsor legislation that provides for the imposition establishment, extension, or increase of a special tax for the purpose of providing funding for local transportation projects, including pavement maintenance, and lowers the threshold for voter approval to 55%.
- Support legislation and administrative rule making that improves rail and rail car safety for transport of hazardous material including crude oil.
- Seek funding and maximize opportunities to develop, support, and maintain a robust active regional transportation strategy, with particular attention to transportation and health equity issues.

Other Agency Interests

- Travis Community Consortium. Support the mission of all military organizations located within the County. Support the 2014-2018 strategy adopted by the Travis Community Consortium. Work with the Governor's Military Council to protect California's interest with the decline in defense spending and the probable realignment of missions and closure of bases. Support Travis AFB moving forward in 2014-2015 with the Public-Private Partnership (P4) process. Work, with the TCC, to ensure a bridge mission is in place at Travis to neutralize the impact to the retirement of the KC-10. Advocate for new missions and operations at Travis.
- Solano Transportation Authority. Support the 2014-2015 legislative state priorities and programs as outlined and adopted by the Solano Transportation Authority.

SOLANO
City-County Coordinating Council
2014-2015 State & Federal Legislative Platform

Overview

The Solano City-County Coordinating Council (CCCC) consists of the Mayors of all seven cities in Solano County – Benicia, Dixon, Fairfield, Rio Vista, Suisun, Vacaville and Vallejo - and the five members of the County Board of Supervisors. On an annual basis, the CCCC adopts a legislative platform; recommending positions and strategies on both state and federal legislative and budget related issues. The platform takes into consideration and seeks to support the legislative priorities of all seven cities, the County of Solano, Solano Transportation Agency (STA), Solano County Water Agency (SCWA), Travis Community Consortium (TCC), Yolo-Solano Air Quality Management District and our public higher education institutions (Solano College, UC Davis and CSU Maritime Academy).

Listed below are the CCCC's highest State and Federal legislative priorities as well as other significant policy issues. These are issues that CCCC believes are important to support and partner on. These priorities are extracted from other regional entities and are not intended to conflict or compete, but rather support and compliment efforts to improve funding of regional needs and priorities.

2014-2015 State and Federal Legislative Priorities (Listed Alphabetically)

1. **Funding for Key Infrastructure Projects.** Support efforts in Congress to authorize and appropriate fund funding for infrastructure projects in Solano cities and the county, including key water infrastructure initiatives pursuant to the newly authorized Army Corp's project selection process under the Water Resources Reform and Development Act (WRDA) funding for water projects identified as priorities by Solano cities and the county.
2. **Protect the Sacramento-San Joaquin Delta.** Ensure that Solano cities and the county is adequately represented in efforts to develop policy impacting the Sacramento-San Joaquin Delta, including policies to address water quality and supply, flood protection, environmental preservation and emergency response. Support legislation that protects Solano County water sources and supplies and provides for mitigation with regard to disaster preparedness, water rights, North Delta Water Agency Contract with the California Department of Water Resources, socio-economic vitality, water quality, water elevations, levee protection, loss of agricultural production, aquaculture, and access to fresh water supplies. Support efforts to develop other water supply options outside the areas-of-origin so as to reduce stresses in the Delta region. In general, support legislation that would provide for assurances and mitigations to the County, local Districts, and our residents and ensure sustainable funding outside of the General Fund for existing and future obligations created by State / Federal water projects and their Habitat Conservation Plans. Support appropriations from Proposition 1 that will facilitate key water infrastructure projects.
3. **Public Safety and Emergency Preparedness.** Support funding for programs that assist Solano cities and the county with efforts aimed at reducing crime and enhancing public safety through community partnerships and multi-jurisdictional efforts, such as the Community Oriented Policing Services (COPS) program and the Justice Assistance Grant (JAG) program. In addition, support funding for programs that assist the County and cities with disaster response and preparedness and homeland security-related needs, including efforts aimed at achieving communications interoperability. Monitor legislation and state budget actions regarding the implementation of Proposition 47 to ensure that proper resources exist at the local level.

4. **State Realignment & Cost-Shifts.** Oppose proposals to restructure, realign, or otherwise shift the cost of state programs to local government, without commensurate compensation and a legislative ability for counties to draw down available federal funding. Support efforts to constitutionally guarantee continued funding for realigned programs. Support efforts to obtain and improve the stability of current Solano cities and the county's revenue sources. Oppose any realignment initiatives, which fail to fully fund services shifted to the County and cities. Advocate for funding for local police agencies and the Sheriff's Office dealing with the increase in specific crimes in Solano cities and the county due to realignment.

2014 State and Federal Legislative Principles (Sections Listed Alphabetically)

Agriculture, Natural Resources, and Water

- Support efforts to protect the Suisun Marsh consistent with the Suisun Marsh Preservation Act and the Suisun Marsh Plan;
- Support funding for improved mapping of flood hazard areas and advocate for the US Army Corps of Engineers and other federal and state agencies to protect ~~the Solano cities and the county~~ from these hazards, either directly or via funding and technical assistance.
- Support, develop, or seek out legislation that protects the Solano cities and the county's quality of life, its diverse natural resources, and preserves the essence and history of Solano.
- Support legislation to establish the Sacramento-San Joaquin Delta National Heritage Area to protect and promote the economic vitality and cultural, historical, and natural assets of the region.
- Support protections and assurances to assure a reliable supply and access to high quality water for drinking, agriculture and recreation in the County.
- Support funding for an alternate intake to the North Bay Aqueduct.
- Support legislative or regulatory efforts to maintain local control/involvement in allocation of water resources.
- Support new funding to support local priorities for implementing water storage, recycling, and conservation measures.
- Support funding for efforts to mitigate or adapt to sea-level rise impacts, including shoreline restoration and recreation projects.

General Government

- Support efforts to realign government services with necessary funding in order to improve the delivery of services and make government more accountable and efficient to the people they serve.
- Seek out, develop, and support legislative, regulatory, and budget efforts that protect and/or enhance local governments' revenues, maximize Solano cities and the county's access to Federal funding sources, and/or increases local funding flexibility.
- Support legislation that provides tax and funding formulas and regulations for the equitable distribution of Federal monies while opposing attempts to decrease, restrict, or eliminate Solano cities special districts and the county's revenue sources.
- Support any expansion, continuation, and/or increased flexibility in the bidding/procurement, delivery, and management of construction projects.
- Oppose legislative or administrative actions that would create State or Federal unfunded mandates and/or preempt local decision-making authority.
- Oppose attempts to restrict local authority with respect to issues that affect local communities.
- Oppose any effort to balance the state budget through the taking of local government resources.

- Support the enactment of legislation to allocate statewide bond funding based on objective criteria developed with local input.

Housing, Community and Economic Development, and Workforce Investment

- Support Housing Element reform that provides for self-certification process for all jurisdictions that have a housing allocation, **and that provides greater flexibility to agencies with limited urban services and strong city centered development policies.**
- Support continued funding for existing programs including the Community Development Block Grant (CDBG) program, the HOME Investment Partnerships Program (HOME), and the Neighborhood Stabilization Program (NSP). Oppose efforts to reduce funding and operational flexibility for these programs.
- Encourage and seek legislation to facilitate orderly economic expansion and growth, and increase the opportunity for discretionary revenues, programmatic and financial flexibility for Solano cities and the county.
- Support funding and incentives for smart growth and sustainable development, including infrastructure funding.
- Oppose Federal legislation that would reduce U.S. Economic Development Administration (EDA) funds and support the expanded eligibility and access to these funds.
- Support legislation that encourages job growth and the success of the business community.
- Support legislation that provides a stable national-level appropriation for workforce development programs as a longer-term investment strategy for the nation's economy.
- Support or seek federal grant funding opportunities that advance and improve housing, community and economic development, and workforce investment opportunities Solano cities and the county.
- Support and/or advocate for funding programs that would provide funding for community youth programs, including programs targeting underserved youth.
- Oppose Federal legislation that would reduce funding to the Department of Housing and Urban Development (HUD) that provides rent subsidies and administrative funding to the Housing Choice Voucher (Section 8) Programs.
- Support State legislation that would create a new funding mechanism for local governments to provide funding for affordable housing (new construction, acquisition and rehabilitation **and rehabilitation**)
- **Support State legislation that would create funding for local governments for economic development purposes.**
- **Support efforts to increase employment opportunities and linking training programs to local available employment.**

Public Safety and Emergency Disaster Preparedness

- Support the preservation of funding levels for existing public safety programs such as the Byrne Justice Assistance Grant (Byrne/JAG) Program, **California State Law Enforcement Funding (SLEF), California Fire Fighter Joint Apprenticeship Committee (CFFJAC), Office of Traffic Safety (OTS) grant funding, Department of Alcohol and Beverage Control programs,** and the Community Oriented Policing Services (COPS) program. Oppose efforts to reduce or divert funding away from these programs.
- **Support continued or new funding for emergency disaster preparedness programs such as FEMA - Emergency Management Performance Grants (EMPG), the Urban Areas Security Initiative (UASI), and emergency disaster preparedness and infrastructure damage recovery programs. Oppose efforts to reduce or divert funding away from these programs.**
- **Support funding for the State Office of Emergency Services to enhance Disaster Preparedness by linking local Emergency Operations Centers and by providing training.**
- **Support funding to integrate climate change and sea level rise impacts into Local Hazard Mitigation Plans and Emergency Operation Plans.**

- Support funding to address emergency preparedness needs, particularly those that include communications equipment, training/exercises, or ongoing operations and maintenance costs.
- Support the preservation of funding for the State's Police Officer Standards and Training program that reimburses local agencies for training.
- Support changes to US Corps of Engineer's current flood control inspection standards that have resulted in the loss of Public Law 84-99 eligibility for post disaster restoration funding for local governments.
- Support efforts to improve safety of hazardous materials transported by rail, including crude by rail and enhance capacity of local emergency responders to appropriately respond to potential emergency events resulting from derailment or releases.
- Support legislation that improves the availability, affordability and coverage for earthquake and flood insurance.

Resource Management, Environmental Health, and Sustainability

- Support measures and funding for County, city, and special district programs and projects that address sustainability issues such as air quality improvement, energy efficiency, water efficiency, renewable energy, fuel efficiency, energy adequacy, and security while balancing the reduction of emissions with impacts on business.
- Support legislation and administrative action that further the goals of the Solano cities and the county's climate protection and sustainability efforts, including programs that promote energy-efficient home improvements like the Property Assessed Clean Energy (PACE) program and as referenced in their approved Climate Action Plans.
- Support Federal and state climate change legislation and policies that include local government funding and consideration for implementation at the local level.
- Support legislation and grant funding opportunities that improve land use planning for major economic drivers and infrastructure projects in Solano cities and the county.
- Support sensible CEQA reform that streamlines processes for broader range of infill development while maintaining strong analytic and mitigation requirements for large projects that clearly have significant environmental consequences at a regional or statewide level.
- Support regulatory processes that are not a one-size-fits-all approach and maintain flexibility for Solano cities, special districts, and the County to determine the best means of achieving water conservation mandates.
- Support legislation that fosters, establishes or expands regional purchasing capabilities and inter-jurisdictional infrastructure development to achieve local environmental and sustainability goals/requirements.
- Support legislation that enhances funding options for sustaining and expanding a countywide parks system.

Transportation

- Support efforts to reduce requirements and restrictions on the use of street maintenance funding by local agencies.
- Support efforts to maintain existing or increased funding for transportation programs and projects within the County.
- Support legislative efforts for Federal transportation reauthorization measures that reflect the needs of Solano cities and the county and project priority in funding streams.
- Support consideration of an increase or the indexing of the Federal gasoline tax and alternative sources of funding for pavement maintenance.
- Support legislation and budget action that provides additional and continuing funding for local infrastructure, including local roads, bridges, and transit priorities.
- Ensure that existing transportation funding sources are retained.

- Seek to reverse the current diversion of the Off highway vehicle funding so that it returns to local source.
- Seek funding from the Cap and Trade measure to pay for green road maintenance ~~(not sure what this means)~~, regionally integrated transit, and other enhancements to the transportation network that reduce greenhouse gas emissions.
- Support or sponsor legislation that provides for the imposition establishment, extension, or increase of a special tax for the purpose of providing funding for local transportation projects, including pavement maintenance, and lowers the threshold for voter approval to 55%.
- Support legislation and administrative rule making that improves rail and rail car safety for transport of hazardous material including crude oil.
- Seek funding and maximize opportunities to develop, support, and maintain a robust active regional transportation strategy, with particular attention to transportation and health equity issues.

Other Agency Interests

- Travis Community Consortium. Support the mission of all military organizations located within the County. Support the 2014-2018 strategy adopted by the Travis Community Consortium. Work with the Governor's Military Council to protect California's interest with the decline in defense spending and the probable realignment of missions and closure of bases. Support Travis AFB moving forward in 2014-2015 with the Public-Private Partnership (P4) process. Work, with the TCC, to ensure a bridge mission is in place at Travis to neutralize the impact to the retirement of the KC-10. Advocate for new missions and operations at Travis.
- Solano Transportation Authority. Support the 2014-2015 legislative state priorities and programs as outlined and adopted by the Solano Transportation Authority.

AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 3, 2015
CONSENT CALENDAR

DATE : December 23, 2014

TO : City Manager

FROM : Public Works Director

SUBJECT : **APPROVAL OF \$85,000 LOAN AGREEMENT WITH SOLTRANS TO FUND THE CONSTRUCTION OF THE BENICIA INDUSTRIAL PARK BUS HUB PROJECT TO BE REPAID BY THE REGIONAL TRAFFIC IMPACT FEES**

RECOMMENDATION:

Adopt a resolution approving a \$85,000 loan agreement with SolTrans to fund the construction of the Benicia Industrial Park Bus Hub Project, authorizing the City Manager to execute a loan agreement with SolTrans, and authorizing the expenditure of \$40,000 in city traffic impact fees for the project.

EXECUTIVE SUMMARY:

The City owns the 1.0 acre parcel for the park-and-ride lot at the southwest corner of Park Road and Industrial Way. The construction bid documents are being prepared and construction is scheduled for the summer and fall of 2015. The construction is being funded with Regional Measure 2 and Regional Traffic Impact Fee (RTIF) funds, but the RTIF funding might not be available for five years. SolTrans has agreed to provide a "bridge loan" with the expectation that the loan will be paid off with RTIF Working Group 3 funds within three years. If RTIF Working Group 3 funds collected in three years do not cover the loan payment, the City will need to pay SolTrans directly and get paid RTIF Working Group 3 funds as they are collected.

BUDGET INFORMATION:

The estimated design, property acquisition and construction cost is \$2,110,000. The Project is being funded with Regional Measure 2, Solano Transportation Authority (STA) State Transit Assistance Fund (STAF), Regional Traffic Impact Fee (RTIF), and City Traffic Impact Fee funds.

The RTIF funds are collected when building permits are issued for private development projects in Solano County and are not available at this time, so STA and City staff prepared a financing plan. On November 20, the Solano County Transit (SolTrans) Board authorized an \$85,000 loan for the Project. It is anticipated that there will be sufficient RTIF funding for this \$85,000 loan, but the

SolTrans Board wants reimbursement by June 30, 2018. If repayment from RTIF program is not completed by June 30, 2018, then the attached agreement is written for the City to pay SolTrans and get repaid using RTIF District 3 funds. If RTIF funds are not available, then it is recommended that the Benicia Traffic Impact Fees fund pay SolTrans and get reimbursed from RTIF funds.

GENERAL PLAN:

Relevant General Plan Goals:

- Overarching Goal of the General Plan: Sustainability
- Goal 2.28: Improve and maintain public facilities and services

STRATEGIC PLAN:

Relevant Strategic Plan Issue:

- Strategic Issue #4: Preserving and Enhancing Infrastructure
 - Strategy #4: Provide adequate funding for ongoing infrastructure needs

SUMMARY:

The Project provides an excellent location with easy access to Interstate 680 for citizens who need a safe and convenient place to park their vehicle and board the Fairfield and Suisun Transit's (FAST) Route 40, which provides transit service to the Walnut Creek BART station. It will also be possible for people living along Route 40 or taking BART to get to the Benicia Industrial Park for work. The park-and-ride facility will offer a small transit platform where SolTrans' reservation based General Public Dial-a-Ride (DAR) buses can provide connecting service to destinations in Benicia.

On November 14, 2014 escrow closed and the City acquired the 1.0 acre property that will be used for the park and ride component of the Project. It is anticipated that construction will begin after July 1, 2015.

The final design of the project is being prepared and the engineer's estimate cost of construction is \$1,200,000. The design costs are \$310,000 and property acquisition costs are \$600,000, so the total estimated project cost is \$2,110,000. The \$1.2 million granted to Benicia by MTC was only to cover construction costs. Therefore from the beginning of the design, City staff knew they needed to either reduce the scope of the project or find additional revenues to cover the cost of the design and environmental work. It was also hoped that the money allocated to the project by STA for property acquisition (\$500,000) would cover the \$350,000 preliminary appraisal figure, so funding would be available for the design and environmental work.

The acquisition costs went up to \$586,000, which exceeded the STA funding and left the City with having to find the funding for the \$135,000 already spent on the environmental and preliminary engineering and also \$175,000 for the estimated cost of the final design. STA approved \$100,000 in RTIF District 6 (Transit) funding for the project and “Working Group 3” approved \$60,000 in RTIF District 3 funding for the project. On January 27, the “Working Group 6” transit operators will vote to appropriate \$175,000 in District 6 (Transit) RTIF funds for the construction of the Bus Hub Project.

The funding is from the following sources:

- \$1,250,000 in Regional Measure 2 funding for the design, environmental document and construction.
- \$525,000 in Solano Transportation Authority State Transit Assistance Fund (STAF) for property acquisition.
- \$336,000 in RTIF funding for the property acquisition and construction. If the “Working Group 6” transit operators vote January 27 to appropriate the funds to the Bus Hub Project, then the City Council will be asked to enter into another loan agreement with STA.
- STAF funding will make up the balance, if needed. Once bids are opened, then staff will have a better understanding of the financing needs.

The \$336,000 in RTIF funding is not available at this time, so a financing plan was prepared. The financing includes the following:

- \$43,000 with STA funds for the property acquisition.
- \$43,000 with City Traffic Impact Fee funds for the property acquisition. On October 7, the City Council approved a loan agreement with STA.
- \$85,000 loan with SolTrans, which is described in this staff report.
- \$40,000 in City Traffic Impact Fee funds for construction. On November 18, 2014, the City Council approved an update to the Traffic Impact Fee Program, which included \$100,000 for the Bus Hub Project.
- \$125,000 in STAF funds. If Working Group 6 appropriates additional RTIF funds, then it is anticipated that a loan agreement or amendment to the existing agreement with STA will be presented to the City council at a future meeting.

It is recommended that the City Council approve the loan agreement with SolTrans and authorize the expenditure of \$40,000 in City Traffic Impact Fee funds which will be reimbursed with RTIF funds.

Attachments:

- Proposed Resolution
- Agreement
- Conceptual Plan

RESOLUTION NO. 15 -

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA APPROVING A \$85,000 LOAN AGREEMENT WITH SOLTRANS TO FUND A PORTION OF THE CONSTRUCTION OF THE BENICIA INDUSTRIAL PARK BUS HUB WITH REPAYMENT TO BE MADE FROM REGIONAL TRAFFIC IMPACT FEES, AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT WITH SOLTRANS SUBJECT TO THE APPROVAL OF THE CITY ATTORNEY, AND AUTHORIZING THE EXPENDITURE OF \$40,000 IN CITY TRAFFIC IMPACT FEES FOR THE PROJECT

WHEREAS, the preliminary design of the Benicia Industrial Park Bus Hub Project has been completed; and

WHEREAS, the final design for the project is underway; and

WHEREAS, the Solano Transportation Authority (STA) has completed the acquisition of the 1.0 acre parcel for the project; and

WHEREAS, the Solano County Transit (SolTrans) Board authorized a \$85,000 loan for the Project as long as the loan is paid by June 30, 2018; and

WHEREAS, SolTrans or the City will be repaid by future earnings from STA's Regional Traffic Impact Fee over an estimated five year period; and

WHEREAS, the City Council updated the City's Traffic Impact Fee Program on November 18, 2014 to include \$100,000 for the Bus Hub Project; and

WHEREAS, there is sufficient funding in the City's Traffic Impact Fee Program to loan this funding without significantly impacting the delivery of projects and programs from this fund.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Benicia hereby approves the \$85,000 loan agreement with SolTrans to assist with the funding of the Benicia Industrial Park Bus Hub construction with said loan to be repaid from Regional Traffic Impact Fees and authorizes the City Manager to execute a loan agreement with Solano County Transit subject to the approval of the City Attorney.

BE IT FURTHER RESOLVED THAT \$40,000 in City Traffic Impact Fee funds are authorized to be expended for the construction of the Benicia Industrial Park Bus Hub construction with said expense to be repaid from Regional Traffic Impact Fee funds and authorizes the City Manager to execute a loan agreement with Solano Transportation Authority subject to the approval of the City Attorney.

On motion of Council Member _____, seconded by Council Member, the above Resolution was introduced and passed by the City Council of the City of Benicia at a regular meeting of said Council held on the 3rd day of February, 2015 and adopted by the following vote:

Ayes:

Noes:

Absent:

Attest:

Elizabeth Patterson, Mayor

Lisa Wolfe, City Clerk

Date

Loan Agreement

Benicia Bus Hub Project

This Loan Agreement (“Agreement”) is entered into this ___th day of _____, 2015 by and between the **City of Benicia**, a California municipal corporation, having an office at 250 East L Street, Benicia, CA 94510, hereinafter referred to as “**City**” and **Solano County Transit**, a California joint powers authority, having an office at 311 Sacramento Street, Vallejo, CA 94590, hereinafter referred to as “**SolTrans**.” City and SolTrans are sometimes individually referred to herein as a “Party” and collectively as “Parties.”

In consideration of the mutual promises set forth in this Agreement, the Parties agree as follows:

RECITALS

- A. City is in the process of beginning construction on a park and ride hub on a 1-acre site at the southeast corner of Park Road and Industrial Way, commonly known as the Benicia Bus Hub Project or “Project,” at an estimated cost of \$2.1 million.
- B. There is current a funding shortfall for the Project and City has requested SolTrans finance \$85,000 in the form of a loan.
- C. SolTrans is willing to loan the funds pursuant to the terms and conditions below.

ARTICLE 1

DESIGN AND CONSTRUCTION OF THE PROJECT

City shall cause the Project to be designed and constructed in accordance with all applicable laws, and in accordance with plans and specifications approved by the City. SolTrans shall have the right to review and comment on those elements of the Project concerning 1) transit connections, 2) bicycle and pedestrian connections; 3) passenger amenities; and 4) the maintenance and operations implementation plan, which comments shall be reasonably considered by City.

ARTICLE 2

SOURCES OF FUNDING

- A. SolTrans will contribute \$85,000 towards the Project.
- B. City shall be solely responsible for the remaining Project funding, regardless of costs in excess of the current Project budget.

ARTICLE 3

CITY OBLIGATIONS

- A. City shall repay a total of \$85,000 no later than June 30, 2018.

B. Repayment shall be made from Regional Traffic Impact Fee (RTIF) Working Group 3 funds. If RTIF Working Group 3 funds are insufficient to make the full payment to SolTrans by June 30, 2018, then the City shall pay SolTrans directly from whatever funds are available to the City and be repaid by RTIF Working Group 3 funds as they are collected.

**ARTICLE 4
INDEMNITY**

To the fullest extent permitted by law, SolTrans and City agree to save, indemnify, defend, and hold harmless each other (and their respective Council members, Board members, officers, officials, employees, and agents) from any and all liability, claims, suits, actions, arbitration proceedings, administrative proceedings, and regulatory proceedings, losses, expenses, or any injury or damage of any kind whatsoever, whether actual, alleged or threatened, attorney fees, court costs, and any other costs of any nature without restriction incurred in relation to, as a consequence of, or arising out of, the performance of this Agreement, and attributable to the fault of the other. Following a determination of the percentage of fault and or liability by agreement between the Parties or a court of competent jurisdiction, the Party responsible for liability to the other will indemnify the other Party to this Agreement for the percentage of liability determined.

**ARTICLE 5
COMPLIANCE WITH APPLICABLE PROVISIONS OF LAW**

The Parties agree to comply with applicable provisions of California state law, federal law and of any applicable local ordinance, which shall be considered a part of this Agreement as though full set forth.

**ARTICLE 6
GOVERNING LAW**

This Agreement is entered into in, and shall be governed under the laws of, the State of California.

**ARTICLE 7
NOTICES**

Notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

SolTrans: Mona Babauta, Executive Director
 Solano County Transit
 311 Sacramento Street
 Vallejo, CA 94590

City: Brad Kilger, City Manager
City of Benicia
250 East L Street
Benicia, CA 94533

Any notice or demand which may or must be given or made by either Party, under the terms of this Agreement or any statute or ordinance, shall be in writing; and shall be deemed received on: (a) the day of delivery if delivered by hand (including overnight courier service) during receiving Party's regular business hours or by facsimile before or during receiving Party's regular business hours; or (b) on the second business day following deposit in the United States mail, postage prepaid, to the addresses set forth above, or to such other addresses as the Parties may, from time to time, designate in writing pursuant to the provisions of this Article, provided the sender obtains and retains records of such postings.

ARTICLE 8 GENERAL PROVISIONS

A. Cooperation; Further Acts

The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

B. Successors and Assigns

This Agreement shall be binding on the successors and assigns of the parties. Neither Party shall assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the other Party. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

C. Construction; References; Captions

Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not workdays. All references to SolTrans or City include all officers, officials, personnel, employees, and agents of that Party, except as otherwise specified in this Agreement. The captions of the various sections and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

D. Amendment; Modification

No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

E. Waiver

No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise. The failure of either Party to enforce one or more of the terms or conditions of this Agreement or to exercise any of its rights or privileges, or the waiver by either Party of any breach of such terms or conditions, shall not be construed as thereafter waiving any such terms, conditions, rights, or privileges, and the same shall continue and remain in force and effect as if no waiver had occurred.

F. No Third Party Beneficiaries

There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

G. Invalidity; Severability

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

H. Authority to Enter Agreement

Each Party has all requisite power and City to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and Authority to make this Agreement and bind each respective Party.

I. Counterparts

This Agreement may be signed in counterparts, each of which shall constitute an original.

J. Entire Agreement

This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or Agreements.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

City of Benicia

Solano County Transit

By: _____
Brad Kilger
City Manager

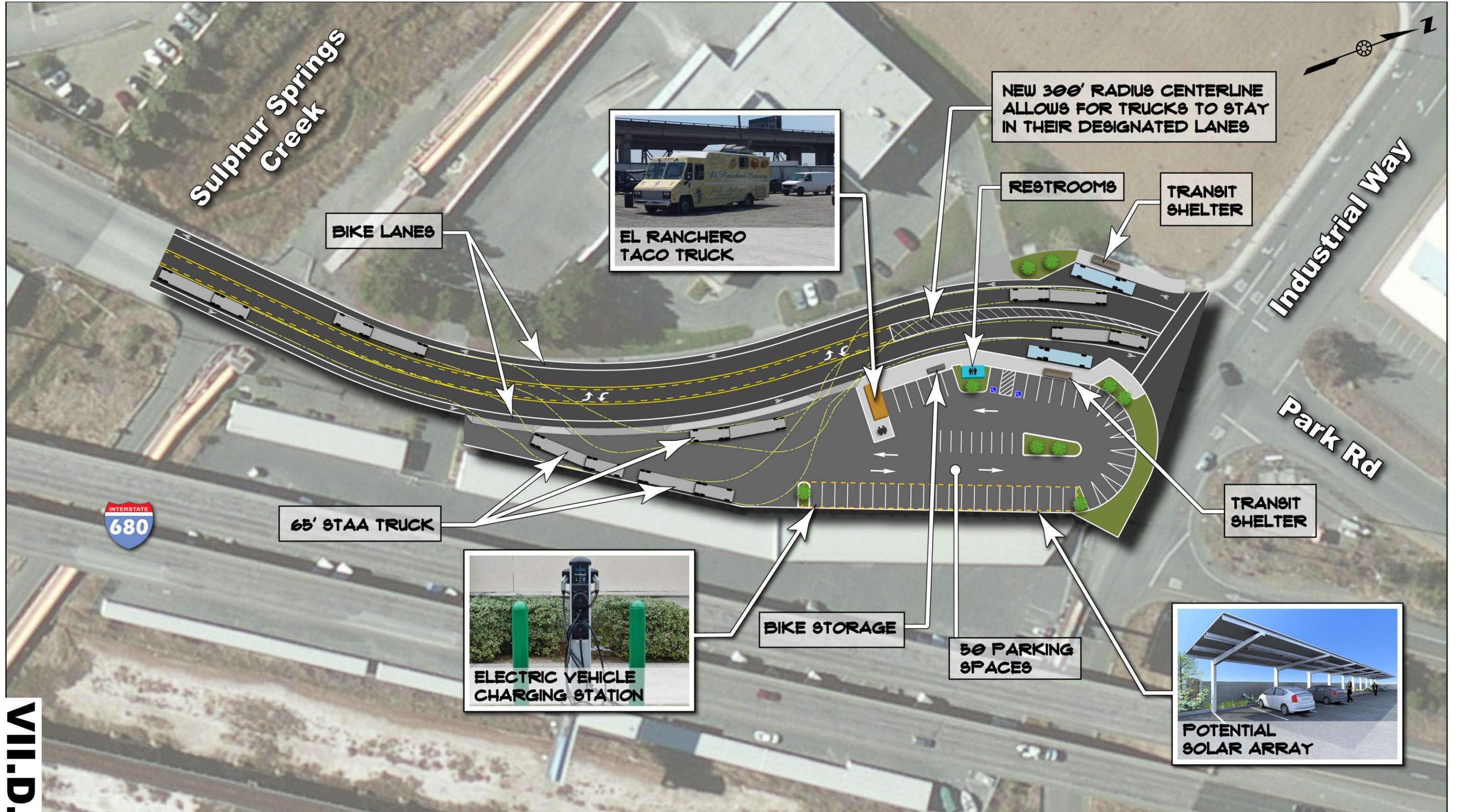
By: _____
Mona Babauta
Executive Director

Approved as to Form:

Approved as to Form:

By: _____
Heather McLaughlin
City Attorney

By: _____
Bernadette Curry
SolTrans Legal Counsel



AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 3, 2015
CONSENT CALENDAR

DATE : January 22, 2015

TO : City Manager

FROM : Economic Development Manager

SUBJECT : **APPROVAL OF AGREEMENTS TO ADMINISTER, COLLECT AND REPORT UPON THE SALES TAX REVENUE DERIVED FROM MEASURE C**

RECOMMENDATION:

Adopt proposed resolutions and approve related agreements with the Board of Equalization and HdL Companies to process and report sales tax revenue derived from the passage of Measure C.

EXECUTIVE SUMMARY:

In order to administer, collect and report upon the sales tax revenue derived from the passage of Measure C, it is necessary to enter into agreements with the Board of Equalization and HdL Companies.

BUDGET INFORMATION:

The proposed, locally-enacted sales tax measure of one-cent on the dollar is projected to generate approximately \$3.7 million/year in revenue. The Board of Equalization has state mandated fees to administer and operate transactions and use tax in conformity with Part 1.6 of Division 2 of the Revenue and Taxation Code. Those fees will be passed to the City of Benicia. The total costs for those fees will not be known until after the taxes are first collected, but the costs cannot exceed \$175,000 per Revenue and Taxation Code Section 7272. The fee for HdL to provide sales tax analysis and reports is \$100 per month.

STRATEGIC PLAN:

Relevant Strategic Plan Goals and Strategies:

- Strategy Issue #3: Strengthening Economic and Fiscal Conditions
 - Strategy #4: Manage City finances prudently

BACKGROUND:

On November 4, 2014 Benicia voters by a margin of more than 63% passed Measure C, a one-cent on the dollar local sales tax initiative. That tax will go into effect on April 1, 2015. In order to collect the tax and evaluate the proceeds, it is necessary for the City to enter into agreements with the Board of Equalization

and HdL Companies.

There are two agreements between the City and Board of Equalization (BOE). These agreements with the BOE are for them to carry out the requirements of Part 1.6 of Division 2 of the Revenue and Taxation Code. Included within these duties are the tasks of developing procedures, programming for data processing, printing forms, and developing instructions for the Board's staff and for taxpayers.

The agreement with HdL Companies tasks them with analyzing and auditing the taxes received from Measure C then producing various reports detailing the information. This proposed agreement would mirror what HdL presently performs with the City's tax receipts from the Brady Burns local tax.

If approved, these agreements will be executed in February, in time for the collection of taxes beginning April 1st.

Attachments:

- Proposed Resolution Regarding Agreements with State Board of Equalization
 - Agreement for State Administration of City Transactions and Use Taxes(Board of Equalization)
 - Agreement for Preparation to Administer and Operate City's Transactions and Use Tax Ordinance (Board of Equalization)
- Proposed Resolution Regarding Agreement with HdL Companies
 - Agreement for Transactions Tax Audit & Information Services (HdL Companies)

RESOLUTION NO. 15-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA AUTHORIZING THE CITY MANAGER TO EXECUTE AGREEMENTS WITH THE STATE BOARD OF EQUALIZATION FOR IMPLEMENTATION OF A LOCAL TRANSACTIONS AND USE TAX

WHEREAS, on July 22, 2014, the City Council approved Ordinance No. 14-5b amending the City Municipal Code and providing for a local transactions and use tax; and

WHEREAS, the State Board of Equalization (Board) administers and collects the transactions and use taxes for all applicable jurisdictions within the state; and

WHEREAS, the Board will be responsible to administer and collect the transactions and use tax for the City; and

WHEREAS, the Board requires that the City enter into a "Preparatory Agreement" and an "Administration Agreement" prior to implementation of said taxes, and

WHEREAS, the Board requires that the City Council authorize the agreements.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Benicia does hereby approve the "Preparatory Agreement" attached as Exhibit A and the "Administrative Agreement" attached as Exhibit B and authorizes the City Manager to execute each agreement, subject to minor changes as approved by the City Attorney.

On motion by Council Member _____, and seconded by Council Member _____, the above resolution was introduced and passed by the City Council of the City of Benicia at a regular meeting of said Council held on the 3rd day of February, 2015 and adopted by the following vote.

Ayes:

Noes:

Absent:

Elizabeth Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk

Date

**AGREEMENT FOR STATE ADMINISTRATION
OF CITY TRANSACTIONS AND USE TAXES**

The City Council of the City of Benicia has adopted, and the voters of the City of Benicia hereafter called "City" or "District") have approved by the required majority vote, the City of Benicia Transactions and Use Tax Ordinance (hereafter called "Ordinance"), a copy of which is attached hereto. To carry out the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code and the Ordinance, the State Board of Equalization, (hereinafter called the "Board") and the City do agree as follows:

**ARTICLE I
DEFINITIONS**

Unless the context requires otherwise, wherever the following terms appear in the Agreement, they shall be interpreted to mean the following:

1. "District taxes" shall mean the transactions and use taxes, penalties, and interest imposed under an ordinance specifically authorized by Revenue and Taxation code Section 7285.9, and in compliance with Part 1.6, Division 2 of the Revenue and Taxation Code.

2. "City Ordinance" shall mean the City's Transactions and Use Tax Ordinance referred to above and attached hereto, Ordinance No.14-5b as amended from time to time, or as deemed to be amended from time to time pursuant to Revenue and Taxation Code Section 7262.2.

**ARTICLE II
ADMINISTRATION AND COLLECTION
OF CITY TAXES**

A. Administration. The Board and City agree that the Board shall perform exclusively all functions incident to the administration and operation of the City Ordinance.

B. Other Applicable Laws. City agrees that all provisions of law applicable to the administration and operation of the State Sales and Use Tax Law which are not inconsistent with Part 1.6 of Division 2 of the Revenue and Taxation Code shall be applicable to the administration and operation of the City Ordinance. City agrees that money collected pursuant to the City Ordinance may be deposited into the State Treasury to the credit of the Retail Sales Tax Fund and may be drawn from that Fund for any authorized purpose, including making refunds, compensating and reimbursing the Board pursuant to Article IV of this Agreement, and transmitting to City the amount to which City is entitled.

C. Transmittal of money.

1. For the period during which the tax is in effect, and except as otherwise provided herein, all district taxes collected under the provisions of the City Ordinance shall be transmitted to City periodically as promptly as feasible, but not less often than twice in each calendar quarter.

2. For periods subsequent to the expiration date of the tax whether by City's self-imposed limits or by final judgment of any court of the State of California holding that City's ordinance is invalid or void, all district taxes collected under the provisions of the City Ordinance shall be transmitted to City not less than once in each calendar quarter.

3. Transmittals may be made by mail or electronic funds transfer to an account of the City designated and authorized by the City. A statement shall be furnished at least quarterly indicating the amounts withheld pursuant to Article IV of this Agreement.

D. Rules. The Board shall prescribe and adopt such rules and regulations as in its judgment are necessary or desirable for the administration and operation of the City Ordinance and the distribution of the district taxes collected thereunder.

E. Preference. Unless the payor instructs otherwise, and except as otherwise provided in this Agreement, the Board shall give no preference in applying money received for state sales and use taxes, state-administered local sales and use taxes, and district transactions and use taxes owed by a taxpayer, but shall apply moneys collected to the satisfaction of the claims of the State, cities, counties, cities and counties, redevelopment agencies, other districts, and City as their interests appear.

F. Security. The Board agrees that any security which it hereafter requires to be furnished by taxpayers under the State Sales and Use Tax Law will be upon such terms that it also will be available for the payment of the claims of City for district taxes owing to it as its interest appears. The Board shall not be required to change the terms of any security now held by it, and City shall not participate in any security now held by the Board.

G. Records of the Board.

When requested by resolution of the legislative body of the City under section 7056 of the Revenue and Taxation Code, the Board agrees to permit authorized personnel of the City to examine the records of the Board, including the name, address, and account number of each seller holding a seller's permit with a registered business location in the City, pertaining to the ascertainment of transactions and use taxes collected for the City. Information obtained by the City from examination of the Board's records shall be used by the City only for purposes related to the collection of transactions and use taxes by the Board pursuant to this Agreement.

H. Annexation. City agrees that the Board shall not be required to give effect to an annexation, for the purpose of collecting, allocating, and distributing District transactions and use taxes, earlier than the first day of the calendar quarter which commences not less than two months after notice to the Board. The notice shall include the name of the county or counties annexed to the extended City boundary. In the event the City shall annex an area, the boundaries of which are not coterminous with a county or counties, the notice shall include a description of the area annexed and two maps of the City showing the area annexed and the location address of the property nearest to the extended City boundary on each side of every street or road crossing the boundary.

ARTICLE III
ALLOCATION OF TAX

A. Allocation. In the administration of the Board's contracts with all districts that impose transactions and use taxes imposed under ordinances, which comply with Part 1.6 of Division 2 of the Revenue and Taxation Code:

1. Any payment not identified as being in payment of liability owing to a designated district or districts may be apportioned among the districts as their interest appear, or, in the discretion of the Board, to all districts with which the Board has contracted using ratios reflected by the distribution of district taxes collected from all taxpayers.

2. All district taxes collected as a result of determinations or billings made by the Board, and all amounts refunded or credited may be distributed or charged to the respective districts in the same ratio as the taxpayer's self-declared district taxes for the period for which the determination, billing, refund or credit applies.

B. Vehicles, Vessels, and Aircraft. For the purpose of allocating use tax with respect to vehicles, vessels, or aircraft, the address of the registered owner appearing on the application for registration or on the certificate of ownership may be used by the Board in determining the place of use.

ARTICLE IV COMPENSATION

The City agrees to pay to the Board as the Board's cost of administering the City Ordinance such amount as is provided for by law. Such amounts shall be deducted from the taxes collected by the Board for the City.

ARTICLE V MISCELLANEOUS PROVISIONS

A. Communications. Communications and notices may be sent by first class United States mail to the addresses listed below, or to such other addresses as the parties may from time to time designate. A notification is complete when deposited in the mail.

Communications and notices to be sent to the Board shall be addressed to:

State Board of Equalization
P.O. Box 942879
Sacramento, California 94279-0032
Attention: Administrator, RAAS

Communications and notices to be sent to the City shall be addressed to:

City of Benicia
250 East L Street
Benicia, California 94510
Attention: Economic Development Manager

Unless otherwise directed, transmittals of payment of District transactions and use taxes will be sent to the address above.

B. Term. The date of this Agreement is the date on which it is approved by the Department of General Services. The Agreement shall take effect on April 1, 2015. This Agreement shall continue until December 31 next following the expiration date of the City Ordinance, and shall thereafter be renewed automatically from year to year until the Board completes all work necessary to the administration of the City Ordinance and has received and disbursed all payments due under that Ordinance.

C. Notice of Repeal of Ordinance. City shall give the Board written notice of the repeal of the City Ordinance not less than 110 days prior to the operative date of the repeal.

ARTICLE VI
ADMINISTRATION OF TAXES IF THE
ORDINANCE IS CHALLENGED AS BEING INVALID

A. Impoundment of funds.

1. When a legal action is begun challenging the validity of the imposition of the tax, the City shall deposit in an interest-bearing escrow account, any proceeds transmitted to it under Article II. C., until a court of competent jurisdiction renders a final and non-appealable judgment that the tax is valid.

2. If the tax is determined to be unconstitutional or otherwise invalid, the City shall transmit to the Board the moneys retained in escrow, including any accumulated interest, within ten days of the judgment of the trial court in the litigation awarding costs and fees becoming final and non-appealable.

B. Costs of administration. Should a final judgment be entered in any court of the State of California, holding that City's Ordinance is invalid or void, and requiring a rebate or refund to taxpayers of any taxes collected under the terms of this Agreement, the parties mutually agree that:

1. Board may retain all payments made by City to Board to prepare to administer the City Ordinance.

2. City will pay to Board and allow Board to retain Board's cost of administering the City Ordinance in the amounts set forth in Article IV of this Agreement.

3. City will pay to Board or to the State of California the amount of any taxes plus interest and penalties, if any, that Board or the State of California may be required to rebate or refund to taxpayers.

4. City will pay to Board its costs for rebating or refunding such taxes, interest, or penalties. Board's costs shall include its additional cost for developing procedures for processing the rebates or refunds, its costs of actually making these refunds, designing and printing forms, and developing instructions for Board's staff for use in making these rebates or refunds and any other costs incurred by Board which are reasonably appropriate or necessary to make those rebates or refunds. These costs shall include Board's direct and indirect costs as specified by Section 11256 of the Government Code.

5. Costs may be accounted for in a manner, which conforms to the internal accounting, and personnel records currently maintained by the Board. The billings for such costs may be presented in summary form. Detailed records will be retained for audit and verification by City.

6. Any dispute as to the amount of costs incurred by Board in refunding taxes shall be referred to the State Director of Finance for resolution and the Director's decision shall be final.

7. Costs incurred by Board in connection with such refunds shall be billed by Board on or before the 25th day of the second month following the month in which the judgment of a court of the State of California holding City's Ordinance invalid or void becomes final. Thereafter Board shall bill City on or before the 25th of each month for all costs incurred by Board for the preceding calendar month. City shall pay to Board the amount of such costs on or before the last day of the succeeding month and shall pay to Board the total amount of taxes, interest, and penalties refunded or paid to taxpayers, together with Board costs incurred in making those refunds.

CITY OF BENICIA

STATE BOARD OF EQUALIZATION

By _____
Brad Kilger, City Manager

By _____
Brian Manuel, Administrator
Return Analysis & Allocation Section

Approved as to Form

By _____
Heather McLaughlin, City Attorney

CITY OF BENICIA

ORDINANCE NO. 14- 5b

AN ORDINANCE OF THE CITY OF BENICIA ADDING CHAPTER 3.22 TO THE BENICIA MUNICIPAL CODE IMPOSING A TRANSACTIONS AND USE TAX FOR GENERAL PURPOSES TO BE ADMINISTERED BY THE STATE BOARD OF EQUALIZATION SUBJECT TO THE APPROVAL OF THE VOTERS

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BENICIA DOES ORDAIN as follows:

Section 1.

Title 3 (Revenue and Finance) of the Benicia Municipal Code is hereby amended adding a new Chapter 3.22 (Transaction and Use Tax) to read as follows:

Chapter 3.22

Transaction and Use Tax

Sections:

| | |
|----------|--|
| 3.22.010 | Short Title. |
| 3.22.020 | Definitions. |
| 3.22.030 | Purpose. |
| 3.22.040 | Contract with State. |
| 3.22.050 | Imposition of transaction tax, transaction tax rate. |
| 3.22.060 | Place of sale. |
| 3.22.070 | Imposition of use tax, use tax rate. |
| 3.22.080 | Adoption of provisions of state law. |
| 3.22.090 | Limitations on the adoption of state law and collection of use taxes |
| 3.22.100 | Permit not required. |
| 3.22.110 | Exemptions and exclusions. |
| 3.22.120 | Oversight, Annual Audit and Public Report. |
| 3.22.130 | Amendments. |
| 3.22.140 | Enjoining collection forbidden. |
| 3.22.150 | Termination. |

3.22.010 Short Title. This chapter shall be known as the Transactions and Use Tax Ordinance of the city of Benicia.

3.22.020 Definitions. For the purposes of this chapter the follow terms shall have the meanings given in this section:

"City" means the incorporated territory of the city.

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the adoption of this chapter and the approval by the voters of the city of a measure approving the imposition of a transaction and use tax; provided, that if the city shall not have contracted with the State Board of Equalization as required by section 3.22.040 prior to such date, the city shall nevertheless so contract and in such a case the Operative Date shall be the first day of the first calendar quarter following the execution of such a contract.

3.22.030 Purpose. The city council hereby declares that this chapter is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the city to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

3.22.040 Contract with State. Prior to the Operative Date, the city shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this chapter.

3.22.050 Imposition of transaction tax, transaction tax rate. For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the city at the rate of one percent (1%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the

Operative Date and before the Termination Date.

3.22.060 Place of sale. For the purposes of this chapter, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

3.22.070 Imposition of use tax, use tax rate. An excise tax is hereby imposed on the storage, use or other consumption in the city of tangible personal property purchased from any retailer on and after the Operative Date and before the Termination Date for storage, use or other consumption in said territory at the rate of one percent (1%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

3.22.080 Adoption of provisions of state law. Except as otherwise provided in this chapter and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this chapter as though fully set forth herein.

3.22.090 Limitations on the adoption of state law and collection of use taxes. In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of the city shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;
2. The result of that substitution would require action to be taken by or against this city or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this chapter.
3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the state under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "city" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

3.22.100 Permit not required. If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this chapter.

3.22.110 Exemptions and exclusions.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the city which is shipped to a point outside the city, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the city shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with

Section 9840) of the Vehicle Code by registration to an out-of-city address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-city and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the Operative Date of this chapter.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the Operative Date of this chapter.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this chapter, the storage, use or other consumption in the city of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this state, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this chapter.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the Operative Date of this chapter.

5. For the purposes of subparagraphs (3) and (4) of this subsection, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible

personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the city shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the city or participates within the city in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the city or through any representative, agent, canvasser, solicitor, subsidiary, or person in the city under the authority of the retailer.

7. "A retailer engaged in business in the city" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the city.

D. Any person subject to use tax under this chapter may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

3.22.120 Oversight, Annual Audit and Public Report.

A. The independent auditor hired by the City Council to conduct an audit of and provide audited financial statements for all of the City's financial activities. The auditor shall include an accounting of the revenue received from the tax and expenditures thereof in the audited financial statements. The auditor's report shall be presented to the City Council and made available to the public.

B. The Finance Committee shall function as the tax oversight committee and shall review and report annually to the City Council on the receipt of revenue and expenditure of funds from the tax authorized by this chapter. The report shall include how the funds are being used to address the City Council's stated priorities and shall be completed in conjunction with the City's budget process. This report shall include the status and performance of the programs and services funded, wholly or partially with proceeds from the tax. It is not within the purview of the Committee to direct staff, recommend any particular contracts, or define the scope of a project using funds from the tax. Rather these responsibilities remain under the authority of the City Council and the professional staff including the city manager.

3.22.130 Amendments. All amendments subsequent to the Operative Date of this chapter to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this chapter, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this chapter.

3.22.140 Enjoining collection forbidden. No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the city, or against any officer of the State or the city, to prevent or enjoin the collection under this chapter, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

3.22.150 Termination. The authority to levy the tax imposed by this ordinance shall not expire, unless terminated by a 4/5ths vote of the City Council or by a vote of the people of the City of Benicia.

Section 2.

Severability. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the Ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

The City Council hereby declares that it would have passed this and each section, subsection, phrase or clause thereof irrespective of the fact that any one or more sections, subsections, phrase or clauses be declared unconstitutional on their face or as applied.

Section 3.

Effective date. This Ordinance relates to the levying and collecting of the city transactions and use taxes and shall take effect immediately. However, no tax imposed by this Ordinance shall be imposed until approved by the voters of the city as required by section 2(b) of Article XIII C of the California Constitution and applicable law.

Section 4.

Declaration. The proceeds of the taxes imposed by this Ordinance may be used for any lawful purpose of the city, as authorized by ordinance, resolution or action of the City Council or by ordinance adopted by the electorate of the city. These taxes do not meet the criteria established by Section 1(d) of Article XIII C of the California Constitution for special taxes, and are general taxes imposed for general government purposes.

Section 5.

Relationship to existing tax. The tax imposed by this Ordinance is separate from, and

in addition to, any transactions and use tax currently imposed by the city. Nothing in this Ordinance shall be interpreted to affect the rate or administration of any tax other than the tax imposed by this Ordinance.

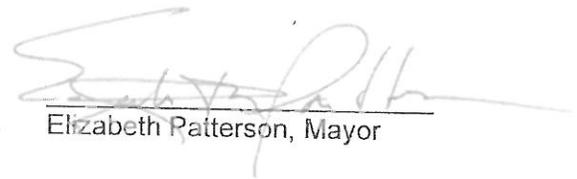
* * * * *

On motion of Council Member **Hughes**, seconded by Council Member **Strawbridge**, the foregoing ordinance was introduced at a regular meeting of the City Council on the 22nd day of July, 2014, and adopted at a regular meeting of the Council held on the 28th day of July, 2014, by the following vote:

Ayes: **Council Members Campbell, Hughes, Schwartzman, Strawbridge, and Mayor Patterson**

Noes: **None**

Absent: **None**



Elizabeth Patterson, Mayor

ATTEST:



Lisa Wolfe, City Clerk

7-28-14
Date

**AGREEMENT FOR PREPARATION TO ADMINISTER AND OPERATE
CITY'S TRANSACTIONS AND USE TAX ORDINANCE**

In order to prepare to administer a transactions and use tax ordinance adopted in accordance with the provision of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, the City of Benicia, hereinafter called *City*, and the STATE BOARD OF EQUALIZATION, hereinafter called *Board*, do agree as follows:

1. The Board agrees to enter into work to prepare to administer and operate a transactions and use tax in conformity with Part 1.6 of Division 2 of the Revenue and Taxation Code which has been approved by a majority of the electors of the City and whose ordinance has been adopted by the City.

2. City agrees to pay to the Board at the times and in the amounts hereinafter specified all of the Board's costs for preparatory work necessary to administer the City's transactions and use tax ordinance. The Board's costs for preparatory work include costs of developing procedures, programming for data processing, developing and adopting appropriate regulations, designing and printing forms, developing instructions for the Board's staff and for taxpayers, and other appropriate and necessary preparatory costs to administer a transactions and use tax ordinance. These costs shall include both direct and indirect costs as specified in Section 11256 of the Government Code.

3. Preparatory costs may be accounted for in a manner which conforms to the internal accounting and personnel records currently maintained by the Board. The billings for costs may be presented in summary form. Detailed records of preparatory costs will be retained for audit and verification by the City.

4. Any dispute as to the amount of preparatory costs incurred by the Board shall be referred to the State Director of Finance for resolution, and the Director's decision shall be final.

5. Preparatory costs incurred by the Board shall be billed by the Board periodically, with the final billing within a reasonable time after the operative date of the ordinance. City shall pay to the Board the amount of such costs on or before the last day of the next succeeding month following the month when the billing is received.

6. The amount to be paid by City for the Board's preparatory costs shall not exceed one hundred seventy-five thousand dollars (\$175,000) (Revenue and Taxation Code Section 7272.)

7. Communications and notices may be sent by first class United States mail. Communications and notices to be sent to the Board shall be addressed to:

State Board of Equalization
P.O. Box 942879
Sacramento, California 94279-0032
Attention: Administrator, RAAS

Communications and notices to be sent to City shall be addressed to:

City of Benicia
250 East L Street
Benicia, California 94510
Attention: Economic Development Manager

8. The date of this agreement is the date on which it is approved by the Department of General Services. This agreement shall continue in effect until the preparatory work necessary to administer City's transactions and use tax ordinance has been completed and the Board has received all payments due from City under the terms of this agreement.

CITY OF BENICIA

STATE BOARD OF EQUALIZATION

By _____
Brad Kilger, City Manager

By _____
Brian Manuel, Administrator
Return Analysis & Allocation Section

Approved As To Form

By _____
Heather McLaughlin, City Attorney

(Rev. 11/14)

RESOLUTION NO. 15-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA AUTHORIZING EXAMINATION OF TRANSACTIONS AND USE TAX RECORDS

WHEREAS, pursuant to Ordinance No. 14-5b, the City of Benicia entered into a contract with the State Board of Equalization to perform all functions incident to the administration and collection of local transactions and use taxes; and

WHEREAS, the City Council of the City of Benicia deems it necessary for authorized representatives of the City to examine confidential transactions and use tax records of the State Board of Equalization pertaining to transactions and use taxes collected by the Board for the City pursuant to that contract; and

WHEREAS, Section 7056 of the California Revenue and Taxation Code sets forth certain requirements and conditions for the disclosure of Board records and establishes criminal penalties for the unlawful disclosure of information contained in, or derived from the transactions and use tax records of the Board; and

WHEREAS, Section 7056 of the California Revenue and Taxation Code requires that any person designated by the City shall have an existing contract to examine the City's sales and use tax records.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Benicia as follows:

Section 1. That the City Administrator or other officer(s) or employee(s) of the City (hereafter referred to as City) designated in writing by the City Administrator to the State Board of Equalization (hereafter referred to as Board), is hereby appointed to represent the City with authority to examine transactions and use tax records of the Board pertaining to transactions and use taxes collected for the City by the Board pursuant to the contract between the City and the Board. The information obtained by examination of Board records shall be used only for purposes related to the collection of City transactions and use taxes by the Board pursuant to the contract.

Section 2. That the City's existing contract with Hinderliter, de Llamas and Associates is hereby amended to add thereto the examination of the transactions and use tax records of the City pertaining to transactions and use taxes collected for the City by the Board. The fee for transactions tax related audit and recovery work will be 25% plus \$100 monthly charge for transaction district tax reports of all new transactions tax or related use tax recovered for those specific quarters identified as being missing and/or deficient.

Section 3. That Hinderliter, de Llamas and Associates is hereby designated to examine the transactions and use tax records of the City pertaining to transactions and use taxes collected for the City by the Board. The entity designated by this section meets all of the following conditions:

1. Has an existing contract with the City to examine those transactions and use tax records;
2. Is required by that contract to disclose information contained in, or derived from, those transactions and use tax records only to the officer(s) or employee(s) authorized under Section 1 of this resolution to examine the information;
3. Is prohibited by that contract from performing consulting services for a retailer during the term of that contract; and
4. Is prohibited by that contract from retaining the information contained in, or derived from those transactions and use tax records, after that contract has expired.

The information obtained by examination of Board records shall be used only for purposes related to the collection of City transactions and use taxes by the Board pursuant to the contract between the City and the Board.

Section 4. The City Clerk of the City is hereby directed to certify adoption of this Resolution and to send a copy to:

State Board of Equalization
Local Tax Section MIC:27
P O Box 942879
Sacramento, CA 94279-0001

* * * * *

The above Resolution was approved by roll call by the City Council of the City of Benicia at a regular meeting of said Council held on the 3rd day of February 2015 and adopted by the following vote:

Ayes:

Noes:

Absent:

Elizabeth Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk

Date

AGREEMENT FOR TRANSACTIONS TAX AUDIT & INFORMATION SERVICES

This Agreement is made and entered into as of the ____ day of _____, 2014 by and between the CITY OF BENICIA, hereinafter referred to as “CITY” and HINDERLITER, DE LLAMAS AND ASSOCIATES a California Corporation, hereinafter referred to as “CONTRACTOR”.

I. RECITALS

WHEREAS, transactions tax revenues can be increased through a system of continuous monitoring, identification and correction of allocation errors and reporting deficiencies, and

WHEREAS, an effective program of transactions and use tax management can provide for more accurate budget forecasting and financial planning; and

WHEREAS, CITY desires the combination of data entry, report preparation, and data analysis necessary to effectively manage its Measure “C” transactions and use tax base and recover revenues either unreported or erroneously allocated to other jurisdictions; and

WHEREAS, CONTRACTOR has the programs, equipment and personnel required to deliver the transactions and use tax related services referenced herein;

THEREFORE, CITY and CONTRACTOR, for the consideration hereinafter described, mutually agree as follows:

II. SERVICES

The CONTRACTOR shall perform the following services:

A. DEFICIENCY/ALLOCATION REVIEWS AND RECOVERY

1. CONTRACTOR shall conduct on-going reviews to identify and correct unreported transactions and use tax payments and distribution errors thereby generating previously unrealized revenue for the CITY. Said reviews shall include:
 - (i) Comparison of county-wide local tax allocations to transactions tax for brick and mortar stores and other cash register-based businesses, where clearly all transactions are conducted on-site within the Measure “C” CITY boundaries, and therefore subject to transactions tax.
 - (ii) Review of any significant one-time use tax allocations to ensure that there is corresponding transaction tax payments for taxpayers with nexus within the CITY boundaries.
 - (iii) Review of state-wide transactions tax allocations and patterns to identify any obvious errors and omissions.
 - (iv) Identification and follow-up with any potentially large purchasers of supplies and equipment (e.g. hospitals, universities, manufacturing plants, agricultural operations, refineries) to ensure that their major vendors are properly reporting corresponding transactions tax payments to the Measure “C” Transactions Tax District.
2. CONTRACTOR will initiate, where the probability of an error exists, contacts with the appropriate taxpayer management and accounting officials to verify

whether current tax receipts accurately reflect the local sales activity. Such contacts will be conducted in a professional and courteous manner so as to enhance CITY's relations with the business community.

3. CONTRACTOR shall prepare and submit to the Board of Equalization all information necessary to correct any allocation errors and deficiencies that are identified, and shall follow-up with the individual businesses and the State Board of Equalization to ensure that all back quarter payments due the CITY are recovered.

B. DATA BASE MANAGEMENT, REPORTS AND STAFF SUPPORT

1. CONTRACTOR shall establish a database containing all applicable Board of Equalization (BOE) registration data for each business within the Measure "C" District boundaries holding a seller's permit account. Said database shall also identify the quarterly transactions and use tax allocations under each account for the most current and previous quarters where available.
2. CONTRACTOR shall provide updated reports each quarter identifying changes in allocation totals by individual businesses, business groups and by categories. Quarterly aberrations due to State audits, fund transfers, and receivables, along with late or double payments, will also be identified. Quarterly reconciliation worksheets to assist finance officer with budget forecasting will be included.
3. CONTRACTOR shall advise and work with CITY Staff on planning and economic questions related to maximizing revenues, preparation of revenue projections and general information on sales, transactions and use tax questions.
4. CONTRACTOR shall make available to CITY the HdL proprietary software program and Measure "C" database containing all applicable registration and

quarterly allocation information for CITY business outlets registered with the Board of Equalization. The database will be updated quarterly.

III. CONFIDENTIALITY

Section 7056 of the State of California Revenue and Taxation code specifically limits the disclosure of confidential taxpayer information contained in the records of the State Board of Equalization. This section specifies the conditions under which CITY may authorize persons other than CITY officers and employees to examine State Sales, Use and Transactions Tax records.

The following conditions specified in Section 7056 (b), (1) of the State of California Revenue and Taxation Code are hereby made part of this agreement.

- A. CONTRACTOR is authorized by this Agreement to examine sales, use or transactions and use tax records of the Board of Equalization provided to CITY pursuant to contract under the conditions established by the California Revenue and Taxation law.
- B. CONTRACTOR is required to disclose information contained in, or derived from, those sales, use or transactions and use tax records only to an officer or employee of the CITY who is authorized by resolution to examine the information.
- C. CONTRACTOR is prohibited from performing consulting services for a retailer, as defined in California Revenue & Taxation Code Section 6015, during the term of this Agreement.

D. CONTRACTOR is prohibited from retaining the information contained in, or derived from those sales or transactions and use tax records, after this Agreement has expired. Information obtained by examination of Board of Equalization records shall be used only for purposes related to collection of local sales and use tax or for other governmental functions of the CITY as set forth by resolution adopted pursuant to Section 7056 (b) of the Revenue and Taxation Code. The resolution shall designate the CONTRACTOR as a person, authorized to examine sales and use tax records and certify that this Agreement meets the requirements set forth above and in Section 7056 (b), (1) of the Revenue and Taxation Code.

IV. CONSIDERATION

A. CONTRACTOR shall be paid \$100 monthly billed quarterly for the transaction district tax reports that we include with the quarterly sales tax analyses. CONTRACTOR shall be paid 25% of the initial amount of new transactions or use tax revenue received by the CITY as a result of audit and recovery work performed by CONTRACTOR (hereafter referred to as "audit fees"). New revenue shall not include any amounts determined and verified by CITY or CONTRACTOR to be increment attributable to causes other than CONTRACTOR'S work pursuant to this agreement. In the event that CONTRACTOR is responsible for an increase in the tax reported by businesses already properly making tax payments to the CITY, it shall be CONTRACTOR'S responsibility to separate and support the incremental amount attributable to its efforts prior to the application of the audit fee. Said audit fees will apply to state fund transfers received for those specific quarters identified as being missing and/or deficient following completion of the audit by CONTRACTOR and confirmation of corrections by the State Board of Equalization but shall not apply prospectively to any future quarter.

CONTRACTOR shall provide CITY with an itemized quarterly invoice showing all formula calculations and amounts due for audit fees.

CONTRACTOR shall obtain prior approval from CITY for each specific business for which payment of audit fees will be expected. Said approval shall be deemed given when the City Manager or his/her designated representative, signs a Work Authorization form, a copy of which is attached as "Exhibit A." CITY shall pay audit fees upon CONTRACTOR'S submittal of evidence of State fund transfers and payments to CITY from businesses identified in the audit and approved by the CITY.

- B. Above sum shall constitute full reimbursement to CONTRACTOR for all direct and indirect expenses incurred by CONTRACTOR in performing audits including the salaries of CONTRACTOR'S employees, and travel expenses connected with contacting local and out-of-state businesses and the Board of Equalization Staff.
- C. Extra work beyond the Scope of Services set forth in this agreement shall not be performed by CONTRACTOR or reimbursed or paid for by CITY unless such extra work is specifically authorized in writing by City Manager or his/her designated representative. CONTRACTOR shall be compensated for any additional services in the amounts and in the manner as agreed to by the CITY and CONTRACTOR at the time the CITY's written authorization is given to CONTRACTOR for the performance of said services.

VI. CITY MATERIALS AND SUPPORT

CITY shall adopt a resolution in a form acceptable to the State Board of Equalization and in compliance with Section 7056 of the Revenue and Taxation Code, authorizing

CONTRACTOR to examine the confidential sales, use, and transactions tax records of CITY. CITY further agrees to continue CONTRACTOR'S authorization to examine the confidential records of the CITY by maintaining CITY's name on the CITY Resolution until such time as all audit adjustments have been completed by the State Board of Equalization and audit fees due the CONTRACTOR have been paid.

VII. LICENSE, PERMITS, FEES AND ASSESMENTS

CONTRACTOR shall obtain such licenses, permits and approvals (collectively the "Permits") as may be required by law for the performance of the services required by this Agreement. CITY shall assist CONTRACTOR in obtaining such Permits, and CITY shall absorb all fees, assessments and taxes which are necessary for any Permits required to be issued by CITY.

VIII. TERMINATION

This Agreement may be terminated for convenience by either party by giving 30 days written notice to the other of such termination and specifying the effective date thereof. Upon the presentation of such notice, CONTRACTOR shall continue to work through the date of termination. Upon termination as provided herein, CONTRACTOR shall be paid the value of all tax analysis and reporting work performed less payments previously made by CITY. In ascertaining the value of the work performed up to the date of termination, consideration shall be given to amounts due for any unpaid invoices, and to businesses identified by CONTRACTOR which make tax payments after termination of this Agreement as a result of CONTRACTOR'S work. After CITY receives said tax payments for such businesses, CONTRACTOR shall be paid the audit fees resulting from tax payments made by the business for back quarter reallocations. Compensation for any audit work previously authorized and satisfactorily performed shall be made at the times provided in the preceding section entitled "Consideration."

All documents, data, surveys and reports prepared by CONTRACTOR pursuant to this Agreement shall be considered the property of the CITY and upon payment for services performed by CONTRACTOR, such documents and other identified materials shall be delivered to CITY by CONTRACTOR.

IX. INDEPENDENT CONTRACTOR

CONTRACTOR shall perform the services hereunder as an independent contractor and shall furnish such services in his own manner and method, and under no circumstances or conditions shall any agent, servant, or employee of CONTRACTOR be considered as an employee of CITY.

X. NON-ASSIGNMENT

This Agreement is not assignable either in whole or in part by CONTRACTOR without the written consent of CITY.

XI. ATTORNEY'S FEES

In the event a legal action is commenced to enforce any of the provisions of this Agreement, the prevailing party shall be entitled to recover its costs and reasonable attorney's fees.

XII. GOVERNING LAW

The laws of the State of California shall govern the rights, obligations, duties and liabilities of the parties to this Agreement and shall also govern the interpretation of this Agreement.

XIII. INDEMNIFICATION

CONTRACTOR hereby agrees to, and shall hold CITY, its elective and appointive boards, officers, agents and employees, harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for breach of confidentiality or property damage to the extent arising from CONTRACTOR'S willful or negligent acts, errors or omissions or those of its employees or agents. CONTRACTOR agrees to and shall defend CITY and its elective and appointive boards, officers, agents and employees from any suits or actions at law or in equity for damages to the extent caused by reason of any of the aforesaid willful or negligent acts, errors or omissions.

CITY hereby agrees to, and shall hold CONTRACTOR, its officers, agents and employees, harmless from any liability for damage or claims for damage for personal injury, including death, as well as from claims for breach of confidentiality or property damage to the extent arising from CITY's negligent acts, errors or omissions under this Agreement. CITY agrees to and shall defend CONTRACTOR and its officers, agents and employees from any suits or actions at law or in equity for damage to the extent caused by reason of any of the aforesaid negligent acts, errors or omissions.

XIV. NOTICE

All notices required by this Agreement shall be given to CITY and CONTRACTOR in writing, by personal delivery or first class mail postage prepaid, addressed as follows:

CITY: CITY MANAGER
CITY OF BENICIA
250 E. "L" Street
Benicia, CA 94510

CONTRACTOR: HINDERLITER, DE LLAMAS, & ASSOCIATES
1340 Valley Vista Drive, Suite 200
Diamond Bar, CA 91765

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written by their respective officers duly authorized in that behalf.

CITY: CITY OF BENICIA

City Manager

CONTRACTOR:
HINDERLITER, DE LLAMAS & ASSOCIATES
A California Corporation



President

APPROVED AS TO FORM:
CITY COUNSEL:

AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 3, 2015
BUSINESS ITEMS

DATE : January 22, 2015

TO : City Council

FROM : Interim Community Development Director

SUBJECT : **MARIN CLEAN ENERGY (MCE) - OUTREACH PLAN OVERVIEW**

RECOMMENDATION:

Review outreach plan overview, timeline, and sample opt out notices and provide feedback to MCE and City Staff.

EXECUTIVE SUMMARY:

On November 4, 2014, the City Council voted to join Marin Clean Energy (MCE), a community choice aggregation program that will provide Benicia customers with renewable electricity. As part of this program, MCE undertakes extensive outreach in the community to educate customers about its program and their choice of energy providers. MCE will provide an overview of this outreach plan, timeline, and sample opt-out notices that will be sent to all Benicia customers. Staff is asking Council to review and comment on the structure of the plan and provide feedback on key community groups to engage. Outreach will officially launch on February 19, 2015 when the first of five Opt Out notices is sent to Benicia customers.

BUDGET INFORMATION:

Staff time needed to assist in facilitating community outreach is already included in the CAP Coordinator's 2014-15 work plan (approximately 1 hour per week). She may also attend workshops during the opt-out phase (time depends on how many workshops are scheduled). Some additional staff time, although minimal, will be needed to direct community questions to MCE or to the CAP Coordinator. There are no other costs besides staff time.

ENVIRONMENTAL REVIEW:

The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable. City Staff, in consultation with the City Attorney, concluded that potential environmental impacts are speculative in nature and require no further analysis at this time.

GENERAL PLAN:

The project supports the overarching Goal of the General Plan, which is Sustainability.

STRATEGIC PLAN:

Relevant Strategic Plan Issues and Strategies:

- Strategic Issue #2: Protecting and Enhancing the Environment
 - Strategy #1: Reduce greenhouse gas emissions and energy consumption
 - Strategy #3: Pursue and adopt sustainable practices

BACKGROUND:

Community Choice Aggregation (CCA) allows local governments to purchase and/or develop clean power on behalf of their residents, businesses, and municipal accounts. CCA is an energy supply model that works in partnership with Pacific Gas & Electric (PG&E), which delivers renewable electricity, maintains the energy grid, and provides customer service and billing. Below is overview of the City's timeline to join MCE and launch outreach:

- *June 17, 2014*, the City Council allocated \$18,000 in Valero Good Neighbor Steering Committee Settlement Agreement funds and authorized the City Manager to execute a contract with MCE.
- *September 9, 2014* study session, Council directed staff to assess the need for further outside review of the pending MCE Membership Analysis.
- *September 10, 2014*, Staff received the completed MCE analysis concluding that Benicia joining MCE would have a net beneficial impact on MCE's current customers and likely reduces near term electrical energy costs for Benicia residents and businesses.
- *October 7, 2014* the City Council directed staff to schedule a special Community Sustainability Commission meeting and request that the CSC allocate \$30,000 from the Valero Good Neighbor Steering Committee Settlement Agreement funds to cover the cost of independent analyses prepared by MRW & Associates and Davis Wright Tremaine, LLP. The CSC did make this recommendation on October 14, 2014.
- *October 22, 2014*, independent analyses were completed.

- *November 4, 2014*, the Council reviewed these reports and determined that the benefits of joining MCE outweighed the risks and voted unanimously to adopt the enabling resolution and introduce the ordinance approving the Marin Clean Energy (MCE) Joint Powers Agreement and authorizing the implementation of a CCA program.
- *November 18, 2014*, the second reading of the required ordinance passed and Benicia joined MCE.
- *February 3, 2015*, MCE presents draft Outreach Plan to City Council and public.
- *February 19, 2015*, outreach officially launches and first Opt Out Notice is mailed to Benicia customers.
- *May 2015*, MCE begins to provide electricity service to customers. Service begins on each customers "meter read" date.

Outreach Plan

Beginning in December 2014, MCE worked with City Staff to develop an extensive outreach plan that explains how MCE will educate customers about its program and about their energy choices. The draft outreach plan is being presented to the City Council and public prior to official launch of the outreach campaign. MCE staff will provide an overview of the key elements of that plan and outreach time line and ask for the public's and Council's feedback. MCE will consider those comments as it finalizes the plan and prepares to launch its outreach campaign on February 19, 2015. This is also the day that the first of five opt out notices will be mailed to customers. The first two notices will come as letters and the last three are trifold brochures. Samples of those opt out notices are also attached to the report. The CAP Coordinator has received 25 requests from Benicia customers to be notified of their opportunity to Opt Out; she will contact them the week of February 16 and remind them of the timing/options for staying with PG&E.

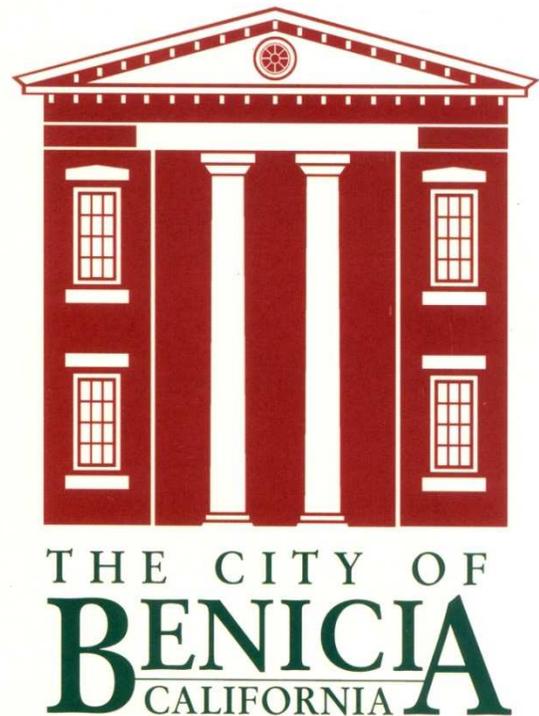
Attachments:

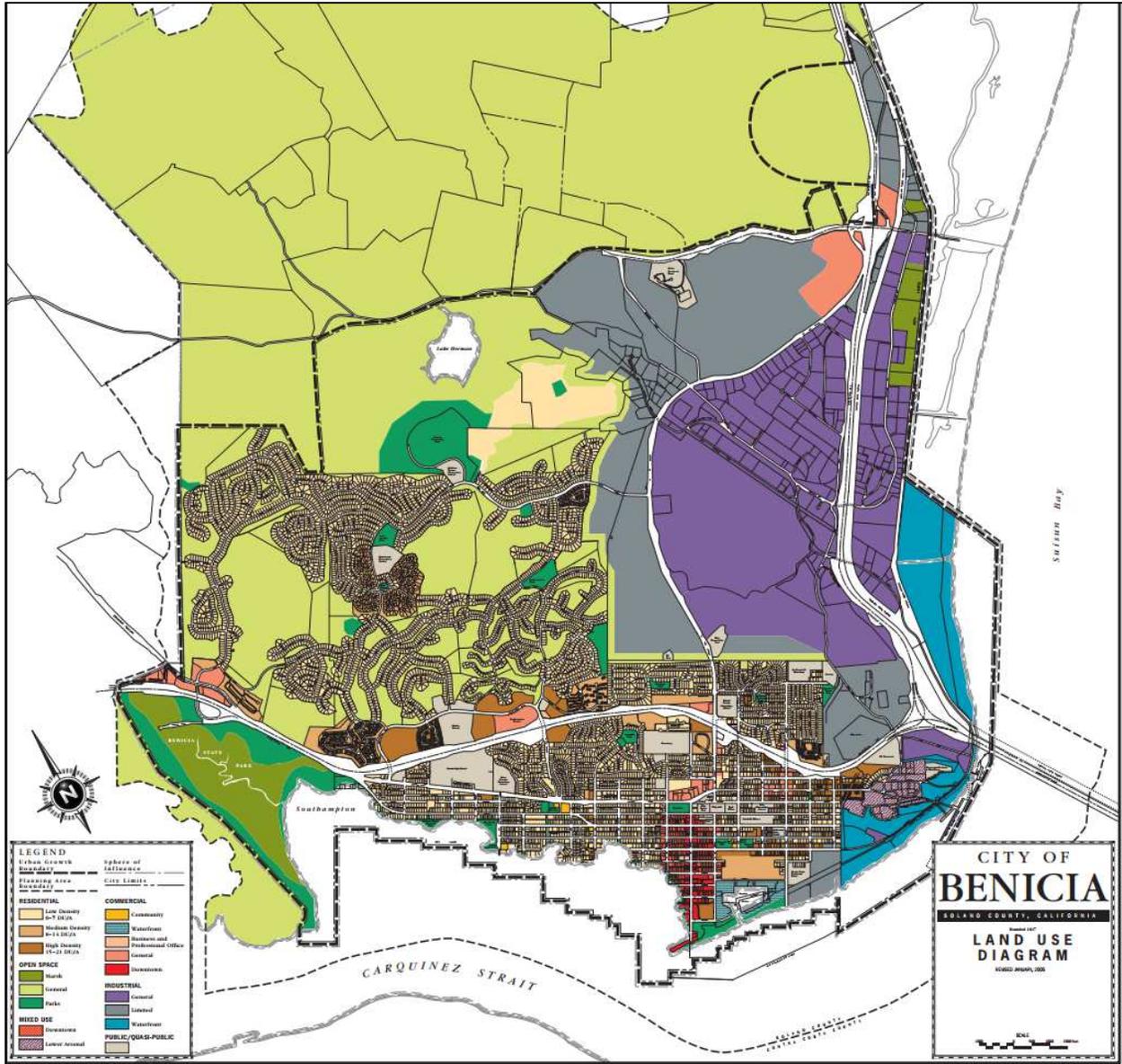
- Benicia Outreach Plan DRAFT
- Napa County Notice Commercial Letter
- Napa County Notice Residential Letter
- City of Richmond Notice Brochure



MCE Benicia Community Outreach Plan

January 2015





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Outreach Plan Overview

This document is intended to serve as a roadmap for Marin Clean Energy's (MCE) community outreach and implementation strategy for Benicia electricity customers. It provides an overview of the presentations, meetings, events, and other informational venues to be organized and attended by MCE to facilitate community understanding of MCE and the new electricity options. The goal is to ensure all electric customers will be equipped with the information necessary to make informed decisions about their electric service provider.

The Benicia Community Outreach Plan combines strategies used successfully for general outreach in Marin (2010-2012), Richmond (2013), and unincorporated Napa County in (2014-15) with targeted strategies based on analysis of the electricity accounts in Benicia, recognizing the unique characteristics and different information channels of this new service territory.

Introduction to MCE Benicia

On November 18, 2014¹, the Benicia City Council voted to join MCE to give residents and business a choice in where their power is purchased. This decision followed an MCE membership analysis and an independent analysis by MRW & Associates and Davis Wright Tremaine, LLP. The MCE Board voted to admit the City of Benicia into the MCE program at its October 2, 2014² meeting. MCE's service area also includes Marin County, unincorporated Napa County, the City of Richmond, the City of San Pablo, and the City of El Cerrito. The MCE Implementation Plan that includes Benicia was submitted to the California Public Utilities Commission on November 21, 2014 and was approved on December 1, 2014.

MCE offers Benicia residents and businesses a choice of affordable, renewable energy in competition, but also in partnership, with PG&E. For customers who choose MCE, PG&E continues to provide electric delivery services including operating power lines, reading meters, issuing monthly bills and providing the same maintenance and repair services it always has. MCE determines the source of power, called electric generation, and replaces what PG&E would otherwise charge for generation.

As a not-for-profit, community-based electricity provider, MCE gives the Benicia community more local control as to how and where its ratepayer dollars are

¹Minutes of the November 18th City Council Meeting: <http://www.ci.benicia.ca.us/vertical/sites/%7B3436CBED-6A58-4FEF-BFDF-5F9331215932%7D/uploads/MINI111814.pdf>

² Minutes of the October 2nd MCE Board of Directors Meeting: http://marincleanenergy.org/sites/default/files/board-meeting/11.6.14_Board_Packet.pdf

spent. To this end, MCE's priorities include reinvesting revenues toward 1) reducing energy-related greenhouse gas emissions; 2) supporting local energy efficiency and renewable generation projects; and 3) maintaining competitive rates.

Because California State law (Assembly Bill 117, 2002) requires Community Choice Aggregation (CCA) programs like MCE to operate as opt out programs, customers will be automatically enrolled with MCE in May 2015 (on their meter read date, which varies by customer) unless they choose to opt out and continue purchasing PG&E's energy supply.

Residents and businesses in the City of Benicia will soon have four choices for their electricity supply: MCE Light Green 50% renewable; MCE Deep Green 100% renewable; MCE Local Sol 100% local solar; or PG&E's 22%³ renewable energy.

Light Green is MCE's default service for automatic enrollment. If customers take no action, this is the level they will be enrolled in. Deep Green and Local Sol are voluntary programs also available to Benicia electric customers.

MCE will be offering Light Green service to Benicia customers beginning May 1, 2015. MCE will send five notices to all electricity customers with instructions on how to opt out and stay with PG&E's electricity supply (three notices before enrollment and two after service starts). After customers receive their first notice, they may request to opt out at any time. The first notice is scheduled to be mailed February 19, 2015.

Deep Green® is now available to Benicia customers. Early requests to enroll in MCE's Local Sol 100% local solar option are also being accepted and added to the waitlist. Service for Local Sol will begin in fall 2015.

Benicia Demographics & Outreach Strategy Overview

The City of Benicia covers an area of approximately 13 square miles with a population of roughly 27,500⁴ and 13,105 electricity accounts. The ethnic composition of Benicia is primarily Caucasian (72.5%) with a significant Hispanic/Latino population (12%)⁵ and a significant Asian population (11%); 15% of Benicia speaks a language other than English at home⁶. The most representative

³ Most recently reported by PG&E.

⁴ <http://quickfacts.census.gov/qfd/states/06/0605290.html>

⁵ <http://quickfacts.census.gov/qfd/states/06/0605290.html>

⁶ <http://quickfacts.census.gov/qfd/states/06/0605290.html>

age segment (19%) is 35 to 44⁷. The median Household Income is \$88,502⁸. Ninety four percent of residents in Benicia graduated high school or have a higher degree.⁹

MCE will educate the general customer base including residential, commercial, industrial, and municipal account holders through communitywide outreach. MCE will also implement targeted outreach strategies to specific community groups (e.g. service clubs, nonprofits, chambers of commerce, etc.). Outreach strategies are tailored to the community and will be reviewed by the Community Leader Advisory Group (CLAG).

Community Leader Advisory Group (CLAG)

Local input is central to MCE's mission, so forming a Community Leader Advisory Group (CLAG) to guide outreach efforts is a priority. MCE proposes that the CLAG be composed of representatives from industry and business associations, community organizations (sustainability, English as a Second Language (ESL), and senior focused), and local government officials/staff. MCE will ensure that invited CLAG participants include community members who are openly opposed to Benicia's inclusion in MCE, as well as those who are supportive, and/or undecided. Participation in the CLAG will be purely on a volunteer basis, open to all types of stakeholders. Participants are invited based on consultations with city staff and council. Specific duties of the CLAG include:

1. Meet to advise on outreach. The primary purpose of the CLAG is to advise MCE in its customer outreach and marketing strategies. This group will provide valuable insight to MCE on community needs and help determine strategies for public engagement, outreach opportunities, and venues for reaching a broad cross-section of Benicia.
2. Assist in drafting enrollment notices. CLAG participant feedback will be incorporated into the notices.
3. Help organize and promote public Town Hall-style meetings. These meetings will provide an additional venue for MCE and Benicia City Council to provide residents and businesses information and answer questions about the new energy choices available.

⁷ http://www.ci.benicia.ca.us/search/index.asp?Type=B_LIST&SEC=%7B30026364-0917-437F-A0E9-94A9F9041984%7D

⁸ <http://quickfacts.census.gov/qfd/states/06/0605290.html>

⁹ <http://quickfacts.census.gov/qfd/states/06/0605290.html>

Communitywide Outreach Strategies

MCE's goal is to reach a broad cross-section of the Benicia community (i.e. a demographically and socio-economically diverse collection of neighborhoods) and as much of the Benicia community as possible with general outreach.

Mailed Notices

Enrollment notices will be sent to every electricity customer in Benicia, as required by California law. Specifically, California law requires that four such notices be sent; MCE will send five (as done in the past) as part of its effort to help energy customers make an informed decision. The CLAG will be consulted for feedback on content within the notices. The notices will be printed in English and Spanish and include MCE's Terms and Conditions of Service with instructions for how to opt out and stay with PG&E's electricity supply. Three notices will be delivered before enrollment which is scheduled to occur for all customers between May 1, 2015 and May 31, 2015, depending on individual electric meter read dates. Customers will be transferred to MCE service on their regularly scheduled meter read date unless they choose to opt out. Two additional notices will be mailed to customers after enrollment. There is no fee to opt out if done before service starts or within 60 days of the start of MCE service. Customers who opt out after this time period will be subject to a one-time \$5 (residential) or \$25 (commercial) administrative fee. Customers will also be subject to PG&E's terms and conditions of service and will not be able to return to MCE service for 1 year¹⁰.

The printed notices will also include a referral to the website, which is available in Spanish and has online Google translation options for other languages (e.g. Chinese, Lao, and Vietnamese).

Benicia Enrollment Notice Schedule:

Notice 1 (*letter*)

- Customer Groups 1&2: February 2015

Notice 2 (*letter*)

- Customer Group 1&2: March 2015

Notice 3 (*trifold brochure*):

- Customer Group 1&2: April 2015

(May ENROLLMENT)

Notice 4 (*trifold brochure*):

- Customer Group 1: Second week of May 2015

¹⁰More information on PG&E's terms of service can be found here: <http://www.mcecleanenergy.org/terms/>

- Customer Group 2: Fourth week of May 2015
- Notice 5 (*trifold brochure*):
- Customer Group 1: Second week of June 2015
 - Customer Group 2: Fourth week of June 2015

The fourth and fifth notices are delivered to customers depending on the date of MCE service start (e.g. some start first week of May and others the second week of May). Customers will receive their fourth notice within the first 30 days of service and their fifth notice between 30 and 60 days of service per state law. MCE cannot guarantee that Notice 5 will be received in enough time to allow a customer to opt out prior to reaching the 60 days of service mark; they will have had 4 prior opportunities to do so. How many days a customer has to opt out after receiving the fifth notice depends on their meter read date. Keep in mind that state law only requires that 1 one notice is mailed within the first 30 days of service and 1 within 60 days of service.

If a customer opts out before the start of MCE service (May), they will not receive a fourth or fifth enrollment notice.

Customer Service

MCE has a call center dedicated to responding to assisting customers with questions, and processing opt outs and Deep Green enrollments. Call center representatives are available 24 hours a day, 7 days a week between November 4, 2014, and August 1, 2015 to process opt out requests and provide information (opt outs can only be processed after the first enrollment notice is mailed on February 19th). The call center number is 1 (888) 632-3674 and the following languages are available: Spanish, Vietnamese, Mandarin, Cantonese, Tagalog, and Laotian. The info@mceCleanEnergy.org email address is monitored and maintained by our senior customer service staff and it is MCE's policy to make all reasonable efforts to respond to emails within one business day whenever possible. Customers can opt out via the info@mceCleanEnergy.org email as well by sending their PG&E account number, name and address.

MCE also offers new member communities in-office staff support after the first and second enrollment notices are mailed to customers. MCE will locate a staff member in Benicia at a location specified by the City to be available during business hours on the day the first two notices are scheduled to be delivered in mailboxes and the day following to assist with questions from City Staff and community members, as well as help processing opt out requests.

Advertising

MCE further seeks to inform Benicia ratepayers about community choice aggregation and the enrollment process via conventional advertising methods.

- Benicia Herald
- Benicia Magazine
- Billboards
- Geographically targeted web based advertising
- Vallejo Times

MCE Benicia Webpage

MCE will create a webpage dedicated to the Benicia enrollment and include the URL on customer outreach materials. The webpage will include the enrollment timeline, information on the choices available to customers including the choice to opt out, a calendar of community events where MCE will present, and local related news articles.

Targeted Outreach Strategies

The following outreach strategies and lists will be presented to City Officials and CLAG participants for review and feedback.

Community Based Organizations

MCE will contact community based organizations to offer a presentation (at a meeting or community event), to provide information for newsletters or websites, and/or to partner in any other way to inform their audience about MCE's service. Community based organizations/forums/facilities include:

- Arts Benicia
- Benicia Community Center
- Benicia Historical Society
- Benicia Kiwanis
- Benicia League of Women Voters
- Benicia Main Street*
- Benicia Public Library
- Benicia Rotary
- Benicians for a Safe and Healthy Community
- Benicia Soroptimists
- Benicia State Parks Association
- Benicia Tree Foundation
- Neighborhood Watch Group
- NextDoor
- Lions Club
- Solano Square
- Southampton Shopping Center
- WattzOn

Tabling Community Events

MCE will participate in community events to distribute MCE information and literature. Events will include:

- Farmers Market (April to October)
- Earth Day (April 21)
- Wine & Chocolate Walk (February 7)
- Benicia In Bloom (May 16 &17)

City Commissions and Boards

- Arts & Culture Commission
- Benicia City Council
- Community Sustainability Commission
- Economic Development Board
- Historic Preservation Review Commission
- Housing Authority
- Human Services Board
- Planning Commission

Homeowners' Associations

- Bay View Villas
- Benicia Marina
- Costa Vista
- Hampton Bay
- Rancho Benicia
- Portside Village

Schools

- Benicia Unified School District
- Parent Teacher Association (PTA)

Places of Worship

- Benicia Fellowship Church
- Benicia Lutheran Church
- Bridge Eastgate Christian Church
- Calvary Community Church
- Community Congregational Church of United Church of Christ
- Emmanuel Apostolic Church
- First Baptist Church of Benicia
- Heritage Presbyterian Church at Benicia
- Jesus our Restorer
- Lighthouse Covenant Fellowship
- New Harbor Community Church
- Northgate Christian Fellowship Church
- St. Paul's Episcopal Church
- The Gateway

Individuals for whom English is a Second Language

MCE will also focus specific outreach to individuals to whom English might be a second language. 15% of Benicia residents speak a language other than English at home, the most common language being Spanish followed by Asian and Pacific Islander languages¹¹. It is important to MCE that all residents and business understand the change to their electricity service and are able to make informed decisions.

MCE has a Spanish website, will provide Spanish printed informational materials, and also has Spanish speaking customer service specialists available through our call center. There are also call center translation options for Cantonese, Mandarin, Tagalog, Lao, and Vietnamese.

MCE will contact community based organizations to offer a presentation (at a meeting or community event), to provide information for newsletters or websites, and/or to partner in any other way to inform their audience about MCE's coming service. Organizations will include:

- Adult Literacy Program of the Benicia Public Library

Seniors

Because elderly individuals are often on fixed incomes or have special electricity discounts, MCE makes outreach to seniors a priority. While MCE service is less expensive than the Pacific Gas & Electric Company (PG&E) (as of January 2015), MCE considers it particularly important for individuals on fixed incomes to understand their electricity options and to know that discounts like the California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) are unaffected by MCE service and continue to be managed and billed by PG&E. If a customer is already enrolled in these programs, they do not need to do anything if they elect to stay with MCE. MCE will reach out to organizations serving senior citizens and retirement homes in Benicia.

MCE will contact community based organizations that work with seniors to offer a presentation (at a meeting or community event), to provide information for newsletters or websites, and/or to partner in any other way to inform their audience about MCE's coming service.

Organizations will include:

¹¹ <http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk>

- Area Agency on Aging
- Benicia Community Action Council
- Benicia Family Resource Center
- Benicia Housing Authority*
- Casa Vilarassa
- Catholic Charities of Solano County
- Families in Transition
- Senior Center

* Will be contacted when forming the CLAG.

DRAFT (updated January 28, 2015)

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Commercial/Industrial

Commercial and industrial customers consume the majority of electricity in Benicia. Because these sectors are quite diverse, extensive general commercial/industrial outreach in Benicia will be an important component of outreach.

MCE will contact organizations/boards that work with Benicia businesses to offer a presentation (at a meeting or community event), to provide information for newsletters or websites, and/or to partner in any other way to inform their audience about MCE's coming service, including the following:

- Benicia Industrial Park Association (BIPA)
- Chamber of Commerce*
- Economic Development Board

MCE will directly contact all large commercial and industrial businesses and employers to offer a presentation about MCE (to key staff or all staff), and to provide information for their employees. The list will be taken from MCE's electricity account information.

The following list of the top ten employers (in order) in Benicia is included on the City of Benicia's website. The number of employees for each organization is represented in parenthesis:

- Valero Refining Company (531)
- Dunlop Manufacturing (209)
- Bio-Rad Laboratories (197)
- Cytosport (187)
- Coca-Cola Bottling Co. (145)
- APS West Coast Inc. (131)
- Radiator Express Warehouse Inc. (130)
- Cycle Gear Inc. (121)
- The Pepsi Bottling Group (120)
- American Civil Constructors (109)

Analysis of Strengths, Challenges and Opportunities

Strengths

- MCE's stable and affordable rates
- Generous Net Energy Metering program
- Increased renewable energy supply
- Reduced greenhouse gas emissions
- Community choice

Challenges

- Correcting misinformation
- Locating marketing and advertising opportunities that specifically target Benicia
- Making sure all customers are informed of their choices

Opportunities

- Overlap between target sectors
- Well organized community based organizations and trade organizations
- Community emphasis on sustainability
- Ability to offer tailored energy efficiency (EE) programs in the future (2016)

General Outreach Timeline

January

- Develop MCE Benicia webpage (www.mceCleanEnergy.org/Benicia)
- Present community outreach plan to MCE Executive Committee – January 21

February

- Present community outreach plan to Benicia City Council – February 3, 2015
- Meet with Benicia City officials for feedback and direction on community outreach plan
- Invite community leaders to join the Community Leader Advisory Group (CLAG)
- First CLAG meeting to discuss outreach lists and enrollment notices
- Commence advertising campaign
- Contact community groups and offer to present at their meetings and events
- Present to organizations, attend organizational events, and circulate MCE information in community newsletters and on websites (February onward)
- Mail enrollment notice 1 (letter) – February 19, 2015

March

- Mail enrollment notice 2 (letter)

April

- Mail enrollment notice 3 (trifold brochure)
- Second CLAG meeting
- First MCE and City hosted community workshop
- Advertising campaign ends

May

- Enroll customers with MCE Light Green 50% renewable energy service
- Mail enrollment notice 4 to first half of enrolled customers (trifold brochure)
- Mail enrollment notice 4 to second half of enrolled customers (trifold brochure)

June

- Second MCE and County hosted community workshop
- Mail enrollment notice 5 to first half of enrolled customers (trifold brochure)
- Mail enrollment notice 5 to second half of enrolled customers (trifold brochure)

Outreach Lists

Community Based Organizations

- Arts Benicia
- Benicia Community Center
- Benicia Historical Society
- Benicia Kiwanis
- Benicia League of Women Voters
- Benicia Main Street*
- Benicia Public Library
- Benicia Rotary
- Benicians for a Safe and Healthy Community
- Neighborhood Watch Group
- Benicia Soroptimists
- Benicia State Parks Association
- Benicia Tree Foundation
- Lions Club
- NextDoor
- Solano Square
- Southampton Shopping Center
- WattzOn

City Commissions and Boards

- Arts & Culture Commission
- Community Sustainability Commission
- Economic Development Board
- Historic Preservation Review Commission
- Human Services Board
- Planning Commission

Events to consider presence/sponsorship

- Farmers Market (April to October)
- Earth Day (April 21)
- Wine & Chocolate Walk (February 7)
- Benicia In Bloom (May 16 & 17)

Homeowners Associations

- Bay View Villas
- Benicia Marina
- Costa Vista
- Hampton Bay
- Rancho Benicia

Schools

- Benicia Unified School District
- Parent Teacher Associations (PTA)

Houses of Worship

- Benicia Fellowship Church
- Benicia Lutheran Church
- Bridge Eastgate Christian Church
- Calvary Community Church
- Community Congregational Church of United Church of Christ
- Emmanuel Apostolic Church
- First Baptist Church of Benicia
- Heritage Presbyterian Church at Benicia
- Jesus Our Restorer
- Lighthouse Covenant Fellowship
- New Harbor Community Church
- Northgate Christian Fellowship Church
- St. Paul's Episcopal Church
- The Gateway

ESL Organizations

- Adult Literacy Program of the Benicia Public Library

Senior Organizations

- Area Agency on Aging serving Napa and Solano Counties
- Benicia Community Action Council
- Benicia Family Resource Center
- Benicia Housing Authority*
- Benicia Senior Center
- Casa Vilarassa
- Catholic Charities of Solano County
- Families in Transition

Business Organizations

- Chamber of Commerce*
- Benicia Industrial Park Association (BIPA)*

Large Employers

- Valero Refining Company (531)*
- Dunlop Manufacturing (209)
- Bio-Rad Laboratories (197)
- Cytosport (187)

- Coca-Cola Bottling Co. (145)
- APS West Coast Inc. (131) Amports
- Radiator Express Warehouse Inc. (130)
- Cycle Gear Inc. (121)
- The Pepsi Bottling Group (120)
- American Civil Constructors (109)

Advertising

- Benicia Herald
- Benicia Magazine
- Billboards
- Geographically targeted web based advertising
- Social media
- Vallejo Times



A Tradition of Stewardship
A Commitment to Service

<ACCOUNT HOLDER NAME>
<ADDRESS 1>
<ADDRESS 2>
<CITY><STATE><ZIP>

November 10, 2014

Your electric account(s) will be enrolled with MCE's low-cost, greener power in February 2015, unless you choose to opt out.

The Napa County Board of Supervisors have voted to join MCE, a not-for-profit, community-based organization partnering with PG&E to provide your electric service. With our low rates and cleaner energy, you can help clean up the environment within your budget!

We offer choices for 50-100% renewable energy from solar, wind, bioenergy, geothermal and hydroelectricity.

Aside from low rates and cleaner energy generation, not much will change. PG&E will still handle electric delivery, maintain the power lines, read your meter and send your monthly bill. Your bill will include charges for both PG&E electric delivery and MCE electric generation. You will never be double-billed for your service because MCE's generation charge will replace PG&E's.

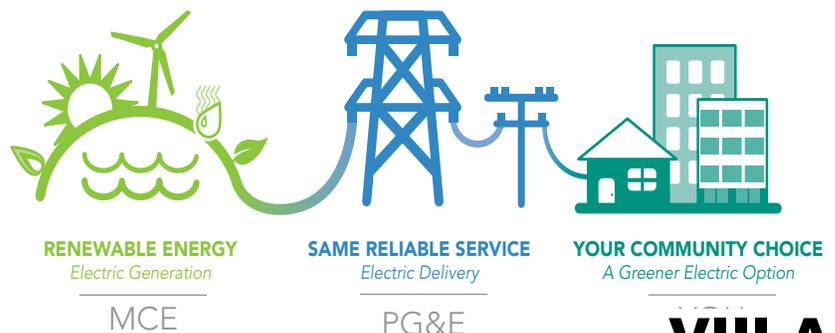
Here are the options you now have for your power supply, and how to make your choice!

| Your Energy Choices | How to Make Your Choice |
|--|---|
| 1 MCE's Light Green 50% renewable energy | Do nothing and your account will be enrolled in February 2015 |
| 2 MCE's Deep Green 100% renewable energy A penny more per kilowatt-hour, or about \$5/month for the average home, gets you 100% renewable energy! | Enroll online or by phone |
| 3 PG&E's 22% renewable energy | Opt out of MCE online or by phone |

It's your choice and any of these is a simple phone call or website click away. **Call 1 (888) 632-3674 or visit www.mceCleanEnergy.org to opt out or sign up for Deep Green.** Please have your PG&E bill on hand to process your request.

Sincerely,

Dawn Weisz
MCE Executive Officer



MCE Terms and Conditions of Service

Rates

MCE electric generation rates are stable and cost-competitive. Any changes to MCE rates will be adopted at duly noticed public MCE Board meetings. Changes to PG&E or MCE rates will impact cost comparisons between MCE and PG&E. PG&E charges MCE customers a monthly Power Charge Indifference Adjustment (PCIA) and Franchise Fee Surcharge. These fees are always included in our cost comparisons. **View MCE rates and PG&E cost comparisons at www.mceCleanEnergy.org/rates or call 1 (888) 632-3674 for more information. These rates and cost comparisons may change over time.**

Financial assistance programs like CARE (California Alternative Rates for Energy), FERA (Federal Electric Rate Assistance) and Medical Baseline Allowance remain the same with MCE. If you are enrolled in any of these programs with PG&E, you will continue to be enrolled if you choose MCE.

Billing

You will receive a single monthly bill from PG&E which will include MCE's electric generation charge. MCE's electric generation charge **replaces** PG&E's electric generation charge. **MCE's charge is not a duplicate charge or extra fee.** PG&E will continue to charge for electric delivery services. If you opt out of MCE, PG&E will resume charging you for electric generation.

Enrollment

As a not-for-profit, community based organization, MCE will become the default electric generation provider in unincorporated Napa County in February 2015. California State Assembly Bill 117, passed and signed into law in 2002, requires that programs like MCE automatically enroll customers.

Your account will be automatically enrolled with MCE's Light Green 50% renewable energy service on your regularly scheduled meter read date in February 2015. You may request to opt out at any time. You may also choose Deep Green 100% renewable energy. To opt out, or to sign up for Deep Green, call 1 (888) 632-3674 or visit www.mceCleanEnergy.org. Please have your PG&E account information on hand to process your request.

Opt Out

You may request to opt out of MCE at any time by calling 1 (888) 632-3674 or by visiting www.mceCleanEnergy.org/opt-out. Please have your PG&E account information on hand to process your request.

If you do not opt out before MCE service starts or within 60 days after MCE service starts you will be subject to the payment of a one-time \$5 (residential) or \$25 (commercial) administrative fee, will not have the option to return to MCE for one year and will be subject to PG&E's terms and conditions of service. For information on PG&E's terms and conditions visit www.mceCleanEnergy.org/terms. You will not be charged an administrative fee if you opt out before MCE service starts or within the first 60 days after your enrollment with MCE, or if you cancel electric service. Your opt out request must be received 5 business days prior to your account meter read date in order to switch service to PG&E before your next billing cycle begins. Your account will be transferred to PG&E on your meter read date and cannot be transferred during a billing cycle. You will be charged for all electricity procured by MCE on your behalf prior to the cancellation or transfer of electric service to PG&E.

Failure to Pay

MCE may transfer your account to PG&E upon 14 calendar days' written notice to you if you fail to pay your bill. If your service is transferred you will be required to pay the termination fee described above.

MCE is governed by a Board of Directors of elected officials from Marin County, Unincorporated Napa County and the Cities of Richmond and San Pablo. We're committed to protecting customer privacy. Learn more at www.mceCleanEnergy.org/privacy.



Clean energy makes a difference...and so do low rates.

When you choose MCE, you get both.

Based on current rates,* the average Napa business would save approximately \$159 per year with MCE's Light Green 50% renewable energy service. Electric delivery rates are the same for MCE and PG&E customers. Electric generation rates are different for MCE and PG&E customers.

Cost comparisons are subject to change based on PG&E or MCE generation rate adjustments. MCE typically changes its rates once per year in April. PG&E typically changes its rates about three times per year. For more information about rates visit www.mceCleanEnergy.org/business-rates or give us a call at 1 (888) 632-3674. Press 0 to speak with a customer service representative.

| Typical Monthly Commercial Electric Charges* | PG&E | MCE Light Green | MCE Deep Green |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| | 22% Renewable Energy | 50% Renewable Energy | 100% Renewable Energy |
| PG&E Electric Delivery (all customers) | \$139.84 | \$139.84 | \$139.84 |
| Electric Generation (all customers) | \$131.15 | \$104.56 | \$117.47 |
| Additional PG&E Fees (MCE customers only) | - | \$13.34 | \$13.34 |
| | Average Total Cost \$270.99 | Average Total Cost \$257.74 | Average Total Cost \$270.65 |

*Based on Com-1/A-1X rates effective 11/03/14; comparison shows costs for a typical Napa business using 1,291 kWh per month with gas heating; estimated costs are an average of charges for a typical summer and winter month.

\$13.25 monthly savings, adding up to \$159 per year!

10 de noviembre del 2014

Su(s) cuenta(s) de electricidad será(n) inscrita(s) automáticamente con la energía de bajo costo y más Verde (más limpia) de MCE, en febrero del 2015, a menos que usted decida no participar.

La Junta de Supervisores del condado de Napa ha votado para unirse a MCE, una organización comunitaria sin fines de lucro, la cual se ha asociado con PG&E para proporcionarle su servicio de electricidad. Con nuestros precios bajos y una energía más limpia, usted puede ayudar a limpiar el medio ambiente, manteniendo su presupuesto!

Le ofrecemos opciones del 50 y 100% de energía renovable proveniente de la energía solar, eólica, bioenergía, geotérmica e hidroeléctrica.

Aparte de unas tarifas más bajas y una generación de energía más limpia, no van a cambiar muchas cosas. PG&E todavía se encargará de la entrega de electricidad, de mantener las líneas de energía, de leer su contador y de enviarle su factura mensual. Su factura incluirá los cobros de la entrega eléctrica de PG&E y de la generación eléctrica de MCE. Nunca se le cobrará doble por su servicio, porque el cobro de generación de MCE reemplazará el de PG&E.

Aquí están las opciones que ahora tiene para su fuente de alimentación, y la forma de hacer su elección!

Sus elecciones de energía

- 1 Verde Claro de MCE, 50% de energía renovable
- 2 Verde Fuerte de MCE, 100% de energía renovable
Con un centavo más por kilovatio-hora, cerca de un promedio de \$5 más al mes, se le entrega 100% de energía renovable!
- 3 22% de energía renovable de PG&E

Cómo hacer su elección

No haga nada y su cuenta será inscrita automáticamente en febrero del 2015

Inscríbase en línea o por teléfono

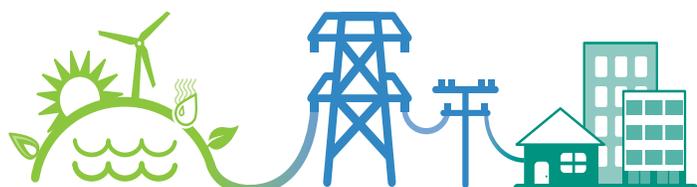
Optar por no participar con MCE, en línea o por teléfono

Usted elige, ya sea a través de una simple llamada telefónica o haciendo clic en el sitio web. **Llame al 1 (888) 632-3674 o visite www.es.mceCleanEnergy.org para optar por no participar o registrarse en el Verde Fuerte.** Por favor tenga a la mano su factura de PG&E para procesar su solicitud.

Atentamente,,



Dawn Weisz
Directora Ejecutiva de MCE



ENERGÍA RENOVABLE
Generación Eléctrica de MCE

EL MISMO SERVICIO CONFIABLE
Entrega Eléctrica de PG&E

LA OPCIÓN DE SU COMUNIDAD
Una opción de electricidad más Verde

Términos y Condiciones del Servicio de MCE

MCE está gobernada por una Junta de Directores compuesta por funcionarios elegidos por el condado de Marin, la parte sin incorporar del condado de Napa, y las ciudades de Richmond y San Pablo. Estamos comprometidos a proteger la privacidad del cliente. Obtenga más información en www.mceCleanEnergy.org/privacy.

Las Tarifas

Las tarifas de generación eléctrica de MCE son estables y tienen un costo competitivo. Cualquier cambio adoptado en las tarifas de MCE será debidamente notificado en las sesiones públicas de la Junta Directiva de MCE. Los cambios en las tarifas de PG&E o MCE impactarán las comparaciones de costos entre MCE y PG&E. PG&E le cobra mensualmente a los clientes de MCE una cantidad por el Ajuste de Indiferencia (PCIA) y un Recargo de Franquicia. **Estas tarifas siempre están incluidas en nuestras comparaciones de costos. Las podrá revisar en nuestro sitio web www.es.mceCleanEnergy.org/tarifas o llamando al 1 (888) 632-3674 para más información.**

Los Programas de asistencia financiera como CARE (Tarifas Alternativas de Energía de California), FERA (Tarifas de Asistencia de Electricidad Federal), y Medical Baseline (Concesión Médica Básica) siguen siendo los mismos para los clientes de MCE. Si usted está actualmente inscrito en alguno de estos programas con PG&E, usted continuará inscrito automáticamente si elige MCE.

La Facturación

Usted recibirá una única factura mensual de PG&E, la cual incluirá la tarifa de generación eléctrica de MCE. Ese cobro de generación eléctrica de MCE reemplaza el cobro de generación eléctrica de PG&E. **Ese cobro de MCE ni se duplica ni es un cobro adicional.** PG&E continuará cobrando los servicios de entrega de electricidad. Si Ud. opta por no participar con MCE, PG&E volverá a ser quien le cobre la generación eléctrica.

La Inscripción

Como organización sin ánimo de lucro de la comunidad, MCE será el proveedor de generación eléctrica en áreas no incorporadas del condado de Napa, en febrero del 2015. La ley 117 de la Asamblea Estatal de California, aprobada y promulgada en el 2002, exige que los programas como el de MCE, inscriban automáticamente a los clientes.

Su cuenta será inscrita automáticamente en el servicio de energía 50% renovable de MCE, Verde Claro, cuando corresponda la fecha de lectura de su contador en febrero del 2015. Usted puede solicitar optar por no participar en cualquier momento. También puede optar por escoger la energía 100% renovable, Verde Fuerte. Para optar por no participar o para inscribirse en Verde Fuerte, llame al 1 (888) 632-3674 o visite www.es.mceCleanEnergy.org. Por favor, tenga a la mano su información de PG&E para procesar su solicitud.

Optar por No Participar

Usted puede solicitar optar por no participar con MCE en cualquier momento llamando al 1 (888) 632-3674 o visitando www.es.mceCleanEnergy.org/optar-por-no-participar. Por favor tenga la información de cuenta de PG&E a la mano para poder procesar su solicitud.

Si usted opta por no participar con MCE antes de que inicie el servicio de MCE o dentro de los 60 días de que comience el servicio, usted deberá pagar una tarifa administrativa única de \$5 (residencial) o \$25 (comercial), no tendrá la opción de volver a MCE por un año y estará sujeto a los términos y condiciones del servicio de PG&E. Para obtener información sobre los términos y condiciones de PG&E visite www.mceCleanEnergy.org/terms. No se le cobrará la tarifa administrativa si opta dentro de los primeros 60 días después de su inscripción con MCE o si cancela el servicio eléctrico. Su solicitud para no participar deberá ser recibida 5 días antes de la fecha de lectura de su contador, así se podrá cambiar el servicio a PG&E antes de que comience el ciclo de facturación. Su cuenta será transferida a PG&E en la fecha de lectura de su contador y no podrá ser transferida durante el ciclo de facturación. Antes de la cancelación o transferencia del servicio eléctrico a PG&E, se le cobrará por toda la electricidad obtenida por MCE en su nombre.

Falta de Pago

MCE puede transferir su cuenta a PG&E mediante notificación por escrito de 14 días, si usted no paga ninguna parte de los cobros de MCE en su factura. Si se transfiere el servicio, usted tendrá que pagar el cobro de cancelación descrito anteriormente.

La energía limpia hace la diferencia... y también lo hacen las tarifas bajas.

Cuando usted elige MCE, usted recibe ambas.

Basados en las tarifas actuales,* el Negocio promedio de Napa ahorraría aproximadamente \$38.16 al año con el servicio Verde Claro de MCE, 50% de energía renovable. Las tarifas de entrega de electricidad son las mismas tanto para los clientes de MCE como para los de PG&E. Las tarifas de generación eléctrica son diferentes para los clientes de MCE y para los clientes de PG&E.

Las comparaciones de costos están sujetas a cambios con base en los ajustes de tarifas de generación de PG&E o de MCE. Normalmente MCE cambia sus tarifas una vez al año en abril. PG&E por lo general, cambia sus tarifas de tres veces al año. **Para obtener más información acerca de las tarifas visite www.es.mceCleanEnergy.org/negocios-tarifas o lláme al 1 (888) 632-3674. Oprima el 0 para hablar con un representante de servicio al cliente.**

| Cobros Eléctricos Negocio Mensuales Típicos* | PG&E | MCE Verde Claro | MCE Verde Fuerte |
|--|--|--|--|
| | 22% Energía renovable | 50% Energía renovable | 100% Energía renovable |
| Entrega eléctrica de PG&E (para todos los clientes) | \$139.84 | \$139.84 | \$139.84 |
| Generación eléctrica (para todos los clientes) | \$131.15 | \$104.56 | \$117.47 |
| Tarifas adicionales de PG&E (Solo para clientes de MCE) | - | \$13.34 | \$13.34 |
| | El costo total promedio \$270.99 | El costo total promedio \$257.74 | El costo total promedio \$270.65 |

*Basados en las tarifas Com-1/A-1X, efectivas el 3 de noviembre del 2014; la comparación muestra los costos de una negocio típica en Napa que usa 1,291 kWh por mes; los costos calculados son un promedio de los cobros en un mes típico en verano y en invierno.

Ahorros mensuales de \$13.25 pueden ahorrarle hasta \$159 al año!



A Tradition of Stewardship
A Commitment to Service

<ACCOUNT HOLDER NAME>
<ADDRESS 1>
<ADDRESS 2>
<CITY><STATE><ZIP>

November 10, 2014

Your electric account(s) will be enrolled with MCE's low-cost, greener power in February 2015, unless you choose to opt out.

The Napa County Board of Supervisors have voted to join MCE, a not-for-profit, community-based organization partnering with PG&E to provide your electric service. With our low rates and cleaner energy, you can help clean up the environment within your budget!

We offer choices for 50-100% renewable energy from solar, wind, bioenergy, geothermal and hydroelectricity.

Aside from low rates and cleaner energy generation, not much will change. PG&E will still handle electric delivery, maintain the power lines, read your meter and send your monthly bill. Your bill will include charges for both PG&E electric delivery and MCE electric generation. You will never be double-billed for your service because MCE's generation charge will replace PG&E's.

Here are the options you now have for your power supply, and how to make your choice!

| Your Energy Choices | How to Make Your Choice |
|--|---|
| 1 MCE's Light Green 50% renewable energy | Do nothing and your account will be enrolled in February 2015 |
| 2 MCE's Deep Green 100% renewable energy A penny more per kilowatt-hour, or about \$5/month for the average home, gets you 100% renewable energy! | Enroll online or by phone |
| 3 PG&E's 22% renewable energy | Opt out of MCE online or by phone |

It's your choice and any of these is a simple phone call or website click away. **Call 1 (888) 632-3674 or visit www.mceCleanEnergy.org to opt out or sign up for Deep Green.** Please have your PG&E bill on hand to process your request.

Sincerely,

Dawn Weisz
MCE Executive Officer



MCE Terms and Conditions of Service

Rates

MCE electric generation rates are stable and cost-competitive. Any changes to MCE rates will be adopted at duly noticed public MCE Board meetings. Changes to PG&E or MCE rates will impact cost comparisons between MCE and PG&E. PG&E charges MCE customers a monthly Power Charge Indifference Adjustment (PCIA) and Franchise Fee Surcharge. These fees are always included in our cost comparisons. **View MCE rates and PG&E cost comparisons at www.mceCleanEnergy.org/rates or call 1 (888) 632-3674 for more information. These rates and cost comparisons may change over time.**

Financial assistance programs like CARE (California Alternative Rates for Energy), FERA (Federal Electric Rate Assistance) and Medical Baseline Allowance remain the same with MCE. If you are enrolled in any of these programs with PG&E, you will continue to be enrolled if you choose MCE.

Billing

You will receive a single monthly bill from PG&E which will include MCE's electric generation charge. MCE's electric generation charge **replaces** PG&E's electric generation charge. **MCE's charge is not a duplicate charge or extra fee.** PG&E will continue to charge for electric delivery services. If you opt out of MCE, PG&E will resume charging you for electric generation.

Enrollment

As a not-for-profit, community based organization, MCE will become the default electric generation provider in unincorporated Napa County in February 2015. California State Assembly Bill 117, passed and signed into law in 2002, requires that programs like MCE automatically enroll customers.

Your account will be automatically enrolled with MCE's Light Green 50% renewable energy service on your regularly scheduled meter read date in February 2015. You may request to opt out at any time. You may also choose Deep Green 100% renewable energy. To opt out, or to sign up for Deep Green, call 1 (888) 632-3674 or visit www.mceCleanEnergy.org. Please have your PG&E account information on hand to process your request.

Opt Out

You may request to opt out of MCE at any time by calling 1 (888) 632-3674 or by visiting www.mceCleanEnergy.org/opt-out. Please have your PG&E account information on hand to process your request.

If you do not opt out before MCE service starts or within 60 days after MCE service starts you will be subject to the payment of a one-time \$5 (residential) or \$25 (commercial) administrative fee, will not have the option to return to MCE for one year and will be subject to PG&E's terms and conditions of service. For information on PG&E's terms and conditions visit www.mceCleanEnergy.org/terms. You will not be charged an administrative fee if you opt out before MCE service starts or within the first 60 days after your enrollment with MCE, or if you cancel electric service. Your opt out request must be received five business days prior to your account meter read date in order to switch service to PG&E before your next billing cycle begins. Your account will be transferred to PG&E on your meter read date and cannot be transferred during a billing cycle. You will be charged for all electricity procured by MCE on your behalf prior to the cancellation or transfer of electric service to PG&E.

Failure to Pay

MCE may transfer your account to PG&E upon 14 calendar days' written notice to you if you fail to pay your bill. If your service is transferred you will be required to pay the termination fee described above.

MCE is governed by a Board of Directors of elected officials from Marin County, Unincorporated Napa County and the Cities of Richmond and San Pablo. We're committed to protecting customer privacy. Learn more at www.mceCleanEnergy.org/privacy.



Clean energy makes a difference...and so do low rates.

When you choose MCE, you get both.

Based on current rates,* the average Napa home would save approximately \$38.16 per year with MCE's Light Green 50% renewable energy service. Electric delivery rates are the same for MCE and PG&E customers. Electric generation rates are different for MCE and PG&E customers.

Cost comparisons are subject to change based on PG&E or MCE generation rate adjustments. MCE typically changes its rates once per year in April. PG&E typically changes its rates about three times per year.

For more information about rates visit www.mceCleanEnergy.org/residential-rates or give us a call at 1 (888) 632-3674. Press 0 to speak with a customer service specialist.

| Typical Monthly Residential Electric Charges* | PG&E | MCE Light Green | MCE Deep Green |
|---|---------------------------------------|---------------------------------------|---------------------------------------|
| | 22% Renewable Energy | 50% Renewable Energy | 100% Renewable Energy |
| PG&E Electric Delivery (all customers) | \$92.41 | \$92.41 | \$92.41 |
| Electric Generation (all customers) | \$72.83 | \$60.68 | \$68.36 |
| Additional PG&E Fees (MCE customers only) | - | \$8.96 | \$8.96 |
| | Average Total Cost \$165.24 | Average Total Cost \$162.06 | Average Total Cost \$169.74 |

\$3.18 monthly savings, adding up to \$38.16 per year!

*Based on Res-1/E-1 rates effective 11/03/14; comparison shows costs for a typical Napa household using 768 kWh per month with gas heating; estimated costs are an average of charges for a typical summer and winter month.

10 de noviembre del 2014

Su(s) cuenta(s) de electricidad será(n) inscrita(s) automáticamente con la energía de bajo costo y más Verde (más limpia) de MCE, en febrero del 2015, a menos que usted decida no participar.

La Junta de Supervisores del condado de Napa ha votado para unirse a MCE, una organización comunitaria sin fines de lucro, la cual se ha asociado con PG&E para proporcionarle su servicio de electricidad. Con nuestros precios bajos y una energía más limpia, usted puede ayudar a limpiar el medio ambiente, manteniendo su presupuesto!

Le ofrecemos opciones del 50 y 100% de energía renovable proveniente de la energía solar, eólica, bioenergía, geotérmica e hidroeléctrica.

Aparte de unas tarifas más bajas y una generación de energía más limpia, no van a cambiar muchas cosas. PG&E todavía se encargará de la entrega de electricidad, de mantener las líneas de energía, de leer su contador y de enviarle su factura mensual. Su factura incluirá los cobros de la entrega eléctrica de PG&E y de la generación eléctrica de MCE. Nunca se le cobrará doble por su servicio, porque el cobro de generación de MCE reemplazará el de PG&E.

Aquí están las opciones que ahora tiene para su fuente de alimentación, y la forma de hacer su elección!

Sus elecciones de energía

- 1 Verde Claro de MCE, 50% de energía renovable
- 2 Verde Fuerte de MCE, 100% de energía renovable
Con un centavo más por kilovatio-hora, cerca de un promedio de \$5 más al mes, se le entrega 100% de energía renovable!
- 3 22% de energía renovable de PG&E

Cómo hacer su elección

No haga nada y su cuenta será inscrita automáticamente en febrero del 2015

Inscríbase en línea o por teléfono

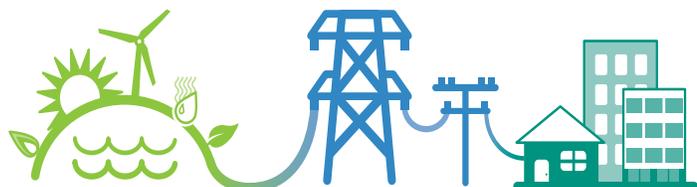
Optar por no participar con MCE, en línea o por teléfono

Usted elige, ya sea a través de una simple llamada telefónica o haciendo clic en el sitio web. **Llame al 1 (888) 632-3674 o visite www.es.mceCleanEnergy.org para optar por no participar o registrarse en el Verde Fuerte.** Por favor tenga a la mano su factura de PG&E para procesar su solicitud.

Atentamente,,



Dawn Weisz
Directora Ejecutiva de MCE



ENERGÍA RENOVABLE
Generación Eléctrica de MCE

EL MISMO SERVICIO CONFIABLE
Entrega Eléctrica de PG&E

LA OPCIÓN
Una opción

VIII.A.33

Términos y Condiciones del Servicio de MCE

MCE está gobernada por una Junta de Directores compuesta por funcionarios elegidos por el condado de Marin, la parte sin incorporar del condado de Napa, y las ciudades de Richmond y San Pablo. Estamos comprometidos a proteger la privacidad del cliente. Obtenga más información en www.mceCleanEnergy.org/privacy.

Las Tarifas

Las tarifas de generación eléctrica de MCE son estables y tienen un costo competitivo. Cualquier cambio adoptado en las tarifas de MCE será debidamente notificado en las sesiones públicas de la Junta Directiva de MCE. Los cambios en las tarifas de PG&E o MCE impactarán las comparaciones de costos entre MCE y PG&E. PG&E le cobra mensualmente a los clientes de MCE una cantidad por el Ajuste de Indiferencia (PCIA) y un Recargo de Franquicia. **Estas tarifas siempre están incluidas en nuestras comparaciones de costos. Las podrá revisar en nuestro sitio web www.es.mceCleanEnergy.org/tarifas o llamando al 1 (888) 632-3674 para más información.**

Los Programas de asistencia financiera como CARE (Tarifas Alternativas de Energía de California), FERA (Tarifas de Asistencia de Electricidad Federal), y Medical Baseline (Concesión Médica Básica) siguen siendo los mismos para los clientes de MCE. Si usted está actualmente inscrito en alguno de estos programas con PG&E, usted continuará inscrito automáticamente si elige MCE.

La Facturación

Usted recibirá una única factura mensual de PG&E, la cual incluirá la tarifa de generación eléctrica de MCE. Ese cobro de generación eléctrica de MCE reemplaza el cobro de generación eléctrica de PG&E. **Ese cobro de MCE ni se duplica ni es un cobro adicional.** PG&E continuará cobrando los servicios de entrega de electricidad. Si Ud. opta por no participar con MCE, PG&E volverá a ser quien le cobre la generación eléctrica.

La Inscripción

Como organización sin ánimo de lucro de la comunidad, MCE será el proveedor de generación eléctrica en áreas no incorporadas del condado de Napa, en febrero del 2015. La ley 117 de la Asamblea Estatal de California, aprobada y promulgada en el 2002, exige que los programas como el de MCE, inscriban automáticamente a los clientes.

Su cuenta será inscrita automáticamente en el servicio de energía 50% renovable de MCE, Verde Claro, cuando corresponda la fecha de lectura de su contador en febrero del 2015. Usted puede solicitar optar por no participar en cualquier momento. También puede optar por escoger la energía 100% renovable, Verde Fuerte. Para optar por no participar o para inscribirse en Verde Fuerte, llame al 1 (888) 632-3674 o visite www.es.mceCleanEnergy.org. Por favor, tenga a la mano su información de PG&E para procesar su solicitud.

Optar por No Participar

Usted puede solicitar optar por no participar con MCE en cualquier momento llamando al 1 (888) 632-3674 o visitando www.es.mceCleanEnergy.org/optar-por-no-participar. Por favor tenga la información de cuenta de PG&E a la mano para poder procesar su solicitud.

Si usted opta por no participar con MCE antes de que inicie el servicio de MCE o dentro de los 60 días de que comience el servicio, usted deberá pagar una tarifa administrativa única de \$5 (residencial) o \$25 (comercial), no tendrá la opción de volver a MCE por un año y estará sujeto a los términos y condiciones del servicio de PG&E. Para obtener información sobre los términos y condiciones de PG&E visite www.mceCleanEnergy.org/terms. No se le cobrará la tarifa administrativa si opta dentro de los primeros 60 días después de su inscripción con MCE o si cancela el servicio eléctrico. Su solicitud para no participar deberá ser recibida 5 días antes de la fecha de lectura de su contador, así se podrá cambiar el servicio a PG&E antes de que comience el ciclo de facturación. Su cuenta será transferida a PG&E en la fecha de lectura de su contador y no podrá ser transferida durante el ciclo de facturación. Antes de la cancelación o transferencia del servicio eléctrico a PG&E, se le cobrará por toda la electricidad obtenida por MCE en su nombre.

Falta de Pago

MCE puede transferir su cuenta a PG&E mediante notificación por escrito de 14 días, si usted no paga ninguna parte de los cobros de MCE en su factura. Si se transfiere el servicio, usted tendrá que pagar el cobro de cancelación descrito anteriormente.

La energía limpia hace la diferencia... y también lo hacen las tarifas bajas.

Cuando usted elige MCE, usted recibe ambas.

Basados en las tarifas actuales,* el hogar promedio en Napa ahorraría aproximadamente \$38.16 al año con el servicio Verde Claro de MCE, 50% de energía renovable. Las tarifas de entrega de electricidad son las mismas tanto para los clientes de MCE como para los de PG&E. Las tarifas de generación eléctrica son diferentes para los clientes de MCE y para los clientes de PG&E.

Las comparaciones de costos están sujetas a cambios con base en los ajustes de tarifas de generación de PG&E o de MCE. Normalmente MCE cambia sus tarifas una vez al año en abril. PG&E por lo general, cambia sus tarifas de tres veces al año.

Para obtener más información acerca de las tarifas visite www.es.mceCleanEnergy.org/residencial-tarifas o lláme al 1 (888) 632-3674. Oprima el 0 para hablar con un representante de servicio al cliente.

| Cobros Eléctricos Residenciales Mensuales Típicos* | PG&E | MCE Verde Claro | MCE Verde Fuerte |
|---|--|--|--|
| | 22% Energía renovable | 50% Energía renovable | 100% Energía renovable |
| Entrega eléctrica de PG&E (para todos los clientes) | \$92.41 | \$92.41 | \$92.41 |
| Generación eléctrica (para todos los clientes) | \$72.83 | \$60.68 | \$68.36 |
| Tarifas adicionales de PG&E (Solo para clientes de MCE) | - | \$8.96 | \$8.96 |
| | El costo total promedio \$165.24 | El costo total promedio \$162.06 | El costo total promedio \$169.74 |

Ahorros mensuales de \$3.18 pueden ahorrarle hasta \$38.16 al año!

*Basados en las tarifas Res-1/E-1, efectivas el 3 de noviembre del 2014; la comparación muestra los costos de una casa típica en Napa que usa 768 kWh por mes; los costos calculados son un promedio de los cobros en un mes típico en verano y en invierno.

MCE Richmond—we look forward to serving you!

MCE is offering you the choice of having more of your electricity supplied from clean, renewable sources like solar, wind, bioenergy and hydroelectric at affordable rates. And as a not-for-profit public agency, we invest in local projects and programs to build stronger communities.

You don't need to do anything to be included in MCE's cleaner energy program. California state law requires that MCE be run as an "opt out program," so **your electric account(s) has been enrolled in MCE's Light Green 50% renewable energy service.**

Our costs are comparable to PG&E's and discount rates like CARE and Medical Baseline Allowance remain the same with MCE.

PG&E will continue to maintain power lines, read your meter, send your monthly bill and provide the same maintenance and repair services.

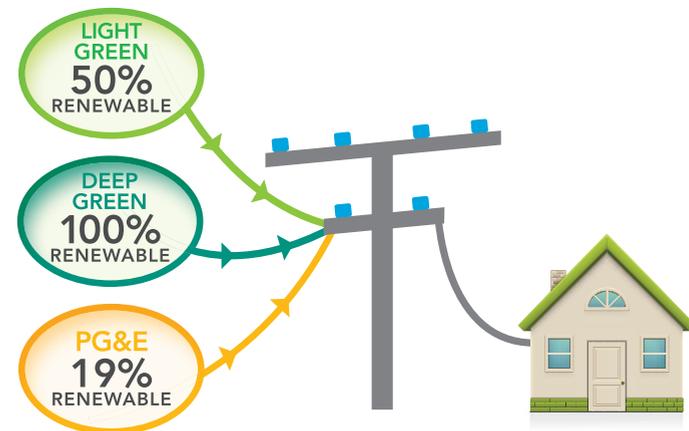
You now have a choice. And there are 2 important options you should know about:

1. You can **Opt Up** to Deep Green 100% renewable energy, and do even more to clean up our environment and support new renewable energy for *just one penny more per kilowatt-hour.*

can **Opt Out** of MCE, and choose PG&E's 19% renewable energy supply.

choice and either one is a simple phone call or website click away. **Call 1 (888) 632-3674 or visit www.mceCleanEnergy.com.**

ive your PG&E bill on hand because we'll need your account information to process your request.



**It's your choice.
Let's be green!**

Learn more about your options
at our community meeting.
August 15, 2013 at 6:30 P.M.
Richmond Civic Center Auditorium
403 Civic Center Plaza, Richmond

www.mceCleanEnergy.com | 1 (888) 632-3674

TERMS AND CONDITIONS OF SERVICE

RATES MCE electric generation rates are stable and affordable. **Financial assistance programs like CARE (California Alternative Rates for Energy), FERA (Federal Electric Rate Assistance), and Medical Baseline Allowance remain the same for MCE customers. If you are enrolled in any of these programs with PG&E, you will continue to be enrolled if you choose MCE.** View our rates at www.mceCleanEnergy.com/rates or call 1 (888) 632-3674 for more information. Any changes to MCE rates will be adopted at duly noticed public meetings of the Marin Energy Authority Board of Directors. PG&E will also charge MCE customers a Power Charge Indifference Adjustment (PCIA) and Franchise Fee Surcharge. Please visit our website or contact PG&E for more information about the PCIA and Franchise Fee.

BILLING You will receive a single monthly bill from PG&E which will include MCE's electric generation charge. MCE's electric generation charge **replaces** PG&E's electric generation charge. **MCE's charge is not a duplicate charge or extra fee.** PG&E will continue to charge for electric delivery services including transmission and distribution as well as a variety of other fees.

ENROLLMENT California State Assembly Bill 117, passed and signed into law in 2002, requires that MCE automatically enroll customers. MCE is now the default electricity provider in the City of Richmond and Marin County. **Your account has been enrolled with MCE's Light Green 50% renewable energy service. You may request to opt out at any time.** You may also choose Deep Green 100% renewable energy. To opt out, or to sign up for Deep Green, please call 1 (888) 632-3674 or visit www.mceCleanEnergy.com. Please have your PG&E bill on hand so that we may process your request.

OPT OUT You may request to opt out of MCE at any time by calling 1 (888) 632-3674 or by visiting www.mceCleanEnergy.com. Please have your PG&E bill on hand so that we may process your request. If you do not opt out within 60 days after the start of service with MCE you will be subject to the payment of a one-time \$5 (residential) or \$25 (commercial) termination fee, will not have the option to return to MCE for one year, and will be subject to PG&E's terms and conditions of service. For information on PG&E's terms and conditions visit www.mceCleanEnergy.com/terms. You will not be charged a termination fee if you opt out within the first 60 days after your enrollment with MCE or if you cancel electric service. Accounts will be transferred to PG&E on the day of the electric account meter read and cannot be transferred during a billing cycle. In order for your opt out request to be processed on your next meter read date, your request must be received 5 business days prior to the meter read date. You will be charged for all electricity procured by MCE on your behalf prior to the cancellation or transfer of electric service to PG&E.

FAILURE TO PAY MCE may transfer your account to PG&E upon 14 calendar days' written notice to you if you fail to pay any portion of the MCE charges on your bill. If your service is transferred you will be required to pay the termination fee described above.

Based in San Rafael, MCE is governed by a Board of Directors including representatives from the City of Richmond and Marin County.

TÉRMINOS Y CONDICIONES DEL SERVICIO DE MCE

TARIFAS Las tarifas de generación de electricidad de MCE son estables y asequibles. **Los clientes inscritos en MCE siguen recibiendo los mismos descuentos a través de programas como CARE (California Alternative Rates for Energy—Tarifas Alternativas de Energía de California), y Medical Baseline Allowance (Asignación Básica Médica).** Si está inscrito en alguno de estos programas con PG&E, usted continuará recibiendo los cuando usted elige MCE. Vea nuestras tarifas en www.es.mceCleanEnergy.com o llame al 1 (888) 632-3674 para más información. Cualquier cambio en las tarifas de MCE será apropiadamente mencionado en las sesiones públicas de la junta de directores de Marin Energy Authority. PG&E también hará un cobro de Ajuste de Indiferencia de Electricidad (Power Charge Indifference Adjustment-PCIA) y un cobro de Cargo de Franquicia (Franchise Fee Charge). Visite nuestro sitio web o hable con PG&E para más información al respecto.

FACTURACIÓN Usted recibirá solamente una factura mensual de PG&E la cual incluirá las tarifas de generación eléctrica de MCE. El cobro de generación eléctrica de MCE **reemplaza** el cobro de generación eléctrica de PG&E. **Este cobro de MCE no duplica o cobra nada extra.** PG&E continuará cobrando por los servicios de suministro eléctrico, incluyendo la transmisión y distribución, así como sus otros cargos usuales.

INSCRIPCIÓN El Proyecto de Ley 117 de la Asamblea del Estado de California que fue aprobado y firmado en la ley del 2002, requiere que MCE inscriba a sus clientes automáticamente. MCE es ahora el proveedor de electricidad predeterminado en la ciudad Richmond y en el condado de Marin. **Usted ha sido inscrito automáticamente en el servicio MCE Verde Claro 50% energía renovable. Usted puede optar por salirse o elegir el servicio MCE Verde Fuerte 100% energía renovable, en cualquier momento.** Para ello, solo llámenos al 1 (888) 632-3674 o visite www.es.mceCleanEnergy.com. Recuerde de tener la factura de PG&E a mano para poder procesar su solicitud.

EXCLUSIÓN/OPT OUT **Usted puede optar salirse de MCE en cualquier momento llamando al 1 (888) 632-3674 o visitando www.es.mceCleanEnergy.com/terminos.** Tenga su factura de PG&E a mano para poder procesar su solicitud. Recuerde que si elige salirse, debe hacerlo dentro de los primeros 60 días después de iniciar o cancelar el servicio con MCE, así evitara pagar la cuota única residencial de \$5 o comercial de \$25 y además evitara que PG&E apruebe su regreso al servicio antes de un año. Para más información sobre los términos y condiciones de PG&E, por favor visite www.es.mceCleanEnergy.com/terminos. La cuenta será transferida a PG&E el día que sea leído el contador y no podrá ser transferida durante el ciclo de facturación. Para que podamos procesar su solicitud para salirse (Opt Out) en su próxima fecha de la lectura del contador, su solicitud deberá ser recibida 5 días hábiles antes de la fecha de la **lectura del contador.** **Se le cobrará por la electricidad obtenida de MCE bajo su nombre antes de la cancelación o transferencia del servicio eléctrico a PG&E.**

FALTA DE PAGO MCE puede transferir su cuenta a PG&E, previa notificación de 14 días si usted no paga cualquier porción de los cargos en su factura de MCE. Si su servicio es transferido, usted tendrá que pagar la tarifa de terminación descrita anteriormente.

Con sede en San Rafael, MCE se rige por una junta de directores, que incluye a representantes del condado de Marin y de la ciudad de Richmond.

VII-A-38



MCE Richmond—una nueva opción de energía limpia

MCE es una agencia pública sin ánimo de lucro que le ofrece a usted la opción de recibir electricidad que provenga de fuentes limpias, renovables y a tarifas económicas.

Usted no tiene que hacer nada para ser incluido en el programa de MCE. La ley del estado de California requiere que los programas de MCE sean ofrecidos como una opción para salirse (Opt Out) y así se convierta en su proveedor de electricidad automático. **Sus cuentas de electricidad serán inscritas** en el servicio MCE Verde Claro 50% energía renovable.

MCE provee electricidad más limpia obtenida de fuentes como la solar, viento, bioenergía e hidroeléctrica. Como agencia pública sin ánimo de lucro invertimos en proyectos locales y en programas que apoyan a hacer comunidades más fuertes.

Las tarifas son comparables a las de PG&E y además los descuentos de CARE y Medical Baseline Allowance se mantienen lo mismo con MCE.

PG&E continuará arreglando las líneas eléctricas, leyendo su medidor, enviando sus facturas mensuales y proporcionando los mismos servicios de mantenimiento y reparación.

Ahora Ud. puede elegir. Hay dos opciones que debe conocer;

1. Usted puede **Opt Up** al elegir Verde Fuerte, que contiene 100% energía renovable y así podrá contribuir a limpiar el medio ambiente y apoyar la energía renovable (sólo cuesta un centavo más por kilovatio-hora).
2. Usted puede **Opt Out** (optar por salirse) de MCE y elegir PG&E del 19% energía renovable como su proveedor de energía.

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AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 3, 2015
BUSINESS ITEMS

DATE : January 28, 2015

TO : City Manager

FROM : Public Works Director

SUBJECT : **ST. AUGUSTINE FLOOD RELIEF PROJECT UPDATE, APPROVAL OF AN AMENDMENT TO AGREEMENT WITH CARDNO AND REQUEST FOR SOLANO COUNTY WATER AGENCY FUNDING**

RECOMMENDATION:

Receive project update and adopt a resolution approving 1) a letter to the Solano County Water Agency for grant funding, 2) an amended consultant agreement with Cardno to prepare a preliminary design report, provide funding application support and construction support for the St. Augustine Flood Relief Project at a not-to-exceed cost of \$52,380, and 3) authorizing the City Manager to execute the amendment on behalf of the City.

EXECUTIVE SUMMARY:

The December 2012 rainstorm caused flooding and property damage along the drainage way that passes under St. Augustine Drive. The City entered into a consultant agreement with Cardno in August 2014 for the flood relief design. An amended agreement with Cardno is necessary to provide a preliminary design report, technical funding application support and construction support for the St. Augustine Flood Relief Project.

A possible funding source for construction of the project has been identified from the Solano County Water Agency Large Project Flood Management Funding Program. If approved, the grant would fund one third of the construction phase of the project costs. Cost of construction is currently estimated as \$195,000, but this number could change based on design and conditions encountered.

BUDGET INFORMATION:

The not-to-exceed cost of the amendment to agreement is \$52,380. A budget increase in the amount of \$52,380 is needed from General Fund reserves to Account No. 010-8080-8106 (Storm Water – Professional/Technical Services) to cover the cost of the preliminary design report, funding application support and construction support.

GENERAL PLAN:

Relevant General Plan Goals:

- Overarching Goal of the General Plan: Sustainability
- Goal 2.28: Improve and maintain public facilities and services

STRATEGIC PLAN:

Relevant Strategic Plan Issue and Strategy:

- Strategic Issue #4: Preserving and Enhancing Infrastructure
 - Strategy #4: Provide adequate funding for ongoing infrastructure needs

BACKGROUND:

Storm water runoff from the December 2012 rainstorm exceeded the capacity of the entrance of the 36-inch culvert just east of the single family residence at 225 St. Augustine Drive, overtopped the bank, and then ran overland southerly across St. Augustine Drive and then across private properties until spilling over into East 2nd Street and entering the storm drain system at East N Street. Approximately half a dozen properties were negatively impacted.

Cardno was subsequently hired to complete a hydraulic study and analysis of the drainage basin. As part of this work, Cardno met with City staff and St. Augustine neighborhood residents, reviewed City utility mapping, verified drainage basin characteristics in the field, and completed a field survey to determine pipe invert elevations and locations. This information was then used to develop a hydraulic model to obtain runoff patterns and flow rates generated by the storm. In August 2014, the City entered into an agreement to complete the flood relief design based on the hydraulic analysis.

At the City Council's meeting of August 19, 2014, the City Council discussed alternative approaches to resolving the drainage problem (see attached minutes). The Mayor requested that alternative, multi-objective flood management methods be evaluated as there is the possibility that grant funding may be available for design solutions that utilize integrated water management strategies. Some members of the Council expressed concern that undertaking an alternatives analysis would increase costs and slow down efforts to correct the flooding problems. After some discussion, the Council approved the agreement with Cardno, and requested that staff work with the firm to review and provide recommendations on possible alternative solutions provided that the review did not cost any additional money or delay the project.

As the alternative's evaluation was not included in Cardno's scope of services, staff met with representatives of the firm to evaluate ways to achieve the City Council's direction without bearing any additional costs. The Cardno

representatives indicated that they could not prepare alternative designs at no cost, but they would submit a proposal to provide this evaluation of conceptual alternatives. Some of the alternatives they said they could look at include building a detention basin at Semple Elementary School, changing underground pipes to open channels, and capturing rainwater for reuse. The estimated cost for preparing the alternatives analysis is \$10,560 and is included in the staff's proposed total contract amendment of \$52,380. If the Council decides to not proceed with the alternatives analysis, the contract amendment would be for \$41,820.

On September 17, the City Attorney, Public Works Director, Principal Civil Engineer, Cardno staff and seven neighbors in the St. Augustine area met to discuss direction from the City Council, the design approach, the search for funding, and project schedule. Cardno staff prepared a topographic survey and a preliminary design plan. Due to resignation of the City's Principal Civil Engineer in November, the project was delayed somewhat as the newly hired Public Works Director took over management of the Project.

On January 7, Cardno staff and the Public Works Director met with seven people who live on St. Augustine Drive to discuss the preliminary design of the drainage improvements. Cardno staff explained that there is a 54" storm drain pipe under Interstate 780 that drains south into an open channel. The open channel drains into a 36" corrugated metal pipe that drains into a 48" pipe under St. Augustine Drive. The proposed design includes the replacement of several drainage inlets in the area with larger inlets, construction of a new headwall at the entrance to the pipeline, and construction of one of two options for increasing the water carrying capacity of the storm drain pipe north (upstream) of St. Augustine Drive.

The first option is to replace the 36" pipe in the side yard of 225 St. Augustine Drive with a larger pipe. The second option is to construct a new, parallel 24" to 36" pipe in the back yard of the house east of 225 St. Augustine. The property owners at 225 St. Augustine are concerned with losing mature trees if the pipeline is replaced. The City does not have a drainage easement for the storm drain on the property, so an easement would need to be acquired and the mature trees would need to be replaced with large trees.

There is a public utility easement for a sanitary sewer pipeline on the property east of 225 St. Augustine, so a new easement would not need to be acquired. The property owner may have similar concerns about losing trees and a new storm drain pipe might not fit over or below the sanitary sewer pipe. Cardno staff will survey the sanitary sewer pipeline and determine if a new drainage pipe can be constructed around the sanitary sewer pipe.

There was a discussion about removing or relocating a portion of the masonry wall along the property line between 224 St. Augustine and 230 East O Street. This would allow any future flood waters that exceed the design capacity of the pipelines upstream to flow overland to East Second Street. The property owner at 230 East O Street will be contacted to discuss this option.

Staff identified possible funding (maximum of one third of the total project capital cost) for the construction phase of the project through the Solano County Water Agency (SCWA) Large Project Flood Management Funding Program. The purpose of this program is to fund studies and improvement projects that will solve or reduce flooding problems. The Program requires technical storm water analysis and City Staff to make a presentation to the SCWA Flood Control Advisory Committee as well as the SCWA Board. Attached is a letter requesting funding that City Staff propose to submit to the Flood Committee in advance of the presentation, which should occur on the Committee's February 26 meeting.

The original agreement with Cardno for design services is \$57,540. It is a common practice for the design engineer of record to provide bidding assistance, technical review support, site observations, and record drawings during the construction phase of a project, but this was not included in the original scope of services. City staff will provide construction management and inspection services.

City staff cannot cost effectively provide the storm water analysis required for the Solano County Water Agency Large Project Flood Management Funding Program or prepare a preliminary design report of alternatives. A contract amendment in the amount of \$52,380 includes the following:

1. Assist the City in preparing the SCWA Grant application – \$10,090
2. Bidding assistance and construction support services - \$31,730
3. Prepare a conceptual alternatives memo - \$10,560.

It is recommended that the City Council approve an amendment with Cardno and authorize City Staff to send the attached letter to SCWA.

Attachments:

- Proposed Resolution
- Amendment to Agreement
- Cardno Proposal for Amendment to Agreement
- Letter to Solano County Water Agency
- Minutes from the August 19, 2014 City Council Meeting

RESOLUTION NO. 15 -

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA APPROVING AN AMENDED CONSULTANT AGREEMENT WITH CARDNO TO PREPARE A PRELIMINARY DESIGN REPORT, PROVIDE FUNDING APPLICATION SUPPORT AND CONSTRUCTION SUPPORT FOR THE ST. AUGUSTINE FLOOD RELIEF PROJECT FOR A NOT-TO-EXCEED COST OF \$52,380, APPROVING A LETTER TO THE SOLANO COUNTY WATER AGENCY FOR FUNDING AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT ON BEHALF OF THE CITY

WHEREAS, the December 2012 rainstorm caused flooding along the St. Augustine drainage way; and

WHEREAS, Cardno was hired by the City in August 2014 to complete the design of the St. Augustine Flood Relief Project; and

WHEREAS, funding opportunity has been identified from the Solano County Water Agency Large Project Flood Management Funding Program for the St. Augustine Flood Relief Project; and

WHEREAS, a presentation to the Solano County Water Agency is required to request funding for the St. Augustine Flood Relief Project; and

WHEREAS, a letter to the Solano County Water Agency has been prepared to request funding for the St. Augustine Flood Relief Project; and

WHEREAS, an amendment to agreement with Cardno is necessary to provide a preliminary design report, funding application support and construction support for the St. Augustine Flood Relief Project.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Benicia hereby approves the letter to Solano County Water Agency requesting funding for the St. Augustine Flood Relief Project and amend consultant agreement with Cardno to provide funding application support and construction support for a not-to-exceed cost of \$52,380 and authorizes the City Manager to execute said agreement, subject to minor revisions by the City Attorney.

BE IT FURTHER RESOLVED THAT a budget increase in the amount of \$52,380 is authorized from General Fund reserves to Account No. 010-8080-8106 (Storm Water – Professional Technical Services) to cover the cost of the preliminary design report, funding application support and construction support.

On motion of Council Member _____, seconded by Council Member _____, the above Resolution was introduced and passed by the City Council of the City of Benicia at a regular meeting of said Council held on the 3rd day of February, 2015 and adopted by the following vote:

Ayes:

Noes:

Absent:

Elizabeth Patterson, Mayor

Attest:

Lisa Wolfe, City Clerk

Date

AMENDMENT TO AGREEMENT

This Amendment of the Agreement, entered into this ____ day of _____, 2015, by and between the City of Benicia, a municipal corporation (hereinafter "CITY") and Cardno Entrix, a California Corporation, with its primary office located at 701 University Avenue, Suite 200, Sacramento, CA 95825, (hereinafter "CONSULTANT"), is made with reference to the following:

RECITALS:

A. On September 24, 2014, an agreement was entered into by and between CITY and Cardo Entrix ("Agreement").

B. CITY and CONTRACTOR desire to modify the Agreement on the terms and conditions set forth herein.

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

1. Paragraph 2 (Scope of Services) of the Agreement is modified to include: Preparation of a preliminary design report and provide funding application support and construction support for the St. Augustine Flood Relief Project.

2. Paragraph 3 (Compensation) of the agreement is modified to: Add an additional not-to-exceed cost of \$52,380.

3. Except as expressly modified herein, all other terms and covenants set forth in the Agreement shall remain the same and shall be in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this modification of Agreement to be executed on the day and year first above written.

Cardno Entrix

City of Benicia, a Municipal Corporation

By _____
Title _____

By _____
Brad Kilger, City Manager

RECOMMENDED FOR APPROVAL:

Department Head

APPROVED AS TO FORM:

City Attorney



January 22, 2015

CITY OF BENICIA

Attn: Graham Wadsworth
250 East L Street
Benicia, CA 94510
Email: GWadsworth@ci.benicia.ca.us
Phone: (707) 746-4240

701 University Avenue
Suite 200
Sacramento, California
95825
USA

Phone: (916)692-3100
Fax: (916)923-6251

RE: St. Augustine Drainage Upgrades – Contract Modifications – Benicia, CA
Scope of Services

www.cardno.com

Dear Graham,

Thank you for this opportunity to submit a scope amendment for various requested elements associated with both the drainage improvements at St. Augustine Drive, preparation of a grant application, and for macro drainage alternatives to further reduce flooding in the St. Augustine watershed. This amendment would be a supplement to the existing contract and scope of services in place with the City, and not a replacement scope.

Our Scope of Services is further detailed in the project understanding section of the proposal. The proposal is broken down into three distinct tasks: Grant Application; Bid and Construction Support; and an Alternatives Memo. The tasks have been prepared based upon our phone conversation from January 20, 2015. We have provided you with a Time & Materials Budget to complete the specific service items described within the Scope of Services. We respectfully request any comments or questions you may have. If the attached Scope and Fee are acceptable, please print and sign two originals and return one executed copy to us and we will proceed with work on the project.

Thank you again for this opportunity. We are committed to giving you the quality and service that you expect from Cardno.

Sincerely,


Paul Wisneropp PE, CFM
SENIOR CONSULTANT
CARDNO ENTRIX

&


Jason Reed PE
PRINCIPAL
CARDNO

Copy: Greg Gurss – Sacramento EES Business Unit Manager – greg.gurss@cardno.com

Encl:

Fees

The fees for the Scope of Services below will be on a time and materials basis not to exceed the budgets listed without prior approval plus reimbursable expenses as outlined below within the Reimbursable Expense Summary and is broken down as follows: Additional services requested and approved by the Client not identified within this Scope of Services will be billed as a Contract Addendum as agreed upon herein in conformance with the Standard Fee Schedule.

| Description | Budget |
|---|------------------|
| Task 1 – Assist the City in Preparing the SCWA Grant Application | \$ 10,090 |
| Develop Background Data (storage options, cost estimates) | \$ 4,890 |
| Prepare Draft Grant Application (coordinate with City and SCWA) | \$ 3,200 |
| Prepare Final Grant Application | \$ 2,000 |
| Task 2 – Prepare Bid Documents and Provide Construction Support | \$ 31,730 |
| Jurisdictional Coordination (budget includes 2 meetings at the City of Benicia, 16 total hours) | \$ 2,640 |
| Bid Documents (Front End Specifications) | \$ 3,250 |
| Bid Assistance | \$ 10,000 |
| Civil Construction Coordination | \$ 6,600 |
| Civil Site Observations | \$ 3,300 |
| Erosion Control Observation | NIC |
| Civil Final Walk-thru/Punch List | \$ 2,640 |
| Civil Record Drawings | \$ 3,300 |
| Task 3 – Prepare a Conceptual Alternatives Memo for St. Augustine Watershed | \$ 10,560 |
| Meet with City, Conduct Site Visit, Screen Concepts | \$ 3,310 |
| Analyze Alternatives, Prepare Draft Memo | \$ 5,720 |
| Prepare Final Memo | \$ 1,530 |

Unless otherwise noted, the fees in this agreement do not include any value added, sales, or other taxes that may be applied by any government entity on fees for services. Such taxes will be added to all invoices as required.

Where the Services or services conditions change, Cardno shall submit to the Client in a timely manner, documentation of the revisions to Exhibit "A" adjusting the Contract Services Time and Price as required.

Unless otherwise specified, charges for services are based on Cardno's Current Rate Sheet ("Rate Schedule"). The Rate Schedule is subject to escalation from time to time.

Cost Estimate: Any opinion of costs of construction prepared by Cardno is supplied only for the general guidance of the Client. Cardno has no control over the cost of labor, materials, equipment or services furnished by others, or over contractors' methods of determining prices, or other competitive bidding or market conditions. Cardno's preparation of Cost Estimates are made on the basis of Cardno's experience and judgment and are Cardno's opinion of the cost of construction and not a guarantee of the accuracy of such opinion as compared to contract bids or actual costs to Client. Cardno does not warrant that bids or ultimate construction costs will not vary from its opinion of cost estimates.

Reimbursable Expenses: As contemplated throughout this Agreement, Reimbursable Expenses are an obligation of the Client and such Reimbursable Expenses will be included on the invoices issued to Client per the Cardno fee schedule.

The following reimbursable budget estimate is based on our experience with this project type and the governing agencies. *It is an estimate only.* Additional budget may be necessary to complete the project.

Customary reimbursable expenses mean the actual expense incurred in direct connection with the project. Vehicle mileage is reimbursed at the current IRS rate for project related travel.

The following project related expenses are reimbursed at cost plus ten (5) percent:

- § Copy and Reproduction Services
- § Travel Expenses
- § Express Postage

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in their respective names by their duly authorized representatives. It is agreed that City of Benicia Terms and Conditions as included in the original scope of services contract shall for a part of the agreement.

Cardno, Inc.

City of Benicia

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

INTRODUCTION

This Scope of Work is prepared for the City of Benicia (City) by Cardno, Inc. to describe activities to support the ongoing flood reduction activities for St. Augustine Drive, immediately east of 2nd Street. Cardno previously analyzed the causes of the flooding near St. Augustine Drive that resulted from a rainstorm in December 2012, and proposed a solution. The City is pursuing that solution and Cardno is designing improvements to the drainage system that would reduce the chance of flooding in the area of the 2012 flooding.

The tasks described below will support the City in applying for grant funds for construction of the project, constructing the flood improvements, and analyze possible alternatives for additional drainage improvements. The City is proceeding in the direction of developing a storm drainage master plan and these tasks will provide solutions to one localized problem area and will support the eventual development of a master plan.

TASKS

Task 1. Assist the City in Preparing the SCWA Grant Application

Cardno will assist the City in preparing the grant application to the Solono County Water Agency to fund the proposed St. Augustine Drive drainage improvement project currently being designed by Cardno. Under this task Cardno will:

- Meet with City staff to review the grant application and discuss approach, items to include in the application, and requested funding,
- Coordinate with Solono County Water Agency,
- Describe the proposed project for resolving flooding problems at St. Augustine Drive,
- Analyze conceptual detention storage as an option for flood control,
- Assess the maintenance requirements for the proposed project,
- Assess the easement requirements of the proposed project, and
- Assess drainage improvement costs and proposed benefits for the improvements.

We will provide the City with a draft of the grant application that the City can finalize and submit to SCWA as the applicant.

Assumptions:

- Detention storage will be analyzed at a concept level of detail, sufficient for the grant application, and does not involve preparation of engineering plans for this option, and
- The benefit/cost analysis will use the FEMA methods including construction costs and operation and maintenance costs, compared against the project benefits. Project benefits will be defined based on the recent costs incurred by the City following the 2012 flooding. We assume that these 2012 flooding costs will be provided by the City.

Total Task Cost:

The total cost for this task is \$10,090.

Task 2. Prepare Bid Documents and Provide Construction Support

Cardno is currently designing the proposed improvements discussed in meetings with the St. Augustine neighbors that were flooded in 2012. The current scope of work states that Cardno will provide engineering plans and technical specifications that the City will use to develop bid documents for selecting a construction contractor. Under the current scope, the City will advertise the bid, select a contractor, and construct the project.

Under this task, Cardno will prepare the final bid documents and assist the City in putting the project out to bid. Additionally, Cardno will provide Construction Support for the project as requested by the City. Further detail upon each of these elements is included below.

- Jurisdictional Coordination: Cardno will coordinate with the City of Benicia and attend meetings as requested. This budget amendment incorporates up to two (2) meetings at the City offices. Unused budget for meetings may be substituted to provide additional coordination via emails, phone calls or memorandums.

- Bid Documents/Technical Specifications: Cardno will tailor the City's standard Front End specifications to this project for use in bid package preparation. We assume that the City's front end spec template is current relative to code requirements, as we have not included budget to review those elements, or prepare those elements from scratch. Technical specifications are included in the original scope of services that this is amending, and therefore no additional budget is included for that component.
- Bid Assistance: Cardno will assist the client with issuing Bid Addendums, reviewing bids and bid tabulation, and providing the client with a recommendation of award.

Release of Construction Bids

- Cardno understands that the City of Benicia will administer the release of construction bids such that no Cardno budget is required. The efforts associated with this sub-task will further include the development of the notice to contractors (shortened version of what is in the specifications), and development of the notices to local newspapers. Not in contract, NIC.

Response to Bidders Questions

- Cardno understands that the City will respond to questions received from contractors that pertain to the general design of the Project, the plans, the specifications and other elements of the construction bid and Project such that no Cardno budget is required. Not in contract, NIC.

Attend Pre-Bid Meeting

- Cardno understands that our attendance at a pre-bid meeting will not be required, NIC.

Development of Bid Addendums

- We assume this project will require approximately two (2) bid addendums (assume one will be issued every other week through the bid period mainly to provide formal responses to RFIs in a timely manner). Cardno will provide for the development of all bid addendums necessary for the construction bid process to provide a complete and detailed construction bid for the Project. This scope will add two plan sheet revisions and two specification section revisions for inclusion into bid addendums for the Project.
- It is assumed that the bid addendums will not be required to be distributed by Cardno or the City to all parties who have purchased bid documents. The City will post each bid addendum to Planet Bids (or similar) and no other efforts will be required for notification. Cardno will supply to the City one hard copy, and one electronic copy (PDF file), of each bid addendum.

Evaluation of Bids and Recommendation of Award

- We understand that a Cardno Representative will not be required at the bid opening. Cardno will review the City prepared bid tabulation for recommendation of construction contract award efforts for the project. These efforts will include the following specific elements:
 - Evaluation of City provided bid tabulation (bid analysis)
 - Development of written justification if lowest responsible bidder exceeds engineers estimate by 10%
 - Development of recommendation of award of the construction contract to the lowest responsible bidder

Bid Assistance Assumptions:

We assume that Federal Funds Process is not required as a part of this project, and is not included within this scope and budget estimate. A Post Award Audit is further not included in this scope and budget.

The City Engineering Department will provide a primary point of contact for these efforts that will coordinate with Cardno Project Manager as necessary throughout the duration of this task.

The City will post all bid documents, notices to contractors, notices to builder's exchanges, bid addendums and all other bid related items on the Planet Bids (or similar) site and no hard copies of any materials will be provided.

The construction contract bid and award is assumed to be uncontested without challenges from contractors. In the event of a contested bid, additional scope and budget will be required to coordinate and assist in the attorney review.

All meeting venues will be arranged by the City with assistance from Cardno.

All meeting venue fees will be paid by the City.

All Bid Posting and Advertising fees will be paid by the City.

The City will provide an example of a recent bid and addendum package to Cardno to use as a "go by" for development of bid addendums in accordance with City standards.

The City will be the only representative "receiving" construction bids for the Project.

The City will generate the bid tabulation for the construction bid and provide it to Cardno for use in the review of the bid.

CARDNO assumes our Construction Phase Contract Management is limited to the following:

- Civil Construction Coordination: CARDNO will assist the Client and contractor with addressing questions during the construction of the project. Cardno has budgeted to attend two (2)-2hr site construction meetings. The first meeting is a Construction Kickoff Meeting and the second is a progress meeting. Cardno has budgeted to review two (2) product submittal review packages from the contractor for compliance to the plans and specifications. This will also include one (1) review for product substitutions or re-submittal review, if required. Cardno has budgeted up to 16 hours for RFI review and response (up to 8 RFI's in this budget).
- Civil Site Observations: CARDNO has budgeted to conduct four (4) Site Observations. Additional site observations will be completed as a Contract Addendum at a rate of \$825 per visit.
- Erosion Control Site Observations: CARDNO assumes that all erosion control observations as required by the jurisdiction will be completed by the General Contractor or a third party, NIC.
- Civil Final Walk Thru/Punch List: CARDNO has budgeted to conduct one (1) Final Walk Thru and one (1) verification Walk Thru. Additional Walk Thru's will complete as a Contract Addendum at a rate of \$990 per visit.
- Civil Record Drawings: CARDNO will prepare the As-Built record drawings based upon contractor red-line plans maintained in the field through the construction process. Cardno assumes that the project will be constructed in substantial compliance with the permit documents, such that record drawing preparation will require minimal effort.

Construction Phase Contract Management Assumptions:

All additional Construction Phase Contract Management **not** noted below will be completed as a separate Contract Addendum or by the Client.

We have assumed we will not be required to attend weekly construction meetings and if required additional budget will be provided for this.

The Owner will contract with a Geotechnical Firm to provide earthwork, utility and pavement testing services.

The construction phase of the project will last approximately 3 months.

The project will be completed as a single phase during one construction season. If the Construction timeframe is extended CARDNO will require a Contract Addendum to reflect the additional Construction Phase Contract Management efforts.

Support during construction will consist of addressing engineering questions relating to the design that arise during construction. The City will serve as the resident engineer and address day-to-day construction issues that arise.

Total Task Cost:

The total cost for this task is \$31,730.

Task 3. Update the Conceptual Alternatives Memo for St. Augustine Watershed

The City seeks to evaluate other alternatives to the Proposed Project and a means of identifying possible solutions for drainage problems in the larger St. Augustine watershed. Cardno update the October 2 memo prepared for the City by Cardno to include concept-level costs, layouts, and typical measures of effectiveness. The concepts will discuss approaches that apply to the larger St. Augustine watershed but may be applicable for the eventual drainage master plan.

The evaluation of alternatives will include:

- Meeting with City staff to discuss possible alternatives and conduct a site visit,
- Update the October 2, 2014 memo from Cardno,
- Developing concept-level costs for the elements discussed in the memo, and
- Preparing a final memo.

Assumptions:

- The discussion in the memo represents a concept design (30% level of design), and
- The concepts are developed to supplement the City's knowledge about drainage problems in the larger watershed but not replace the local solution currently under design.

Total Task Cost:

The total cost for this task is \$10,560.

SUMMARY OF PROJECT COSTS

| | |
|--|-----------------|
| Task 1 – Assist the City in Preparing the SCWA Grant Application | \$10,090 |
| Task 2 – Prepare Bid Documents and Provide Construction Support | \$31,730 |
| Task 3 – Prepare a Conceptual Alternatives Memo for St. Augustine Watershed | \$10,560 |
| TOTAL FOR ALL TASKS | \$52,380 |

Public Works Department

January 20, 2015

Flood Control Advisory Committee
Solano County Water Agency
810 Vaca Valley Parkway, Suite 203
Vacaville, CA 95688

Subject: Request For Large Project Flood Management Funding for the St. Augustine Flood Relief Project

Dear Flood Control Advisory Committee Members:

The City of Benicia respectfully requests funding from the Solano County Water Agency's Large Project Flood Management Funding Program for the construction phase of the St. Augustine Flood Relief Project. Storm water currently exceeds the piping capacity downstream of the flood channel, overtops the pipe, sheetflows overland and floods five homes in the vicinity of St. Augustine Drive. A flood control project is needed to prevent flooding from occurring in the future.

A rainstorm in December 2012 caused flooding and property damage along the St. Augustine drainage way. An evaluation of the flooding concluded that a problem exists at the 36-inch culvert entrance upslope from St. Augustine Drive resulting in water bypassing the culvert and flowing overland to the street. A second problem occurred at the drainage inlet on the street where a blocked inlet prevented water from entering the inlet and the storm drain. Runoff in the 54-inch pipe under St. Augustine Drive was contained in the storm drain but surfaced at East Second Street and resulted in additional localized flooding.

The City is contracting with Cardno ENTRIX for evaluating drainage design alternatives and designing the St. Augustine Flood Relief Project. It is anticipated that the preliminary engineering design report will be completed by _____, 2015. Cardno ENTRIX will assess detention storage, flood protection level, and ring levees/flood walls/elevating structures, and will perform a cost effectiveness test. The watershed is in the City's jurisdiction and the City has ordinances and permit requirements in place to protect the completed project from future land uses or activities.

Construction of the St. Augustine Flood Relief Project is anticipated to occur in summer 2015. The City is requesting funding in the amount of up to \$_____. I understand that the Flood Management Funding is a maximum of one third of the project capital cost. If funding is approved, a commitment for permanent maintenance will be made by the City.

Please let me know if you would like more information about this project. Thank you, in advance, for your consideration for Large Project Flood Management Funding.

I can be reached at (707) 746-4240 or gwadsworth@ci.benicia.ca.us.

Sincerely,

Graham Wadsworth, P.E.
Director of Public Works/City Engineer

MINUTES OF THE
REGULAR MEETING – CITY COUNCIL
August 19, 2014

City Council Chambers, City Hall, 250 East L Street, complete proceedings of which are recorded on tape.

I. CALL TO ORDER:

Mayor Patterson called the Closed Session to order at 6:00 p.m.

All Council Members were present.

II. CLOSED SESSION:

A. CONFERENCE WITH LABOR NEGOTIATOR

(Government Code Section 54957.6 (a))

Agency negotiators: City Manager, Assistant City Manager, Senior HR Analyst

Employee organizations: Senior Managers, Middle Management, Local 1, Benicia Public Service Employees' Association (BPSEA), Benicia Police Officers Association (BPOA), Benicia Firefighters Association (BFA), Benicia Dispatchers Association (BDA), Police Management, Unrepresented.

B. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

(Subdivision (a) of Government Code Section 54956.9)

Name of cases: Lewis v. City of Benicia (one case)

C. CONFERENCE WITH REAL PROPERTY NEGOTIATOR

(Government Code Section 54956.8)

City-Owned Property, North of Lake Herman Road - APN's: 181230050, 181230060, 181240020, 181230010

III. CONVENE OPEN SESSION:

Mayor Patterson called the Open Session to order at 7:08 p.m.

A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

Larry Fullington led the Pledge of Allegiance.

C. REFERENCE TO THE FUNDAMENTAL RIGHTS OF PUBLIC

IV. ANNOUNCEMENTS/PROCLAMATIONS/ APPOINTMENTS/PRESENTATIONS:

A. ANNOUNCEMENTS

Mike Dotson, Parks & Community Services Director, reviewed the memo given to Council and the public (copy on file) regarding power line clearance.

1. Announcement of action taken at Closed Session, if any.

Heather McLaughlin, City Attorney, reported that Council gave direction to Staff on all three items.

2. Openings on Boards and Commissions:

We are currently in the process of interviewing for Board and Commission recommendations for appointment.

3. Mayor's Office Hours:

4. Benicia Arsenal Update

Update from City Attorney

Heather McLaughlin, City Attorney, reported that the Council Subcommittee was working on the orders that came out. They are planning meetings with the other responsible parties.

B. PROCLAMATIONS

1. IN RECOGNITION OF ADULT LITERACY AWARENESS MONTH - SEPTEMBER 2014

2. IN RECOGNITION OF BELLE - ROTARY EXCHANGE STUDENT FROM TAIPEI, TAIWAN

C. APPOINTMENTS

1. Appointment of Council Member Mark Hughes to the City Council Appointment Sub-Committee for a one-year term ending July 31, 2015.

RESOLUTION 14-89 - A RESOLUTION CONFIRMING THE MAYOR'S APPOINTMENT OF COUNCILMEMBER MARK HUGHES TO A CITY COUNCIL APPOINTMENT SUBCOMMITTEE FOR A ONE-YEAR TERM

ENDING JULY 31, 2015

On motion of Mayor Patterson Motion to Approve Appointment of Council Member Mark Hughes to the City Council Appointment Sub-Committee for a one-year term ending July 31, 2015, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge
Noes: (None)

D. PRESENTATIONS

V. ADOPTION OF AGENDA:

On motion of Council Member Schwartzman, seconded by Council Member Hughes, Motion to Approve ADOPTION OF AGENDA:, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge
Noes: (None)

VI. OPPORTUNITY FOR PUBLIC COMMENT:

A. WRITTEN COMMENT

5 items received (copies on file).

B. PUBLIC COMMENT

Public comment:

1. Andres Soto, Benicians for a Safe and Healthy Community – Mr. Soto discussed concerns regarding yard signs being stolen out of private yards. Larger signs have also been stolen. He also discussed concern regarding the group being harassed, threatened, and intimidated during Farmer's Market.
2. Larry Fullington - Mr. Fullington discussed concerns regarding the merge lane on I-780 by the State Park. There needs to be a concrete barrier installed along the entire segment of the merge lane, as it is a safety hazard.
3. Dan Clark – Mr. Clark discussed the Benicia Old Towne Theatre Group's reinstatement of their nonprofit status and concern with a wooden sign in the Benicia Industrial Park.
4. Jon Van Landschoot discussed concerns regarding losing water. He also discussed HPRC activities.

5. Vice Mayor Campbell - Vice Mayor Campbell discussed how Chief Bidou would be missed, and what an extraordinary job he has done for the City of Benicia.

VII. CONSENT CALENDAR:

Council pulled items VII.D and VII.F for discussion.

On motion of Council Member Hughes, seconded by Council Member Strawbridge, Motion to Approve CONSENT CALENDAR , on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge
Noes: (None)

- A. **APPROVAL OF THE MINUTES OF THE JULY 15, 2014, JULY 22, 2014, AND JULY 28, 2014 CITY COUNCIL MEETINGS. (City Clerk)**
- B. **DENIAL OF CLAIM AGAINST THE CITY BY STEVE ANDRETICH AND REFERRAL TO INSURANCE CARRIER**
- C. **DENIAL OF CLAIM AGAINST THE CITY BY VENTURA ALBOR AND REFERRAL TO INSURANCE CARRIER**
- D. **APPROVAL OF A CONSULTANT AGREEMENT WITH CARDNO FOR THE DESIGN OF THE ST. AUGUSTINE FLOOD RELIEF PROJECT**

RESOLUTION 14-92 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA APPROVING A CONSULTANT AGREEMENT WITH CARDNO TO COMPLETE THE DESIGN OF THE ST. AUGUSTINE FLOOD RELIEF PROJECT FOR A NOT-TO-EXCEED COST OF \$57,540 AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT ON BEHALF OF THE CITY

Public Comment:

1. Andrew Estrada - Mr. Estrada spoke in support of the proposed resolution.
2. Pat Store - Ms. Store discussed concern regarding the priority of the project.

Mayor Patterson and Staff discussed the pipe, stream, seasonal stream or drainage, and the engineering process with the project. They discussed the issue of water quality, a holding area for the water, concerns regarding funding for a solution for the issue, local flooding due to severe weather, and the need to



be adaptable so we have more flexibility and agility. She hoped Council would direct Staff to make sure that all possibilities are looked at.

Vice Mayor Campbell discussed concern regarding funding. He discussed the importance of Measure C money to be able to address issues such as this one.

Public Comment:

1. Ms. Estrada - Ms. Estrada discussed concern regarding previous requests for preventive measures, and concern regarding a wall that was built by another homeowner that created a dam.

Mayor Patterson discussed the need to address the issues now, before it worsens in the future.

Vice Mayor Campbell discussed concern about the dam/wall that was built. He discussed concerns regarding the costs to address the flooding.

Mayor Patterson and Staff discussed concerns regarding short-term fixes and long-term solutions. Mayor Patterson discussed concerns regarding funding to explore long-term solutions vs. funding availability for multiple objective project. Integrated water management is state policy. It is easier to get money for that rather than for a local flood safety issue, and more cost effective in the long-run.

Council Member Hughes discussed support for moving forward with Staff's recommendations, and asking the consultants to address the suggestions made by Mayor Patterson. Trying to do both right now might delay the project.

Vice Mayor Campbell discussed support for moving forward with Staff's recommendations, but also for looking into more long-term solutions.

Council Member Schwartzman discussed support for moving forward with Staff's recommendations, then going back to look at a better plan for the future.

Mayor Patterson discussed the need to come up with an alternative multiple objective project. She would like the consultant to come up with a proposal for alternative solutions.

Council Member Hughes discussed concerns regarding slowing the process down. His motion is to approve the agreement and move forward, share the ideas discussed tonight, and ask the consultant to come back to Council with a cost for moving forward with that.

Staff discussed the issue of a lack of a flood control plan. He suggested getting this repair taken care of to deal with the immediate problem, but give direction to Staff to find money to do the master plan and get some projects on the board so the City could compete for funding.

Mayor Patterson discussed concern regarding whether the consultant was asked

to look at alternatives.

Council Member Schwartzman asked for clarification on Council Member Hughes' motion. Council Member Hughes clarified that his motion would be to approve the agreement and design as stated in the staff report, and ask the consultant to come back with other 'bigger picture' alternatives and the costs associated with those alternatives.

Mayor Patterson discussed the costs associated with asking the consultants to do the work on the alternatives.

Council Member Hughes clarified that he was not prepared to spend money on alternative proposals at this time. He would like Staff to indicate to the consultant that Council and Staff had the discussion about alternative solutions and for them to give the City their thoughts on that, and also come back as quickly as possible with the short-term solution so they can move forward.

He again clarified that the motion was to approve the agreement for \$57,540 with the consultant, and ask them to move forward as quickly as possible with the short-term solution. At the same time, the City will share with them tonight's discussion about the alternative solutions, and ask the consultant to provide their thoughts, but not to spend more money.

Mayor Patterson tried to shorten the motion by stating that the motion would be to approve the existing contract, seek a report from the consultant about potential alternatives and costs for looking at those alternatives.

Council Member Hughes clarified that all he was looking for was the consultant to come back with their thoughts on the alternatives. He didn't want an extensive report. He didn't want to spend money on the analysis.

Ms. McLaughlin clarified that if the consultant looks at alternatives, they might not do it for free.

Council Member Hughes clarified that the action tonight would not be spending any more than the \$57,540.

Vice Mayor Campbell suggested voting on the consent calendar item and separately directing Staff to talk to the consultant regarding alternatives.

Council and Staff discussed the suggestion, but chose to keep the motion the way it was.

The motion is to approve the resolution as amended, adding language stating that Cardno shall be asked to review and provide recommendations on an alternative approach including an integrated water management approach to see if this could work for the St. Augustine drainage basin, so long as such review does not cost additional money or delay the project.



On motion of Council Member Hughes, seconded by Council Member Schwartzman, Council approved Resolution 14-92, as amended on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge
Noes: (None)

- E. ACCEPTANCE OF A CALIFORNIA LIBRARY LITERACY SERVICES (CLLS) LITERACY AWARD FOR 2014/15 AND AUTHORIZATION FOR THE LIBRARY DIRECTOR TO SIGN ANY NECESSARY DOCUMENTS TO SECURE ADDITIONAL GRANT FUNDING**

RESOLUTION 14-90 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA AUTHORIZING SUBMITTAL OF AN APPLICATION FOR A CALIFORNIA LIBRARY LITERACY SERVICE MATCHING FUNDS GRANT FOR FISCAL YEAR 2014/15 AND AUTHORIZING THE APPROPRIATION OF FUNDS FOR THE LIBRARY'S STATE- FUNDED LITERACY ACCOUNT

- F. APPROVAL OF THE AGREEMENT FOR CONSULTING SERVICES WITH ENVIRONMENTAL RISK SERVICES CORPORATION ("ERS") FOR THE BENICIA ARSENAL CLEANUP PROJECT**

RESOLUTION 14-93 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA APPROVING THE AGREEMENT FOR CONSULTING SERVICES WITH ENVIRONMENTAL RISK SERVICES CORPORATION ("ERS") FOR THE BENICIA ARSENAL CLEANUP PROJECT AND AUTHORIZING THE CITY MANAGER TO SIGN THE CONTRACT ON BEHALF OF THE CITY

Public Comment:

Jasmine Powell - Ms. Powell discussed concern regarding the cost of the agreement.

Heather McLaughlin, City Attorney, discussed the scope of work for the agreement.

Council Member Schwartzman discussed the City's requirement to respond to the orders by the DTSC.

Vice Mayor Campbell and Staff discussed the funding for the agreement.

Council Member Strawbridge and Staff discussed the properties involved in the clean-up project.

On motion of Council Member Hughes, seconded by Council Member Schwartzman, Council approved Resolution 14-93, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge
Noes: (None)

- G. APPROVE THE JULY 1, 2014 TO JUNE 30, 2016 MEMORANDUM OF UNDERSTANDING WITH THE PUBLIC EMPLOYEES UNION, LOCAL ONE

RESOLUTION 14-91 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA APPROVING THE JULY 1, 2014 TO JUNE 30, 2016 MEMORANDUM OF UNDERSTANDING WITH THE PUBLIC EMPLOYEES UNION, LOCAL ONE

- H. REVIEW OF JULY WATER REPORT
- I. FIRST READING OF A ZONING ORDINANCE TEXT AMENDMENT TO INCORPORATE REGULATIONS PERTAINING TO MOBILE FOOD VENDING IN THE INDUSTRIAL ZONING DISTRICTS
- J. Approval to waive the reading of all ordinances introduced and adopted pursuant to this agenda.

VIII. **BUSINESS ITEMS:**

- A. ADOPTION OF CITYWIDE COST ALLOCATION PLAN

RESOLUTION 14-94 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BENICIA ADOPTING THE COST ALLOCATION PLAN FOR FISCAL YEAR 2014-15

Brenda Olwin, Interim Finance Director, and Tim Seufert, Managing Director NBS Consulting, reviewed the staff report and a PowerPoint presentation.

Vice Mayor Campbell and Staff discussed the analysis process for taking the money that was being spent by the General Fund to cover Wastewater and Water administration, and putting it back into the General Fund.

Council and Staff discussed the Water, Wastewater, and General Funds.

Public Comment:

None

On motion of Council Member Strawbridge, seconded by Council Member Schwartzman, Council adopted Resolution 14-94, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge
Noes: (None)

**B. BIENNIAL UPDATE: RESOLUTION AMENDING THE FISCAL YEAR
2014-15 BUDGET**

**RESOLUTION 14-95 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF BENICIA AMENDING THE MUNICIPAL BUDGET FOR FISCAL YEAR
2014-15**

Brenda Olwin, Interim Finance Director, reviewed the staff report and a PowerPoint presentation.

Council Member Schwartzman, Council Member Hughes, and Staff discussed the Columbus Parkway road widening project.

Vice Mayor Campbell and Staff discussed the developer's responsibility to make improvements once a certain number of homes were built. They also discussed the Water Reserve balance, what normal reserves were for Water and Wastewater Funds, and the negative \$1.5 million in the General Fund.

Vice Mayor Campbell and Staff discussed the billboard revenues, and what fund they would be going in. Currently the City is collecting rent on the billboard; however, there is not a set fund, only a 'holding place' at this time.

Public Comment:

None

On motion of Council Member Hughes, seconded by Council Member Strawbridge, Council adopted Resolution 14-95, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge
Noes: (None)

**C. ADOPTION OF RESOLUTION APPROVING A TWO-YEAR
EXPENDITURE PLAN FROM PROCEEDS OF MEASURE C**

**RESOLUTION 14-96 - A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF BENICIA APPROVING A TWO-YEAR EXPENDITURE PLAN FROM
PROCEEDS OF MEASURE C "THE BENICIA QUALITY OF LIFE MEASURE"**

Mario Giuliani, Economic Development Manager, reviewed the staff report and a PowerPoint presentation.

Council Member Schwartzman and Staff discussed the proposed amounts to be

spent on improving the roads, and whether what is passed tonight would be set in stone (no).

Council Member Hughes and Staff discussed reasons for not spending more money on the Benicia Industrial Park in the first year.

Council Member Strawbridge and Staff discussed the money slated for the downtown sidewalk repairs.

Mayor Patterson discussed the money for the Benicia Industrial Park and the various monies being invested in the Park. She and Staff discussed the sidewalk repairs on streets other than the downtown area. She wondered why there wasn't a resolution establishing an oversight committee. Staff suggested amending the Finance Committee's resolution. Mayor Patterson suggested having a separate resolution. Staff suggested doing that at a future meeting, as it was not agendaized tonight. The future resolution should incorporate the resolution attached to this agenda item.

Public Comment:

None

On motion of Council Member Schwartzman, seconded by Council Member Strawbridge, Council adopted Resolution 14-96, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge
Noes: (None)

**D. LEAGUE OF CALIFORNIA CITIES ANNUAL CONFERENCE
RESOLUTIONS**

Brad Kilger, City Manager, reviewed the staff report.

Mayor Patterson clarified that the support for the marijuana issue was nothing against marijuana; it was against irresponsible cultivation practices that are having adverse effects on water in communities.

Public Comment:

None

On motion of Mayor Patterson Council unanimously approved Staff's recommendation on this item, on roll call by the following vote:

Ayes: Patterson, Schwartzman, Campbell, Hughes, Strawbridge
Noes: (None)

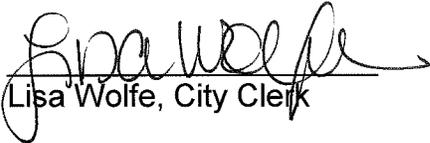


- E. Council Member Committee Reports:**
(Council Member serve on various internal and external committees on behalf of the City. Current agendas, minutes and meeting schedules, as available, from these various committees are included in the agenda packet. Oral reports by the Council Members are made only by exception.)
- 1. Mayor's Committee Meeting.(Mayor Patterson) Next Meeting Date: September 17, 2014**
 - 2. Association of Bay Area Governments (ABAG)<http://www.abag.ca.gov/>. (Mayor Patterson and Council Member Strawbridge)Next Meeting Date: TBD**
 - 3. Finance Committee. (Vice Mayor Campbell and Council Member Strawbridge) Next Meeting Date: August 22, 2014**
 - 4. League of California Cities. (Mayor Patterson and Vice Mayor Campbell) Next Meeting Date: TBD**
 - 5. School Liaison Committee. (Council Members Strawbridge and Council Member Hughes) Next Meeting Date: September 4, 2014**
 - 6. Sky Valley Open Space Committee. (Vice Mayor Campbell and Council Member Schwartzman) Next Meeting Date: TBD**
 - 7. Solano EDC Board of Directors. (Mayor Patterson and Council Member Strawbridge) Next Meeting Date: September 11, 2014**
 - 8. Solano Transportation Authority (STA). <http://www.sta.ca.gov/> (Mayor Patterson and Council Member Schwartzman) Next Meeting Date: September 10, 2014**
 - 9. Solano Water Authority-Solano County Water Agency and Delta Committee. <http://www.scwa2.com/>(Mayor Patterson and Council Member Mark Hughes) Next Meeting Date: September 11, 2014**
 - 10. Traffic, Pedestrian and Bicycle Safety Committee. (Vice Mayor Campbell and Council Member Schwartzman) Next Meeting Date: TBD**
 - 11. Tri-City and County Cooperative Planning Group. (Mayor Patterson and Council Member Strawbridge) Next Meeting Date: September 8, 2014**

12. Valero Community Advisory Panel (CAP). (Mayor Patterson and Council Member Hughes) Next Meeting Date: TBD
13. Youth Action Coalition. (Mayor Patterson, Council Member Strawbridge and Council Member Hughes) Next Meeting Date: August 28, 2014
14. ABAG-CAL FED Task Force-Bay Area Water Forum.
<http://www.baywaterforum.org/> (Mayor Patterson) Next Meeting Date: TBD
15. SOLTRANS Joint Powers Authority (Mayor Patterson, Council Member Hughes and Council Member Schwartzman) Next Meeting Date: August 21, 2014

IX. **ADJOURNMENT:**

Mayor Patterson adjourned the meeting at 10:06 p.m.


Lisa Wolfe, City Clerk

AGENDA ITEM
CITY COUNCIL MEETING DATE - FEBRUARY 3, 2015
BUSINESS ITEMS

DATE : January 27, 2015

TO : City Manager

FROM : Finance Director

SUBJECT : **COMPREHENSIVE ANNUAL FINANCIAL REPORT AND
MEMORANDUM ON INTERNAL CONTROL FOR THE FISCAL YEAR
ENDED JUNE 30, 2014**

RECOMMENDATION:

Accept the Comprehensive Annual Financial Report and Memorandum on Internal Control for the fiscal year ended June 30, 2014.

EXECUTIVE SUMMARY:

The City's auditor, Maze & Associates has completed review of the annual financial statements for the fiscal year ended June 30, 2014 and has issued an unqualified audit opinion. The audited financial statements are incorporated in to a Comprehensive Annual Financial Report (CAFR). In addition to review of the financial statements, the auditors are required to report matters that could adversely affect the City's ability to record, process, summarize and report financial data. The auditors identified no deficiencies in internal control, which they considered to be material weaknesses, which could result in a material misstatement of the City's financial statements. The auditors did include in their Memorandum on Internal Control other matters that could be a concern such as the review of the City's Investment Policy and the Treasurer's Report. Staff responses to each of the items noted are included in the Memorandum on Internal Control.

BUDGET INFORMATION:

There is no fiscal impact associated with this action.

GENERAL PLAN:

There is no General Plan impact with this action.

STRATEGIC PLAN:

Relevant Strategic Plan Goals and Strategies:

- Goal 8.00: Build Organizational Quality and Capacity
 - Strategy 8.20: Measure and track service (i.e. financial) performance

BACKGROUND:

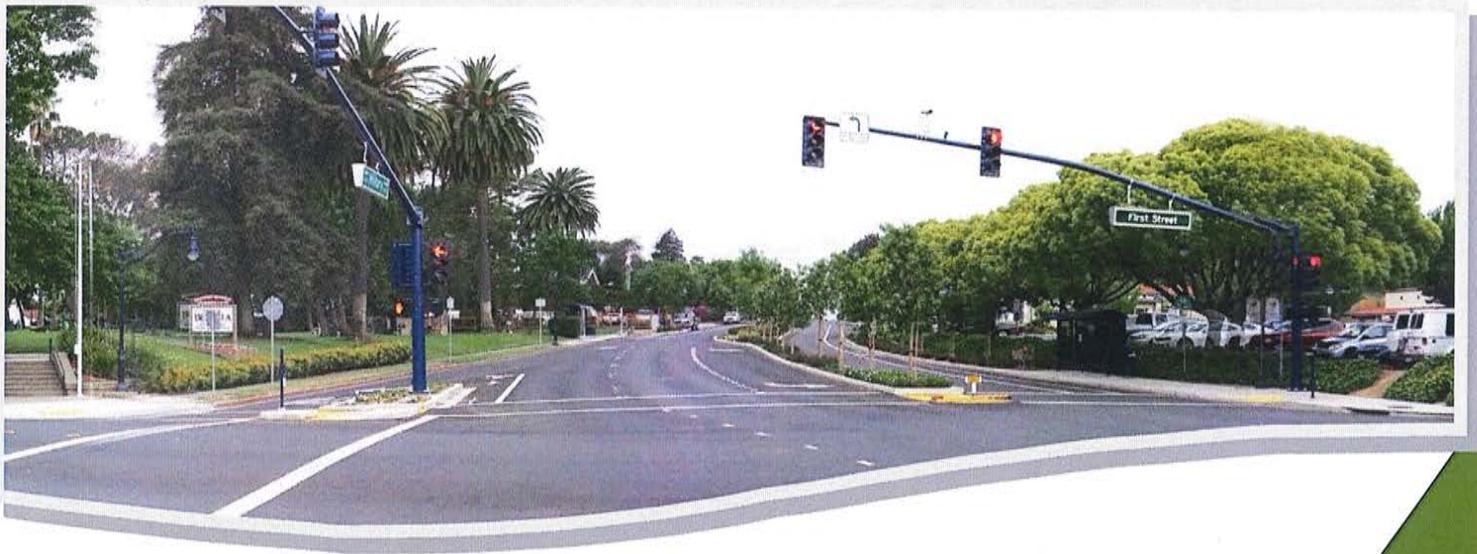
The City Council, on July 5, 2011, authorized the appointment of Maze & Associates as the City's Auditor for fiscal years 2010-11 through 2014-15. The City is required to have an independent audit of its financial records conducted on an annual basis. The auditors have completed their review of the June 30, 2014 financial statements and have issued an unqualified audit opinion stating that *"the basic financial statements...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 Benicia..."*

The audited financial statements are incorporated into a Comprehensive Annual Financial Report (CAFR), which provides additional analytical and statistical information to more fully describe the City's financial condition. The CAFR is submitted to the Government Finance Officers Association of the United States and Canada for consideration of Award of the Certificate of Achievement for Excellence in Financial Reporting. The City has received this award each year since 1991.

The Comprehensive Annual Financial Report was reviewed with the Finance Committee on January 22, 2015. Katherine Yuen, partner from Maze & Associates presented the results of the audit to the Finance Committee and responded to questions. The Finance Committee accepted the report and made a recommendation to forward the report to the City Council. Katherine Yuen of Maze & Associates will be present at the February 3, 2015 City Council meeting.

Attachments:

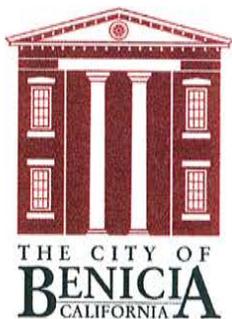
- Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2014
- Memorandum on Internal Control



2014

Fiscal Year Ended June 30, 2014

CITY OF BENICIA

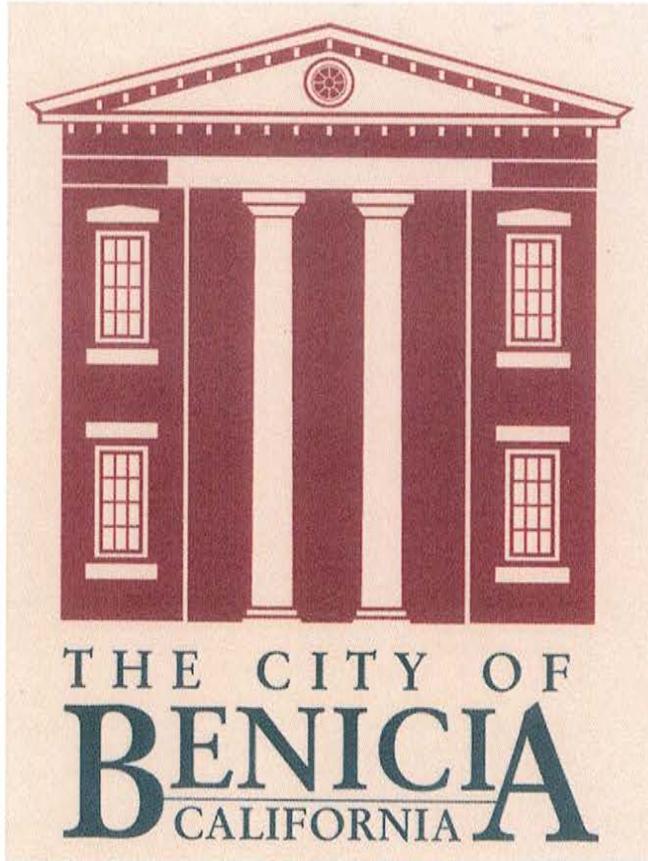


COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

VIII.C.3

CITY OF BENICIA, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

Prepared by
FINANCE DEPARTMENT



CITY OF BENICIA
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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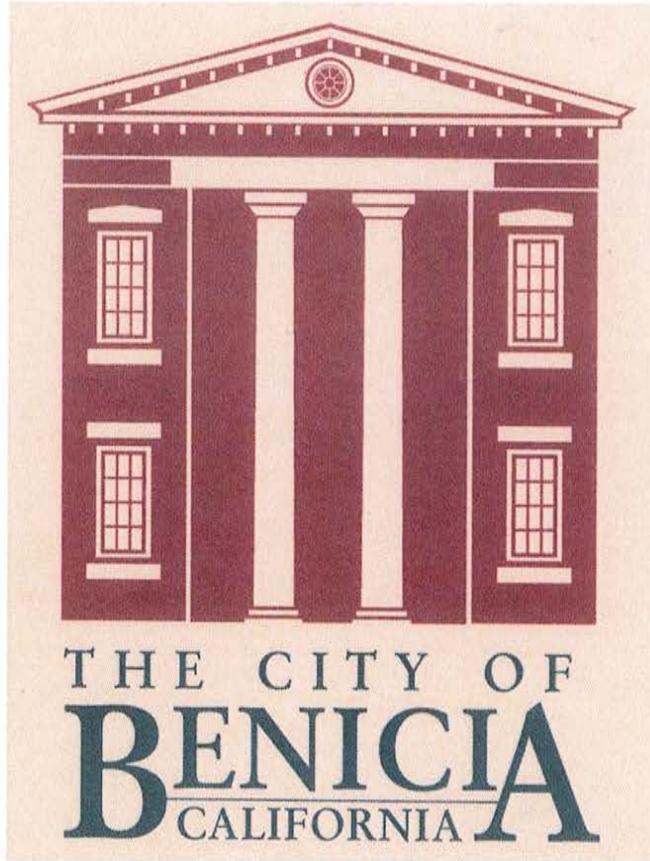
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CITY OF BENICIA
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December 15, 2014

**Honorable Mayor Elizabeth Patterson,
Members of the City Council, and
Citizens of the City of Benicia
Benicia, California:**

The Comprehensive Annual Financial Report (CAFR) of the City of Benicia for the fiscal year ended June 30, 2014, is submitted for Council's review and is published as a matter of public record for interested citizens. Management takes responsibility for completeness and reliability of the information contained in this report based upon a framework of internal control that has been established for this purpose. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the CAFR information is accurate in all material respects.

The City of Benicia's financial statements have been audited by Maze and Associates, Certified Public Accountants. The goal of the independent audit is to obtain reasonable assurance that the basic financial statements are free of material misstatement and are fairly presented in conformity with generally accepted accounting principles (GAAP). Maze and Associates issued an unqualified opinion for the fiscal year ended June 30, 2014. Their report is presented as the first component of the financial section of this report.

Management's Discussion & Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

THE BENICIA GOVERNMENT

Benicia, California is located in southern Solano County adjacent to the Carquinez Strait, which is part of the San Francisco Bay. It is a waterfront city, known for its small-town charm, history, and high quality of life. Benicia has moderate Mediterranean weather with dry warm summers and moderate winters. It currently occupies 14 square miles and serves a population of 27,454.

The City was incorporated in April 24, 1851, under the laws of the State of California. The City is a general law city administered by a council-manager form of government. The City provides a wide range of municipal services to its citizens including public safety (fire and police), library, parks and recreation, public works, planning and zoning, water and wastewater utilities, economic development, and general administrative services.

City Council: The Council consists of a mayor and four council members elected to staggered four year terms through a general election process. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, overseeing the day-to-day operations of the City; and, for appointing directors of the various City departments.

Finance Committee: While retaining authority to approve actions, the City Council has established a citizen committee (the Committee) to review certain financial matters. Two members of the Council also serve on the Committee. At the monthly meetings, staff presents selected fund activity, warrant registers, certain quarterly operating results, quarterly investment reports; and, also reports on other matters requested by the Committee in the evaluation of the City's financial position.

THE BENICIA ECONOMY

Benicia's strategic setting on the Carquinez Strait has made it an attractive location as both a place to live and a place for industrial activity. While largely built out, families continue to be attracted to the City of Benicia's quiet tree-lined neighborhoods, good schools, low crime rate and historic charm.

Benicia Industrial Park: The City's Industrial Park has been a model for other California cities on how to transform an abandoned military base into a viable industrial park and local economic catalyst. The Benicia Industrial Park (BIP) provides a strong tax base for the City, generating over 45% of the local tax revenue collected (including property, sales, and utility users). There is a mix of industrial and related uses including petro-chemical, manufacturing, wholesale trade, transportation, suppliers to major anchor businesses, and emerging new technology businesses.

These strengths are also leading to some challenges as the City's major business industries experience a protracted, modest recovery from the Great Recession; and the City's primary revenue sources are concentrated in the business-industrial economic sector. Adding to the challenge is increased competitive pressure from new business parks in surrounding cities. These challenges are reflected in the flat to low growth revenue trends in projected property and sales tax revenues.

Property Tax: Property tax revenues for FY13-14 increased by approximately 5%, taking into account the deduction of the in-lieu property tax on motor vehicles (Vehicle License Fee –property tax swap) that were previously classified under other taxes on prior years. The overall property tax assessment roll values growth was attributable to a 9% growth in residential properties offset by nearly flat overall assessment growth in commercial, industrial

and other property categories. Factors contributing to the robust residential growth relate primarily to increases in assessed values for residential properties that had previously received a Proposition 8 temporary reduction in value. While significant potential for Proposition 8 value recovery still exists in the residential property category; flattening commercial and industrial valuations, continued low level of development activity, and significant property tax assessment appeals continue to dampen the City's projected property tax growth trends.

Sales Tax: Sales tax revenue accounts for approximately 20% of average General Fund revenues. Revenues decreased approximately 7% from FY 2012-13 levels. This reduction is primarily due to a high level of one-time events during FY 2012-13. However, adjusting for the one-time events, the underlying trend is flat to modest growth projection in the near-term. This revenue source tends to be volatile year-over-year due to the high concentration of business-industrial taxpayers. On average, the City's top five sales tax producers generate approximately 30% of total sales tax collected.

Measure C: The City, in the November 2014 elections took to the voters a ballot measure, Measure C, to increase sales tax by 1%, from 7.625% to 8.625% to help ensure the City's financial viability as a full-service city and at the same time protecting the small town quality of life. This measure passed and is expected to generate an additional \$3.7 million to support existing services and fund capital and equipment purchases and will be in effect as of April 1, 2015.

While the City continues to experience revenue challenges, a manageable demand for social services allows the City to continue to allocate resources for economic and marketing development programs, cooperative education programs, climate action initiatives, and support of public art and historic treasures.

FINANCIAL INFORMATION

Financial Goals and Strategies: The City's financial goals and strategies center on economic development in order to ensure stable revenue sources and provide a high level services to the community. These goals and strategies are:

1. Implement an Economic Development Strategy, including: continue tourism brand promotion and BIP marketing program; continue funding for non-profit arts and culture grants; and complete the Downtown Waterfront Park Master Plan.
2. Strengthen Benicia Industrial Park competitiveness, including; implementing road resurfacing projects; and pursuing and developing a BIP broadband project.
3. Retain and attract business, including: implementing a Business Development Action Plan; expanding business support tools and policies that balance sustainability with economic vitality; continuing to collaborate with the Benicia Unified School District to support quality education.
4. Manage City finances prudently, including; preparing and maintaining a balanced budget with strong emergency, contingency, and internal services fund reserves.

5. Increase economic vitality of BIP and other commercial areas, while preserving existing economic strengths and historic resources.

There is also a strong focus on sound management of the City's financial resources to allow for the stable delivery of public services and to preserve the City's reputation in financial markets.

Long-term Planning: Economic development remains a priority of the City Council. The City continues efforts toward increasing the economic vitality of the existing BIP, and also has considered plans for a possible expansion of business activity through a development agreement with the owner of a 500-acre parcel of property adjacent to the Benicia Industrial Park. Although no agreement exists at this time, a proposed development that includes light industrial uses and commercial space is consistent with the City's General Plan.

Strategic Planning: A citywide Strategic Plan has been developed through a series of public meetings, retreats and workshops with the City Council and City Management. The budget serves as the implementation measure for this plan and sets forth five major Strategic Issues as follows:

- Protecting Community Health and Safety
- Protecting and Enhancing the Environment
- Strengthening Economic and Fiscal Conditions
- Preserving and Enhancing Infrastructure
- Maintain and Enhance a High Quality of Life

As the City looks ahead, it is not anticipated that economic conditions will improve significantly during the next several years. The City continues to implement strategies to reduce costs and improve operational efficiencies while continuing to provide excellent citizen services. A cornerstone of this effort is titled "Strategic Path to Financial Resiliency and Organizational Sustainability" in which the City is embarking on targeted financial and organizational studies regarding the City's long-term financial and organizational capacity. Ultimately, the City intends to engage the community in the financial efforts and revenue strategies needed to maintain current service-delivery levels while, at the same time, managing the City's resources, infrastructure, and obligations in a financial prudent manner.

Capital Planning: The City updates a Capital Improvement Plan (CIP) on a biennial basis based upon the "Council Priority List." During the FY 2013-15 budget cycle, the City updated funded capital projects for a two-year period. As local, state, and Federal funding sources have become difficult to secure, the City has identified several studies required to assess the resources required to maintain adequate infrastructure assets. This item also has been identified as a strategic objective to accomplish under the "Strategic Path to Financial Resiliency and Organizational Sustainability."

Internal Controls: City management is responsible for establishing and maintaining an internal control structure designed to ensure government assets are protected from loss, theft or misuse and to ensure adequate accounting data are compiled for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives

are met. The concept of reasonable assurance recognizes (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls: The City maintains budgetary controls. The objective of these controls is to ensure compliance with the Council-approved, annual appropriated budget. Project-length financial plans are adopted for the Capital Improvement Project Funds. Budgetary control is maintained at the fund level for administrative and operating expenditures, while capital improvements are maintained at the project budget total. Department directors have control of their department budgets and if transfers between departments are needed, the City Manager has the authority to approve them. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

General Fund Reserves: The City has adopted a fund balance reserve policy establishing a minimum fund balance equal to 20% of the fund's annual operating revenue budget for the purpose of stabilizing the delivery of City services during periods of operational budget deficits. At a minimum, the reserves include the following: Contingency Reserve of 10% to mitigate the effects of economic uncertainties, local disasters, and/or severe financial hardships resulting from unforeseen changes in operating results; and, an Emergency Reserve of 10% to mitigate all unforeseen events not covered in the Contingency Reserve. As of June 30, 2014, the General Fund reserve balance was 20.7% of operating revenues.

Long Range Financial Forecast: The City of Benicia produced a ten-year Long Range Financial Forecast. This report analyzes local, state, and federal economic conditions, short and long-term revenue and expenditure trends; and includes defined assumptions regarding future events. The forecast will be updated each year to reflect changes based upon the passage of real events and other assumption changes.

Gann Limit vs. Appropriations Subject to Limit: Proposition 4, the "Gann Initiative," was passed by California voters in 1978, and is intended to limit government appropriations. The appropriations limit is calculated each year based upon fiscal year 1978-79 appropriations, which is modified by the composite consumer price index and population changes that have occurred in subsequent years. The City's appropriations limit and the estimated appropriations subject to the limit for the FY 2013-14 amounted to \$78,712,057 and \$27,795,630 respectively. City appropriations subject to the limit have consistently remained far below the appropriation limits and are not expected to deviate from this trend in the foreseeable future.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Benicia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. 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 generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The Finance Department Staff believes this report conforms to the Certificate of Achievement Program requirements and will submit the report to the GFOA to determine its eligibility. The City of Benicia has received this award for the past 22 years and it is our goal to be awarded this Certificate once again. The award demonstrates the City's conformance to the highest level of financial reporting standards.

ACKNOWLEDGEMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my special appreciation to Assistant Finance Director Abigail M. Urrutia and Accounting Systems Supervisor Alyson Kauzer. I would also like to thank the Mayor, City Council Members and the City Manager for their support in planning and conducting City financial affairs in a responsible and efficient manner.

Respectfully submitted,



Karin Schnaider
Finance Director

MUNICIPAL OFFICERS

CITY COUNCIL (Elected)

| | |
|--------------------------------------|---------------|
| Elizabeth Patterson, Mayor | November 2016 |
| Mark Hughes, Vice Mayor | November 2018 |
| Tom Campbell, Councilmember | November 2016 |
| Christina Strawbridge, Councilmember | November 2016 |
| Alan Schwartzman, Councilmember | November 2018 |

OTHER (Elected)

| | |
|-------------------------------|---------------|
| Lisa Wolfe, City Clerk | November 2016 |
| Kenneth Paulk, City Treasurer | November 2016 |

FINANCE COMMITTEE (Appointed)

| | |
|----------------|--------------|
| Michael Clarke | January 2017 |
| Chris Carvalho | January 2015 |
| Kathy Griffin | January 2017 |
| Alan Nadritch | January 2015 |
| John Potter | January 2015 |

APPOINTED OFFICIALS

| | |
|--------------------|---------------|
| Brad Kilger | City Manager |
| Heather McLaughlin | City Attorney |

DEPARTMENT HEADS

| | |
|------------------|----------------------------|
| Anne Cardwell | Administrative Services |
| Karin Schnaider | Finance |
| Jim Lydon | Fire |
| Diane Smikahl | Library |
| Mike Dotson | Parks & Community Services |
| Joseph Kreins | Police |
| Graham Wadsworth | Public Works |

CITY OF BENICIA

Mission, Vision and Values

City Mission:

- Excellent Service

City Vision:

- To work together to build a sustainable community and enhance the City's overall quality of life.

City Values or Guiding Principles:

- Respect
- Responsiveness
- Integrity
- Inclusiveness & Collaboration
- Teamwork

CITY OF BENICIA
ORGANIZATIONAL CHART

CITIZENS OF BENICIA

CITY COUNCIL

Elizabeth Patterson, Mayor

CITY CLERK

Lisa Wolfe

Mark Hughes, Vice Mayor

Tom Campbell

CITY TREASURER

Kenneth Paulk

Alan Schwartzman

Christina Strawbridge

CITY MANAGER

Brad Kilger

CITY ATTORNEY

Heather McLaughlin

INTERIM
POLICE
CHIEF

Joseph
Kreins

FIRE
CHIEF

Jim
Lydon

FINANCE
DIRECTOR

Karin
Schneider

ASSISTANT CITY
MANAGER

Anne
Cardwell

PARKS &
COMMUNITY
SERVICES
DIRECTOR

Mike
Dotson

LIBRARY
DIRECTOR

Diane
Smikahl

PUBLIC WORKS
DIRECTOR

Graham
Wadsworth

Location Map

City of Benicia





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

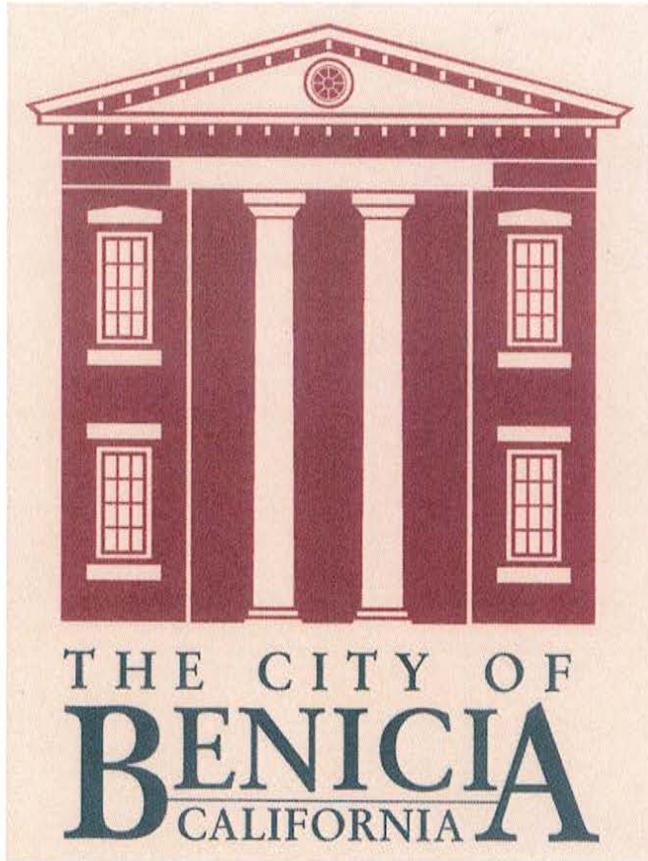
Presented to

**City of Benicia
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Benicia, California

Report on 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 Benicia, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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. 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 Benicia, California, as of June 30, 2014 and the respective changes in the financial position and, where applicable, cash flows thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2014 and required a format change in the financial statements and certain nomenclature revisions in the footnotes accompanying the financial statements:

Statement 65 – *Items Previously Reported as Assets and Liabilities*. See Note 1K to the financial statements for relevant disclosures.

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates 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 Supplemental Information is 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.

Maze & Associates

Pleasant Hill, California
December 15, 2014

CITY OF BENICIA
Management's Discussion and Analysis

This management's discussion and analysis provides readers an overview and analysis of financial activities of the City of Benicia (City) for the fiscal year ended June 30, 2014. Please read this discussion and analysis in conjunction with the accompanying Transmittal Letter, the Basic Financial Statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$224.5 million. Of this amount, \$34.2 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position is more favorable this year and increased by \$3.4 million due to decreases in expenditures and increases in program revenues City-wide.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16.1 million, an increase of \$1.5 million in comparison with the prior year, due to a decrease in capital expenditures and transfers out to cover for other funds deficits.
- At the end of the current fiscal year, the General Fund's fund balance totaled \$9.6 million, an increase of 15.0%, due to increases in current service charges and decreases in transfers out.
- The City's total debt decreased by \$5.5 million as a net result of debt maturities during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which consists of three parts: (1) Government-wide Financial Statements, (2) Fund Financial Statements, and (3) Notes to the Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The Government-wide Financial Statements provide readers with a broad view of the City's finances, in a manner similar to a private-sector business, using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which liability is incurred.

The Statement of Net Position reports information about the City as a whole. This statement includes all assets (including infrastructure) as well as all liabilities (including long-term debt) of the City. Net position is the difference between assets and liabilities, which is one way to measure the City's financial health. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating.

In the Government-wide statements, City activities are reported in two categories:

- **Governmental Activities** - Most of the City's basic services are reported in this category, including administration, community development, police, fire, parks and community services, public works, library services, and economic development. Property, sales and utility taxes, user fees, interest income, franchise fees, and state and federal grants are among the revenues that finance these activities.

CITY OF BENICIA
Management's Discussion and Analysis

- **Business-Type Activities** - The City charges a fee to customers to pay for the cost of certain services provided. The City's wastewater, water, marina, and transit operations are reported in this category.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law or by bond covenants. However, the City establishes many other funds to help control and manage money for a particular purpose or to show that the City is meeting legal responsibilities for using certain taxes, grants, or other funds restricted in its use. Fund Financial Statements provide detailed information about the most significant funds, not the City as a whole.

All of the funds of the City can be divided into three categories:

- **Governmental Funds** - Most of the City's basic services are reported in governmental funds, using the current financial resources measurement focus and modified accrual accounting method, where revenues are recognized when measurable and available. 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 Funds 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 determining the City's ability to finance its programs in the near future.

To better understand the City's long-term and short-term requirements, it is useful to compare the City's Governmental Fund Statements with the governmental activities in the Government-wide Financial Statements. To facilitate this comparison, a reconciliation of these statements is provided for both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balance.

- **Proprietary Funds** - When the City charges customers for services, either to outside customers or to other City departments, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way in which all activities are reported in the Government-wide Financial Statements, using the accrual basis of accounting. The City's enterprise funds are the same as the "business-type activities" reported in the government-wide financial statements, but provide more detail and additional information, such as cash flows for each enterprise fund. The City uses internal service funds to report activities that provide supplies and services to the City's other programs and activities, such as insurance, general services, building and equipment management and the retirement stability funds. Internal Service Funds are reported with "governmental activities" in the Government-wide Financial Statements since services provided predominantly benefit governmental rather than business-type functions.
- **Fiduciary Funds** - The City is the trustee, or fiduciary, for certain funds held on behalf of third parties. The City's fiduciary activities are reported in a separate Statements of Fiduciary Net Assets. These activities are excluded from the City's Government-wide Financial Statements because the City cannot use these assets to finance its operations. However, the City is responsible for ensuring that assets reported in these funds are used for their specified purposes.

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| CITY OF BENICIA Management's Discussion and Analysis |
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Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in both the Government-wide Financial Statements and Fund Financial Statements. The notes to the financial statements can be found on pages 33-69 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City's combined Net Position for the year ended June 30, 2014 are summarized below.

Summary of Net Position
(in millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|-------------------------|----------|--------------------------|---------|----------|----------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Current and other assets | \$ 36.0 | \$ 36.2 | \$ 27.5 | \$ 26.7 | \$ 63.5 | \$ 62.9 |
| Capital assets | 134.2 | 135.9 | 94.9 | 97.2 | 229.1 | 233.1 |
| Total Assets | 170.2 | 172.1 | 122.4 | 123.9 | 292.6 | 296.0 |
| Long-term liabilities outstanding | 27.3 | 29.5 | 31.6 | 34.9 | 58.9 | 64.4 |
| Other liabilities | 7.8 | 9.3 | 1.4 | 1.2 | 9.2 | 10.5 |
| Total Liabilities | 35.1 | 38.8 | 33.0 | 36.1 | 68.1 | 74.9 |
| Net Position: | | | | | | |
| Net investment in | | | | | | |
| capital assets | 120.4 | 121.9 | 63.3 | 62.3 | 183.7 | 184.2 |
| Restricted | 6.6 | 6.3 | - | - | 6.6 | 6.3 |
| Unrestricted | 8.1 | 5.1 | 26.1 | 25.5 | 34.2 | 30.6 |
| Total Net Position | \$ 135.1 | \$ 133.3 | \$ 89.4 | \$ 87.8 | \$ 224.5 | \$ 221.1 |

The largest portion of the City's net position (81.9%) reflects its net investments in capital assets. The City uses these capital assets to provide services to citizens and are not available for future spending.

Restricted net assets represent 2.9% of the total net assets and are subject to external restrictions. The balance of unrestricted net assets, which represents 15.2% of the total assets, may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF BENICIA
Management's Discussion and Analysis

A Statement of Activities and Changes in Net Position, as of June 30, 2014, is presented below.

Statement of Activities and Changes in Net Position

(in millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|-------------|--------------------------|-------------|-------------|-------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 3.2 | \$ 2.5 | \$ 16.1 | \$ 14.9 | \$ 19.3 | \$ 17.4 |
| Operating grants and contributions | 2.0 | 3.2 | 0.1 | 0.2 | 2.1 | 3.4 |
| Capital grants and contributions | 1.8 | 0.5 | 0.4 | - | 2.2 | 0.5 |
| General Revenues: | | | | | 0.0 | |
| Property taxes | 15.0 | 11.8 | - | - | 15.0 | 11.8 |
| Sales taxes | 7.1 | 7.9 | - | - | 7.1 | 7.9 |
| Utility users' tax | 4.7 | 4.8 | - | - | 4.7 | 4.8 |
| Franchise | 1.9 | 1.6 | - | - | 1.9 | 1.6 |
| Other taxes | 1.1 | 2.9 | - | - | 1.1 | 2.9 |
| Motor vehicle license fees | - | 1.8 | - | - | 0.0 | 1.8 |
| Investment earnings | 0.1 | - | 0.2 | - | 0.3 | - |
| Total Revenues | 36.9 | 37.0 | 16.8 | 15.1 | 53.7 | 52.1 |
| Expenses: | | | | | | |
| Administration | 2.9 | 3.1 | - | - | 2.9 | 3.1 |
| Public Safety - Police | 8.1 | 8.2 | - | - | 8.1 | 8.2 |
| Public Safety - Fire | 6.1 | 6.4 | - | - | 6.1 | 6.4 |
| Parks and Community Services | 5.8 | 5.6 | - | - | 5.8 | 5.6 |
| Public Works | 1.6 | 3.1 | - | - | 1.6 | 3.1 |
| Community Development | 3.7 | 1.9 | - | - | 3.7 | 1.9 |
| Library | 2.0 | 1.9 | - | - | 2.0 | 1.9 |
| Economic Development | 0.5 | 0.6 | - | - | 0.5 | 0.6 |
| General Government | 2.9 | 3.1 | - | - | 2.9 | 3.1 |
| Interest on long-term debt | 1.4 | 1.6 | - | - | 1.4 | 1.6 |
| Wastewater | - | - | 7.0 | 7.2 | 7.0 | 7.2 |
| Water | - | - | 7.7 | 7.3 | 7.7 | 7.3 |
| Benicia Marina | - | - | 0.6 | 0.6 | 0.6 | 0.6 |
| Transit | - | - | - | - | - | - |
| Loss from disposal of capital assets | - | - | - | - | - | - |
| Total Expenses | 35.0 | 35.5 | 15.3 | 15.1 | 50.3 | 50.6 |
| Increase in net assets before transfers | 1.9 | 1.5 | 1.5 | - | 3.4 | 1.5 |
| Transfers | (0.1) | (0.7) | 0.1 | 0.7 | - | - |
| Increase in net position | 1.8 | 0.8 | 1.6 | 0.7 | 3.4 | 1.5 |
| Net position - 7/1/13 | 133.3 | 132.5 | 87.8 | 87.1 | 221.1 | 219.6 |
| Net position - 6/30/14 | \$ 135.1 | \$ 133.3 | \$ 89.4 | \$ 87.8 | \$ 224.5 | \$ 221.1 |

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| CITY OF BENICIA Management's Discussion and Analysis |
|---|

Governmental Activities

Total resources available during the year to finance governmental operations were \$170.1 million consisting of Net Position at July 1, 2013, of \$133.3 million, program revenues of \$7.0 million and general revenues of \$29.8 million.

The cost of all governmental activities this year was \$35.0 million. The largest governmental programs include Public Safety - both Police and Fire, and Parks and Community Services. The amount that was paid by those who directly benefited from governmental programs was \$3.2 million, while operating and capital grants and contributions paid for \$3.8 million of total costs. The City paid for the remaining "public benefit" portion of governmental activities with taxes and investment earnings.

The following table shows the Net Cost of Governmental Activities, which totaled \$28.0 million.

Net Cost of Governmental Activities

| | Expenses | Program Revenues | Net Revenue (Expense) of Activities |
|------------------------------|---------------|---------------------|---|
| Administration | \$ 2,924,434 | \$ 54,582 | \$ (2,869,852) |
| Public Safety - Police | 8,077,408 | 691,991 | (7,385,417) |
| Public Safety - Fire | 6,115,013 | 461,776 | (5,653,237) |
| Parks and Community Services | 5,767,977 | 1,681,461 | (4,086,516) |
| Public Works | 1,556,413 | 2,593,082 | 1,036,669 |
| Community Development | 3,747,043 | 754,473 | (2,992,570) |
| Library | 1,976,200 | 183,034 | (1,793,166) |
| Economic Development | 488,870 | - | (488,870) |
| General Government | 2,948,133 | 597,760 | (2,350,373) |
| Interest expense | 1,387,936 | - | (1,387,936) |
| | \$ 34,989,427 | \$ 7,018,159 | \$ (27,971,268) |
| Total | | | |

CITY OF BENICIA
Management's Discussion and Analysis

Business-type Activities

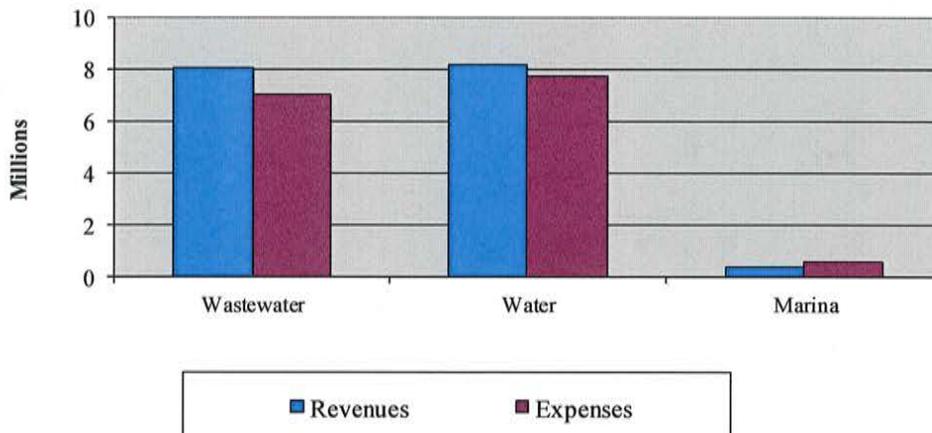
Total resources available during the year to finance Business-Type Activities were \$104.6 million consisting of Net Position at July 1, 2013, of \$87.8 million, program revenues of \$16.6 million and general revenues of \$.2 million.

The cost of all Business-Type activities this year was \$15.3 million. As shown in the Statement of Activities and Changes in Net Position, the amounts paid by users of the systems were \$16.1 million, while operating and capital grants and contributions were \$.5 million.

Net Cost of Business-Type Activities

| | Expenses | Program Revenues | Net Revenue (Expense) of Activities |
|----------------|----------------------|----------------------|-------------------------------------|
| Wastewater | \$ 7,012,560 | \$ 8,030,511 | \$ 1,017,951 |
| Water | 7,746,457 | 8,195,488 | 449,031 |
| Benicia Marina | 572,931 | 387,762 | (185,169) |
| Total | \$ 15,331,948 | \$ 16,613,761 | \$ 1,281,813 |

The following chart illustrates the comparison of operating revenues and expenses by business-type activity:



CITY OF BENICIA
Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

In addition to the accrual-basis government-wide statements described above, the City maintains financial records at the fund level for compliance with finance-related legal requirements and for budgetary control. The Fund Financial Statements focus on individual funds of the City, reporting operations in more detail than the Government-wide Financial Statements.

Governmental Funds

The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. The City's governmental funds reported a combined fund balance at June 30, 2014, of \$16.1 million, an increase of \$1.5 million in comparison with the prior year, due to a combination of reduction in capital expenditures and decrease in transfers out to other funds.

As a result of the Fiscal Year 2010-2011 implementation of the Government Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the focus and terminology used for reporting fund balance has substantially been altered. The following are the components of fund balance:

- (1) Nonspendable Fund Balance – portion of net resources that can not be spent because of their form (will never convert to cash) or must be maintained intact pursuant to legal or contractual requirements.
- (2) Restricted Fund Balance – portion of fund balance that are subject to externally enforceable legal restrictions such as creditors, grantors, contributors or other governments.
- (3) Committed Fund Balance – portion of fund balance whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making (City Council) and remains binding unless removed in the same manner.
- (4) Assigned Fund Balance – portion of fund balance that reflects a government's intended use of resources.
- (5) Unassigned Fund Balance – net resources in excess of what can properly be classified in one of the four categories described above.

General Fund - The General Fund is the chief operating fund of the City. As a measure of the General Fund's ability to deliver City services during periods of operational budget deficits, the City has adopted a fund balance reserve policy that establishes a minimum fund balance equal to 20% of the fund's annual operating revenue budget or actual amounts for the fiscal year. At a minimum, the reserves include: Contingency Reserve of 10% to mitigate the affects of major economic uncertainties, local disasters and or severe financial hardships resulting from unforeseen changes in revenues and/or expenditures; and an Emergency Reserve of 10% to mitigate all unforeseen events not covered in the Contingency Reserve.

At the end of the fiscal year, total fund balance of the General Fund was \$9.6 million. The reserve requirement adopted by the Council falls under Committed Fund Balance of \$3.1 million for Emergency Reserve, which was 10.0% of the actual operating revenues; and \$3.1 million for Contingency Reserve, which was part of the Assigned Fund Balance.

The General Fund realized general tax and other revenues of \$31.5 million during the year to pay for \$30.1 million operating expenditures, realizing an excess of revenues over expenditures of \$1.3 million. Cost cutting measures, such as freezing open positions, delaying major expenditures, and continued employee concessions were implemented to prepare for future years deficiencies.

CITY OF BENICIA
Management's Discussion and Analysis

Proprietary Funds

The City's proprietary funds provide the same type of information found in the Government-wide Financial Statements, but in more detail.

Wastewater Fund – The City's wastewater utility fund collected \$8.0 million in user fees to maintain the system. The fund has \$55.6 million in capital assets, net of accumulated depreciation, financed with \$15.0 million of long-term debt. The fund made debt service payments of \$2.3 million during the year. The net position increased by \$.6 million due to higher charges for services and lower interest expense.

Water Fund – The City's water utility fund collected \$7.8 million in user fees to sustain the system. The system has \$36.7 million in capital assets, net of accumulated depreciation, financed with \$10.3 million of long-term debt. The fund made \$1.7 million in debt service payments for the year. The net position increased by \$.9 million due to increase in water rates charged to customers and lower operating costs during the year.

Benicia Marina – The City's Marina collected \$.3 million in user fees to support its operating and debt service costs. The Marina has \$2.5 million in capital assets, net of accumulated depreciation, financed with \$2.9 million of long-term debt. Debt service payments for the year were \$.3 million. The fund continues to have a deficit. The City continues to evaluate options for a long-term operating solution. In the meantime, General Fund transfers support the operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council may revise the City budget on more than one occasion. The Approved Budget is adopted by the City Council prior to the July 1 start of the fiscal year ("Original Budget"). The City Council may add appropriations or change revenue estimates during the course of the fiscal year, primarily at midyear budget review. Finally, the revenue and expenditure estimates for the current fiscal year are revised as part of the Approved Budget ("Final Budget").

Fiscal year 2013-14 was the first year of a two-year budget. The original budget for 2013-14 was developed in early 2013. The original budget for the General Fund revenues was \$30.0 million, while expenditures were at \$31.2 million. The final budget estimates for revenues was \$31.2 million, an increase of \$1.1 million, and \$31.5 million for expenditures, an increase of \$.3 million. The main components of the increases are as follows:

- \$.4 million increase in property taxes due to the higher assessed valuation for residential properties
- \$.1 increase in sales taxes as a result of a high level of one-time events and re-allocation of taxes from prior periods by the State
- \$.2 million increase in utility users tax due to a higher revenues recognized by utility carriers
- \$.1 million increase in franchise fees due to higher revenues recognized by utility carriers
- \$.1 million increase in revenue from other agencies for capital grants
- \$.2 million increase in charges for services
- \$.2 million increase for contracted services as a result of continuing hiring freeze on open positions
- \$.3 million increase in capital expenditures
- \$.2 million decrease for salary and benefit adjustments from continuing to freeze open positions and employee concessions

| |
|---|
| CITY OF BENICIA Management's Discussion and Analysis |
|---|

During the year, revenues surpassed the budget by \$.3 million. The largest revenue variance was for other revenues, to reimburse prior years expenditures. Actual expenditures were \$1.4 million less than the final budget due to cutbacks on operating expenditures, lower liability claims, salary savings from the hiring freeze and continuing concessions from employee bargaining groups.

CAPITAL ASSETS

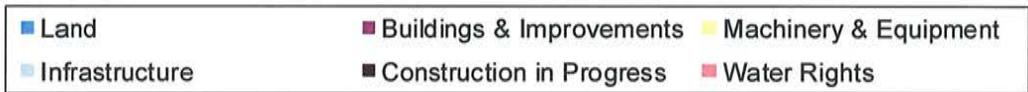
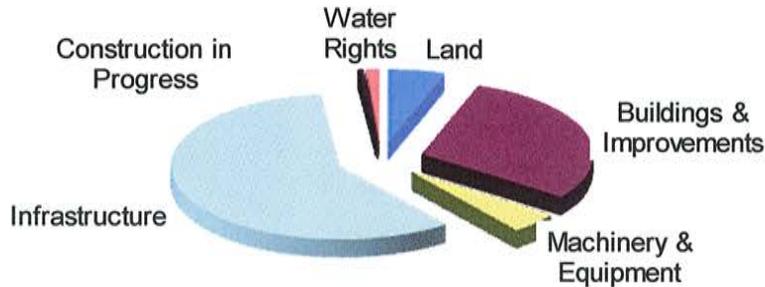
The capital assets of the City are those assets, which are used in the performance of the City's functions including infrastructure assets. This investment in capital assets includes land and easements, infrastructure, buildings and improvements, equipment and construction in progress. At June 30, 2014, net capital assets of the governmental activities totaled \$134.1 million and the net capital assets of the business-type activities totaled \$94.9 million. Depreciation on capital assets is recognized in the Government-wide Financial Statements.

The following table provides a breakdown of the City's capital assets at June 30, 2014:

Capital Assets
(in millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------|-------------------------|-----------------|--------------------------|----------------|-----------------|-----------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Land | \$ 18.5 | \$ 18.5 | \$ 2.6 | \$ 2.6 | \$ 21.1 | \$ 21.1 |
| Buildings & Improvements | 26.5 | 26.5 | 91.5 | 91.5 | 118.0 | 118.0 |
| Machinery & Equipment | 9.3 | 8.8 | 9.3 | 8.5 | 18.6 | 17.3 |
| Infrastructure | 156.2 | 152.8 | 77.3 | 73.9 | 233.5 | 226.7 |
| Construction in Progress | 1.3 | 3.4 | 0.6 | 2.8 | 1.9 | 6.2 |
| Water Rights | - | - | 5.0 | 5.0 | 5.0 | 5.0 |
| Total Capital Assets | 211.8 | 210.0 | 186.3 | 184.3 | 398.1 | 394.3 |
| Accumulated Depreciation | (77.7) | (74.1) | (91.4) | (87.1) | (169.1) | (161.2) |
| Net Assets | \$ 134.1 | \$ 135.9 | \$ 94.9 | \$ 97.2 | \$ 229.0 | \$ 233.1 |

CITY OF BENICIA
Management's Discussion and Analysis



This year's major capital asset additions were the purchase of vehicles and the Vactor unit and the Western Gateway project.

Additional information on the City's capital assets can be found in Note 6 on pages 48-50 of this report.

DEBT ADMINISTRATION

The City uses a variety of indebtedness to finance various capital acquisitions. At June 30, 2014, the City's long-term debt outstanding was \$58.9 million. Of this total, \$27.3 million was in governmental activities and \$31.6 was in business-type activities. The City's governmental activities decreased by \$2.2 million, and business-type activities decreased by \$3.3 million as a result of debt maturities during the year.

The percentage of net bonded debt to taxable property valuation, and the amount of bonded debt per capita are useful indicators of the City's debt position. Per capita debt outstanding decreased by \$236 per capita from \$2,382 to \$2,146 from the previous fiscal year.

| |
|---|
| CITY OF BENICIA Management's Discussion and Analysis |
|---|

The following is a summary of the City's long-term debt obligations at June 30, 2014:

Long-term Debt
(in millions)

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| General Obligation Bonds | \$ 3.0 | \$ 3.5 | \$ - | \$ - | \$ 3.0 | \$ 3.5 |
| Pension Obligation Bonds | 10.7 | 11.4 | - | - | 10.7 | 11.4 |
| Certificates of Participation | 12.0 | 12.6 | - | - | 12.0 | 12.6 |
| Capital Lease Obligations | 1.6 | 2.0 | | - | 1.6 | 2.0 |
| Utility Revenue Bonds | - | - | 5.5 | 6.6 | 5.5 | 6.6 |
| Loans Payable | - | - | 26.1 | 28.3 | 26.1 | 28.3 |
| Total Indebtedness | \$ 27.3 | \$ 29.5 | \$ 31.6 | \$ 34.9 | \$ 58.9 | \$ 64.4 |

Additional information on the City's long-term debt can be found in Note 7 on pages 51-57 of this report.

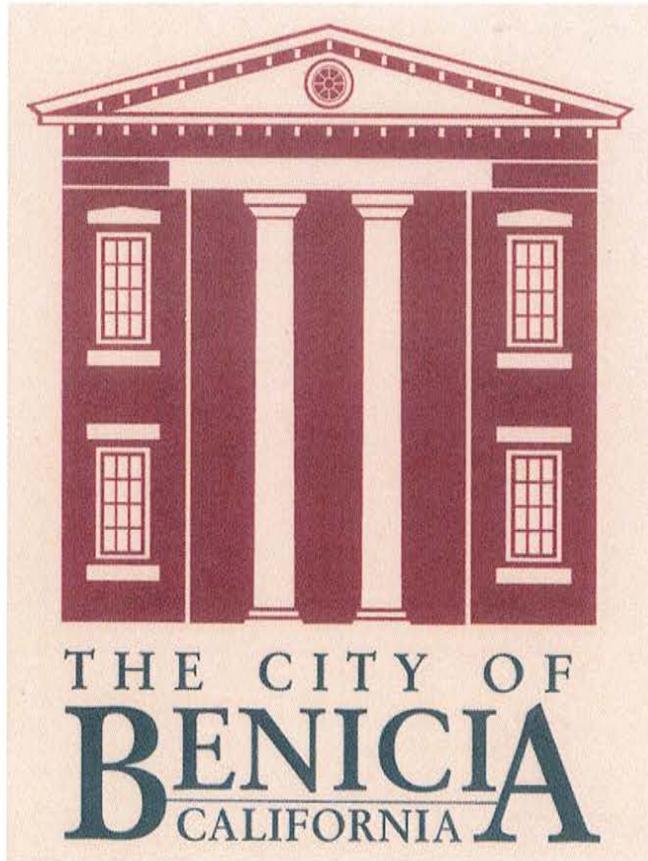
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City prepares a biennial budget, which focuses on long-term financial viability and allows decision-makers to better understand the on-going impact of current policy decisions. Through the budget, the Council sets the direction of the City, including allocating resources and establishing priorities. For fiscal year 2014-15, the General Fund budget included flat projected revenues and a continued containment of budgeted expenditures despite inflationary cost increases. Due to the current economic climate, the City maintained an aggressive soft-hiring freeze throughout the budget period, assumed continued concessions with employee bargaining groups, and assumed a minimum-growth increase in general operating expenditures. The FY 2014-15 City-wide budget includes increased revenues in the Proprietary Funds due to Council-approved rates increases for both water and wastewater services. The City-wide budget also includes major capital investments occurring in the Proprietary Funds as a result of major capital upgrades in the City's water and wastewater assets. The City will also incur some grant-funded capital expenditures in the next fiscal year.

The City continues to manage on-going budget challenges, and has done so without a significant decrease in overall net position citywide.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Finance Department at 250 East "L" Street, Benicia, CA 94510, phone (707) 746-4225.



GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STATEMENT OF NET POSITION
AND STATEMENT OF ACTIVITIES**

CITY OF BENICIA
STATEMENT OF NET POSITION
JUNE 30, 2014

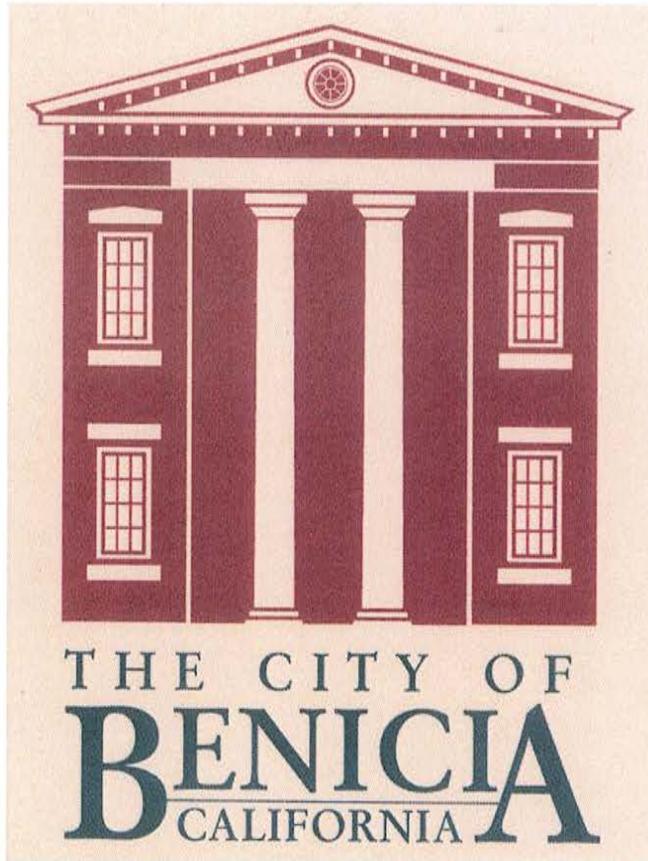
| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and investments available for City operations (Note 3) | \$19,593,218 | \$21,593,764 | \$41,186,982 |
| Restricted cash and investments held by fiscal agents (Note 3) | 658,550 | | 658,550 |
| Accounts receivable | 2,495,599 | 3,394,394 | 5,889,993 |
| Interest receivable | 3,309 | 3,428 | 6,737 |
| Materials, parts and supplies (Note 1H) | 15,416 | 593,240 | 608,656 |
| Prepaid items (Note 1H) | 60,448 | 75,000 | 135,448 |
| Internal balances | (416,081) | 416,081 | |
| Other assets | 181,727 | 167,387 | 349,114 |
| Lease receivable | | 374,717 | 374,717 |
| Loans receivable (Note 5) | 2,639,610 | 923,557 | 3,563,167 |
| Prepaid PERS contribution (Notes 7 and 10) | 10,810,341 | | 10,810,341 |
| Capital assets (Note 6): | | | |
| Non-depreciable | 19,857,800 | 3,144,365 | 23,002,165 |
| Depreciable, net of accumulated depreciation | 114,294,547 | 91,735,527 | 206,030,074 |
| Total Assets | <u>170,194,484</u> | <u>122,421,460</u> | <u>292,615,944</u> |
| LIABILITIES | | | |
| Accounts payable | 1,697,211 | 609,843 | 2,307,054 |
| Accrued payroll | 98,941 | | 98,941 |
| Customer and performance deposits | 504,859 | 142,215 | 647,074 |
| Interest payable | 173,075 | 287,442 | 460,517 |
| Unearned revenue | 23,263 | 149,357 | 172,620 |
| General liability claims (Note 12): | | | |
| Due within one year | 211,648 | | 211,648 |
| Workers compensation claims (Note 12): | | | |
| Due within one year | 781,307 | | 781,307 |
| Due in more than one year | 1,459,693 | | 1,459,693 |
| Accrued compensated absences (Note 1G): | | | |
| Due within one year | 836,700 | 267,906 | 1,104,606 |
| Due in more than one year | 316,788 | | 316,788 |
| Net OPEB Liability, due in more than one year (Note 11) | 1,653,565 | | 1,653,565 |
| Long-term debt (Note 7): | | | |
| Due within one year | 2,624,186 | 3,465,050 | 6,089,236 |
| Due in more than one year | 24,712,517 | 28,103,261 | 52,815,778 |
| Total Liabilities | <u>35,093,753</u> | <u>33,025,074</u> | <u>68,118,827</u> |
| NET POSITION (Note 8) | | | |
| Net investments in capital assets | 120,434,163 | 63,311,581 | 183,745,744 |
| Restricted for: | | | |
| Capital projects | 1,554,811 | | 1,554,811 |
| Debt service | 708,435 | | 708,435 |
| Special revenue projects | 1,761,953 | | 1,761,953 |
| Landscaping and Lighting | 382,652 | | 382,652 |
| Library | 979,097 | | 979,097 |
| Open Space | 476,840 | | 476,840 |
| Community Services | 709,624 | | 709,624 |
| Total Restricted Net Position | <u>6,573,412</u> | | <u>6,573,412</u> |
| Unrestricted | <u>8,093,156</u> | <u>26,084,805</u> | <u>34,177,961</u> |
| Total Net Position | <u>\$135,100,731</u> | <u>\$89,396,386</u> | <u>\$224,497,117</u> |

See accompanying notes to financial statements

CITY OF BENICIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | Total |
|---|---------------------|-------------------------|--|--|----------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | |
| Governmental Activities: | | | | | | |
| Administration | \$2,924,434 | \$26,391 | \$28,191 | | (\$2,869,852) | (\$2,869,852) |
| Public safety - police | 8,077,408 | 392,556 | 299,435 | | (7,385,417) | (7,385,417) |
| Public safety - fire | 6,115,013 | 189,670 | 179,443 | \$92,663 | (5,653,237) | (5,653,237) |
| Parks and community services | 5,767,977 | 1,591,878 | 100 | 89,483 | (4,086,516) | (4,086,516) |
| Public works | 1,556,413 | 121,677 | 1,011,026 | 1,460,379 | 1,036,669 | 1,036,669 |
| Community development | 3,747,043 | 437,529 | 316,944 | | (2,992,570) | (2,992,570) |
| Library | 1,976,200 | 71,080 | 111,954 | | (1,793,166) | (1,793,166) |
| Economic development | 488,870 | | | | (488,870) | (488,870) |
| General government | 2,948,133 | 407,560 | 12,244 | 177,956 | (2,350,373) | (2,350,373) |
| Interest on long-term debt | 1,387,936 | | | | (1,387,936) | (1,387,936) |
| Total Governmental Activities | 34,989,427 | 3,238,341 | 1,959,337 | 1,820,481 | (27,971,268) | (27,971,268) |
| Business-type Activities: | | | | | | |
| Wastewater | 7,012,560 | 8,030,511 | | | \$1,017,951 | 1,017,951 |
| Water | 7,746,457 | 7,760,079 | | 435,409 | 449,031 | 449,031 |
| Benicia Marina | 572,931 | 315,602 | 72,160 | | (185,169) | (185,169) |
| Total Business-type Activities | 15,331,948 | 16,106,192 | 72,160 | 435,409 | 1,281,813 | 1,281,813 |
| Total | \$50,321,375 | \$19,344,533 | \$2,031,497 | \$2,255,890 | (27,971,268) | (26,689,455) |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | | | | | 14,960,814 | 14,960,814 |
| Sales taxes | | | | | 7,100,073 | 7,100,073 |
| Utility users' tax | | | | | 4,739,792 | 4,739,792 |
| Franchise tax | | | | | 1,859,241 | 1,859,241 |
| Other taxes | | | | | 1,087,893 | 1,087,893 |
| Motor vehicle in-lieu, unrestricted | | | | | 11,915 | 11,915 |
| Investment earnings | | | | | 98,392 | 227,924 |
| Gain from disposal of capital assets | | | | | 10,631 | 10,631 |
| Transfers, net | | | | | (100,100) | 100,100 |
| Total general revenues and transfers | | | | | 29,768,651 | 328,024 |
| Change in Net Position | | | | | 1,797,383 | 1,609,837 |
| Net Position-Beginning | | | | | 133,303,348 | 87,786,549 |
| Net Position-Ending | | | | | \$135,100,731 | \$89,396,386 |

See accompanying notes to financial statements



FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal 2014. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

The General Fund is used for all of the general revenues of the City not specifically levied or collected for other City funds and the related expenditures.

GENERAL OBLIGATION BONDS DEBT SERVICE FUND

Accounts for property tax levies for the payment of voter-approved debt principal and interest of the General Obligation Bonds. On June 7, 2012, the City issued General Obligation Refunding Bonds, Series 2012, in the amount of \$4,270,000, bearing interest of 1.25%. The proceeds were used to refund the City's outstanding 1997 General Obligation Wastewater Bonds, Series A and B.

CITY OF BENICIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014

| | General | General Obligation Bonds Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and investments available for City operations (Note 3) | \$9,176,459 | \$49,989 | \$6,405,234 | \$15,631,682 |
| Restricted cash and investments (Note 3) | | 658,438 | | 658,438 |
| Accounts receivable | 1,841,424 | | 536,123 | 2,377,547 |
| Interest receivable | 1,592 | 8 | 964 | 2,564 |
| Due from other funds (Note 4B) | 204,511 | | | 204,511 |
| Prepaid items (Note 1H) | 30,750 | | | 30,750 |
| Loans receivable (Note 5) | 719,503 | | 1,920,107 | 2,639,610 |
| Total Assets | \$11,974,239 | \$708,435 | \$8,862,428 | \$21,545,102 |
| LIABILITIES | | | | |
| Accounts payable | \$1,104,402 | | \$451,324 | \$1,555,726 |
| Accrued payroll | 98,941 | | | 98,941 |
| Customer deposits | 4,535 | | 495,324 | 499,859 |
| Unearned revenue | | | 23,263 | 23,263 |
| Due to other funds (Note 4B) | | | 107,433 | 107,433 |
| Advances from other funds (Note 4C) | 470,854 | | | 470,854 |
| Total Liabilities | 1,678,732 | | 1,077,344 | 2,756,076 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - loans receivable | 719,503 | | 1,920,107 | 2,639,610 |
| Total Deferred Inflows of Resources | 719,503 | | 1,920,107 | 2,639,610 |
| FUND BALANCES | | | | |
| Fund balance (Note 8): | | | | |
| Nonspendable | 30,750 | | | 30,750 |
| Restricted | 189,581 | \$708,435 | 4,310,166 | 5,208,182 |
| Committed | 3,146,027 | | 1,555,616 | 4,701,643 |
| Assigned | 5,976,428 | | | 5,976,428 |
| Unassigned | 233,218 | | (805) | 232,413 |
| Total Fund Balances | 9,576,004 | 708,435 | 5,864,977 | 16,149,416 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$11,974,239 | \$708,435 | \$8,862,428 | \$21,545,102 |

See accompanying notes to financial statements

CITY OF BENICIA
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET POSITION
 JUNE 30, 2014

Total fund balances reported on the Governmental Funds Balance Sheet \$16,149,416

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 114,314,988

ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

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 position of the Internal Service Funds are therefore included in Governmental Activities in the following line item in the Statement of Net Position.

| | |
|---|--------------|
| Cash and investments, available for City Operations | 3,961,536 |
| Restricted cash and investments | 112 |
| Accounts receivable | 118,052 |
| Interest receivable | 745 |
| Materials, parts and supplies | 15,416 |
| Prepaid items | 29,698 |
| Prepaid PERS contributions | 10,810,341 |
| Other assets | 181,727 |
| Capital assets, net of accumulated depreciation | 19,837,359 |
| Accounts payable | (141,485) |
| Deposits payable | (5,000) |
| Internal balances | (42,305) |
| Workers' compensation claims | (2,241,000) |
| Interest payable | (142,961) |
| Long-term debt | (22,880,479) |

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are unavailable on the Fund Balance Sheets, because they are not available currently, are taken into revenue in the Statement of Activities. 2,639,610

LONG-TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

| | |
|---|-------------|
| Long-term debt | (4,456,224) |
| Interest payable | (30,114) |
| Non-current portion of compensated absences | (1,153,488) |
| OPEB | (1,653,565) |
| General Liability claims payable | (211,648) |

NET POSITION OF GOVERNMENTAL ACTIVITIES \$135,100,731

See accompanying notes to financial statements

CITY OF BENICIA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

| | General | General Obligation Bonds Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|---|--------------------------------|--------------------------------|
| REVENUES | | | | |
| Property taxes | \$14,291,376 | \$669,438 | | \$14,960,814 |
| Sales taxes | 6,371,951 | | \$728,122 | 7,100,073 |
| Utility users' taxes | 4,739,792 | | | 4,739,792 |
| Franchise tax | 1,859,241 | | | 1,859,241 |
| Other taxes | 965,749 | | | 965,749 |
| Assessments | | | 427,664 | 427,664 |
| Licenses and permits | 391,987 | | | 391,987 |
| Fines and forfeitures | 92,633 | | | 92,633 |
| Use of money and property | 437,227 | 3,595 | 121,746 | 562,568 |
| Revenue from other agencies | 382,457 | | 2,983,764 | 3,366,221 |
| Current service charges | 1,712,085 | | 80,306 | 1,792,391 |
| Community donations | 38,197 | | 88,413 | 126,610 |
| Other | 179,912 | | 320,814 | 500,726 |
| Total Revenues | 31,462,607 | 673,033 | 4,750,829 | 36,886,469 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration | 3,074,350 | | 214,325 | 3,288,675 |
| Public safety - police | 8,231,407 | | 264,004 | 8,495,411 |
| Public safety - fire | 6,449,095 | | | 6,449,095 |
| Parks and community services | 4,839,940 | | 567,227 | 5,407,167 |
| Public works | 1,177,976 | | 306,931 | 1,484,907 |
| Community development | 931,502 | | 100,677 | 1,032,179 |
| Library | 1,196,032 | | 831,035 | 2,027,067 |
| Economic development | 537,493 | | | 537,493 |
| General | 2,899,981 | | | 2,899,981 |
| Capital outlay | 406,691 | | 2,197,934 | 2,604,625 |
| Debt service: | | | | |
| Principal | 312,139 | 625,000 | | 937,139 |
| Interest and fiscal charges | 86,945 | 42,410 | | 129,355 |
| Total Expenditures | 30,143,551 | 667,410 | 4,482,133 | 35,293,094 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,319,056 | 5,623 | 268,696 | 1,593,375 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | 733 | | 9,898 | 10,631 |
| Transfers in (Note 4A) | 180,569 | | 317,560 | 498,129 |
| Transfers (out) (Note 4A) | (253,640) | | (344,589) | (598,229) |
| Total Other Financing Sources (Uses) | (72,338) | | (17,131) | (89,469) |
| NET CHANGE IN FUND BALANCES | 1,246,718 | 5,623 | 251,565 | 1,503,906 |
| BEGINNING FUND BALANCES | 8,329,286 | 702,812 | 5,613,412 | 14,645,510 |
| ENDING FUND BALANCES | \$9,576,004 | \$708,435 | \$5,864,977 | \$16,149,416 |

See accompanying notes to financial statements

CITY OF BENICIA
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2014

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Position of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$1,503,906

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

| | |
|--|-------------|
| The capital outlay expenditures are therefore added back to fund balance | 2,604,625 |
| Non-capitalized capital outlay expenditures were reclassified to various governmental activities | (873,596) |
| Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$890,579 which has already been allocated to serviced funds) | (2,783,242) |

LONG-TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities.

| | |
|---|---------|
| Repayment of debt principal is added back to fund balance | 937,139 |
|---|---------|

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

| | |
|----------------------|-----------|
| Unavailable revenue | (283,449) |
| Interest payable | 119,699 |
| Compensated absences | (48,152) |
| Net OPEB liability | (222,553) |
| Claims payable | (41,348) |

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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 the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities because they service those activities.

| | |
|--|----------------|
| Change in Net Position - Internal Service Fund | <u>884,354</u> |
|--|----------------|

| | |
|---|---------------------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u><u>\$1,797,383</u></u> |
|---|---------------------------|

See accompanying notes to financial statements

CITY OF BENICIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Positive (Negative) |
|---|-------------------------|--------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Taxes: | | | | |
| Property | \$13,878,100 | \$14,289,210 | \$14,291,376 | \$2,166 |
| Sales | 6,205,000 | 6,330,000 | 6,371,951 | 41,951 |
| Utility users' | 4,595,000 | 4,770,000 | 4,739,792 | (30,208) |
| Franchise tax | 1,710,600 | 1,840,900 | 1,859,241 | 18,341 |
| Other | 910,000 | 920,000 | 965,749 | 45,749 |
| Licenses and permits | 353,340 | 353,340 | 391,987 | 38,647 |
| Fines and forfeitures | 99,000 | 99,000 | 92,633 | (6,367) |
| Use of money and property | 361,100 | 358,600 | 437,227 | 78,627 |
| Revenue from other agencies | 315,500 | 410,115 | 382,457 | (27,658) |
| Current service charges | 1,520,200 | 1,685,200 | 1,712,085 | 26,885 |
| Community donations | 28,835 | 28,835 | 38,197 | 9,362 |
| Other | 72,860 | 72,860 | 179,912 | 107,052 |
| Total Revenues | 30,049,535 | 31,158,060 | 31,462,607 | 304,547 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Administration | 3,296,165 | 3,225,690 | 3,074,350 | 151,340 |
| Public safety - police | 8,191,605 | 8,166,605 | 8,231,407 | (64,802) |
| Public safety - fire | 6,513,185 | 6,507,380 | 6,449,095 | 58,285 |
| Parks and community services | 4,919,465 | 4,949,265 | 4,839,940 | 109,325 |
| Public works | 849,285 | 1,028,260 | 1,177,976 | (149,716) |
| Community development | 1,381,355 | 1,322,870 | 931,502 | 391,368 |
| Library | 1,241,320 | 1,187,055 | 1,196,032 | (8,977) |
| Economic development | 492,645 | 591,130 | 537,493 | 53,637 |
| General | 3,716,380 | 3,607,640 | 2,899,981 | 707,659 |
| Capital outlay | 212,900 | 508,840 | 406,691 | 102,149 |
| Debt service: | | | | |
| Principal retirement | 309,150 | 312,260 | 312,139 | 121 |
| Interest and fiscal charges | 92,800 | 89,690 | 86,945 | 2,745 |
| Total Expenditures | 31,216,255 | 31,496,685 | 30,143,551 | 1,353,134 |
| EXCESS OF REVENUES OVER EXPENDITURES | (1,166,720) | (338,625) | 1,319,056 | 1,657,681 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | | | 733 | 733 |
| Transfers in (Note 4A) | 94,500 | 180,545 | 180,569 | 24 |
| Transfers (out) (Note 4A) | (303,600) | (253,640) | (253,640) | |
| Total other financing sources (uses) | (209,100) | (73,095) | (72,338) | 757 |
| NET CHANGE IN FUND BALANCE | (\$1,375,820) | (\$411,720) | 1,246,718 | \$1,658,438 |
| Beginning fund balance | | | 8,329,286 | |
| Ending fund balance | | | 9,576,004 | |

See accompanying notes to financial statements

| |
|--------------------------------|
| MAJOR PROPRIETARY FUNDS |
|--------------------------------|

Proprietary funds account for 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 2014.

WASTEWATER

Accounts for the transport, treatment and disposal of wastewater for residents and businesses located within the City.

WATER

Accounts for the purchase, treatment and distribution of water to residents and businesses located within the City.

BENICIA MARINA

Accounts for the operation and management of the City Marina.

CITY OF BENICIA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2014

| | Business-type Activities-Enterprise Funds | | | | Governmental Activities- Internal Service Funds |
|---|---|---------------------|--------------------|---------------------|--|
| | Wastewater | Water | Benicia Marina | Totals | |
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and investments (Note 3): | | | | | |
| Available for City operations | \$12,244,640 | \$8,704,264 | | \$20,948,904 | \$4,606,396 |
| Restricted cash and investments held by fiscal agents | | | | | 112 |
| Accounts receivable | 1,680,130 | 1,561,136 | \$153,128 | 3,394,394 | 118,052 |
| Interest receivable | 2,016 | 1,412 | | 3,428 | 745 |
| Materials, parts and supplies (Note 1H) | 31,745 | 561,495 | | 593,240 | 15,416 |
| Prepaid items (Note 1H) | | | 75,000 | 75,000 | 29,698 |
| Advances to other funds (Note 4C) | 470,854 | | | 470,854 | |
| Total Current Assets | 14,429,385 | 10,828,307 | 228,128 | 25,485,820 | 4,770,419 |
| Non-Current Assets: | | | | | |
| Long-Term Assets: | | | | | |
| Prepaid PERS contribution (Notes 7 and 10) | | | | | 10,810,341 |
| Other assets | 100,673 | 66,714 | | 167,387 | 181,727 |
| Loans receivable (Note 5) | 500,478 | 423,079 | | 923,557 | |
| Lease receivable | | | 374,717 | 374,717 | |
| Total Long-Term Assets | 601,151 | 489,793 | 374,717 | 1,465,661 | 10,992,068 |
| Property, Plant and Equipment (Note 6): | | | | | |
| Land and improvements | 669,709 | 1,850,389 | 63,983 | 2,584,081 | 556,909 |
| Buildings and improvements | 51,036,558 | 32,556,273 | 7,933,206 | 91,526,037 | 24,986,539 |
| Machinery and equipment | 6,150,646 | 3,114,210 | | 9,264,856 | 4,365,012 |
| Infrastructure and water rights | 43,030,083 | 39,275,955 | | 82,306,038 | |
| Construction in progress | | 560,284 | | 560,284 | |
| Less: accumulated depreciation | (45,259,013) | (40,627,189) | (5,475,202) | (91,361,404) | (10,071,101) |
| Net Property, Plant and Equipment | 55,627,983 | 36,729,922 | 2,521,987 | 94,879,892 | 19,837,359 |
| Total Non-Current Assets | 56,229,134 | 37,219,715 | 2,896,704 | 96,345,553 | 30,829,427 |
| Total Assets | 70,658,519 | 48,048,022 | 3,124,832 | 121,831,373 | 35,599,846 |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 220,041 | 373,802 | 16,000 | 609,843 | 141,485 |
| Customer and performance deposits | | 67,215 | 75,000 | 142,215 | 5,000 |
| Interest payable | 137,951 | 23,898 | 125,593 | 287,442 | 142,961 |
| Due to other funds (Note 4B) | | | 54,773 | 54,773 | 42,305 |
| Unearned revenue | 149,357 | | | 149,357 | |
| Workers' compensation claims (Note 12) | | | | | 781,307 |
| Compensated absences (Note 1G) | 111,828 | 156,078 | | 267,906 | |
| Current portion long-term liabilities (Note 7) | 1,933,854 | 1,356,908 | 174,288 | 3,465,050 | 1,657,806 |
| Total Current Liabilities | 2,553,031 | 1,977,901 | 445,654 | 4,976,586 | 2,770,864 |
| Long-Term Liabilities | | | | | |
| Workers' compensation claims (Note 12) | | | | | 1,459,693 |
| Utility revenue bonds (Note 7) | 1,755,121 | 2,597,716 | | 4,352,837 | |
| Loans payable (Note 7) | 13,197,251 | 7,684,623 | 2,868,550 | 23,750,424 | |
| Lease obligation (Note 7) | | | | | 123,645 |
| General obligation bonds (Note 7) | | | | | 11,585,509 |
| Pension obligation bonds (Note 7) | | | | | 9,513,519 |
| Total Long-Term Liabilities | 14,952,372 | 10,282,339 | 2,868,550 | 28,103,261 | 22,682,366 |
| Total Liabilities | 17,505,403 | 12,260,240 | 3,314,204 | 33,079,847 | 25,453,230 |
| NET POSITION (Note 8) | | | | | |
| Net investment in capital assets | 38,741,757 | 25,090,675 | (520,851) | 63,311,581 | 7,625,399 |
| Restricted for debt service | | | | | 112 |
| Restricted for capital projects | | | | | |
| Unrestricted | 14,411,359 | 10,697,107 | 331,479 | 25,439,945 | 2,521,105 |
| Total Net Position | \$53,153,116 | \$35,787,782 | (\$189,372) | \$88,751,526 | \$10,146,616 |
| Some amounts reported for <i>business-type activities</i> in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with <i>business-type</i> activities. | | | | 644,860 | |
| Change in Net Position of Business-type Activities | | | | <u>\$89,396,386</u> | |

See accompanying notes to financial statements

CITY OF BENICIA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014

| | Business-type Activities-Enterprise Funds | | | | Governmental Activities- Internal Service Funds |
|---|---|---------------------|--------------------|-------------------|--|
| | Wastewater | Water | Benicia Marina | Totals | |
| OPERATING REVENUES | | | | | |
| Charges for services | \$7,999,265 | \$7,729,560 | | \$15,728,825 | \$6,011,303 |
| Connection fees | 31,181 | 15,392 | | 46,573 | |
| Rentals | | | \$315,602 | 315,602 | |
| Refunds and rebates | 65 | 15,127 | | 15,192 | 497,997 |
| Total Operating Revenues | 8,030,511 | 7,760,079 | 315,602 | 16,106,192 | 6,509,300 |
| OPERATING EXPENSES | | | | | |
| Wages and benefits | 2,371,934 | 2,305,158 | | 4,677,092 | 722,048 |
| Materials and supplies | 382,800 | | | 382,800 | 369,279 |
| Operations and maintenance | 2,096,684 | 2,248,232 | 245,683 | 4,590,599 | 485,162 |
| Pension obligation amortization | | | | | 392,085 |
| Purchased water | | 553,117 | | 553,117 | |
| Depreciation | 2,201,893 | 1,851,808 | 189,612 | 4,243,313 | 890,579 |
| Claims and Insurance | | | | | 1,329,003 |
| Total Cost of Sales and Operating Expenses | 7,053,311 | 6,958,315 | 435,295 | 14,446,921 | 4,188,156 |
| Operating Income (Loss) | 977,200 | 801,764 | (119,693) | 1,659,271 | 2,321,144 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Interest income | 128,025 | 81,610 | 18,289 | 227,924 | 36,247 |
| Interest (expense) | (430,237) | (363,456) | (137,636) | (931,329) | (1,359,648) |
| Amortization of issuance/discount | (23,541) | (31,389) | | (54,930) | (18,632) |
| Intergovernmental revenue | | | 72,160 | 72,160 | |
| Other | | | | | |
| Gain / (loss) from sale of capital assets | | | | | 6,475 |
| Total Nonoperating Revenues (Expenses) | (325,753) | (313,235) | (47,187) | (686,175) | (1,335,558) |
| Income (Loss) Before Capital Contributions and Transfers | 651,447 | 488,529 | (166,880) | 973,096 | 985,586 |
| Capital contributions | | 435,409 | | 435,409 | |
| Transfers in (Note 4A) | | | 194,600 | 194,600 | |
| Transfers (out) (Note 4A) | (37,500) | (57,000) | | (94,500) | |
| Change in Net Position | 613,947 | 866,938 | 27,720 | 1,508,605 | 985,586 |
| BEGINNING NET POSITION (DEFICIT) | | | | | |
| | 52,539,169 | 34,920,844 | (217,092) | | 9,161,030 |
| ENDING NET POSITION (DEFICIT) | | | | | |
| | \$53,153,116 | \$35,787,782 | (\$189,372) | | \$10,146,616 |

Some amounts reported for *business-type activities* in the Statement of Activities are different because the portion of the net income of certain internal service funds is reported with the business-type activities which those funds serviced.

101,232

Change in Net Position of Business-type Activities

\$1,609,837

See accompanying notes to financial statements

CITY OF BENICIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2014

| | Business-type Activities-Enterprise Funds | | | | Governmental Activities- Internal Service Funds |
|---|---|--------------------|-------------------|---------------------|--|
| | Wastewater | Water | Benicia Marina | Totals | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | \$7,873,914 | \$7,834,521 | \$367,041 | \$16,075,476 | \$6,022,831 |
| Payments to suppliers | (2,355,646) | (2,637,643) | (243,194) | (5,236,483) | (1,788,465) |
| Payments to employees | (2,387,356) | (2,285,825) | | (4,673,181) | (1,160,916) |
| Refunds and rebates | | | | | 495,777 |
| Claims paid | | | | | (768,135) |
| Cash Flows from (used for) Operating Activities | 3,130,912 | 2,911,053 | 123,847 | 6,165,812 | 2,801,092 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Interfund receipts | 251,905 | | | 251,905 | 6,519 |
| Interfund payments | | | (97,596) | (97,596) | |
| Operating grant and contributions | | | 72,160 | 72,160 | |
| Transfers in | | | 194,600 | 194,600 | |
| Transfers (out) | (37,500) | (57,000) | | (94,500) | |
| Principal paid on non-capital debt | | | | | (1,105,000) |
| Interest paid on non-capital debt | | | | | (339,265) |
| Cash Flows from (used for) Noncapital Financing Activities | 214,405 | (57,000) | 169,164 | 326,569 | (1,437,746) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition of capital assets | (184,900) | (1,252,835) | | (1,437,735) | (215,045) |
| Proceeds from sale of capital assets | | | | | 6,475 |
| Savings from capital energy project | | | | | |
| Principal payments on capital debt | (1,875,961) | (1,284,067) | (166,784) | (3,326,812) | (461,220) |
| Interest paid | (474,098) | (428,271) | (144,516) | (1,046,885) | (700,538) |
| Cash Flows (used for) Capital and Related Financing Activities | (2,534,959) | (2,965,173) | (311,300) | (5,811,432) | (1,370,328) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest received | 127,342 | 81,291 | 18,289 | 226,922 | 35,832 |
| Cash Flows from Investing Activities | 127,342 | 81,291 | 18,289 | 226,922 | 35,832 |
| Net Cash Flows | 937,700 | (29,829) | | 907,871 | 28,850 |
| Cash and investments at beginning of period | 11,306,940 | 8,734,093 | | 20,041,033 | 4,577,658 |
| Cash and investments at end of period | \$12,244,640 | \$8,704,264 | | \$20,948,904 | \$4,606,508 |
| Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities: | | | | | |
| Operating income (loss) | \$977,200 | \$801,764 | (\$119,693) | \$1,659,271 | \$2,321,144 |
| Adjustments to reconcile operating income to cash flows from operating activities: | | | | | |
| Depreciation | 2,201,893 | 1,851,808 | 189,612 | 4,243,313 | 890,579 |
| Pension obligation amortization | | | | | 392,085 |
| Change in assets and liabilities: | | | | | |
| Receivables, net | (145,917) | 51,462 | 51,439 | (43,016) | 9,308 |
| Materials, parts and supplies | (1,764) | 11,106 | | 9,342 | (18) |
| Other assets | 18,877 | 29,810 | | 48,687 | 3,608 |
| Accounts payable and other accrued expenses | 106,725 | 122,790 | 2,489 | 232,004 | (937,614) |
| Accrued compensated absences | (15,422) | 19,333 | | 3,911 | |
| Refundable deposits | | 22,980 | | 22,980 | |
| Unearned revenue | (10,680) | | | (10,680) | |
| Workers' compensation claims | | | | | 122,000 |
| Cash Flows from (used for) Operating Activities | \$3,130,912 | \$2,911,053 | \$123,847 | \$6,165,812 | \$2,801,092 |

See accompanying notes to financial statements

FIDUCIARY FUNDS

Trust funds are used to account for assets held by the City as a trustee 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. The City maintains a Trust Fund for the Affordable Housing Private Purpose Trust.

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. The City maintains its Agency Funds for its assessment districts.

CITY OF BENICIA
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2014

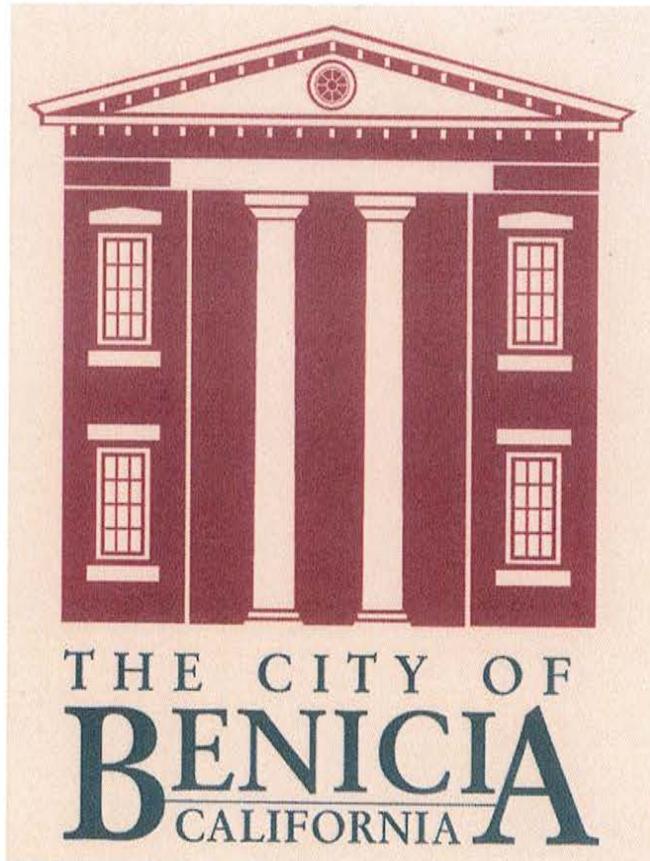
| | Affordable Housing Private Purpose Trust Fund | Agency Funds |
|--|---|-----------------|
| ASSETS | | |
| Restricted cash and investments (Note 3) | \$20,298 | \$2,614,575 |
| Interest receivable | 3 | 171 |
| Total Assets | \$20,301 | \$2,614,746 |
| LIABILITIES | | |
| Due to bondholders | | \$2,614,746 |
| Total Liabilities | | \$2,614,746 |
| NET POSITION | | |
| Held in trust for: | | |
| Other governments | \$20,301 | |
| Total Net Position | \$20,301 | |

See accompanying notes to financial statements

CITY OF BENICIA
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014

| | Affordable Housing Private Purpose Trust Fund |
|---------------------------------|---|
| ADDITIONS | |
| Use of money and property | \$81 |
| Total Additions | 81 |
| CHANGE IN NET POSITION | 81 |
| NET POSITION, BEGINNING OF YEAR | 20,220 |
| NET POSITION, END OF YEAR | \$20,301 |

See accompanying notes to financial statements



CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Background

The City of Benicia was incorporated as a general law city on April 24, 1851. The City operates under the Council Manager form of government and provides the following services: public safety (police and fire), highways and streets, storm drains, water, wastewater, culture recreation, public improvements, planning and zoning, and general administration.

The financial statements and accounting policies of the City conform with generally accepted accounting principles applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting policies are summarized below:

Reporting Entity

The accompanying financial statements present the activities of the City of Benicia (the primary government).

Joint Ventures

In addition, the City participates in joint ventures with the Solano Water Authority and the Solano Transportation Authority. The Solano Water Authority was formed to coordinate water procurement and use among the Solano cities and county. The Solano Transportation Authority was established to develop regional strategies and to cooperatively address Solano County transportation issues. See Note 13 for more detailed information regarding these relationships.

Other Related Organization

The City Council is responsible for other related organization board appointments to the Benicia Housing Authority. See Note 18 for more detailed information regarding this relationship.

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 U.S.A.

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

Government-wide 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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 meeting the operational needs of a particular program and (c) fees, 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.

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 used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit, which are not accounted for in another fund.

General Obligation Bonds Debt Service Fund – Accounts for property tax levies for the payment of voter-approved debt principal and interest of the General Obligation Bonds. On June 7, 2012, the City issued General Obligation Refunding Bonds, Series 2012, in the amount of \$4,270,000, bearing interest of 1.25%. The proceeds were used to refund the City's outstanding 1997 General Obligation Wastewater Bonds, Series A and B.

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

Wastewater Fund – Accounts for the transport, treatment and disposal of wastewater for residents and businesses located within the City.

Water Fund – Accounts for the distribution of water to residents and businesses located within the City.

Benicia Marina Fund – Accounts for activities of the City's Marina.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

Fiduciary Funds – The City maintains two types of Fiduciary Funds - Trust Fund and Agency Funds. The Trust Fund accounts for activities of an individual private trust fund for the benefit of the Affordable Housing. Agency Funds are used to account for assets held by the City as an agent for the Fleetside Industrial Assessment District, East 2nd Street Assessment District, Combined Drake/Gateway Assessment District and McAllister Assessment District. The financial activities of these funds are excluded from the Government-wide financial statement, but are presented in 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 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 reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund 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 are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and 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, grants, 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 grants, 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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 costs 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.

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*

Solano 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 March 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 1, 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. *Revenue Recognition For Water and Sewer*

Revenues are recognized based on cycle billings rendered to customers. Revenues for services provided but not billed at the end of a fiscal period are accrued at the end of the fiscal year.

G. *Compensated Absences*

Compensated absences are comprised of unpaid vacation and certain compensated time off, which are accrued as earned. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City's liability for compensated absences is recorded in the Water and Wastewater funds as appropriate. The liability for compensated absences is determined annually. However, such compensated absences payments are not distinguished from regular payroll paid during the fiscal year. Amounts expected to be paid out of current financial resources are recorded as fund liabilities; the long-term portion is recorded in the Statement of Net Position.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

Compensated absences activities were as follows for the year ended June 30, 2014:

| | Governmental Activities | Business-type Activities | Total |
|-------------------|----------------------------|-----------------------------|--------------------|
| Beginning Balance | \$1,105,336 | \$263,995 | \$1,369,331 |
| Additions | 884,852 | 126,888 | 1,011,740 |
| Payments | (836,700) | (122,977) | (959,677) |
| Ending Balance | <u>\$1,153,488</u> | <u>\$267,906</u> | <u>\$1,421,394</u> |
| Current Portion | <u>\$836,700</u> | <u>\$267,906</u> | <u>\$1,104,606</u> |

H. *Materials, parts and Supplies and Prepaid Items*

Materials, parts and supplies, and prepaid items are held for consumption and are valued at cost using the first-in-first-out (FIFO) basis. The cost is recorded as an expenditure at the time individual items are 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.

I. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

J. *New Funds, Closed Funds and Fund Recategorization*

In fiscal year 2014, the Streets Projects Fund was closed and merged with the Intermodal Transportation Fund. The combined fund has been renamed Streets and Transportation Fund.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow or resources (revenue) until that time.

NOTE 2 – BUDGET AND BUDGETARY ACCOUNTING

A. *Budgeting Procedures*

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed bi-annual operating budget for the next two fiscal years commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The biennial budget is adopted by City Council resolution prior to July 1.
4. Expenditures may not legally exceed budgeted appropriations at the fund level.
5. All budget adjustments and transfers between funds must be approved by the City Council by resolution during the fiscal year. The City Manager and Finance Director are authorized to transfer unencumbered appropriations within a department and between departments.
6. Formal budgetary integration, including the recording of encumbrances, is employed as a management control device during the year in all budgeted funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation.
7. Remaining appropriations lapse at year-end and must be reappropriated in the following year.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except for the Developer Deposits Special Revenue fund, which is not budgeted. The City adopts project budgets for the Capital Project funds except for the Casa de Vilarrasa Fund.

Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations. Budget and actual comparison for the General Fund are presented at the department level except for Administration which is composed of City Council, City Manager, Treasurer, Finance, City Attorney, Human Resources and City Clerk.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

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 pools cash from all sources and all funds, except certain specific investments within funds and cash with fiscal agents, so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

The City and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *security instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the City’s fiscal agents as required under its debt issues. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all 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.

B. Classification

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 City debt instruments or Agency agreements.

| | |
|--|--------------|
| Statement of Net Position: | |
| Cash and investments available for City operations | \$41,186,982 |
| Restricted cash and investments | 658,550 |
| | _____ |
| City cash and investments of primary government | 41,845,532 |
| Restricted Cash and investments | |
| in Fiduciary Funds (separate statement) | |
| Private Purpose Trust Fund | 20,298 |
| Agency Funds | 2,614,575 |
| | _____ |
| Total cash and investments | \$44,480,405 |

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2014, consist of the following:

| | |
|--------------------------------------|--------------|
| Cash on hand | \$4,767 |
| Deposits with financial institutions | 3,121,769 |
| Investments | 41,353,869 |
| Total cash and investments | \$44,480,405 |

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

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 | Minimum Credit Quality * | Maximum Percentage of Portfolio | Maximum Investment In One Issuer |
|---|------------------|--------------------------|---------------------------------|----------------------------------|
| Non-Negotiable Certificates of Deposit | 5 years | N/A | 25% | No Limit |
| Bankers' Acceptances | 180 days | A-1 | 20% | Lesser of 5% or \$3 Million |
| U.S. Treasury Bills and Notes | 5 years | N/A | No Limit | No Limit |
| U.S. Government-Sponsored Enterprise Agencies | 5 years | N/A | No Limit | No Limit |
| Repurchase Agreements | 30 days | A-1 | N/A | \$1 Million |
| Medium Term Corporate Notes | 5 years | AA | 30% | No Limit |
| Commercial Paper | 270 days | A-1 | 25% | Lesser of 10% or \$1 Million |
| State Local Agency Investment Fund | N/A | N/A | N/A | \$50 Million per account |
| Money Market Funds | N/A | AAA | 20% | Lesser of 10% or \$5 Million |

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

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 | None to 3 years | AAA |
| U.S. Government Sponsored Securities | None to 3 years | AAA |
| Federal Housing Administration Debentures | None | N/A |
| Repurchase Agreements | None to 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-refunded Municipal Obligations | None | AAA |
| Investment Agreements | N/A | AA |
| Unsecured Certificates of Deposit | 30 days | A-1 |
| CalTrust | None | N/A |

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

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 the 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 | 6/30/2013 | 6/30/2014 | 6/30/2015 | | Total |
|---|----------------------|--------------------|--------------------|--------------------|---------------------|
| | 12 Months or less | 13 to 24 Months | 25 to 36 Months | 36 to 60 Months | |
| Held by the City: | | | | | |
| U.S. Treasury Bills and Notes | \$1,948,976 | \$2,152,523 | \$1,534,546 | \$1,062,508 | \$6,698,553 |
| State Local Agency Investment Fund | 13,186,487 | | | | 13,186,487 |
| Medium Term Corporate Notes | | 2,228,688 | 3,660,258 | 1,711,073 | 7,600,019 |
| Non-Negotiable Certificates of Deposit | | 2,348,025 | | | 2,348,025 |
| U.S. Government-Sponsored Enterprise Agencies | 1,095,730 | 2,655,132 | 3,172,613 | 3,279,887 | 10,203,362 |
| Commercial Paper | 549,546 | | | | 549,546 |
| Money Market Funds (U.S. Securities) | 109,327 | | | | 109,327 |
| Held by Trustees: | | | | | |
| Money Market Mutual (U.S. Securities) | 658,550 | | | | 658,550 |
| Total Investments | \$17,548,616 | \$9,384,368 | \$8,367,417 | \$6,053,468 | \$41,353,869 |

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 investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool 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, 2014, these investments matured in an average of 232 days.

Money market funds are available for withdrawal on demand and at June 30, 2014, matured in an average of 33 to 47 days.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

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, 2013, for all U.S. Treasury Notes, U.S. Government Agencies Securities and Money Market Mutual Funds are as provided by Standard and Poor's investment rating system except as noted. The Local Agency Investment Fund was not rated as of June 30, 2014.

| Investment Type | Total |
|---|----------------------------|
| <i>Rated AAA:</i> | |
| Medium Term Corporate Notes | \$893,658 |
| <i>Rated AA+:</i> | |
| U.S. Government-Sponsored Enterprise Agencies | |
| Non-callable | 9,107,632 |
| Callable | 1,095,730 |
| Corporate Notes | 1,474,280 |
| <i>Rated AA:</i> | |
| Medium Term Corporate Notes | |
| Non-callable | 1,310,180 |
| Callable | 228,943 |
| <i>Rated AA-:</i> | |
| Non-Negotiable Certificates of Deposit | 549,783 |
| Medium Term Corporate Notes | 2,213,706 |
| <i>Rated A+:</i> | |
| Non-Negotiable Certificates of Deposit | 550,182 |
| Medium Term Corporate Notes | 1,479,252 |
| <i>Rated A-1+:</i> | |
| Non-Negotiable Certificates of Deposit | 1,248,060 |
| <i>Rated A-1:</i> | |
| Commercial Paper | 549,546 |
| <i>Rated AAAm:</i> | |
| Money Market Funds (U.S. Securities) | 767,877 |
| <i>Not rated:</i> | |
| State Local Agency Investment Fund | 13,186,487 |
| <i>Exempt from credit rating disclosure:</i> | |
| U.S. Treasury Bill and Notes | 6,698,553 |
| Total Investments | <u><u>\$41,353,869</u></u> |

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 3 - CASH AND INVESTMENTS (Continued)

G. Concentration of Credit Risk

Included in the table at Note E above are the following significant investments in any one issuer other than U.S. Treasury securities, mutual funds, and external investment pools.

| Reporting Unit | Issuer | Investment Type | Reported Amount |
|----------------|--|---|-----------------|
| Entity-wide | Federal Home Loan Mortgage Corporation | U.S. Government-Sponsored Enterprise Agencies | \$2,256,094 |
| | Federal National Mortgage Association | U.S. Government-Sponsored Enterprise Agencies | 6,151,464 |

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, 2014 were as follows:

| Fund Making Transfer | Fund Receiving Transfers | Amount Transferred | |
|-------------------------------|------------------------------|--------------------|------------|
| General Fund | Non-Major Governmental Funds | \$59,040 | (A) |
| | Benicia Marina Fund | 194,600 | (A) |
| Special Revenue Fund: | | | |
| Non-Major Governmental Funds | General Fund | 86,044 | (B) |
| Capital Projects Fund: | | | |
| Non-Major Governmental Funds | Non-Major Governmental Funds | 258,520 | (C) |
| Non-Major Governmental Funds | General Fund | 25 | (C) |
| Enterprise Fund: | | | |
| Wastewater | General Fund | 37,500 | (B) |
| Water | General Fund | 57,000 | (B) |
| | | \$692,729 | |

(A) Transfer to fund City operations.

(B) Transfer to fund administrative expenses.

(C) Transfer to close out fund.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

B. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2014, the following funds have balances due to the General Fund:

| | |
|-------------------------------|-------------------------|
| Special Revenue Fund: | |
| Miscellaneous Grants | \$92,663 |
| Capital Projects Fund: | |
| Park Dedication | 14,770 |
| Enterprise Fund: | |
| Benicia Marina | 54,773 |
| Internal Service Fund: | |
| General Services | <u>42,305</u> |
| Total | <u><u>\$204,511</u></u> |

C. Advances Between Funds

During fiscal year 2009, an advance in the amount of \$1,627,009 was made from the Wastewater Enterprise Fund to the General Fund to finance property tax settlement payments to Valero Energy Corporation. The advance is being repaid with interest at the current portfolio earning rate and is expected to be fully repaid by 2015. The outstanding balance at June 30, 2014 was \$470,854.

D. Internal Balances

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 5 – LOANS RECEIVABLE

At June 30, 2014, the City had the following loans receivable:

| | Balance at June 30, 2014 | | |
|-------------------------------------|----------------------------|-----------------------------|--------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Housing Rehabilitation Loan Program | \$266,058 | | \$266,058 |
| Burgess Point, | | | |
| Benicia Housing Partners | 550,000 | | 550,000 |
| Benicia Housing Authority | 340,000 | \$845,000 | 1,185,000 |
| Hearthstone Village, | | | |
| Affordable Housing Affiliation | 192,514 | 191,572 | 384,086 |
| Bay Ridge Affordable Housing | | 756,750 | 756,750 |
| Casa De Vilarrasa, | | | |
| Benicia Housing Authority | 1,400,000 | | 1,400,000 |
| Fee Deferrals | | | |
| Suraj Investments, LLC | 47,837 | 78,557 | 126,394 |
| Benicia Resource Incentive Program | | | |
| RB Squared, LLC | 35,715 | | 35,715 |
| | <u>2,832,124</u> | <u>1,871,879</u> | <u>4,704,003</u> |
| Less: Forgivable Amounts | <u>(192,514)</u> | <u>(948,322)</u> | <u>(1,140,836)</u> |
| Total | <u>\$2,639,610</u> | <u>\$923,557</u> | <u>\$3,563,167</u> |

A. Housing Rehabilitation Loan 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, 2014, residents owed the City \$266,058 in loans offered by this program.

B. Burgess Point, Benicia Housing Partners

On July 1, 2003, the City authorized a loan to Benicia Housing Partners for an amount of \$550,000. The loan bears simple interest at eight percent annually and is secured by a deed of trust. The purpose of the loan was to provide funding for the construction of 56 units of tax credit rental housing. Annual payments are made from residual receipts collected by the developer to the extent such funds are available. Such payments continue until the loan and interest are paid in full or the remaining principal and interest is due in full on the earliest of: 1) the date of any transfer not authorized by the City, 2) the date of any default, or 3) December 31, 2035.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 5 – LOANS RECEIVABLE (Continued)

C. *Burgess Point, Benicia Housing Authority*

On July 23, 2003, the City authorized a loan to Benicia Housing Authority for an amount of \$1,185,000. The loan bears simple interest at six percent annually and is unsecured. The loan was to provide funding for the purchase of building permits by Benicia Housing Partners. Benicia Housing Authority makes annual payments from funds received from Benicia Housing Partners based upon a loan agreement. Such payments continue until the loan and interest is paid in full or the remaining principal and interest is due in full on the earliest of: 1) the date of any transfer not authorized by the City, 2) the date of any default, or 3) December 31, 2035.

D. *Hearthstone Village, Affordable Housing Affiliation*

On May 21, 2003, the City authorized loans to the Affordable Housing Affiliation in the amount of \$96,000 and \$288,086 in deferred fees, totaling \$384,086. The loans were later assumed by individual low income and very low-income home buyers (collectively “Hearthstone Village”) within the twelve-unit development. The loans are secured by deeds of trust creating a valid lien, not lower than third priority, upon the related property. The loans were assumed under a ten-year regulatory agreement requiring continued use of the properties for low and very low-income households. This requirement is no longer mandated by the City’s regulatory agreement which expired in May 2013; however, it is the City’s intent that the loans will continue to be deferred while the units are occupied by the low and very low-income owners.

E. *Bay Ridge Affordable Housing*

On November 12, 2002, developer fees were deferred in the form of a loan receivable for fifty affordable low-income household units in the Bay Ridge Affordable Housing Project. The Water and Wastewater Connection fees were deferred by a promissory note for \$381,750 and \$375,000, respectively, for a total deferred amount of \$756,750. The note bears simple interest at 5.5% annually. The loans will not be repaid unless there is a failure to comply with the eligibility terms in the loan agreement. The City waived other fees in the amount of \$253,250 to assist the low-income housing project. This waiver was a one-time waiver of fees that occurred in 2003.

F. *Casa de Vilarrasa, Benicia Housing Authority*

On January 6, 2005, the City authorized a loan to Benicia Housing Authority in an amount up to \$1.4 million. The loan bears simple interest not to exceed 10% a year and is unsecured. The loan was used to fund the improvements of the Casa de Vilarrasa housing project. The loan will be paid in full on or before April 1, 2016. As of June 30, 2014, the outstanding amount of this loan was \$1,400,000.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 5 – LOANS RECEIVABLE (Continued)

G. Fee Deferrals

On September 19, 2006, the City authorized a fee deferral payment agreement, secured by a deed of trust, with Suraj Investment Group, LLC to defer developer fees in the amount of \$213,328. The fees are deferred in the form of a loan receivable for water, sewer, capital license, and traffic impact fees associated with the commercial project located at 1375 East 5th Street. On March 6, 2012, the City Council approved a new payment plan for the remaining balance owed by Suraj Investment Group. The new terms of the agreement calls for monthly payments for seven years with an interest rate of 5.125%. Final payment will be on March 1, 2019. As of June 30, 2014, the outstanding amount was \$126,394.

H. Benicia Resource Incentive Program

On August 6, 2013, the City authorized loans to RB Squared LLC for the Benicia Resource Incentive Program in the amounts of \$25,000 at 0% and \$13,459 at 3.5% for a total amount of \$38,459. The principal and interest are to be amortized over 120 months and monthly payments are to be made starting November 1, 2013. Final payments for these loans will be on October 1, 2023. As of June 30, 2014, the outstanding amount was \$35,715.

NOTE 6 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City defines capital assets as assets with an initial individual cost of more than \$25,000 and an estimated useful life in excess of three years with the exception of federally funded acquisitions, which are \$5,000 or more. Land and infrastructure are capitalized at an initial individual cost of more than \$150,000.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

| | |
|--|-------------|
| Buildings and Improvements | 15-50 years |
| Machinery and Equipment | 5-30 years |
| Computer Software | 5 years |
| Treatment Plant, Water and Sewer Pipes | 40-60 years |
| Other Infrastructure | 10-85 years |
| Water Rights | 25 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.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 6 – CAPITAL ASSETS (Continued)

A. Capital asset activity during the fiscal year was as follows:

| | Balance June 30, 2013 | Additions | Retirements | Transfers | Balance June 30, 2014 |
|--|--------------------------|----------------------|-----------------|--------------------|--------------------------|
| Governmental Activities: | | | | | |
| Capital assets, not depreciated: | | | | | |
| Land | \$18,545,953 | | | | \$18,545,953 |
| Construction in Progress | 3,429,485 | \$1,543,077 | | (\$3,660,715) | 1,311,847 |
| Total capital assets, not depreciated | <u>21,975,438</u> | <u>1,543,077</u> | | <u>(3,660,715)</u> | <u>19,857,800</u> |
| Buildings and Improvements | 26,451,836 | | | | 26,451,836 |
| Machinery and Equipment | 8,752,099 | 360,765 | (\$28,000) | 177,428 | 9,262,292 |
| Computer Software | 92,391 | | | | 92,391 |
| Infrastructure | 152,663,504 | 42,233 | | 3,483,287 | 156,189,024 |
| Total cost of depreciable assets | <u>187,959,830</u> | <u>402,998</u> | <u>(28,000)</u> | <u>3,660,715</u> | <u>191,995,543</u> |
| Less accumulated depreciation: | | | | | |
| Buildings and Improvements | (9,125,229) | (742,567) | | | (9,867,796) |
| Machinery and Equipment | (6,433,135) | (411,473) | 28,000 | | (6,816,608) |
| Computer Software | (30,855) | (23,940) | | | (54,795) |
| Infrastructure | (58,465,956) | (2,495,841) | | | (60,961,797) |
| Total accumulated depreciation | <u>(74,055,175)</u> | <u>(3,673,821)</u> | <u>28,000</u> | | <u>(77,700,996)</u> |
| Net depreciable assets | <u>113,904,655</u> | <u>(3,270,823)</u> | | <u>3,660,715</u> | <u>114,294,547</u> |
| Governmental Activity Capital Assets, Net | <u>\$135,880,093</u> | <u>(\$1,727,746)</u> | | | <u>\$134,152,347</u> |
| Business-Type Activities: | | | | | |
| Capital assets, not depreciated: | | | | | |
| Land and Improvements | \$2,584,081 | | | | \$2,584,081 |
| Construction in Progress | 2,837,956 | \$1,053,453 | | (\$3,331,125) | 560,284 |
| Total capital assets, not depreciated: | <u>5,422,037</u> | <u>1,053,453</u> | | <u>(3,331,125)</u> | <u>3,144,365</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings and Improvements | 91,526,037 | | | | 91,526,037 |
| Machinery and Equipment | 8,481,894 | 384,284 | | 398,678 | 9,264,856 |
| Infrastructure | 73,938,182 | 435,409 | | 2,932,447 | 77,306,038 |
| Water Rights | 5,000,000 | | | | 5,000,000 |
| Total cost of depreciable assets | <u>178,946,113</u> | <u>819,693</u> | | <u>3,331,125</u> | <u>183,096,931</u> |
| Less accumulated depreciation: | | | | | |
| Buildings and Improvements | (41,343,839) | (2,257,180) | | | (43,601,019) |
| Machinery and Equipment | (4,430,669) | (360,633) | | | (4,791,302) |
| Infrastructure | (40,543,585) | (1,425,498) | | | (41,969,083) |
| Water Rights | (800,000) | (200,000) | | | (1,000,000) |
| Total accumulated depreciation | <u>(87,118,093)</u> | <u>(4,243,311)</u> | | | <u>(91,361,404)</u> |
| Net depreciable assets | <u>91,828,020</u> | <u>(3,423,618)</u> | | <u>3,331,125</u> | <u>91,735,527</u> |
| Business-type Activity Capital Assets, Net | <u>\$97,250,057</u> | <u>(\$2,370,165)</u> | | | <u>\$94,879,892</u> |

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 6 – CAPITAL ASSETS (Continued)

B. Project Commitments

At June 30, 2014, the City had outstanding commitments with contractors for the following projects:

| Project | Commitment |
|--|------------|
| Electric vehicle fast charging station | \$43,200 |
| Intermodal - Phase II | 53,967 |
| Cordelia Pump | 83,739 |
| Filter Slide Gate | 68,800 |
| Water Treatment Plant Influent Improvement | 107,620 |
| Water Treatment Plant PLC Replacement | 65,598 |
| | \$422,924 |

C. Capital Asset Contributions

Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

D. 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:

| | |
|--|-------------|
| Governmental Activities: | |
| Administration | \$23,255 |
| Public safety - police | 92,480 |
| Public safety - fire | 16,488 |
| Parks and community services | 501,044 |
| Public works and community development | 2,095,552 |
| Library | 400 |
| General government | 54,023 |
| Internal Service Fund | 890,579 |
| Total Governmental Activities | \$3,673,821 |
| Business-type Activities: | |
| Wastewater | \$2,201,891 |
| Water | 1,851,808 |
| Benicia Marina | 189,612 |
| Total Business-Type Activities | \$4,243,311 |

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 7 – LONG -TERM DEBT

The City generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt.

The City's debt issues and transactions are summarized below and discussed in detail thereafter.

A. Current Year Transactions and Balances

| | Balance at July 1, 2013 | Additions/ Accretion | Deletions | Balance at June 30, 2014 | Due Within One Year |
|---|----------------------------|-------------------------|--------------------|-----------------------------|------------------------|
| GOVERNMENTAL ACTIVITY DEBT | | | | | |
| 2006 Pension Obligation Bonds | | | | | |
| Series A-1 (Current Interest Bonds) | \$5,625,000 | | | \$5,625,000 | |
| Series A-2 (Capital Appreciation Bonds) | 5,826,726 | \$321,793 | \$1,105,000 | 5,043,519 | \$1,155,000 |
| 2011 Certificates of Participation | | | | | |
| Energy Conservation Projects | 12,700,000 | | 425,000 | 12,275,000 | 465,000 |
| Less unamortized original issue discount | (234,788) | | (10,297) | (224,491) | |
| 2012 General Obligation Refunding Bonds | 3,575,000 | | 625,000 | 2,950,000 | 640,000 |
| Casa de Vilarrasa- Capital Lease | 1,050,991 | | 67,840 | 983,151 | 70,830 |
| Fire Engine Capital Lease | 197,671 | | 36,220 | 161,451 | 37,806 |
| Police and Marina Area Storm Drain Improvements Capital Lease | 767,372 | | 244,299 | 523,073 | 255,550 |
| Total Governmental Activity Debt | \$29,507,972 | \$321,793 | \$2,493,062 | \$27,336,703 | \$2,624,186 |
| BUSINESS-TYPE ACTIVITY DEBT | | | | | |
| 2002 Water Revenue Refunding Bonds | \$4,190,000 | | \$780,000 | \$3,410,000 | \$810,000 |
| 2005 Wastewater Refunding Revenue Bonds | 2,395,000 | | 300,000 | 2,095,000 | 315,000 |
| Less unamortized original issue discount | (33,406) | | (6,243) | (27,163) | |
| Total utility bonds payable net of discount | 6,551,594 | | 1,073,757 | 5,477,837 | 1,125,000 |
| State of California Marina Loans | 3,209,621 | | 166,783 | 3,042,838 | 174,288 |
| State Revolving Loan Fund- WWTP | 8,923,164 | | 1,046,893 | 7,876,271 | 1,065,770 |
| State Revolving Loan Fund- I & I WW | 7,478,901 | | 539,067 | 6,939,834 | 553,084 |
| State Revolving Loan Fund- Water Treatment Plant | 8,765,598 | | 534,067 | 8,231,531 | 546,908 |
| Total Business-type Activity Debt | \$34,928,878 | | 3,360,567 | \$31,568,311 | 3,465,050 |

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 7 - LONG - TERM DEBT (Continued)

B. 2006 Pension Obligation Bonds

On June 15, 2006, the California Statewide Communities Development Authority issued the 2006 Series A-1 Current Interest Bonds and Series A-2 Capital Appreciation Bonds in the amounts of \$27,985,000 and \$34,828,647, of which \$7,430,000 and \$6,542,596 were the City's portion. The bond proceeds were used to fund the unfunded actuarial accrued liability of the Miscellaneous and Safety pension plans through the California Public Employees' Retirement System. The application of the proceeds was treated as employer contributions of that year. Since the amounts were greater than the required pension contributions of that year, the difference resulted in the City reporting a pension asset. As of June 30, 2014, the City's prepaid PERS contribution amounted to \$10,810,341.

The Series A-1 Current Interest Bonds bear interest rates of 5.69%-5.93%. Principal payments are due annually through 2036. Interest payments are payable semi-annually on June 1 and December 1.

The Series A-2 Capital Appreciation Bonds unaccreted discount totaled \$3,111,483 at June 30, 2014. The capital appreciation bonds will accrete interest from the date of issuance and will be payable only upon maturity or redemption. The bonds are payable in any form of taxation. Interest on the Bonds accretes in value at the rates of 5.67% to 6.12%. Repayments of the accreted principal commenced on June 1, 2008.

C. 2011 Certificates of Participation Energy Conservation Projects

On April 7, 2011, the Public Property Financing Corporation of California (Corporation) issued Certificates of Participation (COPs) – 2011 Energy Conservation Projects in the amount of \$13,195,000. The proceeds of the Certificates were used to finance various energy conservation projects throughout the vicinity of City of Benicia, purchase a reserve fund surety bond in lieu of cash funding a reserve fund for the Certificates, fund capitalized interest with respect to the Certificates through October 15, 2011 and pay delivery costs incurred in conjunction with the execution, delivery and sale of the Certificates.

On April 1, 2011, the City entered into a site and facility lease with the Corporation for real property and site improvements commonly known as City Hall and the Clocktower Fortress. These properties have been pledged as collateral under a separate lease agreement, between the City and the Corporation, which provides lease payments to be used to pay debt service on the 2011 COPs. Upon retirement of the 2011 COPs and related interest, the lease agreement terminates and title to properties reverts to the City.

The Certificates bear interest at 1.6% - 6.0% and are due semi-annually on April 15 and October 15. Principal payments are due annually on April 15 through 2036.

D. General Obligation Refunding Bonds Series 2012

On June 7, 2012, the City issued General Obligation Refunding Bonds, Series 2012, in the amount of \$4,270,000, bearing interest of 1.25%. The proceeds were used to refund the City's outstanding 1997 General Obligation Wastewater Bonds, Series A and B. Principal payments are due annually on August 1 through 2018.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 7 - LONG - TERM DEBT (Continued)

E. Casa de Vilarrasa - Capital Lease

In March 2005, the City entered into a Capital Lease for \$1.4 million, at 4.5% interest, to finance the purchase and rehabilitation of the Casa de Vilarrasa forty-unit senior housing complex. Semi-annual payments are due on September 1 and March 1 each year. The first four payments are interest only and are financed from the lease proceeds. The loan principal is to be amortized over 20 years. However, it is anticipated the loan will be repaid in 2014. Ownership of the housing complex will be reverted to the City at the end of the lease. Since the lease is in essence a financing arrangement, the cost of the above project and the amount of the lease have been included in the City's financial statements.

F. Fire Engine – Capital Lease

In April 2008, the City entered into a Capital Lease for \$365,000, at 3.92% interest, to finance the purchase of a fire engine. Semi-annual payments are due on September 30 and March 31 each year through 2018. Ownership of the vehicle will be reverted to the City at the end of the lease.

G. Police Building and Marina Area Storm Drain Improvements - Capital Lease

In May 2006, the City entered into a Capital Lease for \$2.2 million, at 4.58% interest, to finance the improvements to the Police Building and the portion of the storm drain system located in the Marina Area. Semi-annual payments are due on December 22 and June 22 each year until 2016. Ownership of the improvements will be reverted to the City at the end of the lease. Since the lease is in essence a financing arrangement, the cost of the improvements and the amount of the lease have been included in the City's financial statements.

H. 2002 Water Revenue Refunding Bonds

In September 2002, the City issued Water Revenue Refunding Bonds in the amount of \$10,805,000. The proceeds were used to defease the 1991 Water System Refunding Project Certificates of Participation, prepay the City's 1997 Community Drought Relief Promissory Note, purchase a reserve fund surety bond and pay the costs of issuing the bonds. The Water Revenue Refunding Bonds are secured by a pledge of the available net revenues of the City's Water System and are subject to the prior lien of the 1967 Bonds. Interest rates range from 1.25% to 4.40%. Principal payments are payable annually on November 1 and interest payments semi-annually on May 1 and November 1.

I. 2005 Wastewater Refunding Revenue Bonds

In September 2005, the City issued the 2005 Wastewater Refunding Revenue Bonds in the amount of \$4,260,000. The proceeds were used to partially finance the refunding of the 1993 Refunding Wastewater Revenue Bonds in the outstanding principal amount of \$4,435,000. The 2005 Revenue Bonds are payable solely from and secured by a pledge of the net revenues derived from the sewer operation. Principal payments are payable annually on December 1 and interest payments semi-annually on May 1 and November 1.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 7 – LONG - TERM DEBT (Continued)

J. State of California Marina Loans

From 1976 through 1984, the State of California loaned the City a total of \$6,046,730 for various construction projects for the City's marina. Interest and principal are payable annually on August 1 through 2027. Debt service is payable from marina revenues and general fund transfers.

K. State Revolving Loan Fund - Wastewater Treatment Plant (WWTP)

In 1998, the City negotiated a State Revolving Fund Loan with the State Water Resources Control Board to finance the remainder of the wastewater treatment plant improvements. The loan is a long-term liability of the Wastewater Enterprise Fund, which borrowed the maximum available of \$20,129,576. While the loan bears no stated interest, the City is required to pay an amount termed Local/State Match in addition to the principal amount of the loan. The City has imputed an interest rate of 1.8% to provide for the payment of this match. Payments are due annually in December through 2020.

L. State Revolving Loan Fund - Inflow & Infiltration (I & I)

In 2003, the City entered into a State Revolving Loan Fund loan agreement with the State Water Resources Control Board to finance the \$12 million inflow and infiltration project at a rate of 2.6%. The loan is a long-term liability of the Wastewater Enterprise Fund, which borrowed the maximum available of \$11,296,658. Payments are due annually on April 10 through 2025.

M. State Revolving Loan Fund - Water Treatment Plant

In 2004, the City entered into a State Revolving Fund loan agreement with the State Department of Water Resources to assist financing the Water Treatment Plant Improvement Project, which will enable the City to meet safe drinking water standards set by the State. The loan is a long-term liability of the Water Enterprise Fund, bearing interest of 2.39%. Principal and interest are payable semi-annually on January 1 and July 1 of each year, commencing January 1, 2008 through 2027. The maximum amount the City can borrow is \$13,600,000; however, the City only borrowed \$11,716,747. As of June 30, 2014, the outstanding principal amount was \$8,231,531.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 7 – LONG - TERM DEBT (Continued)

N. Pledged Revenue

The city has pledged future wastewater revenues, net of specified operating expenses, to repay the 2005 Wastewater Refunding Revenue Bonds, the State Revolving Loan Fund – Wastewater Treatment Plant and the State Revolving Loan Fund – Inflow & Infiltration. Projected net customer revenues are expected to provide coverage over debt service of at least 1.20 over the life of the bonds. The Wastewater Fund’s total principal and interest remaining to be paid on the bonds is \$2,355,997, which is scheduled to occur in fiscal year 2020. For fiscal year 2014, Wastewater Fund Revenues including operating revenues and non-operating investment income totaled \$8,012,914 and operating costs, not including depreciation or amortization totaled \$4,795,600. Net Revenues available for debt service totaled 3,217,314, which represented coverage of 1.38% of debt service payment of \$2,328,158.

The city has pledged future water revenues, net of specified operating expenses, to repay the 2002 Water Revenue Refunding Bonds and the State Revolving Loan Fund – Water Treatment Plant. Projected net customer revenues are expected to provide coverage over debt service of at least 1.20 over the life of the bonds. The Water Fund’s total principal and interest remaining to be paid on the bonds is \$3,707,767, which is scheduled to occur in fiscal year 2018. For fiscal year 2014, gross Water Fund Revenues including operating revenues and non-operating interest earnings totaled \$7,767,150 and operating costs, not including depreciation or amortization, totaled \$5,154,540. Net Revenues available for debt service totaled \$2,612,610 which represented coverage of 1.56% of debt service payment of \$1,678,798.

O. Debt Service Requirements

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

Governmental Activities: Pension Obligation Bonds

| Year ending June 30 | Principal (A) | Interest |
|---------------------|---------------------|--------------------|
| 2015 | \$1,155,000 | \$332,415 |
| 2016 | 1,210,001 | 332,415 |
| 2017 | 1,310,000 | 277,811 |
| 2018 | 305,000 | 217,631 |
| 2019 | 325,000 | 217,631 |
| 2020-2024 | 1,935,000 | 1,088,155 |
| 2025-2029 | 2,505,001 | 1,088,155 |
| 2030-2034 | 3,275,000 | 993,276 |
| 2035-2036 | 1,760,000 | 158,924 |
| Total | <u>\$13,780,002</u> | <u>\$4,706,413</u> |

(A) Includes unaccrued discount totaling \$3,111,483

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 7 – LONG - TERM DEBT (Continued)

Governmental Activities: Certificates of Participation

| Year ending June 30 | Principal | Interest |
|---------------------|---------------------|---------------------|
| 2015 | \$465,000 | \$681,065 |
| 2016 | 535,000 | 666,418 |
| 2017 | 120,000 | 647,693 |
| 2018 | 155,000 | 643,073 |
| 2019 | 195,000 | 636,563 |
| 2020-2024 | 1,520,000 | 3,005,595 |
| 2025-2029 | 2,170,000 | 2,508,036 |
| 2030-2034 | 4,350,000 | 1,717,800 |
| 2035-2036 | 2,765,000 | 252,900 |
| Total | <u>\$12,275,000</u> | <u>\$10,759,143</u> |

Governmental Activities: General Obligation Bonds

| Year ending June 30 | Principal | Interest |
|---------------------|--------------------|-----------------|
| 2015 | \$640,000 | \$32,876 |
| 2016 | 650,000 | 24,813 |
| 2017 | 655,000 | 16,656 |
| 2018 | 670,000 | 8,375 |
| 2019 | 335,000 | 2,094 |
| Total | <u>\$2,950,000</u> | <u>\$84,814</u> |

Governmental Activities: Capital Leases

| Year ending June 30 | Principal | Interest |
|---------------------|--------------------|------------------|
| 2015 | \$364,186 | \$71,111 |
| 2016 | 380,993 | 54,390 |
| 2017 | 118,637 | 40,071 |
| 2018 | 123,957 | 34,742 |
| 2019 | 84,656 | 29,654 |
| 2020-2024 | 484,695 | 86,859 |
| 2025-2029 | 110,551 | 3,746 |
| Total | <u>\$1,667,675</u> | <u>\$320,573</u> |

Enterprise Activities: Revenue Bonds

| Year ending June 30 | Principal | Interest |
|---------------------|--------------------|------------------|
| 2015 | \$1,125,000 | \$203,130 |
| 2016 | 1,170,000 | 157,551 |
| 2017 | 1,205,000 | 108,916 |
| 2018 | 1,245,000 | 57,488 |
| 2019 | 370,000 | 23,586 |
| 2020 | 390,000 | 8,093 |
| Total | <u>\$5,505,000</u> | <u>\$558,764</u> |

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 7 – LONG - TERM DEBT (Continued)

Enterprise Activities: Revolving Loans

| Year ending June 30 | Principal | Interest |
|---------------------|---------------------|--------------------|
| 2015 | \$2,340,050 | \$659,398 |
| 2016 | 2,394,638 | 604,965 |
| 2017 | 2,450,615 | 549,148 |
| 2018 | 2,508,021 | 491,905 |
| 2019 | 2,566,897 | 433,197 |
| 2020-2024 | 10,083,022 | 1,296,747 |
| 2025-2029 | 3,747,231 | 162,323 |
| Total | <u>\$26,090,474</u> | <u>\$4,197,683</u> |

P. Special Assessment Debt Without City Commitment

At June 30, 2014, the outstanding principal amount of bonded debt issued by special assessment districts in the City was as follows:

| | |
|--------------------------------|-------------|
| McAllister | \$8,830,000 |
| East Second Street | 785,000 |
| Fleetside Industrial Refunding | 410,000 |

The City has no legal or moral responsibility with respect to the payment of this debt and has therefore not recorded it as a liability. However, the City is responsible for the construction of the improvements financed by the Districts; therefore, the related Capital Projects Funds are reflected in the City's financial statements. The City is also responsible, as the Districts' agent, for recording the Districts' cash receipts, disbursements and balances, which are reported as Agency Fund transactions in the financial statements.

NOTE 8 – NET POSITION AND FUND BALANCES

A. Net Position

Net position is the excess of all the City's assets and deferred outflows over all its liabilities and deferred inflow, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined at the Government-wide level and proprietary funds and are described below:

Net Investment in Capital Assets, describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements and funds restricted to low and moderate income purposes.

Unrestricted describes the portion of net position which is not restricted as to use.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 8 – 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 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 represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances 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. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

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 include amounts that can be used only for the specific purposes determined by a formal action of the City Council's highest level of decision-making authority. The City Council can, by adoption of resolution or ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the City Council remains in place until a similar action is taken (the adoption of another resolution or ordinance to remove or revise the limitation).

Assigned fund balances are comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. The City has, by resolution, authorized the City Manager to assign fund balance.

Unassigned fund balance represents the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. Other governmental funds may only report negative unassigned fund balance, which occurs when a fund has a residual deficit after allocation of fund balance to the non-spendable, restricted or committed categories.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2014, are stated below:

| Fund Balance Classifications | General Fund | General Obligation Bonds Debt Service Fund | Other Governmental Funds | Total |
|---|-------------------------|---|---|---------------------|
| Nonspendables: | | | | |
| Items not in spendable form: | | | | |
| Prepaid Expenses | \$30,750 | | | \$30,750 |
| Total Nonspendable Fund Balances | 30,750 | | | 30,750 |
| Restricted for: | | | | |
| Debt Service | | \$708,435 | | 708,435 |
| St. Catherine's Wood Open Space | 98,587 | | | 98,587 |
| Cable | 90,994 | | | 90,994 |
| Streets and Road | | | \$929,012 | 929,012 |
| Landscaping and Lighting | | | 382,652 | 382,652 |
| Housing | | | 440,865 | 440,865 |
| City Cemetery and Tree Maintenance | | | 268,759 | 268,759 |
| Library Programs | | | 979,097 | 979,097 |
| South Pacific Depot | | | 127,546 | 127,546 |
| Public Safety Programs | | | 226,102 | 226,102 |
| Resident Assistance Programs | | | 158,240 | 158,240 |
| Open Space | | | 476,840 | 476,840 |
| Workplace Safety | | | 565 | 565 |
| Conservation Projects | | | 320,488 | 320,488 |
| Total Restricted Fund Balances | 189,581 | 708,435 | 4,310,166 | 5,208,182 |
| Committed to: | | | | |
| Capital Projects | | | 1,555,616 | 1,555,616 |
| Emergency Reserves | 3,146,027 | | | 3,146,027 |
| Total Committed Fund Balances | 3,146,027 | | 1,555,616 | 4,701,643 |
| Assigned to: | | | | |
| Human Services | 18,057 | | | 18,057 |
| Arts and Cultural | 4,035 | | | 4,035 |
| Economic Development | 816,972 | | | 816,972 |
| Capital License | 79,874 | | | 79,874 |
| Library Books | 480 | | | 480 |
| City Operations | 375,439 | | | 375,439 |
| Fiscal Year 2014-15 Appropriations | 1,535,545 | | | 1,535,545 |
| Contingency Reserves | 3,146,026 | | | 3,146,026 |
| Total Assigned Fund Balances | 5,976,428 | | | 5,976,428 |
| Unassigned: | | | | |
| General Fund | 233,218 | | | 233,218 |
| Negative Fund Deficits | | | (805) | (805) |
| Total Unassigned Fund Balances | 233,218 | | (805) | 232,413 |
| Total Fund Balances | \$9,576,004 | \$708,435 | \$5,864,977 | \$16,149,416 |

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 8 – NET POSITION AND FUND BALANCES (Continued)

C. *Minimum Fund Balance Policies*

The City's Budget and Fiscal Policy requires the City to strive to maintain a goal of 20% of annual adopted operating budget revenues in the General Fund's and Enterprise Fund's cash reserves. If the City falls below 20% thresholds in the General Fund and Enterprise Funds, the City is required to present a plan for replenishing reserves in a reasonable time to Council. The ability of the City to maintain 20% cash reserves in the General Fund and Enterprise funds depends upon the timing of infrastructure projects.

An Emergency Reserve is maintained in the General Fund to mitigate all unforeseen events not covered in the Contingency Reserves. The Emergency Reserves shall be appropriated by the City Council to provide for Natural Disaster expenditures of epic proportion, such as an 8.0 Earthquake or 200-Year Flood Event. These funds will only be used by Council formal action and for the purposes stated.

D. *Fund Equity Deficits*

The Park Dedication Capital Projects Fund had a deficit fund balance of \$805 at June 30, 2014. Grant funds are expected to offset the deficit in fiscal year 2014-15.

The Benicia Marina Enterprise Fund had a deficit net position of \$189,732 at June 30, 2014. Management is currently reviewing options to reduce deficit over time with Council approval.

The Insurance Internal Service Fund had deficit net position of \$1,059,983 at June 30, 2014. Management is looking for options to increase service rates and reduce the deficit over time.

NOTE 9 – DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them. Distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 10 - PENSION PLAN

CALPERS Safety and Miscellaneous Employees Plans

The City participates in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding for city's contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS. A third plan was established to implement the provisions of the Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, and is applicable to employees new to CALPERS and hired after December 31, 2012. The Plans' provisions and benefits in effect at June 30, 2014, are summarized as follows:

| | <u>Miscellaneous</u> | <u>Safety</u> | <u>Safety Tier 2</u> |
|---|----------------------|------------------|--------------------------|
| 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 | 55 | 50 | 55 |
| Monthly benefits, as a % of annual salary | 2%-2.7% | 3% | 3% |
| Required employee contribution rates | 8% | 9% | 9% |
| Required employer contribution rates | 15.757% | 27.877% | 22.502% |

| | <u>PEPRA Miscellaneous</u> | <u>PEPRA-Safety Fire</u> | <u>PEPRA-Safety Police</u> |
|---|--------------------------------|------------------------------|--------------------------------|
| 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 | 62 | 57 | 57 |
| Monthly benefits, as a % of annual salary | 2% | 2.70% | 2.70% |
| Required employee contribution rates | 6.25% | 12.25% | 12.25% |
| Required employer contribution rates | 15.187% | 12.25% | 12.25% |

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 10 - PENSION PLAN (Continued)

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City uses actuarially determined percentages of payroll to calculate and pay contributions to CALPERS. This results in no net pension obligations or unpaid contributions. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the last three fiscal years were as follows:

| Fiscal Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---------------------------|---------------------------------|-------------------------------------|------------------------------|
| <i>Safety Plan</i> | | | |
| June 30, 2012 | \$1,540,274 | 100% | \$0 |
| June 30, 2013 | 1,506,006 | 100% | 0 |
| June 30, 2014 | 1,520,816 | 100% | 0 |
| <i>Miscellaneous Plan</i> | | | |
| June 30, 2012 | \$1,523,607 | 100% | \$0 |
| June 30, 2013 | 1,525,905 | 100% | 0 |
| June 30, 2014 | 1,525,712 | 100% | 0 |

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.50% is assumed, including inflation at 2.75%. Annual salary increases are assumed to vary by duration of service and annual retirement benefit increases are assumed to be 3.00%. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2014 was 21 years for the miscellaneous plan and 19 years for the safety plan.

With the proceeds from the 2006 Pension Obligation Bonds, the City funded the unfunded actuarial accrued liabilities of the pension plans (See Note 7). These prepaid contributions are reflected in the accompanying financial statements as Prepaid PERS Contribution which amounted to \$10,810,341 at June 30, 2014. During fiscal year 2013-14, the amortization of the prepayment increased the actuarially required contributions by \$60,236 to arrive at the Annual Pension Costs of \$3,438,614.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 10 - PENSION PLAN (Continued)

The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The Miscellaneous Plan's actuarial value (which differs from market value) and funding progress over the past three years is set forth below at their actuarial valuation date of June 30:

Miscellaneous Plan:

| Actuarial | | | | | | |
|----------------|-----------------------------|-----------------|---------------------------------|--------------|------------------------|---|
| Valuation Date | Entry Age Accrued Liability | Value of Assets | Unfunded (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | Unfunded (Overfunded) Liability as % of Payroll |
| 2010 | \$71,953,967 | \$64,246,960 | \$7,707,007 | 89.3% | \$11,267,528 | 68.4% |
| 2011 | 77,140,133 | 68,317,491 | 8,822,642 | 88.6% | 11,310,540 | 78.0% |
| 2012 | 81,549,420 | 69,681,887 | 11,867,533 | 85.4% | 10,321,317 | 115.0% |

As required by State law, effective July 1, 2005, the City's Safety Plan was terminated, and the Safety employees in the plan were required by CalPERS to join new State-wide pools. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The State-Wide Pool Safety Plan's actuarial value (which differs from market value) and funding progress over the past three years is set forth below at their actuarial valuation date of June 30:

State-Wide Pool Safety Plan:

| Actuarial | | | | | | |
|----------------|-----------------------------|-----------------|---------------------------------|--------------|------------------------|---|
| Valuation Date | Entry Age Accrued Liability | Value of Assets | Unfunded (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | Unfunded (Overfunded) Liability as % of Payroll |
| 2010 | \$10,165,475,166 | \$8,470,235,152 | \$1,695,240,014 | 83.3% | \$955,980,815 | 177.3% |
| 2011 | 10,951,745,049 | 9,135,654,246 | 1,816,090,803 | 83.4% | 949,833,090 | 191.2% |
| 2012 | 11,724,021,480 | 9,854,787,710 | 1,869,233,770 | 84.1% | 947,734,809 | 197.2% |

The City's Safety Plan represents approximately 0.61%, 0.78%, and 0.73% of the State-wide Safety 3% @ 50 Risk Pool for the years ended June 30, 2012, 2011, and 2010, respectively; based on covered payroll of \$5,745,430, \$6,715,523 and \$7,443,560 for those years.

The actuarial value and funding progress of the State-wide pool, and the information regarding audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

A. *Plan Description*

The City of Benicia contracts with Kaiser, Health Net, Ameritas Dental & Vision and United Healthcare to provide medical, dental, and vision benefits to both active and retired employees. The City pays no direct financial contribution towards retiree health benefits; however, due to the fact that retirees and active employees are insured in the same pool it indirectly subsidizes their premiums through payments for current employees.

B. *Eligibility*

Employees (and their spouses) are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service and are eligible for a PERS pension. Retirees younger than age 65 are required to contribute the full amount of the monthly medical insurance premiums that are in effect for active employees. Retirees who are age 65 or older are required to contribute the full amount of the monthly premium rates in effect for Medicare Supplement insurance.

C. *City's Funding Policy*

The contribution requirements of plan members and the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). The City has not established a trust that is administered by the City for the purpose of holding assets accumulated for plan benefits.

D. *Annual OPEB Cost and Net OPEB Obligation*

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for these benefits:

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

| | |
|--|---------------------------|
| Annual required contribution | \$422,732 |
| Interest on net OPEB obligation | 64,396 |
| Adjustment to annual required contribution | <u>(68,848)</u> |
| Annual OPEB cost (expense) | 418,280 |
| Contributions made (including premiums paid) | <u>(195,727)</u> |
| Increase in net OPEB obligation | 222,553 |
| Net OPEB obligation - beginning of year | <u>1,431,012</u> |
| Net OPEB obligation - end of year | <u><u>\$1,653,565</u></u> |

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

| Fiscal Year End | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|--------------------|---------------------|--|------------------------|
| 6/30/2012 | \$444,299 | 47% | \$1,167,310 |
| 6/30/2013 | 472,588 | 44% | 1,431,012 |
| 6/30/2014 | 418,280 | 47% | 1,653,565 |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4.50 percent investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.7 percent initially, reduced by decrements of 0.3% per year to an ultimate rate of 5.0 percent after the year 2020. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years. The valuation is based on a closed 30 year amortization period. It is assumed the City's payroll will increase 3.25% per year.

The schedule of funding progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the April 1, 2012, actuarial study is presented below:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL)- Entry Age (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a)/(b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll (b)- (a)/(c) |
|--------------------------------|-------------------------------------|---|-----------------------------------|----------------------------|------------------------|---|
| 6/30/2009 | \$0 | \$4,401,160 | \$4,401,160 | 0.00% | \$19,529,818 | 23% |
| 4/1/2012 | 0 | 4,716,121 | 4,716,121 | 0.00% | 16,847,112 | 28% |
| 7/1/2013 | 0 | 4,481,535 | 4,481,535 | 0.00% | 17,354,119 | 26% |

NOTE 12 - HEALTH, GENERAL LIABILITY AND WORKERS' COMPENSATION COVERAGE

A. Coverages

City employees are covered under a medical and prescriptions policy with Kaiser and Healthnet. The City provides group dental and vision coverage to employees through programs that are administered by a service agent. The City pays all dental and vision claims.

The City is a member of the Association of Bay Area Governments (ABAG), which provides general liability coverage of \$5,000,000 above the City's deductible of \$25,000 per occurrence, and property damage insurance up to \$1,000,000,000. ABAG is governed by a board consisting of representatives from member municipalities. The board controls the operations of ABAG, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. During the fiscal year ended June 30, 2014, the City contributed \$888,448 for current year coverage.

Audited financial statements may be obtained from ABAG Services, P.O. Box 2050, Oakland, CA 94604-2050.

The Local Agency Workers' Compensation Excess Insurance Joint Powers Authority (LAWCX) covers workers' compensation up to statutory limits. The City has a deductible or uninsured liability of up to \$350,000 per claim. During the fiscal year ended June 30, 2014, the City contributed \$119,786 for current year coverage.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 12 - HEALTH, GENERAL LIABILITY AND WORKERS' COMPENSATION COVERAGE
(Continued)

LAWCX's financial statements may be obtained from Bickmore & Associates, 6371 Auburn Boulevard, Citrus Heights, CA 95621.

B. Liability for Uninsured Claims

The City's liability for uninsured claims, including estimated claims incurred but not reported, was estimated by management based on prior years claims experience and was computed as follows as of June 30:

| | 2014 | | | 2013 |
|---|--------------------------|----------------------|--------------------|--------------------|
| | Workers' Compensation | General Liability | Total | |
| Beginning balance | \$2,149,000 | \$170,300 | \$2,319,300 | \$1,404,883 |
| Liability for current year claims and change in prior year claims estimate | 613,283 | 147,317 | 760,600 | 2,392,803 |
| Claims paid in fiscal year | (521,283) | (105,969) | (627,252) | (1,478,386) |
| Ending balance | <u>\$2,241,000</u> | <u>\$211,648</u> | <u>\$2,452,648</u> | <u>\$2,319,300</u> |
| Claim liabilities due within a year | <u>\$781,307</u> | <u>\$211,648</u> | <u>\$992,955</u> | <u>\$1,012,331</u> |

For the years ended June 30, 2014, 2013, and 2012, the amount of settlements did not exceed insurance coverage.

NOTE 13 – JOINT POWERS AUTHORITIES

The City participates in joint ventures discussed below through separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these 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 joint venture is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint venture, 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 joint ventures are not the City's responsibility and the City does not have an equity interest in the assets of each joint venture except upon dissolution of the joint venture.

A. Solano Water Authority

Solano Water Authority was established to coordinate water procurement and use among the Cities and County of Solano.

Members share the Water Authority's expenses equally and each member has one representative on the commission that governs the Water Authority.

Audited financial statements may be obtained from the Solano Water Authority at 508 Elmira Road, Vacaville, California, 95687.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 13 – JOINT POWERS AUTHORITIES (Continued)

B. *Solano Transportation Authority*

Solano Transportation Authority (STA) was established to develop regional strategies and meet regional transit and paratransit needs and to cooperatively address Solano County transportation issues.

The City's payments to STA are in accordance with a formula under which each member entity pays a proportionate share of expenditures based on the entity's population.

Audited financial statements may be obtained from STA at One Harbor Center, Suite 130, Suisun City, California, 94585.

NOTE 14 – OPERATING LEASE

The City has signed a lease agreement with the Benicia Unified School District (BUSD), commencing April 1, 2007 and ending on March 31, 2047, to lease the Mills School building and grounds located at 380 L Street, Benicia, for City use as a Community Center. This agreement can be renewed for two (2) additional ten (10) year terms.

The annual rent for said property shall be One Hundred Twenty Thousand Dollars (\$120,000), payable in equal monthly payments of Ten Thousand Dollars (\$10,000). According to the lease agreement, beginning in 2011, the monthly rent is adjusted annually for each succeeding years using the Consumer Price Index for all Urban Consumers (CPI-U). However, BUSD has been billing the City without any CPI adjustments.

Under the agreement, the City will pay for all water, gas, light, heat, power, telephone, security service, garbage pick-up, sewage fees and all other services supplied on the premises. The City may, at its sole cost and expense, construct any improvements including buildings, roadways, sidewalks, fences, playgrounds, parking areas, utilities, signs, monuments and landscaping which City deems necessary to the operations of its business. In addition, the City will maintain the existing premises and BUSD, shall have no maintenance or repair obligations with respect to the premises being leased.

NOTE 15 – OTHER COMMITMENTS AND CONTINGENT LIABILITIES

The City participates in several Federal and State grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act of 1984 as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The City is a defendant in a number of lawsuits that have arisen in the normal course of business, the outcome of which cannot be predicted with certainty. In the opinion of the City Attorney, these actions when finally adjudicated will not have a material adverse effect on the financial position of the City.

CITY OF BENICIA
Notes to Basic Financial Statements
For the Year Ended June 30, 2014

NOTE 16 – VALERO REFINING COMPANY SETTLEMENT AGREEMENT COMMITMENT

In April 2003, the City approved the Use Permit for the Valero Improvement Project (VIP). This was amended in June 2003 by Valero Refining Company (Valero) Settlement Agreement. In July 2008, the Good Neighbor Steering Committee and Valero entered into an agreement and the Planning Commission then incorporated the terms of the agreement into the conditions of approval for the Amended Valero Improvement Projects Agreement. Valero has committed \$14 million to fund various City-wide projects. At the June 17, 2014 Council meeting, Valero withdrew their Condensate Recovery Phase II Project and instead requested for a lower allocation for their Boiler Project. As a result of the re-allocation of settlement funds, the City's direct share increased to \$7,494,000. The commitment does not meet the criteria to be recorded as revenue until eligible project expenditures are incurred. As of June 30, 2014, Valero has paid the City \$5,302,285 of this commitment.

NOTE 17 - MARINA

The City of Benicia contracts with the Benicia Harbor Corporation (BHC) to conduct annual dredging in the Benicia Marina common areas. In fiscal 2009-10, they failed to initiate and complete their dredging commitment and have claimed that it was due, in part, to the City's inability to acquire a California Dredging Permit in a timely manner. In fiscal year 2013-14, the amount under review was \$141,137. At June 30, 2014, the City received \$37,891 of this amount, which represents the percentage rent for fiscal year 2013-14.

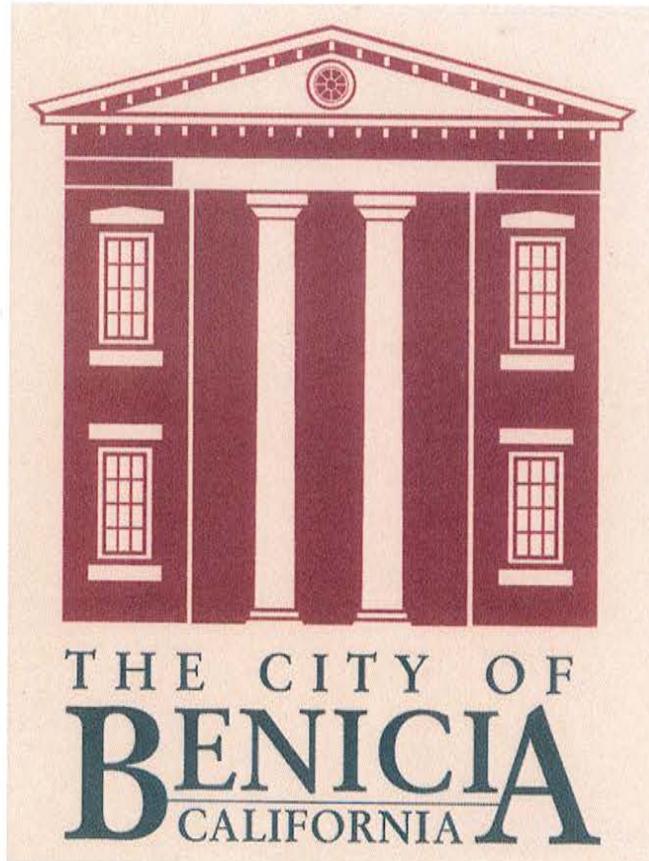
NOTE 18 – OTHER RELATED ORGANIZATIONS

The City Council of the City of Benicia appoints board members of the Benicia Housing Authority (the Authority). The Authority sets policy for, and administers, affordable housing programs within the City of Benicia. The City has related financial transactions with the Authority represented by loans receivable from the Authority in a total amount of \$2,585,000 as of June 30, 2014. See further discussion in Notes 5C and F.

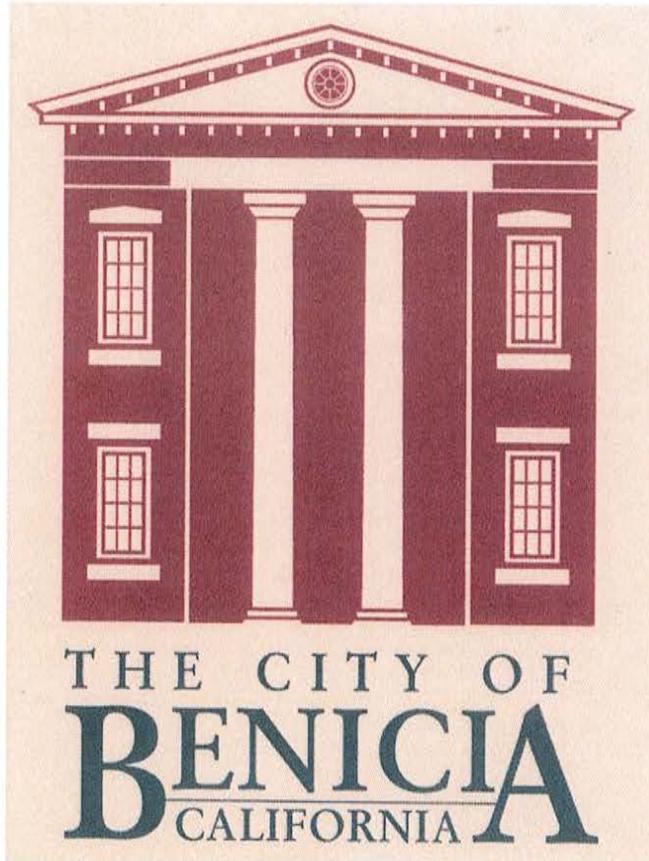
NOTE 19 – SUBSEQUENT EVENT

The City has placed a sales tax ballot measure in the November 2014 elections, Measure C. Measure C is an additional one (1) cent sales tax on purchases sold and/or consumed in Benicia. Presently, the sales tax rate is 7.625%, bringing the tax to 8.625% with the passage of Measure C.

Measure C will help ensure Benicia's financial viability as a full-service city and protecting the small town quality of life. This measure will improve public safety and city streets, maintain parks and trim trees, and fund programs to support our historic downtown and community events, and attract new businesses.



SUPPLEMENTARY INFORMATION



| |
|-------------------------------------|
| NON-MAJOR GOVERNMENTAL FUNDS |
|-------------------------------------|

SPECIAL REVENUE FUNDS**GAS TAX**

Accounts for monies received and expended from state gas tax allocation to cities.

LANDSCAPING AND LIGHTING DISTRICTS: RESIDENTIAL, FLEETSIDE, COLUMBUS PARKWAY, EAST 2ND STREET, AND GOODYEAR ROAD

Accounts for monies received from property owners and allocated for the maintenance of landscaping of paths in walkways and lighting of streetlights within the bounds of the specified districts.

COMMUNITY DEVELOPMENT BLOCK GRANT

Accounts for moneys received and expended by the City as a participant in the Federal Community Development Block Grant program.

COMMUNITY SERVICES PROGRAM

Accounts for moneys received from developers, grants, and cemetery fees for expenditures to maintain the City Cemetery, and also local grant money for a citywide tree maintenance program.

LIBRARY PROGRAMS

Accounts for donations and grant funds intended to promote literacy in the City.

LIBRARY MEASURE B

Accounts for funds from Solano County Measure B sales tax to be used for enhancement of library services.

SOUTHERN PACIFIC DEPOT

Accounts for community donations and rent receipts expended for the Southern Pacific Depot.

PUBLIC SAFETY GRANTS

Accounts for various public safety grant revenues and their expenditures.

HUMAN SERVICES

Accounts for endowment and restricted donations to support resident assistance programs within the City.

| |
|---|
| NON-MAJOR GOVERNMENTAL FUNDS (Continued) |
|---|

DEVELOPER DEPOSITS

Accounts for developer deposits, fees and related expenditures incurred for specific projects.

TOURTELOT MITIGATION

Accounts for the cost of maintaining open space in the project area. Sources of revenue include fees paid by the developer and investment earnings.

MISCELLANEOUS GRANTS

Accounts for miscellaneous recycling and ABAG workplace safety grants.

VALERO GNSC

Accounts for the Valero settlement monies to be used for various water and energy conservation projects.

CAPITAL PROJECTS FUNDS**TRAFFIC MITIGATION**

Accounts for installation of new traffic signals and modification of streets for standardization of intersections. Sources of revenue include investment earnings, State grants, development fees and interfund transfers.

STREET PROJECTS

Accounts for the construction of public improvements. Sources of revenue include local, state and federal funds.

PARK DEDICATION

Accounts for construction and capital improvements of the City's parks, trails and open space lands. Sources of revenue include investment earnings, Parkland dedication fees, local and state grants.

LIBRARY BASEMENT PROJECT

Accounts for costs of remodeling the basement of the Library and to provide expanded services for customers and staff.

| |
|---|
| NON-MAJOR GOVERNMENTAL FUNDS (Continued) |
|---|

COMMUNITY CENTER

Accounts for expenditures for the construction of the Benicia Community Center. Sources of funding include proceeds from the sale of City owned land, donations, and Valero settlement monies.

McALLISTER ASSESSMENT DISTRICT

The McAllister Assessment District Capital Projects Fund accounts for the construction of public improvements benefiting the property within the bounds of the Assessment District, which is located north of Rose Drive and to the west of East Second Street. Source revenues include investment earnings and proceeds from bonds.

STREETS AND TRANSPORTATION FUND (INTERMODAL TRANSPORTATION FUND)

Accounts for funding and construction of various intermodal transportation projects. Sources of revenue include transfers provided by the General Fund, debt proceeds, investment earnings and grant funding.

CASA DE VILARRASA

Accounts for the capital improvements and rehabilitation of the project. Sources of revenue include investment earnings and proceeds from bonds.

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

| | SPECIAL REVENUE FUNDS | | | |
|---|-----------------------|---|---|---|
| | Gas Tax | Residential Landscaping and Lighting | Fleetside Landscaping and Lighting | Columbus Parkway Landscaping and Lighting |
| ASSETS | | | | |
| Cash and investments available for City operations | \$952,551 | \$58,069 | \$138,818 | \$111,524 |
| Accounts receivable | | | | |
| Interest receivable | 154 | 9 | 23 | 18 |
| Loans receivable | | | | |
| Total Assets | <u>\$952,705</u> | <u>\$58,078</u> | <u>\$138,841</u> | <u>\$111,542</u> |
| LIABILITIES | | | | |
| Accounts payable | \$23,693 | \$10,510 | \$2,079 | \$263 |
| Customer deposits | | | | |
| Unearned revenue | | | | |
| Due to other fund | | | | |
| Total Liabilities | <u>23,693</u> | <u>10,510</u> | <u>2,079</u> | <u>263</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - accounts receivable | | | | |
| Unavailable revenue - loans receivable | | | | |
| Total Deferred Inflows of Resources | | | | |
| FUND BALANCES | | | | |
| Restricted | 929,012 | 47,568 | 136,762 | 111,279 |
| Committed | | | | |
| Unassigned | | | | |
| Total Fund Balances (Deficits) | <u>929,012</u> | <u>47,568</u> | <u>136,762</u> | <u>111,279</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$952,705</u> | <u>\$58,078</u> | <u>\$138,841</u> | <u>\$111,542</u> |

SPECIAL REVENUE FUNDS

| East 2nd Street Landscaping and Lighting | Goodyear Road Landscaping and Lighting | Community Development Block Grant | Community Services Program | Library Programs | Library Measure B | Southern Pacific Depot | Public Safety Grants |
|---|---|---|----------------------------------|---------------------|----------------------|---------------------------|-------------------------|
| \$47,100 | \$41,071 | \$440,794 | \$268,226 | \$331,347 | \$536,448 | \$127,275 | \$231,184 |
| 8 | 7 | 71 | 669 | 52 | 117,226 | 250 | 59,650 |
| | | 266,058 | 44 | | 87 | 21 | 29 |
| <u>\$47,108</u> | <u>\$41,078</u> | <u>\$706,923</u> | <u>\$268,939</u> | <u>\$331,399</u> | <u>\$653,761</u> | <u>\$127,546</u> | <u>\$290,863</u> |
| \$1,046 | \$97 | | \$180 | \$4,733 | \$1,330 | | \$19,512 |
| | | | | | | | 45,249 |
| <u>1,046</u> | <u>97</u> | | <u>180</u> | <u>4,733</u> | <u>1,330</u> | | <u>64,761</u> |
| | | \$266,058 | | | | | |
| | | 266,058 | | | | | |
| 46,062 | 40,981 | 440,865 | 268,759 | 326,666 | 652,431 | \$127,546 | 226,102 |
| <u>46,062</u> | <u>40,981</u> | <u>440,865</u> | <u>268,759</u> | <u>326,666</u> | <u>652,431</u> | <u>127,546</u> | <u>226,102</u> |
| <u>\$47,108</u> | <u>\$41,078</u> | <u>\$706,923</u> | <u>\$268,939</u> | <u>\$331,399</u> | <u>\$653,761</u> | <u>\$127,546</u> | <u>\$290,863</u> |

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

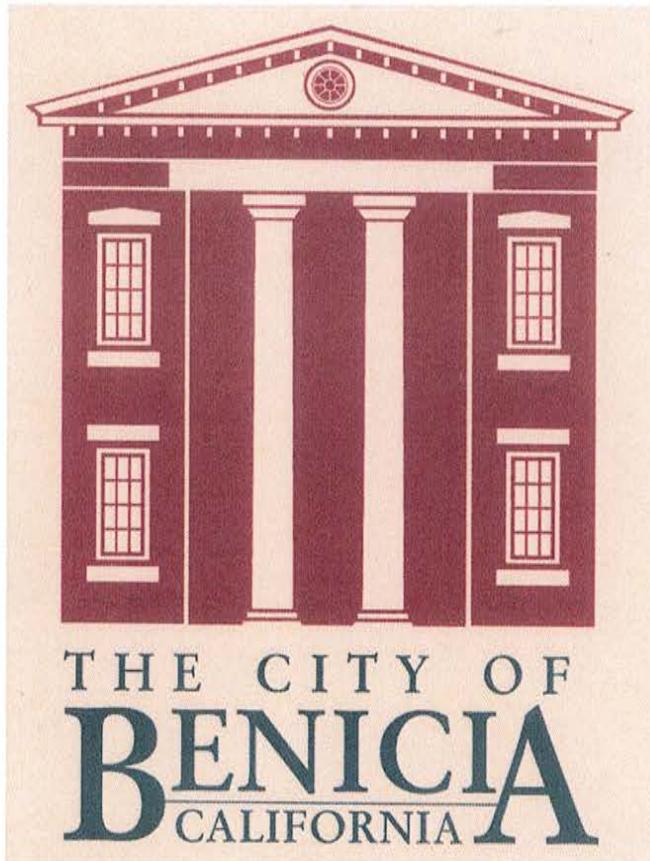
| | SPECIAL REVENUE FUNDS | | | |
|---|-----------------------|-----------------------|-------------------------|-------------------------|
| | Human Services | Developer Deposits | Tourtelot Mitigation | Miscellaneous Grants |
| ASSETS | | | | |
| Cash and investments available for City operations | \$158,211 | \$632,857 | \$484,063 | \$565 |
| Accounts receivable | | 36,297 | | 92,663 |
| Interest receivable | 29 | 27 | 79 | |
| Loans receivable | | | | |
| Total Assets | \$158,240 | \$669,181 | \$484,142 | \$93,228 |
| LIABILITIES | | | | |
| Accounts payable | | \$219,106 | \$7,302 | |
| Customer deposits | | 450,075 | | |
| Unearned revenue | | | | |
| Due to other fund | | | | \$92,663 |
| Total Liabilities | | 669,181 | 7,302 | 92,663 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - accounts receivable | | | | |
| Unavailable revenue - loans receivable | | | | |
| Total Deferred Inflows of Resources | | | | |
| FUND BALANCES | | | | |
| Restricted | \$158,240 | | 476,840 | 565 |
| Committed | | | | |
| Unassigned | | | | |
| Total Fund Balances (Deficit) | 158,240 | | 476,840 | 565 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$158,240 | \$669,181 | \$484,142 | \$93,228 |

| SPECIAL REVENUE FUNDS | CAPITAL PROJECTS FUNDS | | | | | |
|-----------------------------|------------------------|--------------------|--------------------|-----------------------------|---------------------|--------------------------------------|
| Valero GNSC | Traffic Mitigation | Street Projects | Park Dedication | Library Basement Project | Community Center | McAllister Assessment District |
| \$352,649 | \$1,022,173 | | | \$292,047 | \$51,984 | \$50,619 |
| 57 | 166 | | \$38,737 | 48 | | |
| | 57,099 | | 196,950 | | | |
| <u>\$352,706</u> | <u>\$1,079,438</u> | | <u>\$235,687</u> | <u>\$292,095</u> | <u>\$51,984</u> | <u>\$50,619</u> |
| \$32,218 | | | \$24,772 | | \$1,647 | \$50,619 |
| | \$23,263 | | 14,770 | | | |
| <u>32,218</u> | <u>23,263</u> | | <u>39,542</u> | | <u>1,647</u> | <u>50,619</u> |
| | 57,099 | | 196,950 | | | |
| | 57,099 | | 196,950 | | | |
| 320,488 | 999,076 | | (805) | \$292,095 | 50,337 | |
| <u>320,488</u> | <u>999,076</u> | | <u>(805)</u> | <u>292,095</u> | <u>50,337</u> | |
| <u>\$352,706</u> | <u>\$1,079,438</u> | | <u>\$235,687</u> | <u>\$292,095</u> | <u>\$51,984</u> | <u>\$50,619</u> |

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2014

| | CAPITAL PROJECTS FUNDS | | |
|---|---|----------------------|---|
| | Streets and Transportation (Intermodal Transportation) | Casa De Vilarrasa | Total Non-major Governmental Funds |
| ASSETS | | | |
| Cash and investments available for City operations | \$75,659 | | \$6,405,234 |
| Accounts receivable | 190,631 | | 536,123 |
| Interest receivable | 35 | | 964 |
| Loans receivable | | \$1,400,000 | 1,920,107 |
| | \$266,325 | \$1,400,000 | \$8,862,428 |
| LIABILITIES | | | |
| Accounts payable | \$52,217 | | \$451,324 |
| Customer deposits | | | 495,324 |
| Unearned revenue | | | 23,263 |
| Due to other fund | | | 107,433 |
| | 52,217 | | 1,077,344 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - accounts receivable | | | |
| Unavailable revenue - loans receivable | | \$1,400,000 | 1,920,107 |
| | | 1,400,000 | 1,920,107 |
| FUND BALANCES | | | |
| Restricted | | | 4,310,166 |
| Committed | 214,108 | | 1,555,616 |
| Unassigned | | | (805) |
| | 214,108 | | 5,864,977 |
| | \$266,325 | \$1,400,000 | \$8,862,428 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$266,325 | \$1,400,000 | \$8,862,428 |



CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

| | SPECIAL REVENUE FUNDS | | | |
|--|-----------------------|---|---|---|
| | Gas Tax | Residential Landscaping and Lighting | Fleetside Landscaping and Lighting | Columbus Parkway Landscaping and Lighting |
| REVENUES | | | | |
| Sales tax | | | | |
| Assessments | | \$299,886 | \$79,977 | \$15,800 |
| Use of money and property | \$7,243 | | 1,325 | 1,044 |
| Revenue from other agencies | 857,776 | | | |
| Current service charges | | | | |
| Community donations | | | | |
| Other | | | | |
| Total Revenues | <u>865,019</u> | <u>299,886</u> | <u>81,302</u> | <u>16,844</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration | | | | |
| Public safety - police | | | | |
| Parks and community services | | 319,380 | 94,005 | 11,450 |
| Public works | 293,606 | | | |
| Community development | | | | |
| Library | | | | |
| Economic development | | | | |
| Capital outlay | <u>243,733</u> | | | |
| Total Expenditures | <u>537,339</u> | <u>319,380</u> | <u>94,005</u> | <u>11,450</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>327,680</u> | <u>(19,494)</u> | <u>(12,703)</u> | <u>5,394</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | | | | |
| Transfers in | | | | |
| Transfers (out) | | | | |
| Total Other Financing Sources (Uses) | | | | |
| NET CHANGE IN FUND BALANCES | 327,680 | (19,494) | (12,703) | 5,394 |
| BEGINNING FUND BALANCES (DEFICITS) | <u>601,332</u> | <u>67,062</u> | <u>149,465</u> | <u>105,885</u> |
| ENDING FUND BALANCES (DEFICITS) | <u>\$929,012</u> | <u>\$47,568</u> | <u>\$136,762</u> | <u>\$111,279</u> |

SPECIAL REVENUE FUNDS

| East 2nd Street Landscaping and Lighting | Goodyear Road Landscaping and Lighting | Community Development Block Grant | Community Services Program | Library Programs | Library Measure B | Southern Pacific Depot | Public Safety Grants |
|---|---|---|----------------------------------|--------------------------------------|----------------------|---------------------------|---------------------------|
| | | | | | \$728,122 | | |
| \$28,001 199 | \$4,000 157 | \$69,582 | \$2,457 | \$3,373 33,432 49,593 1,870 | 5,961 | \$3,196 | \$1,020 296,781 105 |
| <u>28,200</u> | <u>4,157</u> | <u>69,582</u> | <u>53,920</u> | <u>130,202</u> | <u>734,083</u> | <u>3,196</u> | <u>297,906</u> |
| | | | | | | | 264,004 |
| 22,886 | 4,824 | | | 135,104 | 695,931 | 31,416 | |
| | | | 54,356 | 2,769 | 2,844 | | 98,140 |
| <u>22,886</u> | <u>4,824</u> | | <u>54,356</u> | <u>137,873</u> | <u>698,775</u> | <u>31,416</u> | <u>362,144</u> |
| 5,314 | (667) | 69,582 | (436) | (7,671) | 35,308 | (28,220) | (64,238) |
| | | | | | | | 9,898 24,040 |
| | | (86,044) | | 35,000 | | | |
| | | (86,044) | | 35,000 | | | 33,938 |
| 5,314 | (667) | (16,462) | (436) | 27,329 | 35,308 | (28,220) | (30,300) |
| 40,748 | 41,648 | 457,327 | 269,195 | 299,337 | 617,123 | 155,766 | 256,402 |
| <u>\$46,062</u> | <u>\$40,981</u> | <u>\$440,865</u> | <u>\$268,759</u> | <u>\$326,666</u> | <u>\$652,431</u> | <u>\$127,546</u> | <u>\$226,102</u> |

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

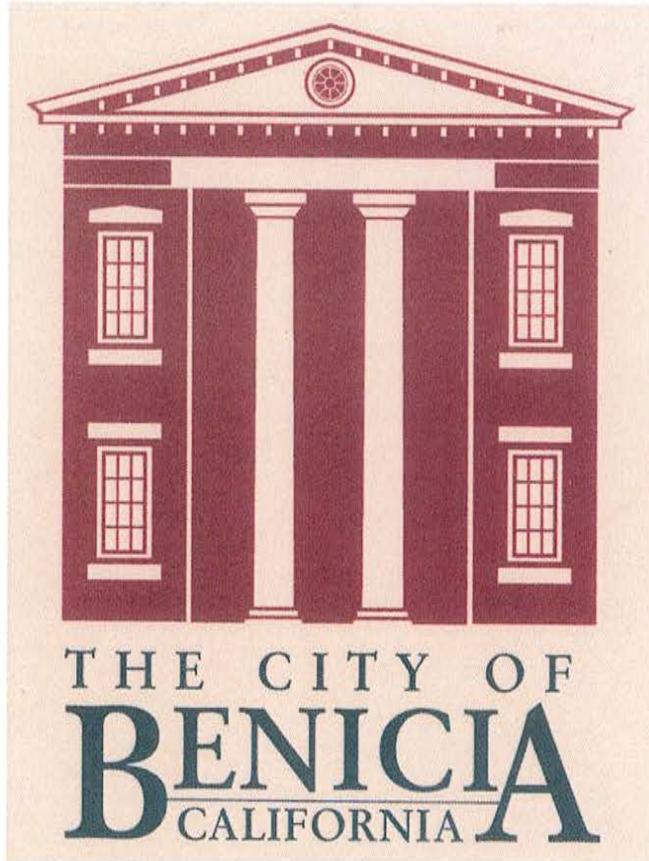
| | SPECIAL REVENUE FUNDS | | | |
|--|-----------------------|-----------------------|-------------------------|-------------------------|
| | Human Services | Developer Deposits | Tourtelot Mitigation | Miscellaneous Grants |
| REVENUES | | | | |
| Sales tax | | | | |
| Assessments | | | | |
| Use of money and property | \$1,637 | | \$4,593 | |
| Revenue from other agencies | | | | \$92,663 |
| Current service charges | | | | |
| Community donations | 29 | | | |
| Other | | | | |
| | | | | |
| Total Revenues | 1,666 | | 4,593 | 92,663 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Administration | | | | |
| Public safety - police | | | | |
| Parks and community services | | | | |
| Public works | | | 13,324 | |
| Community development | | | | |
| Library | | | | |
| Economic development | | | | |
| Capital outlay | | | | 92,663 |
| | | | | |
| Total Expenditures | | | 13,324 | 92,663 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,666 | | (8,731) | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | | | | |
| Transfers in | | | | |
| Transfers (out) | | | | |
| | | | | |
| Total Other Financing Sources (Uses) | | | | |
| NET CHANGE IN FUND BALANCES | 1,666 | | (8,731) | |
| BEGINNING FUND BALANCES (DEFICITS) | 156,574 | | 485,571 | 565 |
| ENDING FUND BALANCES (DEFICITS) | \$158,240 | | \$476,840 | \$565 |

| SPECIAL REVENUE FUNDS | CAPITAL PROJECTS FUNDS | | | | | |
|-----------------------------|------------------------|---------------------|--------------------|-----------------------------|---------------------|--------------------------------------|
| Valero GNSC | Traffic Mitigation | Street Projects | Park Dedication | Library Basement Project | Community Center | McAllister Assessment District |
| \$5,182 | \$11,359 | | | \$2,806 | | |
| | 19,556 | | \$89,483 6,039 | | | |
| 316,944 | 2,000 | | | | | |
| 322,126 | 32,915 | | 95,522 | 2,806 | | |
| 199,080 | | | | | | \$15,245 |
| 83,266 | | | | | | |
| 100,677 | | \$1 | | | | |
| 319,420 | 117,753 | | 98,756 | | \$17,761 | 24,671 |
| 702,443 | 117,753 | 1 | 98,756 | | 17,761 | 39,916 |
| (380,317) | (84,838) | (1) | (3,234) | 2,806 | (17,761) | (39,916) |
| | 2,822 | 231,758 (26,787) | | | | |
| | 2,822 | 204,971 | | | | |
| (380,317) | (82,016) | 204,970 | (3,234) | 2,806 | (17,761) | (39,916) |
| 700,805 | 1,081,092 | (204,970) | 2,429 | 289,289 | 68,098 | 39,916 |
| \$320,488 | \$999,076 | | (\$805) | \$292,095 | \$50,337 | |

(Continued)

CITY OF BENICIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>CAPITAL PROJECTS FUNDS</u> | | <u>Total Non-major Governmental Funds</u> |
|--|---|------------------------------|---|
| | <u>Streets and Transportation (Intermodal Transportation)</u> | <u>Casa De Vilarrasa</u> | |
| REVENUES | | | |
| Sales tax | | | \$728,122 |
| Assessments | | | 427,664 |
| Use of money and property | \$612 | | 121,746 |
| Revenue from other agencies | 1,613,629 | | 2,983,764 |
| Current service charges | | | 80,306 |
| Community donations | | | 88,413 |
| Other | | | 320,814 |
| | <u>1,614,241</u> | | <u>4,750,829</u> |
| Total Revenues | | | |
| EXPENDITURES | | | |
| Current: | | | |
| Administration | | | 214,325 |
| Public safety - police | | | 264,004 |
| Parks and community services | | | 567,227 |
| Public works | | | 306,931 |
| Community development | | | 100,677 |
| Library | | | 831,035 |
| Economic development | | | |
| Capital outlay | 1,125,068 | | 2,197,934 |
| | <u>1,125,068</u> | | <u>4,482,133</u> |
| Total Expenditures | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>489,173</u> | | <u>268,696</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from sale of capital assets | | | 9,898 |
| Transfers in | 23,940 | | 317,560 |
| Transfers (out) | (231,758) | | (344,589) |
| | <u>(207,818)</u> | | <u>(17,131)</u> |
| Total Other Financing Sources (Uses) | | | |
| NET CHANGE IN FUND BALANCES | 281,355 | | 251,565 |
| BEGINNING FUND BALANCES (DEFICITS) | <u>(67,247)</u> | | <u>5,613,412</u> |
| ENDING FUND BALANCES (DEFICITS) | <u>\$214,108</u> | | <u>\$5,864,977</u> |



CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

| | GAS TAX | | | RESIDENTIAL LANDSCAPING AND LIGHTING | | |
|--|-------------------|------------------|------------------------------------|---|-----------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Sales tax | | | | | | |
| Assessments | | | | \$299,885 | \$299,886 | \$1 |
| Use of money and property | \$4,000 | \$7,243 | \$3,243 | 500 | | (500) |
| Revenue from other agencies | 755,820 | 857,776 | 101,956 | | | |
| Current service charges | | | | | | |
| Community donations | | | | | | |
| Other | | | | | | |
| Total Revenues | <u>759,820</u> | <u>865,019</u> | <u>105,199</u> | <u>300,385</u> | <u>299,886</u> | <u>(499)</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Administration | | | | | | |
| Public safety - police | | | | | | |
| Parks and community services | | | | 336,295 | 319,380 | 16,915 |
| Public works | 403,320 | 293,606 | 109,714 | | | |
| Community development | | | | | | |
| Library | | | | | | |
| Capital outlay | 418,000 | 243,733 | 174,267 | | | |
| Total Expenditures | <u>821,320</u> | <u>537,339</u> | <u>283,981</u> | <u>336,295</u> | <u>319,380</u> | <u>16,915</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(61,500)</u> | <u>327,680</u> | <u>389,180</u> | <u>(35,910)</u> | <u>(19,494)</u> | <u>16,416</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds from sale of capital assets | | | | | | |
| Transfers in | | | | | | |
| Transfers out | | | | | | |
| Total Other Financing Sources (Uses) | | | | | | |
| NET CHANGE IN FUND BALANCES | <u>(\$61,500)</u> | <u>327,680</u> | <u>\$389,180</u> | <u>(\$35,910)</u> | <u>(19,494)</u> | <u>\$16,416</u> |
| BEGINNING FUND BALANCES (DEFICITS) | | <u>601,332</u> | | | <u>67,062</u> | |
| ENDING FUND BALANCES (DEFICITS) | | <u>\$929,012</u> | | | <u>\$47,568</u> | |

| FLEETSIDE LANDSCAPING AND LIGHTING | | | COLUMBUS PARKWAY LANDSCAPING AND LIGHTING | | | EAST 2ND STREET LANDSCAPING AND LIGHTING | | |
|---------------------------------------|------------------|------------------------------------|--|------------------|------------------------------------|---|-----------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| \$79,975 | \$79,977 | \$2 | \$15,800 | \$15,800 | | \$28,000 | \$28,001 | \$1 |
| 1,210 | 1,325 | 115 | 900 | 1,044 | \$144 | 275 | 199 | (76) |
| <u>81,185</u> | <u>81,302</u> | <u>117</u> | <u>16,700</u> | <u>16,844</u> | <u>144</u> | <u>28,275</u> | <u>28,200</u> | <u>(75)</u> |
| 111,205 | 94,005 | 17,200 | 24,525 | 11,450 | 13,075 | 34,090 | 22,886 | 11,204 |
| <u>4,000</u> | | <u>4,000</u> | <u>500</u> | | <u>500</u> | | | |
| <u>115,205</u> | <u>94,005</u> | <u>21,200</u> | <u>25,025</u> | <u>11,450</u> | <u>13,575</u> | <u>34,090</u> | <u>22,886</u> | <u>11,204</u> |
| <u>(34,020)</u> | <u>(12,703)</u> | <u>21,317</u> | <u>(8,325)</u> | <u>5,394</u> | <u>13,719</u> | <u>(5,815)</u> | <u>5,314</u> | <u>11,129</u> |
| <u>(\$34,020)</u> | <u>(12,703)</u> | <u>\$21,317</u> | <u>(\$8,325)</u> | <u>5,394</u> | <u>\$13,719</u> | <u>(\$5,815)</u> | <u>5,314</u> | <u>\$11,129</u> |
| | <u>149,465</u> | | | <u>105,885</u> | | | <u>40,748</u> | |
| | <u>\$136,762</u> | | | <u>\$111,279</u> | | | <u>\$46,062</u> | |

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

| | GOODYEAR ROAD LANDSCAPING AND LIGHTING | | | COMMUNITY DEVELOPMENT BLOCK GRANT | | |
|--|---|-----------------|------------------------------------|--------------------------------------|------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Sales tax | | | | | | |
| Assessments | \$4,000 | \$4,000 | | | | |
| Use of money and property | 355 | 157 | (\$198) | \$17,400 | \$69,582 | \$52,182 |
| Revenue from other agencies | | | | | | |
| Current service charges | | | | | | |
| Community donations | | | | | | |
| Other | | | | | | |
| Total Revenues | <u>4,355</u> | <u>4,157</u> | <u>(198)</u> | <u>17,400</u> | <u>69,582</u> | <u>52,182</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Administration | | | | | | |
| Public safety - police | | | | | | |
| Parks and community services | 6,765 | 4,824 | 1,941 | | | |
| Public works | | | | | | |
| Community development | | | | 140,000 | | 140,000 |
| Library | | | | | | |
| Capital outlay | 500 | | 500 | | | |
| Total Expenditures | <u>7,265</u> | <u>4,824</u> | <u>2,441</u> | <u>140,000</u> | | <u>140,000</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(2,910)</u> | <u>(667)</u> | <u>2,243</u> | <u>(122,600)</u> | <u>69,582</u> | <u>192,182</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds from sale of capital assets | | | | | | |
| Transfers in | | | | | | |
| Transfers out | | | | | (86,044) | (86,044) |
| Total Other Financing Sources (Uses) | | | | | <u>(86,044)</u> | <u>(86,044)</u> |
| NET CHANGE IN FUND BALANCES | <u>(\$2,910)</u> | <u>(667)</u> | <u>\$2,243</u> | <u>(\$122,600)</u> | <u>(16,462)</u> | <u>\$106,138</u> |
| BEGINNING FUND BALANCES (DEFICITS) | | <u>41,648</u> | | | <u>457,327</u> | |
| ENDING FUND BALANCES (DEFICITS) | | <u>\$40,981</u> | | | <u>\$440,865</u> | |

| COMMUNITY SERVICES PROGRAM | | | LIBRARY PROGRAMS | | | LIBRARY MEASURE B | | |
|----------------------------|------------------|------------------------------|-------------------|------------------|------------------------------|--------------------|------------------|------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| | | | | | | \$720,000 | \$728,122 | \$8,122 |
| \$2,000 | \$2,457 | \$457 | \$900 | \$3,373 | \$2,473 | 3,000 | 5,961 | 2,961 |
| 29,000 | 49,593 | 20,593 | 30,765 | 33,432 | 2,667 | | | |
| | | | 30 | 5,118 | 5,088 | | | |
| 500 | 1,870 | 1,370 | 70,500 | 88,279 | 17,779 | | | |
| <u>31,500</u> | <u>53,920</u> | <u>22,420</u> | <u>102,195</u> | <u>130,202</u> | <u>28,007</u> | <u>723,000</u> | <u>734,083</u> | <u>11,083</u> |
| 17,000 | | 17,000 | | | | | | |
| 87,995 | 54,356 | 33,639 | 195,145 | 135,104 | 60,041 | 836,495 | 695,931 | 140,564 |
| | | | 34,545 | 2,769 | 31,776 | 15,195 | 2,844 | 12,351 |
| <u>104,995</u> | <u>54,356</u> | <u>50,639</u> | <u>229,690</u> | <u>137,873</u> | <u>91,817</u> | <u>851,690</u> | <u>698,775</u> | <u>152,915</u> |
| <u>(73,495)</u> | <u>(436)</u> | <u>73,059</u> | <u>(127,495)</u> | <u>(7,671)</u> | <u>119,824</u> | <u>(128,690)</u> | <u>35,308</u> | <u>163,998</u> |
| | | | 35,000 | 35,000 | | | | |
| | | | 35,000 | 35,000 | | | | |
| <u>(\$73,495)</u> | <u>(436)</u> | <u>\$73,059</u> | <u>(\$92,495)</u> | <u>27,329</u> | <u>\$119,824</u> | <u>(\$128,690)</u> | <u>35,308</u> | <u>\$163,998</u> |
| | <u>269,195</u> | | | <u>299,337</u> | | | <u>617,123</u> | |
| | <u>\$268,759</u> | | | <u>\$326,666</u> | | | <u>\$652,431</u> | |

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

| | SOUTHERN PACIFIC DEPOT | | | PUBLIC SAFETY GRANTS | | |
|--|------------------------|-----------|------------------------------------|----------------------|-----------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Sales tax | | | | | | |
| Assessments | | | | | | |
| Use of money and property | \$4,500 | \$3,196 | (\$1,304) | \$1,700 | \$1,020 | (\$680) |
| Revenue from other agencies | | | | 315,360 | 296,781 | (18,579) |
| Current service charges | | | | | | |
| Community donations | | | | 200 | 105 | (95) |
| Other | | | | | | |
| Total Revenues | 4,500 | 3,196 | (1,304) | 317,260 | 297,906 | (19,354) |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Administration | | | | 15,430 | | 15,430 |
| Public safety - police | | | | 308,860 | 264,004 | 44,856 |
| Parks and community services | 29,100 | 31,416 | (2,316) | | | |
| Public works | | | | | | |
| Community development | | | | | | |
| Library | | | | | | |
| Capital outlay | | | | 116,910 | 98,140 | 18,770 |
| Total Expenditures | 29,100 | 31,416 | (2,316) | 441,200 | 362,144 | 79,056 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (24,600) | (28,220) | (3,620) | (123,940) | (64,238) | 59,702 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds from sale of capital assets | | | | | 9,898 | 9,898 |
| Transfers in | | | | 24,040 | 24,040 | |
| Transfers out | | | | | | |
| Total Other Financing Sources (Uses) | | | | 24,040 | 33,938 | 9,898 |
| NET CHANGE IN FUND BALANCES | (\$24,600) | (28,220) | (\$3,620) | (\$99,900) | (30,300) | \$69,600 |
| BEGINNING FUND BALANCES (DEFICITS) | | 155,766 | | | 256,402 | |
| ENDING FUND BALANCES (DEFICITS) | | \$127,546 | | | \$226,102 | |

| HUMAN SERVICES | | | TOURTELOT MITIGATION | | | MISCELLENOUS GRANTS | | |
|----------------|------------------|------------------------------------|----------------------|------------------|------------------------------------|---------------------|---------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| \$2,000 | \$1,637 | (\$363) | \$3,500 | \$4,593 | \$1,093 | \$149,875 | \$92,663 | (\$57,212) |
| | 29 | 29 | | | | | | |
| <u>2,000</u> | <u>1,666</u> | <u>(334)</u> | <u>3,500</u> | <u>4,593</u> | <u>1,093</u> | <u>149,875</u> | <u>92,663</u> | <u>(57,212)</u> |
| | | | 10,000 | 13,324 | (3,324) | | | |
| | | | | | | <u>149,875</u> | <u>92,663</u> | <u>57,212</u> |
| | | | <u>10,000</u> | <u>13,324</u> | <u>(3,324)</u> | <u>149,875</u> | <u>92,663</u> | <u>57,212</u> |
| <u>2,000</u> | <u>1,666</u> | <u>(334)</u> | <u>(6,500)</u> | <u>(8,731)</u> | <u>(2,231)</u> | | | |
| | | | | | | | | |
| <u>\$2,000</u> | <u>1,666</u> | <u>(\$334)</u> | <u>(\$6,500)</u> | <u>(8,731)</u> | <u>(\$2,231)</u> | | | |
| | <u>156,574</u> | | | <u>485,571</u> | | | <u>565</u> | |
| | <u>\$158,240</u> | | | <u>\$476,840</u> | | | <u>\$565</u> | |

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

| | VALERO GNCS | | | TRAFFIC MITIGATION | | |
|--|----------------------|------------------|------------------------------------|--------------------|------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Sales tax | | | | | | |
| Assessments | | | | | | |
| Use of money and property | \$5,000 | \$5,182 | \$182 | \$8,000 | \$11,359 | \$3,359 |
| Revenue from other agencies | | | | | | |
| Current service charges | | | | 2,000 | 19,556 | 17,556 |
| Community donations | | | | | | |
| Other | <u>1,211,080</u> | <u>316,944</u> | <u>(894,136)</u> | <u> </u> | <u>2,000</u> | <u>2,000</u> |
| Total Revenues | <u>1,216,080</u> | <u>322,126</u> | <u>(893,954)</u> | <u>10,000</u> | <u>32,915</u> | <u>22,915</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| Administration | 233,530 | 199,080 | 34,450 | | | |
| Public safety - police | | | | | | |
| Parks and community services | 91,290 | 83,266 | 8,024 | | | |
| Public works | | | | | | |
| Community development | 186,455 | 100,677 | 85,778 | | | |
| Library | | | | | | |
| Capital outlay | <u>982,955</u> | <u>319,420</u> | <u>663,535</u> | <u>189,700</u> | <u>117,753</u> | <u>71,947</u> |
| Total Expenditures | <u>1,494,230</u> | <u>702,443</u> | <u>791,787</u> | <u>189,700</u> | <u>117,753</u> | <u>71,947</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | | | |
| | <u>(278,150)</u> | <u>(380,317)</u> | <u>(102,167)</u> | <u>(179,700)</u> | <u>(84,838)</u> | <u>94,862</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds from sale of capital assets | | | | | | |
| Transfers in | | | | | 2,822 | 2,822 |
| Transfers out | <u>(1,000,000)</u> | | <u>1,000,000</u> | | | |
| Total Other Financing Sources (Uses) | <u>(1,000,000)</u> | | <u>1,000,000</u> | | <u>2,822</u> | <u>2,822</u> |
| NET CHANGE IN FUND BALANCES | | | | | | |
| | <u>(\$1,278,150)</u> | <u>(380,317)</u> | <u>\$897,833</u> | <u>(\$179,700)</u> | <u>(82,016)</u> | <u>\$97,684</u> |
| BEGINNING FUND BALANCES (DEFICITS) | | | | | | |
| | | <u>700,805</u> | | | <u>1,081,092</u> | |
| ENDING FUND BALANCES (DEFICITS) | | | | | | |
| | | <u>\$320,488</u> | | | <u>\$999,076</u> | |

| PARK DEDICATION | | | COMMUNITY CENTER | | | MCALLISTER ASSESSMENT DISTRICT | | |
|-----------------|----------------|------------------------------|-------------------|-----------------|------------------------------|--------------------------------|-----------------|------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| \$1,000 | | (\$1,000) | | | | \$2,195 | | (\$2,195) |
| 136,520 | \$89,483 | (47,037) | | | | | | |
| 20,000 | 6,039 | (13,961) | | | | | | |
| <u>157,520</u> | <u>95,522</u> | <u>(61,998)</u> | | | | <u>2,195</u> | | <u>(2,195)</u> |
| | | | | | | | \$15,245 | (15,245) |
| <u>137,500</u> | <u>98,756</u> | <u>38,744</u> | <u>\$65,600</u> | <u>\$17,761</u> | <u>\$47,839</u> | <u>42,115</u> | <u>24,671</u> | <u>(17,444)</u> |
| <u>137,500</u> | <u>98,756</u> | <u>38,744</u> | <u>65,600</u> | <u>17,761</u> | <u>47,839</u> | <u>42,115</u> | <u>39,916</u> | <u>(32,689)</u> |
| <u>20,020</u> | <u>(3,234)</u> | <u>(23,254)</u> | <u>(65,600)</u> | <u>(17,761)</u> | <u>47,839</u> | <u>(39,920)</u> | <u>(39,916)</u> | <u>4</u> |
| <u>\$20,020</u> | <u>(3,234)</u> | <u>(\$23,254)</u> | <u>(\$65,600)</u> | <u>(17,761)</u> | <u>\$47,839</u> | <u>(\$39,920)</u> | <u>(39,916)</u> | <u>\$4</u> |
| | <u>2,429</u> | | | <u>68,098</u> | | | <u>39,916</u> | |
| | <u>(\$805)</u> | | | <u>\$50,337</u> | | | | |

(Continued)

CITY OF BENICIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2014

| | STREETS AND TRANSPORTATION (INTERMODAL TRANSPORTATION) | | |
|--|---|-----------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | |
| Sales tax | | | |
| Assessments | | | |
| Use of money and property | | \$612 | \$612 |
| Revenue from other agencies | \$2,746,805 | 1,613,629 | (1,133,176) |
| Current service charges | | | |
| Community donations | | | |
| Other | | | |
| | | | |
| Total Revenues | 2,746,805 | 1,614,241 | (1,132,564) |
| EXPENDITURES | | | |
| Current: | | | |
| Administration | | | |
| Public safety - police | | | |
| Parks and community services | | | |
| Public works | | | |
| Community development | | | |
| Library | | | |
| Capital outlay | 2,411,495 | 1,125,068 | 1,286,427 |
| | | | |
| Total Expenditures | 2,411,495 | 1,125,068 | 1,286,427 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 335,310 | 489,173 | 153,863 |
| OTHER FINANCING SOURCES (USES) | | | |
| Proceeds from sale of capital assets | | | |
| Transfers in | | 23,940 | 23,940 |
| Transfers out | | (231,758) | (231,758) |
| | | | |
| Total Other Financing Sources (Uses) | | (207,818) | (207,818) |
| NET CHANGE IN FUND BALANCES | \$335,310 | 281,355 | (\$53,955) |
| BEGINNING FUND BALANCES (DEFICITS) | | (67,247) | |
| ENDING FUND BALANCES (DEFICITS) | | \$214,108 | |

INTERNAL SERVICE FUNDS

INSURANCE FUND

Accounts for the accumulation and allocation of costs associated with the administration of medical coverage, temporary disability payments, safety training to all employees and maintaining excess insurance coverage for Workers' Compensation.

GENERAL SERVICES

Accounts for the accumulation and allocation of costs pertaining to utility billing, liability insurance and property insurance of the Water and Wastewater Funds. The Fund also accounts for the preparation, maintenance and repair of mechanical equipment and vehicles for other departments.

BUILDING AND EQUIPMENT MANAGEMENT

Accounts for the maintenance and remodeling of City owned buildings and facilities and acquisition of replacement vehicles and equipment.

RETIREMENT STABILITY FUND

Provides for equalization of retirement costs. Sources of revenue include investment earnings, and service charges to departments.

ENERGY FUND

Accounts for the accumulation and allocation of costs for certain energy conservation projects throughout the City; primarily solar panels. The fund operates as an internal electricity-provider to various sites within the City where solar arrays were constructed. Sources of the revenue include service charges to departments and energy rebates.

CITY OF BENICIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

| | Insurance | General Services | Building and Equipment Management |
|---|---------------|---------------------|---|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and investments | | | |
| Available for City operations | \$1,281,352 | \$15,929 | \$1,816,005 |
| Restricted cash and investments held by fiscal agents | | | |
| Accounts receivable | 17 | | |
| Interest receivable | 207 | | 296 |
| Materials, parts and supplies | | 15,416 | |
| Prepaid items | | 29,698 | |
| | | | |
| Total Current Assets | 1,281,576 | 61,043 | 1,816,301 |
| Non-Current Assets: | | | |
| Prepaid PERS contribution | | | |
| Other assets | | | |
| Property, plant and equipment: | | | |
| Land | | | |
| Buildings and improvements | | | 12,343,352 |
| Machinery and equipment | | | 4,365,012 |
| Less: accumulated depreciation | | | (9,389,219) |
| | | | |
| Total Non-Current Assets | | | 7,319,145 |
| | | | |
| Total Assets | 1,281,576 | 61,043 | 9,135,446 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 100,559 | 18,738 | 17,652 |
| Customer and performance deposits | | | |
| Interest payable | | | 1,749 |
| Workers' compensation claims | 781,307 | | |
| Current portion long-term liabilities | | | 37,806 |
| Due to other funds | | 42,305 | |
| | | | |
| Total Current Liabilities | 881,866 | 61,043 | 57,207 |
| Long-Term Liabilities: | | | |
| Workers' compensation claims | 1,459,693 | | |
| Lease obligation | | | 123,645 |
| Certificates of participation | | | |
| Pension obligation bonds | | | |
| | | | |
| Total Long-Term Liabilities | 1,459,693 | | 123,645 |
| | | | |
| Total Liabilities | 2,341,559 | 61,043 | 180,852 |
| NET POSITION | | | |
| Net investment in capital assets | | | 7,157,694 |
| Restricted for debt service | | | |
| Unrestricted | (1,059,983) | | 1,796,900 |
| | | | |
| Total Net Position | (\$1,059,983) | | \$8,954,594 |

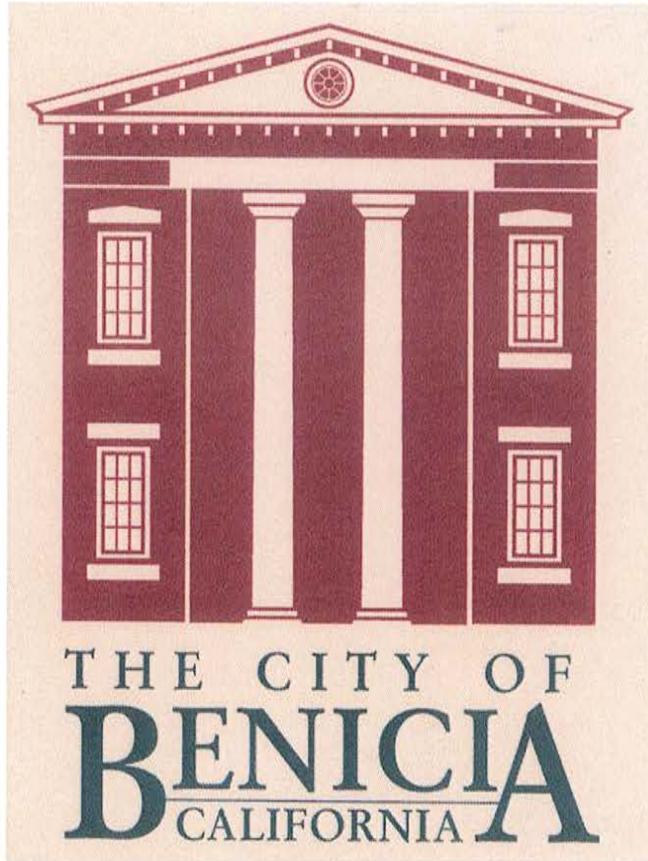
| <u>Retirement Stability</u> | <u>Energy</u> | <u>Total</u> |
|---------------------------------|-------------------|---------------------|
| \$1,491,893 | \$1,217 | \$4,606,396 |
| 112 | | 112 |
| 242 | 118,035 | 118,052 |
| | | 745 |
| | | 15,416 |
| | | 29,698 |
| <u>1,492,247</u> | <u>119,252</u> | <u>4,770,419</u> |
| 10,810,341 | | 10,810,341 |
| | 181,727 | 181,727 |
| | 556,909 | 556,909 |
| | 12,643,187 | 24,986,539 |
| | | 4,365,012 |
| | (681,882) | (10,071,101) |
| <u>10,810,341</u> | <u>12,699,941</u> | <u>30,829,427</u> |
| <u>12,302,588</u> | <u>12,819,193</u> | <u>35,599,846</u> |
| | 4,536 | 141,485 |
| | 5,000 | 5,000 |
| 27,701 | 113,511 | 142,961 |
| | | 781,307 |
| 1,155,000 | 465,000 | 1,657,806 |
| | | 42,305 |
| <u>1,182,701</u> | <u>588,047</u> | <u>2,770,864</u> |
| | | 1,459,693 |
| | | 123,645 |
| 9,513,519 | 11,585,509 | 11,585,509 |
| | | 9,513,519 |
| <u>9,513,519</u> | <u>11,585,509</u> | <u>22,682,366</u> |
| <u>10,696,220</u> | <u>12,173,556</u> | <u>25,453,230</u> |
| | 467,705 | 7,625,399 |
| 112 | | 112 |
| 1,606,256 | 177,932 | 2,521,105 |
| <u>\$1,606,368</u> | <u>\$645,637</u> | <u>\$10,146,616</u> |

CITY OF BENICIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Insurance</u> | <u>General Services</u> | <u>Building and Equipment Management</u> |
|---|-----------------------------|-----------------------------|--|
| OPERATING REVENUES | | | |
| Charges for services | \$1,222,191 | \$1,394,480 | \$722,455 |
| Refunds and rebates | 11,357 | 62 | |
| Total Operating Revenues | <u>1,233,548</u> | <u>1,394,542</u> | <u>722,455</u> |
| OPERATING EXPENSES | | | |
| Wages and benefits | 101,680 | 614,633 | |
| Materials and supplies | | 11,869 | 337,356 |
| Operations and maintenance | 76,300 | 329,172 | 1,146 |
| Pension obligation amortization | | | |
| Claims and Insurance | 890,135 | 438,868 | |
| Depreciation | | | 540,832 |
| Total Operating Expenses | <u>1,068,115</u> | <u>1,394,542</u> | <u>879,334</u> |
| Operating Income (Loss) | <u>165,433</u> | | <u>(156,879)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Interest income | 7,097 | | 16,925 |
| Interest expense | | | (7,785) |
| Amortization of bond issue/discount | | | |
| Other | | | |
| Gain on sale of capital assets | | | 6,475 |
| Total Nonoperating Revenues (Expenses) | <u>7,097</u> | | <u>15,615</u> |
| Income (Loss) Before Transfers | <u>172,530</u> | | <u>(141,264)</u> |
| Change in Net Position | 172,530 | | (141,264) |
| BEGINNING NET POSITION (DEFICITS), AS RESTATED (Note 1) | <u>(1,232,513)</u> | | <u>9,095,858</u> |
| ENDING NET POSITION (DEFICITS) | <u><u>(\$1,059,983)</u></u> | | <u><u>\$8,954,594</u></u> |

| <u>Retirement Stability</u> | <u>Energy</u> | <u>Total</u> |
|---------------------------------|------------------|---------------------|
| \$1,892,216 | \$779,961 | \$6,011,303 |
| | 486,578 | 497,997 |
| <u>1,892,216</u> | <u>1,266,539</u> | <u>6,509,300</u> |
| | 5,735 | 722,048 |
| | 20,054 | 369,279 |
| | 78,544 | 485,162 |
| 392,085 | | 392,085 |
| | | 1,329,003 |
| | 349,747 | 890,579 |
| <u>392,085</u> | <u>454,080</u> | <u>4,188,156</u> |
| <u>1,500,131</u> | <u>812,459</u> | <u>2,321,144</u> |
| 6,673 | 5,552 | 36,247 |
| (661,058) | (690,805) | (1,359,648) |
| | (18,632) | (18,632) |
| | | 6,475 |
| <u>(654,385)</u> | <u>(703,885)</u> | <u>(1,335,558)</u> |
| <u>845,746</u> | <u>108,574</u> | <u>985,586</u> |
| 845,746 | 108,574 | 985,586 |
| <u>760,622</u> | <u>537,063</u> | <u>9,161,030</u> |
| <u>\$1,606,368</u> | <u>\$645,637</u> | <u>\$10,146,616</u> |

| Retirement Stability | Energy | Total |
|-------------------------|--------------------|--------------------|
| \$1,892,342 | \$779,961 | \$6,022,831 |
| | (1,070,231) | (1,788,465) |
| | (5,735) | (1,160,916) |
| | 495,777 | 495,777 |
| | | (768,135) |
| <u>1,892,342</u> | <u>199,772</u> | <u>2,801,092</u> |
| | | 6,519 |
| (1,105,000) | | (1,105,000) |
| (339,265) | | (339,265) |
| <u>(1,444,265)</u> | | <u>(1,437,746)</u> |
| | (425,000) | (461,220) |
| | (692,754) | (700,538) |
| | | (215,045) |
| | | <u>6,475</u> |
| | <u>(1,117,754)</u> | <u>(1,370,328)</u> |
| <u>6,543</u> | <u>5,552</u> | <u>35,832</u> |
| <u>6,543</u> | <u>5,552</u> | <u>35,832</u> |
| 454,620 | (912,430) | 28,850 |
| <u>1,037,385</u> | <u>913,647</u> | <u>4,577,658</u> |
| <u>\$1,492,005</u> | <u>\$1,217</u> | <u>\$4,606,508</u> |
| \$1,500,131 | \$812,459 | \$2,321,144 |
| 392,085 | 349,747 | 890,579 |
| | | 392,085 |
| | | (18) |
| | | 3,608 |
| 126 | 9,199 | 9,308 |
| | (971,633) | (937,614) |
| | | 122,000 |
| <u>\$1,892,342</u> | <u>\$199,772</u> | <u>\$2,801,092</u> |



AGENCY FUNDS

ASSESSMENT DISTRICTS

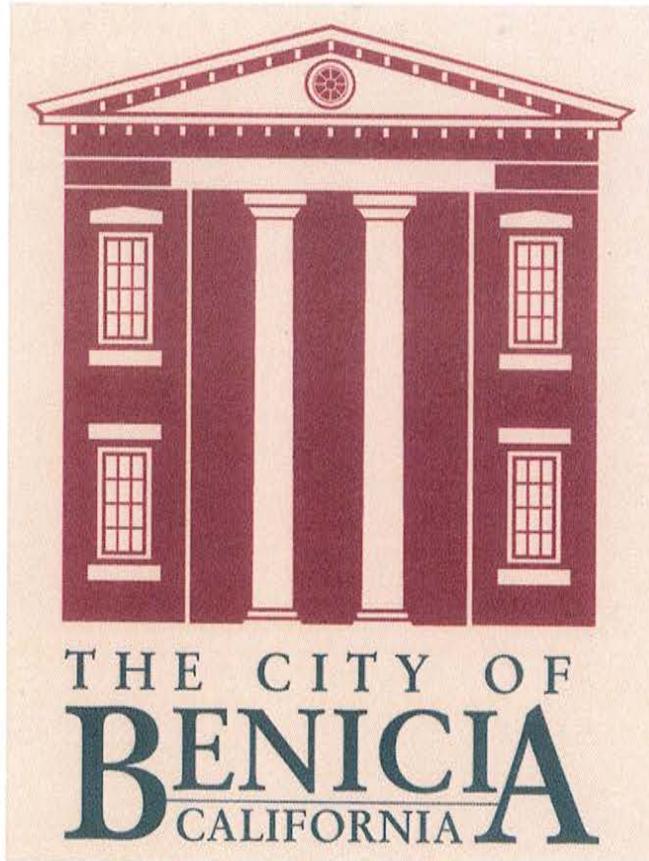
Accounts for the collection of assessments and disbursements to District bondholders for Assessment Districts debt without City commitment.

CITY OF BENICIA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2014

| | Balance June 30, 2013 | Additions | Deductions | Balance June 30, 2014 |
|---|--------------------------|------------------|------------------|--------------------------|
| <u>Fleetside Industrial Assessment District</u> | | | | |
| <u>Assets</u> | | | | |
| Restricted cash and investments | \$677,680 | \$191,734 | \$424,378 | \$445,036 |
| Interest receivable | 79 | 72 | 79 | 72 |
| Total assets | <u>\$677,759</u> | <u>\$191,806</u> | <u>\$424,457</u> | <u>\$445,108</u> |
| <u>Liabilities</u> | | | | |
| Due to bondholders | <u>\$677,759</u> | <u>\$191,806</u> | <u>\$424,457</u> | <u>\$445,108</u> |
| Total liabilities | <u>\$677,759</u> | <u>\$191,806</u> | <u>\$424,457</u> | <u>\$445,108</u> |
| <u>East 2nd Street Assessment District</u> | | | | |
| <u>Assets</u> | | | | |
| Restricted cash and investments | \$551,178 | \$453,211 | \$427,000 | \$577,389 |
| Interest receivable | 64 | 94 | 64 | 94 |
| Total assets | <u>\$551,242</u> | <u>\$453,305</u> | <u>\$427,064</u> | <u>\$577,483</u> |
| <u>Liabilities</u> | | | | |
| Due to bondholders | <u>\$551,242</u> | <u>\$453,305</u> | <u>\$427,064</u> | <u>\$577,483</u> |
| Total liabilities | <u>\$551,242</u> | <u>\$453,305</u> | <u>\$427,064</u> | <u>\$577,483</u> |
| <u>Combined Drake/Gateway Assessment District</u> | | | | |
| <u>Assets</u> | | | | |
| Restricted cash and investments | \$170,599 | \$1,347 | \$143,742 | \$28,204 |
| Interest receivable | 20 | 5 | 20 | 5 |
| Total assets | <u>\$170,619</u> | <u>\$1,352</u> | <u>\$143,762</u> | <u>\$28,209</u> |
| <u>Liabilities</u> | | | | |
| Due to bondholders | <u>\$170,619</u> | <u>\$1,352</u> | <u>\$143,762</u> | <u>\$28,209</u> |
| Total liabilities | <u>\$170,619</u> | <u>\$1,352</u> | <u>\$143,762</u> | <u>\$28,209</u> |

CITY OF BENICIA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2014

| | Balance June 30, 2013 | Additions | Deductions | Balance June 30, 2014 |
|---------------------------------------|--------------------------|--------------------|--------------------|--------------------------|
| <u>McAllister Assessment District</u> | | | | |
| <u>Assets</u> | | | | |
| Restricted cash and investments | \$1,520,397 | \$886,409 | \$842,860 | \$1,563,946 |
| Interest receivable | 179 | | 179 | |
| Total assets | <u>\$1,520,576</u> | <u>\$886,409</u> | <u>\$843,039</u> | <u>\$1,563,946</u> |
| <u>Liabilities</u> | | | | |
| Due to bondholders | \$1,520,576 | \$886,409 | \$843,039 | \$1,563,946 |
| Total liabilities | <u>\$1,520,576</u> | <u>\$886,409</u> | <u>\$843,039</u> | <u>\$1,563,946</u> |
| <u>Totals - All Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Restricted cash and investments | \$2,919,854 | \$1,532,701 | \$1,837,980 | \$2,614,575 |
| Interest receivable | 342 | 171 | 342 | 171 |
| Total assets | <u>\$2,920,196</u> | <u>\$1,532,872</u> | <u>\$1,838,322</u> | <u>\$2,614,746</u> |
| <u>Liabilities</u> | | | | |
| Due to bondholders | \$2,920,196 | \$1,532,872 | \$1,838,322 | \$2,614,746 |
| Total liabilities | <u>\$2,920,196</u> | <u>\$1,532,872</u> | <u>\$1,838,322</u> | <u>\$2,614,746</u> |



STATISTICAL SECTION

This part of the City's 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 City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

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:

1. Net Position by Component
2. Changes in Net Position
3. Government Activities of Tax Revenue By Source
4. Fund Balances of Governmental Funds
5. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Direct and Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

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:

1. Ratio of Outstanding Debt by Type
2. Ratio of General Bonded Debt Outstanding
3. Computation of Direct and Overlapping Debt
4. Computation of Legal Bonded Debt Margin
5. Pledged Revenue Coverage, Water and Wastewater Revenue Bonds

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

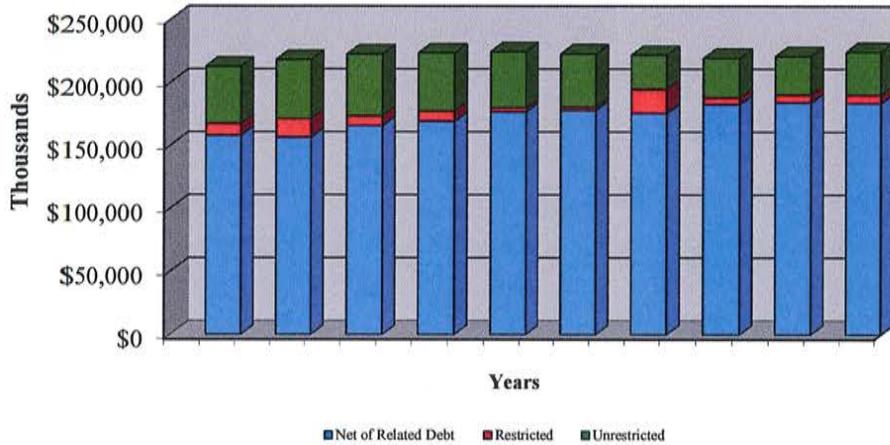
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF BENICIA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)



| | At June 30 | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Governmental activities | | | | | | |
| Net investment in capital assets | \$106,131,111 | \$106,154,667 | \$109,082,400 | \$110,609,618 | \$113,264,434 | \$115,359,499 |
| Restricted | 8,273,480 | 14,218,067 | 7,848,173 | 8,052,003 | 3,195,339 | 2,507,802 |
| Unrestricted | 15,644,661 | 10,153,833 | 15,361,828 | 13,489,203 | 15,465,114 | 14,171,681 |
| Total governmental activities net position | \$130,049,252 | \$130,526,567 | \$132,292,401 | \$132,150,824 | \$131,924,887 | \$132,038,982 |
| Business-type activities | | | | | | |
| Net investment in capital assets | \$52,003,981 | \$50,368,665 | \$56,818,976 | \$58,724,744 | \$63,624,158 | \$62,819,454 |
| Restricted | 1,058,372 | 648,123 | 360 | 256 | - | - |
| Unrestricted | 29,788,462 | 36,731,790 | 33,563,541 | 32,863,392 | 29,231,383 | 27,932,802 |
| Total business-type activities net position | \$82,850,815 | \$87,748,578 | \$90,382,877 | \$91,588,392 | \$92,855,541 | \$90,752,256 |
| Primary government | | | | | | |
| Net investment in capital assets | \$158,135,092 | \$156,523,332 | \$165,901,376 | \$169,334,362 | \$176,888,592 | \$178,178,953 |
| Restricted | 9,331,852 | 14,866,190 | 7,848,533 | 8,052,259 | 3,195,339 | 2,507,802 |
| Unrestricted | 45,433,123 | 46,885,623 | 48,925,369 | 46,352,595 | 44,696,497 | 42,104,483 |
| Total primary government net position | \$212,900,067 | \$218,275,145 | \$222,675,278 | \$223,739,216 | \$224,780,428 | \$222,791,238 |

| <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|----------------------|----------------------|----------------------|----------------------|
| \$112,701,775 | \$120,052,758 | \$121,948,249 | \$120,434,163 |
| 19,174,006 | 5,641,592 | 6,316,224 | 6,573,412 |
| 1,081,215 | 6,767,569 | 5,038,875 | 8,093,156 |
| <u>\$132,956,996</u> | <u>\$132,461,919</u> | <u>\$133,303,348</u> | <u>\$135,100,731</u> |
| | | | |
| \$63,064,298 | \$62,660,031 | \$62,321,179 | \$63,311,581 |
| - | - | - | - |
| 26,022,756 | 24,419,432 | 25,465,370 | 26,084,805 |
| <u>\$89,087,054</u> | <u>\$87,079,463</u> | <u>\$87,786,549</u> | <u>\$89,396,386</u> |
| | | | |
| \$175,766,073 | \$182,712,789 | \$184,269,428 | \$183,745,744 |
| 19,174,006 | 5,641,592 | 6,316,224 | 6,573,412 |
| 27,103,971 | 31,187,001 | 30,504,245 | 34,177,961 |
| <u>\$222,044,050</u> | <u>\$219,541,382</u> | <u>\$221,089,897</u> | <u>\$224,497,117</u> |

CITY OF BENICIA
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

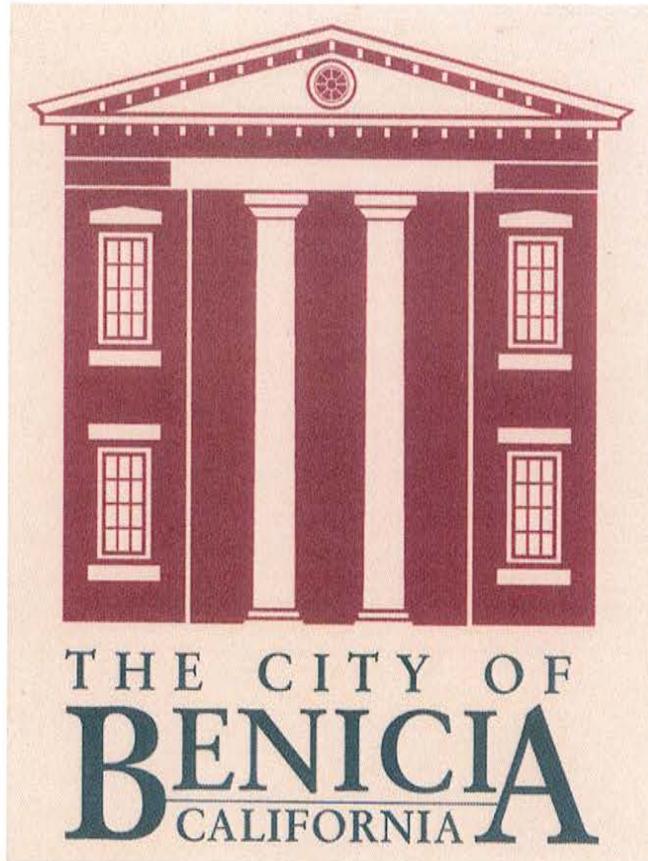
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | |
| Governmental Activities: | | | | |
| Administration | \$3,563,133 | \$3,544,980 | \$3,300,970 | \$2,824,341 |
| Community Development | 1,788,216 | 1,394,644 | 2,095,746 | 2,384,853 |
| Public Safety - Police | 7,531,528 | 7,132,974 | 10,439,354 | 8,774,285 |
| Public Safety - Fire | 4,955,345 | 6,082,806 | 6,335,969 | 7,089,431 |
| Parks and Community Services | 3,994,390 | 5,357,910 | 5,966,185 | 6,650,653 |
| Public Works | 6,432,754 | 4,572,017 | 5,605,290 | 4,273,248 |
| Library | 1,895,726 | 1,882,507 | 2,153,638 | 2,349,721 |
| Economic Development | 158,738 | 746,765 | 385,726 | 473,311 |
| General Government | 1,677,467 | 2,571,342 | 2,864,213 | 3,182,776 |
| Interest on Long-Term Debt | 447,403 | 421,796 | 503,819 | 472,189 |
| Total Governmental Activities Expenses | <u>32,444,700</u> | <u>33,707,741</u> | <u>39,650,910</u> | <u>38,474,808</u> |
| Business-Type Activities: | | | | |
| Wastewater | 5,461,603 | 6,199,104 | 6,853,399 | 7,023,768 |
| Water | 5,394,061 | 5,940,193 | 6,614,679 | 7,572,285 |
| Benicia Marina | 564,568 | 564,438 | 579,184 | 624,611 |
| Transit | 1,203,930 | 1,450,093 | 1,847,674 | 1,765,644 |
| Total Business-Type Activities Expenses | <u>12,624,162</u> | <u>14,153,828</u> | <u>15,894,936</u> | <u>16,986,308</u> |
| Total Primary Government Expenses | <u>\$45,068,862</u> | <u>\$47,861,569</u> | <u>\$55,545,846</u> | <u>\$55,461,116</u> |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services: | | | | |
| Administration | \$195,782 | \$16,191 | \$32,950 | \$56,609 |
| Community Development | 1,531,625 | 1,471,896 | 1,284,313 | 1,092,871 |
| Public Safety - Police | 206,046 | 248,691 | 199,039 | 190,136 |
| Public Safety - Fire | 145,959 | 83,945 | 196,361 | 223,919 |
| Parks and Community Services | 2,557,003 | 2,583,196 | 1,768,794 | 1,226,842 |
| Public Works | 368,068 | 384,481 | 444,159 | 146,363 |
| Library | 229,642 | 234,124 | 246,302 | 205,981 |
| Economic Development | 80 | 40 | | 1,000 |
| General Government | 170,077 | 531,642 | 557,754 | 712,131 |
| Operating Grants and Contributions | 2,063,235 | 1,427,752 | 1,827,358 | 1,898,958 |
| Capital Grants and Contributions | 9,385,834 | 206,918 | | 366,550 |
| Total Government Activities Program Revenues | <u>16,853,351</u> | <u>7,188,876</u> | <u>6,557,030</u> | <u>6,121,360</u> |
| Business-Type Activities: | | | | |
| Charges for Services: | | | | |
| Wastewater | 7,409,921 | 8,078,749 | 7,223,062 | 6,955,313 |
| Water | 7,694,339 | 8,343,298 | 7,465,686 | 7,141,569 |
| Benicia Marina | 332,066 | 325,172 | 284,187 | 547,422 |
| Transit | 188,654 | 218,998 | 290,474 | 332,687 |
| Operating Grants and Contributions | 906,999 | 1,114,734 | 1,383,596 | 1,683,891 |
| Capital Grants and Contributions | 1,518,000 | 337,829 | 395,571 | |
| Total Business-Type Activities Program Revenue | <u>18,049,979</u> | <u>18,418,780</u> | <u>17,042,576</u> | <u>16,660,882</u> |
| Total Primary Government Program Revenues | <u>\$34,903,330</u> | <u>\$25,607,656</u> | <u>\$23,599,606</u> | <u>\$22,782,242</u> |
| Net (Expense)/Revenue | | | | |
| Governmental Activities | (\$15,591,349) | (\$26,518,865) | (\$33,093,880) | (\$32,353,448) |
| Business-Type Activities | 5,425,817 | 4,264,952 | 1,147,640 | (325,426) |
| Total Primary Government Net Expense | <u>(\$10,165,532)</u> | <u>(\$22,253,913)</u> | <u>(\$31,946,240)</u> | <u>(\$32,678,874)</u> |

| <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$3,114,153 | \$3,404,371 | \$3,202,068 | \$3,046,735 | \$3,118,013 | \$2,924,434 |
| 1,821,213 | | | | 1,935,323 | 3,747,043 |
| 9,150,887 | 8,898,817 | 8,896,808 | 8,812,511 | 8,229,298 | 8,077,408 |
| 7,212,291 | 6,744,682 | 6,925,232 | 6,503,886 | 6,362,097 | 6,115,013 |
| 5,999,749 | 5,867,659 | 5,714,379 | 5,744,533 | 5,631,017 | 5,767,977 |
| 4,186,559 | 6,017,134 | 6,113,748 | 7,621,379 | 3,076,360 | 1,556,413 |
| 2,403,239 | 2,117,872 | 2,600,356 | 2,081,313 | 1,927,951 | 1,976,200 |
| 536,124 | 485,052 | 609,814 | 474,430 | 647,573 | 488,870 |
| 4,283,723 | 2,339,200 | 2,942,788 | 3,163,220 | 3,077,915 | 2,948,133 |
| 525,341 | 1,658,589 | 1,265,618 | 1,160,564 | 1,588,003 | 1,387,936 |
| <u>39,233,279</u> | <u>37,533,376</u> | <u>38,270,811</u> | <u>38,608,571</u> | <u>35,593,550</u> | <u>34,989,427</u> |
| 7,294,741 | 7,422,265 | 7,082,311 | 7,030,478 | 7,181,756 | 7,012,560 |
| 7,345,574 | 7,780,492 | 7,753,095 | 7,843,223 | 7,289,049 | 7,746,457 |
| 594,863 | 479,098 | 564,182 | 419,517 | 600,429 | 572,931 |
| 1,370,621 | 1,165,705 | 1,005,375 | 72,047 | | |
| <u>16,605,799</u> | <u>16,847,560</u> | <u>16,404,963</u> | <u>15,365,265</u> | <u>15,071,234</u> | <u>15,331,948</u> |
| <u>\$55,839,078</u> | <u>\$54,380,936</u> | <u>\$54,675,774</u> | <u>\$53,973,836</u> | <u>\$50,664,784</u> | <u>\$50,321,375</u> |
| \$41,724 | \$16,863 | \$50,305 | \$17,817 | \$15,908 | \$26,391 |
| 771,524 | | | | | 437,529 |
| 200,824 | 202,345 | 155,331 | 236,101 | 177,489 | 392,556 |
| 425,753 | 171,946 | 44,626 | 44,897 | 85,498 | 189,670 |
| 1,687,534 | 1,707,119 | 1,181,041 | 1,106,889 | 1,104,054 | 1,591,878 |
| 265,001 | 1,123,401 | 577,489 | 774,391 | 727,631 | 121,677 |
| 186,595 | 158,938 | 144,819 | 101,045 | 48,360 | 71,080 |
| 30 | 52 | 320 | | | |
| 316,230 | 422,926 | 667,848 | 284,818 | 300,401 | 407,560 |
| 2,909,497 | 2,751,185 | 2,299,326 | 3,322,456 | 3,239,730 | 1,959,337 |
| | 868,271 | 4,350,257 | 1,714,778 | 500,000 | 1,820,481 |
| <u>6,804,712</u> | <u>7,423,046</u> | <u>9,471,362</u> | <u>7,603,192</u> | <u>6,199,071</u> | <u>7,018,159</u> |
| 6,897,189 | 6,522,329 | 6,620,605 | 6,543,982 | 7,186,846 | 8,030,511 |
| 6,772,607 | 6,610,587 | 6,379,255 | 6,569,607 | 7,358,983 | 7,760,079 |
| 323,034 | 318,767 | 307,916 | 141,842 | 320,803 | 315,602 |
| 153,573 | 84,520 | 88,486 | | | |
| 599,934 | 809,348 | 782,879 | 70,128 | 190,231 | 72,160 |
| 2,000,000 | | | | | 435,409 |
| <u>16,746,337</u> | <u>14,345,551</u> | <u>14,179,141</u> | <u>13,325,559</u> | <u>15,056,863</u> | <u>16,613,761</u> |
| <u>\$23,551,049</u> | <u>\$21,768,597</u> | <u>\$23,650,503</u> | <u>\$20,928,751</u> | <u>\$21,255,934</u> | <u>\$23,631,920</u> |
| (\$32,428,567) | (\$30,110,330) | (\$28,799,449) | (\$31,005,379) | (\$29,394,479) | (\$27,971,268) |
| 140,538 | (2,502,009) | (2,225,822) | (2,039,706) | (14,371) | 1,281,813 |
| <u>(\$32,288,029)</u> | <u>(\$32,612,339)</u> | <u>(\$31,025,271)</u> | <u>(\$33,045,085)</u> | <u>(\$29,408,850)</u> | <u>(\$26,689,455)</u> |

CITY OF BENICIA
Changes in Net Position
(continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|---|---------------------|---------------------|---------------------|---------------------|
| General Revenues and Other Changes in Net Position | | | | |
| Governmental Activities: | | | | |
| Taxes: | | | | |
| Property Taxes | \$11,853,045 | \$13,095,234 | \$13,942,074 | \$14,275,801 |
| Sales Tax | 4,890,592 | 5,974,307 | 6,986,922 | 7,514,258 |
| Utility Users Tax | 2,826,370 | 3,001,316 | 5,056,904 | 4,190,517 |
| Franchise Fees | | | | 1,589,752 |
| Other Taxes | 1,702,584 | 2,070,425 | 2,131,710 | 1,644,732 |
| Motor Vehicle in Lieu | 2,071,395 | 1,958,532 | 2,015,234 | 1,992,604 |
| Investment Earnings | 540,441 | 749,606 | 3,390,122 | 913,825 |
| Gain from Disposal of Capital Assets | 26,851 | 5,850 | 2,000 | 21,980 |
| Transfers | 608,485 | 140,910 | 77,993 | 68,402 |
| Total Government Activities | <u>24,519,763</u> | <u>26,996,180</u> | <u>33,602,959</u> | <u>32,211,871</u> |
| Business-Type Activities: | | | | |
| Interest Earnings | 349,704 | 773,496 | 1,559,891 | 1,593,423 |
| Gain (Loss) from Disposal of Capital Assets | 2,715 | 225 | 4,761 | 5,920 |
| Transfers | (608,485) | (140,910) | (77,993) | (68,402) |
| Total Business-Type Activities | <u>(256,066)</u> | <u>632,811</u> | <u>1,486,659</u> | <u>1,530,941</u> |
| Total Primary Government | <u>\$24,263,697</u> | <u>\$27,628,991</u> | <u>\$35,089,618</u> | <u>\$33,742,812</u> |
| Change in Net Position | | | | |
| Governmental Activities | \$8,928,414 | \$477,315 | \$509,079 | (\$141,577) |
| Business-Type Activities | 5,169,751 | 4,897,763 | 2,634,299 | 1,205,515 |
| Total Primary Government | <u>\$14,098,165</u> | <u>\$5,375,078</u> | <u>\$3,143,378</u> | <u>\$1,063,938</u> |

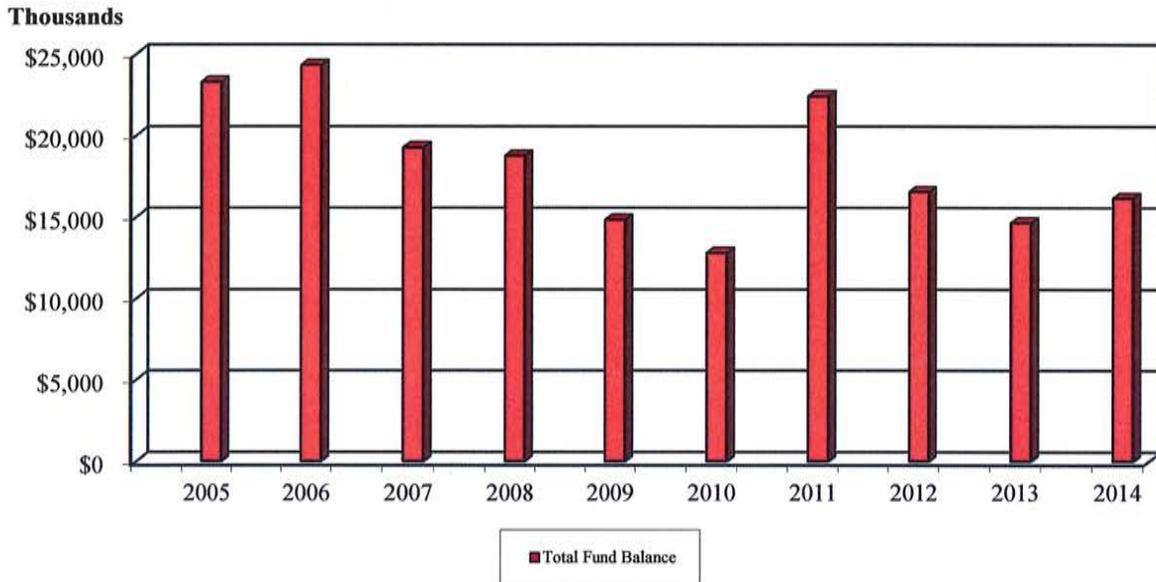
| <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|---------------------|----------------------|---------------------|----------------------|---------------------|---------------------|
| \$13,812,912 | \$13,266,103 | \$12,974,217 | \$13,447,764 | \$11,835,074 | \$14,960,814 |
| 7,688,775 | 7,196,964 | 6,854,911 | 6,888,750 | 7,873,396 | 7,100,073 |
| 4,413,428 | 4,938,585 | 5,027,163 | 5,087,381 | 4,825,055 | 4,739,792 |
| 1,851,511 | 1,292,872 | 1,570,184 | 1,598,206 | 1,637,825 | 1,859,241 |
| 747,468 | 1,189,561 | 1,362,982 | 1,435,854 | 2,913,592 | 1,087,893 |
| 2,059,561 | 1,951,715 | 1,942,991 | 1,908,529 | 1,822,267 | 11,915 |
| 851,097 | 358,210 | 269,344 | 195,064 | (92) | 98,392 |
| | | 156 | 20,734 | | 10,631 |
| 30,415 | 30,415 | (284,486) | (71,980) | (671,209) | (100,100) |
| <u>31,455,167</u> | <u>30,224,425</u> | <u>29,717,462</u> | <u>30,510,302</u> | <u>30,235,908</u> | <u>29,768,651</u> |
| 1,151,428 | 429,139 | 273,576 | 196,287 | 48,860 | 227,924 |
| 5,598 | | 2,558 | (236,152) | 1,388 | |
| (30,415) | (30,415) | 284,486 | 71,980 | 671,209 | 100,100 |
| <u>1,126,611</u> | <u>398,724</u> | <u>560,620</u> | <u>32,115</u> | <u>721,457</u> | <u>328,024</u> |
| <u>\$32,581,778</u> | <u>\$30,623,149</u> | <u>\$30,278,082</u> | <u>\$30,542,417</u> | <u>\$30,957,365</u> | <u>\$30,096,675</u> |
| | | | | | |
| (\$973,400) | \$114,095 | \$918,013 | (\$495,077) | \$841,429 | \$1,797,383 |
| 1,267,149 | (2,103,285) | (1,665,202) | (2,007,591) | 707,086 | 1,609,837 |
| <u>\$293,749</u> | <u>(\$1,989,190)</u> | <u>(\$747,189)</u> | <u>(\$2,502,668)</u> | <u>\$1,548,515</u> | <u>\$3,407,220</u> |



CITY OF BENICIA
Governmental Activities of Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

| Fiscal Year | Property Tax | Sales Tax | Utility Users Tax | Other Taxes | Total |
|----------------|-----------------|--------------|----------------------|-------------|--------------|
| 2005 | \$11,853,045 | \$4,890,592 | \$2,826,370 | \$1,702,584 | \$21,272,591 |
| 2006 | 12,780,912 | 5,974,307 | 3,001,316 | 985,088 | 22,741,623 |
| 2007 | 13,633,623 | 6,986,922 | 5,056,904 | 1,032,343 | 26,709,792 |
| 2008 | 14,275,801 | 7,514,258 | 4,190,517 | 2,390,562 | 28,371,138 |
| 2009 | 13,812,912 | 7,688,775 | 4,413,428 | 2,598,979 | 28,514,094 |
| 2010 | 13,266,103 | 7,196,964 | 4,938,585 | 2,067,433 | 27,469,085 |
| 2011 | 12,974,217 | 6,854,911 | 5,027,163 | 2,933,166 | 27,789,457 |
| 2012 | 13,447,764 | 6,888,750 | 5,087,381 | 3,034,060 | 28,457,955 |
| 2013 | 11,835,074 | 7,873,396 | 4,825,055 | 4,551,417 | 29,084,942 |
| 2014 | 14,960,814 | 7,100,073 | 4,739,792 | 2,947,134 | 29,747,813 |

CITY OF BENICIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



| | At June 30 | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| General Fund | | | | | | |
| Reserved | \$534,805 | \$240,831 | \$359,361 | \$411,078 | \$627,687 | \$560,871 |
| Unreserved | 9,144,553 | 7,736,096 | 9,927,737 | 9,296,480 | 5,662,297 | 5,384,445 |
| Nonspendable | | | | | | |
| Restricted | | | | | | |
| Committed | | | | | | |
| Assigned | | | | | | |
| Unassigned | | | | | | |
| Total General Fund | <u>\$9,679,358</u> | <u>\$7,976,927</u> | <u>\$10,287,098</u> | <u>\$9,707,558</u> | <u>\$6,289,984</u> | <u>\$5,945,316</u> |
| All Other Governmental Funds | | | | | | |
| Reserved | \$1,482,587 | \$6,026,937 | \$2,756,636 | \$4,739,462 | \$1,759,627 | \$2,414,901 |
| Unreserved, reported in: | | | | | | |
| Special revenue funds | 2,680,139 | 2,877,038 | 2,532,927 | 3,169,621 | 3,406,367 | 3,639,961 |
| Capital project funds | 9,450,507 | 7,436,806 | 3,685,773 | 1,140,250 | 3,379,820 | 800,599 |
| Nonspendable | | | | | | |
| Restricted | | | | | | |
| Committed | | | | | | |
| Assigned | | | | | | |
| Unassigned | | | | | | |
| Total all other governmental funds | <u>\$13,613,233</u> | <u>\$16,340,781</u> | <u>\$8,975,336</u> | <u>\$9,049,333</u> | <u>\$8,545,814</u> | <u>\$6,855,461</u> |

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

| <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|------------------------|---------------------|---------------------|---------------------|
| \$2,143,040 | \$636,667 | \$30,750 | \$30,750 |
| 128,430 | 162,961 | 203,047 | 189,581 |
| 2,999,973 | 3,106,627 | 3,097,360 | 3,146,027 |
| 200,471 | 358,928 | 1,054,192 | 5,976,428 |
| (72,371) | 2,792,694 | 3,943,937 | 233,218 |
| <u>\$5,399,543</u> (a) | <u>7,057,877</u> | <u>\$ 8,329,286</u> | <u>\$ 9,576,004</u> |
| | | | |
| \$1,475 | | | |
| 5,429,411 | \$4,984,800 | \$5,107,617 | \$5,018,601 |
| 2,612,563 | 2,618,151 | 1,480,824 | 1,555,616 |
| (1,713,546) | (355,839) | (272,217) | (805) |
| <u>\$6,329,903</u> | <u>\$ 7,247,112</u> | <u>6,316,224</u> | <u>\$6,573,412</u> |

CITY OF BENICIA
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

| | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|--|--------------------|--------------------|----------------------|
| Revenues | | | |
| Taxes and assessments | \$20,363,436 | \$23,184,336 | \$27,152,426 |
| Licenses, permits and fees | 1,840,903 | 2,111,252 | 1,829,485 |
| Fines and forfeitures | 122,161 | 124,583 | 109,744 |
| Use of money and property | 588,076 | 770,987 | 1,768,089 |
| Intergovernmental revenues | 4,439,778 | 3,279,587 | 3,278,054 |
| Charges for services | 4,917,147 | 4,146,512 | 2,856,369 |
| Other | 310,460 | 385,325 | 749,500 |
| Total Revenues | <u>32,581,961</u> | <u>34,002,582</u> | <u>37,743,667</u> |
| Expenditures | | | |
| Current: | | | |
| Administration | 3,808,377 | 3,440,007 | 3,256,967 |
| Community Development | 1,850,714 | 1,336,391 | 1,765,245 |
| Public Safety - Police | 6,623,787 | 6,908,386 | 7,531,759 |
| Public Safety - Fire | 5,013,129 | 5,772,527 | 6,110,150 |
| Parks and Community Services | 3,948,215 | 4,772,498 | 5,286,401 |
| Public Works | 3,660,641 | 1,707,728 | 1,750,115 |
| Library | 1,744,702 | 1,837,995 | 2,073,228 |
| Economic Development | 159,933 | 693,089 | 333,337 |
| General Government | 1,941,904 | 2,324,258 | 2,554,884 |
| Capital outlay | 6,665,306 | 3,702,523 | 11,123,214 |
| Debt service: | | | |
| Principal repayment | 395,000 | 420,000 | 617,933 |
| Interest and fiscal charges | 388,431 | 426,508 | 511,846 |
| Refunding bonds issuance costs | | | |
| Total Expenditures | <u>36,200,139</u> | <u>33,341,910</u> | <u>42,915,079</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,618,178)</u> | <u>660,672</u> | <u>(5,171,412)</u> |
| Other Financing Sources (Uses) | | | |
| Transfers in | 2,359,714 | 1,743,366 | 4,382,451 |
| Transfers (out) | (1,751,229) | (3,584,771) | (4,268,313) |
| Capital lease issued | 1,400,000 | 2,200,000 | |
| Proceeds from bonds issuance | | | |
| Bond issue costs | (50,033) | | |
| Refunding bonds issued | | | |
| Discount on bond | | | |
| Discount on refunding bonds issued | | | |
| Contribution from other entity/land owners | 8,295,000 | | |
| Sale of capital assets | 26,851 | 5,850 | 2,000 |
| Total other financing sources (uses) | <u>10,280,303</u> | <u>364,445</u> | <u>116,138</u> |
| Net Change in fund balances | <u>\$6,662,125</u> | <u>\$1,025,117</u> | <u>(\$5,055,274)</u> |
| Debt service as a percentage of noncapital expenditures | | | |
| | 2.7% | 2.9% | 3.6% |

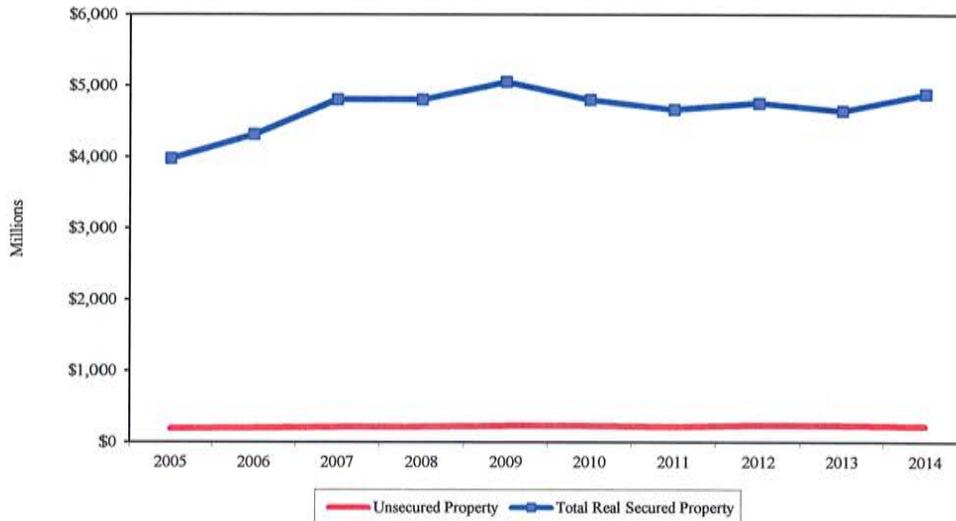
NOTE:

(a) The City implemented GASB Statement 34 in fiscal year 2003. Therefore this calculation is included only for fiscal years subsequent to that date.

Fiscal Year Ended June 30,

| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------|----------------------|----------------------|---------------------|----------------------|-------------------|--------------------|
| \$28,813,851 | \$29,080,090 | \$27,896,749 | \$27,698,473 | \$28,289,246 | \$28,246,659 | \$30,053,333 |
| 349,130 | 323,241 | 320,466 | 315,208 | 277,267 | 331,830 | 391,987 |
| 128,770 | 115,596 | 105,391 | 99,898 | 184,084 | 125,016 | 92,633 |
| 1,628,652 | 1,003,453 | 587,040 | 701,264 | 514,674 | 347,451 | 562,568 |
| 4,576,701 | 4,451,238 | 4,855,610 | 5,200,591 | 4,931,453 | 4,853,473 | 3,366,221 |
| 2,310,008 | 2,344,817 | 2,234,871 | 1,485,991 | 1,507,509 | 1,620,508 | 1,792,391 |
| 580,013 | 492,841 | 1,651,482 | 1,933,329 | 2,446,893 | 1,587,488 | 627,336 |
| <u>38,387,125</u> | <u>37,811,276</u> | <u>37,651,609</u> | <u>37,434,754</u> | <u>38,151,126</u> | <u>37,112,425</u> | <u>36,886,469</u> |
| 2,729,399 | 2,975,571 | 3,365,557 | 3,101,146 | 2,978,057 | 2,989,783 | 3,288,675 |
| 2,263,730 | 2,268,403 | | | | 1,351,994 | 1,032,179 |
| 8,292,356 | 8,544,690 | 8,970,286 | 8,568,999 | 8,425,574 | 8,381,295 | 8,495,411 |
| 6,782,268 | 6,974,688 | 6,779,441 | 6,555,355 | 6,193,806 | 6,490,519 | 6,449,095 |
| 5,764,217 | 5,672,170 | 5,482,353 | 5,371,171 | 5,097,677 | 5,160,108 | 5,407,167 |
| 1,912,747 | 2,220,756 | 4,615,700 | 2,825,598 | 2,412,189 | 1,486,669 | 1,484,907 |
| 2,262,383 | 2,322,259 | 2,134,589 | 2,158,850 | 2,019,269 | 1,961,284 | 2,027,067 |
| 466,322 | 517,268 | 493,857 | 458,470 | 443,384 | 653,720 | 537,493 |
| 3,025,451 | 4,187,891 | 2,418,903 | 2,641,205 | 2,863,369 | 2,821,213 | 2,899,981 |
| 4,227,287 | 4,883,976 | 4,356,489 | 7,080,488 | 9,872,108 | 3,434,964 | 2,604,625 |
| 698,064 | 734,049 | 770,542 | 807,565 | 5,435,150 | 993,334 | 937,139 |
| 481,502 | 451,063 | 429,328 | 471,211 | 1,138,271 | 135,505 | 129,355 |
| | | | | 98,550 | | |
| <u>38,905,726</u> | <u>41,752,784</u> | <u>39,817,045</u> | <u>40,040,058</u> | <u>46,977,404</u> | <u>35,860,388</u> | <u>35,293,094</u> |
| <u>(518,601)</u> | <u>(3,941,508)</u> | <u>(2,165,436)</u> | <u>(2,605,304)</u> | <u>(8,826,278)</u> | <u>1,252,037</u> | <u>1,593,375</u> |
| 2,653,351 | 3,448,918 | 1,926,107 | 2,521,117 | 3,331,208 | 2,285,097 | 498,129 |
| (2,662,273) | (3,428,503) | (1,795,692) | (2,805,603) | (3,933,188) | (3,196,613) | (598,229) |
| | | | 13,195,000 | | | |
| | | | (235,368) | | | |
| | | | | 4,270,000 | | |
| | | | (12,328) | | | |
| | | | | (21,350) | | |
| <u>21,980</u> | <u></u> | <u></u> | <u>156</u> | <u>20,734</u> | <u></u> | <u>10,631</u> |
| <u>13,058</u> | <u>20,415</u> | <u>130,415</u> | <u>12,662,974</u> | <u>3,667,404</u> | <u>(911,516)</u> | <u>(89,469)</u> |
| <u>(\$505,543)</u> | <u>(\$3,921,093)</u> | <u>(\$2,035,021)</u> | <u>\$10,057,670</u> | <u>(\$5,158,874)</u> | <u>\$340,521</u> | <u>\$1,503,906</u> |
| 3.4% | 3.2% | 3.4% | 3.9% | 17.7% | 3.5% | 3.3% |

CITY OF BENICIA
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS



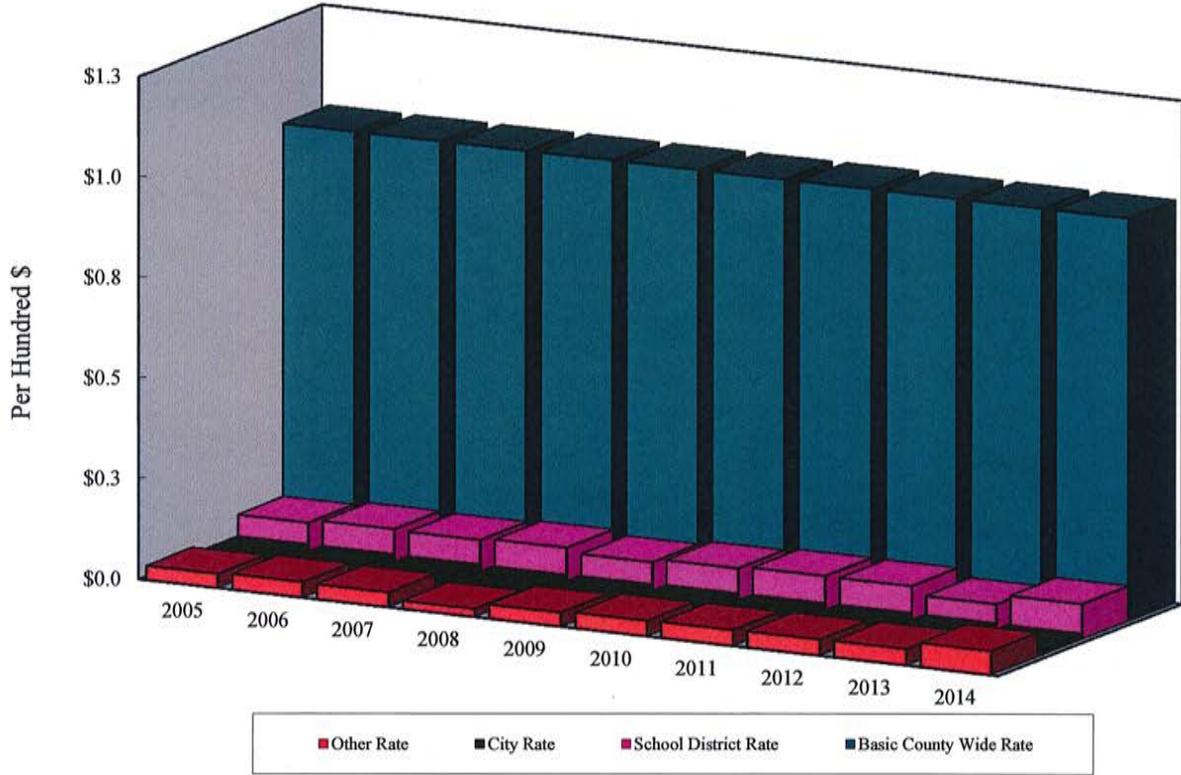
| Fiscal Year | Real Property | | | | Total Real Secured Property | Unsecured Property | Total Assessed (a) | Estimated Full Market (a) | Total Direct Tax Rate (b) |
|-------------|----------------------|---------------------|---------------------|--------------|-----------------------------|--------------------|--------------------|---------------------------|---------------------------|
| | Residential Property | Commercial Property | Industrial Property | Other | | | | | |
| 2005 | \$2,165,141,847 | \$124,906,264 | \$1,426,651,050 | \$69,656,432 | \$3,786,355,593 | \$190,108,523 | \$3,976,464,116 | \$3,976,464,116 | 0.26611% |
| 2006 | 2,426,738,885 | 131,146,054 | 1,438,207,502 | 116,638,859 | 4,112,731,300 | 201,105,380 | 4,313,836,680 | 4,313,836,680 | 0.26313% |
| 2007 | 2,823,114,166 | 142,156,389 | 1,546,655,534 | 83,018,745 | 4,594,944,834 | 212,949,929 | 4,807,894,763 | 4,807,894,763 | 0.26560% |
| 2008 | 3,082,710,837 | 149,511,998 | 1,278,262,415 | 78,174,389 | 4,588,659,639 | 218,303,830 | 4,806,963,469 | 4,806,963,469 | 0.26295% |
| 2009 | 3,068,156,685 | 176,210,305 | 1,509,076,085 | 70,419,724 | 4,823,862,799 | 229,137,903 | 5,053,000,702 | 5,053,000,702 | 0.26382% |
| 2010 | 2,828,918,727 | 175,489,888 | 1,502,183,217 | 67,625,542 | 4,574,217,374 | 232,563,062 | 4,806,780,436 | 4,806,780,436 | 0.26547% |
| 2011 | 2,740,155,696 | 176,848,852 | 1,463,741,183 | 67,837,288 | 4,448,583,019 | 218,306,994 | 4,666,890,013 | 4,666,890,013 | 0.26506% |
| 2012 | 2,671,810,615 | 173,679,880 | 1,608,049,893 | 66,734,598 | 4,520,274,986 | 238,247,984 | 4,758,522,970 | 4,758,522,970 | 0.26145% |
| 2013 | 2,585,442,237 | 172,176,509 | 1,589,839,265 | 66,361,809 | 4,413,819,820 | 234,346,390 | 4,648,166,210 | 4,648,166,210 | 0.26282% |
| 2014 | 2,818,861,818 | 184,614,253 | 1,596,452,011 | 61,269,569 | 4,661,197,651 | 223,586,294 | 4,884,783,945 | 4,884,783,945 | 0.26290% |

Source: Solano County Assessor 2003/04 - 2012/13 Combined Tax Rolls

(a) In 1978, the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of the property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

**CITY OF BENICIA
PROPERTY TAX RATES
ALL DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS**



| Fiscal Year | City Direct Rate | Overlapping Rates: | | | Total District Rate |
|-------------|------------------|------------------------|----------------------|-----------|---------------------|
| | | Basic County Wide Rate | School District Rate | City Rate | |
| 2005 | 0.26611 | 1.0000 | 0.0723 | 0.0192 | 1.1268 |
| 2006 | 0.26313 | 1.0000 | 0.0803 | 0.0187 | 1.1377 |
| 2007 | 0.26560 | 1.0000 | 0.0774 | 0.0170 | 1.1314 |
| 2008 | 0.26295 | 1.0000 | 0.0823 | 0.0157 | 1.1180 |
| 2009 | 0.26382 | 1.0000 | 0.0701 | 0.0159 | 1.1210 |
| 2010 | 0.26547 | 1.0000 | 0.0788 | 0.0173 | 1.1345 |
| 2011 | 0.26506 | 1.0000 | 0.0839 | 0.0171 | 1.1405 |
| 2012 | 0.26145 | 1.0000 | 0.0827 | 0.0165 | 1.1394 |
| 2013 | 0.26282 | 1.0000 | 0.0621 | 0.0154 | 1.1181 |
| 2014 | 0.26290 | 1.0000 | 0.0871 | 0.0143 | 1.1610 |

Source: Solano County Auditor-Controller's Office

CITY OF BENICIA
Principal Property Taxpayers
Current Year and Ten Years Ago

| Taxpayer | 2013-2014 | | | 2004-05 | | |
|------------------------------------|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Valero Refining Company California | \$1,037,577,437 | 1 | 21.24% | \$1,035,222,758 | 1 | 26.0% |
| Walton CWCA | 122,430,600 | 2 | 2.51% | | | |
| Benicia Industries | 71,016,704 | 3 | 1.45% | 50,249,556 | 3 | 1.26% |
| Tulloch Construction Inc. | 29,649,799 | 4 | 0.61% | | | |
| WRI West Gate South LP | 26,477,052 | 5 | 0.54% | 22,931,947 | 4 | 0.6% |
| Club Pacifica LLC | 23,193,945 | 6 | 0.47% | | | |
| Gonsalves and Santucci Inc | 22,884,554 | 7 | 0.47% | | | |
| Bebe Studio Realty LLC | 18,360,000 | 8 | 0.38% | | | |
| SPK-Industrial Portfolio LLC | 18,000,000 | 9 | 0.37% | 17,381,118 | 6 | 0.4% |
| Prime Waterview LLC | 13,726,041 | 10 | 0.28% | | | |
| Calwest Industrial Properties LLC | | | | 79,151,820 | 2 | 1.99% |
| Cal-Midwest Properties Company | | | | 19,886,538 | 5 | 0.50% |
| Western Container Corporation | | | | 13,787,545 | 7 | 0.35% |
| PPF Ind 4701-4799 Ind Wy LP | | | | 13,344,637 | 8 | 0.33% |
| Cambridge Cir Invest Company | | | | 13,055,923 | 9 | 0.33% |
| MP Benicia Logistics LLC | | | | 12,478,708 | 10 | 0.31% |
| Total | \$1,383,316,132 | | 28.32% | \$1,277,490,550 | | 32.04% |

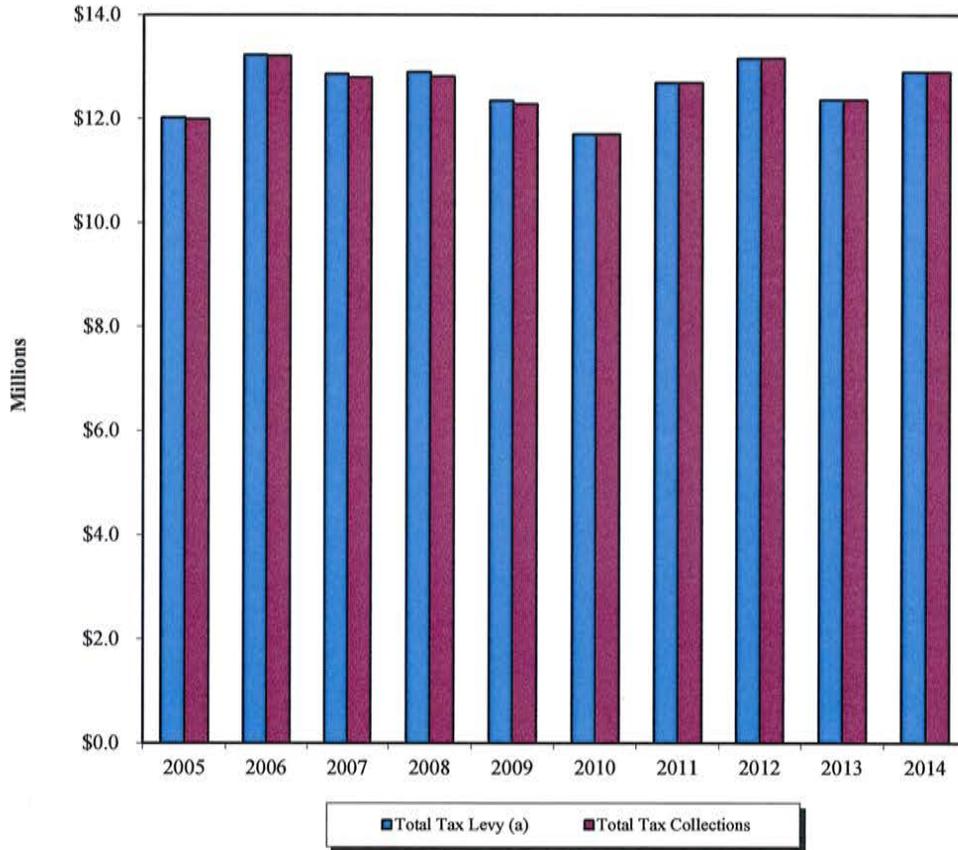
Total Net Assessed Valuation:

Fiscal Year 2013-2014 \$4,884,783,945

Fiscal Year 2004-2005 \$3,987,460,973

Source: HdL, Coren & Cone Report

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



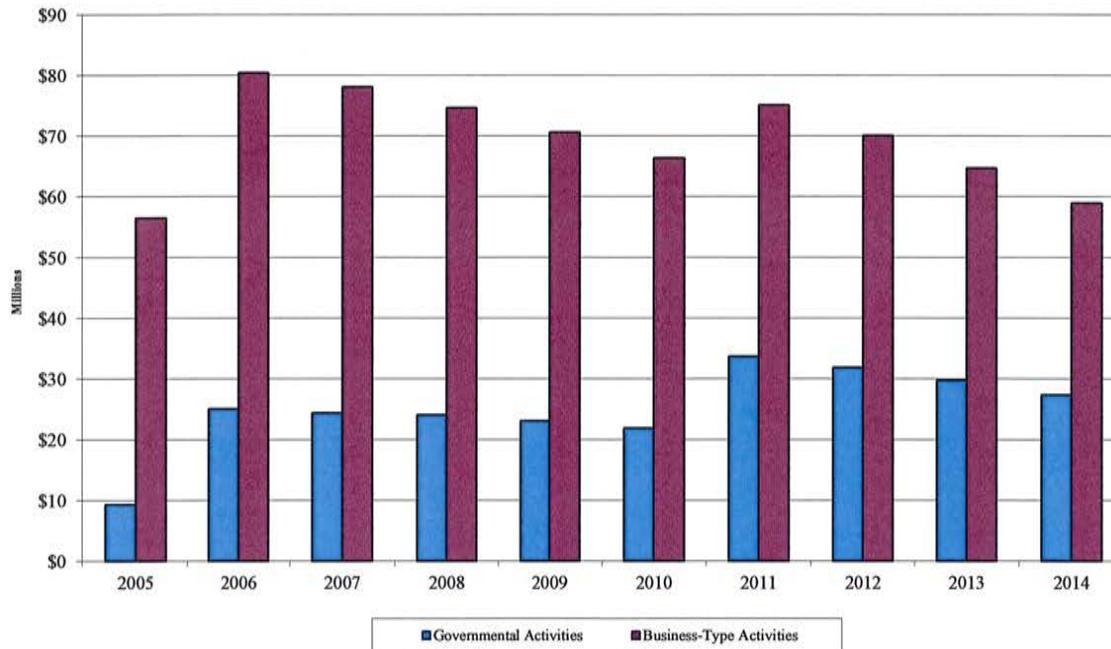
| Fiscal Year | Total Tax Levy (a) | Current Tax Collections | Percent of Levy Collected | Total Tax Collections | Percent of Total Tax Collections to Tax Levy |
|-------------|--------------------|-------------------------|---------------------------|-----------------------|--|
| 2005 | \$12,020,080 | \$11,989,000 | 99.7414% | \$11,989,000 | 99.7414% |
| 2006 | 13,227,173 | 13,209,063 | 99.8631% | 13,209,063 | 99.8631% |
| 2007 | 12,863,706 | 12,796,607 | 99.4784% | 12,796,607 | 99.4784% |
| 2008 | 12,898,327 | 12,814,858 | 99.3529% | 12,814,858 | 99.3529% |
| 2009 | 12,346,920 | 12,280,522 | 99.4622% | 12,280,522 | 99.4622% |
| 2010 * | 11,701,913 | 11,701,913 | 100.0000% | 11,701,913 | 100.0000% |
| 2011 * | 12,689,250 | 12,689,250 | 100.0000% | 12,689,250 | 100.0000% |
| 2012 * | 13,162,059 | 13,162,059 | 100.0000% | 13,162,059 | 100.0000% |
| 2013 * | 12,360,087 | 12,360,087 | 100.0000% | 12,360,087 | 100.0000% |
| 2014 * | 12,899,586 | 12,899,586 | 100.0000% | 12,899,586 | 100.0000% |

Source: Solano County Auditor-Controller's Office

Note: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California

* Information derived from City's collection from Solano County - under the Teeter Plan.

CITY OF BENICIA
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



| Governmental Activities | | | | | |
|--------------------------------|--------------------------|--------------------------|------------------|-------------------------------|-------------|
| Fiscal Year | General Obligation Bonds | Pension Obligation Bonds | Lease Obligation | Certificates of Participation | Total |
| 2005 | \$7,905,000 | \$ - | \$1,400,000 | \$ - | \$9,305,000 |
| 2006 | 7,485,000 | 13,972,596 | 3,600,000 | - | 25,057,596 |
| 2007 | 7,045,000 | 13,891,327 | 3,422,067 | - | 24,358,394 |
| 2008 | 6,585,000 | 14,302,593 | 3,184,003 | - | 24,071,596 |
| 2009 | 6,100,000 | 13,676,377 | 3,262,926 | - | 23,039,303 |
| 2010 | 5,590,000 | 13,273,493 | 2,971,873 | - | 21,835,366 |
| 2011 | 5,055,000 | 12,758,370 | 2,667,460 | 13,195,000 | 33,675,830 |
| 2012 | 4,270,000 | 12,148,201 | 2,349,067 | 13,100,000 | 31,867,268 |
| 2013 | 3,575,000 | 11,451,726 | 2,016,035 | 12,700,000 | 29,742,761 |
| 2014 | 2,950,000 | 10,668,519 | 1,667,675 | 12,050,509 | 27,336,703 |

| Business-Type Activities | | | | | | | |
|---------------------------------|---------------------|---------------------|---------------|--------------|--------------------------|-----------------------------------|----------------|
| Fiscal Year | Water Revenue Bonds | Sewer Revenue Bonds | Loans Payable | Total | Total Primary Government | Percentage of Personal Income (a) | Per Capita (a) |
| 2005 | \$10,388,839 | \$4,406,260 | \$32,349,308 | \$47,144,407 | \$56,449,407 | 5.26% | 2,066.00 |
| 2006 | 9,520,473 | 4,197,808 | 41,620,216 | 55,338,497 | 80,396,093 | 7.12% | 2,942.86 |
| 2007 | 8,626,119 | 3,957,473 | 41,118,395 | 53,701,987 | 78,060,381 | 6.50% | 2,796.26 |
| 2008 | 7,700,955 | 3,717,137 | 39,114,917 | 50,533,009 | 74,604,605 | 5.95% | 2,666.55 |
| 2009 | 7,040,101 | 3,461,801 | 37,065,133 | 47,567,035 | 70,606,338 | 5.59% | 2,523.73 |
| 2010 | 6,358,639 | 3,201,466 | 34,967,876 | 44,527,981 | 66,363,347 | 5.20% | 2,362.86 |
| 2011 | 5,661,631 | 2,931,130 | 32,820,100 | 41,412,861 | 75,088,691 | 6.26% | 2,768.96 |
| 2012 | 4,934,118 | 2,650,795 | 30,624,276 | 38,209,189 | 70,076,457 | 5.74% | 2,603.23 |
| 2013 | 4,186,139 | 2,365,459 | 28,377,285 | 34,928,883 | 64,671,644 | 5.06% | 2,380.87 |
| 2014 | 3,407,718 | 2,070,123 | 26,090,472 | 31,568,313 | 58,905,016 | 4.34% | 2,145.59 |

Sources: City of Benicia
State of California, Department of Finance (population)
U.S. Department of commerce, Bureau of the Census (income)

(a) See page 131 (Demographic Statistics) for personal income and population data.

CITY OF BENICIA
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year | General Obligation Bonds | Pension Obligation Bonds | Certificates of Participation | Capital Leases | Total | Percentage of Actual Taxable Value of Property (1) | Per Capita (2) |
|--------------------|---------------------------------|---------------------------------|--------------------------------------|-----------------------|--------------|---|-----------------------|
| 2005 | \$7,905,000 | \$ - | \$ - | \$1,400,000 | \$9,305,000 | 0.23% | 340.56 |
| 2006 | 7,485,000 | 13,972,596 | - | 3,600,000 | 25,057,596 | 0.58% | 917.22 |
| 2007 | 7,045,000 | 13,891,327 | - | 3,422,067 | 24,358,394 | 0.51% | 872.56 |
| 2008 | 6,585,000 | 14,302,596 | - | 3,184,003 | 24,071,599 | 0.50% | 860.38 |
| 2009 | 6,100,000 | 13,676,377 | - | 3,262,926 | 23,039,303 | 0.46% | 823.51 |
| 2010 | 5,590,000 | 13,273,493 | - | 2,971,873 | 21,835,366 | 0.45% | 777.45 |
| 2011 | 5,055,000 | 12,758,370 | 13,195,000 | 2,667,460 | 33,675,830 | 0.72% | 1,241.83 |
| 2012 | 4,270,000 | 12,148,201 | 13,100,000 | 2,349,067 | 31,867,268 | 0.67% | 1,183.82 |
| 2013 | 3,575,000 | 11,451,726 | 12,700,000 | 2,016,035 | 29,742,761 | 0.64% | 1,094.97 |
| 2014 | 2,950,000 | 10,668,519 | 12,050,509 | 1,667,675 | 27,336,703 | 0.56% | 995.73 |

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics.

**CITY OF BENICIA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2014**

2013-14 Assessed Valuation

\$4,884,783,945

| | Total Debt 6/30/2014 | Percentage Applicable (1) | City's Share of Debt 6/30/2014 |
|--|-------------------------|---------------------------------|--------------------------------------|
| <u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u> | | | |
| Solano County Community College District | \$222,151,989 | 12.498% | \$27,764,556 |
| Benicia Unified School District | 26,140,492 | 99.232% | 25,939,733 |
| City of Benicia | 2,950,000 | 100% | 2,950,000 |
| City of Benicia 1915 Act Bonds | 10,025,000 | 100% | <u>10,025,000</u> |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | | <u>66,679,289</u> |
| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u> | | | |
| Solano County Certificates of Participation | 106,050,000 | 11.894% | 12,624,192 |
| Solano County Pension Obligations | 68,945,000 | 11.904% | 8,207,213 |
| Solano County Board of Education Certificates of Participation | 1,665,000 | 11.904% | 198,202 |
| City of Benicia Certificates of Participation | 12,623,336 | 100% | 12,623,336 (2) |
| City of Benicia Pension Obligations | 10,668,519 | 100% | 10,668,519 (3) |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | | \$44,321,462 |
| TOTAL DIRECT DEBT | | | 26,241,855 |
| TOTAL OVERLAPPING DEBT | | | <u>84,758,896</u> |
| COMBINED TOTAL DEBT | | | <u>111,000,751</u> (4) |

(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 assessed value.

(2) Includes capital leases in the amount of \$348,336.

(3) Includes accreted value from series A-2 bonds.

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

RATIOS TO 2013-14 ASSESSED VALUATION:

| | |
|--|--------------|
| Direct Debt (\$2,950,000) | 0.06% |
| Total Direct and Overlapping Tax and Assessment Debt | 1.37% |
| Total Direct Debt (\$24,258,999) | 0.54% |
| Combined Total Debt | 2.27% |

Source: California Municipal Statistics, Inc.

**CITY OF BENICIA
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2014**

ASSESSED VALUATION:

| | |
|---|-----------------|
| Secured property assessed value, net of exempt real property | \$4,661,197,651 |
|---|-----------------|

| | |
|---|---------------|
| BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a) | \$174,794,912 |
|---|---------------|

AMOUNT OF DEBT SUBJECT TO LIMIT:

| | |
|--|--------------|
| Total Bonded Debt | \$31,371,360 |
| Less Revenue Bonds, Certificate of Participation not subject to limit | 28,421,360 |
| Amount of debt subject to limit | 2,950,000 |

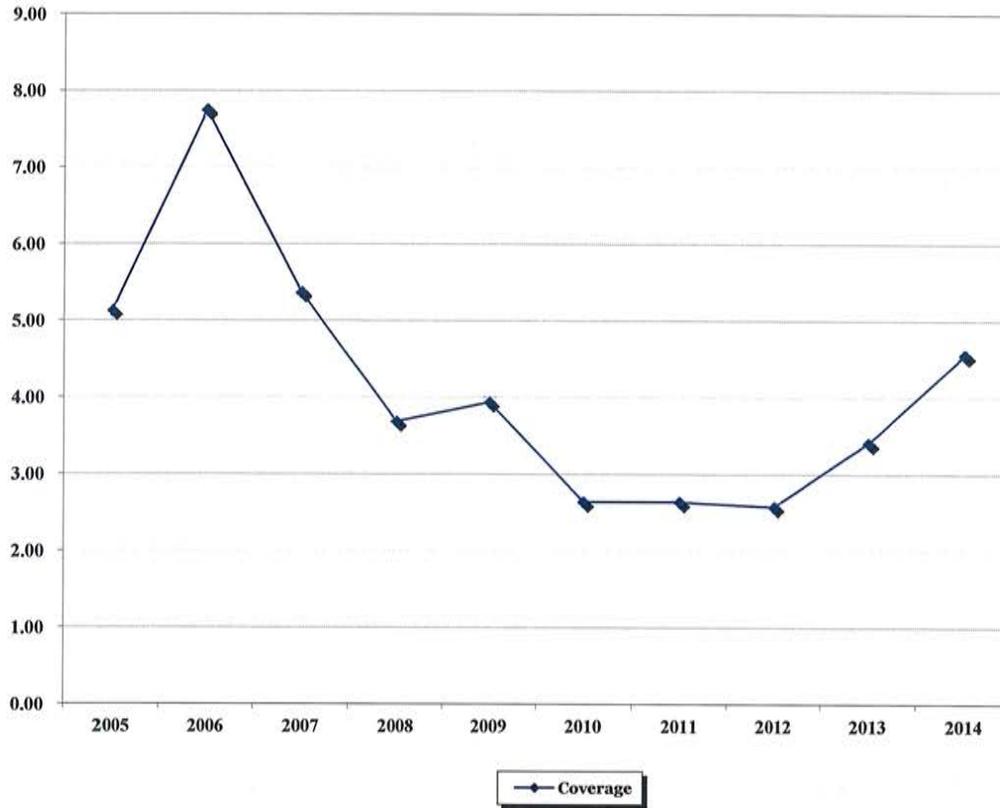
| | |
|--------------------------|---------------|
| LEGAL BONDED DEBT MARGIN | \$171,844,912 |
|--------------------------|---------------|

| Fiscal Year | Debt Limit | Total Net Debt Applicable to Limit | Legal Debt Margin | Total net debt applicable to the limit as a percentage of debt limit |
|----------------|---------------|--|-------------------------|---|
| 2005 | \$141,988,335 | \$7,905,000 | \$134,083,335 | 5.90% |
| 2006 | 154,227,424 | 7,485,000 | 146,742,424 | 5.10% |
| 2007 | 172,310,431 | 7,045,000 | 165,265,431 | 4.26% |
| 2008 | 172,074,736 | 6,585,000 | 165,489,736 | 3.98% |
| 2009 | 180,894,855 | 6,100,000 | 174,794,855 | 3.49% |
| 2010 | 171,533,152 | 5,590,000 | 165,943,152 | 3.37% |
| 2011 | 166,821,863 | 5,055,000 | 161,766,863 | 3.12% |
| 2012 | 169,510,312 | 4,270,000 | 165,240,312 | 2.58% |
| 2013 | 165,518,243 | 3,575,000 | 161,943,243 | 2.21% |
| 2014 | 174,794,912 | 2,950,000 | 171,844,912 | 1.72% |

NOTE:

- (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.

**CITY OF BENICIA
 PLEDGED-REVENUE COVERAGE
 WATER AND WASTEWATER REVENUE BONDS
 LAST TEN FISCAL YEARS
 (amounts expressed in thousands)**

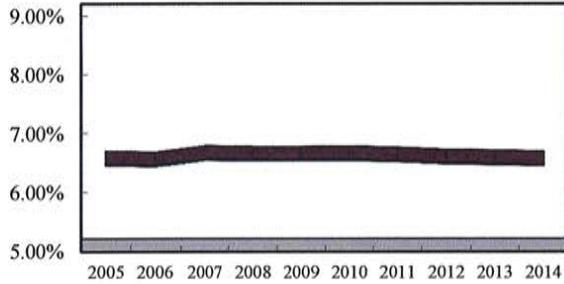


| Fiscal Year | Gross Revenue (1) | Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirements | | | Coverage |
|-------------|-------------------|------------------------|--|---------------------------|----------|---------|----------|
| | | | | Principal | Interest | Total | |
| 2005 | \$15,426 | \$6,837 | \$8,589 | \$1,055 | \$620 | \$1,675 | 5.13 |
| 2006 | 17,165 | 6,837 | 10,328 | 875 | 458 | 1,333 | 7.75 |
| 2007 | 16,222 | 7,477 | 8,745 | 1,145 | 482 | 1,627 | 5.37 |
| 2008 | 15,668 | 9,689 | 5,979 | 1,175 | 446 | 1,621 | 3.69 |
| 2009 | 14,804 | 9,536 | 5,268 | 925 | 413 | 1,338 | 3.94 |
| 2010 | 13,540 | 10,014 | 3,526 | 950 | 385 | 1,335 | 2.64 |
| 2011 | 13,253 | 9,736 | 3,517 | 975 | 356 | 1,331 | 2.64 |
| 2012 | 13,290 | 9,845 | 3,445 | 1,015 | 321 | 1,336 | 2.58 |
| 2013 | 14,577 | 10,059 | 4,518 | 1,040 | 284 | 1,324 | 3.41 |
| 2014 | 16,000 | 9,958 | 6,042 | 1,080 | 245 | 1,325 | 4.56 |

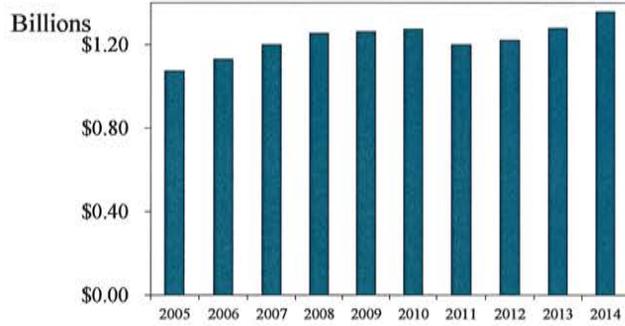
Notes: (1) Includes all Water & Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue
 (2) Includes all Water & Wastewater Operating Expenses less Depreciation and Interest

Source: City of Benicia

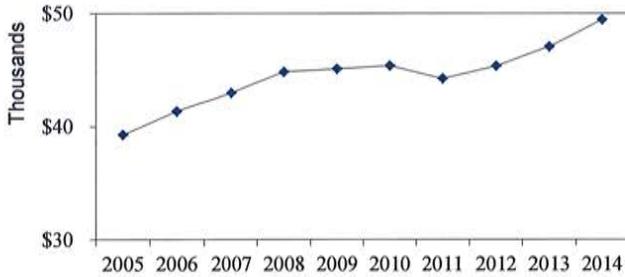
**CITY OF BENICIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



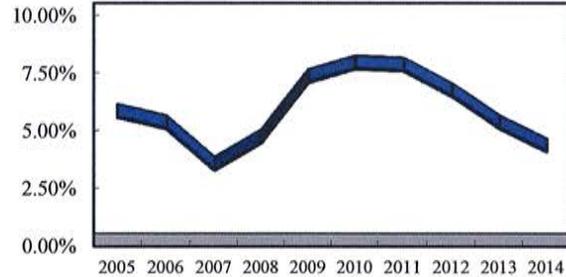
■ City Population as % of County Population



■ Total Personal Income



◆ Per Capita Personal Income



■ Unemployment Rate

| Fiscal Year | City Population | Total Personal Income | Per Capita Personal Income | Unemployment Rate (%) | County Population | City Population % of County |
|-------------|-----------------|-----------------------|----------------------------|-----------------------|-------------------|-----------------------------|
| 2005 | 27,323 | \$1,073,505,323 | \$39,289 | 5.6% | 421,657 | 6.48% |
| 2006 | 27,319 | 1,129,806,279 | 41,356 | 5.1% | 422,848 | 6.46% |
| 2007 | 27,916 | 1,200,213,884 | 42,994 | 3.3% | 424,823 | 6.57% |
| 2008 | 27,978 | 1,254,489,947 | 44,838 | 4.5% | 426,757 | 6.56% |
| 2009 | 27,977 | 1,262,222,668 | 45,116 | 7.1% | 426,729 | 6.56% |
| 2010 | 28,086 | 1,274,996,631 | 45,396 | 7.7% | 427,837 | 6.56% |
| 2011 | 27,118 | 1,199,784,395 | 44,243 | 7.6% | 414,509 | 6.54% |
| 2012 | 26,919 | 1,220,873,617 | 45,354 | 6.5% | 413,786 | 6.51% |
| 2013 | 27,163 | 1,278,384,030 | 47,063 | 5.1% | 418,387 | 6.49% |
| 2014 | 27,454 | 1,358,233,958 | 49,473 | 4.1% | 424,233 | 6.47% |

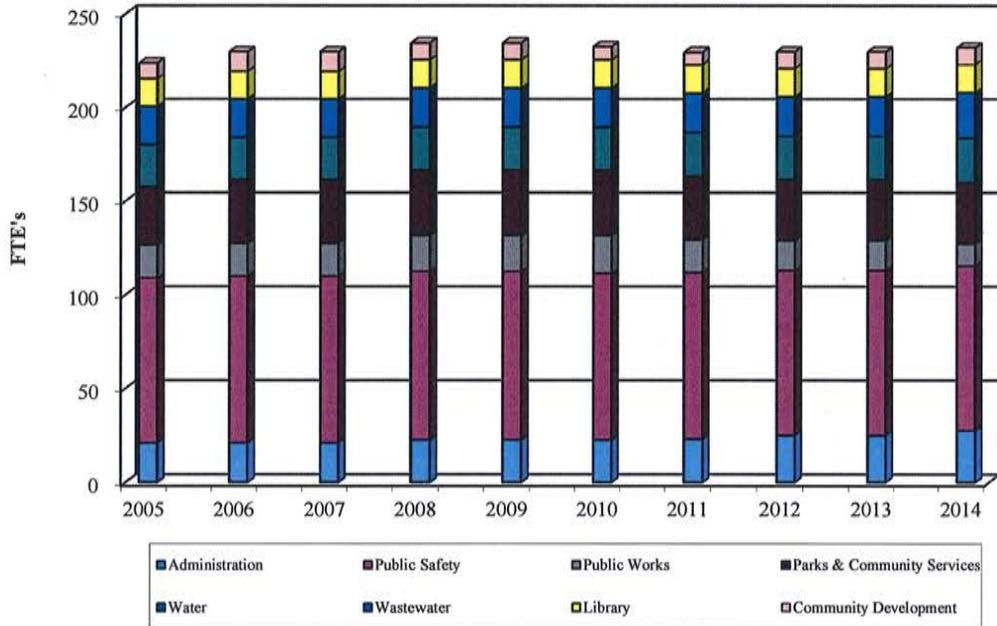
Sources: California State Department of Finance & EDD

CITY OF BENICIA
Principal Employers
Current Year and Nine Years Ago

| <u>Employer</u> | <u>2013-14</u> | | | <u>2004-05</u> | | |
|---------------------------------|----------------------------|-------------|--|----------------------------|-------------|--|
| | <u>Number of Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> | <u>Number of Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> |
| Valero | 509 | 1 | 1.9% | 480 | 1 | 1.9% |
| Benicia Unified School District | 375 | 2 | 1.4% | 470 | 2 | 1.9% |
| Cytosport | 305 | 3 | 1.1% | | | |
| Dunlop | 235 | 4 | 0.9% | 130 | 8 | 0.5% |
| City of Benicia | 230 | 5 | 0.9% | | | |
| Bio-Rad Laboratories Inc. | 210 | 6 | 0.8% | 168 | 4 | 0.7% |
| Valley Fine Foods Co. Inc. | 179 | 7 | 0.7% | | | |
| Coca-Cola Bottling Co. | 162 | 8 | 0.6% | 142 | 6 | 0.6% |
| Cycle Gear Inc. | 151 | 9 | 0.6% | | | |
| Pepsi Bottling Group | 110 | 10 | 0.4% | 134 | 7 | 0.5% |
| IFS of New Jersey Inc. | | | | 170 | 3 | 0.7% |
| Radiator Express Warehouse Inc. | | | | 147 | 5 | 0.6% |
| Central Coast Wine Co | | | | 116 | 9 | 0.5% |
| APS West Coast Inc. | | | | 115 | 10 | 0.5% |
| Subtotal | <u>2,466</u> | | <u>9.3%</u> | <u>2,072</u> | | <u>8.3%</u> |
| Total City Day Population | <u>26,600</u> | | | <u>25,000</u> | | |

Source: City of Benicia

CITY OF BENICIA
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



| | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Function | | | | | | | | | | |
| Administration | 21.00 | 21.00 | 21.00 | 22.50 | 22.50 | 22.50 | 23.00 | 25.00 | 25.00 | 27.50 |
| Public Safety | 88.00 | 89.00 | 89.00 | 90.00 | 90.00 | 89.00 | 89.00 | 88.00 | 88.00 | 88.00 |
| Public Works | 17.55 | 17.45 | 17.45 | 18.95 | 18.95 | 19.95 | 17.35 | 16.03 | 16.03 | 11.65 |
| Community Development | 8.40 | 10.50 | 10.50 | 9.00 | 9.00 | 7.00 | 6.67 | 8.97 | 8.97 | 9.00 |
| Parks & Community Services | 31.00 | 34.00 | 34.00 | 35.00 | 35.00 | 35.00 | 34.00 | 32.50 | 32.50 | 33.00 |
| Water | 22.45 | 22.45 | 22.45 | 22.95 | 22.95 | 22.95 | 23.16 | 23.05 | 23.05 | 23.60 |
| Wastewater | 20.60 | 20.60 | 20.60 | 21.10 | 21.10 | 21.10 | 21.31 | 21.20 | 21.20 | 24.25 |
| Library | 14.75 | 14.75 | 14.75 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 |
| Total | 223.75 | 229.75 | 229.75 | 234.50 | 234.50 | 232.50 | 229.49 | 229.75 | 229.75 | 232.00 |

Source: City of Benicia

CITY OF BENICIA
Operating Indicators by Function/Program
Last Ten Fiscal Years

| | Fiscal Year | | | |
|--|-------------|---------|---------|---------|
| | 2005 | 2006 | 2007 | 2008 |
| Function/Program | | | | |
| Public safety: | | | | |
| Fire: | | | | |
| Fire calls for service | 1,984 | 1,703 | 1,915 | 2,040 |
| Primary fire inspections conducted (estimate) | 750 | 750 | 200 | 200 |
| Police: | | | | |
| Police calls for Service | 14,410 | 14,981 | 14,374 | 15,934 |
| Law violations: | | | | |
| Physical arrests (adult and juvenile) | 1,099 | 1,036 | 1,139 | 1,056 |
| Traffic violations | 1,873 | 2,027 | 2,649 | 2,208 |
| Parking violations | 794 | 759 | 665 | 646 |
| Public Works | | | | |
| Street resurfacing (miles) | n/a | 1.5 | 1.0 | 0.3 |
| Potholes repaired (cubic feet) * | n/a | 1,000 | 1,200 | 1,200 |
| Parks & Community Services: | | | | |
| Community Services: | | | | |
| Recreation class programs | 880 | 834 | 978 | 824 |
| Recreation class participants | 12,393 | 11,610 | 10,482 | 10,622 |
| Library: | | | | |
| Volumes in Collection (thousands) | 110,214 | 116,996 | 113,470 | 111,145 |
| Total Volumes Borrowed (thousands) | 34,164 | 47,295 | 320,873 | 346,106 |
| Water | | | | |
| Water service connections | n/a | 9,380 | 9,576 | 9,370 |
| Water main breaks | n/a | 11 | 17 | 17 |
| Average daily consumption (thousands of gallons) | n/a | 4,170 | 4,437 | 4,610 |
| Wastewater | | | | |
| Storm drain inlets | n/a | 2,000 | 2,010 | 2,040 |
| Sewer service connections | n/a | 9,380 | 9,310 | 9,109 |
| Sewer main blockages | n/a | 101 | 30 | 59 |
| Average daily treatment (thousands of gallons) | n/a | 2,860 | 2,200 | 2,600 |

Source: City of Benicia

Note: n/a denotes information not available.

* Potholes repaired were incorrectly stated in prior years as square miles. Amounts were based on average pothole size in cubic feet.

| Fiscal Year | | | | | |
|-------------|---------|---------|---------|---------|---------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| 2,243 | 2,122 | 2,067 | 2,238 | 2,208 | 2,180 |
| 1,074 | 935 | 750 | 690 | 401 | 398 |
| 17,302 | 27,029 | 14,536 | 12,422 | 18,867 | 17,557 |
| 838 | 836 | 866 | 734 | 614 | 602 |
| 3,671 | 2,546 | 2,346 | 2,394 | 1,296 | 1,239 |
| 434 | 237 | 230 | 206 | 77 | 148 |
| - | 5 | 0.8 | 8.9 | 1.3 | 2.8 |
| 1,200 | 1,764 | 1,395 | 953 | 999 | 420 |
| 773 | 800 | 820 | 1,104 | 971 | 986 |
| 8,291 | 8,560 | 9,137 | 10,126 | 9,546 | 9,071 |
| 107,756 | 106,965 | 106,264 | 109,436 | 99,608 | 104,546 |
| 371,581 | 384,056 | 384,134 | 433,264 | 474,472 | 490,984 |
| 9,506 | 9,557 | 9,547 | 9,434 | 9,827 | 9,682 |
| 14 | 33 | 10 | 15 | 21 | 18 |
| 4,209 | 3,540 | 3,808 | 3,714 | 4,062 | 4,014 |
| 2,040 | 2,040 | 2,040 | 2,040 | 2,040 | 2,040 |
| 9,243 | 9,261 | 9,278 | 9,277 | 9,283 | 9,185 |
| 51 | 46 | 27 | 24 | 34 | 23 |
| 2,195 | 2,280 | 2,433 | 2,370 | 2,180 | 2,110 |

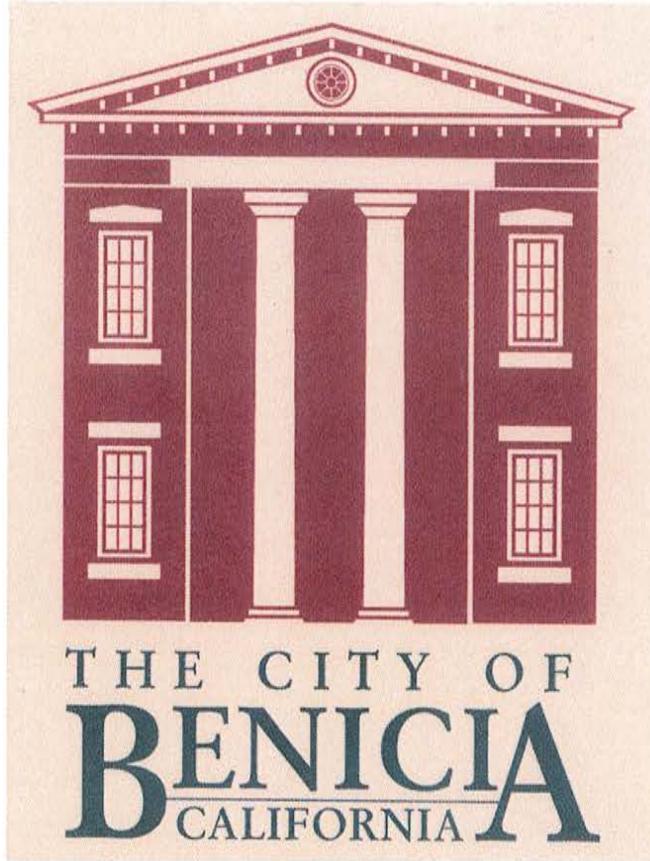
CITY OF BENICIA
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | |
|--|-------------|-------|-------|-------|
| | 2005 | 2006 | 2007 | 2008 |
| Public safety: | | | | |
| Fire stations | 2 | 2 | 2 | 2 |
| Police stations | 1 | 1 | 1 | 1 |
| Police patrol units | 11 | 13 | 13 | 13 |
| Public works | | | | |
| Miles of streets | 95 | 95 | 95 | 97 |
| Street lights | 2,046 | 2,046 | 2,062 | 2,100 |
| Traffic Signals | 10 | 10 | 10 | 10 |
| Parks and recreation: | | | | |
| Community services: | | | | |
| City parks | 35 | 36 | 36 | 36 |
| City parks acreage | 214 | 214 | 214 | 214 |
| Recreation centers | 1 | 1 | 1 | 2 |
| Senior citizen centers | 1 | 1 | 1 | 1 |
| Regional park acreage | 577 | 577 | 577 | 577 |
| Library: | | | | |
| City libraries | 1 | 1 | 1 | 1 |
| Water | | | | |
| Miles of water mains | 158 | 158 | 158 | 160 |
| Fire hydrants | 1,245 | 1,194 | 1,203 | 1,259 |
| Maximum daily capacity (millions of gallons) | 12 | 12 | 12 | 12 |
| Wastewater | | | | |
| Miles of sanitary sewers | 149 | 149 | 149 | 150 |
| Miles of storm drains | 77 | 77 | 77 | 78 |
| Number of treatment plants | 1 | 1 | 1 | 1 |
| Maximum daily capacity (millions of gallons) | 4.5 | 4.5 | 4.5 | 4.5 |

Source: City of Benicia

Note: n/a denotes information is not available.

| Fiscal Year | | | | | |
|-------------|-------|-------|-------|-------|-------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 13 | 12 | 12 | 11 | 13 | 13 |
| 97 | 97 | 97 | 97 | 97 | 97 |
| 2,100 | 2,232 | 2,232 | 2,232 | 2,232 | 2,232 |
| 10 | 10 | 11 | 11 | 11 | 11 |
| 36 | 36 | 36 | 36 | 36 | 36 |
| 214 | 214 | 214 | 214 | 214 | 214 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 577 | 577 | 577 | 577 | 577 | 577 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 160 | 160 | 160 | 160 | 160 | 160 |
| 1,427 | 1,430 | 1,428 | 1,429 | 1,449 | 1,449 |
| 12 | 12 | 12 | 12 | 12 | 12 |
| 150 | 150 | 150 | 150 | 150 | 150 |
| 78 | 78 | 78 | 78 | 78 | 78 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 |



CITY OF BENICIA
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED
JUNE 30, 2014

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**CITY OF BENICIA
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

For the Year Ended June 30, 2014

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MEMORANDUM ON INTERNAL CONTROL

To the City Council of
the City of Benicia, California

In planning and performing our audit of the basic financial statements of the City of Benicia, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe to be of potential benefit to the City.

The City's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, City Council, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Maze & Associates". The signature is written in a cursive, flowing style.

Pleasant Hill, California
December 15, 2014

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**CITY OF BENICIA
MEMORANDUM ON INTERNAL CONTROL
JUNE 30, 2014**

SCHEDULE OF OTHER MATTERS

2014-01: *Funding Retiree Healthcare Liabilities*

To maintain long-term financial sustainability, the City should develop a plan to fund its other-post-employment benefits (OPEB).

The City had unfunded retiree healthcare liabilities as follows:

- As of July 1, 2013, the unfunded actuarial accrued liability (UAAL) amounted to \$4.48 million, with a funded ratio of 0%.
- As of June 30, 2014, the City's net OPEB liability for retiree healthcare, representing total unfunded annual required contributions to date, amounted to \$1.65 million.

The unfunded liabilities are long-term liabilities that are expected to come due over an extended period. If the City continues to contribute less than the actuarial required contributions, its contribution rates in future years will increase, creating a greater drain of resources and decreasing resources available for operation.

We recommend that sound fiscal policy be established to fund long-term liabilities and that funding be incorporated into the City's annual budgets and operations as well as financial projections and forecasts.

Management's Response: The City adopted GASB 45 in fiscal year 2008-09. Although retired employees pay the full amount of their medical insurance premiums, the City incurs an implicit cost for these benefits. This occurs because the "true cost" of medical benefits increases as an individual grows older, but the insurance company charges the same premium rates for all active and current retired employees who are not on Medicare. As a result, older employees and retirees younger than 65 are actually receiving a benefit that is more valuable than the premiums being paid. GASB 45 requires that the City measure and account for this subsidized benefit, which is currently an unfunded liability to the City.

Management is looking into the unfunded liability issue to potentially incorporate annual funding within the next budget cycle (fiscal years 2015-17) and for future budgets and forecasts.

CITY OF BENICIA
MEMORANDUM ON INTERNAL CONTROL
JUNE 30, 2014

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in fiscal year 2014-15. We have cited them here to keep you abreast of developments:

GASB 68 - Accounting and Financial Reporting for Pensions (an amendment of GASB 27)

This Statement will have material impact on the City's financial statements. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a single or agent employer that does not have a special funding situation is required to recognize a liability equal to the net pension liability. The net pension liability is required to be measured as of a date no earlier than the end of the employer's prior fiscal year (the measurement date), consistently applied from period to period.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employees whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared.

The following are the major impacts:

- This Statement requires the liability of employers and nonemployer contributing entities to employees for defined benefit pensions (**net pension liability**) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (**total pension liability**), less the amount of the pension plan's **fiduciary net position**.
- Actuarial valuations of the total pension liability are required to be performed at least every two years, with more frequent valuations encouraged. If a valuation is not performed as of the measurement date, the total pension liability is required to be based on update procedures to roll forward amounts from an earlier actuarial valuation (performed as of a date no more than 30 months and 1 day prior to the employer's most recent year-end).
- The actuarial present value of projected benefit payments is required to be attributed to periods of employee service using the entry age actuarial cost method with each period's service cost determined as a level percentage of pay. The actuarial present value is required to be attributed for each employee individually, from the period when the employee first accrues pensions through the period when the employee retires.

CITY OF BENICIA
MEMORANDUM ON INTERNAL CONTROL
JUNE 30, 2014

SCHEDULE OF OTHER MATTERS

GASB 69 – Government Combinations and Disposals of Government Operations

This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

GASB 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or non-employer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or non-employer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or non-employer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or non-employer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or non-employer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

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CITY OF BENICIA
MEMORANDUM ON INTERNAL CONTROL
JUNE 30, 2014

CURRENT STATUS OF PRIOR YEAR OTHER MATTERS

2013-01 Investment Policy – Internal Control Clause

According to the Internal Control and Review section of the City’s Investment Policy, adopted by the City Council on May 21, 2013, “the Finance Director will establish an annual review process to be conducted by an independent external auditor. The review will provide internal control by assuring compliance with established City policies and procedures.” However, the requirement stated above is outside of the scope of our audit. We have not been engaged to conduct an annual review as established by the Finance Director. The City should either implement this requirement or remove this requirement from its Investment Policy.

Current Status: The City is looking into engaging Maze & Associates to conduct the Investment Policy review and will be budgeted for the next budget cycle fiscal years 2015-17.

2013-02 Treasurer’s Report’s Compliance with California Government Code 53646 and Report Preparation

California Government Code 53646 stipulates that the quarterly treasurer’s report submitted to the legislative body within 30 days of the close of the quarter “...shall state compliance with the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.” Furthermore, the quarterly report shall also include a statement in the report denoting the ability of the City to meet its pool’s expenditure requirement for the next six months, or provide an explanation as to why sufficient money shall, or may not be available. The Code also implies that it is the Treasurer or Chief Fiscal Officer’s responsibility to submit the quarterly treasurers reports to the City Council.

The City’s investment advisor prepares an Investment Performance Review report for the City on a quarterly basis. This report is submitted to the City Council as the City’s treasurer’s report. Per review of the Investment Performance Review report for the quarter ended March 31, 2013, it was noted that the report did not include the clauses mentioned above as required by the California Government Code 53646. We also noted that there was no evidence of management’s review of the report prior to the submission to the Council. The City is not meeting the requirements stated by the California Government Code 53646.

We were informed by the City staff that the decision of submitting the Investment Performance Review reports to the City Council in lieu of the treasurer’s report was made by the former Finance Director.

**CITY OF BENICIA
MEMORANDUM ON INTERNAL CONTROL
JUNE 30, 2014**

CURRENT STATUS OF PRIOR YEAR OTHER MATTERS

2013-02 Treasurer's Report's Compliance with California Government Code 53646 and Report Preparation (Continued)

Previously, the City prepared its own treasurer's reports which included all of the requirements noted in California Government Code 53646. In addition, the treasurer's reports were signed by the Finance Director certifying that the information was prepared by City's management. We recommend that the City return to this practice in order to be in compliance with the Code. Should the City elect to continue to use the Investment Performance Review report as their quarterly treasurer's report, we recommend that the City prepare a written statement indicating that management has reviewed the report prepared by the investment advisor. The written statement should also include the required clauses stated in Code 53646 as discussed above.

Current Status: This recommendation was implemented in fiscal year 2013-14.

REQUIRED COMMUNICATIONS

To the City Council of
the City of Benicia, California

We have audited the basic financial statements of the City of Benicia, California, for the year ended June 30, 2014. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards and, *Government Auditing Standards*.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Benicia are described in Note 1 to the financial statements. The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 66 - *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*

GASB 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

Unusual Transactions, Controversial or Emerging Areas

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.

Estimates

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 estimate(s) affecting the City's financial statements was:

The City's cash and investments balances are measured by fair value as disclosed in Note 3 to the Basic Financial Statements. Fair value is essentially market pricing in effect as of June 30, 2014. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2014.

Management's estimate of depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 6. We evaluated the key factors and assumptions used to develop the in determining that it is reasonable in relation to the financial statements taken as a whole.

Accrued compensated absences are estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures

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/certain 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 a management representation letter dated December 15, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

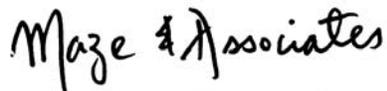
Other Information Accompanying the Financial Statements

With respect to the supplementary information accompanying the financial statements, 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.

With respect to the required supplementary information accompanying the financial statements, we 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 did not express an opinion nor 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.

The Introductory and Statistical Sections included as part of the Comprehensive Annual Financial Report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we did not express an opinion nor provide any assurance on them.

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



Pleasant Hill, California
December 15, 2014

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