AGENDA

CITY COUNCIL - REGULAR MEETING
CITY OF BANNING, CALIFORNIA

January 27, 2026
5:00 p.m.
In Chambers

Council Chambers
99 E. Ramsey Street
Banning, CA 92220

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

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

To observe and participate in the online video portion of the meeting through your personal computer or device, follow this link:
https://us02web.zoom.us/j/82012644588?pwd=RwqtJC8xehLDKZvr3LEKOf9u8uP2pt.1

Dial in: +1 669 900 9128

Meeting ID: 820 1264 4588
Password: 92220

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

1. CALL TO ORDER

1.1 **INVOCATION**
Performed by Pastor Preston Norman from Praise Tabernacle Church

1.2 **PLEDGE OF ALLEGIANCE**

1.3 **ROLL CALL**

2. AGENDA APPROVAL

2.1 **AGENDA APPROVAL**

3. PRESENTATIONS

3.1 Proclamation - Youth in Government Day
Recommendation: Proclaim January 29, 2026, as Youth in Government Day.

4. REPORT ON CLOSED SESSION

John Pinkney, City Attorney

5. PUBLIC COMMENTS, CORRESPONDENCE, APPOINTMENTS, AND REPORTS

5.1 PUBLIC COMMENTS

A three (3) minute limitation shall apply to each member of the public who wishes to address the Council on a matter not on the agenda. No member of the public shall be permitted to share their time with any other member of the public. PLEASE STATE YOUR NAME FOR THE RECORD.

5.2 CORRESPONDENCE

5.3 APPOINTMENTS

Banning Youth Council Appointment - Position 2, 3, 4, 5, & 7, terms ending January 31, 2027.
Recommendation: Extend the terms of five members of the Banning Youth Council with expiring terms for one year, terms ending January 31, 2027.

5.4 CITY COUNCIL COMMITTEE REPORTS

5.5 CITY MANAGER'S REPORT

5.6 CITY ATTORNEY'S REPORT

6. CONSENT ITEMS

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

6.1 Consideration and Approval of the meeting minutes of the May 27, 2025, and January 13, 2026 Closed Session City Council meetings.
Recommendation: Approve the meeting minutes of of the May 27, 2025, and January 13, 2026 Closed Session City Council meetings.

6.2 Receive and File Fire Protective Services Statistics for the Month of December 2025
Recommendation: Receive and file.

6.3 Receive and File Code Enforcement Statistics for the Month of December 2025
Recommendation: Receive and file.

6.4 Receive and File Police Department Statistics for the Month of December 2025
Recommendation: Receive and file.

6.5 Receive and File Animal Control Statistics for the Month of December 2025
Recommendation: Receive and file.

6.6 Consideration of Second Reading and Adoption of Ordinance No. 1615, A Zone Text Amendment to Banning Municipal Code Title 17, Chapter 17.88, Section 17.88.020 (Non-Conforming Structures and Uses).
Recommendation: Approve second reading and Adoption of Ordinance 1615.

6.7 Consideration of Resolution 2026-09, Approving an Agreement with Electric Power Systems International, Inc. for Electric Substation Equipment Maintenance Testing, Advisory, and On-Call Services
Recommendation: Adopt Resolution 2026-09

6.8 Consideration of Resolution 2026-17, Initiating Proceedings to Update Landscape Maintenance District No. 1 for Fiscal Year 2026/2027
Recommendation: Adopt Resolution 2026-17

6.9 Consideration of Resolution 2026-18, Awarding a Professional Services Agreement for Project No. 2020-04 Sun Lakes Boulevard Extension Project for Environmental Monitoring Services, to UltraSystems Environmental, Inc. in the amount of $381,900 and approving a 10% contingency for a total budget of "Not-to-Exceed" $420,090
Recommendation: Adopt Resolution 2026-18

6.10 Consideration of Resolution 2026-20, Authorizing the Purchase of Three 35-Foot Fixed Route CNG Buses in the Amount of $2,717,459.56
Recommendation: Adopt Resolution 2026-20

7. PUBLIC HEARINGS

7.1 Continued from January 13, 2026, meeting - continued deliberation by the City Council to Consideration of Resolution 2026-03, Approving a Tentative Tract Map Application (Case No. TTM 39259/PTM25-0004), submitted by Tri Pointe Homes to Subdivide 15 Parcels Totaling 160.02 Acres into 544 Single-Family Residential Lots and 36 Condominium Lots (for 248 Duplex Condominium Units) Located at the Northwest Corner of Highland Home Road and the Southern California Edison Corridor.
Recommendation:

Adopt Resolution 2026-03

8. REPORTS OF OFFICERS

9. DISCUSSION ITEMS/ACTION ITEMS

9.1 Consideration of Resolution 2026-16, Authorizing the City Manager to Execute the Voluntary VMT Exchange Program Participation Agreement between the Western Riverside Council of Governments and the City of Banning
Recommendation: Adopt Resolution 2026-16

9.2 Consideration of Resolution 2026-21, City of Banning Fiscal Year Ending June 30, 2024 Financial Statements and Related Required Reports and Approving a Contract Amendment and an Additional Appropriation for Eide Bailly Related to the City's Fiscal Year Ended June 30, 2024 Audit Increasing the Agreement Amount by $145,000
Recommendation: Adopt Resolution 2026-21

9.3 Consideration of Resolution 2026-22, Approving a Temporary Payment Plan Policy for a Period of Twelve Months
Recommendation: Adopt Resolution 2026-22

9.4 Consideration of Resolution 2026-23, Authorizing the City Manager to Execute the Engagement Letter with Stradling Yocca Carlson & Rauth, LLP to Serve as Bond Counsel and Disclosure Counsel to the City of Banning
Recommendation: Adopt Resolution 2026-23

10. CLOSED SESSION

Recommendation: MAYOR TO CONTINUE CLOSED SESSION AGENDA ITEMS 10.1 AND 10.2 TO THE ADJOURNED REGULAR MEETING FEBRUARY 5, 2026 at 11:00 a.m. AS SET FORTH UNDER ITEMS 12 - ADJOURNMENT

10.1 **Conference with Labor Negotiator Pursuant to Government Code Section 54957.6**
Agency Designated Representative: HR Director Lisa Rossi or her designee.
Unrepresented Potential Employee: City Manager.

10.2 **Public Employee Appointment/Employment Pursuant to Government Code Section 54957**
Title: City Manager.

11. ITEMS FOR FUTURE AGENDAS

11.1 **NEW ITEMS**
11.2 **EXISTING ITEMS**
1. Emergency Preparedness (Barrington) January 2025
2. Review and Update Council Travel Policy (Flynn) May 2025
3. Streamline Procurement Policy (Flynn) August 2025
4. Community Garden, Sun Lakes (Flynn) September 2025
5.Update (anti-camping) Ordinance 1603 (Flynn) October 2025
6. Revise Manual of Procedural Guidelines, Article 10.3 (c) (Flynn) December 2025
7. Sales Tax Agreement Update with Diamond Chevrolet (Flynn) December 2025
8. Cannabis Warehouse Moratorium (New Facilities Only) (Barrington) December 2025

12. ADJOURNMENT OF REGULAR MEETING TO FEBRUARY 5, 2026, AT 11:00

At the conclusion of this regular meeting on January 27, 2026, the City Council will adjourn and continue this regular meeting until 11:00 a.m. on February 5, 2026, in accordance with the Brown Act including, but not limited to, Government Code Section 54955. The location of the adjourned regular meeting will be 99 E. Ramsey Street, Banning, Ca.

At the conclusion of the adjourned and continued regular meeting on February 5, 2026, the City Council will adjourn and continue the adjourned regular meeting of February 5, 2026, until 10:00 a.m. on February 6, 2026, in accordance with the Brown Act including, but not limited to, Government Code Section 54955. The location of the adjourned, adjourned regular meeting will be 99 E. Ramsey Street, Banning, Ca.

A notice of this adjournment will be posted within 24 hours of the adjournment, at or near the door of the City Council Chambers located at 99 E. Ramsey Street, Banning, Ca. The adjourned regular meeting on February 5, 2026, and the adjourned, adjourned regular meeting on February 6, 2026, will be a regular meeting for all purposes and an agenda will be posted in accordance with the Brown Act, including, but not limited to Government Code Section 54954.2.

Zoom Community Standards for Public Meetings

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

- Your microphone must remain on mute, and you may only unmute your microphone when/if you are recognized by the Mayor.

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

Estándares comunitarios de Zoom para Reuniones Públicas

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

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

AFFIDAVIT • DECLARACIÓN JURADA

IT IS HEREBY CERTIFIED under the laws of the State of California that the above agenda was posted on the City's website (www.banningca.gov) as well as the Bulletin Board at Banning City Hall, located at 99 E Ramsey Street, Banning, CA 92220, at least 72 hours in advance of the meeting.

Vickie Sellers

Vickie Sellers, Elected City Clerk
Secretaria Municipal Electa

PUBLIC NOTICE • NOTICIA PÚBLICA

Meeting Agendas and Notices

Interested in receiving email and/or text notifications of upcoming City Council meetings? Sign up for meeting notifications through the City's website. Pursuant to amended Government Code §54957.5(b), staff reports and other public records related to open session agenda items are available on the City's website (www.banningca.gov/).

Public Comment

Agenda Items

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

Non-Agenda Items

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

Special Assistance/Accessibility Requests

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

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

CONTACT • CONTACTO

City Clerk's Office | 951-922-3102 | CityClerks@banningca.gov
99 East Ramsey Street, Banning, California 92220

CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Ralph Wright, Parks and Recreation Director**
MEETING DATE:	**January 27, 2026**
SUBJECT:	**Proclamation - Youth in Government Day**

RECOMMENDATION:

Proclaim January 29, 2026, as Youth in Government Day.

BACKGROUND:

The City of Banning established the Banning Youth Council in July of 2023 through Ordinance 1590. The establishment of the Banning Youth Council was done so to provide city youth with a vehicle to learn about government, participate in the process of government, and to represent and articulate the needs of city youth. Aligned with this purpose, the County of Riverside Youth Commission has established a Youth In Government Day where teens are able to visit Riverside County facilities and learn about local government, civic opportunities, and public service through direct exposure to municipal and county leadership. The entire Banning Youth Council will be participating in this event on January 29, 2026.

JUSTIFICATION:

Youth In Government Day provides the Banning Youth Council with an opportunity to develop a deeper understanding of how local government decisions can impact their community and cultivate our youth as future leaders dedicated to integrity, community enhancement, and engagement.

FISCAL IMPACT:

There is no fiscal impact associated with the Proclamation. There is a nominal cost of travel for the event itself that is covered through our budgeted youth development allocation.

ALTERNATIVES:

N/A

BUDGETED?:

No

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. Proclamation - Youth In Government Day, January 29, 2026.pdf

City of Banning
Office of the Mayor

Proclamation

WHEREAS *the Riverside County Board of Supervisors established the Youth Commission in 1998 to engage with local youth and better address their needs in policy making and create an understanding of local government; and*

WHEREAS *Riverside County has established an annual Youth in Government Day hosted by the Riverside Youth Commission; and*

WHEREAS *On January 29th, 2026, the 27th annual Youth in Government Day event is scheduled and will provide young people with a valuable opportunity to learn about local government, civic opportunities, and public service through direct exposure to municipal and county leadership; and*

WHEREAS *the City of Banning recognizes that today's Youth are tomorrow's leaders, and that meaningful civic education and participation are essential; and*

WHEREAS *the City of Banning City Council established the youth Council in 2023, through the adoption of Ordinance 1590; and*

WHEREAS *the established purpose of the Banning Youth Council was to provide city youth with a vehicle to learn about government, participate in the process of City Government, represent, and articulate the needs of city youth on matters affecting the youth and teen population; and*

WHEREAS *the City of Banning Youth Council will participate in Youth in Government Day in Riverside, offering its members the opportunity to observe local governance, and further develop leadership and public service skills; and*

WHEREAS *the Banning Youth Council's participation in the 27th annual Youth in Government Day will provide them an opportunity to develop critical thinking skills, a deeper understanding of how local government decisions can impact their community, and cultivate future leaders dedicated to integrity and community engagement.*

NOW THEREFORE*, the City of Banning City Council do hereby proclaim:*

Thursday, January 29th, 2026, as Youth In Government Day

in the City of Banning and commend the Riverside Youth Commission for hosting this event and the Banning Youth Council for its participation and commitment to civic engagement.

BE IT PROCLAIMED *this 27th day of January 27, 2026.*

_____

Richard Royce, Mayor

CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Ralph Wright, Parks and Recreation Director**
MEETING DATE:	**January 27, 2026**
SUBJECT:	**Banning Youth Council Appointment - Position 2, 3, 4, 5, & 7, terms ending January 31, 2027.**

RECOMMENDATION:

Extend the terms of five members of the Banning Youth Council with expiring terms for one year, terms ending January 31, 2027.

BACKGROUND:

The Banning Youth Council's rules and responsibilities are governed by Chapter 2.42 of the Municipal Code. The Council's main function is to serve as an advisory board to the City Council and provide a vehicle for the city youth to learn about and participate in local government and provide a vehicle to represent and articulate the needs of city youth.

The Banning Municipal Code Section 2.42.030, Section D, establishes two year terms for appointed Youth Council members with the ability of City Council to extend appointments for subsequent 1-year term for those Youth Council members that are still in high school and would like to continue to serve. A maximum of three total years of service is allowed.

Since it's establishment, the Banning Youth Council has provided a conduit to the teen community, creating and leading events for families and teens, volunteering internally and with external groups, adopting a park, offering community clean up events and aiding in policy development for the community.

At this time, five of the existing Banning Youth Council members have terms set to expire on January 31, 2026 and have all requested to extend their terms the additional year afforded within the Banning Municipal Code Section.

The Banning Youth Council positions requesting the additional one year term are as follows:
Position 2 - Amaya Diaz;
Position 3 - Maya Geronimo;
Position 4 - Kal-El Hernandez;
Position 5 - Malia Lopez;
Position 7 - Luana Patterson

The terms would be extended to January 31, 2027 for these five positions if the Council chooses to do so.

JUSTIFICATION:

Banning Municipal Code, Chapter 2.42.030, Section D, allows for the extension of the appointment terms from 2 years to 3 years for appointed Banning Youth Council members who have not graduated high school. The Banning Youth Council as a whole and these five members have been instrumental in positively impacting the City of Banning and the youth in Banning and extensions of their terms would be an asset to the City.

FISCAL IMPACT:

N/A

ALTERNATIVES:

1. The Banning City Council could choose to extend the terms of the five Youth Council members;
2. The Banning City Council could choose to extend the term of certain Banning Youth Council members;
3. The Banning City Council could choose to not extend the existing terms and direct staff to open a new recruitment.

BUDGETED?:

No

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. Chapter 2.42_Banning Municipal Code - Banning Youth Council.pdf

Chapter 2.42 YOUTH COUNCIL

2.42.010 Established—Purpose.

There is hereby established a youth council of the city. The youth council shall serve as an advisory board to the city council. The purpose of the youth council is to provide city youth with a vehicle to learn about government, participate in the process of city government, represent and articulate the needs of city youth, and advise the city council on matters affecting the youth and teen population, especially city programs relating to youth and teens.

(Ord. No. 1590, § 2, 7-11-23)

2.42.020 Duties and responsibilities.

The youth council shall have the following duties and responsibilities:

A. The youth council shall foster increased youth involvement in the affairs of city government.

B. The youth council shall study problems and hold forums on issues, activities, and concerns of city youth.

C. The youth council shall comment on existing or proposed legislation, ordinances, resolutions, and policies that impact city youth.

D. The youth council shall present methods to resolve youth-related conflicts between youths and between youths and adults.

E. The youth council shall recommend the implementation of community programs to improve the lives of youth.

F. The youth council shall monitor programs and policies that affect youth to ensure they are achieving the intended results.

G. The youth council shall work with other youth organizations in the city to collaborate on shared issues and interests.

H. The youth council shall submit to the city council an annual report of its activities prior to the end of the school year for the Banning unified school district.

I. The youth council shall utilize social networking sites and/or technology to engage and inform city youth of important city activities.

J. The youth council shall participate in an annual workshop that will introduce the members of the youth council to the city council meeting agenda process, a mock city council meeting, and the role of city officials.

K. At the first regular meeting following appointment of members, the youth council shall select a chairperson and vice-chairperson from among its members. The chairperson and vice-chairperson shall serve for one term.

1. The chairperson shall preside at the regular and special meetings of the youth council.
2. The chairperson shall serve as the youth council's liaison to the city council.
3. The vice-chairperson shall assume the duties of the chairperson in their absence.

L. The chairperson of the youth council shall attend the regular meetings of the city council and serve as a non-voting liaison to the city council.

(Ord. No. 1590, § 2, 7-11-23)

2.42.030 Qualifications; composition and compensation; appointment; term; vacancies.

A. Qualifications. Members of the youth council:

1. Shall be residents of the city;
2. Shall be high school students in the 9th , 10th , 11th , or 12th grades; and
3. Shall demonstrate, in their application, a sincere interest and motivation to work for the community.

B. Composition and compensation. The youth council shall consist of a minimum of five members and maximum of nine members who shall not receive compensation.

C. Appointment. The city council shall appoint members of the youth council. Applications shall be made available and the closing date announced by July 1 of each year.

D. Term. Youth council members shall serve two-year terms. Members may be appointed for a subsequent one-year term, provided that no member shall serve more than three years. Youth council members shall serve at the pleasure of the city council and may be removed at any time by a majority vote of the entire council.

E. Vacancies.

1. Any member who is unexcused for two consecutive regular meetings of the youth council or six meetings within a twelve-month period, whether the six meetings are excused or not, will be deemed to have resigned their office and the city council shall appoint a new member to serve in the resigned youth council member's place for the remainder of their term.
2. To be excused from any such meeting, a member shall notify the staff liaison, at least forty-eight hours prior to any such meeting. If a member is unable to attend due to illness, injury, or family matters, a statement by the member at the next regular meeting of the youth council shall constitute an excused absence.

(Ord. No. 1590, § 2, 7-11-23; Ord. No. 1601, § 2, 3-26-24)

2.42.040 Meeting times and place; conduct of meetings; rules of procedure; staff liaison.

A. Meeting times and place. The youth council shall meet on the first Tuesday of each month, except the months of July and December, at a regular time established by resolution of the youth council, at the City Council Chambers located at 99 E. Ramsey Street.

B. Conduct of meetings.

1. The youth council shall be subject to the Brown Act.
2. A quorum of the youth council shall consist of a majority of the members (not including vacancies), whether the youth council is a five-, six-, seven-, eight-, or nine-member body at the time of a meeting. A quorum must be present in order for the youth council to hold a meeting.

3. A vote of the majority of members present constituting a quorum shall be required to constitute action taken by the youth council.

C. Rules of procedure. That certain "Manual of Procedural Guidelines for the Conduct of City Council and Constituent Body/Commission Meetings for the City of Banning" adopted on October 23, 2012, as may be amended from time to time (the "manual"), shall govern the conduct and procedures applicable to meetings of the youth council.

D. Staff liaison. The city manager shall designate the staff liaison to the youth council. The staff liaison to the youth council shall support the youth council in carrying out its purpose, duties, and responsibilities and provide facilities for meetings and other activities, as necessary.

(Ord. No. 1590, § 2, 7-11-23; Ord. No. 1601, §§ 3, 4, 3-26-24)

CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Sandra Calderon, Deputy City Clerk**
MEETING DATE:	**January 27, 2026**
SUBJECT:	**Consideration and Approval of the meeting minutes of the May 27, 2025, and January 13, 2026 Closed Session City Council meetings.**

RECOMMENDATION:

Approve the meeting minutes of of the May 27, 2025, and January 13, 2026 Closed Session City Council meetings.

BACKGROUND:

After every meeting, the City Clerk's Office prepares meeting minutes. The City Council reviews and approves these minutes either as presented or with modifications.

JUSTIFICATION:

These minutes have been prepared as summary minutes in accordance with City Council Resolution 2025-22 and Government Code Section 36814, 4801, and 54953 (c)(2).

FISCAL IMPACT:

None

ALTERNATIVES:

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

BUDGETED?:

No

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. 2025 05 27_City Council_Closed Session_DRAFT.pdf
2. 2025 05 27_City Council_Workshop_DRAFT.pdf
3. 2025 05 27_City Council_Regular Meeting_DRAFT.pdf
4. 2026 01 13_Closed Session Meeting_DRAFT.pdf

MINUTES

CITY COUNCIL - SPECIAL MEETING (CLOSED SESSION)

CITY OF BANNING, CALIFORNIA

May 27, 2025
3:00 p.m.
In Chambers

Council Chambers
99 E. Ramsey Street
Banning, CA 92220

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

COUNCIL MEMBERS PRESENT: Council Member Cynthia Barrington
Mayor Sheri Flynn
Council Member Leroy Miller
Mayor Pro Tem Richard Royce
Council Member Colleen Wallace

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT: John O. Pinkney, City Attorney
Robert Fisher, Acting City Manager
Vickie Sellers, City Clerk
Caroline Patton, Administrative City Clerk

1. CALL TO ORDER – 3:00 P.M.

2. PUBLIC COMMENTS - *Agenda Items Only*
None

3. CLOSED SESSION

John Pinkney, City Attorney read closed session items.

3.1 **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
Pursuant to Government Code Section 54956.8
Property: Banning Municipal Airport consisting of approximately 232.41 acres comprised of APNs 541-240-009; 541-250-009; 541-140-003; 532-150-002; 532-150-003; 532-150-004; 532-130-012; 532-130-018; 532-130-011; 532-180-034.
Agency Negotiator: Public Works Director Art Vela or his designee
Negotiating Parties: City of Banning as potential Lessor and Industrial Enterprises, LLC as potential Lessee.
Under Negotiations: Price and Terms of proposed ground lease.

DRAFT

3.2 **CONFERENCE WITH LEGAL COUNSEL: ANTICIPATED LITIGATION – SIGNIFICANT EXPOSURE TO LITIGATION**
Pursuant to Government Code Section 54956.9(d)(2) and/or (3)
Two Potential Cases.

3.3 **CONFERENCE WITH LEGAL COUNSEL: ANTICIPATED LITIGATION – POTENTIAL INITIATION OF LITIGATION**
Pursuant to Government Code Section 54956.9(d)(4)
One Potential Case.

3.4 **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**
Pursuant to Government Code Section 54957
Title: Interim City Attorney

3.5 **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**
Pursuant to Government Code Section 54957
Title: Acting City Manager

4. ADJOURNMENT – 5:13 P.M.

Prepared by: Amanda Morgan, Program Coordinator
Reviewed and submitted by: Sandra Calderon, Deputy City Clerk

These minutes have been prepared as Summary Minutes in accordance with City Council Resolution 2025-22 and Government Code Sections 36814, 40801, and 54953(c)(2).

The entire discussion of this meeting may be viewed here:
https://banningca.granicus.com/player/clip/205?view_id=1&redirect=true

DRAFT

MINUTES

CITY COUNCIL - SPECIAL MEETING (WORKSHOP)

CITY OF BANNING, CALIFORNIA

May 27, 2025
4:00 p.m.
In Chambers

Council Chambers
99 E. Ramsey Street
Banning, CA 92220

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

COUNCIL MEMBERS PRESENT: Council Member Cynthia Barrington
Mayor Sheri Flynn
Council Member Leroy Miller
Mayor Pro Tem Richard Royce
Council Member Colleen Wallace

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT: John O. Pinkney, City Attorney
Robert Fisher, Acting City Manager
Vickie Sellers, City Clerk
Caroline Patton, Administrative City Clerk

1. CALL TO ORDER – 5:13 P.M.

2. PUBLIC COMMENTS - *Agenda Items Only*

No public comments

3. WORKSHOP

3.1 Children's Discovery Museum of the Desert - CDMOD Update

Cindy Burreson, CEO, provided a brief history, noting the museum's establishment almost three decades ago by teachers emphasizing hands-on learning. The mission focuses on interactive learning for kids and families.

- The museum stands out due to its high visitor count (85,000 annually), multi-generational appeal, and unique location within a 90-mile radius.
- The main gallery, spanning 8,500 square feet, was divided into six sections with aesthetic improvements.
- Closed during the pandemic in 2020, the museum underwent a reimagination, including exhibit updates
- Building two features refurbished fan favorites like a farmer's market and a world cuisine restaurant to introduce different cultures.

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- A third building is planned for renovation into a teen space with 3D printing, laser cutting, and life skills classes.
- The museum participates in Museums for All, offering reduced admission to EBT cardholders. It serves as an economic driver for local hotels and prioritizes accessibility through automatic doors and materials in English and Spanish.
- The museum is a certified autism center, providing sensory bags and guides. Special events like the Gabby's Dollhouse event drew significant attendance.
- The museum acts as a "second responder" during crises, offering a safe space for families. A kids' music festival was organized for L.A. fire evacuees. A fundraiser is scheduled in partnership with Hansen House to support families facing crises.
- The CEO requested consideration for budget allocation to subsidize the EBT program and welcomed support through board membership or volunteering.

Council Questions

- The City Council inquired about the museum's address (71701 Gerald Ford Drive, Rancho Mirage) and operating hours (10 AM to 5 PM every day except Sunday). Science nights are being planned

4. <u>ADJOURNMENT</u> – 5:26 p.m.

Prepared by: Amanda Morgan, Program Coordinator
Reviewed and submitted by: Sandra Calderon, Deputy City Clerk.

These minutes have been prepared as Summary Minutes in accordance with City Council Resolution 2025-22 and Government Code Sections 36814, 40801, and 54953(c)(2).

***T**he entire discussion of this meeting may be viewed here:*
https://banningca.granicus.com/player/clip/206?view_id=1&redirect=true

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MINUTES

CITY COUNCIL - REGULAR MEETING
CITY OF BANNING, CALIFORNIA

May 27, 2025
5:00 p.m.
In Chambers

Council Chambers
99 E. Ramsey Street
Banning, CA 92220

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

1. CALL TO ORDER - 5:27 p.m.

1.1 **INVOCATION**

Performed by Todd Oldenburg of Thrive Church

1.2 **PLEDGE OF ALLEGIANCE**

1.3 **ROLL CALL**

COUNCIL MEMBERS PRESENT: Council Member Cynthia Barrington
Mayor Sheri Flynn
Council Member Leroy Miller
Mayor Pro Tem Richard Royce
Council Member Colleen Wallace

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT: John O. Pinkney, City Attorney
Robert Fisher, Acting City Manager
Vickie Sellers, City Clerk
Caroline Patton, Administrative City Clerk

2. AGENDA APPROVAL

2.1 **AGENDA APPROVAL**

Motion to approve the agenda made by Councilmember Wallace and seconded by Councilmember Miller. Motion carried unanimously 5-0.

3. PRESENTATIONS

4. REPORT ON CLOSED SESSION

John Pinkney, City Attorney provided the report.

5. PUBLIC COMMENTS, CORRESPONDENCE, APPOINTMENTS, AND REPORTS

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5.1 **PUBLIC COMMENTS**

Nathan Martinez owner of Sundial Collective, spoke on the cannabis tax revenue to city receives and noted that lowering taxes and increased discrepancies have allowed the illicit market to continue, which impacts the city budget. He emphasized better city council coordination to support legal business and help them thrive.

Carlos Zapata emphasized the City's obligation to follow what the voter's intended rather than through emotion and then to regulate appropriately. He noted that other Riverside County cities have implemented similar measures and cautioned that failure to act could limit future state options.

Lynnea Hagen asked for City Council to consider returning the City logo back to Stagecoach Town USA.

Sue Savage urged the City council to address homelessness, improve schools, and modernize business processes to attract residents, businesses and investment, contrasting Banning's stagnation with Beaumont's growth and calling for a comprehensive strategy for progress.

Devin Julian representing Culture Cannabis Club, requested that the City review and amend the cannabis ordinance to reduce the tax rate from 10% to 5% to remain competitive with surrounding jurisdictions. He cited increased competition, rising operational costs, and higher effective tax rates, and sated that relief is needed to support the sustainability of legal permitted cannabis businesses.

Jeff representing Harvest Corner requested that the City investigate retail cannabis tax rates and consider reducing the tax from 10% to 5%, citing changes in other jurisdictions and concerns that high taxes drive consumers to unlicensed markets. The speaker stated that a lower rate could help sustain legal businesses.

5.2 **CORRESPONDENCE**
Vickie Sellers, Elected City Clerk read a letter into the record.

5.3 **APPOINTMENTS**

5.4 **CITY COUNCIL COMMITTEE REPORTS**

Councilmember Wallace attended SANDAG regarding a CA/Baja border resilience plan, noting that the committee is not only committed to assisting on the border, but addresses reginal transportation plans, infrastructure, water and safety issues. She noted discussions about funding, tribal involvement and water impacts.

Mayor Pro Tem Royce, reported attending the ICS Conference in Nevada, noting discussions on market trends, networking with cities, developers and business and efforts to promote available projects and properties in Banning to attract future entail and economic development opportunities.

Councilmember Miller shared updates about the RTA purchasing 24 new minibuses which will enhance routes from Moreno Valley to Banning and reduce commute times. He also mentioned a successful Coffee with a Cop event at Starbucks, where about 30 people attended and engaged with officers and the Chief for nearly two hours.

Mayor Flynn reported attended the 2-day ICSC Conference in Las Vegas and met with representatives from several retails not currently operating in California. She also attended the

Budget and Finance Committee meeting on the 20th regarding electric cost of service analysis and rate design. She also reported participating in an animal shelter tour on the 21st and there is a follow up meeting scheduled for June 4th. She attended the fire station's future needs meeting with city staff and fire services. Finally, the first 2x2 truck route meeting with the City of Beaumont is scheduled for June 5th. Hillwood will present options on the airport property.

5.5 **CITY MANAGER'S REPORT**

Robert Fisher, Acting City Manager, provided an update regarding continuing encampment clean up's and hiring a new code enforcement officer.

5.6 **CITY ATTORNEY'S REPORT**

John Pinkney, City Attorney noted the rules of procedure.

5.7 **CITY TREASURER'S REPORT**

Sue Savage, City Treasurer, raised concerns regarding a lack of access to financial data and transparency, noting that requested information has not been provided by Finance or clarified by the City Attorney. She reported that the consent agenda includes items totaling an estimated $1.9 million in increased spending without identified offsetting revenues or expense reductions. Based on the city's population, this increase was described as potentially unsustainable. She thanked the residents of Banning and reaffirmed her commitment to fiscal transparency and accountability.

6. CONSENT ITEMS

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

Items pulled from the Consent Item Calendar: 6.1, 6.11, 6.12, 6.2, 6.20 6.15, 6.16

Mayor Flynn opened public comment for items not pulled.

None

Mayor Flynn closed public comment for items not pulled.

Motion to approve items not pulled made by Councilmember Wallace and seconded by Councilmember Barrington.

Motion carried unanimously by a vote of 5-0.

6.1 Receive and File Police Department Statistics for the Month of April 2025

Council questions:

Mayor Flynn asked about the offense report and the difference between aggravated and simple assault. She also asked about Drug/Narcotic violations noting it was up 40% and also noticed an increase in crimes in society.

Councilmember Miller asked about animal control statistics, noting he would like to see it reported at council meetings. He also asked about burglary, asking about the dramatic drop.

Councilmember Wallace clarified if there are homeless related statistics in the report.

Mayor Flynn opened public comment

None

Mayor Flynn closed public comment

6.2 Receive and File Fire Protection Services Statistics for the Month of April 2025

Council questions:

Mayor Flynn asked about the citations issued, noting there are no fees collected, asking that if they comply there is no fee.

Mayor Pro Tem Royce asked about a false alarm fine.

Mayor Flynn opened public comment

None

Mayor Flynn closed public comment

6.3 Public Works Capital Improvement Project Tracking List
6.4 Receive and File Code Enforcement Statistics for the Month of April 2025
6.5 City Council Travel and Conference Expense Report Year to Date Through April 2025
6.6 Receive and File Contracts Approved Under the City Manager's Signature Authority and Inventory Reports for April 2025
6.7 Community Cleanup and Compost Giveaway Event Update
6.8 Accept as Complete Various Improvements Related to the Atwell Specific Plan Development and Authorize 90% Reduction of the Improvement Bonds
6.9 Consideration of Accepting an Easement from Tri-Pointe Homes for Storm Drain Purposes Within Tract 37388-6 and 37388-7 of the Atwell Project
6.10 Approval of Temporary Right of Entry Agreement with Southern California Gas Company (SoCalGas) for Pipeline Replacement Project at APN 532-130-012
6.11 Consideration of Resolution 2025-66, Consolidated Approval of Software-as-a-Service Projects Utilized Citywide.

Council questions:

Mayor Flynn noted the number of software contracts and asked about consolidation of the software services, asking if that project has begun.

Mayor Pro Tem Royce noted false alarm software, noting it seemed useless if the City does not charge for false alarm calls.

Mayor Flynn opened public comment

Diego Rose voices frustration with overreliance on technology, stating that many software systems are unreliable, depend on poor data, and create barriers between the public and service providers. He cautioned against replacing human interaction with automated systems and urged greater accountability and evaluation of long-term technology failures.

Frank Conolly noted that there is a special false alarm system in place, particularly during high wind days, which can trigger impacts. He stated that staff can review and explore the processes.

Mayor Flynn closed public comment.

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Motion made by Councilmember Wallace to approve Resolution 2025-66 and seconded by Councilmember Miller.

Motion carried unanimously by a 5-0 vote.

6.12 Consideration of Resolution 2025-67, Approving Amendment No.1 to the Landscape Operation and Maintenance Contract for Landscape Maintenance District No. 1 with Mariposa Landscapes, Inc. of Irwindale, California for Fiscal Year 2025/2026 in the Amount of $90,002

Council questions:

Councilmember Barrington asked how many employees could be hired for the same price as the Mariposa contracts.

Mayor Flynn opened public comment

Diego Rose, expressed concerns about inefficient landscape and water maintenance, as well as unclear responsibility among the city, contractors, HOAs, and builders. He urged the city to coordinate resources better, plan for expiring contracts, streamline and reduce bureaucracy to improve efficiency and long-term city maintenance.

John Hagen, reported an ongoing sprinkler valve leak in their zone that has caused slippery conditions and safety concerns, despite being reported to the city. He stated that the landscape company is not properly monitoring or maintaining the system, resulting in dead plans and wasted water. He questioned how a $3,000 surplus in the zone's account will be used, expressed concern over a proposed $90,000 budget increase and suggested the city consider continuing to outsource landscaping is an efficient use of funds.

Juanita Diaz, expressed long-standing concerns about the city's park and landscape maintenance contracts, particularly the Mariposa contract, which she stated was approved without proper bids or documentation. She reported ongoing sprinkler issues at Lions park, lack of oversight, and poor maintenance of parks and streets despite repeated complaints and photo documentation. She criticized the city's reliance on contractors, questioned where allocated park funds are being spent, and urged the council and city management to personally inspect conditions, improve oversight, and hold staff and contractors accountable.

Mayor Flynn closed public comment

Council discussion:

Mayor Pro Tem Royce asked who the prior contractor was and why the contract was severed. He also noted that based on comments, it appears Mariposa is not doing their job.

Mayor Flynn asked about the oversight that the City provides for the Mariposa contracts

Councilmember Barrington agreed with consolidating all of the parcels together so that it is easier to view, noting that she is in favor of higher more staff to perform the job duties. She also asked if the contracts can be one year versus five years to allow for evaluation.

Motion to approve Resolution 2025-67 made by Mayor Flynn and seconded by Councilmember Wallace.

Motion carries unanimously 5-0

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6.13 Consideration of Resolution 2025-68, Authorizing Staff to Execute an Agreement Regarding Construction and Maintenance of Interim Storm Water Retention Basin and Covenant Running with the Land with Tri-Pointe Homes for Interim Stormwater Facilities Within the Atwell Project

6.14 Consideration of Resolution 2025-70, Approving Amendment No. 4 to the Professional Services Agreement with Albert A. Webb Associates, Inc. for an Additional Amount of $57,080 for Environmental Permitting Related Biological Studies for the Sun Lakes Boulevard Extension Project

Mayor Flynn opened public comment

None

Mayor Flynn closed public comment.

Motion to approve Resolution 2025-70 made by Mayor Pro Tem Royce and seconded by Councilmember Wallace

Motion carried unanimously 5-0.

6.15 Consideration of Resolution 2025 -71, Approving the Fourth Amendment for Contract Services (C00698) for Landscape Maintenance Services for Banning City Parks with Mariposa Landscapes, Inc. in the not too exceed amount of $167,296.95 for FY 2025/26

Mayor Flynn opened public comment

Diego Rose, requested that accountability measures be included with the proposed resolutions to ensure contracted services are actually performed. He cited ongoing, unresolved maintenance issues, including sprinkler repairs, and emphasized that resident reports and public input should result in action. He expressed concern that approving the resolutions would lead to another year of the same issues without enforcement.

Mayor Flynn closed public comment

Council discussion:

Mayor Flynn noted that she felt the Council was clear in its direction.

Motion to approve Resolution 2025 -71 made Councilmember Wallace and seconded by councilmember Miller

Motion carried unanimously 5-0.

6.16 Consideration of Resolution 2025-73, Approving Amendment No. 6 to the Professional Services Agreement with Mariposa Landscapes, Inc. in the Amount of $171,320 for FY 2025/2026 City Property Landscape Maintenance

6.17 Consideration of Resolution 2025-74, Authorizing the City Manager to Execute the Reimbursement Agreement for Preliminary Engineering Services with Union Pacific Railroad in the Amount “Not-to-Exceed” $450,000 for the Hargrave Street Grade Separation Project

6.18 Consideration of Resolution 2025 -75, Approving Amendment No. 2 to the Custodial Services Agreement to Executive Facilities Services, Inc. for Custodial Services at City Facilities in the Amount of $224,512

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6.19 Consideration of Resolution 2025- 76, Approving Amendment No. 1 to a Sole Source Agreement with CASC Engineering and Consulting, Inc. ("CASC") for Consulting Services Related to the Focused General Plan Update in an Amount of $229,268 for a Total Contract Amount Not to Exceed $415,753

6.20 Consideration of Resolution 2025-77, Awarding a Construction Contract for Project No. 2022-05 Ramsey Street and Omar Street Intersection Improvements, to Van Engineering, Inc. in the Amount of $649,954 and approving a 10% contingency for a total budget of "Not-to-Exceed" $714,949.40

Council questions:

Mayor Flynn noted that this was passed in 2021, 2022, 2025 and now the project is ready to be completed.

Councilmember Miller asked about sidewalks on both sides of the street. He also asked about a waterline project, and whether the work would have to be torn up for that project.

Mayor Flynn opened public comment

Diego Rose, stated that they have raised concerns about this intersection for many years and have extensive firsthand knowledge of its safety issues. He expressed frustration that the proposed safety corridor project does not include a sidewalk on the south side, removes existing driveway access to their property, and may increase hazards for pedestrians, cyclists, and service vehicles. He expressed that City departments have failed to coordinate planning efforts, which could worsen safety conditions despite the project. While not opposing the approval, he requested City assistance and better planning to address the ongoing and unnecessary safety risks at the intersection.

Mayor Flynn closed public comment

Council discussion:

Councilmember Miller noted that he believes the council would be in favor of finding more money to add a sidewalk to the South side of Ramsey in this location

Motion to approve Resolution 2025-77 made by Councilmember Wallace and seconded by Councilmember Miller

Motion carried unanimously 5-0

6.21 **Consideration of Resolution 2025-78, Adopting the Revised City of Banning Manual of Procedural Guidelines**

Council questions:

Mayor Flynn asked about the guidelines for the one-hour extensions of city council meetings.

Councilmember Wallace clarified where reports from different assigned committees would take place.

Mayor Flynn commented that moving announcements closer to the start of the meeting would be more beneficial to the public.

Mayor Flynn opened public comment

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Frank Conolly confirmed, because he had to step out, what the Council had decided for votes surrounding the extension of meetings.

Mayor Flynn closed public comment

Motion to approve Resolution 2025-78 made by Mayor Pro Tem Royce and seconded by Mayor Flynn.

Motion passes with a 4-1 vote.

7. PUBLIC HEARINGS

7.1 Consideration of (1) Resolution 2025-59, Approving the Banning Commerce Center Project by Sansone Group, Including a Design Review Application, Case DR 21-7017, for the Construction of a 1,320,284-Square Foot Industrial Warehouse Building on 131.28-acres of Land Generally Located North of the I-10 Freeway/E. Ramsey Street, East of N. Hathaway Street and Bisected by Wilson Street ("Project Site") and a Tentative Parcel Map Application, Case TPM 38756, for the Subdivision of the 131- 28-acre Project Site into Three Numbered Lots for Private Development Improvements and Four Lettered Lots for Right-of-Way and Other Improvements; (2) Resolution 2025-60, Certifying the Environmental Impact Report (SCH No. 2022090102), Adopting Findings and a Statement of Overriding Considerations, and Adopting a Mitigation Monitoring and Reporting Program for the Banning Commerce Center Project Consisting of a 1,320,284-Square Foot Industrial Warehouse Building on 131.28-acres of Land Located on the Project Site; and (3) Introduction and First Reading of Ordinance 1609, Approving a Development Agreement By and Between the City of Banning and JDJN Enterprises, LLC, a Missouri Limited Liability Corporation

David Newell, Community Development Director, provided the staff report.
Council questions:

Mayor Flynn inquired about the number of trucks per day that would be entering and exciting the project and asked if the count included the Robertson's Ready-Mix trucks as well.

Councilmember Wallace confirmed her agreement with the project, and she strongly agrees that the project will bring business and positivity to the east side of town.

Samsone Group representative spoke, reiterating that they had made their presentation at the last meeting, noting they believed it is a great project to come to Banning.

Mayor Flynn opened public hearing

Louis Lopez stressed that hiring local union apprentices ensures the city gets quality work for the wages paid, noting apprentices progress through a four-year training program. He clarified that these are not temporary jobs but long term, structured training positions.

Juan Serrano voices strong support for the project, emphasizing that it will provide stable, well-paying jobs for local workers. He noted the developer's commitment to hiring skilled local labor and paying livable wages, which keeps economic benefits within the community. He stated that the project supports local families, strengthens the community, and urged approval of the project.

The speaker shared their experience working at a women's discipleship home and explained that projects like this one create meaningful employment opportunities for women reentering into the workforces. She emphasized that such projects help community members find stability, grow and thrive and urged consideration of the populations she represented.

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Zack Straussford expressed support for the project on behalf of Care CA stating that it reflects the will of the impacted community and that the constituents overwhelmingly support it. He thanked the council for considering and amplifying the community's voice and urged approval of the project.

Robert Ramos of Ironworkers Local 416 spoke in support of the project, emphasizing the importance of livable wages and career opportunities for the local community. He highlighted apprenticeship programs in the trades as viable career paths for local youth, including high school graduates and urged approval of the project.

Kathleen Dale recommended that the approval of the resolutions include consistency with the Multiple Species Habitat Conservation Plan as required by the municipal code and the city's implementation agreement. She urged the city to provide an interim truck routing solution to reduce traffic on Hathaway near home by constructing alternative road connections until a permanent freeway interchange is completed.

Mayor Flynn closed public hearing

Council discussion:

Councilmember Barrington mentioned that it was important that Ms. Wallace's constituents are in support of the project. She noted that the area is zoned for industrial, nothing it's important that the city does not send a message that they are against all warehouses. She believes it is a project that warrants approval.

Councilmember Miller spoke of agreement with Councilmember Barrington and Wallace. He asked about the intersection of Hargrave and Ramsey, and if there were any plans to improve it.

Councilmember Barrington mentioned that a solution for these intersections could include restriping or eliminating a right hand turn lane.

Mayor Flynn asked if there was a way to have a condition of approval

Motion to adopt Resolution 2025-59 made by Councilmember Wallace and seconded by Mayor Pro Tem Royce

Motion carried unanimously 5-0.

Motion to adopt Resolution 2025-60 with changes made by Councilmember Wallace and seconded by Mayor Pro Tem Royce.

Motion carried unanimously 5-0.

Vickie Sellers, read Public Hearing by title only. Moton made by Mayor Pro Tem Royce and seconded by Councilmember Miller.

Motion carried unanimously 5-0.

8. REPORTS OF OFFICERS

8.1 Update of the ATP Cycle 7 Grant Application "City of Banning Downtown Active Transportation Improvement Project" Submittal and Seeking Concurrence to reapply for Cycle 8

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Nate Smith, Deputy Public Works Director, provided the staff report.

Council questions:

Councilmember Miller clarified how much staff time this would require.

Councilmember Wallace asked if staff had reached out to SCAG.

Mayor Flynn opened public comment
None

Mayor Flynn closed public comment

Council discussion:

Consensus to move forward.

8.2 Consideration of Resolution 2025-72, Amending Administrative Policy (AP) No. B-35 – Grant Management/Administration

Nicole Jews, HR Manager provided the staff report.

Council questions:

Mayor Flynn confirmed that all grants require approval from the City Council.

Mayor Pro Tem Royce mentioned smaller, one-time grants should be approved by staff.

Mayor Flynn confirmed money limits for council approval for grant application purposes.

Mayor Flynn opened public comment

None

Mayor Flynn closed public comment

8.3 Consideration of Homeless Services

Robert Fisher, Acting City Manager, provided the staff report.

Council questions:

Mayor Pro Tem Royce mentioned reworking grant money and petitioning the grant issuer to change the funds and see if it is approved, noting there is currently no funds that he knows of.

Councilmember Wallace asked if SWAG came back with by laws and governing documents.

Mayor Flynn mentioned the amount of money used to pay salaries at Opportunity village, mentioned the money could be places towards outreach. She asked SWAG if they could intervene and get an individual housed same day.

Mayor Pro Tem Royce asked if the money for salaries mentioned were coming from the grant.

Councilmember Miller mentioned that there is not a guarantee that the State will allow for the money to be reallocated. Mr. Miller mentioned that the council should find out whether there is money going to be available before moving forward.

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Mayor Pro Tem Royce mentioned it being beneficial going back to the State because of the governor's recent orders; noting the importance of finding if the City has money that can be allocated for homeless services.

Councilmember Barrington asked about the 4.5 FTE employees for opportunity village and how those salaries were paid.

Mayor Flynn opened public comment

Frank Conolly requested confirmation of key details before proceeding, including the total cost for SWAG and clarification on available grant funds. He emphasized the need for fiscal responsibility to avoid future liability, identifying a clear funding source and consider remained funds be redirected. He noted homelessness involves multiple issues, not solely substance abuse.

Kathy Aranda urged the City to move forward without further delay, noting that unused or existing funds may cover the costs and that action should not depend solely on grant funding. She expressed support for mental health and substance abuse treatment, raised public safety concerns and emphasized the need for responsible financial review while avoiding approaches they believe are ineffective.

The speaker asked to present a brief video to provide an overview of their organization's work, noting that the work done is challenging, but conducted transparently. She addressed comments made at the prior Council meeting, stating that claims regarding civil rights violations or religious motivation were inaccurate, and emphasized their commitment to openness and accountability in their efforts.

Mayor Flynn closed public comment

Council discussion:

Councilmember Miller asked SWAG if there are licensed social workers. Mr. Miller clarified if SWAG still had a contract with the City of Lake Elsinore, and whether outreach teams consisted of 2 individuals.

Councilmember Barrington

Mayor Pro Tem Royce clarified the charge of SWAG in relation to staff that would be provided.

Mayor Flynn emphasized agreement that the amount of monies being used for landscape maintenance and software is an abundant amount compared to homeless services, noting there is money in other places to fund SWAG. She ended her comment by reading a quote for the DA of LA County.

Mayor Pro Tem Royce spoke in favor of moving forward with SWAG on a month-to-month basis while still assessing the budget.

Councilmember Barrington spoke in agreement of moving forward, noting that business are desperate for intervention. She provided support for month-to-month services through SWAG.

Councilmember Miller emphasized not rushing into things, noting that funding is short in the City of Banning. He reiterated not wanting to start something that cannot be finished, noting importances of insuring there is funding.

Motion to move forward with SWAG made by Mayor Flynn and seconded by Councilmember Barrington.

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Motion passes with a vote of 3-2

Motion to move forward another hour in the meeting made by Mayor Pro Tem Royce and seconded by Councilmember Wallace.

Motion failed with a vote of 3-2

Meeting not able to continue

8.4 Consideration of an Agreement with Wanderlust Events for a Summer Food Truck Event Series located at City-Owned Property located at 150 E. Ramsey Street, Banning, CA 92220

9. DISCUSSION ITEMS

10. ANNOUNCEMENTS FROM CITY COUNCIL MEMBERS

11. ITEMS FOR FUTURE AGENDAS

11.1 **NEW ITEMS**

11.2 **EXISTING ITEMS**

1. Update on Community Garden (Flynn)
2. Contracting Animal Services (Flynn)
3. Emergency Preparedness (Barrington)
4. Changes to the Banning Procedural Manual (Royce)
5. Discussion of Reversing Decision to Close Airport (Royce)
6. Patriot Tree (Barrington)
7. Contractor(s) to do Citywide Cleanup (Flynn)
8. RFP for City Manager (Wallace)
9. Long term City Strategic Planning (Miller)
10. Review Grant Management Protocol (Flynn)
11. Update on Electric Billing (Miller)
12. Review and Update Council Travel Policy (Flynn)
13. 2x2 Committee on Smith Correctional Facility (Royce)
14. Acting City Manager Evaluation (Miller)

12. ADJOURNMENT

Motion by Mayor Pro Tem Royce to adjourn the meeting, seconded by Council Member Miller
Meeting was adjourned 9:48 p.m. Next Regular Meeting, June 10, 2025 at 5:00 p.m.

Prepared by: Amanda Morgan, Program Coordinator
Reviewed and submitted by: Sandra Calderon, Deputy City Clerk.

These minutes have been prepared as Summary Minutes in accordance with City Council Resolution 2025-22 and Government Code Sections 36814, 40801, and 54953(c)(2).

The entire discussion of this meeting may be viewed here:

https://banningca.granicus.com/player/clip/207?view_id=1&redirect=true

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MINUTES

CITY COUNCIL - SPECIAL MEETING (CLOSED SESSION)
CITY OF BANNING, CALIFORNIA

January 13, 2026
3:00 p.m.
In Chambers

Council Chambers
99 E. Ramsey Street
Banning, CA 92220

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

COUNCIL MEMBERS PRESENT: Mayor Pro Tem Cynthia Barrington
Council Member Sheri Flynn
Council Member Leroy Miller
Mayor Richard Royce
Council Member Colleen Wallace

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT: Phaedra Norton, Assistant City Attorney
Arturo Vela, Interim City Manager
Vickie Sellers, City Clerk
Sandra Calderon, Deputy City Clerk

1. CALL TO ORDER- 3:00 p.m.

COUNCIL MEMBER	PRESENT	ABSENT
Barrington, Cindy	X	
Flynn, Sheri	X	
Miller, Leroy	X	
Royce, Richard	X	
Wallace, Colleen	X	

2. PUBLIC COMMENTS - *Agenda Items Only*

No Public Comments

3. CLOSED SESSION

Phaedra Norton, Assistant City Attorney read closed session items.

Council Member Flynn recused herself from item 3.2 due to a conflict of interest arising from her being named in a lawsuit.

3.1 CONFERENCE WITH LEGAL COUNSEL REGARDING POTENTIAL INITIATION OF LITIGATION

Pursuant to Government Code Section 54956.9(d)(4). One potential case.

3.2 CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1) - One case
Sun Lakes Highlands v. City of Banning et. al. Case No. 5:24-CV-02603-dtb

The City Council went into Closed Session at 3:02 p.m.

4. ADJOURNMENT

The City Council reconvened in open session at 3:40 p.m. No reportable action was taken.

Motion by Council Member Miller to adjourn the meeting, seconded by Council Member Wallace. Motion passed unanimously 5-0. Meeting was adjourned at 3:42 p.m.

Minutes prepared by:

Sandra B. Calderon
Deputy City Clerk

These minutes have been prepared as Summary Minutes in accordance with City Council Resolution 2025-22 and Government Code Sections 36814, 40801, and 54953(c)(2).

The entire discussion of this meeting may be viewed here:
https://banninglive.viebit.com/watch?hash=xi3FJzRrMaQahuwZ

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CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Sandra Calderon, Deputy City Clerk** **Todd Hopkins, CalFire Division Chief**
MEETING DATE:	**January 27, 2026**
SUBJECT:	**Receive and File Fire Protective Services Statistics for the Month of December 2025**

RECOMMENDATION:

Receive and file.

BACKGROUND:

City Council has requested CalFire's Riverside County Division, which provides fire protection services in the City of Banning, to provide specific reports to the public and City Council on a monthly basis.

JUSTIFICATION:

Many Fire and EMS Departments store and analyze statistical data, which can provide a detailed analysis of the types of responses their organization is called to assist. This information is critical to elevating the level of service provided by the Fire Department.

FISCAL IMPACT:

None

ALTERNATIVES:

Providing statistics keeps the Council, staff, and residents apprised of current fire and paramedic activities. If the statistics are not presented to the Council on a regular basis, then they should be provided on another platform.

BUDGETED?:

No

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. jurisreport_banning.pdf

Riverside County Fire Department/ CAL FIRE

Jurisdiction Summary for City of Banning

Robert Fish

Fire Chief

12/1/2025 to 12/31/2025

Incident Response Activity

***At least 1 Resource Dispatched**

Incident Type	#
False Alarm	23
Medical	369
Other Fire	2
Other Misc	3
Public Service Assist	31
Rescue	2
Standby	3
Traffic Collision	18
Vehicle Fire	2
Wildland Fire	1
Incident Total	**454**

Average Enroute to On-Scene Time

***Units Responding Charlie, Delta, Bravo, Echo, Code 3**

<5 Minutes	243
+5 Minutes	63
+10 Minutes	8
+20 Minutes	0
Average Min	4.22
% 0 to 5 Min	77.39

Enroute Time: Unit has been acknowledged as responding.
On-Scene Time: Unit has been acknowledged as being On-Scene.

Transport

***Based on Units with a Transport time**

	0
Total:	**0**

Mutual Aid

***Unit responses**

Jurisdiction Units Responses

Engine	334
Total:	**334**

Mutual Aid Given

Engine	188
Total:	**188**

Mutual Aid Received

	26
Brush	5
Chief	7
Engine	137
Patrol	8
Squad	24
Total:	**207**

Truck Report

recorded 0 responses in from 12/1/2025 1:40:10 PM to 12/31/2025 1:40:10 PM

Significant Incidents

CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Kristine Gutierrez, Community Development Operations Manager** **Vincent Avila, Chief of Police**
MEETING DATE:	**January 27, 2026**
SUBJECT:	**Receive and File Code Enforcement Statistics for the Month of December 2025**

RECOMMENDATION:

Receive and file.

BACKGROUND:

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

JUSTIFICATION:

Statistics provide details on the types of code enforcement related calls the City responds to. Statistics show increases and decrease in particular areas of Code Enforcement over time.

FISCAL IMPACT:

None.

ALTERNATIVES:

Providing statistics keeps the Council, staff, and residents apprised of current Code Enforcement activities. If the statistics are not presented to the Council on a regular basis, then they should be provided on another platform.

BUDGETED?:

Yes

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. Code Stats December 2025.pdf

BANNING POLICE DEPARTMENT
DECEMBER, 2025

Code Enforcement	Dec-25	Dec-24	% CHGE	YTD-25	YTD-24	% CHGE
New Cases Opened	51	15	240%	763	1349	-43%
Total Cases Open	240	429	-44%	4301	5500	-22%
Notice of Violations Issued	244	122	100%	2724	564	383%
Violations Resolved	356	274	30%	2273	4135	-45%
Citations Issued	14	13	8%	123	67	84%
Inspections Completed	200	94	113%	2459	1773	39%
Collected Fee's (Citations)	315	640	-51%	16398.59	120127.43	-86%
Red Tagged Properties	0	3	-100%	23	21	10%
AVA Program Vehicles Abated	0	0	0%	0	9	-100%
Weed Abatement Cost Recovery	0	5475.9	-100%	94948.39	13215.28	618%
72 Hour Parking (NOV) CVC 22651 K	12	0	1200%	234	14	1571%
Unhoused Encampments Tagged (PC602)	3	0	300%	75	3	2400%

CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Brandon Smith, Lieutenant** **Vince Avila, Chief of Police**
MEETING DATE:	**January 27, 2026**
SUBJECT:	**Receive and File Police Department Statistics for the Month of December 2025**

RECOMMENDATION:

Receive and file.

BACKGROUND:

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

JUSTIFICATION:

Statistics tell a city how many police officers need to be on the street, what crimes are being committed, and reveal increases and decreases in specific crimes. Also, cities get funding in part on their crime rates. If a federal crime bill passed, the Government needs to know which cities could benefit the most from those funds, and some cities have been rewarded financially for drastically lowering rates of crime.

FISCAL IMPACT:

None.

ALTERNATIVES:

Providing statistics keeps the Council, staff, and residents apprised of current police activities. If the statistics are not presented to the Council on a regular basis, then they should be provided on another platform.

BUDGETED?:

No

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. Police Stats December 2025.pdf
2. Group A Offense Report December 2025.pdf

BANNING POLICE DEPARTMENT
DECEMBER, 2025

CRIME	Dec-25	Dec-24	% CHGE	YTD-25	YTD-24	% CHGE
PART 1 CRIMES						
Homicide	0	0	0%	1	5	-80%
Rape	0	0	0%	6	7	-14%
Robbery	3	0	300%	12	12	0%
Assaults Agg/Simp	12	16	-25%	182	191	-5%
Burglary	2	1	100%	24	72	-67%
Vehicle Theft	3	5	-40%	64	71	-10%
Larceny	19	12	58%	140	180	-22%
OTHER						
Narcotics	1	6	-83%	114	139	-18%
DUI	2	2	0%	46	28	64%
T/C Non-Injury	31	7	343%	85	57	49%
T/C Injury	1	8	-88%	45	45	0%
T/C Fatal	0	1	-100%	3	2	50%
Transient Calls	97	108	-10%	1906	1737	10%
Unattended Death	3	4	-25%	72	64	13%
246PC	1	3	-67%	25	10	150%
Citations	49	169	-71%	1127	1081	4%
Total Incidents	2743	3023	-9%	36877	36010	2%

Group A Offense Report

Beginning Date: 12/01/2025 **Ending Date: 12/31/2025**

Agency: BANNING PD

Offense	Reported in 2025	Reported in 2024	Percent Change	Offenses Cleared	Percent Cleared	Percent Of Category	Rate Per 100,000*
Murder	0	0	NA	0	0.00%	0.00%	0.00
Negligent Manslaughter	0	0	NA	0	0.00%	0.00%	0.00
Justifiable Homicide	0	0	NA	0	0.00%	0.00%	0.00
Non-consensual Sex Offenses:							
Rape	0	0	NA	0	0.00%	0.00%	0.00
Sodomy	0	2	-100.00%	0	0.00%	0.00%	0.00
Sexual Assault with Object	0	1	-100.00%	0	0.00%	0.00%	0.00
Fondling	0	2	-100.00%	0	0.00%	0.00%	0.00
Aggravated Assault	5	10	-50.00%	3	60.00%	31.25%	15.63
Simple Assault	7	6	16.67%	5	71.43%	43.75%	21.88
Intimidation	2	0	NA	1	50.00%	12.50%	6.25
Kidnapping/Abduction	2	1	100.00%	1	50.00%	12.50%	6.25
Consensual Sex Offenses:							
Incest	0	0	NA	0	0.00%	0.00%	0.00
Statutory Rape	0	0	NA	0	0.00%	0.00%	0.00
Human Trafficking, Commercial Sex Acts	0	0	NA	0	0.00%	0.00%	0.00
Human Trafficking, Involuntary Servitude	0	0	NA	0	0.00%	0.00%	0.00
Crimes Against Persons Total	**16**	**22**	**-27.27%**	**10**	**62.5%**	**28.07%**	**50**
Robbery	3	0	NA	1	33.33%	8.11%	9.38
Burglary/Breaking & Entering	2	1	100.00%	0	0.00%	5.41%	6.25
Larceny/Theft Offenses	19	12	58.33%	1	5.26%	51.35%	59.38
Motor Vehicle Theft	3	5	-40.00%	1	33.33%	8.11%	9.38
Arson	0	0	NA	0	0.00%	0.00%	0.00
Destruction Of Property	10	6	66.67%	1	10.00%	27.03%	31.25
Counterfeiting/Forgery	0	0	NA	0	0.00%	0.00%	0.00
Fraud Offense	0	2	-100.00%	0	0.00%	0.00%	0.00
Embezzlement	0	0	NA	0	0.00%	0.00%	0.00
Extortion/Blackmail	0	0	NA	0	0.00%	0.00%	0.00
Bribery	0	0	NA	0	0.00%	0.00%	0.00
Stolen Property Offenses	0	3	-100.00%	0	0.00%	0.00%	0.00
Crimes Against Property Total	**37**	**29**	**27.59%**	**4**	**10.81%**	**64.91%**	**115.63**
Drug/Narcotic Violations	1	6	-83.33%	1	100.00%	25.00%	3.13
Drug Equipment Violations	1	2	-50.00%	1	100.00%	25.00%	3.13
Gambling Offenses	0	0	NA	0	0.00%	0.00%	0.00
Pornography/Obscene Material	0	0	NA	0	0.00%	0.00%	0.00
Prostitution	0	0	NA	0	0.00%	0.00%	0.00
Weapons Law Violation	2	3	-33.33%	1	50.00%	50.00%	6.25
Animal Cruelty	0	0	NA	0	0.00%	0.00%	0.00
Crimes Against Society Total	**4**	**11**	**-63.64%**	**3**	**75%**	**7.02%**	**12.5**
Total Group "A" Offenses	**57**	**62**	**-8.06%**	**17**	**29.82%**	**100%**	**178.13**

Note: *The Rate per 100,000 will be 'NA' when the Adjusted Population Base is Zero.*

* Adjusted population base: 32,000

CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Brandon Smith, Lieutenant** **Vince Avila, Chief of Police**
MEETING DATE:	**January 27, 2026**
SUBJECT:	**Receive and File Animal Control Statistics for the Month of December 2025**

RECOMMENDATION:

Receive and file.

BACKGROUND:

The Banning Police Department provides Animal Control Services statistics to the public and City Council upon request.

JUSTIFICATION:

Statistics identify the types of calls animal control officers per month. Statistics show increases and decreases in particular areas of Animal Control Services over time.

FISCAL IMPACT:

None.

ALTERNATIVES:

Providing statistics keeps the Council, staff, and residents apprised of current Animal Control Services activities. If the statistics are not presented to the Council on a regular basis, then they should be provided on another platform.

BUDGETED?:

No

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. Good Police Stats ACO 2025 DEC.pdf

BANNING POLICE DEPARTMENT
DECEMBER, 2025

CATEGORY	Dec-25	Dec-24	% CHGE	YTD-25	YTD-24	% CHGE
Calls for Service	92	88	5%	1309	1177	11%
Animals Impounded	14	10	40%	119	66	80%
Animals Euthanized	2	2	0%	19	35	-46%
Bite Reports	2	2	0%	37	31	19%
Citations Issued	0	0	0%	0	0	0%
Expenses	1417.852	1343.94	5%	24319.16	16734.6	45%
Revenue	370.9	256.66	45%	9037.55	10475.66	-14%

CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Mary Yaryan, Associate Planner**
MEETING DATE:	**January 27, 2026**
SUBJECT:	**Consideration of Second Reading and Adoption of Ordinance No. 1615, A Zone Text Amendment to Banning Municipal Code Title 17, Chapter 17.88, Section 17.88.020 (Non-Conforming Structures and Uses).**

RECOMMENDATION:

Approve second reading and Adoption of Ordinance 1615.

BACKGROUND:

On August 6, 2025, the Planning Commission directed staff to initiate a Zone Text Amendment to Banning Municipal Code (BMC) Section 17.88.020 to address limitations on the reconstruction of legally established non-conforming residential structures that are damaged or destroyed by catastrophe. This direction was prompted by a recent case involving a property owner whose home, located in the Airport Industrial (AI) zoning district, was destroyed by fire and could not be rebuilt under the current code due to its non-conforming status. However, similar situations may arise throughout the City where legally established residential structures exist in zoning districts that no longer permit residential use.

To address this broader issue and to help preserve the City's existing housing stock, staff drafted an amendment to Section 17.88.020 (Non-Conforming Structures and Non-Conforming Uses) of the Banning Zoning Ordinance. The proposed amendment would allow legally established non-conforming residential structures to be reconstructed to their original size, placement, and density, regardless of current zoning standards, and would remove the existing two-year time limitation for reconstruction following destruction.

Pursuant to the requirements of BMC Chapter 17.116 (Zoning Ordinance Amendments), the amendment was processed as Application No. PZTA25-0001 and brought before the Planning Commission for consideration. At a special meeting on November 17, 2025, the Planning Commission voted 4-0 to adopt Resolution No. 2025-017, recommending City Council approval of the proposed ordinance.

On January 13, 2026, the City Council conducted the first reading of Ordinance No. 1615 and approved it on a 5-0 vote. The ordinance is now being presented for second reading and adoption.

JUSTIFICATION:

The proposed amendment to BMC Section 17.88.020 is intended to provide greater flexibility for the repair and reconstruction of legally established non-conforming residential structures that are damaged or destroyed by catastrophe. Under current code, such structures cannot be rebuilt if damage exceeds 50% of replacement cost, even if they were originally permitted. Enforcement of this restriction can result in the permanent loss of housing stock, especially in locations where residential uses are no longer permitted by current zoning. While the amendment was prompted by a recent case in the Airport

Industrial (AI) zoning district, legally established non-conforming residences exist in multiple zoning districts citywide. The amendment supports Goal 1.0 of the City's Housing Element, which promotes the maintenance and preservation of existing housing, and aligns with Program 5, which identifies the need to preserve non-conforming homes in non-residential zones. Allowing these structures to be rebuilt to their original size, placement, and density, and by removing the two-year reconstruction deadline, the ordinance ensures fairness for affected property owners and helps preserve Banning's housing stock.

FISCAL IMPACT:

There is no direct fiscal impact associated with these actions.

ALTERNATIVES:

Do not adopt Ordinance 1615.

BUDGETED?:

No

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. ORDINANCE 1615 ZTA25-0001.pdf
2. Exhibit A - Ch 17.88 Legislative Revisions.pdf
3. Exhibit B - Ch 17.88 Updated.pdf

ORDINANCE NO. 1615

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, AMENDING SECTION 17.88.020 OF CHAPTER 17.88 (NON-CONFORMING STRUCTURES AND NON-CONFORMING USES) OF TITLE 17 (ZONING) OF THE BANNING MUNICIPAL CODE TO PROVIDE GREATER FLEXIBILITY FOR THE REPAIR AND RECONSTRUCTION OF LEGALLY ESTABLISHED NON-CONFORMING RESIDENTIAL STRUCTURES

WHEREAS, pursuant to Article XI, Section 7 of the California Constitution, the City of Banning is authorized to adopt and enforce ordinances and regulations not in conflict with the general laws to protect the public health, safety, and welfare; and

WHEREAS, Chapter 17.88 of the Banning Municipal Code regulates non-conforming structures and non-conforming uses within the City; and

WHEREAS, Section 17.88.020 currently limits the repair and reconstruction of legally established non-conforming residential structures that are damaged or destroyed by catastrophe; and

WHEREAS, the City has identified the need to provide greater flexibility for the repair and reconstruction of legally established non-conforming residential structures in order to preserve existing housing stock within the City, including housing located in zoning districts where residential uses are no longer permitted; and

WHEREAS, on August 6, 2025, the Planning Commission directed staff to initiate a Zone Text Amendment to Chapter 17.88 of the Banning Municipal Code; and

WHEREAS, the proposed Zone Text Amendment was processed as Application No. PZTA25-0001; and

WHEREAS, the Planning Commission conducted a duly noticed public hearing on November 17, 2025, to consider the proposed Zone Text Amendment; and

WHEREAS, following the public hearing, the Planning Commission voted 4-0 to adopt Resolution No. 2025-017, recommending that the City Council approve the amendment to Chapter 17.88 of the Banning Municipal Code; and

WHEREAS, the City Council finds that the proposed amendment is consistent with the goals and policies of the City of Banning General Plan, including Housing Element Goal 1.0, which promotes the maintenance and preservation of the City's existing housing stock; and

WHEREAS, the City Council further finds that the proposed amendment is internally consistent with the Banning Zoning Ordinance and supports orderly development while protecting the public health, safety, and welfare; and

WHEREAS, the City Council has independently reviewed and considered the requirements of the California Environmental Quality Act (CEQA) and finds that the proposed amendment is not subject to CEQA pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines, as the amendment will not result in a direct or reasonably foreseeable indirect physical change in the environment and is not a "project" as defined in Section 15378 of the CEQA Guidelines.

NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BANNING, RIVERSIDE COUNTY, STATE OF CALIFORNIA AS FOLLOWS:

SECTION 1. INCORPORATION OF RECITALS.

The recitals reflected above are true and correct and incorporated herein by this reference as the cause, purpose, and foundation for the action taken by the City Council through this Ordinance.

SECTION 2. ENVIRONMENTAL DETERMINATION.

The City Council finds that adoption of this Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because the Ordinance will not result in a direct or reasonably foreseeable indirect physical change in the environment and is not a "project" as defined in Section 15378 of the CEQA Guidelines

SECTION 3. APPROVAL.

The City Council hereby approves Ordinance No. 1615 amending the City of Banning Municipal Code.

SECTION 4. AMENDMENT TO THE BANNING MUNCICPAL CODE.

Section 17.88.020 of Chapter 17.88, Title 17 (Zoning) of the Banning Municipal Code is hereby amended as set forth in Exhibit A, attached hereto and incorporated herein by this reference.

SECTION 5. PROSECUTION OF PRIOR ORDINANCES.

Neither the adoption of this Ordinance nor the repeal of any other ordinance of this City shall in any manner affect the prosecution of any violation of any City ordinance or provision of the City of Beaumont Municipal Code, committed prior to the effective date hereof, nor be construed as a waiver of any penalty or the penal provisions applicable to any violation thereof.

SECTION 6. SEVERABILITY.

The City Council hereby declares that if any provision, section, paragraph, sentence, or word of this Ordinance is rendered or declared to be invalid or unconstitutional by any final court action in a court of competent jurisdiction, or by reason of any preemptive legislation, such invalidity shall not affect the other provisions, sections, paragraphs, sentences, or words of this Ordinance, and to this end the provisions of this Ordinance are severable. The City Council declares that it would have adopted this Ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed, and the balance of the Ordinance enforced.

SECTION 7. CERTIFICATION AND PUBLICATION.

The Mayor shall sign and the City Clerk is directed to certify the passage and adoption of this Ordinance; cause it to be entered into the City of Banning's book of original ordinances; make a note of the passage and adoption in the records of this meeting; and, within fifteen (15) days after the passage and adoption of this Ordinance, cause it to be published or posted in accordance with California law.

SECTION 8. EFFECTIVE DATE.

This Ordinance will become final and effective thirty (30) days following its passage and adoption by the City Council.

INTRODUCED AND READ for the first time and ordered posted at a regular meeting of the City Council of the City of Banning, California, held on the 13th day of January 2026, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

PASSED, APPROVED, AND ADOPTED at a regular meeting of the City Council of the City of Banning, California, held on the 27th day of January 2026, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Richard Royce, Mayor
City of Banning

ATTEST:

Sandra Calderon, Acting Deputy City Clerk
City of Banning

APPROVED AS TO FORM:

John Pinkney, City Attorney
Slovak, Baron, Empey, Murphy & Pinkney, LLP

CERTIFICATION:

I, Sandra Calderon, Acting Deputy City Clerk of the City of Banning, California, do hereby certify that Ordinance 1615 was duly introduced at a regular meeting of the City Council of the City of Banning, held on the 13th day of January, 2026, and was duly adopted at a regular meeting of said City Council on the 13th day of January, 2026, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____

Sandra Calderon, Acting Deputy City Clerk
City of Banning, California

Chapter 17.88 NON-CONFORMING STRUCTURES AND NON-CONFORMING USES

17.88.010 Purpose.

A. These provisions provide for the orderly termination of non-conforming structures and uses to promote the public health, safety, and general welfare, and to bring these structures and uses into conformity with the goals and policies of the General Plan. The intent of this chapter is to prevent the expansion of nonconforming structures and uses to the maximum extent feasible, to establish the criteria under which they may be continued or possibly expanded, and to provide for the correction or removal of these land use nonconformities in an equitable, reasonable and timely manner.

B. Non-conforming structures and uses within the City are generally detrimental to both orderly and complementary development, and the general welfare of citizens and property. Furthermore, it is the intent of this chapter that non-conforming structures and uses shall be eliminated as rapidly as possible without infringing upon the constitutional rights of property owners.

17.88.020 Non-conforming structures.

Structures which lawfully existed prior to the effective date of this Zoning Ordinance are legal nonconforming structures, and may continue even though they fail to conform to the present requirements of the land use district in which they are located. Legal non-conforming structures may be maintained as follows:

A. Legal non-conforming structures which are damaged up to one-half (½) or more of the replacement cost immediately prior to such damage may be restored only if made to conform to all provisions of the Zoning Ordinance. However, any residential structure(s), including multifamily, ~~in a residential land use district~~ destroyed by a catastrophe, including fire ~~and~~ or earthquake, may be reconstructed up to the original size, placement, and density and not to exceed 100% of the reasonable value of such structure(s) at the time such damage occurred. ~~However, reconstruction shall be substantially completed within two (2) years of the damage or destruction.~~

B. Necessary repairs and desired alterations may be made to legal non-conforming residential structures located in a residential land use district.

C. Reasonable repairs and alterations may be made to legal non-conforming commercial, institutional, or industrial structures, provided that no structural alterations shall be made which would prolong the life of the supporting members of a structure, such as bearing walls, columns, beams, or girders. Structural elements may be modified or repaired only if the Chief Building Official determines that such modification or repair is immediately necessary to protect the health and safety of the public or occupants of the non-conforming structure, or adjacent property and the cost does not exceed one-half (½) of the replacement cost limitations, provided that such retrofitting is strictly limited to compliance with earthquake safety standards.

D. Changes to interior partitions or other nonstructural improvements and repairs may be made to a legal non-conforming commercial, institutional, or industrial structure, provided that the cost of the desired improvement or repair shall not exceed one-half (½) of the replacement cost of the non-conforming structure over any consecutive five (5) year period.

E. The replacement cost shall be determined by the Chief Building Official of the City.

F. Any additional development of a parcel with a legal non-conforming structure will require that all new structures be in conformance with this Zoning Ordinance.

G. If a structure is permitted but is non-conforming only due to off-street parking or loading standards, expansion of that structure will require that it meet off-street parking or loading standards for the existing structure as well as for the expansion, in conformance with Chapter 17.28, Parking Standards.

H. If the use of a non-conforming structure is discontinued for a period of 6 or more consecutive calendar months, the structure shall lose its legal non-conforming status, and shall be removed or altered to conform to the provisions of this Development code. A use of a legal non-conforming structure shall be considered discontinued when any of the following apply:

1. The Director has determined, by whatever means, that the intent of the owner to discontinue use of the non-conforming structure is apparent.

2. Where characteristic furnishings and equipment associated with the use have been removed and not replaced with equivalent furnishings and equipment during this time, and where normal occupancy and/or use has been discontinued for a period of 6 or more consecutive calendar months.

3. Where there are either no business sales receipts or no business purchase receipts available for the 6 month period.

4. Where there has been no electrical utility bill paid for the property for the 6 month period.

17.88.030 Non-conforming uses.

Non-conforming uses are those which lawfully existed prior to the effective date of this Zoning Ordinance, but which are no longer permitted in the land use district in which they are located. The continuance of legal non-conforming uses are subject to the following:

A. Change of ownership, tenancy, or management of a non-conforming use shall not affect its legal non-conforming status, provided that the use and intensity of use does not increase.

B. If a non-conforming use is discontinued for a period of six (6) or more consecutive calendar months, it shall lose its legal non-conforming status, and the continued use of the property shall be required to conform with the provisions of this Zoning Ordinance.

C. Additional development of any property on which a legal non-conforming use exists shall require that all new uses conform to the provisions of this Zoning Ordinance.

D. If a non-conforming use is converted to a conforming use, no non-conforming use may be resumed.

E. No non-conforming use may be established or replaced by another non-conforming use, nor may any non-conforming use be expanded or changed, except as provided in this chapter.

F. A nonconforming use located in a commercial or industrial zone may be expanded up to but not exceeding 50 percent of the existing floor area provided the expansion conforms to all other requirements of the zone and subject to the approval of a conditional use permit by the planning commission.

17.88.040 Abatement of non-conforming uses.

Legal non-conforming uses shall be discontinued within the following specified time limits, from the effective date of this Zoning Ordinance:

Table 17.88.040

Abatement Schedule

1	Non-conforming uses which do not occupy structures	5 years
2	The non-conforming use of a conforming structure within any commercial or industrial land use district	10 years
3	Non-conforming uses of a conforming structure within any residential land use district	15 years

17.88.050 Certificate of occupancy prohibited.

When any non-conforming structure or use is no longer permitted pursuant to the provisions of this chapter, no permit for a structure shall thereafter be issued for further continuance, alteration, or expansion. Any permit issued in error shall not be construed as allowing the continuation of the nonconforming structure or use.

17.88.060 Offers of dedication for right-of-way—No nonconformity.

When a property owner, upon request by the City, offers dedication for right-of-way which results in the reduction of a dimension of the property below the minimum property development requirements in the Zoning Ordinance, Council shall make a finding that such dedication is for public purposes and the reduction in minimum required dimension shall not in and of itself, create a nonconformity, pursuant to this Zoning Code.

17.88.070 Removal of illegal non-conforming structures and uses.

Nothing contained in this chapter shall be construed or implied as to allow for the continuation of illegal non-conforming structures and uses. Said structures and uses shall be removed immediately subject to the provisions of this ordinance regarding the enforcement of provisions, and State Law.

17.88.080 Nonconforming lots.

Any lawfully created lot that becomes nonconforming with regard to lot area, lot width, or lot depth may be developed for a structure that would otherwise be allowed in that zone as long as all development standards are met with the exception of lot size or dimension, or a variance is obtained for any standards that cannot be achieved.

Chapter 17.88 NON-CONFORMING STRUCTURES AND NON-CONFORMING USES

17.88.010 Purpose.

A. These provisions provide for the orderly termination of non-conforming structures and uses to promote the public health, safety, and general welfare, and to bring these structures and uses into conformity with the goals and policies of the General Plan. The intent of this chapter is to prevent the expansion of nonconforming structures and uses to the maximum extent feasible, to establish the criteria under which they may be continued or possibly expanded, and to provide for the correction or removal of these land use nonconformities in an equitable, reasonable and timely manner.

B. Non-conforming structures and uses within the City are generally detrimental to both orderly and complementary development, and the general welfare of citizens and property. Furthermore, it is the intent of this chapter that non-conforming structures and uses shall be eliminated as rapidly as possible without infringing upon the constitutional rights of property owners.

17.88.020 Non-conforming structures.

Structures which lawfully existed prior to the effective date of this Zoning Ordinance are legal nonconforming structures, and may continue even though they fail to conform to the present requirements of the land use district in which they are located. Legal non-conforming structures may be maintained as follows:

A. Legal non-conforming structures which are damaged up to one-half (½) or more of the replacement cost immediately prior to such damage may be restored only if made to conform to all provisions of the Zoning Ordinance. However, any residential structure(s), including multifamily, destroyed by a catastrophe, including fire or earthquake, may be reconstructed up to the original size, placement, and density and not to exceed 100% of the reasonable value of such structure(s) at the time such damage occurred.

B. Necessary repairs and desired alterations may be made to legal non-conforming residential structures located in a residential land use district.

C. Reasonable repairs and alterations may be made to legal non-conforming commercial, institutional, or industrial structures, provided that no structural alterations shall be made which would prolong the life of the supporting members of a structure, such as bearing walls, columns, beams, or girders. Structural elements may be modified or repaired only if the Chief Building Official determines that such modification or repair is immediately necessary to protect the health and safety of the public or occupants of the non-conforming structure, or adjacent property and the cost does not exceed one-half (½) of the replacement cost limitations, provided that such retrofitting is strictly limited to compliance with earthquake safety standards.

D. Changes to interior partitions or other nonstructural improvements and repairs may be made to a legal non-conforming commercial, institutional, or industrial structure, provided that the cost of the desired improvement or repair shall not exceed one-half (½) of the replacement cost of the non-conforming structure over any consecutive five (5) year period.

E. The replacement cost shall be determined by the Chief Building Official of the City.

F. Any additional development of a parcel with a legal non-conforming structure will require that all new structures be in conformance with this Zoning Ordinance.

G. If a structure is permitted but is non-conforming only due to off-street parking or loading standards, expansion of that structure will require that it meet off-street parking or loading standards for the existing structure as well as for the expansion, in conformance with Chapter 17.28, Parking Standards.

H. If the use of a non-conforming structure is discontinued for a period of 6 or more consecutive calendar months, the structure shall lose its legal non-conforming status, and shall be removed or altered to conform to the provisions of this Development code. A use of a legal non-conforming structure shall be considered discontinued when any of the following apply:

1. The Director has determined, by whatever means, that the intent of the owner to discontinue use of the non-conforming structure is apparent.
2. Where characteristic furnishings and equipment associated with the use have been removed and not replaced with equivalent furnishings and equipment during this time, and where normal occupancy and/or use has been discontinued for a period of 6 or more consecutive calendar months.
3. Where there are either no business sales receipts or no business purchase receipts available for the 6 month period.
4. Where there has been no electrical utility bill paid for the property for the 6 month period.

17.88.030 Non-conforming uses.

Non-conforming uses are those which lawfully existed prior to the effective date of this Zoning Ordinance, but which are no longer permitted in the land use district in which they are located. The continuance of legal non-conforming uses are subject to the following:

A. Change of ownership, tenancy, or management of a non-conforming use shall not affect its legal non-conforming status, provided that the use and intensity of use does not increase.

B. If a non-conforming use is discontinued for a period of six (6) or more consecutive calendar months, it shall lose its legal non-conforming status, and the continued use of the property shall be required to conform with the provisions of this Zoning Ordinance.

C. Additional development of any property on which a legal non-conforming use exists shall require that all new uses conform to the provisions of this Zoning Ordinance.

D. If a non-conforming use is converted to a conforming use, no non-conforming use may be resumed.

E. No non-conforming use may be established or replaced by another non-conforming use, nor may any non-conforming use be expanded or changed, except as provided in this chapter.

F. A nonconforming use located in a commercial or industrial zone may be expanded up to but not exceeding 50 percent of the existing floor area provided the expansion conforms to all other requirements of the zone and subject to the approval of a conditional use permit by the planning commission.

17.88.040 Abatement of non-conforming uses.

Legal non-conforming uses shall be discontinued within the following specified time limits, from the effective date of this Zoning Ordinance:

Table 17.88.040

Abatement Schedule

1	Non-conforming uses which do not occupy structures	5 years
2	The non-conforming use of a conforming structure within any commercial or industrial land use district	10 years
3	Non-conforming uses of a conforming structure within any residential land use district	15 years

17.88.050 Certificate of occupancy prohibited.

When any non-conforming structure or use is no longer permitted pursuant to the provisions of this chapter, no permit for a structure shall thereafter be issued for further continuance, alteration, or expansion. Any permit issued in error shall not be construed as allowing the continuation of the nonconforming structure or use.

17.88.060 Offers of dedication for right-of-way—No nonconformity.

When a property owner, upon request by the City, offers dedication for right-of-way which results in the reduction of a dimension of the property below the minimum property development requirements in the Zoning Ordinance, Council shall make a finding that such dedication is for public purposes and the reduction in minimum required dimension shall not in and of itself, create a nonconformity, pursuant to this Zoning Code.

17.88.070 Removal of illegal non-conforming structures and uses.

Nothing contained in this chapter shall be construed or implied as to allow for the continuation of illegal non-conforming structures and uses. Said structures and uses shall be removed immediately subject to the provisions of this ordinance regarding the enforcement of provisions, and State Law.

17.88.080 Nonconforming lots.

Any lawfully created lot that becomes nonconforming with regard to lot area, lot width, or lot depth may be developed for a structure that would otherwise be allowed in that zone as long as all development standards are met with the exception of lot size or dimension, or a variance is obtained for any standards that cannot be achieved.

CITY OF BANNING
STAFF REPORT

TO: **CITY COUNCIL**

FROM: **Arturo Vela, Interim City Manager**

PREPARED BY: **Brandon Robinson, Electrical Engineering Supervisor**
Fred Lyn, Deputy Electric Utility Director

MEETING DATE: **January 27, 2026**

SUBJECT: **Consideration of Resolution 2026-09, Approving an Agreement with Electric Power Systems International, Inc. for Electric Substation Equipment Maintenance Testing, Advisory, and On-Call Services**

RECOMMENDATION:

Adopt Resolution 2026-09

BACKGROUND:

The City of Banning Electric Utility (BEU) owns and operates one (1) 4.16kV and six (6) 12.47kV distribution substations throughout the Banning electric service territory. The lone 4.16kV substation, Airport Substation, is scheduled to be decommissioned during the 2026/27 fiscal years which will conclude BEU's 4kV-to-12kV conversion program.

BEU completed substation maintenance services at Midway, 22nd Street, Sunset, and the original San Gorgonio substations between 2018 and 2021. During this period, BEU also replaced major equipment such as eliminating circuit breakers that carried greenhouse gasses, decommissioned the 4.16kV Alola Substation, and executed construction contracts to build and energize three (3) new 12.47kV substations which were Ivy, Stagecoach and the new build of San Gorgonio Substation to accommodate future load growth and system reliability.

RFP 25-105 Electric Substation Equipment Maintenance Testing, Advisory & On-Call Services was advertised on August 21, 2025. The Schedule of Performance within the Request for Proposal included maintenance and testing of various equipment over a three-year period.

On October 2, 2025, three (3) proposals were received:

Company	Bid
1. Electric Power Systems Inc.	$193,665.00
2. VISTAM, Inc.	$795,573.89
3. Hampton Tedder Electric Co.	$1,402,692.00

An evaluation committee consisting of three (3) utility professionals was assembled to evaluate the proposals based on the qualifications and experience of the proposed team; their ability to provide the requested engineering services; and rates. Based on the review of the evaluation committee members and the overall ranking of each firm, it is recommended to award the contract to Electric Power Systems Inc. in the amount of $193,665.00 over the three-year service period.

This new contract will consist of testing substation breakers, transformers, switches, protective relays and other equipment by specialty technicians within the substations and in accordance with industry standards, specifications and maintenance schedules. BEU has a current need to perform required preventative maintenance at all seven substations which include the San Gorgonio, Ivy, Stagecoach, Midway, 22nd Street, Sunset, and Airport Substations. These maintenance activities will increase the reliability of Banning's electric system. All work will be coordinated and inspected by BEU staff.

In addition to preventative maintenance activities at the substations, this contract will include Advisory and On-Call services related to the troubleshooting, installation, programming, and maintenance of BEU's substation systems. A list is general items expected to be completed for advisory and on-call services include:

1. Diagnose substation transformer, breaker and relay tripping issues that result in outage or malfunction of equipment.
2. Diagnose substation equipment or software issues showing incorrect status on SCADA HMI.
3. Provide a full report of the findings with recommendations for repair or details of the repair if issues are corrected during on-call support activities.

Staff is recommending that an additional $100,000 be allocated to On-Call and advisory services over the three-year period. The total to be awarded to Electric Power Systems International, Inc. will be $293,665.

JUSTIFICATION:

This contract consists of testing substation breakers, transformers, switches, protective relays and other equipment within BEU's substations in accordance with industry standards as required by the California Public Utilities Commission (CPUC) General Order No. 174 (GO174), which defines standards for substation equipment inspection and maintenance protocols. These standards promote worker/operator safety and increased reliability of the grid.

The absence of a qualified substation protection and relay technician limit's BEU's ability to diagnose issues with substation equipment quickly and efficiently when these issues occur. The presence of an on-call contract to help evaluate and alleviate these issues as they arise will help fill this void.

FISCAL IMPACT:

BEU would require an appropriation from the Electric Fund to account 670-7000-473.45-05 Substation Expense in the amount of $193,665.00 for costs associated with the Required Maintenance Intervals for substation equipment in the pricing proposal for RFP25-105 over a three-year period:

Fiscal Year	Amount	% of Contract
FY 25/26 - FY 27/28	$193,665	100%

BEU would also require an appropriation from the Electric Fund to account 670-7000-473.45-05 Substation Expense in the amount of $100,000.00 for costs associated with the on-call and advisory services of this contract:

Fiscal Year	Amount	% of Contract
FY 25/26	$50,000	50%
FY 26/27	$25,000	25%
FY 27/28	$25,000	25%

ALTERNATIVES:

Do not approve Resolution 2026-09 and provide alternative direction.

BUDGETED?:
Yes

CONTRACT/AGREEMENT:
Yes

ATTACHMENTS:
1. Resolution_2026-09_Substation_Maintenance_1-27-26.docx
2. RFP 25-105_Addendum #6.pdf
3. EPS_Full Proposal and Pricing.pdf
4. Notice of Intent to Award (37).pdf
5. Agreement For Professional Services.pdf

RESOLUTION 2026-09

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, APPROVING AN AGREEMENT WITH ELECTRIC POWER SYSTEMS INTERNATION, INC. FOR ELECTRIC SUBSTATION EQUIPMENT MAINTENANCE TESTING, ADVISORY, & ON-CALL SERVICES

WHEREAS, the City of Banning owns and operates a municipal electric utility known as the Banning Electric Utility (BEU); and

WHEREAS, BEU owns and operates one (1) 4.16kV and six (6) 12.47kV distribution substations throughout the Banning electric service territory; and

WHEREAS, BEU requires testing and maintenance of substation breakers, transformers, switches, protective relays and other equipment by specialty technicians within the four 12kV stations; and in accordance with industry standards, specifications and maintenance schedules as required by the California Public Utilities Commission (CPUC) General Order No. 174 (GO174). These standards promote worker/operator safety and increased reliability of the grid; and

WHEREAS, BEU also has a need for advisory and on-call services related to the troubleshooting, installation, programming, and maintenance of BEU's substation systems to diagnose issues with substation equipment quickly and efficiently when they occur; and

WHEREAS, BEU had last completed substation maintenance and testing activities during the 2020/21 fiscal year; and

WHEREAS, on August 21, 2025, staff solicited proposals for RFP 25-105 Electric Substation Equipment Maintenance Testing, Advisory & On-Call Services and received proposals on October 2, 2025; and

WHEREAS, all proposals were evaluated and Electric Power Systems International, Inc. was recommended for award of the maintenance contract with advisory and on-call services in the amount of $293,665 over the three-year service period; and

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

SECTION 1. The City Council approves the Professional Services Agreement with Electric Power Systems International, Inc. for the Electric Substation Equipment Maintenance Testing, Advisory & On-Call Services for a three-year term in the amount of $293,665.00 and subsequent amendments to extend the Agreement for up to two (2) additional one(1)-year terms upon satisfactory performance.

SECTION 2. The City Council authorizes the City Manager to make non-substantive changes to the Electric Substation Equipment Maintenance Testing, Advisory & On-Call Services agreement and to execute the Professional Services Agreement with Electric Power Systems International, Inc., on behalf of the City Council.

SECTION 3. The City Council authorizes the City Manager, or designee, to make necessary budget adjustments, appropriations, and transfers related to this resolution.

SECTION 4. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED, APPROVED AND ADOPTED this 27th day of January 2026.

Richard Royce, Mayor
City of Banning

ATTEST:

Sandra Calderon, Deputy City Clerk
City of Banning

APPROVED AS TO FORM:

John Pinkney, City Attorney
Slovak, Baron, Empey, Murphy & Pinkney, LLP

CERTIFICATION:

I, Sandra Calderon, Deputy City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution 2026-09, was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 27th day of January 2026 by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Sandra Calderon, Deputy City Clerk
City of Banning, California

AWARD PENDING

RFP-25-105 Substation Maintenance Testing, Advisory, & On-Call Services

Request for Proposal

Purchasing Division

28582, 28584, 28586, 28587, 40575... show all

Project ID: RFP-25-105

Release Date: Thursday, August 21, 2025

Due Date: Thursday, October 2, 2025 4:00pm

Posted Thursday, August 21, 2025 5:21pm

Bid Unsealed Monday, October 6, 2025 3:36pm by Angelo Heidt

Pricing Unsealed Monday, October 6, 2025 3:36pm by Angelo Heidt

All dates & times in Pacific Time

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Addendum #6

1. Notice

REQUEST FOR PROPOSALS (RFP)

RFP-25-105 Substation Maintenance Testing, Advisory, & On-Call Services

Dear Proposers:

The City of Banning (hereinafter referred to as the “City”) is requesting proposals from a qualified public entity or private firm, to establish a contract for the scope of services outlined in this request for proposals.

NOTICE IS HEREBY GIVEN that online price and document submittals must be uploaded to the online bidding system in accordance with the instructions included herein, on or before the time and date set forth in the schedule of events. It shall be the responsibility of the proposer to upload their proposal before the announced time. However, responses may be submitted at any time prior to the deadline. (Submitted proposals may be withdrawn and resubmitted at any time prior to the deadline, and cannot be viewed by City staff until the close date and time.)

SOLICITATION DOCUMENTS: To obtain a copy of the solicitation documents, please visit https://procurement.opengov.com/portal/banning-ca. If you are not currently registered with the City of Banning through OpenGov, please create an account and subscribe to this project for notifications. Proposals may only be submitted by companies who are listed as a prospective bidder on the electronic bidding website for each project that they wish to submit a response to. Firms must also check the web site periodically for addenda information as failure to download and acknowledge any and all addenda in the submittal will result in proposer disqualification.

RESPONSIVE PROPOSALS: Once listed on the prospective bidders list, companies may submit their proposals on the electronic bidding system. The City will not accept proposals submitted by companies who are not on the prospective bidders list, or from companies who have submitted a proposal via facsimile, email, mail, or any other format not permitted by this solicitation. Further instructions for submitting proposals are explained in this solicitation. Companies are to adhere to all of the submittal instructions and requirements outlined in this solicitation in order to be considered responsive to this request for proposals.

📢 Post Information

Posted At:
Thu, Aug 21, 2025 5:21 PM
Sealed Bid Process:
Yes (Bids Sealed / Pricing Sealed)
Private Bid:
No

2. Introduction

2.1. Summary

The City of Banning ("City") is seeking a qualified entity or individual ("Company") to provide the services listed in the Scope of Work.

The City anticipates selecting one firm to perform the services.

Proposals are requested from Companies that have a demonstrated ability to perform the tasks identified in this Request for Proposal ("RFP").

2.2. Background

The City of Banning Public Work Standards can be found on the City of Banning's website at the following link:

http://www.banning.ca.us/21/Engineering.

The City of Banning is strategically located astride Interstate 10 between the Inland Empire and the Coachella Valley in the San Gorgonio Pass. The City, incorporated in 1913, has a rich and colorful history.

Initially Banning served as a stagecoach and railroad stop between the Arizona territories and Los Angeles. This history has contributed to the present-day spirit of pioneer resourcefulness and "can do" attitude that is so prevalent in the community.

Banning is a friendly and wholesome place to work and raise a family. Desirable executive housing is available, as well as moderate and lower income housing. Clean air, ample water supplies and the memorable and inspiring scenic vistas of both Mt. San Gorgonio and Mt. San Jacinto, the 2 tallest peaks in Southern California, are additional amenities which make the City of Banning a logical choice as a development opportunity in the Southern California area.

2.3. Contact Information

Barbara Mason
Chief Procurement Officer
99 E. Ramsey Street
Banning, CA 92220
Email: bmason@banningca.gov
Phone: (951) 922-3121

Department:
Purchasing Division

2.4. Timeline

This request for proposal will be governed by the following tentative schedule. All dates are subject to change at the discretion of the City.

Release Project Date:
August 21, 2025

Pre-Proposal Meeting (Mandatory):
September 2, 2025, 2:00pm
City Hall

Question Submission Deadline:
September 11, 2025, 4:00pm

Proposal Submission Deadline:
October 2, 2025, 4:00pm

Anticipated Vendor Selection Date:
October 28, 2025

3. Prerequisites

Proposals will only be considered from Companies that meet the following prerequisites:

3.1. Years of experience

Have at least f**ive (5)** years' of experience, within the past **five (5)** years under a legally registered business name, in providing services of a similar type and scope as described in the Scope of Services. Have not filed for bankruptcy under any business name over the past five (5) years.

3.2. OpenGov Registration

Have created an account on OpenGov. Companies can register at: https://procurement.opengov.com/portal/banning-ca

Once registered, Companies must download this solicitation in order to appear on the Bidder's List as a "Prospective Bidder." Companies that fail to specifically download this solicitation will not appear on the Bidders' List and will be unable to participate or be considered for this RFP.

3.3. Mandatory Pre-Proposal Meeting

All prospective Companies must attend the mandatory pre-proposal meeting on Tuesday, September 2, 2025 at 2:00 pm to be held at:

City Hall

Attendance is mandatory at the pre-proposal meeting. The meeting will begin promptly at the time listed in the schedule. No admittance will be allowed once the meeting has begun. Proposals from prospective Proposers not in attendance at this mandatory meeting will not be considered.

3.4. Licenses

If applicable, Company and/or its key personnel, shall hold an appropriate license for the Company's discipline and the Services on the date the Proposal is submitted.

Please submit a copy of your C-10 (Electrical) Contractor License.

NETA Certified

Please submit copies of the technicians NETA 3 or 4 certification who will be servicing the substations. Helper/Assistant shall be NETA 1 or above.

NETA IV Preferred

Up-to-date Occupational Safety and Health Administration (OSHA) training.

Up-to-date Lockout Tagout training

NFPA 70b 70e & Arc Flash Certification

3.5. Department of Industrial Relations Registration

If applicable, Company shall have registered with the Department of Industrial Relations and any other required organizations.

4. Scope of Work

4.1. Technical Requirements – Maintenance & Testing Requirements

Maintenance & Testing Procedures

The electrical testing requirements detailed in this document apply to the equipment and systems listed below:

Testing to include the following:

San Gorgonio, Midway, 22nd , Ivy, Stagecoach & Sunset Substations

Station Auxiliary Power

34/12kV …7.5, 10, 15, 20 MVA Transformers

GoLean 38kV Air Insulated-Vacuum Circuit Breakers

ABB 38 KV Air Insulated-Vacuum Circuit Breakers

ABB ADVAC 15KV Vacuum Circuit Breakers

Powell 15kV Vacuum Circuit Breakers

Westinghouse Type R3 Vacuum Circuit Breaker

ABB Type R4 Vacuum Circuit Breaker

Square D 15 VACARC, Vacuum Circuit Breaker

GE Type VB1, Metalclad switchgear Vacuum Circuit Breaker

SEL, Westinghouse, ABB Protective Relaying and Control

Transformer Testing

LTC Testing and Maintenance

Thermographic Imaging (Infrared)

Transformer Gas Analysis (DGA)

Power Factor testing

Sudden Pressure Ratio and Polarity (Voltage Method or TTR)

Power Transformers (>1 MVA) be tested with TTR test set.

Impedance DC winding resistance

Megger and Power Factor windings, bushings and arrestors.

Insulation Test

Temperature Gauge calibration

Verify Alarm Points

Verify Bucholz relay operation

Voltage Regulator Testing

TTR transformer Turns Ratio

Impedance DC winding resistance

Megger and Power Factor windings, bushings and arrestors.

Note: Spare voltage regulators located in Utility Yard will be included for testing along with the voltage regulators in service at Midway Substation, which will include up to a total of twenty-six (26) Single Phase Regulators total. Regulators will be removed from service as needed for testing purposes.

General Testing Requirements

When work covered under this specification is subcontracted, the Electrical Testing Contractor/Subcontractor, shall be approved by City of Banning.

Safety

Personnel Protective Equipment (PPE) requirements shall be complied with by all contractors and sub-contractors on site.

Daily, a record of safety briefing shall be taken and attended by all contractors and sub-contractors on the site. This briefing shall include all testing and activities to be performed.

At the beginning of any tasks performed there shall be a safe work plan created to describe the hazards and actions in case of emergency of the specific task. Also any time a new task is initiated there shall be a new safe work plan created with all personnel being briefed and handed a safe work plan.

If the Electrical Testing Contractor causes inadvertent tripping, the contractor shall promptly call the City of Banning Electrical Systems Operation office and explain the incident to allow the dispatcher to restore equipment that has tripped. Following the incident a member from the City of Banning Substation Field Test Technicians (or other designated Banning representative) will interview you to determine root cause. Following the interview by City of Banning will request a report to be generated concerning root-cause and preventative measures.

Electrical Testing Contractor shall maintain a detailed daily activity log.

Electrical Testing Contractor Project Testing Lead shall meet with City of Banning Substation Field Test Technicians / Operations Manager weekly or as established for the project to discuss planned work. Items covered shall include safety, system integrity, outage arrangements, and construction site change of conditions and coordination of testing activities.

Test data shall be recorded electronically on data sheets by the Electrical Testing Contractor and made available to City of Banning daily for review.

Coordination / Availability

The Electrical Testing Contractor's Project Testing Lead SHALL be present during livening and cutovers.

Electrical Testing Contractor shall arrange equipment outages through the City of Banning Electric Systems Operations organization, as applicable.

Given by City of Banning for livening and cutovers.

Testing to demonstrate shorts or grounds will not be introduced.

Support an evaluation of risks associated with an installation activity.

Identification of protective trips that may need to be pulled.

City of Banning Substation Field Test Technician /Testing Contractor Interface- The following summarizes the delegation of work:

Breaker Testing Requirements

Measure main contact resistance.

Thermographic Imaging (Infrared)

Micro-ohm (ductor) contacts

Verify mechanical and electrical interlocks.

Verify all alarms points at control house

Insulation resistance testing

Hi-Pot vacuum bottles

Operate manually close.

Operate manually open.

Test electrically open:

- Proper operation
- Timing open
- Motor current
- Function of motor operated grounding switch (combined units only)

Test electrically close:

- Proper operation
- Timing close Motor current
- Check control voltage
- Function of motor operated grounding switch (combined units only)
- Test functionally all control circuits to schematic diagrams.

34.5 kV Fast Acting Grounding Switches

Record nameplate data.

Perform physical inspections:

For external damage

Operating mechanism elements

Verify tank heaters

Auxiliary switches

Electrical plug-connections

Measure main contact resistance.

Set all indication cams.

Verify mechanical and electrical interlocks.

Operate manually close.

Operate manually open.

Test electrically open:

Breaker is to operate as listed with manufactures specifications and guidelines

For equipment in reliable good working order

Battery Testing:

DC power supply:

Station Battery

Perform all tests recommended by the battery manufacture

Record cell voltages.

Record cell Specific Gravity.

Record all inter-cell resistance.

Record strap resistance

Record cell temperatures and ambient temperature (for calibration of test calculations).

Verify all battery alarms

Perform Battery Impedance Test.

Battery Charger:

Record and verify nameplate data.

Functionally test battery charger control circuit.

Verify battery charger alarms go to SCADA.

Verify battery charger is capable of producing rated output and set current limit.

Relay Equipment

Relay settings will be provided by the City of Banning for all 34.5kV and 12.47kV protection and Control circuits are tested to insure that all are clean and are in good working order. The Electric department will provide switching when needed for isolation and grounding on 34.5kV and 12.47kV transmission and distribution circuits.

Recommended Relay Tests:

Found Test (settings)

Left Test (settings)

Trip test delays

Battery Equipment:

San Gorgonio Substation

Battery Charger

Hindle Power Model FO2625/983332-1

DC 132 Volts

DC Amps 25

Batteries SBS Battery Flood Lead Acid 1294160

22nd St. Substation

Battery Charger

MDS Power Model PO720475/1073980-A

AC 120/208/240

AC Amps 50/29/25

DC Volts 132 DC Amps 35

Batteries LR 2 Volt NOM Batteries Q0124028

Midway Substation

Battery Charger

Hindle Power Model AT10130025F240XXXXXXXXX

AC Volts 120/208/240

AC Amps 49/29/25

DC Volts 130

DC Amps 25

Batteries RPS HCTA-200

2.2 Volt DC 60 Jars

Sunset Substation

Battery Charger

LaMaarche TPSD-25-130V-ABD1-60L

Output Amps 25

AC Volts 120/208/240

DC Volts 130

DC Amps 43/25/22

Batteries C&D Lead Calcium 3DJ-2001.25 Specific Gravity

6.6 Volts DC 20 Jars

Ivy Substation

Battery Charger

Hindle Power Model FO2625/983332-1

DC 132 Volts

DC Amps 25

Batteries SBS Battery Flood Lead Acid 1294160

Stagecoach Substation

Battery Charger

Hindle Power Model F02625/983330-2

DC 132 Volts

DC Amps 25

Batteries SBS Battery Flood Lead Acid 1294160

Transformers, Circuit Breakers and Voltage Regulators:

Sunset Substation Equipment

Transformer

(1) Mfg. Delta Star

Delta Wye

3 Phase 60 Hz

Delta Star 34500 X 69000 12470 / 7200 – 15/20//25 MVA

Class ONAN/ONAF/ONAF

Imp 8.5% 110BIL

LTC CT-I Ratio 1800/5 100 Gallons of Oil

Instruction Manual F728110 Rev 0

SN F72820607* Mfg. 06/2007

Breakers

(6) On Load Gears 38kV Vacuum Circuit Breaker

1200 Amps

Mfg. 7/20

(10) GE Power Vacuum Circuit Breakers

ML 18 Mechanism

Type VB-1 13.8-750-3

15KV 1200Amp Vac. Int. Type 41A2

Type PVSE1A1A2202D1A2 Instruction Manual GEK86132 Mfg. 10/07

22nd St. Substation Equipment

Transformer

(1) Waukesha Class ONAN/ONAF 3 Phase Transformer

HV 34500

LV 12470/7200

Serial # A4869T Mfg. 2003

(1)Load Tap Changer Type UZDRT Serial UO304-10

600 Amp 100 Gallons of oil

Mfg. Year 2003

Breakers

(1) ABB 38 KV R-MAG Vacuum Circuit Breaker

2000 Amp

Instruction Book 1VAL255104-MB

Mfg. 7/19

(1) ABB AMVAC

CAT # MA4G217000000U0

Serial No.*

15 KV, 25kA

2000 Amp

Instruction Bulletin 1VAL050601-MB V8774 - Rev. D*

Mfg. 09/2020*

(3) ABB AMVAC

CAT # MA4G117000000U0

Serial No.*

15 KV, 25kA

1200 Amp

Instruction Bulletin 1VAL050601-MB V8774 - Rev. D*

Mfg. 09/2020*

Midway Substation Equipment

Transformers

(2) Westinghouse Three Phase type SL Transformers

34400-12470 /7200

10.5 MVA Serial PCP -90352

10.5 MVA Serial PCP -90351

34,400 to 12470

Mfg. 1972

Breakers

****34.5kV Fused Disconnects**

(2) ABB R4 Vacuum Circuit Breakers

Serial SO3F 137VBBT

Instruction Book 38-921-18

Mfg. 6/2003

(1) Square D VACARC Serial 17-11864

Maintenance Manual 6065

Mfg. 7/1996

(5) Westinghouse Type R-3 Vacuum Circuit Breakers Serial # 72I113VB

1200 Amps 15 KV

Instruction Book 38-931-1

Mfg. Date 11/7/72

Voltage Regulators

(12) McGraw Edison Single Phase Voltage Regulator VR-32 Cooper CL-5 Control

Class ONAN/ONAF Type A

416.3/466 ONAN

554/620 ONAF

4300 Lbs.

186 Gallons of Oil

10% range of regulation

San Gorgonio Substation Equipment

Transformers

(2) Virginia Transformer Transformers w/ Automatic LTC

69000 x 34500-12470Y/7200

10.0//11.2//12.5//14.0 MVA

Class ONAN/ONAF

Serial No. 47010MA355-C641A

47010MA355-C641C

Instruction Book – VTC Installation, Operation & Maintenance Manual

Mfg. Date 11/2016

Breakers

(2) On Load Gears 38kV Vacuum Circuit Breaker

1200 Amps

Mfg. 7/2020

(6) POWER/VAC VACUUM CIRCUIT BREAKER, 15KV, 40KA

1200 Amps

Catalog No. PVMX1A1A1A2202-G1A3*

Serial No.*

Instruction Bulletin 01.4IB.66000G

Mfg. Date*

Ivy Substation Equipment

Transformers

(1) Mfg. Delta Star

Delta Wye

3 Phase 60 Hz

Delta Star 34500 X 69000 12470 / 7200 – 15/20//25 MVA

Class ONAN/ONAF/ONAF

Imp 8.5% 110BIL

LTC CT-I Ratio 1800/5 100 Gallons of Oil

Instruction Manual F728110 Rev 0

SN F72810607* Mfg. 06/2007

Breakers

(2) ABB 38 KV R-MAG Vacuum Circuit Breakers

2000 Amp

Instruction Book 1VAL255104-MB

Mfg. 7/19

(6) POWER/VAC VACUUM CIRCUIT BREAKER, 15KV, 40KA

1200 Amps

Catalog No. PVMX1A1A1A2202-G1A3*

Serial No.*

Instruction Bulletin 01.4IB.66000G

Mfg. Date*

Stagecoach Substation Equipment

Transformers

(1) Virginia Transformer Transformers w/ Automatic LTC

69000 x 34500-12470Y/7200

10.0//11.2//12.5//14.0 MVA

Class ONAN/ONAF

Serial No. 47010MA355-C641B

Instruction Book – VTC Installation, Operation & Maintenance Manual

Mfg. Date 02/2017

Breakers

(2) On Load Gears 38kV Vacuum Circuit Breaker

1200 Amps

Mfg. 7/20

(5) POWER/VAC VACUUM CIRCUIT BREAKER, 15KV, 40KA

1200 Amps

Catalog No. PVMX1A1A1A2202-G1A3*

Serial No.*

Instruction Bulletin 01.4IB.66000G

Mfg. Date*

Relay Equipment

Sunset Substation

(10) SEL 351S Feeder Ground Overcurrent Protection Relays

(2) SEL 551C Transformer Neutral Overcurrent Protection Relay

(2) SEL 387E Transformer Differential and Voltage Protection Relay

(3) SEL 421 Transformer Overcurrent and Voltage Protection Relay

(2) SEL 451 Protection, Automation, and Control Relay

(2) SEL 487B Hi Side Buss Differential Protection Relay

22nd St. Substation

(5) SEL 351 Feeder Ground Overcurrent Protection Relays

(1) SEL 501 Duel Overcurrent Protection Relay

(1) SEL 587 Current Differential Overcurrent Protection Relay

Midway Substation

(2) SEL 351 Capacitor Bank Ground Overcurrent Relay

(1) SEL 251 Ground Overcurrent Relay

(2) ABB Type RC Automatic Recloser Instruction Leaflet 41-661.1 Style 1876019

(8) ABB Type CO-09 Style 264C901A07 Ground Overcurrent Relay, Instruction Leaflet 41-101

(20) Westinghouse Type CO-11 Ground Overcurrent Relay Style 1875301A

(5) Westinghouse Type RC Automatic Recloser Type 41-661

San Gorgonio Substation

(8) SEL 351 Capacitor Bank Ground Overcurrent Relay

(2) SEL 387E Transformer Differential and Voltage Protection Relay

(2) SEL 551C Transformer Neutral Overcurrent Protection Relay

(2) SEL 587Z High-Impedance Bus Differential and Protection Relay

Ivy Substation

(8) SEL 351 Capacitor Bank Ground Overcurrent Relay

(2) SEL 387E Transformer Differential and Voltage Protection Relay

(2) SEL 551C Transformer Neutral Overcurrent Protection Relay

(2) SEL 587Z High-Impedance Bus Differential and Protection Relay

Stagecoach Gorgonio Substation

(6) SEL 351 Capacitor Bank Ground Overcurrent Relay

(1) SEL 387E Transformer Differential and Voltage Protection Relay

(1) SEL 551C Transformer Neutral Overcurrent Protection Relay

(1) SEL 587Z High-Impedance Bus Differential and Protection Relay

Equipment at City Yard

Voltage Regulators

(12) McGraw Edison Single Phase Voltage Regulator VR-32 Cooper CL-5 Control

Class ONAN/ONAF Type A

416.3/466 ONAN

554/620 ONAF

4300 Lbs.

186 Gal.

10% range of regulation

Required Maintenance Intervals

Equipment	Maintenance Interval
15 kV Circuit Breakers Maintenance	Once Every Three (3) Years
34.5 kV Circuit Breakers Maintenance	Once Every Three (3) Years
Protective Relay Testing	Once Every Three (3) Years
Transformer Testing	Once Every Two (2) Years
Voltage Regulators Testing	Once Every Two (2) Years
Grounding System (Ground Grid) Testing	Once Every Two (2) Years
Switch Maintenance	Once Every Two (2) Years
Transformer and Voltage Regulator Oil Testing	Once Each Year
Station Auxiliary Power (DC Battery System)	Once Each Year

The objective is to perform maintenance testing on all equipment listed at least once within a three-year period. All equipment that requires annual maintenance shall have said maintenance completed once per year.

****Contractor must meet all NETA testing standards.**

On-Call Support

Contractors responding to this RFP should demonstrate knowledge and experience with substation electrical equipment, substation protection, and SCADA software and hardware in use at the City of Banning. Contractors shall be able to install, program, troubleshoot and maintain these systems while providing a cost-effective delivery of high-quality services in a prompt and reliable manner.

The following is a list of major items of work to be performed by the contractor. The list is general in nature and is not intended to be a complete listing of every minor operation of work to be accomplished for a complete job:

1. Diagnose substation transformer, breaker and relay tripping issues that result in outage or malfunction of equipment.

2. Diagnose substation equipment or software issues showing incorrect status on SCADA HMI.

3. Provide a full report of the findings with recommendations for repair or details of the repair if issues are corrected during on-call support activities.

On-Call Support Response Time

The Contractor shall provide response and service on a twenty-four (24) hour, seven (7) day per week basis.

- The maximum response time for critical issues requiring urgent remediation shall be eight (8) hours. The response, whether verbal or in writing, shall be accompanied with an estimated time of arrival to the site of the emergency.
- The maximum response time for minor requests shall be twenty-four (24) hours. The response, whether verbal or in writing, shall be accompanied with an estimated time of arrival to the site and shall not exceed seventy-two (72) hours from the initial request, unless extended in writing by the City.

4.2. Subcontracting

The Consultant may utilize the services of specialty subcontractors on those parts of the work which, under normal contracting practices, are performed by specialty subcontractors. Unless a specific subcontractor is listed by Consultant, Consultant is representing to City that Consultant has all appropriate licenses, certifications, and registrations to perform the work hereunder. Provide a list of any and all expected subcontractors that might be utilized during this agreement. If the contractor wishes to add a subcontractor during the performance of the contract, then the subcontractor will need to be approved by the City.

5. Vendor Questionnaire

Proposals should be prepared in such a way as to provide a straightforward, concise delineation of capabilities to satisfy the requirements of this RFP. Responses should emphasize the Company's demonstrated capability to perform work of this type. Emphasis should be concentrated on completeness and clarity of content. Proposals shall adhere to the following format for organization and content. Proposals must be typed and arranged/divided in the following sequence to facilitate evaluation.

1. Cover Letter*

The cover letter shall include a brief general statement of intent to perform the services and confirm that all elements of the RFP have been reviewed and understood. The letter shall include a brief summary of Company's qualifications and Company's willingness to enter into a contract under the terms and conditions prescribed by this RFP and in the Sample Agreement. The letter must identify a single person for contact during the RFP review process.

*Response required

2. Proposal*

A. Statement of Understanding and Approach
   - This section must demonstrate an understanding of the Services. It should describe the general approach, organization and staffing required for the Services requested. If necessary, preliminary investigations, due diligence, and research shall be discussed in this section.
   - This section should include the following:
     - An implementation plan that describes in detail (i) the methods, including controls by which your firm or entity manages projects of the type sought by this RFP; (ii) methodology for soliciting and documenting views of internal and external stakeholders; (iii) and any other project management or implementation strategies or techniques that the respondent intends to employ in carrying out the work.
     - Detailed description of efforts your firm or entity will undertake to achieve client satisfaction and to satisfy the requirements of the "Scope of Work" section.
     - Detailed project schedule, identifying all tasks and deliverables to be performed, durations for each task, and overall time of completion, including a complete transition plan. Include your plan to deal with fluctuation in service needs and any associated price adjustments.
     - Detailed description of specific tasks you will require from City staff. Explain what the respective roles of City staff and your staff would be to complete the tasks specified in the Scope of Work.
     - Proposers are encouraged to provide additional innovative and/or creative approaches for providing the service that will maximize efficient, cost-effective operations or increased performance capabilities. In addition, the City will consider proposals that offer alternative service delivery means and methods for the services desired.
     - Proposers are also requested to identify any City owned facilities or property which Proposer would propose to use or lease, purchase, or rent from the City in connection with the services to be performed, including information about the terms of any proposed lease, purchase or use of such

equipment and facilities, and how this proposed structure affects the overall cost proposal to the City, if applicable.

B. Company Information
- This section shall include contact person information, address and telephone number of the company main office and branch offices. Each Company shall identify itself as to the type of organizational entity (corporation, sole proprietorship, partnership, joint venture, etc.). Any supplemental information that Company believes may be pertinent to the selection process may be provided.
- The Proposal shall identify any litigation, mediation, or arbitration, regarding the performance of any services similar to the Services, in which the Company has been involved in the past five (5) years. If the Services require a license or certification, the Proposal shall include any claims or disciplinary action taken against Company or any of Company's key personnel within the past five years.

C. Company Personnel
- This section shall contain names, contact numbers and description of experience, including licenses and/or certifications, of all key personnel who would be assigned to perform the Services. Members of the Company's professional team (managers, contact person, etc.) should be identified by name, title, phone number, and description of the portion of work they will be assigned to perform under this Agreement. Also include major subcontractors (if any) and their degree of involvement in this program. If the Company is including any subcontractors, the Company shall identify how long the Company has worked with the subcontractor.
- An affirmative statement should be included that the proposer and all assigned key professional staff are properly licensed to practice in California.

D. Disclosure
- Please disclose any and all past or current business and personal relationships with any current Banning elected official, appointed official, City employee, or family member of any current Banning elected official, appointed official, or City employee. Any past or current business relationship may not disqualify the firm from consideration.

E. Experience and References
- The Proposal must demonstrate that the Company, or its key personnel, meets the minimum experience requirement in #Prerequisites with a legally registered business name, that provides services of a similar type and scope as described in the Scope of Services. A Company shall not have filed for bankruptcy under any business name over the past five (5) years.
- Company shall provide at least 3 references, within the past 5 years, of clients for whom services have been performed that are comparable in quality and scope to that specified in this RFP. The references shall include client names, addresses, telephone numbers and e-mail addresses of the clients for whom prior work was performed and include an explanation of the services provided along with project start and end dates.

*Response required

3. Price Proposal*

All proposals submitted shall have a stated dollar bid amount for providing the services outlined in the Scope of Services. The total shall be an all-inclusive maximum price and to contain all direct and indirect costs including all out-of-pocket expenses with a full and complete breakdown of all said costs, and proposed fees including but not limited to hourly rates, reimbursable expenses and/or rates, mileage and/or travel cost, miscellaneous fees, etc., for the first year's audit engagement.

In addition, a statement must be included in this section that if the proposer is charging travel costs, the proposer's charges invoiced to the City for travel, lodging and subsistence shall not exceed the current IRS rates.

*Response required

4. Value Added Services

Please describe any value-added services your company offers that may be of use to the City

Enter response

5. Evidence of Insurance*

In addition, the Company shall provide evidence of possession of insurance in the coverage and amounts listed in the Sample Agreement.

City requires that licensees, lessees, and vendors have an approved Certificate of Insurance (not a declaration or policy) or proof of legal self-insurance on file with the City for the issuance of a permit or contract. Within ten (10) consecutive calendar days of award of contract, successful Proposer must furnish the City with the Certificates of Insurance proving coverage as specified in contract sample.

*Response required

6. Vendor Forms

Please download the below documents, complete, and upload.

New_Vendor_Packet.pdf

7. Type of Business*

- ◯ C Corporation
- ◯ S Corporation
- ◯ Limited Liability C Corporation
- ◯ Partnership
- ◯ Limited Liability Partnership
- ◯ Sole Proprietor/Individual
- ◯ Other

*Response required

8. Type your Legal Company Name Here*

State your Company's Name Here. This will be verified against the California Secretary of State's Website.

Enter information

*Response required

9. EX PARTE COMMUNICATIONS CERTIFICATION*

I certify that Bidder and Bidder's representatives have not had any communication with a City Councilmember concerning this IFB at any time after the date and time that this IFB was publicly advertised.

- ◯ Yes
- ◯ No

*Response required

10. EX PARTE COMMUNICATIONS CERTIFICATION CONTINUED*

If stated "Yes" above, please explain the circumstances in the following space, or state "None."

Enter response

*Response required

11. DEBARRED, SUSPENDED, DISQUALIFIED QUESTIONNAIRE*

Has the Company, any officer of the Company, or any employee of the Company who has proprietary interest in the Company, ever been debarred, suspended, disqualified, removed, or otherwise prevented from bidding on, or completing a federal, state, or local government project because of a violation of law or safety regulation?

- ◯ Yes
- ◯ No

*Response required

12. DEBARRED SUSPENDED DISQUALIFIED QUESTIONNAIRE CONTINUED*

If stated "Yes" above, please explain the circumstances in the following space, or state "None."

Enter response

*Response required

13. DISCLOSURE OF GOVERNMENT POSITIONS*

Each Bidder shall disclose below whether any owner or employee of the firm currently hold positions as elected or appointed officials, directors, officers, or employees of a governmental entity or held such positions in the past twelve months. List below or state "None."

Enter response

*Response required

14. CERTIFICATION COMPLIANCE*

Please download the below documents, complete, and upload.

Certification-Compliance_with_Russia_Sanctions.pdf

*Response required

6. Pricing Proposal

ELECTRICAL SUBSTATION EQUIPMENT MAINTENANCE TESTING

Required Maintenance Intervals Provide total estimated pricing in accordance with the City's current requirements, as set forth in section 4 Scope of Work. Also provide your firm's proposed Staffing Plan on a separate sheet of paper, to include hourly rates. Proposer should use a separate form to state pricing for any added value. Pricing shall remain firm for a minimum of three (3) years. Any and all requests for pricing adjustments for follow-on contract renewal periods shall be provided no later than sixty (60) days prior to the end of the contract period. Any such proposed price adjustments shall not exceed The Bureau of Labor Statistics Consumer Price Index (CPI) data for Los Angles-Riverside-Orange County, CA, All Items, Not Seasonally Adjusted, "annualized change comparing the original proposal month and the same month in the subsequent year. (This information may be found on the U.S. Department of Labor's website at www.bls.gov.)

Line Item	Description
1	15kV Circuit Breakers Maintenance – Once in Year 1
2	38 kV Circuit Breakers Maintenance – Once in Year 1
3	Protective Relay Testing - Once in Year 1

Columns

4	Transformer Testing – Once in Year 1
5	Transformer Testing – Once in Year 3
6	Voltage Regulators Testing – Once in Year 1
7	Voltage Regulators Testing – Once in Year 3
8	Grounding System Testing – Once in Year 1
9	Grounding System Testing – Once in Year 3
10	Switch Maintenance – Once in Year 1
11	Switch Maintenance – Once in Year 3
12	Oil Testing - Once per year for three (3) years. Year 1
13	Oil Testing - Once per year for three (3) years. Year 2
14	Oil Testing - Once per year for three (3) years. Year 3
15	Station Auxiliary Power - Once per year for three (3) years. Year 1
16	Station Auxiliary Power - Once per year for three (3) years. Year 2
17	Station Auxiliary Power - Once per year for three (3) years. Year 3
	Total

On-Call Support

Line Item	Description
1	SERVICE CALL: ONSITE INSPECTION, TROUBLESHOOTING OR REPAIRS MONDAY - FRIDAY 6:00AM - 5:00PM
2	SERVICE CALL: ONSITE INSPECTION, TROUBLESHOOTING OR REPAIRS MONDAY - FRIDAY 6:00AM - 5:00PM
3	SERVICE CALL: ONSITE PROGRAMMING MONDAY - FRIDAY 6:00AM - 5:00PM
4	SERVICE CALL: ONSITE PROGRAMMING MONDAY - FRIDAY 6:00AM - 5:00PM
5	EMERGENCY SERVICE CALL: WEEKENDS AND AFTER HOURS
6	EMERGENCY SERVICE CALL: WEEKENDS AND AFTER HOURS
7	EMERGENCY SERVICE CALL: HOLIDAYS
8	EMERGENCY SERVICE CALL: HOLIDAYS
	Total

Columns

7. Submission Instructions And Inquiries

7.1. Inquiries

If prior to the date fixed for submission of Proposals, a prospective Company discovers any ambiguity, conflict, discrepancy, omission or other errors in this RFP or any of its appendices, exhibits or attachments, the Company shall immediately notify the City of such error in writing and request modification or clarification of the document. Modifications shall be made by written Addenda to the RFP.

If a Company fails to notify the City, prior to the date fixed for submissions of Proposals, of an error in the RFP known to the Company, or an error that reasonably should have been known to the Company, the Company shall submit its Proposal at its own risk, and if the Company is awarded a Contract, it shall not be entitled to additional compensation or time by reason of the error or its later correction.

All communications regarding technical, scope, and/or project related questions and requests for clarifications, changes, exceptions, and deviations to the terms and conditions set forth in this RFP **shall be submitted via "Q&A"** through the City's Electronic Bidding System, OpenGov, before the deadline and according to these specifications herein. Any and all other bidding communications shall only be with **Barbara Mason, Chief Procurement Officer**, at (951) 922-3121.

The Final day for receipt of questions from the Proposer shall be on or before the due date indicated in the schedule of events section. To ensure fairness and avoid misunderstandings, **all communications must be in written format** and submitted only in the format set forth above. Any verbal communications will not be considered or responded to. All questions received by the due date will be logged and reviewed and if required, a response will be provided via an addendum to the RFP that will be posted on the City's website. **Any communications, whether written or verbal, with any City Councilmember, City staff, or RFP evaluation panel member other than the individual indicated above, prior to award of a contract by City Council, is strictly prohibited and the Proposer shall be disqualified from consideration.**

7.2. Completion Of Proposal

Proposals shall be completed in all respects as required by this RFP. A proposal may be rejected if conditional or incomplete, or if it contains any alterations or other irregularities of any kind, and will be rejected if any such defect or irregularity can materially affect the quality of the proposal. Proposals which contain false or misleading statements may be rejected. If, in the opinion of the City's Selection Committee, such information was intended to mislead the City in its evaluation of the proposal, and the attribute, condition, or capability is a requirement of this RFP, the proposal will be rejected. Statements made by a Company shall also be without ambiguity, and with adequate elaboration, where necessary, for clear understanding.

Unauthorized conditions, exemptions, limitations, qualifications, or provisions attached to a Proposal will render it non-responsive and will cause its rejection.

The Company, in responding to this RFP, must submit Proposals in the format identified in this RFP. The Proposal must address all requirements of the RFP even if a "no response" is appropriate.

Costs for developing Proposals are entirely the responsibility of the Company and shall not be chargeable to the City. The City shall not be liable for any costs incurred in response to this RFP, including but not limited to, costs for any interviews, presentations, or other follow-up information necessary as part of the selection process. All costs shall be borne by the Company responding to this RFP. The Company responding to this RFP shall hold the City harmless from any liability, claim, and expense whatsoever incurred by or on behalf of the Company.

7.3. Delivery / Submission Of Proposals

The Final day for submission of proposals shall be on or before the due date indicated in the schedule of events section.

Companies shall register on the City's Electronic Bidding System, https://www.banningca.gov/bids. Once registered, Companies must download the RFP while logged in under their own name and identification number to appear on the Current Prospective Bidders List as a "Prospective Bidder." Companies that fail to download the RFP will not appear on the Current Prospective Bidders List and their proposals will be considered non-responsive. If a Company is unable to register or download the RFP from the bidding website, a representative may contact OpenGov.

All proposal documents and supplementary documents must be uploaded using the City's bidding website prior to event date and time as instructed in this solicitation. Once file(s) have been uploaded and the Submission Status shows as "Submitted" the submission is complete. At that point respondents will receive an email confirmation from the bidding website.

The City reserves the right to reject any and all proposals and to waive information and minor irregularities in any proposal received.

Acceptance of Terms and Conditions - Submission of a proposal pursuant to this RFP shall constitute acknowledgment and acceptance of all terms and conditions hereinafter set forth in this RFP.

The time and date are fixed, and extensions will not be granted unless specifically stated by the City in an addendum to this RFP. Proposals not received before the bid event time will not be accepted.

7.4. Alternative Proposals

Only one proposal is to be submitted by each Company for this RFP. Multiple simultaneous proposals will result in rejection of all Proposals submitted by Company.
A Company may, prior to the proposal due date and time, withdraw a proposal and submit a new proposal, so long as the new proposal is submitted before the proposal due date and time.

7.5. Examination Of RFP And Sites Of Work

The Company shall carefully examine the RFP and all sites, if applicable, of the work contemplated. The submission of a Proposal shall be conclusive evidence that the Company has investigated and is satisfied as to the conditions to be encountered, as to the character, quality, and quantities of work to be performed and materials to be furnished, the difficulties to be encountered, and to the requirements of the Proposal, RFP, and other Contract Documents.

By submitting a Proposal, the Company hereby certifies that it has: examined the local conditions, read each and every clause of this RFP, included all costs necessary to complete the specified work in its proposed prices, and agrees that if it is awarded the Contract it will make no claim against the City based upon ignorance of local conditions or misunderstanding of any provision of the Contract. Should the conditions turn out otherwise than anticipated by it, the Company agrees to assume all risks incident thereto.

7.6. Addenda

Unless otherwise specified, any addenda issued during the time of bidding must be acknowledged electronically via the City's Bidding Website, which will be made part of the proposal. Addenda notifications will be provided to those listed on the Electronic Prospective Bidder's List via email.

7.7. Withdraw Of Proposals

All proposals shall be firm offers and may not be withdrawn for a period of one hundred twenty (120) days following the deadline date for submission of proposals noted herein. Submitted Proposals may be withdrawn at any time prior to the submission deadline.

8. Evaluation Criteria

The City reserves the right to amend, withdraw, and cancel this RFP. The City also reserves the right to reject all responses to this RFP at any time prior to agreement execution. Furthermore, the City reserves the right to request additional information about any and all Proposals, that in City's opinion, is necessary to assure that the Company's competence, number of qualified employees, business organization, experience, and financial resources are adequate to perform the Services.

All Proposals shall be reviewed to verify that the Company has met the minimum requirements as stated in this RFP. Proposals that have not followed the rules, do not meet minimum content and quality standards, and/or do not provide references will be rejected as non-responsive.

Responsive proposals will be evaluated on the basis of the criteria below. ***If needed, interviews will be scheduled during or after the week indicated in the "Schedule of Events" section.****If needed, interviews will be conducted by the same members on the proposal evaluation panel. Dates, times, and a location will be coordinated at that time if interviews are deemed necessary after the evaluation of responsive proposals. If interviews are deemed necessary, candidates who have submitted the highest scoring proposals within a competitive range as determined by the City will be invited to participate in the interview process.*

The selected Company shall then enter into exclusive negotiations with the City to formalize the Scope of Service and Compensation. Recommendation for award is contingent upon the successful negotiation of final contract terms. Negotiations shall be confidential and not subject to disclosure to competing Proposers unless an agreement is reached. If the City is unable to obtain a fair and reasonable price or cannot reach agreement regarding the terms for the Scope of Services, then the City will end negotiations with that Company and begin negotiations with the next Company which best meets the needs of the City, and so on until a City and the Company reach agreement.
The City intends to select the Company that offers the best value to the City based on the criteria outlined above.

1. Qualifications

Scoring Method:
Points Based
Weight (Points):
25 (*25% of Total*)

2. Pricing

Scoring Method:
Points Based
Weight (Points):
15 (*15% of Total*)

3. Experience (Projects of similar size and scope)

Scoring Method:
Points Based
Weight (Points):
20 (*20% of Total*)

4. Professional References

Scoring Method:
Points Based
Weight (Points):
10 (*10% of Total*)

5. Approach and Methodology

Scoring Method:
Points Based
Weight (Points):
25 (*25% of Total*)

6. Value Added Services

Scoring Method:
Points Based
Weight (Points):
5 (*5% of Total*)

9. Resulting Contract

9.1. CONTRACT TERM

The initial term of the Agreement shall last **three (3) year from the date of execution with the option to extend for two (2) additional one-year terms not to exceed five (5) years** based upon acceptable performance by the Company, acceptable fees and subject to the same terms and conditions of the Agreement.

Pricing is to remain firm for the initial contract term. Should the option to renew for additional years be exercised, City and Company may negotiate any and all price modifications.

9.2. CONTRACT DOCUMENTS

In submitting a Proposal, the Company agrees to enter into an Agreement with the City ***without exceptions to the City's standard agreement***. The City's standard agreement is **non-negotiable**, and a copy of the standard agreement is attached herein. **Any change to the standard agreement will deem the Proposal non-responsive**. In the event of a conflict exists between documents the following order of precedence shall apply:

- Agreement
- City of Banning's Request For Proposals
- Company's Response to the Request For Proposals

9.3. EXECUTION OF AGREEMENT

After contract award, the following shall be signed and returned to the City within fourteen (14) calendar days from the date the City mails, or by other means delivers said documents to the Company:

- The Agreement in the form included herein, properly executed by the Company.
- Certificates of Insurance and Additional Insured Endorsement evidencing coverage as specified in the sample agreement.
- Confirmation of current business tax certificate.
- Bonds, if required.

In any event that day fourteen (14) of calendar days falls on Saturday, Sunday, a legal holiday for the State of California, or on days when the City is closed, the Contract Documents shall be delivered by the following working day.

No Agreement shall be binding upon the City until all documents are fully executed by the Company and the City.

9.4. FAILURE TO EXECUTE THE AGREEMENT

Failure to execute the Agreement and furnish the required insurance and business tax certificate, within the required time period shall be just cause for the rescission of the award. If bonds are also required, failure to furnish sufficient bonds shall cause rescission of the award. If the successful Company refuses or fails to execute the Agreement, the City may award the Agreement to the next qualified Company.

10. Terms And Conditions

10.1. Contract Terms And Conditions

The successful company will be required to execute the City's standard agreement ("Agreement"). A sample is attached herein. The successful company must meet all insurance requirements in the Agreement. All terms and conditions of the Agreement are non-negotiable. Companies must possess valid City of Banning Business License throughout the term on the contract. Failure to execute the Agreement and furnish the required insurance within the required time period shall be just cause for the rescission of the award. If any of the successful Companies refuse or fail to execute the Agreement, the City may award the Agreement to the next most qualified Company.

10.2. Public Records

All Proposals submitted in response to this RFP become the property of the City and pursuant to the Public Records Act (Gov. Code, § 6250 et seq.) are public records, and as such may be subject to public review at least 10 days before selection.

The Company must notify the City in advance of any proprietary or confidential materials contained in the Proposal and provide justification for not making such material public. The City shall have sole discretion to disclose or not disclose such material subject to any protective order that the Company may obtain. Note that under California law, price proposal to a public agency is not a trade secret.

Submission of a proposal shall indicate that, if Proposer requests that the City withhold from disclosure information identified as confidential, and the City complies with the Proposer's request, Proposer shall assume all responsibility for any challenges resulting from the non-disclosure, indemnify and hold harmless the City from and against all damages (including but not limited to attorney's fees that may be awarded to the party requesting the Proposer information), and pay any and all costs and expenses related to the withholding of Proposer information. Proposer shall not make a claim, sue, or maintain any legal action against the City or its directors, officers, employees, or agents concerning the disclosure, or withholding from disclosure, of any Proposer information. If Proposer does not request that the City withhold from disclosure information identified as confidential, the City shall have no obligation to withhold the information from disclosure and may release the information sought without any liability to the City.

The City reserves the right to make use of any information or idea contained in the Proposal. All materials, ideas and formats submitted in response to this RFP will become the property of the City upon receipt.

10.3. Conflict Of Interest

The Proposer warrants and represents that it presently has no interest and agrees that it will not acquire any interest which would present a conflict of interest under California Government Code sections 1090 et seq., or sections 87100 et seq., during the performance of services under any Agreement awarded. The Proposer further covenants that it will not knowingly employ any person having such an interest in the performance of any Agreement awarded. Violation of this provision may result in any Agreement awarded being deemed void and unenforceable.

10.4. Rejection Of Proposals

The City may reject any/or all Proposals and may waive any immaterial deviation in a Proposal. The City's waiver of an immaterial defect shall in no way modify this RFP or excuse the Company from full compliance with this RFP and/or the Contract Documents if awarded the Contract. Proposals that include terms and conditions other than City's terms and conditions may be rejected as being non-responsive. The City may make investigations as deemed necessary to determine the ability of the Company to perform the work, and the Company shall furnish to the City all such information and data for this purpose as requested by the City. The City reserves the right to reject any proposal if the evidence submitted by, or investigation of, such Company fails to satisfy the City that such Company is properly qualified to carry out the obligations of the Agreement and to complete the work described herein.

10.5. Protest Procedures

Failure to comply with the rules set forth herein may result in rejection of the protest. Protests based upon restrictive specifications or alleged improprieties in the proposal procedure which are apparent or reasonably should have been discovered prior to receipt of proposals shall be filed in writing with the RFP Facilitator at least 10 calendar days prior to the deadline for receipt of proposals. The protest must clearly specify in writing the grounds and evidence on which the protest is based.

Protests based upon alleged improprieties that are not apparent or which could not reasonably have been discovered prior to submission date of the proposals, such as disputes over the staff recommendation for contract award, shall be submitted in writing to the RFP Facilitator, within forty-eight hours from receipt of the notice from the City advising of staff's recommendation for award of contract. The protest must clearly specify in writing the grounds and evidence on which the protest is based. The RFP Facilitator will respond to the protest in writing at least three days prior to the meeting at which staff's recommendation to the City Council will be considered. Should Proposer decide to appeal the response of the RFP Facilitator, and pursue its protest at the Council meeting, it will notify the RFP Facilitator of its intention at least two days prior to the scheduled meeting.

10.6. Cancellation

The City retains the right to cancel this RFP at any time, should it be deemed to be in the best interest of the City. No obligation either expressed or implied exists on the part of the City to make an award based on the submission of any proposals.

11. Attachments

A - Professional Services Agreement Template with Prevailing Wage - provided by RWG 4-24-23

B - Pricing Proposal Form

ELECTRIC POWER SYSTEMS

TESTING & ENGINEERING SERVICES

Testing Firm Qualifications

City of Banning

RFP25-105 Substation Maintenance Testing

Advisory & On-call Services

Executive Summary

Electric Power Systems is pleased to offer this proposal for the Maintenance and Testing for the electrical equipment at the Distribution Substations for the City of Banning. Electric Power Systems (EPS) is a NETA Certified, Independent Electrical Testing Organization with our corporate headquarters based out of Nashville, Tennessee and with over 35 offices throughout North America, including service centers in Riverside California; and multiple other locations throughout the region. We specialize in testing, maintenance, engineering, commissioning, testing for the Utility, Industrial, Government, Transit and High-Tech Industries. Our professional staff has contributed to the successful completion of many projects in the region and throughout the world. Our company is an active member of the independent testing industry and has developed a select staff of technicians with a broad spectrum of capabilities to meet any testing needs. Our dedication to providing safe and reliable services has made us a trusted industry leader since 1977. We are committed to providing only the highest caliber of professional technicians and engineers in addition to the latest in methodology and test equipment. We own all of the field test equipment and accessories that are required to perform all testing and maintenance functions for this contract.

As a full member of the International Electrical Testing Association, all of our technicians are required to be tested to demonstrate their knowledge in several categories including safety and independent electrical testing methods. In addition, EPS has an in-house safety and training program to further the knowledge of all of our technicians and to ensure they continue to work safely and effectively even with the changing technology they are presented with. With offices conveniently located throughout North America, and technicians throughout the region, including in the city of Baltimore, EPS is uniquely positioned to staff your project with internal resources.

EPS understands the full scope of work that is required by this project, and we are prepared to perform all regular maintenance testing on all of the equipment at your facility, as requested. EPS is also staffed and prepared to respond to an electrical emergency callout at any of your facilities. In addition to our testing services, EPS also has an Engineering group to perform system design or engineering studies, including Arc Flash Analysis. Our Substation Specialty Services group is staffed to perform equipment installations and repairs, SF6 handling, and insulating oil handling services for transformers and circuit breakers.

EPS will work tirelessly to complete your projects on-time and on budget. We take pride in our proven ability to provide excellence to our clients throughout the world. I thank you for the opportunity to be considered for this work with your organization.

Sincerely,

Larry Limoges

Western Division Sales Manager

Phone: 657-322-8054 Email: L.Limoges@voltyx.com

1.0 INTRODUCTION TO EPS

Electric Power Systems, headquartered in Nashville, Tennessee with service centers located throughout the United States, has been the leader in electrical equipment testing and maintenance in the United States since 1977. We offer complete testing, maintenance, engineering, and repair services for all makes of electrical distribution equipment.

EPS was one of the first companies in the U.S. to specialize in testing and maintenance of electrical power distribution systems and equipment for industrial and commercial power users. EPS has worked with a variety of industries to establish reliable and safe procedures and standards. We are an independent testing company, not affiliated with any equipment manufacturers or suppliers. Thus, we provide unbiased test results and recommendations based on the latest principles of quality and value engineering.

Our corporate mission is:

> ***To provide superior electrical engineering and testing services that enable our customers to maintain their competitive edge in today's market. We will exceed expectations by delivering the highest-quality service in a safe, reliable and cost-effective manner.***

We design and establish maintenance programs to maximize the uptime and safety for your individual electrical system. We develop customized testing schedules for each component and tailor specific tests to be performed based on historical performance of similar equipment, operating environment, and budget constraints. Our focus is on your most critical equipment: transformers, switchgear, protective devices, and cables. When our work is complete, you will receive a comprehensive engineering report with detailed test, servicing and evaluation data that has been reviewed by our electrical engineers experienced in testing and maintenance evaluation of electrical apparatus.

Our service goals are to:

- Ensure economy of operation
- Extend the life of your equipment
- Improve your facility's uptime record
- Promote the safety and reliability of your facility

2.0 LEVELS OF SERVICE COVERAGE

When you work with EPS, we have your facilities covered around the globe. We have the resources to offer full coverage regardless of location.

Local Service Area

Our local service area extends throughout the North America. We offer a complete range of electrical testing, maintenance, engineering, and project management services from more than 35 service centers throughout North America.

In most cases, regardless of location, EPS has a local team available to service your needs. Using global communications and state of the art management information tools, your EPS team will be up to date on the latest developments with your job anywhere in the world.

Together we work closely to provide seamless support for projects with multiple locations. Our team-oriented approach ensures availability of the industry's best technicians and engineers 24 hours a day– around the clock.

Worldwide Support

Electric Power Systems has performed a wide range of services in many locations around the world including countries within South America, Asia, Africa, the Middle East, and Europe. The experience of EPS throughout the world will help to manage and control your international project quickly and efficiently.

EPS provides an experienced U.S. support team to manage projects throughout the world, helping clients to utilize a reputable resource, regardless of location.

3.0 CREDENTIALS & QUALIFICATIONS

EPS is a charter member of the InterNational Electrical Testing Association (NETA) and contributes to writing national standards to promote the safe and efficient use of power throughout the world.

EPS also participates in national and international standards associations such as the National Fire Protection Association (NFPA), the American National Standards Institute (ANSI,) and the Institute of Electrical and Electronics Engineers (IEEE). Our managers, field

technicians, and engineers are active in the industry to promote the field of engineering and reliability

We also participate in numerous professional organizations including the National Electrical Contractors Association, The Building Owners and Managers Association (BOMA), The International Electrical Inspectors Association (IAEI), The International Maintenance Institute (IMI), The Association for Facilities Engineering (AFE) and The American Society For Testing and Maintenance.

Since our inception in 1977, EPS has earned a reputation for quality and industry leadership in the field of preventive and predictive power system maintenance. We have developed specialized techniques and procedures to achieve optimum quality control and efficiency.

4.0 PERSONNEL QUALIFICATIONS

Our NETA-trained and certified technicians have practical experience testing, maintaining and calibrating all types of electrical equipment in all types of industries. Our team comprised of an impressive number of registered professional engineers, technicians, and other support personnel objectively evaluate tests for inherent electrical and mechanical problems and installation errors. All EPS service centers use state-of-the-art equipment and have years of practical experience to accomplish the most complex projects safely and reliably.

5.0 TEST EQUIPMENT AND CALIBRATION PROGRAM

Accurate test results depend on a comprehensive program of test equipment maintenance and calibration. EPS adheres to the NETA Acceptance and Maintenance Testing Specifications and Maintenance Testing Specifications for equipment calibration. All of Electric Power System's test equipment is checked on a regular basis against documented national standards. Equipment found to be out of calibration is withdrawn from use until corrected, re-tested and found acceptable.

Test Instrument Calibration

- Electric Power Systems has a calibration program that assures all applicable test instruments are maintained within rated accuracy.
- The accuracy is directly traceable to the National Institute of Science and Technology (NIST).
- Instrumentation is calibrated in accordance with the following frequency schedule.
    - Field Instrumentation: Analog, 6 months maximum; Digital, 12 months maximum.
    - Laboratory Instrumentation: 12 months
    - Leased Specialty Equipment: 12 months where accuracy is guaranteed by lessor.
- Dated calibration labels are placed on all test equipment.
- Records, which show date and results of instruments calibrated or tested are kept at Electric Power systems Corporation.
- Up-to-date instrument calibration instructions and procedures are maintained for each test instrument.
- Calibrating standards of higher accuracy than that of the instrument tested are used to calibrate our test equipment.
- Accuracy of metering in test equipment shall be appropriate for the test being performed but not in excess of 2% of the scale used.
- Waveshape and frequency of test equipment output waveforms shall be appropriate for the test and tested equipment.

6.0 SAFETY EXCELLENCE

Safe work practices and environments are critical to EPS. We have safety committees and safety officers at both the corporate and divisional levels. We maintain detailed safety records on each and every job and review safety procedures regularly.

We place great importance on accident prevention. The degree of safety and the results accomplished are directly proportional to the effort expended to control conditions, practices and human actions that lead to accidents. Following are the major components of our Safety Program:

6.1.1 Safety Manual

The EPS Safety Manual is a document that is constantly being updated and improved. All field engineers and technicians receive a copy and are encouraged to study it and submit suggestions to update it whenever necessary.

6.1.2 Training and Retraining

All EPS field employees receive on the job safety training within the first three months of employment. Ongoing safety training is supplemented by demonstrations by management personnel and/or video tape presentations.

6.1.3 Safety Meetings

EPS field employees regularly attend shop safety meetings to discuss recent jobs, hazardous conditions and conditions encountered at customers facilities. These meetings are conducted monthly at a minimum. Daily Tail-gate safety meetings are also required prior to new assignments. These meetings cover specific concerns at the jobsite and review applicable safety precautions. A Job Hazard Analysis (JHA) is required at the beginning of each day and is updated at the beginning of a new task or change in job scope.

6.1.4 Safety Records

EPS maintains safety records indicating attendees of all training, re-training, shop safety meetings, and tail-gate safety meetings. Records are also maintained of all injuries, no matter how minor. Each EPS office also maintains the OSHA 200 safety report.

6.1.5 Safety Equipment

EPS provides all personal protective equipment (PPE) for all field employees. We also provide all grounding equipment, insulated hot sticks and insulated tools required for safe work practices. Employees regularly inspect and test their safety equipment and turn in defective items for repair or replacement.

6.2 Safety Compliance

EPS conducts on-going (at least annually) safety audits to determine that each employee is complying with the safety-related work practices required.

7.0 SERVICES AND CAPABILITIES

A failure can occur almost anywhere in your system. Electrical testing, maintenance and effective troubleshooting services can make a dramatic difference between system reliability or unexpected failure and the excessive cost of emergency repair.

Our service and expertise encompass:

- High and Medium Voltage Circuit Breakers
- Power and Distribution Transformers
- Grounding
- Motors
- Cables
- Protective Relays
- Switchgear
- Instrumentation and Meters
- Battery Inspection, Testing and Maintenance
- Ground Fault Monitors
- Technical Training Services

7.1 Commissioning and Start Up

A comprehensive commissioning program provides clear benefits for critical new facilities. Commissioning determines if equipment and systems are delivered undamaged, are in compliance with design specifications and codes, are installed properly, operate correctly as integrated systems, and meet design intent and established limits. You realize savings from decreased rework, fewer change orders, lower operations and maintenance costs and lower utility bills.

EPS's commissioning and startup services encompass all equipment and systems within many different types of facilities:

- Critical Space / Data Center Start up and Commissioning
- Co-generation Start-up and Commissioning
- Substation Start up and Commissioning
- Transmission, Distribution and Generation Systems
- Instrumentation and Controls

7.2 Acceptance Testing

Acceptance testing protects the reliability and up time of your new facility or equipment. It also provides a baseline for trending and comparing data you will gather during future maintenance testing. EPS provides comprehensive field acceptance testing services in accordance with NETA/ANSI specifications and manufacturers' recommendations, industry standards and key safety issues. We offer a wide variety of testing services including: high current primary injection testing, high potential testing, power factor or dissipation factor testing of various electrical apparatus from transformers to generators, electromechanical and solid-state protective relays, SF_6 /vacuum breakers, SCADA and telemetry systems, UPS and large drives to fiber optic systems.

7.3 Preventive / Predictive Maintenance

EPS is taking a new look at preventive and predictive maintenance by combining well established engineering principles with cost-effective programs and technology that make maintenance manageable throughout your facility.

Our investments in state-of-the-art instrumentation and automated testing have created efficient electrical maintenance programs that identify factors that lead to equipment deterioration. Once these factors have been identified we then provide measures for correcting these effects and improving the overall performance, reliability and life cycle cost of your system.

Our preventive and predictive maintenance services include: ground fault systems testing, transformer testing, standby generation testing, ultrasonic detection, infrared scanning, dissolved gas analysis, wear metal analysis, vibration analysis, computerized maintenance baseline tracking, and power quality surveys. EPS's exclusive Enerscan program provides on-line testing and inspection including visual inspections and data collection, thermographic surveys, corona detection, liquid sampling and analysis, and cable partial discharge detection. Test results can provide early indicators and warning signs that your equipment is beginning to fail. This early detection can provide time to implement a contingency plan for replacement equipment or alternative power until replacement equipment can be installed. This early detection prior to failure can drastically reduce repair costs and avoid unexpected outages.

7.4 Retrofit and Life Extension Services

The latest retrofit technologies enable facilities to incorporate the attributes of state-of-the-art equipment and technology at a fraction of the cost of replacement. From our dedicated breaker shop, EPS rebuilds and retrofits low and medium voltage circuit breakers as well as high pressure switches, starters, contactors and motor control centers. Our qualified technicians upgrade low and medium voltage circuit breakers and motor starters using solid state protective devices and vacuum or SF_6 interrupters. This cost-effective solution enables us to retain parts that are useable, and replace those that are worn or obsolete. There are other advantages as well: vacuum and SF_6 units are lighter, smaller, and simpler in design than air-magnetic, air-blast, or oil breakers. They have no asbestos laden arc-chutes and no arc by-products. They also offer significant mechanical and electrical life extension advantages, as well as extra safety and impressive energy efficiency and monitoring capabilities.

7.5 Project Management

Combining a broad range of resources and knowledge, EPS coordinates all aspects of your project in order to bring it in on time and on budget. Our services begin early and encompass a wide range of systems and capabilities. With the worldwide team we have assembled, you are assured that your project will be completed successfully and will deliver the desired outcome.

7.6 Training Services

Customized training specifically geared to your facility, your staff and your goals is only the beginning of EPS's approach to training. At EPS we understand the importance of effective training for your business. To that, we have combined technical knowledge and experience with sound instructional practices to offer you instruction designed to go beyond the classroom and onto the job. All EPS training programs are site specific "hands-on" performance-based programs. Courses are conducted by a member of EPS's Training Services' staff of professional instructors experienced and trained in both the course topic and facilitation of the learning process. The result is a turnkey package of comprehensive training unparalleled in the industry. Our technical training for the electrical industry includes:

- Electrical Systems Maintenance
- Rotating Equipment Maintenance
- Equipment Overhaul and Repair
- Electrical Safety

Note: All EPS training programs meet current OSHA requirements including OSHA 1910.269, 330-333 (Subpart R and S).

7.7 Engineering Services

EPS's Total System Capability offers the engineering services you need to periodically evaluate the changes in your system. Our engineering services include:

- Load Flow Studies
- Coordination Studies
- Short Circuit Analysis
- System Disturbance Analysis
- Power Factor Correction
- Transient and Harmonic Analysis

7.7.1 Load Flow Studies

Poor voltage regulation or low power factor loads may adversely affect equipment performance, system efficiency, and the cost of power. Alternate operating configurations may result in unequal load distribution or overloading lines within a network system. The load flow study calculates load distribution and voltage profiles to examine the performance of the system and determine the effectiveness of voltage regulation or power factor correction equipment.

7.7.2 Coordination Studies

In a properly coordinated system, only the protective device nearest the fault operates to isolate the faulted circuit without disrupting power to other portions of the system. This study provides recommended fuse sizes and settings for circuit breakers and relays to achieve optimum system protection and selective isolation of faults to minimize system downtime.

7.7.3 Short Circuit Analysis

It is essential for personnel safety, equipment protection, and system reliability that power system equipment be adequately rated for the maximum short circuit currents. The short circuit study calculates the maximum available fault currents throughout the system and establishes the adequacy of the equipment short circuit ratings to assure a safe, reliable system. The national electrical code and NFPA 70B recommend these studies be performed for two reasons: performing such a study could result in supplying utility that could increase fault current into their facility and a fault occurring in

underrated equipment could cause injury to personnel and significant collateral damage resulting in extensive outages and costly repairs.

7.7.4 System Disturbance Analysis

Power systems containing two or more synchronous machines must remain in synchronism after a major system disturbance. System stability is a major concern to many engineers, with the increasing popularity of facilities that co-generate or maintain critical loads with in-plant generation. System disturbance analysis determines system design parameters and protective relay operating times necessary to maintain stability after a fault or sudden load change, and assures that critical loads will remain in service.

7.7.5 Power Factor Correction

Poor voltage regulation or low power factor loads may adversely affect equipment performance, system efficiency, and the cost of power. Alternate operating configurations may result in unequal load distribution or overloading lines within a network system. The load flow study calculates load distribution and voltage profiles to examine the performance of the system and determine the effectiveness of voltage regulation or power factor correction equipment.

7.7.6 Transient and Harmonic Analysis

The application of non-linear loads (such as rectifiers), can subject a system to sustained high-magnitude harmonic voltage and currents especially when applied in conjunction with power factor correction capacitors. These high-magnitude harmonics will adversely affect system performance or cause equipment failure. Harmonic analysis will isolate the cause of harmonic distortion and provide corrective measures to reduce harmonic magnitudes to within acceptable limits.

7.8 Maintenance Programs

EPS establishes custom multi-year maintenance programs to help improve your overall system reliability. Components of your system are monitored at scheduled intervals for a budgeted yearly amount.

EPS's in-service inspection and testing program provides comprehensive predictive services for obtaining and testing liquid samples, infrared inspections, corona detection, and visual inspections of entire substations or distribution systems and equipment. We maintain an inventory of state-of-the-art predictive maintenance equipment including the AGEMA 570 long-wave infrared camera. Under our program, we provide comprehensive engineering reportsdetailing and summarizing the deficiencies found and make recommendations for repairs. Inspections, testing, and maintenance are performed by NETA (InterNational Electrical Testing Association) certified Test Technicians. Information collected is reviewed and appraised by professional engineers experienced in electrical apparatus testing and maintenance practices

8.0 BENEFITS OF USING ELECTRIC POWER SYSTEMS

Experience

EPS has over 25 years of experience in the start-up, commissioning, electrical testing and maintenance of all types of power generation distribution, and transmission facilities.

Locally Based, Worldwide Capability

When you work with EPS, you have the world covered. Through our local offices, we have the resources to offer full service coverage on a local, national and global basis. This assures rapid response time and efficient project communication regardless of location.

Accredited

EPS is a charter member of the InterNational Electrical Testing Association (NETA) and has worked with a variety of industries to establish reliable and safe procedures and standards. We are an independent testing company, not affiliated with any equipment manufacturers or suppliers. Thus, we provide unbiased test results and recommendations based on the latest principles of quality and value engineering.

NETA-Trained Personnel

EPS's NETA-trained and certified technicians provides assurance that field engineers and technicians are trained and qualified and that test and inspection procedures are done in accordance with industry and federal standards.

Certified Test Reports

All EPS test reports conform to the NETA Acceptance and Maintenance Testing Specifications, which includes the following:

- Summary of Project
- Description of Equipment Tested
- Description of Tests Performed
- Test Data
- Conclusions and Recommendations

Leading Edge Technology

EPS's testing methodology includes more than $2 million of state-of-the-art test equipment and diagnostic software techniques.

Unbiased Test Results

Electric Power systems is a wholly owned subsidiary of a company that engages neither in the manufacturing nor installation of electrical apparatus. This ensures unbiased testing programs where there is no gain or loss to be made by EPS from any recommendation of replacement or modification to enhance the safety and reliability.

Single Point of Contact

EPS offers electrical testing and maintenance, engineering services, project management, and training services. You will work with one EPS contact who will manage the entire project. The broad range of technical services offered by EPS and long-term industry experience will provide a technical extension to you electrical engineer or maintenance staff.

Emergency Response

EPS offers around-the-clock emergency service. In the event of a failure, experienced EPS support professionals respond on demand with the proper equipment required to quickly meet your unexpected on-site needs.

Total System Capability

A failure can occur almost anywhere in your system. Electric Power systems, a full-service company will review your total electrical distribution system, regardless of make or design.

The EPS commitment to your project goes far beyond the anticipated scope of work. EPS views itself as your partner whereby enhanced safety, reliability, and value engineering will significantly improve your return on investment.

The key benefits provided by EPS are:

- One Stop Service Provider
- 24x7 Emergency Response
- Computerized reports
- Large pool of test equipment and trained personnel
- State of the art test equipment
- EPS close proximity
- Excellent safety records
- Training capability
- EPS technical resources
- NETA Accredited

Vendor Master File

Name: Larry Limoges

Address: 3176 Pullman Street
Suite 106

Costa Mesa Ca 92626

City, State, Zip:

Phone Number: 657-322-8054

Contact Person: Larry Limoges

Email Address: L.Limoges@Voltyx.com

Business Description: Neta certified electrical testing and engineering firm

Remittance Address (if different from above)

Name: Electric Power Systems Ineternational, Inc.

Address: Lockbox information ach payment PO Box 958012

St Louis Missouri 63043

City, State, Zip:

Company License (if Applicable):

City: 20712626 State: _____ Contractors: C10-1068030 DIR: 1000013541 exp 06/22

Office Use Only

Vendor Number: _____

W-9 Attached: _____ Licenses Verified: _____

Comm/Serv: _____ E/X Code _____

*Response required

V.F Vendor Forms

Please download the below documents, complete, and upload.

- New_Vendor_Packet.pdf

V.G Type of Business*

☑ C Corporation
☐ S Corporation
☐ Limited Liability C Corporation
☐ Partnership
☐ Limited Liability Partnership
☐ Sole Proprietor/Individual
☐ Other
*Response required

V.H Type your Legal Company Name Here* Electric Power Systems International, Inc.

State your Company's Name Here. This will be verified against the California Secretary of State's Website.

*Response required

V.I EX PARTE COMMUNICATIONS CERTIFICATION*

I certify that Bidder and Bidder's representatives have not had any communication with a City Councilmember concerning this IFB at any time after the date and time that this IFB was publicly advertised.

☐ Yes
☑ No
*Response required

V.J EX PARTE COMMUNICATIONS CERTIFICATION CONTINUED*

If stated "Yes" above, please explain the circumstances in the following space, or state "None."

*Response required

V.K DEBARRED, SUSPENDED, DISQUALIFIED QUESTIONNAIRE*

Has the Company, any officer of the Company, or any employee of the Company who has proprietary interest in the Company, ever been debarred, suspended, disqualified, removed, or otherwise prevented from bidding on, or completing a federal, state, or local government project because of a violation of law or safety regulation?

☐ Yes
☑ No

COMPLIANCE WITH PRESIDENTIAL EXECUTIVE ORDERS IMPOSING SANCTIONS AGAINST THE RUSSIAN FEDERATION (RUSSIA)

Executive Order Nos. 13660, 13661, 13662, 13685, 13849, and 14065, and the Directives thereunder, (collectively "Orders"), impose economic sanctions against Russia ("Sanctions"), and establish prohibitions that include, but are not limited to:

(i) engaging in certain commercial transactions with a person or entity whose property or interest is blocked and/or who is listed on the Treasury Department's List of Specially Designated Nationals and Blocked Persons ("SDN List") or Sectoral Sanctions Identification List ("SSI List"); and

(ii) exporting or importing goods, services, or technology, to or from Crimea, or the Donetsk or Luhansk region, in Ukraine.

Please review the economic sanctions imposed in response to Russia's actions in Ukraine, including, but not limited to, the Orders, Directives, and sanctions identified on the U.S. Department of the Treasury website (or any successor website): https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information/ukraine-russia-related-sanctions

Based on your review of the Sanctions and/or your personal knowledge, by signing below you certify that (i) no person, or entity or any owner thereof, submitting this bid or proposal, is a Blocked Person or is a person or entity listed on the SDN List or the SSI List; or is otherwise subject to any of the prohibitions created by the Sanctions or any of the Orders; and (ii) no performance required by a contract awarded by the City to the bidder or proposer signed for below will involve the prohibited exporting or importing of goods, services, or technology, to or from Crimea, or the Donetsk or Luhansk region, in Ukraine, or will otherwise involve conduct prohibited by any of the Sanctions.

Bidder/Proposer: Larry Limoges

Dated: 9/23/2025

*Response required

V.L DEBARRED SUSPENDED DISQUALIFIED QUESTIONNAIRE CONTINUED*

If stated "Yes" above, please explain the circumstances in the following space, or state "None."

*Response required

V.M DISCLOSURE OF GOVERNMENT POSITIONS*

Each Bidder shall disclose below whether any owner or employee of the firm currently hold positions as elected or appointed officials, directors, officers, or employees of a governmental entity or held such positions in the past twelve months. List below or state "None."

*Response required

V.N CERTIFICATION COMPLIANCE*

Please download the below documents, complete, and upload.

- Certification-Compliance_wi...

*Response required

Form **W-9**
(Rev. March 2024)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Go to *www.irs.gov/FormW9* for instructions and the latest information.

Give form to the requester. Do not send to the IRS.

Before you begin. For guidance related to the purpose of Form W-9, see *Purpose of Form*, below.

Print or type. See ***Specific Instructions*** on page 3.

1 Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.)

Electric Power Systems International, Inc.

2 Business name/disregarded entity name, if different from above.

3a Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only **one** of the following seven boxes.

☐ Individual/sole proprietor ☑ C corporation ☐ S corporation ☐ Partnership ☐ Trust/estate

☐ LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) . . . .

Note: Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner.

☐ Other (see instructions)

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any)

Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any)

(Applies to accounts maintained outside the United States.)

3b If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions . . . . . ☐

5 Address (number, street, and apt. or suite no.). See instructions.

58 Progress Parkway

Requester's name and address (optional)

6 City, state, and ZIP code

Maryland Heights, MO 63043

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. See also *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

☐☐☐ - ☐☐ - ☐☐☐☐

or

Employer identification number

4 3 - 1 9 0 6 4 1 6

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and, generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here **Signature of U.S. person** Mary Rader **Date** 1/27/25

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/FormW9*.

What's New

Line 3a has been modified to clarify how a disregarded entity completes this line. An LLC that is a disregarded entity should check the appropriate box for the tax classification of its owner. Otherwise, it should check the "LLC" box and enter its appropriate tax classification.

New line 3b has been added to this form. A flow-through entity is required to complete this line to indicate that it has direct or indirect foreign partners, owners, or beneficiaries when it provides the Form W-9 to another flow-through entity in which it has an ownership interest. This change is intended to provide a flow-through entity with information regarding the status of its indirect foreign partners, owners, or beneficiaries, so that it can satisfy any applicable reporting requirements. For example, a partnership that has any indirect foreign partners may be required to complete Schedules K-2 and K-3. See the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS is giving you this form because they

STATE OF CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Pursuant to Chapter 9 of Division 3 of the Business and Professions Code
and the Rules and Regulations of the Contractors State License Board,
the Registrar of Contractors does hereby issue this license to:

ELECTRIC POWER SYSTEMS INTERNATIONAL INC

License Number 1068030

to engage in the business or act in the capacity of a contractor in the following classifications:

C10 - ELECTRICAL

Witness my hand and seal this day,
August 19, 2020

Issued August 18, 2020

David De La Torre, Board Chair

This license is the property of the Registrar of Contractors, is not transferable, and shall be returned to the Registrar upon demand when suspended, revoked, or invalidated for any reason. It becomes void if not renewed.

David R. Fogt, Registrar of Contractors

13L-24 (REV. 10/17)

OSP 17 143868
AUDIT NO: 698919

NETA

CERTIFICATE OF ACCREDITATION

is hereby granted to

Electric Power Systems, Inc.

San Diego, CA

AS RECOGNIZED BY THE

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION

January 1, 2025 – January 31, 2026

Ken Bassett

Ken Bassett
Membership Chair

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
NETA
1972

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
3050 OLD CENTRE ROAD ~ SUITE 101 ~ PORTAGE, MI 49024 ~ WWW.NETAWORLD.ORG

NETA

CERTIFICATE OF ACCREDITATION

is hereby granted to

Electric Power Systems, Inc.

Santa Ana, CA

AS RECOGNIZED BY THE

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION

January 1, 2025 – January 31, 2026

Ken Bassett

Ken Bassett
Membership Chair

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
3050 OLD CENTRE ROAD ~ SUITE 101 ~ PORTAGE, MI 49024 ~ WWW.NETAWORLD.ORG

NETA

NETA CERTIFIED TECHNICIAN

This certificate is hereby awarded to

Gregory Perske

Electric Power Systems, Inc.

for achieving status as a NETA

Level 4

Certified Senior Technician

January 1, 2025 – January 31, 2026

AS RECOGNIZED BY

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION

Ken Bassett

Ken Bassett
Membership Chair

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
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NETA

NETA CERTIFIED TECHNICIAN

This certificate is hereby awarded to

Scott Robinson

Electric Power Systems, Inc.

for achieving status as a NETA

Level 4

Certified Senior Technician

January 1, 2025 – January 31, 2026

AS RECOGNIZED BY

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION

Ken Bassett

Ken Bassett
Membership Chair

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
3050 OLD CENTRE ROAD ~ SUITE 101 ~ PORTAGE, MI 49024 ~ WWW.NETAWORLD.ORG

NETA

NETA CERTIFIED TECHNICIAN

This certificate is hereby awarded to

Matthew Gookin

Electric Power Systems, Inc.

for achieving status as a NETA

Level 4

Certified Senior Technician

January 1, 2025 – January 31, 2026

AS RECOGNIZED BY

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION

Ken Bassett

Ken Bassett
Membership Chair

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
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NETA

NETA CERTIFIED TECHNICIAN

This certificate is hereby awarded to

Tim Gookin

Electric Power Systems, Inc.

for achieving status as a NETA

Level 3

Certified Technician

January 1, 2025 – January 31, 2026

AS RECOGNIZED BY

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION

Ken Bassett

Ken Bassett
Membership Chair

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
3050 OLD CENTRE ROAD ~ SUITE 101 ~ PORTAGE, MI 49024 ~ WWW.NETAWORLD.ORG

NETA

NETA CERTIFIED TECHNICIAN

This certificate is hereby awarded to

Christian Josephson
Electric Power Systems, Inc.

for achieving status as a NETA

Level 3
Certified Technician

January 1, 2025 – January 31, 2026

AS RECOGNIZED BY
INTERNATIONAL ELECTRICAL TESTING ASSOCIATION

Ken Bassett

Ken Bassett
Membership Chair

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
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NETA

NETA CERTIFIED TECHNICIAN

This certificate is hereby awarded to

Milo Ong
Electric Power Systems, Inc.

for achieving status as a NETA
Level 3
Certified Technician

January 1, 2025 – January 31, 2026

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Ken Bassett
Membership Chair

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
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INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
3050 OLD CENTRE ROAD ~ SUITE 101 ~ PORTAGE, MI 49024 ~ WWW.NETAWORLD.ORG

NETA

NETA CERTIFIED TECHNICIAN

This certificate is hereby awarded to

Matthew Meyers

Electric Power Systems, Inc.

for achieving status as a NETA

Level 3

Certified Technician

January 1, 2025 – January 31, 2026

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NETA

NETA CERTIFIED TECHNICIAN

This certificate is hereby awarded to

Milo Ong

Electric Power Systems, Inc.

for achieving status as a NETA

Level 3

Certified Technician

January 1, 2025 – January 31, 2026

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INTERNATIONAL ELECTRICAL TESTING ASSOCIATION

Ken Bassett

Ken Bassett
Membership Chair

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NETA

NETA CERTIFIED TECHNICIAN

This certificate is hereby awarded to

Christian Josephson
Electric Power Systems, Inc.

for achieving status as a NETA

Level 3
Certified Technician

January 1, 2025 - January 31, 2026

AS RECOGNIZED BY
INTERNATIONAL ELECTRICAL TESTING ASSOCIATION

Ken Bassett

Ken Bassett
Membership Chair

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
3050 OLD CENTRE ROAD ~ SUITE 101 ~ PORTAGE, MI 49024 ~ WWW.NETAWORLD.ORG

NETA

NETA CERTIFIED TECHNICIAN

This certificate is hereby awarded to

Tim Gookin

Electric Power Systems, Inc.

for achieving status as a NETA

Level 3

Certified Technician

January 1, 2025 – January 31, 2026

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INTERNATIONAL ELECTRICAL TESTING ASSOCIATION

Ken Bassett

Ken Bassett
Membership Chair

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
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NETA

NETA CERTIFIED TECHNICIAN

This certificate is hereby awarded to

Tyler Fini

Electric Power Systems, Inc.

for achieving status as a NETA

Level 3

Certified Technician

January 1, 2025 – January 31, 2026

AS RECOGNIZED BY

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION

Ken Bassett

Ken Bassett
Membership Chair

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
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NETA

NETA CERTIFIED TECHNICIAN

This certificate is hereby awarded to

Sean Guerrero

Electric Power Systems, Inc.

for achieving status as a NETA

Level 2

Certified Assistant Technician

January 1, 2025 – January 31, 2026

AS RECOGNIZED BY

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION

Ken Bassett
Membership Chair

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
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NETA

NETA CERTIFIED TECHNICIAN

This certificate is hereby awarded to

Thomas Morris

Electric Power Systems, Inc.

for achieving status as a NETA

Level 2

Certified Assistant Technician

January 1, 2025 – January 31, 2026

AS RECOGNIZED BY

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION

Ken Bassett

Ken Bassett
Membership Chair

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
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NETA

NETA CERTIFIED TECHNICIAN

This certificate is hereby awarded to

Isidro Marcos

Electric Power Systems, Inc.

for achieving status as a NETA

Level 2

Certified Assistant Technician

January 1, 2025 – January 31, 2026

AS RECOGNIZED BY

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION

Ken Bassett

Ken Bassett
Membership Chair

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
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NETA

NETA CERTIFIED TECHNICIAN

This certificate is hereby awarded to

Daniel Douglas

Electric Power Systems, Inc.

for achieving status as a NETA

Level 2

Certified Assistant Technician

January 1, 2025 – January 31, 2026

AS RECOGNIZED BY

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION

Ken Bassett

Ken Bassett
Membership Chair

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
NETA
1972

INTERNATIONAL ELECTRICAL TESTING ASSOCIATION
3050 OLD CENTRE ROAD ~ SUITE 101 ~ PORTAGE, MI 49024 ~ WWW.NETAWORLD.ORG

Electric Power System International Inc.

2025 References.

County Sanitation District of Los Angeles
Multi-year electrical maintenance contract.

Brian Barnock
562.908.4288
BBarnock@lacsd.org

Imperial Irrigation District

Multi-year electrical maintenance contract.
Jeevan Thind
760.339.9730
Jthind@IID.com

Orange County Sanitation District
Multi-year electrical maintenance contract.
Shaun Juarez

657.544.7401
sjuarez@ocsan.gov

Las Vegas Valley Water District

Multi-year electrical maintenance contract
Blaine Kline
702.271.5950
Blaine.Kline@LVVWD.com

VI. Pricing Proposal

ELECTRICAL SUBSTATION EQUIPMENT MAINTENANCE TESTING

Required Maintenance Intervals Provide total estimated pricing in accordance with the City's current requirements, as set forth in section 4 Scope of Work. Also provide your firm's proposed Staffing Plan on a separate sheet of paper, to include hourly rates. Proposer should use a separate form to state pricing for any added value. Pricing shall remain firm for a minimum of three (3) years. Any and all requests for pricing adjustments for follow-on contract renewal periods shall be provided no later than sixty (60) days prior to the end of the contract period. Any such proposed price adjustments shall not exceed The Bureau of Labor Statistics Consumer Price Index (CPI) data for Los Angles-Riverside-Orange County, CA, All Items, Not Seasonally Adjusted, "annualized change comparing the original proposal month and the same month in the subsequent year. (This information may be found on the U.S. Department of Labor's website at www.bls.gov.)

Line Item	Description	Quantity	Unit of Measure	Unit Cost	Total
1	15kV Circuit Breakers Maintenance – Once in Year 1	1	Per Service	$570.00	$570.00
2	38 kV Circuit Breakers Maintenance – Once in Year 1	1	Per Service	$1,520.00	$1,520.00
3	Protective Relay Testing - Once in Year 1	1	Per Service	$570.00	$570.00
4	Transformer Testing – Once in Year 1	1	Per Service	$6,840.00	$6,840.00
5	Transformer Testing – Once in Year 3	1	Per Service	$1,140.00	$1,140.00
6	Voltage Regulators Testing – Once in Year 1	1	Per Service	$1,140.00	$1,140.00
7	Voltage Regulators Testing – Once in Year 3	1	Per Service	$1,140.00	1,140.00
8	Grounding System Testing – Once in Year 1	1	Per Service	$2,280.00	$2,280.00
9	Grounding System Testing – Once in Year 3	1	Per Service	$2,280.00	$2,280.00
10	Switch Maintenance – Once in Year 1	1	Per Service	$380.00	$380.00
11	Switch Maintenance – Once in Year 3	1	Per Service	$380.00	$380.00
12	Oil Testing - Once per year for three (3) years. Year 1	1	Per Service	$400.00	$400.00

Line Item	Description	Quantity	Unit of Measure	Unit Cost	Total
13	Oil Testing - Once per year for three (3) years. Year 2	1	Per Service	$400.00	$400.00
14	Oil Testing - Once per year for three (3) years. Year 3	1	Per Service	$400.00	$400.00
15	Station Auxiliary Power - Once per year for three (3) years. Year 1	1	Per Service	$1,520.00	$1,520.00
16	Station Auxiliary Power - Once per year for three (3) years. Year 2	1	Per Service	$1,520.00	$1,520.00
17	Station Auxiliary Power - Once per year for three (3) years. Year 3	1	Per Service	$1,520.00	$1,520.00
TOTAL					

ON-CALL SUPPORT

Line Item	Description	Quantity	Unit of Measure	Unit Cost	Total
1	SERVICE CALL: ONSITE INSPECTION, TROUBLESHOOTING OR REPAIRS MONDAY - FRIDAY 6:00AM - 5:00PM	1	Per Call	$1,000.00	$1,000.00
2	SERVICE CALL: ONSITE INSPECTION, TROUBLESHOOTING OR REPAIRS MONDAY - FRIDAY 6:00AM - 5:00PM	1	Per Hour	$190.00	$190.00
3	SERVICE CALL: ONSITE PROGRAMMING MONDAY - FRIDAY 6:00AM - 5:00PM	1	Per Call	$1,000.00	$1,000.00
4	SERVICE CALL: ONSITE PROGRAMMING MONDAY - FRIDAY 6:00AM - 5:00PM	1	Per Hour	$225.00	$225.00
5	EMERGENCY SERVICE CALL: WEEKENDS AND AFTER HOURS	1	Per Call	$1,000.00	$1,000.00
6	EMERGENCY SERVICE CALL: WEEKENDS AND AFTER HOURS	1	Hour	$380.00	$380.00
7	EMERGENCY SERVICE CALL: HOLIDAYS	1	Per Call	$1,000.00	$1,000.00
8	EMERGENCY SERVICE CALL: HOLIDAYS	1	Per Hour	$380.00	$380.00

Line Item	Description	Quantity	Unit of Measure	Unit Cost	Total
TOTAL					

EPS™
A Voltyx Company

Western Division - 2025 Rate Sheet

Date: 9/16/2025
Company: City of banning
Contact:
Project: Private Sector Only

2024 SCHEDULE OF CHARGES			
Services Category	**Straight Time**	**Overtime/Emergency**	**Double Time/Emerg OT**
Commissioning Engineering	$225.00	$310.00	$383.00
Field Technicians and Engineers	$195.00	$255.00	$315.00
Senior Field Technicians and Engineers	$205.00	$282.00	$349.00
Project Managers	$215.00	$296.00	$366.00
Relay Technicians and Engineers	$205.00	$282.00	$349.00
Senior Relay Technicians and Engineers	$215.00	$296.00	$366.00
Transformer Services	$195.00	$255.00	$315.00
Professional Engineering Services	$270.00	$372.00	$459.00
Electrical Engineering Services	$250.00	$344.00	$425.00
Drafting Services	$185.00	$227.00	$281.00
Per Diem	$350.00		
Material and Expense Markup	20%		

S.T. is for a normal eight hour day
O.T. is for all time over 8 hours per day and Saturdays
D.T. is for Sundays - Holidays and Emergency Call Outs
Vehicles: Mileage charge at $1.50 per mile for light vehicles and $2.00 per mile for 1-ton on Mob/Demob days (75+ miles)
Vehicles: Daily charge on site at $125/day for light vehicles, $175/day Vehicles 1+ tons
Minimum per day billing is 8 hours at applicable rates. (Portal to portal)
Emergency call out: OT rate for first 8 hours, DT rate after 8hrs in a single day

Test Equipment Charges (EPS owned equipment)

Class 1- DC Hipot, Megger, Ductor, TTR, Winding Resistance, Ground Tester, Receptacle tester	**$35/Day**
Class 2- VLF or AC Hipot, Doble Timing Test set, EZ CT/PT Test System, IR Camera	**$75/Day**
Class 3- 20KA or 50KA High Current Test sets, Cable Fault locate	**$150/Day**
Class 4- M4000 Doble Power Factor, 6150 Doble Relay Test Sets	**$250/Day**
Class 5- Partial Discharge Test Equipment	**$600/day**

Rentals/Shipping- Billed at Cost plus 20%
Travel- Billed at Cost plus 10%

Larry Limoges
Western Divisional Sales
657.322.8054
L.Limoges@voltyx.com

NETA®

Sunset Substation optional 2-day outage pricing

EPS 7 techs on site two consecutive 10-hour days

Outage price $35,160.00
***price does not include any rentals**

Transformer

(1) Mfg. Delta Star

Delta Star 34500 X 69000 12470 / 7200-15/20//25 MVA

Breakers

(6) On Load Gears 38kV Vacuum Circuit Breaker
(10) GE Power Vacuum Circuit Breakers

Relay Equipment

(10) SEL 351S Feeder Ground Overcurrent Protection Relays

(2) SEL 551C Transformer Neutral Overcurrent Protection Relay

(2) SEL 387E Transformer Differential and Voltage Protection Relay

(3) SEL 421 Transformer Overcurrent and Voltage Protection Relay

(2) SEL 451 Protection, Automation, and Control Relay

(2) SEL 487B Hi Side Buss Differential Protection Relay

Battery Charger

LaMaarche TPSD-25-130V-ABD1-60L

Output Amps 25

AC Volts 120/208/240 DC Volts 130

DC Amps 43/25/22

Batteries C&D Lead Calcium 3DJ-2001.25 Specific Gravity

6.6 Volts DC 20 Jars

22nd St. Substation optional 2-day outage pricing

EPS 4 techs on site two consecutive 10-hour days

Outage price $19,660.00

***price does not include any rentals**

Transformer

(1) Waukesha Class ONAN/ONAF 3 Phase Transformer

(l) Load Tap Changer Type UZDRT Serial UO304-10

600 Amp 100 Gallons of oil

Breakers

(1) ABB 38 KV R-MAG Vacuum Circuit Breaker

2000 Amp
(3) ABB AMVAC
1200 Amp

Relay Equipment

(5) SEL 351 Feeder Ground Overcurrent Protection Relays

(1) SEL 501 Duel Overcurrent Protection Relay

(1) SEL 587 Current Differential Overcurrent Protection Relay

Battery Charger

MDS Power Model PO720475/1073980-A AC 120/208/240
AC Amps 50/29/25

DC Volts 132 DC Amps 35

Batteries LR 2 Volt NOM Batteries Q0124028

Midway Substation Equipment optional 2-day outage pricing

EPS 8 techs on site two consecutive 10-hour days

Outage price $49,995.00
***price does not include any rentals**

Transformers

(2) Westinghouse Three Phase type SL Transformers

Breakers

**34.SkV Fused Disconnects

(2) ABB R4 Vacuum Circuit Breakers

(1) Square D VACARC Serial 17-11864
(5) Westinghouse Type R-3 Vacuum Circuit Breakers Serial# 72I113VB

Voltage Regulators

(12) McGraw Edison Single Phase Voltage Regulator VR-32 Cooper CL-5 Control

Relays

(2) SEL 351 Capacitor Bank Ground Overcurrent Relay

(1) SEL 251 Ground Overcurrent Relay

(2) ABB Type RC Automatic Recloser Instruction Leaflet 41-661.1 Style 1876019

(8) ABB Type CO-09 Style 264C901A07 Ground Overcurrent Relay, Instruction Leaflet 41-101

(20) Westinghouse Type CO-11 Ground Overcurrent Relay Style 1875301A

(5) Westinghouse Type RC Automatic Recloser Type 41-661

Battery Charger

Hindle Power Model AT10130025F240XXXXXXXXX AC Volts

120/208/240

AC Amps 49/29/25 DC Volts 130

DC Amps 25

Batteries RPS HCTA-200

2.2 Volt DC 60 Jars

San Gorgonio Substation Equipment optional 2-day outage pricing
EPS 7 techs on site two consecutive 10-hour days

Outage price $35,160.00
***price does not include any rentals**

Transformers

(2) Virginia Transformer Transformers w/ Automatic LTC

Breakers

(2) On Load Gears 38kV Vacuum Circuit Breaker

1200 Amps Mfg. 7/2020

(6) POWER/VAC VACUUM CIRCUIT BREAKER, ISKV, 40KA

1200 Amps

Relays

(8) SEL 351 Capacitor Bank Ground Overcurrent Relay

(2) SEL 387E Transformer Differential and Voltage Protection Relay

(2) SEL 551C Transformer Neutral Overcurrent Protection Relay

(2) SEL 5872 High-Impedance Bus Differential and Protection Relay

Battery Charger

Hindle Power Model FO2625/983332-1 DC 132 Volts

DC Amps 25

Batteries SBS Battery Flood Lead Acid 1294160

Ivy Substation Equipment optional 2-day outage pricing
EPS 6 techs on site two consecutive 10-hour days

Outage price $29,280.00
***price does not include any rentals**

Transformers

(1) Mfg. Delta Star

Delta Wye

3 Phase 60 Hz

Delta Star 34500 X 69000 12470 / 7200 -15/20//25 MVA

Breakers

(2) ABB 38 KV R-MAG Vacuum Circuit Breakers

2000 Amp
(6) POWER/VAC VACUUM CIRCUIT BREAKER, ISKV, 40KA

1200 Amps

Relays

(8) SEL 351 Capacitor Bank Ground Overcurrent Relay

(2) SEL 387E Transformer Differential and Voltage Protection Relay

(2) SEL 551C Transformer Neutral Overcurrent Protection Relay

(2) SEL 5872 High-Impedance Bus Differential and Protection Relay

Battery Charger

Hindle Power Model FO2625/983332-1 DC 132 Volts

DC Amps 25

Batteries SBS Battery Flood Lead Acid 1294160

Stagecoach Substation optional 2-day outage pricing
EPS 5 techs on site two consecutive 10-hour days

Outage price $24,400.00

***price does not include any rentals**

Transformers

(1) Virginia Transformer Transformers w/ Automatic LTC

69000 x 34500-12470Y/7200

10.0//11.2//12.5//14.0 MVA

Breakers

(2) On Load Gears 38kV Vacuum Circuit Breaker

1200 Amps Mfg. 7/20

(5) POWER/VAC VACUUM CIRCUIT BREAKER, ISKV, 40KA

Relays

(6) SEL 351 Capacitor Bank Ground Overcurrent Relay

(1) SEL 387E Transformer Differential and Voltage Protection Relay

(1) SEL 551C Transformer Neutral Overcurrent Protection Relay

(1) SEL 5872 High-Impedance Bus Differential and Protection Relay

Battery Charger

Hindle Power Model F02625/983330-2 DC 132 Volt DC Amps 25

Batteries SBS Battery Flood Lead Acid 1294160

From: Angelo Heidt
To: Brandon Robinson; Jason Smith; Nathan Smith
Subject: FW: RFP 25-105 Substation - Additional Information Regarding Pricing Breakdown
Date: Monday, October 27, 2025 11:57:09 AM
Attachments: image001.png
~WRD0002.jpg

Hello,

Here is the information you requested.

If you have any additional questions, please let me know.

Thank you,

Angelo Heidt
Buyer
Purchasing Division, Fiscal Services
City of Banning
Direct Line: 951-922-3154
aheidt@banningca.gov
99 E. Ramsey Street
Banning, CA 92220
www.banningca.gov

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From: Larry Limoges <l.limoges@voltyx.com>
Sent: Monday, October 27, 2025 10:57 AM
To: Angelo Heidt <aheidt@banningca.gov>
Subject: Re: RFP 25-105 Substation - Additional Information Regarding Pricing Breakdown

Angelo.
Sorry for the delay.
As requested our total price for all 6 substation sites for EPS to complete the 2 day maintenance outage and testing is $193,665.00

Larry Limoges
Western Division Sales Manager

M: 657.322.8054
voltyx.com
EPS | NASS | NOMOS | EPST | TLS
NOW PART OF THE ASPLUNDH FAMILY

From: Angelo Heidt <aheidt@banningca.gov>
Sent: Thursday, October 23, 2025 4:10 PM
To: Larry Limoges <l.limoges@voltyx.com>
Subject: RFP 25-105 Substation - Additional Information Regarding Pricing Breakdown

This Message Is From an Untrusted Sender
You have not previously corresponded with this sender. (Click "Report Suspicious" to notify IT Security)

Report Suspicious

Hello Larry,

The evaluation team has a question regarding your pricing.

Question: Need to verify that the total cost to complete the testing & maintenance at all substations? They had given a cost per activity in the tables that we provided in the RFP along with some separate costs labeled as “optional” to do a 2-day outage for each substation. They also did not add the **total** cost in the pricing proposal table.

I don’t want to assume what their overall price proposal is, therefore, it would be great to get added clarity.

Can you please help provide an explanation regarding the cost at the different stations.

Thank you,

Angelo Heidt
Buyer

Purchasing Division, Fiscal Services
City of Banning
Direct Line: 951-922-3154
aheidt@banningca.gov
99 E. Ramsey Street
Banning, CA 92220
www.banningca.gov

The information contained in this email message is intended only for the use of the individual or entity to which it is addressed and may contain information that is legally privileged and/or confidential. If the reader of this message is not the intended recipient or the employee or agent responsible for delivering the message to the intended recipient, if you have received this communication in error, please notify us immediately by telephone. Thank you.

City of Banning
Purchasing Division
Barbara Mason, Purchasing Manager
99 E Ramsey St, Banning, CA 92220

NOTICE OF INTENT TO AWARD

RFP No. RFP-25-105

RFP-25-105 Substation Maintenance Testing, Advisory, & On-Call Services

RESPONSE DEADLINE: October 2, 2025 at 4:00 pm

Thursday, January 8, 2026

After the careful and thorough review of all responses received pursuant to the above listed project, the City hereby issues this Notice of Intent to Award to the following candidate(s):

Electric Power Systems International Incorporated

Costa Mesa, CA

Purchasing Division

Fiscal Services Department

City of Banning

AGREEMENT FOR PROFESSIONAL SERVICES BY INDEPENDENT CONTRACTOR

THIS AGREEMENT FOR PROFESSIONAL SERVICES BY INDEPENDENT CONTRACTOR ("Agreement") is made and effective as of the ____, 2025 by and between the **CITY OF BANNING**, a California municipal corporation ("City") whose address is 99 East Ramsey Street, Banning, California 92220, and _____, a California _____ whose address is _____ ("Contractor"). City and Contractor are sometimes hereinafter individually referred to as "party" and hereinafter collectively referred to as the "parties."

RECITALS

This Agreement is entered into on the basis of the following facts, understandings and intentions of the parties to this Agreement:

A. City desires to engage Contractor to provide the following services: [brief general description of services]; and

B. Contractor has made a proposal ("Proposal") to the City to provide such professional services, which Proposal is attached hereto as **Exhibit "A"** and incorporated herein by this reference; and

C. Contractor agrees to provide such services pursuant to, and in accordance with, the terms and conditions of this Agreement, and represents and warrants to City that Contractor possesses the necessary skills, licenses, certifications, qualifications, personnel and equipment to provide such services.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and mutual covenants contained herein, City and Contractor agree as follows:

1. Term of Agreement. This Agreement is effective as of the date first above written and shall continue until terminated as provided for herein. Notwithstanding anything in this Agreement to the contrary, this Agreement shall automatically terminate after ___ (__) year(s) unless extended by the parties with the approval of the City Council of the City.

2. Services to be Performed. Contractor agrees to provide the services ("Services") as follows: [description of Services] in accordance with Exhibit "A". All Services shall be performed in the manner and according to the timeframe set forth in the Proposal. Contractor designates

_____ as Contractor's Representative responsible for overseeing the Services provided by Contractor ("Contractor's Representative"). City designates the City Manager, or his or her designee, to act as the Project Manager ("Project Manager") in connection with the delivery of Services under this Agreement. Contractor shall supply, at its sole expense, all equipment, tools, materials, and supplies necessary to perform Services. In the event that the Proposal contains terms that are in addition to or in conflict with this Agreement, other than the price for Services, such terms shall not be valid and shall be of no force or effect.

3. Associates and Subcontractors. Contractor may, at Contractor's sole cost and expense, employ such competent and qualified independent associates, subcontractors and consultants as Contractor deems necessary to perform the Services; provided, however, that Contractor shall not subcontract any of the Services without the prior written consent of City.

4. Compensation.

4.01 Contractor shall be paid at the rates set forth in the Proposal and shall not increase any rate without the prior written consent of the City. Notwithstanding anything in this Agreement to the contrary, total fees and charges paid by City to Contractor under this Agreement shall not exceed the amount of _____ Dollars and Zero Cents ($[__]).

4.02 Contractor shall not be compensated for any Services rendered nor reimbursed for any expenses incurred in excess of those authorized unless approved in advance by the City, in writing.

4.03 Contractor shall submit to City, on or before the fifteenth (15th) of each month, itemized invoices for the Services rendered in the previous month. The City shall not be obligated to pay any invoice that is submitted more than sixty (60) days after the due date of such invoice. City shall have the right to review and audit all invoices prior to or after payment to Contractor. This review and audit may include, but not be limited to City's:

a. Determination that any hourly fee charged is consistent with this Agreement's approved hourly rate schedule;

b. Verification that the hours billed, when multiplied by the approved hourly rates, result in the correct total;

c. Determination that each item charged is the usual, customary, and reasonable charge for the particular item. If City determines an item charged is greater than usual, customary, or reasonable, or is duplicative, ambiguous, excessive, or inappropriate, City shall

either return the bill to Contractor with a request for explanation or adjust the payment accordingly and give notice to Contractor of the adjustment.

4.04 If the work is satisfactorily completed, City shall pay such invoice within thirty (30) days of its receipt. Should City dispute any portion of any invoice, City shall pay the undisputed portion within the time stated above, and at the same time advise Contractor in writing of the disputed portion.

5. Obligations of Contractor.

5.01 Contractor agrees to perform all Services in accordance with the terms and conditions of this Agreement and the Proposal. In the event that the terms of the Proposal shall conflict with the terms of this Agreement or contain additional terms that purport to bind the City other than the Services to be rendered and the hourly rate for the Services, the terms of this Agreement shall govern and said additional or conflicting terms shall be of no force or effect.

5.02 Except as otherwise agreed by the parties, Contractor will supply all personnel, materials and equipment required to perform the Services. Contractor shall provide its own offices, telephones, vehicles and computers. Contractor will determine the method, details, and means of performing the Services under this Agreement.

5.03 Contractor shall keep City informed as to the progress of the Services by means of regular and frequent consultations. Additionally, when requested by City, Contractor shall prepare written status reports.

5.04 Contractor is responsible for paying, when due, all income and other taxes, fees, and withholding, including withholding state and federal taxes, social security, unemployment and worker's compensation, incurred as a result of the compensation paid under this Agreement. Contractor agrees to indemnify, defend, and hold harmless City for any claims, costs, losses, fees, penalties, interest, or damages suffered by City resulting from Contractor's failure to comply with this provision.

5.05 In the event Contractor is required to prepare plans, drawings, specifications and/or estimates, the same shall be furnished in conformance with local, state and federal laws, rules and regulations.

5.06 Contractor represents that it possesses all required licenses necessary or applicable to the performance of Services under this Agreement and the Proposal and shall obtain and keep in full force and effect all permits and approvals required to perform the Services herein.

In the event City is required to obtain an approval or permit from another governmental entity, Contractor shall provide all necessary supporting documents to be filed with such entity.

5.07 Contractor shall be solely responsible for obtaining Employment Eligibility Verification information from Contractor's employees, in compliance with the Immigration Reform and Control Act of 1986, Pub. L. 99-603 (8 U.S.C. 1324a), and shall ensure that Contractor's employees are eligible to work in the United States.

5.08 In the event that Contractor employs, contracts with, or otherwise utilizes any CalPERS retirees in completing any of the Services performed hereunder, such instances shall be disclosed in advance to the City and shall be subject to the City's advance written approval.

5.09 Drug-free Workplace Certification. By signing this Agreement, the Contractor hereby certifies under penalty of perjury under the laws of the State of California that the Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 (Government Code, Section 8350 et seq.) and will provide a drug-free workplace.

5.10 Contractor shall comply with all applicable local, state and federal laws, rules, regulations, entitlements and/or permits applicable to, or governing the Services authorized hereunder including, but not limited to California Department of Industrial Relations (Cal/OSHA) regulations; and the U.S. Department of Transportation Omnibus Transportation Employee Testing Act, related to their scope of work and operations. In case of conflict, the most stringent shall apply.

5.11 Contractor shall keep itself informed concerning and shall render all Services hereunder in accordance with all ordinances, resolutions, statutes, rules, and regulations of the City and any federal, state or local governmental entity having jurisdiction in effect at the time service is rendered.

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

Contractor warrants all Services under the Agreement to be of good quality and free from any defective or faulty material and workmanship. Contractor agrees that for a period of one year (or the period of time specified elsewhere in the Agreement or in any guarantee or warranty provided by any manufacturer or supplier of equipment or materials incorporated into the Services, whichever is later) after the date of final acceptance, Contractor shall within ten (10) days after being notified in writing by the City of any defect in the Services or non-conformance of the Services to the Agreement, commence and prosecute with due diligence all Services necessary to fulfill the terms of the warranty at Contractor's sole cost and expense. Contractor shall act sooner as requested by the City in response to an emergency. In addition, Contractor shall, at its sole cost and expense, repair and replace any portions of the Services (or work of other contractors) damaged by Contractor's defective Services or which becomes damaged in the course of repairing or replacing defective Services. For any Services so corrected, Contractor's obligation hereunder to correct defective Services shall be reinstated for an additional one-year period, commencing with the date of acceptance of such corrected Services. All costs associated with such corrective actions and testing, including the removal, replacement, and reinstitution of equipment and materials necessary to gain access, shall be the sole responsibility of Contractor.

In the event that Contractor fails to fulfil its obligations under this Section, or under any other warranty or guaranty under this Agreement, to the satisfaction of the City, the City shall have the right to correct and replace any defective or non-conforming Services and any work damaged by such services or the replacement or correction thereof at Contractor's sole expense. Contractor shall be obligated to fully reimburse the City for any expenses incurred hereunder upon demand.

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

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

6. Insurance. Contractor hereby agrees to be solely responsible for the health and safety of its employees and agents in performing the Services under this Agreement and shall comply with all laws applicable to worker safety including but not limited to Cal-OSHA. Therefore, throughout the duration of this Agreement, Contractor hereby covenants and agrees to maintain insurance in conformance with the requirements set forth below. Attached hereto as **Exhibit "B"** are copies of Certificates of Insurance and endorsements as required by Section 7.02. If existing coverage does not meet the requirements set forth herein, Contractor agrees to amend, supplement or endorse the existing coverage to do so. Contractor shall provide the following types and amounts of insurance:

6.01 Commercial general liability insurance in an amount of not less than $2,000,000 per occurrence and $4,000,000 in the aggregate; Contractor agrees to have its insurer

endorse the general liability coverage required herein to include as additional insured's City, its officials, employees and agents. Contractor also agrees to require all contractors and subcontractors to provide the same coverage required under this Section 6.

6.02 Business Auto Coverage in an amount no less than $1 million per accident. If Contractor or Contractor's employees will use personal autos in performance of the Services hereunder, Contractor shall provide evidence of personal auto liability coverage for each such person.

6.03 Workers' Compensation insurance for any of Contractor's employees that will be providing any Services hereunder. Contractor will have a state-approved policy form providing statutory benefits as required by California law. The provisions of any Workers' Compensation insurance will not limit the obligations of Contractor under this Agreement. Contractor expressly agrees not to use any statutory immunity defenses under such laws with respect to City, its employees, officials and agents. Sole proprietors with no employees, LLCs, or partnerships using the services of members or partners who do not carry Workers' Compensation insurance acknowledge that they are not subject to the Workers' Compensation Act of the State of California and agree to complete a signed workers compensation exemption form.

6.04 Optional Insurance Coverage. Choose and check one: Required __ /Not Required __; Errors and omissions insurance in a minimum amount of $2 million per occurrence to cover any negligent acts or omissions committed by Contractor, its employees and/or agents in the performance of any Services for City.

6.05 Cyber Liability Insurance REQUIRED IF CHECKED HERE ONLY [___] (Technology Professional Liability – Errors and Omissions), with limits not less than $2,000,000 per occurrence or claim, and $2,000,000 aggregate or the full per occurrence limits of the policies available, whichever is greater. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by Contractor in this Agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations. Contractor will file with City, before beginning professional services, certificates of insurance (Acord Form 25 or equivalent) satisfactory to City evidencing.

6.06 If Claims Made Policies (applies only to professional liability and cyber liability policies):

i. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.

ii. Insurance must be maintained, and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.

iii. If coverage is canceled or non-renewed and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of five (5) years after completion of the contract work.

7. General Conditions pertaining to Insurance Coverage.

7.01 No liability insurance coverage provided shall prohibit Contractor from waiving the right of subrogation prior to a loss. Contractor waives all rights of subrogation against City regardless of the applicability of insurance proceeds and shall require all contractors and subcontractors to do the same.

7.02 Prior to beginning the Services under this Agreement, Contractor shall furnish City with certificates of insurance, endorsements, and upon request, complete copies of all policies, including complete copies of all endorsements. All copies of policies and endorsements shall show the signature of a person authorized by that insurer to bind coverage on its behalf.

7.03 All required policies shall be issued by a highly rated insurer with a minimum A.M. Best rating of "A:VII". The insurer(s) shall be admitted and licensed to do business in California. The certificates of insurance hereunder shall state that coverage shall not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice has been given to CITY.

7.04 Self-insurance does not comply with these insurance specifications. Contractor acknowledges and agrees that that all insurance coverage required to be provided by Contractor or any subcontractor, shall apply first and on a primary, non-contributing basis in relation to any other insurance, indemnity or self-insurance available to City.

7.05 All coverage types and limits required are subject to approval, modification and additional requirements by City, as the need arises. Contractor shall not make any reductions in scope of coverage (e.g. elimination of contractual liability or reduction of discovery period) that may affect City's protection without City's prior written consent.

7.06 Contractor agrees to provide immediate notice to City of any claim or loss against Contractor or arising out of the Services performed under this Agreement. City assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City.

7.07 The coverage shall contain no special limitations on the scope of protection afforded to City, its directors, officers, employees, or authorized volunteers. If the Contractor maintains broader coverage and/or higher limits than the minimums shown above, the City requires and shall be entitled to the broader coverage and/or higher limits maintained by the Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

8. Indemnification.

8.01 Contractor and City agree that City, its employees, agents and officials should, to the extent permitted by law, be fully protected from any loss, injury, damage, claim, lawsuit, cost, expense, attorneys' fees, litigation costs, defense costs, court costs or any other costs arising out of or in any way related to the performance of this Agreement by Contractor or any subcontractor or agent of either as set forth herein. Accordingly, the provisions of this indemnity are intended by the parties to be interpreted and construed to provide the fullest protection possible under the law to City. Contractor acknowledges that City would not enter into this Agreement in the absence of the commitment of Contractor to defend, indemnify, and protect City as set forth herein.

a. To the fullest extent permitted by law, Contractor shall defend, indemnify and hold harmless City, its employees, agents and officials, from and against any liability, claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, injuries, expenses, damages or costs of any kind, whether actual, alleged or threatened, actual attorneys' fees incurred by City, court costs, interest, defense costs, including expert witness fees and any other costs or expenses of any kind whatsoever without restriction or limitation incurred in relation to, as a consequence of or arising out of, or in any way attributable actually, allegedly or impliedly, in whole or in part to the performance of this Agreement. Contractor's obligation to defend, indemnify, and hold harmless shall include any and all claims, suits, and proceedings in which Contractor (and/or Contractor's agents and/or employees) is alleged to be an employee of City. All obligations under this provision are to be paid by Contractor as they are incurred by City.

b. Without affecting the rights of City under any provision of this Agreement or this Section, Contractor shall not be required to indemnify and hold harmless City

as set forth above for liability attributable solely to the fault of City, provided such fault is determined by agreement between the parties or the findings of a court of competent jurisdiction.

8A Indemnification Design Professionals. In the event that Contractor is a design professional under California Civil Code Section 2782.8 this Section 8A shall apply instead of Section 8. To the fullest extent permitted by California law and in accordance with California Civil Code section 2782.8, Contractor shall defend, indemnify, and hold harmless the City, its officers, employees, trustees and members ("Indemnified Parties") from any and all actions, assessments, counts, citations, claims, costs, damages, demands, judgments, liabilities (legal, administrative or otherwise), losses, notices, expenses, fines, penalties, proceedings, responsibilities, violations, attorney's and consultants' fees and causes of action including, but not limited to those for, injury to property or persons, including personal injury and/or death ("Claim(s)"), to the extent that the Claim(s) arises out of, pertains to, or relates to the negligence, recklessness, or willful misconduct of Contractor, its directors, officials, officers, employees and consultants arising out of, connected with, or resulting from the performance of the Services, the Project, or this Agreement. This indemnity excludes liability caused by the negligence or willful misconduct of any of the Indemnified Parties. The cost to indemnify, hold harmless, and defend charged to Contractor shall not exceed Contractor's proportionate percentage of fault.

9. Additional Services, Changes and Deletions.

9.01. In the event Contractor performs additional or different services than those described herein without the prior written approval of the City Manager and/or City Council of City, Contractor shall not be compensated for such services. Contractor expressly waives any right to be compensated for services and materials not covered by the scope of this Agreement or authorized by the City in writing.

9.02 Contractor shall promptly advise the City Manager and Finance Director of City as soon as reasonably practicable upon gaining knowledge of a condition, event or accumulation of events which may affect the scope and/or cost of Services. All proposed changes, modifications, deletions and/or requests for additional services shall be reduced to writing for review and approval by the City and/or City Council.

10. Termination of Agreement.

10.01. Notwithstanding any other provision of this Agreement, City, at its sole option, may terminate this Agreement with or without cause, or for no cause, at any time by giving twenty (20) days' written notice to Contractor.

10.02 In the event of termination, the payment of monies due Contractor for undisputed Services performed prior to the effective date of such termination shall be paid within thirty (30) business days after receipt of an invoice as provided in this Agreement. Immediately upon termination, Contractor agrees to promptly provide and deliver to City all original documents, reports, studies, plans, specifications and the like which are in the possession or control of Contractor and pertain to City.

11. Status of Contractor.

11.01 Contractor shall perform the Services in Contractor's own way as an independent contractor, and in pursuit of Contractor's independent calling, and not as an employee of City. However, Contractor shall regularly confer with City's City Manager or Project Manager as provided for in this Agreement.

11.02 Contractor agrees that it is not entitled to the rights and benefits afforded to City's employees, including disability or unemployment insurance, Workers' Compensation, retirement, CalPERS, medical insurance, sick leave, or any other employment benefit. Contractor is responsible for providing, at its own expense, disability, unemployment, Workers' Compensation and other insurance, training, permits, and licenses for itself and its employees and subcontractors.

11.03 Contractor hereby specifically represents and warrants to City that it possesses the qualifications and skills necessary to perform the Services under this Agreement in a competent, professional manner, without the advice or direction of City and that the Services to be rendered pursuant to this Agreement shall be performed in accordance with the standards customarily applicable to an experienced and competent professional rendering the same or similar services in the same geographic area where the City is located. Further, Contractor represents and warrants that the individual signing this Agreement on behalf of Contractor has the full authority to bind Contractor to this Agreement.

12. Ownership of Documents; Audit.

12.01 All draft and final reports, plans, drawings, studies, maps, photographs, specifications, data, notes, manuals, warranties, and all other documents of any kind or nature prepared, developed, or obtained by Contractor in connection with the performance of Services performed for the City shall become the sole property of City, and Contractor shall promptly deliver all such materials to City upon request. At the City's sole discretion, Contractor may be permitted to retain original documents, and furnish reproductions to City upon request, at no cost to City.

12.02 Subject to applicable federal and state laws, rules and regulations, City shall hold all intellectual property rights to any materials developed pursuant to this Agreement. Contractor shall not use such data or documents for purposes other than the performance of this Agreement, nor shall Contractor release, reproduce, distribute, publish, adapt for future use or any other purposes, or otherwise use, any data or other materials first produced in the performance of this Agreement, nor authorize others to do so, without the prior written consent of City.

12.03 Contractor shall retain and maintain, for a period not less than four years following termination of this Agreement, all-time records, accounting records and vouchers and all other records with respect to all matters concerning Services performed, compensation paid and expenses reimbursed. At any time during normal business hours and as often as City may deem necessary, Contractor shall make available to City's agents for examination all of such records and shall permit City's agents to audit, examine and reproduce such records.

13. Miscellaneous Provisions.

13.01 This Agreement, which includes all attached exhibits, supersedes any and all previous agreements, either oral or written, between the parties hereto with respect to the rendering of Services by Contractor for City and contains all of the covenants and agreements between the parties with respect to the rendering of such Services in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing signed by both parties.

13.02 Contractor shall not assign or otherwise transfer any rights or interest in this Agreement without the prior written consent of City. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

13.03 Contractor shall timely file FPPC Form 700 Conflict of Interest Statements with City if required by California law and/or the City's conflict of interest policy.

13.04 If any legal action or proceeding, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees and costs, in addition to any other relief to which that party may be entitled.

13.05 This Agreement is made, entered into and shall be performed in the County of Riverside in the State of California and shall in all respects be interpreted, enforced and governed under the laws of the State of California. The parties agree that venue in any litigation between them shall be in Riverside County, California.

13.06 Contractor covenants that neither it nor any officer or principal of its firm has any interest, nor shall they acquire any interest, either directly or indirectly, which will conflict in any manner or degree with the performance of their Services hereunder. Contractor further covenants that in the performance of this Agreement, no person having such interest shall be employed by it as an officer, employee, agent, or subcontractor.

13.07 Contractor has read and is aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflicts of interest of public officers and employees. Contractor agrees that they are unaware of any financial or economic interest of any public officer or employee of the City relating to this Agreement. It is further understood and agreed that if such a financial interest does exist at the inception of this Agreement, the City may immediately terminate this Agreement by giving notice thereof. Contractor shall comply with the requirements of Government Code section 87100 et seq. and section 1090 in the performance of and during the term of this Agreement.

13.08 Improper Consideration. Contractor shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to, cash, discounts, services, the provision of travel or entertainment, or any items of value to any officer, employee or agent of the City in an attempt to secure favorable treatment regarding this Agreement or any contract awarded by City. The City, by notice, may immediately terminate this Agreement if it determines that any improper consideration as described in the preceding sentence was offered to any officer, employee or agent of the City with respect to the proposal and award process of this Agreement or any City contract. This prohibition shall apply to any amendment, extension or evaluation process once this Agreement or any City contract has been awarded. Contractor shall immediately report any attempt by any City officer, employee or agent to solicit (either directly or through an intermediary) improper consideration from Contractor.

13.09 Severability. If any portion, section, sentence, provision or paragraph of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the entire balance of this Agreement not so affected shall remain in full force and effect.

13.10 Prevailing Wages. Contractor shall be responsible to comply with applicable prevailing wages laws. As a condition of payment, if applicable Contractor shall show proof of payment of wages under applicable state and federal laws and regulations relating to prevailing wages in accordance with the "General Wage Determination Made By the Director of Industrial Relations Pursuant To California Labor Code, Part 7, Chapter 1, Article 2, Sections 1770, 1773 and 1773.1", for Riverside County and/or 40 U.S.C. Section 276a, et. seq. Such wage rates shall conform with those posted at City offices and the project site. In the event that the Contractor fails to pay the prevailing wages, the Contractor shall be solely liable for penalties and for the

shortfall in wages and shall indemnify, defend and hold harmless City under Section 8.01 against any of the same. The following Labor Code sections are hereby referenced and made a part of this Agreement:

1. Section 1775 - Penalty for Failure to Comply with Prevailing Wage Rates.
2. Section 1777.4 - Apprenticeship Requirements.
3. Section 1777.5 - Apprenticeship Requirements.
4. Section 1813 - Penalty for Failure to Pay Overtime.
5. Sections 1810 and 1811 - Working Hour Restrictions.
6. Section 1776 - Payroll Records.
7. Section 1773.8 - Travel and Subsistence Pay.

13.11 Covenant Against Discrimination. Contractor covenants that, by and for itself, its heirs, executors, assigns and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the performance of this Agreement. Contractor shall take affirmative action to ensure that employees are treated during employment without regard to their race, color, creed, religion, sex, marital status, national origin or ancestry.

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

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

13.14 Legal Action. In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purpose of this Agreement.

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

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

13.17 The parties acknowledge and agree that this Agreement may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. The parties expressly adopt and confirm each electronic signature made by a party to this Agreement, regardless of whether delivered in person, by mail, courier, facsimile, email, or in portable document format (PDF), as if the same were manually signed and delivered in person. Each party agrees not to assert that any electronic signature is inadequate to bind such party to the same extent as if signed manually and delivered in person.

13.18 This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and all of which counterparts taken together shall constitute one and the same instrument for all purposes of this Agreement.

13.19 The recitals set forth in the preamble of this Agreement are hereby incorporated into and made a substantive part of this Agreement as if fully set forth herein.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereby have made and executed this Agreement to be effective as of the day and year first above written.

CITY:

CITY OF BANNING

By:_____

Print
Name: _____

Date: _____

ATTEST:

By: _____

Date: _____

APPROVED AS TO FORM:

By: _____
John O. Pinkney, City Attorney

Date: _____

CONTRACTOR:

XXXXXXXX

By:_____

Print
Name: _____

Date: _____

EXHIBIT “A”
PROPOSAL

EXHIBIT “B”
CERTIFICATES OF INSURANCE

CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Nate Smith, Deputy Director of Public Works/City Engineer**
MEETING DATE:	**January 27, 2026**
SUBJECT:	**Consideration of Resolution 2026-17, Initiating Proceedings to Update Landscape Maintenance District No. 1 for Fiscal Year 2026/2027**

RECOMMENDATION:

Adopt Resolution 2026-17

BACKGROUND:

In accordance with the "Landscaping and Lighting Act of 1972" ("1972 Act") of the Streets and Highways Code, the City Council adopted a resolution on August 14, 1990, ordering the formation of Landscape Maintenance District (LMD) No. 1, ("the District") the boundaries of which are shown in Attachment "2." An additional five tracts and three tentative tracts were annexed (Annexation No. 1) into LMD No. 1 when the City Council approved Resolution No. 2005-36 on May 10, 2005. Tract No. 37320 then joined LMD No. 1 on November 14, 2023 when the City Council approved Resolution No. 2023-177, as Annexation No. 2. The District, by special benefit assessments, provides funding for the servicing and maintenance of certain landscape areas within the City of Banning, all of which are located in the public right-of-way. The 1972 Act requires that assessments are to be levied according to benefit rather than according to assessed value. Adopting this resolution will initiate the proceedings to update the District for Fiscal Year 2026/2027. A tentative schedule for updating the District, as required by the "Landscaping and Lighting Act of 1972," is attached hereto as Attachment "3" for your information.

City Council has directed staff to look at long term solutions for the budget shortfalls within the District. One option discussed would be to provide a public subsidy for portions of the District that have a community appeal. Over the next year, Engineering Division staff will assess the viability of creating a new Zone 12, described as landscape areas that serve a benefit to the community, such as roadway landscaping along major thoroughfares. Eligible roadway segments could include Wilson Street, Highland Home Road and Hargrave Street. Once Engineering Division staff complete the analysis, it will be bought before the City Council for consideration.

JUSTIFICATION:

The City Council approved the formation of LMD No. 1 by adopting Resolution No. 1990-59 on August 14, 1990. The adoption of this will enable the City Engineer to prepare the assessments for Fiscal Year 2026/2027.

FISCAL IMPACT:

None. A detailed estimate will be prepared and forwarded with the Engineer's Report which will be bought before the City Council on March 24, 2026.

ALTERNATIVES:

Do not approve Resolution 2026-17 and provide alternative direction to staff. If this Resolution is not approved, then the assessment of properties within LMD No. 1 for FY 26/27 will not occur, leaving no revenues for the FY 26/27 budget.

BUDGETED?:

Yes

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. Resolution 2026-17.docx
2. Tentative Schedule for Updating LMD No. 1.doc
3. LMD No.1 Map of Zones 1 thru 11 Combined.pdf

RESOLUTION 2026-17

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, INITIATING PROCEEDINGS TO UPDATE LANDSCAPE MAINTENANCE DISTRICT NO. 1 FOR THE FISCAL YEAR 2026/2027, PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972

WHEREAS, the City Council, pursuant to the provisions of the "Landscaping and Lighting Act of 1972," Part 2 of Division 15 of the Streets and Highways Code of California, beginning with Section 22500, desires to initiate proceedings to update the City of Banning's Landscape Maintenance District No. 1, and to levy and collect annual assessments to pay for the operation, maintenance and servicing of landscaping and all appurtenant facilities related thereto.

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

SECTION 1. The City Council desires to update Landscape Maintenance District No. 1 for Fiscal Year 2026/2027, pursuant to the "Landscaping and Lighting Act of 1972" (Section 22500 and following, Streets and Highways Code) for the purpose of the following improvements:

Maintaining and servicing street trees, parkways, median islands, perimeter strips and backup walls, side slopes adjacent to sidewalks and storm drains, open space areas, flood detention or retention basins, and the irrigation of the above improvements.

SECTION 2**.** The City Council hereby directs the City Engineer to prepare and file with the City Clerk an Engineer's Report in accordance with Article 4 of Chapter 1 of the "Landscaping and Lighting Act of 1972."

SECTION 3**.** The fee to be assessed will not exceed the reasonable cost of providing the service. The fee charged shall be based on the rate and methodology set forth in Resolution Nos. 1990-59, 2005-36 and 2023-177.

SECTION 4**.** The Mayor shall sign this resolution and the City Clerk shall attest and certify to the passage and adoption thereof.

SECTION 5. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED, APPROVED AND ADOPTED this 27th day of January 2026.

_____
Richard Royce, Mayor
City of Banning

ATTEST:

Sandra Calderon, Deputy City Clerk
City of Banning

APPROVED AS TO FORM AND LEGAL CONTENT:

John Pinkney, City Attorney
Slovak, Baron, Empey, Murphy & Pinkney, LLC

CERTIFICATION:

I, Sandra Calderon, Deputy City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution 2026-17, was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 27th day of January 2026 by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

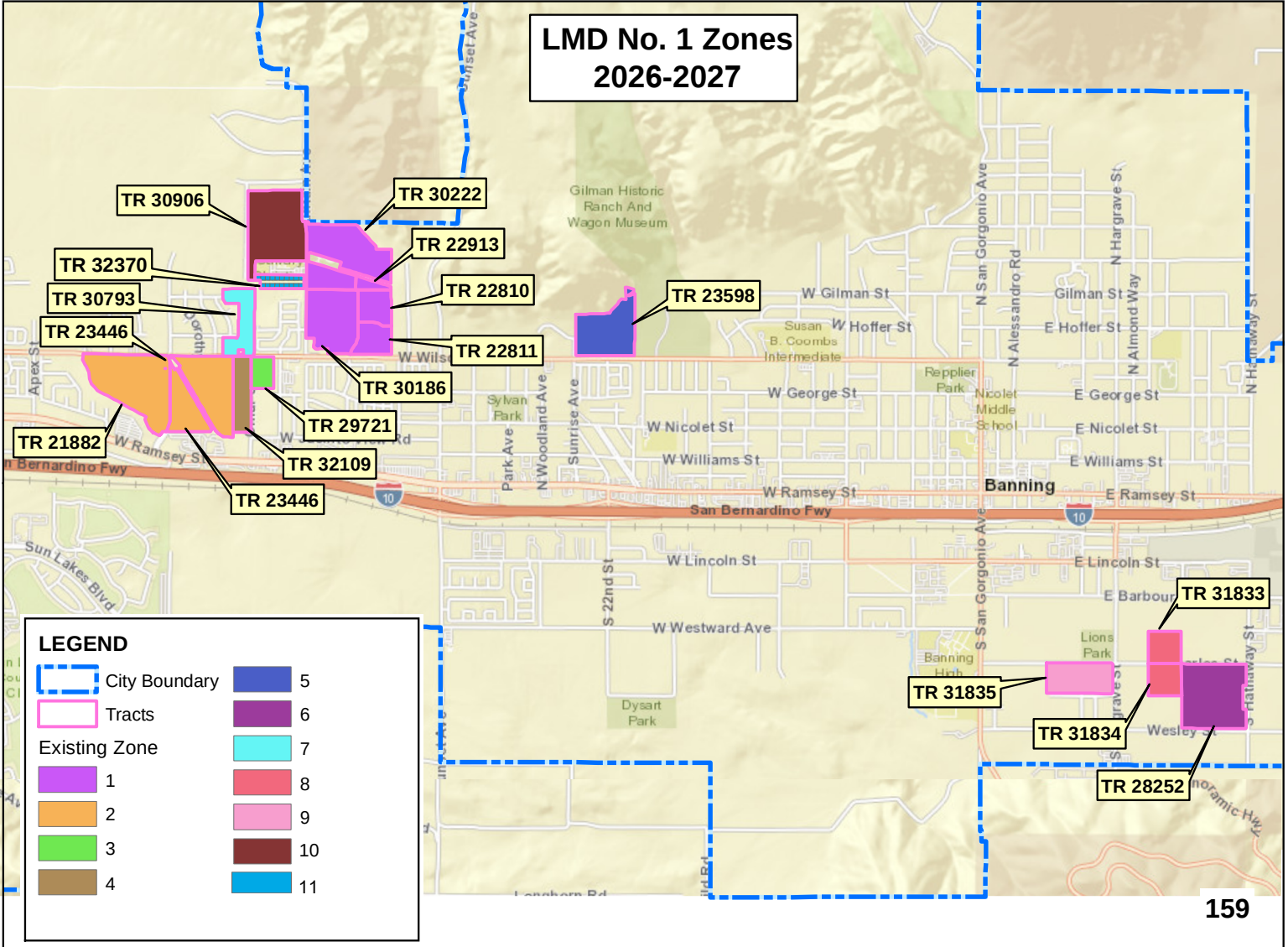
Sandra Calderon, Deputy City Clerk
City of Banning, California

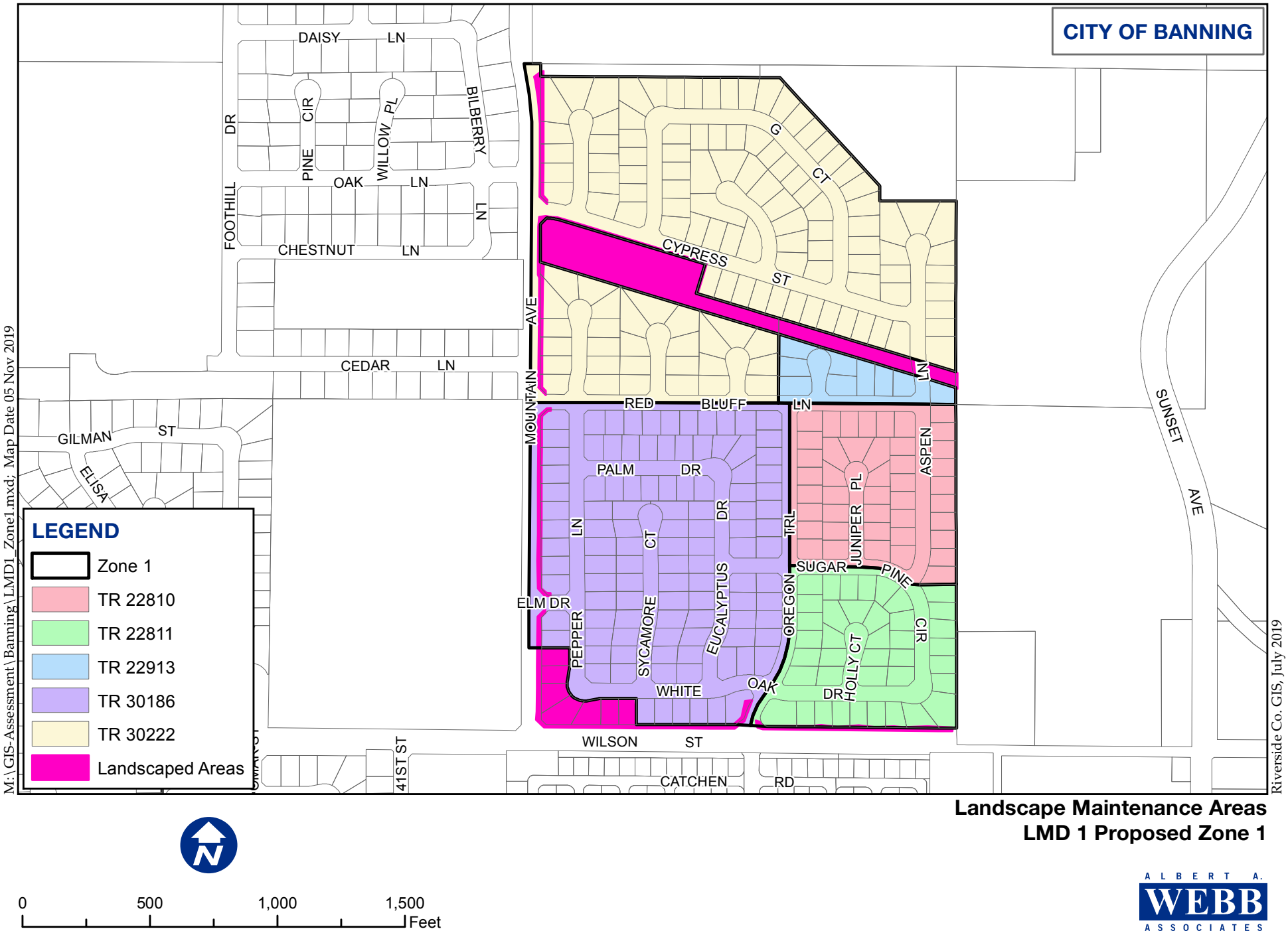
ATTACHMENT 3

(Tentative Schedule for Updating Landscape Maintenance District No. 1)

Item	Council Meeting
Resolution Initiating Update	January 27, 2026
Resolution of Intention (Approving Engineer's Report)	March 24, 2026
Resolution Confirming Assessment (Public Hearing)	April 28, 2026

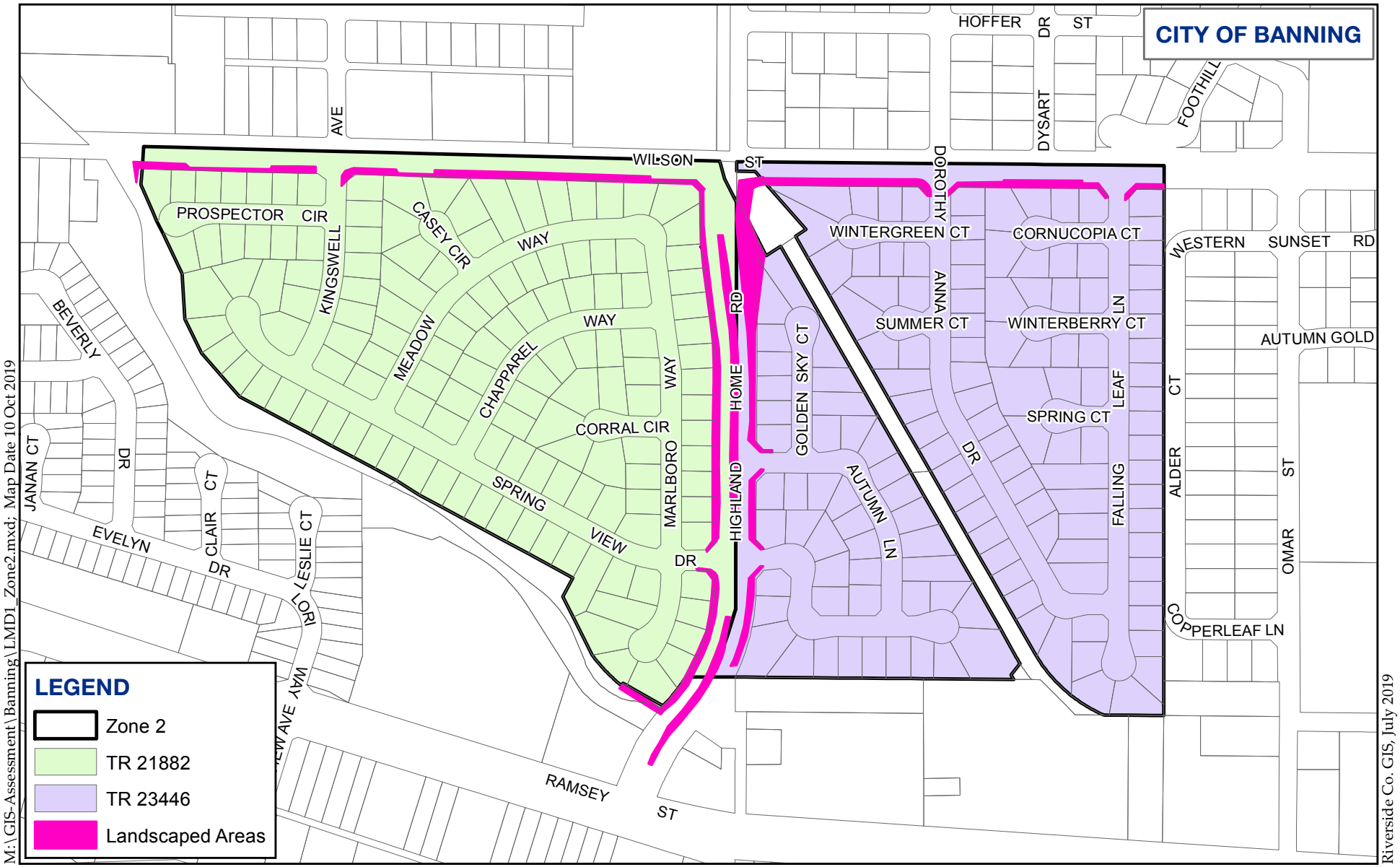
LMD No. 1 Zones 2026-2027





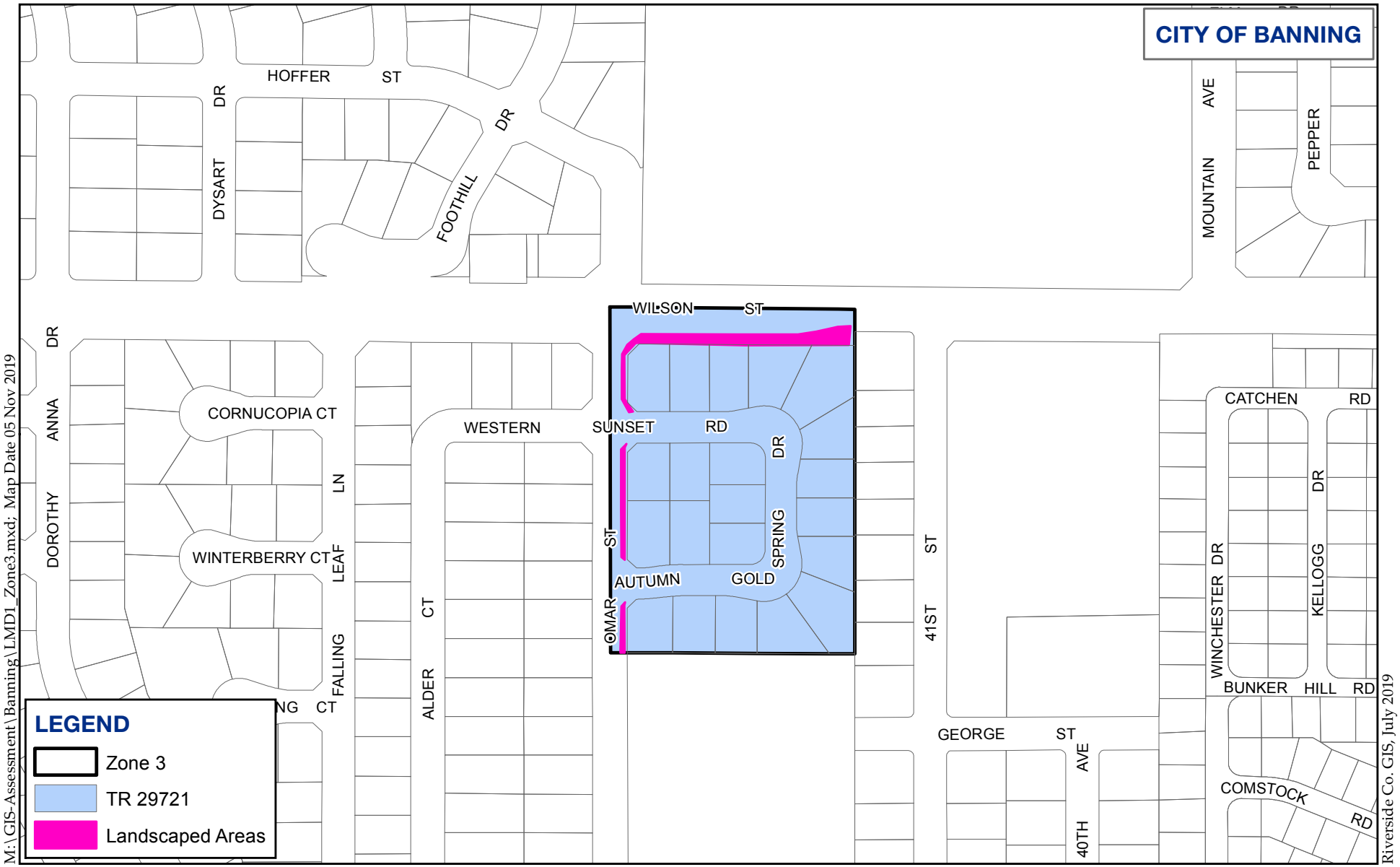
Landscape Maintenance Areas
LMD 1 Proposed Zone 1

ALBERT A. WEBB ASSOCIATES



Landscape Maintenance Areas
LMD1 Proposed Zone 2

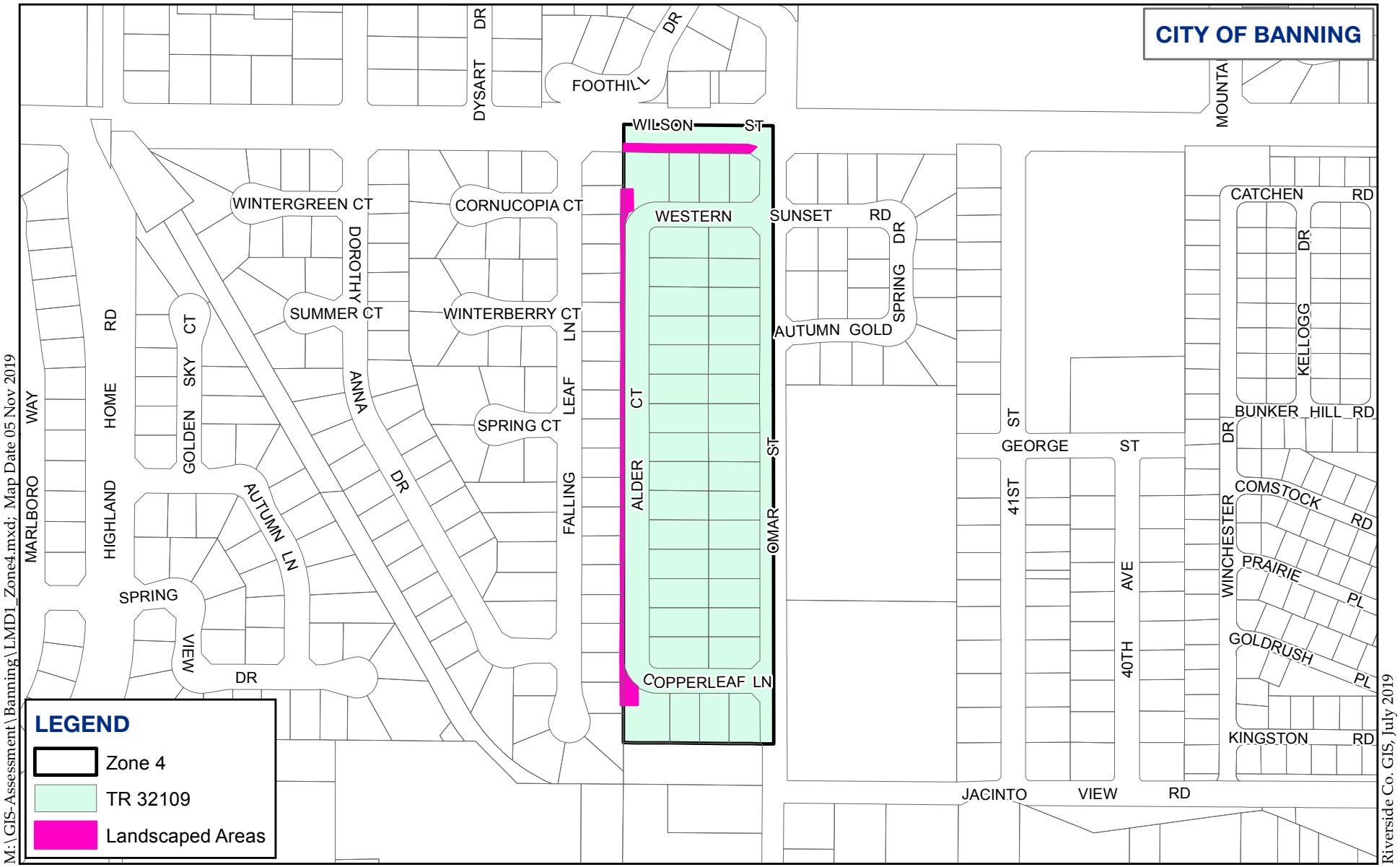
ALBERT A. WEBB ASSOCIATES



Landscape Maintenance Areas
LMD1 Proposed Zone 3

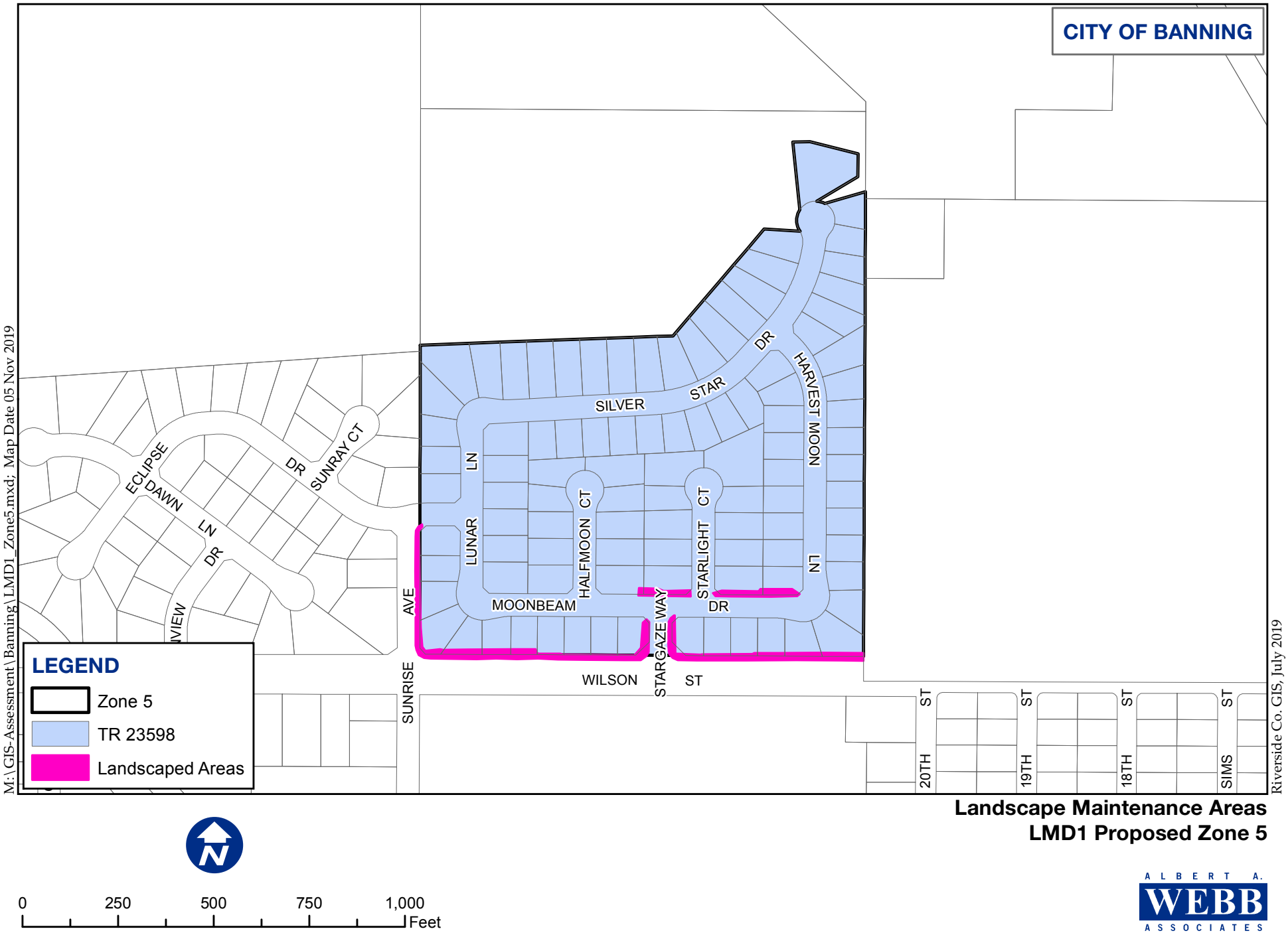
0 250 500 750 Feet

ALBERT A. WEBB ASSOCIATES



Landscape Maintenance Areas
LMD1 Proposed Zone 4

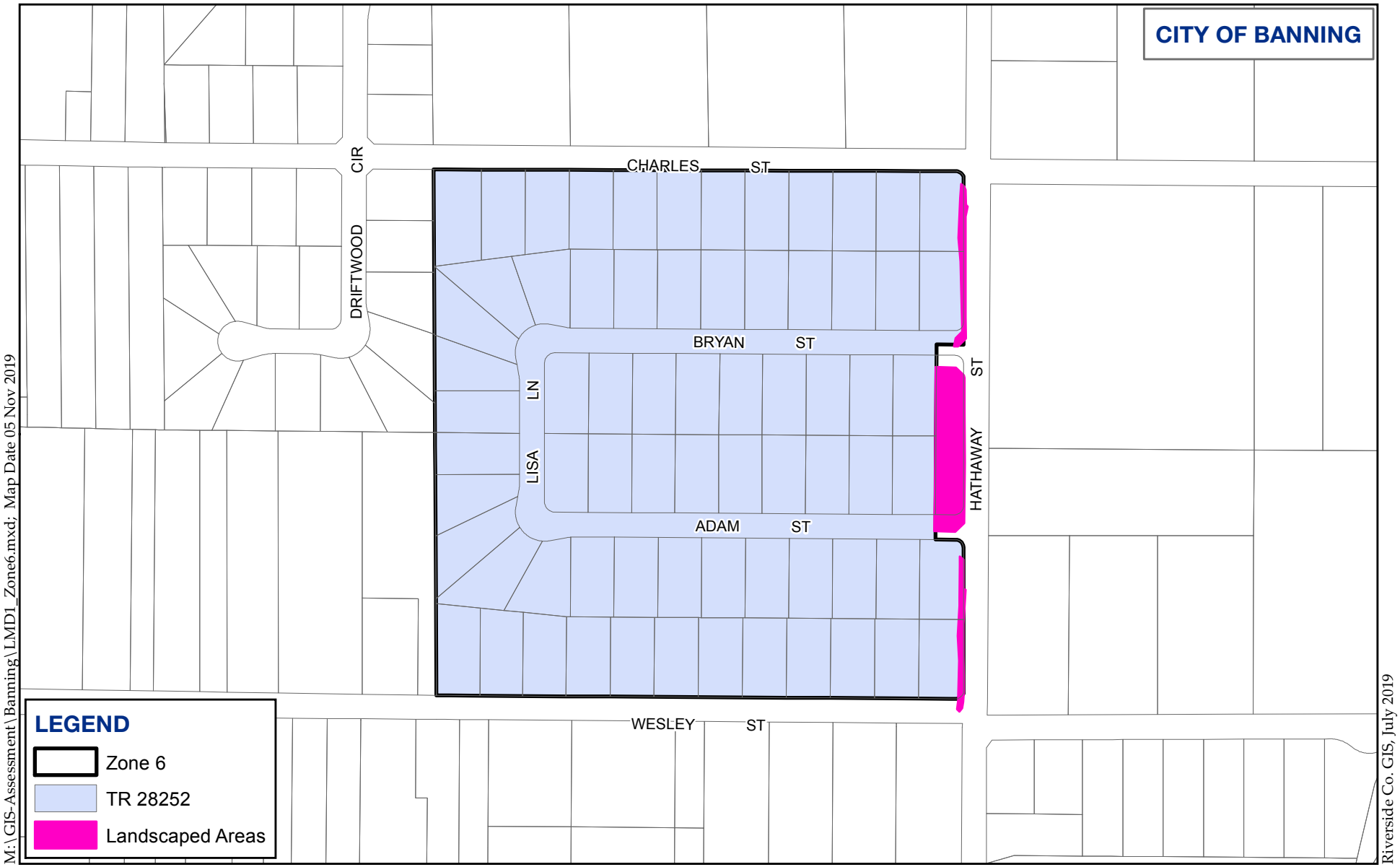
ALBERT A. WEBB ASSOCIATES



Landscape Maintenance Areas
LMD1 Proposed Zone 5

0 250 500 750 1,000 Feet

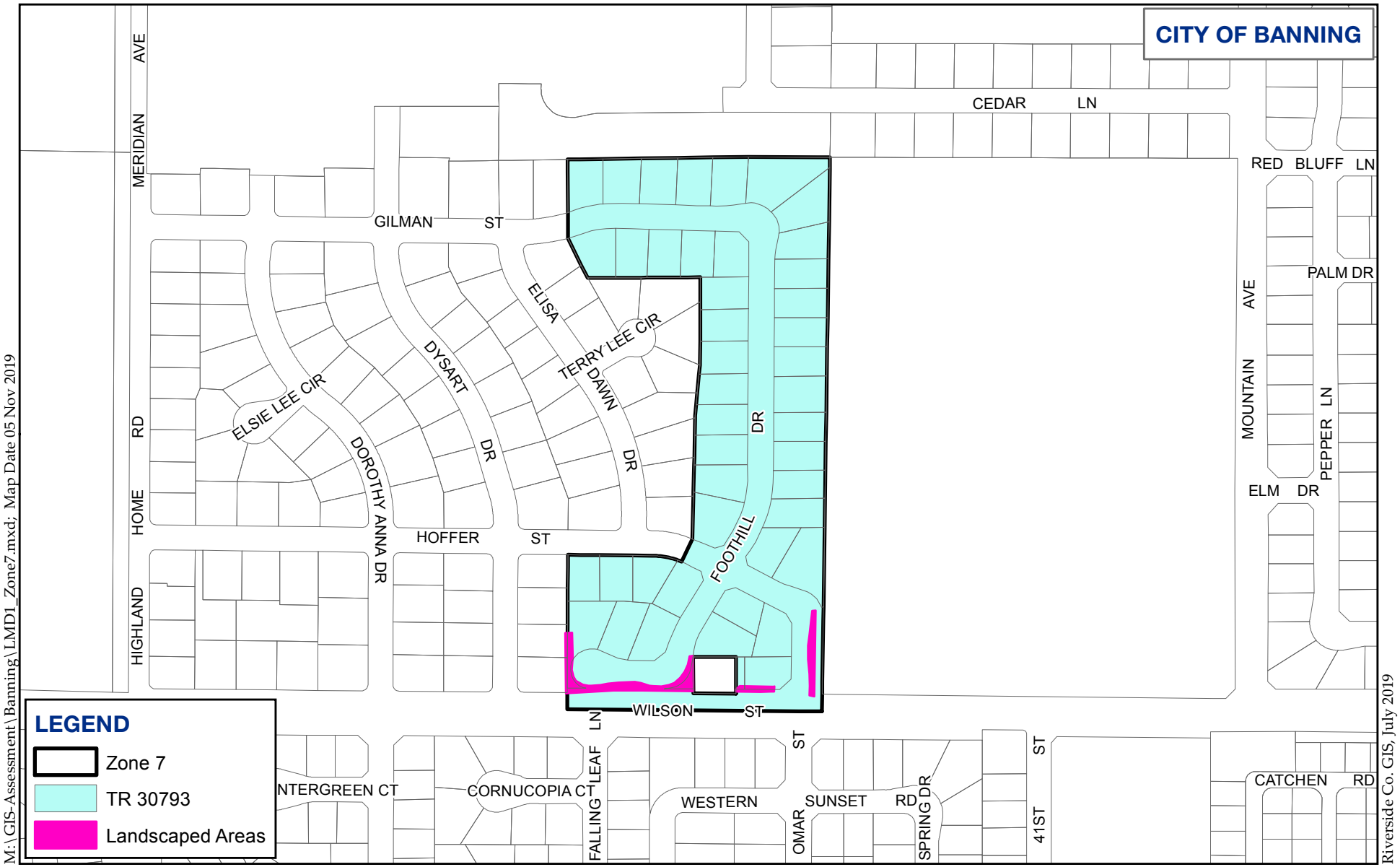
ALBERT A. WEBB ASSOCIATES



Landscape Maintenance Areas
LMD1 Proposed Zone 6

0 250 500 750 1,000 Feet

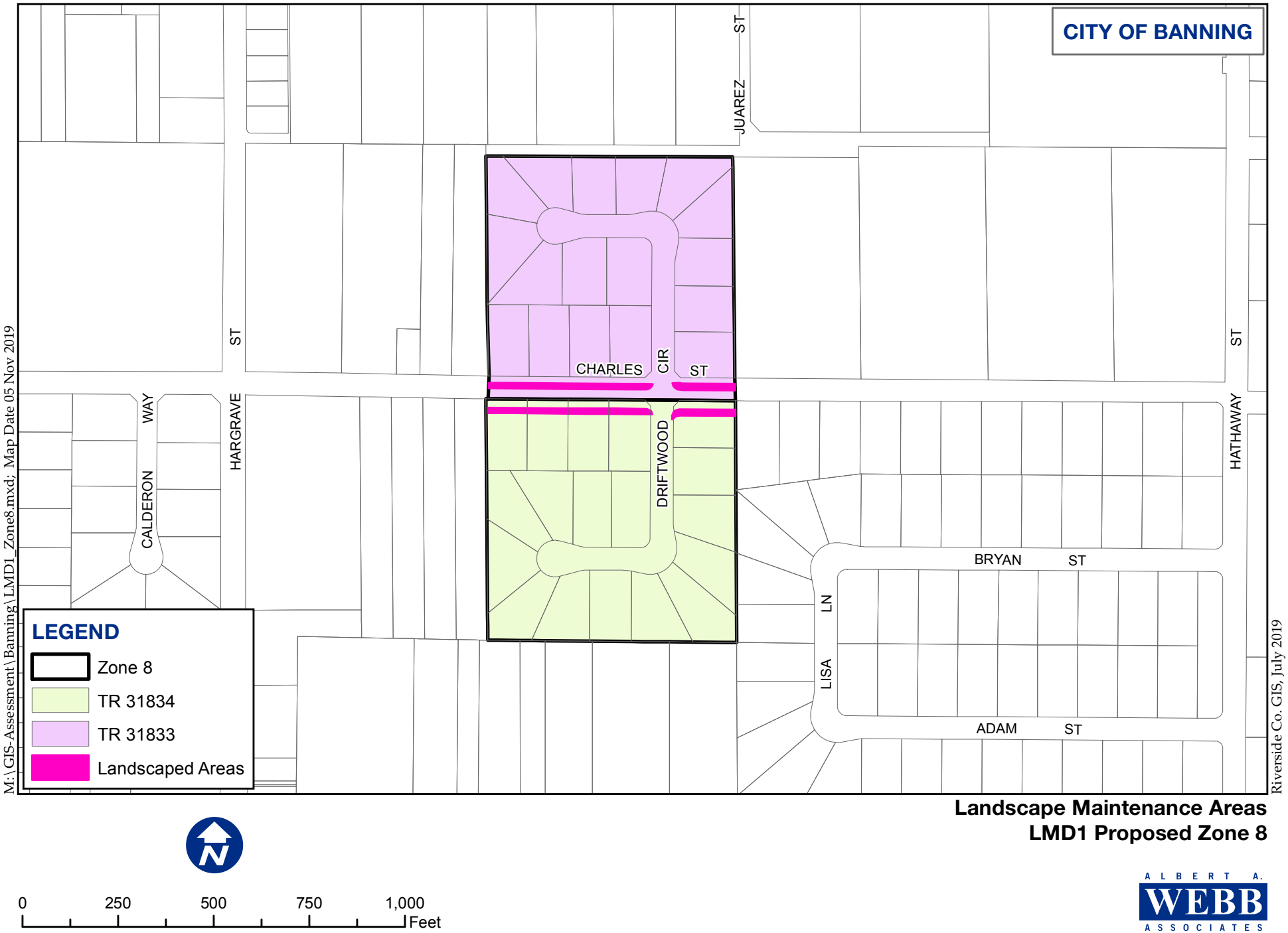
ALBERT A. WEBB ASSOCIATES



Landscape Maintenance Areas
LMD1 Proposed Zone 7

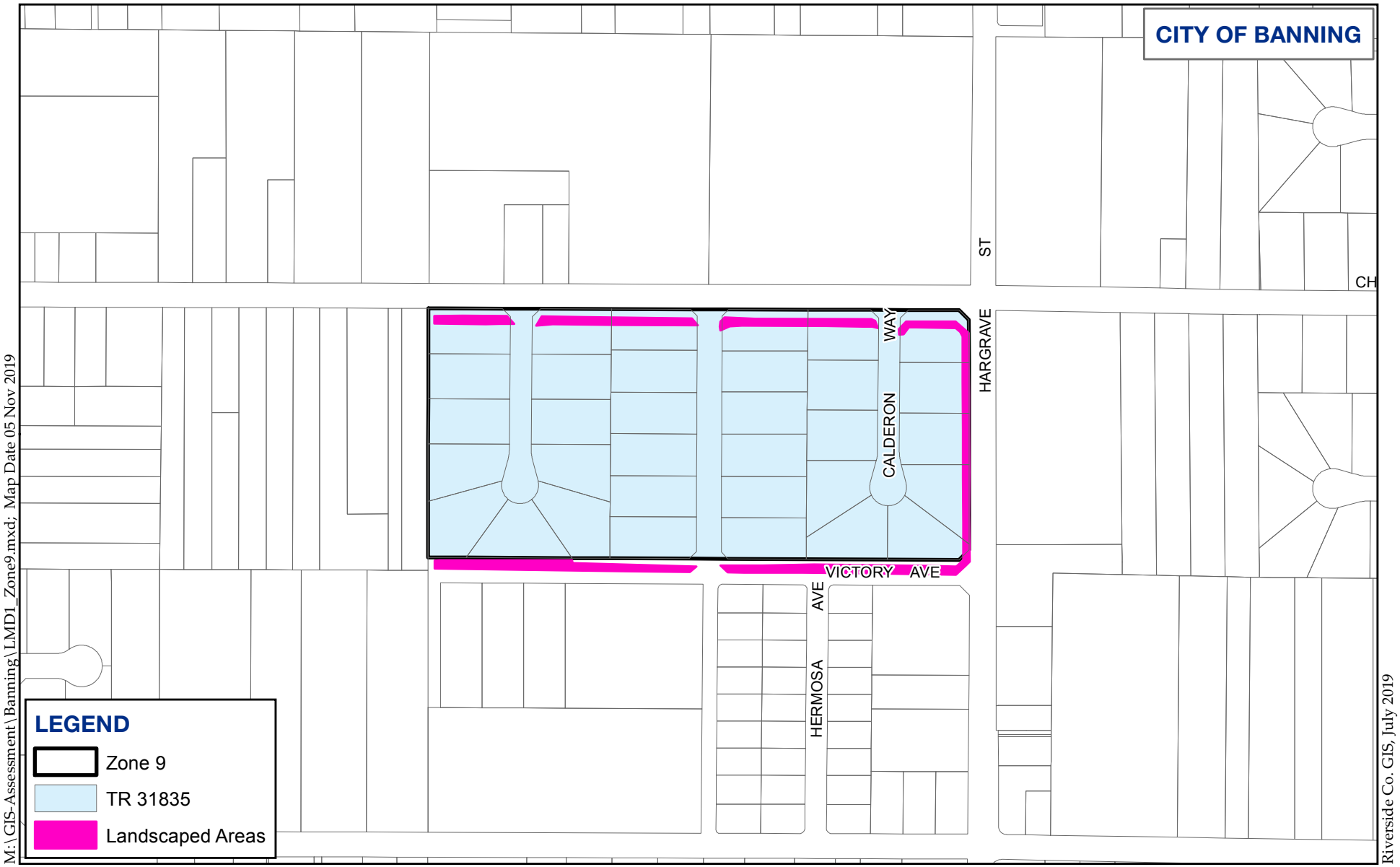
0 250 500 750 1,000 Feet

ALBERT A. WEBB ASSOCIATES



Landscape Maintenance Areas
LMD1 Proposed Zone 8

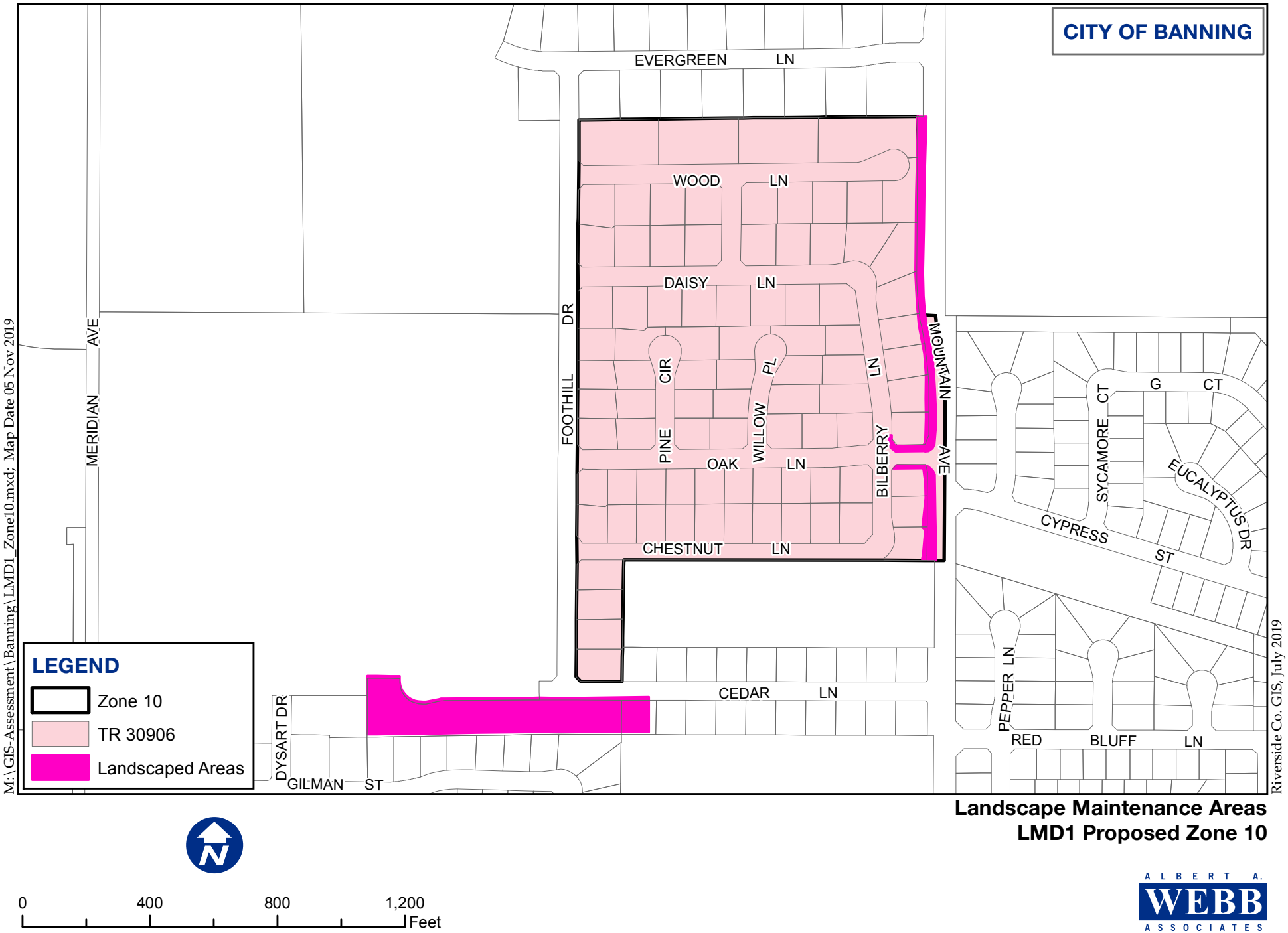
ALBERT A. WEBB ASSOCIATES



Landscape Maintenance Areas
LMD1 Proposed Zone 9

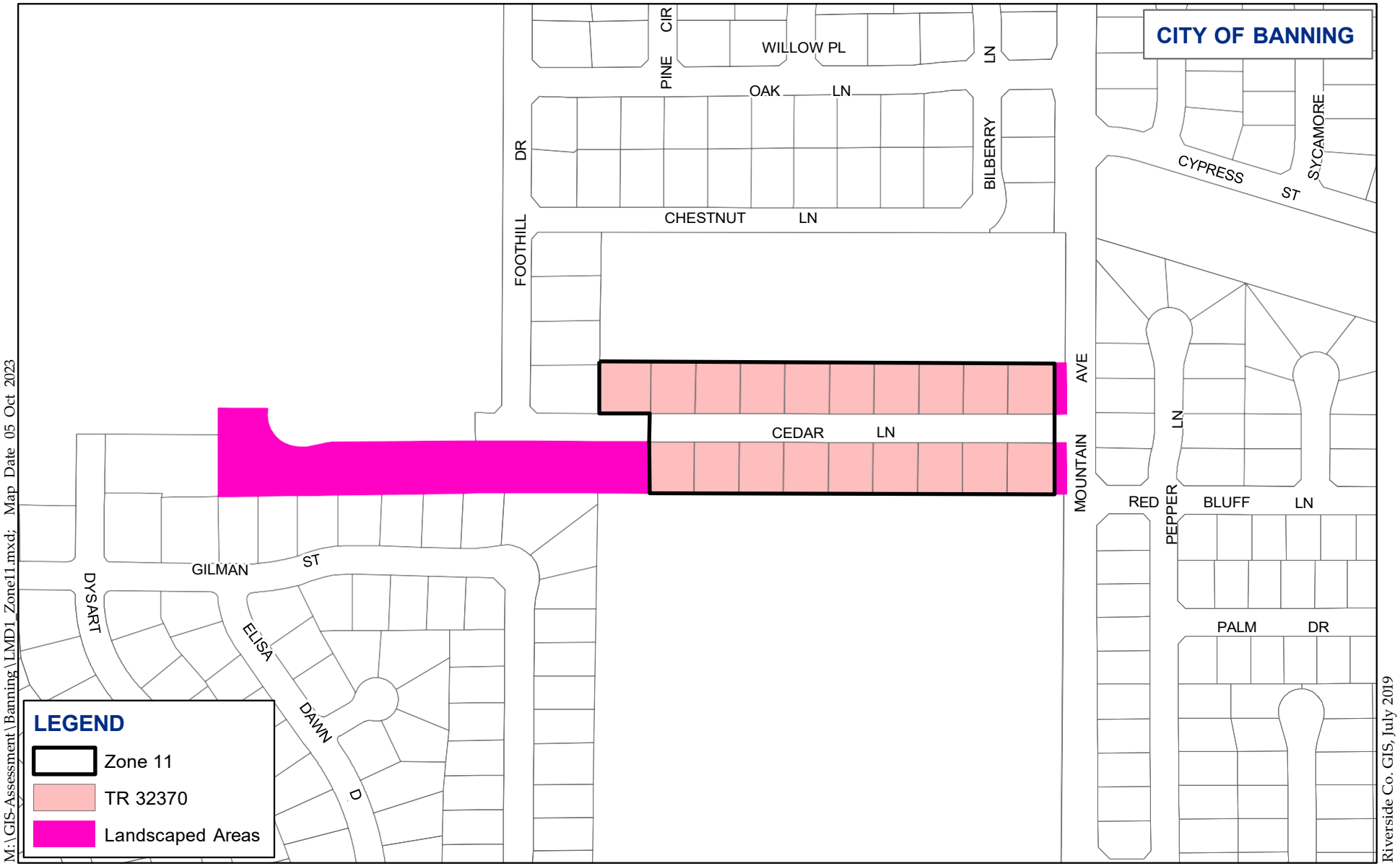
0 250 500 750 1,000 Feet

ALBERT A. WEBB ASSOCIATES



Landscape Maintenance Areas
LMD1 Proposed Zone 10

ALBERT A. WEBB ASSOCIATES



Landscape Maintenance Areas
LMD1 Proposed Zone 11

0 400 800 1,200 Feet

Webb MUNICIPAL FINANCE

CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Patrick Safari, Capital Improvement Projects Manager** **Nathan Smith, Deputy Director of Public Works/City Engineer**
MEETING DATE:	**January 27, 2026**
SUBJECT:	**Consideration of Resolution 2026-18, Awarding a Professional Services Agreement for Project No. 2020-04 Sun Lakes Boulevard Extension Project for Environmental Monitoring Services, to UltraSystems Environmental, Inc. in the amount of $381,900 and approving a 10% contingency for a total budget of "Not-to-Exceed" $420,090**

RECOMMENDATION:

Adopt Resolution 2026-18

BACKGROUND:

The Sun Lakes Boulevard Extension is a critical infrastructure project that will construct a new 1-mile roadway segment, providing a vital east-west connection between Highland Home Road and Sunset Avenue. The project is designed to improve traffic circulation, reduce congestion on parallel routes, and support planned community development.

On April 14, 2020, City Council approved Resolution No. 2020-48 for Professional Services Agreement with WEBB for the design and environmental impact studies of the Sun Lakes Boulevard Extension Project in the amount of $548,416.05. The Agreement was subsequently amended five (5) times resulting in a total design cost of $1,364,706.66.

The construction of this project, while essential, will create environmental impacts that have been carefully analyzed and mitigated through the California Environmental Quality Act (CEQA) process performed by WEBB. With anticipated permanent impacts on 19.4 acres and temporary construction effects on 9.1 acres over 370 working days construction period, the project necessitates the services of a qualified environmental monitoring team. Their role is critical to ensuring all work aligns with the mandated Mitigation Monitoring and Reporting Program (MMRP), meets state and federal regulatory standards, and fulfills all obligations for environmentally sensitive resources of this project.

On July 14, 2020, City Council adopted Resolution No. 2020-97, authorizing the City Manager to execute a Transportation Uniform Mitigation Fee (TUMF) Reimbursement Agreement with Western Riverside Council of Government (WRCOG) for up to $1,000,000 in TUMF funds for the Sun Lakes Boulevard Extension project. The Agreement was subsequently amended two (2) times. The first amendment increased the funding by $12,000,000 and the second amendment increased the funding by $7,000,000 for a total of $20,000,000.

On October 24, 2023, City Council adopted Resolution 2023-174, authorizing the Mayor to execute an Agreement for Measure A Regional Arterial (MARA) funding with the Riverside County Transportation

Commission (RCTC) in the amount of $13,500,000 for the Construction of the Sun Lakes Boulevard Extension Project.

On November 5, 2025, staff released a Request for Proposals (RFP) for Sun Lakes Boulevard Extension Project Construction Environmental Monitoring Services on the City's public bidding platform. The bids were due on December 15, 2025. In response to the RFP, nine (9) bids were received from the following consultants:

	Consultant	Score (out of 100)
1)	UltraSystems Environmental, Inc.	90.33
2)	Dudek	81.83
3)	PAX Environmental, Inc.	81.83
4)	CASC Engineering and Consulting, Inc.	81.50
5)	Chambers Group, Inc.	81.50
6)	Vandermost Consulting Services, Inc.	81.33
7)	SWCA Environmental Consultants	81.17
8)	Aspen Environmental Group	80.17
9)	SummitWest Environmental Consultants	76

The scope of work will include the following tasks:

- Project Management
- General Monitoring Program
- Crotch's Bumble Bee Monitoring
- Vegetation Clearance and Pre-Construction Nesting Bird
- Monitoring and Inadvertent Discovery

JUSTIFICATION:

The retention of a qualified environmental monitoring consultant is a fundamental and non-discretionary component of responsible project delivery for the Sun Lakes Boulevard Extension project. It will ensure that we meet our legal obligations, protect the environment, manage financial and schedule risks, and fulfill the commitments made to our community and regulatory partners during the environmental review process.

Staff evaluated the bid proposals based on qualifications, cost, experience with the requested scope of services and response to the request for proposals. As a result, staff recommend the award of a Professional Services Agreement to UltraSystems Environmental, Inc., in the amount of $381,900.

FISCAL IMPACT:

Staff recommends awarding a Professional Services Agreement to UltraSystems Environmental Inc. in the amount of $381,900 and approving a 10% contingency in the amount of $38,190 for a total "not-to-exceed" project budget of $ 420,090.

The project costs are eligible and expected to be fully reimbursed through the TUMF Funds administered by WRCOG and MARA funds administered by RCTC. Both grants will provide funding totaling $33,500,000 which will include design, construction, environmental monitoring, utilities relocation and environmental permitting.

An appropriation from Measure A Fund in the amount of $381,900 to Account No. 101-4900-431.93-16 is necessary to fund Environmental Monitoring Services for the Sun Lakes Boulevard Extension Project. City staff will submit monthly reimbursement invoices to RCTC and WRCOG.

This cost was included in the staff presentation for the Sun Lakes Boulevard Extension Project

construction award presentation on January 13, 2026 on the funding plan slide.

ALTERNATIVES:

Do not approve Resolution 2026-18 and provide alternative direction to staff.

BUDGETED?:

Yes

CONTRACT/AGREEMENT:

Yes

ATTACHMENTS:

1. Resolution_2026-18.docx
2. TUMF Reimbursement Agreement - Amendment No. 2.pdf
3. MARA_Grant_Agreement.docx
4. Resolution No. 2020-048.pdf
5. Resolution No. 2020-097.pdf
6. Resolution No. 2023-174.pdf
7. UtraSystems_Price_Proposal.pdf

RESOLUTION 2026-18

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, AWARDING A PROFESSIONAL SERVICES AGREEMENT FOR PROJECT NO. 2020-04 SUN LAKES BOULEVARD EXTENSION PROJECT FOR ENVIRONMENTAL MONITORING SERVICES, TO ULTRASYSTEMS ENVIRONMENTAL, INC. IN THE AMOUNT OF $381,900 AND APPROVING A 10% CONTINGENCY FOR A TOTAL BUDGET OF "NOT-TO-EXCEED" $420,090.

WHEREAS, the Sun Lakes Boulevard Extension is a critical infrastructure project that will construct a new 1-mile roadway segment, providing a vital east-west connection between Highland Home Road and Sunset Avenue. The project is designed to improve traffic circulation, reduce congestion on parallel routes, and support planned community development; and

WHEREAS, on April 14, 2020, City Council approved Resolution No. 2020-48 for Professional Services Agreement with WEBB for the design and environmental impact studies of the Sun Lakes Boulevard Extension Project in the amount of $548,416.05. The Agreement was subsequently amended five (5) times resulting in a total design cost of $1,364,706.66; and

WHEREAS, the construction of this project, while essential, will create environmental impacts that have been carefully analyzed and mitigated through the California Environmental Quality Act (CEQA) process performed by WEBB; and

WHEREAS, the project necessitates the services of a qualified environmental monitoring team to ensure that all work aligns with the mandated Mitigation Monitoring and Reporting Program (MMRP), meets state and federal regulatory standards, and fulfills all obligations for environmentally sensitive resources of this project; and

WHEREAS, on July 14, 2020, City Council adopted Resolution No. 2020-97, authorizing the City Manager to execute a Transportation Uniform Mitigation Fee (TUMF) Reimbursement Agreement with Western Riverside Council of Government (WRCOG) for up to $1,000,000 in TUMF funds for the Sun Lakes Boulevard Extension project with subsequent two amendments increasing the grant agreement to a total of $20,000,000; and

WHEREAS, on October 24, 2023, City Council adopted Resolution 2023-174, authorizing the Mayor to execute an Agreement for Measure A Regional Arterial (MARA) funding with the Riverside County Transportation Commission (RCTC) in the amount of $13,500,000 for the Construction of the Sun Lakes Boulevard Extension Project; and

WHEREAS, on November 5, 2025, staff released a Request for Proposals (RFP) for Sun Lakes Boulevard Extension Project Construction Environmental Monitoring Services on the City's public bidding platform; and

WHEREAS, on December 15, 2025, in response to the RFP, nine (9) proposals were received ranging in score from 90.33 to 76; and

WHEREAS, the scope of work will include project management, general monitoring program, Crotch's Bumble Bee monitoring, vegetation clearance and pre-construction nesting bird, monitoring and inadvertent discovery and fossil discovery; and

WHEREAS, the retention of a qualified environmental monitoring consultant is a fundamental and non-discretionary component of responsible project delivery for the Sun Lakes Boulevard Extension project and it will ensure that we meet our legal obligations, protect the environment, manage financial and schedule risks, and fulfill the commitments made to our community and regulatory partners during the environmental review process; and

WHEREAS, staff recommends awarding a Professional Services Agreement to UltraSystems Environmental Inc. in the amount of $381,900 and approving a 10% contingency in the amount of $381,900 for a total "not-to-exceed" project budget of $ 420,090; and

WHEREAS, the project costs are eligible and expected to be fully reimbursed through TUMF Funds administered by WRCOG and MARA funds administered by RCTC. Both grants will provide funding totaling $33,500,000 which will include design, construction, environmental monitoring, utilities relocation and environmental permitting; and

WHEREAS, an appropriation from Measure A Fund in the amount of $381,900 to Account No. 101-4900-431.93-16 is necessary to fund Environmental Monitoring Services for the Sun Lakes Boulevard Extension Project and City staff will submit monthly reimbursement invoices to RCTC and WRCOG.

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

SECTION 1. The City Council approves the Professional Services Agreement with UltraSystems Environmental, Inc. in the amount of $381,900 and approving a 10% contingency for a total budget of "not-to-exceed" $420,090 for the environmental monitoring services during the construction of Sun Lakes Boulevard Extension Project**.**

SECTION 2. The City Council authorizes the City Manager, or their designee, to execute the Professional Services Agreement with UltraSystems Environmental, Inc.

SECTION 3. The City Council authorizes the City Manager to make necessary non-substantive changes and execute the Professional Services Agreement with UltraSystems Environmental, Inc.

SECTION 4. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED, APPROVED AND ADOPTED this 27th day of January 2026.

_____
Richard Royce, Mayor
City of Banning

ATTEST:

Sandra Calderon, Administrative City Clerk
City of Banning

APPROVED AS TO FORM:

John Pinkney, City Attorney
Slovak, Baron, Empey, Murphy & Pinkney, LLP

CERTIFICATION:

I, Sandra Calderon, Acting Administrative City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution 2026-18, was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 27th day of January 2026 by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Sandra Calderon, Administrative City Clerk
City of Banning, California

EXHIBIT A

Professional Services Agreement with UltraSystems Environmental, Inc.

Docusign Envelope ID: 31110989-AFC1-4FE7-8148-7A6860DF9A27

AMENDMENT NO. 2 TO TRANSPORTATION UNIFORM MITIGATION FEE PROGRAM AGREEMENT

SUN LAKES BOULEVARD EXTENSION PROJECT

PA&AD, PS&E AND CONSTRUCTION PHASES

This Amendment No.2 to Transportation Uniform Mitigation Fee Program Agreement ("Amendment No. 2") is entered into this 16th day of October, 2025, by and between the WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS ("WRCOG") and City of Banning, a California municipal corporation ("AGENCY"). WRCOG and the AGENCY are sometimes referred to individually as "Party" and collectively as "Parties."

RECITALS

A. WRCOG and AGENCY have entered into an agreement titled "Transportation Uniform Mitigation Fee Program Agreement" that is dated June 12, 2020 ("Agreement"). The Agreement provides the terms and conditions, scope of work, schedule and funding amount for the construction of the Sun Lakes Boulevard Extension (hereinafter the "Project").

B. On January 9, 2025, the Parties entered into Amendment No. 1 to the Agreement in order to increase the funding amount.

C. The Parties desire to amend the Agreement, as previously amended, by increasing the funding amount pursuant to Sections 6 and 33 of the Agreement.

D. Funds are being increased for this Project because new funding has become available.

Docusign Envelope ID: 31110989-AFC1-4FE7-8148-7A6860DF9A27

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and subject to the conditions contained herein, the Parties hereby agree as follows:

1. The Funding Amount contained in Section 2 of the Agreement as amended by Amendment No. 2 is hereby increased by **$7,000,000 (SEVEN MILLION DOLLARS)** from **$13,000,000 (THIRTEEN MILLION DOLLARS)** to an amount not to exceed **$20,000,000 (TWENTY MILLION DOLLARS)**.

2. The foregoing increase in the Funding Amount is within the Maximum TUMF Share.

3. Exhibits "A", "A-1", and "A-2" of the Agreement, as amended by Amendment No. 2 are hereby replaced in their entirety by Exhibits "A", "A-1", and "A-2" of this Amendment No. 2, which are attached hereto and incorporated by reference.

4. The above-stated Recitals are hereby fully incorporated into this Amendment No. 2.

5. Except to the extent specifically modified or amended hereunder, all of the terms, covenants and conditions of the Agreement as amended, shall remain in full force and effect between the Parties hereto.

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 2 to be executed by their duly authorized representatives to be effective on the day and year first written above.

Docusign Envelope ID: 31110989-AFC1-4FE7-8148-7A6860DF9A27

WESTERN RIVERSIDE COUNCIL
OF GOVERNMENTS

DocuSigned by:
By: 10/16/2025
559AA08D610442A...
Dr. Kurt Wilson, Executive Director

Approved to Form:

DocuSigned by:
By: 10/14/2025
E54DE3F1B3634C0...
Steven C. DeBaun
General Counsel

CITY OF BANNING

DocuSigned by:
Art Vela
By: 10/9/2025
DA28EC6ED974401...
Art Vela, Acting City Manager

Approved to Form:

DocuSigned by:
John Pinkney
By: 10/14/2025
08D8DA5B2EEC4EC...
John Pinkney, City Attorney

Attest:

Signed by:
Sandra Calderon
By: 10/14/2025
33F28E106A0843C...
Sandra Calderon, Acting
Administrative City Clerk

Docusign Envelope ID: 31110989-AFC1-4FE7-8148-7A6860DF9A27

Exhibit A

SCOPE OF SERVICES

1. **SCOPE OF WORK:**

PA&ED and PSE Phases

- Project Management
- Project Development
- Preliminary Engineering Design
- Environmental Documentation
- Final Design Reports and Studies
- Final Design Plans, Specifications, and Estimates
- Permitting
- Bidding/Construction Support

CON Phase

- Construction Management
- Field Inspection
- Materials Testing
- Construction costs, including change order to construction contract
    - Improvement of 1.01 miles of roadway between Highland Home Road and Sunset Ave
    - 4 vehicle lanes (2 in each direction) within a 110 right of way. Scope includes road base, asphalt, concrete median curb, curb and gutter, sidewalk, street lights, signage, and striping
    - Drainage improvements to collect and convey stormwater on the roadway to project culverts
    - Relocation of non-agency owned utilities
- Construction Inspection

Docusign Envelope ID: 31110989-AFC1-4FE7-8148-7A6860DF9A27

EXHIBIT "A-1"

ESTIMATE OF COST

Phase	TUMF	LOCAL	TOTAL
PA&ED	$500,000	0	$500,000
PS&E	$500,000	0	$500,000
RIGHT OF WAY	0	0	0
CONSTRUCTION	$19,000,000	0	$19,000,000
TOTAL	$20,000,000	0	$20,000,000

Docusign Envelope ID: 31110989-AFC1-4FE7-8148-7A6860DF9A27

EXHIBIT "A-2"

PROJECT SCHEDULE

TIMETABLE:

Phase	Estimated Completion Date	Estimated Cost	Comments
PA&ED	12/31/24	$500,000	95% Plans Complete
PS&E	12/31/24	$500,000	95% Plans Complete
RIGHT OF WAY	N/A	N/A	
CONSTRUCTION	12/31/27	$30,000,000	Include RCTC Mara Funding
TOTAL		$31,000,000	

DocuSign Envelope ID: E2DEBE6E-9943-4717-A508-4ED63320897F

Agreement No. 23-72-091-00

AGREEMENT FOR THE FUNDING OF MEASURE A REGIONAL ARTERIAL IMPROVEMENTS WITH THE CITY OF BANNING

1. Parties and Date.

1.1 This Agreement is executed and entered into this 30th day of October, 2023, by and between the RIVERSIDE COUNTY TRANSPORTATION COMMISSION ("RCTC") and CITY OF BANNING ("City"). RCTC and City are sometimes collectively referred to herein as the "Parties".

2. Recitals.

2.1 RCTC is a county transportation commission created and existing pursuant to California Public Utilities Code Sections 130053 and 130053.5.

2.2 On November 5, 2002 the voters of Riverside County approved Measure A authorizing the collection of a one-half percent (1/2%) retail transactions and use tax to fund transportation programs and improvements within the County of Riverside, and adopting the Riverside County Transportation Improvement Plan (the "Plan").

2.3 The Plan establishes funding for any improved Regional Arterial System to be funded by a mix of measure A and Transportation Uniform Mitigation Fees (TUMF) revenues.

2.4 Pursuant to Public Utility Code Sections 240000 et seq., RCTC is authorized to allocate the proceeds of the Measure A tax in furtherance of the Plan.

2.5 RCTC intends, by this Agreement, to distribute Measure A Regional Arterial ("MARA") Funds, subject to the conditions provided herein, and to participate in the joint development of the Project, as defined herein.

3. Terms.

3.1 Description of Work. This Agreement is intended to distribute MARA Funds to the City for the Sun Lakes Extension Project, ("the Work"). The Work, including a timetable and a detailed scope of work, is more fully described in Exhibit "A" attached hereto and, pursuant to Section 3.15 below, is subject to modification as requested by the City and approved by RCTC. The Work shall be consistent with one or more of the defined RCTC Call for Projects phases detailed herein as follows:

1) CONS – Construction

The Work phase(s) funded pursuant to this Agreement shall be consistent with the City's Call for Projects Nomination Form submitted to RCTC ("the Project"). The Project is more fully described in Exhibit "B" attached hereto. It is understood and agreed that the City shall expend MARA Funds only as set forth in this Agreement and only for the Work. To this end, any use of funds provided pursuant to this Agreement shall be subject to the review and approval of RCTC.

3.2 RCTC Funding Amount. RCTC hereby agrees to distribute to the City, on the terms and conditions set forth herein, a sum not to exceed Thirteen Million, Five Hundred Thousand Dollars ($13,500,000), to be used exclusively for reimbursing the City for eligible Work expenses as described herein ("Funding Amount"). The City acknowledges and agrees that the Funding Amount may be less than the actual cost of the Work, and that RCTC shall not contribute MARA Funds in excess of the maximum authorized in this section.

3.2.1 Eligible Work Costs. The total Work costs ("Total Work Cost") may include the following items, provided that such items are included in the scope of work attached as Exhibit "A": (1) City and/or consultant costs associated with direct Work coordination and support; (2) construction costs, including change orders to construction contract approved by the City; and (3) construction management, field inspection and material testing costs.

3.2.2 Ineligible Work Costs. The Total Work Cost shall not include the following items which shall be borne solely by the City without reimbursement: (1) City administrative costs; (2) City costs attributed to the preparation of invoices, billings and payments; (3) any City fees attributed to the processing of the Work; and (4) expenses for items of work not included within the scope of work in Exhibit "A".

3.2.3 Increases in Work Funding. The Funding Amount may, in RCTC's sole discretion, be augmented with additional MARA Funds. Any such increase in the Funding Amount must be approved in writing by RCTC's Executive Director. No such increased funding shall be expended to pay for any Work already completed. For purposes of this Agreement, the Work or any portion thereof shall be deemed complete upon its acceptance by RCTC's Executive Director.

3.2.4 Cost Savings. In the event that bids for the Work are lower than anticipated, or there are cost savings for any other reason, the Funding Amount shall be reduced as follows: cost savings shall be applied proportionately to each funding source listed in Exhibit "A" for the Work. The City shall inform RCTC of any cost savings and the Parties shall amend this Agreement to reflect the revised Funding Amount. RCTC's Executive Director and the City Manager shall be authorized to execute any such amendment.

3.2.5 No Funding for Temporary Improvements. Only segments or components of the Work that are intended to form part of or be integrated into the Work may be funded by MARA Funds. No improvement which is temporary in nature, including but not limited to temporary roads, curbs, or drainage facilities, shall be funded with MARA Funds except as needed for staged construction of the Work.

3.3 City's Funding Obligation to Complete the Work. In the event that the MARA Funds allocated to the Work represent less than the total cost of the Work, the City shall provide such additional funds as may be required to complete the Work as described in Exhibit "A".

3.3.1 City's Obligation to Repay MARA Funds to RCTC. In the event that: (i) the City, for any reason, determines not to proceed with or complete the Work; or (ii) the Work is not timely completed, subject to any extension of time granted by RCTC pursuant to Section 3.15; the City agrees that any MARA Funds that were distributed to the City for the Work shall be repaid in full to RCTC. The Parties shall enter into good faith negotiations to establish a reasonable repayment schedule and repayment mechanism which may include, but is not limited to, withholding of Measure A Local Streets and Roads revenues. The City acknowledges and agrees that RCTC shall have the right to withhold any Measure A Local Streets and Roads revenues due the City, in an amount not to exceed the total of the funds distributed to the City, and/or initiate legal action to compel repayment, if the City fails to repay RCTC within a reasonable time period not to exceed 180 days from receipt of written notification from RCTC that repayment is required.

3.3.2 City's Local Match Contribution. The City shall provide at least Thirteen Million, Five Hundred Thirty-Six Thousand Dollars ($13,536,000) of funding toward the Work, as shown in Exhibit "A" and as called out in the City's Project Nomination Form submitted to RCTC in response to its Call for Projects.

3.4 Work Responsibilities of the City. The City shall be responsible for the following aspects of the Work, in compliance with state and federal law provided that such items are included in the Project scope of work attached as Exhibit "A": (i) all aspects of bidding, awarding, and administration of the contracts for the Work; (ii) all construction management of any construction activities undertaken in connection with the Work, including survey and material testing; and (iii) development of a budget for the Work prior to award of any contract for the Work, taking into consideration available funding, including MARA Funds.

3.5 Term/Notice of Completion. The term of this Agreement shall be from the date first herein above written until: (i) the date RCTC formally accepts the Work as complete, pursuant to Section 3.2.3; (ii) termination of this Agreement pursuant to Section 3.9; or (iii) the City has fully satisfied its obligations under this Agreement, "including full repayment of MARA Funds to RCTC as provided herein". All applicable indemnification provisions of this Agreement shall remain in effect following the termination of this Agreement.

3.6 Representatives of the Parties. RCTC's Executive Director, or his or her designee, shall serve as RCTC's representative and shall have the authority to act on behalf of RCTC for all purposes under this Agreement. The City hereby designates Doug Schulze, City Manager, or his or her designee, as the City's representative to RCTC. The City's representative shall have the authority to act on behalf of the City for all purposes under this Agreement and shall coordinate all activities of the Work under the City's responsibility. The City shall work closely and cooperate fully with RCTC's representative and any other agencies which may have jurisdiction over or an interest in the Work.

3.7 Expenditure of Funds by City Prior to Execution of Agreement. Nothing in this Agreement shall be construed to prevent or preclude the City from expending funds on the Work prior to the execution of the Agreement, or from being reimbursed by RCTC for such expenditures. However, the City understands and acknowledges that any expenditure of funds on the Work prior to the execution of the Agreement is made at the City's sole risk, and that some expenditures by the City may not be eligible for reimbursement under this Agreement.

3.8 Review of Services. The City shall allow RCTC's Representative to inspect or review the progress of the Work at any reasonable time in order to determine whether the terms of this Agreement are being met.

3.9 Termination. This Agreement may be terminated for cause or convenience as further specified below.

3.9.1 Termination for Convenience.

3.9.1.1 Notice. Either RCTC or the City may, by written notice to the other party, terminate this Agreement, in whole or in part, for convenience by giving thirty (30) days' written notice to the other party of such termination and specifying the effective date thereof.

3.9.1.2 Effect of Termination for Convenience. In the event that the City terminates this Agreement for convenience, the City shall, within 180 days, repay to RCTC in full all MARA Funds provided to the City under this Agreement. In the event that RCTC terminates this Agreement for convenience, RCTC shall, within 90 days, distribute to the City MARA Funds in an amount equal to the aggregate total of all unpaid invoices which have been received from the City regarding the Work at the time of the notice of termination; provided, however, that RCTC shall be entitled to exercise its rights under Section 3.14.2, including but not limited to conducting a review of the invoices and requesting additional information. This Agreement shall terminate upon receipt by the non-terminating party of the amounts due it under this Section 3.9.1.2.

3.9.2 Termination for Cause.

3.9.2.1 Notice. Either RCTC or the City may, by written notice to the other party, terminate this Agreement, in whole or in part, in response to a material breach hereof by the other party, by giving written notice to the other party of such termination and specifying the effective date thereof. The written notice shall provide a 30 day period to cure any alleged breach. During the 30 day cure period, the Parties shall discuss, in good faith, the manner in which the breach can be cured.

3.9.2.2 Effect of Termination for Cause. In the event that the City terminates this Agreement in response to RCTC's uncured material breach hereof, RCTC shall, within 90 days, distribute to the City MARA Funds in an amount equal to the aggregate total of all unpaid invoices which have been received from the City regarding the Work at the time of the notice of termination. In the event that RCTC terminates this Agreement in response to the City's uncured material breach hereof, the City shall, within 180 days, repay to RCTC in full all MARA Funds provided to the City under this Agreement. Notwithstanding termination of this Agreement by RCTC pursuant to this

Section 3.9.2.2, RCTC shall be entitled to exercise its rights under Section 3.14.2, including but not limited to conducting a review of the invoices and requesting additional information. This Agreement shall terminate upon receipt by the terminating party of the amounts due it under this Section 3.9.2.2.

3.9.3 Cumulative Remedies. The rights and remedies of the Parties provided in this Section are in addition to any other rights and remedies provided by law or under this Agreement.

3.10 Prevailing Wages. The City and any other person or entity hired to perform services on the Work are alerted to the requirements of California Labor Code Sections 1770 et seq., which would require the payment of prevailing wages were the services or any portion thereof determined to be a public work, as defined therein. The City shall ensure compliance with these prevailing wage requirements by any person or entity hired to perform the Work. The City shall defend, indemnify, and hold harmless RCTC, its officers, employees, consultants, and agents from any claim or liability, including without limitation attorneys, fees, arising from its failure or alleged failure to comply with California Labor Code Sections 1770 et seq.

3.11 Progress Reports. RCTC may request the City to provide RCTC with progress reports concerning the status of the Work.

3.12 Indemnification.

3.12.1 City Responsibilities. In addition to the indemnification required under Section 3.10, the City agrees to indemnify and hold harmless RCTC, its officers, agents, consultants, and employees from any and all claims, demands, costs or liability arising from or connected with all activities governed by this Agreement including all design and construction activities, due to any act of the City or its contractors whatsoever, regardless of fault, including negligent acts, errors or omissions or willful misconduct, except that caused by the sole negligence of RCTC. The City will reimburse RCTC for any expenditures, including reasonable attorneys' fees, incurred by RCTC, in defending against claims ultimately determined to be due to any act of the City or its contractors whatsoever, regardless of fault, including negligent acts, errors or omissions or willful misconduct, except that caused by the sole negligence of RCTC.

3.12.2 Effect of Acceptance. The City shall be responsible for the professional quality, technical accuracy and the coordination of any services provided to complete the Work. RCTC's review, acceptance or funding of any services performed by the City or any other person or entity under this agreement shall not be construed to operate as a waiver of any rights RCTC may hold under this Agreement or of any cause of action arising out of this Agreement. Further, the City shall be and remain liable to RCTC, in accordance with applicable law, for all damages to RCTC caused by the City's performance of this Agreement or supervision of any services provided to complete the Work.

3.13 Insurance. The City shall require, at a minimum, all persons or entities hired to perform the Work to obtain, and require their subcontractors to obtain, insurance of the types and in the amounts described below and satisfactory to the City and RCTC. Such insurance shall be

maintained throughout the term of this Agreement, or until completion of the Work, whichever occurs last.

3.13.1 Commercial General Liability Insurance. Occurrence version commercial general liability insurance or equivalent form with a combined single limit of not less than $2,000,000.00 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to the Work or be no less than two times the occurrence limit. Such insurance shall:

3.13.1.1 Name RCTC and City, and their respective officials, officers, employees, agents, and consultants as insured with respect to performance of the services on the Work and shall contain no special limitations on the scope of coverage or the protection afforded to these insured;

3.13.1.2 Be primary with respect to any insurance or self insurance programs covering RCTC and City, and/or their respective officials, officers, employees, agents, and consultants; and

3.13.1.3 Contain standard separation of insured provisions.

3.13.2 Business Automobile Liability Insurance. Business automobile liability insurance or equivalent form with a combined single limit of not less than $1,000,000.00 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles.

3.13.3 Professional Liability Insurance. Errors and omissions liability insurance with a limit of not less than $1,000,000.00 Professional liability insurance shall only be required of design or engineering professionals.

3.13.4 Workers' Compensation Insurance. Workers' compensation insurance with statutory limits and employers' liability insurance with limits of not less than $1,000,000.00 each accident.

3.14 Procedures for Distribution of MARA Funds to City.

3.14.1 Initial Payment by the City. The City shall be responsible for initial payment of all the Work costs as they are incurred. Following payment of such Work costs, the City shall submit invoices to RCTC requesting reimbursement of eligible Work costs. Each invoice shall be accompanied by detailed contractor invoices, or other demands for payment addressed to the City, and documents evidencing the City's payment of the invoices or demands for payment. The City shall submit invoices not more often than monthly and not less often than quarterly.

3.14.2 Review and Reimbursement by RCTC. Upon receipt of an invoice from the City, RCTC may request additional documentation or explanation of the Work costs for which reimbursement is sought. Undisputed amounts shall be paid by RCTC to the City within thirty (30) days. In the event that RCTC disputes the eligibility of the City for reimbursement of all or a portion of an invoiced amount, the Parties shall meet and confer in an attempt to resolve the dispute. If the meet and confer process is unsuccessful in resolving the dispute, the City may appeal RCTC's

decision as to the eligibility of one or more invoices to RCTC's Executive Director. The City may appeal the decision of the Executive Director to the full RCTC Board, the decision of which shall be final. Additional details concerning the procedure for the City's submittal of invoices to RCTC and RCTC's consideration and payment of submitted invoices are set forth in Exhibit "C", attached hereto.

3.14.3 Funding Amount/Adjustment. If a post Work audit or review indicates that RCTC has provided reimbursement to the City in an amount in excess of the maximum MARA Funds provided for in section 3.2 of this Agreement, or has provided reimbursement of ineligible Work costs, the City shall reimburse RCTC for the excess or ineligible payments within 30 days of notification by RCTC.

3.15 Work Amendments. Changes to the characteristics of the Work, including the deadline for Work completion, and any responsibilities of the City or RCTC may be requested in writing by the City and are subject to the approval of RCTC's Representative, which approval will not be unreasonably withheld, provided that extensions of time for completion of the Work shall be approved in the sole discretion of RCTC's Representative. Nothing in this Agreement shall be construed to require or allow completion of the Work without full compliance with the California Environmental Quality Act (Public Resources Code Section 21000 et seq.; "CEQA") and the National Environmental Policy Act of 1969 (42 USC 4231 et seq.), but the necessity of compliance with CEQA and NEPA shall not justify, excuse, or permit a delay in completion of the Work.

3.16 Conflict of Interest. For the term of this Agreement, no member, officer or employee of the City or RCTC, during the term of his or her service with the City or RCTC, as the case may be, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.17 Limited Scope of Duties. RCTC's and the City's duties and obligations under this Agreement are limited to those described herein. RCTC has no obligation with respect to the safety of any Work performed at a job site. In addition, RCTC shall not be liable for any action of City or its contractors relating to the condemnation of property undertaken by City or construction related to the Work.

3.18 Books and Records. Each party shall maintain complete, accurate, and clearly identifiable records with respect to costs incurred for the Work under this Agreement. They shall make available for examination by the other party, its authorized agents, officers or employees any and all ledgers and books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or related to the expenditures and disbursements charged to the other party pursuant to this Agreement. Further, each party shall furnish to the other party, its agents or employees such other evidence or information as they may require with respect to any such expense or disbursement charged by them. All such information shall be retained by the Parties for at least three (3) years following termination of this Agreement, and they shall have access to such information during the three-year period for the purposes of examination or audit.

3.19 Equal Opportunity Employment. The Parties represent that they are equal opportunity employers and they shall not discriminate against any employee or applicant of reemployment

because of race, religion, color, national origin, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

3.20 Governing Law. This Agreement shall be governed by and construed with the laws of the State of California. Venue shall be in Riverside County.

3.21 Attorneys' Fees. If either party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and costs of suit.

3.22 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.23 Headings. Article and Section Headings, paragraph captions or marginal headings contained in this Agreement are for convenience only and shall have no effect in the construction or interpretation of any provision herein.

3.24 Notification. All notices hereunder and communications regarding interpretation of the terms of the Agreement or changes thereto shall be provided by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

CITY OF BANNING	**RCTC**
99 East Ramsey Street	Riverside County Transportation Commission
Banning, CA 92220	4080 Lemon Street, 3rd Floor
	Mailing address: P.O. Box 12008
	Riverside, CA 92501
ATTN:City Manager	ATTN: Executive Director

Any notice so given shall be considered served on the other party three (3) days after deposit in the U.S. mail, first class postage prepaid, return receipt requested, and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred regardless of the method of service.

3.25 Conflicting Provisions. In the event that provisions of any attached appendices or exhibits conflict in any way with the provisions set forth in this Agreement, the language, terms and conditions contained in this Agreement shall control the actions and obligations of the Parties and the interpretation of the Parties' understanding concerning the performance of the Services.

3.26 Contract Amendment. In the event that the Parties determine that the provisions of this Agreement should be altered, the Parties may execute a contract amendment to add any provision to this Agreement, or delete or amend any provision of this Agreement. All such contract amendments must be in the form of a written instrument signed by the original signatories to this Agreement, or their successors or designees.

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3.27 Entire Agreement. This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes any previous agreements or understandings.

3.28 No Waiver. Failure of RCTC to insist on any one occasion upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any rights or powers hereunder at any one time or more times be deemed a waiver or relinquishment of such other right or power at any other time or times.

3.29 Validity of Agreement. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

3.30 Independent Contractors. Any person or entities retained by the City or any contractor shall be retained on an independent contractor basis and shall not be employees of RCTC. Any personnel performing services on the Work shall at all times be under the exclusive direction and control of the City or contractor, whichever is applicable. The City or contractor shall pay all wages, salaries and other amounts due such personnel in connection with their performance of services on the Work and as required by law. The City or consultant shall be responsible for all reports and obligations respecting such personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance and workers' compensation insurance.

3.31 Survival. All rights and obligations hereunder that by their nature are to be performed after any expiration or termination of this Agreement shall survive any such expiration or termination.

3.32 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

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

3.34 Electronically Transmitted Signatures; Electronic Signatures. A manually signed copy of this Agreement which is transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement for all purposes. This Agreement may be signed using electronic signatures.

[Signatures on following page]

SIGNATURE PAGE
TO
AGREEMENT FOR THE FUNDING OF
MEASURE A REGIONAL ARTERIAL IMPROVEMENTS

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

By: _____
Anne Mayer, Executive Director

CITY OF BANNING

By: DocuSigned by: 4E951954268343A... 10/27/2023
Alberto Sanchez, Mayor

ATTEST:

By: DocuSigned by: 6DDB189985DF475... 10/27/2023
Caroline Patton, City Clerk

APPROVED AS TO FORM:

By: _____
Best, Best & Krieger
Counsel to the Riverside County
Transportation Commission

APPROVED AS TO FORM:

By: DocuSigned by: Serita Young F3821C827AF84EF... 10/27/2023

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EXHIBIT "A"

SCOPE OF WORK,
FUNDING AND TIMETABLE

SCOPE OF WORK: Construct new 1.02-mile section of Westward Avenue from Sunset Avenue to Highland Home Road. Will include two eastbound and two westbound lanes, comprised of a 12-foot inner lane and a 14-foot outer lane in each direction; a raised 18-foot wide median; 8-foot-wide Class 2 bike lanes in each direction; 8-foot-wide sidewalks; associated road striping, drainage, and street light improvements.

FUNDING:

PHASE	MARA Fund	LOCAL	TOTAL
CONSTRUCTION	$13,500,000	$13,536,000	$27,036,000
TOTAL	$13,500,000	$13,536,000	$27,036,000

TIMETABLE: Provide at a minimum the beginning and ending dates for each phase of work including major milestones within a phase.

PHASE	START DATE	END DATE	COMMENTS
Construction	3/2025	8/2026	360 Working Days

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EXHIBIT "B"

PROJECT LOCATION MAP

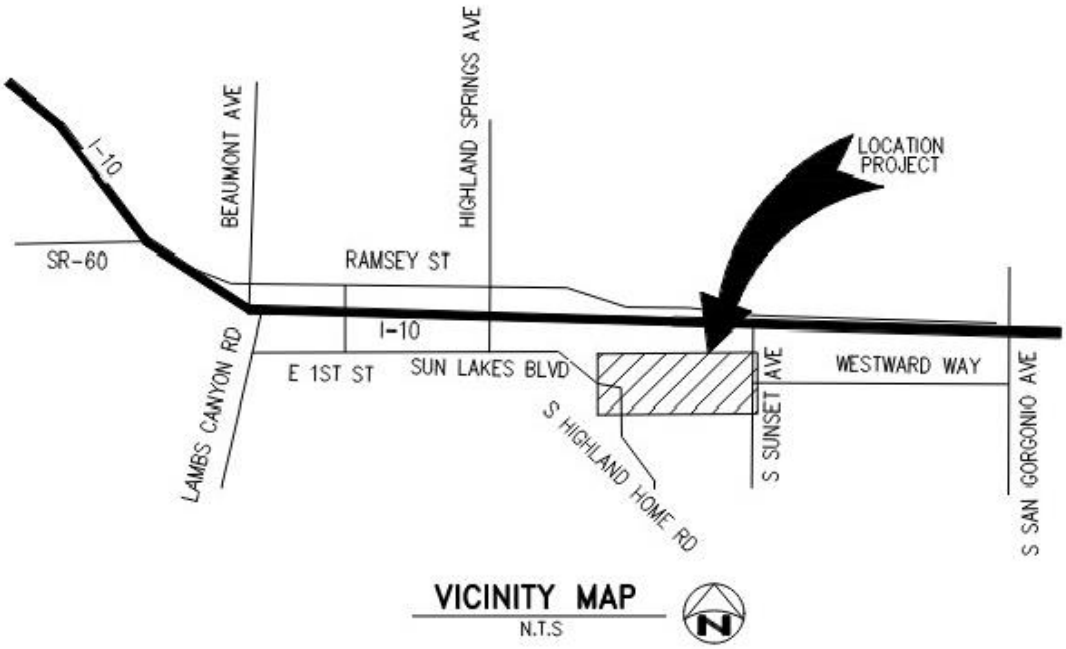

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EXHIBIT "C"

PROCEDURES FOR SUBMITTAL, CONSIDERATION AND PAYMENT OF INVOICES

1. RCTC recommends that the City incorporate Exhibit "C-1" into its contracts with any contractors to establish a standard method for preparation of invoices by contractors to the City and ultimately to RCTC for reimbursement of City contractor costs.

2. Each month the City shall submit an invoice for eligible Work costs incurred during the preceding month. The original invoice shall be submitted to RCTC's Executive Director with a copy to RCTC's Project Coordinator. Each invoice shall be accompanied by a cover letter in a format substantially similar to that of Exhibit "C-2".

3. Each invoice shall include documentation from each contractor used by the City for the Work, listing labor costs, subcontractor costs, and other expenses. Each invoice shall also include a monthly progress report and spreadsheets showing the hours or amounts expended by each contractor or consultant for the month and for the entire Work to date. A sample progress report is attached as Exhibits "C-4". All documentation from the City's contractors should be accompanied by a cover letter in a format substantially similar to that of Exhibit "C-3".

4. If the City is seeking reimbursement for direct expenses incurred by City staff for eligible Work costs, the City shall detail the same level of information for its labor and any expenses in the same level of detail as required of contractors pursuant to Exhibit "C" and its attachments.

5. Charges for each task and milestone listed in Exhibit "A" shall be listed separately in the invoice.

6. Each invoice shall include a certification signed by the City Representative or his or her designee which reads as follows:

   "I hereby certify that the hours and salary rates submitted for reimbursement in this invoice are the actual hours and rates worked and paid to the consultants or contractors listed.

   Signed _____

   Title _____

   Date _____

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Invoice No. _____

7. RCTC will pay the City within 30 days after receipt by the Commission of an invoice. If RCTC disputes any portion of an invoice, payment for that portion will be withheld, without interest, pending resolution of the dispute, but the uncontested balance will be paid.

8. The final payment under this Agreement will be made only after: (i) the City has obtained a Release and Certificate of Final Payment from each contractor or consultant used on theWork; (ii) the City has executed a Release and Certificate of Final Payment; and (iii) the City has provided copies of each such Release to RCTC.

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EXHIBIT "C-1"

ELEMENTS OF COMPENSATION

For the satisfactory performance and completion of the Work under this Agreement, City will pay the Consultant compensation as set forth herein. The total compensation for this service shall not exceed (____INSERT WRITTEN DOLLAR AMOUNT__) ($__INSERT NUMERICAL DOLLAR AMOUNT__) without written approval of City's City Engineer ("Total Compensation").

1. ELEMENTS OF COMPENSATION.

Compensation for the Work will be comprised of the following elements: 1.1 Direct Labor Costs; 1.2 Fixed Fee; and 1.3 Additional Direct Costs.

1.1 DIRECT LABOR COSTS.

Direct Labor costs shall be paid in an amount equal to the product of the Direct Salary Costs and the Multiplier which are defined as follows:

1.1.1 DIRECT SALARY COSTS

Direct Salary Costs are the base salaries and wages actually paid to the Consultant's personnel directly engaged in performance of the Work under the Agreement. (The range of hourly rates paid to the Consultant's personnel appears in Section 2 below.)

1.1.2 MULTIPLIER

The Multiplier to be applied to the Direct Salary Costs to determine the Direct Labor Costs is _____, and is the sum of the following components:

1.1.2.1 Direct Salary Costs _____

1.1.2.2 Payroll Additives _____

The Decimal Ratio of Payroll Additives to Direct Salary Costs. Payroll Additives include all employee benefits, allowances for vacation, sick leave, and holidays, and company portion of employee insurance and social and retirement benefits, all federal and state payroll taxes, premiums for insurance which are measured by payroll costs, and other contributions and benefits imposed by applicable laws and regulations.

1.1.2.3 Overhead Costs _____

The Decimal ratio of Allowable Overhead Costs to the Consultant Firm's Total Direct Salary Costs. Allowable Overhead Costs include general, administrative and overhead costs of maintaining and operating established offices, and consistent with established firm policies, and as defined in the Federal Acquisitions Regulations, Part 31.2.

Total Multiplier _____
(sum of 1.1.2.1, 1.1.2.2, and 1.1.2.3)

1.2 FIXED FEE.

1.2.1 A Fixed Fee of _____ shall be paid to Consultant for Consultant's complete and satisfactory performance of this Agreement and all Services required. The Fixed Fee shall be paid in monthly installments based upon the percentage of the Services completed at the end of each billing period, as determined in the sole discretion of the City. Consultant shall not be entitled to and shall forfeit any portion of the Fixed Fee not earned as provided herein.

1.2.2 A pro-rata share of the Fixed Fee shall be applied to the total Direct Labor Costs expended for services each month, and shall be included on each monthly invoice.

1.3 ADDITIONAL DIRECT COSTS.

Additional Direct Costs directly identifiable to the performance of the services of this Agreement shall be reimbursed at the rates below, or at actual invoiced cost.

Rates for identified Additional Direct Costs are as follows:

ITEM	REIMBURSEMENT RATE
	[___insert charges___]
Per Diem	$ /day
Car mileage	$ /mile
Travel	$ /trip
Computer Charges	$ /hour
Photocopies	$ /copy
Blueline	$ /sheet
LD Telephone	$ /call
Fax	$ /sheet
Photographs	$ /sheet

Travel by air and travel in excess of 100 miles from the Consultant's office nearest to City's

office must have City's prior written approval to be reimbursed under this Agreement.

2. DIRECT SALARY RATES

Direct Salary Rates, which are the range of hourly rates to be used in determining Direct Salary Costs in Section 1.1.1 above, are given below and are subject to the following:

2.1 Direct Salary Rates shall be applicable to both straight time and overtime work, unless payment of a premium for overtime work is required by law, regulation or craft agreement, or is otherwise specified in this Agreement. In such event, the premium portion of Direct Salary Costs will not be subject to the Multiplier defined in Paragraph 1.1.2 above.

2.2 Direct Salary Rates shown herein are in effect for one year following the effective date of the Agreement. Thereafter, they may be adjusted annually to reflect the Consultant's adjustments to individual compensation. The Consultant shall notify City in writing prior to a change in the range of rates included herein, and prior to each subsequent change.

POSITION OR CLASSIFICATION	RANGE OF HOURLY RATES
[___sample___]	
Principal	$ .00 - $ .00/hour
Project Manager	$ .00 - $ .00/hour
Sr. Engineer/Planner	$ .00 - $ .00/hour
Project Engineer/Planner	$ .00 - $ .00/hour
Assoc. Engineer/Planner	$ .00 - $ .00/hour
Technician	$ .00 - $ .00/hour
Drafter/CADD Operator	$ .00 - $ .00/hour
Word Processor	$ .00 - $ .00/hour

2.3 The above rates are for the Consultant only. All rates for subconsultants to the Consultant will be in accordance with the Consultant's cost proposal.

3. INVOICING.

3.1 Each month the Consultant shall submit an invoice for Work performed during the preceding month. The original invoice shall be submitted to City's City Engineer with two (2) copies to City's Project Coordinator.

3.2 Charges shall be billed in accordance with the terms and rates included herein, unless otherwise agreed in writing by City's Representative.

3.3 Base Work and Extra Work shall be charged separately, and the charges for each task and Milestone listed in the Scope of Work, shall be listed separately. The charges for each individual assigned by the Consultant under this Agreement shall be listed separately on an attachment to the invoice.

3.4 A charge of $500 or more for any one item of Additional Direct Costs shall be accompanied by substantiating documentation satisfactory to City such as invoices, telephone logs, etc.

3.5 Each copy of each invoice shall be accompanied by a Monthly Progress Report and spreadsheets showing hours expended by task for each month and total project to date.

3.6 Each invoice shall indicate payments to DBE subconsultants or supplies by dollar amount and as a percentage of the total invoice.

3.7 Each invoice shall include a certification signed by the Consultant's Representative or an officer of the firm which reads as follows:

I hereby certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed.

Signed _____

Title _____

Date _____

Invoice No. _____

4. PAYMENT

4.1 City shall pay the Consultant within four to six weeks after receipt by City of an original invoice. Should City contest any portion of an invoice, that portion shall be held for resolution, without interest, but the uncontested balance shall be paid.

The final payment for Work under this Agreement will be made only after the Consultant has executed a Release and Certificate of Final Payment.

DocuSign Envelope ID: E2DEBE6E-9943-4717-A508-4ED63320897F

EXHIBIT "C-2"
Sample Cover Letter to RCTC

Date

Ms. Anne Mayer
Executive Director
Riverside County Transportation Commission
4080 Lemon Street, 3rd Floor
Riverside, CA 92501
ATTN: Accounts Payable

Re: Project Title - Invoice #___

Enclosed for your review and payment approval is the City of _____'s invoice for professional and technical services that was rendered by our contractors in connection with the _____Agreement No. _____effective (Month/Day/Year). The required support documentation received from each contractor is included as backup to the invoice.

Invoice period covered is from Month/Date/Year to Month/Date/Year.

Total Authorized Agreement Amount:	$0,000,000.00
Total Invoiced to Date:	$0,000,000.00
Total Previously Invoiced:	$0,000,000.00
Balance Remaining:	$0,000,000.00
Amount due this Invoice:	**$0,000,000.00**
	==========

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the contractors listed.

By: _____
Name
Title

cc:

DocuSign Envelope ID: E2DEBE6E-9943-4717-A508-4ED63320897F

EXHIBIT "C-3"

Sample Letter from Contractor to City/County

Month/Date/Year

_____
_____
_____
Attn: Accounts Payable Invoice #_____

For **[type of services]** rendered by **[contractor name]** in connection with **[name of project]** This is per agreement No. XX-XX-XXX effective Month/Date/Year.

Invoice period covered is from Month/Date/Year to Month/Date/Year.

Total Base Contract Amount:	$000,000.00
Authorized Extra Work (if Applicable)	$000,000.00

TOTAL AUTHORIZED CONTRACT AMOUNT:	$000,000.00
Total Invoice to Date:	$000,000.00
Total Previously Billed:	$000,000.00
Balance Remaining:	$000,000.00
Amount Due this Invoice:	$000,000.00
	==========

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed,

By: _____
Name
Title

DocuSign Envelope ID: E2DEBE6E-9943-4717-A508-4ED63320897F

EXHIBIT C-4
Sample Progress Report

REPORTING PERIOD: Month/Date/Year to Month/Date/Year
PROGRESS REPORT: #1

A. Activities and Work Completed during Current Work Periods

TASK 01 – 100% PS&E SUBMITTAL
1. Responded to Segment 1 comments from Department of Transportation
2. Completed and submitted Segment 1 final PS&E

B. Current/Potential Problems Encountered & Corrective Action

Problems	Corrective Action
None	None

C. Work Planned Next Period

TASK 01 – 100% PS&E SUBMITTAL
1. Completing and to submit Traffic Signal and Electrical Design plans
2. Responding to review comments

Agreement No. 23-72-091-00

Final Audit Report 2023-11-01

Created:	2023-10-30
By:	Shirley Gooding (sgooding@rctc.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAARnaXq7H7PFEkCk0XFrb7wXAydQHFxxuQ

"Agreement No. 23-72-091-00" History

Document created by Shirley Gooding (sgooding@rctc.org)
2023-10-30 - 4:55:24 PM GMT- IP address: 47.44.7.2

Document emailed to Anne Mayer (amayer@rctc.org) for signature
2023-10-30 - 4:56:04 PM GMT

Email viewed by Anne Mayer (amayer@rctc.org)
2023-11-01 - 3:49:36 PM GMT- IP address: 104.47.73.254

Document e-signed by Anne Mayer (amayer@rctc.org)
Signature Date: 2023-11-01 - 3:49:45 PM GMT - Time Source: server- IP address: 172.250.142.88

Agreement completed.
2023-11-01 - 3:49:45 PM GMT

RESOLUTION 2020-48

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, AWARDING A PROFESSIONAL SERVICES AGREEMENT FOR THE DESIGN OF THE SUN LAKES BOULEVARD EXTENSION FROM HIGHLAND HOME ROAD TO SUNSET AVENUE, TO ALBERT A. WEBB ASSOCIATES IN THE AMOUNT OF $548,416.05 AND APPROVING A 10% CONTINGENCY FOR A TOTAL PROJECT BUDGET OF "NOT-TO-EXCEED" $603,258.05

WHEREAS, there is a current need for a new road on the south side of Interstate 10 to close a gap in the City's street network from Highland Home Road to Sunset Avenue to reduce existing congestion at the Highland Springs Avenue interchange and to accommodate expected growth within the City; and

WHEREAS, on February 11, 2020, under Resolution 2020-21 the City Council accepted Lots A, D, E, F and G for the necessary right-of-way for the extension of Sun Lakes Boulevard from Highland Home Road to Sunset Avenue. The lots were originally offered to the City on Parcel Map 25541 approved on August 28, 1990, at which time the City deferred the approval of the right-of-way to a future date; and

WHEREAS, on March 24, 2020, under Resolution 2020-37, the City Council approved General Plan Amendment 19-2502 and Environmental Assessment 19-1503, a proposed amendment to the Circulation Element of the General Plan to modify the alignment of Sun Lakes Boulevard from its existing General Plan alignment with Lincoln Street to the proposed alignment with Westward Avenue following closely the right-of-way offered on Parcel Map 25541; and

WHEREAS, on February 18, 2020, staff released an Invitation for Bid for the Design of the Sun Lakes Boulevard Extension to five (5) consultants on the on-call engineering list approved by City Council on September 10, 2019 under Resolution 2019-116 and received three (3) proposals ranging in costs from $508,678 to $849,674; and

WHEREAS, staff evaluated the proposals based on qualifications, cost, experience with the request scope of services and response to the request for proposals. As a result, staff recommends the award of a professional services agreement to Albert A. Webb Associates, in the amount of $548,416.05; and

WHEREAS, the total project budget of $603,258.05, which includes a 10% contingency, will be funded by Measure A funds. The project costs are eligible and expected to be reimbursed by the Western Riverside Council of Governments (WRCOG) via the Transportation Uniform Mitigation Fee (TUMF) program.

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

SECTION 1. The City of Banning City Council adopts Resolution No. 2020-48 Professional Services Agreement for the Design of the Sun Lakes Boulevard Extension from Highland Home Road to Sunset Avenue, to Albert A. Webb Associates in the amount of $548,416.05 and approves a 10% contingency for a total project budget of "not-to-exceed" $603,258.05.

SECTION 2. City Council authorizes the City Manager or his designee to make necessary budget adjustments, appropriations and transfers related to the Professional Services Agreement with Albert A. Webb Associates and to approve change orders within the 10% contingency.

SECTION 3. The City Manager is authorized to execute the Professional Services Agreement with Albert A. Webb Associates.

SECTION 4. The City Clerk is authorized to certify the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions

PASSED, APPROVED and ADOPTED this 14th day of April, 2020.

Daniela Andrade

Daniela Andrade, Mayor
City of Banning

ATTEST:

Sonja De La Fuente, Deputy City Clerk

APPROVED AS TO FORM AND LEGAL CONTENT:

Kevin G. Ennis, Esq., City Attorney
Richards, Watson & Gershon

CERTIFICATION:

I, Sonja De La Fuente, Deputy City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution 2020-48 was duly adopted by the City Council of the City of Banning at a Regular Meeting thereof held on the 14th of April, 2020.

AYES: Councilmembers Happe, Pingree, Wallace, Welch & Mayor Andrade

NOES: None

ABSTAIN: None

ABSENT: None

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

RESOLUTION 2020-97

ADOPT RESOLUTION 2020-97, AUTHORIZING THE CITY MANAGER TO EXECUTE A TUMF REIMBURSEMENT AGREEMENT WITH WRCOG FOR UP TO $1,000,000 IN TUMF FUNDS FOR THE SUN LAKES BOULEVARD EXTENSION PROJECT

WHEREAS, Western Riverside Council of Government (WRCOG) has developed and administers the Transportation Uniform Mitigation Fee (TUMF) program, a regional fee program designed to provide transportation infrastructure to mitigate the impact of new growth in western Riverside County. The City of Banning is an active member in WRCOG; and

WHEREAS, as the program administrator, WRCOG allocates TUMF funds to a variety of agencies, including the Riverside County Transportation Commission (RCTC), Riverside Transit Agency (RTA), Western Riverside Regional Conservation Authority (RCA) and western Riverside cities and Riverside County areas through applicable TUMF Zones; and

WHEREAS, the City of Banning is part of the Pass Zone along with the City of Calimesa, City of Beaumont and Riverside County (District 5); and

WHEREAS, the Pass Zone Transportation Improvement Program (TIP), which included the Sun Lakes Boulevard Extension project, was approved by the WRCOG Executive Committee at its May 4, 2020 meeting; and

WHEREAS, the TUMF Reimbursement Agreement will provide up to $1,000,000 in TUMF funds in the form of a reimbursement to the City of Banning for expenditures related to the Sun Lakes Boulevard Extension project; and

WHEREAS, the WRCOG Executive Committee approved the TUMF Reimbursement Agreement at its June 1, 2020 meeting.

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

Section 1. The Banning City Council adopts Resolution 2020-97 authorizing the City Manager to execute the TUMF Reimbursement Agreement with WRCOG for up to $1,000,000 in TUMF funds for the Sun Lakes Boulevard Extension project.

Section 2. The City Manager or his designee is authorized to record the reimbursement funds and to make all necessary budget adjustments, appropriations and transfers related to the TUMF Reimbursement Agreement for the Sun Lakes Boulevard Extension project.

PASSED, APPROVED AND ADOPTED this 14th day of July, 2020.

Daniela Andrade

Daniela Andrade, Mayor
City of Banning

ATTEST:

Sonja De La Fuente, Deputy City Clerk
City of Banning

APPROVED AS TO FORM
AND LEGAL CONTENT:

Kevin G. Ennis, Esq., City Attorney
Richards, Watson & Gershon

CERTIFICATION:

I, Sonja De La Fuente, Deputy City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution No. 2020-97, was adopted by the City Council of the City of Banning at a Regular Meeting thereof held on the 14th day of July, 2020, by the following vote, to wit:

AYES: Councilmembers Happe, Pingree, Wallace, Welch and Mayor Andrade

NOES: None

ABSTAIN: None

ABSENT: None

Sonja De La Fuente, Deputy City Clerk
City of Banning

RESOLUTION 2023-174

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, AUTHORIZING THE MAYOR TO EXECUTE THE AGREEMENT FOR THE FUNDING OF MEASURE A REGIONAL ARTERIAL IMPROVEMENTS WITH THE RIVERSIDE COUNTY TRANSPORTATION COMMISSION FOR $13,500,000 IN MEASURE A FUNDING FOR THE CONSTRUCTION OF THE SUN LAKES BOULEVARD EXTENSION PROJECT

WHEREAS, Sun Lakes Boulevard exists on the City's Circulation Element as an arterial highway; and

WHEREAS, on April 14, 2020 City Council adopted Resolution 2020-48 authorizing design services for the Sun Lakes Boulevard Extension Project (also known as the Westward Avenue Extension Project) ("Project"); and

WHEREAS, the Project is eligible for grant funding for construction under the Riverside County Transportation Commission Measure A Regional Arterial program; and

WHEREAS, the Riverside County Transportation Commission selected the Project through a competitive grant program for $13,500,000 of Measure A money collected and administered by the Riverside County Transportation Commission.

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

SECTION 1. The City Council approves the grant agreement, attached hereto as Exhibit "A", between the Riverside County Transportation Commission and the City of Banning for $13,500,000 in construction funding for the Sun Lakes Boulevard extension project.

SECTION 2. The City Council authorizes the Mayor to sign the grant agreement for the funding of Measure A Regional Arterial Improvements.

SECTION 3. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED, APPROVED AND ADOPTED this 24th day of October 2023.

Alberto Sanchez, Mayor
City of Banning

ATTEST:

Caroline Patton, Deputy City Clerk
City of Banning

APPROVED AS TO FORM AND LEGAL CONTENT:

Serita R. Young, City Attorney
Richards, Watson & Gershon

CERTIFICATION:

I, Caroline Patton, Deputy City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution 2023-174, was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 24th day of October 2023 by the following vote, to wit:

AYES: Flynn, Gonzales, Minjares, Sanchez, and Wallace.

NOES:

ABSENT:

ABSTAIN:

Caroline Patton, Deputy City Clerk
City of Banning, California

EXHIBIT A
Grant Agreement

AGREEMENT FOR THE FUNDING OF MEASURE A REGIONAL ARTERIAL IMPROVEMENTS WITH THE CITY OF BANNING

1. Parties and Date.

1.1 This Agreement is executed and entered into this ___ day of _____, 2023, by and between the RIVERSIDE COUNTY TRANSPORTATION COMMISSION ("RCTC") and CITY OF BANNING ("City"). RCTC and City are sometimes collectively referred to herein as the "Parties".

2. Recitals.

2.1 RCTC is a county transportation commission created and existing pursuant to California Public Utilities Code Sections 130053 and 130053.5.

2.2 On November 5, 2002 the voters of Riverside County approved Measure A authorizing the collection of a one-half percent (1/2%) retail transactions and use tax to fund transportation programs and improvements within the County of Riverside, and adopting the Riverside County Transportation Improvement Plan (the "Plan").

2.3 The Plan establishes funding for any improved Regional Arterial System to be funded by a mix of measure A and Transportation Uniform Mitigation Fees (TUMF) revenues.

2.4 Pursuant to Public Utility Code Sections 240000 et seq., RCTC is authorized to allocate the proceeds of the Measure A tax in furtherance of the Plan.

2.5 RCTC intends, by this Agreement, to distribute Measure A Regional Arterial ("MARA") Funds, subject to the conditions provided herein, and to participate in the joint development of the Project, as defined herein.

3. Terms.

3.1 Description of Work. This Agreement is intended to distribute MARA Funds to the City for the Sun Lakes Extension Project, ("the Work"). The Work, including a timetable and a detailed scope of work, is more fully described in Exhibit "A" attached hereto and, pursuant to Section 3.15 below, is subject to modification as requested by the City and approved by RCTC. The Work shall be consistent with one or more of the defined RCTC Call for Projects phases detailed herein as follows:

1) CONS – Construction

The Work phase(s) funded pursuant to this Agreement shall be consistent with the City's Call for Projects Nomination Form submitted to RCTC ("the Project"). The Project is more fully described

in Exhibit "B" attached hereto. It is understood and agreed that the City shall expend MARA Funds only as set forth in this Agreement and only for the Work. To this end, any use of funds provided pursuant to this Agreement shall be subject to the review and approval of RCTC.

3.2 RCTC Funding Amount. RCTC hereby agrees to distribute to the City, on the terms and conditions set forth herein, a sum not to exceed Thirteen Million, Five Hundred Thousand Dollars ($13,500,000), to be used exclusively for reimbursing the City for eligible Work expenses as described herein ("Funding Amount"). The City acknowledges and agrees that the Funding Amount may be less than the actual cost of the Work, and that RCTC shall not contribute MARA Funds in excess of the maximum authorized in this section.

3.2.1 Eligible Work Costs. The total Work costs ("Total Work Cost") may include the following items, provided that such items are included in the scope of work attached as Exhibit "A": (1) City and/or consultant costs associated with direct Work coordination and support; (2) construction costs, including change orders to construction contract approved by the City; and (3) construction management, field inspection and material testing costs.

3.2.2 Ineligible Work Costs. The Total Work Cost shall not include the following items which shall be borne solely by the City without reimbursement: (1) City administrative costs; (2) City costs attributed to the preparation of invoices, billings and payments; (3) any City fees attributed to the processing of the Work; and (4) expenses for items of work not included within the scope of work in Exhibit "A".

3.2.3 Increases in Work Funding. The Funding Amount may, in RCTC's sole discretion, be augmented with additional MARA Funds. Any such increase in the Funding Amount must be approved in writing by RCTC's Executive Director. No such increased funding shall be expended to pay for any Work already completed. For purposes of this Agreement, the Work or any portion thereof shall be deemed complete upon its acceptance by RCTC's Executive Director.

3.2.4 Cost Savings. In the event that bids for the Work are lower than anticipated, or there are cost savings for any other reason, the Funding Amount shall be reduced as follows: cost savings shall be applied proportionately to each funding source listed in Exhibit "A" for the Work. The City shall inform RCTC of any cost savings and the Parties shall amend this Agreement to reflect the revised Funding Amount. RCTC's Executive Director and the City Manager shall be authorized to execute any such amendment.

3.2.5 No Funding for Temporary Improvements. Only segments or components of the Work that are intended to form part of or be integrated into the Work may be funded by MARA Funds. No improvement which is temporary in nature, including but not limited to temporary roads, curbs, or drainage facilities, shall be funded with MARA Funds except as needed for staged construction of the Work.

3.3 City's Funding Obligation to Complete the Work. In the event that the MARA Funds allocated to the Work represent less than the total cost of the Work, the City shall provide such additional funds as may be required to complete the Work as described in Exhibit "A".

3.3.1 City's Obligation to Repay MARA Funds to RCTC. In the event that: (i) the City, for any reason, determines not to proceed with or complete the Work; or (ii) the Work is not

timely completed, subject to any extension of time granted by RCTC pursuant to Section 3.15; the City agrees that any MARA Funds that were distributed to the City for the Work shall be repaid in full to RCTC. The Parties shall enter into good faith negotiations to establish a reasonable repayment schedule and repayment mechanism which may include, but is not limited to, withholding of Measure A Local Streets and Roads revenues. The City acknowledges and agrees that RCTC shall have the right to withhold any Measure A Local Streets and Roads revenues due the City, in an amount not to exceed the total of the funds distributed to the City, and/or initiate legal action to compel repayment, if the City fails to repay RCTC within a reasonable time period not to exceed 180 days from receipt of written notification from RCTC that repayment is required.

3.3.2 City's Local Match Contribution. The City shall provide at least Thirteen Million, Five Hundred Thirty-Six Thousand Dollars ($13,536,000) of funding toward the Work, as shown in Exhibit "A" and as called out in the City's Project Nomination Form submitted to RCTC in response to its Call for Projects.

3.4 Work Responsibilities of the City. The City shall be responsible for the following aspects of the Work, in compliance with state and federal law provided that such items are included in the Project scope of work attached as Exhibit "A": (i) all aspects of bidding, awarding, and administration of the contracts for the Work; (ii) all construction management of any construction activities undertaken in connection with the Work, including survey and material testing; and (iii) development of a budget for the Work prior to award of any contract for the Work, taking into consideration available funding, including MARA Funds.

3.5 Term/Notice of Completion. The term of this Agreement shall be from the date first herein above written until: (i) the date RCTC formally accepts the Work as complete, pursuant to Section 3.2.3; (ii) termination of this Agreement pursuant to Section 3.9; or (iii) the City has fully satisfied its obligations under this Agreement, "including full repayment of MARA Funds to RCTC as provided herein". All applicable indemnification provisions of this Agreement shall remain in effect following the termination of this Agreement.

3.6 Representatives of the Parties. RCTC's Executive Director, or his or her designee, shall serve as RCTC's representative and shall have the authority to act on behalf of RCTC for all purposes under this Agreement. The City hereby designates Doug Schulze, City Manager, or his or her designee, as the City's representative to RCTC. The City's representative shall have the authority to act on behalf of the City for all purposes under this Agreement and shall coordinate all activities of the Work under the City's responsibility. The City shall work closely and cooperate fully with RCTC's representative and any other agencies which may have jurisdiction over or an interest in the Work.

3.7 Expenditure of Funds by City Prior to Execution of Agreement. Nothing in this Agreement shall be construed to prevent or preclude the City from expending funds on the Work prior to the execution of the Agreement, or from being reimbursed by RCTC for such expenditures. However, the City understands and acknowledges that any expenditure of funds on the Work prior to the execution of the Agreement is made at the City's sole risk, and that some expenditures by the City may not be eligible for reimbursement under this Agreement.

3.8 Review of Services. The City shall allow RCTC's Representative to inspect or review the progress of the Work at any reasonable time in order to determine whether the terms of this Agreement are being met.

3.9 Termination. This Agreement may be terminated for cause or convenience as further specified below.

3.9.1 Termination for Convenience.

3.9.1.1 Notice. Either RCTC or the City may, by written notice to the other party, terminate this Agreement, in whole or in part, for convenience by giving thirty (30) days' written notice to the other party of such termination and specifying the effective date thereof.

3.9.1.2 Effect of Termination for Convenience. In the event that the City terminates this Agreement for convenience, the City shall, within 180 days, repay to RCTC in full all MARA Funds provided to the City under this Agreement. In the event that RCTC terminates this Agreement for convenience, RCTC shall, within 90 days, distribute to the City MARA Funds in an amount equal to the aggregate total of all unpaid invoices which have been received from the City regarding the Work at the time of the notice of termination; provided, however, that RCTC shall be entitled to exercise its rights under Section 3.14.2, including but not limited to conducting a review of the invoices and requesting additional information. This Agreement shall terminate upon receipt by the non-terminating party of the amounts due it under this Section 3.9.1.2.

3.9.2 Termination for Cause.

3.9.2.1 Notice. Either RCTC or the City may, by written notice to the other party, terminate this Agreement, in whole or in part, in response to a material breach hereof by the other party, by giving written notice to the other party of such termination and specifying the effective date thereof. The written notice shall provide a 30 day period to cure any alleged breach. During the 30 day cure period, the Parties shall discuss, in good faith, the manner in which the breach can be cured.

3.9.2.2 Effect of Termination for Cause. In the event that the City terminates this Agreement in response to RCTC's uncured material breach hereof, RCTC shall, within 90 days, distribute to the City MARA Funds in an amount equal to the aggregate total of all unpaid invoices which have been received from the City regarding the Work at the time of the notice of termination. In the event that RCTC terminates this Agreement in response to the City's uncured material breach hereof, the City shall, within 180 days, repay to RCTC in full all MARA Funds provided to the City under this Agreement. Notwithstanding termination of this Agreement by RCTC pursuant to this Section 3.9.2.2, RCTC shall be entitled to exercise its rights under Section 3.14.2, including but not limited to conducting a review of the invoices and requesting additional information. This Agreement shall terminate upon receipt by the terminating party of the amounts due it under this Section 3.9.2.2.

3.9.3 Cumulative Remedies. The rights and remedies of the Parties provided in this Section are in addition to any other rights and remedies provided by law or under this Agreement.

3.10 Prevailing Wages. The City and any other person or entity hired to perform services on the Work are alerted to the requirements of California Labor Code Sections 1770 et seq., which would require the payment of prevailing wages were the services or any portion thereof determined to be a public work, as defined therein. The City shall ensure compliance with these prevailing wage requirements by any person or entity hired to perform the Work. The City shall defend, indemnify, and hold harmless RCTC, its officers, employees, consultants, and agents from any claim or liability, including without limitation attorneys, fees, arising from its failure or alleged failure to comply with California Labor Code Sections 1770 et seq.

3.11 Progress Reports. RCTC may request the City to provide RCTC with progress reports concerning the status of the Work.

3.12 Indemnification.

3.12.1 City Responsibilities. In addition to the indemnification required under Section 3.10, the City agrees to indemnify and hold harmless RCTC, its officers, agents, consultants, and employees from any and all claims, demands, costs or liability arising from or connected with all activities governed by this Agreement including all design and construction activities, due to any act of the City or its subcontractors whatsoever, regardless of fault, including negligent acts, errors or omissions or willful misconduct, except that caused by the sole negligence of RCTC. The City will reimburse RCTC for any expenditures, including reasonable attorneys' fees, incurred by RCTC, in defending against claims ultimately determined to be due to any act of the City or its subcontractors whatsoever, regardless of fault, including negligent acts, errors or omissions or willful misconduct, except that caused by the sole negligence of RCTC.

3.12.2 Effect of Acceptance. The City shall be responsible for the professional quality, technical accuracy and the coordination of any services provided to complete the Work. RCTC's review, acceptance or funding of any services performed by the City or any other person or entity under this agreement shall not be construed to operate as a waiver of any rights RCTC may hold under this Agreement or of any cause of action arising out of this Agreement. Further, the City shall be and remain liable to RCTC, in accordance with applicable law, for all damages to RCTC caused by the City's performance of this Agreement or supervision of any services provided to complete the Work.

3.13 Insurance. The City shall require, at a minimum, all persons or entities hired to perform the Work to obtain, and require their subcontractors to obtain, insurance of the types and in the amounts described below and satisfactory to the City and RCTC. Such insurance shall be maintained throughout the term of this Agreement, or until completion of the Work, whichever occurs last.

3.13.1 Commercial General Liability Insurance. Occurrence version commercial general liability insurance or equivalent form with a combined single limit of not less than $2,000,000.00 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to the Work or be no less than two times the occurrence limit. Such insurance shall:

3.13.1.1 Name RCTC and City, and their respective officials, officers, employees, agents, and consultants as insured with respect to performance of the services on the

Work and shall contain no special limitations on the scope of coverage or the protection afforded to these insured;

3.13.1.2 Be primary with respect to any insurance or self insurance programs covering RCTC and City, and/or their respective officials, officers, employees, agents, and consultants; and

3.13.1.3 Contain standard separation of insured provisions.

3.13.2 Business Automobile Liability Insurance. Business automobile liability insurance or equivalent form with a combined single limit of not less than $1,000,000.00 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles.

3.13.3 Professional Liability Insurance. Errors and omissions liability insurance with a limit of not less than $1,000,000.00 Professional liability insurance shall only be required of design or engineering professionals.

3.13.4 Workers' Compensation Insurance. Workers' compensation insurance with statutory limits and employers' liability insurance with limits of not less than $1,000,000.00 each accident.

3.14 Procedures for Distribution of MARA Funds to City.

3.14.1 Initial Payment by the City. The City shall be responsible for initial payment of all the Work costs as they are incurred. Following payment of such Work costs, the City shall submit invoices to RCTC requesting reimbursement of eligible Work costs. Each invoice shall be accompanied by detailed contractor invoices, or other demands for payment addressed to the City, and documents evidencing the City's payment of the invoices or demands for payment. The City shall submit invoices not more often than monthly and not less often than quarterly.

3.14.2 Review and Reimbursement by RCTC. Upon receipt of an invoice from the City, RCTC may request additional documentation or explanation of the Work costs for which reimbursement is sought. Undisputed amounts shall be paid by RCTC to the City within thirty (30) days. In the event that RCTC disputes the eligibility of the City for reimbursement of all or a portion of an invoiced amount, the Parties shall meet and confer in an attempt to resolve the dispute. If the meet and confer process is unsuccessful in resolving the dispute, the City may appeal RCTC's decision as to the eligibility of one or more invoices to RCTC's Executive Director. The City may appeal the decision of the Executive Director to the full RCTC Board, the decision of which shall be final. Additional details concerning the procedure for the City's submittal of invoices to RCTC and RCTC's consideration and payment of submitted invoices are set forth in Exhibit "C", attached hereto.

3.14.3 Funding Amount/Adjustment. If a post Work audit or review indicates that RCTC has provided reimbursement to the City in an amount in excess of the maximum MARA Funds provided for in section 3.2 of this Agreement, or has provided reimbursement of ineligible Work costs, the City shall reimburse RCTC for the excess or ineligible payments within 30 days of notification by RCTC.

3.15 Work Amendments. Changes to the characteristics of the Work, including the deadline for Work completion, and any responsibilities of the City or RCTC may be requested in writing by the City and are subject to the approval of RCTC's Representative, which approval will not be unreasonably withheld, provided that extensions of time for completion of the Work shall be approved in the sole discretion of RCTC's Representative. Nothing in this Agreement shall be construed to require or allow completion of the Work without full compliance with the California Environmental Quality Act (Public Resources Code Section 21000 et seq.; "CEQA") and the National Environmental Policy Act of 1969 (42 USC 4231 et seq.), but the necessity of compliance with CEQA and NEPA shall not justify, excuse, or permit a delay in completion of the Work.

3.16 Conflict of Interest. For the term of this Agreement, no member, officer or employee of the City or RCTC, during the term of his or her service with the City or RCTC, as the case may be, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.17 Limited Scope of Duties. RCTC's and the City's duties and obligations under this Agreement are limited to those described herein. RCTC has no obligation with respect to the safety of any Work performed at a job site. In addition, RCTC shall not be liable for any action of City or its contractors relating to the condemnation of property undertaken by City or construction related to the Work.

3.18 Books and Records. Each party shall maintain complete, accurate, and clearly identifiable records with respect to costs incurred for the Work under this Agreement. They shall make available for examination by the other party, its authorized agents, officers or employees any and all ledgers and books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or related to the expenditures and disbursements charged to the other party pursuant to this Agreement. Further, each party shall furnish to the other party, its agents or employees such other evidence or information as they may require with respect to any such expense or disbursement charged by them. All such information shall be retained by the Parties for at least three (3) years following termination of this Agreement, and they shall have access to such information during the three-year period for the purposes of examination or audit.

3.19 Equal Opportunity Employment. The Parties represent that they are equal opportunity employers and they shall not discriminate against any employee or applicant of reemployment because of race, religion, color, national origin, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

3.20 Governing Law. This Agreement shall be governed by and construed with the laws of the State of California. Venue shall be in Riverside County.

3.21 Attorneys' Fees. If either party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and costs of suit.

3.22 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.23 Headings. Article and Section Headings, paragraph captions or marginal headings contained in this Agreement are for convenience only and shall have no effect in the construction or interpretation of any provision herein.

3.24 Notification. All notices hereunder and communications regarding interpretation of the terms of the Agreement or changes thereto shall be provided by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

CITY OF BANNING 99 East Ramsey Street Banning, CA 92220	**RCTC** Riverside County Transportation Commission 4080 Lemon Street, 3rd Floor Mailing address: P.O. Box 12008 Riverside, CA 92501
ATTN:City Manager	ATTN: Executive Director

Any notice so given shall be considered served on the other party three (3) days after deposit in the U.S. mail, first class postage prepaid, return receipt requested, and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred regardless of the method of service.

3.25 Conflicting Provisions. In the event that provisions of any attached appendices or exhibits conflict in any way with the provisions set forth in this Agreement, the language, terms and conditions contained in this Agreement shall control the actions and obligations of the Parties and the interpretation of the Parties' understanding concerning the performance of the Services.

3.26 Contract Amendment. In the event that the Parties determine that the provisions of this Agreement should be altered, the Parties may execute a contract amendment to add any provision to this Agreement, or delete or amend any provision of this Agreement. All such contract amendments must be in the form of a written instrument signed by the original signatories to this Agreement, or their successors or designees.

3.27 Entire Agreement. This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes any previous agreements or understandings.

3.28 No Waiver. Failure of RCTC to insist on any one occasion upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any rights or powers hereunder at any one time or more times be deemed a waiver or relinquishment of such other right or power at any other time or times.

3.29 Validity of Agreement. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

3.30 Independent Contractors. Any person or entities retained by the City or any contractor shall be retained on an independent contractor basis and shall not be employees of RCTC. Any personnel performing services on the Work shall at all times be under the exclusive direction

and control of the City or contractor, whichever is applicable. The City or contractor shall pay all wages, salaries and other amounts due such personnel in connection with their performance of services on the Work and as required by law. The City or consultant shall be responsible for all reports and obligations respecting such personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance and workers' compensation insurance.

3.31 Survival. All rights and obligations hereunder that by their nature are to be performed after any expiration or termination of this Agreement shall survive any such expiration or termination.

3.32 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

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

3.34 Electronically Transmitted Signatures. A manually signed copy of this Agreement which is transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement for all purposes.

[Signatures on following page]

SIGNATURE PAGE
TO
AGREEMENT FOR THE FUNDING OF
MEASURE A REGIONAL ARTERIAL IMPROVEMENTS

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

By: _____
Anne Mayer, Executive Director

APPROVED AS TO FORM:

By: _____
Best, Best & Krieger
Counsel to the Riverside County
Transportation Commission

CITY OF BANNING

By: _____
Alberto Sanchez, Mayor

ATTEST:

By: _____
Caroline Patton, City Clerk

APPROVED AS TO FORM:

By: _____

EXHIBIT "A"

SCOPE OF WORK,
FUNDING AND TIMETABLE

SCOPE OF WORK: Construct new 1.02-mile section of Westward Avenue from Sunset Avenue to Highland Home Road. Will include two eastbound and two westbound lanes, comprised of a 12-foot inner lane and a 14-foot outer lane in each direction; a raised 18-foot wide median; 8-foot-wide Class 2 bike lanes in each direction; 8-foot-wide sidewalks; associated road striping, drainage, and street light improvements.

FUNDING:

PHASE	MARA Fund	LOCAL	TOTAL
CONSTRUCTION	$13,500,000	$13,536,000	$27,036,000
TOTAL	$13,500,000	$13,536,000	$27,036,000

TIMETABLE: Provide at a minimum the beginning and ending dates for each phase of work including major milestones within a phase.

PHASE	START DATE	END DATE	COMMENTS
Construction	3/2025	8/2026	360 Working Days

EXHIBIT "B"

PROJECT LOCATION MAP

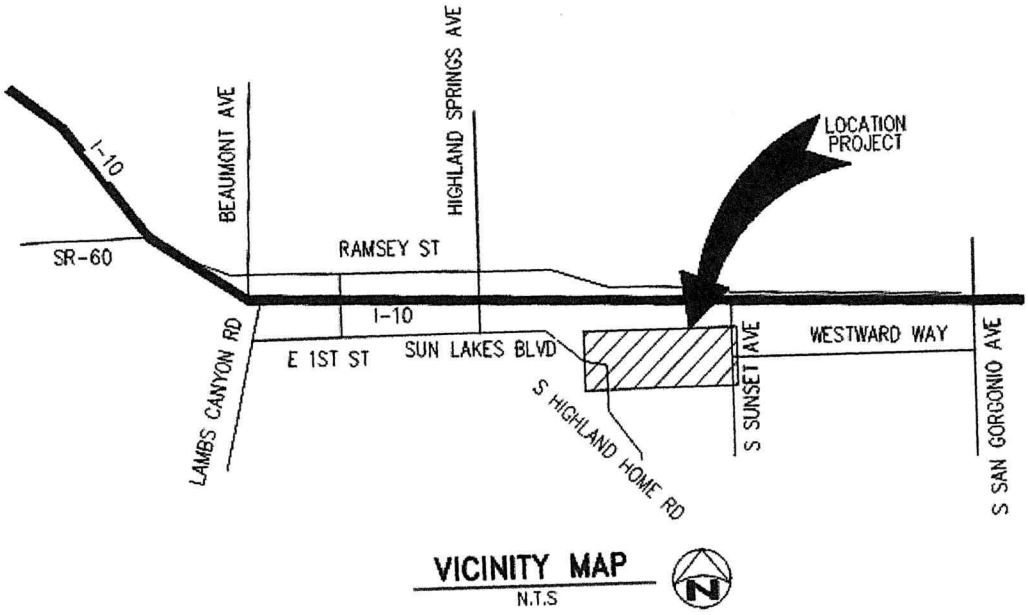

Exhibit B

17336.02600\32593628.1

EXHIBIT "C"

PROCEDURES FOR SUBMITTAL, CONSIDERATION AND PAYMENT OF INVOICES

1. RCTC recommends that the City incorporate Exhibit "C-1" into its contracts with any subcontractors to establish a standard method for preparation of invoices by contractors to the City and ultimately to RCTC for reimbursement of City contractor costs.

2. Each month the City shall submit an invoice for eligible Work costs incurred during the preceding month. The original invoice shall be submitted to RCTC's Executive Director with a copy to RCTC's Project Coordinator. Each invoice shall be accompanied by a cover letter in a format substantially similar to that of Exhibit "C-2".

3. Each invoice shall include documentation from each contractor used by the City for the Work, listing labor costs, subcontractor costs, and other expenses. Each invoice shall also include a monthly progress report and spreadsheets showing the hours or amounts expended by each contractor or consultant for the month and for the entire Work to date. A sample progress report is attached as Exhibits "C-4". All documentation from the City's contractors should be accompanied by a cover letter in a format substantially similar to that of Exhibit "C-3".

4. If the City is seeking reimbursement for direct expenses incurred by City staff for eligible Work costs, the City shall detail the same level of information for its labor and any expenses in the same level of detail as required of contractors pursuant to Exhibit "C" and its attachments.

5. Charges for each task and milestone listed in Exhibit "A" shall be listed separately in the invoice.

6. Each invoice shall include a certification signed by the City Representative or his or her designee which reads as follows:

   "I hereby certify that the hours and salary rates submitted for reimbursement in this invoice are the actual hours and rates worked and paid to the consultants or contractors listed.

   Signed _____

   Title _____

   Date _____

   Invoice No. _____

7. RCTC will pay the City within 30 days after receipt by the Commission of an invoice. If RCTC disputes any portion of an invoice, payment for that portion will be withheld, without interest, pending resolution of the dispute, but the uncontested balance will be paid.

8. The final payment under this Agreement will be made only after: (i) the City has obtained a Release and Certificate of Final Payment from each contractor or consultant used on theWork; (ii) the City has executed a Release and Certificate of Final Payment; and (iii) the City has provided copies of each such Release to RCTC.

EXHIBIT "C-1"

ELEMENTS OF COMPENSATION

For the satisfactory performance and completion of the Work under this Agreement, City will pay the Consultant compensation as set forth herein. The total compensation for this service shall not exceed (_____INSERT WRITTEN DOLLAR AMOUNT___) ($___INSERT NUMERICAL DOLLAR AMOUNT___) without written approval of City's City Engineer ("Total Compensation").

1. ELEMENTS OF COMPENSATION.

Compensation for the Work will be comprised of the following elements: 1.1 Direct Labor Costs; 1.2 Fixed Fee; and 1.3 Additional Direct Costs.

1.1 DIRECT LABOR COSTS.

Direct Labor costs shall be paid in an amount equal to the product of the Direct Salary Costs and the Multiplier which are defined as follows:

1.1.1 DIRECT SALARY COSTS

Direct Salary Costs are the base salaries and wages actually paid to the Consultant's personnel directly engaged in performance of the Work under the Agreement. (The range of hourly rates paid to the Consultant's personnel appears in Section 2 below.)

1.1.2 MULTIPLIER

The Multiplier to be applied to the Direct Salary Costs to determine the Direct Labor Costs is _____, and is the sum of the following components:

1.1.2.1 Direct Salary Costs _____

1.1.2.2 Payroll Additives _____

The Decimal Ratio of Payroll Additives to Direct Salary Costs. Payroll Additives include all employee benefits, allowances for vacation, sick leave, and holidays, and company portion of employee insurance and social and retirement benefits, all federal and state payroll taxes, premiums for insurance which are measured by payroll costs, and other contributions and benefits imposed by applicable laws and regulations.

1.1.2.3 Overhead Costs _____

The Decimal ratio of Allowable Overhead Costs to the Consultant Firm's Total Direct Salary Costs. Allowable Overhead Costs include general, administrative and overhead costs of maintaining and operating established offices, and consistent with established firm policies, and as defined in the Federal Acquisitions Regulations, Part 31.2.

Total Multiplier _____
(sum of 1.1.2.1, 1.1.2.2, and 1.1.2.3)

1.2 FIXED FEE.

1.2.1 A Fixed Fee of _____ shall be paid to Consultant for Consultant's complete and satisfactory performance of this Agreement and all Services required. The Fixed Fee shall be paid in monthly installments based upon the percentage of the Services completed at the end of each billing period, as determined in the sole discretion of the City. Consultant shall not be entitled to and shall forfeit any portion of the Fixed Fee not earned as provided herein.

1.2.2 A pro-rata share of the Fixed Fee shall be applied to the total Direct Labor Costs expended for services each month, and shall be included on each monthly invoice.

1.3 ADDITIONAL DIRECT COSTS.

Additional Direct Costs directly identifiable to the performance of the services of this Agreement shall be reimbursed at the rates below, or at actual invoiced cost.

Rates for identified Additional Direct Costs are as follows:

ITEM	REIMBURSEMENT RATE
	[___insert charges___]
Per Diem	$ /day
Car mileage	$ /mile
Travel	$ /trip
Computer Charges	$ /hour
Photocopies	$ /copy
Blueline	$ /sheet
LD Telephone	$ /call
Fax	$ /sheet
Photographs	$ /sheet

Travel by air and travel in excess of 100 miles from the Consultant's office nearest to City's office must have City's prior written approval to be reimbursed under this Agreement.

2. DIRECT SALARY RATES

Direct Salary Rates, which are the range of hourly rates to be used in determining Direct Salary Costs in Section 1.1.1 above, are given below and are subject to the following:

2.1 Direct Salary Rates shall be applicable to both straight time and overtime work, unless payment of a premium for overtime work is required by law, regulation or craft agreement, or is otherwise specified in this Agreement. In such event, the premium portion of Direct Salary Costs will not be subject to the Multiplier defined in Paragraph 1.1.2 above.

2.2 Direct Salary Rates shown herein are in effect for one year following the effective date of the Agreement. Thereafter, they may be adjusted annually to reflect the Consultant's adjustments to individual compensation. The Consultant shall notify City in writing prior to a change in the range of rates included herein, and prior to each subsequent change.

POSITION OR CLASSIFICATION	RANGE OF HOURLY RATES
[___sample___]	
Principal	$ .00 - $ .00/hour
Project Manager	$ .00 - $ .00/hour
Sr. Engineer/Planner	$ .00 - $ .00/hour
Project Engineer/Planner	$ .00 - $ .00/hour
Assoc. Engineer/Planner	$ .00 - $ .00/hour
Technician	$ .00 - $ .00/hour
Drafter/CADD Operator	$ .00 - $ .00/hour
Word Processor	$ .00 - $ .00/hour

2.3 The above rates are for the Consultant only. All rates for subconsultants to the Consultant will be in accordance with the Consultant's cost proposal.

3. INVOICING.

3.1 Each month the Consultant shall submit an invoice for Work performed during the preceding month. The original invoice shall be submitted to City's City Engineer with two (2) copies to City's Project Coordinator.

3.2 Charges shall be billed in accordance with the terms and rates included herein, unless otherwise agreed in writing by City's Representative.

3.3 Base Work and Extra Work shall be charged separately, and the charges for each task and Milestone listed in the Scope of Work, shall be listed separately. The charges for

each individual assigned by the Consultant under this Agreement shall be listed separately on an attachment to the invoice.

3.4 A charge of $500 or more for any one item of Additional Direct Costs shall be accompanied by substantiating documentation satisfactory to City such as invoices, telephone logs, etc.

3.5 Each copy of each invoice shall be accompanied by a Monthly Progress Report and spreadsheets showing hours expended by task for each month and total project to date.

3.6 Each invoice shall indicate payments to DBE subconsultants or supplies by dollar amount and as a percentage of the total invoice.

3.7 Each invoice shall include a certification signed by the Consultant's Representative or an officer of the firm which reads as follows:

I hereby certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed.

Signed _____

Title _____

Date _____

Invoice No. _____

4. PAYMENT

4.1 City shall pay the Consultant within four to six weeks after receipt by City of an original invoice. Should City contest any portion of an invoice, that portion shall be held for resolution, without interest, but the uncontested balance shall be paid.

The final payment for Work under this Agreement will be made only after the Consultant has executed a Release and Certificate of Final Payment.

EXHIBIT "C-2"
Sample Cover Letter to RCTC

Date

Ms. Anne Mayer
Executive Director
Riverside County Transportation Commission
4080 Lemon Street, 3rd Floor
Riverside, CA 92501
ATTN: Accounts Payable

Re: Project Title - Invoice #__

Enclosed for your review and payment approval is the City of _____'s invoice for professional and technical services that was rendered by our contractors in connection with the _____ Agreement No. _____ effective (Month/Day/Year). The required support documentation received from each contractor is included as backup to the invoice.

Invoice period covered is from Month/Date/Year to Month/Date/Year.

Total Authorized Agreement Amount:	$0,000,000.00
Total Invoiced to Date:	$0,000,000.00
Total Previously Invoiced:	$0,000,000.00
Balance Remaining:	$0,000,000.00
Amount due this Invoice:	**$0,000,000.00**

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the contractors listed.

By: _____
Name
Title

cc:

EXHIBIT "C-3"

Sample Letter from Contractor to City/County

Month/Date/Year

_____

_____

_____

Attn: Accounts Payable Invoice#_____

For **[type of services]** rendered by **[contractor name]** in connection with **[name of project]** This is per agreement No. XX-XX-XXX effective Month/Date/Year.

Invoice period covered is from Month/Date/Year to Month/Date/Year.

Total Base Contract Amount:	$000,000.00
Authorized Extra Work (if Applicable)	$000,000.00

TOTAL AUTHORIZED CONTRACT AMOUNT:	$000,000.00
Total Invoice to Date:	$000,000.00
Total Previously Billed:	$000,000.00
Balance Remaining:	$000,000.00
Amount Due this Invoice:	$000,000.00
	==========

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed,

By: _____
Name
Title

EXHIBIT C-4
Sample Progress Report

REPORTING PERIOD: Month/Date/Year to Month/Date/Year
PROGRESS REPORT: #1

A. Activities and Work Completed during Current Work Periods

TASK 01 – 100% PS&E SUBMITTAL
1. Responded to Segment 1 comments from Department of Transportation
2. Completed and submitted Segment 1 final PS&E

B. Current/Potential Problems Encountered & Corrective Action

Problems	Corrective Action
None	None

C. Work Planned Next Period

TASK 01 – 100% PS&E SUBMITTAL
1. Completing and to submit Traffic Signal and Electrical Design plans
2. Responding to review comments

AGREEMENT FOR THE FUNDING OF MEASURE A REGIONAL ARTERIAL IMPROVEMENTS WITH THE CITY OF BANNING

1. Parties and Date.

1.1 This Agreement is executed and entered into this ___ day of _____, 2023, by and between the RIVERSIDE COUNTY TRANSPORTATION COMMISSION ("RCTC") and CITY OF BANNING ("City"). RCTC and City are sometimes collectively referred to herein as the "Parties".

2. Recitals.

2.1 RCTC is a county transportation commission created and existing pursuant to California Public Utilities Code Sections 130053 and 130053.5.

2.2 On November 5, 2002 the voters of Riverside County approved Measure A authorizing the collection of a one-half percent (1/2%) retail transactions and use tax to fund transportation programs and improvements within the County of Riverside, and adopting the Riverside County Transportation Improvement Plan (the "Plan").

2.3 The Plan establishes funding for any improved Regional Arterial System to be funded by a mix of measure A and Transportation Uniform Mitigation Fees (TUMF) revenues.

2.4 Pursuant to Public Utility Code Sections 240000 et seq., RCTC is authorized to allocate the proceeds of the Measure A tax in furtherance of the Plan.

2.5 RCTC intends, by this Agreement, to distribute Measure A Regional Arterial ("MARA") Funds, subject to the conditions provided herein, and to participate in the joint development of the Project, as defined herein.

3. Terms.

3.1 Description of Work. This Agreement is intended to distribute MARA Funds to the City for the Sun Lakes Extension Project, ("the Work"). The Work, including a timetable and a detailed scope of work, is more fully described in Exhibit "A" attached hereto and, pursuant to Section 3.15 below, is subject to modification as requested by the City and approved by RCTC. The Work shall be consistent with one or more of the defined RCTC Call for Projects phases detailed herein as follows:

1) CONS – Construction

The Work phase(s) funded pursuant to this Agreement shall be consistent with the City's Call for Projects Nomination Form submitted to RCTC ("the Project"). The Project is more fully described

in Exhibit "B" attached hereto. It is understood and agreed that the City shall expend MARA Funds only as set forth in this Agreement and only for the Work. To this end, any use of funds provided pursuant to this Agreement shall be subject to the review and approval of RCTC.

3.2 RCTC Funding Amount. RCTC hereby agrees to distribute to the City, on the terms and conditions set forth herein, a sum not to exceed Thirteen Million, Five Hundred Thousand Dollars ($13,500,000), to be used exclusively for reimbursing the City for eligible Work expenses as described herein ("Funding Amount"). The City acknowledges and agrees that the Funding Amount may be less than the actual cost of the Work, and that RCTC shall not contribute MARA Funds in excess of the maximum authorized in this section.

3.2.1 Eligible Work Costs. The total Work costs ("Total Work Cost") may include the following items, provided that such items are included in the scope of work attached as Exhibit "A": (1) City and/or consultant costs associated with direct Work coordination and support; (2) construction costs, including change orders to construction contract approved by the City; and (3) construction management, field inspection and material testing costs.

3.2.2 Ineligible Work Costs. The Total Work Cost shall not include the following items which shall be borne solely by the City without reimbursement: (1) City administrative costs; (2) City costs attributed to the preparation of invoices, billings and payments; (3) any City fees attributed to the processing of the Work; and (4) expenses for items of work not included within the scope of work in Exhibit "A".

3.2.3 Increases in Work Funding. The Funding Amount may, in RCTC's sole discretion, be augmented with additional MARA Funds. Any such increase in the Funding Amount must be approved in writing by RCTC's Executive Director. No such increased funding shall be expended to pay for any Work already completed. For purposes of this Agreement, the Work or any portion thereof shall be deemed complete upon its acceptance by RCTC's Executive Director.

3.2.4 Cost Savings. In the event that bids for the Work are lower than anticipated, or there are cost savings for any other reason, the Funding Amount shall be reduced as follows: cost savings shall be applied proportionately to each funding source listed in Exhibit "A" for the Work. The City shall inform RCTC of any cost savings and the Parties shall amend this Agreement to reflect the revised Funding Amount. RCTC's Executive Director and the City Manager shall be authorized to execute any such amendment.

3.2.5 No Funding for Temporary Improvements. Only segments or components of the Work that are intended to form part of or be integrated into the Work may be funded by MARA Funds. No improvement which is temporary in nature, including but not limited to temporary roads, curbs, or drainage facilities, shall be funded with MARA Funds except as needed for staged construction of the Work.

3.3 City's Funding Obligation to Complete the Work. In the event that the MARA Funds allocated to the Work represent less than the total cost of the Work, the City shall provide such additional funds as may be required to complete the Work as described in Exhibit "A".

3.3.1 City's Obligation to Repay MARA Funds to RCTC. In the event that: (i) the City, for any reason, determines not to proceed with or complete the Work; or (ii) the Work is not

timely completed, subject to any extension of time granted by RCTC pursuant to Section 3.15; the City agrees that any MARA Funds that were distributed to the City for the Work shall be repaid in full to RCTC. The Parties shall enter into good faith negotiations to establish a reasonable repayment schedule and repayment mechanism which may include, but is not limited to, withholding of Measure A Local Streets and Roads revenues. The City acknowledges and agrees that RCTC shall have the right to withhold any Measure A Local Streets and Roads revenues due the City, in an amount not to exceed the total of the funds distributed to the City, and/or initiate legal action to compel repayment, if the City fails to repay RCTC within a reasonable time period not to exceed 180 days from receipt of written notification from RCTC that repayment is required.

3.3.2 City's Local Match Contribution. The City shall provide at least Thirteen Million, Five Hundred Thirty-Six Thousand Dollars ($13,536,000) of funding toward the Work, as shown in Exhibit "A" and as called out in the City's Project Nomination Form submitted to RCTC in response to its Call for Projects.

3.4 Work Responsibilities of the City. The City shall be responsible for the following aspects of the Work, in compliance with state and federal law provided that such items are included in the Project scope of work attached as Exhibit "A": (i) all aspects of bidding, awarding, and administration of the contracts for the Work; (ii) all construction management of any construction activities undertaken in connection with the Work, including survey and material testing; and (iii) development of a budget for the Work prior to award of any contract for the Work, taking into consideration available funding, including MARA Funds.

3.5 Term/Notice of Completion. The term of this Agreement shall be from the date first herein above written until: (i) the date RCTC formally accepts the Work as complete, pursuant to Section 3.2.3; (ii) termination of this Agreement pursuant to Section 3.9; or (iii) the City has fully satisfied its obligations under this Agreement, "including full repayment of MARA Funds to RCTC as provided herein". All applicable indemnification provisions of this Agreement shall remain in effect following the termination of this Agreement.

3.6 Representatives of the Parties. RCTC's Executive Director, or his or her designee, shall serve as RCTC's representative and shall have the authority to act on behalf of RCTC for all purposes under this Agreement. The City hereby designates Doug Schulze, City Manager, or his or her designee, as the City's representative to RCTC. The City's representative shall have the authority to act on behalf of the City for all purposes under this Agreement and shall coordinate all activities of the Work under the City's responsibility. The City shall work closely and cooperate fully with RCTC's representative and any other agencies which may have jurisdiction over or an interest in the Work.

3.7 Expenditure of Funds by City Prior to Execution of Agreement. Nothing in this Agreement shall be construed to prevent or preclude the City from expending funds on the Work prior to the execution of the Agreement, or from being reimbursed by RCTC for such expenditures. However, the City understands and acknowledges that any expenditure of funds on the Work prior to the execution of the Agreement is made at the City's sole risk, and that some expenditures by the City may not be eligible for reimbursement under this Agreement.

3.8 Review of Services. The City shall allow RCTC's Representative to inspect or review the progress of the Work at any reasonable time in order to determine whether the terms of this Agreement are being met.

3.9 Termination. This Agreement may be terminated for cause or convenience as further specified below.

3.9.1 Termination for Convenience.

3.9.1.1 Notice. Either RCTC or the City may, by written notice to the other party, terminate this Agreement, in whole or in part, for convenience by giving thirty (30) days' written notice to the other party of such termination and specifying the effective date thereof.

3.9.1.2 Effect of Termination for Convenience. In the event that the City terminates this Agreement for convenience, the City shall, within 180 days, repay to RCTC in full all MARA Funds provided to the City under this Agreement. In the event that RCTC terminates this Agreement for convenience, RCTC shall, within 90 days, distribute to the City MARA Funds in an amount equal to the aggregate total of all unpaid invoices which have been received from the City regarding the Work at the time of the notice of termination; provided, however, that RCTC shall be entitled to exercise its rights under Section 3.14.2, including but not limited to conducting a review of the invoices and requesting additional information. This Agreement shall terminate upon receipt by the non-terminating party of the amounts due it under this Section 3.9.1.2.

3.9.2 Termination for Cause.

3.9.2.1 Notice. Either RCTC or the City may, by written notice to the other party, terminate this Agreement, in whole or in part, in response to a material breach hereof by the other party, by giving written notice to the other party of such termination and specifying the effective date thereof. The written notice shall provide a 30 day period to cure any alleged breach. During the 30 day cure period, the Parties shall discuss, in good faith, the manner in which the breach can be cured.

3.9.2.2 Effect of Termination for Cause. In the event that the City terminates this Agreement in response to RCTC's uncured material breach hereof, RCTC shall, within 90 days, distribute to the City MARA Funds in an amount equal to the aggregate total of all unpaid invoices which have been received from the City regarding the Work at the time of the notice of termination. In the event that RCTC terminates this Agreement in response to the City's uncured material breach hereof, the City shall, within 180 days, repay to RCTC in full all MARA Funds provided to the City under this Agreement. Notwithstanding termination of this Agreement by RCTC pursuant to this Section 3.9.2.2, RCTC shall be entitled to exercise its rights under Section 3.14.2, including but not limited to conducting a review of the invoices and requesting additional information. This Agreement shall terminate upon receipt by the terminating party of the amounts due it under this Section 3.9.2.2.

3.9.3 Cumulative Remedies. The rights and remedies of the Parties provided in this Section are in addition to any other rights and remedies provided by law or under this Agreement.

3.10 Prevailing Wages. The City and any other person or entity hired to perform services on the Work are alerted to the requirements of California Labor Code Sections 1770 et seq., which would require the payment of prevailing wages were the services or any portion thereof determined to be a public work, as defined therein. The City shall ensure compliance with these prevailing wage requirements by any person or entity hired to perform the Work. The City shall defend, indemnify, and hold harmless RCTC, its officers, employees, consultants, and agents from any claim or liability, including without limitation attorneys, fees, arising from its failure or alleged failure to comply with California Labor Code Sections 1770 et seq.

3.11 Progress Reports. RCTC may request the City to provide RCTC with progress reports concerning the status of the Work.

3.12 Indemnification.

3.12.1 City Responsibilities. In addition to the indemnification required under Section 3.10, the City agrees to indemnify and hold harmless RCTC, its officers, agents, consultants, and employees from any and all claims, demands, costs or liability arising from or connected with all activities governed by this Agreement including all design and construction activities, due to any act of the City or its subcontractors whatsoever, regardless of fault, including negligent acts, errors or omissions or willful misconduct, except that caused by the sole negligence of RCTC. The City will reimburse RCTC for any expenditures, including reasonable attorneys' fees, incurred by RCTC, in defending against claims ultimately determined to be due to any act of the City or its subcontractors whatsoever, regardless of fault, including negligent acts, errors or omissions or willful misconduct, except that caused by the sole negligence of RCTC.

3.12.2 Effect of Acceptance. The City shall be responsible for the professional quality, technical accuracy and the coordination of any services provided to complete the Work. RCTC's review, acceptance or funding of any services performed by the City or any other person or entity under this agreement shall not be construed to operate as a waiver of any rights RCTC may hold under this Agreement or of any cause of action arising out of this Agreement. Further, the City shall be and remain liable to RCTC, in accordance with applicable law, for all damages to RCTC caused by the City's performance of this Agreement or supervision of any services provided to complete the Work.

3.13 Insurance. The City shall require, at a minimum, all persons or entities hired to perform the Work to obtain, and require their subcontractors to obtain, insurance of the types and in the amounts described below and satisfactory to the City and RCTC. Such insurance shall be maintained throughout the term of this Agreement, or until completion of the Work, whichever occurs last.

3.13.1 Commercial General Liability Insurance. Occurrence version commercial general liability insurance or equivalent form with a combined single limit of not less than $2,000,000.00 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to the Work or be no less than two times the occurrence limit. Such insurance shall:

3.13.1.1 Name RCTC and City, and their respective officials, officers, employees, agents, and consultants as insured with respect to performance of the services on the

Work and shall contain no special limitations on the scope of coverage or the protection afforded to these insured;

3.13.1.2 Be primary with respect to any insurance or self insurance programs covering RCTC and City, and/or their respective officials, officers, employees, agents, and consultants; and

3.13.1.3 Contain standard separation of insured provisions.

3.13.2 Business Automobile Liability Insurance. Business automobile liability insurance or equivalent form with a combined single limit of not less than $1,000,000.00 per occurrence. Such insurance shall include coverage for owned, hired and non-owned automobiles.

3.13.3 Professional Liability Insurance. Errors and omissions liability insurance with a limit of not less than $1,000,000.00 Professional liability insurance shall only be required of design or engineering professionals.

3.13.4 Workers' Compensation Insurance. Workers' compensation insurance with statutory limits and employers' liability insurance with limits of not less than $1,000,000.00 each accident.

3.14 Procedures for Distribution of MARA Funds to City.

3.14.1 Initial Payment by the City. The City shall be responsible for initial payment of all the Work costs as they are incurred. Following payment of such Work costs, the City shall submit invoices to RCTC requesting reimbursement of eligible Work costs. Each invoice shall be accompanied by detailed contractor invoices, or other demands for payment addressed to the City, and documents evidencing the City's payment of the invoices or demands for payment. The City shall submit invoices not more often than monthly and not less often than quarterly.

3.14.2 Review and Reimbursement by RCTC. Upon receipt of an invoice from the City, RCTC may request additional documentation or explanation of the Work costs for which reimbursement is sought. Undisputed amounts shall be paid by RCTC to the City within thirty (30) days. In the event that RCTC disputes the eligibility of the City for reimbursement of all or a portion of an invoiced amount, the Parties shall meet and confer in an attempt to resolve the dispute. If the meet and confer process is unsuccessful in resolving the dispute, the City may appeal RCTC's decision as to the eligibility of one or more invoices to RCTC's Executive Director. The City may appeal the decision of the Executive Director to the full RCTC Board, the decision of which shall be final. Additional details concerning the procedure for the City's submittal of invoices to RCTC and RCTC's consideration and payment of submitted invoices are set forth in Exhibit "C", attached hereto.

3.14.3 Funding Amount/Adjustment. If a post Work audit or review indicates that RCTC has provided reimbursement to the City in an amount in excess of the maximum MARA Funds provided for in section 3.2 of this Agreement, or has provided reimbursement of ineligible Work costs, the City shall reimburse RCTC for the excess or ineligible payments within 30 days of notification by RCTC.

3.15 Work Amendments. Changes to the characteristics of the Work, including the deadline for Work completion, and any responsibilities of the City or RCTC may be requested in writing by the City and are subject to the approval of RCTC's Representative, which approval will not be unreasonably withheld, provided that extensions of time for completion of the Work shall be approved in the sole discretion of RCTC's Representative. Nothing in this Agreement shall be construed to require or allow completion of the Work without full compliance with the California Environmental Quality Act (Public Resources Code Section 21000 et seq.; "CEQA") and the National Environmental Policy Act of 1969 (42 USC 4231 et seq.), but the necessity of compliance with CEQA and NEPA shall not justify, excuse, or permit a delay in completion of the Work.

3.16 Conflict of Interest. For the term of this Agreement, no member, officer or employee of the City or RCTC, during the term of his or her service with the City or RCTC, as the case may be, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.17 Limited Scope of Duties. RCTC's and the City's duties and obligations under this Agreement are limited to those described herein. RCTC has no obligation with respect to the safety of any Work performed at a job site. In addition, RCTC shall not be liable for any action of City or its contractors relating to the condemnation of property undertaken by City or construction related to the Work.

3.18 Books and Records. Each party shall maintain complete, accurate, and clearly identifiable records with respect to costs incurred for the Work under this Agreement. They shall make available for examination by the other party, its authorized agents, officers or employees any and all ledgers and books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or related to the expenditures and disbursements charged to the other party pursuant to this Agreement. Further, each party shall furnish to the other party, its agents or employees such other evidence or information as they may require with respect to any such expense or disbursement charged by them. All such information shall be retained by the Parties for at least three (3) years following termination of this Agreement, and they shall have access to such information during the three-year period for the purposes of examination or audit.

3.19 Equal Opportunity Employment. The Parties represent that they are equal opportunity employers and they shall not discriminate against any employee or applicant of reemployment because of race, religion, color, national origin, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

3.20 Governing Law. This Agreement shall be governed by and construed with the laws of the State of California. Venue shall be in Riverside County.

3.21 Attorneys' Fees. If either party commences an action against the other party arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorneys' fees and costs of suit.

3.22 Time of Essence. Time is of the essence for each and every provision of this Agreement.

3.23 Headings. Article and Section Headings, paragraph captions or marginal headings contained in this Agreement are for convenience only and shall have no effect in the construction or interpretation of any provision herein.

3.24 Notification. All notices hereunder and communications regarding interpretation of the terms of the Agreement or changes thereto shall be provided by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

CITY OF BANNING 99 East Ramsey Street Banning, CA 92220	**RCTC** Riverside County Transportation Commission 4080 Lemon Street, 3rd Floor Mailing address: P.O. Box 12008 Riverside, CA 92501
ATTN:City Manager	ATTN: Executive Director

Any notice so given shall be considered served on the other party three (3) days after deposit in the U.S. mail, first class postage prepaid, return receipt requested, and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred regardless of the method of service.

3.25 Conflicting Provisions. In the event that provisions of any attached appendices or exhibits conflict in any way with the provisions set forth in this Agreement, the language, terms and conditions contained in this Agreement shall control the actions and obligations of the Parties and the interpretation of the Parties' understanding concerning the performance of the Services.

3.26 Contract Amendment. In the event that the Parties determine that the provisions of this Agreement should be altered, the Parties may execute a contract amendment to add any provision to this Agreement, or delete or amend any provision of this Agreement. All such contract amendments must be in the form of a written instrument signed by the original signatories to this Agreement, or their successors or designees.

3.27 Entire Agreement. This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes any previous agreements or understandings.

3.28 No Waiver. Failure of RCTC to insist on any one occasion upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any rights or powers hereunder at any one time or more times be deemed a waiver or relinquishment of such other right or power at any other time or times.

3.29 Validity of Agreement. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

3.30 Independent Contractors. Any person or entities retained by the City or any contractor shall be retained on an independent contractor basis and shall not be employees of RCTC. Any personnel performing services on the Work shall at all times be under the exclusive direction

and control of the City or contractor, whichever is applicable. The City or contractor shall pay all wages, salaries and other amounts due such personnel in connection with their performance of services on the Work and as required by law. The City or consultant shall be responsible for all reports and obligations respecting such personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance and workers' compensation insurance.

3.31 Survival. All rights and obligations hereunder that by their nature are to be performed after any expiration or termination of this Agreement shall survive any such expiration or termination.

3.32 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

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

3.34 Electronically Transmitted Signatures. A manually signed copy of this Agreement which is transmitted by facsimile, email or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement for all purposes.

[Signatures on following page]

SIGNATURE PAGE
TO
AGREEMENT FOR THE FUNDING OF
MEASURE A REGIONAL ARTERIAL IMPROVEMENTS

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

By: _____
Anne Mayer, Executive Director

APPROVED AS TO FORM:

By: _____
Best, Best & Krieger
Counsel to the Riverside County
Transportation Commission

CITY OF BANNING

By: _____
Alberto Sanchez, Mayor

ATTEST:

By: _____
Caroline Patton, City Clerk

APPROVED AS TO FORM:

By: _____

EXHIBIT "A"

SCOPE OF WORK,
FUNDING AND TIMETABLE

SCOPE OF WORK: Construct new 1.02-mile section of Westward Avenue from Sunset Avenue to Highland Home Road. Will include two eastbound and two westbound lanes, comprised of a 12-foot inner lane and a 14-foot outer lane in each direction; a raised 18-foot wide median; 8-foot-wide Class 2 bike lanes in each direction; 8-foot-wide sidewalks; associated road striping, drainage, and street light improvements.

FUNDING:

PHASE	MARA Fund	LOCAL	TOTAL
CONSTRUCTION	$13,500,000	$13,536,000	$27,036,000
TOTAL	$13,500,000	$13,536,000	$27,036,000

TIMETABLE: Provide at a minimum the beginning and ending dates for each phase of work including major milestones within a phase.

PHASE	START DATE	END DATE	COMMENTS
Construction	3/2025	8/2026	360 Working Days

EXHIBIT "B"

PROJECT LOCATION MAP

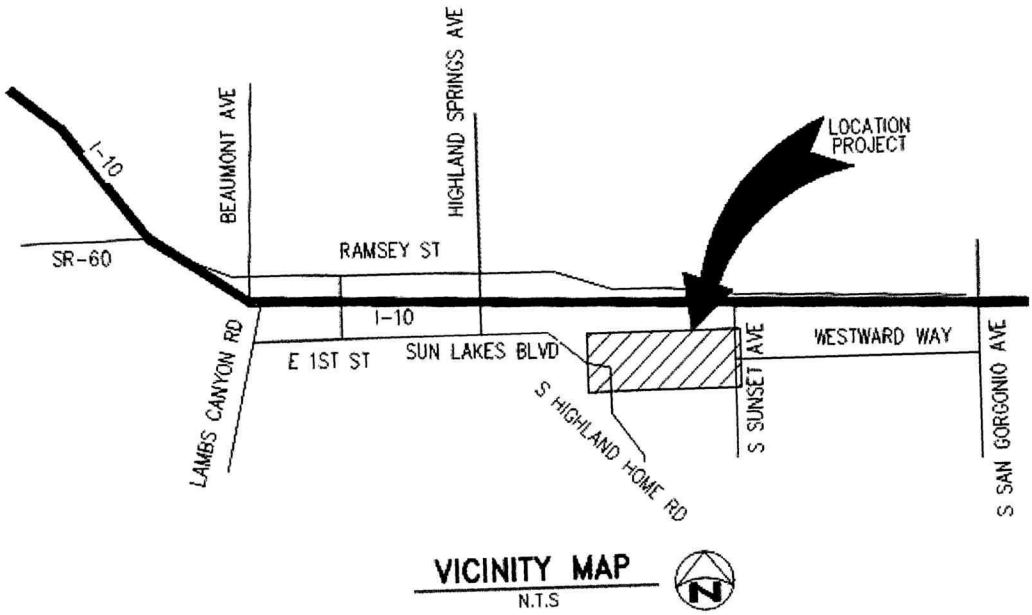

Exhibit B

17336.02600\32593628.1

EXHIBIT "C"

PROCEDURES FOR SUBMITTAL, CONSIDERATION AND PAYMENT OF INVOICES

1. RCTC recommends that the City incorporate Exhibit "C-1" into its contracts with any subcontractors to establish a standard method for preparation of invoices by contractors to the City and ultimately to RCTC for reimbursement of City contractor costs.

2. Each month the City shall submit an invoice for eligible Work costs incurred during the preceding month. The original invoice shall be submitted to RCTC's Executive Director with a copy to RCTC's Project Coordinator. Each invoice shall be accompanied by a cover letter in a format substantially similar to that of Exhibit "C-2".

3. Each invoice shall include documentation from each contractor used by the City for the Work, listing labor costs, subcontractor costs, and other expenses. Each invoice shall also include a monthly progress report and spreadsheets showing the hours or amounts expended by each contractor or consultant for the month and for the entire Work to date. A sample progress report is attached as Exhibits "C-4". All documentation from the City's contractors should be accompanied by a cover letter in a format substantially similar to that of Exhibit "C-3".

4. If the City is seeking reimbursement for direct expenses incurred by City staff for eligible Work costs, the City shall detail the same level of information for its labor and any expenses in the same level of detail as required of contractors pursuant to Exhibit "C" and its attachments.

5. Charges for each task and milestone listed in Exhibit "A" shall be listed separately in the invoice.

6. Each invoice shall include a certification signed by the City Representative or his or her designee which reads as follows:

   "I hereby certify that the hours and salary rates submitted for reimbursement in this invoice are the actual hours and rates worked and paid to the consultants or contractors listed.

   Signed _____

   Title _____

   Date _____

   Invoice No. _____

7. RCTC will pay the City within 30 days after receipt by the Commission of an invoice. If RCTC disputes any portion of an invoice, payment for that portion will be withheld, without interest, pending resolution of the dispute, but the uncontested balance will be paid.

8. The final payment under this Agreement will be made only after: (i) the City has obtained a Release and Certificate of Final Payment from each contractor or consultant used on theWork; (ii) the City has executed a Release and Certificate of Final Payment; and (iii) the City has provided copies of each such Release to RCTC.

EXHIBIT "C-1"

ELEMENTS OF COMPENSATION

For the satisfactory performance and completion of the Work under this Agreement, City will pay the Consultant compensation as set forth herein. The total compensation for this service shall not exceed (_____INSERT WRITTEN DOLLAR AMOUNT___) ($___INSERT NUMERICAL DOLLAR AMOUNT___) without written approval of City's City Engineer ("Total Compensation").

1. ELEMENTS OF COMPENSATION.

Compensation for the Work will be comprised of the following elements: 1.1 Direct Labor Costs; 1.2 Fixed Fee; and 1.3 Additional Direct Costs.

1.1 DIRECT LABOR COSTS.

Direct Labor costs shall be paid in an amount equal to the product of the Direct Salary Costs and the Multiplier which are defined as follows:

1.1.1 DIRECT SALARY COSTS

Direct Salary Costs are the base salaries and wages actually paid to the Consultant's personnel directly engaged in performance of the Work under the Agreement. (The range of hourly rates paid to the Consultant's personnel appears in Section 2 below.)

1.1.2 MULTIPLIER

The Multiplier to be applied to the Direct Salary Costs to determine the Direct Labor Costs is _____, and is the sum of the following components:

1.1.2.1 Direct Salary Costs _____

1.1.2.2 Payroll Additives _____

The Decimal Ratio of Payroll Additives to Direct Salary Costs. Payroll Additives include all employee benefits, allowances for vacation, sick leave, and holidays, and company portion of employee insurance and social and retirement benefits, all federal and state payroll taxes, premiums for insurance which are measured by payroll costs, and other contributions and benefits imposed by applicable laws and regulations.

1.1.2.3 Overhead Costs _____

The Decimal ratio of Allowable Overhead Costs to the Consultant Firm's Total Direct Salary Costs. Allowable Overhead Costs include general, administrative and overhead costs of maintaining and operating established offices, and consistent with established firm policies, and as defined in the Federal Acquisitions Regulations, Part 31.2.

Total Multiplier _____
(sum of 1.1.2.1, 1.1.2.2, and 1.1.2.3)

1.2 FIXED FEE.

1.2.1 A Fixed Fee of _____ shall be paid to Consultant for Consultant's complete and satisfactory performance of this Agreement and all Services required. The Fixed Fee shall be paid in monthly installments based upon the percentage of the Services completed at the end of each billing period, as determined in the sole discretion of the City. Consultant shall not be entitled to and shall forfeit any portion of the Fixed Fee not earned as provided herein.

1.2.2 A pro-rata share of the Fixed Fee shall be applied to the total Direct Labor Costs expended for services each month, and shall be included on each monthly invoice.

1.3 ADDITIONAL DIRECT COSTS.

Additional Direct Costs directly identifiable to the performance of the services of this Agreement shall be reimbursed at the rates below, or at actual invoiced cost.

Rates for identified Additional Direct Costs are as follows:

ITEM	REIMBURSEMENT RATE
	[___insert charges___]
Per Diem	$ /day
Car mileage	$ /mile
Travel	$ /trip
Computer Charges	$ /hour
Photocopies	$ /copy
Blueline	$ /sheet
LD Telephone	$ /call
Fax	$ /sheet
Photographs	$ /sheet

Travel by air and travel in excess of 100 miles from the Consultant's office nearest to City's office must have City's prior written approval to be reimbursed under this Agreement.

2. DIRECT SALARY RATES

Direct Salary Rates, which are the range of hourly rates to be used in determining Direct Salary Costs in Section 1.1.1 above, are given below and are subject to the following:

2.1 Direct Salary Rates shall be applicable to both straight time and overtime work, unless payment of a premium for overtime work is required by law, regulation or craft agreement, or is otherwise specified in this Agreement. In such event, the premium portion of Direct Salary Costs will not be subject to the Multiplier defined in Paragraph 1.1.2 above.

2.2 Direct Salary Rates shown herein are in effect for one year following the effective date of the Agreement. Thereafter, they may be adjusted annually to reflect the Consultant's adjustments to individual compensation. The Consultant shall notify City in writing prior to a change in the range of rates included herein, and prior to each subsequent change.

POSITION OR CLASSIFICATION	RANGE OF HOURLY RATES
[___sample___]	
Principal	$ .00 - $ .00/hour
Project Manager	$ .00 - $ .00/hour
Sr. Engineer/Planner	$ .00 - $ .00/hour
Project Engineer/Planner	$ .00 - $ .00/hour
Assoc. Engineer/Planner	$ .00 - $ .00/hour
Technician	$ .00 - $ .00/hour
Drafter/CADD Operator	$ .00 - $ .00/hour
Word Processor	$ .00 - $ .00/hour

2.3 The above rates are for the Consultant only. All rates for subconsultants to the Consultant will be in accordance with the Consultant's cost proposal.

3. INVOICING.

3.1 Each month the Consultant shall submit an invoice for Work performed during the preceding month. The original invoice shall be submitted to City's City Engineer with two (2) copies to City's Project Coordinator.

3.2 Charges shall be billed in accordance with the terms and rates included herein, unless otherwise agreed in writing by City's Representative.

3.3 Base Work and Extra Work shall be charged separately, and the charges for each task and Milestone listed in the Scope of Work, shall be listed separately. The charges for

each individual assigned by the Consultant under this Agreement shall be listed separately on an attachment to the invoice.

3.4 A charge of $500 or more for any one item of Additional Direct Costs shall be accompanied by substantiating documentation satisfactory to City such as invoices, telephone logs, etc.

3.5 Each copy of each invoice shall be accompanied by a Monthly Progress Report and spreadsheets showing hours expended by task for each month and total project to date.

3.6 Each invoice shall indicate payments to DBE subconsultants or supplies by dollar amount and as a percentage of the total invoice.

3.7 Each invoice shall include a certification signed by the Consultant's Representative or an officer of the firm which reads as follows:

I hereby certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed.

Signed _____

Title _____

Date _____

Invoice No. _____

4. PAYMENT

4.1 City shall pay the Consultant within four to six weeks after receipt by City of an original invoice. Should City contest any portion of an invoice, that portion shall be held for resolution, without interest, but the uncontested balance shall be paid.

The final payment for Work under this Agreement will be made only after the Consultant has executed a Release and Certificate of Final Payment.

EXHIBIT "C-2"
Sample Cover Letter to RCTC

Date

Ms. Anne Mayer
Executive Director
Riverside County Transportation Commission
4080 Lemon Street, 3rd Floor
Riverside, CA 92501
ATTN: Accounts Payable

Re: Project Title - Invoice #__

Enclosed for your review and payment approval is the City of _____'s invoice for professional and technical services that was rendered by our contractors in connection with the _____ Agreement No. _____ effective (Month/Day/Year). The required support documentation received from each contractor is included as backup to the invoice.

Invoice period covered is from Month/Date/Year to Month/Date/Year.

Total Authorized Agreement Amount:	$0,000,000.00
Total Invoiced to Date:	$0,000,000.00
Total Previously Invoiced:	$0,000,000.00
Balance Remaining:	$0,000,000.00
Amount due this Invoice:	**$0,000,000.00**

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the contractors listed.

By: _____
Name
Title

cc:

EXHIBIT "C-3"

Sample Letter from Contractor to City/County

Month/Date/Year

_____
_____
_____
Attn: Accounts Payable Invoice #_____

For **[type of services]** rendered by **[contractor name]** in connection with **[name of project]** This is per agreement No. XX-XX-XXX effective Month/Date/Year.

Invoice period covered is from Month/Date/Year to Month/Date/Year.

Total Base Contract Amount:	$000,000.00
Authorized Extra Work (if Applicable)	$000,000.00

TOTAL AUTHORIZED CONTRACT AMOUNT:	$000,000.00
Total Invoice to Date:	$000,000.00
Total Previously Billed:	$000,000.00
Balance Remaining:	$000,000.00
Amount Due this Invoice:	$000,000.00
	==========

I certify that the hours and salary rates charged in this invoice are the actual hours and rates worked and paid to the employees listed,

By: _____
Name
Title

EXHIBIT C-4
Sample Progress Report

REPORTING PERIOD: Month/Date/Year to Month/Date/Year
PROGRESS REPORT: #1

A. Activities and Work Completed during Current Work Periods

TASK 01 – 100% PS&E SUBMITTAL
1. Responded to Segment 1 comments from Department of Transportation
2. Completed and submitted Segment 1 final PS&E

B. Current/Potential Problems Encountered & Corrective Action

Problems	Corrective Action
None	None

C. Work Planned Next Period

TASK 01 – 100% PS&E SUBMITTAL
1. Completing and to submit Traffic Signal and Electrical Design plans
2. Responding to review comments

PRICE PROPOSAL FOR THE SUN LAKES BLVD. EXTENSION ENVIRONMENTAL MONITORING SERVICES

PRESENTED TO:

CITY OF BANNING, PUBLIC WORKS DEPARTMENT
99 E. RAMSEY STREET
BANNING, CA 92220

PREPARED BY:

ULTRASYSTEMS ENVIRONMENTAL, INC.
16431 SCIENTIFIC WAY
IRVINE, CA 92618

UEI NO. 251106

TABLE OF CONTENTS

1.0 PRICE PROPOSAL..... 2

1.0 PRICE PROPOSAL

The following table provides a summary of our proposed fees. **Table 1.0-2** includes UltraSystems 2026 Rate Schedule.

Table 1.0-1
PROPOSED FEES

1.0	**Project Management**	
1.1	Kick-off Meeting (One)	$560
1.2	Progress Meetings (10)	$5,670
1.3	Invoicing (Monthly)	$0
	Subtotal	**$6,230**
2.0	**General Monitoring Protocol – see below for Arch and Paelo**	
2.1	Review of applicable biological and cultural resources reports	$1,770
2.2	Monitoring all ground disturbing activities	$0
2.3	Conduct Daily pre-construction meetings	$8,550
2.4	Prepare Daily logs including pictures	$8,690
	Subtotal	**$19,010**
3.0	**Crotch Bumble Bee Monitoring – up to 40 hrs.**	
3.1	Monitor construction activities	$8,090
3.2	Ensure compliance with MMRP	$0
3.3	Verify implementation of buffer zones and seasonal work restrictions	$0
3.4	Halt work if CBB or active nest is observed	$690
	Subtotal	**$8,090**
4.0	**Vegetation Clearance and Pre-Construction Nesting Bird**	
4.1	Monitor vegetation clearing activities	$19,930
4.2	Establish Protective buffer and halt work	$3,910
	Subtotal	**$19,930**
5.0	**Monitoring and Inadvertent Discovery – Arch Monitoring 180 days**	
5.1	Implement and enforce an Inadvertent Discovery Plan	$154,440
5.2	Authority to stop work in the immediate discovery area	$0
5.3	Immediately notify the City, the designate Cultural Resources Lead	$0
5.4	Maintain daily logs and assist in preparing incident reports	$3,800
	Subtotal	**$158,240**
6.0	**Fossil Discovery – Paleo Monitoring – 180 days**	
6.1	Inspection of excavated soil and bedrock	$154,440
6.2	Halt excavation in immediate vicinity to evaluate find	$0
6.3	Responsible for in-field salvage, stabilization and proper curation	$0
6.4	Prepare daily monitoring reports and Final Paleontological Mitigation Report	$15,960
	Subtotal	**$170,400**
	TOTAL COST	**$381,900**

Table 1.0 -2 ULTRASYSTEMS STANDARD RATE SCHEDULE – Yr. 2026

PROFESSIONAL STAFF	Hourly	HOURLY
Principal		$210
Director		$210
Senior Project Manager		$205
Project Manager		$200
Senior Principal Engineer		$200
Senior Scientist/Engineer		$194
Scientist/Engineer		$189
Staff Scientist/Engineer		$184
Senior Planner		$179
Associate Planner		$173
Planner/Environmental Analyst		$168
Senior Biologist II		$179
Senior Biologist I		$173
Staff Biologist II		$168
Staff Biologist I		$163
Associate Biologist		$158
Cultural Specialist		$173
Archaeologist		$168
Cultural Monitor		$137
Senior GIS Analyst		$173
GIS Technician		$168
Word Processor		$137
Intern		$105
FIELD EQUIPMENT	**Daily**	**Weekly**
Excavation Screen	$5	$21
Field Supplies (shovels, health and safety, flagging, binoculars, etc.)	$15	$63
Garmin GPS (non-Trimble)	$5	$21
iPad Data Tablet	$25	$105
Kestrel Anemometer (or equivalent)	$5	$21
Photoionization detector (PID) or equivalent	$100	$420
Quest SoundPro SP-DL-1–1/3 Sound Level Meter (or equivalent)	$110	$462
RKI GX-2003 Multi-Gas Meter (or equivalent)	$65	$273
Trimble Geo7x GPS Unit with Rangefinder (or equivalent)	$120	$588
XRF Analyzer	$95	$399

Note: Consultant support (printing, reproduction and other direct expenses) will be billed at a rate of cost plus ten (10) percent. Automobile mileage will be charged at IRS standard rates. Travel time will be billed as indicated in the hourly rate schedule above. Invoices will be submitted monthly for work in progress and at completion of contract obligations and are payable upon receipt.

Table 1.0-3
LABOR COSTS BY TASK

UltraSystems environmental•management•planning

TASK COST BREAKDOWN • SUN LAKES BOULEVARD EXTENSION - ENVIRONMENTAL MONITORING

	Labor Categories >>>>	Project Director	Senior Biologist II	Senior Biologist I	Staff Biologist I	Biological Monitor	Archaeologist	Archaeologist & Paleotological Monitors	Senior GIS Analyst	Word Processor	Total		Vehicle Travel		Direct Expense	TOTAL (rounded)
	Hourly Rate By Labor Category >>>>	$210	$179	$173	$163.00	$95	$168	$95	$173	$137	Hours	Cost	Miles	$0.70		
		Hours														
1.0	**Project Management**															
1.1	Kick-off Meeting (One)	1	1	1	0	0	0	0	0	0	3	$562	0	$0	$0	$560
1.2	Progress Meetings (10)	10	10	10	0	0	0	0	0	0	30	$5,620	0	$0	$50	$5,670
1.3	Invoicing (Monthly)	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0
	SUBTOTAL	**11**	**11**	**11**	**0**	**0**	**0**	**0**	**0**	**0**	**33**	**$6,182**	**0**	**$0**	**$50**	**$6,230**
2.0	**General Monitoring Protocol**															
2.1	Review applicable biological and cultural resources reports	0	4	0	0	0	4	4	0	0	12	$1,768	0	$0	$0	$1,770
2.2	Monitoring during all ground disturbing actitivies	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0
2.3	Conduct Daily pre-construction meetings	0	0	0	0	0	0	90	0	0	90	$8,550	0	$0	$0	$8,550
2.4	Prepare Daily logs including pictures	0	0	0	0	0	0	90	0	0	90	$8,550	0	$0	$138	$8,690
	SUBTOTAL	**0**	**4**	**0**	**0**	**0**	**4**	**184**	**0**	**0**	**192**	**$18,868**	**0**	**$0**	**$138**	**$19,010**
3.0	**Crotch Bumble Bee Monitoring**															
3.1	Monitor construction activiites	0	0	0	0	40	0	40	0	0	80	$7,600	700	$490	$0	$8,090
3.2	Ensure compliance with MMRP	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0
3.3	Verify implementation of buffer zones and seasonal work restrictions	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0
3.4	Halt work if CBB or active nest is observed	0	0	4	0	0	0	0	0	0	4	$692	0	$0	$0	$690
	SUBTOTAL	**0**	**0**	**4**	**0**	**40**	**0**	**40**	**0**	**0**	**84**	**$7,600**	**700**	**$490**	**$0**	**$8,090**
4.0	**Vegetation Clearance and Pre-Construction Nesting Bird**															
4.1	Monitor vegetation clearing activities	0	24	24	40	0	0	0	6	0	94	$16,006	5600	$3,920	$0	$19,930
4.2	Establish Protective buffer and halt work	0	0	0	24	0	0	0	0	0	24	$3,912	0	$0	$0	$3,910
	SUBTOTAL	**0**	**24**	**24**	**64**	**0**	**0**	**0**	**6**	**0**	**118**	**$16,006**	**5600**	**$3,920**	**$0**	**$19,930**
5.0	**Monitoring and Inadvertent Discovery**															
5.1	Implement and enforce an Inadvertent Discovery Plan	0	0	0	0	0	0	1440	0	0	1440	$136,800	25200	$17,640	$0	$154,440
5.2	Authority to stop work in the immediate discovery area	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0
5.3	Immediately notify the City, the designate Cultural Resources Lead	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0
5.4	Maintain daily logs and assist in preparing incident reports	0	0	0	0	0	0	40	0	0	40	$3,800	0	$0	$0	$3,800
	SUBTOTAL	**0**	**0**	**0**	**0**	**0**	**0**	**1480**	**0**	**0**	**1480**	**$140,600**	**0**	**$0**	**$0**	**$158,240**
6.0	**Fossil Discovery - Paleo Monitoring - 180 days**															
6.1	Inspection of excavated soil and bedrock	0	0	0	0	0	0	1440	0	0	1440	$136,800	25200	$17,640	$0	$154,440
6.2	Halt excavation in immediate vicinity to evaluate find	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0
6.3	Responsible for in-field salvage, stabilization and proper curation	0	0	0	0	0	0	0	0	0	0	$0	0	$0	$0	$0
6.4	Prepare daily monitoring reports and Final Paleontological Mitigation Report	0	0	0	0	0	40	90	0	4	134	$15,818	0	$0	$138	$15,960
	SUBTOTAL	**0**	**0**	**0**	**0**	**0**	**40**	**1530**	**0**	**4**	**1574**	**$152,618**	**25200**	**$17,640**	**$138**	**$170,400**
	TOTAL LABOR HOURS	**11**	**39**	**39**	**64**	**40**	**44**	**3234**	**6**	**4**						
	TOTAL COST	**$2,100**	**$6,981**	**$6,747**	**$10,432**	**$3,800**	**$7,392**	**$307,230**	**$1,038**	**$548**	**3481**	**$341,874**	**31500**	**$22,050**	**$325**	**$381,900**

CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Paul Mattern, Transit Manager**
MEETING DATE:	**January 27, 2026**
SUBJECT:	**Consideration of Resolution 2026-20, Authorizing the Purchase of Three 35-Foot Fixed Route CNG Buses in the Amount of $2,717,459.56**

RECOMMENDATION:
Adopt Resolution 2026-20

BACKGROUND:
The City of Banning Transit Division operates fixed-route and demand-response transit services that provide essential mobility for residents, employees, students, seniors, and visitors. The current fleet includes several buses that are approaching or have exceeded their useful life as defined by Federal Transit Administration (FTA) guidelines, resulting in increased maintenance costs, reduced reliability, and operational constraints.

As part of the Transit Division's ongoing fleet management and state-of-good-repair strategy, staff has evaluated current and projected service needs, vehicle condition, and fleet age. Based on this assessment, the replacement of aging buses with modern, reliable vehicles is necessary to maintain service quality, safety, and compliance with federal and state requirements. The Transit Division did request quotes from both New Flyer and Gillig for this purchase. Gillig has been non-responsive to our requests.
This agenda item seeks City Council authorization to procure three (3) new 35-foot transit buses from New Flyer of America to replace aging vehicles and support continued service delivery.

The City will utilize California Association for Coordinated Transportation (CALACT) for the purchase of the buses. CALACT administers competitive processes for various types and sizes of transit vehicles to assist its members with procuring equipment. This provides a compliant purchasing solution that allows, as a member, the City to select vehicles that best meet its transit needs.

JUSTIFICATION:
The procurement of three 35-foot CNG buses is recommended for the following reasons:

- Fleet Reliability and Safety: Existing vehicles nearing the end of their useful life experience increased mechanical issues, service interruptions, and maintenance downtime. New buses will improve system reliability and passenger safety.
- Service Continuity: Replacing aging buses ensures the Transit Division can continue to meet scheduled service levels without service reductions caused by vehicle unavailability.
- Passenger Experience: New buses provide improved ride quality, accessibility, and amenities that enhance the overall customer experience and support ridership retention and growth.

The City will utilize CALACT for the purchase of the buses. The Purchasing Policy identifies that cooperative bids prepared by and processed through local, state or federal government agencies, may be utilized by the City.

FISCAL IMPACT:

The purchase of three (3) 35-foot buses will be funded through State Transit Assistance (STA) reimbursement as part of the City's Short Range Transit Plan.

The total estimated cost of $2,171,459.56 includes vehicle acquisition, applicable taxes, delivery, and associated equipment. Sufficient funds are programmed within existing transit improvement plan, and no impact to the City's General Fund is anticipated as a result of this action.

Staff will ensure all procurement activities comply with applicable federal, state, and local purchasing requirements.

An appropriation to Account No. 610-5800-434.90-51 in the total amount of $2,171,459.56 is required to fund the purchase. The full expense is included as part of the City's Short Range Transit Plan and State Transit Assistance (STA) funding will be made available, as a reimbursement, by the Riverside County Transportation Commission to cover the full amount of the purchases.

ALTERNATIVES:

1. Do Not Approve the Purchase: This option would defer fleet replacement; however, it would increase the risk of service disruptions, higher maintenance costs, and potential non-compliance with fleet age and condition standards.
2. Approve a Reduced Purchase Quantity: Purchasing fewer buses would partially address fleet needs but may not fully mitigate reliability risks or meet projected service and spare ratio requirements.
3. Delay the Purchase: Delaying procurement could result in higher future costs, longer delivery timelines, and continued operational challenges associated with aging vehicles.

BUDGETED?:

Yes

CONTRACT/AGREEMENT:

Yes

ATTACHMENTS:

1. Resolution 2026-20.docx

RESOLUTION 2026-20

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, APPROVING THE PURCHASE OF THREE CNG NEW FLYER BUSES FROM NEW FLYER OF AMERICA, INC. IN THE AMOUNT OF $2,171,459.56

WHEREAS, the City of Banning operates the Banning Connect Transit System, providing Fixed-Route services and Dial-A-Ride services to the residents; and

WHEREAS, the Department of Public Works has identified the need to replace three transit support vehicles that have exceeded their useful life; and

WHEREAS, staff has requested quotes from approved vendors on the CALACT Cooperative agreement, with NEW FLYER OF AMERICA, INC offering the only response for three 35-foot CNG Fixed Route Buses; and

WHEREAS, the total cost for three transit support vehicles from NEW FLYER OF AMERICA, INC, is $2,171,459.56 including 10% contingency for estimated tarrifs; and

WHEREAS, pre-approval from the City Council is required to secure vehicle ordering slots and ensure availability; and

WHEREAS, an appropriation in the amount of $2,171,459.56 to Account 610-5800-434.90-51 is necessary to fund the purchase. The full funding for these purchases will be provided as a State Transit Assistance (STA) reimbursement as part of the City's Short Range Transit Plan.

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

SECTION 1. The City Council authorizes the purchase of three CNG buses from NEW FLYER OF AMERICA, INC in an amount not-to-exceed $2,171,459.56.

SECTION 2. The City Council authorizes the City Manager, or designee, to make necessary budget adjustments, appropriations, and transfers related to this resolution.

SECTION 3. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED, APPROVED AND ADOPTED this 27th day of January 2026.

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Richard Royce, Mayor
City of Banning

ATTEST:

Sandra Calderon, Deputy City Clerk
City of Banning

APPROVED AS TO FORM:

John Pinkney, City Attorney
Slovak, Baron, Empey, Murphy & Pinkney, LLP

CERTIFICATION:

I, Sandra Calderon, Deputy City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution 2026-20, was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 27th day of January 2026 by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Sandra Calderon, Deputy City Clerk
City of Banning, California

CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Mark Staples, Planning Manager**
MEETING DATE:	**January 27, 2026**
SUBJECT:	**Continued from January 13, 2026, meeting - continued deliberation by the City Council to Consideration of Resolution 2026-03, Approving a Tentative Tract Map Application (Case No. TTM 39259/PTM25-0004), submitted by Tri Pointe Homes to Subdivide 15 Parcels Totaling 160.02 Acres into 544 Single-Family Residential Lots and 36 Condominium Lots (for 248 Duplex Condominium Units) Located at the Northwest Corner of Highland Home Road and the Southern California Edison Corridor.**

RECOMMENDATION:

Adopt Resolution 2026-03

BACKGROUND:

Project Applicant: Michael Heishman, Tri Pointe Homes

1250 Corona Pointe Court, Ste 600

Corona, CA 92879

Property Owner: Tri Pointe Homes IE-SD Inc.

1250 Corona Pointe Court, Ste 600

Corona, CA 92879

January 13, 2026, City Council Meeting Summary:

At the January 13, 2026, City Council meeting, a public hearing was opened and closed for this project, comments from the public were received, and the Council asked questions of the project applicant. Council Member Miller motioned to continue the item to the next meeting, with Mayor Royce seconding the motion. The questions asked at the January 13 meeting include:

1. How many parks will there be in the subdivision? Within TTM39259 there are two (2) parks; a 1.03-acre park next to the condominiums, a 5.62-acre park in the northwest corner of the subdivision.

2. What will be the square foot range of the condominium units? The livable square footage is as follows: Plan 1 – 1,347sf 2 bd/2 ba, Plan 2 – 1,464sf 3 bd/2 ba, Plan 3 – 1,659sf 3 bd/2 ba, Plan 4 – 1,680sf 4 bd/3 ba.

3. What kind of prices will the condos be sold at? It is all dependent on the market, but TPH would like to price these in the low $400k which will be the most attainable homes within Atwell.

4. Will these homes be turned in to rentals in this subdivision? Tri Pointe Homes has an Occupancy Addendum in their purchase agreements that require the buyer to occupy the home for the first year after close of escrow. Per Tri Pointe Homes, many of their buyers are first time homebuyers who are leaving the rental community. These first-time buyers typically put the minimum down payment to get into their new home. These financial calculations, when compared to the current Banning rental price point, does not result in a profit for a homeowner or investor that tries to flip their home into a rental. In addition, as of 1/14/26, only five (5) properties per Zillow are currently listed for rent within Atwell.

5. The project findings state the land use and increased density is suitable for the area, won't this double the traffic impact in the area? Project Area 49A has an existing land use designation of Medium Density Residential (MDR) which allows a maximum of 10 residential units per acres. PA49A is 20.75 acres in land area, which would allow up to 207 units on the site. The increased density would allow Tri Pointe homes to add 41 more condos to a total of 248 units. Project Area 47C to the west of 49A is also MDR without a density increase and proposes 178 single family residential lots on 20.77 acres, average 8.6 residential units per acre. Project Areas 46 further west, and PAs 47A, 48A, 49B and 53 to the north across Ironwood Way are a mix of LDR and MDR averaging 4.4 to 5.0 residential units per acre. The overall project allows a range of residential land uses and the EIR in 2011 and Addendum in 2017 view the traffic impacts of the Atwell development as a whole and its mitigation measures are based on the original total development of 5,382 residential units, and in turn the reduced maximum of 4,862 units. This increase in density for the 20.75 acres of PA 49A will not have an impact to the immediate or regional area as the EIR addressed the total entitlement of 4,862 units.

6. Will the condos be a part of the homeowners association for the rest of the Atwell community? Yes, each unit of the duplex will be part of the established Atwell Master and Community HOA. There will be an additional cost center on this PA for the maintenance of the private drives.

7. Will the Veterans tree be save along Highland Springs Avenue? The “Veteran’s Tree” is not a part of TTM39259 however, the “Veteran’s Tree” is located within the ultimate Highland Springs Avenue right-of-way. Tri Pointe Homes entered into a Settlement Agreement that specified the particulars of the relocation. Tri Pointe Homes is currently working with City staff to determine possible alternative options related to the relocation of the “Veteran’s Tree”. Further, the Settlement Agreement is not a public record, but a private settlement between TPH, the City and the litigant.

8. Can the project be conditioned to limit the use of the homes as rental units? Currently, TPH’s purchase agreement’s Occupancy Addendum prohibits such use for the first year, this is consistent with the Council concerns/suggestions. No condition of approval is warranted and under TPH’s development agreement, the City cannot impose conditions on TPH’s maps unless they are applied City wide. So, we respectfully request that the City Council not impose such a condition.

Planning Commission Recommendation:

At the duly noticed public hearing on December 3, 2025, the Planning Commission considered the subject Tentative Tract Map application, Case No. TTM39259 (PTM25-0004). After receiving the staff presentation, reviewing the project materials, and taking public testimony, the Planning Commission voted 2-1 to adopt Resolution 2025-12, recommending that the City Council approve Case No. TTM39259 (PTM25-0004), subject to the conditions of approval contained in Exhibit A.

Project Summary:

This is a request to allow the subdivision of fifteen (15) vacant parcels totaling 160.02 acres, into 544 single-family residential lots and 36 condominium lots, including a 1.03-acre Park area, a 5.62-acre Park

area, and passive open space/park areas utilized as drainage basins. The single-family residential lots and condominium lots meet the minimum lot size, density, and other development standards of the Low Density Residential (LDR) and Medium Density Residential (MDR) land use districts of the Butterfield Specific Plan (Atwell).

The subdivision across all Planning Areas will include internal local street access, utility extensions and connections, and flood control drainage improvements are designed in accordance with City standards. The Park areas and open space lots will be privately maintained and used for recreation and stormwater retention. Other public improvements include the construction of full-width street improvements with curb gutter and sidewalk, which are required as part of the final map and improvement plan submittal process.

Applications Filed:

Tentative Tract Map application, TTM39259 (PTM25-0004) for the subdivision of 160.02 acres into 544 single-family residential lots and 36 condominium lots, two lettered lots for park use, and two lettered lots along the SCE corridor for open space and stormwater retention purposes. The City Council shall review the Tentative Tract Map application for conformance with Section 66474 of the Subdivision Map Act and Banning Municipal Code Title 16.

Related Actions:

The Planning Commission approved a Design Review, at their December 3, 2025, meeting, to allow the construction of 248 duplex condominium units in Planning Area 49A, a 20.75 acre portion of TTM39259, with the landscape design for the Park area in Planning Area 31, along with the front yard and perimeter landscape design for PA 49A, and backbone landscaping along Highland Home Road and Ironwood Way.

DESCRIPTION:

Existing Conditions:

The 160.02-acre vacant site is an undeveloped group of parcels, previously disturbed from regular weed control. The surrounding properties are all vacant land within the Butterfield Specific Plan, with land uses including LDR and MDR land use districts and Park areas with open space buffers to the north and west. The Southern California Edison transmission line corridor aligns east-to-west along the southern edge of the project area. A list of the project Planning Areas, land use districts, acreage, surrounding land uses, and development standards are below.

Tentative Tract Map No. 39259 – Planning Areas:

Planning Area	Land Use District	Acres	Gross Density	Min Lot Size	Total Lots/Units
46	LDR	28.76	4.6	5,500 sf	132
47A	LDR	13.42	5.0	5,000 sf	67
47C	MDR	20.77	8.6	2,600 sf	178
48A	MDR	14.27	5.0	4,500 sf	71
49A	MDR	20.75	11.9	1,800 sf	36 lots/ 248 condos
49B	LDR	7.12	4.4	5,000 sf	31
53	MDR	11.66	4.7	4,500 sf	65
31	Park	1.03			

63A	Park	5.62			

Surrounding Property	*Existing Land Use Per Chapter 17*	*Existing Butterfield Specific Plan Land Use Designation*
Subject Property	Vacant	Low Density Residential Medium Density Residential
North	Vacant	Low Density Residential Medium Density Residential Open Space - Parks
South	Vacant – SCE Easement Atwell Phase 2B Under Construction	Low Density Residential
East	Vacant Planning Area 50A & 51 (TM39262)	Low Density Residential Medium Density Residential
West	Vacant Phase 3A Future Atwell Development	Medium Density Residential Low Density Residential

Project Compliance with Standards:

Pursuant to the Butterfield Specific Plan, the following development standards apply:

Butterfield SP Development Standards	***Low Density Residential*** ***PA 46 & 48A***	***Medium Density Residential*** ***PA 47A, 47C, 49B, & 53***	***Medium Density Residential*** ***PA 49A***
Max. Density (Units/Ac.)	5 du/ac	10 du/ac	12 du/ac
Min. Lot Size	5,000	3,500	1,800
Min. Lot Width (Feet) Interior Corner	 46 51	 35 43	 30 60
Min. Lot Frontage (Feet)	20	20	--
Min. Front Setbacks (Feet) · Porch · Living · Front Facing Garage · Swing-In Garage · Living Over Garage	 10 10 20 10 --	 10 10 20 5 --	 3 3 3 -- 1

Min. Side Yard Setbacks (Feet)			
· Porch	5	5	--
· Living	10	10	--
· Street Side Living to Sidewalk	--	--	10
· Street Site Porch to Sidewalk	--	--	5
Min. Rear Yard Setbacks (Feet)			
· Living	15	10	5
· Garage/Patio	5	5	5
· Living Over Garage	10	10	--
Max. Building Height	35 Feet	35 Feet	45 Feet
Lot Coverage	50% two-story 70% one-story	70%	--
Parking			
· Resident	2/unit/garage	2/unit/garage	2/unit/garage
· Guest	driveway/street	driveway/street	0.33/unit

Tentative Tract Map

The proposed subdivision site was created by Tract Map No. 35967, a subdivision of 1,528 acres of the northern portion of the Butterfield Specific Plan, which created the current layout of the Butterfield Specific Plan's 47 Planning Areas, including parks and open space. This proposed subdivision design establishes an internal local street network extending from the northern extension of Highland Home Road, and a new east-west street, Ironwood Way (F Street), providing access to the residential and park areas. Planning Areas 49A, 49B, and 53 will have primary access off Highland Home Road with secondary access off of Ironwood Way. Planning Areas 46, 47A, 47C, and 48A will have their primary access off of Ironwood Way; Planning Area 47C will have internal streets connecting to 49A; Planning Area 48A will have internal street connections to 49B; Planning 47A will have internal street connections to 48A; with Planning Area 46 only having access to Ironwood Way.

As listed in the tables above, the single-family residential lot size minimums of 5,000 sq. ft. consistent with Table 5-2 of the Low Density Residential (LDR) and lot size minimums ranging from 1,800 s.f. to 3,500 s.f. consistent with Table 5-5 of the Medium Density Residential (MDR) land use districts of the Butterfield Specific Plan.

The Public Works and Fire Departments have conditioned the project to ensure adequate access to each Planning Area is provided prior to building permit or occupancy for the subsequent homes. Ironwood Way bisects the Planning Areas east-west providing secondary access to Highland Springs Ave. Utilities and storm drain improvements will be constructed within the dedicated right of way.

The subdivision also includes future open space and park lots along the edges of the tract to the north and west that will serve initially as stormwater flood control basins. These basins will be interconnected southward to the Southern California Edison (SCE) corridor and then further south to the open

space/flood control network being established in the developed section of the Butterfield Specific Plan areas south of the SCE corridor. These lots will be designed to detain and manage on-site drainage in compliance with City stormwater standards.

Mass and Scale:

Tri Pointe Homes is currently designing their housing product, but have yet to submit, for the LDR and MDR sites in Planning Areas 46, 47A, 47C, 48A, 49B, or 53. The subdivision will establish lots that are consistent in size and pattern as those south of the SCE corridor in other Atwell neighborhoods. Any future home construction will require separate Design Review approval prior to building permit issuance to ensure compatibility with Butterfield Specific Plan guidelines, surrounding Atwell developed areas, and compliance with LDR and MDR standards.

The Planning Commission approved PDR25-0008, allowing Tri Pointe Homes to increase the density in Planning Area 49A and future Planning Areas from a maximum of 10 du/ac to 12 du/ac, allowing 248 duplex condominium units to be built. Under the prior MDR standards, the project could have built up to 207 units, resulting in an increase of 41 total units.

The Pardee Homes 2017 settlement agreement and amended Butterfield Specific Plan reduced the overall output of residential units from 5,387 to 4,862 units. Tri Pointe Homes has provided a Land Use Summary table that lists all past, current and future Planning Area's development output to help track compliance with the maximum overall unit count. Calculating Planning Area 49A's density increased to 12 du/ac, the Atwell/Butterfield Specific Plan is on pace for producing just 4,456 units. The SP development area has sufficient capacity for an additional 406 residential units across the remaining Planning Areas. Furthermore, the increased density and change in housing product (two-story attached) will provide more varied housing options in Banning.

Buffers and Open Space:

The subdivision benefits from existing and new open space and park buffers. The SCE corridor to the south provides a 430-foot-wide open space buffer to the current southern phases of Tri Pointe Homes' Atwell development. The initial TM35967 subdivision created open spaces west of Planning Areas 46 and 47A and north of 47A, 48A, and 49B planned as drainage control areas around the tract. Park Planning Area 31A is planned to serve the condominium area of 49A and small single-family lots of the MDR subdivision of 47C. Park Planning Area 63A is a regional park area for the area.

Grading and Topography:

The project site is generally flat with a gentle north to south downhill grade and minor contour variations. The project will involve mass grading for each of the Planning Areas, Park areas, and open spaces to form the drainage basins and flood control areas. All graded areas within the tract and along the perimeter will be designed to manage stormwater runoff, including basins to the norther to protect the future residential lots and within the tract to direct runoff southward across the SCE easement.

JUSTIFICATION:

FINDINGS:

Tentative Tract Map:

Pursuant to Section 66474 of the Subdivision Map Act, there are seven findings that must be met to justify approval of a Tentative Map application. Staff analyzed the application against these findings for Tentative Tract Map No. 39259 (PTM25-0004) below:

Finding A: *The proposed Tentative Tract Map is consistent with the General Plan*.

Finding of Fact: The General Plan designates the site as the Butterfield Specific Plan with Low Density Residential (0–5 du/ac) and two Medium Density Residential (MDR) land use districts. The proposed subdivision of 160.02 acres into 544 single-family lots meets the minimum lot size of the LDR and MDR land use districts and maintains a density within the Specific Plan range. Planning Area 49A is proposed to increase density to 12 du/ac with attached condominium units on 1,800 square foot condo lots. The designs of the single-family and condominium units are compatible with surrounding neighborhoods and further the Specific Plan's policies on neighborhood character and land use compatibility.

Finding B: *The design and improvements of the proposed Tentative Tract Map is consistent with the zoning district in which the property is located*.

Finding of Fact: The project meets LDR and MDR land use district development standards consistent with Section 5.0 of the Butterfield Specific Plan and meeting all Public Works development standards providing adequate vehicular, pedestrian, and emergency access. All streets, utilities, and drainage facilities will be constructed to City standards.

Finding C: *The site is physically suited for this type of development*.

Finding of Fact: The Final Map of TM35967, approved by the City Council and recorded in 2020, established the current master planned layout of the northern half of the Butterfield Specific Plan. The 160.02-acre site is relatively flat with a gentle north to south downhill grade and will be subdivided into 544 single-family, 36 condominium lots for 248 condo units, with parks and open space, that will be graded and developed to be compatible in size to other surrounding properties of the Butterfield Specific Plan.

Finding D: *The subject site is physically suitable for the proposed density of development*.

Finding of Fact: The proposed density complies with the LDR (0-05 du/ac) and MDR (0-10 du/ac and 0-12 du/ac) designations and the proposed lots and total dwelling units do not exceed the total planned units of 4,862 units per the 2017 amendment to the Butterfield Specific Plan.

Finding E: *The design of the subdivision or the proposed improvements are not likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat*.

Finding of Fact: The proposed project was evaluated for potential effects on the environment as required under the California Environmental Quality Act (CEQA) and it was determined that the project is in compliance a previously adopted Environmental Impact Report (EIR) for the Butterfield Specific Plan (SCH No. 2007091194) and pursuant to CEQA Guidelines 15162 (Subsequent EIRs and Negative Declarations) and the proposed project meets or exceeds all development standards, and no further analysis or environmental action is required.

Finding F: *The design of the subdivision or type of improvements is not likely to cause serious public health problems*.

Finding of Fact: The subdivision design of the seven (7) Planning Areas, two (2) park areas, and future home construction will comply with all applicable City codes, California Building Code requirements, and adopted development and public improvement standards for stormwater management, street improvements, and safety.

Finding G: *The design of the subdivision or type of improvements will not conflict with easements, acquired by the public at large, for access through or use of the property within the proposed subdivision*.

Finding of Fact: The proposed subdivision will submit for a Final Map review with the Public Works Department, which will ensure that all private lots have access, streets are dedicated, utility easements are located, and any emergency access points are delineated and recorded with the Final Map, ensuring emergency and resident access without impacting surrounding neighborhood.

ENVIRONMENTAL DETERMINATION:

The proposed project was evaluated for potential effects on the environment as required under the California Environmental Quality Act (CEQA) and it was determined that the project is in compliance a previously adopted Environmental Impact Report (EIR) for the Butterfield Specific Plan (SCH No. 2007091194) and pursuant to CEQA Guidelines 15162 (Subsequent EIRs and Negative Declarations) no further analysis or environmental action is required. The project is subject to the adopted Mitigation Monitoring and Reporting Program of the Butterfield Specific Plan EIR Addendum found here https://banningca.gov/Archive.aspx?AMID=57&Type=&ADID= and attached to this staff report. A Notice of Determination has been prepared for the project.

PUBLIC COMMUNICATION:

A public hearing notice for Tentative Tract Map No. 39259 (PTM25-0004) was advertised in the Record Gazette newspaper, December 26, 2025. The public hearing notice for the project was mailed to all property owners within 300 feet of the project sites on January 2, 2026, notifying the public that the subject application would be considered by the City Council at the regular meeting on January 13, 2026. As of the date of this report, staff have not received any written comments for or against the Project.

FISCAL IMPACT:

Approval of Tentative Tract Map No. 39259 (PTM25-0004) will not result in a direct fiscal impact on the City's General Fund. The applicant is responsible for all costs associated with the subdivision, including design, construction, and installation of required public improvements. Processing costs have been recovered through application fees. Future development of the site will generate property tax revenue and development impact fees, which will offset the cost of municipal services to the new residential lots.

ALTERNATIVES:

1. Adopt Resolution 2026-03 with Modifications. Approve the Tentative Tract Map but direct staff to modify or add conditions of approval as determined by the City Council.
2. Continue the Public Hearing. Continue the item to a date certain or a future meeting to allow time for additional information, analysis, or project modifications.

BUDGETED?:

No

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. 7.1a_PTM25-0004_TM39259_CC_Resolution_2026-03.pdf
2. 7.1b PTM25-0004 TM39259 CC ExA COA 1-27-26.pdf
3. 7.1c PTM25-0004 TM39259 Vicinity Map.pdf
4. 7.1d PTM25-0004 TM39259 COMP SITE PLAN 2025.pdf
5. 7.1e PTM25-0004 TM39259 COMP SITE PLAN 2017.pdf
6. 7.1F PTM25-0004 TM39259 Project Plans.pdf
7. 7.1g Butterfield SP - Mitigation Monitoring and Reporting Program and Addendum.pdf
8. 7.1h PTM25-0004 TM39259 NOD 1-27-26.pdf
9. 7.1i PTM25-0004 TM39259 PHN Affidavit.pdf
10. 7.1j PC Minutes_DRAFT_Dec 3 2025.pdf
11. 7.1k 2025.12.01 - SAFER Commment TTM No. 32962 (004).pdf
12. 7.1l Att 7_TTM 37298 Butterfield SP Development Agreement.pdf
13. 7.1m Atwell - Stamped NOD_EIR ADDENDUM.pdf

RESOLUTION 2026-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, APPROVING TENTATIVE TRACT MAP NO. 39259 (PTM25-0004), A PROPOSAL TO SUBDIVIDE 160.02-ACRES OF LAND ACROSS NINE (9) PLANNING AREAS, 31, 46, 47A, 47C, 48A, 49A, 49B, 53, 63A, IN THE LOW DENSITY RESIDENTIAL (LDR) AND MEDIUM DENSITY RESIDENTIAL (MDR) LAND USE DISTRICTS OF THE BUTTERFIELD SPECIFIC PLAN INTO 544 SINGLE-FAMILY RESIDENTIAL LOTS AND 36 CONDOMINIUM LOTS, A 1.03-ACRE PARK AND A 5.62-ACRE PARK AT THE NORTHWEST CORNER OF HIGHLAND HOME ROAD AND THE SOUTHERN CALIFORNIA EDISON CORRIDOR (APN 408-580-027, -032, -033, -034, -035, -036, -039, -040, -041, -042, -045, -047, -050, -051, -052, -064)

WHEREAS, Tri Pointe Homes ("Applicant" and "Owner"), has applied for Tentative Tract Map No. 39259, Case No. PTM25-0004, to allow for the subdivision of 160.02 acres (APN 408-580-027, -032, -033, -034, -035, -036, -039, -040, -041, -042, -045, -047, -050, -051, -052, -064) of land across nine (9) Planning Areas, 31, 46, 47A, 47C, 48A, 49A, 49B, 53, and 63, in the Low Density Residential (LDR) and Medium Density Residential (MDR) of the Butterfield Specific Plan (Atwell) into 544 single-family residential lots and 36 condominium lots, including a 1.03-acre lots for a Park, a 5.62-acre lot for a Park, with perimeter Planning Areas utilized for drainage basins and stormwater control to the open space area along the Southern California Edison (SCE) corridor to the south; and

WHEREAS, the Planning Commission has the authority, pursuant to the Subdivision Map Act (Government Code Section 66410 et seq.), Title 16 (Subdivisions) of the Banning Municipal Code, to make a recommendation to the City Council on Tentative Tract Map applications; and

WHEREAS, on December 3, 2025, continued from the November 17, 2025, special meeting, the Planning Commission held a duly noticed public hearing on Tentative Tract Map No. 39259, received a staff report, public testimony, and project materials, and voted 2-1 to adopt Resolution 2025-12 recommending the City Council approve the Tentative Tract Map subject to conditions of approval; and

WHEREAS, a public notice for the January 13, 2026, City Council meeting was published in accordance with State law and the Banning Municipal Code, and written notice was mailed to property owners within 300 feet of the project site; and

WHEREAS, at the January 13, 2026, regular meeting, the City Council held a duly noticed public hearing on Tentative Tract Map No. 39259, received a staff report, public testimony, and project materials, and continued the hearing until January 27, 2026; and

WHEREAS, the City Council has reviewed the staff report, Planning Commission recommendation, environmental documentation, proposed tentative tract map, supporting materials, and public testimony and finds the project in conformance with the requirements of the Subdivision Map Act, the Banning Municipal Code, the City's General Plan, and the Zoning Ordinance.

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

SECTION 1. ENVIRONEMNTAL DETERMINATION

The proposed project was evaluated for potential effects on the environment as required under the California Environmental Quality Act (CEQA) and it was determined that the project is in compliance with a previously adopted Environmental Impact Report (EIR) for the Butterfield Specific Plan (SCH No. 2007091194) and pursuant to CEQA Guidelines 15162 (Subsequent EIRs and Negative Declarations) no further analysis or environmental action is required. A Notice of Determination has been prepared for the project.

SECTION 2. REQUIRED FINDINGS FOR TENTATIVE TRACT MAP NO. 39259 (PTM25-0004)

Pursuant to Section 66474 of the Subdivision Map Act, there are seven findings that must be met to justify approval of a Tentative Map application. Staff analyzed the application against these findings for Tentative Tract Map No. 39259 (PTM25-0004) below:

Finding A: *The proposed Tentative Tract Map is consistent with the General Plan*.
Finding of Fact: The General Plan designates the site as the Butterfield Specific Plan with Low Density Residential (0–5 du/ac) and two Medium Density Residential (MDR) land use districts. The proposed subdivision of 160.02 acres into 544 single-family lots meets the minimum lot size of the LDR and MDR land use districts and maintains a density within the Specific Plan range. Planning Area 49A is proposed to increase density to 12 du/ac with attached condominium units on 1,800 condo lots. The designs of the single-family and condominium units are compatible with surrounding neighborhoods and further the Specific Plan's policies on neighborhood character and land use compatibility.

Finding B: *The design and improvements of the proposed Tentative Tract Map is consistent with the zoning district in which the property is located*.
Finding of Fact: The project meets LDR and MDR land use district development standards consistent with Section 5.0 of the Butterfield Specific Plan and meeting all Public Works development standards providing adequate vehicular, pedestrian, and emergency access. All streets, utilities, and drainage facilities will be constructed to City standards.

Finding C: *The site is physically suited for this type of development*.
Finding of Fact: The Final Map of TM35967, approved by the City Council and recorded in 2020, established the current master planned layout of the northern half of the Butterfield Specific Plan. The 160.02-acre site is relatively flat with a gentle north to south downhill grade and will be subdivided into 544 single-family, 36 condominium lots for 248 condo units, with parks and open space, that will be graded and developed to be compatible in size to other surrounding properties of the Butterfield Specific Plan.

Finding D: *The subject site is physically suitable for the proposed density of development*.
Finding of Fact: The proposed density complies with the LDR (0-05 du/ac) and MDR (0-10 du/ac and 0-12 du/ac) designations and the proposed lots and total dwelling units do not exceed the total planned units of 4,862 units per the 2017 amendment to the Butterfield Specific Plan.

Finding E: *The design of the subdivision or the proposed improvements are not likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat*.
Finding of Fact: The proposed project was evaluated for potential effects on the environment as required under the California Environmental Quality Act (CEQA) and it was determined that the project is in compliance a previously adopted Environmental Impact Report (EIR) for the

Butterfield Specific Plan (SCH No. 2007091194) and pursuant to CEQA Guidelines 15162 (Subsequent EIRs and Negative Declarations) and the proposed project meets or exceeds all development standards, and no further analysis or environmental action is required.

Finding F: *The design of the subdivision or type of improvements is not likely to cause serious public health problems*.
Finding of Fact: The subdivision design of the seven (7) Planning Areas, two (2) park areas, and future home construction will comply with all applicable City codes, California Building Code requirements, and adopted development and public improvement standards for stormwater management, street improvements, and safety.

Finding G: *The design of the subdivision or type of improvements will not conflict with easements, acquired by the public at large, for access through or use of the property within the proposed subdivision*.
Finding of Fact: The proposed subdivision will submit for a Final Map review with the Public Works Department, which will ensure that all private lots have access, streets are dedicated, utility easements are located, and any emergency access points are delineated and recorded with the Final Map, ensuring emergency and resident access without impacting surrounding neighborhood.

SECTION 3. APPROVAL

The City Council hereby approves Tentative Tract Map No. 39259 (PTM25-0004), subject to the Conditions of Approval attached hereto as Exhibit A.

SECTION 4. CERTIFICATION

The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED, APPROVED AND ADOPTED this 13th day of January, 2026.

_____
Richard Royce, Mayor
City of Banning

ATTEST:

_____
Sandra Calderon, Deputy City Clerk
City of Banning

APPROVED AS TO FORM:

_____
John Pinkney, City Attorney
Slovak, Baron, Empey, Murphy & Pinkney, LLP

CERTIFICATION:

I, Sandra Calderon, Deputy City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution 2025-03, was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 27th day of January, 2026, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Sandra Calderon, Deputy City Clerk
City of Banning, California

EXHIBIT A
Conditions of Approval

City of Banning

Community Development Department
Conditions of Approval

PROJECT: Tentative Tract Map No. 39259 – PTM25-0004
SUBJECT: Conditions of Approval (City Council Resolution 2026-03)
APPLICANT: Tri Pointe Homes
LOCATION: Northwest corner of Highland Home Road and Southern California Edison (SCE) Corridor - APNs: 408-580-027, -032, -033, -034, -035, -036, 039, -040, -041, -042, -045, -047, -050, -051, -052, -064

EXHIBIT A

To City Council Resolution 2026-03

***All fair share agreements, covenant agreements and agreements subject to recordation will be subject to review and approval by the City Attorney and will include appropriate enforcement provisions by the City and be properly securitized.**

Community Development

The Department of Community Development provides the Conditions of Approval listed herein for the above-mentioned project. Unless otherwise stated, all conditions shall be completed by the applicant at no cost to any government agency. The Applicant may contact the Planning Division at (951) 922-3125 for compliance with the following conditions.

Planning Division

COA #	Condition of Approval	Completion Milestone	Status
PLN.General.01	The project shall always comply with all federal, state, County and City laws, codes, regulations, and standards.	Informational	
PLN.General.02	The applicant shall indemnify, protect, defend, and hold harmless, the City, and/or any of its officials, officers, employees, agents, departments, agencies, and instrumentalities thereof, from any and all claims, demands, lawsuits, writs of mandamus, and other actions and proceedings (whether legal, equitable, declaratory, administrative or adjudicatory in nature), and alternative dispute resolutions procedures (including, but not limited to, arbitrations, mediations, and other such procedures) (collectively "Actions"), brought against the City, and/or any of its officials, officers, employees, agents, departments, agencies, and instrumentalities thereof, that challenge, attack, or seek to modify, set aside, void, or annul, the action of, or any permit or approval issued by, the City and/or any of its officials, officers, employees, agents, departments, agencies, and instrumentalities thereof (including actions approved by the voters of the City), for or concerning the Project, whether such actions are brought	Informational	

COA #	Condition of Approval	Completion Milestone	Status
	under the California Environmental Quality Act (CEQA), State Planning and Zoning Law, the Subdivisions Map Act, Code of Civil Procedure Sections 1085 or 1094.5, or any other state, federal, or local statute, law, ordinance, rule, regulation, or any decision of a competent jurisdiction. It is expressly agreed that the City shall have the right to approve, which approval will not be unreasonably withheld, the legal counsel providing the City's defense, and that applicant shall reimburse City for any costs and expenses directly and necessarily incurred by the City in the course of the defense. City shall promptly notify the applicant of any Action brought and City shall cooperate with applicant in the defense of the Action.		
PLN.General.03	The City and Developer are parties to a Development Agreement, recorded on July 17, 2012, as document number 2012-0332888 ("DA"). In the event of any direct inconsistency or conflict between these Conditions of Approval and the DA, the DA shall control. The Developer shall indemnify the City as described in the DA.	Informational	
PLN.General.04	Approval of this entitlement shall not waive compliance with any sections of the CA Government Code, Banning Municipal Code (BMC), or other applicable City ordinances, in effect at the time of building permit issuance.	Informational	
PLN.General.05	The Project permitted under PTM25-0004 (TM39259) shall run with the term of the DA and shall commence operation within two (2) years from the date of this approval. The Community Development Director may, upon a written application being filed 30 days prior to expiration and for good cause, grant an extension not to exceed 12 months. Upon granting of an extension, the Community Development Director shall ensure that the Tentative Tract Map complies with all current provisions of BMC Title 16 and Subdivision Map Act.	Informational	
PLN.General.06	Unless approved otherwise by City, the developer shall comply with all applicable conditions of City Council Ordinance No. 1450 approving the Butterfield Specific Plan and conditions of City Council Resolution No. 2017-07 approving Minor Modifications to the Butterfield Specific Plan.	Informational	
PLN.General.07	All mitigation measures required by the Butterfield Specific Plan Environmental Impact Report Mitigation Monitoring and Reporting Program (MMRP), as modified pursuant to the approved Addendum, and conditions of the project's Settlement Agreement shall be implemented if those measures/conditions relate to this phase or part of the	Informational	

COA #	Condition of Approval	Completion Milestone	Status
	development or are required to be satisfied in connection with this phase or part of the development.		
PLN.General.08	A copy of the signed Resolution of Approval or Community Development Director's letter of approval, along with all conditions of approval and any applicable mitigation measures imposed on Tentative Tract Map No.39259, PTM25-0004, shall be reproduced in legible form on all grading, building, construction, improvement, landscape, and irrigation plans submitted for review and approval as required by the reviewing department.	Informational	
PLN.General.09	Prior to any occupancy/use of the Project site, or business activity being commenced thereon, the applicant shall complete these conditions of approval to the satisfaction of the Community Development Director.	Informational	
PLN.General.10	The subject property shall be operated and maintained in accordance with the site plans stamped approved by the City and on file in the Planning Division, the conditions contained herein, and the applicable regulations within the BMC.	Informational	
PLN.General.11	The Applicant shall submit a perimeter landscape plan for review and approval by the Community Development Department. Landscaping shall be used to soften the visual impact of fencing and integrate the project with surrounding properties, consistent with Amended Butterfield Specific Plan. All required landscaping shall be installed prior to final occupancy of the last dwelling unit within TM39259.	Submit Plans Prior to Issuance of Building Permits Installation Prior to Last Occupancy	
PLN.General.12	The Applicant shall submit a detailed perimeter fencing plan for review and approval by the Community Development Department. Fencing shall be designed in a manner that is compatible with adjacent properties and consistent with the Amended Butterfield Specific Plan. All required fencing shall be installed prior to final occupancy of the last dwelling unit within TM39259.	Submit Plans Prior to Issuance of Building Permits Installation Prior to Last Occupancy	
PLN.General.13	All residential and commercial neighborhoods and public facilities shall require Design Review approval by the Community Development Director.	Informational	
PLN.TTM.01	The subdivision shall be developed in substantial conformance with the approved Tentative Tract Map, the associated exhibits, and these Conditions of Approval.	Informational	
PLN.TTM.02	All lots shall meet or exceed the minimum lot size, width, depth, and other dimensional requirements of the Banning Municipal Code at the time of Final Map recordation.	Prior to Final Map	

COA #	Condition of Approval	Completion Milestone	Status
PLN.TTM.03	Any common open space, entry features, or landscape areas shown on the Tentative Map shall be landscaped per an approved plan prior to final occupancy of the last dwelling unit within TM39259.	Prior to Occupancy	
PLN.TTM.04	If common areas, open space, or private streets are proposed, the applicant shall establish a Homeowners' Association (HOA) or other mechanism acceptable to the City to ensure ongoing maintenance.	Informational	
PLN.TTM.05	Covenants, Conditions, and Restrictions (CC&Rs) Supplemental Declarations shall be submitted to the Planning Department for review to ensure they address maintenance of any common areas, landscaping, and private improvements.	Informational	
PLN.TTM.06	The applicant shall coordinate with the Community Development Department for the addressing of all lots prior to recordation of the Final Map.	Prior to Final Map	
PLN.TTM.07	Prior to approval of the Final Map, all conditions requiring the provision or proposed project facilities and subdivision improvements for the area covered by the Tentative Map must be satisfied either through performance or through the provision of suitable security prior to recordation of the Final Map.	Prior to Final Map	
PLN.TTM.08	Prior to commencement of development within the tract, the Developer shall provide a written Phasing Plan specifying when the lots within the subdivision will be developed and when all appropriate public infrastructure within the subdivision will be constructed.	Prior to Issuance of Building Permits	

Office of the Fire Marshal

COA #	Condition of Approval	Condition Milestone	Status
Fire.01	BLUE DOT REFLECTORS- Blue retro-reflective pavement markers shall be mounted on private streets, public streets and driveways to indicate location of fire hydrants. Prior to installation, placement of markers must be approved by the Banning Office of the Fire Marshal.	Informational	
Fire.02	FIRE PROTECTION WATER SUPPLES/HYDRANTS - The minimum number of fire hydrants required, as well as the location and spacing of fire hydrants, shall comply with the CFC Appendix C. Fire hydrants shall be located no more than 600 feet from all portions of the exterior of the building along an approved route from a fire apparatus access road. Where new water mains are extended along streets and hydrants are not needed for protection	Informational	

COA #	Condition of Approval	Condition Milestone	Status
	of structures, standard fire hydrants shall be provided at spacing not to exceed 1000 feet along streets for transportation hazards. The size and number of outlets required for the approved fire hydrants are 4" x 2 ½". Final fire hydrant locations shall be determined during the fire water plan review by Banning Office of the Fire Marshal and Public Works. Hydrant spacing shall be whichever is more restrictive, Fire or Public Works. Reference CFC as amended.		
Fire.03	POTENTIAL FIRE FLOW- Fire Protection Water Supplies/Fire Flow - Minimum fire flow for the construction of all buildings is required per CFC Appendix B. Prior to building permit issuance for new construction, the applicant shall provide documentation to the Fire Department to show there exists a water system capable of delivering the required fire flow. Specific design features may increase or decrease the required fire flow. Reference CFC as amended.	Informational	
Fire.04	Traffic Calming Devices - Requests for installation of traffic calming designs/devices on fire apparatus access roads shall be submitted and approved by the Fire Code Official. Reference CFC as amended.	Informational	
Fire.05	Fire Department Access Turn Around – On-parcel dead-end fire apparatus access roads exceeding 150 feet in length shall provide a bulb turnaround at the terminus measuring a minimum as prescribed in the specific plan In-lieu of a bulb, a hammer-head type turnaround is acceptable where the top of the "T" dimension is 120 feet with the stem in the center. Additional turnaround designs may be acceptable as approved by the Fire Department. Reference CFC as amended and Banning Office of the Fire Marshal and/or Riverside County Fire Department Policies and Standards.	Informational	
Fire.06	Fire and Life Safety Requirements - Final fire and life safety conditions will be addressed when the Fire Department reviews any subsequent submittals. These conditions will be based on California Fire Code (CFC), California Building Code (CBC), and related codes/standards adopted and amended at the time of construction plan submittal.	Informational	
Fire.07	Materials and Construction Methods for Exterior Wildfire Exposure - Projects in the Local Responsibility Area, Very High Fire Hazard Severity Zone, and High Fire Hazard Severity Zones shall comply with Chapter 3, R337 of the California Residential Code and California Code of Regulations Title 14 Fire Safety Regulations. Reference CFC as amended.	Informational	
Fire.08	The applicant or developer shall furnish one copy of the water system plans to the Fire Department for review. Plans shall be signed by a registered civil engineer, containing a Fire Department approval signature block, and shall conform to hydrant type,	Prior to Final Map Recordation	

COA #	Condition of Approval	Condition Milestone	Status
	location, spacing and minimum fire flow. Once plans are signed by local water company, the originals shall be presented to the Fire Department for signature.		
Fire.09	SECONDARY ACCESS - Unless otherwise approved by the Fire Department, dead end fire apparatus access roads shall not exceed (660 feet for Very High Fire Hazard Severity Zone and High Fire Hazard Severity Zone areas. 800 feet for Moderate Fire Hazard Severity Zone) 1,320 feet. Secondary egress/access fire apparatus access roads shall provide independent egress/access from/to the area or as otherwise approved by the Fire Department. Secondary egress/access fire apparatus access roads shall be as remote as practical from the primary fire apparatus access road to reduce the possibility that both routes will be obstructed by a single emergency. Additional fire apparatus access roads based on the potential for impairment by vehicle congestion, condition of terrain, climatic conditions, anticipated magnitude of a potential incident, or other factors that could limit access may be required by the Fire Department. Reference CFC as amended and Banning Office of the Fire Marshal/Riverside County Fire Department Policies and Standards	Prior to Final Map Recordation	
Fire.10	Fire Department Access - Fire apparatus access roads shall be provided within 150 feet of all exterior portions of buildings, unless otherwise approved by the Fire Department. Fire apparatus access roads shall have an unobstructed width of no less than 24 feet. Dead-end fire apparatus access roads exceeding 150 feet shall provide an approved turn around. The minimum required turning radius of a fire apparatus access road shall be as prescribed in the specific plan. . Additional turnaround designs may be acceptable as approved by the Fire Department The construction of the fire apparatus access roads shall be all weather and capable of sustaining 80,000 lbs. Unless otherwise approved, the grade of a fire apparatus access road shall not exceed 14 percent, and the cross slope shall not exceed 2.5 percent. The angles of approach and departure for fire apparatus access roads shall be a maximum of 6 percent grade change for 25 feet of approach/departure. Reference CFC as amended and Banning Office of the Fire Marshal/Riverside County Fire Department Policies and Standards. a. Fire Lane marking: Identification and marking of fire lanes, including curb details and signage, shall comply with all Banning Office of the Fire Marshal/Riverside County Fire Department Standards.	Prior to Final Map Recordation	
Fire.11	Phased Construction Access and Water Supply: If construction is phased, an approved phasing plan shall be approved by the Fire Department. Each phase shall provide approved access and water supply for fire protection prior to any construction. Reference CFC as amended.	Prior to Final Map Recordation	

City of Banning

Community Development Department
Conditions of Approval

COA #	Condition of Approval	Condition Milestone	Status
Fire.12	HAZARDOUS VEGETATION AND FUEL MANAGEMENT - Projects in the Local Responsibility Area, Very High and High Fire Hazard Severity Zone shall provide a Hazardous Vegetation and Fuel Management Plan to be reviewed and approved by the Fire Department. A preliminary plan shall be approved by the Fire Department prior to any new parcel map recordation Reference CFC as amended.	Prior to Final Map Recordation	
Fire.13	MAP- HFA REVIEW – Final Hazardous vegetation and fuel management plans shall be submitted and approved by the Fire Department to review and approve building setbacks, water and access for new single-family dwellings that are in a hazardous fire area.	Prior to Issuance of Grading Permit	
Fire.14	TRACT WATER VERIFICATION – An approved temporary or final water system, including all fire hydrant(s), shall be installed and accepted by the appropriate water agency and the Office of the Fire Marshal prior to any combustible building material placed on an individual lot. Contact the Banning Office of the Fire Marshal to inspect the required fire flow, street signs, all weather surface, and all access and/or secondary. Approved temporary or final water plans must be at the job site. Fire will allow models and production with no secondary access. First production Certificate of Occupancy will require secondary access to be completed.	Prior to Building Permit Issuance	
Fire.15	Projects in the Local Responsibility Area Very High Fire Hazard Severity Zone and High Fire Hazard Severity Zones shall provide a Hazardous Vegetation and Fuel Management Plan to be reviewed and approved by the Fire Department.	Prior to Building Permit Issuance	
Fire.16	SECONDARY/ALTERNATE ACCESS- In the interest of Public Safety, the project shall provide An Alternate or Secondary Access(s). Said Alternate or Secondary Access(s) shall have concurrence and approval of both the Public Works Department and the Banning Office of the Fire Marshal/Riverside County Fire Department. Alternate and/or Secondary Access(s) shall be approved, constructed, useable, and inspected per approved plans prior to the issuance of the first structure permit. Fire will allow models and production with no secondary access. First production Certificate of Occupancy will require secondary access to be completed.	Prior to Building Permit Issuance	
Fire.17	Fire Maps will come into effect July 22, 2025, therefore structures in those areas will be required to comply with Chapter 3377A requirements.	Prior to Building Permit Issuance	
Fire.18	WATER VERIFICATION – The approved final water system, including all fire hydrant(s), shall be installed and accepted by the appropriate water agency and the Office of the Fire Marshal prior to first certificate of occupancy. Contact the Banning Office of the	Prior to first Building Certificate of Occupancy	

COA #	Condition of Approval	Condition Milestone	Status
	Fire Marshal to inspect the required fire flow. Approved water plans must be at the job site.		
Fire.19	VERIFICATION INSPECTION- Prior to Certificate of Occupancy, Developer shall contact the Banning office of the Fire Marshal to schedule an inspection for items that were shown at building permit issuance (ie Access, Addressing, Water System and/or Fuel Modification).	Prior to Final Inspection	
Fire.20	RESIDENTIAL FIRE SPRINKLER - Residential fire sprinklers are required in all one and two family dwellings per the California Residential code, California Building Code and the California Fire Code. Plans must be submitted to the Fire Dept. for review and approval prior to installation.	Prior to Final Inspection	

Banning Electric Utility

The Department of Banning Electric Utility provides the Conditions of Approval listed herein for the above-mentioned project. Unless otherwise stated, all conditions shall be completed by the applicant at no cost to any government agency. The Applicant may contact the Banning Electric Division at (951) 922-3160 for compliance with the following conditions.

Electric Engineering Division

COA #	Condition of Approval	Completion Milestone	Status
BEU.ENG.01	The City of Banning Electric Utility (Utility) will require adequate easements needed to service the project. Easements may be needed on all neighborhood entrance streets and areas along the perimeter and interior City Utility Facilities, School sites, and Parks for vaults, conduits, streetlights and pad mounted transformers and switches depending on the use of each site.	Informational	
BEU.ENG.02	The developer will be required to install underground conduits, vaults, and pad-mounted equipment from the Utility's Sunset Substation throughout the development for electrical distribution. Coordination with the Utility will be required to identify the location of existing conduits near the substation.	Informational	
BEU.ENG.03	Easements will be required for Local Streets to serve residential lots and street lighting. Adequate easements will be required to serve all parcels of this project. These easements shall be offered for dedication to the City of Banning for public utility purposes. A non-exclusive easement shall be provided to the City of Banning to	Informational	

COA #	Condition of Approval	Completion Milestone	Status
	include the installation of electric distribution facilities within all common areas.		
BEU.ENG.04	The developer shall be responsible for facilitating any easement agreements necessary for any overhead/underground electrical infrastructure placed either temporary or permanently.	Informational	
BEU.ENG.05	All streetlights to be installed on the major thoroughfares, arterial streets, and local streets are assumed to be publicly owned and maintained by the Utility.	Informational	
BEU.ENG.06	Prior to constructing the Utility's electric distribution system, the developer shall submit a detailed engineering plan showing design, location and schematics for the utility system to be approved by the Utility. It will also be required that the developer follows the Electric Utility Maps & Records requirement (per attachment). This will allow the utility to assist with the completion of a distribution plan and provide a cost estimate to service the project.	Informational	
BEU.ENG.07	The Developer shall execute an agreement with the Utility providing for the installation, construction, improvement and dedication of the utility system following recordation of final map.	Informational	

Public Works Department

The Department of Public Works provides the Conditions of Approval listed herein for the above-mentioned project. Unless otherwise stated, all conditions shall be completed by the applicant at no cost to any government agency. The Applicant may contact the Engineering Division at (951) 922-3130 for compliance with the following conditions.

General Conditions

COA #	Condition of Approval	Completion Milestone	Status
PW.General.01	The subject property shall substantially conform to the approved PTM25-0004, TM 39259. The City Engineer may approve minor design modifications to the project plans during the plan check process, if such modifications conform to the provisions of the Banning Municipal Code. Substantial changes shall not be permitted except upon application for, and approval of modification of this entitlement in compliance with all applicable procedures and requirements.	Informational	

City of Banning

Community Development Department
Conditions of Approval

COA #	Condition of Approval	Completion Milestone	Status
PW.General.02	Revisions to the approved TM 39259 during plan check process; including, but not limited to, lot line alignments, easements, improvement plan revisions, and similar minor changes that are in substantial compliance with the Tentative Map, or associated Conditions of Approval, shall be administratively approved through the plan check process with the mutual consent and approval of the Developer, the Community Development Director, and the City Engineer. Changes that are not administratively approved, through the process referenced above and herein shall be amended in accordance with the Subdivision Map Act, as amended and codified within the Banning Municipal Code (BMC).	Informational	
PW.General.03	All Ordinances, Policy Resolutions, and Standards of the City in effect at the time this project is approved shall be complied with as a condition of this approval.	Informational	
PW.General.04	The applicant shall comply with the approved site plan, the preliminary grading plan, the preliminary WQMP (pWQMP), preliminary Drainage Study, and other relevant documents approved during project entitlement. Any significant omission to the representation of the site conditions may require the plans to be resubmitted for further review and revision.	Informational	
PW.General.05	An Encroachment Permit shall be required prior to commencement of any work within the public right-of-way. The contractor working within the public right-of-way shall submit proof of a Class "A" State Contractor's License, City of Banning Business License, and Liability Insurance.	Informational	
PW.General.06	The applicant is responsible for resolving any conflicts with existing or proposed easements. All easement(s) of record and proposed easements shall be shown on the final map, grading plan, and improvement plans where applicable.	Informational	
PW.General.07	Where survey monuments exist, such monuments shall be protected or shall be referenced and reset, pursuant to the Business and Professions Code, Sections 8700 to 8805 (Land Surveyors Act)	Informational	
PW.General.08	All future utility systems including electric, telephone, water, sewer, and cable TV, except for temporary utility systems as defined under the development agreement shall be provided for underground, with easements provided as required, and designed and constructed in accordance with City codes and the utility provider. Telephone, cable TV, and/or security systems shall be pre-wired.	Informational	

COA #	Condition of Approval	Completion Milestone	Status
PW.General.09	Any existing public improvements, or public improvements not accepted by the City that are damaged during construction shall be removed and replaced as determined by the City Engineer or his/her representative.	Informational	
PW.General.10	All weather vehicular access shall be maintained at all times to all parts of the proposed subdivision, where construction work is in progress, for emergency vehicles.	Informational	
PW.General.11	All precautions shall be taken to prevent washouts, undermining and subsurface ponding, caused by rain or runoff to all surface structures (curbs, gutters, sidewalks, paving, etc.). The Engineering Division may order repair, removal and replacement, extra compaction tests, load tests, etc. or any combination thereof for any such structure that was damaged or appears to have been damaged. All of the additional work, testing, etc., shall be at the expense of the Applicant.	Informational	
PW.General.12	Prior to the release of surety and upon completion of construction, the Applicant shall furnish the City with reproducible record drawings in electronic form or on Mylar film of all improvement plans that were approved by the City Engineer. Each sheet shall be clearly marked "As-Built" or "As-Constructed" and shall be stamped and signed by the engineer or surveyor certifying the accuracy and completeness of the drawings. The applicant shall have all AutoCAD files submitted to the City, revised to reflect the “As-Built” conditions	Informational	

Plans and Clearances

The following is a non-inclusive list of items that may be required by the Public Works Department. Unless otherwise authorized in writing by the City Engineer, plans shall utilize the minimum scale specified and shall be drawn on 24”x36” sized paper. Plans should be drawn at a larger scale if additional detail and/or clarity is desired (Note: The applicant may be required to prepare other improvement plans not listed here pursuant to improvement required by other agencies and utility purveyors). Other engineered improvement plans prepared for City approval that are not listed herein shall be prepared in formats approved by the City Engineer prior to commencing plan preparation.
All required plans and studies shall be prepared by a Registered Professional Engineer, Registered Professional Geologist. Registered Professional Landscape Architect or Registered Professional Surveyor in the State of California and submitted to the Public Works Department for review and approval.

City of Banning

Community Development Department
Conditions of Approval

The design of public infrastructure elements shall conform to the requirements of these Conditions of Approval, City General Plan, City/Regional Master Plans, City of Banning Grading Manual, City of Banning codes/standards, Standard Specifications for Public Works Construction (current edition), and Caltrans Standards and Specifications at no cost to any governmental agency as required by the City Engineer.
The design of private grading and improvements outside of public right of way shall comply with the City of Banning Grading Manual, Title 18 of the City of Banning Municipal Code, California Building Code, State Water Resources Control Board orders, rules, and regulations, and City of Banning standards and practices.
All off-site plan and profile, street improvement plans, and signing and striping plans shall show all existing improvements for a minimum distance of 200 feet beyond the project limits, and to a distance sufficient to show any required design transitions.
An index map shall be provided on the title sheet of all plan sets showing the overall view of the entire work area.
All plans shall be complete, to the satisfaction of the City Engineer, prior to final map recordation and determination of surety estimates.

Permit Type	Plan Set	Scale	Notes
Grading	Mass Grading Plan	1" = 100'	
	Rough Grading Plan	1" = 40'	
	Precise Grading Plan	1" = 20'	
	Borrow Pan	1" = 40'	If applicable
	Stockpile Plan	1" = 40'	If applicable
	Retaining Walls	1" = 40'	May be included with any grading plan
	Haul Route	1" = 100'	May be included with any grading plan
	Clearing Plan	1" = 100'	May be included with any grading plan
	Demolition Plan	1" = 100'	May be included with any grading plan
	Erosion and Sediment Control	1" = 40'	Shall be included with any grading plan
Improvement Plans	Street Improvement Plan	1" = 40' Horiz/ 1" = 4' Vertical	May be included with any grading plan
	Signing and Striping Plan	1" = 40'	May be included with any grading plan
	Traffic Signal Plan	1" = 40'	Shall be included with any grading plan
	Traffic Control Plan	1" = 40'	May be included with any grading plan
	Storm Drain Improvement Plan	1" = 40' Horiz/ 1" = 4' Vertical	May be included with any grading plan

City of Banning

Community Development Department
Conditions of Approval

Permit Type	Plan Set	Scale	Notes
	Channel Improvement Plan	1" = 40' Horiz/ 1" = 4' Vertical	Shall be included with any grading plan
	Potable Water Plan	1" = 40' Horiz/ 1" = 4' Vertical	May be included with any grading plan
	Non-Potable Water Plan	1" = 40' Horiz/ 1" = 4' Vertical	May be included with any grading plan
	Sewer Plan	1" = 40' Horiz/ 1" = 4' Vertical	Shall be included with any grading plan
	MNZ Reservoir Plans	As directed	May be included with any grading plan
Final Maps	Final Map	1" = 40'	
	Easement Dedications		
	Corner Records		
	Records of Survey		
Technical Studies	Geotechnical Report		
	Compaction Report		
	Hydrologic and Hydraulic Report		
	Flood Hazard Report		
	CLOMR/LOMR		
	Water Quality Management Plan (WQMP)		
	Water Supply Verification		
Permits and Agreements	Permission to Grade		
	Construction Agreements		
	BMP Agreement		
	Landscape Maintenance Agreement		
	Subdivision/Improvement Agreement		
	Performance Bonds		
	Labor and Material Bond		
	Maintenance Bond		
	Non-Interference Letter		
	Encroachment Permits		
Certifications	Grading Certifications		
	Pad Certifications		

City of Banning

Community Development Department
Conditions of Approval

Final Map

COA #	Condition of Approval	Completion Milestone	Status
PW.Map.01	The submittal, approval, and recordation of the Final Map TM39259 shall be in accordance with the provisions of the State Subdivision Map Act and Title 16, Subdivisions, of the Banning Municipal Code.	Informational	
PW.Map.02	The Final Map shall have adequate reservations for public ingress and egress as well as public and/or private utility easements and abandonment of existing utility easements to the satisfaction of the City Engineer. The applicant shall be responsible for contacting all utility providers to establish appropriate easements required to provide services to each development area.	Informational	
PW.Map.03	Prior to issuance of any permit(s), the applicant shall acquire or confer property rights necessary for the construction or proper functioning of the proposed project/development. Conferred rights may include right-of-way dedications, irrevocable offers to dedicate or grant of easements to the City for emergency services, maintenance, utilities, storm drain facilities, or temporary construction purposes including the reconstruction of essential improvements as directed by the City Engineer. All costs associated with acquiring rights-of-way or easements shall be borne by the applicant.	Informational	
PW.Map.04	In the event that the applicant is unsuccessful in acquiring necessary property rights outside the project/development, the City will consider and potentially act on the option to acquire through eminent domain. Permits (or portions of permits) that are not affected by ROW acquisition will not be held up during the property acquisition or eminent domain process.	Informational	
PW.Map.05	During the improvement plan checking process, turning radius template checks shall be submitted for access to all storm drain facilities, open space, and other utility easements that are accessed from a publicly accessible paved street. These templates shall clearly show that the easements are sufficient for full access under emergency conditions. The City of Banning's review of the easements shall include appropriateness of the vehicle turning radius, easement slopes and easement widths. Additional easement widths shall be required	Informational	

COA #	Condition of Approval	Completion Milestone	Status
	when the design vehicle is likely to use outriggers or other means of load stabilization.		
PW.Map.06	Any public right-of-way or streets to be vacated from public use, pursuant to Street and Highway Codes Sections 8300 through 8363, shall conform to the complete vacation procedure and show specific circulation alternative, where required. All street vacations shall be shown on the final map.	Informational	
PW.Map.07	All public facilities including sewer, water, non-potable water and drainage shall be located in a public right of way or public utility easement. All final maps shall include appropriate easements per the approved tentative map and as required by the City Engineer and/or other agency maintaining public facilities. All easements shall meet minimum width and access requirements as mandated by the City or governing agency.	Informational	
PW.Map.08	Submit a copy of the title report, closure calculations, and any separate instruments or necessary right-of-way documents to the Engineering Division prior to final map approval.	Informational	
PW.Map.09	A map of the proposed subdivision showing the outline of the streets including street names shall be submitted to the City to update the city atlas map.	Informational	
PW.Map.10	The Applicant shall be responsible for research on private utility lines (Gas, Edison, Telephone, Cable, Internet, etc.) to ensure there are no conflicts with site development. All existing on-site utility lines that conflict with this project shall be relocated, removed, or sealed to the satisfaction of the City Engineer.	Informational	
PW.Map.11	The applicant shall not grant any easements over any property subject to a requirement of dedication or irrevocable offer of dedication to the City of Banning unless such easements are expressly made subordinate to the easements to be offered for dedication to the City or RCFCD or unless such easements do not conflict with the City's or RCFCD's intended purposes or uses. Prior to granting any of said easements, the applicant shall furnish a copy of the proposed easement to the City Engineer for review and approval. Further, a copy of the	Informational	

COA #	Condition of Approval	Completion Milestone	Status
	approved easement shall be furnished to the City Engineer.		
PW.Map.12	The applicant, at its sole expense, shall obtain all right of way or easement acquisitions necessary to implement any portion of condition of this project, including public improvements, off-site grading and construction, offsite street requirements, offsite public utility requirements, storm drain improvements, or any other requirement of these conditions.	Prior to Final Map Recordation	
PW.Map.13	The applicant shall provide an easement over, across, and which provides ingress and egress to all private water quality, stormwater, drainage basins, public water facilities, public sewer facilities, public electric facilities, and fire department access to be dedicated to the City, for ingress, egress, and right to inspect, repair, remove, and replace unless otherwise directed by the City Engineer.	Prior to Final Map Recordation	
PW.Map.14	The applicant shall offer for dedication on the Final Map, within Final Map boundaries, all public street right-of-way and public utility easements in conformance with project entitlement documents. The City may reject the dedications and leave them open for future acceptance when all required public street improvements for the map are installed by the applicant in the rights of way.	Prior to Final Map Recordation	
PW.Map.15	The Applicant shall dedicate right-of-way or provide temporary easements beyond either the phased construction and/or tract boundary required to provide utility service, public and/or emergency vehicular ingress and egress access to the nearest paved and publicly maintained street as shown of the Tentative Map. All offers of dedication shall include the corner cut-back at all intersections.	Prior to Final Map Recordation	
PW.Map.16	Security for the construction of public improvements in accordance with Government Code Section 66499 shall be as follows: Faithful Performance Bond 100% of estimated cost Labor and Material Bond 100% of estimated cost Monumentation Bond - In the amount as supplied by the Record	Prior to Final Map Recordation	

COA #	Condition of Approval	Completion Milestone	Status
	Engineer/Land Surveyor and as approved by the City Engineer Securities for the public improvements shall be on file with the City Clerk prior to scheduling the final map for approval by City Council. Unit prices for bonding estimates shall be those specified or approved by the City Engineer.		
PW.Map.17	The City and the applicant are to enter into a Subdivision Improvement Agreement to guarantee the construction of the public improvements as listed in the Conditions of Approval and as shown on the approved plans.	Prior to Final Map Recordation	
PW.Map.18	The applicant shall submit a list of street names and addresses in Microsoft Excel spread sheet format for review and approval. The house number system shall be in accordance with Section 12.32 of the Banning Municipal Code. A reduced copy of the subdivision map shall be included with the submittal.	Prior to Final Map Recordation	
PW.Map.19	The applicant shall obtain approval from the Fire Marshall in consultation with the City Engineer, for a conceptual fuel modification plan and program, unless the City of Banning Fire Marshall ("Fire Marshall") finds in writing to the City that such plan and program are not required for development of the property within the boundaries of this Final Map.	Prior to Issuance of any Construction Permit	
PW.Map.20	The applicant shall verify and/or set all property corners, r/w corners, and centerline monuments. Subsequently, the applicant shall cause the surveyor to file the appropriate documents and records to the County of Riverside.	Prior to Release of Surety	
PW.Map.21	Public improvements shall be completed and accepted by City of Banning prior to release of Faithful Performance Bond and Labor and Material Bond for such improvements. Faithful Performance Bond for applicable public improvements shall be reduced to 10% once City accepts improvements into maintenance period. Final 10% to serve as the maintenance bond for the 1-year maintenance period.	Prior to Release of Surety	
PW.Map.22	The Applicant shall comply with Assembly Bill 1414, which was enacted on January 1, 1995, and amended Section 8771 of the Business and Professions Code of the Land Surveyors Act. Assembly Bill 1414 requires that two (2) corner records be filed when: • Monuments exist that control the location of subdivisions or tracts, streets or highways; or provides survey control. The monuments are located and	Prior to Release of Surety	

COA #	Condition of Approval	Completion Milestone	Status
	referenced by a licensed Land Surveyor before any streets or highways are reconstructed or relocated. The corner record(s) of the references are filed with the County Surveyor. • Monuments are reset in the surface of the new construction and a corner record is filed with the County Surveyor before recording of a Certificate of Completion for the project.		
PW.Map.23	Permanent survey monuments shall be set at the intersection of street centerlines, beginning, and end of curves in centerlines, and at other locations designated by the Director of Public Works and City Engineer. All other centerline monuments shall be placed in accordance with standard survey practice. A complete set of street centerline ties shall be submitted to the Engineering Division upon completion of improvements or prior to release of the monumentation bond.	Prior to Release of Surety	

Grading

COA #	Condition of Approval	Completion Milestone	Status
PW.Grade.01	The applicant shall comply with Title 18 of the Banning Municipal Code "Grading, Erosion, and Sediment Control", the City of Banning Grading Manual, California Building Code related to excavation and grading, and State Water Resources Control Board orders, rules, and regulations.	Informational	
PW.Grade.02	Grading work shall be balanced on-site, wherever possible. If export is required as a result of the final grading plan, then measures will be taken to be in compliance with the applicable City of Banning Ordinances at time of final grading plan approval.	Informational	
PW.Grade.03	The project grading shall be designed in a manner that perpetuates the existing natural drainage patterns with respect to tributary drainage areas, outlet points and outlet conditions. Otherwise, a drainage easement shall be obtained for the release of concentrated or diverted storm flows. The project shall accept and convey storm flows from the adjacent property within the property boundaries, or within drainage devices and easements obtained by the applicant.	Informational	

City of Banning

Community Development Department
Conditions of Approval

COA #	Condition of Approval	Completion Milestone	Status
PW.Grade.04	Rough grading plans shall include retaining walls with top of wall and top of footing elevations shown. All footings shall meet minimum Building and Safety department requirements have a minimum of 6"-inch of cover, and/or sufficient cover to clear any obstructions. The Applicant shall submit design calculations and obtain permits for all perimeter and retaining walls from the Building and Safety Department.	Informational	
PW.Grade.05	Impacts to jurisdictional streams, creeks and drainages shall be reviewed and approved by the appropriate regulatory agencies with jurisdiction in this area and will require the appropriate required permits issued. Long term regular maintenance and operation of drainage improvements, such as detention basins, shall be included in the initial regulatory permitting applications.	Informational	
PW.Grade.06	A detailed Grading Plan and Erosion Control Plan shall be submitted to the City Engineer for review and approval.	Prior to Recordation of a Final Map	
PW.Grade.07	Detailed grading plans shall be prepared and approved by the City prior to any on-site grading for the project.	Prior to Issuance of a Grading Permit	
PW.Grade.08	Prepare an erosion control plan that provides the developed phases with the required flood protection. Flood protection shall be determined by the size of the undeveloped areas and the flow patterns.	Prior to Issuance of a Grading Permit	
PW.Grade.09	Temporary basins shall be designed and constructed to meet detention requirements and earthen channels/berms shall be used to divert and convey flows during construction.	Prior to Issuance of a Grading Permit	
PW.Grade.10	Within park areas or areas accessible to the public, detention/retention basins will be protected from public entry as required where required by CBC.	Prior to Issuance of a Grading Permit	
PW.Grade.11	A soils report and geotechnical study shall be submitted in conjunction with the grading plan with further analyses of on-site soil conditions and appropriate measures to control erosion and dust. Any issues or recommendations provided in the report shall be addressed to the satisfaction of the City Engineer. The responsible geotechnical engineer shall sign and stamp all grading plans indicating the plan complies with the recommendations of the comprehensive soils and geotechnical report.	Prior to Issuance of a Grading Permit	
PW.Grade.12	The applicant shall retain a qualified archeologist, paleontologist, and biologist for observation of grading	Prior to Issuance of a Grading Permit	

COA #	Condition of Approval	Completion Milestone	Status
	and excavation activities in accordance with the approved mitigation program.		
PW.Grade.13	A grading permit shall be obtained from the Public Works Department and in accordance with the project Development Agreement.	Prior to Issuance of a Grading Permit	
PW.Grade.14	For construction activities including clearing, grading or excavation of land that disturbs one (1) acre or more of land, or that disturbs less than one (1) acre of land, but which is a part of a construction project that encompasses more than one (1) acre of land, the applicant shall be required to submit a Storm Water Pollution Protection Plan (SWPPP) and file a Notice of Intent (NOI) with the Regional Water Quality Control Board (RWQCB). The applicant shall provide proof that the SWPPP has been approved by the RWQCB prior to issuance of any permits. The applicant shall ensure that the required SWPPP is available for inspection at the project site at all times through and including acceptance of all improvements by the City. The applicant's SWPPP shall include provisions for all of the following Best Management Practices ("BMPs"): • Temporary Soil Stabilization (erosion control). • Temporary Sediment Control. • Wind Erosion Control. • Tracking Control. • Non-Storm Water Management. • Waste Management and Materials Pollution Control. All erosion and sediment control BMPs proposed by the applicant shall be designed using the CASQA BMP handbook and approved by the City Engineer prior to any onsite or offsite grading, pursuant to this project. The approved SWPPP and BMPs shall remain in effect for the entire duration of project construction until all improvements are completed and accepted by the City.	Prior to Issuance of a Grading Permit	
PW.Grade.15	Construction documents shall include language that requires all construction contractors to strictly control the staging of construction equipment and the cleanliness of construction equipment stored or driven beyond the limits of the construction work area. Construction equipment shall be parked and staged within the project site. Staging areas shall be screened from view from adjacent properties. Vehicles shall be kept clean and free of mud and dust before leaving the development site. Surrounding streets shall be swept daily and maintained free of dirt and debris.	Prior to Issuance of a Grading Permit	

COA #	Condition of Approval	Completion Milestone	Status
PW.Grade.16	The grading plan shall conform with all required mitigation measures identified in the Mitigation Monitoring and Reporting Plan, and obtain clearance from the Planning Department prior to plan approval.	Prior to Issuance of a Grading Permit	
PW.Grade.17	A precise grading plan shall be submitted to the City Engineer for review and approval. A grading permit shall be obtained prior to commencement of any precise grading activity.	Prior to Issuance of a Building Permit	
PW.Grade.18	The applicant shall provide a lot pad certification. The pad certification shall include an elevation and compaction certification. The elevation certification shall be stamped and signed by a licensed civil engineer or land surveyor and shall list the pad elevation as shown on the approved grading plan, the actual pad elevation and the difference between the two, if any. The compaction certification shall list the relative compaction of the pad soil and shall be certified by a licensed geotechnical engineer.	Prior to Issuance of a Building Permit	
PW.Grade.19	The applicant shall provide a Final Grade Certification. The certification shall be stamped and signed by a licensed civil engineer or land surveyor and shall show actual building setbacks, swales, drainage devices, and other items shown in conformance with the approved Precise Grading Plan.	Prior to Certificate of Occupancy	

Stormwater/Water Quality

COA #	Condition of Approval	Completion Milestone	Status
PW.Storm.01	The applicant shall comply with Chapter 13.24 “Stormwater Management Systems” of the Banning Municipal Code.	Informational	
PW.Storm.02	The applicant shall submit a Drainage Study with hydrologic and hydraulic analysis for developed and undeveloped (existing) conditions to the Engineering Division for review and approval. The study and analysis shall be prepared by a civil engineer licensed by the State of California. Drainage design shall be in accordance with Banning Master Drainage Plan adopted by Riverside County Flood Control and Water Conservation District (RCFCD), RCFCD Hydrology Manual, and standard plans and specifications. The 10-year storm flow shall be contained within the street curbs, and the 100-year storm shall be contained within the street right-of-way; when this	Informational	

COA #	Condition of Approval	Completion Milestone	Status
	criteria is exceeded, additional drainage facilities shall be designed and constructed.		
PW.Storm.03	The proposed drainage improvement plans shall be designed such that drainage facilities will maintain or reduce the 100-year peak runoff rates presently exiting all Project boundaries. The Project will use on-site detention basins to reduce the storm water flows to or below the existing condition flows prior to their discharge to areas located downstream of the project. The project shall be designed to detain the 100 year 3 hour storm. Detention facilities shall have a maximum draw down time of 72 hours.	Informational	
PW.Storm.04	Applicant shall submit drainage improvement plans for the proposed subdivision with the accompanying hydrology and hydraulic analysis and shall be designed per the RCFC&WCD Hydrology Manual and the City of Banning flood control standards. Finalized studies shall verify the size of flood control facilities. Plans shall be submitted to RCFC&WCD and/or the City of Banning for review and approval for facilities that are to be owned and/or maintained by RCFC&WCD.	Informational	
PW.Storm.05	If the site is located in a Flood Area as identified in a Flood Insurance Rate Map (most current published date) the applicant is responsible for providing a certification by a registered professional engineer or architect demonstrating that encroachments shall not result in any increase in flood levels during the occurrence of the base flood discharge.	Informational	
PW.Storm.06	The design of the development shall not cause any increase in flood boundaries, levels or frequencies in any area outside the development. Applicant shall provide a copy of the approved FEMA CLOMR with a rough grading application.	Informational	
PW.Storm.07	Prior to issuance of any grading or building permit, the applicant shall install trash filters on newly constructed storm drain systems that are not tributary to any onsite water quality/detention basin in compliance with the Trash Amendment as amended and approved in accordance with the California Regional Water Quality Control Board Colorado River Basin Region Order No. R7-2013-0011.	Informational	
PW.Storm.08	The applicant shall identify and include in its improvement plans structural and non-structural Best Management Practices (BMP's) as outlined in the Final Water Quality Management Plan (WQMP).	Prior to the Recordation of a Final Map	

COA #	Condition of Approval	Completion Milestone	Status
PW.Storm.09	The applicant shall prepare a Final Water Quality Management Plan in accordance with the California Regional Water Quality Control Board Colorado River Basin Region Order No. R7-2013-0011. The WQMP shall identify if the project meets the criteria of a Priority Development Project and identify project Site Design BMP's and Treatment Control BMP's as applicable. The WQMP shall be reviewed and approved by the City Engineer.	Prior to the Issuance of a Grading Permit	
PW.Storm.10	The applicant shall execute a Stormwater Management Facilities Agreement on terms agreed to by the parties guaranteeing the maintenance of stormwater pollution controls. Said agreement shall be recorded with the Riverside County Recorder and run with the land.	Prior to the Issuance of a Grading Permit	
PW.Storm.11	If this project includes areas within a designated Federal Emergency Management Agency (FEMA) National Flood Insurance Program (NFIP) Special Flood Hazard Zone, a conditional letter of map revision (CLOMR) shall be processed through FEMA and provided to the City Engineer.	Prior to the Issuance of a Grading Permit	
PW.Storm.12	If this project includes areas within a designated Federal Emergency Management Agency (FEMA) National Flood Insurance Program (NFIP) Special Flood Hazard Zone, a letter of map revision (LOMR) shall be processed through FEMA and provided to the City Engineer prior to occupancy of affected lots.	Prior to Certificate of Occupancy	
PW.Storm.13	Upon As-Builts being accepted all tests and inspections of improvements shall be verified as complete in concurrence of final sign off from City Inspectors unless otherwise directed by the City Engineer.	Prior to Release of Surety	

Streets and Traffic

COA #	Condition of Approval	Completion Milestone	Status
PW.Street.01	All street designs shall comply with City of Banning standard drawings where available. If no City standard is available applicant may select standards in the following order: 1 - City of Banning Standards 2 - Riverside County Standard Drawings 3 - 'Greenbook' Standard Drawings 4 - Caltrans Standard Drawing 5 - Other published standards, subject to approval from the City Engineer.	Informational	

COA #	Condition of Approval	Completion Milestone	Status
	Any standard drawing other than City of Banning standards shall be included on the improvement plan set as reference.		
PW.Street.02	All street designs shall provide pavement and lane transitions per City of Banning and Caltrans standards for transitions to existing street sections.	Informational	
PW.Street.03	Any public improvements within the map boundary damaged during the course of construction shall be replaced to the satisfaction of the City Engineer, or his/her designee.	Informational	
PW.Street.04	Grading and excavations in the public right-of-way shall be supplemented with a soils and geology report prepared by a professional engineer or geologist licensed by the State of California.	Informational	
PW.Street.05	Applicant's geotechnical engineer shall provide the design of the pavement section and field measured "R-Values" based upon the Caltrans Method.	Informational	
PW.Street.06	Street pavement design shall take into account the subgrade soil strength, the projected traffic loading, and have a design life of 20 years.	Informational	
PW.Street.07	Minimum AC Thickness for any roadway shall be 4" AC, completed in at least 2 lifts. For intract roadways, final lift shall be a 0.15-foot cap completed after onsite construction is completed.	Informational	
PW.Street.08	A minimum of 32' of asphalt pavement are required for all new roadways. For LOCAL, COLLECTOR, DIVIDED COLLECTOR, and SECONDARY HIGHWAYS, applicant shall provide additional pavement opposite the street centerline of the project to meet the 32' pavement requirement.	Informational	
PW.Street.09	A minimum width of 20 feet for a paved or all weather emergency access.	Informational	
PW.Street.10	Applicant shall provide horizontal and vertical site distance calculations per Riverside County transportation and Caltrans Standards for review and approval by the City Engineer. Safe horizontal traffic sight distances and vertical curve sight distances shall be maintained regardless of street intersection angles, street grades, landscaping, or the lot configuration shown on the approved tentative tract map, as follows: • All vertical curve sight line design shall be per the Caltrans Design Manual (Figures 201-latest, Topic 405-latest, et al). The vertical curve design speed along with the requisite vertical curve geometric data shall be shown on the improvement-drawing sheet where the curve occurs. • All horizontal curve sight line design shall be per Riverside	Informational	

COA #	Condition of Approval	Completion Milestone	Status
	County Standards (Plates 114, 821, et al). Horizontal curve design speeds along with the related geometric data shall be tabulated on the improvement drawing sheets where the curves occur. • Horizontal and vertical sight distances shall be maintained even if such compliance results in reconfigured lots and/or a reduction in the lot count shown on the approved tentative map. City of Banning Ordinances shall be met while achieving the required safety requirements.		
PW.Street.11	In accordance with the California Building Code, Title 24, and the requirements of the Americans with Disabilities Act (ADA), facilities for disabled persons shall be constructed in locations specified by the City Engineer (i.e., accessible paths of travel, curb ramps, etc.).	Informational	
PW.Street.12	Parking areas shall be designed and improved with grades not to exceed five percent slope. All applicable ADA standards will be adhered to.	Informational	
PW.Street.13	The street improvement plans shall include details for all ADA ramps, indicating elevations and grades in accordance with City of Banning standard drawings at a scale of 1”=10’ or larger if necessary.	Informational	
PW.Street.14	All streets shall have a maximum grade of 15 percent. Wherever feasible street grades should be kept to 12 percent or less.	Informational	
PW.Street.15	Access drives to the public right-of-way shall be restricted to those approved by the City Engineer as shown on the approved plans.	Informational	
PW.Street.16	Commercial driveway grades shall not exceed eight percent unless approved by the City Engineer.	Informational	
PW.Street.17	Residential driveway grades shall not exceed twelve percent unless approved by the City Engineer.	Informational	
PW.Street.18	Traffic improvements shall adhere to the phasing criteria shown in the approved Traffic Verification Memo.	Informational	
PW.Street.19	Signing and Striping Plans shall show the following at a minimum: stop signs, limit lines and legends, no parking signs, reflective pavement markers (including blue raise pavement markers at fire hydrants), and street name signs.	Informational	
PW.Street.20	All existing overhead utility lines located on or adjacent to the site shall be undergrounded prior to public improvement acceptance and surety release, to the satisfaction of the Public Works Director, including but not limited to, electrical distribution, telephone, and cable lines, with the exception of electric utility lines over 33 kV in accordance with Ordinance 1500.	Informational	

City of Banning

Community Development Department
Conditions of Approval

COA #	Condition of Approval	Completion Milestone	Status
PW.Street.21	Applicant shall submit and obtain approval from the City Fire Marshall for the street improvement plans for all public or private access drives or streets. The plans shall include plan view and sectional views and indicate the grade and width of the road measured from flow-line to flow-line. Applicable covenant, conditions or restrictions (CC&R's) or other approved documents shall contain provisions which prohibit obstructions such as speed bumps/humps, control gates, or other modifications within said easement or access road unless prior approval from the Fire Marshall is granted.	Prior to Grading Permit	
PW.Street.22	The applicant shall provide estimates to construct, improve, or finance the proposed public improvements to the City Engineer for review and approval. The estimate shall differentiate between public improvements within the property boundaries of the tentative map, improvements outside the project boundaries and public improvements which abut the boundary of the property to be subdivided.	Prior to Recordation of Final Map	
PW.Street.23	Prior to map recordation for any subsequent development phases, detailed phasing plans shall be submitted for review and approval by the Community Development Director and City Engineer. Each phasing plan shall identify construction access, public access and emergency access routes. The City Engineer reserves the right to modify any phasing plan.	Prior to Recordation of Final Map	
PW.Street.24	A Traffic Control Plan shall be submitted for review and approval by the City Engineer. For roadways classified as Secondary Highway or greater, the Traffic Control Plan shall be prepared by a California Registered Traffic Engineer or Civil Engineer experienced in this type of plan preparation. WATCH manual may be used for lower classification roads.	Prior to Encroachment Permit	
PW.Street.25	Applicant shall prepare and process a Street Improvement Plan for approval by the City Engineer. Streets shall be designed in accordance with City Standards and cross sections as shown in the project entitlement documents.	Prior to Encroachment Permit	
PW.Street.26	Street lights shall be depicted on the street improvement plan and submitted for review and approval by the City's Electric Department and City Engineer. Street lights shall be installed in accordance with the approved plans City of Banning Electric Department Standards. A detailed lighting plan shall be submitted for review and approval by the City's Electric Department and City Engineer prior to recordation of Tr 39259. The plan shall indicate style, illumination, location, height and length of mast arm. A photometric study shall be submitted to justify street light locations.	Prior to Encroachment Permit	
PW.Street.27	Applicant shall include the temporary "F" Street alignment with the Street Improvement Plans. With a minimum 32' AC within a 96' easement as shown on the tentative map.	Prior to Certificate of Occupancy	

COA #	Condition of Approval	Completion Milestone	Status
	Lighting and/or reflective striping/warning shall be included on the interim street to the satisfaction of the City Engineer		
PW.Street.28	Applicant shall provide any offsite roadways required to comply with Conditions of Approval from other departments, including emergency access. Applicant shall include easements and/or rights of way as necessary to comply with Conditions of Approval.	Prior to Certificate of Occupancy	
PW.Street.29	All fire hydrants shall have a blue reflective pavement marker indicating the hydrant location on the street/access driveway as approved by the Fire Marshall and must be maintained in good condition by the property owner until the street is accepted for maintenance.	Prior to Certificate of Occupancy	
PW.Street.30	All required public improvements for the project shall be completed, tested, and approved by City of Banning and/or other governing agency to the satisfaction of the City Engineer or their designee.	Prior to Certificate of Occupancy	
PW.Street.31	Applicant shall install all street name signs, striping, and related signage as shown on the approved plans to the satisfaction of the City Engineer.	Prior to Certificate of Occupancy	
PW.Street.32	Applicant shall make pavement repairs necessary to mitigate the impacts of project construction traffic on all affected existing streets within the map boundary. City of Banning accepted streets within the Specific Plan. The condition does not apply to Highland Springs Avenue or Wilson Street, where due to the regional nature of these facilities, it would be impossible to validate the amount of pavement damage cause by ongoing construction activities.	Prior to Release of Surety	
PW.Street.33	Upon As-Builts being accepted all tests and inspections of improvements shall be verified as complete in concurrence of final sign off from City Inspectors unless otherwise directed by the City Engineer.	Prior to Release of Surety	

Landscaping

COA #	Condition of Approval	Completion Milestone	Status
PW.LS.01	Prior to laying of the aggregate base layer for any new streets, all landscaping irrigation services (or sleeves to accommodate said services) shall be installed. Street cut permits may be denied and alternate methods may be required for any construction within a street that was accepted by the City within the prior five years.	Informational	

City of Banning

Community Development Department
Conditions of Approval

COA #	Condition of Approval	Completion Milestone	Status
PW.LS.02	The applicant shall plant and maintain trees, shrubs, and ground cover placed in the parkway, slopes adjacent to public rights-of-way, and median islands constructed in connection with the project in accordance with applicable City standards until maintenance of such area is turned over to an HOA or to individual property owners. This includes ensuring that irrigation systems are operating properly, the clearing of debris, and regular weed removal.	Informational	
PW.LS.03	Landscape and irrigation plans for all required facilities shall be submitted for approval. The final design of the parkways, walls, landscaping, and sidewalks (as applicable) shall be included in the plans and shall be subject to approval by the Community Development Director and City Engineer.	Informational	
PW.LS.04	All landscape improvements within public right of way shall be compliant with the City of Banning MWELO guidelines.	Informational	
PW.LS.05	A homeowners' association shall be established and the applicable Conditions, Covenants & Restrictions (CC & R's), shall be prepared for review and approval of the City Engineer at the time set forth in the DA providing for maintenance of the parkway on-site lighting and landscaping, slopes adjacent to public rights-of-way, onsite private parking/roadway, any debris basins, BMPs referenced in the approved WQMP, and median island landscaping. The developer shall appoint the initial members of the Board of Directors of the homeowners' association or take such other steps as may be reasonably necessary to assure that members have been appointed or elected to such Board of Directors, until under the terms of the applicable CC & R's individual lot owners have the power to elect the members of the Board of Directors in accordance with the CC & R's.	Prior to Recordation of Final Map	
PW.LS.06	The conditions, covenants, and restrictions shall contain provisions which prohibit dissolution of the homeowners' association unless another entity has agreed to assume the operation and maintenance responsibilities of the homeowners' association. The conditions, covenants and restrictions shall contain provisions that prohibit the developer and his/her successors-in-interest from amending said covenants, conditions and restrictions to conflict with these Conditions of Approval.	Prior to Recordation of Final Map	

COA #	Condition of Approval	Completion Milestone	Status
PW.LS.07	An automatic sprinkler system and landscaping shall be installed, prior to certificate of occupancy for the portion of the project for which certificates of occupancy are requested, within the common areas including perimeter slopes and the interior collector streets. Each system shall include a smart landscape irrigation controller (including remote communication), a separate water meter and electric meter, and plantings as approved by the Community Development Director. Landscaping plans and specifications shall be reviewed and approved by the City Engineer.	Prior to Occupancy	
PW.LS.08	Landscape improvements shall be certified by a licensed landscape architect or licensed landscape contractor as having been installed in accordance with the approved detailed plans and specifications. The applicant shall furnish said certification, including an irrigation management report, for each landscape irrigation system and any other required implementation report determined applicable, to the City Engineer for review and approval.	Prior to Surety Release	

Potable Water

COA #	Condition of Approval	Completion Milestone	Status
PW.Wat.01	All public potable water improvements shall be constructed per City of Banning Standards and Specifications, Standard Specifications for Public Works Construction, current edition, or as otherwise approved in writing by the City Engineer.	Informational	
PW.Wat.02	All private potable water improvement shall be designed and constructed per California Building Code, California Plumbing Code, and California Fire Code, latest editions. All private improvements shall be concurrently reviewed by the Building and Safety Department.	Informational	
PW.Wat.03	All private fire suppression systems shall be reviewed and approved by the City Fire Marshall.	Informational	
PW.Wat.04	Applicant shall install facilities within public rights of way. Where public right of way is not available, applicant shall provide easement rights to the City of Banning covering existing and proposed facilities necessary for the project.	Informational	
PW.Wat.05	A water improvement plan shall be submitted showing proposed water service connection sizes and locations, including separate laterals for irrigation and fire protection. Irrigation water services will require the installation of a RP backflow protection device.	Informational	

City of Banning

Community Development Department
Conditions of Approval

COA #	Condition of Approval	Completion Milestone	Status
PW.Wat.06	All main water lines and fittings shall be a minimum of 8-inch in diameter and shall be DIP. Water line easements shall be a minimum width of 20 feet if installed outside of right-of-way or public utility easement.	Informational	
PW.Wat.07	Fire hydrants shall be installed within the tract boundaries as required in FIRE.02.	Informational	
PW.Wat.08	The fire service with require a RPDA backflow protection device. Private fire hydrants shall be painted red, and approval of location and materials to be coordinated with the Fire Department.	Informational	
PW.Wat.09	Detailed water demand calculations shall be submitted to justify meter sizing and to determine annual water demands, both for indoor and outdoor use at community facilities and landscape meters.	Informational	
PW.Wat.10	A backflow device must be installed on all common-area buildings and at each irrigation water connection. The backflow device must be in compliance with City of Banning standards and specifications.	Informational	
PW.Wat.11	All water mains shall be looped whenever feasible, and dead-end water mains shall be provided with fire hydrants and auto-flush systems or as directed by the City Engineer.	Informational	
PW.Wat.12	As required by the City Engineer and prior to recordation of the final tract map, the City shall prepare at Applicant's expense a Water Verification Memo. The Water Verification Memo shall include but not be limited to identifying well production facility locations, treatment requirements, define on/off site transmission facilities, location and volume of system storage, define system points of connection and booster or reducing stations. The report must verify that water pipeline sizes and pressures meet all required water flow rates and identify offsite system improvements and phase in which they shall be constructed.	Prior to Recordation of Final Map	
PW.Wat.13	Prior to recordation of the final tract map, improvement plans for water facilities shall be prepared by a Licensed Engineer and submitted for review and approval by the City Engineer. The Applicant is required to design and construct all those water facilities identified in the approved Focused Water Study and in accordance with the phasing plan selected and approved by the City Engineer. All the proposed new waterlines shall connect into the City's water supply and be designed and constructed to City Standards.	Prior to Recordation of Final Map	

COA #	Condition of Approval	Completion Milestone	Status
PW.Wat.14	Submit Water Improvement Plans to the City Engineer for review and approval. Design and construct water lines throughout and to property boundaries to tract as needed. The proposed new water lines shall connect to the City's water system as needed.	Prior to Building Permit	
PW.Wat.15	The applicant shall not construct or make operable any water line unless the applicant can successfully demonstrate that the water pressure is at a minimum 40 psi.	Prior to Occupancy	
PW.Wat.16	The construction of the Mountain North Reservoir shall be completed/made operable by the developer and accepted by the City prior to first Certificate of Occupancy.	Prior to First Certificate Occupancy	
PW.Wat.17	All required water lines and fire hydrants shall be installed and made operable before any building permits are issued. This may be done in phases if the construction work is in progress for emergency vehicles.	Prior to Occupancy	
PW.Wat.18	Prior to park and open space occupancy release, an RP backflow device must be installed on all irrigation water connections. The backflow device must be in compliance with the Title 17 and 22 California Code of Regulations.	Prior to Occupancy	
PW.Wat.19	The applicant shall perform pressure testing, flushing, and Bac-T testing approved by the City Inspector prior to surety release and acceptance of water improvements.	Prior to Release of Surety	
PW.Wat.20	Upon As-Builts being accepted all tests and inspections of improvements shall be verified as complete in concurrence of final sign off from City Inspectors unless otherwise directed by the City Engineer.	Prior to Release of Surety	

Non-Potable Water

COA #	Condition of Approval	Completion Milestone	Status
PW.NPW.01	All public non-potable water improvements shall be constructed per City of Banning Standards and Specifications, Standard Specifications for Public Works Construction, current edition, or as otherwise approved in writing by the City Engineer.	Informational	
PW.NPW.02	Applicant shall install facilities within public rights of way. Where public right of way is not available, applicant shall provide easement rights to the City of Banning covering existing and proposed facilities necessary for the project.	Informational	
PW.NPW.03	Submit non-potable water Improvement Plans to the City Engineer for review and approval. Design and construct non-potable water lines to parks, schools, and other large	Informational	

COA #	Condition of Approval	Completion Milestone	Status
	irrigation areas and to tie-in points at the tract boundary as agreed to in the Development Agreement by the Developer, and the City of Banning.		
PW.NPW.04	All non-potable water lines to be constructed within the Public right-of-way shall be a minimum of 8-inches in diameter DIP. Final sizes shall be approved by the City Engineer based on hydraulic calculations provided by the design engineer. Where non-potable water line easements are necessary, they shall be a minimum of 20 feet wide if improvements are installed outside of right-of-way or public utility easements.	Informational	
PW.NPW.05	All non-potable water lines shall be Ductile Iron Pipe (DIP) Class 350, with restrained joints conforming to DIPRA design guidelines where required. All non-potable water DIP mains shall be protected with purple-colored V-Bio polyethylene encasement.	Informational	
PW.NPW.06	Prior to occupancy release, a backflow device must be installed on each irrigation water connection; and in compliance with the State of California Department of Health Regulations Title 17 and 22. Contact the City of Banning, Water Operations Division, prior to the installation.	Informational	
PW.NPW.07	The non-potable water plans shall include appropriate signage for the irrigation of publicly-accessible areas with non-potable water as required by the California Code of Regulations.	Informational	
PW.NPW.08	Submit Non-Potable Water Improvement Plans to the City Engineer for review and approval. Design and construct non-potable water lines to property boundaries to tract as needed. The proposed new non-potable water lines shall connect to the City's non-potable water system as needed.	Prior to Building Permit	
PW.NPW.09	As required by the City Engineer and prior to recordation of the final tract map, applicant shall prepare and City shall approve a supplemental Focused Recycled Water Study (may be combined with the Focused Water Study) to define system components and shall include a phasing plan for all recycled water facilities. Prior to map recordation, recycled water plans shall be submitted to the City for review and approval and shall be substantially complete to the satisfaction of the City Engineer. Design and installation of recycled water facilities shall be in accordance with the requirements and specifications of the State Division of Drinking Water, Riverside County Environmental Health, and the City of Banning. If interim use of potable water is required until Recycled water becomes available, a potable-to-non-potable above ground connection shall be designed, with	Prior to Final Map	

COA #	Condition of Approval	Completion Milestone	Status
	a reduced pressure backflow preventor. The number of potable-to-non-potable connections shall be kept to a minimum, and are subject to approval by the State Division of Drinking Water.		
PW.NPW.10	The applicant shall perform testing approved by the City Inspector prior to surety release and acceptance of non-potable water improvements.	Prior to Release of Surety	
PW.NPW.11	Upon As-Builts being accepted all tests and inspections of improvements shall be verified as complete in concurrence of final sign off from City Inspectors unless otherwise directed by the City Engineer.	Prior to Release of Surety	

Sewer

COA #	Condition of Approval	Completion Milestone	Status
PW.Sew.01	All public sewer improvements shall be constructed per City of Banning Standards and Specifications, Standard Specifications for Public Works Construction, current edition, or as otherwise approved in writing by the City Engineer.	Informational	
PW.Sew.02	Applicant shall install facilities within public rights of way. Where public right of way is not available, applicant shall provide easement rights to the City of Banning covering existing and proposed facilities necessary for the project.	Informational	
PW.Sew.03	All sewer lines to be constructed within the public right-of-way shall be extra strength Vitrified Clay Pipe (VCP) or Polyvinyl Chloride (PVC) SDR 26 Pipe. All sewer mains shall be minimum of 8 inches in diameter. Any sewer main greater than 15-inches (15”) shall be extra strength VCP. Any sewer with more than 15’ cover (FG/FS to top of pipe) shall be extra strength VCP. Final sizes shall be approved by the City Engineer based on calculations submitted by the design engineer accounting for ultimate discharge flows for phase and all upstream areas. Sewer line easements shall be a minimum of 20 feet wide if installed outside of right-of-way or public utility easement.	Informational	
PW.Sew.04	Each residential unit shall have its own sewer lateral and shall be PVC SDR 26.	Informational	
PW.Sew.05	Any pad with an elevation lower than the nearest upstream manhole rim elevation shall require a backwater valve.	Informational	

COA #	Condition of Approval	Completion Milestone	Status
PW.Sew.06	Sewer mains shall maintain a straight alignment from manhole to manhole whenever feasible. Bends in PVC pipe shall not be allowed. The required radius, when necessary, shall be achieved by use of deflection at the joint with VCP pipe, following manufacturer's guidelines.	Informational	
PW.Sew.07	Applicant shall fill out and submit an Industrial User Survey form and an Industrial Waste Permit application. (i.e. commercial/community kitchen)	Prior to Encroachment Permit	
PW.Sew.08	Submit Sewer Improvement Plans to the City Engineer for review and approval. The phasing plan shall identify all required sewer infrastructure (e.g. sewer mains, lift stations, treatment facilities, manholes, etc.) required to meet the demands of the tract map. A hydraulic analysis will need to be prepared and submitted that demonstrates the maximum discharge that can be accommodated by the existing collections system before a new trunk line is needed. Design and construct sewer lines throughout and to property boundaries of this tract. The proposed new sewer lines shall connect into the City's sewer system.	Prior to Encroachment Permit	
PW.Sew.09	As required by the City Engineer and prior to recordation of the final tract map, the applicant shall submit a redline revised copy of the previously approved Specific Plan Sewer Study with updates to reflect the final built condition through this phase and demonstrate that the current buildout is substantially consistent with the approved sewer study.	Prior to Recordation of Final Map	
PW.Sew.10	Prior to recordation of the final tract map, associated improvement plans for sewer facilities shall be submitted to the City for review and approval and of the City Engineer.	Prior to Recordation of Final Map	
PW.Sew.11	All required sewer lines and sewer laterals shall be installed and made operable before any building permits are issued. This may be done in phases at the discretion of the City Engineer.	Prior to Building Permit	
PW.Sew.12	The applicant shall inspect with CCTV all new public sewer mains and submit to the City for review and approval prior to surety release and acceptance of sewer improvements.	Prior to Release of Surety	
PW.Sew.13	Upon As-Builts being accepted all tests and inspections of improvements shall be verified as complete in concurrence of final sign off from City Inspectors unless otherwise directed by the City Engineer.	Prior to Release of Surety	

Refuse

City of Banning

Community Development Department
Conditions of Approval

COA #	Condition of Approval	Completion Milestone	Status
PW.Refuse.01	Effective January 1, 2022, all residential, single-family units shall subscribe to City's three-container (trash, recycling, organics), Collection Services per Banning Municipal Code, Title 8.28, "Garbage Collection and Disposal". Information on the program is available on the City of Banning website and made available at the following link: https://library.municode.com/ca/banning/codes/code_of_ordinances?nodeId=TIT8HESA_CH8.28SOWACODI	Informational	
PW.Refuse.02	Applicants are required to use the City's exclusive franchise hauler (Waste Management) unless otherwise approved in writing by the Public Works Department.	Informational	
PW.Refuse.03	Construction debris shall be disposed of at a certified recycling site. It is the responsibility of the developer to contact the City's franchised solid waste hauler, Waste Management of the Inland Valley, at 1-800-423-9986 for disposal of construction debris.	Informational	
PW.Refuse.04	Applicants are encouraged to review the referenced sections in the 2022 California Green Building Standard Code: https://codes.iccsafe.org/content/CAGBC2022P3	Informational	
PW.Refuse.05	Pursuant to CAL Green Building Standards Code section code 5.408. Construction and demolition wastes must be recycled and or salvaged for a reuse minimum of 65% of nonhazardous construction demolition waste materials. All projects require construction waste reduction, disposal and recycling services that comply with the 2022 California Green Building Standards Code (CALGreen)	Prior to Certificate of Occupancy	
PW.Refuse.06	Applicants shall submit a Construction and Demolition Waste Diversion Plan to the City's Environmental Program Coordinator prior to commencement of construction or demolition. Contact refuse@banningca.gov or 951.922.3193 for further details and to obtain a plan template.	Prior to Demolition AND/OR Prior to Building Permit	
PW.Refuse.07	Applicants shall submit a Construction and Demolition Waste Diversion Reporting Form to the City's Environmental Waste Program Coordinator upon completion of the project to obtain diversion approval prior to final sign-off. Contact the Environmental Program Coordinator at refuse@banningca.gov or 951.922.3193 for further details and to obtain a report form template.	Prior to Certificate of Occupancy	
PW.Refuse.08	For any alley loaded and multi-family project, the applicant shall supply a Trash Management Plan indicating where bin placement will occur on the specified trash collection day. Appropriate signage shall be required to restrict parking in trash collection zones on collection day, and the 24-hour	Prior to Certificate of Occupancy	

COA #	Condition of Approval	Completion Milestone	Status
	period prior to and after collection day. Striping and signage may be shown on the signing and striping plan.		

Fees

COA #	Condition of Approval	Completion Milestone	Status
PW.Fees.01	All fees must be paid in full at the thresholds identified below. Plan check fees for professional report review and all improvement plan reviews shall be paid at the time of submittal of said documents in accordance with the fee schedule in effect at the time of the submittal.	Informational	
PW.Fees.02	Applications submitted without full payment of fees are deemed incomplete. Plan review will not commence until all fees are paid.	Informational	
PW.Fees.03	Evidence of paid fees to agencies outside the City of Banning is required prior to the issuance of any applicable permit.	Informational	
PW.Fees.04	Public Works Grading Permit fees (including fees for NPDES inspections) shall be paid prior to the issuance of any permits in accordance with the fee schedule in effect at the time of scheduling.	Prior to Grading Permit	
PW.Fees.05	Public Works Encroachment Permit and Inspection fees shall be paid prior to the issuance of any permits in accordance with the fee schedule in effect at the time of scheduling.	Prior to Encroachment Permit	
PW.Fees.06	Water Meter fees and installation fees shall be paid in full prior to installation of any water meter in accordance with the fee schedule in effect at that time.	Prior to Installation	
PW.Fees.07	Water connection fees shall be paid in accordance with the fee schedule in effect at that time and in accordance with the DA.	Prior to Building Final/C of O	
PW.Fees.08	Sewer connection fees shall be paid in accordance with the fee schedule in effect at that time at that time and in accordance with the DA.	Prior to Building Final/C of O	
PW.Fees.09	Traffic Impact fees shall be paid in accordance with the fee schedule in effect at that time at that time and in accordance with the DA.	Prior to Building Final/C of O	

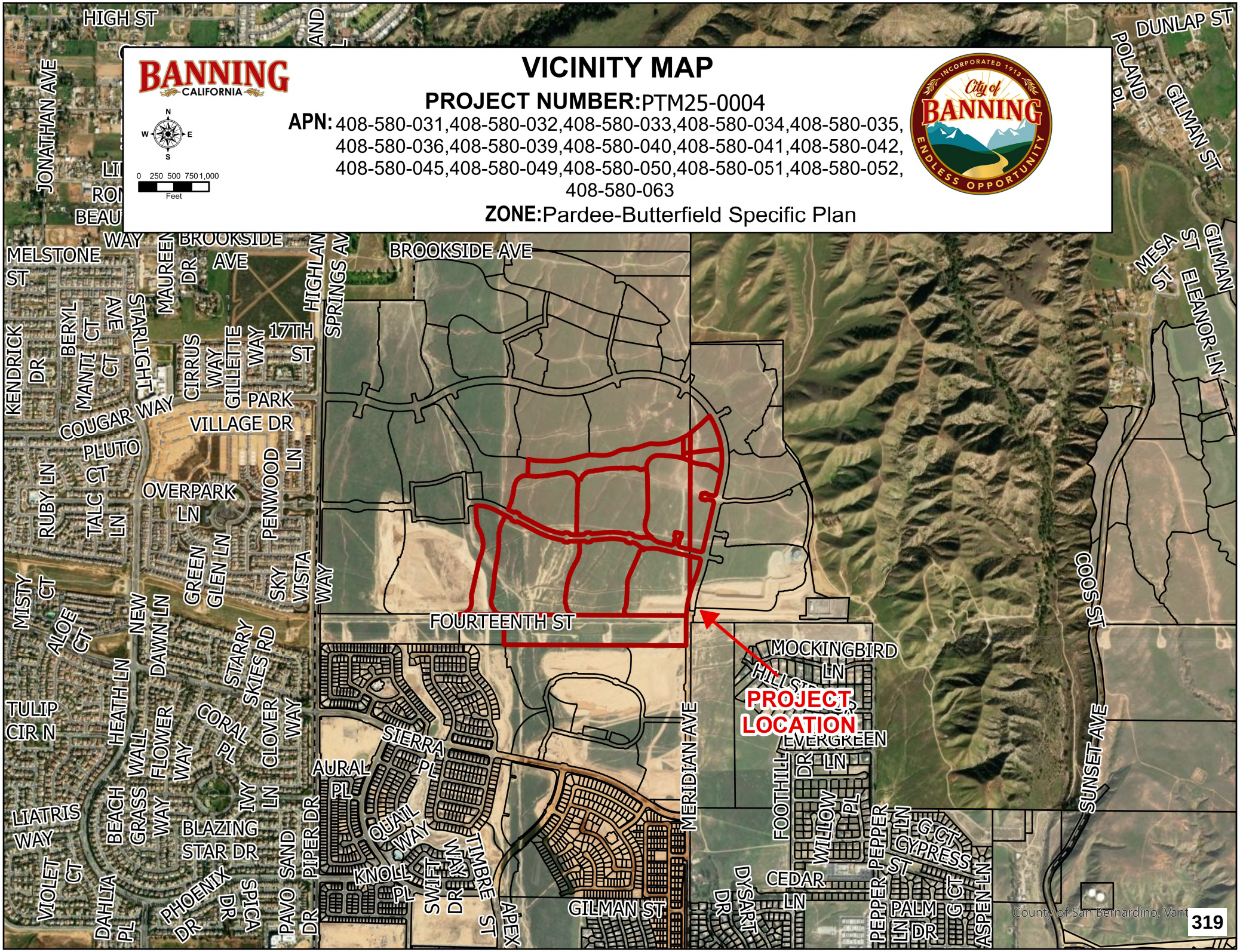
END

VICINITY MAP

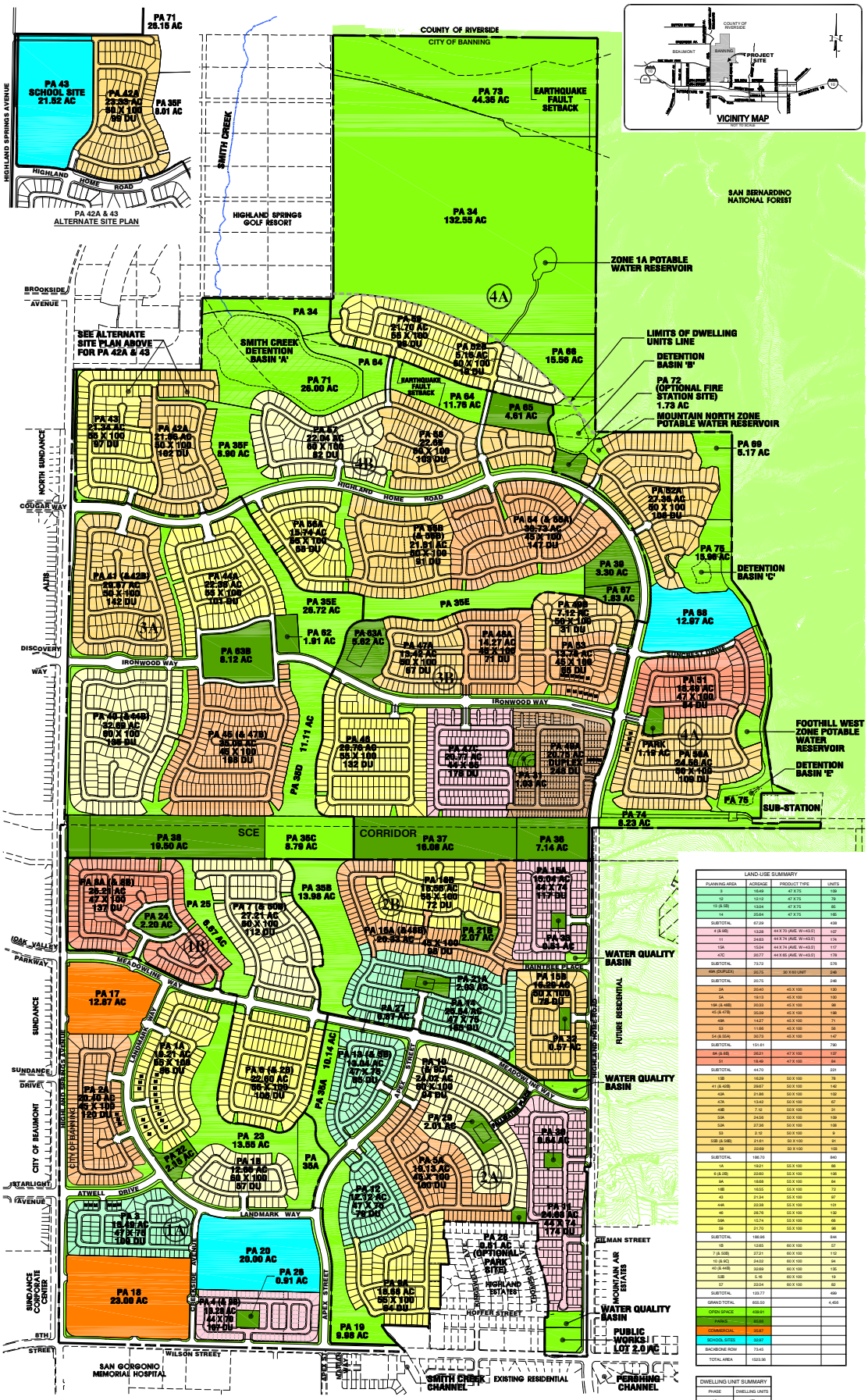
PROJECT NUMBER: PTM25-0004

APN: 408-580-031,408-580-032,408-580-033,408-580-034,408-580-035, 408-580-036,408-580-039,408-580-040,408-580-041,408-580-042, 408-580-045,408-580-049,408-580-050,408-580-051,408-580-052, 408-580-063

ZONE: Pardee-Butterfield Specific Plan



ATWELL



LAND-USE SUMMARY			
PLANNING AREA	ACREAGE	PRODUCT TYPE	UNITS
3	16.49	47 X 75	139
12	13.12	47 X 75	79
10 (& 5B)	13.04	47 X 75	82
14	25.64	47 X 75	160
SUBTOTAL	67.29		458
4 (& 4B)	13.28	44 X 70 (AVE. W=43.5)	107
11	24.63	44 X 74 (AVE. W=43.5)	175
15A	15.04	44 X 74 (AVE. W=43.5)	117
47C	20.77	44 X 65 (AVE. W=43.5)	178
SUBTOTAL	73.72		578
49A (DUPLEX)	20.75	30 X 60 UNIT	248
SUBTOTAL	20.75		248
2A	20.40	45 X 100	120
5A	19.13	45 X 100	100
16A (& 46B)	20.33	45 X 100	95
45 (& 47B)	35.09	45 X 100	196
49A	14.27	45 X 100	71
53	11.66	45 X 100	55
54 (& 55A)	30.73	45 X 100	147
SUBTOTAL	151.61		790
6A (& 6B)	26.21	47 X 100	137
51	18.49	47 X 100	84
SUBTOTAL	44.70		221
13B	16.29	50 X 100	78
41 (& 40B)	29.67	50 X 100	142
42A	21.95	50 X 100	105
47A	13.42	50 X 100	67
46B	7.12	50 X 100	31
50A	24.56	50 X 100	109
52A	27.26	50 X 100	128
53	2.12	50 X 100	9
55B (& 56B)	21.61	50 X 100	91
58	23.69	50 X 100	120
SUBTOTAL	186.70		840
1A	19.21	55 X 100	86
6 (& 2B)	23.60	55 X 100	106
9A	18.65	55 X 100	84
16B	16.55	55 X 100	72
43	21.34	55 X 100	97
44A	22.38	55 X 100	101
46	28.76	55 X 100	130
56A	15.74	55 X 100	68
59	21.70	55 X 100	98
SUBTOTAL	186.66		844
1B	12.65	60 X 100	57
7 (& 50B)	27.21	60 X 100	112
10 (& 9C)	24.02	60 X 100	94
40 (& 44B)	33.69	60 X 100	135
52B	5.16	60 X 100	19
57	22.04	60 X 100	82
SUBTOTAL	123.77		499
GRAND TOTAL	855.50		4,455
OPEN SPACE	498.91		
PARKS	50.05		
COMMERCIAL	35.67		
SCHOOL SITES	32.97		
BACKBONE ROW	73.45		
TOTAL AREA	1523.56		

DWELLING UNIT SUMMARY	
PHASE	DWELLING UNITS
1A	479
1B	332
2A	616
2B	530
3A	576
3B	792
4A	418
4B	682
TOTAL	4,455

LEGEND:

- PHASE BOUNDARY
- PLANNING AREA BOUNDARY
- 3A PHASE NUMBER
- M MODEL LOTS

NOTE:

POTABLE WATER RESERVOIR SIZES FOR MNZ AND ZONE 1A ARE SUBJECT TO CHANGE.

DATE	NO.	REVISION

GRAPHIC SCALE

1 INCH = 200 ft.

PREPARED FOR:

tri pointe HOMES

1290 Corona Pointe Court
Suite 400
Corona, CA 92879
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PREPARED BY:

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PLANNERS ENGINEERS SURVEYORS

ATWELL
PRELIMINARY COMPOSITE SITE PLAN

DATE PREPARED: AUGUST 26, 2025

CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 1 OF 1

PARDEE HOMES • BUTTERFIELD SPECIFIC PLAN

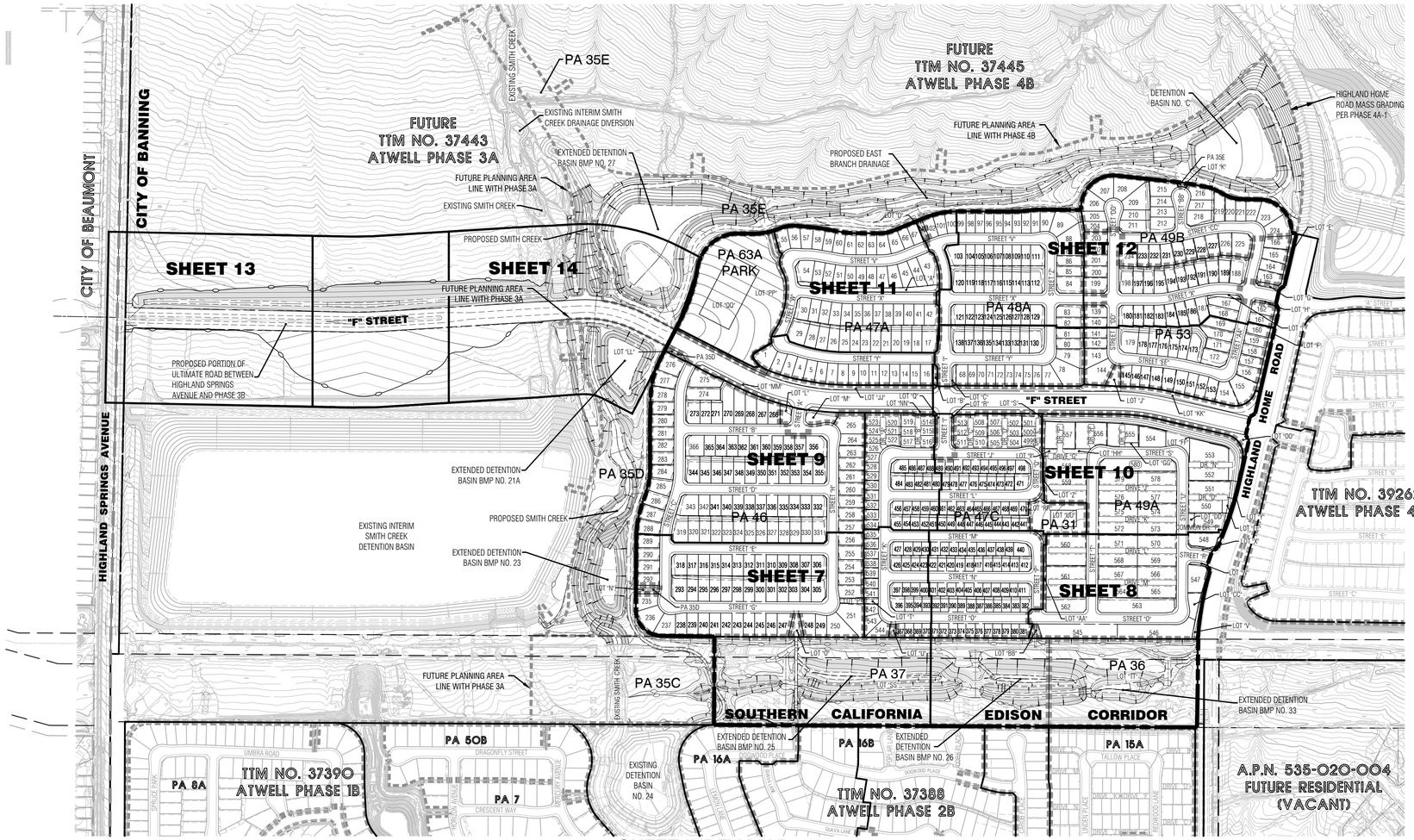
Michael Baker INTERNATIONAL

NOT TO SCALE

2/15/2017 JN 152356

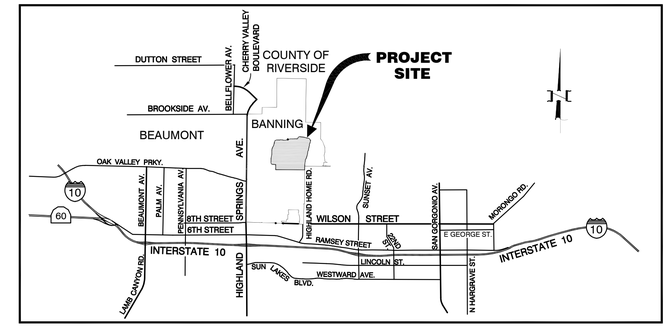
Land Use Plan

EXHIBIT 3.1



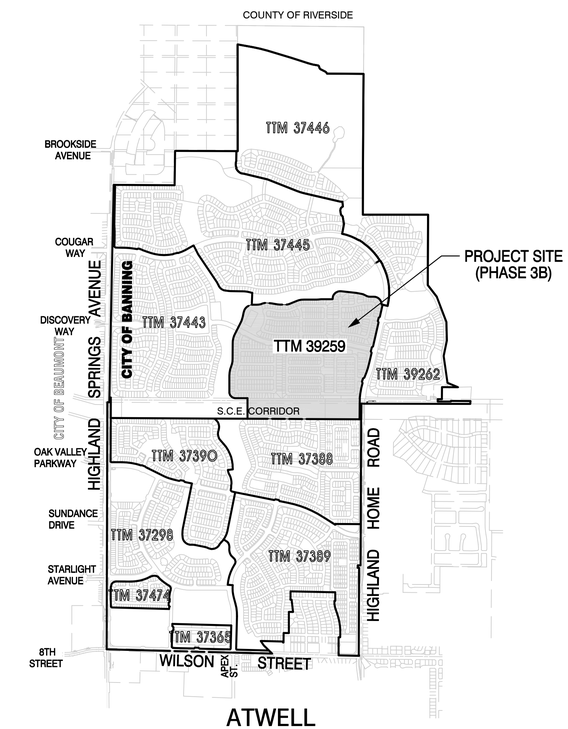
SHEET INDEX MAP

SCALE: 1"=300'



VICINITY MAP

NOT TO SCALE



ATWELL KEY MAP

SCALE: 1"=1500'

LEGEND

- TENTATIVE TRACT MAP BOUNDARY
- PLANNING AREA BOUNDARY
- SHEET MATCH LINE

SHEET INDEX

SHEET 1	TITLE SHEET / SHEET INDEX
SHEET 2	NOTES
SHEET 3	STREET SECTIONS
SHEET 4	STREET SECTIONS / DETAILS
SHEET 5	DETAIL / SECTIONS
SHEET 6	AREA SUMMARIES
SHEETS 7-14	MAP SHEETS
SHEETS 15-16	EASEMENT DISPOSITION MAPS

LOT INDEX

LOTS 1-67	(PA 47A)	SHEETS 9 & 11
LOTS 68-138	(PA 48A)	SHEETS 10 - 12
LOTS 139-203	(PA 53)	SHEETS 10 & 12
LOTS 204-234	(PA 49B)	SHEET 12
LOTS 235-366	(PA 46)	SHEETS 7 & 9
LOTS 367-544	(PA 47C)	SHEETS 7 - 10
LOTS 545-580	(PA 49A / DUPLEX CONDOMINIUMS)	SHEETS 8 & 10
LOTS "A"-"Z", "AA"-"OO"	(OPEN SPACE)	SHEETS 7 - 12 & 14
LOTS "PP" & "QQ"	(PA 63A / PARK)	SHEET 11
LOT "RR"	(PA 31 / PARK)	SHEET 10
LOT "SS"	(PA 37 / PARK)	SHEETS 7 & 8
LOT "TT"	(PA 36 / PARK)	SHEET 8

REGISTERED PROFESSIONAL ENGINEER
EDWARD J. LENTH
No. 052496
CIVIL
STATE OF CALIFORNIA

10/31/2025
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ATWELL

ATWELL

PHASE 3B / TENTATIVE TRACT NO. 39259

P.A.'s 31, 35D, 35E, 36, 37, 46, 47A, 47C, 48A, 49A, 49B, 53 & 63A

TITLE SHEET/ SHEET INDEX

CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 1 OF 16

PHASE 3B - TENTATIVE TRACT MAP NO. 39259

MDS Proj. Data: I:\89414\PLANNING\Plans\TTM 37444
Created: 10.30.2025 03:49:52 PM Author: MDS
Last Edit: 10.31.2025 03:22:29 PM By: Ssandoval

MDS File: 89414-PA6-TENT-01.dwg
Plot Scale: 1" = 1' Dwg Scale: 1' = 60'
Plot Date: 10.31.2025 3:23:54 PM By: ssandoval

LEGEND

STREET "B"	PROPOSED PUBLIC STREET
DRIVE "B"	PROPOSED PRIVATE COMMON DRIVE
	TENTATIVE TRACT MAP BOUNDARY
	PLANNING AREA BOUNDARY
	SHEET MATCH LINE
℄	STREET CENTERLINE
	PROPOSED MEANDERING DECOMPOSED GRANITE TRAIL
	AGGREGATE MAINTENANCE ACCESS ROAD
	PROPOSED EASEMENT (TYPE PER PLAN)
	ROCK RIP RAP
	SIDEWALK
	PROPOSED PUBLIC UTILITY EASEMENT LINE
	DAYLIGHT LINE
	PROPOSED CURB & GUTTER
	EXISTING CURB & GUTTER
2605.0	PROPOSED STREET ELEVATION AT CENTERLINE
(2705.0)	EXISTING STREET ELEVATION AT CENTERLINE
	FLOWLINE
2605.0	PAD ELEVATION
100	RESIDENTIAL LOT NUMBER
580	HIGHEST RESIDENTIAL LOT NUMBER
SD	PROPOSED STORM DRAIN
SS	PROPOSED SANITARY SEWER
W-MNZ	PROPOSED POTABLE WATER (MOUNTAIN WEST ZONE)
NPW-MNZ	PROPOSED NON-POTABLE WATER (MOUNTAIN WEST ZONE)
SD X	EXISTING STORM DRAIN
SS X	EXISTING SANITARY SEWER
E X	EXISTING ELECTRIC
FO X	EXISTING FIBER OPTIC
W-MNZ X	EXISTING POTABLE WATER (MOUNTAIN WEST ZONE)
W-FWZ X	EXISTING POTABLE WATER (FOOTHILL WEST ZONE)
NPW-FWZ X	EXISTING NON-POTABLE WATER (FOOTHILL WEST ZONE)
1.00%	PROPOSED STREET GRADE
	PROPOSED RETAINING WALL
3.0' RW	PROPOSED RETAINING WALL HEIGHT
60'	LOT MIDPOINT DIMENSION
PA 36	PLANNING AREA DESIGNATION
FH	PROPOSED FIRE HYDRANT
	PROPOSED WATER AUTO-FLUSH SYSTEM

ABBREVIATIONS

Δ	DELTA
AC	ACREAGE
AVG.	AVERAGE
DU	DWELLING UNIT
DW	DOMESTIC WATER
EX.	EXISTING
FL	FLOWLINE
GB	GRADE BREAK
HOA	HOMEOWNER'S ASSOCIATION
HP	HIGH POINT
L	LENGTH
LP	LOW POINT
MAX	MAXIMUM
MIN	MINIMUM
NO.	NUMBER
PA	PLANNING AREA
PI	POINT OF INTERSECTION
R	RADIUS
RCW	NON-POTABLE WATER
R/W	RIGHT OF WAY
RW	RETAINING WALL
SD	STORM DRAIN
SS	SANITARY SEWER
ST	STREET
SQ. FT.	SQUARE FEET
TC	TOP OF CURB

UTILITIES

WATER
CITY OF BANNING
99 EAST RAMSEY STREET
BANNING, CA. 92220
(951) 922-3185

SEWER
CITY OF BANNING
99 EAST RAMSEY STREET
BANNING, CA. 92220
(951) 922-3185

ELECTRIC
CITY OF BANNING
99 EAST RAMSEY STREET
BANNING, CA. 92220
(951) 922-3185

GAS
SOUTHERN CALIFORNIA GAS COMPANY
1981 WEST LUGONIA AVENUE
REDLANDS, CA. 92374
(909) 335-3928

TRASH
CITY OF BANNING
c/o WASTE MANAGEMENT
99 EAST RAMSEY STREET
BANNING, CA. 92220
(951) 922-3185

TELEPHONE
FRONTIER COMMUNICATIONS
280 SOUTH LOCUST STREET
POMONA, CA. 92363
(909) 397-0042

CABLE
SPECTRUM CABLE
3317 WEST RAMSEY STREET
BANNING, CA. 92220
(866) 417-1039

STORM DRAIN
CITY OF BANNING
99 EAST RAMSEY STREET
BANNING, CA. 92220
(951) 922-3185

FLOOD ZONE NOTE

THIS TENTATIVE TRACT MAP HAS BEEN DESIGNATED AS LYING WITHIN ZONE 'X' ON THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FLOOD INSURANCE RATE MAP, COMMUNITY PANEL NUMBERS 060246-0808G, MAP NUMBERS 06065C0805G AND 06065C0808G.

ZONE 'X' BEING DEPICTED AS "AREAS DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE FLOODPLAIN".

EASEMENT NOTES

1. PROPOSED PUBLIC SEWER AND STORM DRAIN EASEMENT
2. PROPOSED PUBLIC SEWER EASEMENT
3. PROPOSED PUBLIC STORM DRAIN EASEMENT
4. EXISTING INTERIM DETENTION BASIN TO BE REMOVED.
5. EXISTING INTERIM SMITH CREEK DIVERSION CHANNEL TO BE REMOVED.

NOTES

1. PROPOSED WATER AUTO-FLUSH SYSTEM AT TERMINUS OF MAIN

PROPOSED TENTATIVE TRACT NO. 39259

PLANNING AREA (No.)	LAND USE (TYPE)	GROSS AREA (ACRE)	NUMBER OF LOTS (DU)	NUMBER OF CONDOMINIUM LOTS	NUMBER OF CONDOMINIUM UNITS (DU)	GROSS DENSITY (DU/AC)	RESIDENTIAL AREA (ACRE)	STREETS (ACRE)	LOT SIZE (MIN)	CONDOMINIUM UNIT SIZE (MIN)	PAD SIZE (MIN)	LOT AREA MIN (SQ. FT.)	CONDOMINIUM UNIT AREA MIN (SQ. FT.)	LOT AREA MAX (SQ. FT.)	LOT AREA AVG (SQ. FT.)
46	LDR	28.76	132	NA	NA	4.6	22.21	6.48	55' x 100'	NA	55' x 100'	5,500	NA	15,109	7,328
47A	LDR	13.42	67	NA	NA	5.0	9.54	3.39	50' x 100'	NA	50' x 100'	5,000	NA	12,255	6,202
47C	MDR	20.77	178	NA	NA	8.6	14.01	★★6.67	40' x 65'	NA	40' x 65'	2,600	NA	6,182	3,429
48A	MDR	14.27	71	NA	NA	5.0	10.14	4.08	45' x 100'	NA	45' x 100'	4,500	NA	14,824	6,224
49A	MDR	20.75	NA	36	248	12.0	12.67	★★5.56	NA	30' x 60'	NA	NA	1,800	NA	NA
49B	LDR	7.12	31	NA	NA	4.4	5.60	1.52	50' x 100'	NA	50' x 100'	5,000	NA	13,128	7,666
53	MDR	13.78	65	NA	NA	4.7	10.59	3.13	45' x 100'	NA	45' x 100'	4,500	NA	13,100	7,137
31	PARK	1.03													
36	PARK	7.14													
37	PARK	16.08													
63A	PARK	5.62													
35D ★	OS	0.17													
35E ★	OS	0.03													

NOTE

★ PORTION OF PLANNING AREA WITHIN TTM NO. 39259 SEE NOTES 34 & 35 IN GENERAL INFORMATION AT RIGHT.
★★ PA 47C & PA49A STREET AREA INCLUDES COMMON DRIVES.

PER BUTTERFIELD SPECIFIC PLAN, 2017

PLANNING AREA (No.)	LAND USE (TYPE)	GROSS AREA (ACRE)	NUMBER LOTS (DU)
46	LDR	25.7	127
47A	MDR	13.8	71
47C	MDR	18.3	103
48A	LDR	17.8	76
49A	MDR	17.9	179
49B	MDR	6.4	36
53	MDR	15.7	90
31	PARK	0.5	
36	PARK	8.9	
35E	OS	33.3	
35D	OS	11.5	

LEGEND

LDR	LOW DENSITY RESIDENTIAL
MDR	MEDIUM DENSITY RESIDENTIAL
OS	OPEN SPACE
PARK	PARK - RECREATION

BASIS OF BEARINGS

THE BEARINGS FOR THIS SURVEY ARE BASED ON THE LINE BETWEEN STATIONS "TRAK" AND "MATH" (PORTIONS PER NATIONAL GEODETIC SURVEY, NAD 83, EPOCH 1995.5), AS SHOWN ON THE MAP FILED IN BOOK 102, PAGES 50 THROUGH 65 OF RECORDS OF SURVEY, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA, BEING NORTH 52° 49' 02.84" EAST.

BENCHMARK

ELEVATIONS AS SHOWN HEREON ARE IN TERMS OF THE NATIONAL GEODETIC VERTICAL DATUM OF NAVD 88 BASED LOCALLY UPON THE FOLLOWING BENCH MARK: 3-1/4" STANDARD ALUMINUM MWD DISK, FLUSH, LOCATED IN BANNING, 0.6 MILES SOUTH ALONG HIGHLAND SPRINGS AVENUE FROM THE INTERSECTION OF HIGHLAND SPRINGS AVENUE AND THE SOUTHERN PACIFIC RAILROAD BRIDGE, 17.5 FEET EAST OF THE CENTERLINE OF HIGHLAND SPRINGS AVENUE AT THE NORTHWEST CORNER OF CATCH BASIN AT THE TOP OF CURB, 0.5 FEET EAST OF FACE OF CURBS.

LEGAL DESCRIPTION

LOTS 22, F, Q AND 5, AND PORTIONS OF LOTS 17, 18, 19, 21, 23, 39, 40, 42, 43 AND 46, OF TRACT MAP NO. 35967, FILED IN BOOK 474 OF MAPS, PAGES 1 THROUGH 14, INCLUSIVE, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

ASSESSORS PARCEL NUMBERS

408-580-027, 408-580-032, 408-580-033, 408-580-034, 408-580-035, 408-580-036, 408-580-039, 408-580-040, 408-580-041, 408-580-042, 408-580-045, 408-580-047, 408-580-050, 408-580-051, 408-580-052, AND 408-580-064.

OPEN SPACE AREA SUMMARY

LOTS	ACREAGE
LOT 'A'	0.38
LOT 'B'	0.04
LOT 'C'	0.04
LOT 'D'	0.07
LOT 'E'	0.13
LOT 'F'	0.20
LOT 'G'	0.05
LOT 'H'	0.02
LOT 'I'	0.05
LOT 'J'	0.13
LOT 'K'	0.03
LOT 'L'	0.12
LOT 'M'	0.20
LOT 'N'	0.11
LOT 'O'	0.14
LOT 'P'	0.07
LOT 'Q'	0.04
LOT 'R'	0.04
LOT 'S'	0.03
LOT 'T'	0.05
LOT 'U'	0.05
LOT 'V'	0.15
LOT 'W'	0.02
LOT 'X'	0.03
LOT 'Y'	0.11
LOT 'Z'	0.02
LOT 'AA'	0.11
LOT 'BB'	0.07
LOT 'CC'	0.14
LOT 'DD'	0.05
LOT 'EE'	0.07
LOT 'FF'	1.44
LOT 'GG'	0.05
LOT 'HH'	0.07
LOT 'II'	0.05
LOT 'JJ'	0.48
LOT 'KK'	1.07
LOT 'LL'	0.05
LOT 'MM'	0.21
LOT 'NN'	0.27
LOT 'OO'	0.68
TOTAL ACREAGE	7.13 AC

COMMON DRIVE AREA SUMMARY

COMMON DRIVE	ACREAGE
CD "A"	0.09 AC
CD "B"	0.09 AC
CD "C"	0.09 AC
CD "D"	0.09 AC
CD "E"	0.09 AC
CD "F"	0.08 AC
CD "G"	0.13 AC
CD "H"	0.07 AC
CD "I"	0.06 AC
CD "J"	0.34 AC
CD "K"	0.22 AC
CD "L"	0.34 AC
CD "M"	0.34 AC
CD "N"	0.13 AC
CD "O"	0.11 AC
CD "P"	0.09 AC
TOTAL ACREAGE	2.36 AC

LAND USE SUMMARY

LOTS	LAND USE	ACREAGE	PERCENT (%)
1-544	SINGLE-FAMILY RESIDENTIAL	72.09 AC	45.05%
545-580	CONDOMINIUMS	12.67 AC	7.92%
'A'-'Z' & 'AA'-'OO'	OPEN SPACE	7.13 AC	4.46%
'PP'-'UU'	PARKS	29.87 AC	18.67%
	MODIFIED COLLECTOR STREET	6.26 AC	3.91%
	LOCAL STREETS	29.64 AC	18.52%
	COMMON DRIVES	2.36 AC	1.47%
	GROSS & NET ACREAGE	160.02 AC	100.00%

TENTATIVE TRACT NO. 39259

NUMBER OF LOTS:	TOTAL	675
	SINGLE FAMILY RESIDENTIAL	544
	CONDOMINIUM	36
	PARKS	6
	OPEN SPACE	41
	LOCAL STREETS	31
	COMMON DRIVES	16
	MODIFIED COLLECTOR STREET	1

GROSS ACREAGE: 160.02 AC
CONTROL INTERVAL: 1 FOOT
DATE: OCTOBER 31, 2025

STREET AREA SUMMARY

STREET	ACREAGE
MODIFIED COLLECTOR STREET	6.26 AC
COMMON DRIVES	2.36 AC
"A" STREET	0.10 AC
"B" STREET	0.93 AC
"C" STREET	1.63 AC
"D" STREET	0.86 AC
"E" STREET	0.93 AC
"G" STREET	1.06 AC
"H" STREET	1.22 AC
"I" STREET	1.26 AC
"J" STREET	0.98 AC
"K" STREET	1.12 AC
"L" STREET	0.88 AC
"M" STREET	0.88 AC
"N" STREET	0.85 AC
"O" STREET	1.98 AC
"P" STREET	0.49 AC
"Q" STREET	0.28 AC
"R" STREET	0.15 AC
"S" STREET	0.95 AC
"T" STREET	0.68 AC
"U" STREET	0.93 AC
"V" STREET	1.72 AC
"W" STREET	0.63 AC
"X" STREET	2.59 AC
"Y" STREET	1.58 AC
"Z" STREET	0.84 AC
"AA" STREET	1.02 AC
"BB" STREET	0.30 AC
"CC" STREET	0.91 AC
"DD" STREET	1.16 AC
"EE" STREET	0.71 AC
TOTAL ACREAGE	38.26 AC

PA 49A RESIDENTIAL CONDOMINIUM SUMMARY

LOT NO.	LOT AREA (AC.)	# OF CONDOMINIUM UNITS
545	0.60	12
546	0.63	12
547	0.26	4
548	0.24	4
549	0.25	4
550	0.24	5
551	0.38	6
552	0.28	6
553	0.42	6
554	0.28	4
555	0.29	5
556	0.37	7
557	0.41	8
558	0.30	6
559	0.62	12
560	0.58	12
561	0.58	12
562	0.33	6
563	0.64	11
564	0.27	6
565	0.27	6
566	0.30	6
567	0.30	6
568	0.26	6
569	0.26	6
570	0.29	6
571	0.30	6
572	0.26	6
573	0.26	6
574	0.29	6
575	0.30	6
576	0.26	6
577	0.26	6
578	0.31	6
579	0.31	6
580	0.51	10
TOTAL	12.67	248

GENERAL INFORMATION

1. EXISTING LAND USE: VACANT
2. EXISTING ZONING: BUTTERFIELD SPECIFIC PLAN
3. EXISTING GENERAL PLAN: BUTTERFIELD SPECIFIC PLAN
4. PROPOSED LAND USE:
   SINGLE -FAMILY RESIDENTIAL
   PA 46, LDR
   PA 47A, LDR
   PA 47C, MDR STUB-STREET
   PA 48A, MDR
   PA 49B, LDR
   PA 53, MDR
   ATTACHED CONDOMINIUMS (DUPLEXES)
   PA 49A
   PARKS
   OPEN SPACE
5. PROPOSED ZONING: BUTTERFIELD SPECIFIC PLAN
6. PROPOSED GENERAL PLAN: BUTTERFIELD SPECIFIC PLAN
7. ADJACENT LAND USES:
   NORTH: VACANT / FUTURE SINGLE-FAMILY RESIDENTIAL
   EAST: VACANT / FUTURE SINGLE-FAMILY RESIDENTIAL
   SOUTH: EXISTING SCE CORRIDOR & EXISTING SINGLE-FAMILY RESIDENTIAL
   WEST: VACANT / FUTURE OPEN SPACE & SINGLE-FAMILY RESIDENTIAL
8. PARK REQUIREMENTS TO BE MET BY THE DEDICATION AND CONSTRUCTION OF PARKS.
9. SCHOOL DISTRICTS:
   ELEMENTARY: BEAUMONT UNIFIED SCHOOL DISTRICT/BANNING UNIFIED SCHOOL DISTRICT
   MIDDLE SCHOOL: BEAUMONT UNIFIED SCHOOL DISTRICT/BANNING UNIFIED SCHOOL DISTRICT
   HIGH SCHOOL: BEAUMONT UNIFIED SCHOOL DISTRICT/BANNING UNIFIED SCHOOL DISTRICT
10. PAD ELEVATIONS SHOWN HEREON MAY BE ADJUSTED PLUS OR MINUS 3 FEET.
11. MULTIPLE FINAL MAPS MAY BE FILED PURSUANT TO SECTION 66456.1 OF THE CALIFORNIA GOVERNMENT CODE.
12. THIS TENTATIVE TRACT MAP IS WITHIN THE APPROVED BUTTERFIELD SPECIFIC PLAN.
13. ALL PROPOSED MANUFACTURED SLOPES SHALL BE A MAXIMUM OF 2:1, UNLESS OTHERWISE NOTED ON THE TENTATIVE TRACT MAP.
14. PRELIMINARY EARTHWORK QUANTITIES (ADJUSTED):
    CUT: 2,954,865 CY FILL: 1,945,460 CY
    EXPORT: 1,009,405 CY
15. GEOTECHNICAL/SOILS INVESTIGATION REPORT WAS PREPARED BY GEOCON WEST, INC., DATED JUNE 6, 2025.
16. THERE ARE NO HABITABLE STRUCTURES WITHIN THE BOUNDARIES OF THIS TENTATIVE TRACT MAP.
17. ALL PROPOSED STREETS WITHIN THIS TENTATIVE TRACT ARE PUBLIC AND SHALL BE MAINTAINED BY THE CITY OF BANNING.
18. THE DEVELOPER/APPLICANT SHALL RESERVE THE RIGHT TO MERGE LOTS ON THE FINAL MAP.
19. THIS TENTATIVE TRACT MAP HAS BEEN DESIGNATED AS LYING WITHIN ZONE 'X' BY FEMA, FIRM PANEL NUMBER 060246-0808G. MAP NUMBERS 06065C-0805G AND 06065C-0808G, DATED AUGUST 28, 2008.
20. THIS TENTATIVE TRACT MAP INCLUDES THE ENTIRE CONTIGUOUS OWNERSHIP OF LAND BEING SUBDIVIDED.
21. TOPOGRAPHIC SURVEY WAS FLOWN AND COMPILED BY DON READ CORPORATION, DATED MAY 10, 2017 AND JUNE 16, 2023.
22. A PORTION OF THIS TENTATIVE TRACT MAP AREA IS LOCATED IN "HIGH" AND "MODERATE" FIRE HAZARD ZONES.
23. FINAL DESIGN SHALL COMPLY WITH THE N.P.D.E.S. REQUIREMENTS OUTLINED BY THE CITY OF BANNING.
24. PROPOSED OPEN SPACE LOTS 'A'-'Z' AND 'AA'-'OO' SHALL BE PRIVATE AND MAINTAINED BY AN APPROVED H.O.A.
25. PROPOSED PARK LOTS 'PP'-'TT' SHALL BE MAINTAINED BY AN APPROVED H.O.A.
26. ALL PROPOSED RESIDENTIAL LOTS SHALL MAINTAIN MINIMUM GRADE FROM REAR OF THE LOT TO THE STREET IN ACCORDANCE WITH LATEST CALIFORNIA BUILDING CODE.
27. FIRE PROTECTION SHALL BE PROVIDED BY THE CITY OF BANNING.
28. ALL PROPOSED ON-SITE STORM DRAIN FACILITIES , SIZE AND LOCATION ARE PRELIMINARY AND SUBJECT TO FINAL HYDRAULIC CALCULATIONS ACCEPTABLE TO THE CITY OF BANNING.
29. ALL PROPOSED WATER QUALITY BASINS (BMP) SHALL BE MAINTAINED BY AN APPROVED H.O.A.
30. ALL PROPOSED ON-SITE STORM WATER DISCHARGE FROM THIS TENTATIVE TRACT MAP SHALL BE TREATED BY PERMANENT ON-SITE TREATMENT CONTROL BMP'S FOR TRASH AND DEBRIS OF OFF-SITE AND ON-SITE PRIOR TO DISCHARGE TO ANY EXISTING OR PROPOSED DRAINAGE FACILITY.
31. ALL DIMENSIONS ON THIS TENTATIVE TRACT MAP ARE APPROXIMATE.
32. ALL LANDSCAPING WITHIN EACH INDIVIDUAL SINGLE-FAMILY RESIDENTIAL LOT SHALL BE MAINTAINED BY THE HOMEOWNER.
33. A NON-EXCLUSIVE EASEMENT SHALL BE PROVIDED TO THE CITY OF BANNING TO INCLUDE THE INSTALLATION OF ELECTRIC DISTRIBUTION FACILITIES WITHIN ALL COMMON AREAS.
34. PLANNING AREA 35D OCCURS IN TTM NO. 37443 (10.94 ACRES OF PHASE 3A) AND TTM NO. 39259 (0.17 ACRES OF PHASE 3B). THE TOTAL APPROXIMATE AREA PROPOSED FOR PLANNING AREA 35D IS 11.11 ACRES WHICH IS 3.39% BELOW THE APPROVED BUTTERFIELD SPECIFIC PLAN (2017) AREA OF 11.5 ACRES.
35. PLANNING AREA 35E OCCURS IN TTM NO. 37443 (12.29 ACRES OF PHASE 3A), TTM NO. 39259 (0.03 ACRES OF PHASE 3B), AND TTM NO. 37445 (14.40 ACRES OF PHASE 4B). THE TOTAL APPROXIMATE AREA PROPOSED FOR PLANNING AREA 35D IS 26.72 ACRES WHICH IS 19.76% BELOW THE APPROVED BUTTERFIELD SPECIFIC PLAN (2017) AREA OF 33.3 ACRES.
36. EXTENDED DETENTION BMP BASIN NO. 33, LOCATED IN THIS TENTATIVE TRACT MAP, PROVIDES WATER QUALITY TREATMENT FOR TENTATIVE TRACT NO. 39262 (ATWELL PHASE 4A-1).
37. THIS TENTATIVE TRACT MAP IS NOT LOCATED IN THE BANNING MUNICIPAL AIRPORT INFLUENCE AREA BOUNDARY.
38. ALL PROPOSED COMMON DRIVES WITHIN THIS TENTATIVE TRACT MAP ARE PRIVATE AND SHALL BE MAINTAINED BY AN APPROVED HOMEOWNER'S ASSOCIATION.
39. HIGHLAND HOME ROAD OF TENTATIVE TRACT MAP NO. 39262 (PHASE 4A-1) WILL PROVIDE PRIMARY ACCESS FOR TENTATIVE TRACT MAP NO. 39259 (PHASE 3B).
40. "F" STREET (TO HIGHLAND SPRINGS AVENUE) WILL PROVIDE SECONDARY ACCESS FOR TENTATIVE TRACT MAP NO. 39259 (PHASE 3B).

APPLICANT/DEVELOPER/OWNER

TRI POINTE HOMES
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CORONA, CA 92879
(951) 428-4400
CONTACT: MICHAEL HEISHMAN

ENGINEER

MDS CONSULTING
5 PETERS CANYON ROAD
IRVINE, CA 92606
(949) 251-8821
CONTACT: ED LENTH

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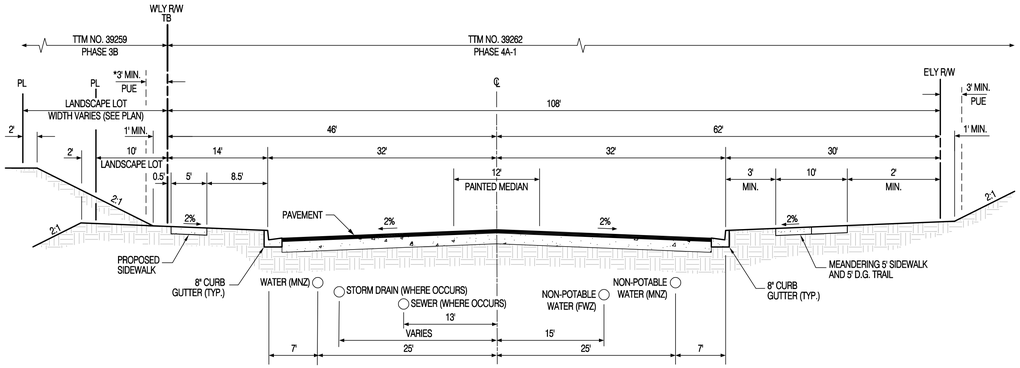
ATWELL
PHASE 3B / TENTATIVE TRACT MAP NO. 39259
P.A.'s 31, 35D, 35E, 36, 37, 46, 47A, 47C, 48A, 49A, 49B, 53 & 63A
NOTES
CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

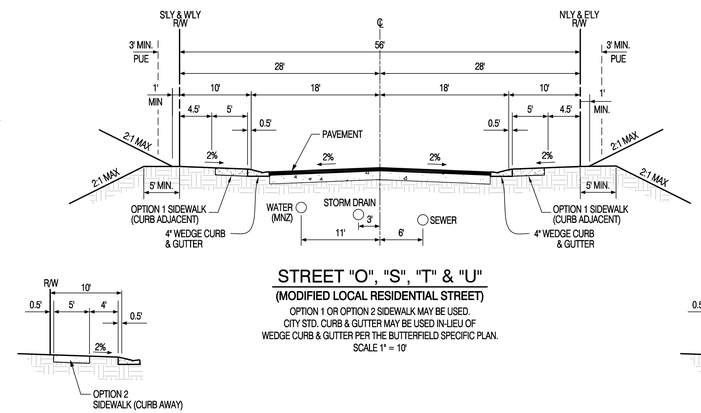


HIGHLAND HOME ROAD (PUBLIC)

(MODIFIED MAJOR HIGHWAY)

*LOT 'Y' WILL BE OVERLAID WITH A PUBLIC UTILITY EASEMENT

SCALE 1"=10'

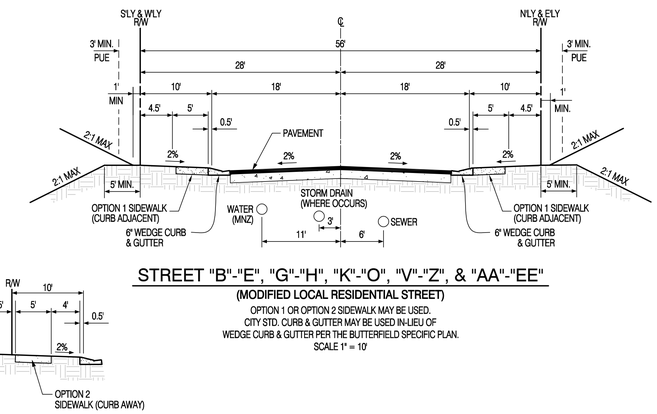


STREET "O", "S", "T" & "U"

(MODIFIED LOCAL RESIDENTIAL STREET)

OPTION 1 OR OPTION 2 SIDEWALK MAY BE USED.
CITY STD. CURB & GUTTER MAY BE USED IN-LIEU OF
WEDGE CURB & GUTTER PER THE BUTTERFIELD SPECIFIC PLAN.

SCALE 1" = 10'

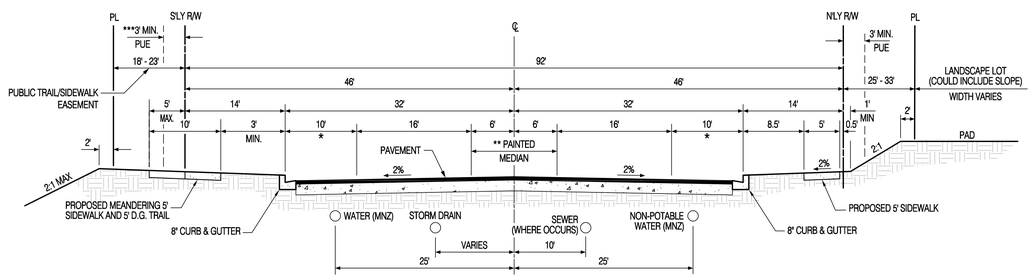


STREET "B"-"E", "G"-"H", "K"-"O", "V"-"Z", & "AA"-"EE"

(MODIFIED LOCAL RESIDENTIAL STREET)

OPTION 1 OR OPTION 2 SIDEWALK MAY BE USED.
CITY STD. CURB & GUTTER MAY BE USED IN-LIEU OF
WEDGE CURB & GUTTER PER THE BUTTERFIELD SPECIFIC PLAN.

SCALE 1" = 10'

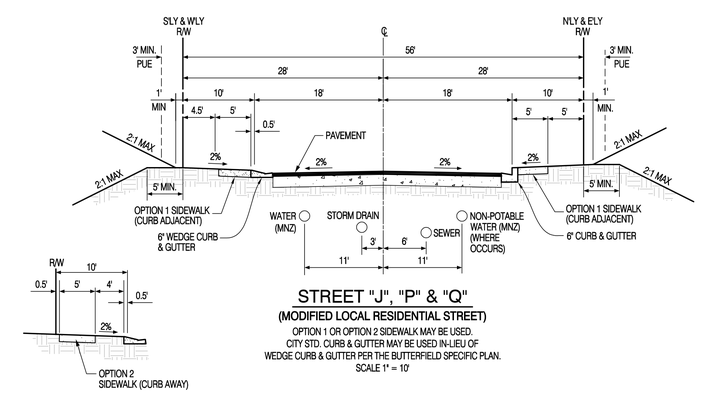


"F" STREET

(MODIFIED DIVIDED COLLECTOR STREET)

* MAY BE DESIGNATED AS A DUAL LOW SPEED ELECTRIC VEHICLE AND BIKE LANE
** A RAISED MEDIAN MAY BE USED IN AREAS. RAISED MEDIAN SHALL BE USED AT ENTRY OFF OF HIGHLAND HOME ROAD.
***LOTS 'NN' & 'OO' WILL BE OVERLAID WITH A PUBLIC UTILITY EASEMENT

SCALE 1"=10'

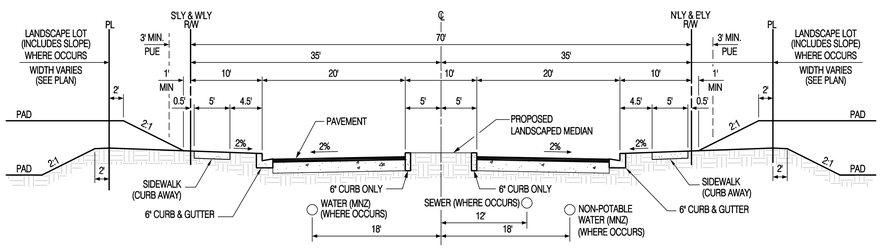


STREET "J", "P" & "Q"

(MODIFIED LOCAL RESIDENTIAL STREET)

OPTION 1 OR OPTION 2 SIDEWALK MAY BE USED.
CITY STD. CURB & GUTTER MAY BE USED IN-LIEU OF
WEDGE CURB & GUTTER PER THE BUTTERFIELD SPECIFIC PLAN.

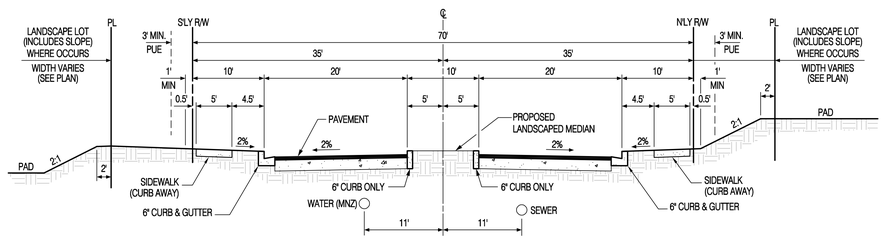
SCALE 1" = 10'



STREET "A", "I" & "R" (PUBLIC)

(NEIGHBORHOOD ENTRY)

SCALE 1"=10'



STREET "X" (PUBLIC)

(NEIGHBORHOOD ENTRY)

SCALE 1"=10'

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PREPARED BY:

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ATWELL

PHASE 3B / TENTATIVE TRACT MAP NO. 39259

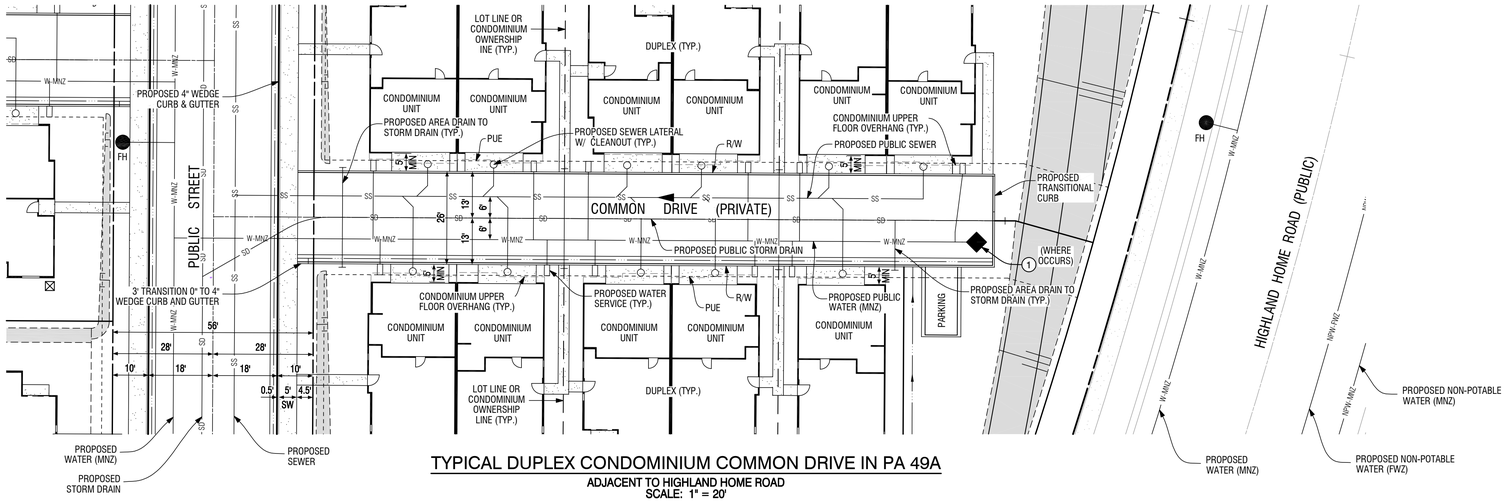
P.A.'s 31, 35D, 35E, 36, 37, 46, 47A, 47C, 48A, 49A, 49B, 53 & 63A

STREET SECTIONS

CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

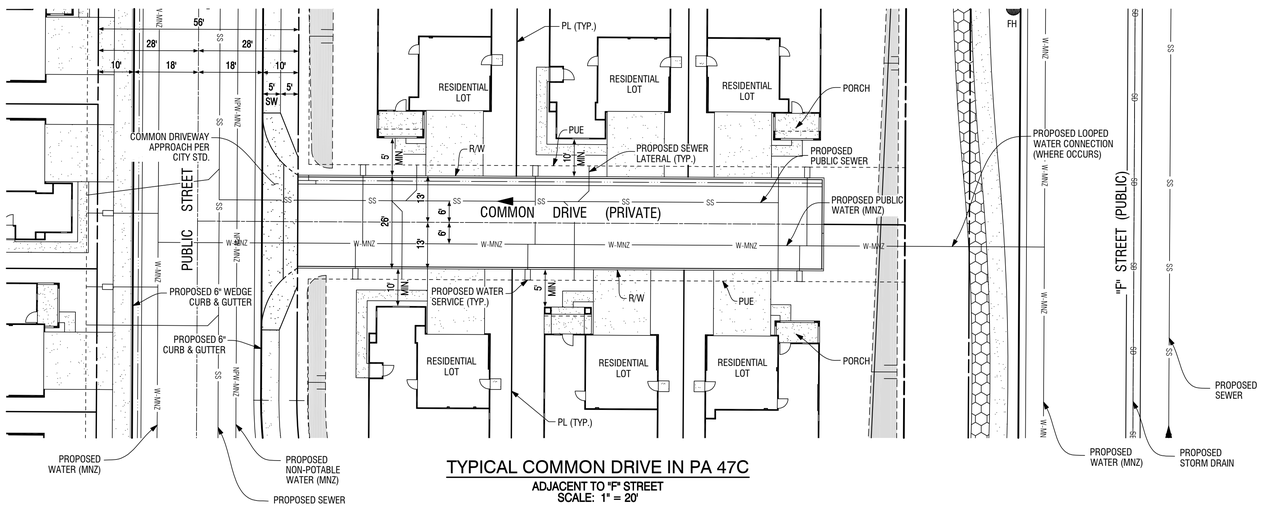
SHEET 3 OF 16

PHASE 3B - TENTATIVE TRACT MAP NO. 39259



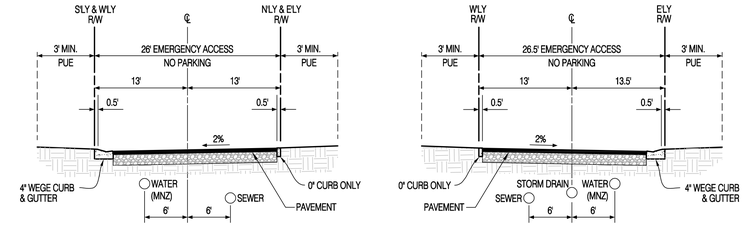
TYPICAL DUPLEX CONDOMINIUM COMMON DRIVE IN PA 49A

ADJACENT TO HIGHLAND HOME ROAD
SCALE: 1" = 20'



TYPICAL COMMON DRIVE IN PA 47C

ADJACENT TO "F" STREET
SCALE: 1" = 20'

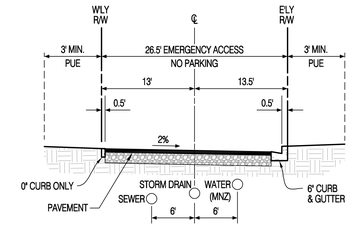


COMMON DRIVES "A"-"E" & "H"-"P" (PRIVATE)

SCALE 1"=10'

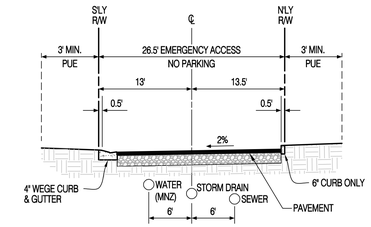
COMMON DRIVE "F-1" (PRIVATE)

SCALE 1"=10'



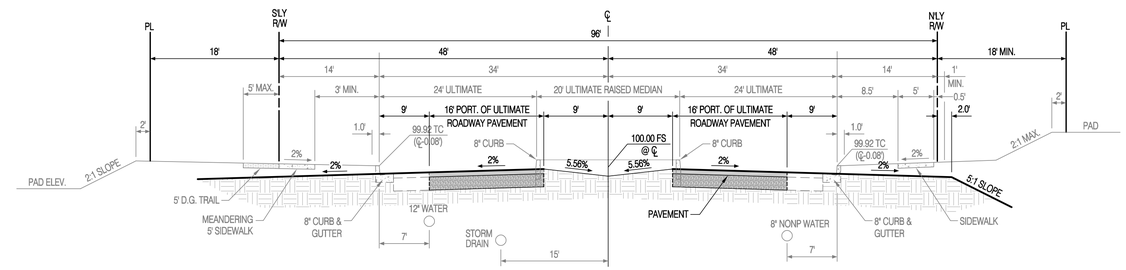
COMMON DRIVE "F-2" (PRIVATE)

SCALE 1"=10'



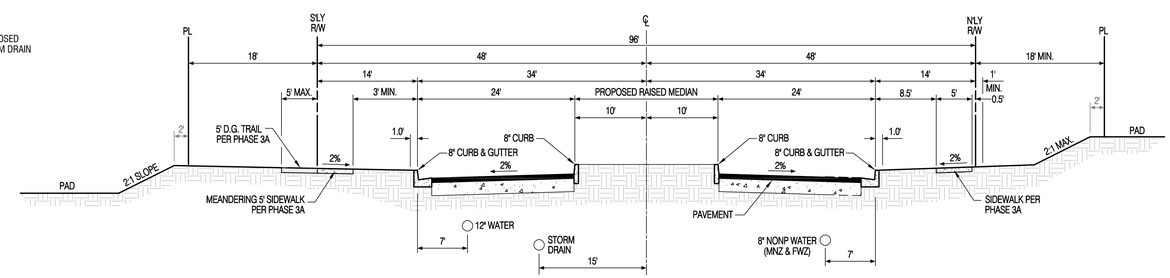
COMMON DRIVE "G" (PRIVATE)

SCALE 1"=10'



INTERIM "F" STREET (PUBLIC)

(MODIFIED COLLECTOR STREET)
SCALE 1"=10'



FUTURE "F" STREET, ATWELL PHASE 3A (PUBLIC)

(MODIFIED COLLECTOR STREET)
SCALE 1"=10'

GRAPHIC SCALE

0 10 20 40 60 80

SCALE: 1" = 20'

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tri pointe HOMES
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ATWELL

PHASE 3B / TENTATIVE TRACT MAP NO. 39259

P.A.'s 31, 35D, 35E, 36, 37, 46, 47A, 47C, 48A, 49A, 49B, 53 & 63A

STREET SECTIONS / DETAILS

CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 4 OF 16

PHASE 3B - TENTATIVE TRACT MAP NO. 39259

MDS Proj. Data: I:\89414\PLANNING\Plans\TTM 37444
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Last Edit: 10.30.2025 05:04:33 PM By: Ssandoval

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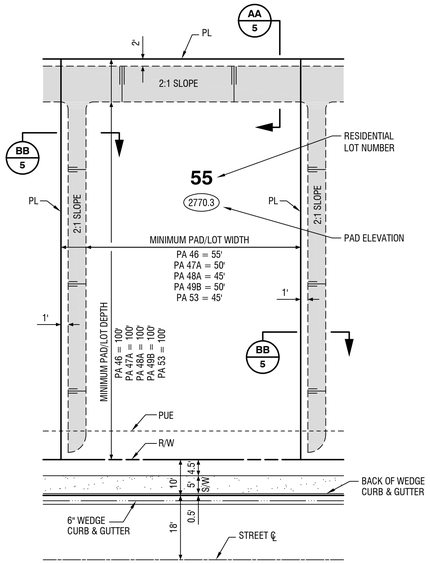
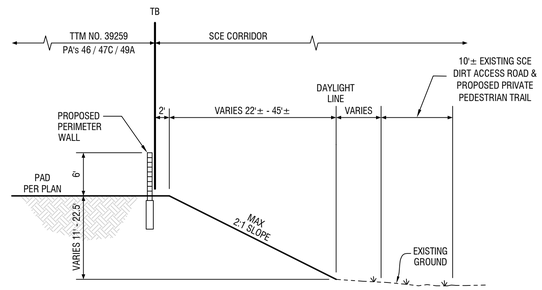
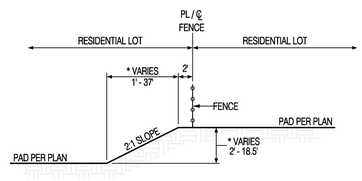
Plot Scale: 1" = 1" Dwg Scale: 1" = 60'
Plot Date: 10.31.2025 3:37:22 PM By: ssandoval



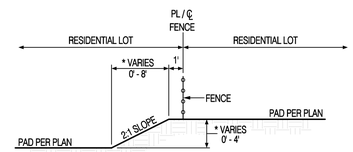
TYPICAL PAD DETAIL
AT PUBLIC STREET
NTS



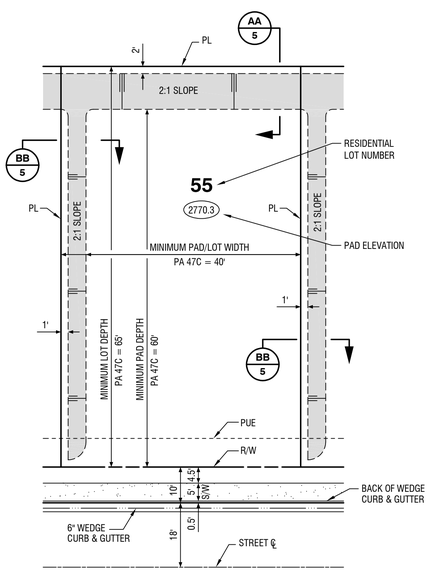
A 7,8 SECTION "A"
LOOKING EAST
NOT TO SCALE



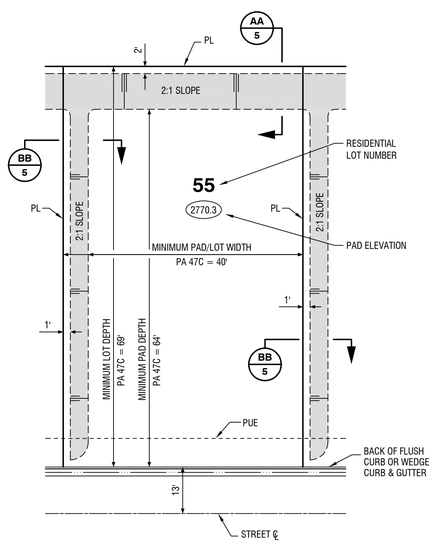
SECTION "AA"
AA 5 TYPICAL REAR-YARD SLOPE SECTION
*REAR YARD SLOPE
SHALL BE LANDSCAPED AND MAINTAINED
BY HOMEOWNER
NTS



SECTION "BB"
BB 5 TYPICAL SIDE-YARD SLOPE SECTION
* SIDEYARD SLOPES SHALL BE LANDSCAPED
AND MAINTAINED BY HOMEOWNER
NTS

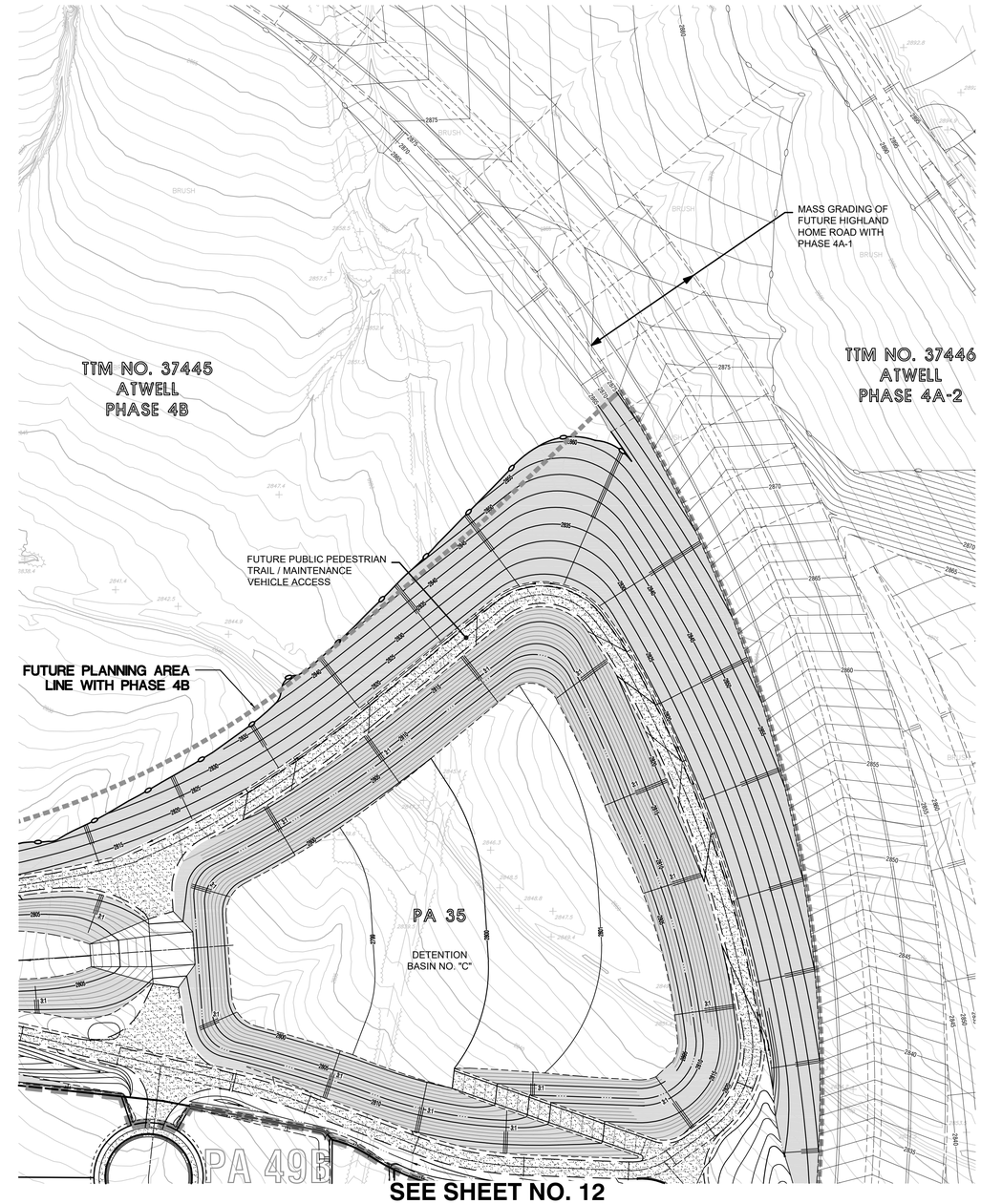


PA 47C TYPICAL PAD DETAIL
AT PUBLIC STREET
NTS



PA 47C TYPICAL PAD DETAIL
AT COMMON DRIVE
NTS

GRAPHIC SCALE
0 30 60 120 180 240
SCALE: 1" = 60'



SEE SHEET NO. 12

INSERT "A"
SCALE: 1" = 60'

PREPARED FOR:

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PHASE 3B / TENTATIVE TRACT MAP NO. 39259

P.A.'s 31, 35D, 35E, 36, 37, 46, 47A, 47C, 48A, 49A, 49B, 53 & 63A

DETAILS / SECTIONS

CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

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Last Edit: 10.31.2025 03:46:39 PM By: ssandoval
MDS File: 89414-PA6-TENT-05.dwg
Plot Scale: 1" = 1" Dwg Scale: 1" = 60'
Plot Date: 10.31.2025 3:46:54 PM By: ssandoval

RESIDENTIAL LOT SUMMARY

PLANNING AREA 47A (LDR)

LOT AREA SUMMARY
LOTS 1 - 67

LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)	LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)
1	9,067	9,067	36	5,325	5,325
2	5,595	5,595	37	5,275	5,275
3	5,811	5,811	38	5,225	5,225
4	5,687	5,687	39	5,175	5,175
5	5,530	5,530	40	5,150	5,150
6	5,484	5,484	41	5,150	5,150
7	5,470	5,470	42	7,458	5,800
8	5,397	5,397	43	12,255	9,238
9	5,150	5,150	44	7,156	7,156
10	5,150	5,150	45	7,339	7,339
11	5,150	5,150	46	6,520	6,520
12	5,150	5,150	47	5,830	5,830
13	5,150	5,150	48	5,200	5,200
14	5,150	5,150	49	5,200	5,200
15	5,150	5,150	50	5,614	5,614
16	6,565	6,544	51	5,733	5,733
17	10,779	6,855	52	5,244	5,244
18	6,700	5,189	53	5,414	5,414
19	6,699	5,222	54	8,441	7,166
20	6,664	5,235	55	6,951	6,951
21	6,614	5,249	56	6,337	6,337
22	6,564	5,283	57	6,242	6,242
23	6,516	5,331	58	5,788	5,788
24	6,500	5,415	59	5,250	5,250
25	6,732	5,774	60	5,551	5,551
26	6,905	6,029	61	5,890	5,890
27	6,899	6,084	62	5,250	5,250
28	6,830	6,024	63	5,250	5,250
29	10,568	8,454	64	6,406	6,406
30	7,284	5,899	65	6,253	6,253
31	5,500	5,500	66	5,250	5,250
32	5,528	5,528	67	5,355	5,355
33	5,937	5,937			
34	5,841	5,841			
35	5,350	5,350			

PLANNING AREA 48A (MDR)

LOT AREA SUMMARY
LOTS 68 - 138

LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)	LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)
68	5,830	5,809	104	4,590	4,590
69	4,635	4,635	105	4,590	4,590
70	4,635	4,635	106	4,590	4,590
71	4,635	4,635	107	4,590	4,590
72	4,635	4,635	108	4,590	4,590
73	4,635	4,635	109	4,590	4,590
74	4,635	4,635	110	4,590	4,590
75	4,636	4,636	111	6,915	5,943
76	4,575	4,575	112	9,312	5,546
77	7,697	7,697	113	5,985	4,594
78	14,824	12,961	114	5,985	4,598
79	10,315	7,584	115	5,985	4,607
80	6,939	5,072	116	5,985	4,611
81	6,930	5,121	117	5,985	4,616
82	6,975	5,164	118	5,985	4,629
83	8,033	5,907	119	5,985	4,634
84	10,985	7,426	120	9,430	6,050
85	6,846	5,277	121	7,115	5,431
86	6,587	5,324	122	4,590	4,590
87	5,784	5,060	123	4,590	4,590
88	11,302	9,117	124	4,590	4,590
89	13,933	12,289	125	4,590	4,590
90	6,461	6,461	126	4,590	4,590
91	5,017	5,017	127	4,590	4,590
92	4,950	4,950	128	4,590	4,590
93	4,763	4,763	129	7,115	5,998
94	4,725	4,725	130	9,571	6,162
95	4,725	4,725	131	6,075	4,749
96	4,725	4,725	132	6,075	4,744
97	4,725	4,725	133	6,075	4,735
98	4,725	4,725	134	6,075	4,735
99	4,864	4,864	135	6,075	4,726
100	5,481	5,481	136	6,075	4,712
101	5,481	5,481	137	6,075	4,699
102	5,338	5,338	138	8,568	5,168
103	9,220	7,582			

PLANNING AREA 53 (MDR)

LOT AREA SUMMARY
LOTS 139 - 194

LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)	LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)
139	6,611	5,926	174	8,038	6,057
140	5,590	4,933	175	7,306	5,557
141	5,590	4,937	176	7,485	5,664
142	5,614	5,011	177	7,071	5,385
143	8,749	8,199	178	6,850	5,248
144	13,100	13,100	179	12,118	8,134
145	5,143	5,143	180	7,226	5,145
146	4,688	4,688	181	5,116	4,622
147	4,995	4,643	182	5,132	4,660
148	6,191	5,808	183	5,852	5,361
149	6,718	6,320	184	6,355	5,785
150	6,428	6,428	185	6,114	5,513
151	5,600	5,600	186	6,512	5,828
152	5,598	5,598	187	6,579	5,844
153	5,686	5,358	188	10,331	6,484
154	9,517	9,097	189	7,577	5,548
155	12,609	12,105	190	7,274	5,434
156	6,806	5,938	191	6,891	5,201
157	5,939	4,979	192	6,308	4,803
158	5,899	4,959	193	6,284	4,764
159	5,899	4,959	194	6,609	5,091
160	5,921	4,962	195	7,555	5,888
161	5,876	4,959	196	6,928	4,863
162	5,952	5,952	197	6,613	4,804
163	7,054	6,229	198	9,196	5,887
164	6,506	6,004	199	9,109	6,303
165	7,573	6,952	200	6,315	5,572
166	7,358	6,900	201	6,315	5,572
167	7,539	7,280	202	6,315	5,572
168	7,563	6,290	203	6,178	5,551
169	7,793	6,379			
170	7,844	6,443			
171	6,259	5,250			
172	9,428	6,146			
173	12,265	6,648			

PLANNING AREA 49B (LDR)

LOT AREA SUMMARY
LOTS 195 - 234

LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)	LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)
204	5,798	5,689	224	10,704	8,770
205	5,764	5,764	225	10,787	9,588
206	8,931	8,932	226	6,662	6,126
207	10,725	10,725	227	6,645	5,956
208	12,820	11,630	228	5,924	5,303
209	13,128	10,260	229	5,765	5,241
210	6,954	5,896	230	5,820	5,296
211	9,203	6,856	231	6,708	6,175
212	8,891	6,957	232	6,171	5,681
213	5,952	5,952	233	5,875	5,341
214	5,332	5,332	234	9,468	7,082
215	9,400	9,400			
216	8,165	7,037			
217	6,156	5,586			
218	9,261	7,433			
219	7,873	7,258			
220	5,847	5,847			
221	5,410	5,410			
222	6,891	6,682			
223	10,881	9,603			

PLANNING AREA 46 (LDR)

LOT AREA SUMMARY
LOTS 235 - 366

LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)	LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)	LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)	LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)
235	7,552	7,552	275	11,077	10,118	315	5,720	5,720	355	9,147	6,135
236	11,389	11,389	276	10,492	9,907	316	5,720	5,720	356	10,218	8,424
237	9,333	9,333	277	8,245	7,471	317	5,665	5,665	357	5,555	5,555
238	6,185	6,185	278	8,061	7,304	318	7,691	6,114	358	5,555	5,555
239	6,325	6,325	279	7,015	6,190	319	9,926	6,858	359	5,555	5,555
240	6,325	6,325	280	7,015	6,190	320	7,260	5,728	360	5,555	5,555
241	6,325	6,325	281	7,015	6,186	321	7,260	5,745	361	5,555	5,555
242	6,325	6,325	282	7,015	6,163	322	7,260	5,751	362	5,555	5,555
243	6,325	6,325	283	7,130	6,151	323	7,228	5,730	363	5,555	5,555
244	6,325	6,325	284	7,868	6,822	324	7,173	5,691	364	5,555	5,555
245	6,325	6,325	285	8,495	7,288	325	7,150	5,675	365	5,555	5,555
246	6,325	6,325	286	7,945	6,679	326	7,150	5,679	366	9,052	7,414
247	7,572	7,572	287	7,861	6,866	327	7,150	5,686			
248	7,599	7,599	288	7,984	7,103	328	7,150	5,708			
249	5,976	5,976	289	7,347	6,490	329	7,150	5,738			
250	12,010	12,010	290	7,038	6,181	330	7,150	5,775			
251	15,109	13,029	291	7,038	6,159	331	8,988	6,212			
252	7,851	6,329	292	7,038	6,187	332	7,635	6,216			
253	7,604	5,998	293	9,404	7,259	333	5,720	5,720			
254	7,718	6,121	294	6,930	5,905	334	5,720	5,720			
255	8,824	7,197	295	6,875	5,830	335	5,720	5,720			
256	7,608	6,236	296	6,875	5,791	336	5,720	5,720			
257	7,591	6,272	297	6,875	5,764	337	5,720	5,720			
258	7,621	6,375	298	6,875	5,731	338	5,720	5,720			
259	7,628	6,443	299	6,902	5,736	339	5,692	5,692			
260	7,686	6,593	300	6,958	5,753	340	5,638	5,637			
261	7,686	6,768	301	6,985	5,753	341	5,610	5,610			
262	7,686	6,768	302	6,985	5,720	342	5,610	5,610			
263	7,407	6,775	303	6,985	5,714	343	9,770	8,154			
264	6,520	6,520	304	6,985	5,742	344	9,196	6,182			
265	13,646	11,393	305	9,148	6,753	345	7,275	5,702			
266	6,443	6,125	306	7,486	6,103	346	7,275	5,686			
267	7,019	6,206	307	5,610	5,610	347	7,275	5,664			
268	8,208	7,238	308	5,610	5,610	348	7,275	5,643			
269	9,592	8,508	309	5,610	5,610	349	7,275	5,613			
270	12,072	9,865	310	5,610	5,610	350	7,275	5,599			
271	6,308	5,671	311	5,638	5,638	351	7,275	5,569			
272	6,347	5,599	312	5,692	5,692	352	7,275	5,575			
273	7,966	6,020	313	5,720	5,720	353	7,275	5,637			
274	10,482	8,995	314	5,720	5,720	354	7,275	5,694			

PLANNING AREA 47C (MDR)

LOT AREA SUMMARY
LOTS 367 - 544

LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)	LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)	LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)	LOT #	LOT AREA (SQ. FT.)	PAD AREA (SQ. FT.)
367	2,822	2,822	412	4,369	3,217	457	2,860	2,860	502	4,552	3,471
368	3,080	3,080	413	3,436	2,806	458	2,665	2,665	503	3,312	3,312
369	2,800	2,800	414	3,070	2,497	459	2,990	2,990	504	4,098	3,535
370	3,080	3,080	415	3,388	2,758	460	2,860	2,860	505	4,209	3,547
371	2,800	2,800	416	3,619	2,934	461	2,600	2,600	506	3,312	3,312
372	3,220	3,220	417	3,388	2,753	462	2,990	2,990	507	4,483	3,639
373	3,080	3,080	418	3,311	2,695	463	2,600	2,600	508	4,838	3,922
374	2,800	2,800	419	3,773	3,067	464	2,860	2,860	509	3,337	3,036
375	3,220	3,220	420	3,157	2,559	465	2,665	2,665	510	4,047	3,167
376	3,080	3,080	421	3,388	2,751	466	2,990	2,990	511	4,179	3,610
377	2,800	2,800	422	3,542	2,878	467	2,860	2,860	512	3,243	3,243
378	3,220	3,220	423	3,080	2,501	468	2,665	2,665	513	3,981	3,613
379	3,080	3,080	424	3,388	2,750	469	3,060	3,060	514	4,134	3,302
380	2,800	2,800	425	3,542	2,875	470	3,017	3,017	515	3,408	3,361
381	3,850	3,850	426	4,200	3,059	471	6,012	4,321	516	4,198	3,703
382	4,122	3,158	427	4,132	3,467	472	3,887	2,882	517	3,910	3,256
383	3,388	2,719	428	3,055	3,055	473	3,362	2,658	518	3,174	3,174
384	3,542	2,809	429	2,665	2,665	474	3,772	2,975	519	4,792	3,966
385	3,080	2,420	430	2,925	2,925	475	3,280	2,593	520	5,157	3,063
386	3,388	2,669	431	3,055	3,055	476	3,854	3,049	521	3,075	2,659
387	3,080	2,435	432	2,730	2,730	477	4,018	3,176	522	4,133	3,199
388	3,619	2,871	433	2,990	2,990	478	3,690	2,911	523	4,994	2,927
389	3,311	2,633	434	2,665	2,665	479	3,280	2,589	524	3,420	3,114
390	3,388	2,706	435	3,120	3,120	480	3,772	2,973	525	3,117	2,801
391	3,080	2,465	436	2,990	2,990	481	3,690	2,908	526	3,786	3,499
392	3,388	2,720	437	3,055	3,055	482	3,280	2,585	527	3,361	3,171
393	3,542	2,854	438	2,925	2,925	483	3,772	2,980	528	3,179	3,179
394	3,080	2,489	439	2,714	2,714	484	5,783	4,218	529	2,871	2,871
395	3,388	2,744	440	5,276	4,698	485	5,310	4,386	530	3,360	3,079
396	5,101	3,729	441	3,939	2,798	486	2,665	2,665	531	3,500	3,220
397	3,852	3,205	442	3,085	2,458	487	2,990	2,990	532	3,140	2,855
398	2,600	2,600	443	3,388	2,743	488	2,665	2,665	533	3,532	3,276
399	2,990	2,990	444	3,542	2,878	489	3,250	3,250	534	3,426	3,141
400	2,860	2,860	445	3,388	2,753	490	2,600	2,600	535	3,136	2,866
401	2,665	2,665	446	3,157	2,558	491	2,925	2,925	536	3,560	3,304
402	2,990	2,990	447	3,850	3,130	492	2,600	2,600	537	3,426	3,141
403	2,860	2,860	448	3,388	2,751	493	2,990	2,990	538	3,140	2,855
404	2,600	2,600	449	3,388	2,752	494	2,665	2,665	539	3,632	3,376
405	3,055	3,055	450	3,542	2,879	495	2,860	2,860	540	3,569	3,284
406	2,860	2,860	451	3,157	2,559	496	2,990	2,990	541	3,212	2,927
407	2,600	2,600	452	3,388	2,744	497	2,600	2,600	542	3,555	3,555
408	2,990	2,990	453	3,542	2,876	498	4,530	3,955	543	5,524	5,524
409	2,860	2,860	454	3,080	2,504	499	3,701	3,154	544	6,182	6,182
410	2,600	2,600	455	4,430	3,248	500	3,174	2,950			
411	4,242	3,640	456	3,924	3,314	501	4,528	3,101			

PLANNING AREA 49A (MDR)

LOT AREA SUMMARY
LOTS 545 - 580

LOT #	LOT AREA (SQ. FT.)
545	26,320
546	27,349
547	11,099
548	10,313
549	11,016
550	10,312
551	16,462
552	12,201
553	18,180
554	12,093
555	13,042
556	15,952
557	17,711
558	12,856
559	27,161
560	25,027
561	25,222
562	14,513
563	27,712
564	11,712
565	11,590
566	12,920
567	13,056
568	11,520
569	11,400
570	12,730
571	12,864
572	11,520
573	11,400
574	12,730
575	12,864
576	11,520
577	11,400
578	13,299
579	13,439
580	22,037

PREPARED FOR:

tri pointe HOMES
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Corona, CA 92879
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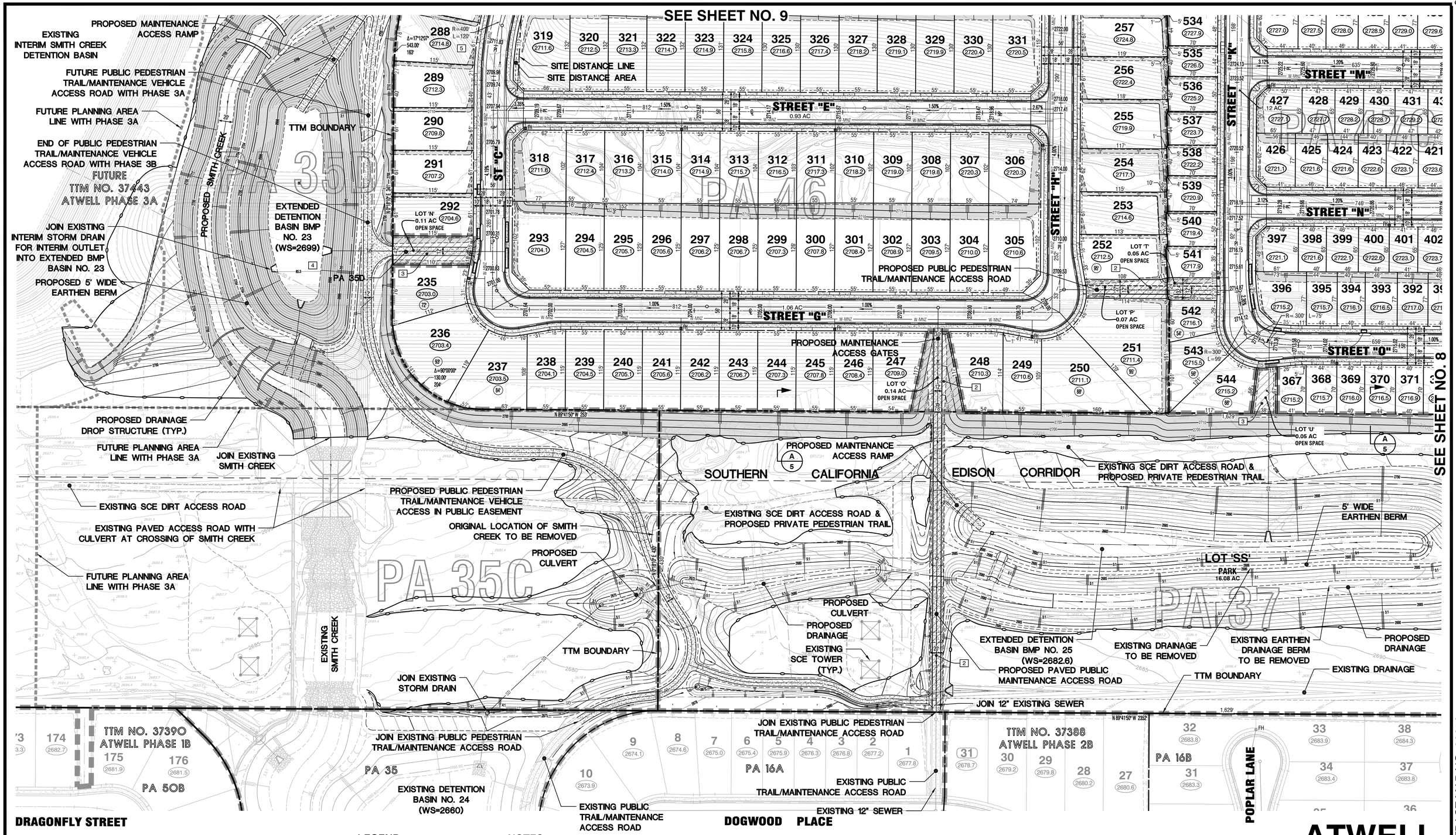
ATWELL
PHASE 3B / TENTATIVE TRACT MAP NO. 39259
P.A.'s 31, 35D, 35E, 36, 37, 46, 47A, 47C, 48A, 49A, 49B, 53 & 63A
AREA SUMMARIES
CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
SHEET 6 OF 16

PHASE 3B - TENTATIVE TRACT MAP NO. 39259



LEGEND:

(60') LOT MIDPOINT DIMENSION

NOTES:

2. PROPOSED PUBLIC SEWER EASEMENT
3. PROPOSED PUBLIC STORM DRAIN EASEMENT
4. EXISTING INTERIM DETENTION BASIN TO BE REMOVED.
5. EXISTING INTERIM SMITH CREEK DIVERSION CHANNEL TO BE REMOVED.

GRAPHIC SCALE

60 0 30 60 120 240

(IN FEET)
1 inch = 60 ft.

SCALE 1"=60'

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TENTATIVE TRACT MAP

CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 7 OF 16

PHASE 3B - TENTATIVE TRACT MAP NO. 39259

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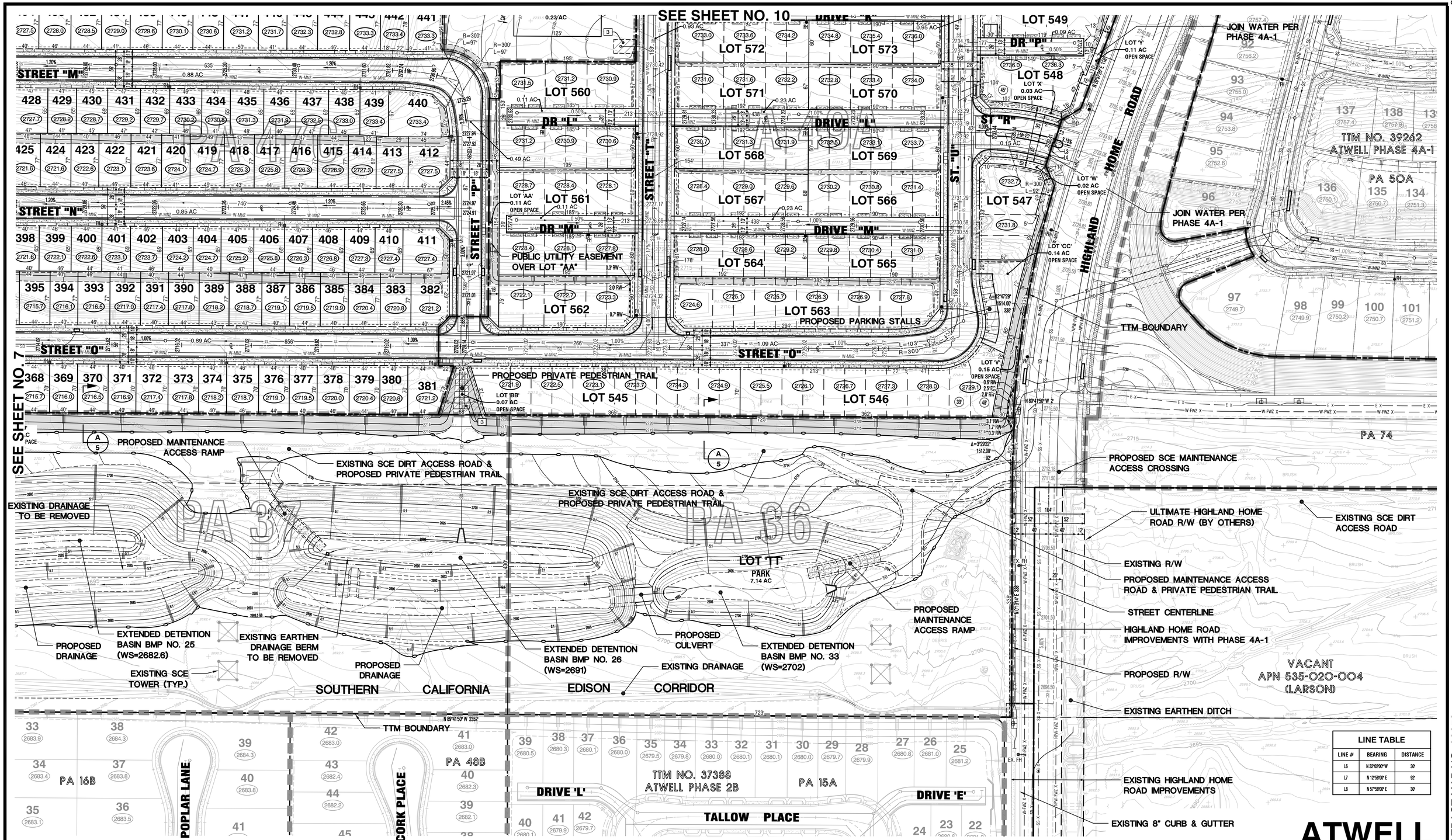

LINE TABLE		
LINE #	BEARING	DISTANCE
L6	N 32°02'00" W	30'
L7	N 12°58'00" E	92'
L8	N 57°58'00" E	30'

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LEGEND:
(60') LOT MIDPOINT DIMENSION

NOTES:
3 PROPOSED PUBLIC STORM DRAIN EASEMENT

GRAPHIC SCALE
60 0 30 60 120 240
(IN FEET)
1 inch = 60 ft.

N

SCALE 1"=60'

ATWELL

PHASE 3B / TENTATIVE TRACT MAP NO. 39259

P.A.'s 31, 35D, 35E, 36, 37, 46, 47A, 47C, 48A, 49A, 49B, 53 & 63A

TENTATIVE TRACT MAP

CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 8 OF 16

PHASE 3B - TENTATIVE TRACT MAP NO. 39259

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Plot Date: 04.19.2018 6:19:41 PM By: ssandoval

LEGEND:

(60') LOT MIDPOINT DIMENSION

NOTES:

3 PROPOSED PUBLIC STORM DRAIN EASEMENT

4 EXISTING INTERIM DETENTION BASIN TO BE REMOVED.

5 EXISTING INTERIM SMITH CREEK DIVERSION CHANNEL TO BE REMOVED.

GRAPHIC SCALE

60 0 30 60 120 240

(IN FEET)
1 inch = 60 ft.

N

SCALE 1"=60'

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PHASE 3B / TENTATIVE TRACT MAP NO. 39259

P.A.'s 31, 35D, 35E, 36, 37, 46, 47A, 47C, 48A, 49A, 49B, 53 & 63A

TENTATIVE TRACT MAP

CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 9 OF 16

PHASE 3B - TENTATIVE TRACT MAP NO. 39259

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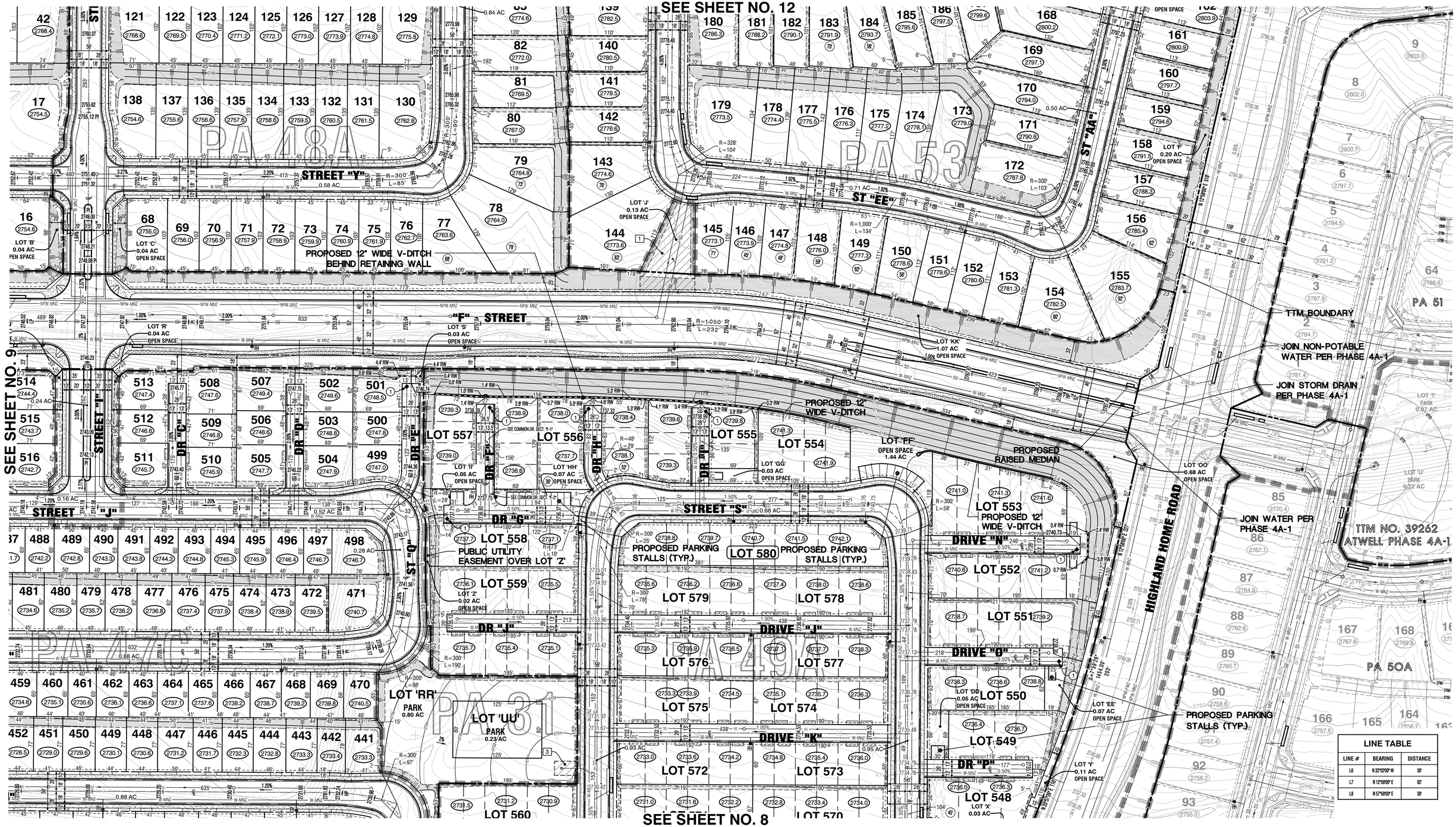

LINE TABLE		
LINE #	BEARING	DISTANCE
L6	N32°10'00" W	30'
L7	N 12°58'00" E	92'
L8	N 57°58'00" E	30'

LEGEND:

(60) LOT MIDPOINT DIMENSION

NOTES:

1. PROPOSED PUBLIC SEWER AND STORM DRAIN EASEMENT
3. PROPOSED PUBLIC STORM DRAIN EASEMENT

GRAPHIC SCALE

60 0 30 60 120 240

(IN FEET)
1 inch = 60 ft.

SCALE 1"=60'

PREPARED FOR:

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TENTATIVE TRACT MAP

CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 10 OF 16

PHASE 3B - TENTATIVE TRACT MAP NO. 39259

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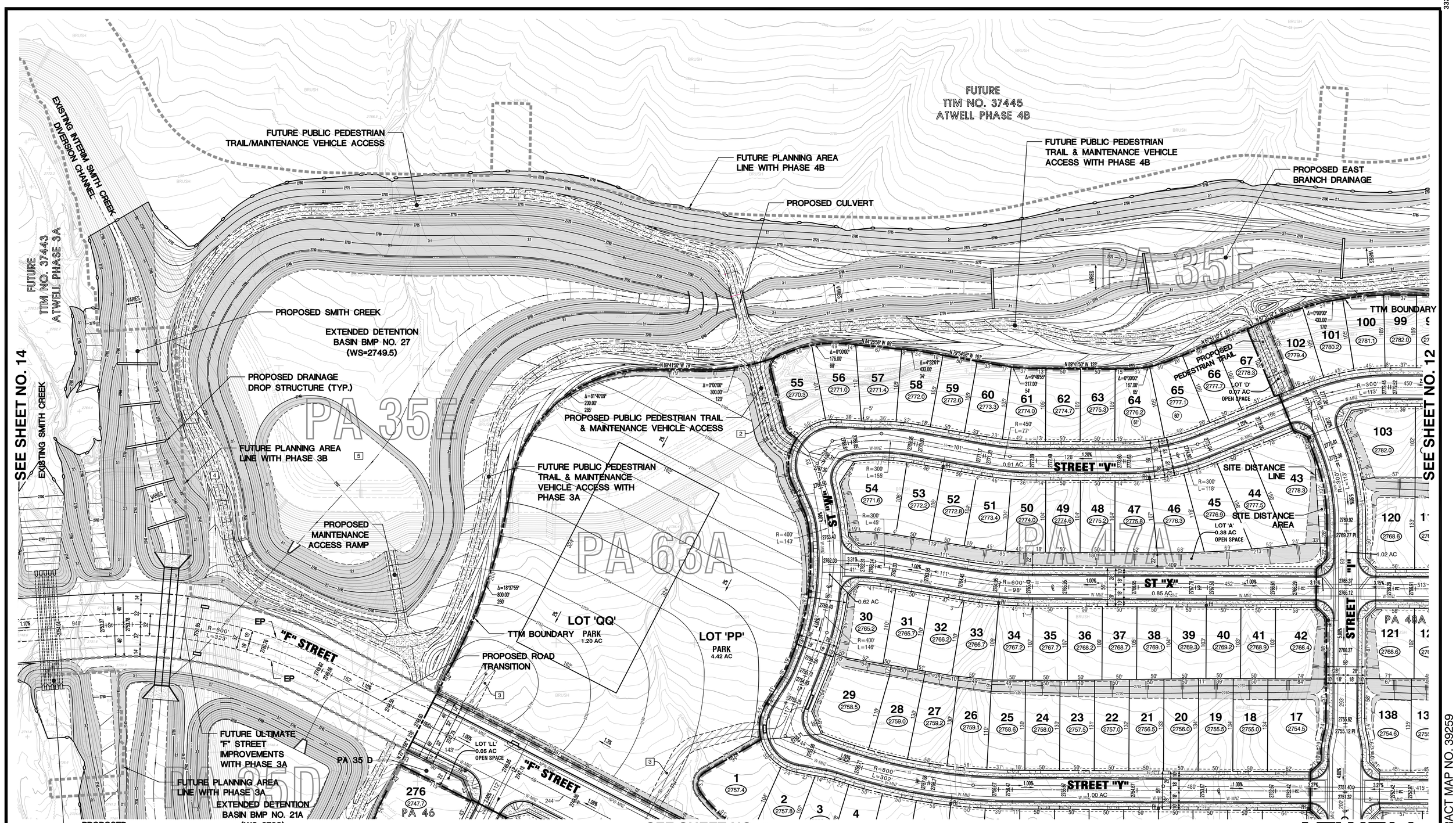

LEGEND:

(60) LOT MIDPOINT DIMENSION

NOTES:

2. PROPOSED PUBLIC SEWER EASEMENT
3. PROPOSED PUBLIC STORM DRAIN EASEMENT
4. EXISTING INTERIM DETENTION BASIN TO BE REMOVED.
5. EXISTING INTERIM SMITH CREEK DIVERSION CHANNEL TO BE REMOVED.

GRAPHIC SCALE

60 0 30 60 120 240

(IN FEET)
1 inch = 60 ft.

SCALE 1"=60'

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PHASE 3B / TENTATIVE TRACT MAP NO. 39259

P.A.'s 31, 35D, 35E, 36, 37, 46, 47A, 47C, 48A, 49A, 49B, 53 & 63A

TENTATIVE TRACT MAP

CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 11 OF 16

PHASE 3B - TENTATIVE TRACT MAP NO. 39259

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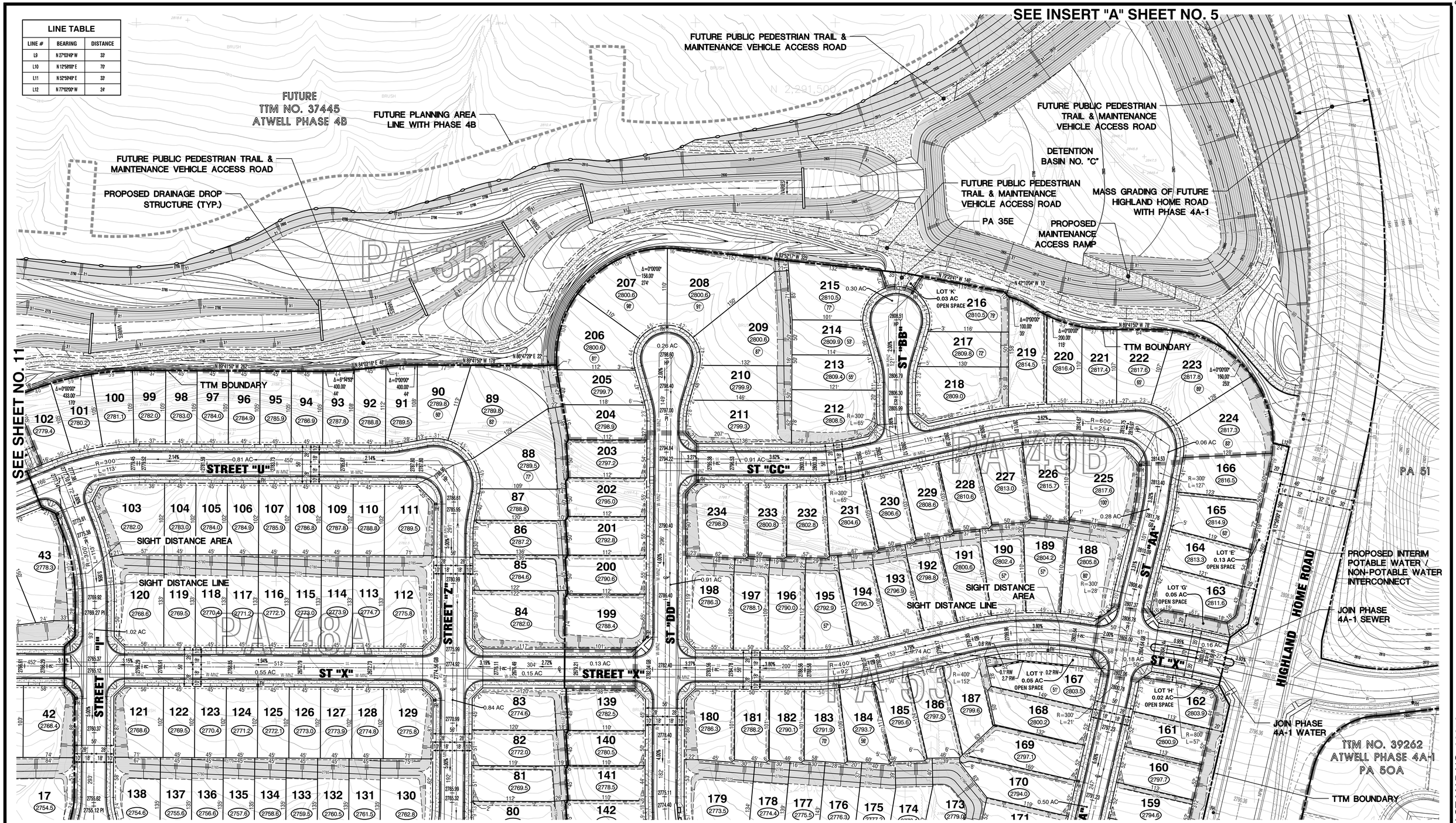
Plot Scale: 1" = 1' Dwg Scale: 1" = 60'
Plot Date: 04.19.2018 6:19:41 PM By: ssandoval

LINE TABLE		
LINE #	BEARING	DISTANCE
L9	N 27°03'49" W	33'
L10	N 12°58'00" E	70'
L11	N 52°59'49" E	33'
L12	N 77°02'00" W	24'



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PREPARED BY:

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LEGEND:

(60) LOT MIDPOINT DIMENSION

GRAPHIC SCALE

60 0 30 60 120 240

(IN FEET)
1 inch = 60 ft.

N

SCALE 1"=60'

ATWELL

PHASE 3B / TENTATIVE TRACT MAP NO. 39259

P.A.'s 31, 35D, 35E, 36, 37, 46, 47A, 47C, 48A, 49A, 49B, 53 & 63A

TENTATIVE TRACT MAP

CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 12 OF 16

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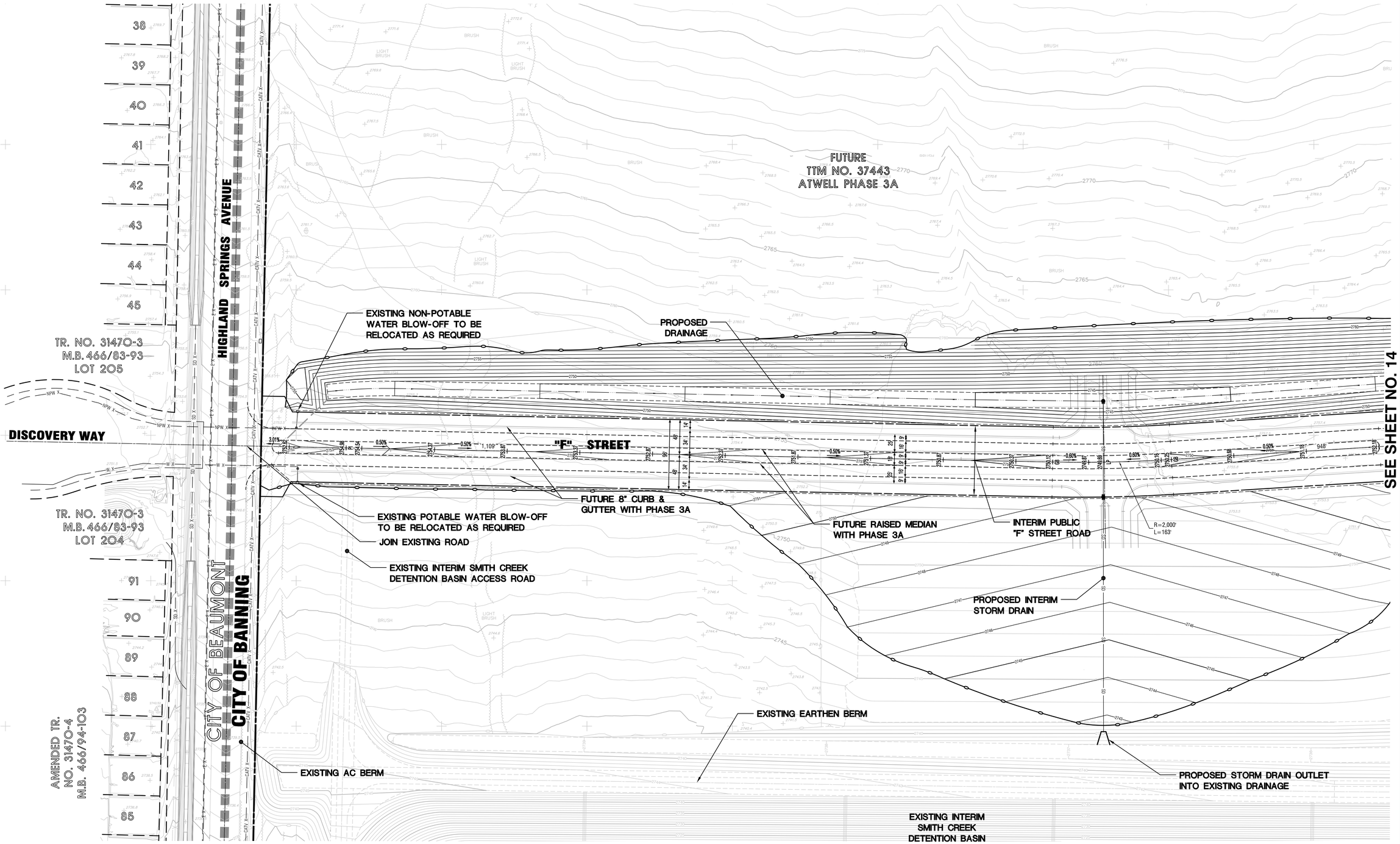

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(951) 428-4400

PREPARED BY:

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GRAPHIC SCALE
60 0 30 60 120 240
(IN FEET)
1 inch = 60 ft.

SCALE 1"=60'

ATWELL

PHASE 3B / TENTATIVE TRACT MAP NO. 39259

P.A.'s 31, 35D, 35E, 36, 37, 46, 47A, 47C, 48A, 49A, 49B, 53 & 63A

TENTATIVE TRACT MAP

CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

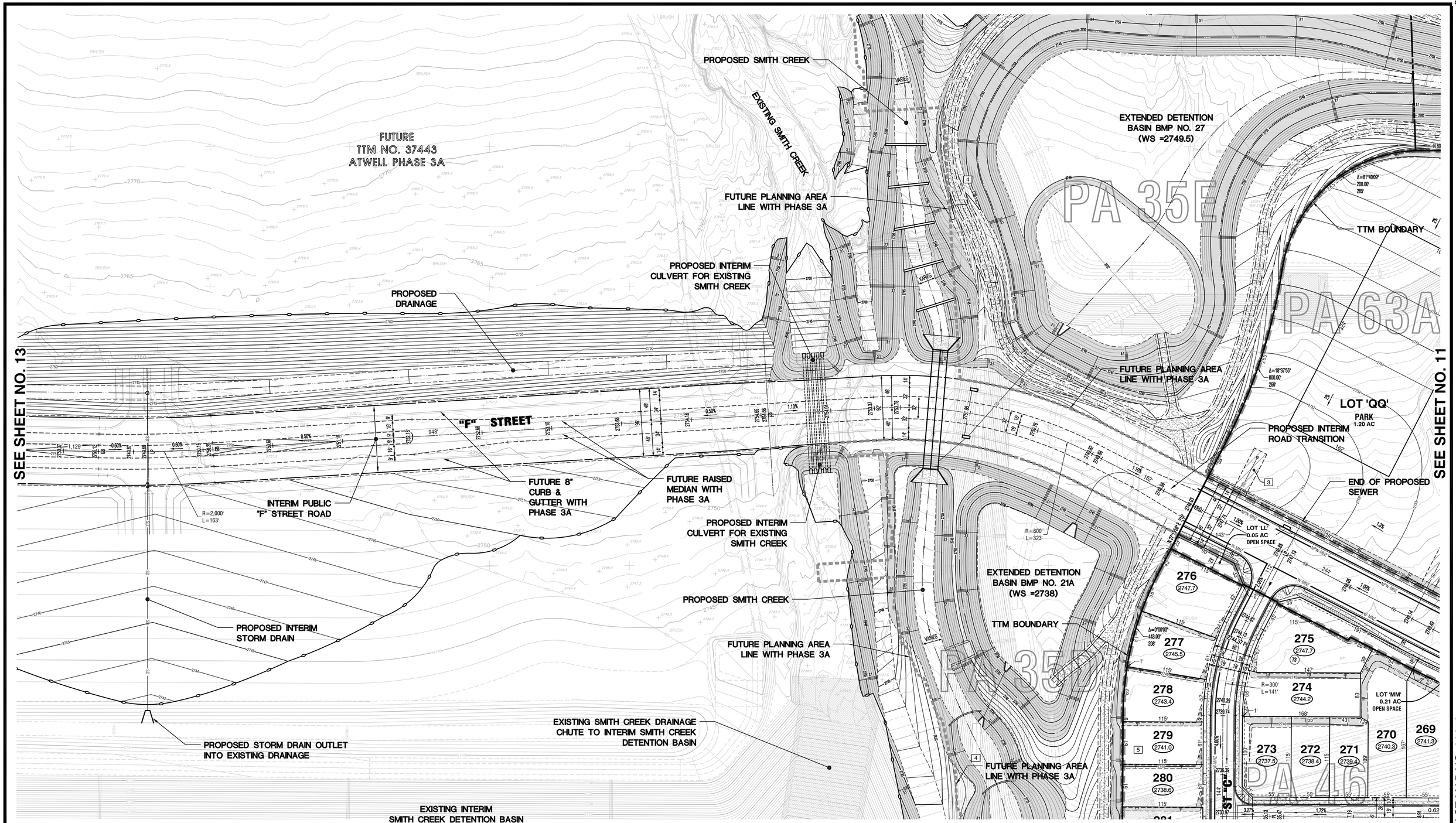
SHEET 13 OF 16

PHASE 3B - TENTATIVE TRACT MAP NO. 39259

MDS Proj. Data: I:\89414\PLANNING\Plans\TTM 37444
Created: 08.08.2025 10:18:12 AM Author:station118
Last Edit: 09.04.2025 01:33:45 PM By: ssandoval

MDS File: 89414-XR-BDR-TTM-PLANS.dwg
Plot Scale: 1" = 1" Dwg Scale: 1" = 60'
Plot Date: 04.19.2018 6:19:41 PM By: ssandoval

334



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PLANNERS ENGINEERS SURVEYORS

GRAPHIC SCALE
60 0 30 60 120 240
(IN FEET)
1 inch = 60 ft.

SCALE 1"=60'

ATWELL

PHASE 3B / TENTATIVE TRACT MAP NO. 39259

P.A.'s 31, 35D, 35E, 36, 37, **46,** 47A, 47C, 48A, 49A, 49B, 53 **& 63A**

TENTATIVE TRACT MAP

CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 14 OF 16

PHASE 3B - TENTATIVE TRACT MAP NO. 39259

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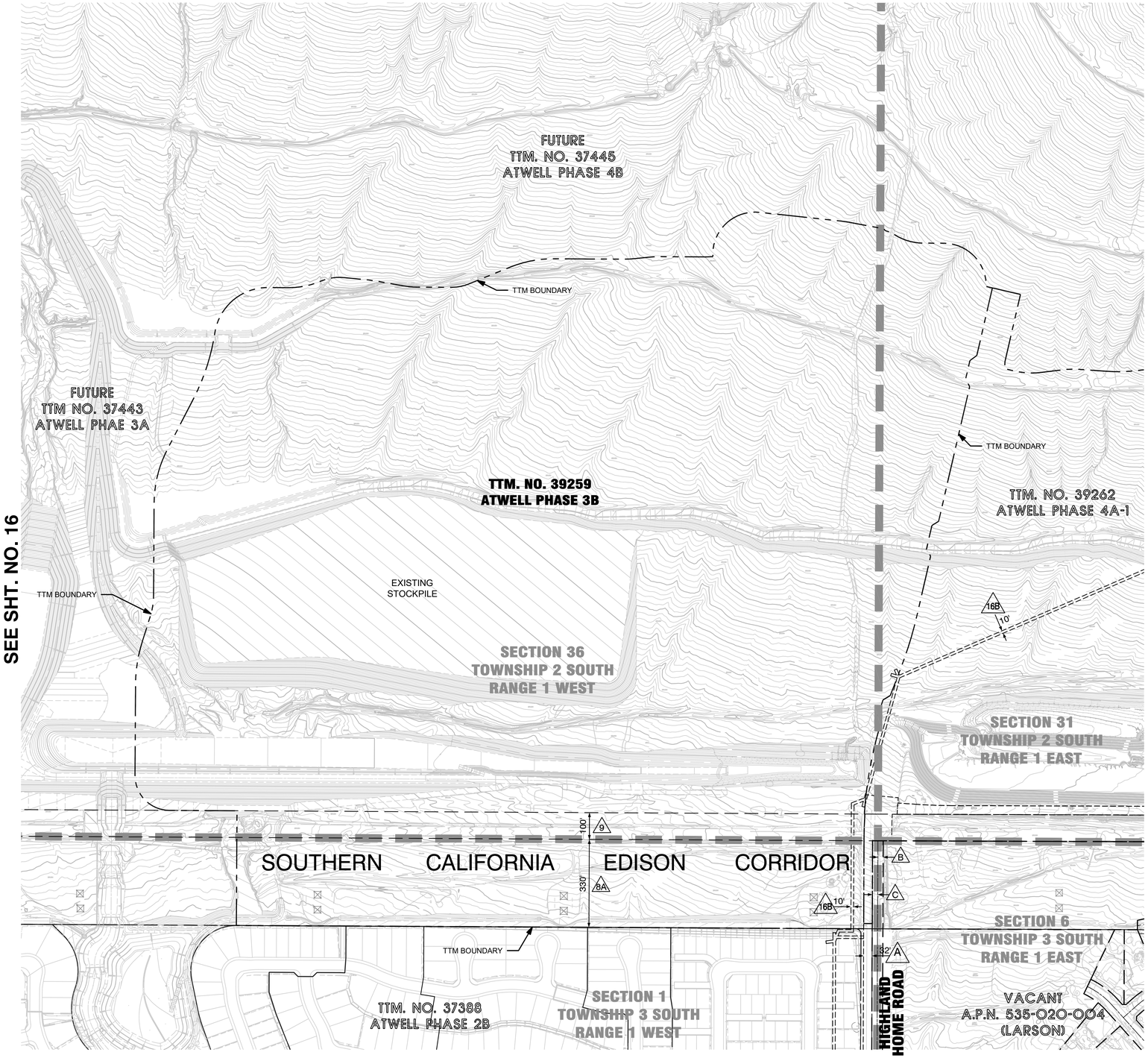

EXISTING EASEMENTS

8 — A RIGHT OF WAY FOR DITCHES AND CANALS AS RESERVED BY THE UNITED STATES OF AMERICA IN THE PATENT RECORDED DECEMBER 1, 1919 IN BOOK 8, PAGE 40 OF PATENTS.
THE LOCATION OF EASEMENT CANNOT BE DETERMINED FROM RECORD INFORMATION.

8A — AN EASEMENT FOR PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED MAY 9, 1946 AS BOOK 754, PAGE 84 OF OFFICIAL RECORDS.
IN FAVOR OF: SOUTHERN CALIFORNIA EDISON COMPANY

9 — AN EASEMENT FOR PUBLIC UTILITIES AND INCIDENTAL PURPOSES, RECORDED JANUARY 20, 1961 AS INSTRUMENT NO. 5433 OF OFFICIAL RECORDS.
IN FAVOR OF: CALIFORNIA ELECTRIC POWER COMPANY, A CORPORATION

16B — AN EASEMENT FOR PUBLIC ELECTRIC UTILITY AND INCIDENTAL PURPOSES, RECORDED OCTOBER 13, 2022 AS INSTRUMENT NO. 2022-0428552 OF OFFICIAL RECORDS..
IN FAVOR OF: THE CITY OF BANNING, A CALIFORNIA MUNICIPAL CORPORATION, AND ITS SUCCESSORS OR ASSIGNS
TO BE ABANDONED.

A — AN EASEMENT FOR PUBLIC STREET AND UTILITIES AND INCIDENTAL PURPOSES, RECORDED DECEMBER 20, 2022 AS INSTRUMENT NO. 2022-0508418 OF OFFICIAL RECORDS.
IN FAVOR OF: THE CITY OF BANNING, A POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA, AND ITS SUCCESSORS OR ASSIGNS

B — DEED TO THE COUNTY OF RIVERSIDE FOR PUBLIC HIGHWAY RECORDED SEPTEMBER 11, 1905 IN BOOK 212, PAGE 190 OF OFFICIAL RECORDS.

C — DEED TO THE COUNTY OF RIVERSIDE FOR PUBLIC HIGHWAY RECORDED DECEMBER 6, 1905 IN BOOK 211, PAGE 251 OF OFFICIAL RECORDS.

N

GRAPHIC SCALE

200 0 100 200 400 800

(IN FEET)
1 inch = 200 ft.

PREPARED FOR:

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ATWELL

PHASE 3B / TENTATIVE TRACT MAP NO. 39259

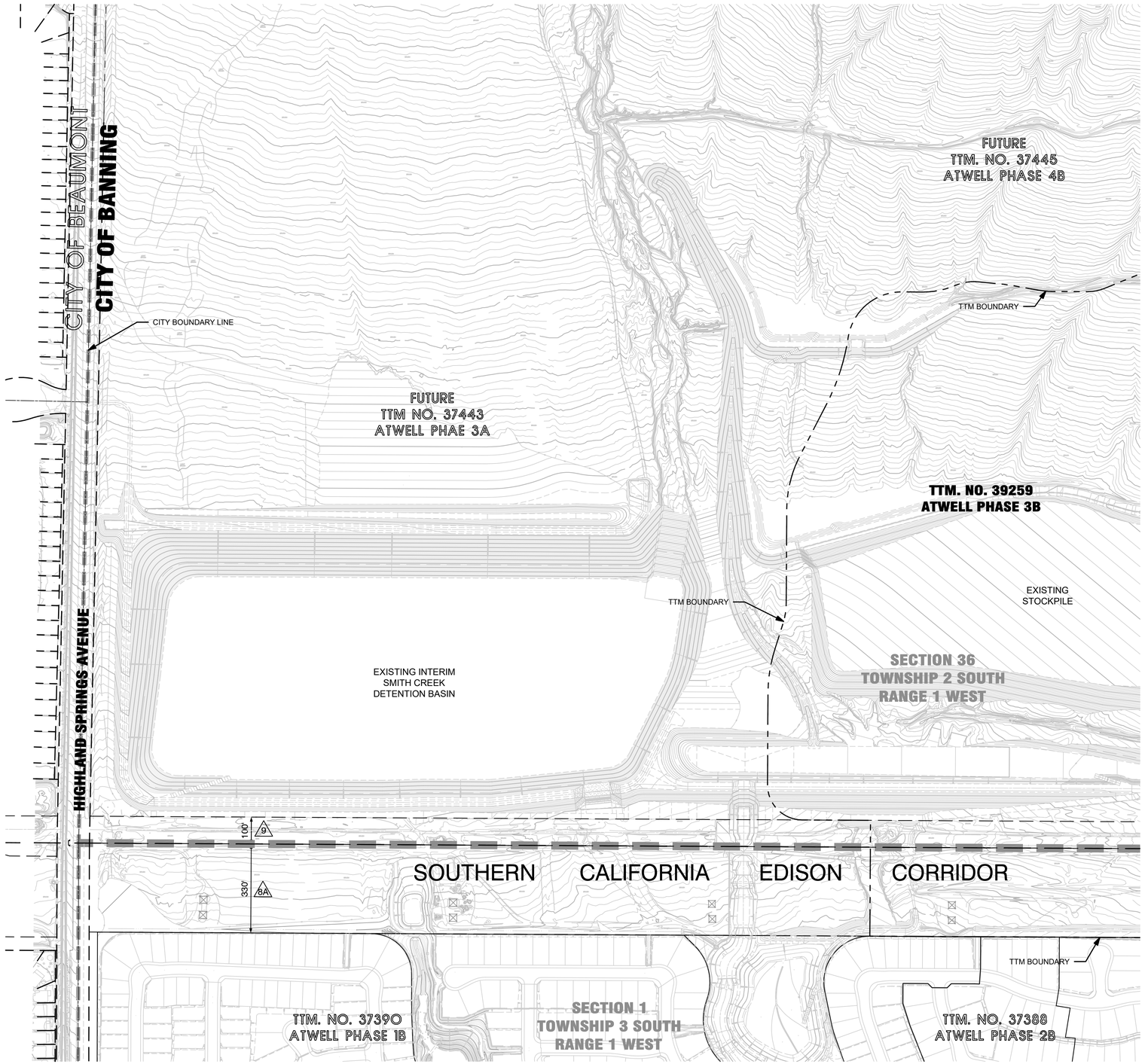
P.A.'s 31, 35D, 35E, 36, 37, 46, 47A, 47C, 48A, 49A, 49B, 53 & 63A

EASEMENT DISPOSITION MAP

CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 15 OF 16

PHASE 3B - TENTATIVE TRACT MAP NO. 39259



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IN FAVOR OF: SOUTHERN CALIFORNIA EDISON COMPANY

9 AN EASEMENT FOR PUBLIC UTILITIES AND INCIDENTAL PURPOSES, RECORDED JANUARY 20, 1961 AS INSTRUMENT NO. 5433 OF OFFICIAL RECORDS.
IN FAVOR OF: CALIFORNIA ELECTRIC POWER COMPANY, A CORPORATION

THE TERMS AND PROVISIONS CONTAINED IN THE DOCUMENT ENTITLED "DEVELOPMENT AGREEMENT" RECORDED JULY 17, 2012 AS INSTRUMENT NO. 2012-0332888 OF OFFICIAL RECORDS.

N

GRAPHIC SCALE

200 0 100 200 400 800

(IN FEET)
1 inch = 200 ft.

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ATWELL

PHASE 3B / TENTATIVE TRACT MAP NO. 39259

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EASEMENT DISPOSITION MAP

CITY OF BANNING, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

SHEET 16 OF 16

PHASE 3B - TENTATIVE TRACT MAP NO. 39259

MDS Proj. Data: I:\89414-P\PLANNING\Plans\TTM 37444
Created: 09.08.2025 05:28:37 PM Author:----
Last Edit: 10.31.2025 05:08:03 PM By: Ssandoval

MDS File: 89414-P46-TENT-16 (EASEMENT).dwg
Plot Scale: 1" = 1" Dwg Scale: 1" = 60'
Plot Date: 10.31.2025 5:08:47 PM By: ssandoval

Butterfield Specific Plan Project
Mitigation Monitoring and Reporting Program

Project File No.:_____ Applicant: _____
EIR Prepared by: _____ Date:_____

Mitigation Measure No./ Implementation Action	Responsible for Monitoring	Timing of Verification	Method of Verification	Verified Date/ Initials
Aesthetics, Light and Glare				
AES-1: Development or revegetation shall be initiated within three months following initiation of mass grading or clearing activities, so as to limit the time graded surfaces remain in their exposed state, consistent with the Specific Plan's approved landscape design guidelines and landscape plans and the provisions of Title 18.15.020 of the City's *Municipal Code*. A Revegetation Plan, addressing interim revegetation during construction and for future development areas prior to buildout, shall be submitted for City review and approval as part of each grading permit application.	CDD	D,F	A2,C2	
AES -2: The faces of all slopes shall be prepared, protected and maintained to control erosion and to reduce the visual impacts of slope grading. Slopes in excess of ten feet in height shall be graded pursuant to City Code requirements. Devices or procedures for erosion protections shall be installed as prescribed by State law and regulations and Title 18 of the City's *Municipal Code* and shall be maintained in operable condition by the developer during the duration of the activity for which the grading permit was issued. The use of plastic sheeting for erosion control shall be avoided except where required in emergency conditions to prevent land slippage. Preferred means of erosion and sediment control on slopes and pads shall include hydromulching, placement of straw bales and wind fencing, and the use of straw blankets and similar devises.	CDD	D,G	A2,C2	
AES -3: The Project developer shall maintain the site free of debris, which shall be promptly removed from the site when found at least once a quarter and at least daily during construction, and the Project developer shall monitor the site at least once a quarter and at least daily during construction to protect the site from illegal dumping.	DPW	C	A2	

Responsible Person	Monitoring Frequency	Method of Verification
CDD – Community Development Director or designee	A - With each new development	A2 - Onsite inspection
CP - City Planner or designee	B - Prior to construction	B2 - Other agency permit/ approval
CE - City Engineer or designee	C - Throughout construction	C2 - Plan check
BO - Building Official or designee	D - On completion	D2 - Separate submittal (e.g., reports/studies/ plans)
PC - Police Captain or designee	E - Operating	
FC - Fire Chief or designee	F - Prior to issuance of grading/building permits	
DPW - Director of Public Works or designee	G - Prior to approval of project plans and/or specifications	

Mitigation Measure No./ Implementation Action	Responsible for Monitoring	Timing of Verification	Method of Verification	Verified Date/ Initials
AES -4: The Project developer and its successor(s) in interest inclusive of the HOA or Landscape Lighting and Maintenance District, if any, shall maintain perimeter walls, fencing, irrigation, and landscape in a satisfactory condition at all times. Parkways and other landscape features visible from the public right of way shall be maintained free of weeds and trash and graffiti shall be promptly removed.	CDD,DPW	C,E	A2	
AES-5: Rough Grading Plans, including a sheet detailing the location of the construction staging, shall be approved by the City Engineer, prior to grading permit issuance. The sheet pertaining to the construction staging shall include the following provisions: • The construction equipment and supply staging areas shall be at least 500 feet from the nearest residence off site. Staging areas shall be screened. • During construction and grading, the construction contractor shall keep the site clear of all trash, weeds, and debris. Compliance with this measure is subject to periodic City inspections. • The grading contractor shall minimize creation of large stockpiles of soil (in terms of height) to minimize visual impacts pursuant to the provisions of the grading and/or stockpile permit issued by the City Engineer pursuant to the provisions of MC Section 18.09, *Grading Permit Requirements*, and the requirements of the City Engineer. • All temporary security lighting shall be designed and located so as to avoid intrusive effects on adjacent properties. Proper lighting techniques to direct light onsite and away from other properties shall be required to reduce light and glare impacts (including directional lighting away from reflective surfaces, use of non-reflective glass, low-intensity lighting, use of lighting baffles, and use of appropriate types of lighting fixtures).	CE	C,F	A2,C2	
AES-6: As part of the final design, improvement plan and grading plan review and approval process, the applicant shall design plans to preserve the existing oak tree along Highland Springs Avenue. If during this process it is determined that preservation is not feasible, the Applicant will utilize the following options to mitigate this impact. • A certified arborist shall evaluate the viability of transplanting the oak tree. If transplanting is deemed feasible by the arborist, the Project Applicant shall relocate the oak tree to a suitable location as approved by the City and verified by the arborist within the Project boundaries, or	CP	C,D,F	A2,C2	

Responsible Person	Monitoring Frequency	Method of Verification
CDD – Community Development Director or designee	A - With each new development	A2 - Onsite inspection
CP - City Planner or designee	B - Prior to construction	B2 - Other agency permit/ approval
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Mitigation Measure No./ Implementation Action	Responsible for Monitoring	Timing of Verification	Method of Verification	Verified Date/ Initials
• If replacement is selected, the Project Applicant as "Replacement Option #1" shall replace the oak with a single oak tree contained in a minimum of a 60-inch box if readily available and suitable for transplanting at a suitable location approved by the City and verified by the arborist, or • If replacement is selected, and Option 1 is not feasible, the Project Applicant shall replace the oak tree with 24-inch box oaks trees at a ratio of 3:1 at suitable locations approved by the City and verified by the arborist within the Project boundaries.				
AES-7: Prior to issuance of building permits, architectural plans, including detailed lighting specifications, shall be submitted for the review and approval by the City of Banning Community Development Director. The specifications shall be consistent with lighting standards included in the Specific Plan and shall meet or exceed the lighting standards contained in the City's Municipal Code. The lighting plans must demonstrate the following to the satisfaction of the City of Banning Community Development Director: • Use of low-sodium lamps of 4,050 lumens (maximum), to provide for adequate public safety and security; • A lighting standard that is shielded to direct illumination downward and to limit casting light and glare on adjacent properties; • Exterior lighting, including street lights, landscape lighting, parking lot lighting, and lighting of the interior of parks and trails shall be sufficient to establish a sense of well-being for the pedestrian and sufficient to facilitate recognition of persons at a reasonable distance. Type (lighting standard) and placement of lighting shall be to the satisfaction of the Community Development Director or designee and shall be consistent with the requirements of the City's most current lighting ordinance and the standards of the Specific Plan ; • A minimum of one foot-candle at ground level overlap provided in all exterior doorways and vehicle parking areas, and on outdoor pedestrian walkways presented on a photometric plan; and • Outdoor light fixtures that are not covered by the Specific Plan's lighting standards shall be subject to the City of Banning *Municipal Code*.	CDD	C,F,G	A2,C2,D2 (lighting plans)	
Air Quality				

Responsible Person	Monitoring Frequency	Method of Verification
CDD – Community Development Director or designee	A - With each new development	A2 - Onsite inspection
CP - City Planner or designee	B - Prior to construction	B2 - Other agency permit/ approval
CE - City Engineer or designee	C - Throughout construction	C2 - Plan check
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Mitigation Measure No./ Implementation Action	Responsible for Monitoring	Timing of Verification	Method of Verification	Verified Date/ Initials
AQ-1: Prior to issuance of any Grading Permit, the Director of Public Works and the Building Official shall confirm that the Grading Plan, Building Plans, and specifications stipulate that, in compliance with SCAQMD Rule 403, excessive fugitive dust emissions shall be controlled by regular watering or other dust prevention measures, as specified in the SCAQMD's Rules and Regulations. In addition, in accordance with SCAQMD Rule 402, the Applicant shall implement dust suppression techniques to prevent fugitive dust from creating a nuisance off-site. Implementation of the following measures are required: • All active portions of the construction site shall be watered at least twice daily to prevent excessive amounts of dust; • On-site vehicle speed shall be limited to 15 miles per hour; • All on-site permanent roads shall be paved, watered as needed, or chemically stabilized; • Visible dust beyond the property line which emanates from the project shall be prevented to the maximum extent feasible through the use of dust suppressant techniques identified above; • All material transported off-site shall be either sufficiently watered or securely covered to prevent excessive amounts of dust prior to departing the job site; • Track-out devices shall be used at all construction site access points; • All delivery truck tires shall be watered down and/or scraped down prior to departing the job site; and • Replace groundcover on disturbed areas within the required timeframes identified in Rule 403.	DPW,BO	C,F	A2,C2	
AQ-2: All trucks that are to haul excavated or graded material on-site shall comply with State Vehicle Code Section 23114 (Spilling Loads on Highways), with special attention to Sections 23114(b)(F), (e)(4) as amended, regarding the prevention of such material spilling onto public streets and roads. Prior to the issuance of grading permits, the Applicant shall coordinate with the appropriate City of Banning Engineer on hauling activities compliance.	DPW,BO	C,F	A2,C2	
AQ-3: Prior to the issuance of building permits, the City building official shall confirm that construction plans and specifications include the following measures, which shall be implemented to reduce ROG emissions resulting from application of architectural coatings:	DPW,BO	C,F	A2,C2	

Responsible Person	Monitoring Frequency	Method of Verification
CDD – Community Development Director or designee	A - With each new development	A2 - Onsite inspection
CP - City Planner or designee	B - Prior to construction	B2 - Other agency permit/ approval
CE - City Engineer or designee	C - Throughout construction	C2 - Plan check
BO - Building Official or designee	D - On completion	D2 - Separate submittal (e.g., reports/studies/ plans)
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Mitigation Measure No./ Implementation Action	Responsible for Monitoring	Timing of Verification	Method of Verification	Verified Date/ Initials
• Contractors shall use high-pressure-low-volume (HPLV) paint applicators with a minimum transfer efficiency of at least 50 percent; • Coatings and solvents with a ROG content lower than required under Rule 1113 shall be used; • Construction and building materials that do not require painting shall be used where readily available; and • Pre-painted construction materials shall be used where readily available.				
AQ-4: Prior to issuance of any Grading Permit, the Director of Public Works and the Building Official shall confirm that the Grading Plan, Building Plans and specifications stipulate that, in compliance with SCAQMD Rule 403, ozone precursor emissions from construction equipment vehicles shall be controlled by maintaining equipment engines in good condition and in proper tune per manufacturer's specifications, to the satisfaction of the City Engineer. A set of maintenance records shall be provided to the City before grading commences. The City Inspector shall be responsible for ensuring that contractors comply with this measure during construction.	DPW,BO	C,F	A2,C2	
AQ-5: Prior to issuance of any Grading Permit, the grading plan shall indicate dust management measures for review and approval by the City Engineer, to identify viable dust control measures and include a monitoring plan to be implemented throughout the construction phases of the Specific Plan. In accordance with the Specific Plan and City's Municipal Code, the dust management measures shall minimize wind-blown particles by including: • All applicable mitigation measures identified in this EIR (related to dust control) and otherwise required by the City or SCAQMD; • An erosion and sediment control plan to minimize wind or waterborne transport of soil onto adjacent properties, streets, storm drains, or drainages; and • A Revegetation Plan to address interim conditions between initial grading and final site development. The Revegetation Plan, although focused on the control of wind and water erosion, shall consider compatibility with fuel modification zone requirements, drought tolerant landscape requirements, and potential ongoing livestock grazing. Special techniques such as wind fences shall also be considered, to minimize surface soil and dust during high wind events.	CE	C,F	A2,C2	

Responsible Person	Monitoring Frequency	Method of Verification
CDD – Community Development Director or designee	A - With each new development	A2 - Onsite inspection
CP - City Planner or designee	B - Prior to construction	B2 - Other agency permit/ approval
CE - City Engineer or designee	C - Throughout construction	C2 - Plan check
BO - Building Official or designee	D - On completion	D2 - Separate submittal (e.g., reports/studies/ plans)
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Mitigation Measure No./ Implementation Action	Responsible for Monitoring	Timing of Verification	Method of Verification	Verified Date/ Initials
AQ-6: GPS-controlled "machine-guided grading", or other equivalent grading techniques, shall be incorporated into Project grading plans, subject to review and approval by the City Engineer. The City Engineer shall approve the areas of the site where this technology shall be used.	CE	C,F	A2,C2	
AQ-7: The following measures shall be implemented during construction to substantially reduce NOX related emissions. They shall be included in the Grading Plan, Building Plans, and specifications. • Off-road diesel equipment operators shall be required to shut down their engines rather than idle for more than five minutes, and shall ensure that all off-road equipment is compliant with the CARB in-use off-road diesel vehicle regulation and SCAQMD Rule 2449. • The following note shall be included on all grading plans: "The City shall require construction contractors to utilize diesel powered construction equipment that meets EPA-Certified Tier III emissions standards, or higher according to the following: ○ January 1, 2012, to December 31, 2014: All off-road diesel-powered construction equipment greater than 50 hp shall meet Tier 3 off-road emissions standards at a minimum. In addition, all construction equipment shall be outfitted with BACT devices certified by CARB. Any emissions control device used by the contractor shall achieve emissions reductions that are no less than what could be achieved by a Level 3 diesel emissions control strategy for a similarly sized engine as defined by CARB regulations. ○ Post-January 1, 2015: All off-road diesel-powered construction equipment greater than 50 hp shall meet the Tier 4 emission standards, where available. In addition, all construction equipment shall be outfitted with BACT devices certified by CARB. Any emissions control device used by the contractor shall achieve emissions reductions that are no less than what could be achieved by a Level 3 diesel emissions control strategy for a similarly sized engine as defined by CARB regulations. ○ A copy of each unit's certified tier specification, BACT documentation, and CARB or SCAQMD operating permit shall be provided at the time of mobilization of each applicable unit of equipment. ○ Encourage construction contractors to apply for AQMD "SOON" funds.	DPW,BO	C,F	A2,C2	

Responsible Person	Monitoring Frequency	Method of Verification
CDD – Community Development Director or designee	A - With each new development	A2 - Onsite inspection
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Incentives could be provided for those construction contractors who apply for AQMD "SOON" funds. The "SOON" program provides funds to accelerate clean up of off-road diesel vehicles, such as heavy duty construction equipment. More information on this program can be found at the following website: http://www.aqmd.gov/tao/Implementation/SOONProgram.htm" • The contractor and applicant, if the applicant's equipment is used, shall maintain construction equipment engines by keeping them tuned and regularly serviced to minimize exhaust emissions. • Low sulfur fuel for stationary construction equipment shall be required. This is required by SCAQMD Rules 431.1 and 431.2. • Existing power sources (i.e., power poles) shall be used when available. • Construction parking shall be located on-site where possible and shall be configured to minimize traffic interference. • Obstruction of through-traffic lanes shall be minimized by providing temporary traffic controls such as flag persons, cones and/or signage during all phases of construction when needed to maintain smooth traffic flow. Construction shall be planned so that lane closures on existing streets are kept to a minimum. • Construction operations affecting traffic shall be scheduled for off-peak hours, except in situations deemed necessary. • Develop a traffic plan to minimize traffic flow interference from construction activities. The plan shall specify the times during which construction activities will occur and particular times when travel lanes cannot be blocked (e.g., peak traffic periods as directed by the affected City Engineer). The plans shall provide details regarding the placement of traffic control, warning devices and detours. As a supplement to the traffic plan, the construction contractor shall coordinate with the affected agency to determine the need for a public information program which would inform area residents, employers and business owners of the details concerning construction schedules and expected travel delays, detours, and blocking of turning movements lanes at intersections. The public information programs could utilize various media venues (e.g., newspaper, radio, television, telephone hot lines, internet website, etc.) to disseminate information such as:				

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Mitigation Measure No./ Implementation Action	Responsible for Monitoring	Timing of Verification	Method of Verification	Verified Date/ Initials
○ Overview of project information ○ Weekly updates on location of construction zones; ○ Identification of street(s) affected by construction; ○ Times when construction activities will occur and when traffic delays, and blockage of intersection turning movements can be expected; and ○ Identification of alternate routes which could be used to avoid construction.				
AQ-8: The potential future construction and implementation of an onsite WWTP shall require a Conditional Use Permit (CUP) to be approved by the City of Banning, as well as design review of the proposed site plan and building architecture, landscaping and lighting.	CDD	B,F,G	D2	
Biological Resources				
BIO-1: Prior to the commencement of grading during the nesting season (approximately mid-February through mid-August), all suitable habitat shall be surveyed for the presence of nesting birds by a qualified biologist prior to site disturbance. Should any active nests be located, construction must comply with Migratory Bird Treaty Act requirements, including a 300-foot construction buffer around active nests or avoiding construction during the nesting season if a 300-foot buffer is infeasible.	DPW (verify pre-construction survey), BO (verify monitoring & implementation)	B,C,F	A2,C2,D2	
BIO-2: A preconstruction clearance survey for burrowing owl will be performed within 30 days prior to ground disturbance in potentially suitable habitat within the site, pursuant to CDFG protocols. The preconstruction survey will include a 300-foot buffer if between February 1 and August 31 (nesting season) and a 100-foot buffer if outside of this period. If owls are found within the survey area during the nesting season, construction activities will not occur within 300 feet of the occupied burrows until nesting is completed. A qualified biologist must confirm that the nesting effort has been completed prior to the removal of the work buffer restriction. If owls are found within the disturbance footprint outside of the February 1 through August 31 period, passive relocation (e.g. use of one way doors and collapse of burrows) will occur. These surveys and mitigation for burrowing owl are consistent with Section 6.3.2, *Additional Survey Needs and Procedures* of the MSHCP.	DPW (verify pre-construction survey), BO (verify monitoring & implementation)	B,C,F	A2,C2,D2	
BIO-3: The applicant shall provide mitigation for the temporary disturbance to 9.22 acres of CDFG jurisdictional waters at a minimum 1:1 ratio, which includes approximately 0.02 acres of vegetated riparian habitat, and the temporary disturbance to 8.65 acres of Regional Board and	DPW (verify pre-construction	B,C,F	A2,C2,D2	

Responsible Person	Monitoring Frequency	Method of Verification
CDD – Community Development Director or designee	A - With each new development	A2 - Onsite inspection
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USACE jurisdiction. The applicant shall provide mitigation for the permanent impact disturbance to 2.47 acres of CDFG jurisdiction, of which 0.41 acre consists of vegetated riparian habitat and the permanent disturbance to 1.17 acres of USACE jurisdiction, of which 0.01 acre consists of jurisdictional wetlands. The mitigation requirements will be determined through applicable regulatory permitting programs of CDFG, RWQCB, and USACE, and shall consist of minimum 1:1 mitigation through onsite restoration of 9.22 acres within the Smith Creek drainage and other onsite areas, which will be performed concurrently with development of the golf course (PAs 35 and 39) or alternative uses within these PAs and 1:1 mitigation through onsite restoration of 2.47 acres of permanent habitat within, or adjacent to, Smith Creek.	survey), BO (verify monitoring & implementation)			
BIO-4: Prior to the issuance of the grading permits the developer shall complete and submit all required protocol and habitat assessment studies required to demonstrate compliance with the MSHCP. Specifically, a DBESP (Determination of Biologically Equivalent or Superior Preservation), following approval of all required permits for the CDFG and USACE, shall be prepared, which shall be reviewed by the CDFG and USFWS and approved by City staff, in compliance with Section 6.1.2 of the MSHCP. The applicant shall implement the approved DBESP as a condition of the issuance of a grading permit and comply with all biological mitigation measures contained within the DBESP.	CDD	B,C,D,E,F	B2,D2	
BIO-5: The following mitigations shall be incorporated into the construction plans and specifications to minimize any potentially adverse construction impacts: • Construction areas will be watered regularly to control dust and minimize impacts to adjacent vegetation and wildlife habitat. • Short-term stream diversions will be accomplished by use of gravel bags or other methods that will result in minimal in-stream impacts. Short-term diversions will be evaluated through the riparian/riverine component of the MSHCP Consistency analysis (Section 6.1.2) (refer to Mitigation Measure BIO-4) which will require a DBESP analysis to be prepared. In addition the 401, 404, and 1602 permitting processes will evaluate short-term impacts relative to stream diversions. All biological mitigation measures contained within the 401, 404 and 1602 approval conditions and DBESP shall be implemented pursuant to BIO-3 and BIO-4, respectively, which typically require 1:1 onsite restoration. Any mitigation beyond the 1:1 restoration of the original stream will be mitigated onsite through negotiations with CDFG, RWQCB, and	DPW,BO	C,F	A2,D2	

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USACE. • Equipment storage, fueling and staging areas will be sited on non-sensitive upland habitat types with minimal risk of direct discharge into riparian areas or other sensitive habitat types. • The limits of jurisdictional disturbance, including the upstream, downstream along Smith Creek and lateral extents that are tributaries to Smith Creek, will be clearly defined and marked in the field. Monitoring personnel will review the limits of disturbance prior to initiation of construction activities. • During construction, the placement of equipment within the stream or on adjacent banks or adjacent upland habitats occupied by Covered Species that are outside of the Project footprint will be avoided. • Exotic, weedy plant species removed during construction will be properly handled to prevent sprouting or re-growth. • Waste, dirt, rubble, or trash shall not be deposited in a conservation area or on native habitat.				
Climate Change				
GHG-1: Prior to the issuance of building permits, the following measures shall be reflected on applicable tract maps, building permits, improvement plans, landscape plans and/or grading plans: **a)** ***Green Building Practices*** 1) **Water Conservation** – All appliances such as showerheads, lavatory faucets and sink faucets shall comply with efficiency standards set forth in Title 20, California Administrative Code Section 1604(f). Title 24 of the California Administrative Code Section 1606(b) prohibits the installation of fixtures unless the manufacturer has certified to the California Energy Conservation compliance with the flow rate standards. 2) **Water Conservation** – Low-flush toilets shall be installed as specified in California State Health and Safety Code Section 17921.3 and the County Green Building Ordinance [as applicable in Riverside County]. 3) **Water Conservation** – All common area irrigation areas shall be operated by a	DPW,BO	A,F,G	A2,C2	

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computerized irrigation system which includes an on-site weather station/ET gage capable of reading current weather data and making automatic adjustments to independent run times for each irrigation valve based on changes in temperature, solar radiation, relative humidity, rain and wind. In addition, the computerized irrigation system shall be equipped with flow sensing capabilities, thus automatically shutting down the irrigation system in the event of a mainline break or broken head. All common area irrigation controllers shall also include a rain-sensing automatic shutoff. 4) **Water Conservation** – Common-area landscaping shall emphasize drought-tolerant vegetation. Plants of similar water use shall be grouped to reduce over-irrigation of low-water-using plants. Those irrigated areas not designed with drought-tolerant vegetation shall be gauged to use the minimum amount of water needed to maintain healthy vegetation. 5) **Water Conservation** – Residential occupants shall be informed as to the benefits of low-water-using landscaping and sources of additional information related to water conservation documents. 6) **Water Conservation** – Community Center or Recreational Facilities with a pool amenity shall be conditioned to provide and use a pool cover to reduce water evaporation and retain heat. 7) **Water Conservation** – Water conservation standards shall be noted in the Tier 1 measures of the 2010 California Green Building Standards. 8) **Energy, Water, and Recycling –** **The builder shall be conditioned to provide the following**: • Energy efficient appliances; • Energy efficient indoor lighting • Water efficient smart controllers for landscaping • Water efficient plumbing in all buildings • Integrate recycling into residential home design. Create areas in the home to promote recycling (additional trash cans in cabinets, etc.) • Energy Efficiency standards shall be as noted in the Tier 1 measures of the 2010 California Green Building Standards. 9) **Carbon Sequestration** – The builder shall plant an average of approximately				

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40 trees per landscaped acre (where landscaping is provided) as a means to capture (sequester) carbon dioxide emissions and to provide shade to the buildings, which can decrease the need for air conditioning.				
10) **Green Education Program** - In order to increase awareness of green building practices and to promote water and energy conservation, the builder(s) shall develop and implement a green educational program. The program shall include but not necessarily be limited to a pamphlet that educates and promotes conservation practices that homeowners can implement, with specific guidance on landscaping with drought tolerant plants, use of efficient irrigation systems, compact florescent lighting, and other measures that help lower GHG emissions.				
11) **Energy Efficient Outdoor Lighting** – Lighting for public streets, parking areas, and recreation areas shall utilize energy efficient light and mechanical, computerized or photo cell switching devices to reduce unnecessary energy usage.				
12) **Energy Conservation** – Community Center or Recreational Facilities with a pool amenity shall be conditioned to install energy-efficient pumps and motors, such as variable speed motors.				
b) ***Solid Waste Measures***				
1) Reuse and recycle construction and demolition waste (including, but not limited to, soil, vegetation, concrete, lumber, metal, and cardboard).				
2) Shall comply with state model ordinance AB 1327, Chapter 18 California Solid Water Reuse and Recycling Access Act of 1991, which requires interior and exterior storage areas for recyclables and green waste and adequate recycling containers located in public areas.				
c) Transportation and Motor Vehicles				
1) Limit idling time for commercial vehicles, including delivery and construction vehicles, pursuant to applicable SCAQMD and City requirements.				
2) Promote ride sharing programs e.g., by designating a certain percentage of parking spaces for ride sharing vehicles, designating adequate passenger loading and unloading and waiting areas for ride sharing vehicles, and providing a web site or message board for coordinating rides. The actual				

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percentage of potential ride sharing vehicle spaces will be determined in coordination with the City Planning Director or designee based on square footage and use type (e.g., shopping center, office, fitness center, etc.) prior to approval of a site plan within the commercial land use Planning Areas. 3) Provide adequate bicycle parking near non-residential building entrances to promote cyclist safety, security, and convenience. Provide facilities that encourage bicycle commuting (e.g., locked bicycle storage or covered or indoor bicycle parking). 4) All golf carts and Neighborhood Electric Vehicles (NEVs) shall be electrical powered only.				
GHG-2: The Butterfield Specific Plan shall be conditioned to allow the following uses (as reflected on future tract maps and commercial site plans), to further promote renewable energy resources, including: a) Allowing rooftop solar on all structures, subject to City Municipal Code and related building permit provisions; b) Allowing electric vehicle charging stations at all commercial, park, golf course, multi-family residential, and school areas, subject to a Conditional Use Permit; and c) Allowing hydrogen vehicle fueling stations within the Commercial zone, subject to a Conditional Use Permit.	DPW,BO	A,F,G	A2,C2	
GHG-3 As part of future tract map, grading plan, site plan and/or improvement plan submittals, the Applicant shall identify bus stop provisions along arterial streets, through consultation with the City Engineer and Banning Pass Transit, including stops on Highland Springs Road, Wilson Street, Highland Home Road, and F Street as determined appropriate.	CE	A,D,F,G	A,D,F,G	C2,D2 (site plans)
Cultural Resources				
CUL-1: The Project Applicant shall prepare a paleontological resource impact mitigation program (PRIMP) for the grading and excavation phase of the Project, including both on- and off-site activities. The PRIMP shall be submitted for review and approval prior to issuance of any grading permit, and shall conform to the guidelines of the County of Riverside and the Society of Vertebrate Paleontology; including the following: • A trained paleontological monitor shall be present during initial mass grading or deep trenching activities within the Project in sediment areas determined likely to contain	CDD	C,F	A2,C2,D2	

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paleontological resources. If paleontological resources are located within excavation, the monitoring program will change to full-time. The monitor shall be empowered to temporarily halt or redirect construction activities to ensure avoidance of adverse impacts to paleontological resources. The monitor shall be equipped to rapidly remove any large fossil specimens encountered during excavation. During monitoring, samples shall be collected and processed to recover microvertebrate fossils. Processing shall include wet screen washing and microscopic examination of the residual materials to identify small vertebrate remains. • Upon encountering a large deposit of bone, salvage of all bone in the area shall be conducted with additional field staff and in accordance with modern paleontological techniques. • All fossils collected during the Project shall be prepared to a reasonable point of identification. Excess sediment or matrix shall be removed from the specimens to reduce the bulk and cost of storage. Itemized catalogs of all material collected and identified shall be provided to the museum repository along with the specimens. • A report documenting the results of the monitoring and salvage activities and the significance of the fossils will be prepared. • All fossils collected during this work, along with the itemized inventory of these specimens, shall be deposited in a museum repository for permanent curation and storage.				
CUL-2: Prior to the issuance of a grading permit, an archaeological resource monitoring plan shall be developed by a qualified archaeologist. This plan shall include a grading observation schedule, to be maintained when initial mass grading occurs in upper soils, to identify and further evaluate any cultural resources that may be discovered in the Project area. A qualified archaeologist shall be retained to attend pre-grading meetings and to monitor earth moving activities, including clearing, grubbing, cutting, and trenching at the site. The archaeologist shall carefully inspect these areas to assess the potential for significant prehistoric or historic remains. If potential archaeological and historical resources are uncovered, the construction contractor shall cease grading operations in the vicinity of the find until further evaluation is undertaken to assess the discovery. Further subsurface investigation may be needed if the resource is determined unique or important for its prehistoric or historic information.	CDD	C,F	A2,C2,D2	

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CUL-3: All earthmoving activity occurring within 30 meters of the on-site refuse scatter (LSA-PDH0601-H-2) shall be monitored by a qualified archaeologist. If archaeological remnants are discovered during monitoring, the archaeologist shall have the authority to divert construction in order to assess the significance of the find. Remnants shall be properly evaluated, documented, and deposited as applicable, consistent with State and local protocols.	DPW,BO	C	A2	
CUL-4: If previously unknown cultural resources, including human remains, are identified during grading activities, a qualified archaeologist shall be retained to assess the nature and significance of the find. If human remains are encountered, State Health and Safety Code Section 7050.5 states that no further disturbance shall occur until the County Coroner has made a determination of origin and disposition pursuant to Public Resources Code Section 5097.98. The County Coroner shall be notified of the find immediately. If the remains are determined to be prehistoric, the Coroner shall notify the Native American Heritage Commission (NAHC), which shall determine and notify a Most Likely Descendant (MLD). With the permission of the landowner or his/her authorized representative, the MLD may inspect the site of the discovery. The MLD shall complete the inspection within 24 hours of notification by the NAHC. The MLD may recommend scientific removal and nondestructive analysis of human remains and items associated with Native American burials.	DPW,BO	C	A2	
Geology, Soils, and Seismicity				
GEO-1: All structures on the Project site shall be constructed pursuant to the most current applicable seismic standards, as determined by the City as part of the tract map, grading plan, and building permit review processes, with building setbacks as recommended by the Project's Seismic Hazard Analysis (Geocon 2005). Design criteria developed for Project structures shall also be based on the most current standards of practice and design parameters suggested by the Structural Engineers Association of California based on the recommendations and amendments to the CBC by the Division of State Architect for specific types of buildings and occupancies.	DPW,BO	C,F	A2,C2	
GEO-2: A detailed analysis of site geotechnical conditions, field investigation and slope stability analyses shall be conducted as 40-scale grading plans for mass and fine grading are prepared in the course of the phased development of the Project site. These studies shall be submitted to the City Building Department or Building Official, and their recommendations incorporated into Project design to the satisfaction of the City Engineer, prior to the issuance of any grading permits, including those for mass grading, in areas where slopes of 10 feet or more in height	DPW,BO,CE	C,F	A2,C2,D2	

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are anticipated and/or where evidence of debris flows or past landslides is found.				
GEO-3: The Project site shall be constructed pursuant to the following mitigation measure contained in the City of Banning General Plan EIR, Geotechnical Element: • During the site grading, all existing vegetation and debris shall be removed from areas that are to receive compacted fill. Any trees to be removed shall have a minimum of 95 percent of the root systems extracted. Man-made objects shall be over excavated and exported from the site. Removal of unsuitable materials may require excavation to depths ranging from 2 to 4 feet or more below the existing site grade. • All fill soil, whether on site or imported, shall be approved by the individual Project soils engineer prior to placement as compaction fill. All fill soil shall be free from vegetation, organic material, cobbles and boulders greater than 6 inches in diameter, and other debris. Approved soil shall be placed in horizontal lifts or appropriate thickness as prescribed by the soils engineer and watered or aerated as necessary to obtain near-optimum moisture-content. • Fill materials shall be completely and uniformly compacted to not less than 90 percent of the laboratory maximum density, as determined by American Society for Testing and Materials (ASTM) Test Method D-1557-78, or equivalent test method acceptable to the City Building Department. The project soils engineer shall observe the placement of fill and take sufficient tests to verify the moisture content, uniformity, and degree of compaction obtained. In-place soil density should be determined by the sand-cone method, in accordance with ASTM Test Method D1556-64 (74), or equivalent test method acceptable to the City Building Department. • Finish cut slopes generally shall not be inclined steeper than 2:1 (horizontal to vertical). Attempts to excavate near-vertical temporary cuts for retaining walls or utility installation in excess of 5 feet may result in gross failure of the cut and may possibly damage equipment and injure workers. All cut slopes must be inspected during grading to provide additional recommendations for safe construction. • Finish fill slopes shall not be inclined steeper than 2:1 (horizontal to vertical). Fill slope surfaces shall be compacted to 90 percent of the laboratory maximum density by either overfilling and cutting back to expose a compacted core or by approved	DPW,BO,CE	C,F	A2,C2	

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mechanical methods. • Foundation systems that utilize continuous and spread footings are recommended for the support of one- and two-story structures. Foundations for higher structures must be evaluated based on structure design and on-site soil conditions. • Retaining walls shall be constructed to adopted building code standards and inspected by the Building Inspector. • Positive site drainage shall be established during finish grading. Finish lot grading shall include a minimum positive gradient of 2 percent away from structures for a minimum distance of 3 feet and a minimum gradient of 1 percent to the street or other approved drainage course. • Utility trench excavations in slope areas or within the zone of influence of structures should be properly backfilled in accordance with the following: (a) Pipes shall be bedded with a minimum of 6 inches of pea gravel or approved granular soil. Similar material shall be used to provide a cover of at least 1 foot over the pipe. This backfill shall then be uniformly compacted by mechanical means or jetted to a firm and unyielding condition. (b) Remaining backfill may be fine-grained soils. It shall be placed in lifts not exceeding 6 inches in thickness or as determined appropriate, watered, or aerated to near optimum moisture content, and mechanically completed to a minimum of 90 percent of the laboratory maximum density. (c) Pipes in trenches within 5 feet of the top of slopes or on the face of slopes shall be bedded and backfilled with pea gravel or approved granular soils as described above. The remainder of the trench backfill shall comprise typical on-site fill soil mechanically completed as described in the previous paragraph.				
Hazards and Hazardous Materials				
HAZ-1: The grading plans shall indicate methods to address potential contamination discovered during construction, as well as safety considerations for on-site construction personnel and the general public. Details of the plan shall include, but not be limited, to the following: • Procedures for identification of contaminated soil during earthmoving operations;	DPW,BO	B,C,F	A2,B2,C2	

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• Immediate measures to protect workers and the public from exposure to contaminated areas (e.g., fencing or hazard flagging, covering of contaminated soils with plastic, etc.) and prevent migration of the contaminants to the surrounding environment; and • Steps to be taken following initial discovery of contaminated soils. Notification shall be made to the local environmental health officials and the City's construction inspector(s) immediately following identification of previously unknown contamination within the construction area. In the event hazardous substances are encountered during site grading, work shall immediately cease in the area and the property owner/developer shall retain a qualified hazardous materials engineer to assess the impacts and prepare a response plan using risk-based cleanup standards applicable to residential land use. Upon approval of the response plan by the Fire Department or other agency, as applicable, the engineer shall obtain any required permits, oversee the removal of such features and/or conduct the response work to the satisfaction of the Fire Department or other agency, as applicable, until closure status is attained.				
HAZ-2: As part of construction specifications, procedures for the fueling and maintenance of construction vehicles shall be required to minimize the potential for accidental release of hazardous materials. This shall include locating refueling and maintenance areas minimum of 500 feet from occupied residential uses. Drip plans shall be placed under motorized equipment when parked on the site to prevent soil contamination from dripping oil or other fluids.	DPW,BO	C,F	A2,C2	
HAZ-3: Hazardous construction waste management practices are to be implemented pursuant to the Best Management Practices contained in the California Stormwater BMP Handbook (2009)[1] and shall include the following: 1. All hazardous construction wastes as defined by Title 22 Division 4.5, or listed in 40 CFR Pars 110, 117, 261, or 302, including but not limited to petroleum products, concrete curing compounds, palliatives, septic wastes, stains, wood preservatives, asphalt products, pesticides, acids, paints, solvents, roofing tar, sandblasting grid mixed with lead-, cadmium-, or chromium based paints, asbestos, or PCBs, that	DPW,BO	C,F	A2,C2	

[1] California Stormwater Quality Association, 2009 Construction BMP Handbook, 2010, accessed from *https://www.casqa.org/casqastore/entitiy/tabid/169/c-4-best-management-practice-bmp-handbooks.aspx* 3.10.11

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cannot be reused or recycled shall be disposed of by a licensed hazardous waste hauler. 2. Wastes shall be stored in sealed containers constructed of suitable material and shall be labeled as required by Title 22 CCR, Division 4.5 and 49 CFR Parts 172, 173, 178, and 179. 3. Waste containers shall be stored in temporary containment facilities that should comply with the following requirements: a. Temporary containment facility shall provide for a spill containment volume equal to 1.5 times the volume of all containers able to contain precipitation from a 25 year storm event plus the greater of 10 percent of the aggregate volume of all containers or 100 percent of the largest tank within its boundary, whichever is greater. b. Temporary containment facility shall be impervious to the materials stored there for a minimum contact time of 72 hours. c. Temporary containment facilities shall be maintained free of accumulated rainwater and spills. In the event of spills or leaks, accumulated rainwater and spills should be placed into drums after each rainfall. These liquids shall be handled as a hazardous waste unless testing determines them to be non-hazardous. d. Sufficient separation shall be provided between stored containers to allow for spill cleanup and emergency response access. e. Incompatible materials such as chlorine and ammonia shall not be stored in the same temporary containment facility. d. Throughout the rainy season, temporary containment facilities shall be covered during non-working days and prior to rain events. 4. Storage drums shall not be overfilled and wastes should not be mixed. 5. Unless watertight, containers of dry waste shall be stored on pallets. 6. Herbicides and pesticides shall not be over used. Only the amount needed shall be prepared. Apply surface dressings in several small applications as opposed to one large application. Allow time for infiltration and avoid excess material being carried off-site by runoff. Do not apply such chemicals immediately prior to rain events. All persons applying pesticides must be certified in accordance with federal and State				

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regulations. 7. Paint brushes and equipment for water and oil based pants should be cleaned within a contained area and shall not be allowed to contaminate soil, watercourses or drainage systems. Waste paints, thinners, solvents, residues, and sludges that cannot be recycled or reused shall be disposed of as hazardous waste by a licensed hazardous waste hauler. 8. Hazardous waste storage areas on-site shall be located away from storm drains or water courses and way from moving vehicles and equipment to prevent accidental spills. 9. Containment berms shall be used in fueling and maintenance areas and where the potential for spills is high. 10. Potentially hazardous waste shall be segregated from non-hazardous construction site debris. 11. Liquid or semi-liquid hazardous materials shall be stored in appropriate containers and under cover. 12. Hazardous waste collection sites shall be designated on-site away from watercourses and drainage systems, and shall be clearly labeled. 13. Hazardous materials shall be stored in containers and protected from vandalism. 14. All employees and subcontractors shall receive on-site training in hazardous waste storage and disposal procedures. 15. Areas treated with chemicals shall be identified with appropriate warning signage 16. Place a stockpile of spill clean-up materials where it will be readily accessible 17. Inspect and verify that activity-based BMPs are in place prior to the commencement of associated activities. While activities associated with the BMP are underway, BMPs shall be inspected on a weekly basis. 18. A copy of hazardous waste manifests shall be maintained on-site for access by City inspectors.				
HAZ-4 The abandoned well identified in the 2007 Converse Consultant's Technical Memorandum for the Butterfield Specific Plan shall be properly capped and any associated pipeline abandoned and/or removed from the site pursuant to applicable State and federal Guidelines.	DPW,BO	C,D	B2,C2,D2	

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HAZ-5 Prior to issuance of grading permits, the following remediation efforts shall occur: • The batteries, auto parts, tires and the diesel engine observed on the concrete pad next to the well and any associated fuel sources shall be removed and disposed of in compliance with all applicable regulations by waste haulers certified by the State for the handling and disposal of such wastes; • Piles of asphalt debris and inert trash observed in various locations throughout the property shall be removed following their inspection by a hazardous waste consultant and, if required, by a cultural resource consultant, and the material removed and disposed of pursuant to all applicable laws and regulations. • Prior to the removal of any potentially hazardous debris, additional environmental assessment and testing shall be completed pursuant to the recommendations of a certified environmental consultant and appropriate methods of handling and disposal shall be identified and implemented pursuant to existing (or then current) regulations and procedures for any particular hazardous waste or toxic material identified.	DPW,BO	C,F,D	A2,C2,D2	
HAZ-6 The contractor shall ensure that precautions are taken to avoid the Southern California Gas Company pipeline observed crossing the property diagonally from the west-center of the Project site to the southeast corner and that may be present along the alignments of the proposed off-site infrastructure. Such precautions shall include calling Dig Alert prior to any construction activity to determine and mark the exact location of this pipeline and close coordination with Southern California Gas Company to ensure that appropriate measures are taken by SCGC, including potential reduction in pressure and on-site monitoring, to protect both workers and the pipeline from accidental damage during grading activities. The appropriate identification and setbacks shall be maintained in order to ensure the safety of adjacent properties.	DPW,BO	B,C	A2,C2	
HAZ-7: The Applicant shall ensure that the existing high pressure gas line is replaced by the operator with pipeline that is PUC-rated for location in residential areas. Replacement of the pipeline and required relocation shall occur prior to trenching for sewer, water and storm drain within 25 feet of the outer edge of the pipeline easement and/or prior to the issuance of building permits for residences located within 100 feet of the ultimate pipeline alignment and prior to the paving of any roads within the pipeline alignment. Unless directed otherwise by the PUC, wet utility crossings shall observe a minimum ten-foot vertical separation and ten-feet of horizontal separation from the pipeline, given the needed depth of utility services.	DPW,BO	C,D,G	A2,C2	

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Undergrounded electrical services shall observe a minimum 10 foot horizontal separation from the pipeline. The location of the pipeline shall be indicated with appropriate curbside notation and/or monuments at minimum 50-foot intervals along its route and by ground-level monumentation through the golf course, or at intervals required by the PUC.				
HAZ- 8: A permit shall be obtained from the Riverside County Fire Department (Banning Services Unit) and, if required, from the County Department of Environmental Health, prior to installation of any temporary above ground fuel storage tank on the Project site. • A hazardous materials business plan consisting of an owner/operator page, a chemical description/inventory page, and a site map must be submitted with the application for permit. • The storage area shall be kept free of weeds and extraneous combustible material. • Plans must be submitted for approval prior to installation. Aboveground fuel/mixed liquid tanks(s) shall meet the following standard: Tank must be tested and labeled to UL2085 Protected Tank Standard or SwRI 93-01. The test must include the Projectile Penetration Test and the Heavy Vehicle Impact Test. A sample copy of the tank's label from an independent test laboratory must be submitted with the tank plans. • The tank shall be kept 50 feet from buildings and conspicuously marked with the name **DIESEL** and **COMBUSTIBLE – KEEP FIRE AWAY**. • The tank shall be located within a secondary containment area such as earthen berms covered from end to end by a thick mil plastic. Concrete or steel may also be used to provide secondary containment. /show calculations for secondary containment on the Site Plan. • The tank shall be secured to prevent movement on the containment surface or be mounted on metal skids (not on an elevated stilt rack). • The project manager or contractor shall contact the fire department representative for inspections at the time prior to when product is put into the tank to verify compliance, **AND** at the time when the tank is removed from the site to check for evidence of ground contamination.	DPW,BO,FC	B,D	B2,C2,D2 (Hazardous Materials Business Plan)	
HAZ-9: Prior to the approval of Final Tract maps, the City Engineer and Riverside County Fire Department (Banning Services Unit) shall discuss with the Applicant approximate locations of work activities and ingress and egress points in and out of the construction site to assure there	DPW,CE,FC	A,F	B2,C2	

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is adequate access and communications protocols for emergency response vehicles during each of the proposed construction phases.				
HAZ-10: Prior to the issuance of grading permits or road encroachment permits, a Traffic Management Plan providing safety control measures for area-wide streets that would be affected by construction traffic and activities must be prepared by a licensed civil or traffic engineer, to the satisfaction of the City Engineer, that would minimize safety hazards and emergency access impacts. The temporary measures in the Traffic Management Plan could include: flaggers, temporary lane restriping, temporary lanes, caution signs, reduced-speed zones, temporary detours, and other safety and traffic control devices.	DPW,CE	A,B,F	C2,D2	
HAZ-11: All proposed subdivisions within the Specific Plan project area shall be evaluated by the Fire Department to determine whether the Department's Urban-Wildland Interface requirements should be implemented as part of the development. If the Department determines that either an interim or permanent condition of high fire risk would be present, a Fuel Modification Plan that meets the then-current requirements of the Fire Department shall be prepared and shall be approved by the Fire Department prior to recordation of a Final Tract Map. Maintenance of interim fuel modification areas shall be the responsibility of the master Homeowners Association and/or the property owner and/or a LLMP and temporary maintenance easements shall be recorded over interim fuel modification areas. Such easements shall be quitclaimed when the Fire Department determines that additional new development has eliminated the need for fuel modification in these areas.	DPW,FC	A,D,E,F	A2,C2,D2	
HAZ-12: Seed mix used for the temporary re-vegetation of graded areas that will remain as undeveloped open space for a period of 6 months or more shall consist primarily of drought-tolerant grasses that may combine native and non-native species. These mixes include grasses that require little maintenance and do not grow tall, but do provide sufficient vegetative coverage to be effective in controlling wind and water-caused erosion. Defensible spaces as defined by the Fire Department pursuant to Chapter 49 of the California Fire Code shall be maintained around the exposed perimeters of subdivisions abutting un-irrigated grassland and/or chaparral through weed abatement, mowing, and other fuel reduction/modification strategies.	DPW,BO	C,D,E	A2,B2,C2	
HAZ-13: The applicant shall continue to provide annual fuel modification as required by City code. The annual fuel modification (thinning) shall also be conducted in the future development areas south of Highland Home Road extension as needed (which excludes PAs 50,	DPW,BO,FC	C,E	A2,B2,C2	

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51, 52, 60, 61 and 73, which shall remain natural until such time these areas are developed or require infrastructure improvements).				
Hydrology and Water Quality				
HWQ-1: The following measures shall be reflected in applicable Tentative Tract Maps (TTMs), site plans, grading plans, and/or improvement plans to the satisfaction of the City Engineer, prior to applicable plan/permit approval: 1) All building pads within the Specific Plan shall be constructed so that they are free from flood hazard for the 100-year frequency storm by elevating finished floor elevations above the 100-year level of flood protection. 2) The depths of flow in the Project's streets shall not exceed top of curb elevations for the 10-year frequency storm event. 3) Streets shall be oriented to allow for maximum potential conveyance of regional flooding during significant storm events to expedite the passage of storm flows through the Specific Plan area. 4) The Specific Plan will be phased so that 100-year flood protection is ensured in all areas of development. Interim improvements (such as temporary debris basin, earthen channels/berms, check dams, sand bag barriers,, or other temporary BMP and flood protection measures; refer to Mitigation Measure HWQ-1, bullet #6 and 7 below) shall be provided as development progresses to protect against flooding, erosion, siltation, and water quality impacts. 5) All subdivisions implemented as part of the Specific Plan shall be required to detain any incremental increase in drainage within the Project Boundary until the Riverside County Flood Control and Water Conservation District Master Drainage Plan ("Banning" – Zone 5) is fully implemented downstream of the Project site. 6) Construction of each phase shall include an assessment of the size and flow patterns of the adjacent undeveloped areas of the Specific Plan site. Interim phase on-site facilities shall provide developed phases with required flood protection pursuant to Code. 7) Temporary basins shall be constructed to meet detention requirements and earthen channels/berms shall be used to divert and convey flows during construction phases.	DPW,CE,BO	F	C2	

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Noise				
NOI-1: As a condition of approval of all grading and building permits, the Applicant shall comply with the following list of noise reduction measures, subject to inclusion of additional provisions at the discretion of the Building Official as appropriate: • Excavation, grading, and other noise-intensive construction activities related to the proposed Project shall be restricted to the hours of operation allowed under Section 8.44.090.E, Noise Prohibited – Unnecessary Noise Standard – Construction, Landscape Maintenance or Repair, of the City Municipal Code. Any deviations from these standards shall require the written approval of the City Building Official. The days and hours shall also apply to any servicing of equipment and to the movement of materials to and from the site. • The developer shall require, as a condition of contract, that all construction equipment operating on the site be equipped with mufflers and sound control devices (e.g., intake silencers and noise shrouds) no less effective than those provided on the original equipment and no equipment shall have an unmuffled exhaust. • The developer shall require all contractors, as a condition of contract, to maintain and tune-up all construction equipment to minimize noise emissions • Stockpiling and vehicle staging areas shall be located a minimum of 500 feet from occupied residences, and screened from these uses by a solid noise attenuation barrier where necessary to achieve City Municipal Code-required noise attenuation levels. • Solid noise attenuation barriers (temporary barriers or noise curtains) with a sound transmission coefficient (STC) of at least 20 shall be used along Project boundaries adjacent to sensitive receptors, where noise monitoring, performed by a qualified noise monitor, indicates exceedance of City Municipal Code noise levels for more than 15 minutes in any one hour period. • Construction activities that occur outside the allowable hours per City standards 6 PM to 7 AM) shall require approval of the City Building Official based on demonstration of unusual circumstances and avoidance of significant impacts to neighboring sensitive receptors. Construction noise exceeding City standards (i.e., interior noise in excess of 50 dBA or exterior noise in excess of 65 dBA) and statutory time limits is anticipated,	DPW,BO	C,F	A2,C2	

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shall require implementation of additional noise attenuation measures such as temporary noise "curtains" to reduce construction noise to meet City Standards, or offer the affected sensitive receptors the option of temporary relocation at the Developer's expense for the duration of the impact. • All stationary construction equipment (e.g., air compressor, generators, etc.) shall be operated as far away from the residential and institutional uses as practicable. If necessary to meet the City's noise standards, the equipment shall be shielded with temporary sound barriers, sound aprons, or sound skins to the satisfaction of the Building Official. • In areas subject to potentially significant construction noise impacts, the developer shall be required to monitor and document compliance with all applicable noise level limits. • Construction haul routes for large equipment and material import/export shall be specified to minimize the use of routes affecting sensitive receptors (e.g., residential, parks, hospitals, schools, convalescent homes, etc.). Construction phasing for individual subdivisions shall be designed to avoid the need for construction vehicles and related construction traffic to traverse occupied residential neighborhoods. In all cases, trucks shall utilize a route that is least disruptive to sensitive receptors. Construction trucks shall avoid weekday and Saturday AM and PM peak hours (7 AM to 9 AM and 4 PM to 6 PM).				
NOI-2: Prior to the issuance of each grading or building permit, the Applicant shall submit to the Building Official a proposed Construction Noise Monitoring Program to respond to and track complaints pertaining to construction noise, throughout demolition and/or grading. Throughout and/or grading, these measures shall include the following: • A procedure and phone numbers for notifying the City Building and Safety Department staff and Banning Police Department (during regular construction hours and off-hours); • A sign prominently posted on-site containing the permitted construction days and hours and complaint procedures and the name and phone number of the person(s) to notify in the event of a problem. The sign shall also include a listing of both the City and construction contractor's telephone numbers (during regular construction hours	DPW,BO	B,C,F	A2,C2,D2	

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and off-hours); • The designation of an on-site construction complaint and enforcement manager for the Project. The manager shall act as a liaison between the Project and its neighbors. The manager's responsibilities and authority shall include the following: ○ An active role in monitoring project compliance with respect to noise; ○ Ability to reschedule noisy construction activities to reduce effects on surrounding sensitive receivers; ○ Site supervision of all potential sources of noise (e.g., material delivery, construction staging areas, construction workers, debris box pick-up and delivery) for all trades; ○ Intervening or discussing mitigation options with contractors; and ○ Conducting a preconstruction meeting shall be held with the job inspectors and the general contractor/on-site project manager to confirm that noise measures and practices (including construction hours, neighborhood notification, posted signs, etc.) are completed.				
NOI-3: The Applicant shall, through contract specifications, prohibit the use of any on-site construction equipment generating greater than 0.049 RMS (greater than 79 VpD) within 25 feet of any sensitive use or limit the use of equipment exceeding this standard to less than 30 events per day.	DPW,BO	C,F	A2,C2	
NOI-4: Prior to the issuance of grading permits or encroachment permits for the improvement of Highland Home Road (aka Meridian Street) between future "D Street" and Wilson Street, an acoustical study shall be completed by the Applicant (using construction-level improvement plans and/or more detailed grading plans) and submitted to the City for review and approval. The acoustical study will specify additional specific noise attenuation measures necessary, if any, to ensure that the City of Banning's exterior and interior noise standards are met at adjacent residential properties. Appropriate attenuation measures could include a solid wall in the landscaped parkway between future Highland Home Road and the existing frontage street.	DPW,BO	C,F	A2,C2,D2	
NOI-5: Prior to the issuance of building permits for non-residential uses (such as commercial areas, wastewater treatment plant, and the golf course clubhouse), the Applicant shall prepare a site-specific construction level noise analysis, analyzing potential on and off site noise impacts, based upon detailed grading plans, improvement plans and site plans. The grading,	DPW,BO	C,F	A2,C2,D2	

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site and/or improvement plans for these uses shall include the location of stationary noise sources, such as loading docks, air conditioning units, trash hauling and trash compactors (noise from trash pickup and compacting results from the use of hydraulic equipment to raise and lower the metal trash bins and to compact their contents), and drive-thru lanes. The noise analysis shall evaluate the potential noise impacts to the existing and proposed noise sensitive homes near the commercial areas of the project. In the event the analysis shows that noise levels for any adjacent sensitive receptor(s) would exceed applicable standards, measures shall be required to reduce noise to levels to within applicable standards, including providing enclosures for stationary sources (such as pump stations and air conditioners), and providing walls or siting to attenuate mobile or stationary sources from receptors (such as loading bays). The analysis shall be subject to review and approval by the City Building Official and shall ensure compliance with applicable exterior and interior noise standards.				
Public Services and Utilities				
PSU-1: Applicant shall communicate and work with the Fire Chief throughout Project development to determine the appropriate timing for a potential addition of a fire response unit (medic squad, fire engine), or the need for a fire station that is conceptually located in PA 60 but could be located in any Planning Area as described within the Specific Plan. When the fire station or a response unit is determined to be necessary, the Applicant shall fund and/or construct the fire response unit and/or fire station and would subsequently be credited the cost of the fire response unit or fire station towards the dedication of fire fees.	FC	C	B2	
PSU-2: The Project shall incorporate the principles of defensible space as defined by the U.S. Department of Housing and Urban Development Office of Policy Development and Research in the design of cluster housing and/or multifamily housing within the proposed Project to reduce the impact of such development on police services. These principles shall be incorporated through inclusion of the following design solutions: • Orienting the front doors and living area windows to the public street without providing "protection" of walls and fencing while providing back doors in these same units that allow access to more secure play areas and open space. • Clustering parking in close proximity to units or the must provide enclosed garages or semi-subterranean parking garages that can be secured. • Providing motion-activated security lighting.	DPW,BO	A,G	C2	

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• Clustering multifamily units around shared courtyard spaces with appropriate amenities that draw residents into the common area and encourage the development of relationships between neighbors through interaction in the public domain (See Oscar Newman, *Creating Defensible Space*, 1996, Institute for Community Design Analysis, US Department of Housing and Urban Development, Office of Policy Development and Research for applicable guidelines and design criteria.)				
PSU-3: The Project shall include potential school sites within the development by designating and setting aside two 11+ acre Planning Areas (i.e., PA 68 for Banning Unified School District and PA 20 for Beaumont Unified School District) to increase available school facilities. (The intent of Mitigation Measure PSU-3 is to initially designate and set aside each of the two 11+ acre Planning Areas, then offer these sites to the School Districts for sale or fee credit. In the event that one or both of the Districts choose to not accept the site, the Applicant may opt to implement the residential overlay on the corresponding school site, which would permit medium-density residential development at 10 du/ac).	CDD	C	B2[4]	
PSU-4: Offsite infrastructure improvements (identified in Section 3.6.3) shall comply with all of the same mitigation measures for onsite facilities, as applicable. Off-site above-ground facilities shall provide for a general biological assessment by a qualified biologist. If sensitive resources are determined to be present, those resources shall be assessed and/or delineated, mitigation measures shall be developed and imposed.	DPW,BO (fair market compensation), CDD (biological assessment)	B,F	C2,D2	
PSU-5: Prior to the issuance of building permits for an onsite satellite WWTP, the City must prepare a site-specific construction-level noise analysis analyzing potential on- and off-site noise impacts. In addition, the analysis shall evaluate the potential noise impacts to existing and proposed sensitive receptors. Construction and implementation of the wastewater treatment plant would require a Conditional Use Permit (CUP) to be approved by the City of Banning, as well as design review of the proposed site plan and building architecture, landscaping and lighting. Compliance with the existing regulations (specified under Impact 4.8-1) and on-going monitoring of the plant's operations would reduce potential impacts associated with the routine use, handling, transport, and storage of hazardous materials.	CDD	G	D2	
PSU-6: The operator of the Butterfield Specific Plan Golf Course shall prepare and implement a Operational Waste Management Plan that incorporates the Best Management Practices for the management of green waste recommended by the Golf Course Superintendent Association of	DPW,BO	E,G	A2,D2	

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America (GCSAA) including separate collection and recycling of green waste by a licensed hauler and recycling facility, on-site use of green waste for landscape mulching, and other methods acceptable to the City and the SCAQMD so as to reduce the facility's impact on landfill capacity.				
Traffic and Transportation				
TRF-1: If not constructed by the City or others, the Applicant shall construct road improvements identified in Table 4.13-9, Summary of Future Improvements ("Existing plus Project" improvements in the City of Banning only). These improvements include portions on Highland Springs Avenue in the City of Beaumont, between I-10 and Brookfield, but exclude locations that are deemed by the affected jurisdiction(s) to be infeasible due to impacts of ROW acquisition. If constructed by the Applicant, the cost of these improvements shall be credited against applicable City fees, and/or shall be eligible for reimbursement agreements with the City and/or third parties. The Improvements listed in Table 4.13-9 shall be consistent with the General Plan Circulation Element.	DPW,CE	A,D	C2	
TRF–2: As part of each Final Tract Map, or appropriate group of maps, the Applicant shall prepare a TIA Validation Report (TVR) based on the criteria provided herein for review and approval by the City Engineer. Final Tract Map approvals resulting in less than 500 p.m. peak hour trips (Exempt Maps) shall not require a TVR unless the cumulative total of prior approved Exempt Maps exceeds 1,000 p.m. peak hour trips since the last TVR. The TVR shall identify which of the Existing Plus Project improvements identified in Table 4.13-9, are required to be constructed for the respective Final Tract Map, to ensure adequate emergency access and satisfactory levels of service. "Existing plus Project" improvements in the City of Banning identified in an approved TVR shall be conditions of Final Tract Map approval. To the extent that any of the improvements mentioned above are included in a fee program, the cost for those improvements, if constructed by the Applicant, will be eligible for fee credits. The ongoing traffic impact assessment program will be based on the p.m. peak-hour trip threshold. The Final Tract Maps' total number of p.m. peak hour trips will be established based on the trip generation listed in Table 4.13-7, Project Trip Generation. If a portion of commercial development and some residential development is included in the Final Tract Map, the total number of trips generated by each use (commercial and residential) will be calculated for the p.m. peak hour and compared to a predefined threshold.	DPW,CE	A,F	C2,D2	

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Recognizing the variety of land use options, overlays and permitted or conditionally permitted uses, the TVR will also be used to verify , as the Project builds out, that the Project's total peak hour trips are consistent with the assumptions in the Project TIA.				
TRF-3: Improvement plans shall be prepared for each Project-related offsite traffic improvement and approved by the City Engineer. Improvement plans shall incorporate the following considerations, as applicable: a) Obtain encroachment permit(s) from the applicable jurisdiction(s) for offsite improvements; b) Through creative design techniques, where determined appropriate and consistent with City policy, modify roadway geometry to reduce potential impacts to existing developed areas (such as reduced lane widths, reduced or eliminated medians, reduced turn lane transition zones, and/or shifting intersection approaches to widen intersection quadrants where associated impacts would be reduced); c) Maintain access for existing residences and businesses at all times; d) Replace landscaped areas within the affected parcel and along the parcel frontage wherever practical; e) Assist the affected property owner in re-striping affected parking areas and/or reconfiguring affected driveways to avoid or offset improvement-related impacts; f) Follow applicable Project EIR mitigation measures related to biological resources (i.e., BIO-1 through BIO-5), with respect to minimizing loss of native vegetation, replacement or relocation of mature trees, use of native and/or drought tolerant vegetation in new landscaped areas, and ensuring consistency with applicable MSHCP and regulatory agency permitting provisions; and g) Compensate the affected property owner based on fair market valuation of the acquired ROW in accordance with applicable local, State and federal regulations.	CE	A,G	A2,C2	
TRF-4: The applicant shall pay a fair share toward cumulative impacts not otherwise captured in existing fee programs, funding sources or in lieu improvements noted above, if such a program is in place at the time of building permit issuance, based on project contribution percentages identified in Table 4.13-16.	DPW,BO	A,D	C2	
Water Supply				

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FC - Fire Chief or designee	F - Prior to issuance of grading/building permits	
DPW - Director of Public Works or designee	G - Prior to approval of project plans and/or specifications	

Mitigation Measure No./ Implementation Action	Responsible for Monitoring	Timing of Verification	Method of Verification	Verified Date/ Initials
WS-1: With respect to the City's Banning, Banning Bench, Banning Canyon, and Cabazon groundwater supplies, the City will: 1) Periodically, conduct a groundwater audit that evaluates groundwater level trends, production rates, groundwater quality or other aquifer/well/pump considerations from the previous year (through use of a on-going groundwater monitoring and data collection system). 2) Develop a groundwater model to allow accurate simulation of groundwater flow and groundwater quality (including potential impacts by recharge of recycled water) in the City of Banning groundwater resource area. Additionally, to avoid injury to other legal users of the Cabazon Basin, the City will: 3) Site any new well so as to not result in material interference to existing wells.	DPW	E	D2	
WS-2: Additionally, to guard against the potential adverse effects of climate change on the City's water supplies, the City will: 1) Continue to manage its imported and surface water supplies conjunctively with its groundwater supplies to maximize opportunities for groundwater storage. 2) Continue to monitor expert technical analyses of the impacts of climate change on surface and groundwater supplies and incorporate any recommendations into the City's water supply planning efforts. 3) Continue to practice and promote integrated flood management. The City will incorporate climate change findings into infrastructure design and continue to integrate water and land use practices, such as encouraging new developments to capture and treat stormwater onsite. New water infrastructure will be designed to operate under a wide range of conditions and will consider climate change impacts. 4) Continue to diversify its portfolio through increased water use efficiency and aggressive demand reductions achieved by existing and new conservation programs. The development and use of a new recycled water supply will further diversity the City's portfolio and reduce potable water demands. 5) Continue to further develop regional alliances with cities, water districts and water agencies to integrate, improve and develop regional water management.	DPW	E	D2	

Responsible Person	Monitoring Frequency	Method of Verification
CDD – Community Development Director or designee	A - With each new development	A2 - Onsite inspection
CP - City Planner or designee	B - Prior to construction	B2 - Other agency permit/ approval
CE - City Engineer or designee	C - Throughout construction	C2 - Plan check
BO - Building Official or designee	D - On completion	D2 - Separate submittal (e.g., reports/studies/ plans)
PC - Police Captain or designee	E - Operating	
FC - Fire Chief or designee	F - Prior to issuance of grading/building permits	
DPW - Director of Public Works or designee	G - Prior to approval of project plans and/or specifications	

Butterfield Specific Plan Project

Addendum Modifications to the Mitigation Monitoring and Reporting Program

Project File No.: _____ **Applicant:** _____

EIR Prepared by: _____ **Date:** _____

Mitigation Measures No./Implementation Action	Responsible for Monitoring	Timing of Verification	Method of Verification	Verified Date/Initials
Mitigation Measure AQ-7: The following measures shall be implemented during construction to substantially reduce nitrogen oxides (NOx)-related emissions. They shall be included in the Grading Plan, Building Plans, and specifications. • Off-road diesel equipment operators shall be required to shut down their engines rather than idle for more than 5 minutes, and shall ensure that all off-road equipment is compliant with the California Air Resources Board (ARB) in-use off-road diesel vehicle regulations and SCAQMD Rule 2449. • The following note shall be included on all grading plans: "The City shall require construction contractors to utilize diesel powered construction equipment that meets EPA-certified Tier III emissions standards, or higher according to the following: ~~January 1, 2012, to December 31, 2014: All off-road diesel-powered construction equipment greater than 50 hp shall meet Tier 3 off-road emissions standards at a minimum. In addition, all construction equipment shall be outfitted with best available control technology (BACT) devices certified by ARB. Any emissions control device used by the contractor shall achieve emissions reductions that are no less than what could be achieved by a Level 3 diesel emissions control~~				

~~strategy for a similarly sized engine as defined by ARB regulations.~~ ~~Post-January 1, 2015:~~ All off-road diesel-powered construction equipment greater than 50 hp shall meet the Tier 4 emission standards, where available. In addition, all construction equipment shall be outfitted with BACT devices certified by ARB. Any emissions control device used by the contractor shall achieve emissions reductions that are no less than what could be achieved by a Level 3 diesel emissions control strategy for a similarly sized engine as defined by ARB regulations." • A copy of each unit's certified tier specification, BACT documentation, and ARB or SCAQMD operating permit shall be provided at the time of mobilization of each applicable unit of equipment. • Construction contractors are encouraged to apply for AQMD "SOON" funds. Incentives could be provided for those construction contractors who apply for AQMD "SOON" funds. The "SOON" program provides funds to accelerate clean up of off-road diesel vehicles, such as heavy duty construction equipment. More information on this program can be found at the following website: http://www.aqmd.gov/tao/Implementation/SOONProgram.htm ." • The contractor and the Applicant, if the Applicant's equipment is used, shall maintain construction equipment engines by keeping them tuned and regularly serviced to minimize exhaust emissions, as required by SCAQMD Rules 431.1 and 431.2. • Existing power sources (i.e., power poles) shall be used when available. This measure would minimize the use of higher polluting gas or diesel generators. • Construction parking shall be located on the site where possible and shall be configured to minimize traffic interference.				

• Obstruction of through-traffic lanes shall be minimized by providing temporary traffic controls such as flag persons, cones, and/or signage during all phases of construction when needed to maintain smooth traffic flow. Construction shall be planned so that lane closures on existing streets are kept to a minimum. • A traffic plan shall be developed to minimize traffic flow interference from construction activities. The plan shall specify the times during which construction activities would occur and particular times when travel lanes cannot be blocked (e.g., peak traffic periods as directed by the affected City Engineer). The plans shall provide details regarding the placement of traffic control, warning devices, and detours. As a supplement to the traffic plan, the construction contractor shall coordinate with the affected agency to determine the need for a public information program that would inform area residents, employers, and business owners of the details concerning construction schedules and expected travel delays, detours, and blocking of turning movements lanes at intersections. The public information programs could utilize various media venues (e.g., newspaper, radio, television, telephone hot lines, or internet website, etc.) to disseminate information such as: o Overview of project information o Weekly updates on location of construction zones; o Identification of street(s) affected by construction; o Times when construction activities would occur and when traffic delays, and blockage of intersection turning movements can be expected; and o Identification of alternate routes that could be used to avoid construction delays.				
Mitigation Measure BIO-3: The Applicant shall provide compensatory mitigation for the temporary disturbance to CDFW jurisdictional waters, which includes approximately				

0.41 acre of vegetated riparian habitat, and the temporary disturbance to RWQCB and USACE jurisdiction, none of which consists of jurisdictional wetlands. The mitigation requirements will be determined through applicable regulatory permitting programs of the CDFW, the RWQCB, and the USACE, and shall consist of minimum 1:1 mitigation primarily through onsite restoration within the Smith Creek drainage and other on-site areas, which will be performed concurrently with development of ~~the golf course (Planning Areas [PAs] 35 and 39) or~~ alternative uses within these Planning Areas 35 and 39 (~~the golf course~~/open space ~~PAs~~ uses, including various combinations of parks, trails, native habitat, drainage facilities, water quality improvements, groundwater recharge areas, and wetland mitigation areas).				
Mitigation Measure GHG-2: The Butterfield Specific Plan shall ~~be conditioned to allow the following uses (as reflected on future tract maps and commercial site plans~~), to further promote renewable energy resources, including: • Allowing rooftop solar on all structures, subject to City Municipal Code and related building permit provisions; allowing electric vehicle charging stations at all commercial, park, golf course, multifamily residential, and school areas, subject to a Conditional Use Permit; and allowing hydrogen vehicle fueling stations				
~~**Mitigation Measure PSU-6:** The operator of the Butterfield Specific Plan Golf Course shall prepare and implement an Operational Waste Management Plan that incorporates to the extent feasible the Best Management Practices for the management of green waste recommended by the Golf Course Superintendent Association of America (GCSAA) including separate collection and recycling of green waste by a licensed hauler and recycling facility, on-site use of green waste for landscape mulching, and other methods acceptable to the City~~				

~~and the SCAQMD so as to reduce the facility's impact on landfill capacity.~~				
Mitigation Measure TRF–2: As part of each Final Tract Map, or appropriate group of maps, the Applicant shall prepare a Traffic Impact Analysis Validation Report (TVR) based on the criteria provided herein for review and approval by the City Engineer. Final Tract Map approvals resulting in less than 500 p.m. peak hour trips (Exempt Maps) shall not require a TVR, unless the cumulative total of prior approved Exempt Maps exceeds 1,000 p.m. peak hour trips since the last TVR. The TVR shall identify which of the Existing plus Project improvements identified in Table 4.13-9 are required to be constructed for the respective Final Tract Map, to ensure adequate emergency access and satisfactory levels of service. Improvements identified in an approved TVR shall be conditions of Final Tract Map approval. To the extent that any of the improvements mentioned above are included in a fee program, the cost for those improvements, if constructed by the Applicant, will be eligible for fee credits. The ongoing traffic impact assessment program will be based on the p.m. peak hour trip threshold. The Final Tract Maps' total number of p.m. peak hour trips will be established based on the trip generation listed in ~~Table 4.13-7, *Project Trip Generation*,~~ Table 3.I, *Project Trip Generation Comparison.* If a portion of commercial development and some residential development is included in the Final Tract Map, the total number of trips generated by each use (commercial and residential) will be calculated for the p.m. peak hour and compared to a predefined threshold. Recognizing the variety of land use options, overlays and permitted or conditionally permitted uses, the TVR will also be used to verify , as the Project builds out, that the Project's total peak hour trips are consistent with the assumptions in the project Traffic Impact Analysis.				

Mitigation Measure TRF-4: The Applicant shall pay a fair share toward cumulative impacts not otherwise captured in existing fee programs, funding sources, or in lieu improvements noted above, if such a program is in place at the time of building permit issuance, based on project contribution percentages identified in Table 4.13-16 of the Specific Plan EIR, with the exception of the intersections included in the Project study area for the 2016 Traffic Impact Analysis, as outlined in Table 4.13- 16A.				

To:
Office of Planning and Research

U.S. Mail:	*Street Address:*
P.O. Box 3044	1400 Tenth St. , Rm 113
Sacramento, CA 92518-3044	Sacramento, CA 95814

From:
Public Agency: City of Banning
Address: 99 E Ramsey St
Banning, CA 92220
Contact: Mark Staples
Phone: (951) 922-3122

County Clerk (Address)
County of: Riverside
2724 Gateway Drive
Riverside, CA 92507

Lead Agency (if different from above):
Address:
Contact:
Phone:

SUBJECT: Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.

State Clearinghouse Number (if submitted to State Clearinghouse): 2007091194 (Butterfield Specific Plan)

Project Title: Tentative Tract Map No. 39259 (PTN25-0004)

Project Applicant: Tri Pointe Homes

Project Location (include county):

Tentative Tract Map No. 39259 (PTM25-0004), Planning Areas, 31, 46, 47A, 47C, 48A, 49A, 49B, 53, 63A, in the Low Density Residential (LDR) and Medium Density Residential (MDR) land use districts of the Butterfield Specific Plan (Atwell) APNs 408-580-027, -032, -033, -034, -035, -036, 039, -040, -041, -042, -045, -047, -050, -051, -052, -064, City of Banning, Riverside County.

Project Description:

Tentative Tract Map No. 39259 (PTM25-0004), a proposal to subdivide 160.02-acres of land across nine (9) Planning Areas, 31, 46, 47A, 47C, 48A, 49A, 49B, 53, 63A, in the Low Density Residential (LDR) and Medium Density Residential (MDR) land use districts of the Butterfield Specific Plan (Atwell) into 544 single-family residential lots and 36 condominium lots for 248 duplex condominium units; lettered lots for a 1.03-acre and 5.62-acre parks with open space and stormwater drainage areas.

This is to advise that the City of Banning, Lead Agency has approved the above described project on January 13, 2026 and has made the following determinations regarding the above described project.

1. The project ☐ will ☒ will not] have a significant effect on the environment.
2. ☒ An Environmental Impact Report was prepared for this project pursuant to the provisions of CEQA.
   ☐ A Negative Declaration was prepared for this project pursuant to the provisions of CEQA
3. Mitigation measures [☒ were ☐ were not] made a condition of the approval of the project
4. A mitigation reporting or monitoring plan [☒ was ☐ was not] adopted for this project.
5. A statement of Overriding Considerations [☐ was ☒ was not] adopted for this project.
6. Findings [☒ were ☐ were not] made pursuant to the provisions of CEQA.
7. **The project is in compliance with the previously adopted EIR and pursuant to CEQA Guidelines 15162 (Subsequent EIRs and Negative Declarations) no further analysis or environmental actions are required. The project is subject to the adopted Mitigation Monitoring and Reporting Program of the Butterfield Specific Plan.**

This is to certify that the final EIR with comments and responses and record of the project approval, or the Negative Declaration, is available to the General Public at:

https://banningca.gov/Archive.aspx?AMID=57&Type=&ADID=

Signature (Public Agency): Title: Planning Manager

Date: January 27, 2026 Date Received for filing at OPR:

Authority cited: Sections 21083 , Public Resources Code.
Reference: Sections 21000-21174, Public Resources Code.

Revised 2011

Record Gazette
Your Community. Your Newspaper.

AFFIDAVIT OF PUBLICATION

Record Gazette
218 N. Murray St., Banning, CA 92220

Proof of Publication
(2015.5 C.C.P.)

PHN PTM25-0004 TM 39259

State of California)
County of Riverside) SS.

I am a citizen of the United States and a resident of the State of California; I am over the age of eighteen years, and not a party to or interested in the above matter. I am the principal clerk of the printer and publisher of Record Gazette, a newspaper published in the English language in the City of Banning, County of Riverside, and adjudicated a newspaper of general circulation as defined by the laws of the state of California by the Superior Court of the County of Riverside, under the date October 14, 1966, Case No. 54737.
That the notice, of which the annexed is a copy, has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

Dec 26, 2025

Executed on: December 26th, 2025

At City of Banning, California

I ceritfy (or declare) under penalty of perjury that the foregoing is true and correct.

Kaila Geaman

Signature

CITY OF BANNING
NOTICE OF PUBLIC HEARING
BEFORE THE CITY COUNCIL
Tentative Tract Map No. 39259
PTM25-0004
Northwest corner of Highland Home Road and Southern California Edison Corridor
(APN 408-580-027, -032, -033, -034, -035, -036, -039, -040, -041, -042, -045, -047, -050, -051, -052, -064)

NOTICE IS HEREBY GIVEN that the City Council of the City of Banning, California, will hold a public hearing at its meeting of January 13, 2026. The City Council meeting begins at 5:00 p.m., in the Council Chambers at City Hall, 99 East Ramsey Street, Banning, CA 92220. To observe the live meeting through your personal computer or smart phone enter the following link: https://banninglive.viebit.com or view on the Banning Government Channel on Cable Television. The purpose of this hearing is to consider applications by Tri Pointe Homes (Applicant) for a Tentative Tract Map application (TTM39259/PTM25-0004) to subdivide 16 parcels located in the Low Density Residential (LDR) and Medium Density Residential (MDR) land use districts of the Butterfield Specific Plan, totaling 160.02 acres, into 544 single-family detached residential lots, in Planning Areas 46, 47A, 47C, 48A, 49B, and 53 (98.12 acres) with minimum lot sizes from 3,400 to 5,000 square feet, and 36 condominium lots in Planning Area 49A (20.75 acres) for 248 duplex condominium units, a 1.03-acre park and 5.62-acre park in Planning Areas 31 and 63A, open space and stormwater drainage areas in the Southern California Edison (SCE) corridor in Planning Areas 36 and 37 (23.22 acres) at the northwest corner of Highland Home Road and the SCE corridor (APN 408-580-027, -032, -033,-034, -035, -036,-039, -040, -041, -042, -045, -047, -050, -051, -052, -064)
The Planning Commission reviewed the subject project at its meeting of December 3, 2025, and voted 2 to 1 to recommend approval of the application to the City Council by adopting Resolution 2025-12.

ENVIRONMENTAL DETERMINATION: The proposed

project was evaluated under the California Environmental Quality Act (CEQA) Guidelines and it was determined that the project is in compliance with the previously adopted Environmental Impact Report (EIR) for the Butterfield Specific Plan (SCH No. 2007091194) and is subject to the adopted Mitigation Monitoring and Reporting Program found here https://banningca.gov/ArchiveCenter/ViewFile/Item/1877 . Pursuant to the CEQA Guidelines Section 15162 (Subsequent EIRs and Negative Declarations) no further analysis or environmental action is required. A Notice of Determination has been prepared for the project.

REVIEW OF PROJECT INFORMATION : The proposed application, site plan, and related documents are available for public review by contacting the Community Development Department during normal business hours (Monday – Friday, 8:00am to 5:00pm) by telephone at (951) 922-3125.

COMMENT ON THIS APPLICATION: Response to this notice may be made verbally at the Public Hearing and/or in writing before the hearing:

· You may provide oral comments at the in-person hearing. Agendas are available at least 72 hours in advance of the meeting online: https://banningca.granicus.com/ViewPublisher.php?view_id=1

· Written comments may be submitted to the City Council by email at CityClerks@banningca.gov or letter to the address below. Transmittal prior to the start of the meeting is required. Any correspondence received during or after the meeting will be distributed to the City Council as soon as practicable and retained for the official record.

City Clerk's Office
PO Box 998
99 E. Ramsey St
Banning, CA 92220

Any challenge of the proposed project in court may be limited to raising only those issues raised at the public hearing described in this notice, or in written correspondence delivered to the City Clerk at, or prior, to the public hearing (Government Code Section 65009[b][2]).

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Office of the City Clerk at 951-822-3125. Notification 48 hours prior to the meeting Will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Si necesita ayuda con esta carta, por favor llame a la Ciudad de Banning y puede hablar con Sandra Calderon, teléfono (951) 922-3125.

BY ORDER OF THE PLANNING MANAGER OF THE CITY OF BANNING, CALIFORNIA.

Mark Staples Planning Manager	Dated: December 22, 2025 Publish: December 26, 2025

Published
Record Gazette
December 26, 2025

MINUTES

PLANNING COMMISSION - REGULAR MEETING
CITY OF BANNING, CALIFORNIA

December 3, 2025
5:30 p.m.
In Chambers

Council Chambers
99 E. Ramsey Street
Banning, CA 92220

1. CALL TO ORDER – 5:34 p.m.

1.1 PLEDGE OF ALLEGIANCE
1.2 ROLL CALL

COMMISSIONERS	PRESENT	ABSENT
Castorena, Chris	X	
Dale, Kathleen	X	
Marshall, Al	X	
Phelps, Gerry	X	
Rodriguez, Nathaniel	X	

2. PUBLIC COMMENTS

Chair Dale opened public comments

- **Inge Schuler** expressed concern about comments made by Commissioner Rodriguez at the last meeting regarding the existence of Sun Lakes and requested an apology.
- **Frank Connolly** reported a property with ongoing conditional use permit violations at San Gorgonio and Lincoln St., urging action before litigation. He also mentioned trash issues at a nearby liquor store.
- **Stuart McKenzie** thanked the commission for rejecting the Sunset Crossroads project.

Chair Dale closed public comments

3. CONSENT AGENDA

3.1 Approval of the meeting minutes for the September 10, 2025 and November 5, 2025, Planning Commission meetings.
Recommendation: Approve the meeting minutes for the September 10, 2025 and November 5, 2025, Planning Commission meetings.

ACTION: Motion/Second (Phelps/Castorena) to approve the minutes of November 5, 2025 as presented. Motion carried unanimously 5-0.

Chair opened public comments.
No public comments.
Chair closed public comments.

DRAFT

The minutes from September 10th were pulled for discussion due to numerous markups. Chair Dale noted she had edits on most pages and suggested to provide red-lined version of the minutes to the Commission.

Individual changes should be sent directly to staff for verification against the video recording, with a final version brought back for Commission adoption.

A motion to continue the September 10, 2025 meeting minutes to the January meeting by Chair Dale, seconded by Commissioner Castorena. Motion carried unanimously 5-0.

4. PUBLIC HEARINGS

4.1 CONTINUED FROM NOVEMBER 17, 2025, PLANNING COMMISSION MEETING -

Consideration of Applications by Tri Pointe Homes for Tentative Tract Map No. 39259 (PTM25- 0004) and Design Review No. 25-0008 (PDR25-0008) to Subdivide 160.02 Acres into 544 Single-Family Residential Lots and into 36 Condominium Lots for 248 Attached Condominium Units, a 1.03-acre Park, a 5.62-acre Park, within the Atwell Development at the Northwest Corner of Highland Home Road and Southern California Edison (SCE) Corridor.

Recommendation:

Adopt Resolution No. 2025-12 recommending approval to the City Council to make a determination that the Project does not require further environmental review, under Section 15162 (Subsequent EIRs and Negative Declarations) of the California Environmental Quality Act (CEQA) Guidelines and approve Tentative Tract Map No. 39259 (PTM25-0004), a proposal to subdivide 160.02-acres of land across nine (9) Planning Areas, 31, 46, 47A, 47C, 48A, 49A, 49B, 53, 63A, in the Low Density Residential (LDR) and Medium Density Residential (MDR) land use districts of the Butterfield Specific Plan (Atwell) into 544 single-family residential lots and 36 condominium lots (248 duplex condominium units); and

Adopt Resolution No. 2025-13 approving Design Review No. 25-0008 (PDR25-0008), to increase the density to a maximum of 12 du/ac in the Medium Density Residential (MDR) land use district for Planning Area 49A and future planning areas and to allow the construction of 248 duplex condominium units, with common area and perimeter landscaping, and landscaping design for a 1.03-acre Park site for Planning Area 31, located west of the northern most extension of Highland Home Road (the "Project").

Public Hearing: Tentative Track Map 39259 and Design Review

Commissioners Marshall and Rodriguez recused themselves from items 4.1 and 4.2 due to a conflict of interest with the HOA.

Planning Manager Mark Staples presented the staff report detailing the project's history and proposed plans.

The proposed subdivision will subdivide 160 acres across nine different planning areas.

Subdivision Map Act Findings

- Finding A: The proposed tentative map is consistent with the general plan.
- Finding B: The design and improvements are consistent with the zoning district.
- Finding C: The site is physically suited for the development.

DRAFT

Findings D through G: The subject site is physically suitable for the proposed density; design won't cause environmental damage, health problems, or conflict with public easements

Design Review Findings

- Finding A: The proposed use is consistent with the general plan.
- Finding B: The proposed use is consistent with the zoning ordinance.

Finding C and D: The design and layout will not interfere with neighboring properties or create vehicular/pedestrian hazards, and it is compatible with the surrounding neighborhood

Public Hearing Notice and Environmental Determination

- Public hearing notice was published on October 31st, 2025, and subsequent notices were mailed on November 5th.
- No comments were received from property owners.

Applicant Presentation

- Michael Heishman from Tri Pointe Homes provided a project update.
- Construction began in 2018; approximately 1,200 homes have been closed.

Commissioner Questions and Discussion

- Commissioner Phelps asked about the estimated completion timeframe.
- Tri Pointe Homes anticipated approximately 15 years to complete the project.
- Commissioner Dale inquired about changes since the 2007 EIR.
- What's the best way for Commissioners to communicate changes?
- What factors might be influencing the unit density?
- Concerns over traffic congestion.
- Commissioner Dale asks Michael Heishman of the Tri Pointe home question to understand when at the rate of 300 homes per year that this will be finished.
- Commissioner Chris inquired about substantive changes to support SAFER's claims.
- Commissioner Phelps reported speaking with Richard Drury, who cited new information regarding construction equipment and project analysis.
- Traffic verification reports and land use plans were mentioned to account for any changes or traffic updates.
- Discussion about the 496 acres of open space.
- Concern that the public is not able to make use of a good portion of it and how it is or is not safe for the community to utilize the areas at night.
- Discussing if areas should be lighted, concerns for Dark Sky ordinance would need to be followed by.
- Questions of the project by engineer and staff were held related to topics discussed
- Continued questions about landscape, open space areas, utilities , traffic, community, etc.

Public Hearing was opened by Chair Dale at 7:12 p.m.

- **Inge Schuler** raised concerns on safety and traffic in area if more density occurs.

Public Hearing was closed by Chair Dale at 7:14 p.m.

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ACTION: Motion/Second (Marshall/Phelps) to Adopt Resolution 2025-12, recommending City Council Approve Tentative Tract Map 39259 and Design Review Application, Case PDR 25-0008, with revised Public Works conditions #15 and #16 as well as Public Works Street #34.

COMMISSIONER	YES	NO	ABSENT	ABSTAIN
Castorena, Chris	X			
Dale, Kathleen		X		
Marshall, Al				X
Phelps, Gerry	X			
Rodriguez, Nathaniel				X

The motion passed with a 2-1-2 vote.

4.2 CONTINUED FROM NOVEMBER 17, 2025, PLANNING COMMISSION MEETING - Consideration of an Application by Tri Pointe Homes for Tentative Tract Map No. 39262 (PTM25- 0005) to Subdivide 68.74 Acres into 193 Single- Family Lots, a 1.19-Acre Lettered Lot for a Park, and Two Lettered Lots Totaling 16.53 Acres for the Southern California Edison (SCE) easement and Park-Open Spaces within the Atwell Development at the northeast corner of Highland Home Road and the SCE Corridor.

Recommendation:

Adopt Resolution No. 2025-14 recommending approval to the City Council to make a determination that the Project does not require further environmental review, under Section 15162 (Subsequent EIRs and Negative Declarations) of the California Environmental Quality Act (CEQA) Guidelines and approve Tentative Tract Map No. 39262 (PTM25-0005), a proposal to subdivide six (6) vacant parcels (APN 408-580-053, -054, -055, -056, -063, -064) totaling 68.74-acres of land across four (4) Planning Areas, 50A, 51, 74, and 75, in the Low Density Residential (LDR) and Medium Density Residential (MDR) land use districts of the Butterfield Specific Plan (Atwell) into 193 single-family residential lots, with minimum lots sizes of 5,000 and 4,500 square feet, respectively, and a 1.19-acre lettered lot for a park between the Planning Areas, and two lettered lots totaling 16.53 acres for the Southern California Edison (SCE) easement and park/open spaces.

Planning Manager Mark Staples presented the staff report for item case number PTM25-0005. Design includes Subdividing 68.74 acres into 193 single-family lots.

Commissioner Questions and Discussion

- Roads will be maintained by a separate HOA
- Discussions about tree canopy coverage and shade

Environmental Determination

- Compliance with Environmental Impact Report for the Butterfield Specific Plan
- No further analysis or environmental action is required.

Traffic and Road Improvements

- Is there any sort of impact on increased traffic flow -The impact fees related to roads have a plan in place -Will contribute to widening high traffic area roads.

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Additional Findings on Safety

- -There are currently plans for a reservoir -New homes must to abide by codes -The developers will modify public spaces to protect the safety of residents.

Subdivision Findings

- Complies with land use designation
- Adequate pedestrian and emergency access will be in place

Public Hearing was opened by Chair Dale at 8:08 p.m.

- **Frank Connolly** asked if the roads are going to be private and maintained by the HOA.

Public Hearing was opened by Chair Dale at 8:10 p.m.

ACTION: Motion/Second (Marshall/Phelps) to Adopt Resolution 2025-14, recommending City Council approve Tentative Tract Map 39262,Case PDR 25-0005, with revised Water conditions No. 15 and 16 and Public Works PW.Street.34..

COMMISSIONER	YES	NO	ABSENT	ABSTAIN
Castorena, Chris	X			
Dale, Kathleen		X		
Marshall, Al			X	
Phelps, Gerry	X			
Rodriguez, Nathaniel			X	

The motion passed with a 2-1-2 vote

5. DISCUSSION ITEMS

Commissioner Phelps asked about reverting the zoning of the property behind Albertson's from Industrial to Commercial.

Director Newell advised the request has been forwarded to the City Attorney's Office and will be reported back to the Commission

6. ANNOUNCEMENTS AND REPORTS

6.1. DIRECTOR'S REPORT

Director Newell reported no updates from City Council and announced his resignation, with last day of December 19.

6.2. COMMISSIONER REPORTS

Commissioner Castorena noted community outreach efforts and announced the Holiday Parade on Saturday the 6th.

7. ITEMS FOR FUTURE AGENDAS

8. ADJOURNMENT

A motion to Adjourn the meeting was made by Commissioner Castorena, seconded by Commissioner Phelps.
Motion carried unanimously 3-0, and the meeting was adjourned at 8:25 pm.

DRAFT

Minutes prepared by:

Sandra B. Calderon
Recording Secretary

These minutes have been prepared as Summary Minutes in accordance with City Council Resolution 2025-22 and Government Code Sections 36814, 40801, and 54953(c)(2).

The entire discussion of this meeting may be viewed here:
https://banningca.granicus.com/player/clip/270?view_id=1&redirect=true

All documents related to this meeting are available here:
https://d3n9y02raazwpg.cloudfront.net/banningca/cc83bdd4-3132-11f0-856f-005056a89546-38305488-93fe-4918-9dd7-c67857e7b6c7-1764913888.pdf

DRAFT

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Oakland, CA 94612
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rebecca@lozeaudrury.com

December 1, 2025

VIA EMAIL

Gerry Phelps, Commissioner
Al Marshall, Commissioner
Nathaniel Rodriguez, Commissioner
Chris Castorena, Commissioner
Kathleen Dale, Commissioner
Planning Commission
City of Banning
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Mark Staples, Planning Manager
Community Development Department .
City of Banning
99 E. Ramsey Street
Banning, CA 92220
planning2@banningca.gov

Re: Comment on CEQA - Tentative Tract Map No. 39262 (PTM25-0005)
December 3, 2025 Planning Commission Agenda Item 4.2

Dear Honorable Commissioners and Mr. Staples:

This comment is submitted on behalf of Supporters Alliance for Environmental Responsibility ("SAFER"), regarding the project known as Tentative Tract Map No. 39262 (PTM25-0005), which proposes the subdivision of Subdivide 68.74 Acres into 193 Single-Family Lots, a 1.19-Acre Lettered Lot for a Park, and Two Lettered Lots Totaling 16.53 Acres located northeast corner of Highland Home Road and the Southern California Edison (SCE) Corridor in the City of Banning ("Project"), which is scheduled to be heard by the Planning Commission on December 3 as Agenda Item 4.2

SAFER objects to the City's decision to exempt the Project from environmental review under the California Environmental Quality Act ("CEQA") based CEQA Guidelines Section 15162. The Project is outside of the scope of the 2007 Butterfield Specific Plan EIR and new information, changed circumstances, and new mitigation measures require supplemental review under CEQA. SAFER requests that supplemental EIR or MND be prepared to analyze and mitigate the Project's environmental impacts. The Planning Commission should decline to approve the Project until proper CEQA review is completed.

Sincerely,

Rebecca Davis
Lozeau Drury LLP

*RECORDING REQUESTED BY,)

AND WHEN RECORDED MAIL TO:)

)

CITY CLERK)

City of Banning)

99 E. Ramsey Street)

Banning, CA 92220)

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DEVELOPMENT AGREEMENT

between

THE CITY OF BANNING

("City")

and

PARDEE HOMES

A California Corporation

("Developer")

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement") is entered into on March 27, 2012, between the CITY OF BANNING (the "City"), a municipal corporation, and PARDEE HOMES (the "Developer"), a California corporation, pursuant to Article 2.5 of Chapter 4 of Division 1 of Title 7, §§ 65864 through 65869.5 of the Government Code. The City and the Developer shall be referred to within this Agreement jointly as the "Parties" and individually as a "Party."

RECITALS:

A. Capitalized Terms. The capitalized terms used in these Recitals and throughout this Agreement shall have the meaning assigned to them in Section 1. Any capitalized terms not defined in Section 1 shall have the meaning otherwise assigned to them in this Agreement or apparent from the context in which they are used.

B. Development of the Developer's Property. Concurrent with the approval of this Agreement, the City has approved the Specific Plan, which contemplates low, medium and high density residential development, to a maximum total of 5, 387 dwelling units, 36 acres of commercial/retail development, schools, parks and supporting infrastructure on 1,543 acres, and a general plan amendment and a zone change and has certified a Final Environmental Impact Report, State Clearinghouse No. 2007091149, for the area described in Exhibit "A" (the "Developer's Property").

C. Legislation Authorizing Development Agreements. To strengthen the public planning process, encourage private participation in comprehensive planning and reduce the economic risk of development, the Legislature of the State of California adopted the Development Agreement Statute, authorizing the City to enter into an agreement with any person having a legal or equitable interest in real property providing for the development of such property and establishing certain development rights therein. The legislative findings and declarations underlying the Development Agreement Statute and the provisions governing contents of development agreements state, in Government Code §§ 65864(c) and 65865.2, that the lack of public facilities, including, but not limited to, streets, sewerage, transportation, drinking water, school, and utility facilities is a serious impediment to the development of new housing, and that applicants and local governments may include provisions in development agreements relating to applicant financing of necessary public facilities and subsequent reimbursement over time.

D. Intent of the Parties. The Developer and the City have determined that the Project is a development for which a development agreement is appropriate. The Parties desire to define the parameters within which the obligations of the Developer for infrastructure and public improvements and facilities will be met and to provide for the orderly development of the Developer's Property, assist in attaining the most effective utilization of resources within the City and otherwise achieve the goals of the Development Agreement Statute. In consideration of these benefits to the City and the public benefits of the development of the Developer's Property, the Developer will receive assurances that the City shall grant all permits and approvals required

for total development of the Developer's Property and will provide for the assistance called for in this Agreement in accordance with the terms of this Agreement.

E. Public Benefits of the Project. This Agreement provides assurances that the public benefits identified below in this Recital E will be achieved in accordance with the terms of this Agreement. The Project will provide local and regional public benefits to the City, including, without limitation:

1. Increased Tax Revenues. The development of the Developer's Property in accordance with the terms of this Agreement will result in increased real property and sales taxes and other revenues to the City.

2. Reduced Vehicle Miles Travelled. The Project will reduce vehicle trips by implementing a transportation demand management program that takes advantage of alternative modes of mass transit within the City.

3. Pedestrian Mobility. The Project encourages pedestrian mobility through the provision of walking paths, through signage guiding pedestrians to nearby destinations and through preservation of significant open space to create pleasant environments that will encourage walking.

4. Sustainable Design. The Developer will, to the extent reasonably feasible, include sustainable design for commercial and industrial uses and green building standards for residential construction.

5. Pedestrian Connection. The Project will include a series of public pedestrian trails throughout the Developer's Property.

6. Reduced Traffic Congestion. The Project will include improvements and contribute fees to improvements that will reduce congestion on local streets and the regional transportation network.

7. Public Schools. The Project will allow for the construction of elementary schools in both the Beaumont Unified School District and Banning Unified School District, which will benefit residents both within and outside the Project.

8. Natural Open Space. Over 56 acres of natural open space will be preserved in perpetuity.

9. Parks and Recreation. Park and recreation improvements include:

a. 58.5 acres of community and neighborhood parks

b. 8.0 acres devoted to private recreation centers.

c. 254 acres of public golf course or active open space amenity

d. 108.4 acres of other open space.

10. Financial Impact Mitigation. Based upon a study of financial impacts on the City, the Project will pay a Services Special Tax to alleviate negative financial impacts of the Project on the City.

F. Public Hearings: Findings. In accordance with the requirements of the California Environmental Quality Act (Public Resources Code § 21000, et seq. ("CEQA")), appropriate studies, analyses, reports and documents were prepared and considered by the Planning Commission and the City Council. The Planning Commission, after a public hearing on March 7, 2012, recommended, and the City Council, after making appropriate findings, certified, by Resolution No. 2012-24 adopted on March 27, 2012 a Final Environmental Impact Report for the Project, more specifically identified as the Final Environmental Impact Report for the Butterfield Specific Plan, State Clearinghouse No. 2007091149, as having been prepared in compliance with CEQA. On March 7, 2012, the Planning Commission, after giving notice pursuant to Government Code §§ 65090, 65091, 65092 and 65094, held a public hearing on the Developer's application for this Agreement. On March 27, 2012, the City Council, after providing the public notice required by law, held a public hearing to consider the Developer's application for this Agreement. The Planning Commission and the City Council have found on the basis of substantial evidence based on the entire administrative record, that this Agreement is consistent with all applicable plans, rules, regulations and official policies of the City.

G. Mutual Agreement. Based on the foregoing and subject to the terms and conditions set forth herein, Developer and City desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, and having determined that the foregoing recitals are true and correct and should be, and hereby are, incorporated into this Agreement, the Parties agree as follows:

1. DEFINITIONS

The following words and phrases are used as defined terms throughout this Agreement. Each defined term shall have the meaning set forth below.

1.1 Acquisition Agreement. "Acquisition Agreement" shall have the meaning set forth in Section 5.1 below.

1.2 Anniversary Date. "Anniversary Date means the date of the anniversary of each year following the Effective Date established in Section 3.5.

1.3 Annual Review. "Annual Review" means the annual review of the Developer's performance of the Agreement in accordance with Section 12.1 of the Agreement and Government Code § 65865.1.

1.4 Applications. "Application(s)" means a complete application for the applicable land use approvals (such as a subdivision map, conditional use permit, etc.) meeting all of the current ordinances of the City provided that any additional or alternate requirements in those ordinances enacted after the Effective Date which affect the Project application shall apply only to the extent permitted by this Agreement.

1.5 Appraisal of Land Value. "Appraisal of Land Value" when referred to herein shall mean the determination by an experienced and independent MAI appraiser retained by City (Developer may veto any appraiser selected by City for good cause), in a written appraisal at fair market value based upon comparable sales of unimproved land, and serviced by the existing infrastructure, and with the development restrictions of the Specific Plan, and with the understanding that such value shall not exceed $80,000 per acre.

1.6 Assignment. "Assign" shall have the meaning set forth in § 14.1.1 below. All forms of use of the verb "assign" and the nouns "assignment" and "assignee" shall include all contexts of hypothecations, sales, conveyances, transfers, leases, and assignments.

1.7 Authorizing Ordinance. "Authorizing Ordinance" means Ordinance No. 1451 approving this Agreement, introduced on March 27, 2012 and adopted on April 10, 2012.

1.8 Building Permit. "Building Permit," with respect to any building or structure to be constructed on the Developer's Property, means a building permit for not less than the shell and core of such building or structure issued by the City's Division of Building and Safety.

1.9 CC&R's. "CC&R's" shall have the meaning set forth in Section 14.4 below.

1.10 Certificate of Compliance. "Certificate of Compliance" shall have the meaning set forth in Section 12.2 below.

1.11 Certificate of Occupancy. "Certificate of Occupancy," with respect to a particular building or other work of improvement, means the final certificate of occupancy issued by the City with respect to such building or other work of improvement.

1.12 CFD. "CFD" means a community facilities district for the Project allowed to be formed pursuant to the CFD Act by a Local Agency.

1.13 CFD Act. "CFD Act" means the Mello Roos Community Facilities Act of 1982 (Government Code § 53311 et seq.), as it may be amended from time to time, authorizing the imposition of special taxes to fund capital facilities and services.

1.14 City. "City" means the City of Banning, California.

1.15 City Council. The "City Council" means the governing body of the City.

1.16 City Development Agreement Ordinance. "City Development Agreement Ordinance" means Chapter 17.60 of the Zoning Ordinance which establishes a procedure for the consideration and approval of development agreements pursuant to the Development Agreement Statute.

1.17 City Manager. "City Manager" means the City Manager of City.

1.18 City Wide Traffic Improvements. "City Wide Traffic Improvements" means those traffic improvements identified in the Traffic Impact Mitigation Fee established in Article 7.

1.19 Claims or Litigation. "Claims or Litigation" means any challenge by adjacent owners or any other third parties (i) to the legality, validity or adequacy of the General Plan, Land Use Regulations, this Agreement, Development Approvals or other actions of the City pertaining to the Project, or (ii) seeking damages against the City as a consequence of the foregoing actions, for the taking or diminution in value of their property or for any other reason.

1.20 Dedicate or Dedication. "Dedicate" or "Dedication" means to offer the subject land to the City .

1.21 Default. "Default" refers to any material default, breach, or violation of a provision of this Development Agreement as defined in Section 13 below. "City Default" refers to a Default by the City, while "Developer Default" refers to a Default by the Developer.

1.22 Developed Property. "Developed Property" shall mean residential property for which a certificate of occupancy has been issued or a final inspection conducted.

1.23 Development Goals. "Development Goals" shall have the meaning set forth in Section 6.2 below.

1.24 Developer's Property. "Developer's Property" means the 1543 acres of land, more or less, described in Exhibit A in which Developer holds a legal or equitable interest and upon which the Project will be developed.

1.25 Development. "Development" means the improvement of the Developer's Property for purposes of effecting the structures, improvements and facilities composing the Project including, without limitation: grading, the construction of infrastructure and public facilities related to the Project, whether located within or outside the Developer's Property; the construction of structures and buildings; the installation of landscaping; and the operation, use and occupancy of, and the right to maintain, repair, or reconstruct, any private building, structure, improvement or facility after the construction and completion thereof, provided that such repair, or reconstruction takes place during the Term of this Agreement on parcels subject to this Agreement.

1.26 Development Agreement Statute. "Development Agreement Statute" means §§ 65864 through 65869.5 of the Government Code as it exists on the Effective Date.

1.27 Development Approvals. "Development Approvals" means all site-specific (meaning specifically applicable to the Developer's Property only and not generally applicable to some or all other properties within the City) plans, maps, permits, and entitlements to use of every kind and nature. Development Approvals includes, but is not limited to, specific plans, site plans, tentative and final subdivision maps, vesting tentative maps, variances, zoning designations, planned unit developments, conditional use permits, grading, building and other similar permits, the site-specific provisions of general plans, environmental assessments, including environmental impact reports, and any amendments or modifications to those plans,

maps, permits, assessments and entitlements. The term Development Approvals does not include rules, regulations, policies, and other enactments of general application within the City.

1.28 Development Impact Fees. "Development Impact Fees" means the monetary consideration, other than a tax or assessment, charged by the City in connection with mitigating the Project's specific impacts and the development of the public facilities related to the Development of the Project, including those fees, calculated on the basis of the number of residential units or square footage of non-residential development to be constructed, as set forth on Exhibit "D" attached hereto as well as those Development Impact Fees set forth in Exhibit B and being revised. Development Impact Fees do not include Processing Fees.

1.29 Development Plan. "Development Plan" means the Existing Development Approvals, Future Development Approvals and Existing Land Use Regulations.

1.30 Director. "Director" means the City's Director of Community Development or equivalent official.

1.31 Economically Distressed Year. "Economically Distressed Year" means any calendar year in which the number of building permits for single family dwelling units issued in Western Riverside County (includes all cities and unincorporated county territory) are less than 50% of the average number of building permits issued during the prior 25 years, based on the annual report of the California Construction Industry Research Board. For example, for the 25 year period from 1987 to 2011, inclusive, total permits issued were 235,455 and the annual average was 9418. In 2008, 2009, 2010 the total permits issued were 2794, 2717 and 3321, so all three years would have been declared "Economically Distressed" hereunder. If the number of building permits issued in any calendar year are not available from the California Construction Industry Research Board, then the City shall obtain them from any other reliable source measuring the same data over the period.

1.32 Effective Date. "Effective Date" means the date this Agreement becomes effective as set forth in Section 3.5.

1.33 Eligible Facitlities. "Eligible Facilities" means the Proposed Project Facilities and other public facilities, fees and contibutions for public facilities, as described in the Financing Plan.

1.34 Exaction. "Exaction" means Dedications, payment of Development Impact Fees and/or construction of public infrastructure by the Developer as part of the Development of the Project. The development will be subject to all development and/or in lieu fees currently in the process of being studied by the City as indentified in Section 7.22 so long as they are adopted prior to the issuance of building permits for specific portions of the development proposed herein. The amount of the fees shall be as required at the time of issuance of building permits.

1.35 Existing Development Approvals. "Existing Development Approvals" means only the Development Approvals which are listed on Exhibit "B."

1.36 Existing Land Use Regulations. "Existing Land Use Regulations" means those Land Use Regulations applicable to the Property in effect on the Effective Date.

1.37 Financing Plan. "Financing Plan" means Exhibit "H" attached hereto.

1.38 Force Majeure. "Force Majeure" shall have the meaning set forth in Section 19.2 below.

1.39 Future Development Approvals. "Future Development Approvals" means those Development Approvals applicable to the Developer's Property approved by the City after the Effective Date such as tentative tract maps, subdivision improvement agreements and other more detailed planning or engineering approvals.

1.40 General Plan. "General Plan" means the City's General Plan as it exists on the Effective Date, and as expressly amended by (i) General Plan Amendment 11-2501 approved by the City Council concurrently with this Agreement; and (ii) future amendments applicable to the Developer's Property, if permitted, by Article 11.

1.41 Goals and Policies for Financing. "Goals and Policies for Financing" or "Goals and Policies" means the City's goals and policies adopted in accordance with Section 5.2.1.

1.42 Golf Course/Active Open Space. "Golf Course/Active Open Space" means the area containing all of Planning Area 35 and Planning Area 39 as described in the Specific Plan and Sections 5.3 and 5.9.10 below.

1.43 Grading Permit. "Grading Permit" means a permit issued by the City's Division of Building and Safety which allows the excavation or filling, or any combination thereof, of earth.

1.44 Improvement Area. "Improvement Area" shall have the meaning set forth in Section 5.1 below.

1.45 Innocent Owner. "Innocent Owner" shall have the meaning set forth in Section 13.6 below.

1.46 LAFCO. "LAFCO" means the Riverside County Local Agency Formation Commission.

1.47 Land Use Regulations. "Land Use Regulations" means those ordinances, laws, statutes, rules, regulations, initiatives, policies, requirements, guidelines, constraints, codes or other actions of the City which affect, govern, or apply to the Developer's Property or the implementation of the Development Plan. Land Use Regulations include the ordinances and regulations adopted by the City which govern permitted uses of land, density and intensity of use and the design of buildings, applicable to the Property, including, but not limited to, the General Plan, the Specific Plan, zoning ordinances, development moratoria, implementing growth management and phased development programs, ordinances establishing development exactions, subdivision and park codes, any other similar or related codes and building and

improvements standards, mitigation measures required in order to lessen or compensate for the adverse impacts of a project on the environment and other public interests and concerns or similar matters. The term Land Use Regulations does not include, however, regulations relating to the conduct of business, professions, and occupations generally; taxes and assessments; regulations for the control and abatement of nuisances; building codes; encroachment and other permits and the conveyances of rights and interests which provide for the use of or entry upon public property; any exercise of the power of eminent domain; or similar matters.

1.48 Legal or Equitable Interest. "Legal or Equitable Interest" means (i) an option or purchase agreement or (ii) fee title evidenced by appropriate title insurance issued in favor of the Developer.

1.49 LMD. "LMD" means the Landscape and Maintenance District established pursuant to Streets and Highways Code § 22500 et seq. to fund parks, parkways, City rights of way landscaping and common areas.

1.50 Local Agency. "Local Agency" means any public agency authorized to levy, create or issue any form of land secured financing over all or any part of the Project, including, but not limited to, the City.

1.51 Lot. "Lot" means any of the parcels legally created within the Project as a result of any approved final subdivision, parcel or tract map, pursuant to the Subdivision Map Act or recordation of a condominium plan pursuant to Civil Code § 1352 .

1.52 Master Tract Map. "Master Tract Map" (or "A Map") means a large scale tract map covering one or more complete Planning Areas which will include all infrastructure necessary to develop the tract and a phasing plan as to the development of the infrastructure and the subsidiary subdivisions within the tract. The Master Tract Map is a subdivision map within the meaning of the Subdivision Map Act and shall meet the requirements of the Act and of this Agreement. The Master Tract Map may also be a financing map for purpose of financing the development of the Project or the conveyance of large lots and may not require the actual construction of improvements.

1.53 Mortgage. "Mortgage" means a mortgage, deed of trust, sale and leaseback arrangement or other transaction in which all, or any portion of, or any interest in, the Developer's Property is pledged as security.

1.54 Mortgagee. "Mortgagee" refers to the holder of a beneficial interest under a Mortgage.

1.55 Mortgagee Successor. "Mortgagee Successor" means a Mortgagee or any third party who acquires fee title or any rights or interest in, or with respect to, the Developer's Property, or any portion thereof, through foreclosure, trustee's sale, deed in lieu of foreclosure, lease termination, or otherwise from, or through, a Mortgagee. If a Mortgagee acquires fee title or any right or interest in, or with respect to, the Developer's Property, or any portion thereof, through foreclosure, trustee's sale or by deed in lieu of foreclosure and such Mortgagee subsequently conveys fee title to such portion of the Developer's Property to a third party, then such third party shall be deemed a Mortgagee Successor.

1.56 Municipal Code. "Municipal Code" means the City's Municipal Code as it existed on the Effective Date and as it may be amended from time to time consistent with the terms of this Agreement.

1.57 Non-Defaulting Party. "Non-Defaulting Party" shall have the meaning set forth in Section 13.1 below.

1.58 Owner. "Owner" means Pardee Homes and any successors during the period of time that each such person or entity owns fee title to any portion of the Developer's Property prior to the development of such portion of the developer's Property and subject to the terms of this Agreement.

1.59 Park fees. "Park Fees" means Development Impact Fees levied by the City for Open Space and Park Development pursuant to Chapter 15.68 of the Municipal Code.

1.60 Phase. "Phase" shall have the meaning set forth in Section 6.2 below.

1.61 Phasing Plans. "Phasing Plans" shall mean the detailed plans for development of the Proposed Project Facilities and other infrastructure and for the Project which are developed pursuant to Section 6.5 as a part of processing the Subdivision Maps.

1.62 Planning Area. "Planning Area" means each of the 75 planning areas described in the Specific Plan, and shown on Exhibit "A."

1.63 Planning Commission. "Planning Commission" means the City's Planning Commission.

1.64 Pre-Qualified Buyer. "Pre-Qualified Buyer" means a publicly traded builder or developer or a privately held merchant builder with a minimum net financial worth of Five Million Dollars ($5,000,000) who has constructed at least 75 homes in California during the preceding five year period.

1.65 Property Owner's Association or POA. "Property Owner's Association" or "POA" means one or more association formed among the owners of real estate located within the Property (as the same may be subdivided from time to time), including, but not limited to, one or more associations of homeowners and/or other associations of owners of industrial, commercial, educational and retail property.

1.66 Processing Fees. "Processing Fees" means (i) the City's normal fees for processing, environmental assessment/review, tentative tracts/parcel map review, plan checking, site review, site approval, administrative review, building permit (plumbing, mechanical, electrical, building), inspection and similar fees imposed to recover the City's costs associated with processing, review and inspection of applications, plans, specifications, etc., and (ii) fees and charges levied by any other public agency, utility, district or joint powers authority, whether or not City is a member of such body or such fees are collected by the City, and whether or not such fees are used for maintenance or capital outlay purposes.

1.67 Project. "Project" means the Development of the Developer's Property, pursuant to this Agreement and the Existing Land Use Regulations, as depicted on Exhibit "B" attached hereto.

1.68 Proposed Project Facilities. "Proposed Project Facilities" means those improvements set forth on Exhibit "F" attached hereto or otherwise included in conditions of approval of the maps.

1.69 Reimburse or Reimbursement. "Reimburse" or "Reimbursement" means the provision by the City of cash or credit in return for land, goods or services provided by Pardee Homes.

1.70 Reservations of Authority. "Reservation of Authority" shall have the meaning set forth in Article 11 below.

1.71 Services Special Tax. "Services Special Tax" shall mean the special tax authorized to be levied by the CFD(s) established over the Developer's Property to alleviate the negative fiscal impact of the Project on City services as established by the Fiscal Impact Analysis ("FIA") and as further described in Section 5.3 below.

1.72 Specific Plan. "Specific Plan" means the Butterfield Specific Plan, prepared by RBF Consulting and approved by the City Council by Ordinance No. 1450 introduced on March 27, 2012, adopted on April 10, 2012.

1.73 Subdivision Map. "Subdivision Map" (or "B Map") means the subsidiary subdivision maps for the development of any Tract which shall be consistent with the conditions of the Master Tract Map and shall contain its own phasing plan for the installation of the infrastructure and other improvements within the subdivision. All subdivision maps shall meet the requirements of the Subdivision Map Act including § 66473.7 (See 65867.5).

1.74 Subdivision Map Act. "Subdivision Map Act" means Government Code § 66412 et seq. as implemented by Title 16 of the Municipal Code.

1.75 Taxes. "Taxes" means general or special taxes, including but not limited to ad valorem property taxes, sales taxes, transient occupancy taxes, utility taxes or business taxes of general applicability citywide which do not burden the Developer's Property disproportionately to similar types of development in the City and which are not imposed as a condition of approval of a development project. Taxes do not include Development Impact Fees, Processing Fees or Traffic Control Facility Fees.

1.76 Ten or 10th Year Anniversary Review. "Ten Year Anniversary Review" means the review performed upon each 10th anniversary of the Effective Date as provided in Section 6.6.

1.77 Term. "Term" means that period of time during which this Agreement shall be in effect and bind the Parties, as defined in Article 6.7 below.

1.78 Traffic Control Facility Fee. "Traffic Control Facility Fee" means the fee set forth in Exhibit "B" attached hereto.

1.79 Transfer. "Transfer" shall have the meaning set forth in Article 14 below.

1.80 Trigger Percentages. "Trigger Percentages" shall have the meaning set forth in Section 14.1.1 below.

1.81 TUMF. "TUMF" means the Transportation Uniform Mitigation Fee promulgated by the Western Riverside Council of Governments and implemented by Chapter 15.76 of the Municipal Code.

1.82 Zoning Code. "Zoning Code" means Title 17 of the Municipal Code as it existed on the Effective Date except (i) as amended by any zone change relating to the Developer's Property approved concurrently with the approval of this Agreement, including Zone Change No. 11-3501, and (ii) as the same may be further amended from time to time consistent with this Agreement.

2. EXHIBITS.

The following are the Exhibits to this Agreement:

Exhibit "A": Map and Legal Description of the Developer's Property

Exhibit "B": Existing Development Approvals/Fee Studies

Exhibit "C": Estoppel Certificate

Exhibit "D": Development Impact Fees

Exhibit "E": Additional Agreements Concerning Development

Exhibit "F": Proposed Project Facilities

Exhibit "G": Highland Springs Avenue Improvements

Exhibit "H": Butterfield Project Financing Plan

3. TERM.

3.1 Term. The term of this Development Agreement (the "Term") shall commence on the Effective Date and shall continue for a period of forty (40) years, subject to review, as called for in Section 6.2 below, to determine whether the Development Goals have been met, and reduction in the Term of five (5) years for each time the Development Goals of a Phase are not met and extensions for Economic Distress, as provided in Sections 6.6.5 and 6.7 below.

3.2 Termination Upon Completion of Construction. This Agreement shall terminate with respect to any Lot, and such Lot shall be released and no longer subject to this Agreement, without the execution or recordation of any further document, when a certificate of occupancy has been issued for the last building on the Lot or, if no certificate is issued, when the final inspection for the last building on the Lot has taken place.

3.3 Termination for Default. This Agreement may be terminated due to the occurrence of any default in accordance with the procedures in Article 13.

3.4 Extension of the Term: The Term shall be extended by one (1) year for each Economically Distressed Year occurring during any Phase up to a maximum of three (3) years for any Phase.

3.5 Effective Date. This Agreement shall become effective upon the date thirty (30) days after the adoption of the Authorizing Ordinance if no Claim or Litigation have been filed which would prevent the Authorizing Ordinance from taking effect. If such a Claim or Litigation has been filed, then the Effective Date shall be the date that the Claim or Litigation has been successfully resolved in the City's favor, and the time for any further judicial review has run, so that the Authorizing Ordinance shall be effective. The City shall give Developer notice as to the date established as the Effective Date. The Effective Date is not otherwise tolled for any other Force Majeure as described in Section 19.2.

4. DEVELOPMENT OF THE DEVELOPER'S PROPERTY.

4.1 Right to Develop. During the Term, the Developer shall have a vested right to develop the Developer's Property (subject to Article 11 below) to the full extent permitted by the Development Plan and this Agreement. Except as provided within this Agreement, the Development Plan shall exclusively control the development of the Developer's Property (including the uses of the Developer's Property, the density or intensity of use, the maximum height and size of proposed buildings, the provisions for reservation or dedication of land for public purposes and the design, improvement and construction standards and specifications applicable to the Project). The maximum number of residential units authorized to be constructed hereunder and the approximate acreage of commercial development, without regard to any density bonus or incentive or concession for child care pursuant to Government Code §§ 65915 through 65918 or other similar legislation or regulation, is 5,387 units and approximately 36-acres of commercial development. In furtherance of the foregoing, the Developer retains the right to apportion the uses, intensities and densities, between itself and any subsequent Owners, upon the sale, transfer, or assignment of any portion of the Property, so long as such apportionment is consistent with the Existing Land Use Regulations and this Agreement.

4.2 Right To Future Approvals. Subject to the City's exercise of its police power authority as specified in Article 11 below, the Developer shall have a vested right: (i) to receive from the City all future Development approvals for the Developer's Property that are consistent with, and implement, the Existing Land Use Regulations and this Agreement; (ii) not to have such approvals be conditioned or delayed for reasons which are inconsistent with the Existing Land Use Regulations or this Agreement; and (iii) to Develop the Developer's Property in a manner consistent with such approvals in accordance with the Existing Land Use

Regulations and this Agreement. All future Development Approvals for the Developer's Property, including without limitation General Plan amendments, zone changes, or parcel maps or tract maps, shall upon approval by the City, be vested in the same manner as provided in this Agreement for the Existing Land Use Regulations, for the term of this Agreement.

4.3 Existing Development Approvals. Only those items specifically set forth on Exhibit "B" hereto are deemed Existing Development Approvals for purposes of this Agreement. Any approvals not included within Exhibit "B" shall not apply to the Project with the exception of those reservations set forth in Article 11 below.

4.4 Specific Plan. Land use and Development of the Property shall be governed by the Specific Plan and this Agreement. Notwithstanding any other provision of this Agreement, the Developer shall have the right, but not the obligation, to Develop the Developer's Property for the uses specified in the Specific Plan at the locations specified in the Specific Plan.

4.5 Priority Of Specific Plan. The City has determined that the Specific Plan is consistent with the General Plan and the Zoning Code. As such, the Specific Plan shall be the primary document governing the use and Development of the Developer's Property and, in the event of a conflict, shall prevail over any other of the Existing Land Use Regulations except for this Agreement, which prevails over the Specific Plan.

4.6 Later Enacted Measures. This Agreement is a legally binding contract which will supersede any initiative, measure, moratorium, statute, ordinance, or other limitation enacted after the Effective Date, except as provided in Article 11. Any such enactment which affects, restricts, impairs, delays, conditions, or otherwise impacts the implementation of the Development Plan (including the issuance of all necessary Future Project Approvals or permits for the Project) in any way contrary to the terms and intent of this Agreement shall not apply to the Project unless otherwise provided by State law.

4.7 Impact Fee Studies. As provided in Section 7.2, studies for certain Development Impact Fees, listed in Exhibit "D," will be performed after the Effective Date of this Agreement and shall become a part of the Existing Development Approvals. Additionally, Development Impact Fees are subject to review and adjustment as a part of the 10 Year Anniversary Reviews, in accordance with Section 6.6. The cost of performing the studies may be included in the fees.

5. FINANCING AND THE CITY'S OBLIGATIONS.

5.1 Formation of CFD(s) and LMDs. Subject to the provisions of this Article 5, some or all of the Eligible Facilities shall be funded through the City's formation of one or more CFDs and the levy of a special tax of the CFD(s) (the "Facilities Special Tax") and issuance of bonds secured by the Facilities Special Tax (the "Bonds") in accordance with the Financing Plan set forth in Exhibit H. Such CFD(s) shall, pursuant to Section 5.3, also be authorized to finance certain City public services costs (incurred as a result of Development of the Developer's Property) through the levy of a special tax, in the not to exceed amount set forth in the Financing Plan, on each residential unit located within the boundaries of such CFD(s) (the

"Services Special Tax"). Additionally, landscape maintenance districts ("LMDs") may be formed under Section 5.6.

5.1.1. Procedures for Formation. The City and the Developer shall cooperate in good faith to form one or more (i) CFDs and/or designate improvement areas therein (the "Improvement Areas"), (ii) LMDs and designate improvement areas therein (also "Improvement Areas"), and (iii) CFDs for the Special Services Tax (collectively referred to herein as the "Financing Districts"), which are consistent with the Financing Plan and which in the aggregate will encompass and encumber the Developer's Property. Final terms and conditions regarding the formation of the Financing Districts, their boundaries, Improvement Area boundaries, the rate and method of apportionment of the Services Special Taxes and Facilities Special Taxes to be levied in any CFD, LMD and/or Improvement Area (including any tax zones therein), any acquisition or construction agreements related thereto, and the terms of one or more series of Bonds to be issued in conjunction therewith shall be determined jointly by City and the Developer in accordance with the Financing Plan and the City's Goals and Polices for Financing . In conjunction with the formation of any Financing District, the Developer and the City shall cooperate in good faith to negotiate and finalize any acquisition and funding agreement prior to the formation of the first Financing District addressing the terms of construction, acquisition and financing of any of the Eligible Facilities to be funded by the Financing District (such agreement to be referred to herein as the "Acquisition Agreement"). Developer shall cooperate in the establishment of the levy over Developer's Property and not exercise any rights of protest.

5.1.2. Timing of Formation. Developer shall prepare all studies and submit all documents necessary to form the Financing Districts within one year after the adoption of City's Goals and Policies for Financing. After Developer has initiated formation of the Financing Districts, City shall form the Financing Districts consistent with the City's adopted Goals and Policies for Financing and State Law. City shall complete formation proceedings within 180 days after Developer makes the necessary submission. The Developer shall indemnify the City and hold it harmless against Claims or Litigation brought in connection with the formation of the Financing Districts.

5.1.3. Failure to Form Financing Districts. If any of the contemplated Financing Districts are not formed, or formed but not in accordance with the terms of this Agreement, through the failure of one Party to perform its obligations pursuant to Section 5.1, the other Party shall have the right, but not the obligation, to terminate this Agreement upon providing 30 days written notice to the Party which has failed to perform prior to the actual termination date.

5.2 Adoption of Goals and Policies for Financing. Before the Developer undertakes development of any units, the City shall retain a financial advisor and prepare a City-wide policy for undertaking land based CFD and assessment financing. The draft policy will be reviewed with the Developer and the City shall in good faith consider any comments made by the Developer on the draft policy. The goals and policies for Financing shall be adopted within 180 days after the Effective Date and shall be consistent with Exhibit H, including the Financing Parameters described therein. The goals and policies shall be adopted by Council by resolution and thereafter be the Goals and Policies for Financing. The City may amend the Goals and

Polices for Financing from time to time, and will be a part of the Existing Land Use Regulations hereunder, but such amendment shall not apply to the Development unless they are consented to by Developer.

5.3 Services Special Tax. The final Fiscal Impact Analysis prepared by the City's consultant, Willdan Financial Services, dated September 16, 2011, (the "FIA") demonstrates an overall negative fiscal impact on certain City public service costs incurred as a result of Development of the Developer's Property, including without limitation, the City's costs for police and fire services. The FIA demonstrates that such negative fiscal impact can fully be mitigated by an annual Services Special Tax, implemented as required by this Section 5.3 and the Financing Plan set forth in Exhibit "H" attached hereto. The annual services Special Tax shall not exceed $ 115 per dwelling unit of greater than 1820 square feet of habitable area and $92 per dwelling unit of 1820 or less square feet of habitable area in fiscal year 2013-14 and shall increase each fiscal year thereafter by 3%. The Services Special Tax may be levied in perpetuity and shall only be levied by the CFD(s) formed pursuant to Section 5.1 on residential parcels classified as Developed Property, but Developer shall cooperate in the establishment of the levy over Developer's Property and not exercise any rights of protest.

5.4 Planning Area 19, 35, 39 and 71 Drainage Facilities. In the event that the Developer, in its sole and absolute discretion, determines that the Golf Course is financially infeasible, the flood control improvements within Planning Areas 35 and 39 shall be considered Proposed Project Facilities and may be funded through the CFD(s). If this occurs, then portions of the land within Planning Areas 35 and 39 will be dedicated as public open space and the remaining portions dedicated to flood control appurtenances, to be transferred to the City or the Riverside County Flood Control District upon completion of the flood control facilities on such site and shall be improved to the Master Plan Standards of District. Plans for developing the necessary improvements shall be developed as a part of the Phasing Plans pursuant to Section 6.5, but improvements may not be required until the City Engineer determines that development will (i) intrude into the flood plan or (ii) cause the alteration of Smith Creek. The City Engineer may approve temporary improvements until the scale of the portion of the Project completed requires permanent structures. Upon transfer of the portions of the Planning Areas relating to the flood control facilities to the City or District, if the CFD(s) are formed or, as soon thereafter as the CFD(s) are formed, the City shall pay the agreed upon construction costs to the Developer from available CFD Proceeds in accordance with the Financing Plan. (Also see Sections 8.1.3. and 8.2.)

5.5 Reimbursement Agreements. If, and to the extent that, the Developer constructs or installs any infrastructure and/or facilities that have a capacity or size in excess of that required to serve the Project or to mitigate its impacts, the City shall reimburse the Developer for all costs and expenses incurred by the Developer in constructing such improvements for that portion of the Dedications, public facilities and/or infrastructure that the City, pursuant to this Agreement, may require pursuant to the Existing Land Use Regulations. The City further shall adopt ordinances, including but not limited to those authorized by Government Code § 66485 et seq., as may be required in order to impose a reimbursement obligation on other properties which may be served or benefited by the oversized infrastructure or facilities. The terms of the Reimbursement Agreements shall otherwise be consistent with the City's forms generally used with all other development projects of over 200 units. Such

reimbursement shall be paid to the Developer at the earliest opportunity out, and upon collection, of available fees from benefited developments so long as consistent with City's other contractual obligations. Repayment shall not extend beyond the Term of this Agreement.

5.6 Landscape Maintenance Districts. The City shall take, and Developer shall support, all steps necessary to establish LMD(s) or other maintenance districts, to fund maintenance of City parks, parkways, City rights of way landscaping, and common areas as provided in Section 5.1. The Developer shall make a deposit to pay the cost for review and approval of all agreements, studies, analysis and actions necessary for the establishment of the LMD(s).

5.7 Reimbursement for Pre-Approval Costs. The City shall provide fee credits to the applicable DIFs, as set forth below, for those residential units for which Commencement of Construction occurs by the twelfth anniversary of the Effective Date, but not more than for the first 1200 units. "Commencement of Construction" as used herein shall have the same meaning as under Section 6.3. The units eligible for fee credits for reimbursement shall be those of the 1200 which are not eligible for the incentive provided for in Section 6.8. If the incentive is taken in accordance with Section 6.8, then the amount of the credit for each unit for each fee shall be determined by taking the amount of cost to be reimbursed and dividing it by 1200 minus the number of units eligible for the incentive. As an example, if the total amount of the cost to be reimbursed is $227,500 and the number of units eligible for the incentive is 400, then the amount of the credit for each unit after the first 400 within the 12 years following the Effective Date will be $227,500/(1200-400) = $227,500/800 = $284 rounded to the nearest dollar. These fee reimbursements may be included in the subsequent fee studies performed pursuant to Section 7.2.2. [The per unit figure shown below assumes the credit is taken over 1200 units.]

5.7.1.1 A fee credit against updated Sewer Sanitary Fee and Recycled Water Fee of $227,500 or $189.60 per unit for the Corollo Study related to the sewer and recycled water master plans.

5.7.1.2 A fee credit against the updated Domestic Water Fee of $1,115,000 or $929.17 per unit for the consultant time related to the preparation of the City's 2010 Urban Water Management Plan.

5.7.1.3 A fee credit against the proposed revised Traffic Control Facility Fee of $105,000 or $875 per unit for the consultant time related to the preparation of the Traffic Impact Analysis and related traffic fee prepared documents.

5.7.1.4 A fee credit against the proposed revised Traffic Control Facility Fee of $45,000 or $375 per unit for the development of Citywide fees related to the Traffic Impact Fees study or other fee studies required as a result of entitlement activities.

5.7.1.5 A fee credit against the proposed revised Traffic Control Facility Fee or other appropriate fee of $550,000 or $462.50 per unit for the consultant time and plan preparation for required studies related to pre-project improvements to Highland Springs near the I-10 freeway.

5.7.1.6 A fee credit against the General Plan Fee of $187,500 or $156 per unit for the General Plan Traffic Circulation Element Amendment preparation.

5.8 Obligations of Developer Respecting Financing; No Speculation. Except as specifically provided herein, it is expressly understood that the Developer is fully responsible for the cost of the Project and obtaining any necessary construction or long term financing therefore. The Developer's Property shall be used solely to support the development of the Project and may not be pledged as security to support financing for any other purpose, in accordance with Article 18.

6. TIME FOR CONSTRUCTION AND COMPLETION OF PROJECT.

6.1 Timing of Development. The Parties acknowledge that the substantial public benefits to be provided by the Developer to the City pursuant to this Agreement are in consideration for, and in reliance upon, assurances that the City will permit Development of the Developer's Property in accordance with the terms of this Agreement. Accordingly, the City shall not attempt to restrict or limit the Development of the Developer's Property in any manner that would conflict with the provisions of this Agreement. The City acknowledges that the Developer cannot at this time predict the timing or rate at which the Developer's Property will be Developed. The timing and rate of Development depend on numerous factors such as market demand, interest rates, absorption, completion schedules and other factors, which are not within the control of the developer or the City. In Pardee Construction Co. v. City of Camarillo (1984) 37 Cal.3d 465, the California Supreme Court held that a construction company was not exempt from a city's growth control ordinance notwithstanding that the construction company and the city had entered into a consent judgment (tantamount to a contract under California law) establishing the company's vested rights to develop its property in accordance with the zoning. The California Supreme Court reached this result on the basis that the consent judgment failed to address the timing of development. It is the intent of the Parties to avoid the result of the Pardee case by acknowledging and providing in this Agreement that the Developer shall have the vested right to Develop the Developer's Property in such order and at such rate and at such time as the Developer deems appropriate, but in accordance with the Development Goals and the phasing plans developed in accordance with Section 6.5, and in accordance with other terms hereof or in the Development Approvals related to project phasing and timing. In addition to, and not in limitation of, the foregoing, but except as set forth in the following sentence, it is the intent of the Parties that no City moratorium or other similar limitation relating to the rate or timing of the Development of the Developer's Property or any portion thereof, whether adopted by initiative, referendum or otherwise, shall apply to the Developer's Property to the extent that such moratorium, referendum or other similar limitation is in conflict with this Agreement. Notwithstanding the foregoing, the Developer acknowledges that nothing herein is intended or shall be construed as (i) overriding any provision of the Existing Land Use Regulations to the phasing of development of the Project; or (ii) restricting the City from exercising the powers described in Section 11 of this Agreement to regulate development of the Property. Nothing in this Section 6.1 is intended to excuse or release the Developer from any obligation set forth in this Agreement which is required to be performed on or before a specified calendar date or event without regard to whether or not one or more Owners proceeds with any portion of the Project. The City acknowledges that the Project Phasing set forth in the Specific Plan does not require

that the Project be Developed in any specific order but, instead, are illustrative of how the Project may be Developed. The Project Phasing instead is controlled by this Agreement.

6.2 Development Goals. Notwithstanding the provisions of Section 6.1, the Developer must achieve certain goals and objectives in terms of Project development in order to keep the Agreement in place for the full term contemplated in Section 3.1. The development of the Project will be reviewed at each Ten Year Anniversary Review. The Development Goals are as follows:

Phase I (10th Anniversary)	▪ Development will begin near the corner of Highland Springs and Wilson unless otherwise agreed ▪ 1,200 Residential Units to be constructed ▪ Commercial retail development per 6.2.4 ▪ Outlet for Smith Creek and other improvements in Section 6.2.3.
Phase II (20th Anniversary	▪ 1,600 residential units to be constructed
Phase III (30th Anniversary)	▪ 1,400 residential units to be constructed
Phase IV (40th Anniversary)	▪ 1,187 residential units to be constructed

6.2.1. Cumulative Measure of Units. The Development Goals for each Phase shall be cumulative, e.g., if the Developer has constructed 2000 Residential Units in Phase I and 1000 Residential Units in Phase II, then the Developer will have met the Development Goal for Phase II even though less than 1500 Residential Units were constructed during Phase II.

6.2.2. More Detailed Phasing Plans Developed. Within each Phase, as defined above, more detailed phasing plans for each subdivision shall be developed in accordance with Section 6.5, and are subject to the City's review and approval as conditions of approval of the Tract or Subdivision Map and, as approved, shall become a part of the Existing Approvals.

6.2.3. Additional Phase I Development. In addition to the residential unit Development Goals, Phase I shall also include: (i) commercial development as specified in Section 6.2.4, (ii) the outlet for the Smith Creek flood control improvements at Wilson, (iii) the preparation and dedication of the Recreation/Emergency Center site described in Section 8.1.4, (iv) the satellite water treatment plant described in Section 8.3, (v) the water tanks described in Section 8.5; and (vi) such other Proposed Project Facilities as required by the Specific Plan and the Phasing Plans approved pursuant to Section 6.5. Notwithstanding the specification of timing as provided herein, with the approval of the City Manager, any public improvement required herein may be deferred for good cause.

6.2.4. Commercial Development. A minimum 23-acre retail-commercial site at the corner of Highland Springs and Wilson (Planning Area 18) will be prepared as a part of Phase I, and concurrently with the development undertaken pursuant to Section 6.8. Site preparation

shall require the grading of the Site, construction of surrounding streets, and bringing all necessary utilities and infrastructure for development. Developer shall also demonstrate a good faith effort undertaken over at least a five (5) year period to market the site for sale or lease to a suitable user. Additionally, Developer shall maintain the potential to expand the site to as much as 88 acres to permit a larger commercial development, provided that such expanded project obtains any necessary entitlements. Developer shall advise City within five (5) years of the Effective Date as to what interest there might be in the expanded project and the parties will mutually agree as to the scope of the project. The timely preparation and attempts to market this site is required for completion of Phase I and is subject to the same treatment as the residential units (i.e. phasing period can be prolonged for economic distress and the Term of Agreement can be shortened pursuant to Section 6.7). The goal of the City is to locate a significant sales tax generating "big box user" as the major tenant of the project. Accordingly, City retains the right to approve the major tenant in the project (tenants over 75,000 sq. ft), in accordance with the provisions in Article 14 as a transferee by lease or sale.

6.2.5. Extensions of Phases. The length of each Phase for the purposes of this Section 6.2 shall be extended by one (1) year for each Economically Distressed Year occurring during the Phase, up to a maximum of three (3) years as provided in Section 6.6.5.

6.3 Development Goals Satisfied By Commencement of Construction. The Development Goals for residential units specified above are satisfied if construction has commenced. "Commencement of Construction" of a residential unit means that building plans have been approved, that a building permit has been issued and that construction has commenced on the unit. The unit shall not be counted if the building permit expires without completion of the unit.

6.4 Public Improvements. The Parties understand and agree that the Specific Plan identifies the public infrastructure and though it contains phasing concepts, it does not specify precisely the phasing of the construction of public infrastructure. The development phasing will be consistent with the Specific Plan and this Agreement. The City desires that required public infrastructure generally be constructed in the early portion of the applicable phase of the development cycle subject to the guidelines specified below. In consideration of the foregoing, notwithstanding any provision herein to the contrary, the City shall retain the right to condition any Future Approvals to require Developer to dedicate necessary land, pay the development fees specified in Article 7, and/or to construct the required public infrastructure ("Exactions"), at such time as City shall determine in accordance with the process in Section 6.5 and subject to the following conditions:

A. The dedication, payment or construction must be to alleviate an impact caused by the Project or be of benefit to the Project; and

B. The timing of the Exaction should be reasonably related to the phasing of the development of the Project and said public improvements shall be phased to be commensurate with the logical progression of the Project development as well as the reasonable needs of the public and the improvements shall be completed based upon the needs of the general public existing from time to time.

When the Developer is required by this Agreement and/or the Development Plan to construct any public improvements which will be dedicated to the City or any other public agency, upon completion, and if required by applicable laws to do so, the Developer shall perform such work in the same manner and subject to the same construction standards as would be applicable to the City or such other public agency should it have undertaken such construction work. The Developer shall pay prevailing wages as required by law.

6.5 Development of Phasing Plans During Subdivision Map Approvals. The phasing and timing requirements for the construction of all development including public improvements shall generally be in accordance with the Development Approvals and applicable provisions of this Agreement (For example, Sections 6.2, 6.4, 6.5, 7.3, 8.0, etc.). Although the overall timing of Project development remains subject to the Developer's discretion based on market conditions in accordance with Section 6.1, there is a logical sequence to the development and certain improvements are required to be complete before phases of the Project can be considered complete and ready for occupancy. The Phasing Plan will be developed over time in accordance with the following process:

6.5.1. Master Phase Tract Map. Each Phase shall have a Master Tract Map which shall be submitted for financing and conveyance purposes only and no improvements may be constructed nor shall development be permitted pursuant to such approved Tract Map except through submission and approval of tentative and final Subdivsion Maps. Concurrently with processing of the Master Tract Map, all tentative Subdivision Maps for the Tract shall be submitted and processed.

6.5.2. Subdivision Maps. Each Master Tract Map shall designate future subdivisions within the Tract and the order of subdivision development to the extent that the need for development of public infrastructure dictates the logical progression of subdivision development. Each Subdivision Map shall show all infrastructure necessary for the development of the Subdivision. Each subdivision will have a written Phasing Plan approved by the Director and the City Engineer prior to commencement of development of the subdivision specifying when the lots within the subdivision will be developed and when all public infrastructure within the subdivision will be constructed. Generally all streets, lighting, curbs and gutters, sidewalks, parkway landscaping, asphalt concrete paving, traffic signs and stripping, medians, landscaping, drainage facilities, storm drains, water lines, sewer lines, utility lines, trails and other facilities within the subdivision must be completed before release of any occupancy permits within the subdivision. All conditions which require the provision of Proposed Project Facilities and Subdivision Improvements for the area covered by each tentative Subdivision Map must be satisfied, either through performance or through the provision of suitable security, prior to the approval and recordation of the Subdivision Map.

6.5.3. Proposed Project Facilities. Attached as Exhibit "F" are diagrams showing Proposed Project Facilities and depicting the major public infrastructure of the development, including roadways, detention basins, water lines, sewer lines, recycle water lines, utilities, storm drains and drainage facilities, treatment plants, power substations, community parks, community centers, fire stations, and other infrastructure serving area-wide populations. The Proposed Project Facilities serve multiple subdivisions, and may need to be constructed in the initial phase of a particular Tract, or even before certain Tracts can be developed. The

detailed phasing of construction will be provided through the Master Tract and Subdivision Phasing Plans, and subject to Section 6.4.

6.5.4. Time for Map Submission. The Developer shall submit all applications for tentative, or vesting tentative, Master Tract Maps and, concurrently with each application for a Master Tract Map, the applications for tentative, or vesting tentative, Subdivision Maps thereof within five (5) years of the Effective Date for the City's review and approval.

6.6 Ten Year Anniversary Review.

6.6.1. Generally. On or about each Tenth Anniversary of the Effective Date as provided herein, the City shall conduct the Ten Year Anniversary Review") the City and the Developer review to shall review the performance of this Agreement, and the development of the Project to see if the Development Goals have been met. The cost of the Annual Review shall be borne by the Developer and the Developer shall pay a reasonable deposit in an amount requested by City to pay for such review.

As part of each Ten Year Anniversary Review, sixty (60) days before each tenth anniversary of this Agreement, the Parties shall mutually meet and outline the review process, including (i) the information needed and formats, (ii) the schedule for performing the review, (iii) indentifying any needed consultants and studies, (iv) the adequacy of current DIFs and any anticipated need for changes, (v) any adjustments to needed public infrastructure, (vi) the estimated deposit needed to pay the City's costs of performing the review, and (vii) other matters necessary for the review.

The Developer shall deliver to the City all information reasonably requested by City (i) regarding the Developer's performance under this Agreement demonstrating that the Developer has complied in good faith with the terms of this Agreement and (ii) as required by this Agreement or the Existing Land Use Regulations. The Developer's submittal shall include a written explanation of any reasons why the Development Goals were or were not met, and any request for the modification of future Development Goals in the next 10 year period, and the reasons therefore.

The Developer shall submit its report on or before the Tenth Anniversary. Thereafter, the Director shall prepare and submit to City Council a written report on the performance of the Project. The Developer's written response shall be included in the Director's report. The report and recommendations to Council shall be made within 45 days of the anniversary, and a public hearing shall be held thereon.

6.6.2. Adjustment to DIFs. As provided in Section 7.2.2, all Development Impact Fees are subject to adjustment as put of the Ten Year Anniversary Review provided (i) the adjustment is based on the preparation a suitable analysis by an independent professional consultant experienced in performing such studies demonstrating the basis for the increase, (ii) the study is performed on a City-wide basis and applies to all development projects of 200 or more residential units, (iii) all infrastructure financed is included within the City's General Plan and capital projects master plan, (iv) the study demonstrates a reasonable nexus to

the Project and the fees are proportionate to the benefit received. The Development Impact Fees shall not contain any escalators but the studies justifying the fees may use cost numbers which recognize the ten year horizon of each study.

6.6.3. Parties Can Alter Development Goals Objectives. The Development Goals for the next Ten Year Anniversary Review period as set forth in Section 6.2 may be modified with the mutual agreement of the Parties at the time of the hearing set forth in Section 6.6.1. Unless the Parties reach agreement for modification, the Development Goals will remain as provided therein.

6.6.4. No Other Changes to Development Plan. Other than the Development Impact Fee adjustments provided in Section 6.6.2 which may be unilaterally approved by City subject to performing the required studies, no other changes to the Development Approvals may be made by City without the consent of Developer. Nothing herein shall restrict the City's reservations of rights under Article 11.

6.6.5. Extensions Due to Economic Distress.

6.6.5.1 Determination of Distress. As provided in Section 6.2.4, the Phases can be extended up to three (3) years due to the occurrence of an Economically Distressed Year(s). In any year in which Developer believes conditions exist to warrant Declaration of an Economically Distressed Year, within 30 days following the Anniversary Date, Developer shall submit his request therefore. Additionally, in support thereof, Developer shall provide City with a Report including the following: (i) a written analysis of County-wide data supporting the Declaration; (ii) publicly available reports concerning general market conditions affecting home building; (iii) analysis as to how general market conditions have affected the Project including demand, costs and financing; and (iv) forecasts concerning the next three (3) years. The Report is for informational purposes only and City shall not be permitted to disapprove the Declaration of Economic Distress if the data submitted meets the definition in Section 1.31. Within 30 days the City Manger shall review the Declaration and Report and determine if the data supports the declaration of an Economically Distressed Year. The City Manager's determination is appealable to the Council under Section 13.6.3, but not as a default thereunder.

6.6.5.2 Effect of Determination on 10-Year Review. Generally the effect of the declaration of an Economically Distressed Year shall also toll the performance of the 10 Year Anniversary Review. For example, if during any 10 year cycle, two years had been declared Economically Distressed, then the 10 Year Anniversary Review would be performed on or about the Anniversary Date of the 12th year, as otherwise provided in Section 6.6. The City, however, retains the right to elect to perform the DIF adjustments in accordance with Section 6.6.2 on the 10 Year Anniversary, or to defer the studies and do them in accordance with the general 10 Year Anniversary Review performed on the date to which the Phase has been extended due to the extensions for Economically Distressed Years pursuant to Section 6.2.4.

6.7 Failure to Satisfy Phasing Goals and Objectives. For reasons stated in Section 6.1, failure to achieve the Development Goals in any ten year period shall not be a default hereunder, but it shall cause the term of the Agreement to be shortened five (5) years.

Accordingly, a failure at the first Ten Year Anniversary Review shall cause the term of the Agreement in Section 3.1 to be reduced to 35 years, while a failure at the second review in year 20 (to achieve 3000 units) shall cause the Agreement to be shortened another five (5) years to 30 years (subject to any extension of the Term due to the occurrence of Economically Distressed Years as set forth in Section 3.4), but once the Term has been reduced, the lost time is not reinstated due to production of excess units in later phases.

The termination of this Agreement shall not alter the provisions of the Specific Plan concerning the zoning, density of development or any other regulatory provisions concerning the development of the Project, though the limitations provided in Article 4 on enactment of Future Land Use Regulations would be null and void.

6.8 Developer Incentives for Expedited Development.

6.8.1. Incentive for Early Development. The City wishes to establish new communities in the City and to encourage the early development of the Project, which, in light of current economic conditions, may require economic incentives to be provided to the Developer. Accordingly, the Developer shall be given a credit so that DIFs do not have to be paid for up to 500 residential units, if Commencement of Construction, as that term is defined in Section 6.3, occurs on or before the production dates in Section 6.8.4.

6.8.2. Conditions for Receipt of Credits. To receive the credits, the following conditions must be satisfied: (i) the units must be in Planning Areas 1 and 2 provided that, for good cause, City may approve building the units in alternative Planning Areas, (ii) each Tract containing residential units needs to be developed as a single unit with appropriate entry design features including walls, fountains, landscaping, signage and other features approved by City, (iii) the preparation of the commercial site in Planning Area 18 shall take place pursuant to Section 6.2.4, unless waived by City.

6.8.3. Fees Eligible for Credit. The DIFs eligible for credit are those identified as eligible in Exhibit "D."

6.8.4. Schedule. The credit shall be given for all units for which the Commencement of Construction, as that term is defined in Section 6.3, occurs within five (5) years after the Effective Date.

6.9 City Provided Assistance. The City shall provide the Developer with each of the items set forth in Exhibit "E."

7. FEES, TAXES AND ASSESSMENTS.

7.1 Processing Fees. During the Term of this Agreement, the City may require the Developer to pay all Processing Fees applicable to the Development of the Project at the rates in effect on the applicable application date or as described in this Agreement unless a specific amount is stated herein.

7.2 Development Impact Fees.

7.2.1. Limit on Exactions, Mitigation Measures, Conditions and Development Fees. Except for those fees expressly set forth in Sections 7.3 and 7.5 below, and for the reservations of authority in Article 11, the City shall charge and impose only those Exactions, mitigation measures and conditions, including, without limitation, dedications as are set forth in the Existing Land Use Regulations, and those fees relating to the Development of the Developer's Property as are expressly set forth in Exhibit "D" attached hereto, and no others. Per Section 7.4 below, Park Fees shall not be imposed during the life of this Agreement. The Developer shall pay the stated amount of all other fees shown in Exhibit "D" for the first 10 years of the Term, and subsequently adjusted amounts determined in accordance with Section 6.6.2.

7.2.2. Development Impact Fees to be Established Based on Studies. The City will study and establish DIFs within one year of the effective Date for the following: revised City Traffic Control Facility Fee, revised Domestic Water Fee, new Recycled Water Fee and revised Sanitary Sewer Fee. The Developer shall be obligated to pay the revised fees and the revised DIFs shall be considered part of the Existing land Use Regulations. The initial DIFs shall be established in accordance with fee studies meeting the requirements of Section 6.6.2.

7.2.3. Adjustment at 10 Year Anniversary Review. The Developer shall pay increased fees after the Ten Year Anniversary Review if those fees are adopted on a City wide basis after the preparation of, and are justified by, a suitable analysis demonstrating the basis for the increase in accordance with Section 6.6.2. The City shall be entitled to repeat the process of increasing the fees thereafter upon the same terms, during the Ten Year Anniversary Review in accordance with Section 6.6.2, throughout the Term of this Agreement.

7.2.4. Payment of Development Impact Fees. The Developer shall pay all Development Impact Fees with respect to Development commenced on the portion of the Developer's Property owned by the Developer. The Development Impact Fees set forth on Exhibit "D" attached hereto shall be paid at the issuance of the Certificate of Occupancy for each building. Unless otherwise specified herein, all other fees, including Processing Fees shall be paid when at issuance of building permits or otherwise when required by code.

7.3 Wastewater, Domestic and Reclaimed Water Facilities Development Impact Fees.

7.3.1. Wastewater Fees. The City levies two capital facilities fees related to wastewater: (i) a sewer collection fee; and (ii) a sewer frontage fee, but collectively such fees are referred to herein as sewer collection fees. The sewer collection fee shall be fixed in accordance with Section 7.2.1 above.

7.3.2. Construction of Wastewater Collection Infrastructure in Lieu of Fees. If any additions, improvements and/or upgrades to the City's wastewater collection system outside or within the boundaries of the Developer's Property are required in

connection with any Development of the Project, then with the mutual agreement of the parties, the Developer shall have the option to elect to construct some or all of such additions, improvements and/or upgrades at its sole cost and expense. The City shall develop the project specifications and shall undertake a design process to develop project plans and drawings meeting the City's specifications. The City may utilize the Developer to develop the plans and drawings if the design costs are competitive and Developer has retained competent design professionals who can timely perform the services. If, thereafter, the Developer wishes to construct the improvements, the Developer shall give City a fixed budget and construction schedule, while City obtains competitive bids. City may award the contract to the most competitive entity, considering price, financing, schedule and ability to perform. The contract may include liquidated damages provisions and other requirements to assure the timely and satisfactory completion of the project within budget. If performed by Developer, upon completion of such works of improvement, the Developer shall be entitled to offset the actual costs approved by City and incurred by it for the design, permitting, construction and installation of such works of improvement against any wastewater collection-related Development Impact Fees that may otherwise be payable in connection with future Development of the portion of the Developer's Property owned by the Developer.

7.3.3. Wastewater Treatment Capacity. The City shall use its best efforts to obtain the required permits and to construct the needed improvements to the City's wastewater treatment facilities in order to serve the Project as the need for additional facilities arises. The Developer shall include the construction of the wastewater treatment plant within the phasing plan developed pursuant to Section 6.5. The City estimates that a four year lead time is required with one year for design and one year for permitting with the remaining period needed for construction.

7.3.4. Wastewater, Domestic and Reclaimed Water Facilities and Fees. If any additions, improvements and/or upgrades to the City's water system, either domestic or reclaimed, outside or within the boundaries of the Developer's Property are required in connection with any Development of the Project, then with the City's approval, they may be undertaken by the Developer in accordance with the procedures in Section 7.3.2. Without limiting the generality of the foregoing, this includes the water tanks, pipelines and appurtenant facilities described in Section 8.5.

7.3.5. Recycled and Domestic Water Fees. Recycled and domestic water developer impact fees shall be established in accordance with Section 7.2.1 above. City does not currently have Development Impact Fees for reclaimed water facilities or for domestic water facilities for the Project. Within a year after the Effective Date, the City shall conduct a study to determine the reasonable charge and the Developer's pro rata share of the cost of such improvements. When adopted by the Council, the fees shall be considered incorporated herein as Existing Land Use Regulations, and shall be subject to further review at the Ten Year Anniversary Review as provided in Section 6.2.2.

7.4 Park Fees.

7.4.1. Construction of Facilities. The Developer will be constructing, installing and improving the park and recreation facilities listed below, which are

deemed to be park, recreation and/or open space for the purpose of complying with the Municipal Code's park fee requirements. All parkland and open space shall be maintained by the POA, the Developer, the City, the Golf Course operator or such other entity as approved by the City. Provided that all required parks and recreation facilities are constructed and installed in accordance with the Specific Plan and this Agreement, the Project shall not be subject to the imposition of Park Fees by the City. The City acknowledges that the value of the land and improvements for the park, recreation and open space land and facilities exceeds the aggregate of all park fees which may be charged by the City pursuant to the Municipal Code in connection with the proposed Development of the entire Project. The Developer shall construct and install within the Project's boundaries the following park and recreation facilities:

7.4.1.1 254-acre Golf Course or Active Open Space, as set forth in Sections 5.3 above and 8.1.3 below;

7.4.1.2 22 publicly accessible parks (each ranging in size from approximately less than 1 acre to over 16 acres), equipped by Developer with typical neighborhood park facilities, which may include picnic facilities, shade structures, playgrounds, turf areas, and related facilities as further defined in the Specific Plan and in accordance with the plans developed in Section 8.1;

7.4.1.3 Two private recreation centers, totaling approximately eight acres, which will be gated and accessible only to the residents of the Project. These centers may, but are not required to, include clubhouse facilities, restrooms, and other amenities as further defined in the Specific Plan; and

7.4.1.4 108.4 acres of additional open space as described in the Specific Plan.

7.4.2. Community Recreation Center. The City shall also be entitled to construct a community recreation center in Planning Areas 35 or 39, on any park or open space site or on any site identified for a public facility, such as a fire station or waste water treatment plant, if that site is not used for the public facility. Once the site has been identified, the Developer shall grade it and stub utilities to site. The Developer's obligations are further described in Section 8.1.4.

7.5 Traffic Impact Mitigation.

7.5.1. Fees to be Established. The City has established a Development Impact Fee for the purpose of collecting funds to pay for the cost of constructing localized transportation improvements. At the request of the City, the Developer may initiate a study to expand upon the existing Traffic Control Facility Fee to include additional improvements not currently covered in the fee. The fee includes signal costs and minor roadway improvements. The Developer shall pay the applicable Traffic Control Facility Fee established by the City in effect on the Effective Date or at the time that the new revised fee is established, pursuant to Section 7.2.1 above.

7.5.2. Highland Springs Interim Improvement Project. The Developer has initiated and will complete interim improvements to Highland Springs Avenue between Ramsey Street and the I-10 Freeway. These improvements include, but are not limited to, the synchronization of traffic signals along Highland Springs Avenue, relocation of traffic signals, closings and relocation of Joshua Palmer Way and the restriping and repaving of Highland Springs Avenue. The City believes that the current traffic impacts are caused by the Developer's earlier project in Beaumont. The City shall use its best efforts to coordinate with the City of Beaumont an agreement to reimburse a portion of the improvements either through the appropriate transportation fee credits or other mechanism.

7.5.3. The Developer to Construct Traffic Improvements In Lieu of Paying City Fair Share Fees. In the event the Developer is required to construct traffic improvements in lieu of paying the City's fair share fees, City shall reimburse the Developer for the cost of the completed improvements through Reimbursement Agreements mandating that any project larger than 20 dwelling units pay a prorated share for benefits associated with completion of the Project.

8. DEDICATIONS AND CONVEYANCES OF PROPERTY INTERESTS

8.1 Park Improvements.

8.1.1. Neighborhood/Community Parks. Prior to the construction of any parks, the Developer shall meet with both the Director and the Director of Parks and Recreation to review the provisions set forth in the Specific Plan outlining the facilities to be provided at each park and discuss the Developer's plans for near term construction of the parks. Prior to development of each park, a detailed site plan consistent with the Specific Plan shall be prepared by the Developer and approved by the Director and the Parks and Recreation Commissions. The Developer shall complete the construction of neighborhood parks, Planning Areas 22 through 34, 62, 64 through 67 and 72, and the parks in the SCE easement, Planning Areas 36 through 38, no later than the issuance of the final Certificate of Occupancy for residential units within the adjacent subdivisions. Active use park improvements may not be placed in the SCE easement parks if the Director and Commissions believe there are issues of public health with electro magnetic radiation. A subdivision separated from a park by a street shall not be considered to be adjacent to the park. The Parties shall, mutually, determine what constitutes the adjacent subdivision if a park adjoins more than one subdivision. Upon completion of each neighborhood park, the City shall after the one-year maintenance period has expired, within 10 working days, develop final punch lists of items to be corrected prior to acceptance by the City. Upon correction of final punch list items by the Developer, the City shall accept the park within 30 days of the date of the final inspection.

8.1.2. POA Recreation Centers. The POA Recreation centers identified in Planning Areas 21 and 63 shall be constructed by the Developer in accordance with the Tract Phasing Plan pursuant to Section 6.5.

8.1.3. Golf Course/Active Open Space. The Golf Course shall be constructed at the sole and absolute discretion of the Developer. The determination to construct the Golf Course will take place within the first phase of Phase I of development due to the need to construct of the flood control improvements for Smith Creek. The Golf Course will be maintained by a Developer selected operator and open to the public. The operator may sell annual play memberships. If, as described in Section 5.4 above, the Golf Course is determined to be financially infeasible, the Developer shall notify the Planning Department in writing and the open space and drainage provisions described in the Specific Plan shall dictate the uses allowed on Planning Areas 35 and 39. The revised use of Planning Areas 35 and 39 shall be approved by both the Planning Commission (as the recommending body) and City Council prior to construction. The revised plan shall incorporate active recreational use including biking and pedestrian trails, turnouts for exercise, viewing and educational facilities, all linkable to other tracts, parks and open space, landscaping and providing full public access.

8.1.4. Community Recreation/Emergency Center. The City's Parks Master Plan indentifies the need in the Project for a community recreation center, and this is even more necessary if the Golf Course is not developed. This Center would be on an approximately six (6) acre parcel in Planning Area 39 in lieu of the golf clubhouse, or alternatively could be located as a part of a community park or other available site including in Planning Area 71, or in lieu of the waste water treatment plant site in Planning Area 11. Depending on the site selected, the six (6) acres may be reduced so as to not adversely affect the development area of adjacent parcels from the development areas shown in the Specific Plan. The Center is contemplated as a 30,000 sq. foot facility. The plan for the Center shall be included in the Park Master Plan and the site plan shall be processed at the time the chosen Planning Area is developed, subject to the Phasing Plans approved pursuant to Section 6.5, and provided that if the City chooses to put the Center in Planning Area 11, it may be developed as part of Phase I provided that Developer shall satisfy the Phase I obligation by providing a developed Site, and need not fund the construction of the improvements if there are insufficient DIF's for credit. The Developer shall dedicate the site to City without charge. If developed as part of a park it shall be developed at the time required for parks in Section 8.1.1. The Center may include emergency operations and shelter components, and will also include appropriate landscaped grounds and facilities as specified in the Master Plan. The Center may be developed and constructed by Developer in the same manner as for the waste water treatment plant in Section 7.3.2, except as provided above.

8.2 Drainage Facilities. Planning Areas 19 and 71 are required areas of detention, recharge and conveyance of Project created and natural storm flows through the Project as set forth in Section 5.4 above. Planning Area 19 will consist of water quality basins, habitat restoration and flood conveyance facilities as well as the head works for the culvert underneath Wilson Street. This Planning Area may be ultimately transferred to the Flood Control District or City for acceptance and maintenance, but the Developer shall have the right to utilize it until such time as Development has fully or partially occurred for erosion control purposes. Planning Area 71 may be constructed in Phase I of the Project if required for the realignment of Smith Creek. This Planning Area may also consist of a large open reservoir, detention basin and recharge facility that may ultimately be transferred to the City or other appropriate body for acceptance and maintenance. The City shall have no obligation to accept

the facilities if they primarily benefit the Project and are for flood control purposes but City may do so if the recharge facility and reservoir facility is designed for water recharge purposes and City determines in its sole and absolute discretion that they are needed to enhance the City's water supply.

8.3 Satellite Water Treatment Plant. The Director of Public Works Director shall determine the location of a two to five acre portion of Planning Area 11 for the onsite treatment of Project-related and other localized wastewater flows. The City shall have an Appraisal of Land Value determined within one (1) year of the signing of this Agreement. The City shall grant a credit equal to the fair market value determined by the appraisal to the City's waste water impact fee, when that fee is established, which credit may be used by the Developer on a unit by unit basis. Title to the site shall be transferred to the City after the site has been graded by the Developer and utilities are stubbed to the site.

8.4 Fire Station Site. The Specific Plan has identified a site in Planning Area 60 as the possible site for a fire station. The City shall have the an Appraisal of Land Value performed for a site of up to two (2) acres within one (1) year of the signing of this Agreement. The City shall grant a credit equal to the fair market value determined by the appraisal to the City's Fire Facilities Development Fee which credit may be used by the Developer on a unit by unit basis. Title to the site shall be transferred to the City after the site has been graded by the Developer and utilities are stubbed to the site.

8.5 Water Tanks. The City's water facilities and improvements described in Section 7.3.4 include certain water tanks, pipelines, access roads and appurtenant facilities which largely serve the Development and must be located at specific locations and elevations to make the water system function correctly and maintain public health and safety. The water tanks shall be developed as follows:

A. A 500,000 gallon tank in Planning Area 73 at an high water elevation line of 3237 feet.

B. A 1.4 million gallon tank in Planning Area 73 at an high water elevation line of 3070 feet.

C. A 1.6 million gallon tank Planning Area 68 or 50 at an high water elevation line of 2822 feet.

Each tank will require a parcel from 1 to 1.5 acres in area and additional area for access, and shall be dedicated to City without charge after the site has been graded and stubbed out by Developer. The Developer may construct the improvements in accordance with Section 7.3.2 and receive fee credits to the water development impact fee on a unit per unit basis for the construction costs. The water tanks are considered part of the Proposed Project Facilities and shall be constructed in accordance with the Phasing Plans developed in accordance with Section 6.5 provided that the tanks in paragraph C above must be in Phase I.

9. PROCESSING OF REQUESTS AND APPLICATIONS: OTHER GOVERNMENT PERMITS.

9.1 Processing. In reviewing Future Development Approvals which are discretionary, the City may impose only those conditions, exactions, and restrictions which are allowed by the Development Plan and this Agreement. Upon satisfactory completion by the Developer of all required preliminary actions, meetings, submittal of required information and payment of appropriate processing fees, if any, the City shall promptly commence and diligently proceed to complete all required steps necessary for the implementation of this Agreement and the development by the Developer of the Project in accordance with the Existing Development Approvals. In this regard, the Developer, in a timely manner, will provide the City with all documents, applications, plans and other information necessary for the City to carry out its obligations hereunder and will cause the Developer's planners, engineers and all other consultants to submit in a timely manner all required materials and documents therefor. It is the express intent of this Agreement that the parties cooperate and diligently work to implement any zoning or other land use, site plan, subdivision, grading, building or other approvals for development of the Project in accordance with the Existing Development Approvals and those items set forth in Exhibit "E." Notwithstanding the foregoing, nothing contained herein shall be construed to require City to process Developer's Applications ahead of other projects in process in the City and City's obligations hereunder shall be subject to the City's workload and staffing at any given time.

9.2 Developer to Pay for Expedited Processing. If Developer elects, in its sole and absolute discretion, to request the City to incur overtime or additional consulting services to receive expedited processing by the City, the Developer shall pay all such overtime costs, charges or fees incurred by City for such expedited processing.

9.3 General Time Periods for Processing.

9.3.1. General Plan Review and Approval. The City shall provide comments within two weeks for all plan checks for required infrastructure, building, grading, both mass and finished, architectural, erosion control or any other required plan submittal and will not unduly extend amount of plan checks beyond three submittals provided that Developer's consultants are responsive . In the event that consensus between the City and the Developer regarding the content of the plans after the 3rd submittal can not be made, a meeting will be scheduled to discuss how to reconcile the differences.

9.3.2. Architectural Plan Submittal Process. The Developer shall submit architectural plans to the Planning Department for maximum two-week review of the entire plan set for each submittal for a maximum of three plan check reviews to ensure that they conform to the guidelines set forth in Specific Plan provided that Developer's consultants are responsive. In the event that consensus can not be made after the third plan check, a meeting will be coordinated with the plan checker, Planning Department and the Developer or the Developer's representative. The Planning Department, upon determining compliance with the guidelines set forth in the Specific Plan, shall approve the plans. This review is a ministerial action. Additional architectural enhancements that are above and beyond the design guidelines

will be implemented at the Developer's sole and absolute discretion but are subject to review by City if proposed.

9.4 Precise Grading/Plot Plan Revisions. In the event that the Developer wishes to revise house plan type or elevation on an approved plot plan or revised grading plan, City Engineering and Planning staff review and approval shall be done over the counter.

9.5 Additional Inspectors and Plan Checkers. In the event that the Developer requests it, the City shall permit overtime, including both additional days and hours, for inspections and plan checking at the Developer's expense. In the event that the City is unable to provide inspectors or plan checkers capable of meeting the demand for inspections or plan checks required for the Development of the Project in a timely fashion, the City shall, if requested to do so by the Developer and at the Developer's expense, employ additional private entities or persons to perform such services.

9.6 Tentative Subdivision Maps. The City shall extend through the Term hereof (pursuant to Government Code § 66452.6) all Master Tract Maps and all tentative and vesting tentative Subdivision Maps applied for by the Developer during the term of this Agreement and approved by the City in the future.

9.7 Multiple Final Subdivision Maps: The Developer may file as many final maps over a tentative Subdivision Map as it deems appropriate in its sole and absolute discretion.

9.8 Financing and Conveyance Maps: The Developer may have a Master Tract Map approved for the purpose of conveying portions of the Developer's Property to others and/or for the purpose of creating legal lots which may be used as security for loans to develop the Developer's Property and as provided in Section 6.5.1. Any such map shall not authorize any Development and shall not be subject to any conditions, Exactions or restrictions, other than monumentation and conditions which do not require the payment of money or the installation or construction of improvements.

9.9 Water Availability. Any final subdivision map prepared for the Developer's Property, or any portion of the Developer's Property, shall comply with the provisions of Government Code § 66473.7.

9.10 Other Governmental Permits. The Developer shall apply in a timely manner for such other permits and approvals as may be required from other governmental or quasi-governmental agencies having jurisdiction over the Project as may be required for the development of, or provision of services to, the Project. The City shall cooperate with the Developer in its efforts to obtain such permits and approvals.

9.11 Public Agency Coordination. The City and Developer shall cooperate and use reasonable efforts in coordinating the implementation of the Development Plan with other public agencies, if any, having jurisdiction over the Property or the Project.

9.12 Annexation. This Agreement's effectiveness over land within the Developer's Property that is currently not within the City nor within its sphere of influence is subject to the annexation of that land into the City. If the land is annexed into the City, the terms

of this Agreement shall automatically apply to all portions of that land upon its annexation. In the event that annexation of portions of the Developer's Property not currently within the City is not approved by LAFCO, or for any other reason is not annexed to the City, then any such portions shall be excluded from this Agreement. With the exception of land within Planning Area 43B, the City shall, subject to the negotiation of a tax allocation agreement with the County of Riverside acceptable to City, use its best efforts to expeditiously accomplish the annexation of those portions of the Developer's Property not within the City, or such portions thereof as may be approved by the developer, to the City.

10. AMENDMENT AND MODIFICATION OF DEVELOPMENT AGREEMENT.

10.1 Initiation of Amendment. Either Party may propose an amendment to this Agreement.

10.2 Procedure. Except as set forth in Section 10.4 below, the procedure for proposing and adopting an amendment to this Agreement shall be the same as the procedure required for entering into this Agreement in the first instance, and meet the requirements of the Development Agreement Statute § 65867.

10.3 Consent. Except as expressly provided in this Agreement, no amendment to all or any provision of this Agreement shall be effective unless set forth in writing and signed by duly authorized representatives of each of the Parties hereto and recorded in the Official Records of Riverside County.

10.4 Minor Modifications.

10.4.1. Flexibility Necessary. The provisions of this Agreement require a close degree of cooperation between the City and the Developer. Implementation of the Project may require minor modifications of the details of the Development Plan and affect the performance of the Parties under this Agreement. The anticipated refinements to the Project and the Development of the Developer's Property may demonstrate that clarifications to this Agreement and the Existing Land Use Regulations are appropriate with respect to the details of performance of the City and the Developer. The Parties desire to retain a certain degree of flexibility with respect to those items covered in general terms under this Agreement. Therefore, non-substantive and procedural modifications of the Development Plan shall not require modification of this Agreement.

10.4.2. Non-Substantive Changes. A modification will be deemed non-substantive and/or procedural if it does not result in a material change in fees, maximum residential density, maximum intensity of use, permitted uses, the maximum height and size of buildings, the reservation or dedication of land for public purposes, or the improvement and construction standards and specifications for the Project, including density transfers between phases. A "material change" is generally one which does not change the standard by ten percent (10%) or more. For example, for a height limit of 20 feet, a change of less than two feet is deemed non-material.

10.4.3. Hearing Rights Protected. Notwithstanding the foregoing, City will process any change to this Development Agreement consistent with state law and will hold public hearings thereon if so required by state law and the parties expressly agree nothing herein is intended to deprive any party or person of due process of law.

10.5 Effect of Amendment to Development Agreement. Except as expressly set forth in any such amendment, an amendment to this Agreement will not alter, affect, impair, modify, waive, or otherwise impact any other rights, duties, or obligations of either Party under this Agreement.

11. RESERVATIONS OF AUTHORITY.

11.1 Limitations, Reservations and Exceptions. Notwithstanding anything to the contrary set forth hereinabove, in addition to the Existing Land Use Regulations, only the following Land Use Regulations adopted by City hereafter shall apply to and govern the Development of the Developer's Property ("Reservation of Authority"):

11.1.1. Future Regulations. Future Land Use Regulations which (i) are not in conflict with the Existing Land Use Regulations, (ii) which would be applicable under the Development Agreement statute (§ 65866); (iii) if in conflict with the Existing Land Use Regulations but the application of which to the Development of the Developer's Property has been consented to in writing by Developer.

11.1.2. State and Federal Laws and Regulations. Where state or federal laws or regulations enacted after the Effective Date prevent or preclude compliance with one or more provisions of the Development Agreement, those provisions shall be modified, through revision or suspension, to the extent necessary to comply with such state or federal laws or regulations.

11.1.3. Public Health and Safety/Uniform Codes.

11.1.3.1 Adoption Automatic Regarding Uniform Codes. This Agreement shall not prevent the City from adopting Future Land Use Regulations or amending Existing Regulations which are uniform codes and are based on recommendations of a multi-state professional organization and become applicable throughout the City, such as, but not limited to, the Uniform Building, Electrical, Plumbing, Mechanical, or Fire Codes.

11.1.3.2 Adoption Regarding Public Health and Safety/Uniform Codes. This Development Agreement shall not prevent the City from adopting Future Land Use Regulations respecting public health and safety to be applicable throughout the City which directly result from findings by the City that failure to adopt such Future Land Use Regulations would result in a condition injurious or detrimental to the public health and safety and that such Future General Regulations are the only reasonable means to correct or avoid such injurious or detrimental condition.

11.1.3.3 Adoption Automatic Regarding Regional Programs. This Agreement shall not prevent the City from adopting Future Land Use Regulations or amending Existing Regulations which are regional codes and are based on recommendations of a county or regional organization and become applicable throughout the region, such as Western Riverside Council of Governments.

11.1.4. Amendments to Codes for Local Conditions. Notwithstanding the foregoing, no construction within the Project shall be subject to any provision in any of the subsequent Uniform Construction Codes, adopted by the State of California, but modified by the City to make it more restrictive than the provisions of previous Uniform Construction Codes of the City, notwithstanding the fact that the City has the authority to adopt such more restrictive provision pursuant to the California Building Standards Law, including, but not limited to, Health and Safety Code § 18941.5, unless such amendment applies City-wide. The City shall give Developer prior written notice of the proposed adoption of such amendment and Developer shall have the right to present its objections to the amendment.

11.2 Regulation by Other Public Agencies. It is acknowledged by the Parties that other public agencies not within the control of the City possess authority to regulate aspects of the Development of the Developer's Property separately from, or jointly with, the City and this Agreement does not limit the reasonable authority of such other public agencies.

11.3 Fees, Taxes and Assessments. Notwithstanding any other provision herein to the contrary, the City retains the right (i) to impose or modify Processing Fees and Development Impact Fees as provided in Article 7, (ii) to impose or modify business licensing or other fees pertaining to the operation of businesses, (iii) to impose or modify taxes and assessments which apply City-wide such as utility taxes, sales taxes and transient occupancy taxes, (iv) to impose or modify fees and charges for City services such as electrical utility charges, water rates, and sewer rates, (v) to impose or modify a community wide or area-wide assessment district which does not predominately apply to the Developer's Property, and (vi) to impose or modify any fees, taxes or assessments similar to the foregoing.

12. ANNUAL REVIEW.

12.1 Annual Monitoring Review. Following commencement of construction, the City and the Developer shall review the performance of this Agreement, and the Development of the Project, on or about each anniversary of the Effective Date (the "Annual Review"). The cost of the Annual Review shall be borne by Developer and Developer shall pay a reasonable deposit in an amount requested by City to pay for such review. As part of each Annual Review, within ten (10) days after each anniversary of this Agreement, the Developer shall deliver to the City all information reasonably requested by City (i) regarding the Developer's performance under this Agreement demonstrating that the Developer has complied in good faith with the terms of this Agreement and (ii) as required by the Existing Land Use Regulations.

The Director shall prepare and submit to Developer and thereafter to City Council a written report on the performance of the Project, and identify any deficiencies. If any deficiencies are noted, or if requested by a Councilmember a public hearing shall be held before the City Council on the report to Council. The Developer's written response shall be included in the Director's report. The report to Council shall be made within 45 days of the anniversary date.

If the City determines that the Developer has substantially complied with the terms and conditions of this Agreement, the Annual Review shall be concluded. If the City finds and determines that the Developer has not substantially complied with the terms and conditions of this Agreement for the period under review, the City may declare a default by the Developer in accordance with Section 13.1.

12.2 Certificate of Compliance. If, at the conclusion of an Annual Review, the City finds that the Developer is in substantial compliance with this Agreement, the City shall, upon request by the Developer, issue an Estoppel Certificate to the Developer in the form shown on Exhibit "C."

12.3 Failure to Conduct Annual Review. The failure of the City to conduct the Annual Review shall not be a Developer Default unless Developer fails to cooperate in providing necessary information.

13. DEFAULT, REMEDIES AND TERMINATION.

13.1 Rights of Non-Defaulting Party after Default. The Parties acknowledge that both Parties shall have hereunder all legal and equitable remedies as provided by law following the occurrence of a Default or to enforce any covenant or agreement herein except as provided in Section 13.2 below. Before this Agreement may be terminated or action may be taken to obtain judicial relief the Party seeking relief ("Non-Defaulting Party") shall comply with the notice and cure provisions of this Article 13.

13.2 No Recovery for Monetary Damages. The nature of a development agreement under the Development Agreement Statute is a very unusual contract involving promoting a very large development project facing many complex issues including geologic, environmental, finance, market, regulatory and other constantly evolving factors over an extremely long time frame. The high level of uncertainty and risk involved justify the extraordinary commitments made to the Developer. However, the original persons representing the parties and approving the transaction are only likely to be involved with the Project for a limited time in comparison to the over-all life of the Project.

It is highly likely that misunderstandings will develop over time. Moreover, municipal budgets are extremely constrained, and a threat of recovery of damages against a municipal entity may pressure a municipality with limited resources to settle in a manner adverse to its interests and those of its citizens. Finally, the municipal entity represents the public welfare of the entire community, a community who cannot directly represent themselves. The City Council has come to believe that entering into a development agreement with the Developer vesting the Developer with the extraordinary rights provided herein is in the best interests of the community

through the Developer's active engagement with the community and open communications over several years. It is critical to the success of this Project that as inevitable obstacles are met, and the persons implementing the Project change over the 40 year time span of the Project, that close working relationships be maintained. Accordingly, in this Agreement, the rights of enforcement are limited as follows (i) the remedy of monetary damages is not available to either Party, and (ii) there is no shortcut to a mediation or arbitration procedure where a nonelected representative can arbitrarily determine land use development issues.

For purposes of enforcement, stated positively, the Parties shall have the equitable remedies of specific performance, injunctive and declaratory relief, or a mandate or other action determining that the City has exceed its authority, and similar remedies, other than recovery of monetary damages, to enforce their rights under this Agreement. The Parties shall have the right to recover their attorney fees and costs pursuant to Section 19.9 in such action. Moreover, the Developer shall have the right to a public hearing before the City Council before any default can be established under this Agreement, as provided in Section 13. 6.

13.3 Recovery of Monies Other Than Damages.

13.3.1. Restitution of Improper Exactions. In the event any actions, whether monetary or through the provision of land, good or services, are imposed on the Development of the Developer's Property other than those authorized pursuant to this Agreement, the Developer shall be entitled to recover from City restitution of all such improperly assessed exactions, either in kind or the value in lieu of the exaction, together with interest thereon at the rate of the maximum rate provided by law per year from the date such exactions were provided to City to the date of restitution.

13.3.2. Monetary Default. In the event the Developer fails to perform any monetary obligation under this Agreement, City may sue for the payment of such sums to the extent due and payable. The Developer shall pay interest thereon at the lesser of: (i) ten percent (10%) per annum, or (ii) the maximum rate permitted by law, from and after the due date of the monetary obligation until payment is actually received by the City.

13.4 Compliance with the Claims Act. Compliance with this Article 13 shall constitute full compliance with the requirements of the Claims Act, Government Code § 900 et seq., pursuant to Government Code § 930.2 in any action brought by the Developer.

13.5 Notice and Opportunity to Cure. A Non-Defaulting Party in its discretion may elect to declare a Default under this Agreement in accordance with the procedures hereinafter set forth for any failure or breach of the other Party ("Defaulting Party") to perform any material duty or obligation of the Defaulting Party under the terms of this Agreement. However, the Non-Defaulting Party must provide written notice to the Defaulting Party setting forth the nature of the breach or failure and the actions, if any, required by the Defaulting Party to cure such breach or failure. The Defaulting Party shall be deemed in Default under this Agreement, if the breach or failure can be cured, but the Defaulting Party has failed to take such actions and cure such default within thirty (30) days after the date of such notice or ten (10) days for monetary defaults (or such lesser time as may be specifically provided in this Agreement).

However, if such non-monetary Default cannot be cured within such thirty (30) day period, and if and, as long as the Defaulting Party does each of the following:

1. Notifies the Non-Defaulting Party in writing with a reasonable explanation as to the reasons the asserted default is not curable within the thirty (30) day period;

2. Notifies the Non-Defaulting Party of the Defaulting Party's proposed cause of action to cure the default;

3. Promptly commences to cure the default within the thirty (30) day period;

4. Makes periodic reports to the Non-Defaulting Party as to the progress of the program of cure;

5. Diligently prosecutes such cure to completion, and

Then the Defaulting Party shall not be deemed in breach of this Agreement.

Notwithstanding the foregoing, the Defaulting Party shall be deemed in default under this Agreement if the breach or failure involves the payment of money but the Defaulting Party has failed to completely cure the monetary default within ten (10) days (or such lesser time as may be specifically provided in this Agreement) after the date of such notice.

13.6 Dispute Resolution.

13.6.1. Meet & Confer. Prior to any Party issuing a Default Notice hereunder, the Non-Defaulting Party shall inform the Defaulting Party either orally or in writing of the Default and request a meeting to meet and confer over the alleged default and how it might be corrected. The Parties through their designated representatives shall meet within ten (10) days of the request therefore. The Parties shall meet as often as may be necessary to correct the conditions of default, but after the initial meeting either Party may also terminate the meet and confer process and proceed with the formal Default Notice.

13.6.2. Termination Notice. Upon receiving a Default Notice, should the Defaulting Party fail to timely cure any default, or fail to diligently pursue such cure as prescribed above, the Nondefaulting Party may, in its discretion, provide the Defaulting Party with a written notice of intent to terminate this Agreement and other Agreements ("Termination Notice"). The Termination Notice shall state that the Nondefaulting Party will elect to terminate the Agreement and such other Agreements as the Non-defaulting Party elects to terminate within thirty (30) days and state the reasons therefor (including a copy of any specific charges of default) and a description of the evidence upon which the decision to terminate is based. Once the Termination Notice has been issued, the Non-defaulting Party's election to terminate Agreements will only be waived if (i) the Defaulting Party fully and completely cures all defaults prior to the date of termination, or (ii) pursuant to Section 13.6.3 below.

13.6.3. Hearing Opportunity Prior to Termination. Prior to any termination, a termination hearing shall be conducted as provided herein ("Termination Hearing"). The Termination Hearing shall be scheduled as an open public hearing item at a regularly-scheduled City Council meeting within thirty (30) days of the Termination Notice, subject to any legal requirements including but not limited to the Ralph M. Brown Act, Government Code Sections 54950-54963. At said Termination Hearing, the Defaulting Party shall have the right to present evidence to demonstrate that it is not in default and to rebut any evidence presented in favor of termination. Based upon substantial evidence presented at the Termination Hearing, the Council may, by adopted resolution, act as follows:

A. Decide to terminate this Agreement.

B. Determine that the alleged Defaulting Party is innocent of a default and, accordingly, dismiss the Termination Notice and any charges of default; or

C. Impose conditions on a finding of default and a time for cure, such that Defaulting Party's fulfillment of said conditions will waive or cure any default.

Findings of a default or a condition of default must be based upon substantial evidence supporting the following three findings: (i) that a default in fact occurred and has continued to exist without timely cure, (ii) that the Non-Defaulting Party's performance has not excused the default; and (iii) that such default has, or will, cause a material breach of this Agreement and/or a substantial negative impact upon public health, safety and welfare, or the financial terms established in the Agreement, or such other interests arising from the Project. Notwithstanding the foregoing, nothing herein shall vest authority in the City Council to unilaterally change any material provision of the Agreement.

Following the decision of the City Council, any Party dissatisfied with the decision may seek judicial relief consistent with this Article 13.

13.7 Waiver of Breach. By not challenging any Development Approval within 90 days of the action of City enacting the same, Developer shall be deemed to have waived any claim that any condition of approval is improper or that the action, as approved, constitutes a breach of the provisions of this Agreement. By recordation of a final map on all or any portion of the Developer's Property, the Developer shall be deemed to have waived any claim that any condition of approval is improper or that the action, as approved, constitutes a breach of the provisions of this Agreement.

13.8 Limitations on Defaults. Notwithstanding any provision in this Agreement to the contrary, a Default by one Owner shall not constitute a Default by an Owner of a portion of the Developer's Property, which is not the owner of the portion of the Developer's Property that is the subject of the Default (an "Innocent Owner"). Likewise, a Default by an Owner with respect to a Lot (or group of Lots) it owns or leases shall not constitute a Default by an Innocent Owner, nor shall the Default by another Owner of a portion of the Developer's Property not owned by an Innocent Owner constitute a Default of the Innocent Owner. Therefore, (i) no Innocent Owner shall have any liability to the City for, or with respect to, any

Default by another Owner or any Default of any other Owner, (ii) an Innocent Owner shall have no liability to the City for, or with respect to, any Default by any other Owner, and (iii) the City's election to terminate this Agreement as a result of a Default by an Owner shall not result in a termination of this Agreement with respect to either (x) any portion of the Developer's Property not owned by such Owner or (y) those Lots owned or leased by an Innocent Owner until such time that this Agreement would otherwise terminate in accordance with its terms.

13.9 Venue. In the event of any judicial action, venue shall be in the Superior Court of Riverside County.

14. ASSIGNMENT.

14.1 Right to Assign.

14.1.1. General. Neither Party shall assign (as hereinafter defined) or transfer (as hereinafter defined) its interests, rights or obligations under this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed. The term "assignment" as used in this Agreement shall include successors-in-interest to the City that may be created by operation of law. Notwithstanding the foregoing, the City shall have the right to sell, assign or transfer its interest in any real property dedicated or transferred to the City pursuant to the terms of this Agreement or to another public agency.

As used in this Section, the term "transfer" shall include the transfer to any person or group of persons acting in concert of more than seventy percent (70%) of the present equity ownership and/or more than fifty percent (50%) of the voting control of the Developer (jointly and severally referred to herein as the "Trigger Percentages") or any general partner of the Developer in the aggregate, taking all transfers into account on a cumulative basis, except transfers of such ownership or control interest between members of the same immediate family, or transfers to a trust, testamentary or otherwise, in which the beneficiaries are limited to members of the transferor's immediate family. A transfer of interests (on a cumulative basis) in the equity ownership and/or voting control of the Developer in amounts less than the Trigger Percentages shall not constitute a transfer subject to the restrictions set forth herein. In the event the Developer or any general partner of the Developer or its successor is a corporation or trust, such transfer shall refer to the transfer of the issued and outstanding capital stock of the Developer, or of beneficial interests of such trust; in the event that Developer or any general partner of the Developer is a limited or general partnership, such transfer shall refer to the transfer of more than the Trigger Percentages in the limited or general partnership interest; in the event that the Developer or any general partner is a joint venture, such transfer shall refer to the transfer of more than the Trigger Percentages of such joint venture partner, taking all transfers into account on a cumulative basis.

The Developer shall not transfer this Agreement or any of the Developer's rights hereunder, or any interest in the Developer's Property or in the improvements thereon, directly or indirectly, voluntarily or by operation of law, except as provided below, without the prior written approval of City, and if so purported to be transferred, the same shall be null and void. In considering whether it will grant approval to any transfer by Developer, which transfer requires City approval, City shall consider factors such as (i) the financial strength and capability of the

proposed transferee to perform the obligations hereunder; and (ii) the proposed transferee's experience and expertise in the planning, financing, development, ownership, and operation of similar projects. In no event shall the City's approval of any transfer be unreasonably withheld or delayed.

In addition, no attempted assignment of any of the Developer's obligations hereunder shall be effective unless and until the successor party signs and delivers to the City an assumption agreement, in a form approved by the City, assuming such obligations. No consent or approval by City of any transfer requiring the City's approval shall constitute a further waiver of the provision of this Section 14.1.1 and, furthermore, the City's consent to a transfer shall not be deemed to release the Developer of liability for performance under this Agreement unless such release is specific and in writing executed by City. In no event shall the City's release of the Developer from liability under this Agreement upon a transfer be unreasonably withheld or delayed.

Notwithstanding any provision of this Agreement to the contrary, City approval of a Transfer or Assignment of any portion of the Developer's Property under this Agreement shall not be required in connection with any of the following provided that such person or entity transferee or assignee assumes in writing all of the Developer's obligations under this Agreement and notifies the City in writing of the same:

A. Any mortgage, deed of trust, sale/lease-back, or other form of conveyance for financing and any resulting foreclosure therefrom.

B. The granting of easements or dedications to any appropriate governmental agency or utility or permits to facilitate the development of the Developer's Property.

C. A sale or transfer resulting from, or in connection with, a reorganization as contemplated by the provisions of the Internal Revenue Code of 1986, as amended or otherwise, in which the ownership interests of a corporation are assigned directly or by operation of law to a person or persons, firm or corporation which acquires the control of the voting capital stock of such corporation or all or substantially all of the assets of such corporation.

D. A sale or transfer of less than the Trigger Percentages between members of the same immediate family, or transfers to a trust, testamentary or otherwise, in which the beneficiaries consist solely of immediate family members of the trustor or transfers to a corporation or partnership in which the immediate family members or shareholders of the transferor who owns at least ten percent (10%) of the present equity ownership and/or at least fifty percent (50%) of the voting control of Developer.

E. A transfer of common areas to a POA.

F. Any transfer to an entity or entities in which the Developer retains a minimum of 51% of the ownership or beneficial interest and retains management and control of the transferee entity or entities.

G. Any transfer of interests in Owner for estate planning purposes to the heirs of Owner, provided that the heirs retain a minimum of 51% of the ownership or beneficial interest of the transferor entity and retain management and control of the transferee entity.

H. Any transfer of interest to a Pre-Qualified Buyer.

14.1.2. Subject to Terms of Agreement. Following any such Transfer or Assignment of any of the rights and interests of the Developer under this Agreement, in accordance with Section 14.1.1 above, the exercise, use and enjoyment of such rights and interests shall continue to be subject to the terms of this Agreement to the same extent as if the assignee or transferee were the Developer.

14.1.3. Release of Developer. Upon the written consent of the City to the complete assignment of this Agreement or the transfer of a portion of the Developer's Property and the express written assumption of the assigned obligations of the Developer under this Agreement by the assignee, the Developer shall be relieved of its legal duty from the assigned obligations under this Agreement with respect to the portion of the Developer's Property transferred, except to the extent the Developer is in default under the terms of this Agreement prior to the transfer.

14.1.4. No Approval of Terms of Loan by City. Notwithstanding anything to the contrary set forth herein with regards to the approval by the City of hypothecation, encumbrances or mortgages, the City shall only have the right to approve the identity of the Developer's lender, which approval will not be unreasonably withheld, taking into consideration such lender's financial strength, reputation, and other relevant factors. The City shall not have any right to approve any of the terms or conditions of the Developer's financing arrangements with third party lenders.

14.2 Sale to Pre-Qualified Buyer. Nothing herein shall prevent the Developer from selling a portion of the Developer's Property for residential development subject to any approved final subdivision map to a Pre-Qualified Buyer for construction of houses in accordance with the terms of this Agreement provided that the transferee must enter into appropriate agreements with the City to assure that all Development restrictions hereunder will be met.

14.3 Termination of Agreement With Respect to Individual Parcels Upon Sale to Public. Notwithstanding any provisions of this Agreement to the contrary, this Agreement shall terminate as to any Lot which has been finally subdivided and improved with all required public improvements and which is individually (and not in "bulk") sold to an owner-user and thereupon, and without the execution or recordation of any further document or instrument, such Lot shall be released from and no longer be subject to the provisions of this Agreement; provided, however, that CC&R's are placed of record in accordance with Section 14.4 below.

14.4 Declaration of Covenants. Conditions and Restrictions. Prior to the transfer of any portion of the Project to a third party, the Developer shall submit a proposed form of Declaration of Covenants, Conditions and Restrictions to be recorded against the applicable subdivision to the City for its review and approval ("CC&RS"). The CC&RS must be recorded prior to issuance of certificates of occupancy, and Developer shall pay City's review costs. It is anticipated that the CC&RS will contain, among other things, protective covenants to protect and preserve the integrity and value in the subdivision, including but not limited to use restrictions, maintenance covenants, EIR mitigation measures, restrictions under this Development Agreement which will continue to apply to the subdivision, covenants for construction and completion of the improvements and a provision giving the City the right to enforce the CC&RS, including the right to recover its enforcement costs if there is noncompliance following notice and the opportunity to cure.

15. RELEASES AND INDEMNITIES.

15.1 The City's Release As To Actions Prior To Effective Date. The City forever discharges, releases and expressly waives as against the Developer and its attorneys and employees any and all claims, liens, demands, causes of action, excuses for nonperformance (including but not limited to claims and/or defenses of unenforceability, lack of consideration, and/or violation of public policy), losses, damages, and liabilities, known or unknown, suspected or unsuspected, liquidated or unliquidated, fixed or contingent, based in contract, tort, or other theories of direct and/or of agency liability (including but not limited to principles of respondent superior) that it has now or has had in the past, arising out of or relating to this Agreement and the development agreement approved in 1993, and the currently existing land use plans for the Developer's Property or any portion thereof.

15.2 The Developer's Release As To Actions Prior To Effective Date. The Developer forever discharges, releases and expressly waives as against the City and its respective councils, boards, commissions, officers, attorneys and employees any and all claims, liens, demands, causes of action, excuses for nonperformance (including but not limited to claims and/or defenses of unenforceability, lack of consideration, and/or violation of public policy), losses, damages, and liabilities, known or unknown, suspected or unsuspected, liquidated or unliquidated, fixed or contingent, based in contract, tort or other theories of direct and/or of agency liability (including but not limited to principles of respondent superior) that they have now or have had in the past, arising out of or relating to this Agreement and the development agreement approved in 1993, and the currently existing land use plans for the Developer's Property or any portion thereof.

15.3 Third-Party Litigation.

15.3.1. Non-liability of City. As set forth above, the City has determined that this Agreement is consistent with the General Plan and that the General Plan and Development Approvals meets all of the legal requirements of State law. The Parties acknowledge that:

A. In the future there may be challenges to legality, validity and adequacy of the General Plan, the Development Approvals and/or this Agreement; and

B. If successful, such challenges could delay or prevent the performance of this Agreement and the development of the Developer's Property.

In addition to the other provisions of this Agreement, including, without limitation, the provisions of this Section 15, the City shall have no liability under this Agreement for any failure of the City to perform under this Agreement or the inability of the Developer to develop the Developer's Property as contemplated by the Development Plan or this Agreement as the result of a judicial determination that on the Effective Date, or at any time thereafter, the General Plan, the Land Use Regulations, the Development Approvals, this Agreement, or portions thereof, are invalid or inadequate or not in compliance with law.

15.3.2. Revision of Land Use Restrictions. If, for any reason, the General Plan, Land Use Regulations, Development Approvals, this Agreement or any part thereof is hereafter judicially determined, as provided above, to not be in compliance with the State or Federal Constitution, laws or regulations and, if such noncompliance can be cured by an appropriate amendment thereof otherwise conforming to the provisions of this Agreement, then this Agreement shall remain in full force and effect to the extent permitted by law. The Development Plan, Development Approvals and this Agreement shall be amended, as necessary, in order to comply with such judicial decision.

15.3.3. Participation in Litigation: Indemnity. The Developer shall indemnify the City and its elected boards, commissions, officers, agents and employees and will hold and save them and each of them harmless from any and all actions, suites, claims, liabilities, losses, damages, penalties, obligations and expenses (including but not limited to attorneys' fees and costs) against the City and/or Agent for any such Claims or Litigation (as defined in Section 1.10) and shall be responsible for any judgment arising therefrom. The City shall provide the Developer with notice of the pendency of such action and shall request that the Developer defend such action. The Developer may utilize the City Attorney's office or use legal counsel of its choosing, but shall reimburse the City for any necessary legal cost incurred by City. The Developer shall provide a deposit in the amount of 150% of the City's estimate, in its sole and absolute discretion, of the cost of litigation, including the cost of any award of attorneys fees, and shall make additional deposits as requested by City to keep the deposit at such level. The City may ask for further security in the form of a deed of trust to land of equivalent value. If the Developer fails to provide or maintain the deposit, the City may abandon the action and the Developer shall pay all costs resulting therefrom and City shall have no liability to the Developer. The Developer's obligation to pay the cost of the action, including judgment, shall extend until judgment. After judgment in a trial court, the parties must mutually agree as to whether any appeal will be taken or defended. The Developer shall have the right, within the first 30 days of the service of the complaint, in its sole and absolute discretion, to determine that it does not want to defend any litigation attacking this Agreement or the Development Approvals in which case the City shall allow the Developer to settle the litigation on whatever terms the Developer determines, in its sole and absolute discretion, but Developer shall confer with City before acting and cannot bind City. In that event, the Developer shall be liable for any costs incurred by the City up to the date of settlement but shall have no further obligation to the City

beyond the payment of those costs. In the event of an appeal, or a settlement offer, the Parties shall confer in good faith as to how to proceed. Notwithstanding the Developer's indemnity for claims and litigation, the City retains the right to settle any litigation brought against it in its sole and absolute discretion and the Developer shall remain liable except as follows: (i) the settlement would reduce the scope of the Project by 10% or more, and (ii) the Developer opposes the settlement. In such case the City may still settle the litigation but shall then be responsible for its own litigation expense but shall bear no other liability to the Developer.

15.4 Hold Harmless: Developer's Construction and Other Activities. The Developer shall defend, save and hold the City and its elected and appointed boards, commissions, officers, agents, and employees harmless from any and all claims, costs (including attorneys' fees) and liability for any damages, personal injury or death, which may arise, directly or indirectly, from the Developer's or the Developer's agents, contractors, subcontractors, agents, or employees' operations under this Agreement, whether such operations be by the Developer or by any of the Developer's agents, contractors or subcontractors or by any one or more persons directly or indirectly employed by or acting as agent for the Developer or any of the Developer's agents, contractors or subcontractors. Nothing herein is intended to make the Developer liable for the acts of the City's officers, employees, agents, contractors of subcontractors.

15.5 Survival of Indemnity Obligations. All indemnity provisions set forth in this Agreement shall survive termination of this Agreement for any reason other than the City's Default.

16. EFFECT OF AGREEMENT ON TITLE.

16.1 Covenant Run with the Land. Subject to the provisions of Sections 14 and 18 and pursuant to the Development Agreement Statute (§ 65868.5):

A. All of the provisions, agreements, rights, powers, standards, terms, covenants and obligations contained in this Agreement shall be binding upon the parties and their respective heirs, successors (by merger, consolidation, or otherwise) and assigns, devisees, administrators, representatives, lessees, and all other persons acquiring any rights or interests in the Developer's Property, or any portion thereof, whether by operation of laws or in any manner whatsoever and shall inure to the benefit of the parties and their respective heirs, successors (by merger, consolidation or otherwise) and assigns;

B. All of the provisions of this Agreement shall be enforceable as equitable servitudes and constitute covenants running with the land pursuant to applicable law; and

C. Each covenant to do or refrain from doing some act on the Developer's Property hereunder (i) is for the benefit of and is a burden upon every portion of the Developer's Property, (ii) runs with such lands, and (iii) is binding upon each party and each successive owner during its ownership of such properties or any portion thereof, and each person having any interest therein derived in any manner through any owner of such lands, or any portion thereof, and each other person succeeding to an interest in such lands.

17. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION.

17.1 Non-liability of City Officers and Employees. No official, agent, contractor, or employee of the City shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Developer or to its successor, or for breach of any obligation of the terms of this Agreement.

17.2 Conflict of Interest. No officer or employee of the City shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to this Agreement which affects the financial interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested, in violation of any state statute or regulation.

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

18. MORTGAGEE PROTECTION.

18.1 Definitions. As used in this Section, the term "mortgage" shall include any mortgage, whether a leasehold mortgage or otherwise, deed of trust, or other security interest, or sale and lease-back, or any other form of conveyance for financing. The term "holder" shall include the holder of any such mortgage, deed of trust, or other security interest, or the lessor under a lease-back, or the grantee under any other conveyance for financing.

18.2 No Encumbrances Except Mortgages to Finance the Project. Notwithstanding the restrictions on transfer in Section 14, mortgages required for any reasonable method of financing of the construction of the improvements are permitted but only for the following: (i) for the purpose of securing loans of funds used or to be used for financing the acquisition of a separate lot(s) or parcel(s), (ii) for the construction of improvements thereon, in payment of interest and other financing costs, and (iii) for any other expenditures necessary and appropriate to develop the Project under this Agreement, or for restructuring or refinancing any for same. No map permitted herein, even if for financing purposes, shall permit financing for other than purposes of developing the Project solely. The Developer (or any entity permitted to acquire title under this Agreement) shall notify the City in advance of any future mortgage or any extensions or modifications thereof. Any lender which has so notified the City shall not be bound by any amendment, implementation, or modification to this Agreement without such lender giving its prior written consent thereto. In any event, the Developer shall promptly notify the City of any mortgage, encumbrance, or lien that has been created or attached thereto prior to completion of construction, whether by voluntary act of the Developer or otherwise.

18.3 Developer's Breach Not Defeat Mortgage Lien. The Developer's breach of any of the covenants or restrictions contained in this Agreement shall not defeat or render void the lien of any mortgage made in good faith and for value but, unless otherwise provided herein, the terms, conditions, covenants, restrictions, easements, and reservations of this Agreement shall be binding and effective against the holder of any such mortgage whose interest is acquired by foreclosure, trustee's sale or otherwise.

18.4 Holder Not Obligated to Construct or Complete Improvements. The holder of any mortgage shall in no way be obligated by the provisions of this Agreement to construct or complete the improvements or to guarantee such construction or completion. Nothing in this Agreement shall be deemed or construed to permit or authorize any such holder to devote the Project or any portion thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

18.5 Notice of Default to Mortgagee. Whenever the City shall deliver any notice or demand to the Developer with respect to any breach or default by the Developer hereunder, the City shall at the same time deliver a copy of such notice or demand to each holder of record of any mortgage who has previously made a written request to the City therefor, or to the representative of such lender as may be identified in such a written request by the lender. No notice of default shall be effective as to the holder unless such notice is given.

18.6 Right to Cure. Each holder (insofar as the rights of City are concerned) shall have the right, at its option, within ninety (90) days after the receipt of the notice, and one hundred twenty (120) days after the Developer's cure rights have expired, whichever is later, to:

A. Obtain possession, if necessary, and to commence and diligently pursue the cure until the same is completed, and

B. Add the cost of said cure to the security interest debt and the lien or obligation on its security interest;

provided that, in the case of a default which cannot with diligence be remedied or cured within such cure periods referenced above in this Section 18.6, such holder shall have additional time as reasonably necessary to remedy or cure such default.

In the event there is more than one such holder, the right to cure or remedy a breach or default of the Developer under this Section shall be exercised by the holder first in priority or as the holders may otherwise agree among themselves, but there shall be only one exercise of such right to cure and remedy a breach or default of the Developer under this Section.

No holder shall undertake or continue the construction or completion of the improvements (beyond the extent necessary to preserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to the City by written agreement satisfactory to City with respect to the Project or any portion thereof in which the holder has an interest. The holder must agree to complete, in the manner required by this Agreement, the improvements to which the lien or title of such holder relates, and submit evidence satisfactory to the City that it has the qualifications and financial responsibility necessary to perform such obligations.

18.7 City's Rights upon Failure of Holder to Complete Improvements. In any case where one hundred eighty (180) days after default by the Developer in completion of construction of improvements under this Agreement, the holder of any mortgage creating a lien or encumbrance upon the Project or portion thereof has not exercised the option to construct afforded in this Section or, if it has exercised such option and has not proceeded diligently with construction, the City may, after ninety (90) days' notice to such holder and if such holder has not exercised such option to construct within said ninety (90) day period, purchase the mortgage, upon payment to the holder of an amount equal to the sum of the following:

A. The unpaid mortgage, debt plus any accrued and unpaid interest (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings, if any);

B. All expenses, incurred by the holder with respect to foreclosure, if any;

C. The net expenses (exclusive of general overhead), incurred by the holder as a direct result of the ownership or management of the applicable portion of the Project, such as insurance premiums or real estate taxes, if any;

D. The costs of any improvements made by such holder, if any; and

E. An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage debt and such debt had continued in existence to the date of payment by the City.

If the City has not purchased the mortgage within ninety (90) days of the expiration of the ninety (90) days referred to above, then the right of the City to purchase shall expire.

In the event that the holder does not exercise its option to construct afforded in this Section, and if the City elects not to purchase the mortgage of holder, upon written request by the holder to the City, the City shall use reasonable efforts to assist the holder in selling the holder's interest to a qualified and responsible party or parties (as determined by City), who shall assume the obligations of making or completing the improvements required to be constructed by the Developer, or such other improvements in their stead as shall be satisfactory to the City. The proceeds of such a sale shall be applied first to the holder of those items specified in subparagraphs A through E hereinabove and any balance remaining thereafter shall be applied as follows:

(1) First, to reimburse the City for all costs and expenses actually and reasonably incurred by the City, including, but not limited to, payroll expenses, management expenses, legal expenses, and others;

(2) Second, to reimburse the City for all payments made by City to discharge any other encumbrances or liens on the applicable portion of the Project or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Developer, its successors or transferees;

(3) Third, to reimburse the City for all costs and expenses actually and reasonably incurred by the City, in connection with its efforts assisting the holder in selling the holder's interest in accordance with this Section; and

(4) Fourth, any balance remaining thereafter shall be paid to the Developer.

18.8 Right of City to Cure Mortgage Default. In the event of a default or breach by the Developer (or entity permitted to acquire title under this Section) prior to completion of the Project or the applicable portion thereof, and the holder of any such mortgage has not exercised its option to complete the development, the City may cure the default prior to completion of any foreclosure. In such event, the City shall be entitled to reimbursement from the Developer or other entity of all costs and expenses incurred by the City in curing the default, to the extent permitted by law, as if such holder initiated such claim for reimbursement, including legal costs and attorneys' fees, which right of reimbursement shall be secured by a lien upon the applicable portion of the Project to the extent of such costs and disbursements. Any such lien shall be subject to:

A. Any Mortgage; and

B. Any rights or interests provided in this Agreement for the protection of the holders of such Mortgages;

provided that nothing herein shall be deemed to impose upon the City any affirmative obligations (by the payment of money, construction or otherwise) with respect to the Project in the event of its enforcement of its lien.

18.9 Right of the City to Satisfy Other Liens on the Developer's Property After Conveyance of Title. After the conveyance of title and prior to completion of construction and development, and after the Developer has had a reasonable time to challenge, cure, or satisfy any liens or encumbrances on the Project, the City shall have the right to satisfy any such liens or encumbrances; provided, however, that nothing in this Agreement shall require the Developer to pay or make provision for the payment of any tax, assessment, lien or charge so long as the Developer in good faith shall contest the validity or amount thereof, and so long as such delay in payment shall not subject the Project or any portion thereof to forfeiture or sale.

19. MISCELLANOUS.

19.1 Estoppel Certificates. Either Party (or a Mortgagee under Section 18) may at any time deliver written notice to the other Party requesting an Estoppel Certificate stating:

A. The Agreement is in full force and effect and is a binding obligation of the Parties;

B. The Agreement has not been amended or modified either orally or in writing or, if so amended, identifying the amendments; and

C. There are no existing defaults under the Agreement to the actual knowledge of the party signing the Estoppel Certificate.

A Party receiving a request for an Estoppel Certificate shall provide a signed certificate to the requesting Party within thirty (30) days after receipt of the request. The Planning Director may sign Estoppel Certificates on behalf of the City. An Estoppel Certificate may be relied on by assignees and Mortgagees. The Estoppel Certificate shall be substantially in the same form as Exhibit "C."

19.2 Force Majeure. The time within which the Developer or the City shall be required to perform any act under this Agreement shall be extended by a period of time equal to the number of days during which performance of such act is delayed due to war, insurrection, strikes, lock-outs, riots, floods, earthquakes, fires, casualties, natural disasters, acts of God, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, governmental restrictions on priority, initiative or referendum, moratoria, processing with governmental agencies other than the City, unusually severe weather, third party litigation as described in Section 15.3 above, or any other similar causes beyond the control or without the fault of the Party claiming an extension of time to perform. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if written notice by the party claiming such extension is sent to the other Party within thirty (30) days of knowledge of the commencement of the cause. Any act or failure to act on the part of a Party shall not excuse performance by that Party.

19.3 Interpretation.

19.3.1. Construction of Development Agreement. The language of this Agreement shall be construed as a whole and given its fair meaning. The captions of the sections and subsections are for convenience only and shall not influence construction. This Agreement shall be governed by the laws of the State of California. This Agreement shall not be deemed to constitute the surrender or abrogation of the City's governmental powers over the Developer's Property.

19.3.2. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement and this Agreement supersedes all previous negotiations, discussions, and agreements between the Parties. No parol evidence of any prior or other agreement shall be permitted to contradict or vary the terms of this Agreement.

19.3.3. Recitals. The recitals in this Agreement constitute part of this Agreement and each Party shall be entitled to rely on the truth and accuracy of each recital as an inducement to enter into this Agreement.

19.3.4. Mutual Covenants. The covenants contained herein are mutual covenants and also constitute conditions to the concurrent or subsequent performance by the Party benefitted thereby of the covenants to be performed hereunder by such benefitted Party.

19.4 Severability. If any provision of this Agreement is adjudged invalid, void or unenforceable, that provision shall not affect, impair, or invalidate any other provision, unless such judgment affects a material part of this Agreement in which case the parties shall comply with the procedures set forth in Section 15.3.3 above.

19.5 Joint and Several Obligations. All obligations and liabilities of the Developer hereunder shall be joint and several among the obligees.

19.6 No Third Party Beneficiaries. The only Parties to this Agreement are the Developer and the City and their successor and assigns. There are no third party beneficiaries and this Agreement is not intended, and shall not be construed, to benefit or be enforceable by any other person whatsoever.

19.7 Notice.

19.7.1. To Developer. Any notice required or permitted to be given by the City to the the Developer under this Development Agreement shall be in writing and delivered personally to the Developer or mailed, with postage fully prepaid, registered or certified mail, return receipt requested, addressed as follows:

Pardee Homes.
10880 Wilshire Boulevard, Suite 1900
Los Angeles, CA 90024
Attention: Legal department

With a copy to:

Kenneth B. Bley, Esq.
Cox, Castle & Nicholson LLP
2049 Century Park East, 28th Floor
Los Angeles, CA 90067-3284

or such other address as the Developer may designate in writing to the City.

19.7.2. To the City. Any notice required or permitted to be given by the Developer to the City under this Development Agreement shall be in writing and delivered personally to the City Clerk or mailed with postage fully prepaid, registered or certified mail, return receipt requested, addressed as follows:

City of Banning
99 E. Ramsey Street
Banning, CA 92220
Attention: Planning Director

With a copy to:

David J. Aleshire, Esq., City Attorney
Aleshire & Wynder, LLP
18881 Von Karman Avenue, Suite 400
Irvine, California 92612

or such other address as the City may designate in writing to the Developer.

Notices provided pursuant to this Section shall be deemed received at the date of delivery as shown on the affidavit of personal service or the Postal Service receipt.

19.8 Relationship of Parties. It is specifically understood and acknowledged by the Parties that the Project is a private development, that neither Party is acting as the agent of the other in any respect hereunder, and that each Party is an independent contracting entity with respect to the terms, covenants, and conditions contained in this Agreement. The only relationship between the City and the Developer is that of a government entity regulating the development of private property and the owner of such private property.

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

19.10 Further Actions and Instruments. Each of the Parties shall cooperate with and provide reasonable assistance to the other to the extent necessary to implement this Agreement. Upon the request of either Party at any time, the other Party shall promptly execute, with acknowledgment or affidavit if reasonably required, and file or record such required instruments and writings and take any actions as may be reasonably necessary to implement this Agreement or to evidence or consummate the transactions contemplated by this Agreement.

19.11 Time of Essence. Time is of the essence in:

A. The performance of the provisions of this Agreement as to which time is an element; and

B. The resolution of any dispute which may arise concerning the obligations of the Developer and the City as set forth in this Agreement.

19.12 Waiver. Failure by a Party to insist upon the strict performance of any of the provisions of this Agreement by the other Party, or the failure by a Party to exercise its rights upon the default of the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by the other Party with the terms of this Agreement thereafter.

19.13 Execution.

19.13.1. Counterparts. This Agreement may be executed by the parties in counterparts which counterparts shall be construed together and have the same effect as if all of the Parties had executed the same instrument.

19.13.2. Recording. The City Clerk shall cause a copy of this Agreement to be executed by the City and recorded in the Official Records of Riverside County

no later than ten (10) days after the Effective Date (Gov't Code § 65868.5). The recordation of this Agreement is deemed a ministerial act and the failure of the City to record the Agreement as required by this Section and the Development Agreement Statute does not make this Agreement void or ineffective.

19.13.3. Authority to Execute. The persons executing this Agreement on behalf of the Parties hereto warrant that (i) such Party is duly organized and existing, (ii) they are duly authorized to sign and deliver this Agreement on behalf of the Party he or she represents, (iii) by so executing this Agreement, such Party is formally bound to the provisions of this Agreement, (iv) the entering into of this Agreement does not violate any provision of any other Agreement to which the Party is bound and (v) there is no litigation or legal proceeding which would prevent the Parties from entering into this Agreement.

(SIGNATURES ON THE NEXT PAGE.)

IN WITNESS WHEREOF, the City and the Developer have executed this Agreement on the date first above written.

CITY OF BANNING

BY: _____
Don Robinson, Mayor

ATTEST:

_____
Marie Calderon, City Clerk

Approved as to form:
ALESHIRE & WYNDER, LLP

_____
David J. Aleshire, City Attorney

"DEVELOPER"

PARDEE HOMES, a California corporation

BY: _____
~~President~~ Michael V. McGee
President and Chief Executive Officer

BY: _____
~~Secretary~~ Amy Glad
Senior Vice President-Governmental Affairs

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

State of California
County of Los Angeles

On April 24, 2012, before me, Nancy Trojan, Notary Public personally appeared Michael V. McGee, President and Chief Executive Officer and Amy Glad, Senior Vice President-Governmental Affairs who proved to me on the basis of satisfactory evidence to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their authorized capacities, and that by their signatures on the instrument the persons, or the entities upon behalf of which the persons acted, executed the instrument.

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

NANCY TROJAN
Commission # 1903865
Notary Public - California
Los Angeles County
My Comm. Expires Sep 12, 2014

WITNESS my hand and official seal

Nancy Trojan
Notary Public in and for said State.

- - - - - - - - - - - - - - - - - -OPTIONAL -

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

DESCRIPTION OF ATTACHED DOCUMENT

Title or Type of Document: Development Agreement – City of Banning

Signers are Representing: Pardee Homes

Signer(s) other than named above:

CAPACITY CLAIMED BY SIGNER

Name of Signer: Michael V. McGee and Amy Glad
Corporate Officers Title: President and Chief Executive Officer and Senior Vice President-Governmental Affairs

EXHIBIT "A"
MAP AND LEGAL DESCRIPTION OF DEVELOPER'S PROPERTY

LEGAL DESCRIPTION

Those certain parcels of land situated in the City of Banning, County of Riverside, State of California, being Lots 1 through 20 of Tract No. 34330 as shown on a map thereof filed in Book 429, Pages 84 through 103 of Maps in the Office of the County Recorder of said Riverside County.

EXHIBIT "A"
MAP OF DEVELOPER'S PROPERTY

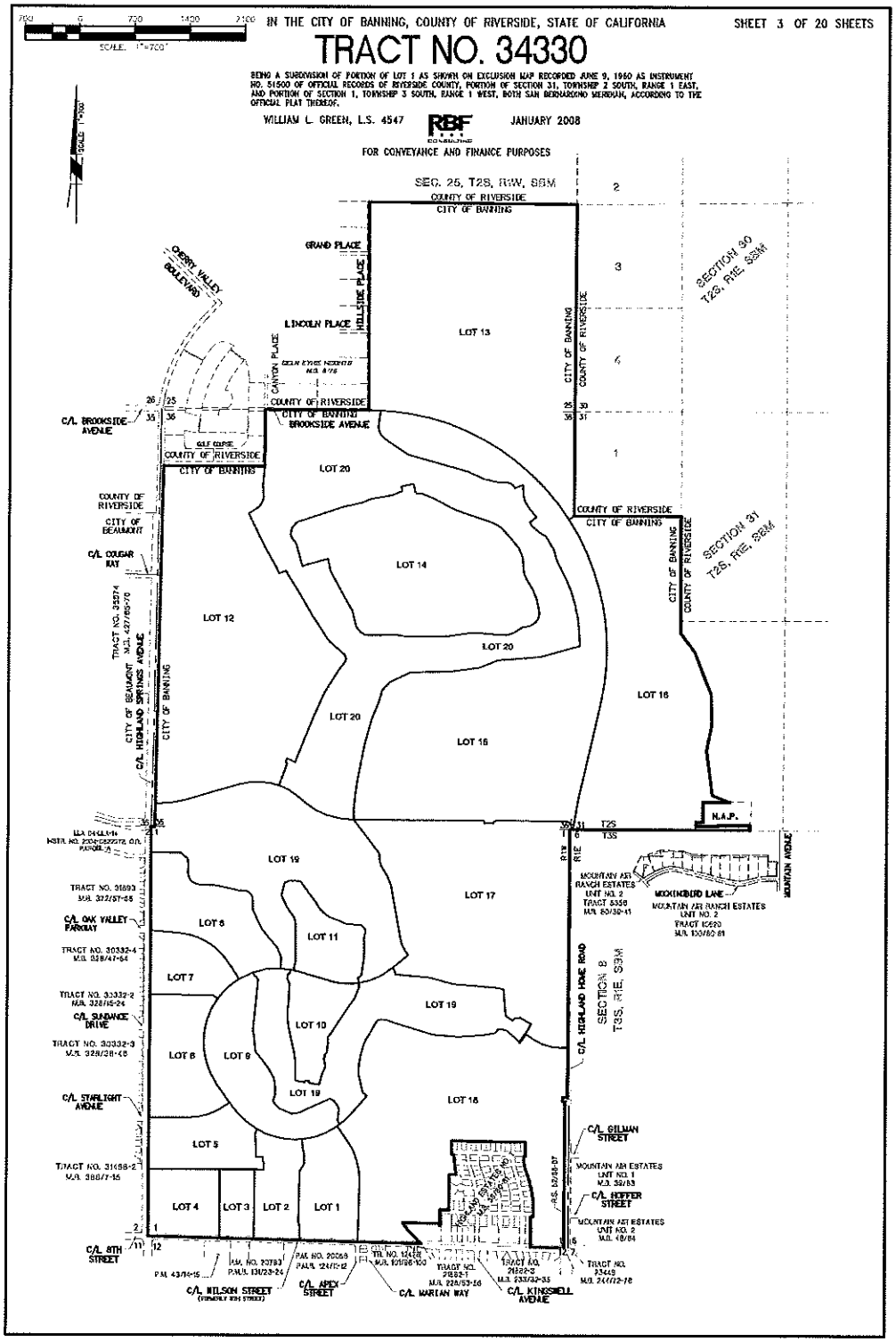
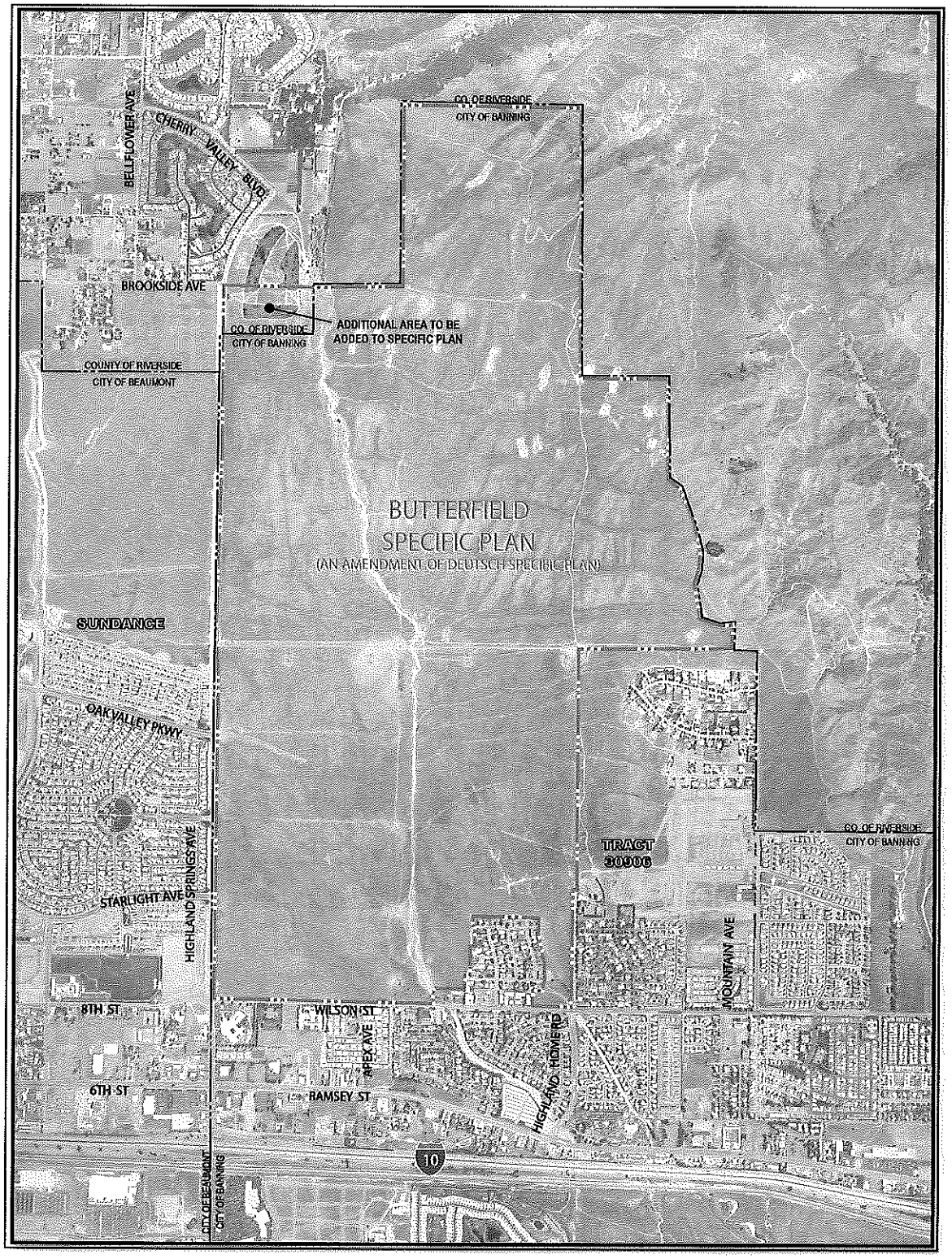


EXHIBIT "A"
PARDEE BANNING PROPERTY



SPECIFIC PLAN MAP

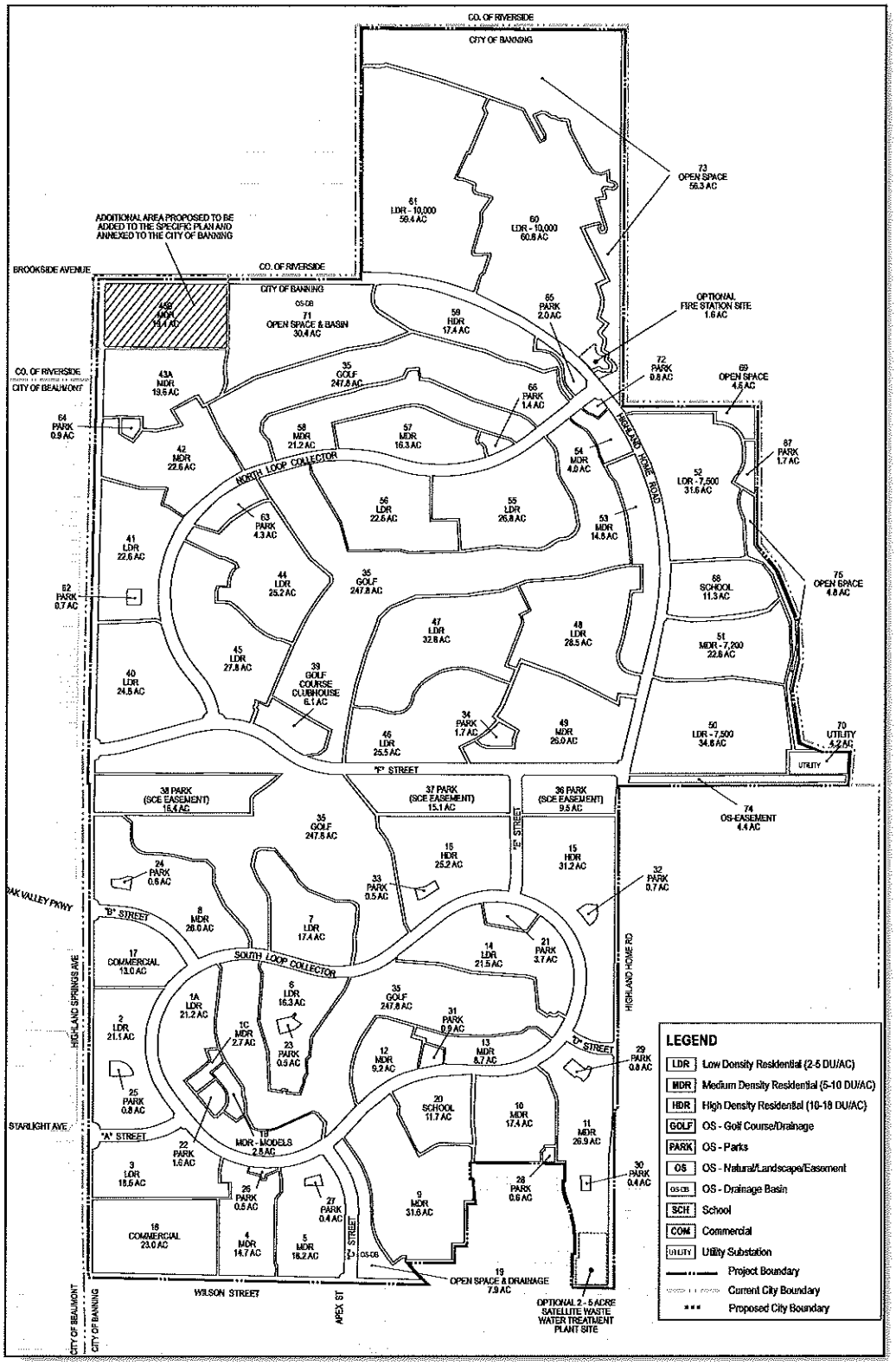


EXHIBIT "B"
EXISTING DEVELOPMENT APPROVALS/FEE STUDIES

A. EXISTING DEVELOPMENT APPROVALS (DA Section 1.35)

1. General Plan Amendment No. 11-2501
2. Zone Change No. 11-3501
3. Butterfield Specific Plan
4. Development Agreement

B. DEVELOPMENT FEE STUDIES IN PROCESS (DA Sections 1.28, 4.7)

Studies being pepared in accordance with Section 7.2.

1. General Facilities Fee*
2. Fire Facilities Fee*
3. Police Facilities Fee*
4. Traffic Control Fee*
5. Park Land Fee
6. Road and Bridge Fee
7. Recycled Water Fee
8. Water Connection*
9. Waste Water Connection* (Collection Fee)
10. Waste Water Frontage Fee
11. Emergency Shelter Fee

* Also included in Exhibit D and are subject to Developer Incentive Credit under Section 6.8.

EXHIBIT "C"
ESTOPPEL CERTIFICATE

Date Requested: _____

Date of Certificate: _____

On _____, 2012, the City of Banning approved the Development Agreement between Pardee Homes, a California corporation and the City of Banning (the "Development Agreement").

This Estoppel Certificate certifies that, as of the Date of Certificate set forth above:

[CHECK WHERE APPLICABLE]

____ 1. The Development Agreement remains binding and effective.

____ 2. The Development has not been amended.

____ 3. The Development Agreement has been amended in the following aspects:_____
_____
_____.

____ 4. To the best of our knowledge, neither Developer nor any of its successors is in default under the Development Agreement.

____ 5. The following defaults exist under the Development Agreement:_____
_____
_____.

This Estoppel Certificate may be relied upon by an transferee or mortgagee of any interest in the property which is the subject of the Development Agreement.

CITY OF BANNING

BY:_____
PLANNING DIRECTOR

EXHIBIT "D"
DEVELOPMENT IMPACT FEES

EXHIBIT "D"
CITY OF BANNING
SCHEDULE OF FEES
DEVELOPMENT IMPACT FEES

DISCRIPTION OF FEE	CURRENT FEE	UNIT	RESOLUTION/ ORDINANCE #	EFFECTIVE DATE
Fire Facilities				
Residential				
Single Family Detached	$ 1,335.00	per unit	Reso. 2006-075	8/8/2006
Townhouse/Duplex	$ 1,335.00	per unit	Reso. 2006-075	8/8/2006
Multi-Family	$ 1,335.00	per unit	Reso. 2006-075	8/8/2006
Mobile Home	$ 1,335.00	per unit	Reso. 2006-075	8/8/2006
Nonresidential				
Com/Shopping Ctr 50,000 SF or less	$ 579.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Com/Shopping Ctr 50,001 - 100,000 SF	$ 506.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Com/Shopping Ctr 100,001 - 200,000 SF	$ 450.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Com/Shopping Ctr over 200,001 SF	$ 405.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Office/Inst 25,000 SF or less	$ 841.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Office/Inst 25,001 - 50,000 SF	$ 792.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Office/Inst 50,001 - 100,000 SF	$ 748.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Medical - Dental Office	$ 821.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Hospital	$ 685.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Business Park	$ 640.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Light Industrial	$ 468.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Manufacturing	$ 363.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Warehousing	$ 259.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Elementary School	$ 186.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Other Nonresidential				
Lodging	$ 144.00	per room	Reso. 2006-075	8/8/2006
Day Care	$ 32.00	per student	Reso. 2006-075	8/8/2006
Nursing Home	$ 73.00	per bed	Reso. 2006-075	8/8/2006
Police Facilities				
Residential				
Single Family Detached	$ 823.00	per unit	Reso. 2006-075	8/8/2006
Townhouse/Duplex	$ 626.00	per unit	Reso. 2006-075	8/8/2006
Multi-Family	$ 913.00	per unit	Reso. 2006-075	8/8/2006
Mobile Home	$ 500.00	per unit	Reso. 2006-075	8/8/2006
Nonresidential				
Com/Shopping Ctr 50,000 SF or less	$ 472.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Com/Shopping Ctr 50,001 - 100,000 SF	$ 413.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Com/Shopping Ctr 100,001 - 200,000 SF	$ 358.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Com/Shopping Ctr over 200,001 SF	$ 307.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Office/Inst 25,000 SF or less	$ 192.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Office/Inst 25,001 - 50,000 SF	$ 164.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Office/Inst 50,001 - 100,000 SF	$ 140.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Medical - Dental Office	$ 379.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Hospital	$ 184.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Business Park	$ 134.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Light Industrial	$ 73.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Manufacturing	$ 40.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Warehousing	$ 52.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Elementary School	$ 152.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Other Nonresidential				

EXHIBIT "D"
CITY OF BANNING
SCHEDULE OF FEES
DEVELOPMENT IMPACT FEES

DISCRIPTION OF FEE	CURRENT FEE	UNIT	RESOLUTION/ ORDINANCE #	EFFECTIVE DATE
Lodging	$ 95.00	per room	Reso. 2006-075	8/8/2006
Day Care	$ 47.00	per student	Reso. 2006-075	8/8/2006
Nursing Home	$ 24.00	per bed	Reso. 2006-075	8/8/2006
Traffic Control Facilities				
Residential				
Single Family Detached	$ 250.00	per unit	Reso. 2006-075	8/8/2006
Townhouse/Duplex	$ 153.00	per unit	Reso. 2006-075	8/8/2006
Multi-Family	$ 172.00	per unit	Reso. 2006-075	8/8/2006
Mobile Home	$ 130.00	per unit	Reso. 2006-075	8/8/2006
Nonresidential				
Com/Shopping Ctr 50,000 SF or less	$ 1,176.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Com/Shopping Ctr 50,001 - 100,000 SF	$ 1,029.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Com/Shopping Ctr 100,001 - 200,000 SF	$ 891.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Com/Shopping Ctr over 200,001 SF	$ 764.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Office/Inst 25,000 SF or less	$ 479.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Office/Inst 25,001 - 50,000 SF	$ 409.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Office/Inst 50,001 - 100,000 SF	$ 349.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Medical - Dental Office	$ 944.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Hospital	$ 459.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Business Park	$ 333.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Light Industrial	$ 182.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Warehousing	$ 130.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Elementary School	$ 379.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Other Nonresidential				
Lodging	$ 238.00	per room	Reso. 2006-075	8/8/2006
Day Care	$ 117.00	per student	Reso. 2006-075	8/8/2006
Nursing Home	$ 62.00	per bed	Reso. 2006-075	8/8/2006
Parkland				
Residential				
Single Family Detached	$ 1,955.00	per unit	Reso. 2006-075	8/8/2006
Townhouse/Duplex	$ 1,485.00	per unit	Reso. 2006-075	8/8/2006
Multi-Family	$ 2,168.00	per unit	Reso. 2006-075	8/8/2006
Mobile Home	$ 1,187.00	per unit	Reso. 2006-075	8/8/2006
Commercial/Industrial	$ 1,233.00	per acre	Reso. 2006-075	8/8/2006
General City Facilities				
Residential				
Single Family Detached	$ 478.00	per unit	Reso. 2006-075	8/8/2006
Townhouse/Duplex	$ 363.00	per unit	Reso. 2006-075	8/8/2006
Multi-Family	$ 530.00	per unit	Reso. 2006-075	8/8/2006
Mobile Home	$ 290.00	per unit	Reso. 2006-075	8/8/2006
Nonresidential				
Com/Shopping Ctr 50,000 SF or less	$ 208.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Com/Shopping Ctr 50,001 - 100,000 SF	$ 182.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Com/Shopping Ctr 100,001 - 200,000 SF	$ 162.00	per 1,000 SF	Reso. 2006-075	8/8/2006

EXHIBIT "D"
CITY OF BANNING
SCHEDULE OF FEES
DEVELOPMENT IMPACT FEES

DISCRIPTION OF FEE	CURRENT FEE		UNIT	RESOLUTION/ ORDINANCE #	EFFECTIVE DATE
Com/Shopping Ctr over 200,001 SF	$	146.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Office/Inst 25,000 SF or less	$	302.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Office/Inst 25,001 - 50,000 SF	$	285.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Office/Inst 50,001 - 100,000 SF	$	269.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Medical - Dental Office	$	295.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Hospital	$	246.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Business Park	$	230.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Light Industrial	$	168.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Manufacturing	$	130.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Warehousing	$	93.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Elementary School	$	67.00	per 1,000 SF	Reso. 2006-075	8/8/2006
Other Nonresidential					
Lodging	$	52.00	per room	Reso. 2006-075	8/8/2006
Day Care	$	12.00	per student	Reso. 2006-075	8/8/2006
Nursing Home	$	26.00	per bed	Reso. 2006-075	8/8/2006
Water Connection					
Water system connection fee	$	7,232.00	per equivalent dwelling unit	Ord. # 1320	12/14/2004
Wastewater Connection					
Wastewater connection fee	$	2,786.00	per equivalent dwelling unit	Ord. # 1321	1/13/2005

** Fee shall be revised annually based on the average percentage change over the previous calender year set forth in the Construction Price Index for the Los Angeles metropolitan area.*

EXHIBIT "E"
ADDITIONAL AGREEMENTS CONCERNING DEVELOPMENT

In addition to the other terms and conditions concerning the City's assistance to the Project, the City shall accommodate and expedite the development of the Developer's Property as follows:

1.0 CONSTRUCTION CONDITIONS

1.1 Provision of Utility Connections. The City shall provide, at the Developer's expense, any necessary temporary and permanent utility connections requested by the Developer for power, water service and sewer service prior to recordation of final map.

1.2 Allowance of Transformers. The City shall allow the setting of transformers without requiring adjacent streets to be fully paved. It is anticipated that 6' feet of curb and gutter will be placed adjacent to the transformer to ensure correct elevation of the transformer pad. In the event that the location or elevation change, the Developer shall incur the full costs of relocation of both the curb and transformer.

1.3 Temporary Water Pipes. Temporary above ground pipes for construction water and temporary fire hydrants will be acceptable for model and production homes prior to the first certificate of occupancy in the construction phase being developed.

1.4 Provision of Construction Water. The City shall provide "jumpers" or temporary construction water at the City's normal rate.

1.5 Temporary Use of City Sewer System. The City shall allow the temporary connection of construction trailers to the permanent City sewer system.

1.6 Temporary Use of City Water System. The City shall allow temporary connection of construction trailers to the permanent City water system, provided that all required backflow devices are installed to protect the integrity of the system.

2.0 MAINTAINENCE

2.1 Maintenance of Construction Activities. The Developer shall contract directly for all work required for the maintenance of construction related activities, including but not limited to recycling of construction materials, erosion control, temporary fence installation, and temporary power installation. The selection and retention of the contractor, subcontractor or other person or entity to do such work shall be made by the Developer in its sole and absolute discretion. Trash removal will be coordinated directly with City franchisee. In regards to recycled materials, the Developer will produce for the City, at its request, a manifest to confirm the location, type and amount of materials recycled.

3.0 STREETS

3.1 Timing of Street Paving. The Developer shall be allowed to begin construction of model and production homes without first paving streets. Paved streets shall be required as a condition for the issuance of the certificate of occupancy for the first production home in each construction phase. The Developer shall install all-weather access for construction and emergency personnel, which, during dry months, may, include maintained dirt roads.

3.1 Final Lift of Pavement. The City shall allow the installation of the final 1" of asphalt pavement through coordination with the Developer and the City's Public Works officials. If the final 1" of pavement is installed early in the Development of specific in-tract or on backbone streets, and if no structural failures have occurred within the street system, the City may require a fog coat seal prior to exoneration of any outstanding bonds.

4.0 GRADING/DRAINAGE

4.1 At Risk Grading. After the first plan check comments on either the rough or mass grading plans are received by the Developer, the City shall allow the Developer to begin grading operations for the area that is the subject of the plan check. The Developer acknowledges that any changes that may be required by the City will be made at the sole expense of the Developer.

4.2 Erosion Control. The Developer shall Develop the Developer's Property in such a way as to confine all storm water within the Project and shall, do so in a manner which adequately protects all construction within the Project. The Developer shall prepare an erosion control plan that will demonstrate methods that may be incorporated in the Development of the Project to protect downstream watersheds. The Developer shall manage and determine when erosion control measures need to be installed and maintained, but Developer shall comply with any order of City.

4.3 Drainage. Reverse lot drainage on lots that back up to open space, the Golf Course or parks shall be allowed provided that these areas are privately maintained by the Property Owners Association.

5.0 DEVELOPMENT CONDITIONS

5.1 Lot Line Adjustments. In the event that lot line adjustments are required for model complexes or adjustments to open space lots after the recordation of a final map, the City shall review the requested adjustment over the counter with City Engineering staff and the Developer or the Developer's representative. This will not be allowed for the construction of regular production homes.

5.2 Rear Residential Slopes. The Developer shall stabilize according to the City Grading and Landscape Ordinance the rear slope of all residential Lots prior to issuance of a Certificate of Occupancy but shall not be required to landscape and/or irrigate the slopes. It is the intention that rear yard landscaping will be required and installed within the time specified in the CCC & R's by the homeowner.

5.3 Use of Joint Trenches. The City shall allow the Developer, to utilize joint trenches if it deems it necessary for Internet capabilities and/or telecommunication purposes.

5.4 Curbs. The construction of wedge, rolled curb, or mountable curbs within residential and multifamily zoned Planning Areas shall be permitted at the Developer's sole and absolute discretion.

6.0 GOLF COURSE

6.1 Golf Course/Active Open Space Drainage Facilities. It is the Developer's intention that the flood control facilities proposed within this area will be constructed consistent with all applicable design standards for such facilities with their maintenance being the responsibility of the either the POA, the operator of the Golf Course, the Developer or the City and not the responsibility of the Riverside County Flood Control District (the "RCFCD") unless the facility has been identified as a Drainage Master Plan Facility by RCFCD.

6.2 Golf Course Water. The financial viability of the Golf Course will be dependent upon the costs to operate and maintain the Golf Course. The City shall provide water to the Project at a per unit rate not to exceed the cost highest tiered rate for irrigation water for the Golf Course for the Term of this Agreement.

7.0 PERMITTING

7.1 Fire Sprinkler Inspections. The City's Building and Safety Division shall serve as Special Fire Marshall for this project. Building and Safety shall be responsible for enforcing the then applicable provisions of the California Fire Code, and the California Building Standards Codes.

7.2 Bond Exoneration. Upon request by the Developer, the City shall generate a one-time punch list of items required for the full or partial exoneration of all Project-related improvement bonds, for improvements both within and outside of the Property. The City shall, within 5 days of receipt of a written request from the Developer, provide an inspector to determine if the punch list items have been corrected. Once it has been determined that they have been corrected, the City shall expeditiously exonerate the bonds, partially or fully, as applicable. No additional punch lists shall be generated once an improvement has been inspected and a punch list generated.

7.3 Building Permit Refunds. If a Building Permit has expired without construction having started on the structure for which the Building Permit was issued, the Developer shall be entitled to a refund of the building permit fee less 20% for an administrative fee. No refund will be provided if the request for the refund has not been provided to the City within 30 days of the Building Permit's expiration.

8.0 PREVAILING WAGES

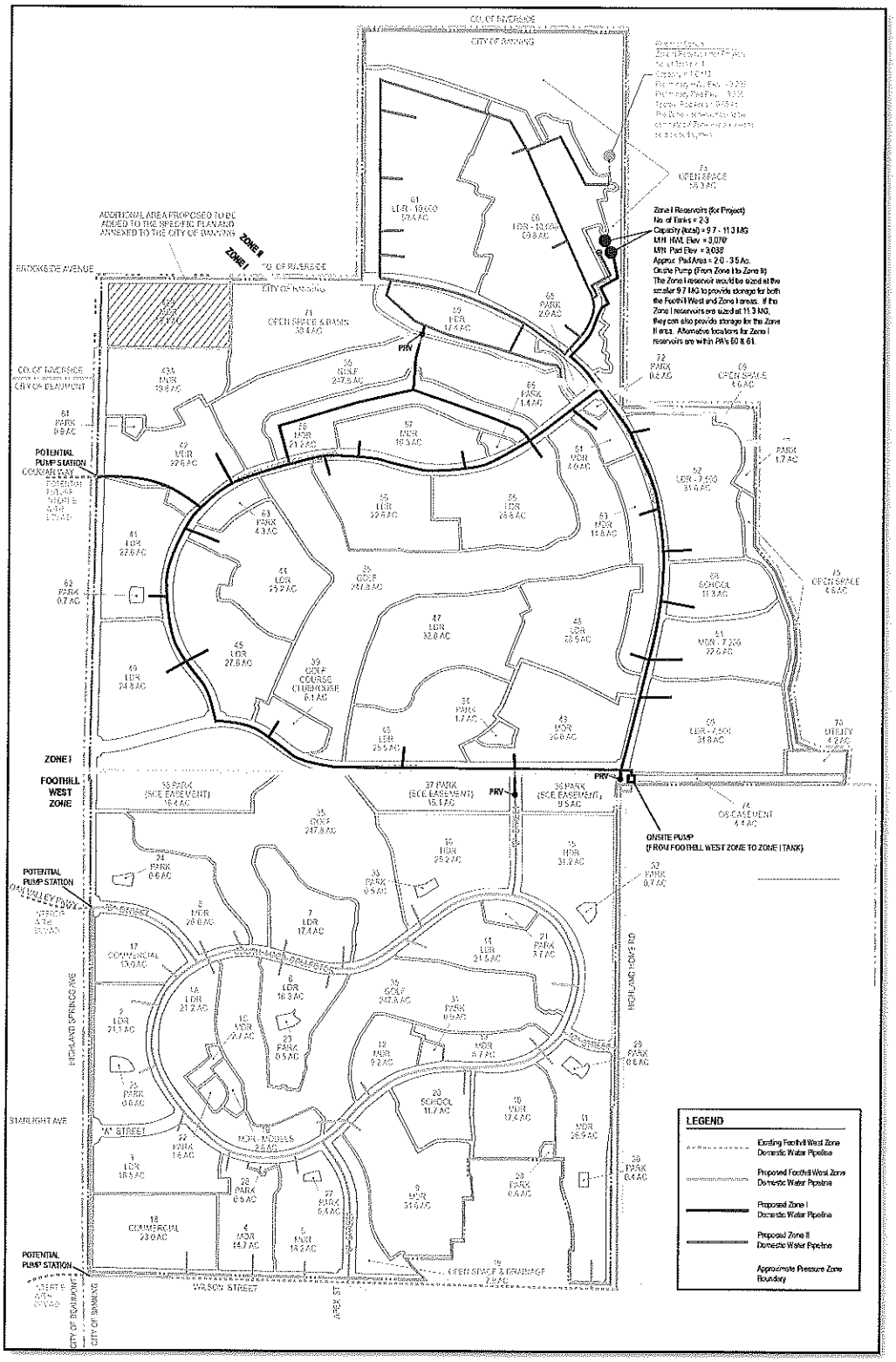
The Developer shall pay prevailing wages in connection with the construction of the Project as required by law. To the extent that it is determined that Developer has not paid, or does not pay, prevailing wages required by law for any portion of the Project, Developer shall defend and hold the City harmless from and against any and all increase in construction costs, or other liability, loss, damage, costs, or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of any action or determination that the Developer failed to pay prevailing wages in connection with the construction of the Project.

Developer acknowledges and agrees that should any third party, including but not limited to the Director of the Department of Industrial Relations ("DIR"), require Developer or any of its contractors or subcontractors to pay the general prevailing wage rates of per diem wages and overtime and holiday wages determined by the Director of the DIR under Prevailing Wage Law, then Developer shall indemnify, defend, and hold City harmless from any such determinations, or actions (whether legal, equitable, or administrative in nature) or other proceedings, and shall assume all obligations and liabilities for the payment of such wages and for compliance with the provisions of the Prevailing Wage Law. The City makes no representation that any construction or Site uses to be undertaken by Developer are or are not subject to Prevailing Wage Law.

9.0 COST OF DEVELOPMENT AGREEMENT

Developer has previously deposited approximately $200,000 with the City to pay all the City's outside consulting costs, costs of the environmental and legal review, and costs to process and obtain the Development Approvals, including this Agreement. As of March 1, such costs in aggregate exceed the amount deposited by $20,000, and additional costs are anticipated by the end of the approval process. Accordingly, before this Development Agreement shall be executed by the City, the Finance Director shall prepare a final written statement of costs incurred by City in the processing and approval of the Project, and Developer shall pay such amount in good money to City.

EXHIBIT "F"
PROPOSED PROJECT FACILITIES



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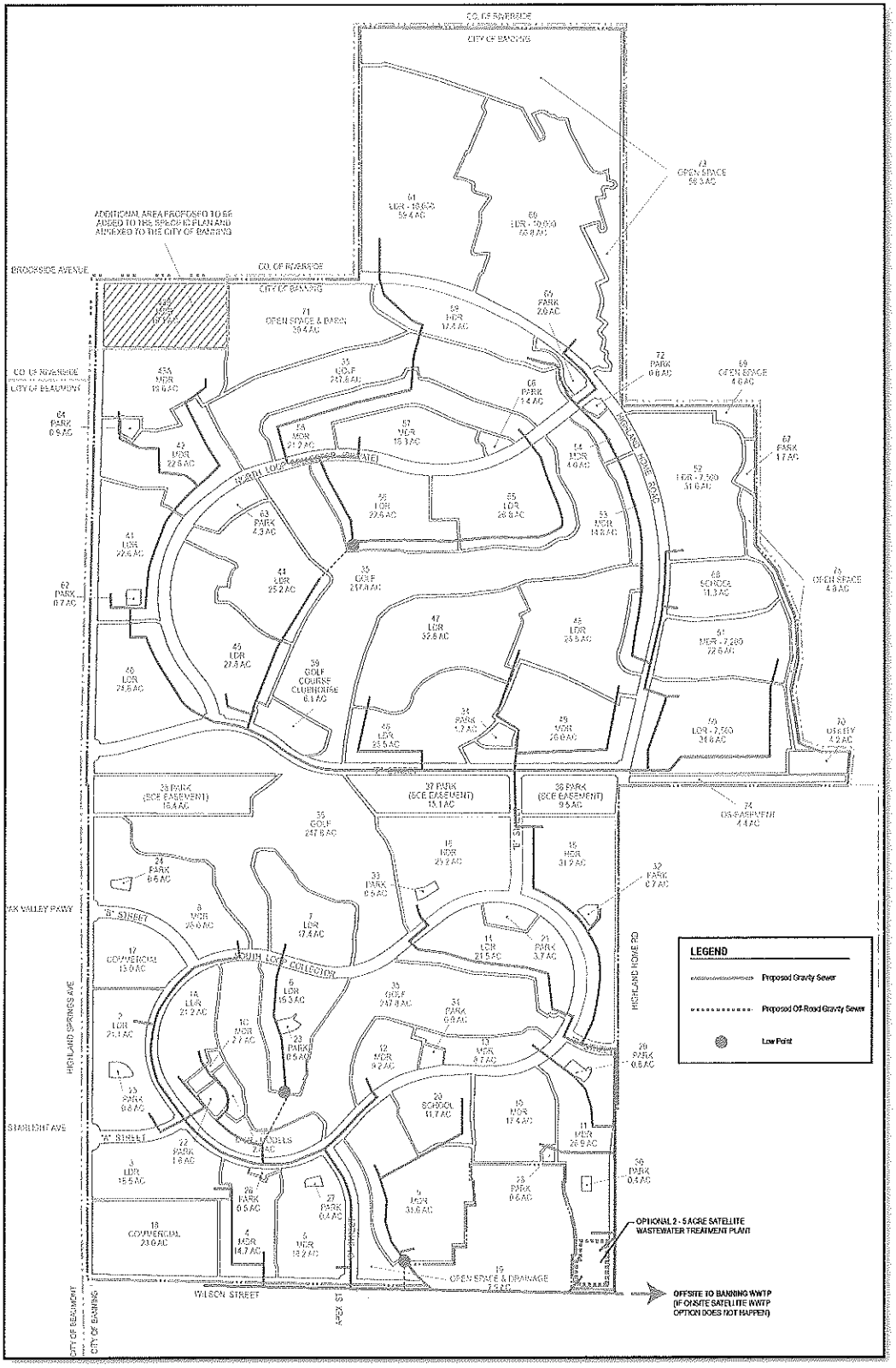

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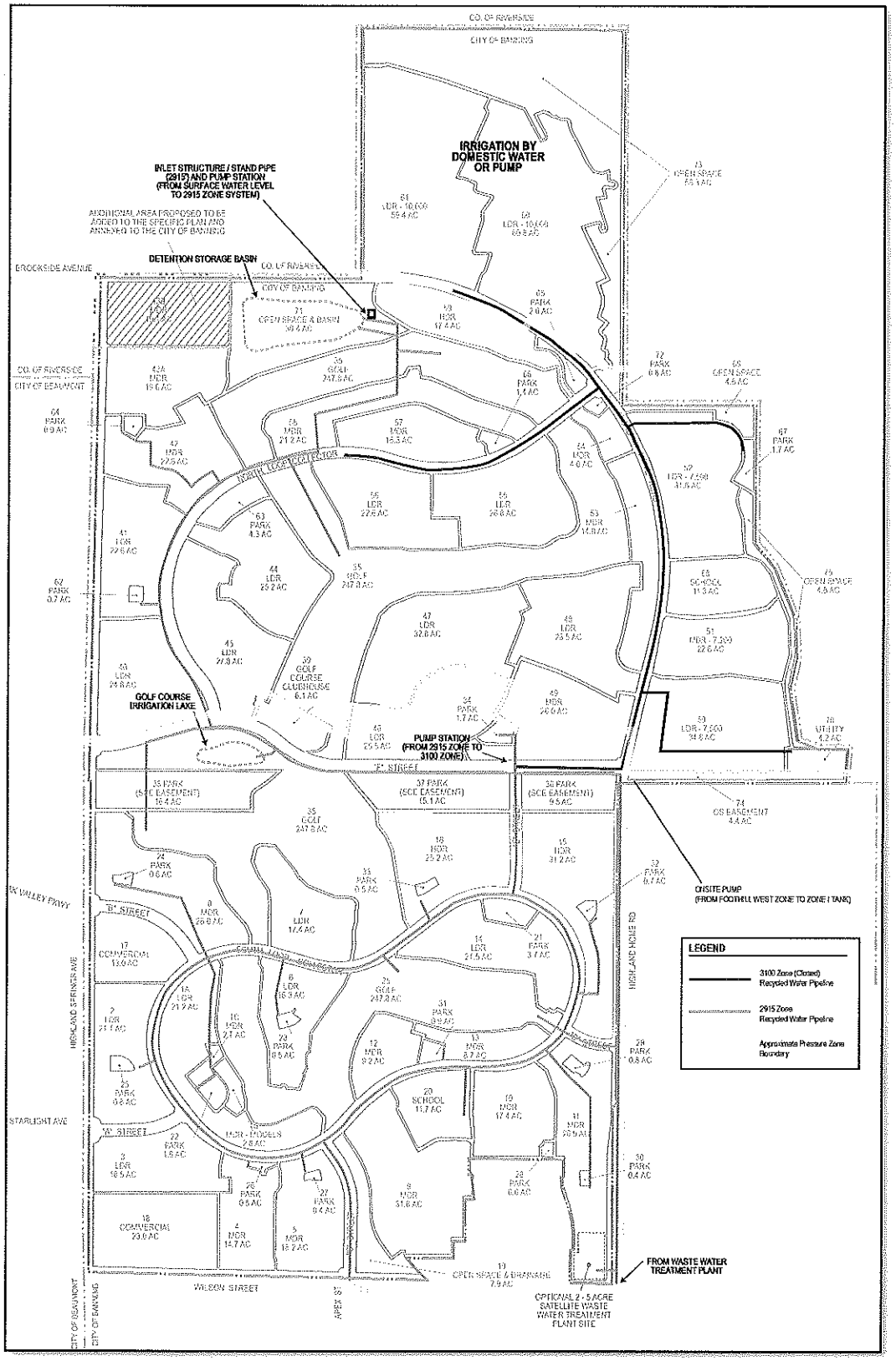

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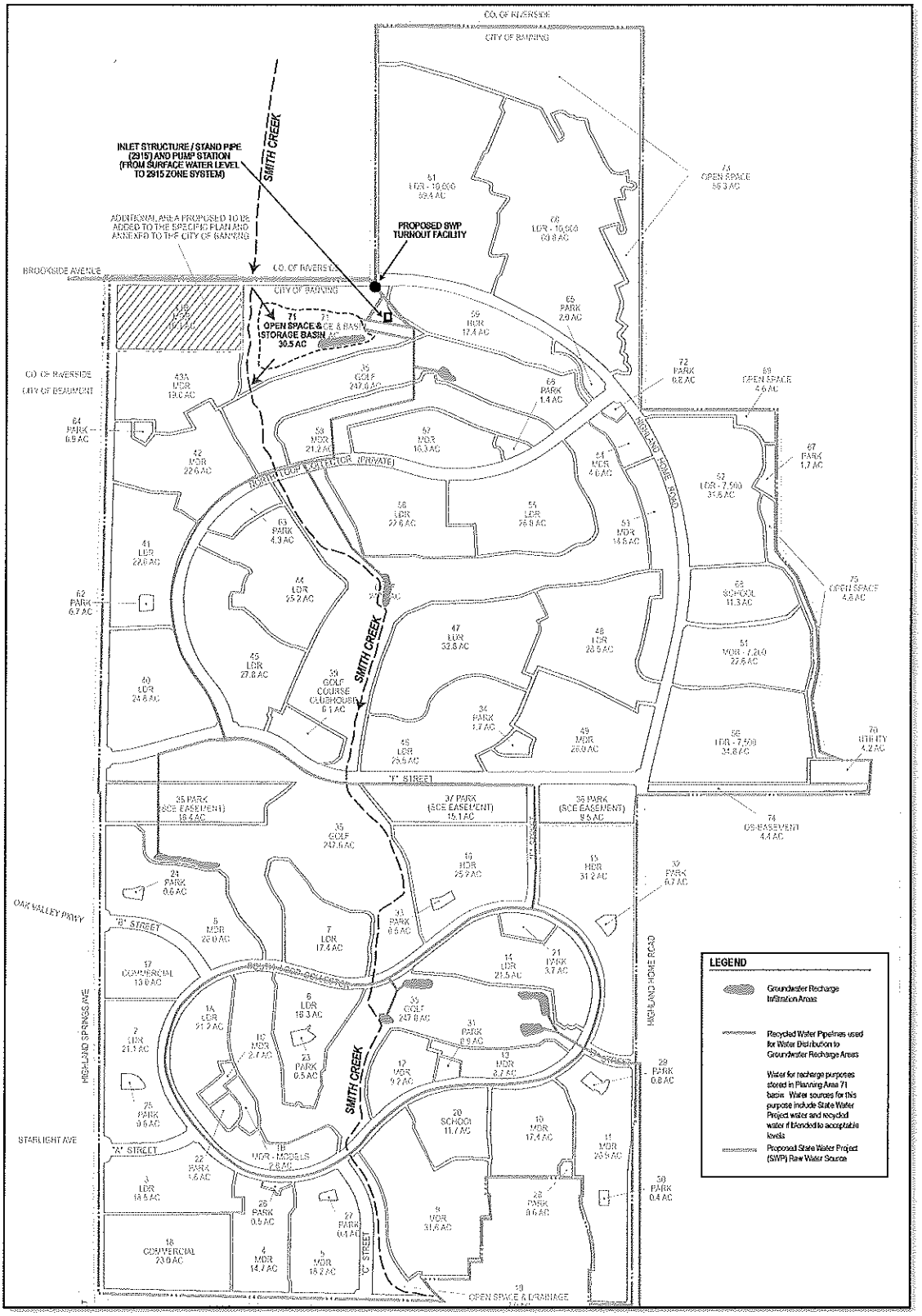

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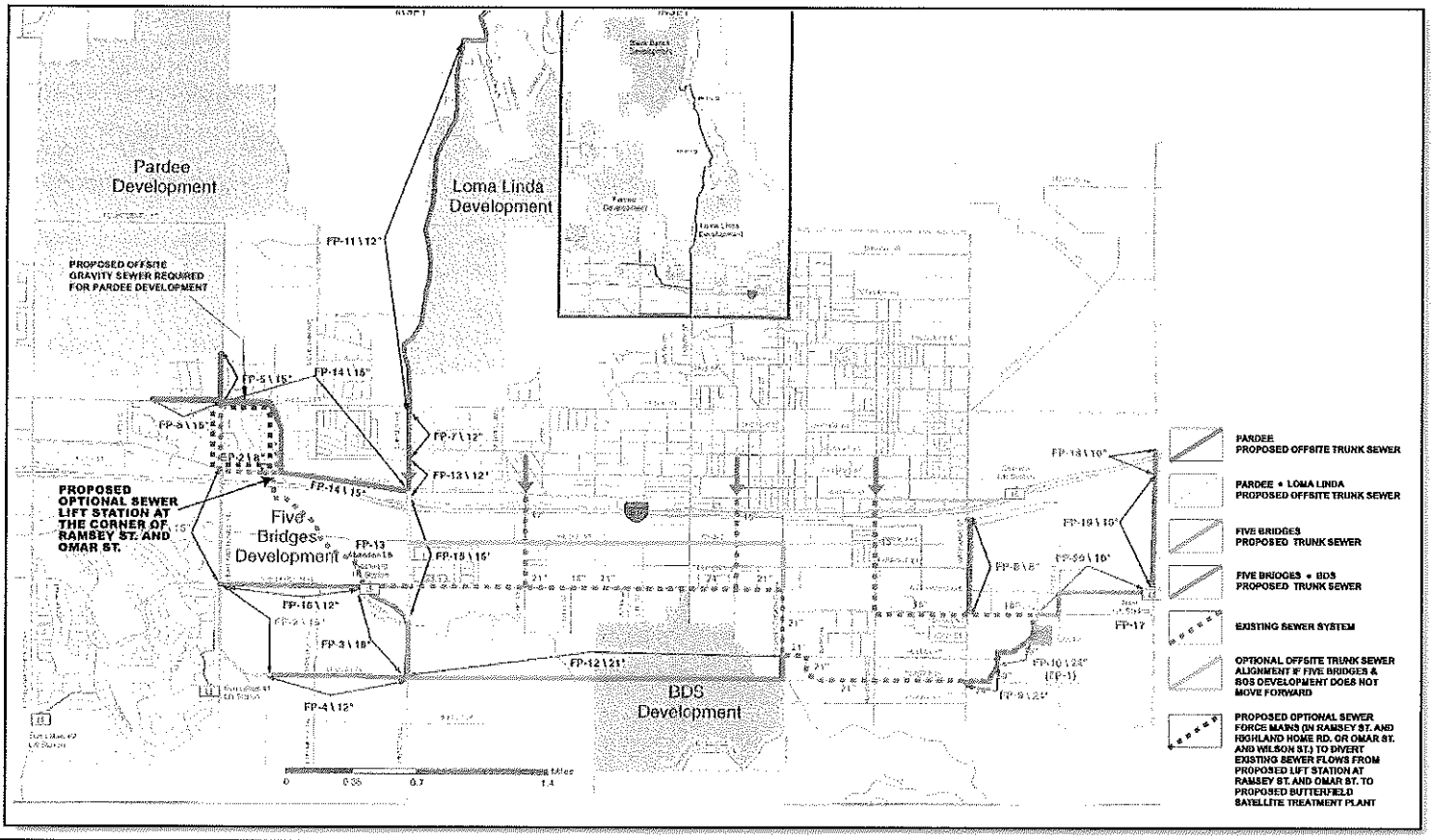


EXHIBIT "G"
HIGHLAND SPRINGS IMPROVEMENTS

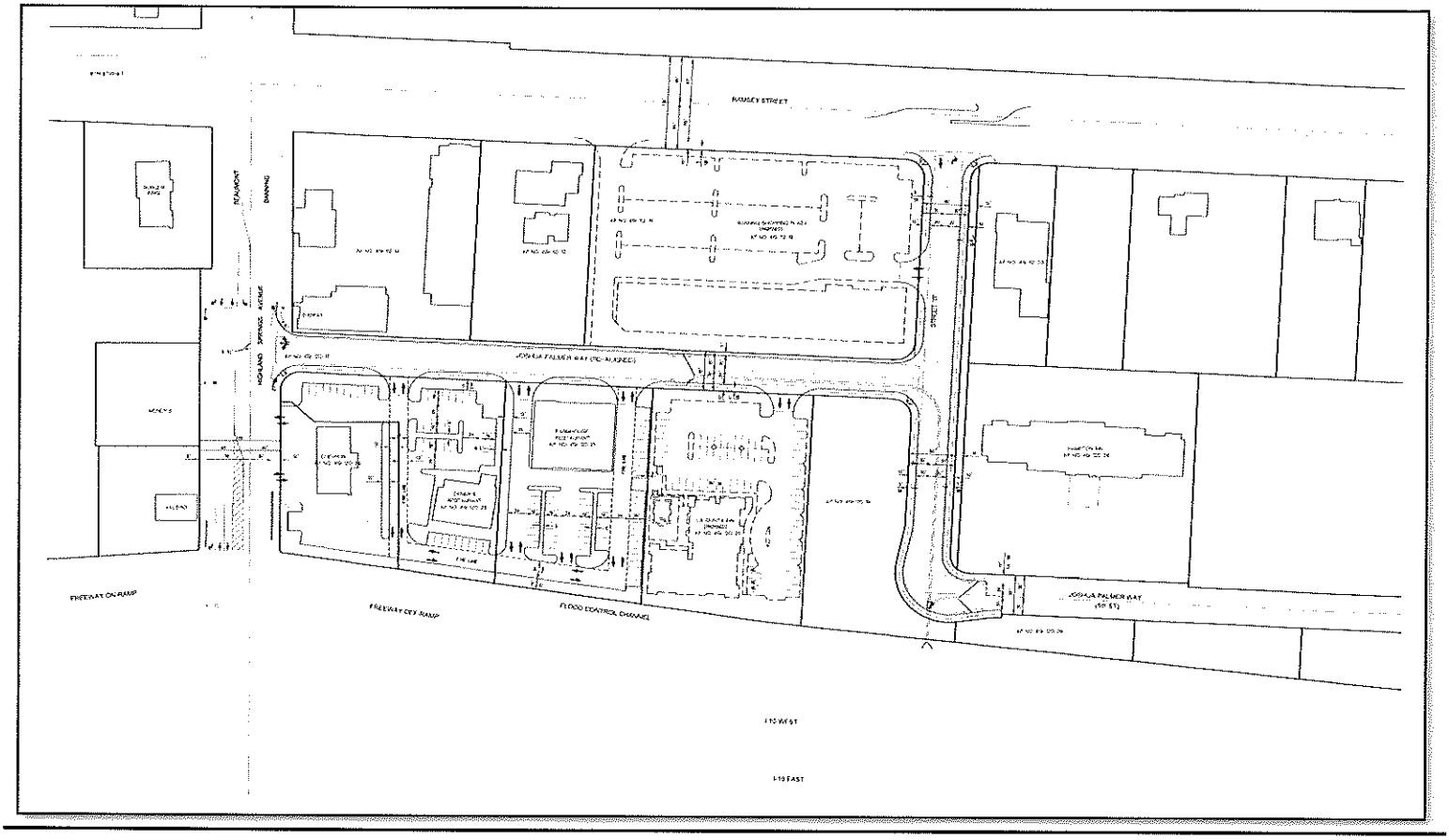


EXHIBIT "H"
BUTTERFIELD PROJECT FINANCING PLAN

This Financing Plan sets forth the basic terms and conditions pursuant to which City and Developer will cooperate to establish one or more CFD(s) and designate Improvement Areas therein pursuant to the CFD Act to finance the Eligible Facilities in connection with the Project and to levy the Services Special Tax. Capitalized terms not otherwise defined in this Financing Plan shall be defined as provided in the Development Agreement.

1. Goals and Policies for Financing. The City will adopt general Goals and Policies for establishing CFDs. The Goals and Polices for Financing shall apply on a City-wide basis and may be amended from time to time. This Financing Plan shall be consistent with the City's Goals and Policies for Financing. The principal objectives of this Financing Plan are to:

   a. Provide City and Developer reasonable certainty that each CFD will be established in accordance with the Goals and Policies and this Financing Plan.

   b. Provide basic parameters for the levy of (i) the Facilities Special Tax (defined below) within each CFD or Improvement Area to pay directly for Eligible Facilities and to secure the issuance of bonds of each CFD or Improvement Area secured by and payable from the Facilities Special Tax in order to finance the Eligible Facilities ("**Bonds**") and (ii) the Services Special Tax.

   c. Provide basic parameters for the issuance of Bonds by or for the CFD(s) and any Improvement Areas therein.

2. Formation. City shall initiate proceedings to establish a CFD, upon Developer's petition request pursuant to the CFD Act and submittal of City's standard application form and receipt of an advance from Developer in an amount determined by City to pay for City's estimated costs to be incurred in undertaking the proceedings to establish the CFD ("Formation Proceeding Costs"). City agrees that all such advances for Formation Proceedings Costs so long as the costs re reasonable and not due to the actions of developer, incurred in connection with the formation of such CFD shall be eligible for reimbursement out of the first available proceeds of Surplus Special Taxes (defined below) and Bonds of the CFD and/or Facilities Special Taxes to the extent approved by the City's Bond Counsel ("CFD Proceeds"). The exact terms and conditions for the advance of funds by Developer and the reimbursement of such advances shall be memorialized in a separate agreement between City and Developer. City agrees to use its best efforts to complete the proceedings to form each CFD and record the notice of special tax lien for the CFD and each Improvement Area therein within 210 days after City's receipt of Developer's complete application and deposit.

3. Boundaries. The CFD boundary, or the boundaries of all CFDs if more than one is formed, shall encompass the Project. Each CFD may contain multiple Improvement Areas based on phasing of the Project within the CFD.

4. Eligible Public Facilities and Discrete Components. Subject to the City's adopted Goals and Policies for Financing, and review by Bond Counsel, conditions set forth in the following paragraph, City may authorize the CFDs to finance the acquisition or construction of the Eligible Facilities, which may include the following:

a. public streets and other related improvements within the public right-of-way

b. water facilities

c. storm drain facilities

d. sewer facilities

e. public parks, open space and landscaping

f. electrical facilities to be extent reasonable

g. any public facility to be constructed by City for which Developer is required to make a cash contribution pursuant to the Project's conditions of approval or this Agreement or which is included in any City capital improvement fee program and which public facility is to be owned by the City, subject to credit against the corresponding fee.

The costs of any Eligible Facility to be constructed by Developer that are eligible to be financed with CFD Proceeds ("**Actual Costs**") shall include the following if permissible under the Act:

(i) The actual hard costs for the construction or the value of the Proposed Eligible Facility, including labor, materials and equipment costs;

(ii) The costs of grading related to the Eligible Facility;

(iii) The costs incurred in designing, engineering and preparing the plans and specifications for the Eligible Facility;

(iv) The costs of environmental evaluation and mitigation of or relating to the Eligible Facility;

(v) Fees paid to governmental agencies for, and costs incurred in connection with, obtaining permits, licenses or other governmental approvals for the Eligible Facility;

(vi) Costs of construction administration and supervision;

(vii) Professional costs associated with the Eligible Facility, such as engineering, legal, accounting, inspection, construction staking, materials and testing and similar professional services; and

(viii) Costs of payment, performance and/or maintenance bonds and insurance costs directly related to the construction of the Eligible Facility.

TABLE OF CONTENTS

Page

1. DEFINITIONS 3
   - 1.1 Acquisition Agreement. 3
   - 1.2 Anniversary Date. 3
   - 1.3 Annual Review. 3
   - 1.4 Applications. 3
   - 1.5 Appraisal of Land Value. 4
   - 1.6 Assignment. " 4
   - 1.7 Authorizing Ordinance. 4
   - 1.8 Building Permit. 4
   - 1.9 CC&R's 4
   - 1.10 Certificate of Compliance. 4
   - 1.11 Certificate of Occupancy. 4
   - 1.12 CFD 4
   - 1.13 CFD Act. 4
   - 1.14 City. 4
   - 1.15 City Council. 4
   - 1.16 City Development Agreement Ordinance. 4
   - 1.17 City Manager. 4
   - 1.18 City Wide Traffic Improvements. 5
   - 1.19 Claims or Litigation. 5
   - 1.20 Dedicate or Dedication. 5
   - 1.21 Default 5
   - 1.22 Developed Property. 5
   - 1.23 Development Goals. 5
   - 1.24 Developer's Property. 5
   - 1.25 Development. 5
   - 1.26 Development Agreement Statute. 5
   - 1.27 Development Approvals. 5
   - 1.28 Development Impact Fees. 6
   - 1.29 Development Plan. 6
   - 1.30 Director. 6
   - 1.31 Economically Distressed Year. 6
   - 1.32 Effective Date. 6
   - 1.33 Eligible Facitlities.. 6
   - 1.34 Exaction. 6
   - 1.35 Existing Development Approvals. 6
   - 1.36 Existing Land Use Regulations. 7
   - 1.37 Financing Plan. 7
   - 1.38 Force Majeure. 7
   - 1.39 Future Development Approvals. 7
   - 1.40 General Plan. 7
   - 1.41 Goals and Policies for Financing. 7
   - 1.42 Golf Course/Active Open Space. 7

TABLE OF CONTENTS (cont.)

		Page
1.43	Grading Permit.	7
1.44	Improvement Area.	7
1.45	Innocent Owner.	7
1.46	LAFCO.	7
1.47	Land Use Regulations.	7
1.48	Legal or Equitable Interest.	8
1.49	LMD.	8
1.50	Local Agency.	8
1.51	Lot.	8
1.52	Master Tract Map.	8
1.53	Mortgage.	8
1.54	Mortgagee.	8
1.55	Mortgagee Successor.	8
1.56	Municipal Code.	9
1.57	Non-Defaulting Party.	9
1.58	Owner.	9
1.59	Park fees.	9
1.60	Phase.	9
1.61	Phasing Plans.	9
1.62	Planning Area.	9
1.63	Planning Commission.	9
1.64	Pre-Qualified Buyer.	9
1.65	Property Owner's Association or POA.	9
1.66	Processing Fees.	9
1.67	Project.	10
1.68	Proposed Project Facilities.	10
1.69	Reimburse or Reimbursement.	10
1.70	Reservations of Authority.	10
1.71	Services Special Tax.	10
1.72	Specific Plan.	10
1.73	Subdivision Map.	10
1.74	Subdivision Map Act.	10
1.75	Taxes.	10
1.76	Ten or 10th Year Anniversary Review.	10
1.77	Term.	10
1.78	Traffic Control Facility Fee.	11
1.79	Transfer.	11
1.80	Trigger Percentages.	11
1.81	TUMF.	11
1.82	Zoning Code.	11

TABLE OF CONTENTS (cont.)

Page

2. EXHIBITS. 11
3. TERM. 11
   3.1 Term. 11
   3.2 Termination Upon Completion of Construction. 12
   3.3 Termination for Default. 12
   3.4 Extension of the Term: 12
   3.5 Effective Date. 12
4. DEVELOPMENT OF THE DEVELOPER'S PROPERTY 12
   4.1 Right to Develop. 12
   4.2 Right To Future Approvals. 12
   4.3 Existing Development Approvals. 13
   4.4 Specific Plan. 13
   4.5 Priority Of Specific Plan. 13
   4.6 Later Enacted Measures. 13
   4.7 Impact Fee Studies. 13
5. FINANCING AND THE CITY'S OBLIGATIONS. 13
   5.1 Formation of CFD(s) and LMDs. 13
   5.2 Adoption of Goals and Policies for Financing. 14
   5.3 Services Special Tax. 15
   5.4 Planning Area 19, 35, 39 and 71 Drainage Facilities. 15
   5.5 Reimbursement Agreements. 15
   5.6 Landscape Maintenance Districts. 16
   5.7 Reimbursement for Pre-Approval Costs. 16
   5.8 Obligations of Developer Respecting Financing; No Speculation. 17
6. TIME FOR CONSTRUCTION AND COMPLETION OF PROJECT 17
   6.1 Timing of Development. 17
   6.2 Development Goals. 18
   6.3 Development Goals Satisfied By Commencement of Construction. 19
   6.4 Public Improvements. 19
   6.5 Development of Phasing Plans During Subdivision Map Approvals. 20
   6.6 Ten Year Anniversary Review 21
   6.7 Failure to Satisfy Phasing Goals and Objectives. 22
   6.8 Developer Incentives for Expedited Development. 23
7. FEES, TAXES AND ASSESSMENTS. 23
   7.1 Processing Fees. 23
   7.2 Development Impact Fees 24
   7.3 Wastewater, Domestic and Reclaimed Water Facilities Development Impact Fees. 24
   7.4 Park Fees. 25
   7.5 Traffic Impact Mitigation. 26
8. DEDICATIONS AND CONVEYANCES OF PROPERTY INTERESTS 27
   8.1 Park Improvements. 27
   8.2 Drainage Facilities. 28

TABLE OF CONTENTS (cont.)

Page

8.3 Satellite Water Treatment Plant. 29
8.4 Fire Station Site. 29
8.5 Water Tanks. 29
9. PROCESSING OF REQUESTS AND APPLICATIONS: OTHER GOVERNMENT PERMITS. 30
9.1 Processing. 30
9.2 Developer to Pay for Expedited Processing. 30
9.3 General Time Periods for Processing. 30
9.4 Precise Grading/Plot Plan Revisions. 31
9.5 Additional Inspectors and Plan Checkers. 31
9.6 Tentative Subdivision Maps. 31
9.7 Multiple Final Subdivision Maps: 31
9.8 Financing and Conveyance Maps: 31
9.9 Water Availability. 31
9.10 Other Governmental Permits. 31
9.11 Public Agency Coordination. 31
9.12 Annexation. 31
10. AMENDMENT AND MODIFICATION OF DEVELOPMENT AGREEMENT. 32
10.1 Initiation of Amendment. 32
10.2 Procedure. 32
10.3 Consent. 32
10.4 Minor Modifications. 32
10.5 Effect of Amendment to Development Agreement. 33
11. RESERVATIONS OF AUTHORITY. 33
11.1 Limitations, Reservations and Exceptions. 33
11.2 Regulation by Other Public Agencies. 34
11.3 Fees, Taxes and Assessments. 34
12. ANNUAL REVIEW. 34
12.1 Annual Monitoring Review. 34
12.2 Certificate of Compliance. 35
12.3 Failure to Conduct Annual Review. 35
13. DEFAULT, REMEDIES AND TERMINATION. 35
13.1 Rights of Non-Defaulting Party after Default. 35
13.2 No Recovery for Monetary Damages. 35
13.3 Recovery of Monies Other Than Damages. 36
13.4 Compliance with the Claims Act. 36
13.5 Notice and Opportunity to Cure. 36
13.6 Dispute Resolution. 37
13.7 Waiver of Breach. 38
13.8 Limitations on Defaults. 38
13.9 Venue. 39
14. ASSIGNMENT. 39
14.1 Right to Assign. 39

TABLE OF CONTENTS (cont.)

Page

14.2 Sale to Pre-Qualified Buyer. 41
14.3 Termination of Agreement With Respect to Individual Parcels Upon Sale to Public. 41
14.4 Declaration of Covenants....42
15. RELEASES AND INDEMNITIES. 42
15.1 The City's Release As To Actions Prior To Effective Date. 42
15.2 The Developer's Release As To Actions Prior To Effective Date. 42
15.3 Third-Party Litigation. 42
15.4 Hold Harmless: Developer's Construction and Other Activities. 44
15.5 Survival of Indemnity Obligations. 44
16. EFFECT OF AGREEMENT ON TITLE. 44
16.1 Covenant Run with the Land. 44
17. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION. 45
17.1 Non-liability of City Officers and Employees. 45
17.2 Conflict of Interest. 45
17.3 Covenant Against Discrimination. 45
18. MORTGAGEE PROTECTION. 45
18.1 Definitions. 45
18.2 No Encumbrances Except Mortgages to Finance the Project. 45
18.3 Developer's Breach Not Defeat Mortgage Lien. 46
18.4 Holder Not Obligated to Construct or Complete Improvements. 46
18.5 Notice of Default to Mortgagee. 46
18.6 Right to Cure. 46
18.7 City's Rights upon Failure of Holder to Complete Improvements. 47
18.8 Right of City to Cure Mortgage Default. 48
18.9 Right of the City to Satisfy Other Liens on the Developer's Property After Conveyance of Title. 48
19. MISCELLANOUS. 48
19.1 Estoppel Certificates. 48
19.2 Force Majeure. 49
19.3 Interpretation. 49
19.4 Severability. 49
19.5 Joint and Several Obligations. 50
19.6 No Third Party Beneficiaries. 50
19.7 Notice. 50
19.8 Relationship of Parties. 51
19.9 Attorney's Fees. 51
19.10 Further Actions and Instruments. 51
19.11 Time of Essence. 51
19.12 Waiver. 51
19.13 Execution. 51

STATE OF CALIFORNIA - THE RESOURCES AGENCY
DEPARTMENT OF FISH AND GAME

ENVIRONMENTAL FILING FEE CASH RECEIPT

Receipt #: 17-49605

State Clearinghouse # (if applicable): 2007-091149

Lead Agency: CITY OF BANNING *Date:* 02/15/2017

County Agency of Filing: RIVERSIDE *Document No:* E-201700162

Project Title: ADDENDUM TO BUTTERFIELD SPECIFIC PLAN FINAL EIR FOR

Project Applicant Name: PARDEE HOMES *Phone Number:* (951) 922-3152

Project Applicant Address: 1250 CORONA POINT CT #600, CORONA, CA 92879

Project Applicant: PRIVATE ENTITY

CHECK APPLICABLE FEES:

☒ *Environmental Impact Report*	$3,078.25
☐ *Negative Declaration*	
☐ *Application Fee Water Diversion (State Water Resources Control Board Only)*	
☐ *Project Subject to Certified Regulatory Programs*	
☒ *County Administration Fee*	$50.00
☐ *Project that is exempt from fees (DFG No Effect Determination (Form Attached))*	
☐ *Project that is exempt from fees (Notice of Exemption)*	
Total Received	$3,128.25

Signature and title of person receiving payment: Deputy

Notes:

ACR 533 (Est. 12/2013)

CITY OF BANNING **99 East Ramsey Street** **Banning, CA, 92220** **951-922-3105** Proud History Prosperous Tomorrow	**NOTICE OF DETERMINATION**
FILED / POSTED County of Riverside Peter Aldana Assessor-County Clerk-Recorder E-201700162 02/15/2017 02:28 PM Fee: $ 3128.25 Page 1 of 2 Removed: By: Deputy	From: City of Banning 99 East Ramsey Street Banning, CA, 92220 Date received for filing at OPR/County Clerk:

Subject: Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.

Project Name:	Addendum to the Butterfield Specific Plan Final EIR for the Butterfield Specific Plan addressing proposed General Plan Amendment and Minor Modifications	**Applicant:**	Pardee Homes 1250 Corona Pointe Ct. #600 Corona CA 92879

State Clearinghouse Number:	**Lead Agency Contact:**	**Area Code/Telephone:**
SCH No:2007091149	City of Banning Brian Guillot	(951) 922-3152

Project Location (include County)	City of Banning, Riverside County, CA. The project site consists of 20 existing legal lots, covering 1,522 acres, owned by Pardee Homes and an additional 21-acre lot owned by the Highland Springs County Club Owner's Association. The project site is generally located north of the Interstate 10 (I-10) Freeway within the northwestern portion of the City of Banning adjacent to the City of Beaumont and unincorporated areas of the County of Riverside. The project site is surrounded by unincorporated Riverside County and portions of the San Bernardino Mountains to the north and northeast, Highland Home Road, and the Banning Bench to the east, the City of Beaumont and existing residential to the east and south, Wilson Street to the south, and Highland Springs Avenue and the City of Beaumont to the west. Specifically, the project site is located north of Wilson Street, east of Highland Springs Road, west of Highland Home Road, north and northwest of the present terminus of Highland Home Road, and south of an unincorporated portion of Riverside County, generally north of the extended alignment of Brookside Avenue into the San Bernardino Mountain foothills. See attached map.

Project Description: The Butterfield Specific Plan Environmental Impact Report, State Clearinghouse No. 2007091149 (Butterfield Specific Plan Final EIR) was certified by the City of Banning (City) on March 27, 2012. In April 2012, the City passed, approved, and adopted an amendment to the Deutsch Specific Plan (the former Specific Plan guiding land use on the project site), the development agreement for the Butterfield Specific Plan, and conditions of approval for the Butterfield Specific Plan. Following the City's approval, the legality of the Butterfield Specific Plan Final EIR was challenged in April 2012. A Settlement Agreement was reached in 2014, resulting in a reduced project with changes to the Butterfield Specific Plan including a reduction in 525 dwelling units, removal of the proposed extensions of Highland Home Road to Brookside Avenue and Cherry Valley Boulevard, adjustment of the backbone street system, adjustment of the land-use mix, removal of the golf course in Planning Areas 35 and 39, preservation of open space, relocation of infrastructure, modification to Planning Area shapes and sizes and other minor

changes that would generally reduce the effects on the environment that were processed via a General Plan Amendment and Specific Plan Minor Modifications to implement the Settlement Agreement.

Pursuant to CEQA Guidelines Section 15164, an Addendum to the Butterfield Specific Plan Final EIR (Addendum) was prepared to evaluate the potential effects associated with the changes to the Butterfield Specific Plan via a General Plan Amendment to the General Plan Circulation Element (GPA No. 16-2501) and Minor Modifications to the Butterfield Specific Plan to implement the Settlement Agreement.

This is to advise that the City of Banning has approved the above described project (Addendum, GPA No. 16-2501, and Minor Modifications to the Butterfield Specific Plan) on February 14, 2017 and has made the following determinations regarding the above described project:

1. The City is the ☒**Lead Agency** ☐ Responsible Agency for the project.
2. The project [☐will ☒**will not]** result in new or more severe significant impacts on the environment than previously disclosed in the Butterfield Specific Plan Final EIR previously prepared and certified by the City of Banning for the Butterfield Specific Plan and none of the conditions in CEQA Guidelines Section 15162 requiring the need for further subsequent environmental review have occurred.
3. ☐An Environmental Impact Report was prepared for this project pursuant to the provisions of CEQA.

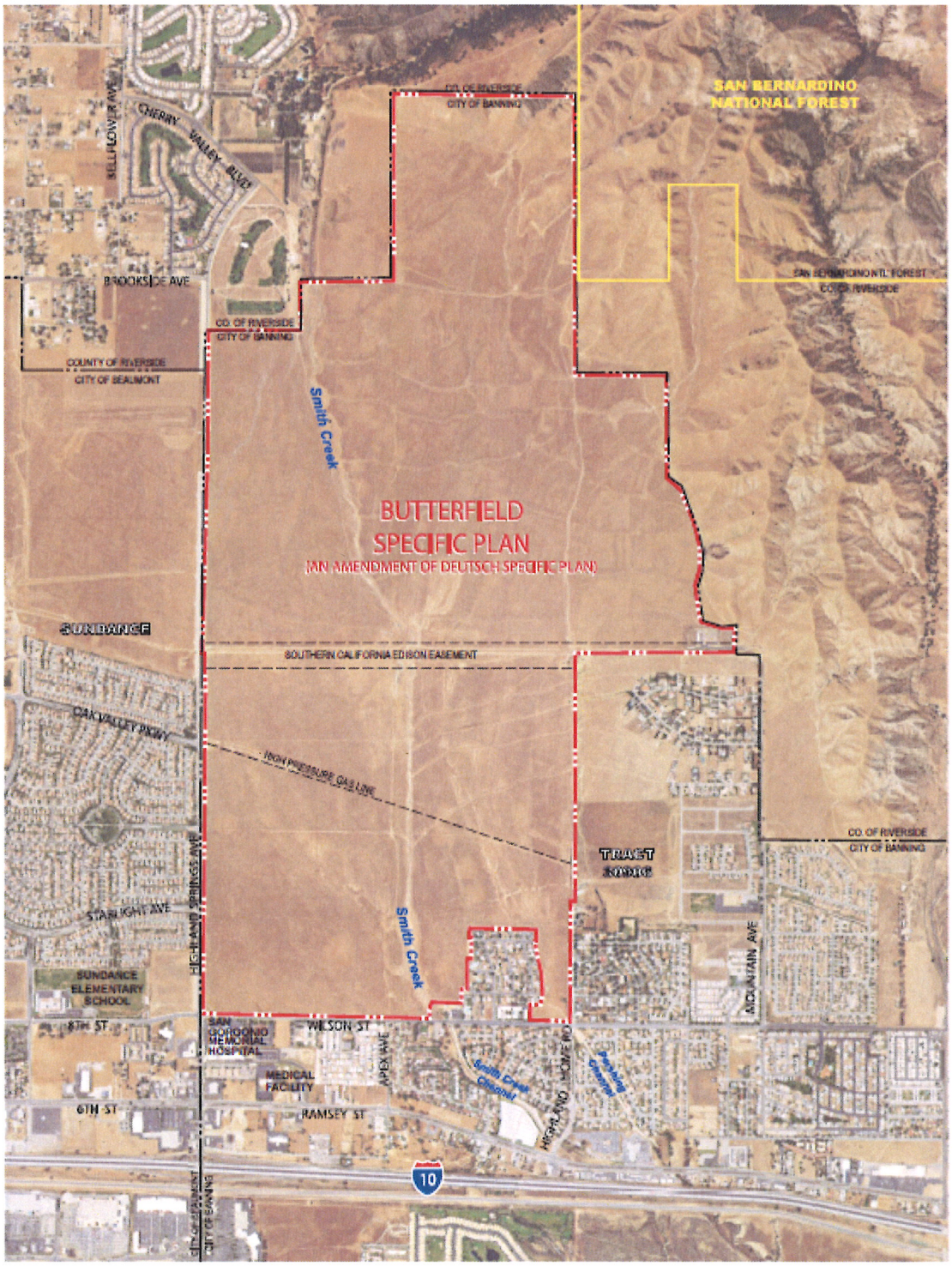
   ☐Negative Declaration was prepared for this project pursuant to the provisions of CEQA.

   ☐A Subsequent or Supplemental EIR [☐was or ☒**was not**] required and an Addendum to a previously-certified EIR was prepared and adopted for this project pursuant to the provisions of CEQA.
4. Mitigation measures [☒**were** or ☐were not] made a condition of the approval of the Butterfield Specific Plan and all original conditions of approval remain in effect except as modified by this approval.
5. A mitigation monitoring reporting program (MMRP) was adopted for the Butterfield Specific Plan. A revised MMRP [☒**was** ☐was not] adopted for this project.
6. A Statement of Overriding Considerations was previously adopted for the Butterfield Specific Plan. A Statement of Overriding Considerations [☐ was ☒**was not]** adopted for this project because no new significant impacts were identified.
7. Findings were previously adopted for the Butterfield Specific Plan Final EIR. Findings [☒ **were** ☐were not] made pursuant to the provisions of CEQA for this project with respect to CEQA Guidelines Section 15162.

The Butterfield Specific Plan Final EIR, Addendum, revised MMRP, GPA No. 16-2501, Minor Modifications to the Butterfield Specific Plan and record of project approval is available for review at the City of Banning Planning Department located at 99 East Ramsey Street, Banning, CA 92220.

Brian Guillot, Community Development Dir. 2-14-17 Date

Project Location Map:



CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Nate Smith, Deputy Director of Public Works/City Engineer**
MEETING DATE:	**January 27, 2026**
SUBJECT:	**Consideration of Resolution 2026-16, Authorizing the City Manager to Execute the Voluntary VMT Exchange Program Participation Agreement between the Western Riverside Council of Governments and the City of Banning**

RECOMMENDATION:

Adopt Resolution 2026-16

BACKGROUND:

City staff presented the Voluntary VMT Exchange Program to City Council on November 12, 2025. That staff report and presentation are attached to this report for reference.

At the November 12, 2025 meeting, City staff was asked to have legal review the agreement, and to request that staff from the Western Regional Council of Governments attend the meeting to answer additional question by City Council. Legal Counsel did review the agreement and there were no significant concern about the contents of the agreement. Here tonight is staff from WRCOG to answer questions regarding the program.

The action tonight recommended by staff would be to approve the resolution and execute the participation agreement.

JUSTIFICATION:

If the City of Banning elects to participate as a Credit Generator, staff would prepare a list of projects that are VMT mitigation eligible. These projects could include bus passes, transit stop enhancements, transit route enhancement, bike lane implementation and construction, walking trails, or other projects that support non-motorized transportation.

As projects throughout the WRCOG region identify and require mitigation for VMT impacts, the City of Banning can utilize this program to meet goals of the General Plan, Active Transportation Plan, and support the Transit enterprise.

Public Works staff has reviewed the requirements to participate in the program and is comfortable in its responsibilities to participate.

FISCAL IMPACT:

There is no cost to the City to participate in the program as a credit generator and submit certain types of projects, such as bus passes.

After the City and WRCOG are able to show success for transit passes, other project types may be considered to add to the exchange. For other projects, the City would be responsible to fully construct the project as offered on the VMT Mitigation marketplace, if selected by a Credit User. Upon completion of the project, WRCOG would reimburse the City for the work completed, up to the amount listed in the marketplace. For example, a transit stop enhancement project may include a shelter, benches, and trash receptacle. The City would provide a fixed cost to construct that facility to the marketplace. Upon completion, WRCOG would provide reimbursement up to the cost that the improvement was purchased for. The City would be responsible for cost overruns.

City staff can update projects on an as-needed basis for items not yet purchased by a Credit User with WRCOG. It would be incumbent on City Staff to properly asses the anticipated costs of any project listed to the marketplace, and update as costs change.

ALTERNATIVES:

Do not approve Resolution 2026-16

BUDGETED?:

No

CONTRACT/AGREEMENT:

Yes

ATTACHMENTS:

1. Resolution 2026-16 - VMT Exchange Agreement.docx
2. Resolution 2026-16 Exhibit A - Credit Generator Participation Agreement.docx
3. 2025_1112 CC Staff Report Packet - VMT Program.pdf
4. 2025_1112 CC Staff Report Presentation - VMT Program.pdf

RESOLUTION 2026-16

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO EXECUTE THE VOLUNTARY VMT EXHANGE PROGRAM AGREEMENT BETWEEN THE WESTERN REGIONAL COUNCIL OF GOVERNMENTS AND THE CITY OF BANNING

WHEREAS, the Western Regional Council of Governments (WRCOG) has created a voluntary program to facilitate credits and projects to mitigate a CEQA requirement of Vehicle Miles Traveled (VMT) that is available to member jurisdictions of WRCOG; and

WHEREAS, the City of Banning may elect to participate in this voluntary program by submitting credit generating projects and executing those projects if selected by projects that require VMT credit; and

WHEREAS, execution of the agreement does not require the City of Banning to submit projects; and

WHEREAS, provisions in the agreement allow for the agreement to be terminated by the City of Banning with 30 days notices.

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

SECTION 1**.** The City Council authorizes the City Manager or their designee to execute the Voluntary VMT Exchange Program Agreement between the Western Regional Council of Governments and the City of Banning.

SECTION 2**.** The Mayor shall sign this resolution and the City Clerk shall attest and certify to the passage and adoption thereof.

SECTION 3. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED, APPROVED AND ADOPTED this 27th day of January 2026.

_____
Richard Royce, Mayor
City of Banning

ATTEST:

Sandra Calderon, Deputy City Clerk
City of Banning

APPROVED AS TO FORM AND LEGAL CONTENT:

John Pinkney, City Attorney
Slovak, Baron, Empey, Murphy & Pinkney, LLC

CERTIFICATION:

I, Sandra Calderon, Deputy City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution 2026-16, was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 27th day of January 2026 by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Sandra Calderon, Deputy City Clerk
City of Banning, California

Exhibit A

Voluntary VMT Exchange Program Participation Agreement between the Western Riverside Council of Governments and the City of Banning

VOLUNTARY VMT EXCHANGE PROGRAM
PARTICIPATION AGREEMENT

This Participation Agreement ("Agreement") is made as of _____ ("Effective Date"), by and between the Western Riverside Council of Governments, a California public agency ("WRCOG") and the City of Banning, a _____ ("Participant"). WRCOG and Participant are sometimes individually referred to as "Party" and collectively as "Parties".

RECITALS

A. Before a California public agency issues a discretionary approval that authorizes an action with potential environmental impacts, the agency must first comply with the California Environmental Quality Act ("CEQA") and disclose potential impacts to the environment.

B. The CEQA process may involve the imposition of "mitigation measures" which help to reduce a project's potentially significant impacts.

C. The manner in which transportation effects are analyzed under CEQA changed dramatically when Senate Bill 743 ("SB 743") was adopted in 2013. SB 743 and its implementing regulations require that transportation impacts throughout the state no longer be measured in terms of vehicle delay, but instead in terms of how many Vehicle Miles Traveled ("VMT") a project generates.

D. Transportation demand management strategies have traditionally been utilized to change travel behavior as a way of reducing VMT. These strategies are generally most effective in urban areas where a project site is accessible through multiple travel modes offering similar travel times and convenience.

E. However, these strategies are less effective in low-density suburban and rural areas, such as Western Riverside County. As a result, Western Riverside County needs a coordinated regional approach.

F. To address these needs, WRCOG has established a Voluntary VMT Exchange Program (the "Program") that allows Credit Users to agree to fund a predetermined VMT-reducing project submitted by a Credit Generator.

G. Participant desires to participate in the Program as a Credit Generator.

H. The purpose of this Agreement is to outline the terms and conditions of the Participant's voluntary participation in the Program.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

AGREEMENT

1. Incorporation of Recitals. The recitals above are true and correct and are hereby incorporated herein by this reference.

2. Definitions.

(a) "Credit" shall mean a VMT reduction credit.

(b) "Credit Generator" shall mean an entity that implements some action which produces a Credit. For the purposes of this Agreement, Participant is a Credit Generator.

(c) "Credit Generating Item" shall mean a specific project or action which may produce a Credit.

(d) "Credit User" shall mean a land development or transportation project administrator that needs a Credit for the purpose of CEQA mitigation.

(e) "Program Manual" shall mean the Western Riverside Council of Governments Voluntary VMT Exchange Program Implementation Manual as may be amended from time to time.

3. Term and Termination

(a) Term. The term of this Agreement shall commence on the Effective Date and shall remain in effect until terminated in accordance with Section 3(b) of this Agreement.

(b) Termination.

(i) Termination for Convenience. Either Party may terminate this Agreement upon three (3) months written notice, except that this Agreement shall remain in effect as to any Credit-Generating Item for which Credit Purchase Agreement has been executed but not completed. However, in the event that there are any Credit-Generating Items submitted by Participant that remain which are subject to a Credit Purchase Agreement, Participant may only terminate this Agreement upon the completion of such Credit-Generating Items.

(ii) Termination for Breach. WRCOG reserves the right to terminate this Agreement in the event of Participant's violation of this Agreement and non-compliance with the Program Manual. Upon receipt of written notice from WRCOG regarding the violation, Participant shall have thirty (30) days to correct the violation. Failure to cure the violation within the thirty (30) day period shall result in the termination of this Agreement.

4. Participant Responsibilities.

(a) Submission of Credit-Generating Items. Upon execution of this Agreement, Participant can then submit Credit-Generating Items for use in the Program by utilizing a Credit-Generating Item Form as further described in the Program Manual. Credit-Generating Items are subject to approval by WRCOG as the Program Administrator pursuant to the process as outlined in the Program Manual.

(i) Qualification and Accuracy of Information. Participant agrees that any Credit-Generating Items that are submitted to the Program shall provide the necessary information as provided in the Program Manual Section III.D.4. In addition, Participant is solely

responsible for providing accurate information regarding their Credit-Generating Items submitted. Inaccurate information may result in removal of the Credit-Generating Item from the Program.

(ii) Credit User Agreement. Upon the selection of a Credit-Generating Item submitted by Participant by a Credit User, the WRCOG shall enter into a Credit Purchase Agreement with the Credit User. The Credit Purchase Agreement shall substantially be in the form as presented in the Program Manual.

(iii) Avoidance of Duplicate Mitigation. Participant agrees that any Credit-Generating Items submitted to WRCOG shall not be used to satisfy multiple instances of mitigation. This includes, but is not limited to, placing Credit-Generating-Items on multiple exchanges at once.

(iv) Disputes. In the event of any disputes regarding a Credit-Generating Item occurring under this Agreement, Participant agrees to follow the dispute procedures as outlined in Program Manual.

(v) Removal of Credit-Generating Items. Participant understands and agrees that Credit-Generating Items placed into the Program shall remain in the Program unless otherwise approved in writing by WRCOG.

(vi) Credit Generating Item Completion. To the extent practicable, Participant shall ensure that the Credit-Generating Item is carried out or completed once it has been assigned to a Credit User and Participant has received payment for the Credits. Participant shall take all steps reasonably necessary to ensure that the Credit-Generating Item is carried out or completed. Upon completion of the Credit-Generating Item, Participant shall provide WRCOG with a completion form.

(b) Laws and Regulations. Participant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of its obligations under this Agreement. In addition, Participant shall comply with the Program Manual, as may be amended from time to time.

5. WRCOG Responsibilities.

(a) Program Administration. WRCOG agrees to administer the Program in accordance with the Program Manual, as may be amended from time to time.

(b) Allocation of Funds. WRCOG shall collect and allocate funds from Credit Users when Participant's Credit Generating Item is selected.

(c) Credit Transfer. Following the execution of the Credit Purchase Agreement by WRCOG and the Credit User, WRCOG will transfer the credits from the program to the Credit User for their use.

(d) Technical Assistance. WRCOG agrees to provide technical assistance to quantify the potential amount of credits a Credit Generating Item produces, ensure compliance

with Program Manual, and take appropriate measures to address any discrepancies or concerns with the submission of Credit Generating Items.

(e) Transparency. WRCOG agrees to maintain transparency in all Program-related matters, including calculation methodologies, maintenance of the exchange list, and distribution of credit-generating items, ensuring fair and equitable treatment of all participants.

6. Indemnity.

(a) To the fullest extent permitted by law, Participant shall defend, at Participant's sole cost and expense, indemnify, protect, and hold harmless WRCOG, its officers, directors, employees, and agents (collectively the "WRCOG Indemnified Parties"), from and against any and all liabilities, actions, suits, claims, demands, losses, costs, judgments, arbitration awards, settlements, damages, demands, orders, penalties, and expenses including legal costs and attorney fees (collectively "Claims"), including but not limited to Claims arising from injuries to or death of persons (Participant's employees included), for damage to property, including property owned by WRCOG, or from any violation of any federal, state, or local law or ordinance, alleged to be caused by the negligent acts, omissions or willful misconduct of Participant, its officers, directors, employees or agents in connection with or arising out of the construction and/or operation of any Credit-Generating Items submitted to the Program by Participant as well as performance of Participant's obligations under this Agreement.

(b) To the fullest extent permitted by law, WRCOG shall defend, at WRCOG's sole cost and expense, indemnify, protect, and hold harmless Participant, its officers, directors, employees, and agents (collectively the "Participant Indemnified Parties"), from and against any and all liabilities, actions, suits, claims, demands, losses, costs, judgments, arbitration awards, settlements, damages, demands, orders, penalties, and expenses including legal costs and attorney fees (collectively "Claims"), including but not limited to Claims arising from injuries to or death of persons (WRCOG's employees included), for damage to property, including property owned by Participant, or from any violation of any federal, state, or local law or ordinance, alleged to be caused by the negligent acts, omissions or willful misconduct of WRCOG, its officers, directors, employees or agents in connection with or arising out of the administration of the Program and the performance of its obligations under this Agreement. The indemnity obligations outlined in this Section 6(b) shall include any actions brought under the California Environmental Quality Act, the National Environmental Policy Act or other related action to the extent that such actions do not arise out of Participant's breach of this Agreement and/or noncompliance with the Program Manual.

(c) The indemnification and defense obligations of this Agreement shall survive its expiration or termination.

7. Insurance. During the term of this Agreement and for one (1) year thereafter, Participant shall maintain Commercial General Liability insurance. The Commercial General Liability insurance policy limits shall be not less than One Million Dollars ($1,000,000) combined single limit per occurrence for bodily injury, death and property damage liability, and Two Million Dollars ($2,000,000) in aggregate. Such insurance shall cover Participant's obligations under this Agreement and the actions of its employees, agents and subcontractors.

All policies shall be written by reputable insurance companies with a Best's policyholder rating of not less than A- VII.

Upon execution of this Agreement, Participant shall provide a Certificate of Insurance evidencing the insurance required herein. In no event shall the limits of any policy be considered as limiting the liability of Participant under this Agreement.

8. Miscellaneous Terms.

(a) Third Party Rights. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than the Participant and WRCOG.

(b) Notice. Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to the following addresses and shall be effective upon receipt thereof:

WRCOG:	**PARTICIPANT:**
Western Riverside Council of Governments 1977 Chicago Avenue, Suite 200 Riverside, CA 92507 Attn: Executive Director	City of Banning 99 E. Ramsey Street Banning, CA 92220 Attn: City Manager

(c) Entire Agreement. This Agreement represents the entire understanding of WRCOG and Participant as to those matters contained herein, and supersedes and cancels any prior or contemporaneous oral or written understanding, promises or representations with respect to those matters covered hereunder. Each Party acknowledges that no representations, inducements, promises, or agreements have been made by any person which are not incorporated herein, and that any other agreements shall be void. This is an integrated Agreement.

(d) Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable for any reason, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance, and the remaining provisions of this Agreement shall remain in full force and effect.

(e) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors in interest, executors, administrators and assigns of each Party to this Agreement. However, Participant shall not assign or transfer by operation of law or otherwise any or all of its rights, burdens, duties or obligations without the prior written consent of WRCOG. Any attempted assignment without such consent shall be invalid and void.

(f) Non-Waiver. The delay or failure of either Party at any time to require performance or compliance by the other Party of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver

of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought. The waiver of any right or remedy with respect to any occurrence or event shall not be deemed a waiver of any right or remedy with respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

(g) Time of Essence. Time is of the essence for each and every provision of this Agreement.

(h) Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Venue shall be in the County of Riverside.

(i) Headings. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain, or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

(j) Amendments. Only a writing executed by all of the Parties hereto or their respective successors and assigns may amend this Agreement.

(k) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one single Agreement.

(l) Authority. The persons executing this Agreement on behalf of the Parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said Parties and that by doing so, the Parties hereto are formally bound to the provisions of this Agreement.

(m) Electronic Signature. Each Party acknowledges and agrees that this Agreement may be executed by electronic or digital signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature.

[SIGNATURES ON FOLLOWING PAGE]

SIGNATURE PAGE FOR VOLUNTARY VMT EXCHANGE PROGRAM PARTICIPATION AGREEMENT

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

WRCOG	**PARTICIPANT**
WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS	**CITY OF BANNING**
APPROVED BY*:*	APPROVED BY*:*
_____	_____
Executive Director	
APPROVED AS TO FORM*:*	APPROVED AS TO FORM:
_____	_____
Best Best & Krieger LLP General Counsel	General Counsel

CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Nate Smith, Deputy Director of Public Works/City Engineer**
MEETING DATE:	**November 12, 2025**
SUBJECT:	**Western Regional Council of Governments (WRCOG) Vehicle Miles Driven (VMT) Mitigation Program Overview**

RECOMMENDATION:
Provide guidance to staff

BACKGROUND:
The following includes information taken from a staff report from WRGOC Staff to the Public Works Committee on April 10, 2025. Similar presentations and reports were made to the Planning Directors Committee and Executive Committee.

Senate Bill (SB) 743, implemented on July 1, 2020, requires development projects to utilize Vehicle Miles Traveled (VMT), rather than Level of Service (LOS), as the metric to determine its transportation impacts under the California Environmental Quality Act. WRCOG assisted its member agencies in the implementation of SB 743 with guidance on meeting the requirements of the Bill. To continue with the implementation of VMT as a metric, WRCOG has been actively working with partner agencies to develop a VMT Mitigation Program Manual.

One objective of WRCOG's Local Transportation Funds (LTF) Program with the Riverside County Transportation Commission (RCTC) is to assist WRCOG with SB 743 implementation. As part of this, WRCOG conducted initial research on a possible VMT Mitigation Program or bank strategies for development projects as part of its SB 743 implementation activities. This initial research was presented to the Public Works Committee (PWC) in May 2021 and, as a result, WRCOG received inquiries from member agencies regarding the development of a potential regional VMT Mitigation Program for western Riverside County.

During WRCOG's work on SB 743 implementation, the issue of VMT mitigation was noted to be problematic. The main reason is that most land-use projects cannot implement transportation system improvements or directly influence the travel of its occupants. VMT is a function of the intensity of use, type of use, and location, so the main challenge is that VMT is ultimately a regional, not local, concern. In comparison, LOS-based impacts are relatively easy to mitigate since payment of fees for improvements or construction of improvements, or some combination thereof, are appropriate mitigation.

On October 4, 2021, WRCOG staff received direction from the Executive Committee to evaluate options to mitigate VMT impacts from new development. WRCOG commenced an effort to develop a potential program for western Riverside County, and has been discussing the different elements and options with RCTC and the Riverside Transit Agency (RTA). These two agencies were identified since they would be potential large credit generators and/or credit users if they choose to participate. Participation in any

potential program will be on a voluntary basis, so member agencies will participate in a program only if it decides to opt-in.

Since this due diligence process has taken place, the project team has looked at potential benefits and challenges to the different types of mitigation programs and its framework, such as banks, exchanges, and impact fee programs. The project team has also considered the key elements of additionality and equity. In addition, the project team has been exploring potential governing structures and the different elements of operating a program. The project team includes WRCOG's legal counsel to ensure all elements of the program are analyzed from all aspects.

The mitigation measures included will influence the type of program, so the project team has been working with member and partner agencies to identify potential mitigation measures to be included. WRCOG reached out to interested PWC members in February 2023 to solicit potential projects and programs that could be included in a program to serve as an initial project list. This initial project list is strictly for information and additional projects and programs may be added. For the sake of due diligence and feasibility, the project team estimated the potential VMT reduction associated with the projects and programs. The project team also completed an equity analysis to consider demographic trends, including historically disadvantaged communities when identifying which projects and programs could be included in a regional VMT Mitigation Program.

Present Situation

All of the technical work and research on a potential VMT Mitigation Program has been completed. A draft Program Manual that was reviewed by various stakeholders including RCTC, RTA, and the Western Riverside County Regional Conservation Authority (RCA) has been finalized. The goal of the Program Manual is to serve as a guiding document of a potential program. It is anticipated that the Program Manual would be updated as the Program develops, similar to how the TUMF Program Administration Plan is updated.

Some key elements of the effort proposed by WRCOG are as follows:

- The Program would be a regional effort with WRCOG serving as the Program Administrator.
- The effort would be structured as an exchange instead of a bank or fee.
- The WRCOG Planning Directors Committee (PDC) would provide direct oversight of the Program with the Executive Committee retaining final jurisdiction as with all WRCOG activities.
- Agencies would agree to join the Program by executing a Participation Agreement with WRCOG.
- Agencies which have formally joined the Program can then submit VMT-reducing projects, also known as Credit-Generating Items, to be included in the Program.
- Only public agencies can submit Credit-Generating Items to be included in the Program.
- WRCOG would compile a list of Credit-Generating Items.
- Credit-Generating Items would then be available to be purchased to generate VMT credits.
- Any public or private entity can purchase VMT credits by selecting one or more projects from those available on the list WRCOG maintains.
- WRCOG would collect a nominal administrative fee (4%) based on the Program costs for this transaction.
- WRCOG would refresh the Program list as appropriate.
- Agencies can choose to participate in WRCOG's Program, participate in other regional programs, develop their own program, or any combination of those three. The only limitation is that an agency is not allowed to submit the same Credit Generating Item to multiple programs.

Graphics depicting the operation of a program are provided in the final draft Program Manual that is attached as Attachment 1 to this Staff Report. The flowcharts describe the following Program elements:

- Overall Program Process

- Process for Credit Generators
- Process for Submitting Credit-Generating Items
- Process for Private Sector Requests for Credit
- Process for Public Sector Requests for Credit
- Appeals Process

Next Steps

A final draft Program Manual, which has been in development since 2021, has been reviewed by staff at RCTC, RTA, and RCA. The Program Manual serves as a guide for how the Exchange Program will be governed and operated. The Program Manual was developed to include every aspect possible to ensure it was all encompassing. However, since VMT mitigation is a relatively new subject, it is anticipated that new items will be discovered. WRCOG is committed to updating the Program Manual when these items are discovered, and will ensure transparency.

The goal of developing and implementing a program is to provide member agencies and projects in the subregion an option to mitigate its VMT impacts. The Program Manual establishes this option.

JUSTIFICATION:

If the City of Banning elects to participate as a Credit Generator, staff would prepare a list of projects that are VMT mitigation eligible. These projects could include bus passes, transit stop enhancements, transit route enhancement, bike lane implementation and construction, walking trails, or other projects that support non-motorized transportation.

FISCAL IMPACT:

There is no cost to the City to participate in the program as a credit generator and submit certain types of projects, such as bus passes.

For other projects, the City would be responsible to fully construct the project as offered on the VMT Mitigation marketplace, if selected by a Credit User. Upon completion of the project, WRCOG would reimburse the City for the work completed, up to the amount listed in the marketplace.

For example, a transit stop enhancement project may include a shelter, benches, and trash receptacle. The City would provide a fixed cost to construct that facility to the marketplace. Upon completion, WRCOG would provide reimbursement up to the cost that the improvement was purchased for. The City would be responsible for cost overruns.

City staff can update projects on an as-needed basis for items not yet purchased by a Credit User with WRCOG. It would be incumbent on City Staff to properly asses the anticipated costs of any project listed to the marketplace, and update as costs change.

ALTERNATIVES:

Receive feedback from City Council on whether to proceed with the Credit Generator Participation Agreement, as well as receive direction from Council on requested City policy if elected to proceed.

Discussion tonight is not to sign the agreement or not. Official action and resolution would be brought back to City Council for execution. That resolution can be accompanied with official policy, if desired by the City Council.

BUDGETED?:

No

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. WRCOG VMT Program Manual.pdf
2. Credit Generator Participation Agreement.pdf

Western Riverside Council of Governments

Regional VMT Mitigation Program Implementation Manual

Adopted by the WRCOG Executive Committee May 5,2025

Fehr & Peers

WRCOG Western Riverside Council of Governments

TABLE OF CONTENTS

I. INTRODUCTION 1

II. BACKGROUND AND PURPOSE 2

A. Senate Bill 743 and Vehicle Miles Traveled 2

B. Need for a Regional VMT Mitigation Program 3

C. Different Types of Regional VMT Mitigation Programs 4

D. Definitions 5

III. THE VOLUNTARY VMT EXCHANGE PROGRAM 6

A. General Description and How it Works 6

B. Potential Types of VMT Mitigation Projects (Credit-Generating Items) 6

C. Governance 10

D. Administration 11

E. Exchange Menu 24

F. Participants 25

IV. QUALIFICATION CRITERIA FOR CREDIT-GENERATING ITEMS 26

V. QUANTIFICATION OF CREDIT-GENERATING ITEMS 26

A. General Principles for Credit Quantification 26

B. Standardized Calculation Methods 27

VI. APPENDICES 28

I. INTRODUCTION

The Western Riverside Council of Governments (WRCOG), in partnership with its member agencies and key regional stakeholders, has developed a voluntary exchange program (Program) to provide a method to mitigate vehicle miles traveled (VMT) impacts under the California Environmental Quality Act (CEQA). WRCOG will serve as the Program Administrator and main point of coordination for Program Participants, which could include regional agencies, WRCOG member agencies, and other stakeholders, as appropriate.

The requirement to analyze and mitigate VMT impacts as part of a CEQA document is an emerging field. While there is substantial empirical data regarding the effectiveness of various VMT mitigation measures, there is less certainty regarding how VMT mitigation programs might be utilized, particularly by parties needing to find ways to offset their VMT impacts.

Through the Program, Program Participants in need of a way to offset significant VMT impacts will be able to purchase VMT credits generated by participants with VMT credit-generating projects. As a result, credit-using projects will not be delayed due to an inability to offset VMT impacts, and credit-generating projects may be expedited due to access to funding. The Program is voluntary and applicants who are unable to secure credits or unwilling to comply with the various requirements can pursue other opportunities for VMT mitigation through alternative means.

This Program Manual establishes rules and procedures intended to cover most anticipated situations and provides some level of flexibility to adjust to changing circumstances. If there is a case in which the Program Manual does not fully anticipate a circumstance or discretion is required, WRCOG commits that it will exercise its discretion in an impartial, transparent, and collaborative fashion. WRCOG is well suited to serve as an impartial administrator, able to act in the best interests of the overall program rather than themselves, because WRCOG does not generate or use credits.

WRCOG reserves the right to take action in the best interest of the Program to best serve all participants. These actions could include, but are not limited to, the following:

- Limiting the number of credits available to one applicant.
- Choosing not to provide credits to an applicant if such a restriction is determined to be in the best interest of the program.
- Deferring the provision of credits until a later date for various reasons.
- Withholding credits from applicants who are unwilling to sign the appropriate agreements.

Applicants who are requesting credits from the Program have the right to appeal any decision made by the Program Administrator and will be allowed to utilize the formal appeal process, provided they have standing to appeal, as described in Section III.D.9.c.i.

This Program Manual is intended to be a living document. As State regulatory guidance changes and the program evolves, WRCOG will regularly update the Program Manual to reflect these changing conditions. Any updates will be prepared and implemented in conjunction with our regional partners, WRCOG member agencies, and other stakeholders, as appropriate.

II. BACKGROUND AND PURPOSE

A. Senate Bill 743 and Vehicle Miles Traveled

Before a California public agency issues a discretionary approval that authorizes an action with potential environmental impacts, the agency must first comply with CEQA and disclose potential impacts to the environment. For example, before a city or a county approves a site-development project, and before a transportation agency approves the construction of new infrastructure, those agencies must ensure that CEQA compliance has been completed.

Unless an action is exempt from substantive environmental review, an agency is most often faced with the choice of preparing either a CEQA Negative Declaration or, Mitigated Negative Declaration (MND), or an Environmental Impact Report (EIR). Either an MND or EIR may involve the imposition of “mitigation measures” which help to address or reduce a project’s potentially significant impacts.

The manner in which transportation effects are analyzed under CEQA changed dramatically when Senate Bill 743 (SB 743) was adopted in 2013 and codified in Public Resources Code section 21099. This law and its implementing regulations require that

transportation impacts throughout the state no longer be measured in terms of vehicle delay, but instead in terms of how many VMT a project generates. The purposes of SB 743 are to place greater focus on implementing the State's goals of reducing greenhouse gas (GHG) emissions, promoting transit, and increasing infill development.

For many agencies, the threshold of how much VMT triggers the requirement for an EIR varies. But, in some instances, that threshold may be reached- even for projects that align with the State's goals of reducing GHG emissions, promoting transit, increasing infill development, and building more housing.- When significant impacts are identified, CEQA requires that feasible mitigation measures be proposed. If all feasible mitigation is exhausted and there is still a significant impact, a statement of overriding considerations must be issued which would trigger an EIR. This adds further cost and time to project implementation.

SB 743 has a disproportionately heavy impact on less-developed counties (like Riverside County) because those areas have not yet fully built-out their roadway networks, have less robust non-automotive travel options (like transit), and lack institutional support facilities. Thus, developments in Riverside County are far more likely to constitute "new" development, rather than "infill" projects, and are far more likely to generate VMT effects that require a full EIR, rather than a streamlined Negative Declaration/Mitigated Negative Declaration (or potential exemption). Thus, there is a demand for a dependable means of reliably mitigating or offsetting VMT impacts that would arise from development and transportation projects.

B. Need for a Regional VMT Mitigation Program

Transportation demand management strategies have traditionally been utilized to change travel behavior as a way of reducing VMT. These strategies are generally most effective in urban areas where a project site is accessible through multiple travel modes (i.e., walking, bicycling, transit, and personal micro-mobility vehicles), offering similar travel times and convenience. These strategies are less effective in low-density suburban and rural areas where travel modes are more reliant upon personal automobiles. Much of Western Riverside County falls into this latter category and needs a coordinated regional approach.

C. Different Types of Regional VMT Mitigation Programs

In more suburban and rural areas, a program-based approach to VMT mitigation is typically more effective than applying strategies to a project site only. Following is a review of three common program-based approaches that may be established to enable mitigation options for projects required to implement VMT mitigation:

- VMT Impact Fee Program – is a traditional impact fee program in compliance with the Mitigation Fee Act. The nexus for the fee program is a VMT reduction goal consistent with the CEQA threshold established by a lead agency for SB 743 purposes. The main difference from a fee program based on a metric such as vehicle level of service (LOS) is that the VMT reduction nexus results in a capital improvement program consisting largely of transit, bicycle, and pedestrian projects. These types of fee programs are time-consuming to develop, monitor, and maintain but are recognized as an acceptable form of CEQA mitigation.
- VMT Mitigation Exchange – relies on a Credit User agreeing to fund, implement, or acquire a predetermined VMT reducing project or propose a new one. The project may be located in the vicinity of the project needing VMT mitigation or elsewhere in the community, and possibly outside the community. The VMT Mitigation Exchange needs to have a facilitating entity that can match the VMT producer (the development/ infrastructure project) with a VMT reducing project or action. The facilitating entity could be the lead agency or another entity that can provide the match and document the VMT reduction with substantial evidence. This option provides the most flexibility for mitigation project selection and is also the least complex to set up. Implementation is completed on a project-by-project basis, similar to typical mitigation measures.
- VMT Mitigation Bank – attempts to create a monetary value for VMT reduction such that a Credit User could purchase VMT reduction credits. The money exchanged for credits could be applied to local, regional, or state-level VMT reduction projects or programs. Like all VMT mitigation, substantial evidence is necessary to demonstrate that the projects covered by the VMT Mitigation Bank would achieve expected VMT reductions and some form of monitoring may be required. This is more complicated than a simple exchange and requires more time and effort to set up and implement. However, the VMT Mitigation Bank can include other VMT reducing efforts (like rideshare or telecommute programs) that cannot be implemented in a VMT Impact Fee Program and would be more difficult to implement in a VMT Mitigation Exchange program. The verification of how much VMT reduction is associated with each dollar or credit and tracking mitigation completion are more difficult parts of the VMT Mitigation Bank. Perhaps the most

restrictive component of a VMT Mitigation Bank is that VMT reduction credits need to be generated prior to their ability to be purchased; which necessitates some level of seed funding to implement projects or programs to begin generating the VMT credits prior to them being sold.

The option that best fits the needs of Western Riverside County currently is an exchange program given some of the constraints noted above. WRCOG will serve as the facilitating entity (VMT Program Administrator) and will be responsible for administering the program.

D. Definitions

- **Applicant:** A developer or similar entity applying to purchase *credit(s)* as a *credit user*.
- **Credit:** VMT reduction credit.
- **Credit Generator:** A public agency that implements a project or program that produces a VMT reduction credit. Credit generators will enter into a Participation Agreement with the *Program Administrator*. This agreement enables public agencies to submit *credit-generating items* to the Program that are eligible to receive funding through the Program.
- **Credit-generating Item:** A specific project or program that has produced or may produce a *credit*.
- **Credit User:** Land development or transportation project administrator that needs VMT reduction credits for CEQA mitigation.
- **Implementing Agency:** A public agency responsible for implementing a public sector project for those cases in which another agency is designated as a lead agency for purposes of CEQA.
- **Lead Agency:** The public agency that has primary responsibility for carrying out or approving a project that is subject to CEQA.
- **Program Administrator:** The entity responsible for managing the Program and facilitating VMT mitigation exchange. WRCOG serves as the Program Administrator.
- **VMT Impact:** The generation of VMT above the applicable threshold of significance by a project, which may require a *Credit User* to seek a mitigating *credit(s)*.

III. THE VOLUNTARY VMT EXCHANGE PROGRAM

A. General Description and How it Works

Following is a brief description of the major steps to facilitating a VMT mitigation exchange:

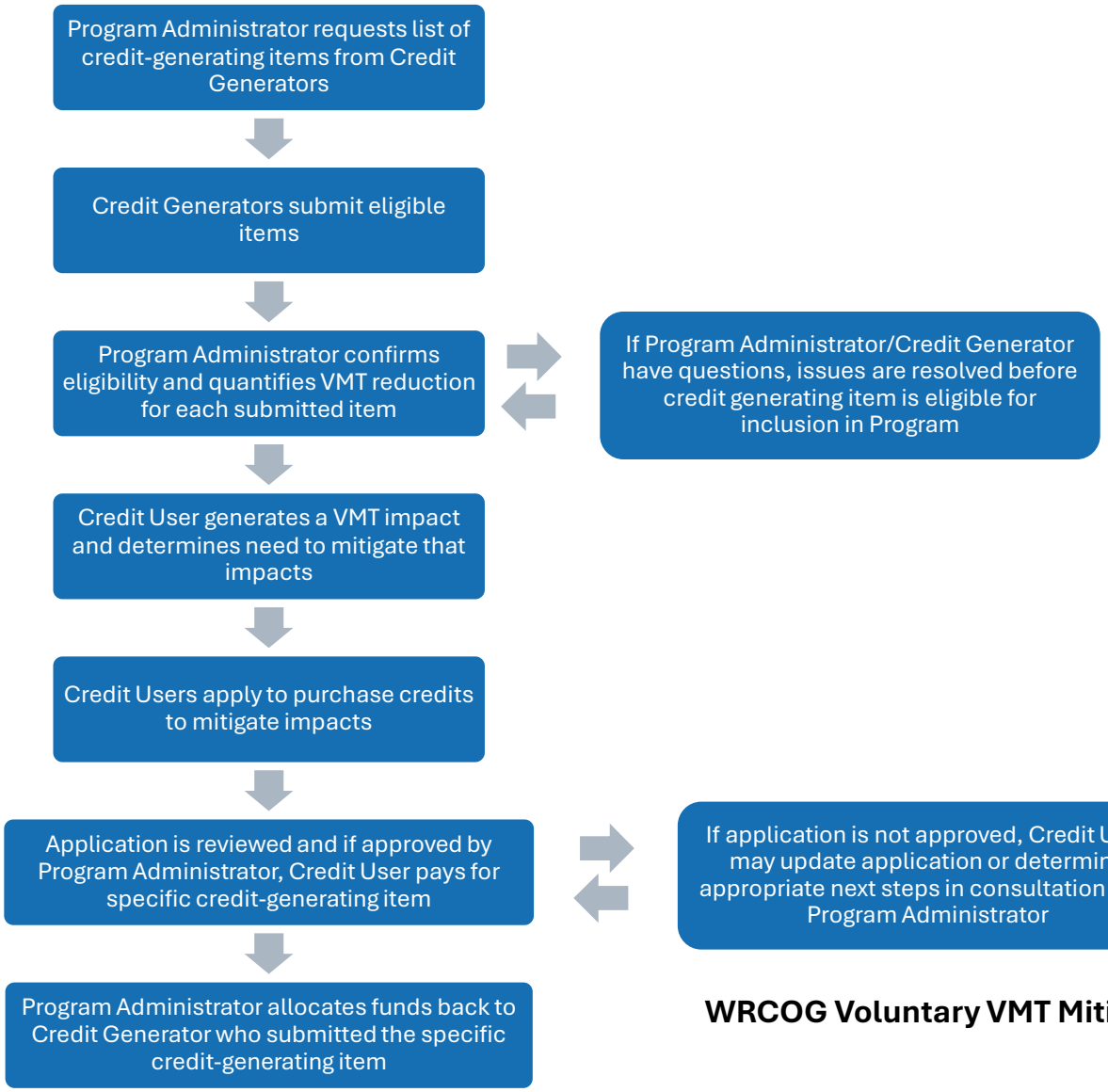
1. The Program Administrator requests credit-generating items from Credit Generators to be included on a list of potential credit-generating items that have produced or may produce a credit(s) and the Program Administrator maintains the list of items.
2. Credit Generators submit credit-generating items on a processing form that details the project/program cost and description and certifies the project/program is ready for implementation, as defined by the qualification criteria in this Program Manual (see Section IV). For the purposes of the Program, active steps taken to implement the project/program being submitted as a credit-generating item is implementation. Additional clarification is provided in the Participation Agreement (Appendix A).
3. Credit Users generate a significant VMT impact and need to purchase credits to mitigate those impacts. The cost of credits is project/program specific.
4. Credit Users submit a form indicating that the Credit User generates a significant VMT impact and is applying to purchase credits to mitigate impacts. If the Credit User is not a public agency, the application must be reviewed by the CEQA lead agency to verify application details before credits are issued.

   Note: Mitigation measures must equal or exceed the amount of the VMT impact to fully mitigate the project impact under CEQA.
5. Funds are collected by the Program Administrator and allocated to the specific Credit Generator whose credit-generating item was selected by the Credit User.

A description of the overall process is provided as Exhibit 1.

B. Potential Types of VMT Mitigation Projects (Credit-Generating Items)

The following potential credit-generating items do not represent an exhaustive list of potential VMT-reducing projects or programs. Currently, the California Air Pollution Control Officers Association (CAPCOA) Handbook for Analyzing Greenhouse Gas Emission Reductions, Assessing Climate Vulnerabilities, and Advancing Health and Equity (CAPCOA, December 2024) is the best source for the latest data and research for quantification of credit-generating items. As new data, studies, and information become available, additional projects/programs may be incorporated as credit-generating items, beyond what is currently identified by CAPCOA.



WRCOG Voluntary VMT Mitigation Exchange Program

Overall Program Process

Any credit-generating item that is incorporated into the Program must provide sufficient information that would allow the Program Administrator's technical experts to quantify the credits that would be available during the Program. The Program Administrator has the flexibility to revisit the projects or programs included in the Program on an annual basis to ensure the projects or programs are achieving the intended mitigation amount as costs, information, and other variables change.

As noted above, the Program Administrator will be responsible for working with its technical experts to calculate VMT credits using information supplied by the Credit Generator. Credit users, such as CEQA lead agencies, may then choose which credit generating project(s) best align with their mitigation needs. As such, the Credit Users would have the opportunity to rely upon and accept the VMT-reduction analysis completed by the Program Administrator's technical expert. WRCOG will also provide the VMT reduction calculations to the Credit User at their request.

Potential Credit-Generating Items include but are not limited to the following:

1. Operations/Maintenance Projects

- Transit Network Coverage or Hours Extension: Adding or modifying transit operations to include more hours of existing routes/lines or fund the operations of a new transit route/line.
- Transit Service Frequency Increase: Modifying and funding transit operations to include more frequent service on an existing transit line.

2. Ongoing Programs

- Transit Passes: Providing discounted or free transit fare to a specific geographic area, population group, or the general public.
- Vanpool Program: Providing financial support for a vehicle to groups of 5 to 15 people for the purpose of carpooling between their workplaces and residences.
- Rideshare Program: Providing access to and encouraging the use of a ridesharing alternative, platform, or service. This could be an app, website, or other service that provides ride-matching coordination services.

3. *Capital Improvements*

- Pedestrian Network Improvement: Constructing new sidewalks and/or improving damaged or substandard sidewalks that connect to a larger pedestrian network.
- Bike Facility Construction or Improvement: Constructing new or enhancing an existing Class I, II, or IV bike facility.
- Transit-Supportive Roadway Treatments: Funding infrastructure improvements, such as traffic signal modifications and roadway signage and striping, that are dedicated to improving transit travel times and reliability.
- Transit Access, Safety, and Comfort Improvements: Funding infrastructure improvements that reduce the barriers to using transit, including new or enhanced features, such as, but not limited to, bus shelters, lighting, bike racks, crosswalks, transit security guards, and/or ambassadors and bus turnouts or bus pads.

4. *Property Acquisition for Conservation Purposes*

Property acquisition for conservation purposes is not included in CAPCOA's Handbook and would require technical documentation and substantial evidence to support Program eligibility. This strategy would involve properties to be categorized as VMT efficient (VMT generation is lower than a defined threshold) or VMT inefficient areas (VMT is higher than a defined threshold). If land can be conserved for conservation in VMT inefficient areas, then the Program Administrator can consider designating the land acquisition as a credit-generating item.

5. *Gap Financing for Affordable Infill Housing Development*

Gap financing for affordable infill housing development is included in CAPCOA's 2024 Handbook and is a new strategy in mitigating VMT that is supported by Executive Order N-2-24. The order directed the California Department of Transportation (Caltrans) to identify and implement opportunities to leverage transportation funds and projects to support the use of infill housing as an environmental mitigation approach by publishing guidance on the use of affordable infill housing as a mitigation strategy as part of its *Transportation Analysis Under CEQA* guidance and shall track and report progress at the project level.

C. Governance

As set forth in Section I, WRCOG is designated as the Program Administrator and shall administer the Program as described in this Program Manual. Following is a description of the duties, roles, and responsibilities for the WRCOG Executive Committee, Executive Director, and Planning Director's Committee, as they pertain to Program administration.

1. The **WRCOG Executive Committee**. The WRCOG Executive Committee shall be responsible for reviewing and acting on the following:
    - **a.** Approval of the Program Manual and any subsequent amendments;
    - **b.** Recommendation of changes to the template agreements regarding participation in the Program; and
    - **c.** Otherwise having full final decision-making authority over all aspects of the Program.

2. The **WRCOG Executive Director**. Reporting to the WRCOG Executive Committee, the Executive Director (or their designee) shall be responsible for the following Program activities:
    - **a.** Administration of the Program and processing of disputes;
    - **b.** Conducting ongoing monitoring of credit-generating items;
    - **c.** Providing consultant support to quantify credit-generating items;
    - **d.** Providing staff and consultant support to verify credit-generating items and credit users, as necessary.
    - **e.** Other related activities as directed by the WRCOG Executive Committee;
    - **f.** Executing Participation Agreements, Credit Purchase Agreements, and any amendments thereto;
    - **g.** Preparation of an Annual Report for consideration by the WRCOG Executive Committee detailing the status of the Program; and
    - **h.** Periodic preparation of a comprehensive Program review that includes an assessment of the credit quantification methods and preparation of recommendations on potential Program revisions for consideration by the WRCOG Executive Committee.

3. The **WRCOG Planning Directors Committee (PDC)**. The PDC shall be responsible for the following:

    a. Providing Program updates and reviews and input on all supporting technical documentation;

    b. Recommending revisions to the Program Manual; and

    c. Providing additional assistance to the Program, as requested by the WRCOG Executive Committee.

D. Administration

This section lists the key administrative processes involved in the Program.

1. Payment Processing, Credit Disbursement to Credit Users, and Payment to Credit Generators

The Program Administrator shall receive all payments generated by the exchange of credits from Credit Users to Credit Generators for credit-generating items. The Program Administrator shall account for credits and disburse credits and payments for credit-generating items, in accordance with this Program Manual.

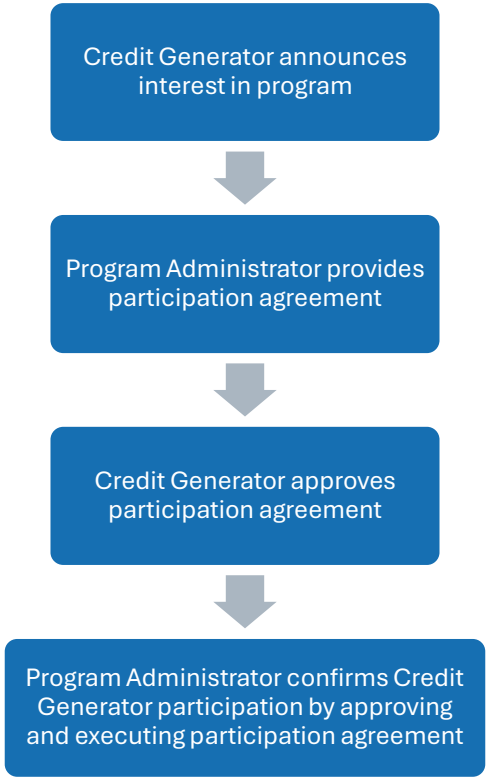
2. Credit Generator Opt In

A credit generator must opt in to the Program through execution of a Program Participation Agreement.

3. Credit Generator Opt Out

A credit generator would opt out of the Program by providing written notice to the Program Administrator. The credit generator will be removed from the program within 90 days of providing this notice. Credit generators may not opt out of the program if there are credit generating items for which a credit purchase agreement has been executed but have not been completed.

Exhibit 2 provides an overview of the process through which a credit generator could opt-into the program.



WRCOG Voluntary VMT Mitigation Exchange Program

Process for Credit Generators

A Credit Generator who has opted in can submit credit-generating items to the exchange through a Credit-Generating Item Form, provided that the credit-generating item meets the qualification criteria outlined in this Program Manual (see Section IV). The Credit-Generating Item Form will request the following:

a. Credit-generating item description.

b. Credit-generating item cost. Updates to costs of a credit-generating item already on the credit-generating item list may occur when the Program Administrator updates the list. A credit-generating item that is an operations item may include an annual escalator.

c. Information to demonstrate that the proposed credit-generating item is ready to be utilized or constructed when funding is provided).

d. Sufficient information to allow the Program Administrator technical expert to quantify the VMT reduction.

Exhibit 3 outlines the process by which a Credit Generator provides credit-generating items to the Program.

4. Applications for Credits by Credit Users

a. An application must be submitted by credit users, as noted below, based on the type of credits, with VMT or environmental impact quantified to confirm the need to purchase credits to mitigate an impact. Any application must be submitted by the lead agency or lead jurisdiction where the VMT or environmental impact takes place to verify that credits are needed.

For *Transportation Projects:* The application must be submitted by the Implementing Agency (the Riverside County Transportation Commission, or any jurisdiction within the Western Riverside County subregion).

For *Development Projects:* The application must be submitted by the CEQA lead agency.

Credit users are not required to enter into a participation agreement but will enter into contractual agreements for each application.

b. The Program Administrator will provide the list of available credit-generating items that can be purchased by the Credit User.

Exhibits 4 and 5 document the process by which a Credit User can request credits.

5. *Procedure for Disbursement of Mitigation Projects*

a. Credits will be distributed on a first-come, first-served basis upon application completion, approval by the Program Administrator, and submittal of payment to the Program Administrator for the selected credit-generating item.

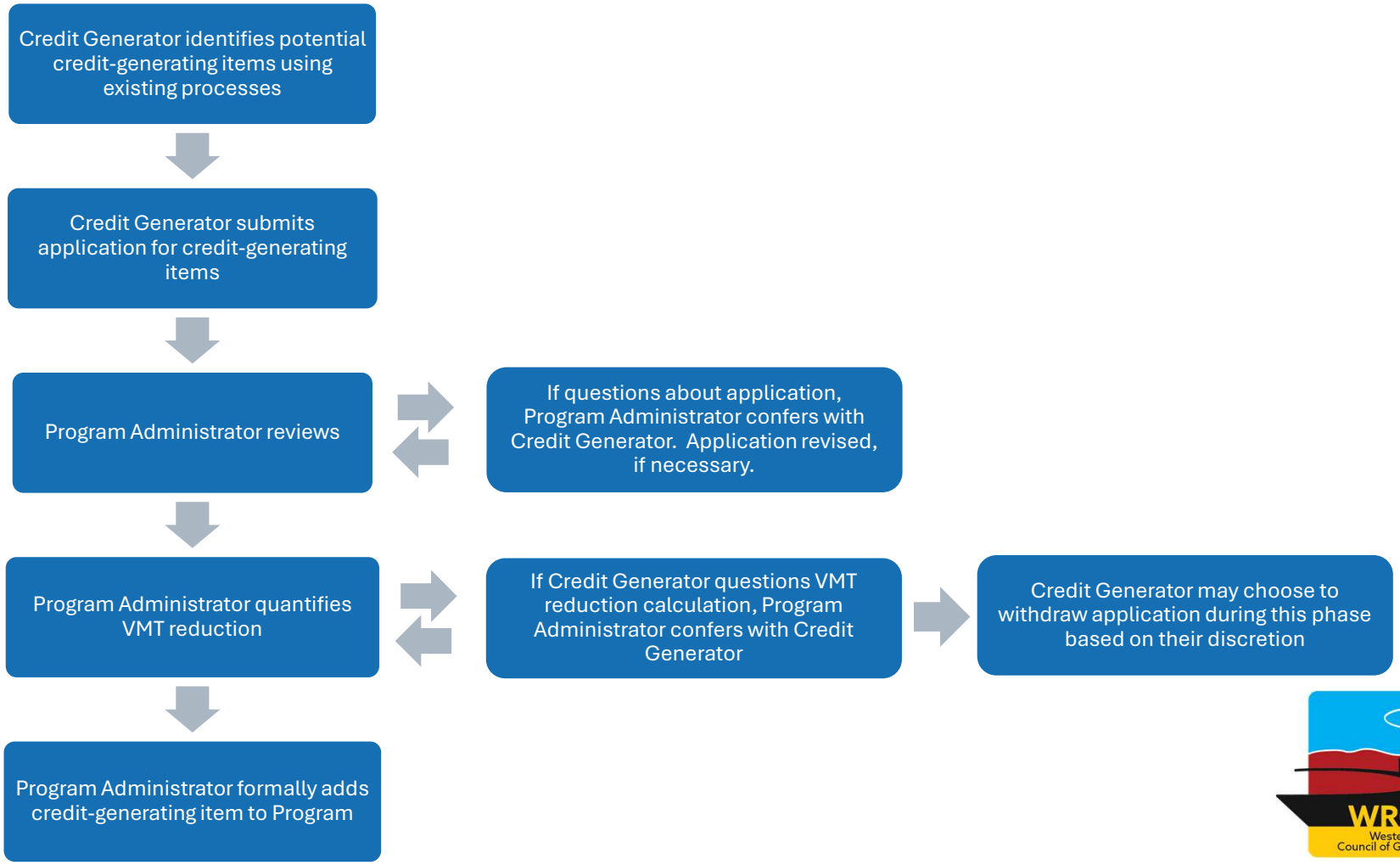
6. *Transfer of Credits and Refund Policy*

a. A Credit User is allowed to transfer credits to another project that needs to mitigate VMT or another Credit User. The Credit User that is holding the credits must notify the Program Administrator of the transfer for purposes of maintaining an account for the credits.

b. Credit purchases are nonrefundable.

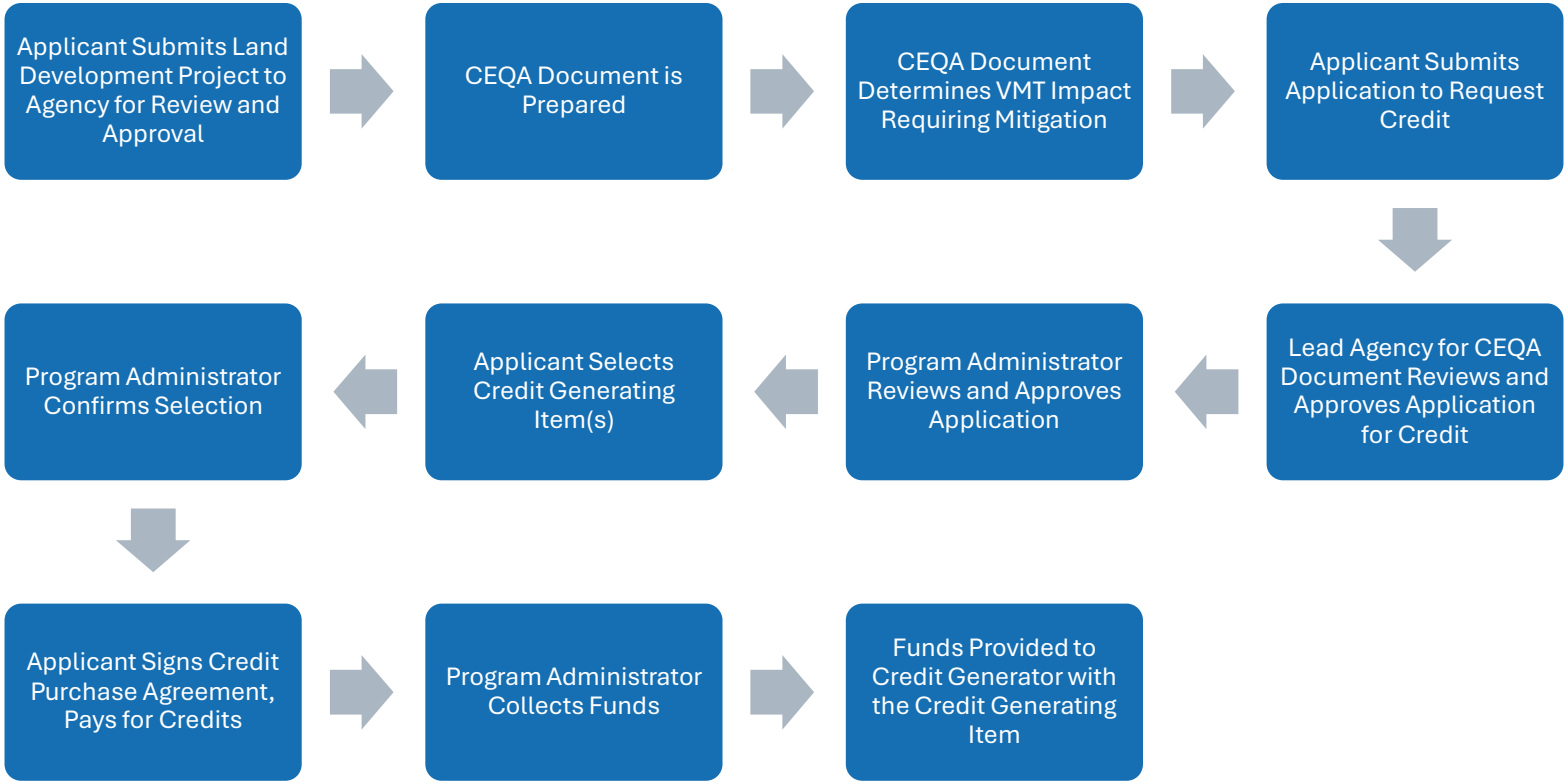
7. *Reporting*

The Program Administrator will prepare an Annual Report on the Program.



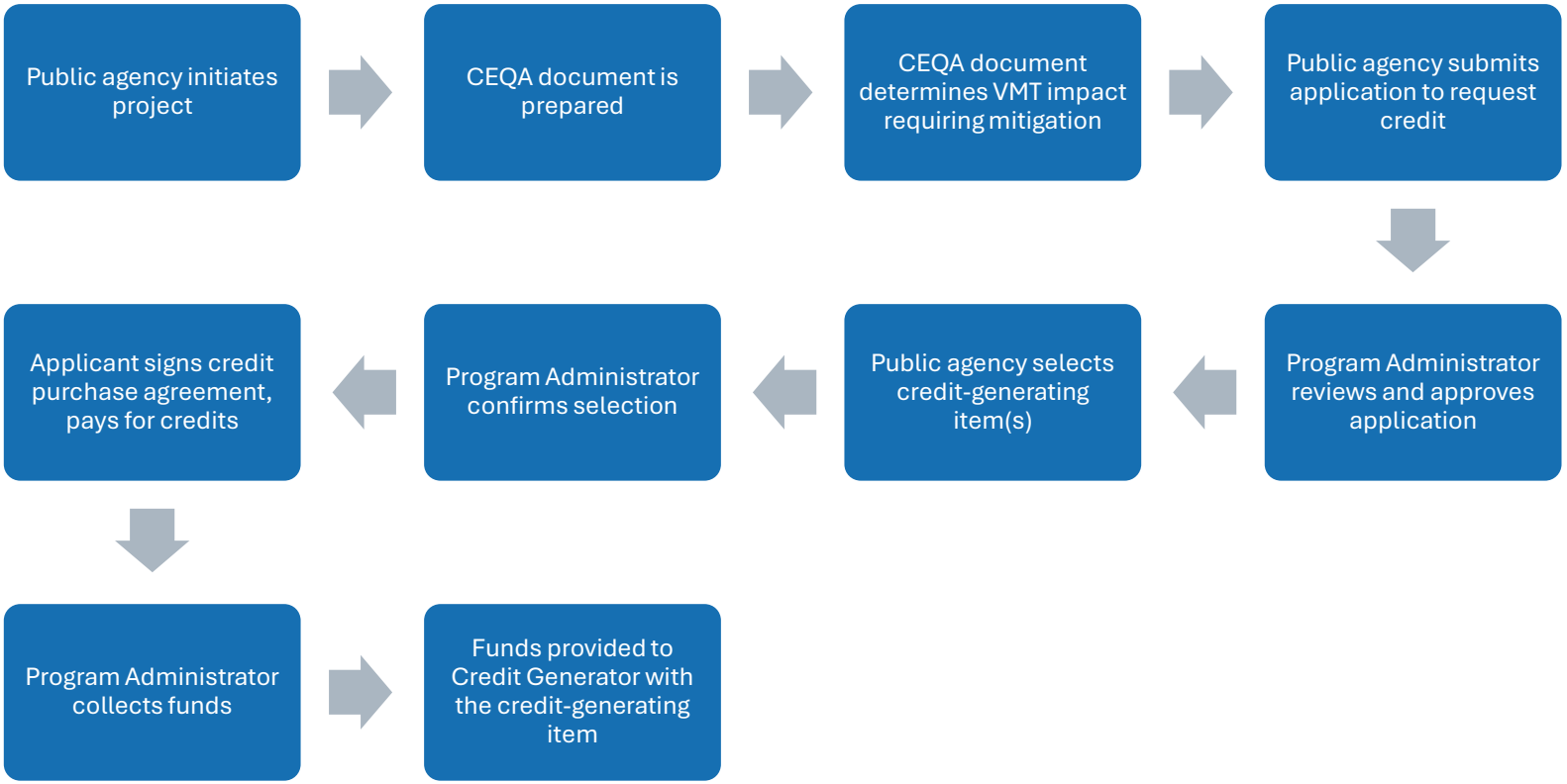
WRCOG Voluntary VMT Mitigation Exchange Program

Process for Submitting Credit-Generating Items



WRCOG Voluntary VMT Mitigation Exchange Program

Process for Private Sector Requests for Credits



WRCOG Voluntary VMT Mitigation Exchange Program

Process for Public Sector Request for Credits

8. *Dispute Resolution Process and Appeals*

This section details the types of Program disputes that may arise, the procedures for resolving disputes, and the process for submitting an appeal when a dispute cannot be resolved.

a. Types of Disputes

(i) Credit Generation Disputes

(1) **Quantification of Credits:** This type of issue arises when there is a dispute regarding the amount of credits assigned to a credit-generating item.

(2) **Denial of Potential Credit-Generating Items:** This type of dispute arises when a Credit Generator has submitted a credit-generating item that the Program Administrator has determined does not meet the requirements as outlined by this Program Manual.

(3) **Noncompletion of Credit-Generating Item:** This type of dispute arises when a proposed credit-generating item remains uncompleted.

(4) **Cost Issues:** This type of dispute arises when there is either an alleged overstatement or understatement of the cost to complete a credit-generating item.

(ii) Governance Disputes

(1) **Credit Allocation:** This type of dispute arises when there is a dispute regarding the availability and assignment of credits in the Program. For instance, available credits are available on a first-come, first-served basis, which may create disputes if two Credit Users desire to utilize the same credit-generating item.

b. Procedures

If a qualified person or entity has a Program dispute, they shall first attempt to resolve the dispute informally with Program staff. The staff of that public agency involved in the Program dispute may also participate in such discussions. If the Program dispute remains unresolved after a reasonable attempt to address it at the staff level, the qualified person or entity may submit a written appeal to the WRCOG Executive Director.

c. Appeals

(i) Standing to Appeal

No entity shall have standing to avail themselves of this section, except those entities who have opted into the Program as a Credit Generator, Implementing Agency, or a CEQA lead agency and have an unresolved, appealable issue or matter.

(ii) Appealable Issues and Matters

No issue or matter shall be heard or reviewed under this section unless the issue or matter is appealable and brought forth by an entity with standing to appeal. An issue or matter is appealable, if a qualified person or entity (Appellant) has a good-faith dispute directly related to the Program regarding the following disputes:

- Denial of potential credit-generating items (as defined above)
- Quantification of credits (as defined above)
- Credit allocation (as defined above)
- General governance disputes (as defined above)
- Administrative fee for credit-generating items purchased for Transportation Projects by the Implementing Agency (Riverside County Transportation Commission or any jurisdiction within the Western Riverside County subregion).

(iii) Appeal Process

(1) Exhaustion of Dispute Resolution Process

Before filing an appeal pursuant to this section, the Appellant must engage in the informal dispute resolution process, as outlined in Section III.D.9.b. of this Program Manual. If the Appellant does not engage in the dispute resolution process, the matter may not be presented for appeal.

(2) Executive Director Review

(a) The Appellant shall state the basis of their appeal. Only matters raised in the appeal shall be subject to review. Any matter not raised in the appeal shall not be subject to consideration. The purpose of this limitation is to provide

adequate notice to all parties with respect to the issues on appeal and eliminate the necessity of rehearing matters not subject to challenge.

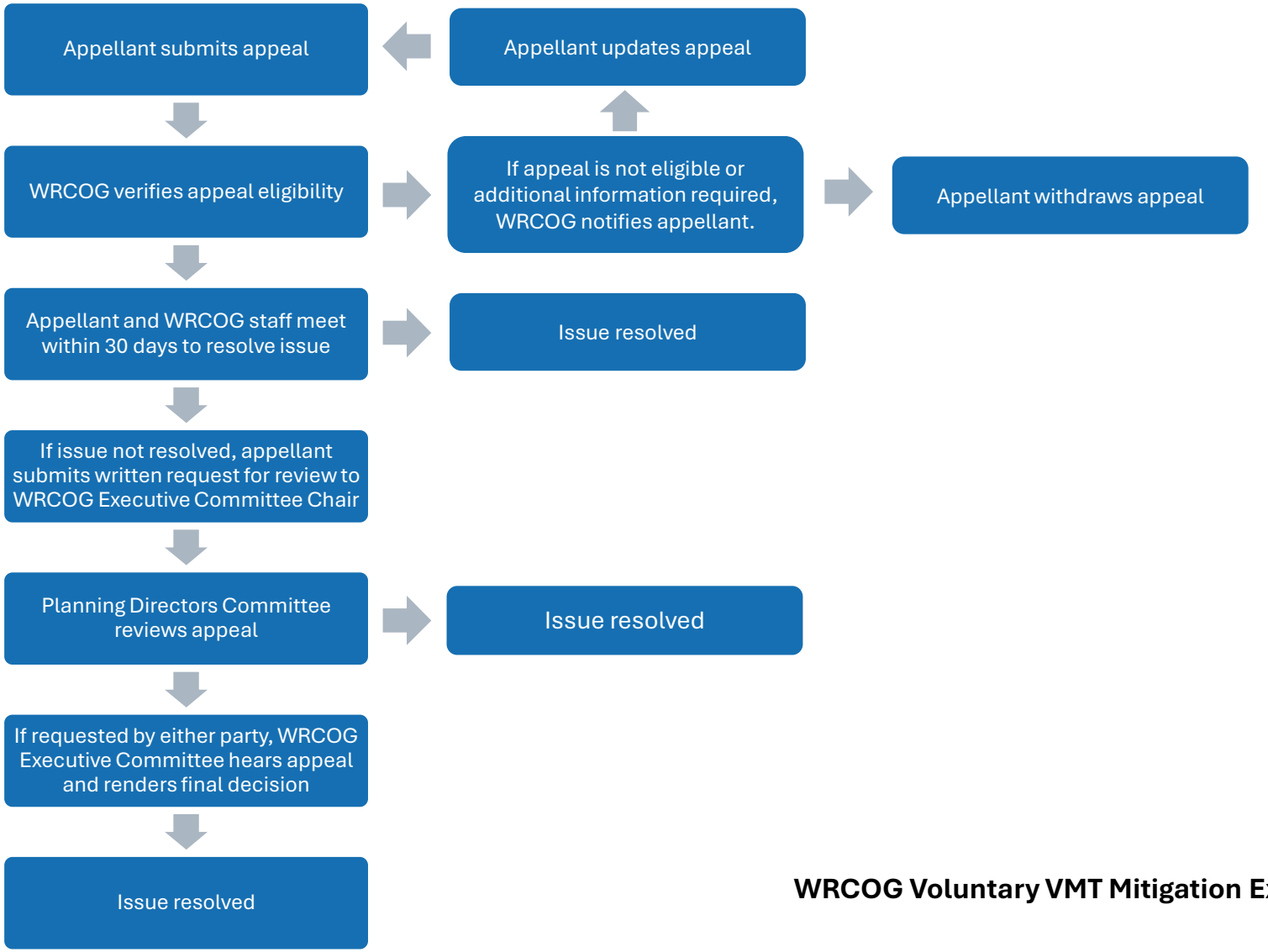
(b) The Appellant and the WRCOG Executive Director, or designee, will attempt to hold a meeting within 30 days of the WRCOG Executive Director's receipt of the appeal. The WRCOG Executive Director shall then attempt to render a written decision within 15 days of the meeting, unless otherwise notified.

(c) If the Appellant desires further review from the Program Administrator, the Appellant may submit a written request for review to the WRCOG Executive Committee chair within 90 days.

(3) Committee Review

After the written appeal is received by the WRCOG Executive Committee chair, the item shall be presented to the WRCOG Planning Directors Committee for review. At the request of either Program Administrator staff or the Appellant, the recommendation of the PDC shall be forwarded to the WRCOG Executive Committee for review and action. The Appellant shall receive written notice of the time and place of the hearing. The WRCOG Executive Committee shall review the report of the PDC regarding the appeal. At the time set for the hearing, the Appellant may request an opportunity to be heard and to present any relevant evidence supporting the appeal. After considering the evidence presented, the WRCOG Executive Committee shall render a decision that shall be final.

The appeals process is described in Exhibit 6.



WRCOG Voluntary VMT Mitigation Exchange Program

Appeals Process

9. *Liability Considerations*

a. Contractual Enforcement between Program Administrator and Credit Generator

To participate in the Voluntary VMT Exchange Program, Credit Generators will be required to enter into a Participation Agreement with the Program Administrator. A template of the Participation Agreement template is included as Appendix A to this Program Manual. The Participation Agreement will address, among other items, the following:

- The rights and responsibilities of Credit Generators who submit credit-generating items.
- That credit-generating items meet the criteria outlined in this Program Manual.
- Notification to remove credit-generating items if other funding sources are attained.
- The requirement that credit-generating items can only been removed with approval of the Program Administrator.
- The exclusion of credit-generating items from being used in multiple mitigation programs or mitigation for another project requiring VMT mitigation
- A means of enforcement if issues arise with credit-generating items.

b. Contractual Enforcement between Program Administrator and Credit User

c. To participate in the Program, Credit Users will be required to enter into a Purchase Agreement, separately, with only the Program Administrator when purchasing credits for a specific credit-generating item. A copy of the Purchase Agreement template is included in this Program Manual as Appendix B.

10. Best Practices by Program Administrator for Pending VMT Credit-Generating Items if Development Project/Transportation Project is subject to CEQA Litigation for Extended Period of Time

The Credit User for this Program assumes all risk. As is the case for any development or transportation project, there is always the possibility that protracted litigation could introduce a substantial delay in the timing between when a CEQA lead agency approves a development/transportation project and the time when the project is actually built.[1]

In the event of protracted litigation delays, collaboration between the Program Administrator and the CEQA lead agency for the project approvals should occur to confirm the status of litigation resolution. Until and unless the litigation is resolved, any mitigation imposed as part of the project approval would remain binding for the lead agency. Thus, absent a supplemental process by the CEQA lead agency to amend, delete, or replace the VMT credit-generating item that was imposed as binding mitigation, the VMT credit-generating item would be treated as "belonging" to the CEQA lead agency and would be unavailable for use by another agency.

In the event that litigation results in a rescission of the development/transportation project approvals, or in the event that the CEQA lead agency rescinds the project approvals for other reasons, the credits attained by the development/transportation project in question may be transferred to another Credit User per the provisions in III.D.7.a.

[1] To be clear, the mere filing of CEQA litigation does not preclude a public agency or developer from proceeding with a project. Once the approvals are issued, those approvals are valid and can be exercised even in the face of litigation. However, proceeding in the face of litigation is done at the agency or applicant's own risk. Thus, CEQA petitioners may choose to pursue court injunctions to affirmatively stop development from proceeding at any point during the litigation's pendency. Similarly, an adverse ruling from a court on the merits of the case could result in the rescission of approvals or other relief that would cause any project activity to cease. Because of these risks and costs, sometimes proponent agencies and/or applicants choose not to proceed with construction of approved projects, until and unless the litigation is resolved in their favor.

11. Administrative Costs.

The Program Administrator is allowed to expend a maximum of 4 percent of funds generated for the exchange of credits from the Credit User to the Credit Generator for the credit-generating item. The maximum 4 percent of funds will be used solely to carry out the responsibilities to implement and administer the Program. Eligible expenses will include staff salaries, consultant expenses, legal fees, and agency overhead expenses needed to support the Program. Through the development of its Annual Budget, WRCOG will provide a regular update regarding program revenues and expenses.

12. Relationship to Other VMT Mitigation Programs

Agencies who elect to participate in the Voluntary VMT Mitigation Program can also elect to participate in other State, regional, and local VMT Mitigation Programs at their discretion. Additionally, participation in the Voluntary VMT Mitigation Program does not preclude a Credit Generator from operating their own program.

The only limitation related to the participation in multiple programs is that a Credit Generator may not submit the same Credit-generating item to multiple programs. Credit Generators will be asked to certify that any Credit-generating item submitted to the Voluntary VMT Mitigation Program has not been submitted to any other program.

E. Exchange Menu

Credit-generating items will be presented in a menu that will include the VMT-reducing project(s) and/or program(s), the total cost to implement, and the quantified VMT reduction potential of each. The Program Administrator will compile the menu from submitted and accepted Credit-Generating Item Forms from the agencies that opt into the program. This menu will be provided to Credit Users.

13. Non-Exhaustive List of Sample Non-Exclusive Mitigation Projects

This table illustrates how credit-generating items might be listed in the Program for purchase by Credit Users.

Sample Project	VMT Credit	Cost
Purchase of transit passes	XX VMT reduced per day per transit pass purchased	XX per transit pass
Implement bicycle lane	XX VMT reduced per day once constructed	XX (capital cost)
Implement sidewalk	XX VMT reduced per day once constructed	XX (capital cost)

14. Outreach Process to Solicit Mitigation Projects

On a regular basis, the Program Administrator will solicit projects from Credit Generators to serve as credit-generating items. The Program Administrator will determine which category in Section III.B the item will fall into. Once approved, the Credit-Generating Item will be added to the Exchange Menu.

15. Ongoing Review of Mitigation Projects

To ensure credit-generating items are still active and eligible for generating credit, the VMT Program Administrator will periodically review the projects included in the Exchange Menu and may request updates from Credit Generators.

As part of this review, the Program Administrator shall request updated cost estimates for any credit-generating item from the Credit Generators on at least an annual basis. Credit generators may also provide updated cost information to the Program Administrator for the specific credit-generating item more frequently at their discretion.

F. Participants

The following agencies make up an initial list of Credit Generators eligible to opt in to the Program. Once a Credit Generator has opted in, they are eligible to opt out at any time, provided they follow the protocol set forth in this Program Manual.

- Riverside Transit Agency (RTA)
- Riverside County Transportation Commission (RCTC)
- Western Riverside County Regional Conservation Authority (RCA)
- County of Riverside
- City of Banning
- City of Beaumont
- City of Calimesa
- City of Canyon Lake
- City of Corona

- City of Eastvale
- City of Hemet
- City of Jurupa Valley
- City of Lake Elsinore
- City of Menifee
- City of Moreno Valley
- City of Murrieta
- City of Norco
- City of Perris
- City of Riverside
- City of San Jacinto
- City of Temecula
- City of Wildomar

IV. QUALIFICATION CRITERIA FOR CREDIT-GENERATING ITEMS

Following are the criteria for approval of credit-generating items:

1. The Credit Generator has a Participation Agreement on file with the Program Administrator;
2. The proposed credit-generating item has provided a cost estimate to construct or implement the credit-generating item and enough clear, consistent, and transparent information to quantify VMT reduction potential. Information needed to quantify VMT reduction potential will vary by credit-generating item. The quantification of VMT credits generated on the proposed credit-generating item will be calculated by a technical expert provided by the Program Administrator. Refer to Appendix C for details on what information is required.

V. QUANTIFICATION OF CREDIT-GENERATING ITEMS

A. General Principles for Credit Quantification

Quantification of potential VMT reduction of credit-generating items should be based on the best available data and resources. Quantification should be clearly and consistently documented with all sources cited.

Credit-generating items with quantified VMT reduction in the latest version of the *Handbook for Analyzing Greenhouse Gas Emission Reductions, Assessing Climate Vulnerabilities, and Advancing Health and Equity* (GHG Handbook) (CAPCOA 2024) would be utilized as the basis for the quantification of many of the anticipated credit-generating items. This would include mitigation projects, such as constructing a bike lane or introducing a new transit line. In the future, if a more robust or up-to-date technical resource is available and accepted as the industry standard for VMT reduction quantification, this should be referenced for credit quantification.

More innovative or programmatic strategies that are not quantified in the GHG Handbook would require a customized approach based on the credit-generating item. Customized calculations using alternative data sources, like the Riverside County Transportation Model (RIVCOM), or tracking/surveying participants would be used to

determine how much VMT would be reduced. Innovative or programmatic strategies subject to customized calculations would include mitigation projects or programs, such as The Nature Conservancy partnerships or a land exchange.

All quantification will be prepared and reviewed by a qualified technical expert with relevant experience through the Program Administrator.

B. Standardized Calculation Methods

Each credit-generating item may utilize a different methodology depending on whether the GHG Handbook is the appropriate resource or if a customized approach is required. A quantification form(s) to quantify the number of credits an item generated will be provided with the intent for calculations to be standardized.

VI. APPENDICES

APPENDIX A.

Template agreement to participate in the Program, for Credit Generators to provide credit-generating items to the Program, and for the Program Administrator to administer the Program.).

APPENDIX B.

Template agreement between a Credit User and the Program Administrator to purchase credits for a specific project/program.

APPENDIX C.

Calculation worksheets for submission of a credit-generating item.

Appendix A

Template Credit Generator Participation Agreement

VOLUNTARY VMT EXCHANGE PROGRAM
PARTICIPATION AGREEMENT

This Participation Agreement ("Agreement") is made as of _____, 2025 ("Effective Date"), by and between the Western Riverside Council of Governments, a California public agency ("WRCOG") and **[***INSERT NAME***]**, **[***INSERT TYPE OF ENTITY***]** ("Participant"). WRCOG and Participant are sometimes individually referred to as "Party" and collectively as "Parties".

RECITALS

A. Before a California public agency issues a discretionary approval that authorizes an action with potential environmental impacts, the agency must first comply with the California Environmental Quality Act ("CEQA") and disclose potential impacts to the environment.

B. The CEQA process may involve the imposition of "mitigation measures" which help to reduce a project's potentially significant impacts.

C. The manner in which transportation effects are analyzed under CEQA changed dramatically when Senate Bill 743 ("SB 743") was adopted in 2013. SB 743 and its implementing regulations require that transportation impacts throughout the state no longer be measured in terms of vehicle delay, but instead in terms of how many Vehicle Miles Traveled ("VMT") a project generates.

D. Transportation demand management strategies have traditionally been utilized to change travel behavior as a way of reducing VMT. These strategies are generally most effective in urban areas where a project site is accessible through multiple travel modes offering similar travel times and convenience.

E. However, these strategies are less effective in low-density suburban and rural areas, such as Western Riverside County. As a result, Western Riverside County needs a coordinated regional approach.

F. To address these needs, WRCOG has established a Voluntary VMT Exchange Program (the "Program") that allows Credit Users to agree to fund a predetermined VMT-reducing project submitted by a Credit Generator.

G. Participant desires to participate in the Program as a Credit Generator.

H. The purpose of this Agreement is to outline the terms and conditions of the Participant's voluntary participation in the Program.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

AGREEMENT

1. Incorporation of Recitals. The recitals above are true and correct and are hereby incorporated herein by this reference.

2. Definitions.

(a) "Credit" shall mean a VMT reduction credit.

(b) "Credit Generator" shall mean an entity that implements some action which produces a Credit. For the purposes of this Agreement, Participant is a Credit Generator.

(c) "Credit Generating Item" shall mean a specific project or action which has produced or may produce a Credit.

(d) "Credit User" shall mean a land development or transportation project administrator that needs a Credit for the purpose of CEQA mitigation.

(e) "Program Manual" shall mean the Western Riverside Council of Governments Voluntary VMT Exchange Program Implementation Manual as may be amended from time to time.

3. Term and Termination

(a) Term. The term of this Agreement shall commence on the Effective Date and shall remain in effect until terminated in accordance with Section 3(b) of this Agreement.

(b) Termination.

(i) Termination for Convenience. Either Party may terminate this Agreement upon three (3) months written notice, except that this Agreement shall remain in effect as to any Credit-Generating Item for which Credit Purchase Agreement has been executed but not completed. However, in the event that there are any Credit-Generating Items submitted by Participant that remain which are subject to a Credit Purchase Agreement, Participant may only terminate this Agreement upon the completion of such Credit-Generating Items.

(ii) Termination for Breach. WRCOG reserves the right to terminate this Agreement in the event of Participant's violation of this Agreement and non-compliance with the Program Manual. Upon receipt of written notice from WRCOG regarding the violation, Participant shall have thirty (30) days to correct the violation. Failure to cure the violation within the thirty (30) day period shall result in the termination of this Agreement.

4. Participant Responsibilities.

(a) Submission of Credit-Generating Items. Upon execution of this Agreement, Participant can then submit Credit-Generating Items for use in the Program by utilizing a Credit-Generating Item Form as further described in the Program Manual. Credit-Generating Items are subject to approval by WRCOG as the Program Administrator pursuant to the process as outlined in the Program Manual. .

(i) Qualification and Accuracy of Information. Participant agrees that any Credit-Generating Items that are submitted to the Program shall provide the necessary information as provided in the Program Manual Section III.D.4. In addition, Participant is solely

responsible for providing accurate information regarding their Credit-Generating Items submitted. Inaccurate information may result in removal of the Credit-Generating Item from the Program.

(ii) Credit User Agreement. Upon the selection of a Credit-Generating Item submitted by Participant by a Credit User, the WRCOG shall enter into a Credit Purchase Agreement with the Credit User. The Credit Purchase Agreement shall substantially be in the form as presented in the Program Manual.

(iii) Avoidance of Duplicate Mitigation. Participant agrees to that any submitted Credit-Generating Items submitted to WRCOG shall not be used to satisfy multiple instances of mitigation. This includes, but is not limited to, placing Credit-Generating-Items on multiple exchanges at once.

(iv) Disputes. In the event of any disputes regarding a Credit-Generating Item occur under this Agreement, Participant agrees to follow the dispute procedures as outlined in Program Manual.

(v) Removal of Credit-Generating Items. Participant understands and agrees that Credit-Generating Items placed into the Program shall remain in the Program unless otherwise approved in writing by WRCOG.

(vi) Credit Generating Item Completion. To the extent practicable, Participant shall ensure that the Credit-Generating Item is carried out or completed once it has been assigned to a Credit User and Participant has received payment for the Credits. Participant shall take all steps reasonably necessary to ensure that the Credit-Generating Item is carried out or completed. Upon completion of the Credit-Generating Item, Participant shall provide WRCOG with a completion form.

(b) Laws and Regulations. Participant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of its obligations under this Agreement. In addition, Participant comply with the Program Manual, as may be amended from time to time.

5. WRCOG Responsibilities.

(a) Program Administration. WRCOG agrees to administer the Program in accordance with the Program Manual, as may be amended from time to time.

(b) Allocation of Funds. WRCOG shall collect and allocate funds from Credit Users when Participant's Credit Generating Item is selected.

(c) Credit Transfer. Following the execution of the Credit Purchase Agreement by WRCOG and the Credit User, WRCOG will transfer the credits from the program to the Credit User for their use.

(d) Technical Assistance. WRCOG agrees to provide technical assistance to quantify the potential amount of credits a Credit Generating Item produces, ensure compliance

with Program Manual, and take appropriate measures to address any discrepancies or concerns with the submission of Credit Generating Items.

(e) Transparency. WRCOG agrees to maintain transparency in all Program-related matters, including calculation methodologies, maintenance of the exchange list, and distribution of credit-generating items, ensuring fair and equitable treatment of all participants.

6. Indemnity.

(a) To the fullest extent permitted by law, Participant shall defend, at Participant's sole cost and expense, indemnify, protect, and hold harmless WRCOG, its officers, directors, employees, and agents (collectively the "Indemnified Parties"), from and against any and all liabilities, actions, suits, claims, demands, losses, costs, judgments, arbitration awards, settlements, damages, demands, orders, penalties, and expenses including legal costs and attorney fees (collectively "Claims"), including but not limited to Claims arising from injuries to or death of persons (Participant's employees included), for damage to property, including property owned by WRCOG, or from any violation of any federal, state, or local law or ordinance, alleged to be caused by the acts, omissions or willful misconduct of Participant, its officers, directors, employees or agents in connection with or arising out of the construction and/or operation of any Credit-Generating Items submitted to the Program by Participant as well as performance of Participant's obligations under this Agreement. Such indemnity shall include any actions brought under the California Environmental Quality Act, the National Environmental Policy Act or other related action related to a Credit-Generating Item.

(b) To the fullest extent permitted by law, WRCOG shall defend, at WRCOG's sole cost and expense, indemnify, protect, and hold harmless Participant, its officers, directors, employees, and agents (collectively the "Indemnified Parties"), from and against any and all liabilities, actions, suits, claims, demands, losses, costs, judgments, arbitration awards, settlements, damages, demands, orders, penalties, and expenses including legal costs and attorney fees (collectively "Claims"), including but not limited to Claims arising from injuries to or death of persons (WRCOG's employees included), for damage to property, including property owned by Participant, or from any violation of any federal, state, or local law or ordinance, alleged to be caused by the negligent acts, omissions or willful misconduct of WRCOG, its officers, directors, employees or agents in connection with or arising out of the administration of the Program and the performance of its obligations under this Agreement.

(c) The indemnification and defense obligations of this Agreement shall survive its expiration or termination.

7. Insurance. During the term of this Agreement and for one (1) year thereafter, Participant shall maintain Commercial General Liability. The Commercial General Liability insurance policy limits shall be not less than One Million Dollars ($1,000,000) combined single limit per occurrence for bodily injury, death and property damage liability, and Two Million Dollars ($2,000,000) in aggregate. Such insurance shall cover Participant's obligations under this Agreement and the actions of its employees, agents and subcontractors. All policies shall be written by reputable insurance companies with a Best's policyholder rating of not less than A-VII.

Upon execution of this Agreement, Participant shall provide a Certificate of Insurance evidencing the insurance required herein. In no event shall the limits of any policy be considered as limiting the liability of Participant under this Agreement.

8. Miscellaneous Terms.

(a) Third Party Rights. Nothing in this Agreement shall be construed to give any rights or benefits to anyone other than the Participant and WRCOG.

(b) Notice. Any notice or instrument required to be given or delivered by this Agreement may be given or delivered by depositing the same in any United States Post Office, certified mail, return receipt requested, postage prepaid, addressed to the following addresses and shall be effective upon receipt thereof:

WRCOG:	**PARTICIPANT:**
Western Riverside Council of Governments 3390 University Avenue, Suite #200 Riverside, CA 92501 Attn: Executive Director	**[***INSERT NAME, ADDRESS & CONTACT PERSON***]**

(c) Entire Agreement. This Agreement represents the entire understanding of WRCOG and Participant as to those matters contained herein, and supersedes and cancels any prior or contemporaneous oral or written understanding, promises or representations with respect to those matters covered hereunder. Each Party acknowledges that no representations, inducements, promises, or agreements have been made by any person which are not incorporated herein, and that any other agreements shall be void. This is an integrated Agreement.

(d) Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable for any reason, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance, and the remaining provisions of this Agreement shall remain in full force and effect.

(e) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors in interest, executors, administrators and assigns of each Party to this Agreement. However, Participant shall not assign or transfer by operation of law or otherwise any or all of its rights, burdens, duties or obligations without the prior written consent of WRCOG. Any attempted assignment without such consent shall be invalid and void.

(f) Non-Waiver. The delay or failure of either Party at any time to require performance or compliance by the other Party of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought. The

waiver of any right or remedy with respect to any occurrence or event shall not be deemed a waiver of any right or remedy with respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

(g) Time of Essence. Time is of the essence for each and every provision of this Agreement.

(h) Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Venue shall be in the County of Riverside.

(i) Headings. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain, or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

(j) Amendments. Only a writing executed by all of the Parties hereto or their respective successors and assigns may amend this Agreement.

(k) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one single Agreement.

(l) Authority. The persons executing this Agreement on behalf of the Parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said Parties and that by doing so, the Parties hereto are formally bound to the provisions of this Agreement.

(m) Electronic Signature. Each Party acknowledges and agrees that this Agreement may be executed by electronic or digital signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature.

[SIGNATURES ON FOLLOWING PAGE]

SIGNATURE PAGE FOR VOLUNTARY VMT EXCHANGE PROGRAM PARTICIPATION AGREEMENT

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

WRCOG	**PARTICIPANT**
WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS	**[***INSERT NAME***]**
APPROVED BY:	APPROVED BY:
_____	_____
Dr. Kurt Wilson Executive Director	**[***INSERT NAME***]** **[***INSERT POSITION***]**
APPROVED AS TO FORM:	APPROVED AS TO FORM:
_____	
Best Best & Krieger LLP General Counsel	[INSERT NAME HERE] General Counsel

Vehicle Miles Driven (VMT) Mitigation Program overview

November 12, 2025

Presentation Agenda

Part 1

- What is VMT?
- Current VMT Mitigation
- WRCOG VMT Mitigation Program

Part 2

- Benefits of Participation
- Municipal Obligations

Part 3

- Project Creation
- Types of Projects
- Policies for Consideration/Inclusion

What is VMT

- ***Vehicles Miles Traveled*** (VMT) is a metric that adds up all miles driven by vehicles, irrespective of the number of passengers
- SB743 (adopted 2013) requires that VMT is used in CEQA analyses, replacing Level of Service (LOS) as the environmental metric for traffic
- Focuses on Greenhouse Gas (GHG) reduction, increase in transit options, and infill development
- Applicable for any project (public or private) where a Mitigated Negative Declaration (MND) or Environmental Impact Report (EIR) with a statement of overriding considerations is filed.
- Disproportionate impact on less developed counties (like Riverside County) where road networks are incomplete, non motorized modes are less prevalent, and transit networks are less developed.

What is VMT

- VMT focuses on vehicle emissions, rather than delay in LOS
- Impacts are identified if a project increases VMT over the baseline for a City
- The City of Banning has adopted a VMT screening tool and analysis guidelines for projects where VMT analysis is required
- VMT mitigations are often unclear and nebulous, but some do exist.
- VMT may not be able to be mitigated in specific communities due to specific limitations within that community

VMT Mitigation

- VMT Mitigation Strategies exist from two organizations
  - CAPCOA (California Air Pollution Control Offices Association)
  - CARB (California Air Resources Board)
- Mitigations are credited as a potential reduction in VMT if implemented, and are focused on transit and non-vehicular transportation
  - For example, increasing access to transit may be 0.5% to a 24.6% reduction in project VMT
- Calculation of the reductions are difficult and specific to each particular project/region/mitigation strategy

WRCOG VMT Mitigation Program

Western Regional Council of Governments (WRCOG) is establishing a VMT Mitigation Program

- Agencies are ‘Credit Generators’ who would prepare and list projects (with costs) on a marketplace
- Developers (or developments) are ‘Applicants’ who would purchase credits from the marketplace

WRCOG is the administrator who would evaluate projects, assign a VMT mitigation impact, collect revenues from applicants, and provide funding to credit generators.

Pause Point 1

- Questions on VMT?
- Questions on CEQA process?
- Questions on the WRCOG program (on a global concept)

Up next:

- Benefits of Participation
- Municipal Obligations
- Project Creation
- Types of Projects
- Policies for Consideration/Inclusion

Benefits

- SB743 requires projects to mitigate VMT
- Mitigation may be outside the community of impact.
- Caltrans is creating a program where mitigation can be purchased statewide
- Local administration of VMT requires specific staff or vendors to ensure compliance with state law

Benefits

WRCOG will:

- Administer the program – relieving local staff of added workload
  - Payment Processing, Credit Disbursement to Credit Users, and Payment to Credit Generators
- Review projects submitted by Credit Generators (i.e. City of Banning) to determine the level of VMT benefit on the marketplace
- Accept applications from Credit Users, facilitate transactions with Credit Generators
- Reporting
- Dispute Resolution and Appeals
- Charge 4% of the project cost as administrative fee

Municipal Obligations

City of Banning will:

- Enter into a voluntary agreement with WRCOG to participate in the program
  - City may opt-out with written 90-day notice
- Provide projects, costs, and necessary information for WRCOG to determine VMT impacts
- Implement projects after payment is received from WRCOG
  - City is responsible to project costs that exceed the City supplied cost estimate
- Maintain current City project list and associated project costs

Pause Point 2

- Question on WRCOG roles/obligations?
- Questions on City roles/obligations?

Up next:

- Project Creation
- Types of Projects
- Policies for Consideration/Inclusion

Project Creation

City of Banning will supply project information to WRCOG

- Must reduce VMT
  - Transit projects, non-motorized transportation projects, incentive programs (in limited cases)
- Project cost
  - Can include soft costs, hard costs, 4% administrative costs
- Demonstration of Construction Readiness
- Sufficient detail to allow WRCOG technical experts to quantify the VMT reduction

WRCOG will determine the VMT credit, and advertise on the marketplace to Credit Users

Types of Projects

(Partial List)

Operations/Maintenance Projects

- Transit Network Coverage or Hours Extensions
- Transit Service Frequency Increase

Ongoing Programs

- Transit Passes
- Vanpool Program
- Rideshare Program

Gap Financing for Affordable Infill Housing Development

Capital Improvements

- Pedestrian Network Improvements
- Bike Facility Construction/ Improvements (Class I, II, or IV only)
- Transit Supportive Roadway Treatments
- Transit Access, Safety, and Comfort Improvements

Property Acquisition for Conservation Purposes

City Policies?

City of Banning may elect to implement local policies for VMT reduction

- Applicable as Conditions of Approval for any project that has a VMT impact and a MND or EIR
- Policies are at City Council's direction
- Policies may be revised from time to time to stay current with State laws and regulations, and availability of projects

City Policies?

Items for Consideration

- Local preference of VMT Mitigation purchases
- Hierarchy of VMT Mitigation measures
- Preference of types of project to include/exclude from the marketplace
- Cost controls/limitations for projects to be submitted

Pause Point 3

- Question on project types?
- Questions and Discussion on City policies

Next Steps

Seek Council Direction:

- Desire for additional discussion/presentation from WRCOG
- Proceed with the Credit Generator voluntary agreement with WRCOG
- Policy Document Generation
- Creation of project lists

Questions?

Thank You

Nate Smith, Deputy Director of Public Works/City Engineer

David Newell, Community Development Director

CITY OF BANNING
STAFF REPORT

TO: **CITY COUNCIL**

FROM: **Arturo Vela, Interim City Manager**

PREPARED BY: **Bonnie Johnson, Interim Finance Director**

MEETING DATE: **January 27, 2026**

SUBJECT: **Consideration of Resolution 2026-21, City of Banning Fiscal Year Ending June 30, 2024 Financial Statements and Related Required Reports and Approving a Contract Amendment and an Additional Appropriation for Eide Bailly Related to the City's Fiscal Year Ended June 30, 2024 Audit Increasing the Agreement Amount by $145,000**

RECOMMENDATION:

Adopt Resolution 2026-21

BACKGROUND:

The City is required by law to undergo an independent annual audit of its financial records and related internal controls. Failure to do so may result in delay or loss of certain State and Federal funding as well as other potential ramifications. The basic purpose of this audit is for the independent firm to render an opinion on whether the Financial Statements appropriately represent the finances of the City. The audit will also describe material concerns identified by the auditors (see Attachment 6).

For the year ended June 30, 2024, the City's independent auditors, Eide Bailly, issued the following reports dated December 22, 2025:

- City of Banning 2024 Annual Financial Report
- Banning Utility Authority 2024 Annual Financial Report
- City of Banning GANN Agreed Upon Procedures Report
- City of Banning Governance Report to the City Council
- City of Banning Single Audit Report
- Report on Internal Controls (included in the Single Audit document)

The City prepared a required Corrective Action Plan in response to the findings included as part of the Single Audit Report (see Attachment 8).

All reports issued by Eide Bailly, as well as the Corrective Action Plan, are attached to this staff report. A representative from Eide Bailly will be present to give a brief public presentation on the reports issued and the auditor's responsibilities. The Eide Bailly is not responsible for the financial condition of the City; that is management's responsibility under the direction of the City Council.

JUSTIFICATION:

The City of Banning Audited Financial Statements for the year ending June 30, 2024 contains a financial snapshot of the City at a point in time, approximately 18 months ago. This was delayed due to the substantial turnover of key positions within the Finance Department. Almost all identified (weakness)

issues identified in this report were known by current staff and shared with the Council. Staff is in the process of addressing said issues. Some areas of note are as follows:

- Qualified Audit Opinion (page 1 of Attachment 2).
  - The auditors render an independent audit opinion on the accuracy of the financial statements, without qualifications (an unqualified opinion which is most desirable) or with qualifications (a qualified opinion). The city received a qualified opinion. This means the auditors could not reconcile an asset called Inventories to the City's general ledger. This reflects equipment and supplies that are held primarily by the City's utilities. Other than the Inventories category, the auditors issued an unqualified opinion on our financial statements.

- Negative $7.2 million General Fund unassigned fund balance (page 9 of Attachment 2).
  - In order to comply with Government Accounting Standards (GASB), the City reflects informal cash loans to funds that have a negative balance at June 30th. This loan is then reversed on July 1st. The informal loan to the Electric enterprise had not been repaid within one year (i.e., by June 30, 2025). Therefore, it was classified as a long-term receivable to the General Fund (i.e. non-spendable fund balance). Council approved an Electric rate increase effective November 2025 and a plan to raise the rates again in the future. In other words, the Council has approved a plan to resolve this issue; however, the resolution will take some time.

- Total End of Year Fund Balance to the General Fund (GF) is down to $3.5 million (see page 11 Attachment 2).
  - Due to deficit budgeting and spending over the past 5 years, the GF Fund Balance has dropped from $11.8 million (FY 19-20) to $3.5 million. As an example, the General Fund relied on a one-time infusion of funds ($2.8 million) to reduce the FY 23-24 operating deficit (see page 11 of Attachment 2 "Transfer In" to the General Fund). These budgeting practices are not consistent with the Council's adopted policy that requires a structurally balanced budget.

- Internal Service Funds ISF unrestricted fund balance is negative $12 million (see page 102 of Attachment 2).
  - Staff and LSL consultants are working on a plan to correct the negative ISF fund balance; however, this will require a multi-year workout plan.
  - The analysis found that the negative ISF fund balance was created over the last 5 years or more. These funds were budgeted and operated with growing operating deficits. Additionally, the FYs 24-25, 25-26 and 26-27 were budgeted with substantial new operating deficits as well.
  - The concern is that the General Fund and utility funds are primarily responsible for these accumulated deficits. The General Fund does not have the current resources to immediately address these negative ISF fund balances; thus, addressing the negative fund balances will have to take place overtime.
  - If the ISF funds were operated with structurally balanced budgets (operating revenues equal to operating expenses), the allocated costs to the General Fund would have clearly identified the structural deficit in the general fund. The structural deficit would have made it impossible to balance the City's budget without substantial budget cuts or an infusion of new and additional financial resources.
  - The Risk Management Fund is the most impaired of the ISFs with a negative $8.2 million "net position". Part of this is due to the budgeting practices mentioned in this report. However, part of it may also be due to the management of the program. As a result, the Council has included various Initiatives in its new Strategic Plan to address the cost drivers of this program, including a comprehensive and independent review of the program, since the annual costs appear to have doubled in the past 5 years.

- Auditors confirm "The City is currently in a severe financial crisis" (see page 16 of Attachment 6).
    - The auditors speak to what is mentioned above. The Electric Utility is impaired, but the Council has approved and partially implemented a plan to bring the City to good financial health.
    - The auditors also reference the impaired General Fund and ISF fiscal positions, again mentioned above. This has been communicated to Council in various forums, including the all- day Strategic Plan Workshop.
    - Since the General Fund is largely responsible for the ISF deficits, both accumulated and ongoing annual operating deficits, the General Fund is greatly impaired and requires a substantial new Work Out Plan for sustainability.
        - Besides the need to gradually erase the ISF fund balance deficits, the ISF must allocate the full current cost of their annual operations to the General Fund and other funds.
        - Once the ISF fund category corrects its deficit situation, and the General Fund has the full ISF current costs in its budget, the expectation is that the Fund will have a structural operating budget shortfall to address in the near future. The structural deficit will not be understood until the City's accounting is up to date. This number will be refined as the City completes the close of fiscal year end (FYE) 24-25 books.

- Auditors confirm other "material weaknesses" in City practices (see Attachment 6 starting on page 10).
    - The auditors affirm many of the reasons why this audit is late and why it has been difficult to provide the fiscal results for FY 24-25 and the first half of FY 25-26. They briefly discuss various "material weaknesses" in internal controls, financial reporting processes, bank reconciliations, journal entries, and others. City staff, the LSL consultants, and others are working hard to address these issues and provide accurate and current fiscal information. Responses to these issues have been provided, see Attachment 8.
    - In the auditors finding #2024-008, they affirm that the City has temporarily violated the bond covenants for outstanding Electric Utility bonds by not having enough surplus resources to cover annual debt payments. The Utility has always paid its bond payments on time, but it did not meet the technical coverage ratio of 1.2 at FYE June 30,2024. Because of this and all the other fiscal information shared in this report, the Utility's bond rating was downgraded and is being monitored by the S&P rating agency. Staff is collaborating with them to provide additional data and our plans to improve the City's financial management practices.

- Because of the well documented ISF and Electric Utility impaired fiscal position, their cash position is also in an impaired condition. As a result, staff is closely monitoring the City-wide cash position to ensure cash solvency and compliance with state law.

It should be noted that a city's audit is typically completed within 6 months after the end of a fiscal year. As mentioned above, the City, and in particular the Finance Department, has seen significant turnover in the past year or so. Although the City continues to recruit, several key Finance Department positions remain vacant. This has led to a significant delay in completing the 2023-24 Audit.

Finally, it is important to put the above fiscal information in the appropriate context. City staff and Banning retiree annuitants, with the help of outside professional advisors, have been communicating via various City meetings, the concerns that are affirmed with the numbers in the FY 23-24 Financial Statements. As a result, the Council has sponsored the development of a holistic Strategic Plan to address the above difficult financial situation and related matters. The Council held an all-day workshop on the Plan and provided direction on what should be the priorities of the City. The Plan will be finalized and submitted for final approval at a Council meeting in February.

FISCAL IMPACT:

In accordance with the engagement letter with Eide Bailly for the fiscal year ending June 30, 2024, if

unexpected circumstances arose during the audit, they would discuss the circumstances with the City and arrive at a new fee estimate. As the City Council is aware, there has been significant staff turnover in the Finance Department resulting in staffing shortages particularly in key positions responsible for completion of the annual audit. Thus, the books and records required various adjustments and additional auditing procedures by Eide Bailly. In addition, because of the delay on the City's part, Eide Bailly was forced to use higher level staff (Senior Manager and Partner) to perform the balance of field work and Financial Statement preparation as other staff was already committed to other clients. The requested, and staff recommended, adjustment to the contract is $145,000. A full accounting of this requested change is shown in the attached letter from Eide Bailly.

ALTERNATIVES:

The annual reports issued by the City's independent auditors are informational and presented to the City Council in that regard. No alternative action is available.

The City Council does have discretion not to approve the additional appropriation request associated with this report

BUDGETED?:

No

CONTRACT/AGREEMENT:

Yes

ATTACHMENTS:

1. Resolution 2026-21.docx
2. City of Banning 2024 Final Annual Financial Report.pdf
3. Banning Utility Authority 2024 Final Financial Statements.pdf
4. City of Banning 2024 Final GANN AUP Report.pdf
6. City of Banning 2024 Final Single Audit Report.pdf
7. Banning Final Amendment For FY 2024 - Eide Bailly.pdf
8. 2024 Single Audit Report Responses.pdf

RESOLUTION 2026-21

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, APPROVING A CONTRACT AMENDMENT AND AN ADDITIONAL APPROPRIATION FOR EIDE BAILLY RELATED TO THE CITY'S FISCAL YEAR ENDED JUNE 30, 2024 AUDIT INCREASING THE AGREEMENT AMOUNT BY $145,000

WHEREAS, the City's Finance Department has suffered from significant turnover in all supervisory and management positions in the past 18 months; and

WHEREAS, the fiscal year ended June 30, 2024 audit was significantly delayed as a result; and

WHEREAS, significantly more work was required by Eide Bailly staff (see attached amendment letter from Eide Bailly); and

WHEREAS, to complete the annual audit for the fiscal year ended June 30, 2024 Eide Bailly management staff were involved.

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

SECTION 1. The City Council approves the contract amendment with Eide Bailly in the amount of $145,000 (to be prepared on the City's standard form), authorizes the City Manager to make necessary non-substantive changes, and to execute said amendment.

SECTION 2. The City Council authorizes the City Manager, or designee, to make necessary budget adjustments, appropriations, and transfers related to this resolution. The account number is 001-1900-412-33-11 (Professional Services).

SECTION 3. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED, APPROVED AND ADOPTED this 27th day of January 2026.

_____
Richard Royce, Mayor
City of Banning

ATTEST:

Sandra Calderon, Deputy City Clerk
City of Banning

APPROVED AS TO FORM:

John Pinkney, City Attorney
Slovak, Baron, Empey, Murphy &
Pinkney,
LLP

CERTIFICATION:

I, Sandra Calderon, Deputy City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution 2026-21, was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 27th day of January 2026 by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Sandra Calderon, Deputy City Clerk
City of Banning, California

EXHIBIT A
Amendment

Annual Financial Report
June 30, 2024

City of Banning, California

eidebailly.com

Independent Auditor's Report 1

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position 5
Statement of Activities 7

Fund Financial Statements

Governmental Funds

Balance Sheet 9
Reconciliation of the Balance Sheet to the Statement of Net Position 10
Statement of Revenues, Expenditures, and Changes in Fund Balances 11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities 12

Proprietary Fund Financial Statements

Statement of Net Position 13
Reconciliation of Net Position to the Statement of Net Position 17
Statement of Revenues, Expenses and Changes in Fund Net Position 18
Reconciliation of Changes in Fund Net Position 20
Statement of Cash Flows 21

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position 25
Statement of Changes in Fiduciary Net Position 26

Notes to the Basic Financial Statements 27

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios (Miscellaneous Rate Plan) 73
Schedule of Proportionate Share of the Net Pension Liability (Safety Rate Plan) 74
Schedule of Plan Contributions (Miscellaneous Rate Plan) 75
Schedule of Plan Contributions (Safety Rate Plan) 76
Schedule of Changes in Total OPEB Liability and Related Ratios 77
Budgetary Comparison Schedule - General Fund 78
Note to Required Supplementary Information 79

Combining and Individual Fund Statements

Combining Balance Sheet – Non-Major Governmental Funds 80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds 89
Combining Statement of Net Position – Non-Major Proprietary Funds 98
Combining Statement of Revenues, Expenses and Changes in Net Position – Non-Major Proprietary Funds 99
Combining Statement of Cash Flows – Non-Major Proprietary Funds 100
Combining Statement of Net Position – Internal Service Funds 102

Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds 103
Combining Statement of Cash Flows – Internal Service Funds 104
Combining Statement of Fiduciary Net Position – Custodial Funds..... 106
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds 107

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Banning, California (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Qualified Opinions on Banning Utility Authority Water Fund, Electric Utility Fund, and Business-Type Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Banning Utility Authority water fund, electric utility fund, and business-type activities of the City, as of June 30, 2024, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, General Fund, Banning Utility Authority Wastewater Fund, and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, general fund, Banning Utility Authority wastewater fund, and aggregate remaining fund Information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

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Matter Giving Rise to Qualified Opinions on Banning Utility Authority Water Fund, Electric Utility Fund, and Business-Type Activities

The City was unable to reconcile the year-end inventory count to the general ledger. Final inventory listings could not be produced until six months after year-end and they did not agree to the general ledger. We were unable to satisfy ourselves by performing other auditing procedures concerning the inventory held at June 30, 2024. As the inventory balances are material to the Banning Utility Authority water fund, electric utility fund, and business-type activities, our opinion on each of these opinion units is qualified with respect to this matter.

Debt Covenant Noncompliance

As discussed in Note 8 to the financial statements, the City was out of compliance with the debt service coverage ratio on the 2015 electric revenue refunding bonds of the electric fund during the year ended June 30, 2024. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of changes in the net pension liability, schedules of pension contributions, and schedule of changes in the total OPEB liability and related ratios, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 22, 2025

Basic Financial Statements

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
Assets			
Cash and investments	$ 348,403	$ 52,669,612	$ 53,018,015
Receivables			
Accounts, net	1,809,956	10,253,671	12,063,627
Loans	775,155	1,752	776,907
Interest	58,182	167,030	225,212
Grants	766,909	4,291,022	5,057,931
Internal balances	16,881,953	(16,881,953)	-
Prepaid costs	24,629	850,277	874,906
Due from other governments	1,652,195	16,047	1,668,242
Inventories	190,568	7,521,442	7,712,010
Restricted assets			
Cash and investments	-	806,587	806,587
Cash with fiscal agent	8,423,380	2,881,918	11,305,298
Investment in SCPPA Project Stabilization Fund	-	952,200	952,200
Capital assets			
Capital assets, not being depreciated	11,619,944	16,316,353	27,936,297
Capital assets, net of depreciation	77,008,725	156,744,194	233,752,919
Right to use lease assets, net of accumulated amortization	297,707	281,911	579,618
Right to use subscription IT assets, net of accumulated amortization	289,633	651,870	941,503
Total assets	120,147,339	237,523,933	357,671,272
Deferred Outflows of Resources			
Deferred charge on refunding	-	2,092,171	2,092,171
Deferred pension related items	12,028,228	4,136,792	16,165,020
Deferred OPEB related items	165,197	60,724	225,921
Total deferred outflows of resources	12,193,425	6,289,687	18,483,112

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
Liabilities			
Accounts payable	$ 3,509,781	$ 3,698,508	$ 7,208,289
Accrued liabilities	1,209,826	218,875	1,428,701
Accrued interest	-	212,805	212,805
Unearned revenue	6,230,526	822,708	7,053,234
Deposits payable	1,042,642	737,371	1,780,013
Noncurrent liabilities			
Due in one year			
Compensated absences	546,262	64,175	610,437
Claims payable	3,002,407	-	3,002,407
Long term liabilities	385,079	3,415,415	3,800,494
Due in more than one year			
Compensated absences	1,203,542	892,971	2,096,513
Claims payable	494,309	-	494,309
Long term liabilities	523,148	42,216,538	42,739,686
Net pension liability	36,155,828	15,609,326	51,765,154
Total OPEB liability	1,785,180	862,788	2,647,968
Total liabilities	56,088,530	68,751,480	124,840,010
Deferred Inflows of Resources			
Deferred gain in refunding	-	77,851	77,851
Deferred pension related items	3,698,307	115,724	3,814,031
Deferred OPEB related items	151,908	84,001	235,909
Total deferred inflows of resources	3,850,215	277,576	4,127,791
Net Position			
Net investment in capital assets	88,307,782	132,882,151	221,189,933
Restricted for			
Community development projects	2,151,114	-	2,151,114
Public safety	25,567	-	25,567
Culture and leisure	103,458	-	103,458
Transportation	2,871,094	-	2,871,094
Capital projects	4,157,240	2,869,195	7,026,435
SCPPA projects	-	848,393	848,393
SCPPA stabilization fund	-	952,200	952,200
Unrestricted	(25,214,236)	37,232,625	12,018,389
Total net position	$ 72,402,019	$ 174,784,564	$ 247,186,583

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Primary Government				
Governmental Activities				
General government	$ 7,183,297	$ 9,634,124	$ -	$ 2,599,127
Public safety	21,853,965	399,273	139,885	-
Community development	10,429,748	5,917,782	1,412,734	196,926
Culture and leisure	8,492,340	197,116	-	-
Transportation	4,932,937	5,027	2,194,124	10,934,858
Interest expense	23,959	-	-	-
Total governmental activities	52,916,246	16,153,322	3,746,743	13,730,911
Business-Type Activities				
Airport	516,695	208,619	-	7,052
Transit	3,097,668	36,362	2,549,293	3,372,178
Banning Utility Authority Water	11,590,889	14,043,467	-	13,736,186
Electric Utility	42,529,146	34,816,258	-	1,935,492
Banning Utility Authority Wastewater	4,605,310	8,512,152	80,305	7,935,408
Total business-type activities	62,339,708	57,616,858	2,629,598	26,986,316
Total primary government	$ 115,255,954	$ 73,770,180	$ 6,376,341	$ 40,717,227

General Revenues
Taxes
Property taxes, levied for general purpose
Transient occupancy taxes
Sales taxes
Franchise taxes
Business license taxes
Other taxes
Use of money and property
Other

Total general revenues

Transfers

Total general revenues and transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ 5,049,954	$ -	$ 5,049,954
(21,314,807)	-	(21,314,807)
(2,902,306)	-	(2,902,306)
(8,295,224)	-	(8,295,224)
8,201,072	-	8,201,072
(23,959)	-	(23,959)
(19,285,270)	-	(19,285,270)
-	(301,024)	(301,024)
-	2,860,165	2,860,165
-	16,188,764	16,188,764
-	(5,777,396)	(5,777,396)
-	11,922,555	11,922,555
-	24,893,064	24,893,064
(19,285,270)	24,893,064	5,607,794
7,808,281	-	7,808,281
983,996	-	983,996
6,736,412	-	6,736,412
487,587	-	487,587
202,848	-	202,848
739,172	-	739,172
821,554	1,777,942	2,599,496
1,802,123	218,458	2,020,581
19,581,973	1,996,400	21,578,373
945,782	(945,782)	-
20,527,755	1,050,618	21,578,373
1,242,485	25,943,682	27,186,167
71,159,534	148,840,882	220,000,416
$ 72,402,019	$ 174,784,564	$ 247,186,583

Fund Financial Statements

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Pooled cash and investments	$ 116,630	$ 62,253	$ 178,883
Receivables			
Accounts, net	1,691,132	100	1,691,232
Loans	35,218	739,937	775,155
Interest	29,642	23,437	53,079
Grants	370,582	342,536	713,118
Prepaid costs	20,129	-	20,129
Due from other governments	1,241,943	410,252	1,652,195
Due from other funds	9,392,236	11,622,654	21,014,890
Restricted assets			
Cash and investments with fiscal agents	-	8,423,380	8,423,380
Total assets	12,897,512	21,624,549	34,522,061
Liabilities Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable	2,828,057	264,678	3,092,735
Accrued liabilities	1,144,340	12,612	1,156,952
Unearned revenues	3,980,296	2,196,439	6,176,735
Deposits payable	939,155	103,487	1,042,642
Due to other funds	-	5,247,846	5,247,846
Total liabilities	8,891,848	7,825,062	16,716,910
Deferred Inflows of Resources			
Unavailable revenues	493,272	988,557	1,481,829
Total deferred inflows of resources	493,272	988,557	1,481,829
Fund Balances			
Nonspendable			
Prepaid costs	20,129	-	20,129
Noncurrent interfund borrowings	9,164,972	-	9,164,972
Loans	35,218	-	35,218
Restricted			
Community development projects	-	1,411,177	1,411,177
Public safety	-	25,567	25,567
Culture and leisure	-	103,458	103,458
Transportation	-	2,642,923	2,642,923
Capital projects	-	4,157,251	4,157,251
Committed			
Emergency contingency	1,500,000	-	1,500,000
Assigned			
Capital replacement	-	5,370,687	5,370,687
Unassigned	(7,207,927)	(900,133)	(8,108,060)
Total fund balances	3,512,392	12,810,930	16,323,322
Total liabilities, deferred inflows of resources, and fund balances	$ 12,897,512	$ 21,624,549	$ 34,522,061

Fund Balances - Total Governmental Funds		$ 16,323,322
Amounts reported for governmental activities in the statement of net position are different because:		
Capital and right to use assets net of depreciation and amortization have not been included as financial resources in governmental fund activity.		88,244,513
Pension related liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position as the changes in these amounts affect only the government-wide statements for governmental activities:		
Deferred outflows of resources	$ 10,972,498	
Deferred inflows of resources	(3,669,288)	
Pension liability	(32,241,634)	(24,938,424)
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Compensated absences	(1,532,095)	
Lease liability	(136,825)	
Subscription-based IT arrangements (SBITAs)	(100,513)	
Finance purchases	(518,609)	(2,288,042)
OPEB related liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position as the changes in these amounts affect only the government-wide statements for governmental activities:		
Deferred outflows of resources	123,527	
Deferred inflows of resources	(123,573)	
OPEB liability	(1,449,315)	(1,449,361)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		1,481,829
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		(4,971,818)
Net Position of Governmental Activities		$ 72,402,019

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	$ 15,918,664	$ 1,039,632	$ 16,958,296
Licenses and permits	1,785,710	-	1,785,710
Intergovernmental	1,614,192	5,521,947	7,136,139
Charges for services	8,398,566	-	8,398,566
Use of money and property	375,334	267,339	642,673
Fines and forfeitures	237,796	-	237,796
Contribution from Successor Agency	250,502	-	250,502
Miscellaneous	1,406,002	418,242	1,824,244
Total revenues	29,986,766	7,247,160	37,233,926
Expenditures			
Current			
General government	5,433,473	9,579	5,443,052
Public safety	17,820,445	24,301	17,844,746
Community development	6,165,190	310,744	6,475,934
Culture and leisure	2,723,336	746	2,724,082
Transportation	-	3,687,460	3,687,460
Capital outlay	973,720	1,590,902	2,564,622
Debt service			
Principal retirement	398,684	451,546	850,230
Interest and Fiscal Charges	11,150	1,716	12,866
Total expenditures	33,525,998	6,076,994	39,602,992
Excess (Deficiency) of Revenues over Expenditures	(3,539,232)	1,170,166	(2,369,066)
Other Financing Sources (Uses)			
Subscriptions	40,258	8,971	49,229
Leases	35,231	110,400	145,631
Transfers in	3,420,497	820,874	4,241,371
Transfers out	(400,414)	(2,646,836)	(3,047,250)
Total other financing sources (uses)	3,095,572	(1,706,591)	1,388,981
Net Change in Fund Balances	(443,660)	(536,425)	(980,085)
Fund Balances - Beginning of Year	3,956,052	13,347,355	17,303,407
Fund Balances - End of Year	$ 3,512,392	$ 12,810,930	$ 16,323,322

Net Change in Fund Balances - Total Governmental Funds		$ (980,085)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	$ 2,564,622	
Capital contributions	10,934,858	
Gain/(Loss) on Disposal	(103,540)	
Depreciation	(6,906,516)	6,489,424
Debt proceeds provide current financial resources to governmental funds, issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position.		
Debt issuance	(194,860)	
Principal payments	850,230	655,370
Expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(79,837)
Pension		(1,591,908)
OPEB		(796,946)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		(593,343)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.		(1,534,044)
Transfer of noncurrent assets and liabilities from closure of Refuse Fund into the General Fund.		(326,146)
Change in Net Position of Governmental Activities		$ 1,242,485

	Business-Type Activities Enterprise Funds	
	Banning Utility Authority Water	Electric Utility
Assets		
Current		
Pooled Cash and Investments	$ 26,558,605	$ 347,816
Receivables		
Accounts, net	2,736,111	5,912,487
Loans	-	-
Interest	77,977	21,518
Grants	142,492	-
Prepaid costs	1,187	848,393
Due from other governments	-	16,047
Due from other funds	2,827,506	-
Inventories	841,375	6,665,260
Restricted		
Cash and investments	-	806,587
Cash with fiscal agent	133,675	12,723
Investment in SCPPA Project Stabilization Fund	-	952,200
Total current assets	33,318,928	15,583,031
Noncurrent		
Capital assets		
Capital assets not being depreciated	7,550,770	5,481,081
Capital assets - net of accumulated depreciation	64,879,884	68,549,460
Right to use lease assets, net of accumulated amortization	203,336	78,575
Right to use subscription IT assets, net of accumulated amortization	244,041	265,525
Total noncurrent assets	72,878,031	74,374,641
Total assets	106,196,959	89,957,672
Deferred Outflows of Resources		
Deferred charge on refunding	563,017	1,529,154
Deferred pension related items	908,406	2,414,031
Deferred OPEB related items	22,945	21,575
Total deferred outflows of resources	1,494,368	3,964,760

Business-Type Activities Enterprise Funds				Governmental Activities
Banning Utility Authority Wastewater	Transit	Other Enterprise Funds	Total	Internal Service Fund
$ 24,671,970	$ 1,077,144	$ 14,077	$ 52,669,612	$ 169,520
1,598,233	1,232	5,608	10,253,671	118,724
1,752	-	-	1,752	-
67,535	-	-	167,030	5,103
30	4,141,448	7,052	4,291,022	53,791
-	697	-	850,277	4,500
-	-	-	16,047	-
50,000	-	196,517	3,074,023	1,270,936
-	-	14,807	7,521,442	190,568
-	-	-	806,587	-
2,735,520	-	-	2,881,918	-
-	-	-	952,200	-
29,125,040	5,220,521	238,061	83,485,581	1,813,142
1,649,887	1,128,213	506,402	16,316,353	-
19,888,473	1,937,690	1,488,687	156,744,194	779,166
-	-	-	281,911	20,595
121,103	21,201	-	651,870	171,735
21,659,463	3,087,104	1,995,089	173,994,328	971,496
50,784,503	8,307,625	2,233,150	257,479,909	2,784,638
-	-	-	2,092,171	-
322,281	450,784	41,290	4,136,792	1,055,730
6,212	8,748	1,244	60,724	41,670
328,493	459,532	42,534	6,289,687	1,097,400

	Business-Type Activities Enterprise Funds	
	Banning Utility Authority Water	Electric Utility
Liabilities		
Current		
Accounts payable	$ 1,542,005	$ 1,063,138
Accrued liabilities	46,497	124,122
Accrued interest	124,010	79,420
Unearned revenues	151	576,288
Deposits payable	251,418	416,932
Due to other funds	-	9,164,972
Compensated absences	8,150	54,357
Claims and judgments	-	-
Bonds, notes, and leases	1,409,752	1,631,517
Total current liabilities	3,381,983	13,110,746
Noncurrent		
Net pension liability	3,320,080	9,241,752
Total OPEB liability	194,088	410,821
Compensated absences	223,736	470,828
Claims and judgments	-	-
Bonds, notes, and leases	17,550,054	21,516,273
Total noncurrent liabilities	21,287,958	31,639,674
Total liabilities	24,669,941	44,750,420
Deferred Inflows of Resources		
Deferred gain on refunding	-	-
Deferred pension related items	24,614	68,516
Deferred OPEB related items	30,943	28,964
Total deferred inflows of resources	55,557	97,480
Net Position		
Net investment in capital assets	54,481,242	52,758,487
Restricted for capital projects	133,675	-
Restricted for SCPPA projects	-	848,393
Restricted for SCPPA Stabilization Fund	-	952,200
Unrestricted	28,350,912	(5,484,548)
Total net position	$ 82,965,829	$ 49,074,532

Business-Type Activities Enterprise Funds				Governmental Activities
Banning Utility Authority Wastewater	Transit	Other Enterprise Funds	Total	Internal Service Fund
$ 401,640	$ 689,031	$ 2,694	$ 3,698,508	$ 417,046
18,674	27,635	1,947	218,875	52,874
9,375	-	-	212,805	-
30	242,668	3,571	822,708	53,791
45,274	-	23,747	737,371	-
-	3,728,189	-	12,893,161	7,218,842
803	849	16	64,175	2,467
-	-	-	-	3,002,407
374,146	-	-	3,415,415	132,608
849,942	4,688,372	31,975	22,063,018	10,880,035
1,135,038	1,750,479	161,977	15,609,326	3,914,194
85,960	158,204	13,715	862,788	335,865
92,647	93,579	12,181	892,971	215,242
-	-	-	-	494,309
3,150,211	-	-	42,216,538	19,672
4,463,856	2,002,262	187,873	59,581,623	4,979,282
5,313,798	6,690,634	219,848	81,644,641	15,859,317
77,851	-	-	77,851	-
8,415	12,978	1,201	115,724	29,019
9,378	13,317	1,399	84,001	28,335
95,644	26,295	2,600	277,576	57,354
20,560,229	3,087,104	1,995,089	132,882,151	819,216
2,735,520	-	-	2,869,195	-
-	-	-	848,393	-
-	-	-	952,200	-
22,407,805	(1,036,876)	58,147	44,295,440	(12,853,849)
$ 45,703,554	$ 2,050,228	$ 2,053,236	$ 181,847,379	$ (12,034,633)

Net Position per Statement of Net Position - Proprietary Funds	$ 181,847,379
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds.	(4,702,843)
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds.	(2,359,972)
Net Position per Statement of Net Position	$ 174,784,564

	Business-Type Activities Enterprise Funds	
	Banning Utility Authority Water	Electric Utility
Operating Revenues		
Sales and service charges	$ 14,043,467	$ 34,816,258
Miscellaneous	25,555	22,267
Total operating revenues	14,069,022	34,838,525
Operating Expenses		
Salaries and benefits	2,969,495	7,169,380
Supplies and services	5,231,910	5,374,392
Repairs and maintenance	100,929	2,698,904
Street lighting costs	-	155,699
Power purchased	-	22,046,711
Insurance premiums	-	-
Depreciation expense	2,142,125	2,483,111
Total operating expenses	10,444,459	39,928,197
Operating Income (Loss)	3,624,563	(5,089,672)
Nonoperating Revenues (Expenses)		
Intergovernmental	748,135	-
Interest revenue and change in fair value of investments	781,845	379,015
Interest expense	(707,638)	(990,938)
Gain (loss) on disposal of capital assets	45,594	46,782
Total nonoperating revenues (expenses)	867,936	(565,141)
Income (Loss) before Transfers and Capital Contributions	4,492,499	(5,654,813)
Capital Contributions	12,988,051	1,935,492
Transfers In	273,188	338,270
Transfers Out	(472,793)	-
Changes in Net Position	17,280,945	(3,381,051)
Net Position (deficit) - Beginning of Year, as previously reported	65,684,884	52,455,583
Adjustments (Note 18)	-	-
Net Position (deficit) - Beginning of Year, As Restated	65,684,884	52,455,583
Net Position - End of Year	$ 82,965,829	$ 49,074,532

Business-Type Activities Enterprise Funds				Governmental Activities
Banning Utility Authority Wastewater	Transit	Other Enterprise Funds	Totals	Internal Service Funds
$ 8,512,152	$ 36,362	$ 208,619	$ 57,616,858	$ 12,024,724
17,672	37,117	(207)	102,404	80,164
8,529,824	73,479	208,412	57,719,262	12,104,888
920,932	1,575,643	93,289	12,728,739	3,854,583
2,446,400	989,764	196,576	14,239,042	8,093,298
258,488	826	9,990	3,069,137	408,066
-	-	-	155,699	-
-	-	-	22,046,711	-
-	-	-	-	3,674,281
836,219	414,168	197,280	6,072,903	215,526
4,462,039	2,980,401	497,135	58,312,231	16,245,754
4,067,785	(2,906,922)	(288,723)	(592,969)	(4,140,866)
80,305	5,921,471	7,052	6,756,963	-
607,609	9,417	56	1,777,942	178,881
31,071	-	-	(1,667,505)	(11,093)
13,200	10,478	-	116,054	1,255
732,185	5,941,366	7,108	6,983,454	169,043
4,799,970	3,034,444	(281,615)	6,390,485	(3,971,823)
7,935,408	-	-	22,858,951	-
1,223	137,590	261	750,532	551,397
(181,001)	-	(1,042,520)	(1,696,314)	(473,590)
12,555,600	3,172,034	(1,323,874)	28,303,654	(3,894,016)
33,147,954	-	2,255,304	153,543,725	(8,140,617)
-	(1,121,806)	1,121,806	-	-
33,147,954	(1,121,806)	3,377,110	153,543,725	(8,140,617)
$ 45,703,554	$ 2,050,228	$ 2,053,236	$ 181,847,379	$ (12,034,633)

Changes in Net Position, per the Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	$ 28,303,654
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds.	(2,359,972)
Changes in Net Position of Business-Type Activities per Statement of Activities	$ 25,943,682

	Business-Type Activities Enterprise Funds	
	Banning Utility Authority Water	Electric Utility
Operating Activities		
Cash received from customers and users	$ 13,553,103	$ 35,043,791
Cash paid to suppliers for goods and services	(5,258,244)	(27,433,019)
Cash paid to employees for services	(2,795,725)	(6,568,731)
Net Cash Provided (Used) by Operating Activities	5,499,134	1,042,041
Noncapital Financing Activities		
Cash transfers in	273,188	338,270
Cash transfers out	(472,793)	-
Interfund borrowings	(2,827,506)	470,034
Intergovernmental	2,103,883	(16,047)
Net Cash Provided (Used) by Noncapital Financing Activities	(923,228)	792,257
Capital and Related Financing Activities		
Acquisition and construction of capital assets	(5,199,289)	(3,009,224)
Principal paid on capital debt	(1,505,299)	(1,400,000)
Interest paid on capital debt	(501,035)	(889,989)
Proceeds from sales of capital assets	45,594	46,782
Net Cash Provided (Used) by Capital and Related Financing Activities	(7,160,029)	(5,252,431)
Investing Activities		
Collections of repayment on loan receivables	-	1,172
Payments made to SCPPA project stabilization fund	-	2,224,062
Interest received	796,133	383,200
Net Cash Provided by Investing Activities	796,133	2,608,434
Net Change in Cash and Cash Equivalents	(1,787,990)	(809,699)
Cash and Cash Equivalents - Beginning of Year	28,480,270	1,976,825
Cash and Cash Equivalents - End of Year	$ 26,692,280	$ 1,167,126
Reconciliation to the Statement of Net Position		
Pooled Cash and Investments	$ 26,558,605	$ 347,816
Restricted Cash and investments	-	806,587
Restricted Cash with fiscal agent	133,675	12,723
Total Cash and Cash Equivalents	$ 26,692,280	$ 1,167,126

Business-Type Activities Enterprise Funds				Governmental Activities
Banning Utility Authority Wastewater	Transit	Other Enterprise Funds	Totals	Internal Service Fund
$ 7,889,783	$ 74,114	$ 340,995	$ 56,901,786	$ 12,010,300
(2,391,177)	(519,680)	(4,301,573)	(39,903,693)	(11,853,209)
(1,060,666)	(1,485,112)	(478,177)	(12,388,411)	(3,639,788)
			-	
4,437,940	(1,930,678)	(4,438,755)	4,609,682	(3,482,697)
1,223	137,590	261	750,532	77,807
(181,001)	-	(1,042,520)	(1,696,314)	-
(50,000)	3,902,746	4,704,856	6,200,130	4,184,268
80,275	1,861,789	7,052	4,036,952	(18,281)
(149,503)	5,902,125	3,669,649	9,291,300	4,243,794
(549,119)	(3,318,007)	43,387	(12,032,252)	(666,081)
(230,000)	-	-	(3,135,299)	(101,269)
(119,602)	-	-	(1,510,626)	(11,093)
13,200	10,478	-	116,054	8,766
(885,521)	(3,307,529)	43,387	(16,562,123)	(769,677)
-	752	-	1,924	-
-	-	-	2,224,062	-
609,478	11,517	20,479	1,820,807	175,504
			-	
609,478	12,269	20,479	4,046,793	175,504
			-	
4,012,394	676,187	(705,240)	1,385,652	166,924
			-	
23,395,096	400,957	719,317	54,972,465	2,596
			-	
$ 27,407,490	$ 1,077,144	$ 14,077	$ 56,358,117	$ 169,520
$ 24,671,970	$ 1,077,144	$ 14,077	$ 52,669,612	$ 169,520
-	-	-	806,587	-
2,735,520	-	-	2,881,918	-
$ 27,407,490	$ 1,077,144	$ 14,077	$ 56,358,117	$ 169,520

	Enterprise Funds	
	Banning Utility Authority Water	Electric Utility
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$ 3,624,563	$ (5,089,672)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Changes in Operating Assets and Liabilities		
Depreciation Expense	2,142,125	2,483,111
Loss on Capital Asset Impairment	-	2,463,542
(Increase) Decrease in Assets and Deferred Outflow of Resources		
Accounts receivable	(478,522)	525,985
Prepaid expense	1,438	(67,345)
Inventories	(38,835)	(253,374)
Deferred pension related items	3,623	106,120
Deferred OPEB related items	(1,806)	(15,923)
Increase (Decrease) in Liabilities		
Accounts payable	59,841	(148,350)
Accrued liabilities	(45)	3,366
Deposits payable	14,648	(52,159)
Unearned revenue	151	576,288
Net pension liability	95,324	376,627
Total OPEB liability	86,563	239,065
Claims and judgments	-	-
Compensated absences	(5,283)	(48,875)
Deferred pension related items	(24,961)	(67,771)
Deferred OPEB related items	20,310	11,406
Net Cash Provided (Used) by Operating Activities	$ 5,499,134	$ 1,042,041
Supplemental Disclosures of Noncash Investing and Financing Activity		
Lease/SBITA borrowings	$ 350,295	$ 352,595
Capital contributions	12,988,051	1,935,492
Amortization of Unamortized Premiums/Discounts	125,339	152,816
Amortization of Gain/Loss on Defeasance	(48,958)	(117,627)

Enterprise Funds				Activities
Banning Utility Authority Wastewater	Transit	Other Enterprise Funds	Totals	Internal Service Fund
$ 4,067,785	$ (2,906,922)	$ (288,723)	$ (592,969)	$ (4,140,866)
836,219	414,168	197,280	6,072,903	215,526
-	-	-	2,463,542	-
(641,354)	(1,032)	113,858	(481,065)	43,087
1,313	1,667	262	(62,665)	(1,404)
-	-	18,463	(273,746)	(136,271)
29,251	45,019	125,243	309,256	39,843
12,501	(6,590)	(778)	(12,596)	(33,060)
			-	
322,822	224,640	(18,025)	440,928	124,851
4,074	3,602	(4,807)	6,190	(853,449)
(13,215)	-	263	(50,463)	-
30	242,668	(4,072,438)	(3,253,301)	-
(205,613)	(39,332)	(458,626)	(231,620)	(9,552)
52,163	92,616	(441)	469,966	218,018
-	-	-	-	1,051,034
1,314	12,894	(41,067)	(81,017)	24,324
(12,195)	(14,537)	(8,340)	(127,804)	6,524
(17,155)	461	(879)	14,143	(31,302)
$ 4,437,940	$ (1,930,678)	$ (4,438,755)	$ 4,609,682	$ (3,482,697)
$ 201,839	$ -	$ -	$ 904,729	$ 266,809
7,935,408	-	-	22,858,951	-
-	-	-	278,155	-
6,770	-	-	(159,815)	-

	Custodial Funds	Private-Purpose Trust Fund Successor Agency of the Former RDA
Assets		
Pooled cash and investments	$ 905,016	$ 105,145
Receivables		
Notes and loans	-	250,155
Interest	317	-
Prepaid costs	-	172,102
Due from other governements	2,957	-
Restricted assets		
Cash and investments with fiscal agents	186,063	-
Total assets	1,094,353	527,402
Deferred Outflows of Resources		
Deferred charge on refunding	-	410,360
Liabilities		
Accrued interest	-	282,798
Deposits payable	49,193	-
Long-term liabilities		
Bonds and loans payable due in one year	-	1,355,000
Bonds and loans payable due in more than one year	-	22,285,000
Total liabilities	49,193	23,922,798
Net Position		
Restricted for other organizations	1,045,160	-
Restricted for successor agency	-	(22,985,036)
Total net position	$ 1,045,160	$ (22,985,036)

	Custodial Funds	Private-Purpose Trust Fund Successor Agency of the Former RDA
Additions		
Taxes	$ 517,478	$ 2,455,366
Interest and change in fair value of investments	3,216	-
Miscellaneous	-	19,500
Total additions	520,694	2,474,866
Deductions		
Administrative expenses	12,533	25,989
Community development	-	255,074
Principal payment	95,000	-
Interest expense	83,408	928,558
Payment to City of Banning	501	-
Total deductions	191,442	1,209,621
Change in Net Position	329,252	1,265,245
Net Position - Beginning of Year	715,908	(24,250,281)
Net Position - End of Year	$ 1,045,160	$ (22,985,036)

Notes to Basic Financial Statements

Note 1 - Summary of Significant Accounting Policies

a. Description of the Report Entity

The City of Banning (the City) was incorporated in 1913 under the laws of the state of California and enjoys all the rights and privileges applicable to a general law city. It is governed by an elected five-member board. As required by accounting principles generally accepted in the United States of America (U.S. GAAP), these financial statements present the City of Banning (the primary government) and its component units. The component units discussed below are included in the reporting entity because of their operational or financial relationships with the City of Banning.

Blended Component Units

The Banning Wastewater Facilities Corporation (the Corporation) was organized at the request of the City in 1984 pursuant to the Nonprofit Public Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code). In 1986, an amendment to its articles of incorporation changed the name of the Corporation to the Banning Public Facilities Corporation. It exists for the purposes of participating with the City of Banning in projects to improve the health, safety and welfare of the City and its residents, purchasing and leasing real and personal property in connection with such projects, and assisting the City in financing, acquiring and constructing such projects. It does not issue separate financial statements. The activity is presented as the Banning Utility Authority wastewater fund in these financial statements.

The Banning Utility Authority (Authority) is a joint powers authority which was established on July 12, 2005, pursuant to a Joint Exercise of Powers Agreement between the City of Banning and the former Redevelopment Agency of the City of Banning in accordance with the Joint Powers Law (Article 1 through 4 of Chapter 5, division 7, title 1 of the California Government code) for the purpose of assisting the City in operating the utility system. See Note 15 for details on the arrangement between the City and the Authority. Separate financial statements can be obtained at City Hall.

The City of Banning Financing Authority (the Authority) was formed by a joint exercise of powers agreement between the City of Banning and the former Banning Redevelopment Agency. It was established November 12, 2003, under Article 1 (commencing with Section 6500) of the Joint Powers Law of the State of California for the purpose of providing an entity to assist in providing financing for the City and the Agency. It does not issue separate financial statements. Its activities are included with the City's activities in these financial statements. There was no activity within the Authority for the fiscal year ended June 30, 2024.

The City of Banning Housing Authority was established on January 10, 2012 to accept the assets of the former Redevelopment Agency. The Housing Authority is designed to protect local housing funds and programs, provide new revenue opportunities for affordable housing programs, serve the public interest, promote public safety and welfare and ensure decent, safe, sanitary and affordable housing accommodations to persons of low income. The Board consists of members of the City Council, which is substantively the same governing body of the City and management has operational responsibility for the Housing Authority. The housing assets and functions are reported in the Banning Housing Authority, a special revenue fund of the City. It does not issue separate financial statements.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

The City reports the following major governmental fund:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

- The Banning Utility Authority Water Fund is used to account for the construction, operation, maintenance and consumption of water services within the City's water service area.

- The Electric Utility Fund is used to account for the costs of labor and materials used in the maintenance, construction and consumption of electric services throughout the City.

- The Banning Utility Authority Wastewater Fund is used to account for the costs of labor and materials, construction and consumption of wastewater services within the City's wastewater service area.

- The Transit Fund is used to account for the for the operation of the transportation services throughout the City.

Additionally, the City reports the following fund types:

- Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Capital Project Funds are used to account for capital project expenditures throughout the City.

- Internal Service Funds are used to account for the financing of goods or services provided by one department or agency for other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

- Nonmajor proprietary funds are used to account for operation and maintenance of airport services within the City.

- The Custodial Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The City's custodial funds account for assessments levied for debt service on bond issues which are not a debt of the City.

- The Private-purpose Trust Fund accounts for the assets and liabilities of the former redevelopment agency and is allocated revenue to pay estimated installment payments of enforceable obligations until obligations of the former redevelopment agency are paid in full and assets have been liquidated.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Certain indirect costs are included in the program expense reported for individual functions and activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

d. Assets, Deferred Outflows/Inflows of Resources, Liabilities and Net Position or Equity

Investments and Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Pools*, require governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in the fair value of investments in the fiscal year in which the change occurred. All investments have been stated at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government- wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

The noncurrent portion of receivables related to revenue is set up as unavailable revenue and recognized as revenue when the receivables become available (collectible within 60 days of year-end). The noncurrent portion of loans and other receivables are offset by fund balance non spendable accounts. Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Property taxes in the state of California are administered for all local agencies at the county level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuations are established by the Assessor of the County of Riverside for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIIIA of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

Tax Levies are limited to 1% of appraised value, which results in a tax rate of $1.00 per $100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter- approved indebtedness are excluded from this limitation.

Tax Levy Dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as they exist at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections are the responsibility of the county tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments; the first is due on November 1 of the fiscal year and is delinquent if not paid by December 10, and the second is due on January 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the county for late payment.

Tax Levy Apportionments are due to the nature of the citywide maximum levy. It is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

Property Tax Administration Fees for the state of California fiscal year 1990-1991 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded net of administrative fees withheld during the fiscal year.

Inventories and Prepaid Items

Inventories of materials and supplies (if material) are carried at cost on a first-in, first-out (FIFO) basis. The City uses the consumption method of accounting for inventories. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital and Right to Use Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Right to use leased assets with an initial, individual cost of more than $25,000 ($5,000 in prior years) are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Right to use subscription IT assets with an initial, individual cost of more than $25,000 are recognized at the subscription commencement date and represent the City's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects as constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Building and Structures	20 to 50 Years
Improvements	15 to 25 Years
Machinery and Equipment	3 to 25 years
Vehicles	5 to 10 Years
Infrastructure	40 to 50 Years
Airport Master Plan	10 to 20 Years
Utility Plant	20 to 60 Years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and governmental balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government currently has three items that qualify for reporting in this category.

The first item is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The second are deferred outflows relating to the net pension obligation reported in the statement of net position. These outflows are due to the following: contributions made subsequent to the measurement date of the net pension liability, which are deferred and recognized against the respective liabilities in the following year and differences between expected and actual experiences, and the difference between actual contributions made and the proportionate share of the risk pool's total contributions which is deferred and amortized over the expected average remaining service life.

The third are deferred outflows relating to the OPEB obligation reported in the statement of net position. These outflows are due to the following: contributions made subsequent to the measurement date of the net OPEB liability, which are deferred and recognized against the respective liabilities in the following year and change in assumption which is amortized over the expected average remaining service life.

In addition to liabilities, the statement of net position and governmental balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government currently has three items that qualify for reporting in this category.

The first item, which arises only under a modified accrual basis of accounting, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sources, such as, taxes, grant revenues, and long-term receivables.

The second item is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The third item is in relation to the net pension obligation reported in the statement of net position. These inflows are either the net difference between projected and actual earnings on pension plan investments is deferred and will be recognized as a portion of pension expense in future years over a five year amortization period, and the results of differences between expected and actual experiences, difference between actual contributions made and the proportionate share of the risk pool's total contributions and adjustments due to change in proportions which are deferred and amortized over the expected average remaining service life.

Unearned Revenue

Governmental funds and governmental activities report unearned revenues on the balance sheet in connection with resources that have been received, but not yet earned. Accordingly, this type of unearned revenue is also reported on the Statement of Net Position. At June 30, 2024, unearned revenue primarily consisted of $1,468,351 relating to ARPA, and $3,825,000 as refundable refuse franchise retention fees within the general fund. With regard to the franchise retention fee, the City entered into an agreement in a prior year with Waste Management and received an upfront payment totaling $4,500,000 that is refundable over a 20-year term and dependent upon compliance with the terms of the agreement. Revenue is recognized straight-line through July 2041.

Compensated Absences

Compensated absences are the amounts due to employees for future absences that are attributable to services already rendered. The City has determined that no current liability exists for compensated absences at the fund level; therefore, the liability for governmental activities is shown only in the government-wide statements. For proprietary funds the liability for compensated absences, if any, is segregated between short-term and long term as indicated above and both portions are reflected in the fund involved. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Sick leave is payable when an employee is unable to work because of illness or upon termination. Compensatory time, personal leave, executive leave and holiday pay are payable at the time leave is taken or upon termination. The vested portion of these compensated absences is accrued in the government-wide statements and is also accrued in proprietary funds at year-end.

The following are summaries of the City's compensated leave policies:

Compensatory Time/ Personal Leave/Executive Leave

Compensatory time for Police employees up to 240 hours, Utility and General employees up to 160 hours, and Nonexempt Managers up to 240 hours.

Exempt Managers receive 98 hours of personal leave per year that may be accrued up to 192 hours.

The City Manager receives 48 hours and Department Directors receive 98 hours of executive leave annually that may be accrued up to 200 hours.

General and Utility employees have an Irrevocable Comp Time Leave Cash-Out. They may cash out up to 80 hours of compensatory time, or vacation, or any combination. Election must be made by 12/31 for May and November.

Nonexempt and Exempt Management employees may cash out 60 hours of compensatory time per year. Police employees may elect to cash out 80 hours of personal leave per year. The City Manager and Department Directors may cash out 48 and 98 hours, respectively, of executive leave per year.

All compensatory time/personal leave/executive leave is payable to employees upon termination at the rate of pay at termination.

Sick Leave

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

Management employees, Utility personnel and General employees will accrue sick leave up to a cap of 400 hours. Upon separation, service retirement, disability retirement or termination, after 10 years of service, Utility and General personnel may receive a cash payment for 30% of all unused sick leave or contribute the entire remaining balance of sick leave to the employee’s 457 Deferred Compensation Account (subject to Internal Revenue Service maximum contributions provided by law) or City’s Retiree Medical Savings Account.

Upon separation, service retirement, disability retirement or termination, Management employees shall be eligible to receive a cash payment for accrued sick leave in an amount not to exceed 96 hours. After 10 years of continuous City service, all hours accrued, less the total hours cashed out, shall be eligible for conversion to cash in an amount equivalent to 30% of such unused sick leave. Beginning with the 11th year of service, all Management, Utility, and General employees, as well as Police employees, have the option to convert their sick leave bank, less 40 hours, to deferred compensation or the City's Retiree Health Savings Plan.

The City Manager and Department Directors shall accrue sick leave to a maximum of 480 hours and may receive an annual sick leave pay off of up to 96 hours, in excess of 40 hours. Upon separation, the City Manager shall receive payment for all sick hours accrued. Upon separation, service retirement, disability retirement or termination, Department Directors shall receive payment for all sick hours accrued.

Police Management employees will accrue sick leave up to a cap of 320 hours. Annually, employees may receive a 96-hour sick leave pay off or convert hours to deferred compensation but will not be able to cash out sick leave below 40 hours. Upon separation, service retirement, disability retirement, or termination, an employee may receive a cash payment for a maximum of 96 hours. Beginning the 10th year of continuous City service, all hours accrued shall be eligible for conversion to cash in an amount equivalent to 30% of such unused sick leave. Beginning with the 11th year of service, unit members may convert 50% of their sick leave bank, less 40 hours, to deferred compensation or the City's Retiree Health Savings Plan.

Police employees accrue hours according to schedules set forth in a memorandum of understanding. After one year of employment, each employee is eligible to be paid for accrued vacation. Maximum accrual for vacation is 320 hours and 336 hours for nonsupervisory and supervisory personnel, respectively. Holiday leave accrues at a rate of 3.38 per pay period to a maximum of 160 hours and can be cashed out anytime during the fiscal year. At termination, holiday leave is 100% paid out and after one year of continuous full-time service, employees shall be paid for 100% of accrued vacation leave.

Vacation and Holiday Leave
Vacation leave accrues up to a maximum of 320 hours. Upon termination, all union personnel with at least six months service will be paid for all accrued hours.

The City Manager and Department Directors accrual for vacation is 480 hours and have a cap of 480 hours. Upon termination, the City Manager and Department Directors shall be entitled to be paid for the entire amount of holiday time accrued. Upon separation, the employee shall be entitled to 100% of the unused vacation leave bank.

Police Management will accrue vacation leave up to a cap of 320 hours. Upon separation, the employee shall be entitled to 100% of the unused vacation leave. Police Management shall accrue holiday hours up to the cap of 96 hours. Upon separation, the employee shall be entitled to 100% of the unused holiday leave bank.

Management employees accrue vacation and holiday leave in accordance with schedules set forth in a memorandum of understanding. Vacation accrues to a limit of 320 hours. All accrued vacation and holiday leave shall be paid upon termination up to a maximum of 320 hours for vacation and an unlimited amount of hours for holiday, after six months of service.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of any lease payments are discounted based on a borrowing rate determined by the City.

Subscription liabilities represent the City's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the City.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the pension plans fiduciary net positions and additions to/deductions from the pension plans fiduciary net positions have been determined on the same basis as they are reported by the CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. These amounts are payable from future resources and, therefore, have been recorded in the statement of net position. Annual required contributions are recorded as expenditures in the related funds when due. Pension liabilities are liquidated from the related employees' home programs, with majority funded out of General Fund and Enterprise Funds. See Note 11 for more information.

Other Post-Employment Benefit Liability

The City's defined benefit OPEB plan allows employees at retirement to continue participating in City medical plans with payment of the full premium until age 65. The Plan is a single-employer defined benefit OPEB plan administered by the City and governed by the City Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The General Fund and Enterprise Funds are generally used to liquidate the OPEB liability. See Note 12 for more information.

Net Position Flow Assumption
Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Balance Flow Assumptions
Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies
In the fund financial statements, government funds report the following fund balance classification:

Nonspendable include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution.

> Emergency Contingency – City Council has determined the specific purposes for which this may be used for are local disasters, recessions or other financial hardships; to subsidize unforeseen operating or capital needs; and cash flow requirements.

Assigned include amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The City Manager or Deputy City Manager are authorized to assign amounts to a specific purpose, which was established by the governing body by resolution.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes.

Fund Balance Deficits

The following nonmajor funds contained a deficit fund balance:

Fund	Type	Amount
Gas Tax Street	Governmental	$ (845,660)
Community Development Block Grant	Governmental	(54,231)
State Park Bond Act	Governmental	(117)
Animal Control Reserve	Governmental	(114)
Sunset Grade Separation	Governmental	(11)
Self Insurance	Proprietary - ISF	(8,159,527)
Information Services	Proprietary - ISF	(987,342)
Central Service	Proprietary - ISF	(1,706,154)
Utility Billing Services	Proprietary - ISF	(1,677,331)
Building Maintenance	Proprietary - ISF	(233,457)
Successor Agency of the Former RDA	Fiduciary	(22,985,036)

e. Adoption of New Accounting Standard

As of July 1, 2023, the City adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. The financial statements have been updated to conform to the presentation requirements related to the accounting change(s) in the financial statements for the year ended June 30, 2024. The additional disclosures required by this standard are included in Note 18.

f. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and Investments

As of June 30, 2024, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	$ 8,771,783
Business-Type Activities	57,310,317
Fiduciary Funds	1,196,224
Total cash and investments	$ 67,278,324

Petty Cash	$ 4,057
Deposits with Financial Institutions	16,106,738
Investments	50,215,329
Investment in SCPPA Rate Stabilization Fund	952,200
Total cash and investments	$ 67,278,324

The City of Banning maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

Deposits

At June 30, 2024, the carrying amount of the City's deposits was $16,106,738, and the bank balance was $16,541,478. The $434,740 difference represents outstanding checks, deposits and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to $250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Investments

Under provision of the City's investment policy, the City is authorized to invest in investments allowed by Government Code of the State of California. From these permitted investments, the City's investment officials shall determine those investment types that best meet the needs and abilities of the City. Maximum maturity period for any portion of invested operating moneys shall not exceed five years per California Government Code.

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

Investment in SCPPA Project Stabilization Fund

The City has cash held with the Southern California Public Power Authority, a Joint Powers Authority, in a Project Stabilization Fund for future joint projects. At June 30, 2024, the balance held by SCPPA in the Project Stabilization Fund was $952,200.

Credit Risk

Generally, 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual Standard & Poor's rating as of year-end for each investment type.

		Minimum Legal	Rating as of year-end				
Investment Type	Amount	Rating	AAA	AA+	A+	A-1	Not Rated
Federal Agency Securities	$ 11,773,281	N/A	$ -	$ 11,773,281	$ -	$ -	$ -
Local Agency Investment Fund	18,306,876	N/A	-	-	-	-	18,306,876
Asset Backed Securities	539,350	N/A	539,350				
Money Market Mutual Funds	24,280	AAA or highest rating	24,280	-	-	-	-
Commercial Paper	292,918	A or higher	-	-	-	292,918	-
Corporate	3,491,010	A or higher	-	-	3,491,010	-	-
U.S Treasury	4,296,253	N/A	4,296,253	-	-	-	-
Held by Fiscal Agents							
Money Market Mutual Funds	11,491,361	N/A	-	-	-	-	11,491,361
Total investments	$ 50,215,329		$ 4,859,883	$ 11,773,281	$ 3,491,010	$ 292,918	$ 29,798,237

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2024, a total of $12,432,252 of deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts, but not in the name of the City.

Concentration of Credit Risk

The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. In addition, GASB Statement No. 40 requires a separate disclosure if any single issuer comprised more than 5% of the total investment value. The investments issued or explicitly guaranteed by the US government and investments in mutual money market funds and external investment pools are excluded from this requirement. Reportable investments in any one issuer that represent five percent or more of the City's total investments as of June 30, 2024 are as follows:

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Security	$ 11,622,923

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2024, the City had the following investments and maturities:

	Remaining Investment Maturities				
Investment Type	1 Year or Less	1 to 3 Years	3 to 5 Years	More than 5 Years	Fair Value
Federal Agency Securities	$ 150,359	$ 5,916,271	$ 5,706,651	$ -	$ 11,773,281
Local Agency Investment Fund	18,306,876	-	-	-	18,306,876
Asset Backed Securities	-	-	539,350	-	539,350
Money Market Mutual Funds	24,280	-	-	-	24,280
Commercial Paper	292,918	-	-	-	292,918
Corporate	2,268,914	1,222,096	-	-	3,491,010
U.S Treasury	3,803,773	492,480	-	-	4,296,253
Held by Fiscal Agents					
Money Market Mutual Funds	11,491,361	-	-	-	11,491,361
Total investments	$ 36,338,481	$ 7,630,847	$ 6,246,001	$ -	$ 50,215,329

Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Deposits and withdrawals in governmental investment pools, such as LAIF, are made on the basis of $1 and not at fair value.

The City has the following recurring fair value measurements as of June 30, 2024:

Investment Type	Totals	Uncategorized	Level 1	Level 2	Level 3
Federal Agency Securities	$ 11,773,281	$ -	$ -	$ 11,773,281	$ -
Local Agency Investment Fund	18,306,876	18,306,876	-	-	-
Asset Backed Securities	539,350	-	-	539,350	-
Money Market Mutual Funds	24,280	-	24,280	-	-
Commercial Paper	292,918	-	-	292,918	-
Corporate	3,491,010	-	-	3,491,010	-
U.S Treasury	4,296,253	-	-	4,296,253	-
Held by Fiscal Agent					
Money Market Mutual Funds	11,491,361	-	11,491,361	-	-
Total Investments	$ 50,215,329	$ 18,306,876	$ 11,515,641	$ 20,392,812	$ -

Federal Agency Securities classified in Level 2 of the fair value hierarchy are valued using institutional bond quotes.

Note 3 - Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2024, is as follows:

Due To/From Other Funds

	Due to Other Funds				
Funds	Nonmajor Governmental Funds	Transit	Electric Utility	Internal Service Funds	Total
Due from Other Funds					
General Fund	$ 185,467	$ -	$ 9,164,972	$ 41,797	$ 9,392,236
Other Governmental Funds	5,058,873	3,728,189	-	2,835,592	11,622,654
Utility Authority Water	3,506	-	-	2,824,000	2,827,506
Utility Authority Wastewater	-	-	-	50,000	50,000
Other Enterprise Funds	-	-	-	196,517	196,517
Internal Service Funds	-	-	-	1,270,936	1,270,936
	$ 5,247,846	$ 3,728,189	$ 9,164,972	$ 7,218,842	$ 25,359,849

The interfund balances were the results of routine interfund transactions not cleared prior to year-end and short-term negative cash balances expected to be repaid within a year, with the exception of the electric fund, which is expected to be repaid when funds are available, which will exceed one year.

Interfund Transfers

Funds	General Fund	BUA Water Fund	Transfers Out: BUA Electric Fund	BUA Wastewater Fund	Nonmajor Governmental Funds	Other Enterprise Funds	Internal Service Funds	Totals
Transfers In:								
General Fund	$ -	$ 470,000	$ -	$ 181,001	$ 1,400,830	1,042,520	$ -	$ 3,094,351
BUA Electric Fund	-	-	-		338,270	-		338,270
BUA Water Fund	-	-	-	-	273,188	-	-	273,188
BUA Wastewater Fund	-	-	-	-	1,223	-	-	1,223
Transit	-	-	-	-	-	-	137,590	137,590
Other Enterprise Funds	-	-	-	-	261	-		261
Internal Service Funds	-	2,793	-	-	548,604	-	-	551,397
Nonmajor Governmental Funds	400,414	-	-	-	84,460	-	336,000	820,874
Totals	$ 400,414	$ 472,793	$ -	$ 181,001	$ 2,646,836	$ 1,042,520	$ 473,590	$ 5,217,154

Transfers out of the General Fund to Nonmajor Governmental Funds were for payment of certain costs incurred for special projects. Transfers out of the BUA Water Fund and BUA Wastewater Fund to General Fund were pursuant to an agreement between the City and Authority. See note 15 for additional details regarding the agreement. Transfers out of Nonmajor Governmental Funds to General Fund and Electric Fund were for payment of eligible grant expenditures. Transfers out of Other Enterprise Funds to the General Fund pertained to the closure of the Refuse Fund into the General Fund. The remaining difference totaling $326,146 between the fund activity and government wide activity pertains to the transfer of noncurrent assets and liabilities from the Refuse Fund into Governmental Activities.

Note 4 - Changes in Capital Assets

Capital asset activity for the year ended June 30, 2024, is as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Transfers/ Adjustments	Ending Balance
Capital Assets Not Being Depreciated					
Land	$ 9,438,620	$ -	$ -	$ -	$ 9,438,620
Construction in progress	1,204,442	976,882	-	-	2,181,324
Total capital assets not being depreciated	10,643,062	976,882	-	-	11,619,944
Capital Assets Being Depreciated					
Buildings and structures	26,315,242	501,299	-	-	26,816,541
Land improvements	14,511,589	-	-	762,007	15,273,596
Machinery and equipment	6,966,471	1,373,979	(200,036)	82,683	8,223,097
Vehicles	5,011,575	225,648	(289,669)	-	4,947,554
Utility Plant	1,927,413	-	-	-	1,927,413
Infrastructure	144,630,854	10,473,940	-	-	155,104,794
Total capital assets being depreciated	199,363,144	12,574,866	(489,705)	844,690	212,292,995
Less Accumulated Depreciation					
Buildings and structures	20,424,518	941,708	-	-	21,366,226
Land improvements	8,377,798	617,815	-	-	8,995,613
Machinery and equipment	6,279,720	225,150	(200,041)	39,297	6,344,126
Vehicles	3,723,921	375,981	(282,681)	-	3,817,221
Utility Plant	567,462	38,548	-	-	606,010
Infrastructure	89,633,003	4,522,071	-	-	94,155,074
Total accumulated depreciation	129,006,422	6,721,273	(482,722)	39,297	135,284,270
Total capital assets, being depreciated, net	70,356,722	5,853,593	(6,983)	805,393	77,008,725
Right to Use Lease Assets Being Amortized					
Buildings and structures	799,982	110,400	-	(762,007)	148,375
Machinery and equipment	28,991	14,293	-	-	43,284
Vehicles	466,017	126,726	(95,302)	-	497,441
Total Right to Use Lease Assets being Amortized	1,294,990	251,419	(95,302)	(762,007)	689,100
Less Accumulated Amortization for Right to Use Lease Assets	350,807	40,586	-	-	391,393
Right to Use Lease Assets, being amortized, net	944,183	210,833	(95,302)	(762,007)	297,707
Right to Use Subscription IT Assets, Being Amortized	106,550	577,738	-	-	684,288
Less Accumulated Amortization for Right to Use Subscription IT Assets	34,472	360,183	-	-	394,655
Right to Use Subscription IT, Assets being amortized, net	72,078	217,555	-	-	289,633
Governmental Activities Capital Assets, Net	$ 82,016,045	$ 7,258,863	$ (102,285)	$ 43,386	$ 89,216,009

Depreciation and amortization expense was charged to governmental functions as follows:

General Government	$ 248,668
Public Safety	1,187,592
Community Development	337,441
Transportation	4,706,620
Culture and Leisure	426,195
Interal Service Fund	215,526
Total depreciation/amortization Expense - governmental activities	$ 7,122,042

Business-Type Activities	Beginning Balance	Increases	Decreases	Transfers/ Adjustments	Ending Balance
Capital Assets Not Being Depreciated					
Land	$ 5,867,684	$ -	$ -	$ -	$ 5,867,684
Construction in progress	19,419,281	5,742,539	(378,987)	(14,334,164)	10,448,669
Total capital assets not being depreciated	25,286,965	5,742,539	(378,987)	(14,334,164)	16,316,353
Capital Assets Being Depreciated					
Airport master plan	38,875	-	-	-	38,875
Buildings and structures	934,263	-	-	-	934,263
Land improvements	9,322,242	183,703	-	-	9,505,945
Machinery and equipment	15,166,801	3,131,108	(733,709)	(82,683)	17,481,517
Utility plant	196,060,085	25,714,148	(2,482,747)	14,334,164	233,625,650
Total capital assets being depreciated	221,522,266	29,028,959	(3,216,456)	14,251,481	261,586,250
Less Accumulated Depreciation					
Airport master plan	38,875	-	-	-	38,875
Buildings and structures	807,658	10,526	-	-	818,184
Land improvements	6,843,044	335,462	-	-	7,178,506
Machinery and equipment	9,413,833	1,976,586	(391,013)	(39,297)	10,960,109
Utility plant	82,967,635	3,195,721	(316,974)	-	85,846,382
Total accumulated depreciation	100,071,045	5,518,295	(707,987)	(39,297)	104,842,056
Total capital assets being depreciated, net	121,451,221	23,510,664	(2,508,469)	14,290,778	156,744,194
Right to Use Lease Assets Being Amortized					
Machinery and equipment	49,679	-	(17,848)	-	31,831
Vehicles	555,756	115,177	(52,548)	-	618,385
Total Right to Use Lease Assets being Amortized	605,435	115,177	(70,396)	-	650,216
Less Accumulated Amortization for Right to Use Lease Assets	238,720	187,485	(57,900)	-	368,305
Right to Use Lease Assets, being amortized, net	366,715	(72,308)	(12,496)	-	281,911
Right to Use Subscription IT Assets, Being Amortized	107,158	959,828	(78,419)	-	988,567
Less Accumulated Amortization for Right to Use Subscription IT Assets	6,123	367,123	(36,549)	-	336,697
Right to Use Subscription IT, Assets being amortized, net	101,035	592,705	(41,870)	-	651,870
Business-Type Activities Capital Assets, Net	$ 147,205,936	$ 29,773,600	$ (2,941,822)	$ (43,386)	$ 173,994,328

Depreciation and amortization expense was charged to business-type functions as follows:

Banning Utility Authority Water	$ 2,142,125
Electric Utility	2,483,111
Banning Utility Authority Wastewater	836,219
Transit	414,168
Other Enterprise Funds	197,280
Total depreciation/amortization Expense - business-type activities	$ 6,072,903

Impairment of Capital Assets – Alola Electrical Substation

During the year ended June 30, 2024, the City experienced a fire at the Alola Electrical Substation, which resulted in the destruction of the asset. In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries,* the City evaluated the affected assets and determined that the carrying value exceeded the recoverable amount.

As a result, the City recognized an impairment loss of $2,463,542, which is reported an operating expense, repairs and maintenance, in the Statement of Revenues, Expenses, and Changes in Fund Net Position. The impaired assets had a carrying amount of $2,084,555, with the addition of $378,987 to treat soil contamination, and were written down to a recoverable amount of $-0-, as the assets were destroyed.

In January 2025, the City received $287,407 in insurance proceeds.

Note 5 - Accounts Receivable

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

	Gross Receivable	Allowance for Doubtful Accounts	Net Receivable
General Fund	$ 2,239,815	$ (548,683)	$ 1,691,132
Nonmajor Governmental	3,255	(3,155)	100
Internal Service Funds	137,065	(18,341)	118,724
Water	3,329,684	(593,573)	2,736,111
Electric	7,038,990	(1,126,503)	5,912,487
Wastewater	1,977,528	(379,295)	1,598,233
Transit	1,232	-	1,232
Nonmajor Proprietary	25,944	(20,336)	5,608
Total	$ 14,753,513	$ (2,689,886)	$ 12,063,627

Note 6 - Loans Receivable

The City has entered into various loan agreements relating to owner's participation agreements, developer loans, the first-time home buyer loan program, the rehabilitation loan program, and various other loans receivable. The owner's participation agreement was entered into March 2011 for $500,000, has a term of 55 years, matures March 2066, and is forgivable. The assistance loans consist of first-time homebuyer loans for 30 years that range in maturity from 2038 to 2039 and are forgivable. The following summarizes the loans outstanding at June 30, 2024:

	Balance at June 30, 2024
Owner's Participation Loan	$ 500,000
Assistance Loans	220,000
Rehabilitation Loans	19,937
Employee Loans	36,970
Total loans	$ 776,907

Note 7 - Deposits with Other Agencies

On August 14, 2001, the City of Banning adopted Resolution 2001-85, approving the Utility Services Agreement between the City of Banning and the City of Riverside. Under this agreement, the City of Riverside shall provide scheduling, dispatching and other related electric utility services to the City. The implementation of this agreement required the payment of a refundable deposit by the City of Banning to the City of Riverside. This amount is shown as restricted cash and investments in the Electric Utility fund totaling $806,587 as of June 30, 2024.

Note 8 - Long-Term Debt

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2024:

	Beginning Balance	Incurred	Retired	Reclassifications	Ending Balance	Due Within One Year
Governmental Activities						
Direct Borrowing						
Lease Liability	$ 1,362,926	$ 145,631	$ 594,709	$ (762,007)	$ 151,841	$ 90,933
SBITA Liability	77,830	316,037	156,090	-	237,777	199,944
Financed Purchase	-	-	243,398	762,007	518,609	94,202
Total	$ 1,440,756	$ 461,668	$ 994,197	$ -	$ 908,227	$ 385,079
Business-Type Activities						
Direct Borrowing						
Lease Liability	$ 302,895	$ 62,629	$ 150,988	$ -	$ 214,536	$ 112,711
SBITA	-	842,100	239,382	-	602,718	245,435
Financed Purchase	381,099	-	109,407	-	271,692	94,619
Bonds Payable						
2015 Electric Refunding Bond	22,280,000	-	1,400,000	-	20,880,000	1,470,000
2015 Water Revenue Bond	18,295,000	-	1,185,000	-	17,110,000	1,240,000
2019 Wastewater Refunding Bond	3,355,000	-	230,000	-	3,125,000	235,000
Premium	3,706,161	-	278,154	-	3,428,007	-
Total	$ 48,320,155	$ 904,729	$ 3,592,931	$ -	$ 45,631,953	$ 3,397,765

Governmental Activities

Lease Liability

The City has entered into various lease agreements for the use of vehicles and equipment. As of June 30, 2024, the value of the lease liabilities were $151,841. The City is required to make principal and interest payments through June 2029 with annual payments ranging from $4,104 to $45,600. The lease liability was valued using discount rates between 1.35% and 5.97% which were the City's incremental borrowing rate at the inception of the lease liabilities. The total right to use lease assets, and the related accumulated amortization on the right to use lease assets was $689,100 and $391,393, as of June 30, 2024, respectively.

The annual requirements to amortize the lease liabilities as of June 30, 2024, including interest, are as follows:

Year Ending June 30, 2024	Principal	Interest	Totals
2025	$ 90,933	$ 2,545	$ 93,478
2026	41,535	1,400	42,935
2027	6,747	918	7,665
2028	6,130	572	6,702
2029	6,496	206	6,702
Total	$ 151,841	$ 5,641	$ 157,482

SBITA Liability

The City has entered into IT agreements for use of IT software, platforms, and infrastructure. As of June 30, 2024, the value of the IT liabilities were $237,777. The City is required to make principal and interest payments through June 2027 with annual payments ranging from $7,149 to $175,830. The IT liability was valued using discount rates between 4.42% and 6.16% which were the City's incremental borrowing rate at the inception of the IT liabilities. The total right to use IT assets, and the related accumulated amortization on the right to use IT assets was $684,288 and $394,655, as of June 30, 2024, respectively.

The annual requirements to amortize the SBITA liabilities as of June 30, 2024, including interest, are as follows:

Year Ending June 30, 2024	Principal	Interest	Totals
2025	$ 199,944	$ 8,885	$ 208,829
2026	30,423	851	31,274
2027	7,410	195	7,605
Total	$ 237,777	$ 9,931	$ 247,708

Financed Purchase

On July 12, 2022 the City entered into a financed purchase agreement that was originally classified as a lease and reclassified in the current year for a lighting project in Lions Park. The financed purchase bears an interest rate of 4.25%. Interest is payable annually on June 22. The annual requirements to amortize the outstanding financed purchase as of June 30, 2024, including interest, are as follows:

Year Ending June 30, 2024	Principal	Interest	Totals
2025	$ 94,202	$ 17,975	$ 112,177
2026	94,472	14,673	109,145
2027	94,753	11,230	105,983
2028	95,047	7,642	102,689
2029	140,135	3,900	144,035
2030	-	-	-
Total	$ 518,609	$ 55,420	$ 574,029

Business-Type Activities

Lease Liability

The City has entered into various lease agreements for the use of vehicles and equipment. As of June 30, 2024, the value of the lease liabilities were $214,536. The City is required to make principal and interest payments through May 2029 with annual payments ranging from $5,735 to $29,475. The lease liability was valued using discount rates between 1.35% and 5.97% which were the City's incremental borrowing rate at the inception of the lease liabilities. The total right to use lease assets, and the related accumulated amortization on the right to use lease assets was $650,216 and $368,305, as of June 30, 2024, respectively.

The annual requirements to amortize the lease liabilities as of June 30, 2024, including interest, are as follows:

Year Ending June 30, 2024	Principal	Interest	Totals
2025	$ 112,711	$ 4,206	$ 116,917
2026	59,332	2,593	61,925
2027	19,027	1,702	20,729
2028	11,918	987	12,905
2029	11,548	281	11,829
Total	$ 214,536	$ 9,769	$ 224,305

SBITA Liability

The City has entered into various IT agreements for use of IT software, platforms, and infrastructure. As of June 30, 2024, the value of the IT liabilities were $602,718. The City is required to make principal and interest payments through May 2028 with annual payments ranging from $12,529 to $80,425. The IT liabilities were valued using discount rates between 4.42% and 6.16% which were the City's incremental borrowing rate at the inception of the IT liabilities. The total right to use IT assets, and the related accumulated amortization on the right to use IT assets was $988,567 and $336,697, as of June 30, 2024, respectively. The annual requirements to amortize the SBITA liabilities as of June 30, 2024, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Totals
2025	$ 245,435	$ 27,947	$ 273,382
2026	221,677	16,228	237,905
2027	135,606	5,788	141,394
Total	$ 602,718	$ 49,963	$ 652,681

Financed Purchase

On September 28, 2022, the Banning Utility Authority entered into a financed purchase agreement to purchase a vactor truck for wastewater operations. The financed purchase bears an interest rate of 4.50%. Interest is payable annually on September 28. The annual requirements to amortize the outstanding financed purchase as of June 30, 2024, including interest, are as follows:

Year Ending June 30, 2024	Principal	Interest	Totals
2025	$ 94,619	$ 8,667	$ 103,286
2026	94,940	4,769	99,709
2027	82,133	696	82,829
Total	$ 271,692	$ 14,132	$ 285,824

2015 Water Enterprise Revenue Bonds, Refunding and Improvement Projects

On August 19, 2015, the Banning Utility Authority issued $25,365,000 in Water Enterprise Revenue Bonds, Refunding and Improvement Projects. The proceeds of the bonds, together with other money being made available by the Authority, will be used to (i) finance certain capital improvements to the Water Enterprise; (ii) refund a portion of the Authority's $35,635,000 Water Enterprise Revenue Bonds, Refunding and Improvement Projects, 2005 Series, currently outstanding in the aggregate principal amount of $29,165,000; and (iii) pay costs of issuance of the Bonds. As a result, the refunding bonds defeased the liability of the 2005 Water Revenue Bonds, which have been removed from long-term debt. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2024, including interest, are as follows:

Year Ending June 30, 2024	Principal	Interest	Totals
2025	$ 1,240,000	$ 713,063	$ 1,953,063
2026	1,305,000	649,438	1,954,438
2027	1,370,000	582,563	1,952,563
2028	1,440,000	526,713	1,966,713
2029	1,480,000	468,112	1,948,112
2030 to 2034	8,385,000	1,377,494	9,762,494
2035	1,890,000	47,250	1,937,250
Total	$ 17,110,000	$ 4,364,633	$ 21,474,633

Pledged Revenue

The City pledged, as security for bonds issued, the net water revenues to the payment of the bonds. This is calculated by deducting gross water revenues in each fiscal year from the amounts required for operation and maintenance of the water enterprise. For the current year, revenue recognized for the payment of indebtedness incurred was $17,336,363. Principal and interest paid for the current year were $1,958,688.

The bonds include a provision, that in any event of default, the trustee has the right to accelerate the total unpaid principal amount of the Bonds. However, in the event of default and such acceleration, there can be no assurance that the Trustee will have sufficient moneys available for payment of the bonds.

2015 Electric Revenue Refunding Bonds

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

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2024, including interest, are as follows:

Year Ending June 30, 2024	Principal	Interest	Totals
2025	$ 1,470,000	$ 953,044	$ 2,423,044
2026	1,545,000	879,544	2,424,544
2027	1,620,000	802,294	2,422,294
2028	1,705,000	721,294	2,426,294
2029	1,755,000	668,013	2,423,013
2030 to 2034	8,155,000	2,294,475	10,449,475
2035 to 2037	4,630,000	470,500	5,100,500
Total	$ 20,880,000	$ 6,789,164	$ 27,669,164

Pledged Revenue

The City pledged, as security for bonds issued, the net electric revenues to the payment of the bonds. This is calculated by deducting gross electric revenues in each fiscal year the amounts required for operation and maintenance of the electric enterprise. For the current year, revenue recognized for the payment of indebtedness incurred was $1,573,633. Principal and interest paid for the current year were $2,423,044.

The bonds include a provision, that in any event of default, the trustee has the right to accelerate the total unpaid principal amount of the Bonds. However, in the event of default and such acceleration, there can be no assurance that the Trustee will have sufficient moneys available for payment of the bonds.

Debt Service Coverage Ratio Noncompliance

The bonds require compliance with certain covenants, including maintaining a minimum debt service coverage ratio of 1.20. For the fiscal year ended June 30, 2024, the City's coverage ratio was less than the required 1.20, and did not meet the required threshold. As a result, the City was in violation of the covenant at year-end.

The shortfall was primarily due to net operating revenues falling short of the 1.20 coverage ratio when compared to debt service. At this time, default has not been declared.

Management subsequently implemented two rate increases – 13% in the latter part of calendar year 2024 and an additional increase of 20% in November 2025 . Together, those two increases will be sufficient to maintain the debt covenant going forward.

2019 Wastewater Enterprise Refunding Revenue Bonds

On October 8, 2019, the Banning Utility Authority issued the 2019 Wastewater Enterprise Refunding Revenue Bonds. The proceeds of the bond, together with other money being made available by the Authority, will be used to (i) refund the Authority's 2005 $7,100,000 Wastewater Revenue Bonds, currently outstanding in the amount of $4,585,000; (ii) finance certain improvements (the Facilities) to the Wastewater System of the City of Banning; (iii) and to refinance certain obligations of the Authority. The 2019 Wastewater Enterprise Refunding Revenue Bonds bear interest of 1.80%. Interest is payable semi-annually on May 1 and November 1, commencing May 1, 2020. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2024, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Totals
2025	$ 235,000	$ 54,135	$ 289,135
2026	240,000	49,860	289,860
2027	245,000	45,495	290,495
2028	250,000	41,040	291,040
2029	255,000	36,495	291,495
2030 to 2034	1,335,000	111,735	1,446,735
2035 to 2036	565,000	10,215	575,215
Total	$ 3,125,000	$ 348,975	$ 3,473,975

Pledged Revenue

The City pledged, as security for bonds issued, all surplus revenues from the fund. For the current year, revenue recognized for the payment of indebtedness incurred was $5,297,142. Principal and interest paid for the current year were $288,320.

The bonds include a provision, that in any event of default, the trustee has the right to accelerate the total unpaid principal amount of the Bonds. However, in the event of default and such acceleration, there can be no assurance that the Trustee will have sufficient monies available for payment of the bonds.

Note 9 - Compensated Absences

As described in Note 1, under certain circumstances and accordingly to the negotiated labor agreements, City employees are allowed to accumulate annual leave. The annual leave amount is accrued and accounted for as compensated absences in the government-wide and proprietary fund statements. As shown in the table below, for governmental activities, accumulated vacation, sick leave benefits, holiday and compensatory time payable at June 30, 2024, was $1,749,804 which includes $217,709 recorded in the internal service funds. These amounts are payable from future resources and, therefore, have been recorded in the statement of net position. Vacation, sick leave, holiday and compensatory time are recorded as expenditures in the related funds when used. For enterprise funds, accumulated vacation, sick leave, holiday and compensatory time amounted to $957,146.

	Balance July 01, 2023	Additions	Deletions	June 30, 2024	Amounts Due Within One Year	Amounts Due In More Than One Year
Governmental Activities	$ 1,608,129	$ 767,309	$ 625,634	$ 1,749,804	$ 546,262	$ 1,203,542
Business-Type Activities	$ 1,038,163	$ 406,726	$ 487,743	$ 957,146	$ 64,175	$ 892,971

Note 10 - Assessment District and Community Facilities District Bonds

Bonds issued for improvements in certain special assessment districts in accordance with the provisions of the Municipal Improvement Acts of 1911, 1913 and 1915, as well as the Mello-Roos Community Facilities District Act, are liabilities of the property owners and are secured by liens against the assessed properties. The City acts as an agent for collection of principal and interest payments by the property owners and remittance of such monies to the bondholders. Neither the faith and credit, nor the taxing power, of the City of Banning or the Agency has been pledged to the payment of the bonds. Therefore, none of the following special assessment bonds are shown in the financial statements of the City.

	Amount of Issue	Outstanding June 30, 2024
AD 2004-1	$ 2,898,000	$ 1,480,000

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

The City participates in the California Public Employees' Retirement System (CalPERS) with both a miscellaneous and safety plan. A summary of pension amounts for the City's plans at June 30, 2024, is presented below:

	CalPERS Miscellaneous	CalPERS Safety	Total
Deferred outflows	$ 8,263,463	$ 7,901,557	$ 16,165,020
Deferred inflows	231,215	3,582,816	3,814,031
Net pension liability	31,187,246	20,577,908	51,765,154

Plan Description – City Miscellaneous Plan

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, agent multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Plan Description – City Safety Plan

The City of Banning Safety Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). All qualified safety employees are eligible to participate in the City's Safety (Police and Fire) Plan. Benefit provisions under the Safety Plan are established by State statue and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2024, are summarized as follows:

Miscellaneous Plan		
Hire Date	Prior to January 1, 2013*	On/after January 1, 2013
Benefit Formula	2.5% at Age 55	2.2% at Age 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	Age 50	Age 52
Monthly Benefits, as a Percentage of Eligible Compensation	2.00% to 2.50%	1.00% to 2.50%
Required Employee Contribution Rates	7.000% / 8.000%	7.750%
Required Employer Contribution Rates		
Normal Cost Rate	10.10%	10.10%
Payment of Unfunded Liability	$ 2,635,475	$ -

*Closed to new entrants not previously in CalPERS

Safety Cost-Sharing Plan			
Hire Date	Prior to January 1, 2013	Prior to January 1, 2013	On/after January 1, 2013
Benefit Formula	3% at Age 55	2% at Age 50	2.7% at Age 57
Benefit Vesting Schedule	5 Years of Service	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	Age 50	Age 50	Age 57
Monthly Benefits, as a Percentage of Eligible Compensation	3.000%	3.000%	3.000%
Required Employee Contribution Rates	9.000%	9.000%	14.500%
Required Employer Contribution Rates			
Normal Cost Rate	29.30%	21.92%	14.72%
Payment of Unfunded Liability	$ 1,582,317	$ 5,113	$ 8,406

*Closed to new entrants not previously in CalPERS

Contribution

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30, 2024, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the period ended June 30, 2024, City contributions were $3,812,871 for the miscellaneous plan and $2,322,384 for the safety plan.

Net Pension Liability

The net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

For the measurement period ended June 30, 2023, the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. The June 30, 2022 and the June 30, 2023 total pension liabilities were based on the following actuarial methods and assumptions for both the miscellaneous and safety plans:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived from CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Protection Allowance Floor on Purchasing Power applies

(1) The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Change in Assumption

For both the miscellaneous and safety plans, for the measurement period ended June 30, 2023, the discount rate remained at 6.90 percent, the inflation rate was stable at 2.30 percent, and the investment rate of return was unchanged 6.90 percent.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

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

Asset Class (1)	Assumed Asset Allocation	Real Return (1)(2)
Global Equity - Cap-Weighted	30.00 %	4.54 %
Global Equity - Non-Cap-Weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-Backed Securites	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)
Total	100.0 %	

(1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

For both the miscellaneous and safety plans, the discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

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

Miscellaneous Rate Plan	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Assets) (c)=(a)-(b)
Balance at June 30, 2023 (Reporting Date)	$ 91,863,799	$ 61,783,843	$ 30,079,956
Changes Recognized for the Measurement Period			
Service Cost	1,987,619	-	1,987,619
Interest on the Total Pension Liability	6,317,167	-	6,317,167
Changes of Assumptions	142,478	-	142,478
Difference between Expected and Actual Experience	914,754	-	914,754
Plan to Plan Resource Movement	-	-	-
Contributions from the Employer	-	3,511,507	(3,511,507)
Contributions from Employees	-	971,026	(971,026)
Net Investment Income	-	3,817,628	(3,817,628)
Benefit Payments including Refunds of	-	-	-
Employee Contributions	(4,723,397)	(4,723,397)	-
Administrative Expense	-	(45,433)	45,433
Other Miscellaneous Income/(Expense)	-	-	-
Net Changes During 2022-23	4,638,621	3,531,331	1,107,290
Balance at June 30, 2024 (Reporting Date) (1)	$ 96,502,420	$ 65,315,174	$ 31,187,246

(1) The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and pension expense. This may differ from the plan assets reported in the funding actuarial valuation report.
(2) net of administrative expenses.

As of June 30, 2024, the City reported a $20,557,908 net pension liability for its proportionate share of the pooled net pension liability for the Safety Cost-Sharing Plan.

For the Safety Cost-Sharing Plan, the City's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. The City's proportion of the net pension liability was based on CalPERS' Public Agency Cost-Sharing Allocation Methodology Report, which can be obtained on the CalPERS website.

The City's proportionate share of the net pension liability as of June 30, 2023 and 2024 was as follows:

Safety Plan	
Proportion - June 30, 2023	0.28543%
Proportion - June 30, 2024	0.27529%
Change- Increase (Decrease)	-0.01014%

Sensitivity of the Net Pension Liability to Changes in the Discount Rates

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Miscellaneous Plan's Net Pension Liability	$ 43,625,131	$ 31,187,246	$ 20,872,338
Safety Plan's Net Pension Liability	$ 29,599,342	$ 20,577,908	$ 13,202,245

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2024, the City recognized pension expense of $4,954,838 for Miscellaneous Plan and $3,041,023 for Safety Plan, for a total of $7,995,861. As of June 30, 2024, the following were the reported deferred outflows of resources and deferred inflows of resources related to the pension plans:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 3,812,871	$ -	$ 2,322,384	$ -
Change of Assumptions	910,529	-	1,200,954	-
Difference between Expected and Actual Experience	599,324	231,215	1,510,798	129,340
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,940,739	-	2,816,081	-
Differences between Employer's Contributions and Proportionate Share of Contributions				3,146,516
Change in Employer's Proportion	-	-	51,340	306,960
Total	$ 8,263,463	$ 231,215	$ 7,901,557	$ 3,582,816

The Miscellaneous Plan reported $3,812,871 and the Safety Plan reported $2,322,384 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ending June 30,	Miscellaneous Plan	Safety Plan
2025	$ 1,520,053	$ (11,232)
2026	585,197	118,350
2027	2,027,781	1,810,637
2028	86,346	78,602
2029	-	-
Thereafter	-	-
Total	$ 4,219,377	$ 1,996,357

PARS

Plan Description

Effective July 2005, the City began participating in a Public Agency Retirement System (PARS) program, which is a defined contribution retirement plan for part-time, seasonal and temporary employees. A defined contribution retirement plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

As established by the plan, all eligible employees of the City will become participants in the plan from the date they are hired. An eligible employee is any employee who, at any time during which the employer maintains this plan, is not accruing benefits under the Public Employees Retirement System.

Funding Plan

Contributions made to the plan vest immediately. As determined by the plan, all members must contribute 7.5% of their gross earnings to the plan. The City is not required to contribute.

Annual Contributions

The amount of employee contributions was $16,918 (7.5% of covered payroll). Total payroll for employees covered under this plan for the year was $225,571.

Note 12 - Other Postemployment Benefit Plan

Plan Description

The City provides other postemployment benefits (OPEB) through a single-employer defined benefit healthcare plan. The plan, which is administered by the City, allows employees at retirement to continue participating in City medical plans with payment of the full premium until age 65. Premiums are the same for actives and retirees, resulting in an implicit subsidy to retirees. Employees who waive coverage at retirement are not eligible to reenroll. The authority to do so is included annually in the memorandum of understanding between the City and each of its employee groups and ultimately passed by City council action. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75. The plan does not issue a separate report.

Employees Covered

As of the June 30, 2023, measurement date, the following current and former employees were covered by the benefit terms under the plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	11
Active Employees	212
Total	223

Total OPEB Liability

The City's OPEB liability of $2,647,968 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of measurement period June 30, 2023, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.65%
Inflation	2.50%
Projected Salary Increase	2.75% per annum, in aggregate
Healthcare Cost Trend Rates	7.9% decreasing to 3.45% by 2076
Pre-retirement Turnover	Derived from CalPERS pension plan
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study

Discount Rate

There are no assets accumulated in a trust, therefore, the discount rate is the average of three rate indices: S&P General Obligation Municipal Bond 20-Year High Grade Index, the Fidelity Municipal Bond AA 20-Year Maturity Yield and the Bond Buyer General Obligation 20-Bond Municipal Bond index. The use of this index results in a discount rate of 3.65% at measurement date June 30, 2023.

Change in Assumption

Discount rate was changed from 3.54% to 3.65%.

Changes in Total OPEB Liability

The change in total OPEB liability is as follows:

	Total OPEB Liability
Balance at June 30, 2022 (Measurement Date)	$ 1,114,778
Changes in the Year:	
Service Cost	143,958
Interest on the Total OPEB Liability	43,963
Changes in benefit terms	1,321,980
Actual versus expected experience	107,742
Changes in Assumptions	(50,768)
Benefit Payments	(33,685)
Net Changes	1,533,190
Balance at June 30, 2023 (Measurement Date)	$ 2,647,968

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate for the Plan, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	$ 3,122,531	$ 2,647,968	$ 2,268,091

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trent Rates Current	1% Increase
Total OPEB Liability	$ 2,199,094	$ 2,647,968	$ 3,231,725

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the City recognized OPEB expense of $1,503,444. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	$ 33,821	$ -
Differences between expected and actual experience	96,520	-
Change in Assumptions	2,604	142,933
Change in Proportion	92,976	92,976
Total	$ 225,921	$ 235,909

An amount of $33,821 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2025	$ (6,457)
2026	(6,457)
2027	(6,457)
2028	(6,457)
2029	(6,457)
Thereafter	(11,524)
Total	$ (43,809)

Note 13 - Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the employee. Participants' rights under the plan are equal to an amount equal to the fair market of the deferred account for each participant. The City has no liability for losses under the plan.

Note 14 - Insurance Programs

The City maintains self-insurance programs for workers' compensation, general liability and wrongful employment practices. For general liability claims, the City is at risk for up to $50,000 per occurrence; amounts in excess of $50,000 up to $50,000,000 are covered through the Public Entity Risk Management Authority (PERMA) and excess insurance. For workers' compensation claims, the City is at risk for up to $250,000 per occurrence. Losses exceeding $250,000 up to statutory limits are covered by the PERMA under their risk- sharing pool program and excess insurance. For wrongful employment practices claims, the City is at risk for up to $25,000 per occurrence; amounts in excess of $25,000 up to $1,000,000 are covered through the Employment Risk Management Authority. Estimates for all liabilities, including an estimate for incurred but not reported claims (IBNR's), have been included in the Self-Insurance Internal Service Fund.

PERMA also provides a nonrisk sharing "deductible" or claims-servicing pool for general liability claims within the self-insured retention (SIR) level ($50,000). Annual contributions are deposited with the Authority from which claims are paid on behalf of the City. Any claims paid by PERMA for the City in excess of deposits at year-end are recorded as "Due to Other Agencies" within the Self-Insurance Internal Service Fund.

In addition, the City makes deposits with PERMA for workers' compensation claims below the $250,000 SIR from which claims are paid on behalf of the City.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2024, the amount of these liabilities was $3,496,716. The amount represents an estimate of $1,035,112 for reported claims through June 30, 2024, and $2,461,604 of estimate incurred but not reported claims. This liability is the City's best estimate based on available information. There are no significant reductions in insurance coverages from prior years and there have been no settlements exceeding the insurance coverages for each of the past four fiscal years.

Changes in the reported liability since June 30, 2024, resulted from the following:

Year	Liability at Beginning of Fiscal Year	Current Year Claims in Changes in Estimates	Claim Payments	Liability at End of Fiscal Year
2023	$ 2,556,226	$ 444,102	$ 554,646	$ 2,445,682
2024	2,445,682	3,150,985	2,099,951	3,496,716

The City of Banning is a member of the Public Entity Risk Management Authority (a joint powers authority of 22 California cities, one Transit Agency and one other special district) which was established to pool resources, share risks, purchase excess insurance and share costs for professional risk management and claims administration. The City continues to carry commercial insurance for all other risks of loss.

Note 15 - Commitments and Contingencies

a. Grant Compliance Audits

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

b. Pending Litigation

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial statements of the City.

c. Proposition 218

Was approved by the voters in November 1996, regulates the City's ability to impose, increase and extend taxes, assessments and fees. Any new, increased or extended taxes, assessments and fees subject to the provisions of Proposition 218 requires voter approval before they can be implemented. Proposition 218 is also a protest vote and requires more than 50% of customers for applicable service to vote against the proposed increase to fail. Additionally, Proposition 218 provides that these taxes, assessments and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the City's ability to finance the services for which the taxes, assessments and fees were imposed may be significantly impaired.

At this time, it is uncertain how Proposition 218 will affect the City's ability to maintain or increase the revenue it receives from taxes, assessments and fees.

d. Banning Utility Authority Lease Commitment

The City created the Authority on July 1, 2005. The Authority leases from the City all of its utility enterprise assets. The Authority has also entered into a management agreement with the City for the operation and maintenance of the utility enterprises. The lease expires on June 30, 2060, after which time, all of the utility enterprise assets and activities revert to the City. The lease does not qualify as a lease under GASB Statement No. 87, *Leases*. The Authority's right to the utility enterprise funds does not meet the description of an exchange or exchange-like transaction because each party does not receive or give up essentially equal value or not quite equal value. In addition, the governing boards of the City and Authority are the same and can modify the terms of the lease at will. No fixed payment amounts from the Authority to the City were identified and payments are only to be made after maintenance and operations costs of the Authority, as well an any outstanding debt service. The amount will then be determined between the City and the Authority. During the fiscal year, the Authority made lease payments of $651,001 to the City, which are reported within the Transfers Out line item in the Statements of Revenues, Expenses, and Changes in Fund Net Position.

e. Construction Contracts

The following material construction commitments existed at June 30, 2024:

PO#	Project Name	Contract Amount	Expenditures to Date as of June 30, 2024	Remaining Commitments
31498	220Kv Substation Project and System Analysis for 220Kv Connection to 220Kv Transmission Line	$ 258,500	$ 117,395	$ 141,105
32650	Design-Build CNG Fueling Station	3,543,013	1,128,213	2,414,800
32928	Project No. 2024-01 "Citywide Street Overlay"	1,332,338	1,235,505	96,833
33350	Roof Repair For City Hall Council Chamber	90,545	-	90,545
32903	Emergency Line Repair	9,802	2,801	7,001
32166	Cit' and Operations	1,608,000	1,596,621	11,379
32230	City Hall remodel	63,700	61,900	1,800
32809	Well M-10 Motor Repair	14,612	-	14,612
32873	Repair to Booster C-3	39,917	-	39,917
32078	Waterline Repairs	38,200	24,267	13,933
32800	Repair Asphalt Patches - Sun Lakes Development	64,155	28,920	35,235
32870	Dump Site Automatic Gate	103,216	-	103,216
32161	Well 5 Repair	133,155	40,759	92,396
32073	Well C8 Driling, Construction, Development and Testing (Phase 1)	2,181,456	2,029,847	151,609
	Total	$ 9,480,609	$ 6,266,228	$ 3,214,381

Note 16 - Southern California Public Power Authority

"Take or Pay" Contracts

The City, through its Electric Utility Fund, has entered into a "take or pay" contract and "take and pay" contract through its participation in the Southern California Public Power Authority (SCPPA) in order to meet the electric needs of its customers. These contracts are not considered a joint venture since the City has no interest in the assets, liabilities, or equity associated with any of the projects to which these contracts refer. Under the "take or pay" contract, the City is obligated to pay its share of the indebtedness regardless of the ability of the contracting agency to provide electricity or the City's need for the electricity. The City is only obligated to pay its share of the indebtedness upon delivery of energy under the "take and pay" contracts. A long-term obligation has not been recorded in the accompanying basic financial statements as these commitments do not represent an obligation of the Electric Utility until the year the power is available to be delivered to the Electric Utility.

During the fiscal year ended June 30, 2024, the Electric Utility Fund made payments totaling $9,449,479 on these contracts. SCPPA membership consists of eleven Southern California cities and one public irrigation district of the state of California, which serves the electric power needs of its Southern California electricity customers. SCPPA, a public entity organized under the laws of the state of California, was formed by a joint powers agreement dated November 1, 1980, pursuant to the Joint Exercise of Powers Act of the state of California. SCPPA was created for the purpose of planning, financing, developing, acquiring, constructing, operating and maintaining projects for the generation and transmission of electric energy for sale to its participants. The joint powers agreement has a term expiring in 2030 or such later date as all bonds and notes of SCPPA and the interest thereon have been paid in full or adequate provisions for payments have been made. A copy of SCPPA's audited financial statements can be reviewed on their website at www.scppa.org or can be obtained by written request at 225 South Lake Avenue, Suite 1250, Pasadena, California 91101.

For the year ended June 30, 2024, the City of Banning's interests in various SCPPA projects are described as follows:

a. Palo Verde Project

Pursuant to an assignment agreement dated August 14, 1981 with the Salt River Project, SCPPA purchased a 5.910% interest in the Palo Verde Nuclear Generating Station, a 3,810 MW nuclear-fueled generating station near Phoenix, Arizona and a 6.550% share of the right to use certain portions of the Arizona nuclear power project valley transmission system (collectively, the PV). Units 1, 2, and 3 of PV began commercial operations in January 1986, September 1986 and January 1988, respectively. The City's ownership share of this project is 1.0%.

b. Mead-Phoenix Project

SCPPA entered into an agreement dated December 17, 1991, to acquire an interest in the MP, a transmission line extending between the West Wing substation in Arizona and the Marketplace substation in Nevada. The agreement provides SCPPA with an 18.308% interest in the West Wing-Mead project, a 17.756% interest in the Mead substation project component and a 22.408% interest in the Mead-Marketplace component. The project is a 256 mile, 500 kV AC transmission line with a rating of 1,300 MW. The City's ownership share of MP is 1.0%.

c. Mead-Adelanto Project

SCPPA also entered into an agreement dated December 17, 1991, to acquire a 67.917% interest in the MA, a transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada. Funding for these projects was provided by a transfer from the Multiple Projects Fund, and commercial operations commenced in April 1996. LADWP serves as the operations manager of MA. The project is a 202 mile, 500 kV AC transmission line with a rating of 1,200 MW. The City's ownership share of MA is 1.35%.

Power Purchase Agreements

The City entered into power sales agreements with SCPPA for the following projects:

Astoria 2 Solar Project – In July 2014, the City entered into a 20-year power sales agreement for the Astoria 2 Solar Project for purchase of up to 8 megawatts of the project electric energy. The project began commercial operation in December 2016.

Puente Hills Landfill Gas-to-Energy Project – In June 2014, the City entered into a 13- year power sales agreement for the Puente Hills Landfill Gas-to-Energy Project for purchase of up to 7 megawatts of the electric generation from a landfill gas to energy facility. The project began commercial operation in January 2017.

COSO Geothermal Energy Project – In January 2021, the City entered into a 20-year power sales agreement for the COSO Geothermal Energy Project for purchase of up to 8 megawatts of the project electric energy. The program began commercial operation in January 2022.

Note 17 - Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (the Bill) that provides for the dissolution of all redevelopment agencies in the state of California. This action impacted the reporting entity of the City of Banning that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 24, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-01.
After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the state of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the state of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the state of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

a. Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and Investments Pooled with the City	$ 105,145
Total	$ 105,145

b. Loans Receivable

The former redevelopment agency had entered into an owner's participation agreement totaling $250,155 in September 2006 for 55 years, matures September 2061, and is forgivable.

During the fiscal year ending June 30, 2024, no loans were forgiven. In a year in which forgiveness occurs, forgiven loans are reported as forgiven loan expense on the statement of changes in fiduciary net position.

c. Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2024, follows:

	Balance June 30, 2023	Additions	Repayments	Balance June 30, 2024	Due Within One Year
Fiduciary Funds					
2016 Tax Allocation Refunding Bonds	$ 24,960,000	$ -	$ 1,320,000	$ 23,640,000	$ 1,355,000
Total fiduciary funds	$ 24,960,000	$ -	$ 1,320,000	$ 23,640,000	$ 1,355,000

d. 2016 Tax Allocation Refunding Bonds

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

Principal on the 2016 Bonds is due annually on September 1 of each year, commencing September 1, 2018, and interest on the 2016 Bonds is due semiannually on March 1 and September 1 of each year, commencing March 1, 2017. Interest rates vary from 1.240% to 3.935%.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2024, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 1,355,000	$ 830,472	$ 2,185,472
2026	1,390,000	793,057	2,183,057
2027	1,430,000	752,792	2,182,792
2028	1,470,000	706,259	2,176,259
2029	1,525,000	653,772	2,178,772
2030 to 2034	8,460,000	2,399,763	10,859,763
2035 to 2038	8,010,000	645,537	8,655,537
Total	$ 23,640,000	$ 6,781,652	$ 30,421,652

e. Pledged Revenue

The City pledged, as security for bonds issued, either directly or through the Financing Authority, a portion of tax increment revenue (including Low and Moderate Income Housing set-aside and pass through allocations) that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is $30,421,652 with annual debt service requirements as indicated above. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was $2,455,366 and the debt service obligation on the bonds was $1,320,000.

f. Insurance

The Successor Agency is covered under the City of Banning's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 14.

g. Commitments and Contingencies

At June 30, 2024, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

Note 18 - Changes within the Financial Reporting Entity

Refuse Utility Closure

During the fiscal year ended June 30, 2024, the refuse utility fund, formerly a nonmajor enterprise fund, was closed into the general fund. The transfer into the general fund from the closure totaled $1,368,666, while ($326,146) was transferred to governmental activities for the refuse portion of capital assets, pension, and OPEB activity.

Restatement

During fiscal year 2024, there was a change within the financial reporting entity which resulted in the Transit fund being reported as a major fund instead of as an enterprise nonmajor fund. As a result, deficit fund balance of the Transit fund of ($1,121,806) which was previously reported in the enterprise nonmajor funds is now reported as a major fund with a beginning deficit fund balance of ($1,121,806). This resulted in adjustments to and restatements of beginning fund balance to enterprise nonmajor funds as follows:

	July 1, 2024, As Previously Reported	Change Within the Financial Reporting Entity	July 1, 2024, As Restated
Governmental Funds			
Nonmajor Enterprise Funds	$ 2,255,304	$ 1,121,806	$ 3,377,110
Transit Fund	Not Applicable	(1,121,806)	(1,121,806)

Required Supplementary Information
June 30, 2024

City of Banning, California

Schedule of Changes in the Net Pension Liability and Related Ratios (Miscellaneous Rate Plan)

Last Ten Years As of June 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service cost	$ 1,309,205	$ 1,237,963	$ 1,068,763	$ 1,380,599	$ 1,475,045	$ 1,525,937	$ 1,598,026	$ 1,716,925	$ 1,899,321	$ 1,987,619
Interest on the total pension liability	4,417,332	4,647,945	4,783,405	4,880,944	5,086,725	5,383,175	5,587,964	5,835,395	6,006,137	6,317,167
Differences between expected and actual experience	-	(48,685)	(1,098,175)	(1,096,153)	733,536	1,456,383	(29,569)	398,058	(693,645)	914,754
Changes of assumptions	-	(1,116,894)	-	3,969,912	(653,917)	-	-	-	2,731,582	142,478
Benefit Payments, including refunds of employee contributions	(2,569,019)	(2,762,291)	(3,102,523)	(3,187,613)	(3,833,044)	(3,961,830)	(4,140,982)	(4,224,859)	(4,274,948)	(4,723,397)
Net Change in Total Pension Liability	3,157,518	1,958,038	1,651,470	5,947,689	2,808,345	4,403,665	3,015,439	3,725,519	5,668,447	4,638,621
Total Pension Liability - Beginning	59,527,669	62,685,187	64,643,225	66,294,695	72,242,384	75,050,729	79,454,394	82,469,833	86,195,352	91,863,799
Total Pension Liability - Ending (a)	$ 62,685,187	$ 64,643,225	$ 66,294,695	$ 72,242,384	$ 75,050,729	$ 79,454,394	$ 82,469,833	$ 86,195,352	$ 91,863,799	$ 96,502,420
Plan Fiduciary Net Position										
Contributions - employer	$ 1,511,733	$ 1,479,527	$ 1,579,886	$ 2,059,833	$ 2,011,248	$ 2,350,584	$ 2,667,289	$ 2,971,273	$ 3,114,207	$ 3,511,507
Contributions - employee	608,478	566,122	445,598	674,451	670,531	721,618	734,736	803,793	827,315	971,026
Net investment income	-	1,020,136	221,312	4,904,903	4,077,253	3,354,860	2,657,597	12,554,124	(5,085,399)	3,817,628
Benefit Payments, including refunds of employee contributions	6,586,288	(2,762,291)	(3,102,523)	(3,187,613)	(3,833,044)	(3,961,830)	(4,140,982)	(4,224,859)	(4,274,948)	(4,723,397)
Administrative expenses	(2,569,019)	(50,336)	(27,249)	(64,709)	(75,132)	(36,340)	(75,213)	(55,137)	(41,889)	(45,433)
Other Miscellaneous Income/(Expense)	-	9,303	-	-	(142,796)	119	-	-	-	-
Net Change in Plan Fiduciary Net Position	6,137,480	262,461	(882,976)	4,386,865	2,708,060	2,429,011	1,843,427	12,049,194	(5,460,714)	3,531,331
Plan Fiduciary Net Position - Beginning	38,311,035	44,448,515	44,710,976	43,828,000	48,214,865	50,922,925	53,351,936	55,195,363	67,244,557	61,783,843
Plan Fiduciary Net Position - Ending (b)	$ 44,448,515	$ 44,710,976	$ 43,828,000	$ 48,214,865	$ 50,922,925	$ 53,351,936	$ 55,195,363	$ 67,244,557	$ 61,783,843	$ 65,315,174
Net Pension Liability - Ending (a)-(b)	$ 18,236,672	$ 19,932,249	$ 22,466,695	$ 24,027,519	$ 24,127,804	$ 26,102,458	$ 27,274,470	$ 18,950,795	$ 30,079,956	$ 31,187,246
Plan Fiduciary Net Position as A Percentage Of The Total Pension Liability	70.91%	69.17%	66.11%	66.74%	67.85%	67.15%	66.93%	78.01%	78.19%	77.97%
Covered Employee Payroll	$ 7,427,270	$ 6,992,494	$ 7,149,518	$ 5,903,926	$ 8,719,354	$ 9,781,645	$ 8,912,142	$ 9,790,189	$ 10,501,315	$ 12,321,259
Plan Net Pension Liability (Asset) as Percentage of Covered Payroll	245.54%	285.05%	314.24%	406.98%	276.72%	266.85%	306.04%	193.57%	286.44%	253.12%

Notes:

Benefit Changes - There were no changes to benefit terms. However, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the measurement dates. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumption

In 2023, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions November 2021. In 2023, the discount rate reduced from 7.15% to 6.90%. In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in discount rate in 2018. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5% discount rate.

City of Banning, California

Schedule of Proportionate Share of the Net Pension Liability (Safety Rate Plan)

Last Ten Years As of June 30, 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Proportion of the Net Pension Liability	0.23259%	0.01734%	0.16650%	0.16191%	0.16713%	0.26886%	0.26745%	0.32972%	0.28543%	0.27529%
Proportionate Share of the Net Pension Liability	$ 10,599,884	$ 11,900,560	$ 14,407,636	$ 16,057,212	$ 15,962,108	$ 16,783,668	$ 17,818,398	$ 11,571,452	$ 19,613,637	$ 20,577,908
Covered Employee Payroll	$ 2,399,596	$ 2,184,008	$ 2,205,720	$ 1,581,595	$ 2,439,376	$ 2,608,731	$ 3,538,340	$ 3,141,440	$ 3,871,832	$ 4,310,875
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	441.74%	544.90%	653.19%	1015.25%	654.35%	643.37%	503.58%	368.35%	506.57%	477.35%
Plan Fiduciary Net Position	$ 33,631,871	$ 32,989,395	$ 32,521,518	$ 35,284,479	$ 37,103,510	$ 38,589,307	$ 39,295,336	$ 47,960,112	$ 47,858,980	$ 47,858,980
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%	72.69%	71.74%	73.39%	73.37%	68.80%	80.56%	75.53%	74.87%

Notes:
Benefit Changes - There were no changes to benefit terms. However, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the measurement dates. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions - In 2023, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions November 2021. In 2023, the discount rate reduced from 7.15% to 6.90%. In 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in discount rate in 2018. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution	$ 1,349,103	$ 1,483,525	$ 1,829,173	$ 1,862,651	$ 2,153,041	$ 2,491,669	$ 2,810,447	$ 3,066,042	$ 3,513,971	$ 3,812,871
Contribution in Relation to the Actuarially Determined Contribution	(1,349,103)	(1,483,525)	(1,829,173)	(1,862,651)	(2,153,041)	(2,491,669)	(2,810,447)	(3,066,042)	(3,513,971)	(3,812,871)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	$ 6,992,494	$ 7,149,518	$ 5,903,926	$ 8,719,354	$ 9,781,645	$ 8,912,142	$ 9,790,189	$ 10,501,315	$ 12,321,259	$ 11,364,316
Contributions as a Percentage of Covered Payroll	19.29%	20.75%	30.98%	21.36%	22.01%	27.96%	28.71%	29.20%	28.52%	33.55%

Notes:
Valuation Date: June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percentage of Payroll, Closed
Asset Valuation Method	Direct Rate Smoothing
Inflation	2.30%
Payroll Growth	2.75%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00%, Net of Administrative Expenses
Retirement Age	The probabilities of reitrement are based on the 2017 CalPERS Experience study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contribution	$ 1,034,818	$ 1,329,187	$ 1,481,661	$ 1,599,794	$ 1,830,085	$ 2,163,458	$ 2,353,753	$ 2,345,157	$ 2,150,975	$ 2,322,384
Contribution in Relation to the Actuarially Determined Contribution	(1,034,818)	(1,329,187)	(1,481,661)	(1,599,794)	(1,830,085)	(2,163,458)	(2,353,753)	(2,345,157)	(2,150,975)	(2,322,384)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 2,184,008	$ 2,205,720	$ 1,581,595	$ 2,439,376	$ 2,608,731	$ 3,538,340	$ 3,141,440	$ 3,871,832	$ 4,310,875	$ 3,942,900
Contributions as a Percentage of Covered Payroll	47.38%	60.26%	93.68%	65.58%	70.15%	61.14%	74.93%	60.57%	49.90%	58.90%

Notes:
Valuation Date: June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percentage of Payroll, Closed
Asset Valuation Method	Direct Rate Smoothing
Inflation	2.30%
Payroll Growth	2.75%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00%, Net of Administrative Expenses
Retirement Age	The probabilities of reitrement are based on the 2017 CalPERS Experience study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

	2022	2023	2024
Total OPEB Liability			
Service Cost	$ 167,505	$ 173,445	$ 143,958
Interest	23,337	26,493	43,963
Changes of benefit terms	-	-	1,321,980
Actual versus expected experience	-	-	107,742
Changes of Assumptions	3,786	(123,025)	(50,768)
Benefit Payments, Including Refunds of Employee Contributions	(29,571)	(30,458)	(33,685)
Net Change in Total OPEB Liability	165,057	46,455	1,533,190
Total OPEB Liability - Beginning	903,266	1,068,323	1,114,778
Total OPEB Liability - Ending (a)	1,068,323	1,114,778	2,647,968
Covered Employee Payroll	$ 17,724,658	$ 22,481,573	$ 22,017,490
Plan OPEB Liability as a Percentage of Covered Payroll	6.03%	4.96%	12.03%

* This schedule is present to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75.

Notes:
Benefit Changes - There were no changes to benefit terms.

	Budget Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance - Beginning of Year	$ -	$ -	$ 3,956,052	$ 3,956,052
Resources (Inflows)				
Taxes	15,658,384	16,411,935	15,918,664	(493,271)
Licenses and permits	1,727,748	3,023,474	1,785,710	(1,237,764)
Intergovernmental	430,376	1,307,169	1,614,192	307,023
Charges for services	3,955,547	8,329,613	8,398,566	68,953
Use of money and property	-	-	375,334	375,334
Fines and forfeitures	193,389	241,993	237,796	(4,197)
Contribution from Successor Agency	250,000	250,000	250,502	502
Miscellaneous	232,359	910,680	1,406,002	495,322
Subscriptions	-	-	40,258	40,258
Leases	-	-	35,231	35,231
Transfers in	651,000	1,873,187	3,420,497	1,547,310
Amounts available for appropriations	23,098,803	32,348,051	37,438,804	5,090,753
Charges to Appropriations (Outlflows)				
General government	4,062,765	5,849,828	5,433,473	416,355
Public safety	15,167,871	15,990,484	17,820,445	(1,829,961)
Community development	3,843,299	7,758,098	6,165,190	1,592,908
Culture and leisure	2,103,417	3,011,881	2,723,336	288,545
Transportation	-	-	-	-
Capital outlay	-	1,347,738	973,720	374,018
Debt service				
Principal retirement	-	-	398,684	(398,684)
Interest and Fiscal Charges	-	-	11,150	(11,150)
Transfers out	1,500	433,500	400,414	33,086
Total charges to appropriations	25,178,852	34,391,529	33,926,412	465,117
Budgetary Fund Balance - End of Year	$ (2,080,049)	$ (2,043,478)	$ 3,512,392	$ 4,625,636

See Note to Required Supplementary Information

Note 1 - Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

The City Council has the responsibility for adoption of the City's budgets. Budgets are adopted for governmental funds. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various City departments.

The City Council may amend the budget by resolution during each fiscal year. The City Manager is authorized to transfer funds from one major expenditure category to another within the same department and fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the City are subject to annual review by the City Council.

Budgetary comparison is provided in the accompanying financial statements for the General Fund. Budgeted revenue and expenditure amounts shown represent the City's originally adopted legal budget adjusted for unanticipated revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the City are adopted on a basis consistent with U.S. GAAP.

	Special Revenue Funds		
	Gas Tax Street	Measure A	Community Development Block Grant
Assets			
Pooled cash and investments	$ 48,110	$ -	$ 37
Receivables			
Accounts, net	100	-	-
Loans	-	-	-
Interest	-	2,377	-
Grants	28,593	217,657	37,464
Due from other governments	98,544	159,086	-
Due from other funds	-	968,853	-
Restricted assets			
Cash and investments with fiscal agents	-	-	-
Total assets	175,347	1,347,973	37,501
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	52,741	166,352	-
Accrued liabilities	12,184	-	-
Unearned revenue	-	-	-
Deposits payable	95,961	-	-
Due to other funds	842,556	575	88,848
Total liabilities	1,003,442	166,927	88,848
Deferred Inflows of Resources			
Unavailable revenues	17,565	217,657	2,884
Total deferred inflows of resources	17,565	217,657	2,884
Fund Balances			
Restricted for			
Community development projects	-	-	-
Public safety	-	-	-
Culture and leisure	-	-	-
Transportation	-	963,389	-
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
Unassigned	(845,660)	-	(54,231)
Total fund balances	(845,660)	963,389	(54,231)
Total liabilities, deferred inflows of resources, and fund balances	$ 175,347	$ 1,347,973	$ 37,501

	Special Revenue Funds		
	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture
Assets			
Pooled cash and investments	$ 5,422	$ 32	$ -
Receivables			
Accounts, net	-	-	-
Loans	-	-	-
Interest	195	844	5
Grants	-	-	-
Due from other governments	1,563	10,514	-
Due from other funds	81,884	316,573	1,918
Restricted assets			
Cash and investments with fiscal agents	-	-	-
Total assets	89,064	327,963	1,923
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	3,451	-	-
Accrued liabilities	428	-	-
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	163
Total liabilities	3,879	-	163
Deferred Inflows of Resources			
Unavailable revenues	-	10,514	-
Total deferred inflows of resources	-	10,514	-
Fund Balances			
Restricted for			
Community development projects	-	-	-
Public safety	-	-	1,760
Culture and leisure	-	-	-
Transportation	85,185	317,449	-
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
Unassigned	-	-	-
Total fund balances	85,185	317,449	1,760
Total liabilities, deferred inflows of resources, and fund balances	$ 89,064	$ 327,963	$ 1,923

	Special Revenue Funds		
	Supplemental Law Enforcement	Special Donations	Senior Center Activities
Assets			
Pooled cash and investments	$ -	$ 87	$ 68
Receivables			
Accounts, net	-	-	-
Loans	-	-	-
Interest	503	-	172
Grants	-	-	-
Due from other governments	-	-	-
Due from other funds	184,407	46,949	63,725
Restricted assets			
Cash and investments with fiscal agents	-	-	-
Total assets	184,910	47,036	63,965
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	-	-	17
Accrued liabilities	-	-	-
Unearned revenue	165,327	-	-
Deposits payable	-	7,526	-
Due to other funds	2,515	-	-
Total liabilities	167,842	7,526	17
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Total deferred inflows of resources		-	-
Fund Balances			
Restricted for			
Community development projects	-	-	-
Public safety	17,068	-	-
Culture and leisure	-	39,510	63,948
Transportation	-	-	-
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
Unassigned	-	-	-
Total fund balances	17,068	39,510	63,948
Total liabilities, deferred inflows of resources, and fund balances	$ 184,910	$ 47,036	$ 63,965

	Special Revenue Funds		
	Police Volunteer	Wilson Median Improvement	Banning Housing Authority
Assets			
Pooled cash and investments	$ 14	$ 7	$ 5,110
Receivables			
Accounts, net	-	-	-
Loans	-	-	739,937
Interest	17	1,121	5,783
Grants	-	-	-
Due from other governments	-	-	-
Due from other funds	6,708	411,059	1,993,334
Restricted assets			
Cash and investments with fiscal agents	-	-	-
Total assets	6,739	412,187	2,744,164
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	-	-	30,289
Accrued liabilities	-	-	-
Unearned revenue	-	-	562,761
Deposits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	593,050
Deferred Inflows of Resources			
Unavailable revenues	-	-	739,937
Total deferred inflows of resources	-	-	739,937
Fund Balances			
Restricted for			
Community development projects	-	-	1,411,177
Public safety	6,739	-	-
Culture and leisure	-	-	-
Transportation	-	412,187	-
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
Unassigned	-	-	-
Total fund balances	6,739	412,187	1,411,177
Total liabilities, deferred inflows of resources, and fund balances	$ 6,739	$ 412,187	$ 2,744,164

	Special Revenue Funds		
	SB1	American Rescue Plan Act	State Park Bond Act
Assets			
Pooled cash and investments	$ -	$ -	$ 1
Receivables			
Accounts, net	-	-	-
Loans	-	-	-
Interest	-	-	-
Grants	58,822	-	-
Due from other governments	140,545	-	-
Due from other funds	665,588	1,653,816	-
Restricted assets			
Cash and investments with fiscal agents	-	-	-
Total assets	864,955	1,653,816	1
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Unearned revenue	-	1,468,351	-
Deposits payable	-	-	-
Due to other funds	242	185,465	118
Total liabilities	242	1,653,816	118
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances			
Restricted for			
Community development projects	-	-	-
Public safety	-	-	-
Culture and leisure	-	-	-
Transportation	864,713	-	-
Capital projects	-	-	-
Assigned			
Capital projects	-	-	-
Unassigned	-	-	(117)
Total fund balances	864,713	-	(117)
Total liabilities, deferred inflows of resources, and fund balances	$ 864,955	$ 1,653,816	$ 1

	Special Revenue Fund	Capital Project Funds	
	Animal Control Reserve	Police Facilties Development	Fire Facilities Development
Assets			
Pooled cash and investments	$ 1	$ 10	$ 11
Receivables			
Accounts, net	-	-	-
Loans	-	-	-
Interest	-	830	3,917
Grants	-	-	-
Due from other governments	-	-	-
Due from other funds	-	304,409	1,437,180
Restricted assets			
Cash and investments with fiscal agents	-	-	-
Total assets	1	305,249	1,441,108
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other funds	115	-	-
Total liabilities	115	-	-
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances			
Restricted for			
Community development projects	-	-	-
Public safety	-	-	-
Culture and leisure	-	-	-
Transportation	-	-	-
Capital projects	-	-	-
Assigned			
Capital projects	-	305,249	1,441,108
Unassigned	(114)	-	-
Total fund balances	(114)	305,249	1,441,108
Total liabilities, deferred inflows of resources, and fund balances	$ 1	$ 305,249	$ 1,441,108

	Capital Project Funds		
	Traffic Control Facilities	General Facilites	Park Development
Assets			
Pooled cash and investments	$ 39	$ 10	$ 160
Receivables			
Accounts, net	-	-	-
Loans	-	-	-
Interest	5,822	1,375	476
Grants	-	-	-
Due from other governments	-	-	-
Due from other funds	2,135,992	505,108	299,491
Restricted assets			
Cash and investments with fiscal agents	-	-	-
Total assets	2,141,853	506,493	300,127
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	4,564	7,264	-
Accrued liabilities	-	-	-
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	4,564	7,264	-
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances			
Restricted for			
Community development projects	-	-	-
Public safety	-	-	-
Culture and leisure	-	-	-
Transportation	-	-	-
Capital projects	-	-	-
Assigned			
Capital projects	2,137,289	499,229	300,127
Unassigned	-	-	-
Total fund balances	2,137,289	499,229	300,127
Total liabilities, deferred inflows of resources, and fund balances	$ 2,141,853	$ 506,493	$ 300,127

	Capital Project Funds		
	Capital Improvement	BEA Low/Mod Capital Project Fund	Sunset Grade Separation
Assets			
Pooled cash and investments	$ 5	$ 2	$ -
Receivables			
Accounts, net	-	-	-
Loans	-	-	-
Interest	-	-	-
Grants	-	-	-
Due from other governments	-	-	-
Due from other funds	-	545,660	-
Restricted assets			
Cash and investments with fiscal agents	735,998	-	-
Total assets	736,003	545,662	-
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	-	-	-
Accrued liabilities	-	-	-
Unearned revenue	-	-	-
Deposits payable	-	-	-
Due to other funds	48,318	-	11
Total liabilities	48,318	-	11
Deferred Inflows of Resources			
Unavailable revenues	-	-	-
Total deferred inflows of resources	-	-	-
Fund Balances			
Restricted for			
Community development projects	-	-	-
Public safety	-	-	-
Culture and leisure	-	-	-
Transportation	-	-	-
Capital projects	-	545,662	-
Assigned			
Capital projects	687,685	-	-
Unassigned	-	-	(11)
Total fund balances	687,685	545,662	(11)
Total liabilities, deferred inflows of resources, and fund balances	$ 736,003	$ 545,662	$ -

	Capital Project Funds	
	BEA Capital Project Fund	Total Governmental Funds
Assets		
Pooled cash and investments	$ 3,127	$ 62,253
Receivables		
Accounts, net	-	100
Loans	-	739,937
Interest	-	23,437
Grants	-	342,536
Due from other governments	-	410,252
Due from other funds	-	11,622,654
Restricted assets		
Cash and investments with fiscal agents	7,687,382	8,423,380
Total assets	7,690,509	21,624,549
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities		
Accounts payable	-	264,678
Accrued liabilities	-	12,612
Unearned revenue	-	2,196,439
Deposits payable	-	103,487
Due to other funds	4,078,920	5,247,846
Total liabilities	4,078,920	7,825,062
Deferred Inflows of Resources		
Unavailable revenues	-	988,557
Total deferred inflows of resources	-	988,557
Fund Balances		
Restricted for		
Community development projects	-	1,411,177
Public safety	-	25,567
Culture and leisure	-	103,458
Transportation	-	2,642,923
Capital projects	3,611,589	4,157,251
Assigned		
Capital projects	-	5,370,687
Unassigned	-	(900,133)
Total fund balances	3,611,589	12,810,930
Total liabilities, deferred inflows of resources, and fund balances	$ 7,690,509	$ 21,624,549

	Special Revenue Funds		
	Gas Tax Street	Measure A	Community Development Block Grant
Revenues			
Taxes	$ -	$ 892,410	$ -
Intergovernmental	927,084	124,540	90,541
Use of money and property	-	25,647	-
Miscellaneous	51,867	3,034	-
Total revenues	978,951	1,045,631	90,541
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Community development	1,250	-	2,968
Culture and leisure	-	-	-
Transportation	1,828,923	954,064	-
Capital Outlay	207,771	460,916	92,270
Debt Service			
Principal	47,109	-	-
Interest	-	-	-
Total expenditures	2,085,053	1,414,980	95,238
Excess of Revenues over Expenditures	(1,106,102)	(369,349)	(4,697)
Other Financing Sources (Uses)			
Transfers in	735,126	-	-
Transfers out	(338,270)	-	-
Subscriptions	8,971	-	-
Leases	-	-	-
Total other financing sources (uses)	405,827	-	-
Net Change in Fund Balances	(700,275)	(369,349)	(4,697)
Fund Balances - Beginning of Year	(145,385)	1,332,738	(49,534)
Fund Balances - End of Year	$ (845,660)	$ 963,389	$ (54,231)

	Special Revenue Funds		
	Landscape Maintenance District	AQMD Air Pollution Program	Asset Forfeiture
Revenues			
Taxes	$ 147,222	$ -	$ -
Intergovernmental	-	41,077	-
Use of money and property	1,592	10,562	52
Miscellaneous	-	-	-
Total revenues	148,814	51,639	52
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	163
Community development	-	3,299	-
Culture and leisure	-	-	-
Transportation	140,486	315	-
Capital Outlay	-	14,877	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	140,486	18,491	163
Excess of Revenues over Expenditures	8,328	33,148	(111)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Subscriptions	-	-	-
Leases	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balances	8,328	33,148	(111)
Fund Balances - Beginning of Year	76,857	284,301	1,871
Fund Balances - End of Year	$ 85,185	$ 317,449	$ 1,760

	Special Revenue Funds		
	Supplemental Law Enforcement	Special Donations	Senior Center Activities
Revenues			
Taxes	$ -	$ -	$ -
Intergovernmental	21,052	-	-
Use of money and property	6,472	-	1,523
Miscellaneous	-	4,204	11,126
Total revenues	27,524	4,204	12,649
Expenditures			
Current			
General government	-	-	-
Public safety	23,567	-	-
Community development	-	1,219	1,997
Culture and leisure	-	-	-
Transportation	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	23,567	1,219	1,997
Excess of Revenues over Expenditures	3,957	2,985	10,652
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Subscriptions	-	-	-
Leases	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balances	3,957	2,985	10,652
Fund Balances - Beginning of Year	13,111	36,525	53,296
Fund Balances - End of Year	$ 17,068	$ 39,510	$ 63,948

	Special Revenue Funds		
	Police Volunteer	Wilson Median Improvement	Banning Housing Authority
Revenues			
Taxes	$ -	$ -	$ -
Intergovernmental	-	-	417,700
Use of money and property	160	11,259	53,372
Miscellaneous	-	-	500
Total revenues	160	11,259	471,572
Expenditures			
Current			
General government	-	-	-
Public safety	186	-	-
Community development	-	-	376,639
Culture and leisure	-	-	-
Transportation	-	130	-
Capital Outlay	-	-	277,879
Debt Service			
Principal	-	-	113,046
Interest	-	-	-
Total expenditures	186	130	767,564
Excess of Revenues over Expenditures	(26)	11,129	(295,992)
Other Financing Sources (Uses)			
Transfers in	1,500	-	-
Transfers out	-	-	(86,531)
Subscriptions	-	-	-
Leases	-	-	110,400
Total other financing sources (uses)	1,500	-	23,869
Net Change in Fund Balances	1,474	11,129	(272,123)
Fund Balances - Beginning of Year	5,265	401,058	1,683,300
Fund Balances - End of Year	$ 6,739	$ 412,187	$ 1,411,177

	Special Revenue Funds		
	SB1	American Rescue Plan Act	State Park Bond Act
Revenues			
Taxes	$ -	$ -	$ -
Intergovernmental	1,103,900	2,599,127	-
Use of money and property	-	-	-
Miscellaneous	-	-	-
Total revenues	1,103,900	2,599,127	-
Expenditures			
Current			
General government	-	9,579	-
Public safety	-	-	-
Community development	-	-	-
Culture and leisure	-	-	28
Transportation	762,790	-	-
Capital Outlay	-	367,513	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	762,790	377,092	28
Excess of Revenues over Expenditures	341,110	2,222,035	(28)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	(2,222,035)	-
Subscriptions	-	-	-
Leases	-	-	-
Total other financing sources (uses)	-	(2,222,035)	-
Net Change in Fund Balances	341,110	-	(28)
Fund Balances - Beginning of Year	523,603	-	(89)
Fund Balances - End of Year	$ 864,713	$ -	$ (117)

	Special Revenue Fund	Capital Projects Funds	
	Animal Control Reserve	Police Facilties Development	Fire Facilities Development
Revenues			
Taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Use of money and property	-	7,622	37,928
Miscellaneous	-	33,174	78,226
Total revenues	-	40,796	116,154
Expenditures			
Current			
General government	-	-	-
Public safety	-	184	201
Community development	28	-	-
Culture and leisure	-	-	-
Transportation	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	28	184	201
Excess of Revenues over Expenditures	(28)	40,612	115,953
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Subscriptions	-	-	-
Leases	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balances	(28)	40,612	115,953
Fund Balances - Beginning of Year	(86)	264,637	1,325,155
Fund Balances - End of Year	$ (114)	$ 305,249	$ 1,441,108

	Capital Projects Funds		
	Traffic Control Facilities	General Facilites	Park Development
Revenues			
Taxes	$ -	$ -	$ -
Intergovernmental	-	-	196,926
Use of money and property	56,724	15,056	4,816
Miscellaneous	89,921	19,708	88,925
Total revenues	146,645	34,764	290,667
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Community development	-	189	-
Culture and leisure	-	-	718
Transportation	657	-	-
Capital Outlay	6,864	162,812	-
Debt Service			
Principal	-	-	291,391
Interest	-	-	1,716
Total expenditures	7,521	163,001	293,825
Excess of Revenues over Expenditures	139,124	(128,237)	(3,158)
Other Financing Sources (Uses)			
Transfers in	-	84,248	-
Transfers out	-	-	-
Subscriptions	-	-	-
Leases	-	-	-
Total other financing sources (uses)	-	84,248	-
Net Change in Fund Balances	139,124	(43,989)	(3,158)
Fund Balances - Beginning of Year	1,998,165	543,218	303,285
Fund Balances - End of Year	$ 2,137,289	$ 499,229	$ 300,127

	Capital Project Funds		
	Capital Improvement	BEA Low/Mod Capital Project Fund	Sunset Grade Separation
Revenues			
Taxes	$ -	$ -	$ -
Intergovernmental	-	-	-
Use of money and property	34,168	- -	-
Miscellaneous	-	-	-
Total revenues	34,168	-	-
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Community development	-	43	-
Culture and leisure	-	-	-
Transportation	84	-	11
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	84	43	11
Excess of Revenues over Expenditures	34,084	(43)	(11)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Subscriptions	-	-	-
Leases	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balances	34,084	(43)	(11)
Fund Balances - Beginning of Year	653,601	545,705	-
Fund Balances - End of Year	$ 687,685	$ 545,662	$ (11)

	Capital Project Funds	
	BEA Capital Project Fund	Total Governmental Funds
Revenues		
Taxes	$ -	$ 1,039,632
Intergovernmental	-	5,521,947
Use of money and property	386	267,339
Miscellaneous	37,557	418,242
Total revenues	37,943	7,247,160
Expenditures		
Current		
General government	-	9,579
Public safety	-	24,301
Community development	(76,888)	310,744
Culture and leisure	-	746
Transportation	-	3,687,460
Capital Outlay	-	1,590,902
Debt Service		
Principal	-	451,546
Interest	-	1,716
Total expenditures	(76,888)	6,076,994
Excess of Revenues over Expenditures	114,831	1,170,166
Other Financing Sources (Uses)		
Transfers in	-	820,874
Transfers out	-	(2,646,836)
Subscriptions	-	8,971
Leases	-	110,400
Total other financing sources (uses)	-	(1,706,591)
Net Change in Fund Balances	114,831	(536,425)
Fund Balances - Beginning of Year	3,496,758	13,347,355
Fund Balances - End of Year	$ 3,611,589	$ 12,810,930

	Business-Type Activities - Enterprise Funds		
	Airport	Refuse Utility	Totals
Assets			
Current			
Cash and investments	$ 14,077	$ -	$ 14,077
Receivables			
Accounts	5,608	-	5,608
Grants	7,052	-	7,052
Due from other funds	196,517	-	196,517
Inventories	14,807	-	14,807
Total current assets	238,061	-	238,061
Noncurrent			
Capital assets			
Capital assets, not depreciated	506,402	-	506,402
Capital assets, net	1,488,687	-	1,488,687
Total noncurrent assets	1,995,089	-	1,995,089
Total assets	2,233,150	-	2,233,150
Deferred Outflows of Resources			
Pension related items	41,290	-	41,290
OPEB related items	1,244	-	1,244
Total deferred outflows of resources	42,534	-	42,534
Liabilities			
Current			
Accounts payable	2,694	-	2,694
Accrued liabilities	1,947	-	1,947
Unearned revenues	3,571	-	3,571
Deposits payable	23,747	-	23,747
Compensated absences	16	-	16
Total current liabilities	31,975	-	31,975
Noncurrent			
Compensated absences	12,181	-	12,181
Net pension liability	161,977	-	161,977
Total OPEB liability	13,715	-	13,715
Total noncurrent liabilities	187,873	-	187,873
Total liabilities	219,848	-	219,848
Deferred Inflows of Resources			
Pension related items	1,201	-	1,201
OPEB related items	1,399	-	1,399
Total deferred inflows of resources	2,600	-	2,600
Net Position			
Investment in capital assets	1,995,089	-	1,995,089
Unrestricted	58,147	-	58,147
Total net position (deficit)	$ 2,053,236	$ -	$ 2,053,236

	Business-Type Activities - Enterprise Funds			
	Airport	Transit	Refuse Utility	Totals
Operating Revenues				
Sales and service charges	$ 208,619	$ -	$ -	$ 208,619
Miscellaneous	(207)	-	-	(207)
Total operating revenues	208,412	-	-	208,412
Operating Expenses				
Salaries and benefits	93,289	-	-	93,289
Supplies and services	196,576	-	-	196,576
Repairs and maintenance	9,990	-	-	9,990
Depreciation expense	197,280	-	-	197,280
Total operating expenses	497,135	-	-	497,135
Operating Income (Loss)	(288,723)	-	-	(288,723)
Nonoperating Revenues (Expenses)				
Intergovernmental	7,052	-	-	7,052
Interest revenue and change in fair Value of investments	56	-	-	56
Gain (Loss) on Disposal of Capital Assets	-	-	-	-
Total nonoperating revenues (expenses)	7,108	-	-	7,108
Income (Loss) before Transfers	(281,615)	-	-	(281,615)
Transfers in	261	-	-	261
Transfer out	-	-	(1,042,520)	(1,042,520)
Total other financing sources	261	-	(1,042,520)	(1,042,259)
Changes in Net Position	(281,354)	-	(1,042,520)	(1,323,874)
Net Position (deficit) - Beginning of Year, as previously reported	2,334,590	(1,121,806)	1,042,520	2,255,304
Adjustment (Note 18)	-	1,121,806	-	1,121,806
Net Position (deficit) - Beginning of Year, as restated	2,334,590	-	1,042,520	3,377,110
Net Position - End of Year	$ 2,053,236	$ -	$ -	$ 2,053,236

	Business-Type Activities - Enterprise Funds		
	Airport	Refuse Utility	Totals
Operating Activities			
Cash received from customers and users	$ 246,348	$ 94,647	$ 340,995
Cash paid to suppliers for goods and Services	(207,647)	(4,093,926)	(4,301,573)
Cash paid to employees for services	(108,644)	(369,533)	(478,177)
Net Cash Provided (Used) by Operating Activities	(69,943)	(4,368,812)	(4,438,755)
Noncapital Financing Activities			
Cash transfers in	261	-	261
Cash transfers out	-	(1,042,520)	(1,042,520)
Interfund borrowings	(196,517)	4,901,373	4,704,856
Intergovernmental	7,052	-	7,052
Net Cash Provided (Used) by Noncapital Financing Activities	(189,204)	3,858,853	3,669,649
Capital and Related Financing activities			
Sale of capital assets	-	-	-
Acquisition and construction of capital Assets	-	43,387	43,387
Net Cash (Used) by Capital and Related Financing Activities	-	43,387	43,387
Cash Flows from Investing Activities			
Issuance of notes and loans receivable	-	-	-
Interest received and change in fair value of investments	56	20,423	20,479
Net Cash Provided by Investing Activities	56	20,423	20,479
Net Change in Cash and Cash Equivalents	(259,091)	(446,149)	(705,240)
Cash and Cash Equivalents - Beginning of Year	273,168	446,149	719,317
Cash and Cash Equivalents - End of Year	$ 14,077	$ -	$ 14,077

	Business-Type Activities - Enterprise Funds		
	Airport	Refuse Utility	Totals
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities			
Operating Income (Loss)	$ (288,723)	$ -	$ (288,723)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Changes in Operating Assets and Liabilities			
Depreciation (expense)	197,280	-	197,280
(Increase) Decrease in Assets			
Accounts receivable	19,342	94,516	113,858
Prepaid	131	131	262
Inventories	18,463	-	18,463
Deferred pension related items	8,321	116,922	125,243
Deferred opeb related items	(1,077)	299	(778)
Increase (Decrease) in Liabilities			
Accounts payable	913	(18,938)	(18,025)
Accrued liabilities	129	(4,936)	(4,807)
Deposits payable	263	-	263
Unearned revenue	(2,386)	(4,070,052)	(4,072,438)
Net pension liability	(26,018)	(432,608)	(458,626)
Total OPEB liability	8,642	(9,083)	(441)
Compensated absences	(3,553)	(37,514)	(41,067)
Deferred pension related items	(1,689)	(6,651)	(8,340)
Deferred OPEB related items	19	(898)	(879)
Net Cash Provided (Used) by Operating Activities	$ (69,943)	$ (4,368,812)	$ (4,438,755)

City of Banning, California
Combining Statement of Net Position – Internal Service Funds
June 30, 2024

	Self Insurance	Fleet Maintenance	Information Services	Building Maintenance	Central Services	Utility Billing Services	Totals
Assets							
Current							
Pooled cash and investments	$ 62,434	$ 279	$ 41,223	$ 18,932	$ 62	$ 46,590	$ 169,520
Receivables							
Accounts	3,362	26,999	-	-	-	88,363	118,724
Interest	-	2,522	-	2,581	-	-	5,103
Grants	-	53,791	-	-	-	-	53,791
Prepaid costs	-	-	-	-	4,500	-	4,500
Due from other funds	-	1,109,274	-	-	-	161,662	1,270,936
Inventories	-	190,568	-	-	-	-	190,568
Total current assets	65,796	1,383,433	41,223	21,513	4,562	296,615	1,813,142
Noncurrent							
Capital assets							
Capital assets, net	-	223,879	533,480	-	-	21,807	779,166
Right to use lease assets, net of accumulated amortization	-	7,898	-	-	-	12,697	20,595
Right to use subscription IT assets, net of accumulated amortization	-	-	126,731	-	45,004	-	171,735
Total noncurrent assets	-	231,777	660,211	-	45,004	34,504	971,496
Total assets	65,796	1,615,210	701,434	21,513	49,566	331,119	2,784,638
Deferred Outflows of Resources							
Pension related items	66,592	199,251	203,226	48,535	-	538,126	1,055,730
OPEB related items	2,256	2,354	7,087	8,573	-	21,400	41,670
Total deferred outflows of resources	68,848	201,605	210,313	57,108	-	559,526	1,097,400
Liabilities							
Current							
Accounts payable	187,949	64,411	10,572	51,825	89,163	13,126	417,046
Accrued liabilities	5,291	7,932	10,625	-	-	29,026	52,874
Unearned revenues	-	53,791	-	-	-	-	53,791
Due to other governments	-	-	-	-	-	-	-
Due to other funds	4,324,027	151,500	865,246	236,721	1,641,348	-	7,218,842
Compensated absences	6	186	326	-	-	1,949	2,467
Claims and judgments	3,002,407	-	-	-	-	-	3,002,407
Bonds, notes, and leases	-	4,688	95,686	-	25,209	7,025	132,608
Total current liabilities	7,519,680	282,508	982,455	288,546	1,755,720	51,126	10,880,035
Noncurrent							
Compensated absences	14,230	27,979	47,546	-	-	125,487	215,242
Net pension liability	241,971	717,946	793,051	-	-	2,161,226	3,914,194
Total OPEB liability	21,051	46,887	51,034	22,327	-	194,566	335,865
Claims and judgments	494,309	-	-	-	-	-	494,309
Bonds, notes, and leases	-	787	16,369	-	-	2,516	19,672
Total noncurrent liabilities	771,561	793,599	908,000	22,327	-	2,483,795	4,979,282
Total liabilities	8,291,241	1,076,107	1,890,455	310,873	1,755,720	2,534,921	15,859,317
Deferred Inflows of Resources							
Pension related items	1,794	5,323	5,879	-	-	16,023	29,019
OPEB related items	1,136	6,207	2,755	1,205	-	17,032	28,335
Total deferred inflows of resources	2,930	11,530	8,634	1,205	-	33,055	57,354
Net Position							
Investment in capital assets	-	226,302	548,156	-	19,795	24,963	819,216
Unrestricted	(8,159,527)	502,876	(1,535,498)	(233,457)	(1,725,949)	(1,702,294)	(12,853,849)
Total net position (deficit)	$ (8,159,527)	$ 729,178	$ (987,342)	$ (233,457)	$ (1,706,154)	$ (1,677,331)	$ (12,034,633)

City of Banning, California

Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds

June 30, 2024

	Self Insurance	Fleet Maintenance	Information Services	Building Maintenance	Central Services	Utility Billing Services	Totals
Operating Revenues							
Sales and service charges	$ 4,231,275	$ 2,416,898	$ 1,237,677	$ 651,857	$ 637,325	$ 2,849,692	$ 12,024,724
Miscellaneous	39,792	16,840	2,616	-	20,916	-	80,164
Total operating revenues	4,271,067	2,433,738	1,240,293	651,857	658,241	2,849,692	12,104,888
Operating Expenses							
Salaries and benefits	227,282	635,035	773,632	336,332	-	1,882,302	3,854,583
Supplies and services	3,360,460	1,038,776	451,008	555,090	1,865,305	822,659	8,093,298
Repairs and maintenance	-	184,281	209,772	-	-	14,013	408,066
Insurance premiums	3,674,281	-	-	-	-	-	3,674,281
Depreciation expense	-	18,157	167,599	-	23,480	6,290	215,526
Total operating expenses	7,262,023	1,876,249	1,602,011	891,422	1,888,785	2,725,264	16,245,754
Operating Income (Loss)	(2,990,956)	557,489	(361,718)	(239,565)	(1,230,544)	124,428	(4,140,866)
Nonoperating Revenues (Expenses)							
Interest revenue and change in fair value of investments	159,481	14,573	-	5,734	-	(907)	178,881
Interest expense	-	(111)	(8,791)	-	(2,020)	(171)	(11,093)
Gain (loss) on disposal of capital assets	-	1,255	-	-	-	-	1,255
Total nonoperating revenues (expenses)	159,481	15,717	(8,791)	5,734	(2,020)	(1,078)	169,043
Income (Loss) before Transfers	(2,831,475)	573,206	(370,509)	(233,831)	(1,232,564)	123,350	(3,971,823)
Transfers in	2,435	-	545,758	374	-	2,830	551,397
Transfers out	-	-	-	-	(473,590)	-	(473,590)
Changes in Net Position	(2,829,040)	573,206	175,249	(233,457)	(1,706,154)	126,180	(3,894,016)
Net Position (Deficit) - Beginning of Year	(5,330,487)	155,972	(1,162,591)	-	-	(1,803,511)	(8,140,617)
Net Position (Deficit) - End of Year	$ (8,159,527)	$ 729,178	$ (987,342)	$ (233,457)	$ (1,706,154)	$ (1,677,331)	$ (12,034,633)

City of Banning, California
Combining Statement of Cash Flows – Internal Service Funds
June 30, 2024

	Self Insurance	Fleet Maintenance	Information Services	Building Maintenance	Central Services	Utility Billing Services	Totals
Operating Activities							
Cash received from customers and users	$ 4,271,911	$ 2,306,828	$ 1,240,818	$ 651,857	$ 653,741	$ 2,885,145	$ 12,010,300
Cash paid to suppliers for goods and services	(6,856,207)	(1,229,091)	(650,733)	(503,265)	(1,776,142)	(837,771)	(11,853,209)
Cash paid to employees for services	(231,851)	(752,723)	(617,421)	(369,908)	-	(1,667,885)	(3,639,788)
Net Cash Provided (Used) by Operating Activities	(2,816,147)	325,014	(27,336)	(221,316)	(1,122,401)	379,489	(3,482,697)
Financing Activities							
Operating Subsidies	2,734,946	(342,268)	241,244	236,721	1,641,348	(327,723)	4,184,268
Cash transfers in (transfers out)	2,435	-	545,758	374	(473,590)	2,830	77,807
Intergovernmental	(18,281)	-	-	-	-	-	(18,281)
Net Cash Provided (Used) by Financing Activities	2,719,100	(342,268)	787,002	237,095	1,167,758	(324,893)	4,243,794
Capital and Related Financing Activities							
Proceeds from sales of capital assets	-	8,764	-	-	-	2	8,766
Acquisition of capital assets	-	-	(597,597)	-	(68,484)	-	(666,081)
Lease principal payments	-	(7,493)	(112,055)	-	25,209	(6,930)	(101,269)
Lease interest payments	-	(111)	(8,791)	-	(2,020)	(171)	(11,093)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	1,160	(718,443)	-	(45,295)	(7,099)	(769,677)
Investing Activities							
Interest received	159,481	13,777	-	3,153	-	(907)	175,504
Net Change in Cash and Cash Equivalents	62,434	(2,317)	41,223	18,932	62	46,590	166,924
Cash and Cash Equivalents - Beginning of Year	-	2,596	-	-	-	-	2,596
Cash and Cash Equivalents - End of Year	$ 62,434	$ 279	$ 41,223	$ 18,932	$ 62	$ 46,590	$ 169,520

	Self Insurance	Fleet Maintenance	Information Services	Building Maintenance	Central Services	Utility Billing Services	Totals
Reconciliation of Operating Income Loss to Net Cash Provided by Operating Activities							
Operating Income (Loss)	$ (2,990,956)	$ 557,489	$ (361,718)	$ (239,565)	$ (1,230,544)	$ 124,428	$ (4,140,866)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Depreciation	-	18,157	167,599	-	23,480	6,290	215,526
(Increase) Decrease in Assets							
Accounts receivable	844	9,361	-	-	-	32,882	43,087
Inventories	-	(136,271)	-	-	-	-	(136,271)
Prepaid costs	-	-	525	-	(4,500)	2,571	(1,404)
Deferred pension related items	4,782	26,092	(3,115)	(48,535)	-	60,619	39,843
Deferred OPEB related items	(510)	(1,597)	(3,193)	(8,573)	-	(19,187)	(33,060)
Increase (Decrease) in Liabilities							
Accounts payable	(18,579)	(1,374)	9,389	51,825	89,163	(5,573)	124,851
Accrued liabilities	(853,921)	(4,660)	658	-	-	4,474	(853,449)
Net pension liability	(22,454)	(147,972)	129,123	-	-	31,751	(9,552)
Total OPEB liability	12,321	23,884	32,160	22,327	-	127,326	218,018
Claims and judgments	1,051,034	-	-	-	-	-	1,051,034
Compensated absences	3,290	(12,587)	4,675	-	-	28,946	24,324
Deferred OPEB related items	273	2,481	889	1,205	-	1,676	6,524
Deferred pension related items	(2,271)	(7,989)	(4,328)	-	-	(16,714)	(31,302)
Net Cash Provided (Used) by Operating Activities	$ (2,816,147)	$ 325,014	$ (27,336)	$ (221,316)	$ (1,122,401)	$ 379,489	$ (3,482,697)

	Sun Lake CFD 86-1	Special AD 91-1	Area Police Computer	Fair Oaks AD 2001-1	Cameo Homes	CFD 2020-02	Totals
Assets							
Pooled cash and investments	$ 38,064	$ 78,812	$ (610)	$ 198,192	$ (135)	$ 590,693	$ 905,016
Receivables							
Accounts	-	-	-	-	-	-	-
Interest	103	214	-	-	-	-	317
Due from other governments	-	-	-	2,957	-	-	2,957
Restricted assets							
Cash and investments							
With fiscal agents	-	-	-	186,063	-	-	186,063
Total assets	38,167	79,026	(610)	387,212	(135)	590,693	1,094,353
Liabilities							
Accounts payable	-	-	-	-	-	-	-
Deposits payable	-	19,958	-	29,235	-	-	49,193
Total liabilities	-	19,958	-	29,235	-	-	49,193
Net position							
Held in trust for other Organizations	38,167	59,068	(610)	357,977	(135)	590,693	1,045,160
Total net position	$ 38,167	$ 59,068	$ (610)	$ 357,977	$ (135)	$ 590,693	$ 1,045,160

City of Banning, California

Combining Statement of Changes in Fiduciary Net Position – Custodial Funds

Year Ended June 30, 2024

	Sun Lake CFD 86-1	Special AD 91-1	Area Police Computer	Fair Oaks AD 2001-1	Cameo Homes	CFD 2020-02	Totals
Additions							
Taxes	$ -	$ -	$ -	$ 191,683	$ -	$ 325,795	$ 517,478
Interest and change in fair value of investments	1,045	2,161	-	10	-	-	3,216
Total additions	1,045	2,161	-	191,693	-	325,795	520,694
Deductions							
Administrative expenses	108	116	610	11,564	135	-	12,533
Principal payment	-	-	-	95,000	-	-	95,000
Interest expense	-	-	-	83,408	-	-	83,408
Payment to City of Banning	-	-	191	-	310	-	501
Total deductions	108	116	801	189,972	445	-	191,442
Change in Net Position	937	2,045	(801)	1,721	(445)	325,795	329,252
Net Position - Beginning of Year	37,230	57,023	191	356,256	310	264,898	715,908
Net Position - End of Year	$ 38,167	$ 59,068	$ (610)	$ 357,977	$ (135)	$ 590,693	$ 1,045,160

Financial Statements
June 30, 2024

Banning Utility Authority

(A Component Unit of the City of Banning)

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Independent Auditor's Report 1

Financial Statements

Statement of Net Position 4
Statement of Revenues, Expenditures and Changes in Net Position 6
Statement of Cash Flows 7
Notes to Financial Statements 9

Required Supplementary Information

Schedule of Proportionate Share in Net Pension Liability and Related Ratios 28
Schedule of Plan Contributions 29
Schedule of Proportionate Share in Total OPEB Liability and Related Ratios 30

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 31

Schedule of Findings and Responses 33
Summary Schedule of Prior Audit Findings 40

Independent Auditor's Report

The Honorable Mayor and Members of the City Council
Banning Utility Authority
City of Banning, California

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the business-type activities and each major fund of the City of Banning Utility Authority (the Authority), a component unit of the City of Banning, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Qualified Opinions on the Water Fund and Business-Type Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the water fund and business-type activities of the Authority, as of June 30, 2024, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the Wastewater Fund

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the wastewater fund of the Authority, as of June 30, 2024, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinions on the Water Fund and Business-Type Activities

The Authority was unable to reconcile the year-end inventory count to the general ledger. Final inventory listings could not be produced until six months after year-end and they did not agree to the general ledger. We were unable to satisfy ourselves by performing other auditing procedures concerning the inventory held at June 30, 2024. As the inventory balances are material to the water fund and business-type activities, our opinions on each of these opinion units is qualified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of changes in net pension liability, schedules of pension contributions, and schedule of changes in the total OPEB liability and related ratios as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
December 22, 2025

	Water Fund	Wastewater Fund	Business-Type Activities Total
Current Assets			
Pooled cash and investments	$ 26,558,605	$ 24,671,970	$ 51,230,575
Receivables			
Accounts, net	2,736,111	1,598,233	4,334,344
Loans	-	1,752	1,752
Interest	77,977	67,535	145,512
Grants	142,492	30	142,522
Prepaid costs	1,187	-	1,187
Due from other funds	2,827,506	50,000	2,877,506
Inventories	841,375	-	841,375
Cash with fiscal agent	133,675	2,735,520	2,869,195
Total current assets	33,318,928	29,125,040	62,443,968
Noncurrent Assets			
Capital Assets			
Capital assets, not being depreciated	7,550,770	1,649,887	9,200,657
Capital assets, net of accumulated depreciation	64,879,884	19,888,473	84,768,357
Right to use lease assets, net of accumulated amortization	203,336	-	203,336
Right to use subscription IT assets, net of accumulated amortization	244,041	121,103	365,144
Total noncurrent assets	72,878,031	21,659,463	94,537,494
Total assets	106,196,959	50,784,503	156,981,462
Deferred Outflows of Resources			
Deferred charge on refunding	563,017	-	563,017
Deferred pension related items	908,406	322,281	1,230,687
Deferred OPEB related items	22,945	6,212	29,157
Total deferred outflows of resources	1,494,368	328,493	1,822,861

	Water Fund	Wastewater Fund	Business-Type Activities Total
Current Liabilities			
Accounts payable	$ 1,542,005	$ 401,640	$ 1,943,645
Accrued liabilities	46,497	18,674	65,171
Accrued interest	124,010	9,375	133,385
Deposits payable	251,418	45,274	296,692
Compensated absences	8,150	803	8,953
Long-term liabilities	1,409,752	374,146	1,783,898
Total current liabilities	3,381,983	849,942	4,231,925
Noncurrent Liabilities			
Net pension liability	3,320,080	1,135,038	4,455,118
Total OPEB liability	194,088	85,960	280,048
Compensated absences	223,736	92,647	316,383
Long-term liabilities	17,550,054	3,150,211	20,700,265
Total noncurrent liabilities	21,287,958	4,463,856	25,751,814
Total liabilities	24,669,941	5,313,798	29,983,739
Deferred Inflows of Resources			
Deferred gain on refunding	-	77,851	77,851
Deferred pension related items	24,614	8,415	33,029
Deferred OPEB related items	30,943	9,378	40,321
Total deferred inflows of resources	55,557	95,644	151,201
Net Position			
Net investment in capital assets	54,481,242	20,560,229	75,041,471
Restricted for capital projects	133,675	2,735,520	2,869,195
Unrestricted	28,350,912	22,407,805	50,758,717
Total net position	$ 82,965,829	$ 45,703,554	$ 128,669,383

See Notes to Financial Statements.

	Water Fund	Wastewater Fund	Business-Type Activities Total
Operating Revenues			
Sales and service charges	$ 14,043,467	$ 8,512,152	$ 22,555,619
Miscellaneous	25,555	17,672	43,227
Total operating revenues	14,069,022	8,529,824	22,598,846
Operating Expenses			
Salaries and benefits	2,969,495	920,932	3,890,427
Supplies and services	5,231,910	2,446,400	7,678,310
Repairs and maintenance	100,929	258,488	359,417
Depreciation expense	2,142,125	836,219	2,978,344
Total operating expenses	10,444,459	4,462,039	14,906,498
Operating Income	3,624,563	4,067,785	7,692,348
Nonoperating Revenues (Expenses)			
Intergovernmental	748,135	80,305	828,440
Interest revenue and change in fair value of investments	781,845	607,609	1,389,454
Interest expense	(707,638)	31,071	(676,567)
Surplus revenue payment to City of Banning	(472,793)	(181,001)	(653,794)
Gain on disposal of capital assets	45,594	13,200	58,794
Total nonoperating revenues (expenses)	395,143	551,184	946,327
Income Before Contributions and Transfers	4,019,706	4,618,969	8,638,675
Contributions and Transfers			
Capital contributions	12,988,051	7,935,408	20,923,459
Transfers in from the City of Banning	273,188	1,223	274,411
Total contributions and transfers	13,261,239	7,936,631	21,197,870
Changes in Net Position	17,280,945	12,555,600	29,836,545
Net Position - Beginning of Year	65,684,884	33,147,954	98,832,838
Net Position - End of Year	$ 82,965,829	$ 45,703,554	$ 128,669,383

See Notes to Financial Statements.

	Water Fund	Wastewater Fund	Business-Type Activities Total
Operating Activities			
Cash received from customers and users	$ 13,553,103	$ 7,889,783	$ 21,442,886
Cash paid to suppliers for goods and services	(5,258,244)	(2,391,177)	(7,649,421)
Cash paid to employees for services	(2,795,725)	(1,060,666)	(3,856,391)
Net Cash Provided by Operating Activities	5,499,134	4,437,940	9,937,074
Noncapital Financing Activities			
Contribution from City of Banning	273,188	1,223	274,411
Surplus revenue payment to City of Banning	(472,793)	(181,001)	(653,794)
Interfund payments	(2,827,506)	(50,000)	(2,877,506)
Intergovernmental receipt of cash	2,103,883	80,275	2,184,158
Net Cash Used by Noncapital Financing Activities	(923,228)	(149,503)	(1,072,731)
Capital and Related Financing Activities			
Acquisition and construction of capital assets	(5,199,289)	(549,119)	(5,748,408)
Principal paid on capital debt	(1,505,299)	(230,000)	(1,735,299)
Interest paid on capital debt	(501,035)	(119,602)	(620,637)
Proceeds from sales of capital assets	45,594	13,200	58,794
Net Cash Used by Capital and Related Financing Activities	(7,160,029)	(885,521)	(8,045,550)
Investing Activities			
Interest received	796,133	609,478	1,405,611
Net Cash Provided by Investing Activities	796,133	609,478	1,405,611
Net Change in Cash and Cash Equivalents	(1,787,990)	4,012,394	2,224,404
Cash and Cash Equivalents - Beginning of Year	28,480,270	23,395,096	51,875,366
Cash and Cash Equivalents - End of Year	$ 26,692,280	$ 27,407,490	$ 54,099,770
Reconciliation to the Statement of Net Position			
Pooled Cash and Investments	$ 26,558,605	$ 24,671,970	$ 51,230,575
Restricted Cash with fiscal agent	133,675	2,735,520	2,869,195
Total Cash and Cash Equivalents	$ 26,692,280	$ 27,407,490	$ 54,099,770

See Notes to Financial Statements.

	Water Fund	Wastewater Fund	Activities Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	$ 3,624,563	$ 4,067,785	$ 7,692,348
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Changes in Operating Assets and Liabilities			
Depreciation expense	2,142,125	836,219	2,978,344
(Increase) Decrease in Assets and Deferred Outflow of Resources			
Accounts receivable	(478,522)	(641,354)	(1,119,876)
Prepaid expense	1,438	1,313	2,751
Inventories	(38,835)	-	(38,835)
Deferred pension related items	3,623	29,251	32,874
Deferred OPEB related items	(1,806)	12,501	10,695
Increase (Decrease) in Liabilities			
Accounts payable	59,841	322,822	382,663
Accrued liabilities	(45)	4,074	4,029
Deposits payable	14,648	(13,215)	1,433
Unearned revenue	151	30	181
Net pension liability	95,324	(205,613)	(110,289)
Total OPEB liability	86,563	52,163	138,726
Compensated absences	(5,283)	1,314	(3,969)
Deferred pension related items	(24,961)	(12,195)	(37,156)
Deferred OPEB related items	20,310	(17,155)	3,155
Net Cash Provided by Operating Activities	$ 5,499,134	$ 4,437,940	$ 9,937,074
Supplemental Disclosures of Noncash Investing And Financing Activity			
Lease/SBITA borrowings	$ 350,295	$ 201,839	$ 552,134
Capital contributions	12,988,051	7,935,408	20,923,459
Amortization of Unamortized Premiums/Discounts	125,339	-	125,339
Amortization of Gain/Loss on Defeasance	(48,958)	6,770	(42,188)

See Notes to Financial Statements.

Note 1 - Summary of Significant Accounting Policies

A. Description of the Reporting Entity

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

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

B. Basis of Accounting/Measurement Focus

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

Propriety Fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows for the water and wastewater funds and business-type activities as a whole.

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

Operating Revenues in the proprietary funds are those revenues that are generally from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

C. Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grand proceeds) and unrested resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

D. Cash and Investments

The Authority's cash and investments are governed by and in compliance with the California Government Code. Cash and investments are held in the City's investment pool. Therefore, for purposes of the statement of cash flows, the Authority considers the entire pooled amount to be cash and cash equivalents.

The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure fair value: Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

E. Unbilled Services Receivables

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

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Inventories and Prepaid Items

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

H. Capital Assets

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

Utility Plant	20 to 60 Years
Land Improvements	15 to 25 Years
Machinery and Equipment	3 to 25 Years

Right to use lease assets with an initial, individual cost of more than $25,000 ($5,000 in prior years) are recognized at the lease commencement date and represent the City's right to use an underlying asset for the lease term. Right to use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use lease assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority currently has two items that qualify for reporting in this category. The first item is the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item relates to the deferred outflows from changes in net position liability and total OPEB liability. Specifically, changes to deferred outflows related to the net difference in projected and actual earnings on plan investments, change in assumptions, and contributions subsequent to the measurement date.

In additions to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies for reporting in this category. It is the deferred inflows from changes in net pension liability and total OPEB liability. Specifically, changes to deferred inflows related to the difference between expected and actual experience.

J. Net Pension Liability

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

Note 2 - Cash and Investments

The Authority's cash is pooled with City funds for investment purposes, with interest being allocated on the basis of the Authority's overall percentage of participation. Investment policies and associated risk factors applicable to the Authority's funds are those of the City and are included in the City's financial statements. As of June 30, 2024, cash and investments of the Authority was as follows:

Cash and investments, pooled with the City of Banning	$ 51,230,575
Restricted Cash and Investments	
Cash with Fiscal Agents - Money Market Mutual Funds	2,869,195
Total cash and investments	$ 54,099,770

Cash and Investments with Fiscal Agents

The Authority has funds held by a trustee/fiscal agent pledged for the payment or security of certain bonds. The California Government Code provides these funds, in the absence of specific statutory provisions governing the issuance of bonds, may be invested in accordance with the ordinance, resolutions, or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the Authority's general investment policy. In no instance have additional types of investments, not permitted by the Authority's general investment policy, been authorized.

See the City of Banning's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024 for further disclosure regarding the pooled cash and investments and related risks.

Equity in the Cash and Investment Pool of the City of Banning

The Authority has no separate bank accounts or investments other than the Authority's equity in the cash and investment pool managed by the City. The Authority is a voluntary participant in that pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City. The Authority has not adopted an investment policy separate from that of the City. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value calculated by the City for the entire City portfolio. The balance available for withdrawal is based on the accounting records maintained by the City, which are recorded on an amortized cost basis. The City's investment pool is not registered with the Securities and Exchange Commission and is not rated.

Investments

Under provision of the City's investment policy, the City is authorized to invest in investments allowed by Government Code of the State of California. From these permitted investments, the City's investment officials shall determine those investment types that best meet the needs and abilities of the City. Maximum maturity period for any portion of invested operating moneys shall not exceed five years per California Government Code.

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

Credit Risk

Generally, 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual Standard & Poor's rating as of year-end for each investment type.

As of June 30, 2024, the Authority does not have any investments that are subject to this disclosure since both the City's pool and the Authority's cash with fiscal agent are unrated.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits.

For the investments held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Concentration of Credit Risk

The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. In addition, GASB Statement No. 40 requires a separate disclosure if any single issuer comprised more than 5% of the total investment value. The investments issued or explicitly guaranteed by the US government and investments in mutual money market funds and external investment pools are excluded from this requirement. Within the City's investment pool there are federal agency securities with Federal Home Loan Bank that represent more than 5% of total investment value. See the City's ACFR for further, detailed disclosures regarding concentration of credit risk.

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2024, the City's investment pool had a weighted average maturity of 1.98 years and the Authority's money market mutual funds held by fiscal agent had a maturity of one year or less.

Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority's pro-rata share of investments in the City's investment pool at June 30, 2024, are uncategorized and measured at $1.

Note 3 - Receivables

As of June 30, 2024, the Authority had $4,334,344 in accounts receivable. Receivables are reported net of allowance for doubtful accounts, which were established based on current collection experience. Allowances for doubtful accounts were $593,573 for the Water Fund and $379,295 for the Wastewater Fund.

Note 4 - Changes in Capital Assets

Capital Assets of the Authority for the year ended June 30, 2024, consisted of the following:

	Beginning Balance	Increases	Decreases	Transfers/ Adjustments	Ending Balance
Capital Assets Not Being Depreciated					
Land	$ 3,595,570	$ -	$ -	$ -	$ 3,595,570
Construction in progress	3,008,096	3,448,588	-	(851,597)	5,605,087
Total capital assets not being depreciated	6,603,666	3,448,588	-	(851,597)	9,200,657
Capital Assets Being Depreciated					
Buildings and structures	124,070	-	-	-	124,070
Land improvements	2,640,090	183,704	-	-	2,823,794
Machinery and equipment	5,323,759	682,542	(321,772)	-	5,684,529
Utility plant	112,355,656	22,218,198	-	851,597	135,425,451
Total capital assets being depreciated	120,443,575	23,084,444	(321,772)	851,597	144,057,844
Less Accumulated Depreciation					
Buildings and structures	-	3,130	-	-	3,130
Land improvements	131,527	99,285	-	-	230,812
Machinery and equipment	495,496	662,102	(174,586)	-	983,012
Utility plant	56,207,510	1,865,023	-	-	58,072,533
Total accumulated depreciation	56,834,533	2,629,540	(174,586)	-	59,289,487
Total capital assets being depreciated, net	63,609,042	20,454,904	(147,186)	851,597	84,768,357
Right to Use Lease Assets Being Amortized					
Machinery and equipment	8,573	-	-	-	8,573
Vehicles	378,642	115,178	(52,547)	-	441,273
Total right to use lease assets being amortized	387,215	115,178	(52,547)	-	449,846
Less Accumulated Amortization for Right to Use Lease Assets	158,441	131,281	(43,212)	-	246,510
Right to use lease assets, being amortized, net	228,774	(16,103)	(9,335)	-	203,336
Right to Use Subscription IT Assets, Being Amortized	-	575,791	-	-	575,791
Less Accumulated Amortization for Right to Use Subscription IT Assets	-	217,523	(6,876)	-	210,647
Right to Use Subscription IT, Assets being amortized, net	-	358,268	6,876	-	365,144
Business-Type Activities Capital Assets, Net	$ 70,441,482	$ 24,245,657	$ (149,645)	$ -	$ 94,537,494

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

Banning Utility Authority Water	$ 2,142,125
Banning Utility Authority Wastewater	836,219
Total depreciation/amortization expense - business-type activities	$ 2,978,344

Note 5 - Long Term-Debt

The following is a summary of the changes in long-term debt for the fiscal year ended June 30, 2024:

	Beginning Balance	Incurred	Retired	Ending Balance	Due Within One Year
Direct Borrowing					
Lease Liability	$ 194,834	$ 62,629	$ 102,277	$ 155,186	$ 76,236
SBITA Liability	-	489,505	108,615	380,890	138,043
Financed Purchase	381,099	-	109,407	271,692	94,619
Bonds Payable					
2015 Water Revenue Bond	18,295,000	-	1,185,000	17,110,000	1,240,000
2019 Wastewater Refunding Bond	3,355,000	-	230,000	3,125,000	235,000
Premium	1,566,733	-	125,338	1,441,395	-
Total	$ 23,792,666	$ 552,134	$ 1,860,637	$ 22,484,163	$ 1,783,898

a. Lease Liability

The authority leases vehicle and equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2029. This liability, totaling $155,186 at June 30, 2024, will be paid in future years. The annual requirements to amortize the lease liability as of June 30, 2024, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Totals
2025	$ 76,236	$ 3,708	$ 79,944
2026	44,237	2,415	46,652
2027	11,247	1,659	12,906
2028	11,918	987	
2029	11,548	281	11,829
Total	$ 155,186	$ 10,905	$ 246,239

b. SBITA Liability

The authority entered into IT agreements for the use of IT software, platforms, and infrastructure for various terms under long-term, noncancelable SBITA agreements. The SBITAs expire at various dates through 2028. This liability, totaling $380,890 at June 30, 2024, will be paid in future years. The annual requirements to amortize the lease liability as of June 30, 2024, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Totals
2025	$ 138,043	$ 18,596	$ 156,639
2026	118,590	12,140	130,730
2027	124,257	5,445	129,702
Total	$ 380,890	$ 36,181	$ 417,071

c. Financed Purchase

On September 28, 2022, the Banning Utility Authority entered into a financed purchase agreement to purchase a vactor truck for wastewater operations. The financed purchase bears an interest rate of 4.50%. Interest is payable annually on September 28. The annual requirements to amortize the outstanding financed purchase as of June 30, 2024, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Totals
2025	$ 94,619	$ 8,667	$ 103,286
2026	94,940	4,769	99,709
2027	82,133	696	82,829
Total	$ 271,692	$ 14,132	$ 285,824

2015 Water Revenue Bonds

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

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2024, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Totals
2025	$ 1,240,000	$ 713,063	$ 1,953,063
2026	1,305,000	649,438	1,954,438
2027	1,370,000	582,563	1,952,563
2028	1,440,000	526,713	1,966,713
2029	1,480,000	468,112	1,948,112
2030 to 2034	8,385,000	1,377,494	9,762,494
2035	1,890,000	47,250	1,937,250
Total	$ 17,110,000	$ 4,364,633	$ 21,474,633

2019 Wastewater Refunding Revenue Bonds

On October 8, 2019, the Banning Utility Authority issued the 2019 Wastewater Refunding Revenue Bonds. The proceeds of the bond, together with other money being made available by the Authority, will be used to (i) refund the Authority's 2005 $7,100,000 Wastewater Revenue Bonds, currently outstanding in the amount of $4,585,000; (ii) finance certain improvements (the Facilities) to the Wastewater System of the City of Banning; (iii) and to refinance certain obligations of the Authority. As a result, the refunding bonds defeased the liability of the 2005 Wastewater Revenue Bonds, which have been removed from long-term debt. The refunding resulted in an economic gain of $109,348. The 2019 Wastewater Refunding Revenue Bonds bear interest of 1.80%. Interest is payable semi-annually on May 1 and November 1, commencing May 1, 2020. The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2024, including interest, are as follows:

Year Ending June 30,	Principal	Interest	Totals
2025	$ 235,000	$ 54,135	$ 289,135
2026	240,000	49,860	289,860
2027	245,000	45,495	290,495
2028	250,000	41,040	291,040
2029	255,000	36,495	291,495
2030 to 2034	1,335,000	111,735	1,446,735
2035 to 2036	565,000	10,215	575,215
Total	$ 3,125,000	$ 348,975	$ 3,473,975

Pledged Revenue

The Authority pledged, as security for bonds issued, all surplus revenues from the fund.

The bonds include a provision, that in any event of default, the trustee has the right to accelerate the total unpaid principal amount of the bonds. However, in the event of default and such acceleration, there can be no assurance that the Trustee will have sufficient moneys available for payment of the bonds.

Note 6 - Compensated Absences

Accumulated vacation, sick leave, holiday and compensatory time amount to $325,336.

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Water	$ 237,169	$ 90,814	$ 96,097	$ 231,886	$ 8,150
Wastewater	92,136	37,810	36,496	93,450	803
Total	$ 329,305	$ 128,624	$ 132,593	$ 325,336	$ 8,953

Note 7 - Insurance

The Authority is covered under the City of Banning's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Authority.

The City maintains self-insurance programs for workers' compensation, general liability and wrongful employment practices. For general liability claims, the City is at risk for up to $50,000 per occurrence; amounts in excess of $50,000 up to $50,000,000 are covered through the Public Entity Risk Management Authority (PERMA) and excess insurance. For workers' compensation claims, the City is at risk for up to $250,000 per occurrence. Losses exceeding $250,000 up to statutory limits are covered by the PERMA under their risk-sharing pool program and excess insurance. For wrongful employment practices claims, the City is at risk for up to $25,000 per occurrence; amounts in excess of $25,000 up to $1,000,000 are covered through the Employment Risk Management Authority. Estimates for all liabilities, including an estimate for incurred but not reported claims (IBNR's), have been included in the City's Self-Insurance Internal Service Fund.

PERMA also provides a nonrisk sharing "deductible" or claims-servicing pool for general liability claims within the self-insured retention (SIR) level ($50,000). Annual contributions are deposited with the Authority from which claims are paid on behalf of the City. Any claims paid by PERMA for the City in excess of deposits at year-end are recorded as "Due to Other Agencies" within the City's Self-Insurance Internal Service Fund.

In addition, the City makes deposits with PERMA for workers' compensation claims below the $250,000 SIR from which claims are paid on behalf of the City.

There are no significant reductions the City's insurance coverages from prior years and there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

Note 8 - Commitments and Contingencies

Banning Utility Authority Lease Commitment

The City created the Authority on July 1, 2005. The Authority leases from the City all of its utility enterprise assets. The Authority has also entered into a management agreement with the City for the operation and maintenance of the utility enterprises. The lease expires on June 30, 2060, after which time, all of the utility enterprise assets and activities revert to the City. The lease does not qualify as a lease under GASB Statement No. 87, *Leases*. The Authority's right to the utility enterprise funds does not meet the description of an exchange or exchange-like transaction because each party does not receive or give up essentially equal value or not quite equal value. In addition, the governing boards of the City and Authority are the same and can modify the terms of the lease at will. No fixed payment amounts from the Authority to the City were identified and payments are only to be made after maintenance and operations costs of the Authority, as well an any outstanding debt service. The amount will then be determined between the City and the Authority. During the fiscal year, the Authority made lease payments of $651,000 to the City, which are reported within the nonoperating expenses of the Statement of Revenues, Expenses, and Changes in Fund Net Position.

Grant Compliance Audits

The Authority participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

Pending Litigation

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial statements of the Authority.

Note 9 - City Employees Retirement Plan (Defined Benefit Pension Plan)

a. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees of the Authority are eligible to participate in the City's Miscellaneous Plan, agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2024, are summarized as follows:

Hire Date	Prior to January 1, 2013*	On/after January 1, 2013
Benefit Formula	2.5% at Age 55	2.2% at Age 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	Age 50	Age 52
Monthly Benefits, as a Percentage of Eligible Compensation	2.00% to 2.50%	1.00% to 2.50%
Required Employee Contribution Rates	7.000% / 8.000%	7.750%
Required Employer Contribution Rates		
Normal Cost Rate	10.10%	10.10%
Payment of Unfunded Liability	$ 2,635,475	$ -

*Closed to new entrants not previously in CalPERS

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the differences between the actuarially determined rate and the contribution rate of employees. For the period ended June 30, 2024, the Authority's portion of contributions totaled $594,918.

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

As of June 30, 2023, the measurement date, the Authority reported net pension liabilities for its proportionate share of the net pension liability of all Plans as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$ 4,455,118

The Authority's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2023, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The Authority's proportionate share of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The Authority's proportionate share of the net pension liability for the Miscellaneous Plans as of June 30, 2022 and 2023, the measurement dates, was as follows:

Proportion - June 30, 2022	14.29%
Proportion - June 30, 2023	15.60%
Change - Increase(Decrease)	1.31%

For the year ended June 30, 2024, the Banning Utility Authority incurred a pension expense of $623,007 for the Plan. At June 30, 2024, the City of Banning has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 594,918	$ -
Difference between Expected and Actual Experience	85,614	33,029
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	420,086	-
Changes in Assumption	130,069	-
Total	$ 1,230,687	$ 33,029

The $594,918 reported as deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	
2025	$ 217,140
2026	83,596
2027	289,669
2028	12,335
Total	$ 602,740

Actuarial Assumptions

For the measurement period ended June 30, 2023, the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. The June 30, 2022 and the June 30, 2023 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.00 % Net of Pension Plan Investment and Administrative Expenses; including Inflation.
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Changes of Assumption

For the measurement period ended June 30, 2023, the discount rate remained at 6.90 percent, the inflation rate was stable at 2.30 percent, and the investment rate of return was unchanged 6.90 percent.

Discount Rate

The discount rate used to measure the total pension liability was 6.90% for the Miscellaneous Plan and reflects the long-term expected rate of return of the Plan net of investment expenses and without reduction for administrative expenses. The projection of cash flows used to determine the discount rate of Miscellaneous Plan assumed that contributions from plan member will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Miscellaneous Plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on the plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short- term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected

rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2015.

Asset Class (1)	New Strategic Allocation	Real Return (2) (3)
Global Equity - Cap-Weighted	30.00 %	4.54
Global Equity - Non-Cap-Weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-Backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)
Total	100.00 %	

(1) In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and
(2) An expected inflation of 2.30% used for this period.
(3) Figures are based on the 2021-22 Asset Liability Management study.

Sensitivity of the Net Pension Liability to Changes in the Discount Rates

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Miscellaneous Plan's Net Pension Liability (Assets)	$6,231,878	$ 4,455,118	$2,981,627

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

Pension Plan Fiduciary Net Position

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

Note 10 - Other Postemployment Benefit Plan

Plan Description

All qualified permanent and probationary employees of the Authority are eligible to participate in City's other postemployment benefits (OPEB) which is provided through a single-employer defined benefit healthcare plan. The plan, which is administered by the City, allows employees at retirement to continue participating in City medical plans with payment of the full premium until age 65. Premiums are the same for actives and retirees, resulting in an implicit subsidy to retirees. Employees who waive coverage at retirement are not eligible to reenroll. The Authority to do so is included annually in the memorandum of understanding between the City and each of its employee groups and ultimately passed by City council action. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75. The plan does not issue a separate report.

As of June 30, 2023, the measurement date, the Authority reported total OPEB liability of $280,048 for its proportionate share of the total OPEB liability.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2024, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2024
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	3.65%
Inflation	2.50%
Projected Salary Increase	2.75% per annum, in aggregate
Healthcare Cost Trend Rates	7.9% decreasing to 3.45% by 2076
Pre-retirement Turnover	Derived from CalPERS pension plan
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study

Discount Rate

There are no assets accumulated in a trust; therefore, the discount rate is the average of three rate indices: S&P General Obligation Municipal Bond 20-Year High Grad Index, the Fidelity Municipal Bond AA 20-Year Maturity Yield and the Bond Buyer General Obligation 20-Bond Municipal Bond index. The use of this index results to discount rate of 3.65% at measurement date June 30, 2023.

Change in Assumption

Discount rate was changed from 3.54% to 3.65%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Authority, calculated using the discount rate for the Plan, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	$ 330,238	$ 280,048	$ 239,872

*This information represents the sensitivity of the Authority's overall Total OPEB Liability to changes in the discount rates.

The following presents the total OPEB liability of the Authority, calculated using the discount rate for the Plan, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates Current	1% Increase
Miscellaneous Plan's Net Total OPEB Liability	$ 232,575	$ 280,048	$ 341,786

*This information represents the sensitivity of the Authority's overall Total OPEB Liability to changes in the healthcare cost trend rates.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Authority recognized OPEB expense of $159,003. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	$ 3,577	$ -
Differences between expected and actual experience	10,208	-
Change in Assumptions	275	15,117
Change in Proportion	15,097	25,204
Total	$ 29,157	$ 40,321

An amount of $3,577 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Deferred Outflows/Inflows of Resources
2025	$ (2,173)
2026	(2,173)
2027	(2,173)
2028	(2,173)
2029	(2,172)
Thereafter	(3,877)
Total	$ (14,741)

Required Supplementary Information
June 30, 2024

Banning Utility Authority

Banning Utility Authority

Schedule of Proportionate Share in Net Pension Liability and Related Ratios

Last Ten Fiscal Years*

June 30, 2024

Fiscal Year End	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's Proportion of the Net Pension Liability	15.60%	14.29%	15.90%	16.07%	16.07%	16.07%	16.07%	17.66%	18.14%	18.14%
Plan's Proportionate Share of the net Pension Liability	$4,455,118	$4,565,407	$3,012,362	$4,383,010	$4,194,667	$3,877,339	$3,861,222	$3,966,634	$3,616,218	$3,308,132
Covered Employee Payroll	$1,769,717	$1,623,839	$1,505,440	$1,380,098	$1,474,271	$1,323,997	$750,489	$903,564	$1,084,435	$1,073,672
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	251.74%	281.15%	204.33%	317.59%	284.52%	292.85%	514.49%	439.00%	333.47%	308.11%
Plan's Proportionate Share of Aggregate Employers Contributions	$ 594,918	$ 501,973	$472,661	$487,369	$400,411	$345,993	$299,328	$282,328	$282,241	$244,728

Notes to Schedule

Benefit Changes

There were no changes in benefits

Changes in Assumptions

From fiscal year June 30, 2015 to June 30, 2016

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.5% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expenses.

From fiscal year June 30, 2016 to June 30, 2017

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018

The accounting discount rate reduced from 7.65% to 7.15%

From fiscal year June 30, 2018 to June 30, 2019

Demographic assumptions and inflation rate were changed in accordance with CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

From fiscal year June 30, 2019 to June 30, 2020

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022

The accounting discount rate reduced from 7.15% to 6.90%

Banning Utility Authority
Schedule of Plan Contributions
Last Ten Fiscal Years*
June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contributions -	$ 594,918	$ 501,973	$ 487,369	$ 451,639	$ 400,411	$ 345,993	$ 299,328	$ 282,241	$ 268,518	$244,728
Contributions in Relation to The Actuarially Determined Contribution	(594,918)	(501,973)	(487,369)	(451,639)	(400,411)	(345,993)	(299,328)	(282,241)	(268,518)	(244,728)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$2,124,631	$1,769,717	$1,623,839	$1,505,440	$1,380,098	$1,474,271	$1,323,997	$750,489	$903,564	$1,084,435
Contributions as a Percentage of Covered Payroll	28.00%	28.36%	30.01%	30.00%	29.01%	23.47%	22.61%	37.61%	29.72%	22.57%
Notes to Schedule:										
Valuation Date	6/30/2022	6/30/2021	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates										
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value	Fair value
Inflation	2.30%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%	2.50%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.00% (3)	7.00% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.375% (3)	7.15% (3)	7.375% (3)	7.375% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment expense, including inflation
(4) 2.5% at 55 and 2% at 60 retirement age from 50-67, 2% at 62 retirement age 52-67
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by CalPERS Board of Directors.

Fiscal Year Ended	June 30, 2024	June 30, 2023	June 30, 2022
Measurement Period	June 30, 2023	June 30, 2022	June 30, 2021
Plan's Proportion of the total OPEB Liability	8.78%	25.12%	15.90%
Plan's Proportionate Share of the total OPEB Liability	$232,575	$280,048	$169,818
Covered Employee Payroll	$1,769,717	$1,623,839	$1,505,440
Plan's Proportionate Share of the total OPEB Liability as a Percentage of Covered Payroll	13.14%	17.25%	11.28%

Notes to Schedule

Benefit Changes
There were not changes in benefits.

Changes in Assumptions
From fiscal year June 30, 2020 to June 30, 2021
There were no changes in assumptions.
From fiscal year June 30, 2021 to June 30, 2022
There were no changes in assumptions.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75.

* - Fiscal year 2021 was the first year of implementation; therefore, only three years are shown.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

City Council
Banning Utility Authority
Banning, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and each major fund of the City of Banning Utility Authority (the Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 22, 2025. Our report qualified the opinion on the Banning Utility Authority Water Fund and Business-Type Activities because management was unable to reconcile the year-end inventory county to the general ledger.

Report on Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2024-001, 2024-002, 2024-003, 2024-004, and 2024-006 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-005 to be a significant deficiency.

Report on Compliance and Other Matters

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

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 22, 2025

2024-001 **Internal Controls over the Financial Reporting Process and Year-End Closing Process**
Type of Finding: *Material Weakness*

Criteria:

Management is responsible for the preparation and fair presentation of the financial statements. Management is responsible for ensuring that all financial records and related information is reliable and properly recorded. This requires management to perform a year-end closing process to accumulate, reconcile and summarize information for inclusion in the annual financial statements. Management is responsible for reporting revenue as it is earned and available, where appropriate.

Condition:

The Authority contracted with Eide Bailly to draft the financial statements. During the audit, we identified adjustments, which were proposed and posted, as follows:

- Interfund transfers did not net to zero and required correction.
- Revisions were required to adjust the city-wide cost allocation plan totaling $88,827 for wastewater and $77,251 for water.
- Wastewater revenue and accounts receivable were overstated by $227,384.
- Wastewater lease amortization was understated and lease assets were overstated by $559,700.
- Negative cash balances required correction totaling $1,777,506.
- Pension deferred inflows and outflows were understated by $21,280 for water and $137,776 for wastewater.

Closing of various year-end balances did not exhibit evidence of review/approval by separate individuals.

Capitalized assets contained capitalized wages without a policy to support the handling of the capitalized wages.

Multiple revisions were necessary to capital asset and long-term debt rollforwards in order to agree to general ledger.

The Authority is not timely in their utility billings.

Cause:

The Authority did not consistently maintain year-end closing procedures to ensure that all financial information was accumulated and reconciled timely.

The Authority lacked an internal control policy to analyze the completeness and cut-off of revenue to record it when earned and available, as applicable.

The Authority lacked an internal control policy to show preparation and review of year-end balances by separate individuals within the following sections:

- Pension/OPEB
- Claims Incurred but Not Reported
- Capital Assets
- Prepaids
- Inventory
- Long-Term Debt
- Net Positions
- Other Income/Expenditures

The Authority lacked a policy to address the accounting treatment of capitalized wages.

The Authority did not have an internal control process in place to ensure timely, monthly utility billings are sent to customers.

Effect:

Journal entries were posted, and adjustments made to the financial statements, in order to fairly present the financial statements.

Revenue accounts, as well as related unearned revenues and deferred inflows of resources were misstated.

Internal controls surrounding the year-end closing process were incomplete.

Capitalized wages could be handled inconsistently.

Utility receivable balances continue to increase and require additional monitoring for any collection concerns.

Context:

The conditions were noted during our testwork throughout the audit.

Recommendation:

We recommend the Authority implement and/or strengthen its closing policies and procedures to ensure amounts are properly captured, reconciled, classified, reviewed, and reported in a timely manner.

We recommend the Authority implement an internal control process to ensure that all revenue is properly recorded in accordance with generally accepted accounting principles.

We recommend the Authority implement an internal control process to ensure capital assets are properly classified.

We recommend the Authority implement an internal control process to ensure the City's year-end close encompasses documentation of review and approval by separate individuals.

We recommend the Authority implement a policy for the accounting treatment of capitalized wages.

We recommend the Authority implement an internal control process to ensure timely utility billings are sent to customers.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2024-002 Inventory Counts

Type of Finding: *Material Weakness*

Criteria:

Management is responsible for performing test counts of inventories throughout the year, as necessary, and specifically at year-end, and reconciling those results back to the general ledger.

Condition:

The Authority was unable to reconcile the year-end inventory count to the general ledger. Final inventory listings could not be produced until six months after year-end and they did not agree to the general ledger.

Cause:

The Authority did not have an internal control process in place to reconcile the final inventory count results to the general ledger.

Effect:

The inability to reconcile the annual inventory count could lead to a material misstatement of inventory balances. Further, the opinions were qualified for the Banning Utility Authority Water fund and Business-Type Activities.

Context:

The conditions were noted during our testwork throughout the audit.

Recommendation:

The Authority should reconcile all inventory counts to the general ledger.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2024-003 **Timely Preparation and Review of Bank Reconciliations**
Type of Finding: *Material Weakness*

Criteria:

Management is responsible for reconciling and reviewing bank accounts in a timely manner on a monthly basis.

Condition:

The June 2024 bank reconciliations, with the exception of the General, Bank of America Parking Citation, Bank of America CNG Station, and Bank of America Airport Fuel accounts were reviewed in February 2025.

Cause:

The Authority did not have monitoring processes in place throughout the year to prepare and review bank reconciliations in a timely manner.

Effect:

Errors could go undetected without a timely preparation and review process.

Context:

The conditions were noted during our testwork throughout the audit.

Recommendation:

Bank reconciliations should be prepared and reviewed timely.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2024-004 **Cost Allocation Plan Charges**
Type of Finding: *Material Weakness*

Criteria:

Management is responsible for ensuring that cost allocation plan charges are properly supported and reasonably allocated to receiving funds.

Condition:

The Authority revised its approach for allocating cost allocation plan charges impacting the current fiscal year as follows:

- Changing the methodology for the source of central service costs, for a base period, from actual costs to budgeted. No control was in place to true-up the budgeted amounts to actual either in the current period or as a carryforward amount in a subsequent cost plan.
- Changing the cost drivers, specifically for the fleet cost pool to labor costs from work orders, which was different than in prior years.

This resulted in significant increases in cost allocation plan charges city-wide during the current fiscal year.

Upon further review and analysis by management, material adjustments were identified and recorded.

Cause:

The Authority's procedures did not allow for proper analysis and review of the cost allocation plan and related assumptions ensuring that costs were properly supported and reasonably allocated.

Effect:

Adjustments were made city-wide to reasonably state expenses of the current fiscal year.

Context:

The conditions were noted during our testwork of the Authority's cost allocation plan.

Recommendation:

We recommend the Authority strengthen its policies and procedures for ensuring that cost allocation plan charges are properly supported and reasonably allocated.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2024-005 **Utility Customer Account Adjustments**
Type of Finding: *Significant Deficiency*

Criteria:

Management is responsible for monitoring adjustments to utility customer accounts.

Condition:

During the process to gain an understanding of the utility customer accounts, it was noted adjustments to customer accounts can be prepared and posted by the same individual. Additionally, customer account adjustments are not reviewed.

Cause:

A lack of segregation of duties and review process over utility adjustments allows for potentially unapproved adjustments to customer accounts.

Effect:

The control environment over customer accounts is weakened.

Context:

The conditions were noted during our testwork throughout the audit.

Recommendation:

We recommend the Authority implement policies and procedures that restrict the same individual from having the ability to adjust customer accounts. Additionally, a process should be implemented to review adjustments to customer accounts on a one-by-one basis, based on certain thresholds, or an aggregate basis.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2024-006 **Journal Entries**
Type of Finding: *Material Weakness*

Criteria:

Management is responsible for complete and accurate journal entry listings.

Condition:

The journal entry listing provided by the Authority was not complete and did not contain all journal entries posted during the fiscal year and subsequent to year-end through audit fieldwork.

Cause:

The Authority lacked an internal control process to generate a complete and accurate listing.

Effect:

The control environment over journal entries is weakened.

Context:

The condition was noted during our testwork throughout the audit.

Recommendation:

We recommend the Authority implement policies and procedures to generate complete and accurate journal entry listings that can be accessed at any time and cover desired date ranges.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

Finding No.	Area	Status of Corrective Action
2023-001	Internal Control over the Financial Reporting Process and Year-End Closing Process	Not implemented - Repeat finding 2024-001
2023-002	Inventory Counts	Not implemented - Repeat finding 2024-002
2023-003	Timely Preparation and Review of Bank Reconciliations	Not implemented - Repeat finding 2024-003
2023-004	Utility Customer Account Adjustments	Not implemented - Repeat finding 2024-005

Independent Accountant's Report

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

We have performed the procedures enumerated below, on the Appropriations Limit Calculation of the City of Banning, California (City) prepared in accordance with Article XIII-B of the California Constitution for the fiscal year ended June 30, 2024. The City's management is responsible for the Appropriations Limit Calculation.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the Appropriations Limit Calculation and we will report on findings based on the procedures performed. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish the City's 2023-2024 appropriations limit and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

   Finding: No exceptions were found as a result of this procedure.

2. We added last year's limit to the annual adjustment amount and compared the resulting amount to the 2023-2024 appropriations limit.

   Finding: No exceptions were found as a result of this procedure.

3. We compared the current year information to the worksheets described in Procedure 1 above and to information provided by the California State Department of Finance.

   Finding: No exceptions were found as a result of this procedure.

4. We agreed the prior year appropriations limit to the prior year appropriations limit adopted by the City Council.

   Finding: No exceptions were found as a result of this procedure.

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We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's Appropriations Limit Calculation for the year ended June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the audit committees and managements of the City and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Rancho Cucamonga, California
December 22, 2025

Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2024

City of Banning, California

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 1

Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 3

Schedule of Expenditures of Federal Awards 7

Notes to Schedule of Expenditures of Federal Awards 8

Schedule of Findings and Questioned Costs

- Section I - Summary of Auditor's Results 9
- Section II – Financial Statement Findings 10

Summary Schedule of Prior Audit Findings 23

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

City Council
City of Banning
Banning, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Banning (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 22, 2025. Our report qualified the opinion on the Banning Utility Authority Water Fund, Electric Utility Fund, and Business-Type Activities because management was unable to reconcile the year-end inventory county to the general ledger. Our report also included an emphasis of matter paragraph regarding the City's noncompliance with a debt covenant relating to the Electric Utility Fund.

Report on Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, 2024-004, 2024-006, 2024-007, and 2024-008 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-005 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-008.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Eide Bailly LLP

Rancho Cucamonga, California
December 22, 2025

Independent Auditor's Report on Compliance for the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

City Council
City of Banning
Banning, California

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Banning's (the City)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2024. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-009. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-009 and 2024-010 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 22, 2025, which contained qualified and unmodified opinions on those financial statements. Our report included an emphasis of matter paragraph regarding the City's noncompliance with an electric fund debt covenant. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Rancho Cucamonga, California
December 22, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Expenditures
Department of Housing and Urban Development			
Passed-through the County of Riverside Economic Development Agency			
Community Development Blocks Grant - Entitlement Grants Cluster			
Community Development Blocks Grant - Entitlement Grants	14.218	5.BN.48-20	$ 69,990
Community Development Blocks Grant - Entitlement Grants	14.218	5.BN.51-21	2,034
Community Development Blocks Grant - Entitlement Grants	14.218	5.BN.53-21	20,246
Total Department of Housing and Urban Development			**92,270**
Department of Interior			
Direct Assistance			
WaterSMART (Sustain and Manage America Resources for Tomorrow)	15.507	R21AP10083-00	11
Total Department of Interior			**11**
Department of Justice			
Passed-through the County of Riverside Sheriff Department			
Edward Bryne Memorial Justice Assistance Grant Program - 2021 Bryne Grant	16.738	15PBJA-21-GG-01181-JAGX	286
Edward Bryne Memorial Justice Assistance Grant Program - 2022 Bryne Grant	16.738	0-BJA-2022-171368	8,991
Total Department of Justice			**9,277**
Department of Transportation			
Passed-through CalTrans			
Highway Planning and Construction			
San Gorgonio Union Pacific Rail Road Pedestrian (UPRR) Improvement Project	20.205	STPLR-7500(288)	42,666
Minimum Penalties for Repeat Offenders for Driving While Intoxicated			
2023 Selective Traffic Enforcement Program	20.608	PT24011	13,937
State and Community Highway Safety			
2023 Selective Traffic Enforcement Program	20.600	PT24011	6,968
Total Department of Transportation			**63,571**
Department of Treasury			
Direct Assistance			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		2,599,127
Passed-through the State Water Resources Control Board			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	A00059	496,530
Total Department of Treasury			**3,095,657**
Department of Health and Human Services			
Passed-through California Department of Community Services & Development			
Low Income Household Water Assistance Program	93.499	N/A	43,016
Total Department of Health and Human Services			**43,016**
Total Federal Financial Assistance			**$ 3,303,802**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Banning (City) under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, fund balance, or cash flows of the City.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting for governmental funds and the accrual basis for proprietary funds, as described in Note 1 of the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Qualified for: Banning Utility Authority Water Fund Electric Utility Fund Business-Type Activities Unmodified for all other opinion units
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	Yes

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2024-001 **Internal Controls over the Financial Reporting Process and Year-End Closing Process**
Type of Finding: *Material Weakness*

Criteria:

Management is responsible for the preparation and fair presentation of the financial statements. Management is responsible for ensuring that all financial records and related information is reliable and properly recorded. This requires management to perform a year-end closing process to accumulate, reconcile and summarize information for inclusion in the annual financial statements. Management is responsible for reporting revenue as it is earned and available, where appropriate.

Condition:

The City contracted with Eide Bailly to draft the financial statements. During the audit, we identified adjustments, which were proposed and posted, as follows:

- Interfund transfers did not net to zero and required correction.
- Grant revenue was understated and unavailable revenue was overstated by $192,423 pertaining to the Sustainable Communities Grant. Additionally, grant receivables and revenue were both understated by an additional $46,216 related to the same grant.
- Legal expenditures were overstated by $70,000.
- Transit unearned revenue and grants receivable were both overstated by $2,919,575.
- Lease and SBITA repayments were reclassified from expenditure accounts totaling $114,478.
- Revisions were required to adjust the city-wide cost allocation plan totaling $1,585,472.
- Wastewater revenue and accounts receivable were overstated by $227,384.
- TDA revenue was overstated and unearned revenue was understated by $221,176.
- Wastewater lease amortization was understated and lease assets were overstated by $559,700.
- TUMF grants receivable and unavailable revenue were understated by $212,602.
- Negative cash balances required correction totaling $2,277,506.
- Pension deferred inflows and outflows were understated by $3,891,102.

Additionally, negative cash, and as a result, negative net position, existed in two custodial funds at year-end.

One asset previously classified as a lease was reclassified as a financed purchase.

Closing of various year-end balances did not exhibit evidence of review/approval by separate individuals.

Capitalized assets contained capitalized wages without a policy to support the handling of the capitalized wages.

Multiple revisions were necessary to capital asset and long-term debt rollforwards in order to agree to general ledger.

The City is not timely in their utility billings.

Cause:

The City did not consistently maintain year-end closing procedures to ensure that all financial information was accumulated and reconciled timely.

The City lacked an internal control policy to analyze the completeness and cut-off of revenue to record it when earned and available, as applicable.

The City did not have an internal control process in place to ensure lease agreements were reviewed for proper classification.

The City did not have an internal control process in place to ensure cash was not overspent in custodial funds.

The City lacked an internal control policy to show preparation and review of year-end balances by separate individuals within the following sections:

- Pension/OPEB
- Claims Incurred but Not Reported
- Capital Assets
- Prepaids
- Inventory
- Long-Term Debt
- Net Positions
- Other Income/Expenditures

The City lacked a policy to address the accounting treatment of capitalized wages.

The City did not have an internal control process in place to ensure timely, monthly utility billings are sent to customers.

Effect:

Journal entries were posted, and adjustments made to the financial statements, in order to fairly present the financial statements.

Revenue accounts, as well as related unearned revenues and deferred inflows of resources were misstated.

Classifications within leases and financed purchases were inaccurate.

Custodial funds, representing cash held on behalf of others, was overspent, creating a deficit net position.

Internal controls surrounding the year-end closing process were incomplete.

Capitalized wages could be handled inconsistently.

Utility receivable balances continue to increase and require additional monitoring for any collection concerns.

Context:

The conditions were noted during our testwork throughout the audit.

Recommendation:

We recommend the City implement and/or strengthen its closing policies and procedures to ensure amounts are properly captured, reconciled, classified, reviewed, and reported in a timely manner.

We recommend the City implement an internal control process to ensure that all revenue is properly recorded in accordance with generally accepted accounting principles.

We recommend the City implement an internal control process to ensure capital assets are properly classified.

We recommend the City implement an internal control process to ensure more cash is not spent than held within custodial funds.

We recommend the City implement an internal control process to ensure the City's year-end close encompasses documentation of review and approval by separate individuals.

We recommend the City implement a policy for the accounting treatment of capitalized wages.

We recommend the City implement an internal control process to ensure timely utility billings are sent to customers.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2024-002 Inventory Counts

Type of Finding: *Material Weakness*

Criteria:

Management is responsible for performing test counts of inventories throughout the year, as necessary, and specifically at year-end, and reconciling those results back to the general ledger.

Condition:

The City was unable to reconcile the year-end inventory count to the general ledger. Final inventory listings could not be produced until six months after year-end and they did not agree to the general ledger.

Cause:

The City did not have an internal control process in place to reconcile the final inventory count results to the general ledger.

Effect:

The inability to reconcile the annual inventory count could lead to a material misstatement of inventory balances. Further, the opinions were qualified for the Banning Utility Authority Water fund, the Electric Utility fund, and Business-Type Activities.

Context:

The conditions were noted during our testwork throughout the audit.

Recommendation:

The City should reconcile all inventory counts to the general ledger.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2024-003 Timely Preparation and Review of Bank Reconciliations
Type of Finding: *Material Weakness*

Criteria:

Management is responsible for reconciling and reviewing bank accounts in a timely manner on a monthly basis.

Condition:

The June 2024 bank reconciliations, with the exception of the General, Bank of America Parking Citation, Bank of America CNG Station, and Bank of America Airport Fuel accounts were reviewed in February 2025.

Cause:

The City did not have monitoring processes in place throughout the year to prepare and review bank reconciliations in a timely manner.

Effect:

Errors could go undetected without a timely preparation and review process.

Context:

The conditions were noted during our testwork throughout the audit.

Recommendation:

Bank reconciliations should be prepared and reviewed timely.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2024-004 **Cost Allocation Plan Charges**
Type of Finding: *Material Weakness*

Criteria:

Management is responsible for ensuring that cost allocation plan charges are properly supported and reasonably allocated to receiving funds.

Condition:

The City revised its approach for allocating cost allocation plan charges impacting the current fiscal year as follows:

- Changing the methodology for the source of central service costs, for a base period, from actual costs to budgeted. No control was in place to true-up the budgeted amounts to actual either in the current period or as a carryforward amount in a subsequent cost plan.

- Changing the cost drivers, specifically for the fleet cost pool to labor costs from work orders, which was different than in prior years.

This resulted in significant increases in cost allocation plan charges city-wide during the current fiscal year.

Upon further review and analysis by management, material adjustments were identified and recorded.

Cause:

The City's procedures did not allow for proper analysis and review of the cost allocation plan and related assumptions ensuring that costs were properly supported and reasonably allocated.

Effect:

Adjustments were made city-wide to reasonably state expenses of the current fiscal year.

Context:

The conditions were noted during our testwork of the City's cost allocation plan.

Recommendation:

We recommend the City strengthen its policies and procedures for ensuring that cost allocation plan charges are properly supported and reasonably allocated.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2024-005 Utility Customer Account Adjustments
Type of Finding: *Significant Deficiency*

Criteria:

Management is responsible for monitoring adjustments to utility customer accounts.

Condition:

During the process to gain an understanding of the utility customer accounts, it was noted adjustments to customer accounts can be prepared and posted by the same individual. Additionally, customer account adjustments are not reviewed.

Cause:

A lack of segregation of duties and review process over utility adjustments allows for potentially unapproved adjustments to customer accounts.

Effect:

The control environment over customer accounts is weakened.

Context:

The conditions were noted during our testwork throughout the audit.

Recommendation:

We recommend the City implement policies and procedures that restrict the same individual from having the ability to adjust customer accounts. Additionally, a process should be implemented to review adjustments to customer accounts on a one-by-one basis, based on certain thresholds, or an aggregate basis.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2024-006 **Financial Condition of the City**
Type of Finding: *Material Weakness*

Criteria:

The City is responsible for the development, implementation and monitoring of the budget and internal control systems to protect the ongoing financial health of the City. Management is responsible for monitoring funds to prevent deficits.

Condition:

The City is currently in a severe financial crisis. In addition to the General Fund negative unassigned fund balance of ($7,207,927), the City is allowing multiple funds to incur significant deficits. For example, five of the six internal service funds of the City have deficit net positions totaling ($12,763,811). To finance its ongoing operations, the City has utilized cash balances from other unrestricted and restricted funds. As of June 30, 2024, the City did not have the resources to repay the cash that was borrowed. Specifically, the electric fund has interfund loans totaling $9,164,972 without the ability to repay the loan within one year.

Cause:

The City's internal control system did not adequately prevent funds from incurring negative cash positions without formal borrowing arrangements. The costs charged to other funds as part of the City's cost allocation plan are not sufficient to cover operating costs, leading to deficit net position.

Effect:

The financial position of the City has been severely impacted with the potential that the general fund may need to finance net position/fund balance shortfalls.

Context:

The City does not have adequate resources to repay the funds which have been borrowed internally.

Recommendation:

The City must continue to develop and implement a fiscal plan. Additionally, we recommend the City establish a plan to adjust rates charged to other funds to work toward correcting deficit net position within the internal service funds.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2024-007 **Journal Entries**
Type of Finding: *Material Weakness*

Criteria:

Management is responsible for complete and accurate journal entry listings.

Condition:

The journal entry listing provided by the City was not complete and did not contain all journal entries posted during the fiscal year and subsequent to year-end through audit fieldwork.

Cause:

The City lacked an internal control process to generate a complete and accurate listing.

Effect:

The control environment over journal entries is weakened.

Context:

The condition was noted during our testwork throughout the audit.

Recommendation:

We recommend the City implement policies and procedures to generate complete and accurate journal entry listings that can be accessed at any time and cover desired date ranges.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2024-008 **Electric Fund Debt Covenant Noncompliance**
Type of Finding: *Material Weakness and Instance of Noncompliance*

Criteria:

Management is responsible for monitoring debt covenants for compliance.

Condition:

The City was out of compliance with the debt service coverage ratio of 1.20 at June 30, 2024 within the electric fund.

Cause:

The City did not have an internal control process in place to monitor compliance with debt covenants throughout the year.

Effect:

The City is in violation of the debt covenant.

Context:

The condition was noted during our testwork throughout the audit.

Recommendation:

We recommend the City create an internal control process that would allow for monitoring of debt covenants throughout the year.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

Section III – Federal Award Findings and Questioned Costs

2024-009

Program: COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Federal Financial Assistance Listing Number: 21.027
Federal Grantor: U.S. Department of Treasury
Award No. and Year: 2021

Program: COVID-19 Coronavirus State and Local Fiscal Recovery Funds passed-through the State Water Resources Control Board
Federal Financial Assistance Listing Number: 21.027
Federal Grantor: U.S. Department of Treasury
Award No. and Year: A00059, 2024

Compliance Requirement: Allowable Costs/Cost Principles
Type of Finding: Significant Deficiency in Internal Control and Instance of Non-Compliance

Criteria:

Title 2 CFR Section 200.302(b)(7) of the Uniform Guidance requires all non-Federal entities establish written procedures to implement the requirements for determining the allowability of costs in accordance with *Subpart E – Cost Principles* or the conditions of the Federal award.

Condition:

The City has not established written procedures for determining allowability of costs in accordance with *Subpart E – Cost Principles* or the conditions of the Federal award.

Cause:

The City's procedures did not ensure the required written procedures were developed and implemented in accordance with the Uniform Guidance.

Effect:

The City has not compiled with Title 2 CFR Section 200.302(b)(7) regarding establishing written procedures for determining the allowability of costs.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context/Sampling:

The condition above was identified during our procedures related to allowable costs and no sampling was used.

Repeat Finding from Prior Year:

Yes, prior year finding 2023-007

Recommendation:

We recommend the City establish policies and formalize written procedures related to allowable costs in accordance with *Subpart E – Cost Principles.*

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

2024-010

Program: COVID-19 Coronavirus State and Local Fiscal Recovery Funds passed-through the State Water Resources Control Board
Federal Financial Assistance Listing Number: 21.027
Federal Grantor: U.S. Department of Treasury
Award No. and Year: A00059, 2024

Compliance Requirement: Allowable Costs/Cost Principles
Type of Finding: Significant Deficiency in Internal Control

Criteria:

2 CFR Section 200.303(a), Internal Controls, states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition:

During testing of the City's compliance with activities allowed or unallowed and allowable costs/cost principles requirements, it was noted that the City did not obtain proper Council approval to charge the overall arrearage expenditures to the ARPA Program.

Cause:

The City did not have internal controls in place to ensure that the expenditures charged to the ARPA Program were properly approved.

Effect:

The City charged arrearage expenditures for reimbursement that had not been previously reviewed or approved by Council.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context/Sampling:

A nonstatistical sample of 23 transactions out of 98 total transactions were selected for testing, which accounted for $2,474,044 of $3,095,657 federal program expenditures. The error applied to 1 transaction and totaled $413,431.

Repeat Finding from Prior Year:

No

Recommendation:

We recommend the City implement internal controls to ensure all costs charged to the program are properly reviewed and approved prior to being charged to the program.

Views of Responsible Officials:

Management agrees with the finding. See separate corrective action plan.

Financial Statement Findings

Finding No.	Area	Status of Corrective Action
2023-001	Internal Control over the Financial Reporting Process and Year-End Closing Process	Not implemented - Repeat finding 2024-001
2023-002	Inventory Counts	Not implemented - Repeat finding 2024-002
2023-003	Timely Preparation and Review of Bank Reconciliations	Not implemented - Repeat finding 2024-003
2023-004	Contributions Subsequent to Measurement Date – Pension Safety Plan	Implemented
2023-005	Utility Customer Account Adjustments	Not implemented - Repeat finding 2024-005

Federal Awards Findings

Finding No.	Program	CFDA No.	Compliance	Status of Corrective Action
2023-006	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Procurement and Suspension and Debarment	Implemented
2023-007	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Allowable Costs/Cost Principles	Not implemented - Repeat finding 2024-010

December 20, 2025

Ms. Michelle Green
Interim Administrative Services Director
City of Banning, California

Dear Ms. Green:

We appreciate the opportunity to continue to serve the City of Banning, California (City) as the independent auditor. This letter is intended to set forth the basic understanding that we will incur additional time in performing the City's 2024 fiscal year-end audit and request to amend our engagement letter.

In accordance with our engagement letter for the fiscal year ended June 30, 2024, if unexpected circumstances arose during the audit, we would discuss them with the City and arrive at a new fee estimate. We have maintained frequent communication and weekly status meetings to discuss audit procedures, potential adjustments, pending items, delays and contract status.

During the current year audit, the time incurred to perform required audit procedures, combined with an increased risk relating to prior year material weaknesses and audit findings, has exceeded original estimates in multiple audit areas, including inventory, capital assets, interfund balances, long-term debt, receivables/revenue, expenditures, federal compliance (single audit) and pensions/OPEB. Throughout the audit process we have coordinated with City staff, allowed for the City to research matters and revise year-end schedules, reviewed support and modified our procedures. As the City continued to research and address items, modifications to the overall timeline occurred, and more detailed assistance was required from higher level engagement team staff.

During the reporting phase of the audit, additional matters were identified, further research was necessary by the City and adjustments/revisions to the financial statements were also required.

Based on the additional time necessary to perform and complete our work, we are respectfully requesting an overage of $145,000 for this fiscal year's audit.

eidebailly.com
10681 Foothill Blvd., Ste. 300 | Rancho Cucamonga, CA 91730-3831 | T 909.466.4410 | F 909.466.4431 | EOE

A recap of the hours and comparison to our original proposal is included below:

Actual to Date		**Rates**	**Final Total Hrs**		**Cost**
Partner	$	430	81.00	$	34,830
Manager		323	746.73		241,194
Senior		215	432.43		92,972
Staff		161	164.83		26,538
Admin		-	12.25		-
			1,437.24	$	395,534
			Contract Amount	$	130,396
			Overage		265,138
			Discount		(20,000)
				$	245,138
			Previous amendment		99,500
			Remainging overage	$	145,638
			Requested Overage	**$**	**145,000**

Please let me know if you have any questions.

Sincerely,

Roger E. Alfaro, CPA
Partner

****

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of the City of Banning by:

Name: _____

Title: _____

Date: _____

CITY OF BANNING

Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2024

Corrective Action Plan

Finding 2024-001

Finding Summary: Internal Controls over the Financial Reporting Process and Year-End Closing Process

Type of Finding: Material Weakness

Corrective Action Plan: The City's 2023 ACFR was issued July 30, 2024. Prior to the 2024 audit process being completed, the city experienced significant staff turnover particularly in the Finance Department. The city is in the process of recruiting various key positions including Finance Director, Deputy Finance Director and Accounting Supervisor. To ensure the integrity of the fiscal year 2024-25 year-end closing process, the city has hired short-term experienced part-time staff and consultants to review the books and records in preparation for the completion of the 2024-25 annual audit.

Responsible Individual(s): Finance Director (short-term part-time staff); Deputy Finance Director (Vacant); Accounting Supervisor (Vacant) and Cornelio Datuin, Budget & Finance Analyst

Anticipated Completion Date: June 2026

Finding 2024-02

Finding Summary: Inventory Counts

Type of Finding: Material Weakness

Corrective Action Plan: The management in the Water and Electric Enterprises are committed to ensuring the integrity of the fiscal year 2025-26 inventory counts. The Finance Department will also take part in the physical counting and spot check counted items for accuracy.

Responsible Individual(s): Finance Director (short-term part-time staff); Deputy Finance Director (Vacant); Accounting Supervisor (Vacant) and Fred Lyn, Deputy Electric Director.

Anticipated Completion Date: June 2026

Finding 2024-03

Finding Summary: Timely Preparation and Review of Bank Reconciliations

Type of Finding: Material Weakness

Corrective Action Plan: Prior to the 2024 audit process being completed, the city experienced significant staff turnover particularly in the Finance Department. The city is in the process of recruiting various key positions including Finance Director, Deputy Finance Director and Accounting Supervisor. Staff and consultants are working on bringing bank reconciliations current, and once caught up, will endeavor to complete cash reconciliation within 15-30 days of month end.

Responsible Individual(s): Finance Director (short-term part-time staff); Deputy Finance Director (Vacant); Accounting Supervisor (Vacant)

Anticipated Completion Date: June 2026

Finding 2024-04

Finding Summary: Cost Allocation Plan charges

Type of Finding: Material Weakness

Corrective Action Plan: The city will employ a consistent methodology and ensure a process is in place to true-up allocations booked during the fiscal year to actuals at year-end.

Responsible Individual(s): Finance Director (short-term part-time staff); Deputy Finance Director (Vacant); Accounting Supervisor (Vacant)

Anticipated Completion Date: June 2026

Finding 2024-05

Finding Summary: Utility Customer Account Adjustments

Type of Finding: Significant Deficiency

Corrective Action Plan: The City will be implementing a policy wherein the adjustment report will be printed then reviewed and signed by a supervisor.

Responsible Individual(s): Finance Director (short-term part-time staff); Deputy Finance Director (Vacant); Liliana Mascorro, Interim Utility Billing Supervisor

Anticipated Completion Date: June 2026

Finding 2024-006

Finding Summary: Financial Condition of the City

Type of Finding: Material Weakness

Corrective Action Plan: The city has taken significant actions to ensure financial viability going forward. These actions include an Electric Utility rate increase to ensure that fund's "borrowing" from the General Fund can be repaid within 2 years. In addition, a workout plan is being developed to address the internal service fund shortfall. A recent strategic planning workshop was conducted with the City Council and they have prioritized fiscal stability.

Responsible Individual(s): Arturo Vela, Interim City Manager; Finance Director (short-term part-time staff); Deputy Finance Director (Vacant); Accounting Supervisor (Vacant)

Anticipated Completion Date: December 2026

Finding 2023-07

Finding Summary: Journal Entries

Type of Finding: Material Weakness

Corrective Action Plan: Prior to the 2024 audit process being completed, the city experienced significant staff turnover particularly in the Finance Department. The city is in the process of recruiting various key positions including Finance Director, Deputy Finance Director and Accounting Supervisor. This will help ensure journal entry list and documentation are kept current.

Responsible Individual(s): Finance Director (short-term part-time staff); Deputy Finance Director (Vacant); Accounting Supervisor (Vacant)

Anticipated Completion Date: June 2026

Finding 2024-008

Finding Summary: Electric Fund Debt Covenant Noncompliance

Type of Finding: Material Weakness and Instance of Noncompliance

Corrective Action Plan: The City implemented a 13% electric rate increase in 2024 as well as an electric rate increase in November of 2025 which is expected to increase revenue an additional 20%. In total, the revenue is expected to increase 33%. The City is confident that noncompliance will not be an issue going forward.

Responsible Individual(s): Arturo Vela, Interim City Manager; Fred Lyn, Deputy Electric Utility Director; Finance Director (short-term part-time staff)

Anticipated Completion Date: June 2026

Finding 2024-09

Program: COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Federal Financial Assistance Listing Number: 21.027

Federal Grantor: U.S. Department of Treasury

Award No. and Year: 2021

Finding Summary: Allowable Costs/Cost Principles

Type of Finding: Significant Deficiency in Internal Control and Instance of Non-Compliance

Corrective Action Plan: The city is in the process of updating its Purchasing Policy and will include language on allowable costs and cost principles that are compliant with Title 2 C.F.R. Section 200. The process may be delayed with the absence of a Purchasing Manager.

Responsible Individual(s): Finance Director (short-term part-time staff); Deputy Finance Director (Vacant); Purchasing Manager (Vacant)

Anticipated Completion Date: December 2026

Finding 2024-10

Program: COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Federal Financial Assistance Listing Number: 21.027

Federal Grantor: U.S. Department of Treasury

Award No. and Year: 2021

Finding Summary: Allowable Costs/Cost Principles

Type of Finding: Significant Deficiency in Internal Control

Corrective Action Plan: Prior to the 2024 audit process being completed, the city experienced significant staff turnover particularly in the Finance Department. The city is in the process of recruiting various key positions including Finance Director, Deputy Finance Director and Accounting Supervisor. This will ensure all proper processes are followed.

Responsible Individual(s): Finance Director (short-term part-time staff); Deputy Finance Director (Vacant); Purchasing Manager (Vacant)

Anticipated Completion Date: January 2026

CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Art Vela, Interim City Manager**
MEETING DATE:	**January 27, 2026**
SUBJECT:	**Consideration of Resolution 2026-22, Approving a Temporary Payment Plan Policy for a Period of Twelve Months**

RECOMMENDATION:

Adopt Resolution 2026-22

BACKGROUND:

During the January 13, 2026 regular City Council meeting, the City Council discussed the structure for payment plans in consideration of the City's recent Utility Billing challenges (see 1/13/26 staff report attached hereto). Concluding the conversation staff was provided with direction to include the following details moving forward:

Grace Period

- A three-month Grace Period will be provided. During the Grace Period customers will have the opportunity to either pay down their balance or submit a payment plans application.
- No late fees or shut offs will occur during the Grace Period.
- No credit card fees will be applied during the Grace Period.
- Standard shutoff process will resume after the Grace Period, which includes the discontinuance of service when a utility account becomes 60 days delinquent.

Types of Payment Plans (Defined in Administrative Policy B-34)

- Extensions
- Amortizations
- Alternative Payment Plans

Payment Plan Terms and Deposits

- 6-month term and 5% deposit (of delinquent balance).
- 12-month term and 10% deposit (of delinquent balance).

Discontinuance of Service

- During a payment plan term, if an account becomes 60-days delinquent, the City shall discontinue service.
- Exceptions: Special Medical and Financial Circumstances (Defined in Administrative Policy B-34).

Late Fees

- Late fees will not be assessed during the term of a payment plan.

Credit Card Fees

- Credit card transaction fees will commence the next full day following the expiration of the Grace Period.

It should be noted that customers do not all receive their monthly utility bills at the same time. Staff is evaluating the implementation of a rolling grace period that would begin based on each customer's individual bill date, rather than a single, uniform grace period start date, which could result in some customers receiving more time than others.

Due to the billing catch-up schedule recently falling behind scheduled due to unforeseen staff shortages and technical difficulties, staff is requesting City Council direction on whether the grace period should commence with the January billing cycle or the February billing cycle. The attached resolution will be revised to reflect Council's direction.

JUSTIFICATION:

The extended utility billing delays resulted in customers receiving multiple bills within a short period as the City worked to return to a normal billing cycle. While necessary to restore operations, this catch-up process may have created financial hardship for some customers. Reviewing and considering temporary modifications to the City's Payment Plan structure will allow the City to balance revenue recovery with customer affordability.

FISCAL IMPACT:

The utility billing delays resulted in the deferral of approximately six months of electric, water, and wastewater revenue, negatively impacting cash flow within the utility funds. While these revenues are expected to be recovered, the timing of recovery will be directly influenced by the length and structure of payment plans.

ALTERNATIVES:

1. Approve with modifications.
2. Do not approve and provide alternative direction.

BUDGETED?:

No

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. Resolution 2026-22.docx
2. 1.13.25 Staff Report Payment Plan.pdf
3. Administrative Policy B-34.pdf

RESOLUTION 2026-22

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, APPROVING A TEMPORARY PAYMENT PLAN POLICY FOR A PERIOD OF TWELVE MONTHS

WHEREAS, on November 1, 2024, the City of Banning implemented a new utility billing system, but significant technical and operational issues hindered its ability to generate bills, prompting a return to the legacy system in late December 2024. Due to the need to reconfigure interconnected systems, billing for water, wastewater, and electric services was interrupted for approximately six months, with billing resuming in April 2025; and

WHEREAS, to address the backlog of utility bills and restore a normal billing cycle, the City increased staffing and accelerated bill production, resulting in customers receiving multiple monthly bills within a single month, which has created financial impacts for some customers; and

WHEREAS, the utility billing delays resulted in the deferral of approximately six months of electric, water, and wastewater revenue, negatively impacting cash flow within the utility funds; and

WHEREAS, City Council has identified the need to provide a Temporary Payment Plan Policy that would balance revenue recovery with customer affordability; and

WHEREAS, the Temporary Payment Policy will include the following:

- Grace Period
    - A three-month Grace Period will be provided. During the Grace Period customers will have the opportunity to either pay down their balance or submit a payment plans application.
    - No late fees or shut offs will occur during the Grace Period.
    - No credit card fees will be applied during the Grace Period.
    - Standard shutoff process will resume after the Grace Period, which includes the discontinuance of service when a utility account becomes 60 days delinquent.
- Types of Payment Plans (defined in Administrative Policy B-34)
    - Extensions
    - Amortizations
    - Alternative Payment Plans
- Payment Plan Terms and Deposits
    - 6-month term with a 5% deposit (of delinquent balance)
    - 12-month term with a 10% deposit (of delinquent balance)
- Discontinuance of Service
    - During a payment plan term, if an account becomes 60-days delinquent, the City shall discontinue service
- Exceptions: Special Medical and Financial Circumstances (defined in Administrative Policy B-34)
- Late Fees
    - Late fees will not be assessed during the term of a payment plan
- Credit Card Fees
    - Credit card transaction fees will commence the next full day following the expiration of the Grace Period.

WHEREAS, the Temporary Payment Plan policy will be effective for 12 months from the January/February, 2026 cycle bill date and available for all customer types; and

WHEREAS, this Resolution establishes a Temporary Payment Plan Policy for a period of twelve (12) months solely for the purpose of providing structured payment plan options to customers, and is not intended to otherwise amend, repeal, or replace the City's existing utility billing, collection, or customer account policies; and

WHEREAS, upon expiration of the twelve-month Temporary Payment Plan Policy, the City's existing policies shall continue to apply without further action of the City Council unless otherwise amended by subsequent Council action.

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

SECTION 1. The City Council approves Resolution 2026-22 approving a Temporary Payment Plan Policy for a period of twelve (12) months.

SECTION 2. The City Manager, or designee, may approve or modify payment plan terms, or establish special payment plan arrangements on a case-by-case basis in response to documented special circumstances, so long as such actions do not conflict with the intent of this Temporary Payment Plan Policy and applicable law.

SECTION 3. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED, APPROVED AND ADOPTED this 20th day of January 2024.

Richard Royce, Mayor
City of Banning

ATTEST:

Sandra Calderon, Deputy City Clerk
City of Banning

APPROVED AS TO FORM:

John Pinkney, City Attorney
Slovak, Baron, Empey, Murphy & Pinkney, LLP

CERTIFICATION:

I, Sandra Calderon, Deputy City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution 2026-22, was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 27th day of January 2026 by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Sandra Calderon, Deputy City Clerk
City of Banning, California

CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Art Vela, Interim City Manager**
MEETING DATE:	**January 13, 2026**
SUBJECT:	**Discuss the City of Banning's Current Utility Billing Payment Plan Policies**

RECOMMENDATION:

That City Council consider the current utility billing payment plan structure and possible alternatives to payment plans with consideration of the City's recent utility billing challenges.

BACKGROUND:

On November 1, 2024, the City of Banning implemented a new utility billing software system intended to modernize operations and replace the City's legacy billing platform. Following implementation, the City experienced significant technical and operational challenges that affected its ability to generate utility bills.

By late December 2024, the City determined that reverting to the legacy billing system was necessary to restore billing functionality. Because several interconnected systems had been modified or replaced to support the new software, additional time was required to reconfigure those systems and fully reinstate operations under the legacy platform.

As a result of this transition, utility bills for water, wastewater, and electric services were not issued for an extended period, resulting in a billing interruption of approximately six months. Utility billing resumed in April 2025, at which time the November 2024 utility bill was mailed to customers. To address the backlog and return to a normal billing cycle, the City augmented staffing resources and accelerated billing production. During this catch-up period, customers received multiple monthly bills in a single month. For example, utility usage for September 2025 and October 2025 were billed and mailed separately in December 2025.

Barring unforeseen staffing shortages or additional technical issues, the City anticipates that the November 2025 and December 2025 utility bills will be mailed separately by the end of January 2026, at which point the City expects to be current with the issuance of utility bills.

During the catch-up period, the City temporarily suspended the processing of new Payment Plan applications until billing operations were fully up to date. The purpose of this discussion is to review existing Payment Plan practices and to receive direction from City Council regarding potential temporary modifications to the current structure (see attached), such as payment plan duration, deposits, late fees, and service shutoffs, while taking into account the impacts the utility billing delays have had on customers.

For reference, attached to this staff report is Administrative Policy B-34 Discontinuation of Water

Service.

JUSTIFICATION:

The extended utility billing delays resulted in customers receiving multiple bills within a short period as the City worked to return to a normal billing cycle. While necessary to restore operations, this catch-up process may have created financial hardship for some customers. Reviewing and considering temporary modifications to the City's Payment Plan structure will allow the City to balance revenue recovery with customer affordability.

FISCAL IMPACT:

The utility billing delays resulted in the deferral of approximately six months of electric, water, and wastewater revenue, negatively impacting cash flow within the utility funds. While these revenues are expected to be recovered, the timing of recovery will be directly influenced by the length and structure of payment plans. Longer payment terms may provide customer relief but will extend the period over which revenues are collected and prolong cash flow constraints, while shorter terms may accelerate recovery but increase the risk of delinquency.

ALTERNATIVES:

1. Proceed with current Payment Plan structure.
2. Provide direction to staff to modify Payment Plan structure on a temporary basis during the term of the payment plans.

BUDGETED?:

No

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. Banning Utility Billing FAQ.docx
2. Payment Plan Structure.pdf
3. Admin Policy B-34 Disconituation of Water Service.pdf

1. **Application of Policy.** This Policy on Discontinuation of Residential Water Service (this "Policy") shall apply to all City accounts for residential water service, but shall not apply to any accounts for non-residential service. To the extent this Policy conflicts with any other rules, regulations, or policies of the City, this Policy shall control.

2. **Contact Information.** For questions or assistance regarding your water bill, the City's Customer Service staff can be reached at (951) 922-3185. Customers may also visit the City's Customer Service desk in person during regular business hours.

3. **Billing Procedures.** In general, water service charges are payable to the City monthly. All bills for water service are due and payable upon receipt of mailing and will become delinquent twenty (20) calendar days after the bill date. A late fee will be assessed on any unpaid balance thirty-one (31) days after the bill date.

4. **Discontinuation of Water Service for Nonpayment.** If a bill is delinquent for at least sixty (60) days, the City may discontinue water service to the service address.

4.1 Written Notice to Customer. The City will provide a mailed notice to the customer of record at least seven (7) business days before discontinuation of water service. The notice will contain:

(a) the name and address of the customer;

(b) the amount of the delinquency;

(c) the date by which payment or payment arrangements must be made to avoid discontinuation of service;

(d) a description of the procedure by which the customer may initiate a complaint or request an investigation or appeal concerning service or charges;

(e) a description of the procedure by which the customer may request an alternative payment arrangement, which may include an extension, amortization, alternative payment schedule, or payment reduction;

(f) the procedure for the customer to obtain information on financial assistance, if applicable; and

(g) the telephone number where the customer may request a payment arrangement or receive additional information from the City.

4.2 Written Notice to Occupants or Tenants.

(a) The City will also send a notice to the occupants living at the service address at least ten (10) days before discontinuation of water service under the following circumstances: (1) the City furnishes individually metered service to a single-family dwelling, multi-unit residential structure, mobile home park, or permanent residential structure in a labor camp as defined in California Health & Safety Code Section 17008, and the owner, manager, or operator is the customer of record; or (2) the customer of record's mailing address is not the same as the service address. The notice will be addressed to "Occupant," will contain the information required in Section 4.1 above, and will inform the residential occupants that they have the right to become customers of the City without being required to pay the amount due on the delinquent account. Terms and conditions for occupants to become customers of the City are provided in Section 8 below. Notwithstanding the foregoing, if the dwelling unit is a detached single-family dwelling unit, then the City will (1) give notice to the occupant of service discontinuation at least seven (7) days prior to the proposed discontinuation; and (2) require the occupant to verify that the delinquent account customer was the landlord, manager, or agent of the dwelling unit. Verification may include a lease or rental agreement, rent receipts, or other government document.

(b) If the City furnishes water through a master meter in a multi-unit residential structure, mobile home park, or permanent residential structures in a labor camp and the owner, manager, or operator is the customer of record, the City will make a good faith effort to inform the occupants, by means of written notice posted on the door of each residential unit at least fifteen (15) days prior to termination, that the account is in arrears and the service will be terminated on a date specified in the notice. If it is not reasonable or practicable to post the notice on the door of each unit, the City will post two (2) copies of the notice in each accessible common area and at each point of access to the structure or structures. The notice will inform the residential occupants that they have the right to become customers of the City without being required to pay the amount due on the delinquent account. The notice will also specify what the occupants are required to do in order to prevent termination of, or to reestablish service; the estimated monthly cost of service; the title, address, and telephone number of a representative of the City who can assist the occupants in continuing service; and the address and telephone number of a qualified legal services project that has been recommended by the local county bar association. Terms and conditions for occupants to become customers of the City are provided in Section 8 below.

In addition to the limitations set forth in Section 4.4, water service will not be discontinued for nonpayment under the following situations: (1) for an indebtedness owed by the existing customer of record to another public agency; (2) if the delinquent account relates to another property owned, managed, or operated by the existing customer of record; or (3) if a public health or building officer certifies that termination would result in a significant threat to the health or safety of the residential occupants or the public.

4.3 Posting of Notice at Service Address. If the City is unable to make contact with the customer or an adult person living at the service address in person or by telephone, and written notice is returned through the mail as undeliverable, the City will make a good faith effort to leave a notice of imminent discontinuation of residential service and a copy of this Policy in a conspicuous place at the service address. The notice will include:

(a) the name and address of the customer;

(b) the amount of the delinquency;

(c) the date by which payment or payment arrangements must be made to avoid discontinuation of service;

(d) the procedure for the customer to obtain information on financial assistance, if applicable; and

(e) the telephone number where the customer may request a payment arrangement or receive additional information from the City.

4.4 Circumstances Under Which Service Will Not Be Discontinued. The City will not discontinue residential water service for nonpayment under the following circumstances:

(a) During an investigation by the City of a customer dispute or complaint under Section 5.1 below;

(b) During the pendency of an appeal to the City Council under Section 5.3 below; or

(c) During the period of time in which a customer's payment is subject to a City-approved extension, amortization, alternative payment schedule, or reduction under Section 6 below, and the customer remains in compliance with the approved payment arrangement.

4.5 Special Medical and Financial Circumstances Under Which Services Will Not Be Discontinued.

(a) The City will not discontinue water service if all of the following conditions are met:

(i) The customer, or a tenant of the customer, submits to the City the certification of a licensed primary care provider that discontinuation of water service will be life threatening to, or pose a serious threat to the health and safety of, a resident of the premises where residential service is provided;

(ii) The customer demonstrates that he or she is financially unable to pay for residential service within the City's normal

billing cycle. The customer is deemed financially unable to pay during the normal billing cycle if: (a) any member of the customer's household is a current recipient of CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplementary Payment Program, or California Special Supplemental Nutrition Program for Women, Infants, and Children, or (b) the customer declares under penalty of perjury that the household's annual income is less than 200 percent of the federal poverty level; and

(iii) The customer is willing to enter into an alternative payment arrangement, including an extension, amortization, alternative payment schedule, or payment reduction with respect to the delinquent charges.

(b) For any customers who meet all of the above conditions, the City shall offer the customer one of the following options, to be selected by the City in its discretion: (1) an extension of the payment period; (2) amortization of the unpaid balance; (3) an alternative payment schedule; or (4) a reduced payment. The City's Administrative Services Director or designee will select the most appropriate payment arrangement, taking into consideration the information and documentation provided by the customer, as well as the City's payment needs.

(c) The customer is responsible for demonstrating that the conditions in subsection (a) have been met. Upon receipt of documentation from the customer, the City will review the documentation within seven (7) days and: (1) notify the customer of the alternative payment arrangement selected by the City and request the customer's signed assent to participate in that alternative arrangement; (2) request additional information from the customer; or (3) notify the customer that he or she does not meet the conditions in subsection (a).

(d) The City may discontinue water service if a customer who has been granted an alternative payment arrangement under this section fails to do any of the following for sixty (60) days or more: (a) to pay his or her unpaid charges by the extended payment date; (b) to pay any amortized amount due under the amortization schedule; (c) to pay any amount due under an alternative payment schedule; (d) to pay the reduced payment amount by its due date; or (e) to pay his or her current charges for water service. The City will post a final notice of intent to disconnect service in a prominent and conspicuous location at the service address at least five (5) business days before discontinuation of service. The final notice will not entitle the customer to any investigation or review by the City.

4.6 Time of Discontinuation of Service. The City will not discontinue water service due to nonpayment on a Saturday, Sunday, legal holiday, or at any time during which the City's office is not open to the public.

4.7 Restoration of Service. Customers whose water service has been discontinued may contact the City by telephone or in person regarding restoration of service. Restoration shall be subject to payment of: (a) any past-due amounts, including applicable interest or penalties; (b) any reconnection fees, subject to the limitations in Section 7.1, if applicable; (c) and a security deposit, if required by the City.

5. Procedures to Contest or Appeal a Bill.

5.1 Time to Initiate Complaint or Request an Investigation. A customer may initiate a complaint or request an investigation regarding the amount of a bill within five (5) days of receiving a disputed bill. For purposes of this Section 5.1 only, a bill shall be deemed received by a customer five (5) days after mailing and immediately upon e-mailing.

5.2 Review by City. A timely complaint or request for investigation shall be reviewed by a manager of the City, who shall provide a written determination to the customer. The review will include consideration of whether the customer may receive an extension, amortization, alternative payment schedule, or payment reduction under Section 6. The City may, in its discretion, review untimely complaints or requests for investigation; however, such complaints or requests are not subject to appeal.

5.3 Appeal to City Council. Any customer whose timely complaint or request for an investigation pursuant to this Section 5 has resulted in an adverse determination may appeal the determination to the City Council by filing a written notice of appeal with the City Clerk within ten (10) business days of the City's mailing of its determination. Upon receiving the notice of appeal, the City Clerk will set the matter to be heard at an upcoming City Council meeting and mail the customer written notice of the time and place of the hearing at least ten (10) days before the meeting. The decision of the City Council shall be final.

6. Extensions and Other Alternative Payment Arrangements.

6.1 Time to Request an Extension or Other Alternative Payment Arrangement. If a customer is unable to pay a bill during the normal payment period, the customer may request an extension or other alternative payment arrangement described in this Section 6. If a customer submits his or her request within five (5) days after mailing of a written notice of discontinuation of service by the City, the request will be reviewed by a manager of the City. City decisions regarding extensions and other alternative payment arrangements are final and are not subject to appeal to the City Council.

6.2 Extension. If approved by the City, a customer's payment of his or her unpaid balance may be temporarily extended for a period not to exceed six (6) months after the balance was originally due. The City's Administrative Services Director or designee shall determine, in his or her discretion, how long an extension shall be provided

to the customer. The customer shall pay the full unpaid balance by the date set by the City and must remain current on all water service charges accruing during any subsequent billing periods. The extended payment date will be set forth in writing and provided to the customer.

6.3 Amortization. If approved by the City, a customer's payment of his or her unpaid balance may be amortized over a period not to exceed twelve (12) months, as determined by the City's Administrative Services Director or designee, in his or her discretion. If amortization is approved, the unpaid balance will be divided by the number of months in the amortization period, and that amount will be added to the customer's monthly bills for water service until fully paid. During the amortization period, the customer must remain current on all water service charges accruing during any subsequent billing periods. The amortization schedule and amounts due will be set forth in writing and provided to the customer.

6.4 Alternative Payment Schedule. If approved by the City, a customer may pay his or her unpaid balance pursuant to an alternative payment schedule that will not exceed twelve (12) months, as determined by the City's Administrative Services Director or designee, in his or her discretion. If approved, the alternative payment schedule may allow periodic lump-sum payments that do not coincide with the City's established payment date or may provide for payments made more or less frequently than the City's regular payment date. During the period of the alternative payment schedule, the customer must remain current on all water service charges accruing during any subsequent billing periods. The alternative payment schedule and amounts due will be set forth in writing and provided to the customer.

6.5 Payment Reduction or Deferral. If approved by the City, a customer may receive a temporary deferral or reduction of the unpaid balance owed by the customer; payment reductions may not exceed the amount of unpaid reconnection fees and accrued interest charges for water service. Any such reduction shall be funded using unrestricted funds of the City, and not from charges or fees paid by other customers. The City's Administrative Services Director shall determine, in his or her discretion, whether to grant a deferred or reduced payment, and the amount of such deferral or reduction, based on: (a) the availability of City funds to fund the reduction at a given time; (b) the customer's demonstrated financial need; and (c) the customer's prior payment history or prior payment reductions. The amount of the reduced payment and the due date for the reduced payment will be set forth in writing and provided to the customer.

6.6 Failure To Comply. If a customer has been granted a payment arrangement under this Section 6 and fails to: (1) pay the unpaid charges by the extension date; (2) pay an amount due under an amortization schedule; (3) pay an amount due under an alternative payment schedule; or (4) pay a reduced payment amount by its due date, then the City may terminate water service. The City will post a final notice of intent to disconnect service in a prominent and conspicuous location at the service address at least five (5) business days before discontinuation of service. The final notice will not entitle the customer to any investigation or review by the City.

7. Specific Programs for Low-Income Customers.

7.1 Reconnection Fee Limits and Waiver of Interest. For residential customers who demonstrate to the City a household income below 200 percent of the federal poverty line, the City will:

(a) Limit any reconnection fees during normal operating hours to fifty dollars ($50), and during non-operational hours to one hundred fifty dollars ($150). The limits will only apply if the City's reconnection fees actually exceed these amounts. These limits are subject to an annual adjustment for changes in the Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers (CPI-U) beginning January 1, 2021.

(b) Waive interest charges on delinquent bills once every 12 months. The City will apply the waiver to any interest charges that are unpaid at the time of the customer's request.

7.2 Qualifications. The City will deem a residential customer to have a household income below 200 percent of the federal poverty line if: (a) any member of the household is a current recipient of CalWORKs, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplementary Payment Program, or California Special Supplemental Nutrition Program for Women, Infants, and Children, or (b) the customer declares under penalty of perjury that the household's annual income is less than 200 percent of the federal poverty level.

8. Procedures for Occupants or Tenants to Become Customers of the City.

8.1 Applicability. This Section 8 shall apply only when the property owner, landlord, manager, or operator of a residential service address is listed as the customer of record and has been issued a notice of intent to discontinue water service due to nonpayment.

8.2 Agreement to City Terms and Conditions of Service. The City will make service available to the actual residential occupants if each occupant agrees to the terms and conditions of service and meets the requirements of the City's rules and regulations. Notwithstanding, if one or more of the occupants are willing and able to assume responsibility for the subsequent charges to the account to the satisfaction of the City, or if there is a physical means, legally available to the City, of selectively discontinuing service to those occupants who have not met the requirements of the City's rules and regulations, the City shall make service available to the occupants who have met those requirements.

8.3 Verification of Tenancy. To be eligible to become a customer without paying the amount due on the delinquent account, the occupant shall verify that the delinquent account customer of record is or was the landlord, manager, or agent of the dwelling. Verification may include, but is not limited to, a lease or rental agreement, rent receipts, a government document indicating that the occupant is renting the property, or information disclosed pursuant to Section 1962 of the Civil Code, at the discretion of the City.

8.4 Methods of Establishing Credit. If prior service for a period of time is a condition for establishing credit with the City, residence and proof of prompt payment of rent for that period of time is a satisfactory equivalent.

8.5 Deductions from Rental Payment. Pursuant to Government Code Section 60371(d), any occupant who becomes a customer of the City pursuant to this Section 8 and whose periodic payments, such as rental payments, include charges for residential water service, where those charges are not separately stated, may deduct from the periodic payment each payment period all reasonable charges paid to the City for those services during the preceding payment period.

9. **Third Party Notification Service for Seniors and Dependent Adults**. The City will make available, to residential customers who are 65 years or older, or who are dependent adults (as defined in Welfare and Institutions Code Section 15610(b)(1)), a third-party notification service whereby the City will attempt to notify a person designated by the customer to receive notification when the customer's account is past-due and subject to termination. The notification will include information on what is required to prevent termination of service. The City will mail the notification to the designated third party at least ten (10) days before termination of service. To participate, the customer must submit a request for third-party notification on a form provided by the City, and must include the written consent of the designated third party. The notification service does not obligate the third party to pay any overdue charges, nor shall it prevent or delay termination of service.

10. **Other Remedies.** In addition to discontinuation of water service, the City may pursue any other remedies available in law or equity for nonpayment of water service charges, including, but not limited to: securing delinquent amounts by filing liens on real property, filing a claim or legal action, or referring the unpaid amount to collections. In the event a legal action is decided in favor of the City, the City shall be entitled to the payment of all costs and expenses, including attorneys' fees and accumulated interest.

11. **Discontinuation of Water Service for Other Customer Violations.** The City reserves the right to discontinue water service for any violations of City ordinances, rules, or regulations other than nonpayment.

12. **Fees and Charges Incurred.** Except as otherwise expressly stated in this Policy, any fees and charges incurred by a customer under any other rules, regulations, or policies of the City, including, but not limited to, delinquent charges, shall be due and payable as set forth therein.

13. **Decisions by City Staff.** Any decision which may be taken by the City's Administrative Services Director under this Policy may be taken by his or her designee.

CITY OF BANNING
STAFF REPORT

TO:	**CITY COUNCIL**
FROM:	**Arturo Vela, Interim City Manager**
PREPARED BY:	**Art Vela, Interim City Manager**
MEETING DATE:	**January 27, 2026**
SUBJECT:	**Consideration of Resolution 2026-23, Authorizing the City Manager to Execute the Engagement Letter with Stradling Yocca Carlson & Rauth, LLP to Serve as Bond Counsel and Disclosure Counsel to the City of Banning**

RECOMMENDATION:

Adopt Resolution 2026-23

BACKGROUND:

The City of Banning periodically issues debt to finance capital improvements and infrastructure projects. The issuance of municipal bonds requires the specialized legal services of bond counsel and, when applicable, disclosure counsel to ensure compliance with federal, state, and local laws, including tax, securities, and disclosure requirements.

On March 31, 2025, NHA Advisors, LLC, acting as municipal advisor to the City of Banning, requested proposals from qualified municipal bond counsel firms to provide bond counsel and potentially disclosure counsel services. While the original request for proposals was focused on services related to the Banning Electric Utility and a potential issuance of electric utility bonds, the City also evaluated the firms' ability to provide bond and disclosure counsel services for all City bond issuances.

Following the review process, staff is recommending Stradling Yocca Carlson & Rauth, LLP ("Stradling") to serve as bond counsel and disclosure counsel for the City of Banning. Stradling is a full-service business law firm with extensive experience representing public agencies throughout California in public finance transactions, including general obligation bonds, revenue bonds, and enterprise fund financings.

Bond counsel services generally include preparing and reviewing bond documents, providing legal opinions regarding the validity and tax-exempt status of bonds, and advising on compliance with applicable federal and state laws. Disclosure counsel services typically include assisting with the preparation and review of official statements and other disclosure documents to ensure compliance with federal securities laws and continuing disclosure obligations.

JUSTIFICATION:

Legal services are exempt from the City's purchasing policy and do not require the formal solicitation of proposals. However, in the interest of transparency, due diligence, and ensuring the City engages a highly qualified and experienced firm, a competitive proposal process was conducted through the City's municipal advisor.

Stradling was selected as a result of the Request for Proposal (RFP) process. While the initial RFP was

specific to bond and disclosure counsel services related to the Banning Electric Utility, staff recommends utilizing Stradling for all City bond issuances and other financial related issues to ensure consistency, efficiency, and continuity across financial transactions.

Authorizing the City Manager to execute an engagement letter with Stradling will allow the City to move forward efficiently with future bond financings, financial strategies and ensure the City has experienced legal counsel in place as financing opportunities arise.

FISCAL IMPACT:

The total contract amount for bond counsel and disclosure counsel services is not to exceed $200,000. Costs associated with these services will be funded by funds in which the work performed by Stradling related to (e.g. Electric, Water, Wastewater, etc.).

ALTERNATIVES:

1. Do not approve the engagement.
2. Direct staff to engage a different firm. This option would require additional time to evaluate alternative firms.

BUDGETED?:

Yes

CONTRACT/AGREEMENT:

Yes

ATTACHMENTS:

1. Resolution 2026-23.docx
2. Exhibit A to Resolution 2026-23: Engagement Letter.docx
3. RFP Bond and Disclosure Counsel.pdf
4. Stradling Response to RFP for Bond and Disclosure.pdf

RESOLUTION 2026-23

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO EXECUTE THE ENGAGEMENT LETTER WITH STRADLING YOCCA CARLSON & RAUTH, LLP TO SERVE AS BOND COUNSEL AND DISCLOSURE COUNSEL TO THE CITY OF BANNING

WHEREAS, the City of Banning periodically issues debt to finance capital improvements and infrastructure projects in support of municipal services and enterprise operations, including the Banning Electric Utility; and

WHEREAS, the issuance of municipal bonds requires specialized legal services, including bond counsel and disclosure counsel, to ensure compliance with applicable federal, state, and local laws, including tax, securities, and disclosure requirements; and

WHEREAS, on March 31, 2025, NHA Advisors, LLC, acting as municipal advisor to the City of Banning and the Banning Electric Utility, requested proposals from qualified municipal bond counsel firms to provide bond counsel and potentially disclosure counsel services; and

WHEREAS, Stradling Yocca Carlson & Rauth, LLP ("Stradling"), selected to provide the required services to the City, is a full-service business law firm with substantial experience representing California public agencies in municipal finance transactions, including general obligation bonds, revenue bonds, and enterprise fund financings; and

WHEREAS, utilizing a single firm to provide bond counsel and disclosure counsel services for all City bond issuances will promote consistency, efficiency, and continuity across financing transactions; and

WHEREAS, the proposed engagement with Stradling provides for a not-to-exceed contract amount of $150,000.

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

SECTION 1. The City Council hereby authorizes the City Manager, or designee, to execute an engagement letter with Stradling Yocca Carlson & Rauth, LLP to serve as bond counsel and disclosure counsel for the City of and authorizes the City Manager to make necessary non-substantive changes, and to execute said agreement.

SECTION 2. The City Council authorizes the City Manager, or designee, to make necessary budget adjustments, appropriations, and transfers related to this resolution.

SECTION 3. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original resolutions.

PASSED, APPROVED AND ADOPTED this 27th day of January 2026.

Richard Royce, Mayor
City of Banning

ATTEST:

Sandra Calderon, Deputy City Clerk
City of Banning

APPROVED AS TO FORM:

John Pinkney, City Attorney
Slovak, Baron, Empey, Murphy & Pinkney, LLP

CERTIFICATION:

I, Sandra Calderon, Deputy City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution 2026-23, was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 27th day of January 2026 by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Sandra Calderon, Deputy City Clerk
City of Banning, California

EXHIBIT A
Engagement Letter

Stradling Yocca Carlson & Rauth LLP
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660-6422
949 725 4000
stradlinglaw.com

Brian P. Forbath
949 725 4193
bforbath@stradlinglaw.com

December 4, 2025

Art Vela
Interim City Manager
City of Banning
99 E. Ramsey Street
Banning, CA 92220

Dear Mr. Vela:

We thank you for the opportunity to serve as bond counsel and disclosure counsel to the City of Banning (the "City") and to assist from time to time on matters that maybe outside the scope or expertise of the City Attorney. Unless otherwise confirmed in writing, the terms of this letter and the enclosed Terms of Retention will govern our representation of the City.

We are attaching our normal Terms of Retention, which is an integral part of our retention agreement. If this letter, including the attached Terms of Retention, accurately reflects your understanding of our relationship, please acknowledge your approval and acceptance of these terms by signing and returning this letter to me. I would be pleased to answer any questions you might have.

Very truly yours,

STRADLING YOCCA CARLSON & RAUTH LLP

Brian P. Forbath

Enclosure

4932-7878-1310/202094-0000

The undersigned hereby agrees that the terms and conditions in this letter and the accompanying attached Terms of Retention shall apply to services rendered by Stradling Yocca Carlson & Rauth LLP.

CITY OF BANNING

By: _____
Interim City Manager

TERMS OF RETENTION
OF
STRADLING YOCCA CARLSON & RAUTH LLP

1. **Fees and Costs**. Stradling Yocca Carlson & Rauth LLP (the "Firm") is compensated for its services based primarily on the value of the services and the time spent performing them. Such compensation may include the time spent on client conferences, travel, research, drafting documents, and other activities. The amount of fees charged on a statement is determined by the hours expended by the different attorneys and other professional personnel involved and the applicable discounted rates applicable to public agencies. Such rates may change from time-to-time. **Notwithstanding the foregoing, in the event that the City of Banning (the "City") determines to issue bonds, notes or other obligations, we will agree to negotiate a written fixed fee arrangement as is traditional for bond and disclosure counsel matters. Such arrangement may be memorialized as a supplement to this letter. Such fixed fees would be payable contingent upon closing of the transaction and the City would be under no obligation to pay the fees to the Firm if either (i) the bonds, notes or other obligations are not issued or (ii) the Firm and the City are unable to reach an agreement regarding the fixed fee arrangement.** Work in connection with the City's ongoing matters and general advice outside of a specific bond issue will be charged on an hourly rate basis. A schedule of the hourly rates applicable to attorneys expected to work on City matters is attached as Exhibit A.

The firm also charges for various costs such as copying, telephone charges, computerized legal research, word processing and/or other computer time, overtime costs, messenger services, travel, filing fees and other costs. Bills for some costs are passed on directly, such as bills for certified shorthand reporters, technical consultants, and other professional fees. In the event that the City and the Firm agree to a fixed fee for a transaction, expenses for such transaction will be included in the fixed fee set forth in the related supplement to this letter.

2. **Termination by Us**. We reserve the absolute right to withdraw from representing you, upon 30 days written notification, if, among other things, you fail to honor the terms of our agreement, you fail to cooperate fully or follow our advice on a material matter, or any fact or circumstance occurs that would, in our view, render our continuing representation unlawful or unethical. If we elect to withdraw, you will take all steps necessary to free us of any obligation to perform further services, including the execution of any documents necessary to complete our withdrawal, and we will be entitled to be paid at the time of withdrawal for all services rendered and costs and expenses paid or incurred on your behalf. If necessary in connection with litigation, we would request leave of court to withdraw.

3. **Termination by City**. We understand that we serve at the pleasure of the City and this Terms of Retention may be terminated by the City at any time, upon 10 days written notification with or without cause.

4. **Date of Termination**. Our representation of you will be considered terminated at the earlier of (i) your termination of our representation, (ii) our withdrawal from our representation of you or (iii) the completion of our substantive work for you.

5. **Related Activities**. If any claim or action is brought against us or any personnel or agents of the firm based on your negligence or misconduct, or if we are asked to testify as a result of our representation of you or must defend the confidentiality of your communications in any proceeding, you agree to pay us for any resulting fees, costs, or damages, including our time, even if our representation of you has ended.

6. **No Guarantee of Outcome**. The Firm will provide its services consistent with the level and quality of expertise expected of a nationally recognized firm specializing in securities law and the transactions contemplated by this agreement. We do not and cannot guarantee any outcome in a matter.

7. **Insurance**. We hereby advise you that this firm maintains professional errors and omissions insurance coverage applicable to the services to be rendered to you. Evidence of such insurance will be provided upon request.

8. **Client**. This firm's client for the purpose of our representation is only the person or entity identified in the letter accompanying these Terms of Retention. Unless expressly agreed, we are not undertaking the representation of any related or affiliated person or entity, nor any parent, brother-sister, subsidiary, or affiliated corporation or entity, nor any of your or their officers, directors, agents, or employees. The City acknowledges that from time to time the Firm may advise the Marina Joint Powers Financing Authority on financing transactions and related matters.

9. **Client File and Retention**. For each matter the Firm maintains a file in which the Firm places certain documents and items, including original documents, that are reasonably necessary to the Firm's representation in the matter. The Firm currently keeps each file for seven years after a matter concludes. The file belongs to the client and, subject to any protective order or non-disclosure agreement, the client may request to take possession of it once the matter concludes. Should all or any portion of the file become the subject of a subpoena, discovery request or other disclosure obligation ("Legal Process") while in the Firm's possession, including after the matter concludes, you agree to pay the Firm's then-prevailing hourly rates and costs that the Firm incurs in connection with the Legal Process.

10. **Payment Notwithstanding Dispute**. In the event of any dispute that relates to our entitlement to any payment from you, all undisputed amounts shall be paid by you. Any amounts in any client trust account held on your behalf, sufficient to pay the disputed amounts, shall continue to be held in such trust account until the final disposition of the dispute.

11. **Arbitration.** We appreciate the opportunity to serve as your attorneys and anticipate a productive and harmonious relationship. If you should feel for any reason that there is a problem with the services we have performed or with our charges, we encourage you to bring that to our attention immediately. If we perceive a problem with your representation, we likewise will endeavor to discuss it with you. Most problems should be rectified by communication and discussion. However, a dispute might arise between us which could not be resolved by negotiation. We believe that such attorney-client disputes are most satisfactorily resolved through final and binding

arbitration rather than by litigation. Both the United States Supreme Court and the California Supreme Court have endorsed arbitration as an accepted and favored method of resolving disputes, because it is economical and expeditious.

In arbitration, there is no right to a trial by jury and the arbitrator's legal and factual determinations are generally not subject to appellate review. Arbitration rules of evidence and procedure are often less formal and less rigid than the rules which apply in Court. Arbitration usually results in a decision much more quickly than proceedings in Court, and the attorneys' fees and other costs incurred by both sides may be substantially less. You are free to discuss the advisability of arbitration with us, or with your own independent counsel or any of your other advisors, and to ask any questions which you may have.

By signing this Terms of Retention, we agree that, in the event of any dispute or claim arising out of or relating to our engagement, our relationship, our charges, or our services (including but not limited to disputes or claims regarding our charges, professional malpractice, errors or omissions, breach of contract, breach of fiduciary duty, fraud, or violation of any statute), SUCH DISPUTE OR CLAIM SHALL BE RESOLVED BY SUBMISSION TO FINAL AND BINDING ARBITRATION IN RIVERSIDE COUNTY, CALIFORNIA, BEFORE A RETIRED JUDGE OR JUSTICE. BY AGREEING TO ARBITRATE, YOU WAIVE ANY RIGHT YOU HAVE TO A COURT OR JURY TRIAL. Venue with regard to any ancillary proceedings arising out of such dispute or claim shall also be in Riverside County. If we are unable to mutually agree on a retired judge or justice, then each side will name one retired judge or justice and the two named persons will select a neutral judge or justice who will act as the sole arbitrator. The fees of the arbitrator will be paid initially equally by both the Firm and you. However, the arbitrator shall have the right to order either party to pay all fees and costs as part of his award.

In arbitration, we shall both be entitled to conduct discovery in accordance with the provisions of the California Code of Civil Procedure, but either of us may request that the arbitrator limit the amount or scope of such discovery and, in determining whether to do so, the arbitrator shall balance the need for the discovery against the parties' mutual desire to resolve disputes expeditiously and inexpensively.

Under California law, you have the right, if you desire, to request arbitration of any fee dispute before an arbitrator or panel of arbitrators selected by a local bar association or the State Bar ("Bar Arbitration") and a trial de novo in court if dissatisfied with the result. If you do request a Bar Arbitration, the law provides that evidence of any claim of malpractice or professional misconduct is admissible only concerning the fees or costs in dispute and that the Bar Arbitrators shall not award any affirmative relief in the form of damages, offset or otherwise on account of such claim. By signing this Terms of Retention, you agree that if a Bar Arbitration is conducted, that Bar Arbitration or any trial de novo in Court thereafter shall determine only the issue of the amount of fees properly chargeable to you, if any, and that such Bar Arbitration or trial de novo in Court thereafter shall have no effect on the provisions set forth above which require arbitration before a retired judge or justice of any claims for affirmative relief based on alleged professional malpractice, errors or omissions,

breach of conduct, breach of fiduciary duty, fraud or violation of any statute. Any such claims shall be solely determined in an arbitration proceeding by a retired judge or justice without regard to the result of any Bar Arbitration or trial de novo thereafter.

12. **Other Clients**. As a law firm with many diverse clients and practice areas, the Firm seeks to retain the ability to accept unrelated matters for all of our clients. The Firm may thus request your informed written consent in the event the Firm seeks to represent any other client in any future matter that is not substantially related to the applicable public finance matter of the City and does not involve material confidential information the Firm obtained while representing the City. Such matters could arise during the Firm's representation of you on public finance matters as contemplated by this letter. You may determine to consent or not consent to such request and should feel free to consult your general counsel or other counsel of your choice before deciding whether to grant any consent should it be requested.

The Firm represents various investment banks and underwriters from time-to-time on transactions for public agencies other than the City. In the event that the City determines to issue bonds, notes or other obligations, the Firm will not represent any investment bank or underwriter on any such transaction of the City.

The Firm represents various public agencies, including cities, water agencies, school districts, and other agencies in Riverside County and throughout California, as bond finance and/or disclosure counsel and on other financing matters. In the event that the City determines to issue bonds, notes or other obligations, the Firm does not expect to represent any such agency in connection with the City's transaction; however, in the supplemental letter relating to the specific transaction of the City, the Firm would provide a statement to the effect that the Firm is not representing another water or similar agency in connection with such transaction.

13. **Electronic Communication and Storage Technology**. The Firm uses cell phones, email, wireless networks, cloud-based platforms, and other technology to communicate with others and to transmit or store documents and information. Such technology helps the Firm provide efficient and convenient legal services, but may pose confidentiality and security risks. By signing this letter agreement, you consent to the Firm's use of all such technology in connection with this engagement.

14. **Processing Client Personal Information**. In connection with our engagement, you may be required to disclose to the Firm, or the Firm may obtain on your behalf, personal information relating to individuals that the Firm does not otherwise collect for the Firm's own commercial or business purposes ("Client Personal Information"). For example, materials that you provide to the Firm for purposes of due diligence may contain Client Personal Information relating to third parties. You hereby acknowledge, agree and require that the Firm only collect, retain, use, disclose, or otherwise process Client Personal Information as your "service provider" or "data processor," as defined in the California Consumer Privacy Act of 2018 or other data privacy laws, as applicable (collectively, "Data Privacy Laws"), or pursuant to any exception that may apply under Data Privacy Laws regarding the attorney-client relationship. The Firm will not sell Client Personal

Information. The Firm will not collect, retain, use, disclose or otherwise process Client Personal Information for any purpose other than for the purpose of performing services to you pursuant to this engagement letter, unless applicable law requires us to do otherwise. The Firm will not collect, retain, use, disclose, or otherwise process Client Personal Information outside of the Firm's direct relationship with you, unless applicable law requires the Firm to do otherwise. The Firm certifies that the Firm understand these restrictions and will comply with them. These restrictions are not intended to reduce or replace our obligations under applicable rules of professional conduct, including but not limited to the Firm's obligation of confidentiality.

15. **Publicity**. You consent to the Firm's use of your name and logo (if applicable) on our web site and in our marketing materials.

16. **Client Communication**. You hereby designate Art Vela, Interim City Manager, to act on your behalf for this matter, and you authorize us to communicate with, and receive directions from, that person and any other person that you may designate in the future.

17. **City to Sign**. The person signing this letter on behalf of the City represents that he or she has the full right and authority to do so, and to fully commit and bind the City to this engagement letter.

18. **Firm Not Providing Financial Advice**. The Firm is not a registered municipal advisor and does not provide financial advisory services or otherwise provide financial advice to Firm clients.

19. **Miscellaneous**. This letter sets forth the entire agreement between you and the Firm, and there is no other or additional understanding between you and the Firm on these subjects. This agreement supersedes any prior agreements or representations, written or oral, between you and the Firm on these subjects. Any modification or amendment to this agreement must be in a writing signed by you and the Firm. This agreement shall be governed by California law without reference to its conflict of law principles. If any provision of this agreement is found to be invalid or unenforceable, that provision shall be deemed modified or removed so that it is valid and enforceable to the fullest extent of the law, and the other provisions of this agreement shall be unimpaired.

20. **Primary Attorneys.** The primary attorneys with responsibility for this representation will be Brian Forbath, Jonathan Guz, Carol Lew and Nicolas Yeager. The parties agree that the Firm is being retained based on the unique skill, experience, and expertise of Brian Forbath, Jonatan Guz, Carol Lew and Nicolas Yeager and no change will be made in the primary attorneys without the prior, written consent of the City. The Firm will not substitute another primary attorney without the prior, reasonable, approval of the City.

EXHIBIT A

2025 DISCOUNTED HOURLY RATES

PARTNERS	2025 RATE
BRIAN FORBATH	$690.00
CAROL LEW	$690.00
JONATHAN GUZ	$630.00
NICOLAS YEAGER	$630.00
OTHERS	$630.00
ASSOCIATES	**2025 RATE**
SENIOR ASSOCIATES	$450.00
JUNIOR ASSOCIATES	$390.00
PARALEGALS	**2025 RATE**
ALL	$195.00

NHA | ADVISORS

4040 Civic Center Drive, Suite 200
San Rafael, CA 94903

Office: 415.785.2025
www.NHAadvisors.com

Bond and Disclosure Counsel Request for Proposal

From: Eric Scriven

Date: March 12, 2025

RE: Banning Electric Utility – Bond and Disclosure Counsel Request for Proposal

Overview

NHA Advisors, LLC, acting as the municipal advisor to the City of Banning and the Banning Electric Utility (the "City" and "BEU," respectively), is requesting a brief proposal ("Proposal") from a limited number of qualified municipal bond counsel firms for bond, and potentially disclosure, counsel services for the private placement or public issuance of its 2025 Electric Utility Revenue Bonds ("2025 Bonds"). A presentation regarding BEU's financial status and its "Financial Recovery Plan" ("FRP") is attached for your background review.

BEU plans to issue the 2025 Bonds as part of its FRP. The 2025 Bonds may be privately placed or publicly offered in amounts ranging from $6 million to $30 million and may consist of some combination of tax-exempt and taxable debt, depending upon use of proceeds, structure and tax counsel opinion. A request for proposal will also be circulated for broker dealer services for this potential transaction. BEU and the City seek to retain a bond counsel firm capable of delivering thoughtful ideas, and the professional and timely services necessary to support development and execution of the most advantageous financing structure to execute upon BEU's FRP. Among the core objectives of the FRP are rapidly restoring liquidity to BEU (and other funds), ensuring future stable and strong debt service coverage and setting a foundation for solid rate management encompassing all of BEU's needs once the cost of service study concludes in late Summer / Fall 2025.

Potential Financing Scenarios

Scenario 1: New Money only 2025 Bonds issued through a private placement to raise $6 million in proceeds. While tax status is still being determined, the current assumption (see September 2024 City Council presentation) is $2.2M in proceeds will be tax exempt while $3.8 million will be taxable. For this scenario, we assume a twenty-year maximum term. Under this scenario, the City would not require disclosure counsel services.

Scenario 2 (preferred): New Money and Refunding 2025 Bonds issued through a negotiated public sale to raise $6 million in new money proceeds (split between taxable and tax exempt as identified in Scenario 1 above, although ideas to reduce the taxable component of the issuance will be entertained) and approximately $19.5 million in refunding proceeds on a tax-exempt basis to refund the outstanding 2015 Bonds. This scenario requires the 2015 Bonds insurer (AGM) to agree to provide an insurance policy on the 2025 Bonds. We do not anticipate securing an underlying credit rating on the 2025 Bonds. Final

maturity for this scenario is still being determined, but at this point we assume a twenty-year maximum term.

Timing

The City Council directed an expeditious execution of a transaction that meets BEU's FRP goals. As such, timeliness of closing the transaction will be an important factor during deliberations to choosing bond counsel and broker-dealer. A proposed financing schedule is attached. We recognize this is an aggressive timeline and your firm's ability to meet this timeline will be a factor in the City's selection process.

Selection Approach

The selection process will be based on your *concise* response and how well you convey your strategic approach to providing bond counsel services to meet the goals of BEU's FRP. We are generally familiar with the qualifications of you and your firm and this RFQ does not require generic, standard marketing material as part of your response. The response should be limited to four (4) pages with 1-inch margins, 11-point font, single spacing. The total page count includes all pages within your RFQ, as well as any additional elements you choose to include (e.g., cover page, cover letter, table of contents). This page limit excludes an optional appendix for standard disclosures, if desired. Your response should be succinct and focus primarily on the following:

- Provide focused CVs of the lead attorney and his/her backup who would serve the City on this assignment geared towards how they typically approach and "deliver results" upon such challenging transactions.
- Provide a recent, relevant case study that clearly illustrates how you and your firm delivered extreme value-added services for bond and disclosure counsel services to successfully address a similar distressed utility situation. Please provide the public agency reference contact information.
- Depending upon what potential broker-dealers tell the City, it may be extremely important towards achieving FRP goals to close the 2025 Bond transaction prior to June 1, 2025 (the date of the next $1.9m debt service payment). Please review the schedule and provide feedback as to how it may be improved to ensure that this key milestone may be achieved.
- In Scenario 2, the 2015 Bonds are defeased, so there is a "clean slate" to put into place appropriate conditions and covenants for 2025 and all future BEU Bonds. Please provide a summary of some considerations you would suggest to assist BEU in ensuring future flexibility while maintaining sufficient bondholder security.
- Beyond BEU's current credit challenges, please advise if you foresee any critical legal or disclosure obstacles towards a timely execution of the 2025 Bonds to meet the FRP goals. Please include a preliminary strategy to remove or mitigate these perceived obstacles.
- Finally, please provide your fee proposal and rationale. Please provide your fees for either Scenario 1 (private placement, bond counsel only) or Scenario 2 (negotiated public offering requiring bond and disclosure counsel services). If there is a separate charge for tax attorney services, please include that.

Selection Criteria

Selection criteria for the 2025 Bonds will be based upon fees and the City's determination of which proposer will execute its role as bond counsel that will best ensure that the objectives of the FRP are met. This determination will be in the sole opinion of City staff with input from NHA Advisors.

RFQ Questions

Questions regarding this RFP or financing should be addressed to Eric Scriven (Eric@NHAadvisors.com, 415.785.2025 ext. 2003).

Submission Deadline

Your Proposal must be submitted via email to Eric Scriven by **2:00 p.m. Pacific on Thursday, March 20, 2025**. The City and NHA Advisors will promptly review the proposals. The City may schedule a follow up with 2 or more of the respondents at its sole discretion. The City expects to make a determination at its earliest convenience after the conclusion of its review. Thank you for your consideration of this request for proposal.

Attachments:

August, 2024 City Council Presentation

February, 2025 City Council Presentation

Proposed Financing Schedule

City of Banning
2025 Electric Revenue Bonds
(Series A and B)

Financing Schedule
(As of March 12, 2025)

Issuer:	*City of Banning (CITY)*
Municipal Advisor:	*NHA Advisors (MA)*
Bond Counsel:	*TBD (BC)*
Disclosure Counsel:	*TBD (DC)*
Underwriter:	*TBD (UW)*
Trustee:	*TBD (TR)*

March 2025

Su	M	Tu	W	Th	F	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/30	24/31	25	26	27	28	29

April 2025

Su	M	Tu	W	Th	F	Sa
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

May 2025

Su	M	Tu	W	Th	F	Sa
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

June 2025

Su	M	Tu	W	Th	F	Sa
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Date	Activity	Participants
Wednesday, March 12	Distribute Bond and Disclosure Counsel RFP	MA/CITY
Thursday, March 13	Distribute Broker-Dealer RFP	MA/CITY
Thursday, March 20	Bond and Disclosure Counsel Proposals Due	MA/CITY
Thursday, March 20	Bond and Disclosure Counsel Proposals Due	MA/CITY
Friday, March 21	Broker-Dealer Proposals Due	MA/CITY
Monday, March 24	City Selects Winning Broker-Dealer	MA/CITY
Monday, March 24	City Selects Winning Bond and Disclosure Counsel	MA/CITY
Week of March 24	Kickoff Meeting/Call to Discuss Proposed Financing	ALL
Friday, April 4	Circulate Draft Staff Report	MA
Monday, April 7	Circulate First Drafts of Financing Documents (Base Legal Documents and Resolution)	BC
Monday, April 7	Circulate First Draft of Preliminary Official Statement ("POS")	DC
Tuesday, April 8	Submit Credit Package to Bond Insurer	MA
Wednesday, April 9	Comments Due on First Drafts of Financing Documents	ALL

Date	Activity	Participants
Wednesday, April 9	Comments Due on First Draft of POS	ALL
Wednesday, April 9	Comments Due on Draft Staff Report	ALL
Friday, April 11	Circulate Agenda Drafts of Financing Documents and POS	BC/DC
Friday, April 11	Agenda Deadline for April 22, 2025 City Council Meeting (Staff Report and Financing Documents)	ALL
Friday, April 18	Good Friday (Bond Markets Closed)	ALL
Monday, April 21	Bond Insurance Bid Due	CITY/MA
Tuesday, April 22	**City Council Approval of Financing**	**CITY**
Tuesday, April 22	Circulate Draft POS with Insurance Language	DC
April 22-23	Due Diligence Call	ALL
Wednesday, April 23	Final Comments Due on POS	ALL
Wednesday, April 23	Release POS to Underwriter	DC
Monday, April 28	Pre-pricing Call	CITY/ UW/MA
Tuesday, April 29	Price Bonds	CITY/ UW/MA
Thursday, May 1	Circulate Draft Final Official Statement ("FOS")	DC
Thursday, May 1	Circulate Draft Closing Documents	BC
Friday, May 2	Comments Due on Draft FOS	ALL
Friday, May 2	Comments Due on Closing Documents	ALL
Monday, May 5	Release FOS to Underwriter	DC
May 5-9	Execute Closing Documents	ALL
Monday, May 12	Pre-Closing	ALL
Tuesday, May 13	Closing	ALL

Banning Electric Utility Emergency Rate Increase Scenarios

Presentation to City Council

NHA | ADVISORS
Financial & Policy Strategies.
Delivered.

August 27, 2024

Background & Objective

Electric Utility's most recent utility-wide rate increase occurred in 2013

- Most recent rate adjustment occurred in 2022 when some customer categories' rates increased while others decreased, but there was no net increase in the overall rates

During the last 10 years, the Electric Utility has seen increasing pressure from operating expense inflation, power purchase costs, and capital expenditures

- Pressures have resulted in a negative ~$9 million fund balance and have required the Electric Utility to borrow from other funds to make required debt service payments on outstanding debt

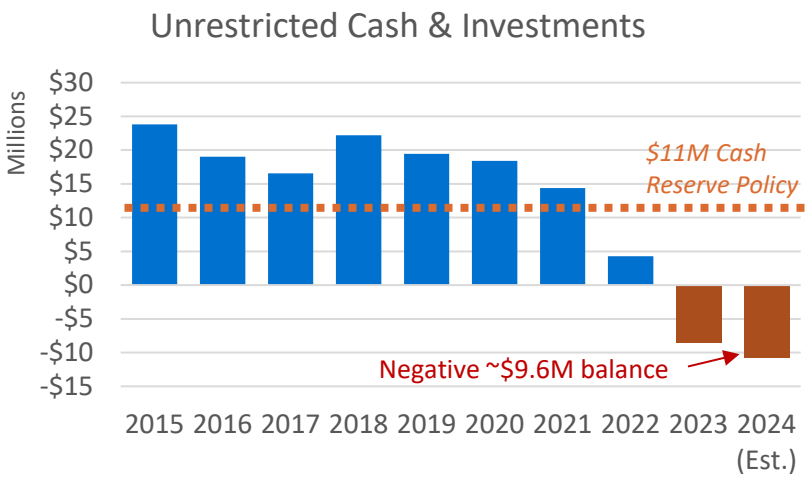
Electric Utility's negative cash balance and declining debt service coverage caused S&P to lower the rating from "A- to "BB" – (i.e., "junk" bonds rating)

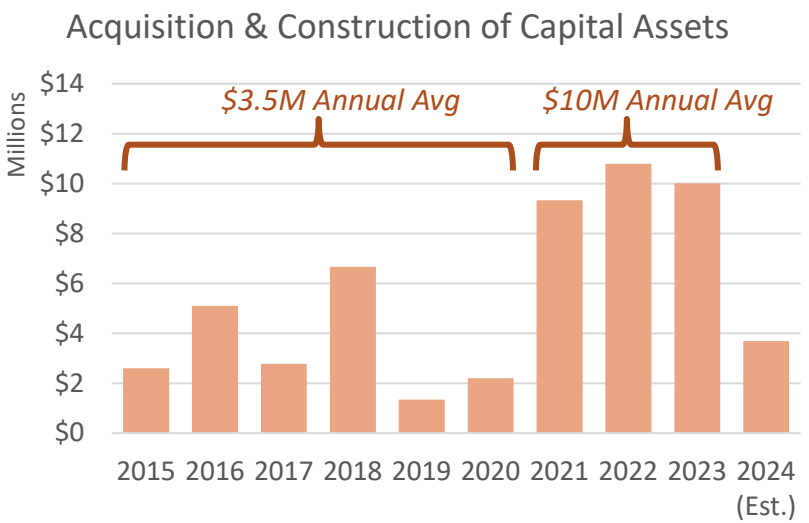
Electric Utility is evaluating a one-time emergency rate remedy the negative Electric Utility cash balance and improve debt service coverage

- Planned 2025 cost of service study will provide additional background and context and a multi-year rate recommendations

Financial Pressures on the Electric Utility

- Historically (2015-2021), the Electric utility has been able to generate sufficient operating revenues to cover operating expenses
- However, the last three years (2022, 2023, and 2024) there were not sufficient operating revenues to cover operating expenses
  - From 2019 to 2023, power purchase costs increased 31%
- At the same time, the Electric utility accelerated its capital improvement program in FYEs 2021, 2022, and 2023
  - Average during that 3-year period was $10 million per year
  - Average during the prior 6-year period was $3.5M per year
- **Net Result:** Electric utility cash balances have decreased *quickly* and *significantly;* the Electric utility is not generating sufficient revenues to cover operations, so cash balance is expected to keep decreasing





Source: City's Audited Financials & OpenGov (2024)

Financial Pressures on Other City Funds

- Cash in other City funds allow the Electric Utility to continue operations
  - Current situation with a negative cash balance is only possible because of inter-fund loans to pay Electric Utility operating costs
- General Fund's capacity to support the Electric Utility is limited and General Fund Balances have been decreasing
  - For FYE 2023 General Fund cash was $4.5M
    - $1.1M pooled cash & investments
    - $3.5M due from other funds
  - Marked decrease from FYE 2018 when General Fund pooled cash was >$13 million
  - General Fund cannot / should not continue to support the Electric Utility
- Unlike the Electric Utility, Banning Utility Authority's Water and Wastewater Funds are subject to California Proposition 218
  - Utility funds cannot send cash to the Electric Utility without exposing the City to risk of legal challenge

Credit Rating Agency Actions and Concerns

- Rating Analysts focus on several things including cash balances and debt service coverage
- Negative outlook means they intend to further downgrade the credit rating if corrective actions are not taken
- While S&P credit rating will not impact the interest rates on the outstanding 2015 Bonds, a "junk" bond credit rating limits future access to capital markets and increases the cost of issuing debt in the future

S&P Credit Rating Actions on 2015 Bonds	
September 2015 (Issuance)	"A-"/Stable
June 2022 (Rating Review)	"A-"/Stable
March 2024 (Rating Review)	"BBB"/Negative
May 2024 (Rating Review)	"BB"/Negative ("Junk" bonds)

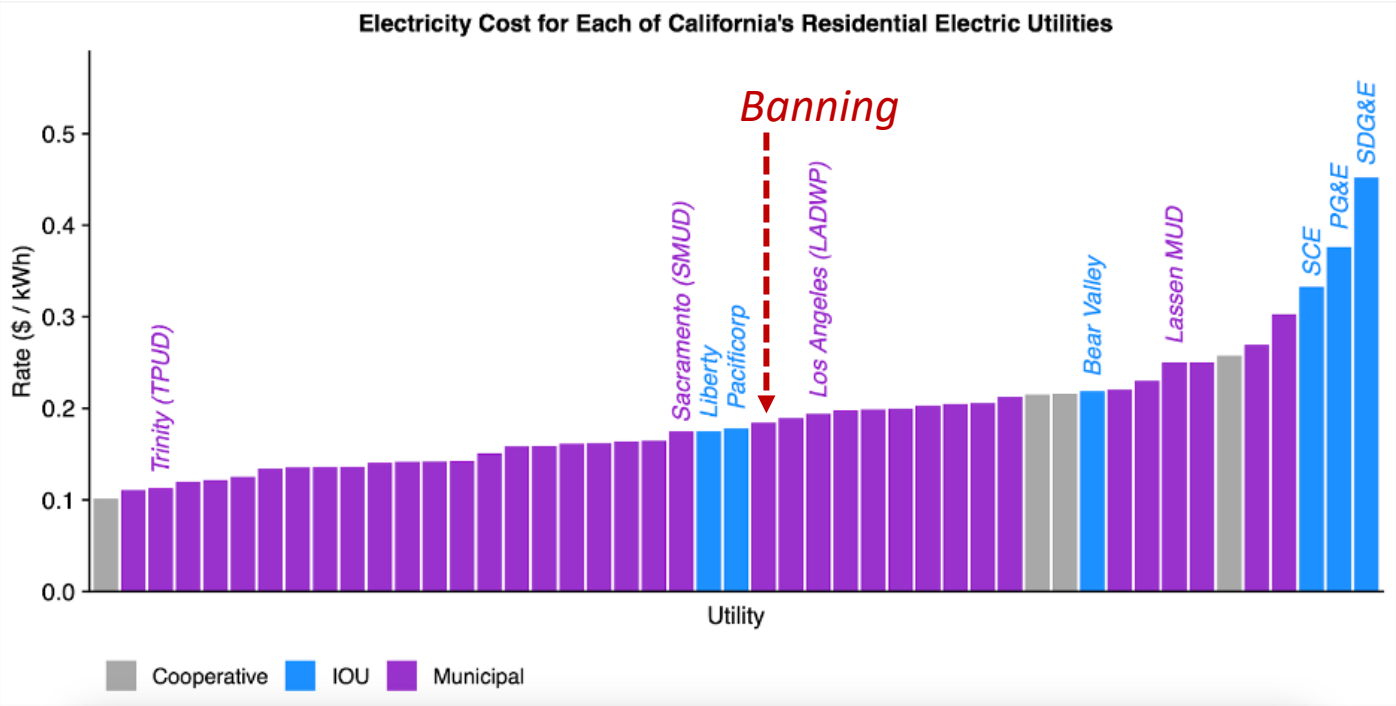
Concerns Cited by S&P in May 2024 Report:

- Failure to implement proper financial controls
- Lack of effective risk management and oversight
- Use of interfund borrowings to meet obligations
- Drastic decreases in liquidity and coverage

Lack of action to raise electric rates could result in further rating reduction

Electric Rates within Context of Other California Utilities

- 2023 Energy Institute at Haas study compared cost per kWh paid by non-CARE resident households in California, assuming 500 kWh/month
  - Average cost statewide was $0.192 per kWh; median was $0.178 per kWh
  - Study calculated Banning's rate at $0.1844 per kWh, to be below average



As of June 2024, the average SCE residential user pays $193/month
(Per SCE: 520 kWh/month usage, typical usage profile, summer service)

BEU residential customers pay ~$111/month for the same amount of energy

Source: Energy Institute at Haas; underlying dataset Link

Debt Service Coverage

- Electric Utility made a covenant with bond investors in 2015 that it would raise electric rates as needed to generate net revenues at least 120% of annual debt service
  - Net Revenues = gross revenues - operating expenses (and does not include depreciation or non-cash expenses)
  - Failure to maintain that 120% minimum debt service coverage (DSC) ratio is considered an event of default by bond investors and will result in further reductions in the rating
- Except for FY 2018, Electric Utility has historically complied with DSC requirements, but **preliminary calculations** for FY 2024 indicate that a DSC covenant default is likely
  - Promise to bond investors is that in the event of a rate covenant default, the Electric Utility will take action to remedy that default
  - Failure to remedy gives the bond trustee and bond owners certain rights, including the right to make the 2015 Bonds due and payable immediately (though in practice that is uncommon for a DSC covenant default)

FYE	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*
Calculated DSC (Reported to Bond Investors)	187%	161%	160%	63%	181%	122%	168%	170%	140%	***<50%***
Minimum Required DSC	120%	120%	120%	120%	120%	120%	120%	120%	120%	***120%***
Complies?	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	*No*

**FYE 2024 calculation is preliminary, final calculation will be provided to bond investors once the 2024 Audit is completed*

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Option 1: No Emergency Rate Increase & Complete a COSS in 2025

- City is in the process of engaging a rate consultant for a full-scale electric utility cost of service study in FYE 2025
  - City is also in process of updating the Electric Master Plan
- Doing nothing now will not "stop the bleeding" and will result in greater stress to other City Funds (including the General Fund)
  - Other City funds would need to continue to subsidize the Electric Utility in FY 2025
- Electric Utility cash balance go further into the negatives (estimated -$9.95M by FYE 2025)
- Bond covenant default is likely, which would likely trigger a further credit rating downgrade

Option 1: Likely Impact on Key Areas of Concern

Area of Concern	Likely Outcomes
Cash Balance	More negative by FY End
Credit Rating	Likely downgrade
Bond Covenants	Covenant Default
Service Levels	Possible reduction depending on other funds' ability to subsidize EU operations

NHA is not a rate consultant; these required rate increases are estimates, subject to a cost of service study

Option 2: Raise Rates to Cover Operations and Essential Expenditures Only

- **13%** FY 2025 rate increase is projected to cover operations, only essential CIP, and pay existing debt service for the next two years
  - Assumes rate increase is effective 10/1/24
  - Key assumption is that expenses are equal to or less than the FY 2025 operating budget
- Electric Utility's cash balance remains negative at FYE 2025
  - Keeps the Electric Utility Fund cash balance from decreasing further
  - But no reimbursement to other funds
  - Credit concern remains in this area
- Coverage projected to comply with 120% minimum covenant in FYEs 2025 and 2026
  - Partial mitigation of credit concern in this area
- While this option "stops the bleeding" it is only a temporary solution until the Electric Utility adopts long-term rate increases

Option 2: Likely Impact on Key Areas of Concern

Area of Concern	Likely Outcomes
Cash Balance	Slight improvement, but still negative
Credit Rating	Neutral in near term
Bond Covenants	Avoid covenant default (DSC Compliance)
Service Levels	Assumes service levels in line with FY 2025 budget

NHA is not a rate consultant; these required rate increases are estimates, subject to a cost of service study

Option 3: Raise Rates & Revenues to Bring Fund Levels Up Over 1-2 Years

- Electric Utility can raise rates to increase revenues and bring cash balances into the positive over the next two years
  - Amount of rate increase will depend on the target balance and the length of time
  - Credit Rating agency gave City a 2-year window to improve cash

	Over 1 Year	Over 2 Years
Annual Rate Increase Needed	**64% in FY 2025**	**22% per year**

Assumes first rate increase effective 10/1/2024

- Benefits
  - Electric Utility can repay other City funds
  - Demonstrate action to rating agencies and bond investors
  - City remains compliant with debt service coverage requirements
- Downsides
  - Negative cash balance condition continues to persist until balances recover slowly over next 2 years
  - "Shock" rate increases may lead to higher delinquent accounts

Option 3: Likely Impact on Key Areas of Concern

Area of Concern	Likely Outcomes
Cash Balance	Improvement to positive by Year 2
Credit Rating	Neutral in near term, positive in the long term
Bond Covenants	Avoid covenant default (DSC compliance)
Service Levels	Assumes service levels in line with FY 2025 budget

NHA is not a rate consultant; these required rate increases are estimates, subject to a cost of service study

Option 4: Raise Rates to Support a Bond which Replenishes Cash Balances

- Similar to Option 2, a **13%** FY 2025 rate increase is projected to cover operations, essential CIP, and pay existing debt service for the next two years
  - Assumes rate increase is effective 10/1/24
- Key difference from Option 2: ~$10 million from a bond financing would allow immediate repayment to other City funds and would bring Electric Utility cash balances into the black
  - Trade off would be long-term debt service repayments
  - Repayments would be structured to have no debt service payments to next two years, but long-term electric rate planning will need to account for future debt service
- Bond financing would likely be unrated due to the Electric Utility's current credit rating
- Would also likely would need to be taxable given IRS limitations on using tax exempt debt to reimburse an issuer
  - Taxable debt has higher interest rates than tax exempt debt

Option 4: Likely Impact on Key Areas of Concern

Area of Concern	Likely Outcomes
Cash Balance	**Rapid** improvement to positive cash
Credit Rating	Neutral in near term, positive in the long term
Bond Covenants	Avoid covenant default (DSC compliance)
Service Levels	Assumes service levels in line with FY 2025 budget

NHA is not a rate consultant; these required rate increases are estimates, subject to a cost of service study

Summary and Next Steps

	Option 1	Option 2	Option 3	Option 4
Description	No Action *Fund balance remains negative; likely debt coverage covenant default in FY 2025*	Maintain Services *Fund balance remains negative; avoids debt coverage covenant default in FY 2025*	Maintain Services + Replenish Cash with Rate Revenues *Fund balance remains negative for 12-24 months; avoids debt coverage covenant default in FY 2025*	Maintain Services + Replenish Cash with ~$10M Bond *Fund balance becomes positive in 3-4 months; avoids debt coverage covenant default in FY 2025*
Rate Increases Needed	None	13% in FY 2025	64% in FY 2025 **OR** 22%/year for 2 years	13% in FY 2025 *(higher rate increases in future years vs Option 2)*
Key Next Steps	• Engage Rate Consultant for 2025 Cost of Service Study *Note: NHA does not recommend Option 1*	• City Council considers rate increase at September meeting • Engage Rate Consultant for 2025 Cost of Service Study	• City Council considers rate increase at September meeting • Engage Rate Consultant for 2025 Cost of Service Study	• City Council considers rate increase at September meeting • Engage Rate Consultant for 2025 Cost of Service Study • City's financing team brings request for authorization to issue bonds at a future City Council meeting

NHA is not a rate consultant; these required rate increases are estimates, subject to a cost of service study

Discussion / Questions?

APPENDIX: SUMMARY OF ANALYSIS

Summary Results for Option 1 ("Do Nothing")

	Draft	Estimated	Projected				
	2022-23	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Assumed Rate Increases			*4.7%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Assumed Rate Increase Date			*10/1/2024*	*7/1/2025*	*7/1/2026*	*7/1/2027*	*7/1/2028*
Total Gross Revenues	34,167,255	35,346,961	37,292,549	37,592,549	35,520,209	35,520,209	35,520,209
Total Operating Expenses	30,760,816	34,333,079	35,235,777	35,740,279	37,474,936	39,314,601	41,246,250
Net Revenues	**3,406,439**	**1,013,882**	**2,056,772**	**1,852,270**	**(1,954,727)**	**(3,794,392)**	**(5,726,041)**
Debt							
2015 Electric Revenue Bonds	2,424,794	2,423,044	2,423,044	2,424,544	2,422,294	2,426,294	2,423,013
Placeholder							
Total Debt Service	2,424,794	2,423,044	2,423,044	2,424,544	2,422,294	2,426,294	2,423,013
Debt Service Coverage (1.20x Requirement)	**1.40**	**0.42**	**0.85**	**0.76**	**(0.81)**	**(1.56)**	**(2.36)**
City's Reported Coverage (EMMA Filings)	*1.25*						
Cash Balance Calculations							
Net Revenues After Debt Service	981,645	(1,409,162)	(366,272)	(572,274)	(4,377,020)	(6,220,686)	(8,149,054)
Capital Expenditures	8,073,472	5,145,653	1,140,072	1,130,000	1,130,000	1,130,000	1,130,000
Other Cash Adjustments	*(2,101,693)*	*5,020,639*	(350,000)	(350,000)	-	-	-
Net Revenues After Capital Expenditures and Transfers Out	(4,990,134)	(11,575,454)	(1,156,344)	(1,352,274)	(5,507,020)	(7,350,686)	(9,279,054)
Beginning Cash Balance	6,966,959	1,976,825	(9,598,629)	(10,754,972)	(12,107,246)	(17,614,266)	(24,964,953)
Net change in Cash & Cash Equivalents	(4,990,134)	(11,575,454)	(1,156,344)	(1,352,274)	(5,507,020)	(7,350,686)	(9,279,054)
Ending Cash Balance	**1,976,825**	**(9,598,629)**	**(10,754,972)**	**(12,107,246)**	**(17,614,266)**	**(24,964,953)**	**(34,244,006)**

NHA does not recommend this option

NHA is not a rate consultant; these required rate increases are estimates, subject to a cost of service study

Summary Results for Option 2 ("Maintain Operations ONLY")

	Draft	Estimated	Projected				
	2022-23	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Assumed Rate Increases			*13.0%*	*0.0%*	*11.0%*	*6.0%*	*6.0%*
Assumed Rate Increase Date			*10/1/2024*	*7/1/2025*	*7/1/2026*	*7/1/2027*	*7/1/2028*
Total Gross Revenues	34,167,255	35,346,961	38,959,905	39,259,905	40,450,974	42,426,820	44,521,217
Total Operating Expenses	30,760,816	34,333,079	35,235,777	35,740,279	37,474,936	39,314,601	41,246,250
Net Revenues	**3,406,439**	**1,013,882**	**3,724,128**	**3,519,626**	**2,976,039**	**3,112,219**	**3,274,967**
Debt							
2015 Electric Revenue Bonds	2,424,794	2,423,044	2,423,044	2,424,544	2,422,294	2,426,294	2,423,013
Placeholder							
Total Debt Service	2,424,794	2,423,044	2,423,044	2,424,544	2,422,294	2,426,294	2,423,013
Debt Service Coverage (1.20x Requirement)	**1.40**	**0.42**	**1.54**	**1.45**	**1.23**	**1.28**	**1.35**
City's Reported Coverage (EMMA Filings)	*1.25*						
Cash Balance Calculations							
Net Revenues After Debt Service	981,645	(1,409,162)	1,301,084	1,095,082	553,745	685,925	851,954
Capital Expenditures	8,073,472	5,145,653	1,140,072	1,130,000	1,130,000	1,130,000	1,130,000
Other Cash Adjustments	*(2,101,693)*	*5,020,639*	(350,000)	(350,000)	-	-	-
Net Revenues After Capital Expenditures and Transfers Out	(4,990,134)	(11,575,454)	511,012	315,082	(576,255)	(444,075)	(278,046)
Beginning Cash Balance	6,966,959	1,976,825	(9,598,629)	(9,087,616)	(8,772,534)	(9,348,789)	(9,792,864)
Net change in Cash & Cash Equivalents	(4,990,134)	(11,575,454)	511,012	315,082	(576,255)	(444,075)	(278,046)
Ending Cash Balance	**1,976,825**	**(9,598,629)**	**(9,087,616)**	**(8,772,534)**	**(9,348,789)**	**(9,792,864)**	**(10,070,910)**

Cash balance never gets positive under this scenario but hovers around current negative levels; this option has serious, negative implications for ability of other City funds to be repaid for amounts they have loaned the Electric Utility

NHA is not a rate consultant; these required rate increases are estimates, subject to a cost of service study

Summary Results for Option 3A ("Recovery from Rates in 2025")

	Draft	Estimated	Projected				
	2022-23	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Assumed Rate Increases			*63.7%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Assumed Rate Increase Date			*10/1/2024*	*7/1/2025*	*7/1/2026*	*7/1/2027*	*7/1/2028*
Total Gross Revenues	34,167,255	35,346,961	49,169,526	49,469,526	47,397,186	47,397,186	47,397,186
Total Operating Expenses	30,760,816	34,333,079	35,235,777	35,740,279	37,474,936	39,314,601	41,246,250
Net Revenues	**3,406,439**	**1,013,882**	**13,933,749**	**13,729,247**	**9,922,250**	**8,082,585**	**6,150,936**
Debt							
2015 Electric Revenue Bonds	2,424,794	2,423,044	2,423,044	2,424,544	2,422,294	2,426,294	2,423,013
Placeholder							
Total Debt Service	2,424,794	2,423,044	2,423,044	2,424,544	2,422,294	2,426,294	2,423,013
Debt Service Coverage (1.20x Requirement)	**1.40**	**0.42**	**5.75**	**5.66**	**4.10**	**3.33**	**2.54**
City's Reported Coverage (EMMA Filings)	*1.25*						
Cash Balance Calculations							
Net Revenues After Debt Service	981,645	(1,409,162)	11,510,705	11,304,703	7,499,957	5,656,291	3,727,923
Capital Expenditures	8,073,472	5,145,653	1,140,072	1,130,000	1,130,000	1,130,000	1,130,000
Other Cash Adjustments	*(2,101,693)*	*5,020,639*	(350,000)	(350,000)	-	-	-
Net Revenues After Capital Expenditures and Transfers Out	(4,990,134)	(11,575,454)	10,720,633	10,524,703	6,369,957	4,526,291	2,597,923
Beginning Cash Balance	6,966,959	1,976,825	(9,598,629)	1,122,005	11,646,708	18,016,664	22,542,955
Net change in Cash & Cash Equivalents	(4,990,134)	(11,575,454)	10,720,633	10,524,703	6,369,957	4,526,291	2,597,923
Ending Cash Balance	**1,976,825**	**(9,598,629)**	**1,122,005**	**11,646,708**	**18,016,664**	**22,542,955**	**25,140,878**

NHA is not a rate consultant; these required rate increases are estimates, subject to a cost of service study

Summary Results for Option 3B ("Recovery from Rates in 2026")

	Draft	Estimated	Projected				
	2022-23	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Assumed Rate Increases			*21.2%*	*21.2%*	*0.0%*	*0.0%*	*0.0%*
Assumed Rate Increase Date			*10/1/2024*	*7/1/2025*	*7/1/2026*	*7/1/2027*	*7/1/2028*
Total Gross Revenues	34,167,255	35,346,961	40,603,984	47,510,365	45,438,025	45,438,025	45,438,025
Total Operating Expenses	30,760,816	34,333,079	35,235,777	35,740,279	37,474,936	39,314,601	41,246,250
Net Revenues	**3,406,439**	**1,013,882**	**5,368,207**	**11,770,086**	**7,963,090**	**6,123,424**	**4,191,775**
Debt							
2015 Electric Revenue Bonds	2,424,794	2,423,044	2,423,044	2,424,544	2,422,294	2,426,294	2,423,013
Placeholder							
Total Debt Service	2,424,794	2,423,044	2,423,044	2,424,544	2,422,294	2,426,294	2,423,013
Debt Service Coverage (1.20x Requirement)	**1.40**	**0.42**	**2.22**	**4.85**	**3.29**	**2.52**	**1.73**
City's Reported Coverage (EMMA Filings)	*1.25*						
Cash Balance Calculations							
Net Revenues After Debt Service	981,645	(1,409,162)	2,945,163	9,345,542	5,540,796	3,697,130	1,768,762
Capital Expenditures	8,073,472	5,145,653	1,140,072	1,130,000	1,130,000	1,130,000	1,130,000
Other Cash Adjustments	*(2,101,693)*	*5,020,639*	(350,000)	(350,000)	-	-	-
Net Revenues After Capital Expenditures and Transfers Out	(4,990,134)	(11,575,454)	2,155,091	8,565,542	4,410,796	2,567,130	638,762
Beginning Cash Balance	6,966,959	1,976,825	(9,598,629)	(7,443,538)	1,122,005	5,532,800	8,099,930
Net change in Cash & Cash Equivalents	(4,990,134)	(11,575,454)	2,155,091	8,565,542	4,410,796	2,567,130	638,762
Ending Cash Balance	**1,976,825**	**(9,598,629)**	**(7,443,538)**	**1,122,005**	**5,532,800**	**8,099,930**	**8,738,693**

NHA is not a rate consultant; these required rate increases are estimates, subject to a cost of service study

Summary Results for Option 4 ("Recovery from Bonds in 2025")

	Draft	Estimated	Projected				
	2022-23	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**	**2028-29**
Assumed Rate Increases			*13.0%*	*5.0%*	*10.0%*	*5.0%*	*5.0%*
Assumed Rate Increase Date			*10/1/2024*	*7/1/2025*	*7/1/2026*	*7/1/2027*	*7/1/2028*
Total Gross Revenues	34,167,255	35,346,961	38,959,905	40,739,209	41,781,535	43,494,601	45,293,321
Total Operating Expenses	30,760,816	34,333,079	35,235,777	35,740,279	37,474,936	39,314,601	41,246,250
Net Revenues	**3,406,439**	**1,013,882**	**3,724,128**	**4,998,930**	**4,306,599**	**4,180,000**	**4,047,070**
Debt							
2015 Electric Revenue Bonds	2,424,794	2,423,044	2,423,044	2,424,544	2,422,294	2,426,294	2,423,013
2024 Electric Revenue Bonds (Taxable)			0	0	925,750	925,750	925,750
Total Debt Service	2,424,794	2,423,044	2,423,044	2,424,544	3,348,044	3,352,044	3,348,763
Debt Service Coverage (1.20x Requirement)	**1.40**	**0.42**	**1.54**	**2.06**	**1.29**	**1.25**	**1.21**
City's Reported Coverage (EMMA Filings)	*1.25*						
Cash Balance Calculations							
Net Revenues After Debt Service	981,645	(1,409,162)	1,301,084	2,574,386	958,556	827,956	698,308
Capital Expenditures	8,073,472	5,145,653	1,140,072	1,130,000	1,130,000	1,130,000	1,130,000
Other Cash Adjustments	*(2,101,693)*	*5,020,639*	(350,000)	(350,000)	-	-	-
Proceeds from Bonds		-	10,209,621	-	-	-	-
Net Revenues After Capital Expenditures and Transfers Out	(4,990,134)	(11,575,454)	10,720,633	1,794,386	(171,444)	(302,044)	(431,692)
Beginning Cash Balance	6,966,959	1,976,825	(9,598,629)	1,122,005	2,916,391	2,744,946	2,442,902
Net change in Cash & Cash Equivalents	(4,990,134)	(11,575,454)	10,720,633	1,794,386	(171,444)	(302,044)	(431,692)
Ending Cash Balance	**1,976,825**	**(9,598,629)**	**1,122,005**	**2,916,391**	**2,744,946**	**2,442,902**	**2,011,210**

Cash balance recovers quickly under this scenario, tradeoff is the long-term debt repayments on a ~$10M Bond (principal + interest)

NHA is not a rate consultant; these required rate increases are estimates, subject to a cost of service study

BANNING CALIFORNIA

Banning Electric Utility Financial Recovery Plan Discussion

Presentation to City Council on February 25, 2025

Prepared In Coordination with: NHA | ADVISORS
Financial & Policy Strategies. Delivered.

City of BANNING INCORPORATED 1913 ENDLESS OPPORTUNITY

Background

In Fall 2024 Banning Electric Utility's (BEU) had a *negative $6.5 million* cash balance and declining ability to make its annual bond payments. This situation caused S&P to lower BEU's credit rating from "A- to "BB-" over the last couple of years

- Negative BEU cash flow was the result of spending over $10 million per year on capital projects, as well as increasing operating costs without increasing rates or issuing debt to pay for them
- Negative BEU cash flow necessitated borrowing from other City funds (i.e. General Fund)

BEU recently approved a Financial Recovery Plan consisting of two 13.9% rate increases, issuance of approximately $6 million of electric revenue bonds to restore BEU positive cash balance by June 30, 2026, and completion of BEU master-plan and cost of service studies by Fall 2025

Two Pathways Available

Option 1

Confirm approved BEU Financial Recovery Plan and proceed with borrowing funds to restore BEU cash balances

Key Benefits

- Lower near-term impact on ratepayers
- Rapidly eases the strain on other City funds from the interfund borrowing

Key Costs

- Annual debt service costs (approximately $700K annually over a 20-year term)
- Upfront debt issuance costs (~2% of principal)

Option 2

Direct City Staff to eliminate financing component of Recovery Plan and instead evaluate using only rate increases needed to restore BEU cash balances

Key Benefits

- No long-term debt repayment
- No upfront debt issuance costs

Key Costs

- Higher (potentially significantly higher) BEU rate increases needed to restore cash balances
- Continued strain on other City Funds as long as fund balance remains negative (opportunity cost)

Additional Detail on a Financing Structure

- BEU “BB-” rating likely necessitates direct private placement of debt
  - Sold to a single investor (typically a regional or national bank)
  - Higher, risk-adjusted fixed interest rate; 20-year maximum term
  - Early prepayment allowed (typically after 3 years)
  - IRS Regulations allow tax-exempt bond issuance to fund capital projects
    - However, funding replenishment of cash balances must be sold on a taxable basis which require slightly higher interest rates (6-7% range estimated)
- While not originally contemplated as part of the BEU Financial Recovery Plan, there may also be the option of refinancing and restructuring BEU’s existing 2015 Bonds using lower, credit enhanced “AA” rating to accomplish all or a portion of the Plan’s objectives

Next Steps for Option 1

1
- Upon City Council direction, City staff will work with NHA to investigate/evaluate the most efficient and effective borrowing of funds approach to accomplishing the goals of the approved BEU Financial Recovery Plan

2
- Direct Placement Process takes approximately 2-3 months; Utilizing a more comprehensive approach that may include a full restructuring of the 2015 Bonds could take 3-4 months

3
- Either approach will require City staff oversight and one or more future approvals from City Council

4
- City can close a financing within 1 month of final City Council approval

Questions?

STRADLING YOCCA CARLSON & RAUTH LLP – PROPOSAL TO PROVIDE BOND COUNSEL AND DISCLOSURE COUNSEL SERVICES FOR BANNING ELECTRIC UTILITY

Stradling Yocca Carlson & Rauth LLP (the "Firm") is pleased to present this response (the "Proposal") to the Banning Electric Utility -Bond Counsel and Disclosure Counsel Request for Proposal (the "RFP") to provide Bond Counsel and Disclosure Counsel services to the City of Banning (the "City") in connection with the proposed financing for the City's electric utility fund, referred to herein as the Banning Electric Utility ("BEU").

EXECUTIVE SUMMARY

We believe that the Firm is the most qualified firm to represent BEU as Bond and Disclosure Counsel as it executes its "Financial Recovery Plan" through the financings described in the RFP for the following reasons:

Experience with Challenged Credits. When public agencies have difficult challenges, they hire the Firm and, in particular, Brian Forbath. The Firm has a demonstrated track record of developing innovative and tailored financing solutions for challenged and distressed credits. As described in further detail herein, Brian Forbath, the primary point of contact for the BEU engagement, has counseled the City of Beaumont ("Beaumont"), the Three Rivers Community Services District and the Pixley Public Utility District through difficulties accessing financing, developing solutions and strategies to achieve each entity's goals during challenging times.

Familiarity with BEU. The Firm, led by Mr. Forbath, served as Underwriter's Counsel on the BEU's last public offering, its City of Banning Financing Authority Refunding Revenue Bonds (Electric System Project) Series 2015 (the "2015 Bonds"). The Firm's prior engagement as Underwriter's Counsel gives the Firm a familiarity with the relevant BEU legal documents and an understanding of the financial structure and operations of BEU that most other firms do not have. Mr. Forbath also served as Underwriter's Counsel on the City 2015 water utility financing, and has a strong working relationship with the City Attorney of the City from Mr. Forbath's work as Bond and Disclosure Counsel to Beaumont.

California Electric Utility Experience. The Firm has significant experience representing publicly owned electric utilities throughout California as Bond and Disclosure Counsel. Electric utilities represented by the Firm include the City of Vernon, the City of Riverside, the Indio Electric Financing Authority, Northern California Power Agency, the Department of Water and Power of the City of Los Angeles (Power System), the South San Joaquin Irrigation District, the Imperial Irrigation District, the City of Santa Clara, the City of Redding, Public Utilities Commission of the City and County of San Francisco and the Turlock Irrigation District. Firm attorneys also have experience working with the Southern California Public Power Agency, of which the City is a member agency, while working at a prior firm.

ASSIGNED PERSONNEL

Brian Forbath, a partner and President of the Firm, would be the designated contact and lead attorney for the Firm on BEU matters. Mr. Forbath would be assisted by Jonathan Guz, a partner of the Firm. Carol Lew, head of the Firm's Public Finance Tax Department, would be the lead attorney handling any tax-related matters for BEU. Mr. Forbath and Mr. Guz would be assisted by other partners and associates as appropriate to provide the highest level of service to BEU. Each of the attorneys proposed to represent BEU has extensive experience serving as Bond and Disclosure Counsel to publicly owned utilities throughout California. Mr. Forbath would serve as lead counsel and would provide a majority of the legal services. Mr. Forbath would expect to be involved in all of the key negotiations, conference calls and

meetings, along with Mr. Guz, as appropriate, to provide the best service to the District. Curriculum vitae for the individuals expected to serve BEU are set forth below.

Brian Forbath. Mr. Forbath is a partner and the President the Firm. He works exclusively in the public finance area and has extensive experience in electric utility financings and working with challenged credits. Mr. Forbath has over 25 years of experience serving as Bond Counsel, Disclosure Counsel or counsel to the underwriter on public finance transactions. Mr. Forbath serves as Bond and Disclosure Counsel to the City of Riverside in connection with its electric utility financings. Mr. Forbath has also represent the electric utility of the City of Vernon ("Vernon") as Bond and Disclosure Counsel. Mr. Forbath has also served as Underwriter's Counsel on a number of electric utility financing, including serving in such capacity on BEU's last publicly offered financing. In addition to electric utility financing, Mr. Forbath provided Bond Counsel services to Three Rivers Community Services District and the Pixley Public Utility District, as such agencies faced impediments to accessing financing. After working with the respective financing teams exploring all avenues for the issuance of debt, Mr. Forbath was able to negotiate loans with the United States Department of Agriculture for each entity, allowing the agencies access to much needed financing while such agencies were otherwise prevented from participating in the public debt markets.

Jonathan Guz. Mr. Guz, a partner in the Firm, focuses his practice on the area of public finance, in particular on transportation and public utilities financings, including electric utilities. Mr. Guz serves on the Firm teams providing Bond and Disclosure Counsel services to IEFA, Northern California Power Agency, the Department of Water and Power of the City of Los Angeles (Power System), the South San Joaquin Irrigation District, the City of Santa Clara, Vernon and the Turlock Irrigation District ("TID"). Mr. Guz represented the City of Vernon in connection with the re-acquisition of the City's Malburg Generating Station, providing services in connection with both the negotiation of the acquisition itself and well as the related financing. Recently, Mr. Guz, along with other attorneys at the Firm, represented TID in connection with a prepaid gas and renewable energy financing transaction.

Carol L. Lew. Ms. Lew is nationally recognized with respect to tax issues relating to municipal finance. Ms. Lew is the head of the Firm's Public Finance Tax Department and a partner in the Firm. Ms. Lew has been practicing as a public finance tax attorney for over 30 years. Ms. Lew serves has tax counsel on all of the electric utility financings where the Firm serves as Bond Counsel. Ms. Lew works diligently for issuers, analyzing issues from various perspectives to achieve the best tax results for the Firm's clients. Unlike some other tax attorneys, Ms. Lew has a "can do" approach to tax analysis, often identifying potential structures and options that allow issuers to achieve their objectives on a tax-exempt basis.

RELEVANT CASE STUDY

The Firm has developed a number of innovative solutions for clients facing challenging circumstances. The Firm, and in particular Mr. Forbath, represented Beaumont during the period following the raid of the city by the Federal Bureau of Investigation. With the assistance of the Firm's advice, Beaumont was able to successfully navigate settlement with the Western Riverside Council of Governments that otherwise would have forced Beaumont into bankruptcy. Mr. Forbath also advised Beaumont through a Securities and Exchange Commission ("SEC") and a successful settlement in connection with alleged securities laws violations. The reference for this engagement is Kristine Day, Assistant General Manager, Santa Margarita Water District, (949) 459-6602; kristined@smwd.com. Kristine served as the Assistant City Manager at Beaumont during the period described above.

Another example of developing creative solutions for our clients is the creation of the Indio Electric Financing Authority ("IEFA"). Mr. Forbath and Mr. Guz were initially working with City of Indio ("Indio") to find ways for the Imperial Irrigation District ("IID") to finance electric resiliency projects, consisting of several substations, in Indio. After hitting several dead ends in negotiations with IID relating

to imposition of an additional charge on utility users in Indio, the Firm and IID's lawyers developed a collaborative approach through the creation of joint powers authority (which is IEFA) that would levy a charge to finance the projects, allowing Indio with a means to finance and deliver much needed electric utility projects within the city while allaying the concerns of IID. The IEFA structure is now being replicated by the Coachella Valley Energy Commission, who is establishing a joint powers authority to serve the same function as the IEFA throughout the Coachella Valley. The reference for this engagement is Bryan Montgomery, City Manager, City of Indio, (760) 391-4015; bmontgomery@indio.org.

FEEDBACK ON SCHEDULE

As noted in the RFP, the current schedule is very ambitious, especially if the BEU bonds are to be publicly offered with a disclosure document. Due to the fact that BEU's last publicly sold transaction occurred 10 years ago, and in light of the financial challenges faced by BEU, we would expect that the preparation of the BEU disclosure and the related diligence would take a significant effort from both our Firm and the City. Our Firm will commit the necessary resources to prepare the disclosure on a timeframe to meet the City's objectives; however, the ability to develop disclosure that is compliant with federal securities law will be largely dependent on the ability of City staff to assist in preparing the disclosure and obtaining the necessary information that our Firm will need to allow the City to sell the bonds in the public debt market. Because of BEU's financial challenges, it is paramount to craft disclosure that provides the complete picture of BEU's financial circumstances. In addition, because BEU is an enterprise of the City, we will need to perform diligence relating to the City's financial position and the bankruptcy risk of the City, as the assets of BEU would be included in any bankruptcy proceedings initiated by the City. To ensure compliance with the federal securities law, any material issues relating to the City's financial position will need to be included in the offering document. The availability of the audited financial statements for the most recent Fiscal Year will be critical to meeting the proposed schedule. In addition, as discussed in further detail below, because a public sale is contingent on AGM agreeing to insure the 2025 Bonds, there will need to be sufficient time to negotiate conditions that AGM may require for purposes providing insurance.

In addition, the recent wildfires in Southern California have created a heighten interest in the municipal debt markets regarding wildfire risks, inverse condemnation and bankruptcy. Based on BEU's 2024 wildfire mitigation plan, there are four primary areas of wildfire potential within the City. As this particular issue was not as prominent the last time BEU was in the market, care and thoughtfulness will need to be taken is preparing disclosure on this subject, especially with BEU's financial challenges as a backdrop to the wildfire risk.

LEGAL DOCUMENT IMPROVEMENTS

In the event that the financing includes the defeasance of the 2015 Bonds, there are few areas of BEU's current legal documents that we believe can be modernized. First, we propose adding the concept of "Excluded Principal." Generally, a defined term of "Excluded Principal" would be added that would allow principal on any short-term obligations (typically maturing up to 60 months) that will be paid with a source other than revenues to be excluded from the definition of Debt Service for purposes the rate covenant and the additional bonds test.

Second, we would suggest changing the rate covenant from a historical rate covenant (where compliance is judged at the end of the fiscal year) to a budget based rate covenant (where compliance is judged by the adopted budget). Under a budget based rate covenant, the City would covenant to set rates and charges at the start of each fiscal year that it reasonably believes will provide the specified debt service coverage. If coverage is less than such specified level at the end of the fiscal year, such failure to achieve coverage would not constitute an event of default so long as the City sets rates and charges for the next

fiscal year that it reasonably believes will achieve debt service coverage. Unlike a historical rate covenant, where there is no way to remedy the default once it has occurred, a budget based rate covenant allows for a practical remedy.

Third, the creation of a rate stabilization fund may also be considered. Unlike a reserve fund, where there is a minimum amount required to be deposited therein, there is no such requirement for a rate stabilization fund and such fund can be drawn upon to assist BEU in meeting its debt coverage threshold in years where there is an unexpected decline in revenues.

LEGAL CHALLENGES AND OBSTACLES

In addition to the challenges with preparing the disclosure discussed above, a publicly sold deal will require AGM's participation. Our Firm has a strong working relationship with AGM. They respect our judgment and turn to our Firm for advice from time to time. To encourage AGM to provide insurance, the City may propose funding a cash reserve. The City could also adopt the necessary policies to increase the likelihood of getting an investment grade rating and to address concerns expressed by S&P management. To further mitigate concerns that AGM may have, a covenant could be prepared obligating the City to adopt such policies in Fiscal Year 2026 and to seek a rating on the bonds within 180 days of the end of Fiscal Year 2026.

FEES

In connection with our representation of BEU as Bond Counsel in connection with direct placement, we propose the fee of $70,000. Due to BEU's current financial situation, we would anticipate that there would be a significant amount of time negotiating the provisions of the legal documents with the direct purchaser. In connection with our representation of BEU as Bond Counsel and Disclosure Counsel in connection with a public sale, we propose a fee of $120,000. The fee reflects the amount of work previously discussed relating to the preparation of the disclosure document and the negotiations with AGM. The quoted fees assume a closing prior to June 30, 2025. If the transaction goes beyond June 30, 2025, we reserve the right to renegotiate additional fees based on then current costs.

In the event the Firm is requested to perform special services outside the scope of normal bond counsel services or services following the issuance of Bonds, we would propose to be compensated at the Firm's hourly rates. The hourly rates for the attorneys proposed to work on this engagement as well as other partner, associate and paralegal rates are as follows: Senior Partners (Brian Forbath, Carol Lew): $690, Junior Partners (Jonathan Guz): $575; Associates: $380-450; Paralegals: $205.

CONCLUSION

We truly appreciate the opportunity to submit this proposal to provide Bond and Disclosure Counsel services to BEU. We hope that the foregoing Proposal has conveyed the depth of our experience and the sincerity of our desire to serve BEU. We would be pleased to provide any additional information or answer any further questions that BEU might have in connection with the selection of a Bond Counsel or Disclosure Counsel firm. Please feel free to contact Brian P. Forbath at (949) 725-4193 or *bforbath@stradlinglaw.com* with any questions or to discuss our proposal.

Respectfully submitted,
STRADLING YOCCA CARLSON & RAUTH LLP

Brian P. Forbath
President/Partner