



**AGENDA
REGULAR MEETING
COUNCIL OF SAN BENITO COUNTY GOVERNMENTS**

DATE: Thursday, December 21, 2017
3:00 p.m.

LOCATION: **Board of Supervisors Chambers**
481 Fourth St., Hollister, CA 95023

DIRECTORS: Chair Ignacio Velazquez, Vice Chair Jaime De La Cruz
Directors Tony Boch, Anthony Botelho, and Jim Gillio
Alternates: San Benito County: Mark Medina;
City of Hollister: Mickie Solorio Luna; City of San Juan Bautista: Jim West
Ex Officio: Caltrans District 5

*Persons who wish to address the Board of Directors must complete a Speaker Card and give it to the Clerk prior to addressing the Board. Those who wish to address the Board on an agenda item will be heard when the Chairperson calls for comments from the audience. Following recognition, persons desiring to speak are requested to advance to the podium and state their name and address. After hearing audience comments, the Public Comment portion of the agenda item will be closed. **The Opportunity to address the Board of Directors on items of interest not appearing on the agenda will be provided during Section C. Public Comment.***

3:00 P.M. CALL TO ORDER

- A. Pledge of Allegiance**
- B. Verification of Certificate of Posting**
- C. Public Comment** (Opportunity to address the Board on items of interest on a subject matter within the jurisdiction of the Council of Governments and not appearing on the agendas. No action may be taken unless provided by Govt. Code Sec. 54954.2 Speakers are limited to 3 minutes.)
- D. Executive Director's Report**
- E. Caltrans Report – Gubbins/Loe**
- F. Board of Directors' Reports**

CONSENT AGENDA:

(These matters shall be considered as a whole and without discussion unless a particular item is removed from the Consent Agenda. Members of the public who wish to speak on a Consent Agenda item must submit a Speaker Card to the Clerk and wait for recognition from the Chairperson. Approval of a consent item means approval as recommended on the Staff Report.)

1. **APPROVE** Council of Governments Draft Special Meeting Minutes Dated November 16, 2017 – Gomez
2. **APPROVE** Council of Governments Draft Meeting Minutes Dated November 16, 2017 – Gomez

3. **RECEIVE** Construction Projects Report – Caltrans District 5
4. **Council of Governments Website Redesign** – Postigo
 1. **APPROVE** Contract with Pat Davis Design Group, Inc. for an Amount not to Exceed \$12,965 for the redesign of the San Benito County Council of Governments' Website and **AUTHORIZE** the Executive Director to Sign the Contract.
 2. **APPROVE** Budget Adjustment/Transfer 17-18-01.

REGULAR AGENDA:

5. **ACCEPT** Council of Governments FY 2016/17 Basic Financial Statements – Postigo
6. **DISCUSS** Long-Term Transportation Funding Strategies for the San Benito County Region, Including a Special Sales Tax for Transportation – Gilbert

Adjourn to COG Meeting on January 18, 2018. Agenda Deadline is Tuesday, January 2, 2018 at 12:00 p.m.

In compliance with the Americans with Disabilities Act (ADA), if requested, the Agenda can be made available in appropriate alternative formats to persons with a disability. If an individual wishes to request an alternative agenda format, please contact the Clerk of the Council four (4) days prior to the meeting at (831) 637-7665. The Council of Governments Board of Directors meeting facility is accessible to persons with disabilities. If you need special assistance to participate in this meeting, please contact the Clerk of the Council's office at (831) 637-7665 at least 48 hours before the meeting to enable the Council of Governments to make reasonable arrangements to ensure accessibility.

Northbound US 101/San Anselmo Road in San Luis Obispo County



FALL 2017

Caltrans District 5



District Director
Timothy Gubbins

Provide a safe, sustainable, integrated and efficient transportation system to enhance California's economy and livability.

District Director's Report

A quarterly publication for our transportation partners

Roadside Safety and Aesthetics

Optimizing safety is the main purpose of the recently completed Caltrans roadside safety improvements project extending 15 miles along US 101 from Atascadero to Paso Robles. The \$2.3 million project, and similar ones statewide, are reducing the exposure of maintenance workers on foot in high-speed traffic areas. Project features are:

- Thirty-nine paved gore areas with contrast surface treatment
- Paved slope areas underneath four bridges
- Installed:
 - Metal-beam guardrail with concrete barrier
 - Drainage system improvements
 - Upgraded safety cable railing

A second roadside safety project in San Luis Obispo County, currently under construction, will address an 18-mile segment of US 101 from Arroyo Grande to San Luis Obispo. The \$2.5 million project is scheduled for completion in fall 2017. Currently, District 5 is implementing eight additional roadside safety projects—in different stages of project development on various highways—in Santa Cruz, Monterey and Santa Barbara counties. Two others were also recently completed in the latter two counties.



SB 1 Fix-it-First Funding

The Road Repair & Accountability Act of 2017

Fixing our roads, repairing aging bridges, reducing traffic congestion and improving goods movement are key goals for the recently passed Senate Bill 1 transportation funding bill. Statewide, Caltrans is committed to fixing more than 17,000 lane miles, 500 bridges, 55,000 culverts, and 7,700 traffic operating systems, which includes installing ramp meters, traffic cameras and electric highway message boards. Currently, Caltrans is expediting \$200 million in pavement projects statewide and \$150 million for restriping along the state highway system as well as identifying and prioritizing the most

needed projects. The new funding, which begins in November 2017, includes the following statewide over the next 10 years:

- \$1 billion – Active Transportation Program
- \$7.5 billion – Transit and rail
- \$3 billion – Trade corridor improvements
- \$2.5 billion – Congestion relief

The new bill will generate \$54 billion split between Caltrans and local agencies over the next decade—the largest transportation investment in more than 20 years. Each year, more than 180 billion vehicles travel on the state highway system. More information:

<http://www.catc.ca.gov/programs/SB1.html>



CTP Guidelines Adopted

The California Transportation Commission recently adopted the 2017 *California Transportation Plan Guidelines*. The document provides a policy framework for developing future state transportation plans. The long-range, fiscally unconstrained plan details the state's priorities, guides future investments and maintains consistency with statewide, regional and local plans. More information:

http://www.catc.ca.gov/programs/CTP/CTP_2017_Guidelines_Final_5_17_17.pdf

Please Submit Maintenance Service Requests at the Following Link: <http://www.dot.ca.gov/hq/maint/mrsrsubmit/>



Highway 17 Wildlife Connectivity Project

Providing habitat connectivity and safe passage is the purpose of the Highway 17/Laurel Road wildlife connectivity project, near Scotts Valley, in Santa Cruz County. The estimated \$7 million project will connect two core habitat areas while protecting individual animals and ensuring long-term species survival. The California Transportation Commission recently approved \$3 million in the State Highway Operation and Protection Program (SHOPP) for the project's environmental, design and right-of-way costs. Construction funding is expected to come from local sources, including \$5 million from Santa Cruz County's recently approved Measure D sales tax.

After extensive environmental and biological review, the project site was identified as the highest priority for maintaining critical habitat with evidence of mule deer, mountain lions, bobcats and coyotes on both sides of the roadway. Highway 17 is an important link connecting the Santa Cruz Mountains with the Diablo Mountain Range and the Gabilan Range. Fragmented habitat is difficult for animal survival in finding adequate food, water and mates; raising their young; and establishing new territories. Challenges to wildlife mobility along the roadway include high traffic volumes, concrete median barriers and inefficient pathways at culverts or bridge under crossings.

A multi-agency partnership developed solutions for improving animal connectivity on the corridor. These included the following: Land Trust of Santa Cruz County, Caltrans, Santa Cruz County Regional Transportation Commission, California Department of Fish and Wildlife, Pathways for Wildlife and U.C. Santa Cruz (Puma Study).



Advanced Mitigation Credits

The Highway 17 wildlife connectivity project in Santa Cruz County also provides a unique opportunity for Caltrans to partner with the California Department of Fish and Wildlife on a pilot for an innovative advanced mitigation credit agreement. The first of its kind in California, the agreement establishes mitigation credits that can be applied to future transportation projects.

Mitigation credits created by the Highway 17 wildlife project may be used by the Department or sold or transferred to other transportation agencies with projects in a specific service area. The pilot credit agreement may be used as a model for the California Department of Fish and Wildlife's new statewide Regional Conservation Investments Strategies Program. More information:

<https://www.wildlife.ca.gov/Conservation/Planning/Regional-Conservation>



Complete Streets Projects Kick-off

Creston Road Complete and Sustainable Streets Corridor Plan

The City of Paso Robles' \$185,000 grant will develop a Complete Streets Plan for Creston Road in Paso Robles, San Luis Obispo County. It will include community involvement to identify strategies for a two-mile pedestrian, bicycle and transit-friendly thoroughway. It will also feature Complete Streets design for sidewalks and intersection changes supporting travel modes for all users, ages and abilities. A greening element will be added for natural drainage as well.

Highway 9 Complete Streets Plan

The Santa Cruz County Regional Transportation Commission's \$249,000 grant will develop a Complete Streets Plan for 10 miles of Highway 9 in Santa Cruz County. The plan will identify, prioritize and implement multimodal improvements with a focus on asset management. It will address severe bicycle, pedestrian and transit gaps as well as collisions, congestion and system deterioration.



Call for Projects Coming

A call for projects for the Sustainable Transportation Planning Grant Program is scheduled for September 2017. The program, funded through SB 1, includes:

- Sustainable Communities & Strategic Partnerships – \$25 million annually
- Climate Adaptation Planning Grants—\$20 million over three years

Successful projects support sustainable communities and reducing greenhouse gas emissions. More information:

<http://www.dot.ca.gov/hq/tpp/grants.html>



D5 Bicycle Champions

The San Luis Obispo Council of Governments (SLOCOG) Rideshare Program recently recognized District 5 with the *Defending Bike Month Challenge Champion* Award. The District kept the 2016 title with 37 employees bicycling most every day in May for Bike Month. In addition to the golden handlebars trophy (inset), the District won a one-month free trial of riding an electric bicycle. Hats off to all participants!

**SAN BENITO COUNTY
COUNCIL OF GOVERNMENTS
SPECIAL MEETING**

November 16, 2017, 6:30 P.M.

DRAFT MINUTES

MEMBERS PRESENT:

Chair Velazquez, Vice-Chair De La Cruz, Director Boch, Director Botelho, and Director Gillio

STAFF PRESENT:

Deputy County Counsel, Shirley Murphy; Executive Director, Mary Gilbert; Administrative Services Specialist, Kathy Postigo; Transportation Planner, Veronica Lezama; Transportation Planner, Regina Valentine; Secretary I, Monica Gomez

CALL TO ORDER:

Chair Velazquez called the meeting to order at 6:30 P.M.

A. PLEDGE OF ALLEGIANCE

B. CERTIFICATE OF POSTING

Upon a motion duly made by Director De La Cruz, and seconded by Director Boch, the Directors acknowledged the Certificate of Posting. Vote: 5/0 motion passes.

REGULAR AGENDA

- 1. DISCUSS** Long-Term Transportation Funding Strategies for the San Benito County Region, Including a Special Sales Tax for Transportation

The COG Board welcomed and thanked members of the public for attending. Chair Velazquez explained that the meeting was being held to discuss long-term transportation strategies and other road related issues. He asked members of the public to provide comments and/or concerns and ask any questions.

Executive Director, Mary Gilbert, provided a Power-Point presentation on the Regional Transportation Funding Strategy. She provided an overview on transportation funding, SB 1, Self-help tax measures, and planning efforts for the November 2018 election schedule.

Chair Velazquez opened the meeting up to public comment.

PUBLIC COMMENT:

Nathaniel Lierly

Mr. Lierly stated that it appears that the COG Board needs help in getting a tax measure passed in the County. He said that he would like to know how they will work on providing outreach and how they will be able to identify to members of the community how they can assist. He said he wanted to know how we as citizens can help with the tax measure because we're not always the friendliest when it comes to taxing ourselves.

Rob Bernosky

Mr. Bernosky asked if there was a way to get waivers on project labor agreements so that the costs of these projects would be brought down by potentially two thirds or half of the costs. If so, he said we may get local contractors bidding on projects and we would also be creating local jobs. He also asked if the County wants to widen HWY 25 and Santa Clara doesn't, is there a way to annex that portion of land all the way up to HWY 101. He said that by widening it only to the County line it would create a bottleneck, which would not solve the problem.

Greg Swett

Mr. Swett stated that the Board needs to work with Santa Clara County on Highway 152. He said that until they figure out that they will only be able to get one route across Bolsa Road and not three (HWY's 152, 156, and 25) unless they get a 12% sales tax, it won't happen. He said that spending \$110 million on HWY 156 is not the solution, they should be putting that money into HWY 25 and HWY 152.

Peter LeRoe-Muñoz City of Gilroy, Councilman

Mr. LeRoe-Muñoz who also serves on the Mobility Partnership, said that transportation issues are regional in nature and was the reason why he attended the meeting. He stated that last year Santa Clara was able to pass its Measure B tax measure (½ cent tax for 30 years projected to raise \$6 billion). He stated that the county is looking at the 101/25 Interchange as a priority project because it is a choke point along the regional transportation network that needs to be addressed. He said unfortunately, due to a lawsuit, the money being collected is currently being held in escrow. He said they're hopeful that once the litigation is settled they will be able to use the money for shovel ready projects. He asked to please recognize that we have a resource in Gilroy/Santa Clara County on this issue and he will work with his colleagues to help address the issue regionally.

Wayne Norton, Aromas

Mr. Norton stated that he lived in Aromas and would speak for the west side of the County. He said he understood that there are major problems with Highway 25, but that there are also problems with roads in Aromas and San Juan Bautista. He stated that as they move forward with a plan, he hopes it is remembered that people still need to get to parent-teacher conferences and other places on local roads, other than HWY 25.

Amalia Ellis, Exec. Dir. Hollister Downtown Assoc.

Ms. Ellis stated that she had become very familiar with using the WAZE app to get around, she noted however, that apparently everyone else has too. She stated that because of the congestion on HWY 25, everyone is trying to find alternative routes and WAZE is diverting drivers onto County Roads. She stated that the County needs more carpooling and mass transportation. As far as what we can do in the community, she said she would be willing to help figure out these problems.

John Ivancovich

Mr. Ivancovich stated that the Interchange at HWY 101 and HWY 25 wasn't the problem because even if improvements were made it would not help with the congestion all the way to Hollister. He stated that the real problem is that Hollister is a bedroom community for San Jose and other surrounding cities. He said it was unfair for companies to send their employees to Hollister to live when the City is not being paid to accommodate them. He said that the solution would be to somehow make the northern cities pay

taxes to improve the local roads that their employees use to get to and from their homes in Hollister, but it would probably require state legislation to get it done.

The COG Board commented on some of the concerns that were brought up under public comment. Chair Velazquez talked about COG's partnership with Santa Clara County as part of the Mobility Partnership and how they're working together to address the Interchange at 101 and 25. Director Botelho said that the proposed tax measure would need to be used to fix roads throughout the Cities, and County and not just HWY 25. He said that they need to be careful about what percentage of the tax would go to fixing local roads versus the state highway. Director Gillio stated that one of the solutions to eliminating congestion on HWY's 25 and 156 is economic development, creating more living-wage jobs in the county so people don't have to commute. He said that the amount of money spent on economic development in our community is dismal and we don't do a very good job at it. He also mentioned that the WAZE app is diverting traffic from the Bay area traveling south to the Los Angeles area through our county, adding to the congestion on our county roads. Director Boch stated that the proposed tax measure needs to put emphasis on fixing our local roads not just HWY 25. He also suggested that the intersection at Union Road and HWY 156 should be a roundabout or overpass in order to eliminate a 4-lane parking lot from 101 to Union Road. Director De La Cruz said that he liked the comment from the first speaker asking what citizens can do to help. He said that all the other concerns can be addressed as they move forward to the target date of November 2018. He said it was important to continue to work together and continue these discussions. He stated that they need to hold more meetings with public participation, otherwise, without their support, it won't work.

The COG Board thanked everyone from the public for attending. There was consensus from the COG Board to hold meetings at different locations (and possibly on Saturday's) to encourage more participation from members of the community.

Ms. Gilbert encouraged members of the public to provide contact information so that staff could keep them informed of any upcoming meetings.

Upon a motion duly made by Director De La Cruz, and seconded by Director Gillio, the Directors Unanimously adjourned the COG meeting. The meeting was adjourned at 7:38 p.m. Vote: 5/0 motion passes.

ADJOURN TO REGULAR COG MEETING DECEMBER 21, 2017 at 3:00 P.M.

**SAN BENITO COUNTY
COUNCIL OF GOVERNMENTS
REGULAR MEETING**

November 16, 2017, 3:00 P.M.

DRAFT MINUTES

MEMBERS PRESENT:

Chair Velazquez, Vice-Chair De La Cruz, Director Boch, and Director Gillio
Ex Officio: Jill Leal-Morales, Caltrans District 5

MEMBERS ABSENT:

Director Botelho

STAFF PRESENT:

Deputy County Counsel, Barbara Thompson; Executive Director, Mary Gilbert; Transportation Planner, Veronica Lezama; Transportation Planner, Regina Valentine; Secretary I, Monica Gomez

OTHERS PRESENT:

Heather Adamson, Association of Monterey Bay Area Governments

CALL TO ORDER:

Chair Velazquez called the meeting to order at 3:00 P.M.

A. PLEDGE OF ALLEGIANCE

B. CERTIFICATE OF POSTING

Upon a motion duly made by Director De La Cruz, and seconded by Director Boch, the Directors acknowledged the Certificate of Posting. Vote: 4/0 motion passes.

C. PUBLIC COMMENT:

Keith Snow

Mr. Snow commented on the potential tax measure. He stated that he was still not convinced and did not want another bad measure. He stated that the roads are messed up and the Board needs to come up with a good plan in order for the measure to pass.

Chair Velazquez stated for the record that the COG Board received Joe Thompson's public comment correspondence dated October 30, 2017 through November 13, 2017. The correspondence was entered into the public record.

D. EXECUTIVE DIRECTOR'S REPORT: Gilbert

Ms. Gilbert followed up on the Boards request from last month's meeting regarding the State Route 156 project and the possible closure of San Juan Road. She stated that she is working with Caltrans and the San Benito County Resource Management Agency Director and will provide an update next month.

E. CALTRANS DISTRICT 5 REPORT: Jill Leal-Morales

Ms. Leal-Morales reported on the action item from the last COG meeting regarding the Bicycle Detour signage. She stated that the item was still pending and Caltrans would report back at a future meeting.

F. BOARD OF DIRECTORS REPORTS: NONE

CONSENT AGENDA:

1. **APPROVE** Council of Governments Draft Special Meeting Minutes Dated October 19, 2017 – Gomez
2. **APPROVE** Council of Governments Draft Meeting Minutes Dated October 19, 2017 – Gomez
3. **RECEIVE** Construction Projects Report – Caltrans District 5
4. **APPROVE** COG Office Closure Days from December 22, 2017 through January 2, 2018 – Postigo

There was no public comment on the Consent Agenda.

Upon a motion duly made by Director Boch, and seconded by Director Gillio, the Directors approved Items 1- 4 from the Consent agenda with an abstention from Chair Velazquez on Items 1 & 2. Vote: 3/0/1 motion passes.

REGULAR AGENDA

TRANSPORTATION ITEMS:

5. **APPROVE** 2018 Regional Transportation Improvement Program (RTIP) – Gilbert

Ms. Gilbert provided a Power-Point presentation on the Regional Transportation Program. Staff recommended approval of funding as presented in the RTIP. The RTIP is due to the California Transportation Commission on December 15, 2017.

There was brief discussion regarding relinquishment of State Route 156 frontage road and whether the road would be up to County standards.

Ms. Gilbert confirmed that the frontage road would be brought to a state of good repair prior to relinquishing the road to the County. She mentioned that the goal for the frontage road is for it to be converted to a multi-use recreational bicycle and pedestrian trail, which would also include vehicle traffic.

Public Comment:

Keith Snow

Mr. Snow stated that the Highway 156 project was going to get started soon and he thought it was already funded, but the cost keeps increasing. He mentioned the potential tax measure, stating that funding needs to be included for additional firefighters and peace officers.

Upon a motion duly made by Director De La Cruz, and seconded by Director Gillio, the Directors approved Item 5. Vote: 4/0 motion passes.

6. **Draft 2040 San Benito Regional Transportation Plan** – Lezama
 - a. **AUTHORIZE** Release of the Draft 2040 San Benito Regional Transportation Plan for Public Review, beginning December 4, 2017 and closing February 5, 2018; and
 - b. **SET** Public Hearing Date on the Draft 2040 San Benito Regional Transportation Plan for January 18, 2018.

Veronica Lezama reported that the comments received by the COG Board at the last meeting were incorporated into the Draft 2040 San Benito Regional Transportation Plan. Upon release, the Regional Transportation Plan will be made available for public comment between December 4, 2017 and February 5, 2018.

Ms. Lezama provided an overview of the 2040 Regional Transportation Plan project schedule.

Public Comment:

Keith Snow

Mr. Snow commented that the City of San Juan Bautista needed to pay their fair share for roads the same as the City of Hollister does. Mr. Snow asked if the Board could explain why the City of San Juan Bautista doesn't have to pay their fair share.

Chair Velazquez stated that COG works as a partnership between all three jurisdictions, and all three pay for their own roads. He stated that COG plans for future roads and works on how they will accomplish building those roads cooperatively.

Upon a motion duly made by Director De La Cruz, and seconded by Director Gillio, the Directors approved Item 6. Vote: 4/0 motion passes.

Upon a motion duly made by Director De La Cruz, and seconded by Director Boch, the Directors Unanimously adjourned the COG meeting. The meeting was adjourned at 3:28 p.m. Vote: 4/0 motion passes.

ADJOURN TO COG MEETING DECEMBER 21, 2017 at 3:00 P.M.



PROJECT UPDATE – SAN BENITO COUNTY

PREPARED FOR THE DECEMBER 21, 2017 SAN BENITO COUNTY COUNCIL OF GOVERNMENTS MEETING

CONSTRUCTION PROJECTS									
Project	Location/ Post Mile (PM)	Description	Construction Timeline	Construction Cost	Funding Source	Project Manager (Resident Engineer)	Contractor	Comments	
1. Highway 156 San Juan Bautista CAPM (1C8704)	Near San Juan Bautista from SR 156/101 separation to the Alameda (PM 0.0/3.0)	Pavement preservation	Fall 2016- Winter 2017	\$4.8 million	SHOPP	Brandy Rider (FK/JW)	Granite Rock Company, San Jose	Project resumed May 22, 2017.	
2. Highway 156 Hollister CAPM (1C8404)	Near Hollister just west of Hudner Lane overhead to the SCL County Line (PM 10.0/18.4)	Pavement preservation	Fall 2016- Winter 2017	\$5.6 million	SHOPP	Brandy Rider (DP)	Granite Construction Company, Watsonville	Project resumed May 30, 2017.	

PROJECTS IN DEVELOPMENT									
Project	Location/ Post Mile (PM)	Description	Construction Timeline	Construction Cost	Funding Source	Project Manager	Phase	Comments	
3. Highway 25 Curve Restoration Project (1H810_)	On SR 25 Near Hollister, just north of San Benito lateral to south of Highway 146 (PM 18.8/19.1)	Curve Restoration	October 2020	\$4.3 million	SHOPP	Brandy Rider	PA&ED	Project design and environmental review kicked-off in July 2017.	



PROJECT UPDATE – SAN BENITO COUNTY

PREPARED FOR THE DECEMBER 21, 2017 SAN BENITO COUNTY COUNCIL OF GOVERNMENTS MEETING

PROJECTS IN DEVELOPMENT (Continued)

Project	Location/ Post Mile (PM)	Description	Construction Timeline	Construction Cost	Funding Source	Project Manager	Phase	Comments
4. Highway 25 Super Elevation Adjustment and Culvert Extension (1C260_)	In SBt County, from La Gloria Road and to just North of La Gloria Road (PM 25.9/R26.2)	Curve correction	Spring 2019	\$2.1 million	SHOPP	Brandy Rider	PA&ED	Project design continues. ROW acquisition and utility work to being now that environmental documents are finalized.
5. Highway 25 Roadway Safety Improvements (1F430_)	In SBt County in Hollister from Sunny slope/Tres Pinos Road to San Felipe Road (PM R49.9/R52.2)	Route deficiency corrections	October 2018	\$6.9 million	SHOPP	Brandy Rider	PS&E/ROW	Project design continues with concurrent ROW acquisitions and utility work.
6. Highway 25 Widening Project and Route Adoption Hollister to Gilroy (48540_)	Near Hollister and Gilroy on Highway 25 in SBt & SCL Counties (PM SBt 25-51.5 to SCL-25-2.6)	Route adoption	N/A	N/A	Local	Brandy Rider	PA&ED	Coordinating required adoption into SBt/SCL County & City General Plans. Local agencies are working with Caltrans on the Controlled Access Highway Agreements at this time.
7. Highway 156 Improvement Project (34490_)	On SR 156 in and near San Juan Bautista from The Alameda to slightly east of 4th Street near Hollister (PM 3.0/R8.2)	Construct 4-lane expressway	Summer 2019 to Summer 2021	\$57.4 million	STIP/Local	Brandy Rider	PS&E	Project design on-going. ROW appraisals in progress. Utility relocation, design coordination almost complete. 95% design. Project Development Team conducted in June 2017 to give an update.

ACRONYMS USED IN THIS REPORT:

- PA&ED Project Approval and Environmental Document
- PS&E Plans, Specifications, and Estimate
- ROW Right of way
- SBt San Benito County
- SCL Santa Clara County
- SHOPP Statewide Highway Operation and Protection Program
- STIP Statewide Transportation Improvement Project



Staff Report

To: Council of Governments
From: Kathy Postigo, Administrative Services Specialist Telephone: (831) 637-7665
Date: December 21, 2017
Subject: Council of Governments Website Redesign

Recommendation:

1. **APPROVE** Contract with Pat Davis Design Group, Inc. for an Amount not to Exceed \$12,965 for the redesign of the San Benito County Council of Governments' Website and **AUTHORIZE** the Executive Director to sign the contract.
2. **APPROVE** Budget Adjustment/Transfer 17-18-01.

Summary:

The Council of Governments released a Request for Proposals to redesign its website. The Council of Governments received nine proposals from qualified consultants. The Pat Davis Design Group, Inc. was chosen to best meet the Council of Governments' needs.

Financial Impact:

A Budget Adjustment/Transfer is required at this time for the redesign of the COG website of \$13,000 increase from the Local Transportation Fund to COG Administration.

Discussion:

The COG website was updated in 2008 and currently is in need of modernizing. Along with bringing the website up to date COG staff will be trained to perform posting of agendas and weekly updates. In order to achieve the goals of the COG website, Pat Davis Design Group, was selected through a competitive proposal process.

Pat Davis Design Group was selected due to their experience in design and production of website development, project approach, and overall qualifications. The attached contract with Pat Davis Design Group includes the project's scope of work, schedule, and project budget.

Staff recommends that the Board APPROVE a contract with Pat Davis Design Group for an amount not to exceed \$12,965 for the development of the Rideshare Program Website.

Executive Director Review: _____

Counsel Review: Yes

- Attachment:
1. Contract with Pat Davis Design Group
 2. Budget Adjustment/Transfer 17-18-01



The COUNCIL OF SAN BENITO COUNTY GOVERNMENTS ("COG") and PAT DAVIS DESIGN GROUP, INC. ("CONTRACTOR") enter into this contract which shall be effective on the date stated in Paragraph 1.

1. Duration of Contract.

This contract shall commence on December 21, 2017 and end on June 30, 2018 unless sooner terminated as specified herein.

2. Scope of Services.

CONTRACTOR, for COG's benefit shall perform the services specified on Attachment A to this contract. Attachment A is made a part of this contract.

3. Compensation for Services.

In consideration for CONTRACTOR's performance, COG shall pay compensation to CONTRACTOR according to the terms specified in Attachment B. Attachment B is made a part of this contract.

4. General Terms and Conditions.

The rights and duties of the parties to this contract are governed by the general terms and conditions mutually agreed to and listed in Attachment C. Attachment C is made a part of this contract.

5. Insurance Limits.

CONTRACTOR shall maintain the following insurance policy limits of coverage consistent with the further insurance requirements specified in Attachment C.

- (a) Comprehensive general liability insurance: \$1,000,000
- (b) Professional liability insurance: \$1,000,000
- (c) Comprehensive motor vehicle liability insurance: \$1,000,000

6. Termination.

The number of days of advance written notice required for termination of this contract is thirty days (30).

ATTACHMENT A

Scope of Services

CONTRACTOR, for COG's benefit, shall provide the following professional services regarding the development of the COG website. CONTRACTOR shall complete the project in accordance with the Project Timeline, included in this Attachment A.

Concept Development: CONTRACTOR will conduct an initial consultation with COG staff. The purpose of the consultation will be to carefully discuss the new website's possible themes, guidelines for the graphics and visuals, review of content and photos, and any other pertinent design criteria which should be considered in the development of preliminary 'look and feel' concepts.

Following the consultation, CONTRACTOR'S creative team will meet internally to discuss distribution of work, timelines, and assignment of preliminary creative development. CONTRACTOR will develop three unique concepts of a sample website home page and one sample interior web page. Each concept will be crafted based upon the design direction collected during the initial consultation with COG and coupled with CONTRACTOR's experience with similar clients. Concepts will be delivered via PDF. Following the presentation of initial concepts, COG will have the opportunity to request revisions to one selected concept that will then be refined to achieve final approval.

Production: Once the final look and feel has been approved by COG, CONTRACTOR will begin application of this design throughout the entire website. CONTRACTOR will build out the templated interior pages for each section of the website. The basic template will include all elements of the main menu, navigation, header, footer, and basic page structure (body copy, hero image/video, sidebar, and other supporting copy blocks and visuals).

During this phase CONTRACTOR will also assist in the development of the full sitemap, header menu, side/footer menus, dropdowns, and any additional navigational elements. All of these elements to be displayed visually in the web page templates to help communicate the interconnectivity of each page of the new website.

During the production phase, CONTRACTOR will also manage all of COG's provided copy placement, photos and graphics, and overall design development. CONTRACTOR's staff will use their acquired knowledge of COG to write concise, quality website content. The entire website will be built out and presented as an online proof stored in a secure staging area. COG will have the opportunity to review the full site and provide any needed edits and modifications. CONTRACTOR will apply the requested revisions and present a second complete proof of the entire website. This process will continue for one additional round of review to obtain COG's final approval of the website.

Final File Preparation, Upload, and Training: Once COG's final approval has been received, CONTRACTOR will then prepare the full website for upload to the chosen hosting server. During the upload phase, CONTRACTOR will also perform extensive testing of the new website to ensure the navigation is functioning properly, as well as ensure all content and graphics are displaying properly. It is also during this phase that the CONTRACTOR will optimize the new site for mobile compatibility. Once all elements of the final website have been tested and verified, CONTRACTOR will prepare the new website to go live on the server. CONTRACTOR will then conduct a training for designated COG staff on the use and administration of the new web site. This training will equip COG with the resources and

tools they need to maintain and enhance the site internally. CONTRACTOR will prepare a User Manual for COG.

This phase will conclude with any final refinements that may be needed post-launch. The CONTRACTOR will also provide ongoing website maintenance and support, if requested.

The project timeline provides a series of benchmarks which the CONTRACTOR shall complete on time. The timeline is an estimate and individual project tasks might be completed earlier than or later than projected, but the CONTRACTOR shall complete the project as a whole by June 30, 2018.

Project Timeline

TASK	START	END
1. Initial Consultation & Project Kick-off	01/08/18	01/08/18
2. Creative Development of Initial Home & Interior Page Concepts (3)	01/09/18	01/26/18
----- Client Review of Initial Home & Interior Page Concepts (3)	01/29/18	02/09/18
3. Refinement of Chosen Home & Interior Page Concept	02/12/18	02/16/18
----- Client Review of Refined Home & Interior Page Concept	02/19/18	02/23/18
4. Final Edits to Home Page Concept and Approval to Proceed	02/26/18	03/02/18
5. Develop Sitemap, Navigation and Main Menu	03/05/18	03/09/18
----- Client Review of Sitemap, Navigation and Main Menu	03/12/18	03/16/18
6. Incorporate Client Revisions	03/19/18	03/23/18
7. Creative Development of Interior Web Page Template	03/26/18	03/30/18
8. Website Copywriting	04/02/18	04/20/18
9. Populate Web Pages (est. 30 pages)	04/02/18	04/20/18
----- Client Review of First Full Proof of Entire Website	04/23/18	04/27/18
10. Apply Client Edits to Content, Layout, etc.	04/30/18	05/04/18
----- Client Review of Second/Final Full Proof of Entire Website	05/07/18	05/09/18
11. Incorporate Final Client Revisions	05/10/18	05/11/18
12. Prepare Final Website Files for Upload to Server	05/14/18	05/18/18
13. Identify Appropriate Server/Hosting Environment	05/21/18	05/22/18
14. Upload Beta Site, Test and Modify (as needed)	05/23/18	05/30/18
15. Upload Final Site	05/31/18	06/04/18
16. Go Live!	06/05/18	06/05/18
17. Conduct Website Training for COG Staff	06/05/18	06/05/18
18. User Manual (Quick Reference Guide)	06/06/18	06/15/18
19. Provide Ongoing Website Support & Edits (TBD)	06/15/18	TBD

END OF ATTACHMENT A.

**ATTACHMENT B
Payment Schedule**

B-1. BILLING

Charges for services rendered pursuant to the terms and conditions of this contract shall be invoiced on the following basis: (check one)

- One month in arrears.
- Upon the complete performance of the services specified in Attachment A.
- The basis specified in paragraph B-4.

B-2. PAYMENT

Payment shall be made by COUNCIL OF GOVERNMENTS to CONTRACTOR at the address specified in paragraph 8 of this contract, net thirty (30) days from the invoice date.

B-3. COMPENSATION

COUNCIL OF GOVERNMENTS shall pay to CONTRACTOR: (check one)

a total lump sum payment of \$ _____, or

a total sum not to exceed \$12,965.00

for services rendered pursuant to the terms and conditions of this contract and pursuant to any special compensation terms specified in this attachment, Attachment B.

B-4. SPECIAL COMPENSATION TERMS: (check one)

There are no additional terms of compensation.

The following specific terms of compensation shall apply: (Specify)

CONTRACTOR shall bill COG one month in arrears based on the task cost schedule, attached hereto as Attachment B-1.

END OF ATTACHMENT B.

**ATTACHMENT B-1
 COST SCHEDULE**

TASK	HOURS	COST
1. Initial Consultation & Project Kick-off	3.00	\$ 285.00
<i>Website Design</i>		
2. Creative Development of Initial Home & Interior Page Concepts (3)	6.00	\$ 570.00
3. Refinement of Chosen Home & Interior Page Concept	4.00	\$ 380.00
4. Final Edits to Home Page Concept and Approval to Proceed	2.00	\$ 190.00
5. Develop Sitemap, Navigation, and Main Menu	4.00	\$ 380.00
6. Incorporate Client Revisions	4.00	\$ 380.00
7. Creative Development of Interior Web Page Template	6.00	\$ 570.00
8. Website Copywriting	8.00	\$ 760.00
9. Populate Web Pages (est. 30 pages)	24.00	\$ 2,280.00
10. Apply Client Edits to Content, Layout, etc.	6.00	\$ 570.00
11. Incorporate Final Client Revisions	4.00	\$ 380.00
12. Prepare Final Website Files for Upload to Server	4.00	\$ 380.00
13. Identify Appropriate Server/Hosting Environment	4.00	\$ 380.00
14. Upload Beta Site, Test, and Modify (as needed)	4.00	\$ 380.00
15. Upload Final Site	2.00	\$ 190.00
16. Go Live!	4.00	\$ 380.00
17. Conduct Website Training for COG Staff	8.00	\$ 760.00
18. User Manual (Quick Reference Guide)	20.00	\$ 1,900.00
<i>Website Design Subtotal</i>	117.00	\$ 11,115.00
<i>Additional Costs</i>		
SSL Certificate (1 year)		\$ 450.00
Travel for On-Site Training (1 visit)		\$ 900.00
Stock Photography (flat rate, up to 20 images)		\$ 500.00
<i>Additional Costs Subtotal</i>		\$ 1,850.00
Total Project Budget		\$ 12,965.00

ATTACHMENT C General Terms and Conditions

C-1. INDEMNIFICATION.

CONTRACTOR and COG each agree to indemnify, defend and save harmless the other party and the other party's officers and employees, from and against any and all claims and losses whatsoever arising out of, or in any way related to, the indemnifying party's performance under this contract, including, but not limited to, claims for property damage, personal injury, death, and any legal expenses (such as attorneys' fees, court costs, investigation costs, and experts' fees) incurred by the indemnitee in connection with such claims or losses. A party's "performance" includes the party's action or inaction and the action or inaction of that party's officers and employees.

C-2. GENERAL INSURANCE REQUIREMENTS.

Without limiting CONTRACTOR's duty to indemnify COG, CONTRACTOR shall comply with the insurance coverage requirements set forth in the contract and in this attachment. Those insurance policies mandated by Paragraph C-3 shall satisfy the following requirements:

- (a) Each policy shall be issued by a company authorized by law to transact business in the State of California.
- (b) Each policy shall provide that COG shall be given notice in writing at least thirty (30) days in advance of any change, cancellation, or nonrenewal thereof.
- (c) The comprehensive motor vehicle and comprehensive general liability policies shall each provide an endorsement naming COG and its officers, agents and employees as additional insureds.
- (d) The required coverage shall be maintained in effect throughout the term of this contract.

CONTRACTOR shall require all subcontractors performing work under this contract to obtain substantially the identical insurance coverage required of CONTRACTOR pursuant to this agreement.

C-3. INSURANCE COVERAGE REQUIREMENTS.

If required by paragraph 5 of the contract, CONTRACTOR shall maintain the following insurance policies in full force and effect during the term of this contract:

- (a) Comprehensive general liability insurance. CONTRACTOR shall maintain comprehensive general liability insurance, covering all of CONTRACTOR's operations with a combined single limit of not less than the amount set out in paragraph 5 of this contract.

- (b) Professional liability insurance. CONTRACTOR shall maintain professional liability insurance with liability limits of not less than the amount set out in paragraph 5 of this contract.
- (c) Comprehensive motor vehicle liability insurance. CONTRACTOR shall maintain comprehensive motor vehicle insurance covering all motor vehicles (including owned, non-owned and hired) used in providing services under this contract, with a combined single limit of not less than the amount set out in Paragraph 5 of this contract.
- (d) Workers' compensation insurance. CONTRACTOR shall maintain a workers' compensation plan covering all of its employees as required by California Labor Code Section 3700, either through workers' compensation insurance issued by an insurance company or through a plan of self-insurance certified by the State Director of Industrial Relations. If CONTRACTOR elects to be self-insured, the certificate of insurance otherwise required by this contract shall be replaced with a consent to self-insure issued by the State Director of Industrial Relations.

C-4. CERTIFICATE OF INSURANCE.

Prior to the commencement of performance of services by CONTRACTOR and prior to any obligations of COG, CONTRACTOR shall file certificates of insurance with COG, showing that CONTRACTOR has in effect the insurance required by this contract. CONTRACTOR shall file a new or amended certificate promptly after any change is made in any insurance policy which would alter the information on the certificate then on file. In lieu of providing proof of insurance, CONTRACTOR may provide proof of self-insurance meeting requirements equivalent to those imposed herein. CONTRACTOR warrants that CONTRACTOR's self-insurance provides substantially the same protection to COG as the insurance required herein. CONTRACTOR further agrees to notify COG in the event any change in self-insurance occurs that would alter the obligations undertaken in this contract within thirty (30) days of such change.

C-5. RECORDS TO BE MAINTAINED.

CONTRACTOR shall keep and maintain accurate records of all costs incurred and all time expended for work under this contract. CONTRACTOR shall contractually require that all of CONTRACTOR's Subcontractors performing work called for under this contract also keep and maintain such records. All such records, whether kept by CONTRACTOR or any SUBCONTRACTOR, shall be made available to COG or its authorized representative, Federal Highway Administration (FHWA), or any duly authorized representative of the Federal Government or officials of the State of California for review or audit during normal business hours, upon reasonable advance notice given by COG, its authorized representative, or official of the State of California.

C-6 RECORDS TO BE MAINTAINED

CONTRACTOR shall maintain and preserve all records related to this contract for a period of three years from the close of the fiscal year in which final payment under this contract is made. CONTRACTOR shall also contractually require the maintenance of such records in the possession of any third party performing work related to this contract for the same period of time. Such records shall be retained beyond the three-year period, if any audit involving such

records is then pending, until the audit findings are resolved. The obligation to insure the maintenance of the records beyond the initial three year period shall arise only if the COG notifies CONTRACTOR of an audit prior to the expiration of the three year period.

C-7 TITLE TO DOCUMENTS; COPYRIGHT.

All reports and other materials collected or produced by the CONTRACTOR or any Subcontractor of CONTRACTOR shall, after completion and acceptance of the contract, become the property of COG, and shall not be subject to any copyright claimed by the CONTRACTOR, SUBCONTRACTOR, or their agents or employees. CONTRACTOR may retain copies of all such materials exclusively for administrative purposes. Any use of completed or uncompleted documents for other projects by CONTRACTOR, any subcontractor, or any of their agents or employees, without the prior written consent of COG is prohibited.

C-8. INDEPENDENT CONTRACTOR.

CONTRACTOR and its officers and employees, in the performance of this contract, are independent CONTRACTORs in relation to COG and not officers or employees of COG. Nothing in this contract shall create any of the rights, powers, privileges or immunities of any officer or employee of COG. CONTRACTOR shall be solely liable for all applicable taxes or benefits, including, but not limited to, federal and state income taxes, Social Security taxes, or ERISA retirement benefits, which taxes or benefits arise out of the performance of this contract. CONTRACTOR further represents to COG that CONTRACTOR has no expectation of receiving any benefits incidental to employment.

C-9. CONFLICT OF INTEREST.

CONTRACTOR covenants that it presently has no interest and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services hereunder. CONTRACTOR further covenants that, in the performance of this contract, no Subcontractor or person having such an interest shall be used or employed.

C-10. COMPLIANCE WITH APPLICABLE LAWS.

CONTRACTOR shall comply with all applicable federal, state and local laws now, or hereafter, in force, and with any applicable regulations, in performing the work and providing the services specified in this contract. This obligation includes, without limitation, the acquisition, and maintenance of any permits, licenses, or other entitlements necessary to perform the duties imposed expressly or impliedly under this contract.

C-11. NONDISCRIMINATION.

CONTRACTOR shall not discriminate in the employment of persons necessary to perform this contract on any legally impermissible basis, including on the basis of the race, color, national origin, ancestry, religion, age, sex, or disability of such person.

C-12. BANKRUPTCY.

CONTRACTOR shall immediately notify COG in the event that CONTRACTOR ceases conducting business in the normal manner, becomes insolvent, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a receiver for its business or assets, or avails itself of, or becomes subject to, any proceeding under the Federal Bankruptcy Act or any other statute of any state relating to insolvency or protection of the rights of creditors.

C-13. PROHIBITION AGAINST ASSIGNMENT AND DELEGATION OF DUTIES.

Except as specifically authorized herein, no rights under this contract may be assigned and no duties under this contract may be delegated by CONTRACTOR without the prior written consent of COG, and any attempted assignment or delegation without such consent shall be void.

C-14. NEGOTIATED CONTRACT.

This contract has been arrived at through negotiation between the parties. Neither party is to be deemed the party which prepared this contract within the meaning of California Civil Code Section 1654.

C-15. SEVERABILITY.

Should any provision herein be found or deemed to be invalid, this contract shall be construed as not containing such provision, and all other provisions which are otherwise lawful shall remain in full force and effect. To this end, the provisions of this contract are declared to be severable.

C-16. ENTIRE CONTRACT.

This contract is the entire agreement of the parties. There are no understandings or agreements pertaining to this contract except as are expressly stated in writing in this contract or in any document attached hereto or incorporated herein by reference.

C-17. TIME IS OF THE ESSENCE.

Time is of the essence in the performance of this contract.

C-18. TERMINATION.

Either party may terminate this contract, with or without cause, at any time. In order to terminate this contract, the terminating party shall give advance written notice to the other party. The termination shall be effective no earlier than the expiration of the number of days specified in paragraph 6 of this contract. The termination notice shall be made as specified in paragraph C-19, below. In the event of termination, COG shall pay CONTRACTOR for all work satisfactorily performed prior to the effective date of the termination.

C-19. NOTICES.

Notices to the parties in connection with the administration of this contract shall be given to the parties' contract administrator personally, by regular mail, or by facsimile transmission as more particularly specified in this paragraph. Notices will be deemed given on:

- (a) The day the notice is personally delivered to the contract administrator or the office of the party's contract administrator; or
- (b) Five days after the date the notice is deposited in the United States mail, addressed to a party's contract administrator as indicated in this contract, with first-class postage fully prepaid; or
- (c) On the day that the notice is transmitted by facsimile to a party's facsimile number specified in paragraph 8 of this contract, provided that an original of such notice is deposited in the United States mail, addressed to a party's contract administrator as indicated in this contract, on the same day as the facsimile transmission is made.

C-20. RESPONSIBILITY OF CONTRACT ADMINISTRATORS.

All matters concerning this contract which are within the responsibility of the parties shall be under the direction of, or shall be submitted to, the respective contract administrators or to the party's employee specified, in writing, by the contract administrator. A party may, in its sole discretion, change its designation of its contract administrator and shall promptly give written notice to the other party of any such change.

C-21. MATERIALITY.

The parties consider each and every term, covenant, and provision of this contract to be material and reasonable.

C-22. WAIVER.

Waiver by either party of a breach of any covenant of this contract will not be construed to be a continuing waiver of any subsequent breach. COG's receipt of consideration with knowledge of CONTRACTOR's violation of a covenant does not waive its right to enforce any covenant of this contract. The parties shall not waive any provisions of this contract unless the waiver is in writing and signed by all parties.

C-23. AUTHORITY AND CAPACITY.

CONTRACTOR and CONTRACTOR's signatory each warrant and represent that each has full authority and capacity to enter into this contract.

C-24. BINDING ON SUCCESSORS.

All of the conditions, covenants and terms herein contained shall apply to, and bind, the heirs, successors, executors, administrators and assigns of CONTRACTOR. CONTRACTOR and all

of CONTRACTOR's heirs, successors, executors, administrators, and assigns shall be jointly and severally liable under this contract.

C-25. CUMULATION OF REMEDIES.

All of the various rights, options, elections, powers and remedies of the parties shall be construed as cumulative, and no one of them exclusive of any other or of any other legal or equitable remedy which a party might otherwise have in the event of a breach or default of any condition, covenant or term by the other party. The exercise of any single right, option, election, power or remedy shall not, in any way, impair any other right, option, election, power or remedy until all duties and obligations imposed shall have been fully performed.

C-26. INDEPENDENT ADVICE.

Each party hereby represents and warrants that in executing this contract it does so with full knowledge of the rights and duties it may have with respect to the other. Each party also represents and warrants that it has received independent legal advice from its attorney with respect to the matters set forth in this contract and the rights and duties arising out of this contract, or that such party willingly foregoes any such consultation.

C-27. NO RELIANCE ON REPRESENTATIONS.

Each party hereby represents and warrants that it is not relying, and has not relied, upon any representation or statement made by the other party with respect to the facts involved or its rights or duties. Each party understands and agrees that the facts relevant, or believed to be relevant to this contract may hereunder turn out to be other than, or different from the facts now known to such party as true, or believed by such party to be true. The parties expressly assume the risk of the facts turning out to be different and agree that this contract shall be effective in all respects and shall not be subject to rescission by reason of any such difference in facts.

C-28. REDUCTION OF CONSIDERATION.

CONTRACTOR agrees that COG shall have the right to deduct from any payments specified in Attachment B any amount owed to COG by CONTRACTOR as a result of any obligation arising prior to, or after, the execution of this contract. For purposes of this paragraph, obligations arising prior to, or after, the execution of this contract may include, without limitation, any property tax, secured or unsecured, which tax is in arrears. If COG exercises the right to reduce the consideration specified in Attachment B, COG, at the time of making a reduced payment, shall give CONTRACTOR notice of the amount of any off-set and the reason for the reduction.

C-29. COUNTERPARTS.

This contract may be executed in any number of counterparts, each of which so executed shall be deemed to be an original. The counterparts shall together constitute one contract.

END OF ATTACHMENT C.

**Council of San Benito County Governments
BUDGET ADJUSTMENT/TRANSFER**

17-18-01

Please Indicate Type:

Fiscal Year: <u>2017/2018</u>	<input checked="" type="checkbox"/>	Appropriation/Est. Revenue Increase (Requires Board Approval)
Department: <u>Council of Governments</u>	<input type="checkbox"/>	
Org Key: <u>628.95.7340</u>	<input type="checkbox"/>	Interdepartmental Transfer or Interobject Transfer >\$10,000 (Requires Board Approval)
	<input type="checkbox"/>	Interobject Transfer <\$10,000 (Requires Executive Director and Admin Ser Spe)
	<input type="checkbox"/>	Intraobject Transfer (Requires Executive Director)

<u>Org Key:</u>	<u>Object No:</u>	<u>Description</u>	<u>Decrease/ Rev. Increase</u>	<u>Increase</u>
628.95.7340	576.012	Transfers from Trust	\$ 13,000.00	\$ -
627.95.7310	640.513	Other Charges - Trf Out	\$ -	\$ 13,000.00
			\$ -	\$ -
			\$ -	\$ -
			\$ -	\$ -
			\$ -	\$ -
			\$ -	\$ -
			\$ -	\$ -
			\$ -	\$ -
			\$ -	\$ -
			\$ -	\$ -
Total			\$ 13,000.00	\$ 13,000.00

Comments: Increase revenue from the Local Transportation Fund by \$13,000 to increase the Council of Governments Special Dept. - Contracts line item for the Website update contract.

Submitted: <u>Kathy Postigo</u>	_____	Date	_____
Verification of Sufficient Funds: <u>Kathy Postigo</u>	Administrative Services Specialist	Date	<u>12/13/17</u>
Approval: <u>Mary Belmont</u>	Executive Director	Date	<u>12/13/17</u>
Approval by COG Board	_____	Date	_____
Attested:	_____	Date	_____
Clerk of the Board:	_____	Vote: _____ Yes _____ No	



Agenda Item: _____

Staff Report

To: Council of Governments
From: Kathy Postigo, Administrative Services Specialist Telephone: (831) 637-7665
Date: December 21, 2017
Subject: Council of Governments FY 2016/17 Basic Financial Statements

Recommendation:

ACCEPT Council of Governments FY 2016/17 Basic Financial Statements.

Summary:

As required by Federal/State Statutes all local governments are required to perform an audit of their financial statements. Joe Arch with JJACPA, Inc. will present the FY 2016/17 Basic Financial Statements.

Financial Consideration:

The cost of the financial audit for FY 2016/17 is \$15,045, which was included in COG's FY 2016/17 Budget.

Background:

As required by Federal and State Statutes all local governments are required to have an audit of their financial statements performed by an outside auditor. COG hired JJACPA, Inc. to provide financial audit services for fiscal year ending June 30, 2017.

Staff Analysis:

The audit was completed and the Basic Financial Statements report is attached for the Board's information. There were no findings by the auditors and the financial statements were presented in conformity with accounting principles generally accepted in the United States of America.

Joe Arch with JJACPA, Inc. will present the opinions of the financial statements based on his audit.

Executive Director Review: _____

Counsel Review: N/A

Attachment: Council of Governments FY 2016/17 Basic Financial Statements.

COUNCIL OF SAN BENITO
COUNTY GOVERNMENTS
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2017

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Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2017

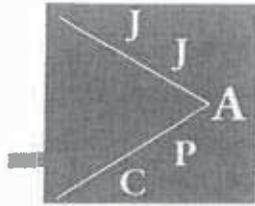
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Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2017

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JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITORS' REPORT

To the Governing Board of the
Council of San Benito County Governments
Hollister, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Council of San Benito County Governments (Council), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the Council's June 30, 2016 financial statements and, in our report dated November 28, 2016; we expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Council of San Benito County Governments, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying supplementary information, which includes 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.

The combining and individual nonmajor fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 6, 2017 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

December 6, 2017

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2017

Management's Discussion and Analysis

Management's Discussion and Analysis

As management for the Council of San Benito County Governments (Council), we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended June 30, 2017.

FINANCIAL HIGHLIGHTS

- The Council developed an Airport Land Use Commission Fee Schedule.
- The Council has been involved in planning, coordinating, and funding projects worth over \$3,302,463 in fiscal year 2016/17.
- The Council continues to provide needed services such as County Express public busses; promotion of Ridesharing; and providing 40 emergency roadside call boxes.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements present the financial picture of the Council from the economic resources measurement focus using the accrual basis of accounting similar to a private-sector business.

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

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

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2017

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

Both of the government-wide financial statements distinguish functions of the Council that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of the Council consist of transportation programs. The business-type activities of the Council include the Local Transportation Authority.

The government-wide financial statements include not only the Council itself (known as the primary government), but also Local Transportation Authority, a legally separate entity, whose operations are totally integrated with the legislative, legal, administrative, finance, and public works engineering and maintenance functions of the Council, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 17, 18, and 19 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other special Councils, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into three categories: governmental funds, proprietary funds, and private purpose funds.

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

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

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2017

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

The Council maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general administration fund, state subvention, Highway 25 Safety Enhancement, Measure A and the PTMISEA & ARRA special revenue funds, all of which are considered to be major funds. Data from the other 4 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Council adopts an annual appropriated budget for its general administration fund and all governmental funds. A budgetary comparison statement has been provided for all of these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 22-27 of this report.

Proprietary funds. The Council maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Council uses enterprise funds to account for the Local Transportation Authority.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 35-37 of this report.

Private Purpose funds. Private purpose funds are fiduciary funds that account for assets held and distributed to other governments similar to assets held in trust in the private environment. There are two fiduciary funds used by the Council. Fiduciary funds are not reflected in the government-wide financial statements.

The basic fiduciary fund financial statements can be found on pages 38-39 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 44-64 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 66-67 of this report.

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2017

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Council's financial position. In the case of the Council, assets exceeded liabilities by \$6,995,245 at the close of the most recent fiscal year. A large portion of the Council's net position, approximately 20%, reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, equipment, and vehicles) and, if applicable, less any related debt used to acquire those assets that are still outstanding. The Council uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Council's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business- Type Activities		Total		Percent Change
	2017	2016	2017	2016	2017	2016	
Assets:							
Current and other assets	\$ 5,572,356	\$ 5,726,686	\$ 422,776	\$ 640,788	\$ 5,995,132	\$ 6,367,474	-6%
Capital assets, net	-	-	1,402,390	907,202	1,402,390	907,202	55%
Total assets	5,572,356	5,726,686	1,825,166	1,547,990	7,397,522	7,274,676	2%
Liabilities:							
Current and other liabilities	121,612	601,731	129,226	352,757	250,838	954,488	-74%
Noncurrent liabilities	114,008	37,431	37,431	37,138	151,439	74,569	103%
Total liabilities	235,620	639,162	166,657	389,895	402,277	1,029,057	-61%
Net Position:							
Net investment in capital assets	-	-	1,402,390	907,202	1,402,390	907,202	55%
Restricted for:							
Transportation	622,350	868,762	-	-	622,350	868,762	-28%
Unrestricted	4,714,386	4,155,829	256,119	250,893	4,970,505	4,406,722	13%
Total net position	\$ 5,336,736	\$ 5,024,591	\$ 1,658,509	\$ 1,158,095	\$ 6,995,245	\$ 6,182,686	13%

The remaining amount in *unrestricted net position* of \$4,970,505 will be used to meet the Council's ongoing obligations to citizens and creditors as funded through current revenues.

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2017

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

The cost of all Governmental activities this year was \$1,361,309. However, as shown in the Statement of Activities on pages 18 and 19, the amount that was paid by those who directly benefited from the programs (\$294,000) or by other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$945,695) for operations with general revenues of \$434,061, the Council contributed to governmental activities \$312,444 increasing the beginning net position of \$5,024,292 to 5,336,736.

Available net position is those amounts not subject to restriction in the current period, typically classified as assigned or unassigned fund balance. These amounts are converted to net position by adding long-term assets and subtracting long-term liabilities. A graphic illustration of this conversion is as follows:



Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2017

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities, Continued

Total resources available during the year to finance governmental operations were \$1,673,753. This consisted of \$1,613,759 in program revenues and \$59,994 in general revenues. Total governmental activities operating expenses during the year were \$1,386,205 and transfers in of \$24,896; thus net position at July 1, 2016, of \$5,024,292 was increased by \$312,444 to \$5,336,736.

The Council's programs include only transportation. This program's *net* cost (total cost less revenues generated by the activities) is presented below. The net cost shows the financial burden that was placed on the Council's resources by this function.

	Operating Revenue		Operating Expenses		Net (Expense)Revenue and Changes in Net Position	
	2017	2016	2017	2016	2017	2016
Governmental activities:						
Transportation	1,673,753	2,205,297	1,386,205	1,053,795	287,548	1,151,502
Total governmental activities	\$ 1,673,753	\$ 2,205,297	\$ 1,386,205	\$ 1,053,795	\$ 287,548	\$ 1,151,502

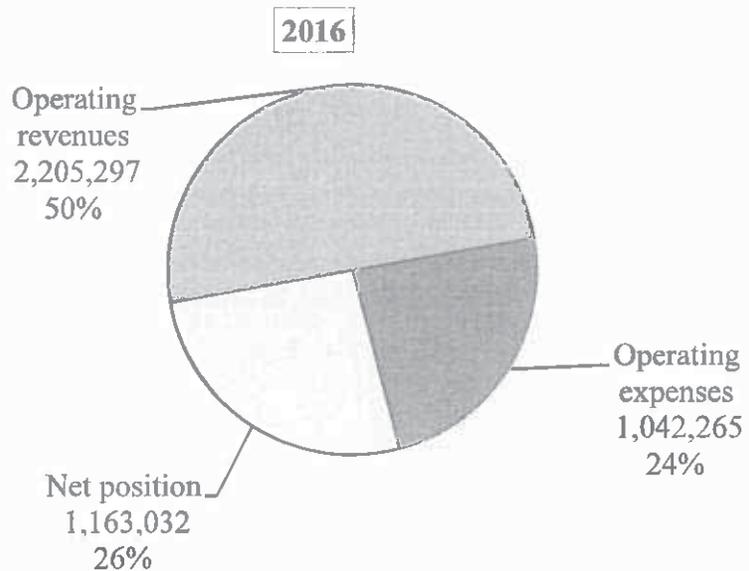
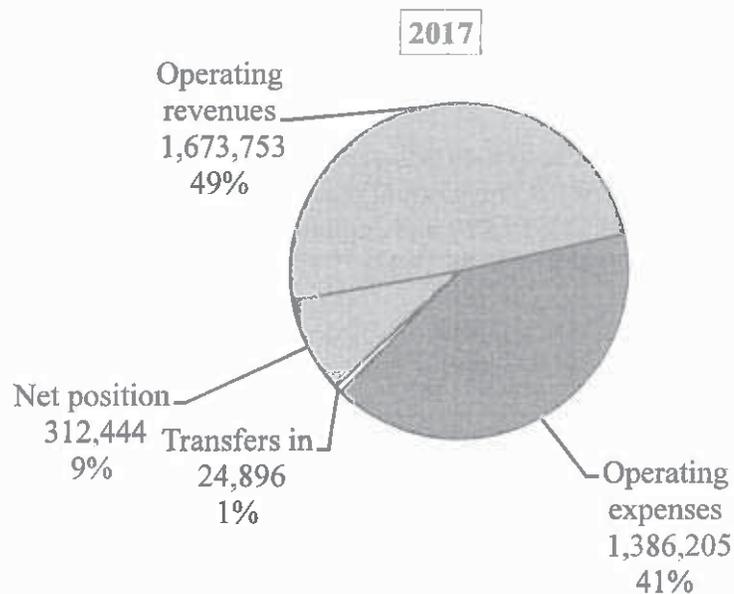
Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2017

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities, Continued

Operating resources (program revenues) and net position contributions for operating expenses can be depicted graphically as follows:



Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2017

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

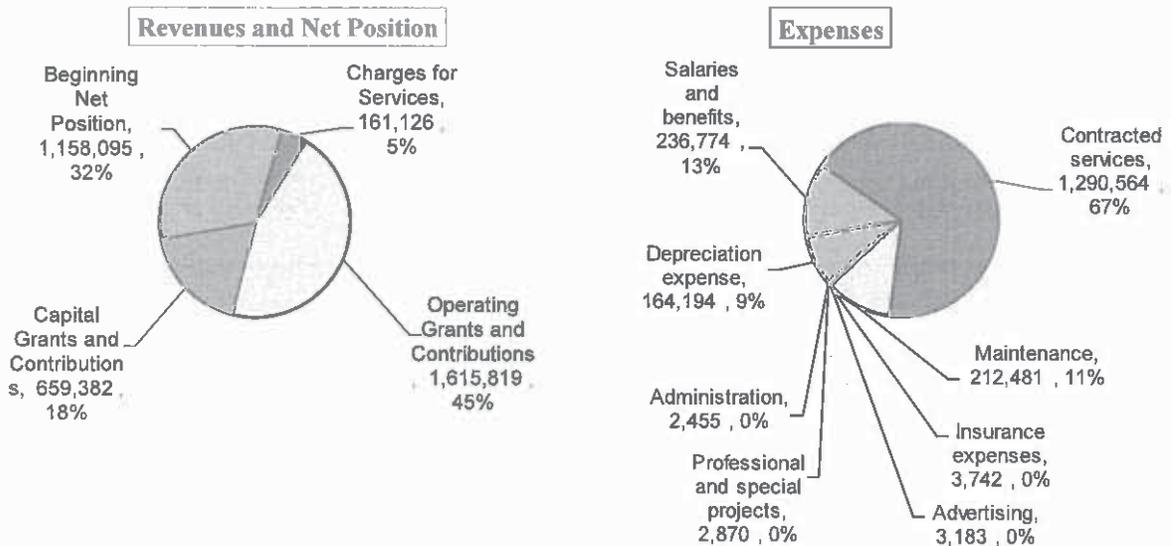
Business-type Activities

The Council's business-type activities include only the Local Transportation Authority.

Total resources available during the year to finance the Local Transportation Authority were \$3,594,425 consisting of net position at July 1, 2016, of \$1,158,095 charges for services of \$161,126, \$1,615,819 of operating grants and contributions, and \$659,382 of capital contributions. Total general revenues amounted to \$5,246. Total business-type activities expenses during the year were \$1,916,263 and Transfers Out amounted to \$24,896, thus net position was increased by \$500,414 to \$1,658,509.

The cost of all Business-type activities this year was \$1,941,159. However, as shown in the Statement of Activities on pages 18 and 19, the amount that was paid by charges for services \$161,126, operating grants and contributions of \$1,615,819 and capital grants and contributions of \$659,382 leaving a remaining net revenue balance of \$495,168.

Revenues and expenses can be depicted graphically as follows:



Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2017

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type Activities, Continued

The program's *net* cost (total cost less revenues generated by the activities) is presented below. The net cost shows the financial burden that was placed on the Council's resources by this function.

	Operating Revenues		Operating Expense		Net (Expense) and Changes in Net Cost	
	2017	2016	2017	2016	2017	2016
Business-type activities:						
Local Transportation Authority	\$ 1,776,945	\$ 1,550,352	\$ 1,916,263	\$ 1,845,127	\$ (139,318)	\$ (294,775)
Total business-type activities	\$ 1,776,945	\$ 1,550,352	\$ 1,916,263	\$ 1,845,127	\$ (139,318)	\$ (294,775)

Cash Management

To obtain flexibility in cash management, the Council employs a pooled cash system (Reference Note 2 in the notes to the basic financial statements). Under the pooled cash concept, the Council invests the cash of all funds with maturities planned to coincide with cash needs. Idle cash is invested in certain eligible securities as constrained by law and further limited by the Council's Investment Policy. The goals of the Council's Investment Policy are safety, liquidity, and yield in that order.

Capital Assets

The capital assets of the Council are those assets which are used in the performance of the Council's functions. At June 30, 2017, net capital assets of the governmental activities totaled \$0 and business-type activities totaled \$907,202. Depreciation on capital assets is recognized in the government-wide financial statements. The following table shows the Council's Capital Assets net of depreciation:

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Property, plant and equipment	\$ -	\$ -	\$ 1,402,390	\$ 907,202	\$ 1,402,390	\$ 907,202
Furniture and equipment	-	-	-	-	-	-
Total	\$ -	\$ -	\$ 1,402,390	\$ 907,202	\$ 1,402,390	\$ 907,202

Additional information on the Council's capital assets can be found in Note 4 on Page 55 of this report.

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2017

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Debt Administration

The Council currently has no debt, but records a long term obligation for compensated absences, which increased by \$13,636. The debt incurred in 2016-2017 was a result of annual vacations taken later than in the prior year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In considering the Council Budget for fiscal year 2017-2018, the Council's Board and management used the following criteria:

The key assumptions in our revenue forecast were:

1. Sales tax revenues growth has been slower than estimated and it is predicted that the downward trend will reverse itself and begin to normalize.
2. Other tax revenues are expected to stay the same, however the State is predicting lower than budgeted tax revenues.
3. Interest earnings for the Council should be approximately the same.
4. Operating subventions are estimated to be approximately the same.
5. Charges for services are expected to be approximately the same.

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2017

Management's Discussion and Analysis, Continued

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES, Continued

The adopted budget for all Council funds for the new fiscal year of 2017-2018 was \$6,454,923 and is summarized as follows:

	FY 2017-18	FY 2016-17	Amount Change	Percentage Change
General Administration fund	\$ 219,163	\$ 257,054	\$ (37,891)	(14.7)%
Special revenue funds	2,550,293	2,574,184	(23,891)	(0.9)%
Capital projects funds	451,375	496,363	(44,988)	(9.1)%
Total operations and projects	3,220,831	3,327,601	(106,770)	(3.2)%
Local Transportation Authority	3,234,092	4,075,931	(841,839)	(20.7)%
Total budget	\$ 6,454,923	\$ 7,403,532	\$ (948,609)	(12.8)%

1. General Administration Fund - Shows an decrease of \$37,891 or 14.7 %, which breaks down as follows:

	FY 2017-18	FY 2016-17	Amount Change	Percentage Change
Salaries & Benefits	\$ 104,137	\$ 99,676	\$ 4,461	4.5%
Services & Supplies	115,026	157,378	(42,352)	(26.9)%
Total budget	\$ 219,163	\$ 257,054	\$ (37,891)	(14.7)%

2. Special Revenue and Capital Project Funds - Show an decrease of \$68,879 or 2.2%, which breaks down as follows:

	FY 2017-18	FY 2016-17	Amount Change	Percentage Change
Transportation Planning				
State Subvention	\$ 923,542	\$ 917,364	\$ 6,178	0.7%
State Transit Assistance	185,200	243,650	(58,450)	(24.0)%
Local Transportation Fund	1,352,859	1,334,224	18,635	1.4%
Highway 25 Project	451,375	496,363	(44,988)	(9.1)%
Measure A	-	-	-	0.0%
Service Authority for				
Freeways and Expressways	66,001	57,058	8,943	15.7%
Rideshare Program	4,000	5,000	(1,000)	(20.0)%
Vanpool Program	18,691	16,888	1,803	10.7%
Total budget	\$ 3,001,668	\$ 3,070,547	\$ (68,879)	(2.2)%

Restricted revenues and grants are funding all of the projects.

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2017

Management’s Discussion and Analysis, Continued

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES, Continued

1. Enterprise Fund - The decrease of \$841,839 or 20.7% breaks down for the Local Transportation Authority as follows:

	FY 2017-18	FY 2016-17	Amount Change	Percentage Change
Salaries & Benefits	\$ 249,512	\$ 241,588	\$ 7,924	3.3%
Services & Supplies	1,673,010	2,501,224	(828,214)	(33.1)%
Contracts	1,308,192	1,325,041	(16,849)	(1.3)%
Capital	-	-	-	0.0%
Other	3,378	8,078	(4,700)	0.0%
Total budget	\$ 3,234,092	\$ 4,075,931	\$ (841,839)	(20.7)%

This decrease is attributed to the award of Public Transportation Modernization, Improvement, and Service Enhancement funding that was used in 2016-2017.

CONTACTING THE COUNCIL

This financial report is designed to provide a general overview of the Council’s finances and assist anyone interested in the Council’s financial condition. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Council of San Benito County Governments, 330 Tres Pinos Road, Ste C7, Hollister, CA 95023.

BASIC FINANCIAL STATEMENTS

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Council of San Benito County Governments

Statement of Net Position

June 30, 2017

(with comparative totals for June 30, 2016)

	Governmental Activities	Business-Type Activities	Totals	
			2017	2016
ASSETS				
Current assets:				
Cash and investments	\$ 5,413,798	\$ 124,151	\$ 5,537,949	\$ 4,956,474
Receivables (net)	158,558	298,625	457,183	1,411,002
Prepaid items	-	-	-	-
Total current assets	5,572,356	422,776	5,995,132	6,367,476
Noncurrent assets:				
Capital assets net of accumulated depreciation:				
Buildings, property and equipment	-	1,402,390	1,402,390	907,202
Total capital assets	-	1,402,390	1,402,390	907,202
Total noncurrent assets	-	1,402,390	1,402,390	907,202
Total assets	\$ 5,572,356	\$ 1,825,166	\$ 7,397,522	\$ 7,274,678
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 11,901	\$ 129,226	\$ 141,127	\$ 216,208
Due to fiduciary activities	-	-	-	158,713
Due to other governments	109,711	-	109,711	579,567
Total current liabilities	121,612	129,226	250,838	954,488
Noncurrent liabilities:				
Long-term obligations:				
Vacation and compensated absence obligation	114,008	37,431	151,439	137,803
Total noncurrent liabilities	114,008	37,431	151,439	137,803
Total liabilities	235,620	166,657	402,277	1,092,291
NET POSITION				
Net investment in capital assets	-	1,402,390	1,402,390	907,202
Restricted for:				
Transportation	622,350	-	622,350	868,762
Unrestricted	4,714,386	256,119	4,970,505	4,406,423
Total net position	5,336,736	1,658,509	6,995,245	6,182,387
Total liabilities and net position	\$ 5,572,356	\$ 1,825,166	\$ 7,397,522	\$ 7,274,678

The accompanying notes are an integral part of these basic financial statements.

Net (Expense) Revenue and Changes in Net Position		Totals	
Governmental Activities	Business-Type Activities	2017	2016
\$ 227,554	\$ -	\$ 227,554	\$ 799,355
227,554	-	227,554	799,355
-	520,064	520,064	(297,034)
-	520,064	520,064	(297,034)
227,554	520,064	747,618	502,321
36,308	5,246	41,554	130,273
23,686	-	23,686	334,154
59,994	5,246	65,240	464,427
24,896	(24,896)	-	-
84,890	(19,650)	65,240	715,088
312,444	500,414	812,858	966,748
5,024,292	1,158,095	6,182,387	5,215,639
\$ 5,336,736	\$ 1,658,509	\$ 6,995,245	\$ 6,182,387

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FUND FINANCIAL STATEMENTS

Council of San Benito County Governments

Balance Sheet

Governmental Funds

June 30, 2017

(with comparative totals for June 30, 2016)

	Major Funds			
	General	State	Highway 25	Measure A
	Administration	Subvention Special Revenue	Safety Enhancement Capital Projects	Capital Projects
ASSETS				
Cash and cash equivalents	\$ 1,314	\$ 4,125,743	\$ 455,226	\$ 171
Receivables:				
Accounts Receivable	-	147,375	-	-
Intergovernmental	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Total assets	\$ 1,314	\$ 4,273,118	\$ 455,226	\$ 171
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 542	\$ 5,748	\$ -	\$ -
Due to other funds	-	-	-	-
Due to other governments	-	109,711	-	-
Total liabilities	542	115,459	-	-
Fund balances:				
Nonspendable for:				
Prepaid items	-	-	-	-
Restricted for:				
Transportation	-	-	-	171
Assigned	-	4,157,659	455,226	-
Unassigned (deficit)	772	-	-	-
Total fund balances	772	4,157,659	455,226	171
Total liabilities and fund balances	\$ 1,314	\$ 4,273,118	\$ 455,226	\$ 171

The accompanying notes are an integral part of these basic financial statements.

PTMISEA & ARRA Capital Projects	Other Governmental Funds	Totals	
		2017	2016
\$ 622,179	\$ 209,165	\$ 5,413,798	\$ 4,956,474
-	-	147,375	758,826
-	11,183	11,183	11,388
-	-	-	-
-	-	-	-
<u>\$ 622,179</u>	<u>\$ 220,348</u>	<u>\$ 5,572,356</u>	<u>\$ 5,726,688</u>
\$ -	\$ 5,611	\$ 11,901	\$ 22,164
-	-	-	-
-	-	109,711	579,567
<u>-</u>	<u>5,611</u>	<u>121,612</u>	<u>601,731</u>
622,179	214,737	622,350	868,762
-	-	4,827,622	4,256,195
-	-	772	-
<u>622,179</u>	<u>214,737</u>	<u>5,450,744</u>	<u>5,124,957</u>
<u>\$ 622,179</u>	<u>\$ 220,348</u>	<u>\$ 5,572,356</u>	<u>\$ 5,726,688</u>

Council of San Benito County Governments
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
For the year ended June 30, 2017

Total fund balances - total governmental funds \$ 5,450,744

Amounts reported for governmental activities in the Statement of Net Position are different because:

Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the government's fund balance sheets.

Vacation and compensated absence obligation (114,008)

Net position of governmental activities \$ 5,336,736

The accompanying notes are an integral part of these basic financial statements.

Council of San Benito County Governments
Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position
Governmental Activities
June 30, 2017

	Governmental Funds Balance Sheet	Eliminations/ Reclassifications	Changes in GAAP	Statement of Net Position
ASSETS				
Current assets:				
Cash and investments	\$ 5,413,798	\$ -	\$ -	\$ 5,413,798
Receivables (net)	158,558	-	-	158,558
Prepaid items	-	-	-	-
Total assets	<u>\$ 5,572,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,572,356</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 11,901	\$ -	\$ -	\$ 11,901
Due to other funds	-	-	-	-
Due to other governments	109,711	-	-	109,711
Total current liabilities	<u>121,612</u>	<u>-</u>	<u>-</u>	<u>121,612</u>
Noncurrent liabilities:				
Vacation and compensated absence obligation	-	-	114,008	114,008
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>114,008</u>	<u>114,008</u>
Total liabilities	<u>121,612</u>	<u>-</u>	<u>114,008</u>	<u>235,620</u>
Restricted for:				
Transportation	622,350	-	(622,350)	-
Assigned	4,827,622	-	(4,827,622)	-
Unrestricted	772	-	5,335,964	5,336,736
Total net position	<u>5,450,744</u>	<u>-</u>	<u>(114,008)</u>	<u>5,336,736</u>
Total liabilities and net position	<u>\$ 5,572,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,572,356</u>

The accompanying notes are an integral part of these basic financial statements.

Council of San Benito County Governments
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	Major Funds			
	General Administration	State Subvention Special Revenue	Highway 25 Safety Enhancement Capital Projects	Measure A Capital Projects
REVENUES:				
Use of money and property	\$ 4	\$ 27,671	\$ 3,056	\$ 1
Intergovernmental	234,508	877,707	-	-
Charges for services	1,200	-	-	-
Contributions in aid of construction	-	-	-	-
Other revenues	6,136	-	-	-
Total revenues	241,848	905,378	3,056	1
EXPENDITURES:				
Current:				
Salaries and benefits	95,693	288,139	-	-
Services and supplies	123,979	42,153	-	-
Other charges	-	-	-	-
Capital outlay:				
Highway 25 improvements	-	-	2,205	-
Measure A projects	-	-	-	132
Other capital	21,404	-	-	-
Total expenditures	241,076	330,292	2,205	132
REVENUES OVER (UNDER) EXPENDITURES	772	575,086	851	(131)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	772	575,086	851	(131)
FUND BALANCES:				
Beginning of year	-	3,582,573	454,375	302
End of year	\$ 772	\$ 4,157,659	\$ 455,226	\$ 171

The accompanying notes are an integral part of these basic financial statements.

		Totals	
PTMISEA & ARRA Capital Projects	Other Governmental Funds	2017	2016
\$ 4,170	\$ 1,406	\$ 36,308	\$ 17,993
436,712	63,632	1,612,559	1,825,627
-	-	1,200	27,523
-	-	-	-
-	17,550	23,686	334,154
<u>440,882</u>	<u>82,588</u>	<u>1,673,753</u>	<u>2,205,297</u>
-	29,814	413,646	399,119
-	113,797	279,929	405,444
-	-	-	16,390
-	-	2,205	77,882
-	-	132	143,430
655,546	-	676,950	-
<u>655,546</u>	<u>143,611</u>	<u>1,372,862</u>	<u>1,042,265</u>
<u>(214,664)</u>	<u>(61,023)</u>	<u>300,891</u>	<u>1,163,032</u>
-	56,513	56,513	-
<u>(31,617)</u>	-	<u>(31,617)</u>	-
<u>(31,617)</u>	56,513	<u>24,896</u>	-
<u>(246,281)</u>	<u>(4,510)</u>	<u>325,787</u>	<u>1,163,032</u>
868,460	219,247	5,124,957	3,961,925
<u>\$ 622,179</u>	<u>\$ 214,737</u>	<u>\$ 5,450,744</u>	<u>\$ 5,124,957</u>

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Council of San Benito County Governments
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2017

Net change in fund balances - total governmental funds \$ 325,787

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

Long-term obligations are not reported in the governmental funds, but the changes are reported in the Statement of Activities as expenses:

Vacation and compensated absence obligation	(13,343)
Change in net position of governmental activities	<u>\$ 312,444</u>

The accompanying notes are an integral part of these basic financial statements.

Council of San Benito County Governments
Statement of Revenues, Expenditures, and Changes in Fund Equity - Budget and Actual
General Administration Fund
For the year ended June 30, 2017
(with comparative actual amounts for the year ended June 30, 2016)

	Original Budget	Amended Budget	2017 Actual	Variance Positive (Negative)	2016 Actual
REVENUES:					
Use of money and property:					
Investment income	\$ -	\$ -	\$ 4	\$ 4	\$ -
Intergovernmental:					
Local Transportation Funds (LTF)	241,263	241,263	234,508	(6,755)	224,419
Charges for services	-	-	1,200	1,200	600
Other	15,791	40,791	6,136	(34,655)	16,694
Total revenues	<u>257,054</u>	<u>282,054</u>	<u>241,848</u>	<u>(40,206)</u>	<u>241,713</u>
EXPENDITURES:					
Salaries and benefits	99,676	95,188	95,693	(505)	95,161
Services and supplies	107,292	107,292	92,490	14,802	113,803
Contractual services	19,000	31,488	31,489	(1)	16,359
Capital	7,000	32,000	21,404	10,596	-
Other charges	24,086	16,086	0	16,086	16,390
Total expenditures	<u>257,054</u>	<u>282,054</u>	<u>241,076</u>	<u>40,978</u>	<u>241,713</u>
REVENUES OVER (UNDER) EXPENDITURES			772	772	-
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ -</u>	<u>\$ -</u>	772	<u>\$ 772</u>	-
FUND BALANCES:					
Beginning of year			-		-
End of year			<u>\$ 772</u>		<u>\$ -</u>

The accompanying notes are an integral part of these basic financial statements.

Council of San Benito County Governments
Statement of Revenues, Expenditures, and Changes in Fund Equity - Budget and Actual
State Subvention Special Revenue Fund
For the year ended June 30, 2017
(with comparative actual amounts for the year ended June 30, 2016)

	Original Budget	Amended Budget	2017 Actual	Variance Positive (Negative)	2016 Actual
REVENUES:					
Use of money and property:					
Investment income	\$ 15,000	\$ 15,000	27,671	\$ 12,671	\$ 13,298
Total use of money and property	15,000	15,000	27,671	12,671	13,298
Intergovernmental:					
RSTP	521,642	521,642	528,707	7,065	533,051
Rural Planning Assistance	294,000	294,000	294,000	-	366,382
STIP	55,000	55,000	55,000	-	-
Total intergovernmental	870,642	870,642	877,707	7,065	899,433
Charges for services:					
Planning, programming & monitoring	-	-	-	-	26,923
Total charges for services	-	-	-	-	26,923
Contributions in aid of construction	-	-	-	-	-
Other	-	-	-	-	27,231
Total revenues	885,642	885,642	905,378	19,736	966,885
EXPENDITURES:					
Salaries and benefits	297,414	293,874	288,139	5,735	277,617
Services and supplies	9,368	15,408	42,153	(26,745)	157,569
Contracts	30,305	30,305	-	30,305	-
Capital outlay:					
Other capital	580,277	577,777	-	577,777	-
Total expenditures	917,364	917,364	330,292	587,072	435,186
REVENUES OVER (UNDER) EXPENDITURES	(31,722)	(31,722)	575,086	606,808	531,699
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	\$ (31,722)	\$ (31,722)	575,086	\$ 606,808	531,699
FUND BALANCES:					
Beginning of year			3,582,573		3,050,874
End of year			<u>\$ 4,157,659</u>		<u>\$ 3,582,573</u>

The accompanying notes are an integral part of these basic financial statements.

Council of San Benito County Governments
Statement of Revenues, Expenditures, and Changes in Fund Equity - Budget and Actual
Highway 25 Safety Enhancement Capital Projects Fund
For the year ended June 30, 2017
(with comparative actual amounts for the year ended June 30, 2016)

	Original Budget	Amended Budget	2017 Actual	Variance Positive (Negative)	2016 Actual
REVENUES:					
Use of money and property:					
Investment income	\$ 3,500	\$ 3,500	\$ 3,056	\$ (444)	\$ 1,650
Total use of money and property	3,500	3,500	3,056	(444)	1,650
Other	-	142,534	-	(142,534)	141,732
Total revenues	3,500	146,034	3,056	(142,978)	143,382
EXPENDITURES:					
Capital outlay:					
Highway 25 improvements	496,393	601,615	2,205	599,410	77,882
Other capital	-	-	-	-	-
Total expenditures	496,393	601,615	2,205	599,410	77,882
REVENUES OVER (UNDER) EXPENDITURES	(492,893)	(455,581)	851	456,432	65,500
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	\$ (492,893)	\$ (455,581)	851	\$ 456,432	65,500
FUND BALANCES:					
Beginning of year			454,375		388,875
End of year			<u>\$ 455,226</u>		<u>\$ 454,375</u>

The accompanying notes are an integral part of these basic financial statements.

Council of San Benito County Governments

Statement of Revenues, Expenditures, and Changes in Fund Equity - Budget and Actual

Measure A Capital Projects Fund

For the year ended June 30, 2017

(with comparative actual amounts for the year ended June 30, 2016)

	Original Budget	Amended Budget	2017 Actual	Variance Positive (Negative)	2016 Actual
REVENUES:					
Use of money and property:					
Investment income (losses)	\$ -	\$ -	\$ 1	\$ 1	\$ 354
Total use of money and property	-	-	1	1	354
Intergovernmental:					
STIP	-	-	-	-	-
Total intergovernmental	-	-	-	-	-
Other		66,100	-	(66,100)	66,100
Total revenues	-	66,100	1	(66,099)	66,454
EXPENDITURES:					
Salaries and benefits	-	-	-	-	-
Capital outlay:					
Measure A projects	-	-	132	(132)	143,430
Total expenditures	-	-	132	(132)	143,430
REVENUES OVER (UNDER) EXPENDITURES	-	66,100	(131)	(66,231)	(76,976)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ -</u>	<u>\$ 66,100</u>	<u>(131)</u>	<u>\$ (66,231)</u>	<u>(76,976)</u>
FUND BALANCES:					
Beginning of year			302		77,278
End of year			<u>\$ 171</u>		<u>\$ 302</u>

The accompanying notes are an integral part of these basic financial statements.

Council of San Benito County Governments
Statement of Revenues, Expenditures, and Changes in Fund Equity - Budget and Actual
PTMISEA & ARRA Capital Projects Fund
For the year ended June 30, 2017
(with comparative actual amounts for the year ended June 30, 2016)

	Original Budget	Amended Budget	2017 Actual	Variance Positive (Negative)	2016 Actual
REVENUES:					
Use of money and property:					
Investment income	\$ -	\$ -	\$ 4,170	\$ 4,170	\$ 1,885
Total use of money and property	-	-	4,170	4,170	1,885
Intergovernmental:					
Office of Emergency Services	-	-	46,712	46,712	-
PTMISEA	1,445,315	1,445,315	390,000	(1,055,315)	617,308
Total intergovernmental	1,445,315	1,445,315	436,712	(1,008,603)	617,308
Total revenues	1,445,315	1,445,315	440,882	(1,004,433)	675,706
EXPENDITURES:					
Capital outlay:					
PTMISEA	2,062,570	2,062,570	611,681	1,450,889	-
Cal EMA	46,712	46,712	43,865	2,847	-
Other	143,890	143,890	-	143,890	-
Total expenditures	2,253,172	2,253,172	655,546	1,597,626	21,295
REVENUES OVER (UNDER) EXPENDITURES	(807,857)	(807,857)	(214,664)	593,193	654,411
Transfers out	-	-	(31,617)	(31,617)	-
Total other financing sources (uses)	-	-	(31,617)	(31,617)	-
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	\$ (807,857)	\$ (807,857)	(246,281)	\$ 561,576	654,411
FUND BALANCES:					
Beginning of year			868,460		214,049
End of year			<u>\$ 622,179</u>		<u>\$ 868,460</u>

The accompanying notes are an integral part of these basic financial statements.

Council of San Benito County Governments

Statement of Net Position

Local Transportation Authority Enterprise Fund

June 30, 2017

(with comparative totals for June 30, 2016)

	Totals	
	2017	2016
Current assets:		
Cash and investments	\$ 124,151	\$ -
Intergovernmental receivable	298,625	640,788
Total current assets	422,776	640,788
Property, plant and equipment	3,859,805	4,612,387
Less accumulated depreciation	(2,457,415)	(3,705,185)
Property, plant, and equipment, net	1,402,390	907,202
Total assets	\$ 1,825,166	\$ 1,547,990
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 129,226	\$ 194,044
Due to fiduciary activities/LTF		158,713
Total current liabilities	129,226	352,757
Vacation and compensated absence obligation	37,431	37,138
Total liabilities	166,657	389,895
Net Position:		
Net investment in capital assets	1,402,390	907,202
Unrestricted	256,119	250,893
Total net position	1,658,509	1,158,095
Total liabilities and net position	\$ 1,825,166	\$ 1,547,990

The accompanying notes are an integral part of these basic financial statements.

Council of San Benito County Governments
Statement of Revenues, Expenses, and Changes in Fund Net Position
Local Transportation Authority Enterprise Fund
For the year ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	Totals	
	2017	2016
OPERATING REVENUES:		
Charges for services:		
Passenger fares	\$ 161,126	\$ 158,460
FTA 5311 operating grant	298,186	295,228
Total operating revenues	459,312	453,688
OPERATING EXPENSES:		
Salaries and benefits	236,774	223,746
Contracted services	1,290,564	1,220,995
Maintenance	212,481	191,505
Advertising	3,742	36
Insurance expenses	3,183	4,835
Professional and special projects	2,870	6,767
Administration	2,455	17,172
Depreciation expense	164,194	182,330
Total operating expenses	1,916,263	1,847,386
OPERATING LOSS	(1,456,951)	(1,393,698)
NONOPERATING REVENUES:		
Local Transportation Funds	1,028,424	873,528
State Transit Assistance Funds	194,132	223,136
FTA 5311/5310/5304 (FTA Operating Grant, Transit Interns, LRTS & SRTP)	41,398	-
STIP	53,679	-
Investment income	796	2,259
Other	4,450	110,021
Total non-operating revenues (expenses), net	1,322,879	1,208,944
NET INCOME (LOSS) BEFORE TRANSFERS & CONTRIBUTIONS	(134,072)	(184,754)
Transfers in (out)	(24,896)	-
Capital Contributions	659,382	-
CHANGE IN NET POSITION	500,414	(184,754)
NET POSITION:		
Beginning of year	1,158,095	1,342,849
End of year	\$ 1,658,509	\$ 1,158,095

The accompanying notes are an integral part of these basic financial statements.

Council of San Benito County Governments

Statement of Cash Flows

Local Transportation Authority Enterprise Fund

For the year ended June 30, 2017

(with comparative amounts for the year ended June 30, 2016)

	Totals	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from passenger fares	\$ 161,126	\$ 158,460
Cash receipts from other governments	640,349	(21,010)
Cash payments to suppliers for goods and services	(1,580,113)	(1,430,831)
Cash payments to employees for services	(236,481)	(221,320)
Net cash used by operating activities	(1,015,119)	(1,514,701)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers received (paid)	(179,159)	268,734
Other nonoperating receipts	95,077	-
Local Transportation Funds received	1,028,424	873,528
State Transit Assistance Funds received	194,132	223,136
Net cash provided by noncapital financing activities	1,138,474	1,365,398
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	-	-
Capital contributions	-	-
Net cash (used) by capital and related financing activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	796	2,259
Net cash provided by investing activities	796	-
Net increase (decrease) in cash and cash equivalents	124,151	(147,044)
CASH AND CASH EQUIVALENTS:		
Beginning of year	-	147,044
End of year	\$ 124,151	\$ -
Presentation in Statement of Net Position:		
Cash and investments	\$ 124,151	\$ -
Total cash and investments	\$ 124,151	\$ -
Reconciliation of income (loss) from operations to net cash used by operating activities:		
Operating income (loss)	\$ (1,456,951)	\$ (1,393,698)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation	164,194	182,330
(Increase) decrease in current assets:		
Intergovernmental receivable	342,163	(316,238)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(64,818)	10,479
Vacation and compensated absence obligation	293	2,426
Net cash used by operating activities	\$ (1,015,119)	\$ (1,514,701)

The accompanying notes are an integral part of these basic financial statements.

Council of San Benito County Governments

Statement of Fiduciary Net Position

Private Purpose Trust Funds

June 30, 2017

(with comparative actual amounts for the year ended June 30, 2016)

	Local	State Transit	Totals	
	Transportation Fund	Assistance Fund	2017	2016
ASSETS				
Cash and investments	\$ 3,047,812	\$ -	\$ 3,047,812	\$ 2,379,091
Intergovernmental receivable	244,100	-	244,100	246,000
Sales tax receivable	-	54,082	54,082	110,561
Due from other funds	53,918	-	53,918	110,561
Due from business-type activities/LTA	-	-	-	158,713
Total assets	3,345,830	54,082	3,399,912	3,004,926
LIABILITIES				
Due to other funds	-	53,918	53,918	110,561
Total liabilities	-	53,918	53,918	110,561
NET POSITION				
Restricted for pedestrian/bicycle	487,694	-	487,694	460,328
Restricted for other governments	2,858,136	164	2,858,300	2,434,037
Total net position	\$ 3,345,830	\$ 164	\$ 3,345,994	\$ 2,894,365

The accompanying notes are an integral part of these basic financial statements.

Council of San Benito County Governments

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the year ended June 30, 2017

(with comparative actual amounts for the year ended June 30, 2016)

	Private Purpose Trust Funds			
	Local Transportation Fund	State Transit Assistance Fund	Totals	
			2017	2016
Additions				
Sales tax	\$ 1,668,335	\$ 194,132	\$ 1,862,467	\$ 1,773,877
Interest	20,483	164	20,647	8,736
Total additions	<u>1,688,818</u>	<u>194,296</u>	<u>1,883,114</u>	<u>1,782,613</u>
Deductions				
Claims paid to:				
Council of San Benito County Governments:				
Local Transportation Authority Fund	1,024,250	194,132	1,218,382	1,095,576
Administration Fund	213,103	-	213,103	225,505
Bike/pedestrian	-	-	-	6,000
Total deductions	<u>1,237,353</u>	<u>194,132</u>	<u>1,431,485</u>	<u>1,327,081</u>
Change in net position	<u>451,465</u>	<u>164</u>	<u>451,629</u>	<u>455,532</u>
Net position, beginning of year	2,894,365	-	2,894,365	2,032,968
Net position, end of year	<u>\$ 3,345,830</u>	<u>\$ 164</u>	<u>\$ 3,345,994</u>	<u>\$ 2,488,500</u>

The accompanying notes are an integral part of these basic financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2017

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Council of San Benito County Governments
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Council of San Benito County Governments, the regional transportation-planning agency for the County of San Benito, was created pursuant to Title 3 of Government Code Section 29535. The Council is responsible for transportation planning activities, as well as administration of the Transportation Trust Funds.

A. Financial Reporting Entity

The accompanying basic financial statements present the financial activity of the Council of San Benito County Governments (Council), which is the primary government, along with the financial activities of its component units, which are entities for which the Council is financially accountable. Although they are separate legal entities, blended component units are, in substance, part of the Council's operations and are reported as an integral part of the Council's basic financial statements. This Council's component units, which are described below, are blended units of the Council.

Measure A Authority

The Measure A Authority (Authority) was formed by voter approval of Measure A in 1988. As a part of Measure A, the County Board of Supervisors designated the Council to administer the Measure. The Authority Board has the same members as the Council's Board. The Council's staff provides services of the Authority, with the Council's Executive Director also being the Authority's Executive Director. The Authority obtains its funding through a .5% countywide sales tax, and has specific projects that were a part of the Measure that are to be completed with the sales tax funds. The Measure A Authority is included as a component unit in the accompanying financial statements. The activities of the foregoing entities have been aggregated and merged (termed "blending") with those of the Council's in the accompanying financial statements, as it meets the criteria for inclusion as set forth in the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39.

Local Transportation Authority

The Local Transportation Authority (LTA) is a blended component of the Council. The LTA was established to operate the countywide transit system in San Benito County. The Council Board is the same as the LTA Board, the majority of the LTA operating funds are derived from Council managed funds, such as the Local Transportation and State Transit Assistance Funds. The Council's Executive Director is the LTA's Executive Director as well. The LTA is reported in these financial statements as an enterprise fund, in accordance with the State Controller's Office requirements for transit operations.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

The financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Council or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and,
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Activities

General Administration Fund

The General Administration Fund is used to account for resources traditionally associated with the Council, which are not required legally or by sound financial management to be accounted for in another fund. From this fund are paid the Council's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Special Revenue Funds

The Special Revenue Funds are used to account for specific revenues that are legally or otherwise restricted to expenditures for particular purposes.

Business-type Activities

Proprietary Funds

Enterprise Funds

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the Council has decided that periodic determination of net income is appropriate for accountability purposes.

Fiduciary Funds

Private Purpose Trust Funds

Private Purpose Trust Funds account for assets held and distributed to other governments similar to assets held in trust in the private environment. The fiduciary funds used by the Council are as follows:

Local Transportation Fund – this fund is utilized by the Council to receive and allocate Local Transportation funds to eligible claimants.

State Transit Assistance Fund - this fund is utilized by the Council to receive and allocate State Transit Assistance funds to eligible claimants.

These funds are accounted for on an accrual basis similar to proprietary funds.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Major and Non-Major Funds

The funds are further classified as major or non-major as follows:

<u>Fund Type</u>	<u>Brief Description</u>
Major:	
Governmental Activities:	
General Administration Fund	The primary operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.
State Subvention Special Revenue Fund	State funds to reduce air pollution for motor vehicles and transportation planning for San Benito County.
Highway 25 Safety Enhancement Special Revenue Fund	Grant from the City of Hollister Redevelopment Agency for safety and operation enhancement projects along Highway 25.
Measure A Special Revenue Fund	Sales tax revenue for construction of voter approved projects.
PTMISEA, ARRA & OHS Capital Projects Fund	This fund accounts for small government short-term grants, such as the Public Transportation Modernization, Improvement, and Service Enhancement Account, the American Recovery and Reinvestment Act, and the Office of Homeland Security grants.
Business-type Activities:	
Local Transportation Authority Enterprise Fund	This fund accounts for the activities of providing a countywide transit system and a specialized service for the elderly and handicapped.
Non-Major:	
Governmental Activities:	
Service Authority Freeway Emergencies Fund (SAFE)	State funds for administration and operation of freeway call boxes and roadside assistance.
Rideshare Fund	State funds to provide means and incentives for ridesharing in order to reduce traffic and air pollution.
Vanpool Fund	To account for funds to encourage the use of carpools and vanpools.
Low Carbon Transit Operations Program (LCTOP)	This fund accounts for providing operating assistance for transit to continue the expansion of the intercounty services to reduce greenhouse gas emissions.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New and Closed Funds

The LCTOP Special Revenue Fund was opened during the year ended June 30, 2017 and there were no closed funds for the year.

C. Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements.

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The enterprise and private purpose trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Enterprise fund equity is classified as net position.

D. Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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. Internally dedicated resources are reported as *general revenues* rather than program revenues. Likewise, general revenues include all taxes.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Basis of Accounting, Continued

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

The enterprise and private purpose trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Council has elected not to follow subsequent private-sector guidance.

E. Cash and Investments

The Council pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

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

F. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances of uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Receivables, Continued

include sales and use taxes, intergovernmental subventions and grants, interest earnings and expense reimbursements.

Business-type activities report intergovernmental receivables as major receivables. See Note 3 for additional disclosures. In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Intergovernmental accounts receivable comprise the majority of proprietary fund receivables. The Council's experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

G. Capital Assets

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment	3 – 5 years
Facilities	30 years

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Capital Assets, Continued

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

H. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements and the proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated employee sick leave benefits are not recognized as liabilities of the Council with the exception of one employee as they are vested and within retirement age. Sick leave is paid out at half upon retirement.

I. Budgetary Policies

Budgets are prepared on the modified accrual basis of accounting in which capital assets acquired are recorded as expenditures and depreciation is not recorded.

The legal budget is the same as the operating budget in total. Total expenditures may not exceed the budgeted expenditures without approval of the Council's Governing Board. The budget lapses at the end of each fiscal year.

Estimated revenues and recommended appropriations are shown and supported by detailed documentation at each administrative level within the Council. The Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the Council prepares a budget for each fiscal year on or before August 30.
- Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the Council's Board of Directors. The operating budget includes proposed expenditures and the means of financing them.
- Any amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds are authorized by the Council Manager's office and must be approved by the Board of Directors.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Budgetary Policies, Continued

- Supplementary appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Directors. Pursuant to Board Resolution, the Council’s Manager is authorized to approve transfers and revision of appropriations under \$50,000 within a single budget unit as deemed necessary and appropriate.
- Formal budgeting is employed as a management control device during the year for the Council’s governmental funds.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Budgeted amounts are as originally adopted or as amended by the Governing Board. Individual amendments were not material in relation to the original appropriations.

2. CASH AND INVESTMENTS

The Council had the following cash and investments at June 30, 2017 and June 30, 2016:

	June 30, 2017		June 30, 2016
	Not rated	Fair Value	
San Benito County Treasury	\$ 8,585,761	\$ 8,585,761	\$ 7,335,565
Total	\$ 8,585,761	\$ 8,585,761	\$ 7,335,565
Amounts reported in:			
Governmental activities		\$ 5,413,798	\$ 4,956,474
Business-type activities		124,151	-
Fiduciary activities		3,047,812	2,379,091
Total		\$ 8,585,761	\$ 7,335,565

A. Cash Deposits

The Council pools cash from all sources. The Council invests excess cash in the San Benito County Treasury investment pool, which at June 30, 2017, approximated fair value of \$8,585,761.

The California Government Code requires California banks and savings and loan associations to secure government cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral is considered to be held in the government’s name.

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the government’s cash deposits. California law also allows institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the government’s total cash deposits. The government can waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The County has waived these collateralization requirements.

The County Treasurer maintains a cash and investment pool, on behalf of the Council, as their custodian, which includes cash balances and authorized investments for all Council funds, which is invested to enhance interest earnings. The pooled interest earned is allocated quarterly to the Council based on average daily cash and investment balance.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

2. CASH AND INVESTMENTS, Continued

B. Investments

The Council is authorized by State statutes and Governing Board action to invest in the following:

- United States Treasury notes, bonds, bills, or certificates of indebtedness.
- Registered state warrants or treasury notes or bonds of the State of California.
- Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California.
- Obligations issued by banks and guaranteed by federal agency or United States government-sponsored enterprise.
- Negotiable certificates of deposit or time deposits placed with commercial banks and/or savings and loan companies.
- Bankers' acceptances.
- Commercial paper.
- California Local Agency Investment Fund (LAIF).
- San Benito County Treasury

The Council's practice has been to limit investments to the San Benito County Treasury, an unrated investment pool, which limits the exposure of Council funds to interest rate and credit risk by treating all balances as current.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method, which includes any adjustments recorded in interest/investment income.

C. Investments in External Investment Pools

The Council's investments with the County at June 30, 2017, included a portion of the pool funds invested in structured notes and asset backed securities and similar transactions. These investments may include the following:

Structured Notes – are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depends on one or more indices and/or that have embedded forwards or options.

Asset-backed Securities – the bulk of which are mortgage-backed securities, entitle their purchaser to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs) or credit card receivables.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

2. CASH AND INVESTMENTS, Continued

The Council is, indirectly through the County pool, a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Council reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2017, these investments matured in an average of 167 days. As of June 30, 2017, the County Treasury had \$42,100,000 invested in LAIF. The County investment pool currently holds no derivative products in the form of asset-backed securities. The current average maturity of the portfolio is 1 to 217 days with an average duration of 142 days.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2017:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Totals	
				2017	2016
Accounts receivable	\$ 147,375	\$ -	\$ -	\$ 147,375	\$ 758,826
Intergovernmental	11,183	298,625	244,100	553,908	898,176
Sales tax receivable	-	-	54,082	54,082	110,561
Total accounts receivable	\$ 158,558	\$ 298,625	\$ 298,182	\$ 755,365	\$ 1,767,563

These amounts resulted in the following concentrations in receivables:

Other Governments	73%
Sales tax	7%
Other	20%

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

4. CAPITAL ASSETS

Capital asset activity for business-type activities for the year ended June 30, 2017, was as follows:

	July 1, 2016	Additions	Retirements	June 30, 2017
<u>Business-type activities:</u>				
Property, plant, and equipment	\$ 4,612,387	\$ 659,382	\$ (1,411,964)	\$ 3,859,805
Less: accumulated depreciation	(3,705,185)	(164,194)	1,411,964	(2,457,415)
Total business-type activities	<u>907,202</u>	<u>495,188</u>	<u>-</u>	<u>1,402,390</u>
Net book value	<u>\$ 907,202</u>	<u>\$ 495,188</u>	<u>\$ -</u>	<u>\$ 1,402,390</u>

In fiscal year 2012-13, the Council retired its' remaining governmental capital assets and had no capital assets recorded in governmental activities in the current year.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2017:

	Governmental Activities	Business-type Activities	Totals	
			2017	2016
Accounts payable and accrued liabilities	\$ 11,901	\$ 129,226	\$ 141,127	\$ 216,208
Due to other governments	109,711	-	109,711	579,568
Total	<u>\$ 121,612</u>	<u>\$ 129,226</u>	<u>\$ 250,838</u>	<u>\$ 795,776</u>

These amounts resulted in the following concentrations in payables:

Vendors	56%
Other governments	44%

6. LONG-TERM LIABILITIES

Changes in long-term liabilities for the fiscal year ended June 30, 2017, are shown below:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017
	<u>Governmental activities:</u>			
Compensated absences	\$ 100,665	\$ 13,343	\$ -	\$ 114,008
Total governmental activities	<u>100,665</u>	<u>13,343</u>	<u>-</u>	<u>114,008</u>
<u>Business-type activities:</u>				
Compensated absences	37,138	293	-	37,431
Total business-type activities	<u>37,138</u>	<u>293</u>	<u>-</u>	<u>37,431</u>
Totals	<u>\$ 137,803</u>	<u>\$ 13,636</u>	<u>\$ -</u>	<u>\$ 151,439</u>

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

7. FUND BALANCES/NET POSITION

Fund Balances consist of the following: Nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance consists of investments that will not convert to cash soon enough to affect the current period. Restricted fund balance consists of resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government. Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the Council's highest level of decision-making authority. Assigned fund balance consists of amounts where intent is expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned amounts represent deficits in fund balance as reflected by the necessity to show nonspendable and restricted balances in an amount greater than total fund balance. Currently, the Council uses only the restricted, assigned and unassigned categories.

	Totals	
	2017	2016
Nonspendable:		
Prepaid items	\$ -	\$ -
Restricted for:		
Transportation	622,350	868,762
Assigned for:		
State Subvention	4,157,659	3,582,573
Highway 25 Enhancement	455,226	454,375
Service Authority	180,424	166,954
Rideshare	1,296	3,453
Vanpool	30,162	48,840
LCTOP	2,855	-
Total Assigned	<u>4,827,622</u>	<u>4,256,195</u>
Unassigned (deficit)	<u>772</u>	<u>-</u>
Total Fund Balance	<u>\$ 5,450,744</u>	<u>\$ 5,124,957</u>

Net position consists of restricted and unrestricted amounts. Restricted amounts reflect balances which cannot be influenced by Council Governing Board action, such as the investment in capital assets net of any related debt. Unrestricted amounts reflect balances available for current operations.

	Net Position			
	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Net investment in capital assets	\$ -	\$ -	\$ 1,402,390	\$ 907,202
Restricted for Transportation	622,350	868,762	-	-
Unrestricted	4,714,386	4,155,530	256,119	250,893
Total	<u>\$ 5,336,736</u>	<u>\$ 5,024,292</u>	<u>\$ 1,658,509</u>	<u>\$ 1,158,095</u>

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

8. PTMISEA

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation, or replacement.

At year ended June 30, 2012 \$15,121 was deferred to fiscal year 2012/2013. In fiscal year 2012/2013 the Council applied for and received an additional \$263,079 from the State's PTMISEA account to upgrade transit fueling infrastructure, transit maintenance and operations improvement and customer service enhancements. In fiscal year 2015/2016 the Council applied for and received \$622,179 for the purchase of six new buses and repairs of bus #55. In fiscal year 2016/2017 the Council applied for and received \$390,000 for Bus Yard Capital Project, Technology Expansion Project and Bus Stop Capital Improvements.

As of June 30, 2017, PTMISEA funds received and expended were verified in the course of our audit as follows:

	<u>Thru 6/30/2016</u>	<u>6/30/2017</u>	<u>Total</u>
Proceeds Received:			
PTMISEA	\$895,508	\$390,000	\$1,285,508
Expenditures incurred:			
Tokens - FY 09/10	14,650		14,650
Bus Stop schedules - FY 11/12	1,598		1,598
Fuel Station - FY 12/13	87,000		87,000
Senior Step - FY 13/14	1,068	-	1,068
Proration of Bus Stop Shelter	1,624	-	1,624
Telephone Systems	11,762	-	11,762
Maintenance Vehicle/Maint. Imp	43,014	1,415	44,429
Buses (5)	-	609,105	609,105
Maintenance on Bus #55	6,405	1,161	7,566
	<u>6,405</u>	<u>1,161</u>	<u>7,566</u>
Unexpended proceeds at June 30, 2017	<u>\$728,387</u>	<u>(221,681)</u>	<u>\$506,706</u>

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

9. OES

The Governor’s Office of Emergency Services (OES) approved the Local Transportation Authority’s application from the Transit System Safety, Security, and Disaster Response Account for Fiscal Years 2008-2009 and 2009-2010. The TSSSDRA funds were allocated to agencies and transit operators eligible to receive State Transit Assistance funds pursuant to Sections 99313 and 99314 of the Public Utility Code. These funds are the Highway Safety, Traffic Reduction, and Port Security Bond Act of 2006 (Proposition 1B). TSSSDRA funds expended and received were verified in the course of our audit as follows:

Fiscal Year	Date Received	Amount Received	Expended FY 12/13	Expended FY 13/14	Expended FY 14/15	Expended FY15/16	Expended FY16/17	Unexpended at 06/30/17
OHS 2010/11	2/22/2013	46,712	27,500	-	-	-	-	19,212
OHS 2012/13	6/29/2015	46,712	-	-	-	-	43,865	2,847
OHS 2014/15	3/22/2017	46,712	-	-	-	-	-	46,712

10. RISK MANAGEMENT

The Council is self-insured for claims arising from employee injuries, general and automobile claims, property and vehicle losses, earthquake damage, and flood and storm water damage. The Council also contracts with San Benito County for employees and these employees are covered additionally with the county. The cost of any claims are reflected and charged through the County’s cost plan. The Council purchases insurance with CSAC Excess Insurance Authority with \$1,000,000 limit per occurrence subject to a \$25,000 self-insured retention per occurrence. San Benito County also uses CSAC Excess Insurance Authority with \$1,000,000 limit per occurrence subject to a \$100,000 self-insured retention per occurrence. There were no insurance claims either with the Council or San Benito County on behalf of the Council employees.

11. PUBLIC EMPLOYEES’ RETIREMENT SYSTEM

Plan Description

The Council contributes to the California Public Employees’ Retirement System (CalPERS), a cost-sharing, multiple-employer defined benefit pension plan through the County of San Benito. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and County Board as well as Council Board ordinance. Copies of CalPERS’ annual financial report may be obtained from their executive office 400 P Street, Sacramento, CA, 95814.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM, Continued

Funding Policy

Participants are required to contribute 7% (7% of monthly salary over \$133.33) of their annual covered salary. The Council makes the contributions required of Council employees on their behalf and for their account. The Council is required to contribute at an actuarially determined rate; the FY 2016-16 rate is 18.028% for employees. The contribution requirements of plan members and the Council are established and may be amended by CalPERS. All actuarial information for Council employees is combined with County reported amounts and a separate actuarial is not performed, therefore the net pension obligation cannot be ascertained. The current value of the County's net pension obligation is \$32,559,472 as of the measurement date of June 30, 2016. The amount applicable to the Council cannot be determined and should not be inferred from the County's liability amount.

12. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description. The Council has indicated that the only OPEB provided is medical plan coverage. This coverage is available for employees who satisfy the requirements for retirement under CalPERS. An employee cannot terminate employment before meeting the age condition and be entitled to receive benefits.

As provided by the Public Employees' Medical and Hospital and Care Act (PEMHCA), the Council has been under contract with CalPERS for medical plan coverage since 1993 and has chosen to satisfy its retiree medical benefit commitment using the unequal contribution method. Under this approach, the Council will eventually be required to provide retiree medical benefits identical to that which it provides for active employees in the same plan at the same coverage levels. Between now and this eventual equal contribution date, the obligation increases annually by 5% of the contributions for active employees. For calendar year 2017, the Council is contributing 100% of the amounts being contributed for similarly situated active employees. The coverage and the Council's subsidy toward the cost of coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse may continue coverage and receive the subsidy for the remainder of his or her lifetime as well. The Retiree Healthcare Plan does not issue a financial report.

Eligibility: A member is eligible to enroll in a CalPERS health plan if he or she retires within 120 days of separation from employment and receives a monthly retirement allowance. If the member meets this requirement, he or she may continue his or her enrollment at retirement, enroll within 60 days of retirement, or enroll during any Open Enrollment period. If a member is currently enrolled in a CalPERS health plan and wants to continue enrollment into retirement, the employer will notify CalPERS and the member's coverage will continue into retirement.

Membership of the plan consisted of the following at June 30, 2017:

Retirees and beneficiaries receiving benefits	1
Other participants fully eligible for benefits	7
Other participants not yet fully eligible for benefits	0
Total	8

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Funding Policy. The contribution requirements of the Plan participants and the Council are established by and may be amended by the Council. Since the Council has no retirees there is no pay-as-you-go contribution requirement for the current year.

Annual OPEB Cost and Net OPEB Obligation. The Council's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Council's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Council's Net OPEB obligation:

Annual required contribution	\$ 8,391
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>8,391</u>
Contributions made to irrevocable trust	(8,391)
Benefit payments made outside of trust	-
Increase in net OPEB obligation	<u>-</u>
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u><u>\$ -</u></u>

The Council's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2017 and the two preceding years as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	41,186	100%	0
6/30/15	15,912	100%	0
6/30/16	16,390	100%	0
6/30/17	8,391	100%	0

Funded Status and Funding Progress. The funded status of the Plan as of July 1, 2013, the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 292,731
Actuarial value of Plan assets	<u>162,362</u>
Unfunded actuarial accrued liability (UAAL)	\$ 130,369
Funded ratio (actuarial value of Plan assets/AAL)	55%
Covered payroll (active Plan participants)	\$1,200,000
UAAL as a percentage of covered payroll	11%

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the July 1, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 7.5% investment rate of return which is based on the expected return on funds invested by CalPERS, and an annual healthcare 9% to 4.5%. The actuarial assumption for salary increases was 3.25% per year. The Unfunded Actuarial Accrued Liability is being amortized as level percentage of projected payroll on a closed basis. The remaining amortization as of 06/30/2017 was 26 years.

In Fiscal Year 2013-2014 San Benito County determined that Council employees were actually County employees. Due to this action the Council did not have an actuarial valuation performed for June 30 2017. Instead, the Council will be included with San Benito County's Plan valuation, but separated with their own account. San Benito County performed the Actuarial Valuation of OPEB Plan in August 2017 for fiscal years 2017 and 2018.

Based on the calculation, the ARC for FY 2016-2017 was \$8,391. This amount was paid to the County for payments for retiree insurance made directly to the provider and contributed toward the ARC for fiscal year ended June 30, 2017.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

13. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2017. The Council will implement this Statement in fiscal year ending June 30, 2018.

The GASB has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", for OPEB. Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans", establishes new accounting and financial reporting requirements for OPEB plans. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The Council will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

The GASB has issued Statement No. 77, "Tax Abatement Disclosures". This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. The Council will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

13. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2016. This Statement was not applicable to the Council's financial statements.

The GASB has issued Statement No. 80, "Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2017. This Statement was not applicable to the Council's financial statements.

The GASB has issued Statement No. 81, "Irrevocable Split-Interest Agreements." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2017. The Council will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

The GASB has issued Statement No. 82, "Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73." The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions will take effect for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The Council will implement this statement, as applicable, to its financial statements for the year ending June 30, 2018.

14. CONTINGENCIES

The Council participates in a number of Federal, State, and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the Council may be required to reimburse the grantor government. As of June 30, 2017, some amounts of grant expenditures have not been audited, but the Council believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the Council.

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SUPPLEMENTAL INFORMATION

Council of San Benito County Governments
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017
(with comparative totals for June 30, 2016)

	Special Revenue Funds				Non-Major Funds Totals	
	Service Authority for Freeways and Expressways Fund	Rideshare	Van Pool	LCTOP	2017	2016
ASSETS						
Pooled cash and investments	\$ 174,852	\$ 1,296	\$ 30,162	\$ 2,855	\$ 209,165	\$ 212,878
Receivables:						
Intergovernmental	11,183	-	-	-	11,183	11,388
Total assets	\$ 186,035	\$ 1,296	\$ 30,162	\$ 2,855	\$ 220,348	\$ 224,266
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 5,611	\$ -	\$ -	\$ -	\$ 5,611	\$ 5,019
Total liabilities	5,611	-	-	-	5,611	5,019
Fund Balances:						
Assigned	180,424	1,296	30,162	2,855	214,737	219,247
Total fund balances	180,424	1,296	30,162	2,855	214,737	219,247
Total liabilities and fund balances	\$ 186,035	\$ 1,296	\$ 30,162	\$ 2,855	\$ 220,348	\$ 224,266

Council of San Benito County Governments
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2017
(with comparative totals for the year ended June 30, 2016)

	Special Revenue Funds				Non-Major Funds Totals	
	Service Authority for Freeways and Expressways Fund	Rideshare	Van Pool	LCTOP	2017	2016
REVENUES:						
Use of money and property:						
Interest	\$ 1,173	\$ 9	\$ 203	\$ 21	\$ 1,406	\$ 806
Intergovernmental:						
Motor vehicle in lieu fees	61,771	-	-	-	61,771	59,467
Monterey Bay	-	-	-	-	-	25,000
LCTOP	-	-	-	1,861	1,861	-
Other revenues:						
Van pool payments	-	-	17,550	-	17,550	17,775
Reimbursements	-	-	-	-	-	8,109
Total revenues	62,944	9	17,753	1,882	82,588	111,157
EXPENDITURES:						
Current:						
Salaries and benefits	18,447	-	11,367	-	29,814	26,341
Services and supplies	31,027	2,166	25,064	55,540	113,797	96,418
Total expenditures	49,474	2,166	36,431	55,540	143,611	122,759
REVENUES OVER (UNDER) EXPENDITURES	13,470	(2,157)	(18,678)	(53,658)	(61,023)	(11,602)
Transfers in	-	-	-	56,513	56,513	-
Total other financing sources and uses	-	-	-	56,513	56,513	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	13,470	(2,157)	(18,678)	2,855	(4,510)	(11,602)
FUND BALANCES:						
Beginning of year	166,954	3,453	48,840	-	219,247	230,849
End of year	\$ 180,424	\$ 1,296	\$ 30,162	\$ 2,855	\$ 214,737	\$ 219,247

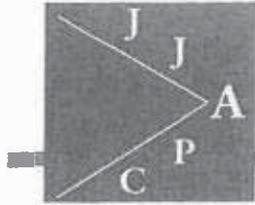
Council of San Benito County Governments
Schedule of Amounts Allocated and Disbursed by Purpose
State Transit Assistance Fund
For the year ended June 30, 2017

	San Benito County Local Transportation Authority Section 6730 (a) 6730 (b) 6731 (c) <u>Operating, Capital</u>	
Allocations Outstanding June 30, 2016	\$	-
Allocations		194,296
Disbursements:		
2016-17 Claims		194,132
Total Disbursements	\$	<u>194,132</u>
Allocations Outstanding June 30, 2017	\$	<u>164</u>

Council of San Benito County Governments
Schedule of Amounts Allocated and Disbursed by Purpose
Local Transportation Fund
For the year ended June 30, 2017

	San Benito County and Unincorporated Area	Regional Transportation Planning Administration Planning & Programming Section 99233.1 & 99233.2	San Benito County Local Transportation Authority Community Transit Public Transportation Section 99233.7 & 99233.8	Totals
Allocations Outstanding June 30, 2016	\$ -	\$ 234,508	\$ 1,028,424	\$ 1,262,932
Disbursements:				
2016-17 Claims	-	234,508	1,024,250	1,258,758
Total Disbursements	<u>-</u>	<u>234,508</u>	<u>1,024,250</u>	<u>1,258,758</u>
Allocations Outstanding June 30, 2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,174</u>	<u>\$ 4,174</u>

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JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITORS' COMPLIANCE REPORT

To the Governing Board of the
Council of San Benito County Governments
Hollister, CA

We have audited the compliance of Council of San Benito County Governments (Council) Transportation Development Act Article III Funds (TDA Funds) with the types of compliance requirements described in Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987* (Act) and the allocation instructions and resolutions of the Council of San Benito County Governments. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the TDA Funds is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

As part of the audit, we performed tests of the following program:

Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA)

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation, or replacement.

At year ended June 30, 2012 \$15,121 was deferred to fiscal year 2012/2013. In fiscal year 2012/2013 the Council applied for and received an additional \$263,079 from the State's PTMISEA account to upgrade transit fueling infrastructure, transit maintenance and operations improvement and customer service enhancements. In fiscal year 2015/2016 the Council applied for and received \$617,308 for the purchase of six new buses and repairs of bus #55. In fiscal year 2016/2017 the Council applied for and received \$390,000 for Bus Yard Capital Project, Technology Expansion Project and Bus Stop Capital Improvements.

As of June 30, 2017, PTMISEA funds received and expended were verified in the course of our audit as follows:

	<u>Thru 6/30/2016</u>	<u>6/30/2017</u>	<u>Total</u>
Proceeds Received:			
PTMISEA	<u>\$895,508</u>	<u>\$390,000</u>	<u>\$1,285,508</u>
Expenditures incurred:			
Tokens - FY 09/10	14,650	-	14,650
Bus Stop schedules - FY 11/12	1,598	-	1,598
Fuel Station - FY 12/13	87,000	-	87,000
Senior Step - FY 13/14	1,068	-	1,068
Proration of Bus Stop Shelter	1,624	-	1,624
Telephone Systems	11,762	-	11,762
Maintenance Vehicle/Maint. Imp	43,014	1,415	44,429
Maint on Bus #55	6,405	1,161	7,566
Buses		609,105	609,105
	<u>\$728,387</u>	<u>(\$221,681)</u>	<u>\$506,706</u>
Unexpended proceeds at June 30, 2017			

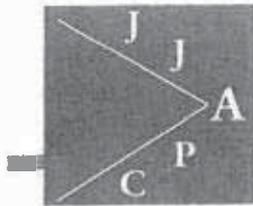
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the TDA Funds. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Council's compliance with those requirements.

In our opinion, the TDA Funds allocated to and received by the Council pursuant to the Act were expended in conformance with the applicable statutes, rules, and regulations of the Act and the allocation instructions and resolutions of the Council of San Benito County Governments.

This report is intended for the information of the Council of San Benito County Governments' Council Members and management. However, this report is a matter of public record and its distribution is not limited.

December 6, 2017

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA



JJACPA, Inc.

A Professional Accounting Services Corp.

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

To the Governing Board of the
Council of San Benito County Governments
Hollister, CA

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

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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 Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 6, 2017

JJACPA, Inc.

JJACPA, Inc.

Dublin, CA



Agenda Item: _____

Staff Report

To: Council of San Benito County Governments
From: Mary Gilbert, Executive Director Telephone: (831) 637-7665 x. 207
Date: December 21, 2017
Subject: Transportation Funding Strategy

Recommendation:

DISCUSS Long-Term Transportation Funding Strategies for the San Benito County Region, Including a Special Sales Tax for Transportation

Summary:

In September 2017, the COG Board directed staff to prepare a Special Meeting agenda to discuss transportation funding strategies. One possible strategy is to pursue development of an expenditure plan for a special sales tax to be placed on a future election ballot, with November 2018 being the next possible election cycle.

Financial Considerations:

Revenue estimates for a 30-year ½ cent sales tax measure are approximately \$240 million. Project costs and matching funds for a sales tax, while variable, are being researched by staff and more information will be presented at the December 21 meeting.

Staff Analysis:

Staff is working on implementation of work items as directed by the Board in November, for development of an expenditure plan for a tax measure to be considered by voters in November 2018.

EMC Research, under contract to COG, is developing a survey instrument to survey 400 likely San Benito County voters. The survey will be conducted in early January 2018 and preliminary results will be presented to the Board in February. A stakeholder meeting hosted by COG Staff on December 13 had eleven attendees with a detailed discussion of projects and themes/messages that could be tested with the poll. EMC is also researching the issue environment that could impact success in the November 2018 election.

Council of San Benito County Government ■ Measure A Authority
Airport Land Use Commission ■ Service Authority for Freeways and Expressways

330 Tres Pinos Road, Suite C7 ■ Hollister, CA 95023 ■ Phone: 831-637-7665 ■ Fax: 831-636-4160
www.SanBenitoCOG.org

The deadline for placing an item on the ballot in November 2018 will be August 10, 2018. Milestone dates include the following:

- January 2018: Public outreach and voter survey
- February 2018: Survey Results, Expenditure Plan Development
- March–April 2018: Expenditure Plan Development
- May–June 2018: Expenditure Plan/Sales Tax ordinance Adoption by COG
- July 2018: Approval by San Benito County Board of Supervisors for inclusion on November 2018 Ballot (Required by Law)

The ordinance and expenditure plan for Measure P, which was put before voters in June 2016, is attached for the Board's review and consideration. Staff is seeking input from the Board on any items that should be carried forward from these documents, as well as any items that should be stricken.

The Board will discuss these items and the potential funding generated by a tax at the December 21 meeting.

Executive Director Review: _____

Counsel Review: N/A

Supporting Attachment: 1. COG Ordinance No. 2016-01

BEFORE THE COUNCIL OF SAN BENITO COUNTY GOVERNMENTS

AN ORDINANCE OF THE COUNCIL OF SAN)
BENITO COUNTY GOVERNMENTS,)
REGARDING THE TRANSPORTATION)
EXPENDITURE PLAN AND TRANSACTIONS)
AND USE TAX)

ORDINANCE NO. 2016-01

The Council of San Benito County Governments ordains as follows:

SECTION 1. TITLE:

This ordinance shall be known as the Council of San Benito County Governments Transportation Expenditure Plan and Transactions and Use Tax Ordinance

SECTION 2. SUMMARY:

This ordinance provides for the imposition of a retail transactions and use tax of one half of one percent (0.5%), the authority to issue limited tax bonds, the administration of the tax proceeds, and a transportation safety and investment expenditure plan.

SECTION 3. DEFINITIONS:

- A. Authority means the Council of San Benito County Governments, previously created and designated pursuant to Division 19 (commencing with Section 180000) of the California Public Utilities Code, authorized to impose a retail transactions and use tax ordinance, subject to voter approval, in accordance with Chapter 5 (commencing with Section 180200) of Division 19 of the California Public Utilities Code, and with Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code.
- B. Board of Supervisors means the San Benito County Board of Supervisors.
- C. County means the County of San Benito, a political subdivision of the State of California.
- D. State means the State of California.
- E. Measure __ means the proposed ballot measure attached to this ordinance and incorporated herein by reference as Exhibit A.
- F. Measure __ Revenue means the revenue generated by the one half of one percent (0.5%) increase in the retail transactions and use tax imposed as collected pursuant to this ordinance.
- G. Retail Transactions and Use Tax is to be identified as specified in Part 1.6 (commencing with section 7251) of Division 2 of the California Revenue and Taxation code.

- H. Operative Date means the first day of the first calendar quarter commencing more than 110 days after the adoption of this ordinance, the date of such adoption being as set forth below.
- I. Expenditure Plan means the Expenditure Plan attached to this ordinance and incorporated herein by reference as Exhibit B.

SECTION 4. PURPOSE:

This ordinance is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

- A. To impose a retail transactions and use tax in accordance with the provisions of Division 19 (commencing with Section 180000) of the California Public Utilities Code, and Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code, which authorizes the Authority to adopt this tax ordinance which shall be operative if two-thirds (2/3) of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.
- B. To impose and collect a retail transactions and use tax and allocate revenues derived from the tax toward transportation safety and investment projects within the unincorporated County of San Benito and within the incorporated cities of Hollister and San Juan Bautista, consistent with the provisions and priorities of the Expenditure Plan.
- C. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Division 19 (commencing with Section 180000) of the California Public Utilities Code, and Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code.
- D. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefor that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.
- E. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Division 19 (commencing with Section 180000) of the California Public Utilities Code, and Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

SECTION 5. CONTRACT WITH STATE:

Prior to the operative date, the Authority shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the Authority shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

SECTION 6. TRANSACTIONS TAX RATE:

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated and unincorporated territory of the County at the rate of one half of one percent (0.5%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in said territory on and after the operative date of this ordinance.

SECTION 7. PLACE OF SALE:

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

SECTION 8. USE TAX RATE:

An excise tax is hereby imposed on the storage, use or other consumption in the County of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in said territory at the rate of one half of one percent (0.5%) of the sales price of the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

SECTION 9. ADOPTION OF PROVISIONS OF STATE LAW:

Except as otherwise provided in this ordinance and except insofar as they are inconsistent with the provisions of Division 19 (commencing with Section 180000) of the California Public Utilities Code and Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the California Revenue and Taxation Code are hereby adopted and made a part of this ordinance as though fully set forth herein.

SECTION 10. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE TAXES:

In adopting the provisions of Part 1 (commencing with Section 6001) of Division 2 of the California Revenue and Taxation Code:

- A. Wherever the State of California is named or referred to as the taxing agency, the name of the Authority shall be substituted therefor. However, the substitution shall not be made when:
1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;
 2. The result of that substitution would require action to be taken by or against this County or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this ordinance.
 3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:
 - a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 (commencing with Section 6001) of Division 2 of the California Revenue and Taxation Code, or;
 - b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the State under the said provision of that code.
 4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the California Revenue and Taxation Code.
- B. The word "County" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203 of the California Revenue and Taxation Code.

SECTION 11. PERMIT NOT REQUIRED:

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

SECTION 12. EXEMPTIONS AND EXCLUSIONS:

- A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any state-administered transactions or use tax.
- B. There are exempted from the computation of the amount of transactions tax the gross receipts from:
 - 1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the County in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.
 - 2. Sales of property to be used outside the County which is shipped to a point outside the County, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the County shall be satisfied:
 - a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the California Vehicle Code, aircraft licensed in compliance with Section 21411 of the California Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the California Vehicle Code by registration to an out-of-County address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and
 - b. With respect to commercial vehicles, by registration to a place of business out-of-County and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.
 - 3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.
 - 4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.
 - 5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract

or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

- C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this County of tangible personal property:
1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.
 2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the California Revenue and Taxation Code.
 3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.
 4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.
 5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.
 6. Except as provided in subparagraph (7), a retailer engaged in business in the County shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the County or participates within the County in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the County or through any representative, agent, canvasser, solicitor, subsidiary, or person in the County under the authority of the retailer.
 7. "A retailer engaged in business in the County" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the California Vehicle Code, aircraft licensed in compliance with Section 21411 of the California Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the California Vehicle Code. That retailer

shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the County.

- D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a County imposing, or retailer liable for a transactions tax pursuant to Division 19 (commencing with Section 180000) of the California Public Utilities Code and Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

SECTION 13. AMENDMENTS:

All amendments subsequent to the effective date of this ordinance to Part 1 (commencing with Section 6001) of Division 2 of the California Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code, and all amendments to Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance. Other amendments to this ordinance shall require a two-thirds (2/3) vote of the total membership of the Authority, plus the subsequent approval of a two-thirds (2/3) majority of the electors voting on such change submitted for a vote at a special election called for that purpose by the Board of Supervisors, at the request of the Authority, before the amendments become effective.

SECTION 14. ENJOINING COLLECTION FORBIDDEN:

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State, the County, or the Authority, or against any officer of the State, the County, or the Authority, to prevent or enjoin the collection under this ordinance, or Division 19 (commencing with Section 180000) of the California Public Utilities Code or Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

SECTION 15. BONDING AUTHORITY:

Upon voter approval of the tax, the Authority shall have the power to sell or issue limited tax bonds in the aggregate principle at any one time in order to carry out the transportation projects described in the Expenditure Plan.

SECTION 16. MAINTENANCE OF EFFORT:

The Authority, by the enactment of this ordinance, intends the additional funds provided to local government agencies by Measure to supplement other existing funds, revenues and other resources being used for street and highway purposes, including but not limited to federal and state funding, the collection of traffic impact mitigation fees, other local impact fees, and dedications of property. The government agencies shall maintain their existing

commitment of local transportation-related funds for transportation purposes pursuant to this ordinance, and the Authority shall enforce this Section by appropriate actions.

SECTION 17. CREATION OF SPECIAL FUND:

All Measure _ Revenue, plus interest, will be deposited in a special fund for Measure _ projects. The fund authorized under Measure _ will be administered by the Authority pursuant to this ordinance and to the provisions of Division 19 (commencing with Section 180000) of the California Public Utilities Code, and Part 1.6 (commencing with Section 7251) of Division 2 of the California Revenue and Taxation Code. Any interest generated by Measure _ Revenue will be treated as Measure ___ Revenue for the purpose of using the interest for Measure _ projects.

SECTION 18. ADMINISTRATION OF PLANS:

The Authority shall impose and collect the tax, shall allocate revenues derived from the tax, and shall administer the Expenditure Plan included in this ordinance, consistent with the provisions and priorities of the Expenditure Plan, and consistent with the Authority cited herein.

SECTION 19. ELECTION:

The Authority requests the Board of Supervisors to call an election for voter approval of the attached measure (Exhibit A), which election shall be held on June 7, 2016, and consolidated with other elections to be held on that same date. The election shall be called and conducted in the same manner as provided by law for the conduct of elections by a County. The sample ballot to be mailed to the voters shall be the full proposition as set forth in this ordinance, and the voter information handbook shall include the Expenditure Plan. Approval of the attached measure, and imposition of the tax, shall require the vote of a two-thirds (2/3) majority of the electors voting on the attached measure at the election described in this section.

SECTION 20. EFFECTIVE DATE:

This ordinance relates to the levying and collecting of the transactions and use taxes and shall go into effect immediately, subject only to the Operative Date set forth in Section 3(H) of this ordinance. The increase in the transactions and use tax, if so approved, shall be imposed and collected for a period of thirty (30) years thereafter.

SECTION 21. TERMINATION DATE:

The authority to levy the tax imposed by this ordinance shall expire thirty (30) years from the Operative Date of this ordinance.

SECTION 22. SEVERABILITY:

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

SECTION 23. CAPTIONS:

The titles and headings to the sections set forth in this ordinance are not part of this ordinance and shall have no effect upon the construction or interpretation of any part hereof.

SECTION 24. PUBLICATION:

Prior to the effective date of this ordinance, the Clerk of the Council of San Benito County Governments shall cause this ordinance to be published in a newspaper of general circulation within the County of San Benito.

The foregoing Ordinance was passed and adopted by the Council of San Benito County Governments, at an adjourned regular meeting of said Council held on the 26th day of February, 2016, by the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

By:

Tony Boch, Chair

ATTEST:
Mary Gilbert, Executive Director

APPROVED AS TO LEGAL FORM:
San Benito County Counsel's Office

By: _____

By:

Shirley L. Murphy, Deputy County Counsel

Date: _____

Date: _____

EXHIBIT A – MEASURE __

A ballot measure authorizing the Authority to impose a retail transactions and use tax for implementing a transportation safety and investment plan shall be known as Measure __. Measure __ shall read as follows:

Shall the voters authorize implementing the San Benito County Transportation Safety and Investment Plan to:

- Repair and maintain roads;
- Improve safety and relieve congestion on Highway 25;
- Improve safety and traffic flow on local roads;
- Increase bicycle and pedestrian safety; and
- Improve transit services for youth, seniors, and people with disabilities

by enacting a half cent sales tax, raising approximately \$8 million annually over 30 years, with annual audits by an independent oversight committee?

Exhibit B

COUNCIL OF SAN BENITO COUNTY GOVERNMENTS
EXPENDITURE PLAN FOR MEASURE ___
SAN BENITO COUNTY TRANSPORTATION SAFETY AND
INVESTMENT PLAN

GOALS & OBJECTIVES:

- I. IMPROVE AND MAINTAIN THE QUALITY OF LIFE IN SAN BENITO COUNTY BY SUPPLEMENTING EXISTING FUNDS FOR TRANSPORTATION WITH A NEW LOCAL FUNDING SOURCE.
 - a. Generate new, locally controlled funding for high priority transportation projects in San Benito County
 - b. Enhance the ability of the Council of San Benito County Governments (“Council of Governments”), the County of San Benito, the City of Hollister and the City of San Juan Bautista to secure additional State and Federal funding for transportation projects in San Benito County by offering matching local funds.
 - c. Supplement existing local fund sources to enhance the Council of Governments’ and County’s ability to deliver high priority transportation projects in San Benito County

- II. PROVIDE FOR EQUITY IN THE DISTRIBUTION OF MEASURE A REVENUES.
 - a. Return funds to the Unincorporated County, City of Hollister, and City of San Juan Bautista based on an equitable formula distribution of funds
 - b. Adopt Improvement Plan proposals which address the unique needs of each of these areas of the County.
 - c. Provide for a reasonable balance between highway, maintenance, local street and road improvements, bicycle and pedestrian facilities and transit improvements for youth, seniors, students, and people with disabilities.

- III. PROVIDE FOR LOCAL CONTROL OF THE IMPROVEMENT PLAN PROGRAM
 - a. Provide for cost-effective, local administration of the program through the existing Council of San Benito County Governments, which previously administered local Measure A funding.
 - b. Delegate appropriate administrative responsibility to cities, the County, and other local agencies for local programs.

- IV. PROVIDE FOR TAXPAYER SAFEGUARDS AND OVERSIGHT
 - a. Ensure annual independent audits
 - b. Establish a Citizen’s Oversight Committee

INTRODUCTION:

This TRANSPORTATION SAFETY AND INVESTMENT PLAN, which shall also act as the Measure __ Expenditure Plan, was prepared by the Council of San Benito County Governments for the proposed one half of one percent (0.5%) local transactions and use tax for transportation to be collected for the next 30 years if approved by the voters on June 7, 2016. This is proposed by the Council of Governments as a means to fill the funding shortfall to implement needed highway, local street and road maintenance, local road improvements, bicycle and pedestrian improvements and transit improvements.

EXPENDITURE PLAN FOR MEASURE __ PROJECTS:

The Council of Governments shall use Measure __ Revenues for purposes of funding the following projects:

1. Highway 25 Improvements (50% or \$120 Million)

The Council of Governments shall allocate 50% of Measure __ Revenues to fund improvements to safety and traffic flow on State Route 25 between San Felipe Road and Santa Clara County. These improvements may be accomplished in several phases and may include intersection improvements, construction of new travel lanes, and other improvements that will be further identified by the Council of Governments in partnership with the State.

2. Local Road Improvements (20% or \$48 Million)

The Council of Governments shall allocate 20% of Measure __ Revenues to certain local road projects in San Benito County, the City of Hollister and the City of San Juan Bautista. These projects may include but are not limited to:

- City of Hollister West Gateway Improvement Project
- Interim Fairview Road improvements, prior to a full widening project, to address concerns about speeding and traffic in the area
- City of Hollister Nash/Tres Pinos/Sunnyslope/McCray Street Complete Streets Implementation
- Realignment of Anzar Road, Aromitas & Carr Road
- State Route 156 & the Alameda/Monterey Road Improvements
- Regional transit connections and improved transit services for youth, seniors, and the disabled
- Safe Routes to School Improvements to roadways near schools to improve safety for bicyclists and pedestrians and improve traffic flow for motorists
- Other projects identified by the Council of Governments to improve safety and traffic flow on local roads which meet the objectives identified in this Plan.

3. Local Street and Road Maintenance and Rehabilitation (30% or \$72 Million)

The Council of Governments shall allocate 30% of Measure __ Revenues to local street and roadway maintenance and rehabilitation. The revenues shall be allocated to local jurisdictions based on the following formula:

- County of San Benito: 48%
- City of Hollister: 48%
- City of San Juan Bautista: 4%

ADMINISTRATIVE PROVISIONS AND TAXPAYER SAFEGUARDS:

1. Funds will be administered by the Council of San Benito County Governments (Council of Governments)

The revenue raised by Measure __ for the purposes described in this Plan will be administered by the Council of Governments and an account shall be created to hold all funds collected pursuant to the Measure. The Council of San Benito County Governments is a Joint Powers Authority created in 1973 for the purpose of forming consensus on regional issues facing San Benito County.

In order to ensure accountability, transparency and public oversight of all funds collected and allocated under this Measure and to comply with state law, all of the following shall apply:

- a. The Council of Governments will commission an independent annual audit of its revenue and expenditures and will also prepare a publicly available annual report on past and upcoming activities and publish an annual financial statement.
- b. Prior to expenditure of any funds collected pursuant to the Measure, the Council of Governments Board shall convene an Expenditure Plan Oversight Committee to provide oversight. The Committee will consist of seven members. Two members recommended by the County Board of Supervisors, two members recommended by the City of Hollister and one recommended by the City of San Juan Bautista. One at large director will be recommended by the business community and one will represent organized labor. The Expenditure Plan Oversight Committee will fairly represent the geographical, social, cultural, and economic diversity of the Council of Governments' jurisdiction to ensure maximum benefit for transportation users.
- c. Members of the Expenditure Plan Oversight Committee shall be appointed by the Council of Governments Board of Directors and shall be residents within the Council of Governments' jurisdiction who are neither elected officials of any government, nor employees from any agency or organization that either oversees or benefits from the proceeds of the sales tax.

- d. Expenditure Plan Oversight Committee meetings will be announced in advance and will be open to the public. The Expenditure Plan Oversight Committee shall meet at least once but no more than four times per year.

The responsibilities of this Committee include:

- Advising the Council of Governments Board.
 - Making recommendations regarding annual expenditure priorities.
 - Reviewing Plan expenditures on an annual basis to ensure they conform to the Plan.
 - Reviewing the annual audit and report prepared by an independent auditor, describing how funds were spent.
 - Produce a publicly available Annual Report of Oversight Activities.
- e. The Oversight Committee members will serve staggered two year terms and can be reappointed.
 - f. All actions, including decisions about selecting projects for funding, will be made by the Council of Governments Board in public meetings, subject to the Brown Act and closed session requirements, with proper advanced notice and with meeting materials available in advance to the public.

2. Additional Allocation Criteria and Community Benefits

The Council of Governments shall ensure that the revenue generated by Measure ___ is spent in the most efficient and effective manner possible, consistent with serving the public interest and in accordance with existing law and this Plan.

- a. The Council of Governments shall give priority to projects within its jurisdiction that meet multiple objectives of the Council of Governments Expenditure Plan document and including one or more of the following objectives :
 - Provide for geographic distribution of projects across the Council of Governments' jurisdiction.
 - Increase impact by leveraging state and federal resources as well as public/private partnerships.
 - Benefit the economy and sustainability of the region by investing in infrastructure and local quality of life.
- b. The Council of Governments Governing Board shall conduct one or more public meetings annually to gain public input on selection of project grants to expend revenues generated by the Measure.
- c. The Council of Governments may accumulate revenue over multiple years so that sufficient funding is available for larger and long-term projects. All interest income shall be used for the purposes identified in this Plan. The Council of Governments can bond against these funds as the laws allow.

- d. Costs of performing or contracting for project-related work shall be paid from the revenues of the measure allocated to the appropriate purpose and project.
- e. An annual independent audit shall be conducted to assure that the revenues expended by the Council of Governments under this section are necessary and reasonable in carrying out its responsibilities under this Expenditure Plan/Ordinance.
- f. Sales tax proceeds are intended to augment annual support for the Council of Governments and do not substitute for individual city or County maintenance obligations. Monies from this program may not go to a city's or the County's "General Fund".
- g. Revenues provided from the sales tax shall not be used to replace private developer or foundation funding which has been or will be committed for any project.
- h. Examples of similar projects eligible for funding under this Measure may be found at www.sanbenitocog.org

3. CEQA Compliance

The approval of this Expenditure Plan does not commit the Council of Governments to funding or approving any specific Project or activity listed herein. Prior to approving or authorizing funding for any specific project or activity identified in this Expenditure Plan, the Council of Governments shall comply with all applicable provisions of the California Environmental Quality Act (CEQA).

4. Amendments

Expenditure Plan Amendments. The Council of Governments may annually review and propose amendments to the Expenditure Plan to provide for the use of additional Federal, State and local funds, to account for unexpected revenues, or to take into consideration unforeseen circumstances.

The Expenditure Plan for Measure__ funds may only be amended, if required, by the following process set forth in Section 180207 of the Public Utilities Code: (1) Initiation of amendments by the Council of Governments reciting findings of necessity; (2) Provision of notice and a copy of the amendments provided to the Board of Supervisors and the City Councils of the Cities of Hollister and San Juan Bautista; (3) The proposed amendments shall become effective 45 days after notice is given.