



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

DATE: Thursday, December 18, 2014
3:00 p.m.

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

DIRECTORS: Chair Victor Gomez, Directors Anthony Botelho, Tony Boch, Jerry Muenzer, and Ignacio Velazquez
Alternates: San Benito County: Jaime De La Cruz;
City of Hollister: Pauline Valdivia; San Juan Bautista: Andy Moore
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 Director's 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 Meeting Minutes Dated November 20, 2014 – Gomez

*Council of San Benito County Governments • 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

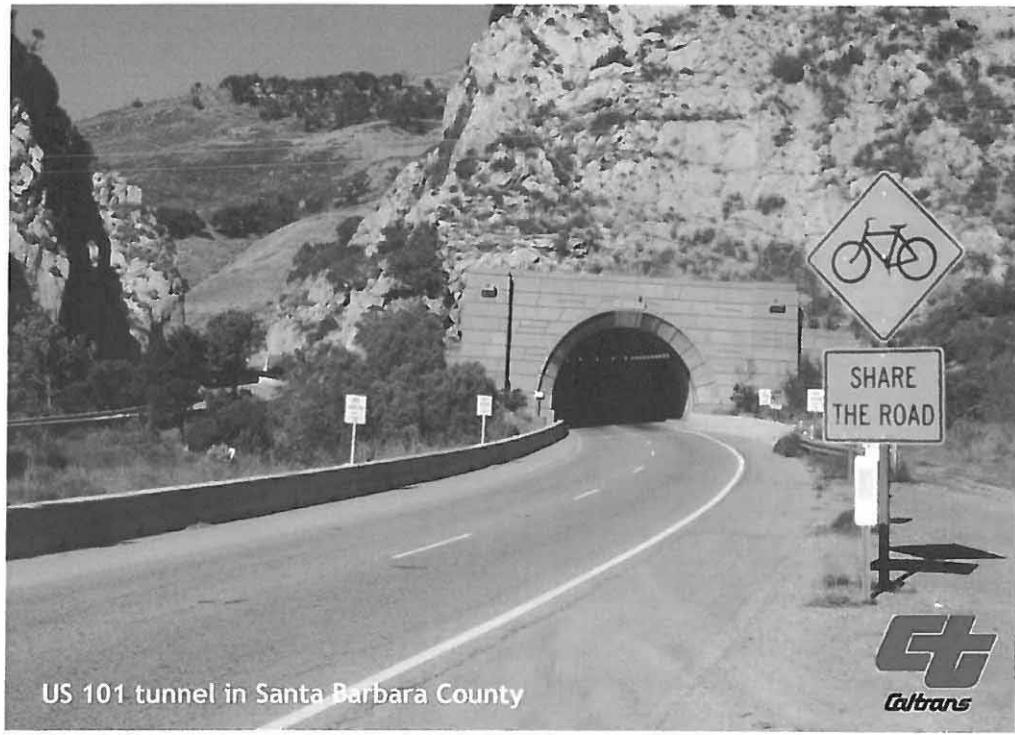
2. **RECEIVE** Construction Projects Report – Caltrans District 5
3. **ADOPT** Resolution 14-16 Amending the Technical Advisory Committee (TAC) Bylaws to Appoint a Staff Representative from the Association of Monterey Bay Area Governments (AMBAG) as a TAC Member – Lezama
4. **SET** Two Public Hearings on Unmet Transit Needs for February 17 and 19, 2015 in Hollister and One Public Meeting on February 18, 2015 in San Juan Bautista – Lezama

REGULAR AGENDA: TRANSPORTATION ITEMS

5. **RECEIVE** Council of Governments FY 2013/14 Basic Financial Statements – Postigo
6. **DISCUSS** Request from the City of San Juan Bautista City Council Requesting Highway Improvement Feasibility and Cost Analysis Studies for Traffic Calming and Speed Reduction Solutions at the Intersection of State Highway 156 and Monterey Street – Gilbert
7. **RECEIVE** Update on State Route 25 Widening Project Development – Gilbert

Adjourn to COG Meeting on January 15, 2015. Agenda Deadline is Tuesday, January 6, 2015 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.



US 101 tunnel in Santa Barbara County

FALL 2014

District Director's Report

A quarterly publication for our transportation partners

Sustainable Transportation Planning Grants Offered

Caltrans is accepting applications online for the 2015-2016 Sustainable Transportation Planning grants until 5 p.m. Friday, Oct. 31. The newly consolidated grant program supports a balanced, comprehensive multimodal transportation system. It features just two funding categories, Strategic Partnerships (\$1.5 million) and Sustainable Communities (\$8.3 million). More information is available at:

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



Conserving Water

Caltrans is installing smart irrigation controllers to reduce water usage up to 60 percent at various locations along US 101 and Highway 1 from Santa Barbara County to Santa Cruz County.

The smart devices apply water only when necessary for plant health. They turn off automatically during rain and when it is forecast. They also notify workers if the system malfunctions.

Caltrans is also providing recycled water for highway landscape irrigation. Restroom facilities at a dozen maintenance facilities are also getting upgraded with low-flow fixtures.

More information is available at:

<http://www.dot.ca.gov/hq/paffairs/news/pressrel/14pro75.htm>

Caltrans District 5



District Director
Timothy Gubbins

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

CTC Adopts Active Transportation Program

The California Transportation Commission recently adopted 148 bicycle and pedestrian projects statewide, valued at more than \$430 million, in the state's 2014 Active Transportation Program.

Local agencies in D5 received a value of \$22 million for projects located in Santa Barbara, Monterey and Santa Cruz counties. About 770 applications were submitted statewide. The next cycle is expected in 2015.

More information is available at:
<http://www.catc.ca.gov>





Caltrans Releases Second Mile Marker Report

Caltrans recently released the second issue of *The Mile Marker: A Caltrans Performance Report*. The document details the department's performance and progress as it strives to improve and modernize California's transportation system.

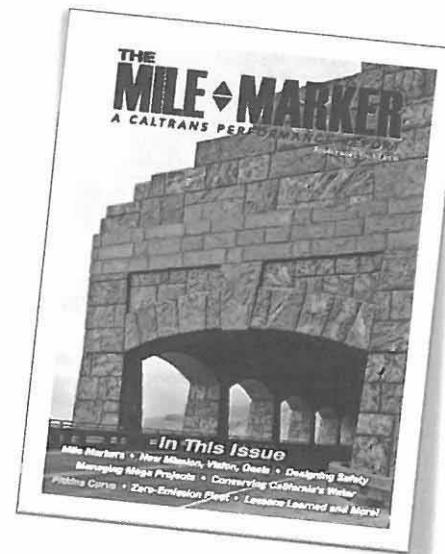
It also features Caltrans' new mission, vision and goals focusing on the safety and health of Californians, sustainability, stewardship, system performance and organizational excellence. More information is available at:

<http://www.dot.ca.gov/ctjournal/MileMarker/2014-2/index.html>

Three Feet for Safety Law Takes Effect

The new California law requires drivers to keep a distance of 3 feet when passing bicyclists on the road. The law states that if road conditions or traffic prohibit a driver from complying with the 3 feet law, then the driver must slow down and wait until safe to pass. The base fine is \$35, unless a collision injures a bicyclist, then the base fine is \$220. Additional court fees and administrative costs may apply. More information is available at:

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140AB1371



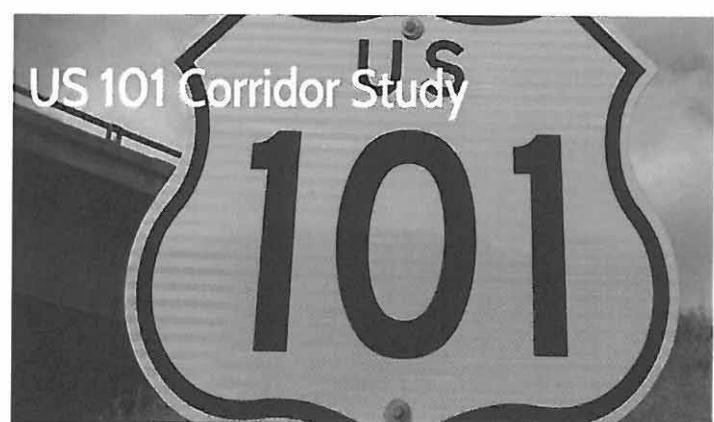
Celebrating Diversity and Disability Awareness

Caltrans supports activities improving awareness and appreciation of its diverse and vibrant work force. Caltrans Headquarters and District Offices throughout the state will host their own cultural events in either September or October. District 5 will hold its special lunchtime celebration honoring diversity and disability awareness on Wednesday, October 15.

County Spotlight

The San Luis Obispo Council of Governments (SLOCOG) is nearing completion of the draft 2014 *US 101 Corridor Mobility Master Plan*. This major planning effort is evaluating the entire 70-mile highway corridor countywide and prioritizing top regional packages of transportation improvements addressing safety, mobility and sustainability.

This plan involved extensive public outreach at local jurisdictional meetings, public workshops and online. Individual projects were evaluated using specific performance measurement metrics selected in collaboration with the study's multi-agency task force.



The plan will provide information for SLOCOG's 2014 *Regional Transportation Plan* update. The corridor plan is scheduled for SLOCOG Board adoption in December 2014. More information is available at:
<http://www.slocogconnectingcommunities.com/library.html>

Agenda Item: _____

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

November 20, 2014, 3:00 P.M.

DRAFT MINUTES

MEMBERS PRESENT:

Chair Gomez, Director Boch, Director Botelho, Director Muenzer, and Director Velazquez
Ex Officio: Mark McCumsey, Caltrans District 5

STAFF PRESENT:

Deputy County Counsel, Shirley Murphy; Interim Executive Director, Mary Gilbert; Transportation Planner, Veronica Lezama; Secretary, Monica Gomez

OTHERS PRESENT:

Joe Horwedel, San Benito County Public Works; Byron Turner, San Benito County Planning; Paul Hierling, Association of Monterey Bay Area Governments (AMBAG)

CALL TO ORDER:

Chair Gomez 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 Botelho, and seconded by Director Muenzer, the Directors acknowledged the Certificate of Posting. Vote: 5/0 motion passes.

C. PUBLIC COMMENT: None

D. EXECUTIVE DIRECTOR'S REPORT: Gilbert

Ms. Gilbert reported that in terms of funding legislation items that staff is following, information about the Cap and Trade funding program sources will be coming out soon. She mentioned that the Association of Monterey Bay Area Governments (AMBAG) provided a presentation on the item at its last Board meeting. She stated that she would provide more information on those funding sources at a future COG Board meeting, as some more guidelines become available.

Ms. Gilbert reported that she attended a couple of Regional Coordination meetings this week. The first was the Caltrans Interregional Strategic Transportation Plan open house in Salinas. It is a long range interregional strategic plan for transportation in California. The second meeting she attended was the Overall Work Program kick-off meeting, hosted by AMBAG. There were representatives from the Federal Highway Administration, Federal Transportation Administration, as well as Caltrans Headquarters. She stated that this is usually done on an annual basis to kick off the respective work programs for the next 12-18 months.

Lastly, regarding the Local Transportation Authority, Ms. Gilbert reported that staff is looking to fill a part-time Transportation Planning Technician position. Staff held interviews this week and hopes to hire someone within the next couple weeks to help with some of the transit planning activities.

E. CALTRANS DISTRICT 5 REPORT: Gubbins

Mark McCumsey presented Caltrans Construction Projects Report. He noted that the Highway 25 Widening Project and Route Adoption project was added to the report.

Director Botelho expressed appreciation to Caltrans' San Juan Road Interchange Project Manager for calling him and answering his questions.

Director Boch stated that the San Juan Bautista City Council passed Resolution 2014-45 - Requesting a Highway Improvement Feasibility and Cost Analysis Studies for Traffic Calming and Speed Reduction Solutions at the Intersection of State Highway 156 and Monterey Street. He stated that the Resolution should be on the next COG meeting agenda.

Director Boch stated that a question came up at the San Juan City Council meeting during discussion of an approved fuel station at the corner of the Alameda and HWY 156. He stated that for some reason there is no right turn or deceleration lane eastbound before the intersection, there is an acceleration lane after the intersection. This was done during the 4 lane from 101 to the Alameda project. Director Boch stated that the traffic engineer stated at the time that it was possible that it wasn't justified at that time because there wasn't enough traffic. Director Boch asked if Caltrans would be receptive to looking into whether a deceleration lane is warranted for eastbound traffic before it gets to the stop light.

Mr. McCumsey stated that he would communicate the request and report back to the Board.

F. BOARD OF DIRECTORS REPORTS: None

CONSENT AGENDA:

1. **APPROVE** Council of Governments Draft Meeting Minutes Dated October 16, 2014 – Gomez
2. **RECEIVE** Construction Projects Report – Caltrans District 5
3. **APPROVE** COG Office Closure Days from December 24, 2014 through January 2, 2015 – Gilbert

There was no public comment.

Upon a motion duly made by Director Muenzer and seconded by Chair Gomez, the Directors unanimously approved Items 1-3 from the Consent Agenda. Vote: 5/0 motion passes.

REGULAR AGENDA

TRANSPORTATION ITEMS:

- 4. San Benito County Traffic Impact Mitigation Fee Study Update – Gilbert**
 - a. **WAIVE** Minor and/or Inadvertent Defects in Responses to Request for Proposals # 2014-01 Submitted by Willdan Financial Services
 - b. **ACCEPT** All Responses to Request for Proposals #2014-01
 - c. **APPROVE** Contract with PMC for an Amount Not to Exceed \$84,936
 - d. **APPROVE** Model Use Agreement with the Association of Monterey Bay Area Governments and Authorize the Interim Executive Director to Sign

Ms. Gilbert reported that staff released a Request for Proposals for qualified consulting firms to complete an update to the traffic impact fee study. COG received three proposals in response to the RFP. Proposal review and consultant interviews were conducted by an evaluation committee that included staff from COG, David Rubcic from the City of Hollister Engineering Department, Joe Horwedel from San Benito County Public Works, Byron Turner from San Benito County Planning Department, and John Olejnik from Caltrans. The Evaluation Committee selected PMC as the highest ranked firm and staff was able to negotiate a contract with PMC.

Ms. Gilbert stated that a copy of the final signed version of the contract was provided to the Board and copies were made available for the public as well. Ms. Gilbert noted a change to page 13 of the contract. Attachment B-1, the cost proposal form, was inadvertently left out of contract in the packet.

Deputy County Counsel, Shirley Murphy also noted for the record a correction to Item 4b changing the word “Qualifications” to Proposals.

There was no further discussion on this item or public comment.

Upon a motion duly made by Director Botelho, and seconded by Chair Gomez, the Directors unanimously approved Item 4 a-d. with the changes noted above by staff and Counsel Vote: 5/0 Motion passes.

- 5. RECEIVE UPDATE on State Route 25 Widening Project Development – Gilbert**

Ms. Gilbert reported that at its September meeting, the COG Board directed staff to continue the work plan objectives for the project. She reported that the following items were accomplished:

- Coordination with Caltrans on the federal Environmental Impact Statement for the project: Caltrans has begun work on environmental studies and will schedule a Project Development Team meeting in the next 2-3 months.
- Stakeholder Involvement: Staff has continued communication with project stakeholders with the anticipation of holding a second meeting in January.
- Regional Coordination: Staff continued coordination discussions with AMBAG and Caltrans regarding the project. Staff also coordinated with the Santa Clara Valley Transportation Authority. On November 6th, the VTA Board of Directors committed local funding to the State Route 152 Improvement project, which includes a portion of State Route 25. VTA was anticipating state funds to match the local contribution but has received indications from the California Transportation Commission staff that additional state funding will be delayed due to other statewide project needs.

Chair Gomez noted he was somewhat apprehensive about participating in the discussion related to the VTA Board and the State Route 152 Improvement project as he had worked on the item through his boss's side.

Deputy County Counsel, Shirley Murphy inquired if Chair Gomez or his boss had any financial interest in the outcome of the project.

Chair Gomez stated that he did not have any financial interest in the outcome of the project.

Deputy County Counsel, Shirley Murphy stated that under the Political Reform Act Chair Gomez would not have to excuse himself from the discussion.

Director Botelho inquired if the alignment regarding Highway 152 was the same alignment that was discussed a couple years ago, which came off of San Felipe Road towards Lovers Lane area and coming across to Highway 25 near the County line.

Ms. Gilbert stated that in general the mapping was the same mapping that was discussed a few years ago. However, she stated that the idea is that once the project gets some firm footing there will be more discussions in terms of a Mobility Partnership and public discussion would happen as any plans are actually finalized for alignments.

Regarding Highway 25, Director Botelho stated that he believed it was absolutely critical that they have an understanding from Caltrans before they move forward. He stated that they need to know from Caltrans whether it is acceptable or not acceptable to add two lanes to the existing alignment from San Felipe Road on out to Highway 156 so that they could begin to analyze the cost of the project and plan accordingly moving forward.

Ms. Gilbert stated that it definitely merits a discussion with Caltrans to answer the question to the best of their ability at this point. She stated that perhaps, Caltrans project designers can provide a presentation that would be on next month's agenda. The presentation could include discussion about the existing project as proposed currently and the proposals that have been eliminated and reasons why they have been eliminated.

Director Velazquez concurred with Director Botelho's comments. He stated that he would like to see a response from Caltrans about breaking the project up into segments and simple temporary fixes. He added that he would also like to see the full picture and plans of Highway 152 and Highway 25 because although there has been discussion about it, he has never seen the plans.

Mark McCumsey stated that the Traffic Operations and Safety project was meant to be a quick fix to try to improve upon the safety as well as the operations of the current alignment. He stated that with the new Widening project they should be able to come up with some ideas and solutions.

Ms. Gilbert stated that she spoke with Caltrans regarding some of the items that Director Velazquez had mentioned at the previous meeting. One of the items was in regards to the speed limit on the roadway and whether or not it could be increased to improve the traffic flow. Caltrans stated that it was something that could be looked at, but they would like a formal request for a speed survey on the highway.

There was discussion about the Traffic Operations and Safety project. Chair Gomez stated that the biggest focus at the time was "safety". He stated that as someone who drives that roadway every single day, he feels a lot safer now than he did 4-5 years ago. He stated that the accidents that have been occurring out there would only be solved by a grade separation, which would not happen because the money is just not there for that type of a project.

Chair Gomez stated that he agreed with the comments from his fellow Directors. He stated that he would like to see Caltrans come back with some options for the Board so that they can take an informed position moving forward. He stated that he was also very pleased to see that the project is back on Caltrans radar.

Director Botelho stated that it seems apparent that ultimately the long range plan for Highway 25 is a joint project with VTA and Caltrans District 4 with 152 realignment and coming out onto Highway 101 and

making it a safer interchange. He stated that he served on the Mobility Partnership Committee a few years back until it was brought to an end by the Valley. He stated that when he attended those meetings he noticed that District 5 didn't seem to recognize the project at all. He stated that it seemed to be a VTA and District 4 project only. He stated that Highway 25 is District 5's responsibility and the project has a tremendous impact on the entire corridor. Director Botelho inquired if there was any movement to work closer with District 4 on the project to help with Highway 25 on our end.

Ms. Gilbert stated that the whole effort of the Mobility Partnership and the 152 Project went quiet up until recently. She stated that it has mostly been VTA trying to get the momentum back up for the project. She stated that in her conversations with District 5, it certainly is on the radar screen and they know that San Benito County is interested in having it completed.

Chair Gomez stated that it is interesting that the Board is starting to have these discussions about Highway 25 and at the same time VTA is gaining some momentum with Highway 152. He stated that he did not think that it's been a lack effort, it's just been a lack of a desire from COG with Highway 25 because it is back on the table. He stated that it is good that both Highway 25 and Highway 152 are coming back on the radar for both COG and VTA respectively.

Ms. Gilbert continued with the work plan objectives for the project that have been accomplished. She stated that with regards to Local Coordination and Outreach: The Interim Executive Director attended meetings of the Intergovernmental Committee and updated attendees on the status of the project and the work plan reviewed by COG. Staff also provided an update on the project at the San Benito County Business Council meeting. The County Administrative Officer has requested an update on the project at a Board of Supervisors meeting in December.

Ms. Gilbert mentioned that staff would like to schedule a Board Retreat for some time in December. This was discussed briefly back in September. The Board Retreat agenda would include the Highway 25 item. It would also be an opportunity to discuss funding in general for transportation needs in the County and other strategic visioning for the agency itself.

Chair Gomez stated that it may be better to schedule a special meeting for the Highway 25 item, since that will be a lengthy discussion. He stated that it would also be wise to engage the public.

After brief discussion there was consensus from the Board to wait until late January or February 2015 for the retreat in the event that there are changes to the COG Board.

There was no further discussion on this item or public comment.

Upon a motion duly made by Director Boch, and seconded by Director Botelho, the Directors unanimously adjourned the COG meeting at 3:34 p.m. Vote:5/0 motion passes.

ADJOURN TO COG MEETING DECEMBER 18, 2014.



PROJECT UPDATE – SAN BENITO COUNTY

PREPARED FOR DECEMBER 18, 2014 COUNCIL OF SAN BENITO COUNTY GOVERNMENTS MEETING

CONSTRUCTION PROJECTS

	Project	Location	Description	Construction Timeline	Construction Cost	Funding Source	Implementing Agency	Project Manager (Resident Engineer)	Contractor	Comments
1.	Hwy. 101/San Juan Road Interchange (315804)	On Route 101 near Prunedale.4 mile south of Dumbarton Road in Mon. Co. (PM 100.0-101.3)	Construct new interchange at San Juan Road and US 101	Dec. 3, 2012-Winter 2016 (Timeframe includes Plant Establishment Work)	\$46.2 Million	STIP/ CMIA/ ARRA	Caltrans	David Silberberger (JW)	Granite Construction /MCM	The majority of the interchange was opened in early October: motorists utilize the new bridge for access onto NB Highway 101 and to exit SB Highway 101, while access onto SB Highway 101 is from Dumbarton Road. Work continues to open the remaining ramps and to complete work in the median of US 101.

PROJECTS IN DEVELOPMENT

	Project	Location	Description	Construction Timeline	Construction Cost	Funding Source	Implementing Agency	Project Manager	Phase	Comments
2.	Hwy. 156 Improvement Project (34490_)	On SR 156 in and near San Juan Bautista from The Alameda to 0.2 mi east of 4th St. near Hollister (PM 3.0/R8.2)	Widen 2 to 4 Lanes	Summer 2017 to Summer 2019	\$48.5 Million	STIP, IIP, RIP, Local	Caltrans	Richard Rosales	PS&E	Project design on-going. Right of Way appraisals in progress. Utility pothole work completed. Utility relocation design coordination ongoing.
3.	Hwy. 25 Route Adoption Hollister to Gilroy (48540_)	Near Hollister and Gilroy on SR 25 in SBT & SCL Counties (SBT-25-51.5/60.1) (SBT-156-R10.5/12.2) (SCL-25-0.0/2.6)	Route Adoption (SBT-25-51.5 to SCL-25-2.6)	N/A	N/A	Local	Caltrans	Richard Rosales	PA&ED	Funding Cooperative Agreement approved July 28, 2014 to complete Tier 1 final Environmental Document and Route Adoption

California Department of Transportation

District 5, 50 Higuera Street, San Luis Obispo, California 93401

District 5 Public Information Office (805) 549-3318

www.dot.ca.gov/dist05 email: Info-d5@dot.ca.gov

Monterey – San Benito – San Luis Obispo – Santa Barbara – Santa Cruz



Staff Report

To: Council of San Benito County Governments
 From: Veronica Lezama, Transportation Planner **Telephone:** (831) 637-7665
 Date: December 18, 2014
Subject: **Technical Advisory Committee Bylaws**

Recommendation:

ADOPT Resolution 14-16 Amending the Technical Advisory Committee (TAC) Bylaws to Appoint a Staff Representative from the Association of Monterey Bay Area Governments (AMBAG) as a TAC member.

Summary:

Staff recommends that the Board of Directors amend its Technical Advisory Committee (TAC) Bylaws, regarding membership, in order to appoint a staff representative from the Association of Monterey Bay Area Governments (AMBAG).

Financial Considerations:

There is no financial impact to COG by adding an AMBAG staff representative to the Technical Advisory Committee (TAC).

Background:

The Technical Advisory Committee (TAC) is an appointed committee of the Council of Governments that advises the Board of Directors on matters related to transportation planning. The Committee is composed of the Planning Directors of San Benito County and the City of Hollister, the Public Works Administrator of San Benito County, the Public Works Director of the City of Hollister, the City Manager of San Juan Bautista, one representative from Caltrans District 5 and a representative of the California Highway Patrol.

Staff Analysis:

The benefit of adding staff representative from the Association of Monterey Bay Area Governments to the Technical Advisory Committee strengthens the partnership between the two agencies on transportation projects and programs of mutual interest. For example, the Council of Governments works closely with AMBAG in the development of the Sustainable Communities Strategy (SCS), the Metropolitan Transportation Improvement Program (MTIP), and the Metropolitan Transportation Improvement Plan which ties into the Regional Transportation Plan. The Council of Governments and AMBAG also coordinate on several other efforts.

*Council of San Benito County Governments • 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 Association of Monterey Bay Area Governments currently have a voting staff representative on the Transportation Agency for Monterey County (TAMC) and the Santa Cruz County Regional Transportation Commission's (SCCRTC) Technical Advisory Committees.

Executive Director Review:_____

Counsel Review: Yes

Attachments: Resolution 14-16, Exhibit A: TAC Bylaws

BEFORE THE COUNCIL OF SAN BENITO COUNTY GOVERNMENTS

RESOLUTION OF THE COUNCIL OF SAN BENITO)
COUNTY GOVERNMENTS AMENDING THE)
SAN BENITO COUNTY TECHNICAL ADVISORY)
COMMITTEE (TAC) BYLAWS)

RESOLUTION NO: 14-16

WHEREAS, the Council of San Benito County Governments (“COG”) is the designated Regional Transportation Planning Agency (“RTPA”) for San Benito County; and

WHEREAS, the San Benito County Technical Advisory Committee (“TAC”) serves as the advisory committee to the COG on matters related to transportation planning; and

WHEREAS, the TAC is composed of the Planning and Public Works Directors of San Benito County, the City Engineer and Development Services Director from the City of Hollister, the City Manager from the City of San Juan Bautista, the Caltrans District 5 Regional Planner, and the Captain of the District of the California Highway Patrol serving San Benito County; and

WHEREAS, the COG desires to amend its TAC Bylaws to appoint the Regional Planner from the Association of Monterey Bay Area Governments (“AMBAG”) as a member of the TAC; and

WHEREAS, AMBAG is the federally designated Metropolitan Planning Organization (“MPO”) for San Benito, Monterey, and Santa Cruz Counties, and was established for the purpose of regional coordination and metropolitan level transportation planning; and

WHEREAS, including the AMBAG Regional Planner on the TAC strengthens the partnership between the COG and AMBAG on transportation projects and programs of mutual interest.

NOW, THEREFORE, BE IT RESOLVED that the Council of San Benito County Governments hereby approves the amendment of the San Benito County Technical Advisory Council (“TAC”) Bylaws attached hereto and incorporated herein by reference as Exhibit A.

PASSED AND ADOPTED BY THE COUNCIL OF SAN BENITO COUNTY GOVERNMENTS on this 18th day of December 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Victor Gomez, Chair

ATTEST:

Mary Gilbert, Interim Executive Director

APPROVED AS TO LEGAL FORM:

San Benito County Counsel's Office

By: _____

Dated: _____

By: Shirley L. Murphy
Shirley L. Murphy, Deputy County Counsel
Dated: Dec. 11, 2014

Council of San Benito County Governments • 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

TECHNICAL ADVISORY COMMITTEE (TAC)

BYLAWS

The Technical Advisory Committee (TAC) has been established by the Council of San Benito County Governments (COG) to act at its direction and discretion in response to State and Federal requirements.

I. CREATION OF ADVISORY COUNCIL

A. AUTHORITY

The Technical Advisory Committee (TAC) is hereby established by the authority of the Council of San Benito County Governments (COG) pursuant to Resolution No. 73-2 established in September of 1973.

B. BYLAWS

The information set forth in this document shall serve as the bylaws for the TAC, subject to approval by the COG. These bylaws can be amended by a majority vote of the TAC members and subsequent approval by the COG.

II. PURPOSE AND DUTIES

The purpose and duties of the TAC are as follows:

- To provide technical assistance, advice and recommendations to the COG to aid it in fulfilling its responsibilities for a coordinated transportation planning process within San Benito County.
- To review and provide input on transportation planning studies, including the Regional Transportation Plan, the Regional Transportation Improvement Program, and other special transportation and related studies.

III. MEMBERSHIP

A. MEMBERS

The TAC shall consist of the following members:

1. From the COG Staff: the Executive Director.
2. From the County of San Benito: the Director of Public Works.
3. From the County of San Benito: the Director of Planning.
4. From the City of Hollister: the City Engineer.
5. From the City of Hollister: the Development Services Director.
6. From the City of San Juan Bautista: the City Manager.
7. From the California Highway Patrol: the Captain of the District.
8. From Caltrans: the Regional Planner.
9. From the Association of Monterey Bay Area Governments: the Regional Planner.

B. ALTERNATES

The alternate for a member shall be appointed by the member and shall represent the same category of membership as the regular member for whom he/she sits as alternate. Alternates shall have all the same rights and responsibilities as regular members. An alternate shall vote only in the absence of the regular member for whom he/she serves as an alternate.

C. OFFICERS

The TAC Chair shall be the Executive Director of the Council of Governments. The Chair shall preside over all committee meetings, vote on all matters, appoint subcommittees, and call special meetings. In the absence of the Chair, the Executive Director shall appoint a member of COG staff to act as Chair.

Members and alternates to the Committee shall serve continuously until resignation or replacement by their respective appointing authorities.

IV. ORGANIZATION AND PROCEDURES

A. MEETINGS

The TAC shall meet regularly on the first Thursday of each month in order to carry out the duties and purposes described on Section II of these bylaws. Meetings are to be open and public in compliance with the Ralph M. Brown Act (Government Code Section 54950 et seq.) Meetings shall be held in a freely accessible location in order to facilitate the attendance of physically disabled members of the TAC and the community in general.

B. QUORUM

A majority of the voting members shall constitute a quorum for the transaction of business. No action shall be taken except by an affirmative vote of a majority of those members present at a meeting at which a quorum has been established.

C. VOTING

Voting on all matters shall be on a voice vote unless a roll call vote is requested by any member in attendance.

D. LIMITATION OF DISCUSSION

Discussion on any matter, by TAC members or others, may be limited, at the discretion of the Chairperson, to such length of time as the Chairperson may deem reasonable under the circumstances.

E. COG STAFF

Staff shall provide information, prepare meeting agendas and minutes as directed and generally assist the TAC. Members of the Staff will be present at all meetings.

F. MINUTES

Official written minutes recording the members and visitors present, motions entertained and actions taken at each TAC meeting shall be

prepared by staff and submitted to all TAC members and to the COG monthly.

G. TAC COMMUNICATIONS

The TAC may communicate freely with elected or appointed bodies, public or private agencies or individuals to obtain input or opinions regarding transportation planning proposals. Copies of all correspondence directed to COG by vote of the TAC should be included as it occurs in the COG agenda packets.

V. CONFLICT OF INTEREST

The Committee shall be subject to the Political Reform Act, the Fair Political Practices Committee's (FPPC) Regulations and the Council of Governments' conflict of interest code. All members will be required to complete the FPPC Form 700.

A Committee member shall disqualify himself/herself from making, participating in, or attempting to influence any Committee decision which will foreseeably have a material effect on his/her financial interests, distinguishable from its effect on the public generally.

No Committee member shall be prevented from making or participating in the making of any decision to the extent that his/her participation is legally required for the decision to be made. The fact that the vote of a particular member of the voting body is needed to break a tie does not make his/her participation legally required for purposes for this section.



Staff Report

To: Council of San Benito County Governments
From: Veronica Lezama, Transportation Planner Telephone: (831) 637-7665
Date: December 18, 2014
Subject: **2015 Unmet Transit Needs**

Recommendation:

SET Two Public Hearings on Unmet Transit Needs for February 17 and 19, 2015 in Hollister and One Public Meeting on February 18, 2015 in San Juan Bautista.

Summary:

The Council of San Benito County Governments administers the Transportation Development Act funding for the San Benito County region. The Council of Governments must conduct an annual transit needs assessment to determine whether or not there are any unmet transit needs that are reasonable to meet before allocating Transportation Development Act funds. The transit needs assessment includes a public outreach process with two public hearings and one public meeting in February.

Financial Impact:

In order to receive Transportation Development Act funds, the Council of Governments conducts annual Unmet Transit Needs Hearings. Unmet needs that can be met are funded with Transportation Development Act funds.

The annual Transportation Development Act allocation totals approximately \$1.2 million, which funds transit operations, COG administration, and bicycle and pedestrian needs.

Discussion:

The Council of Governments is required to hold one annual Unmet Transit Needs public hearing to be eligible to receive Transportation Development Act funds. The transit needs process includes public outreach to collect requests for new or expanded transit service. As part of public outreach, the Council of Governments must conduct a public hearing to solicit comments on unmet transit needs that may exist within the San Benito County.

After the public comment period and public hearings, Council of Governments staff will meet with the Social Services Transportation Advisory Council to discuss requests for new or expanded

services and, if appropriate, the proposed method to implement and pay for such services. The Advisory Council will then provide a recommendation to the Council of Governments.

Council of Governments staff will analyze all requests using the board's adopted definition of "unmet transit need" and criteria for "reasonable to meet," and taking the Advisory Council's recommendations into consideration. Council of Governments staff will present draft recommended findings to the Board of Directors for review and approval at a future meeting.

Staff recommends that the Council of San Benito County Governments Board of Directors hold two Unmet Transit Needs hearings on:

Tuesday, February 17, 2015	Thursday, February 19, 2015
1:00 p.m.	3:00 p.m.
Senior Center	Board of Supervisor Chambers
300 West Street	481 4 th Street
Hollister, CA 95023	Hollister, CA 95023

A public meeting is also scheduled in San Juan Bautista on February 18, 2015 between 2:00 p.m. and 3:30 p.m. at the Public Library, which is located at 801 Second Street, San Juan Bautista, CA 95045. This meeting will not be scheduled as a formal COG Board meeting; therefore, no more than two COG Board members may attend the meeting in order to comply with Brown Act quorum requirements.

Executive Director Review:_____

Counsel Review: N/A



Agenda Item: _____

Staff Report

To: Council of Governments
From: Kathy Postigo, Administrative Services Specialist Telephone: (831) 637-7665
Date: December 18, 2014
Subject: **Council of Governments FY 2013/14 Basic Financial Statements**

Recommendation:

RECEIVE Council of Governments FY 2013/14 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 2013/14 Basic Financial Statements.

Financial Consideration:

The cost of the financial audit for FY 2013/14 is \$14,545, which was included in COG's FY 2014/15 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. In July, COG hired JJACPA, Inc. to provide financial audit services for fiscal year ending June 30, 2014.

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 2013/14 Basic Financial Statements.

*Council of San Benito County Governments • 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

COUNCIL OF SAN BENITO
COUNTY GOVERNMENTS
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2014

This page intentionally left blank.

Council of San Benito County Governments

Basic Financial Statements

For the year ended June 30, 2014

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3-14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	24
Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes in Fund Balances	26
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	29
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Administration Fund.....	30
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – State Subvention Special Revenue Fund.....	31
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Highway 25 Safety Enhancement Capital Projects Fund	32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Measure A Capital Projects Fund.....	33
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – PTMISEA & ARRA Capital Projects Fund.....	34

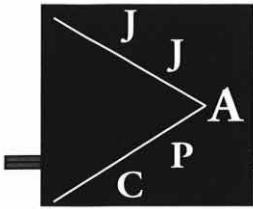
Council of San Benito County Governments

Basic Financial Statements

For the year ended June 30, 2014

Table of Contents, Continued

	<u>Page</u>
Proprietary Funds:	
Statement of Net Position	35
Statement of Revenues, Expenses, and Changes in Net Position.....	36
Statement of Cash Flows	37
Fiduciary Funds:	
Statement of Fiduciary Net Position.....	38
Statement of Changes in Fiduciary Net Position	39
Notes to Basic Financial Statements.....	44-62
Supplemental Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	66
Schedule of Amounts Allocated and Disbursed by Purpose –	
State Transit Assistance Fund.....	67
Schedule of Amounts Allocated and Disbursed by Purpose –	
Local Transportation Fund	68
Independent Auditors' Compliance Report – PTMISEA	69-70
Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	71-72



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, 2014, 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, 2013 financial statements and, in our report dated December 5, 2013; 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, 2014, 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 2, 2014 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.

JJACPA, Inc.

JJACPA, Inc.

Dublin, CA

December 2, 2014

Council of San Benito County Governments

Basic Financial Statements

For the year ended June 30, 2014

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, 2014.

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 \$5,000,000 in fiscal year 2013/14.
- 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, 2014

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 districts, 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, 2014

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 3 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 44-62 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 65-68 of this report.

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2014

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 \$5,287,432 at the close of the most recent fiscal year. A large portion of the Council's net position, approximately 24%, 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
	2014	2013	2014	2013	2014	2013	
Assets:							
Current and other assets	\$ 4,643,742	\$ 4,399,655	\$ 469,945	\$ 698,514	\$ 5,113,687	\$ 5,098,169	0%
Capital assets, net	-	-	1,255,384	1,375,320	1,255,384	1,375,320	-9%
Total assets	4,643,742	4,399,655	1,725,329	2,073,834	6,369,071	6,473,489	-2%
Liabilities:							
Current and other liabilities	835,847	887,404	120,042	348,611	955,889	1,236,015	-23%
Noncurrent liabilities	91,555	86,083	34,195	83,591	125,750	169,674	-26%
Total liabilities	927,402	973,487	154,237	432,202	1,081,639	1,405,689	-23%
Net Position:							
Net investment in capital assets	-	-	1,255,384	1,375,320	1,255,384	1,375,320	-9%
Restricted for:							
Transportation	312,789	451,216	-	-	312,789	451,216	-31%
Unrestricted	3,403,551	2,974,952	315,708	266,312	3,719,259	3,241,264	15%
Total net position	\$ 3,716,340	\$ 3,426,168	\$ 1,571,092	\$ 1,641,632	\$ 5,287,432	\$ 5,067,800	4%

The remaining amount in *unrestricted net position* of \$3,719,259 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, 2014

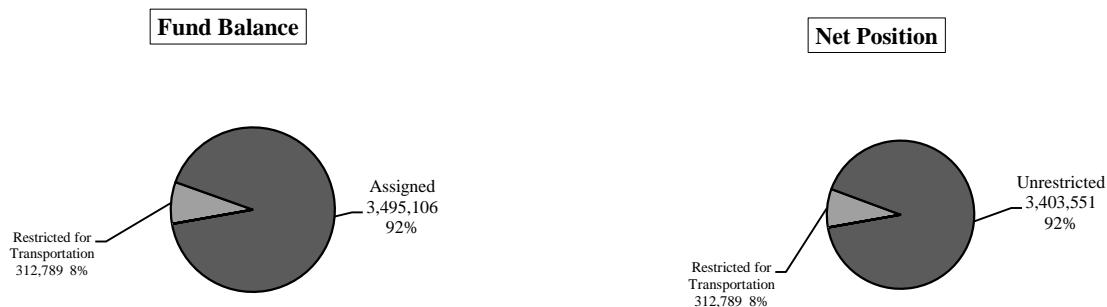
Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

The cost of all Governmental activities this year was \$987,652. However, as shown in the Statement of Activities on pages 18 and 19, the amount that was ultimately financed for these activities through Council general revenues was \$39,151 because some of the cost was paid by those who directly benefited from the programs (\$275,600) or by other governments and organizations that subsidized certain programs with operating and capital grants and contributions of (\$963,073). The Council paid for the remaining “public benefit” portion of governmental activities with beginning net position of \$3,426,168.

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, 2014

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 \$1,277,824. This consisted of \$1,238,673 in program revenues and \$39,151 in general revenues. Total governmental activities operating expenses during the year were \$987,652; thus net position at July 1, 2013, of \$3,426,168 was increased by \$290,172 to \$3,716,340.

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.

	Net (Expense)Revenue and Changes in Net Position					
	Operating Revenue		Operating Expenses		in Net Position	
	2014	2013	2014	2013	2014	2013
Governmental activities:						
Transportation	\$ 1,238,673	\$ 1,209,425	\$ 987,652	\$ 889,191	\$ 251,021	\$ 320,234
Total governmental activities	\$ 1,238,673	\$ 1,209,425	\$ 987,652	\$ 889,191	\$ 251,021	\$ 320,234

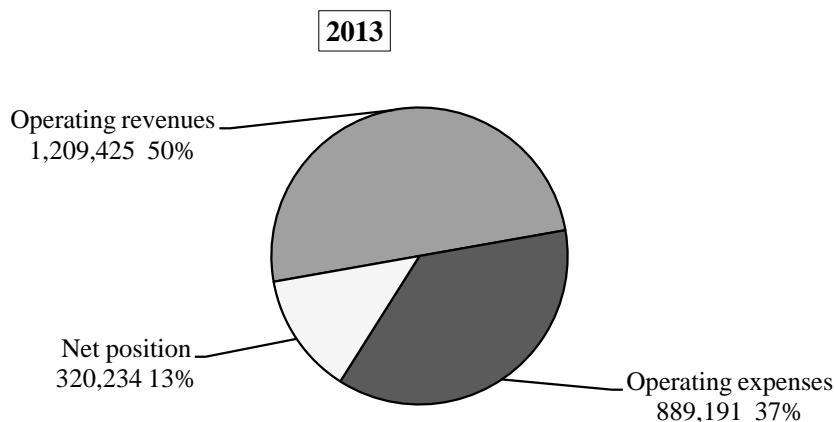
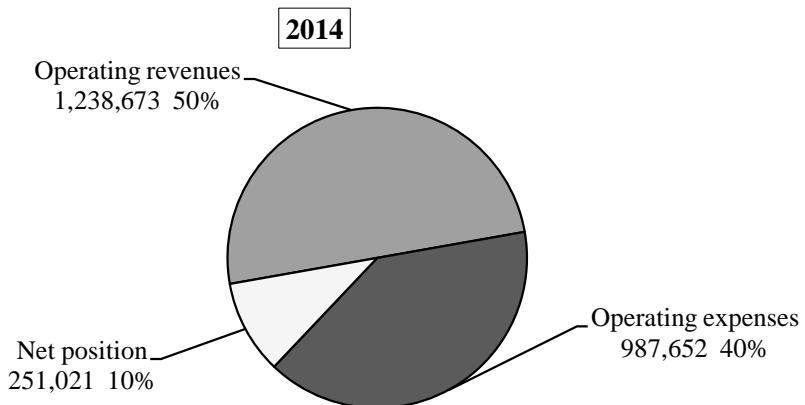
**Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2014**

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, 2014

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

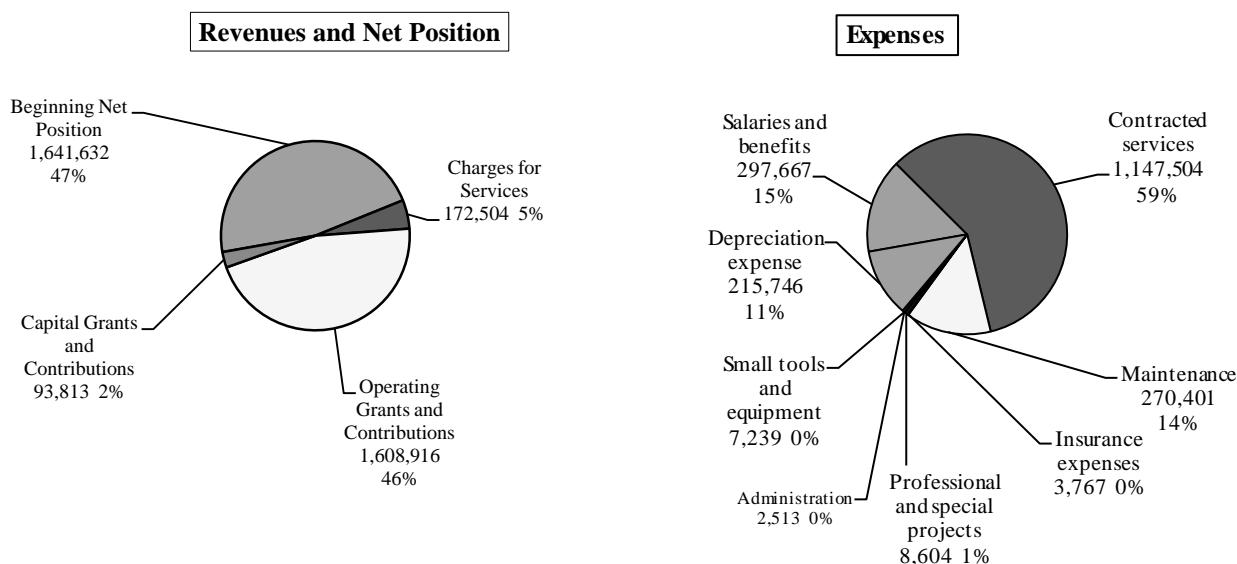
Business-type Activities

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 \$1,882,901 consisting of net position at July 1, 2013, of \$1,641,632, charges for services of \$172,504, \$1,608,916 of operating grants and contributions, and \$93,813 of capital grants and contributions. Total business-type activities expenses during the year were \$1,953,441; thus net position was decreased by \$70,540 to \$1,571,092.

The cost of all Business-type activities this year was \$1,953,441. However, as shown in the Statement of Activities on pages 18 and 19, the amount that was paid by charges for services \$172,504, operating grants and contributions of \$1,608,916, and capital grants and contributions of \$93,813 leaving a remaining net expense balance of \$78,208.

Revenues and expenses can be depicted graphically as follows:



Council of San Benito County Governments

Basic Financial Statements

For the year ended June 30, 2014

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	
	2014	2013	2014	2013	2014	2013
Business-type activities:						
Local Transportation Authority	\$ 1,875,233	\$ 1,826,041	\$ 1,953,441	\$ 1,993,826	\$ (78,208)	\$ (167,785)
Total business-type activities	\$ 1,875,233	\$ 1,826,041	\$ 1,953,441	\$ 1,993,826	\$ (78,208)	\$ (167,785)

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, 2014, net capital assets of the governmental activities totaled \$0 and business-type activities totaled \$1,255,384. 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	
	2014	2013	2014	2013	2014	2013
Property, plant and equipment	\$ -	\$ -	\$ 1,255,384	\$ 1,375,320	\$ 1,255,384	\$ 1,375,320
Furniture and equipment	-	-	-	-	-	-
Total	\$ -	\$ -	\$ 1,255,384	\$ 1,375,320	\$ 1,255,384	\$ 1,375,320

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, 2014

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 decreased by \$43,924. There was no new debt incurred in 2013-2014 because of annual vacations taken earlier than in the prior year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In considering the Council Budget for fiscal year 2014-2015, 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, 2014

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 2014-2015 was \$5,402,265 and is summarized as follows:

	FY 2014-15	FY 2013-14	Amount Change	Percentage Change
General Administration fund	\$ 288,341	\$ 238,329	\$ 50,012	21.0%
Special revenue funds	2,459,682	2,617,608	(157,926)	(6.0)%
Capital projects funds	<u>764,500</u>	<u>56,900</u>	<u>707,600</u>	<u>1243.6%</u>
Total operations and projects	<u>3,512,523</u>	<u>2,912,837</u>	<u>599,686</u>	<u>20.6%</u>
Local Transportation Authority	<u>1,889,742</u>	<u>1,731,767</u>	<u>157,975</u>	<u>9.1%</u>
Total budget	<u>\$ 5,402,265</u>	<u>\$ 4,644,604</u>	<u>\$ 757,661</u>	<u>16.3%</u>

1. General Administration Fund - Shows an increase of \$50,012 or 21%, which breaks down as follows:

	FY 2014-15	FY 2013-14	Amount Change	Percentage Change
Salaries & Benefits	\$ 89,841	\$ 89,566	\$ 275	0.3%
Services & Supplies	<u>198,500</u>	<u>148,763</u>	<u>49,737</u>	<u>33.4%</u>
Total budget	<u>\$ 288,341</u>	<u>\$ 238,329</u>	<u>\$ 50,012</u>	<u>21.0%</u>

2. Special Revenue and Capital Project Funds - Show an increase of \$549,674 or 20.6%, which breaks down as follows:

	FY 2014-15	FY 2013-14	Amount Change	Percentage Change
Transportation Planning				
State Subvention	\$ 973,509	\$ 953,552	\$ 19,957	2.1%
State Transit Assistance	278,639	290,532	(11,893)	(4.1)%
Local Transportation Fund	1,083,455	1,157,812	(74,357)	(6.4)%
Highway 25 Project	753,500	70,000	683,500	976.4%
Measure A	11,000	56,900	(45,900)	(80.7)%
Service Authority for				
Freeways and Expressways	46,939	45,538	1,401	3.1%
Rideshare Program	29,437	79,670	(50,233)	(63.1)%
Vanpool Program	<u>47,703</u>	<u>20,504</u>	<u>27,199</u>	<u>132.7%</u>
Total budget	<u>\$ 3,224,182</u>	<u>\$ 2,674,508</u>	<u>\$ 549,674</u>	<u>20.6%</u>

The reduction is caused by a decrease in revenue. 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, 2014

Management's Discussion and Analysis, Continued

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

3. Enterprise Fund - The increase of \$157,975 or 9.1% breaks down for the Local Transportation Authority as follows:

	<u>FY 2014-15</u>	<u>FY 2013-14</u>	<u>Amount Change</u>	<u>Percentage Change</u>
Salaries & Benefits	\$ 298,020	\$ 378,011	\$ (79,991)	(21.2)%
Services & Supplies	444,261	228,400	215,861	94.5%
Contracts	1,147,461	1,125,356	22,105	2.0%
Total budget	\$ 1,889,742	\$ 1,731,767	\$ 157,975	9.1%

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

This page intentionally left blank.

Council of San Benito County Governments

Statement of Net Position

June 30, 2014

(with comparative totals for June 30, 2013)

	Governmental Activities	Business-Type Activities	Totals	
			2014	2013
ASSETS				
Current assets:				
Cash and investments	\$ 3,834,577	\$ 8,496	\$ 3,843,073	\$ 3,303,364
Receivables (net)	809,165	461,449	1,270,614	1,794,805
Total current assets	4,643,742	469,945	5,113,687	5,098,169
Noncurrent assets:				
Capital assets net of accumulated depreciation:				
Buildings, property and equipment	-	1,255,384	1,255,384	1,375,320
Total capital assets	-	1,255,384	1,255,384	1,375,320
Total noncurrent assets	-	1,255,384	1,255,384	1,375,320
Total assets	\$ 4,643,742	\$ 1,725,329	\$ 6,369,071	\$ 6,473,489
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 78,790	\$ 120,042	\$ 198,832	\$ 472,550
Due to other governments	757,057	-	757,057	763,465
Total current liabilities	835,847	120,042	955,889	1,236,015
Noncurrent liabilities:				
Long-term obligations:				
Vacation and compensated absence obligation	91,555	34,195	125,750	169,674
Total noncurrent liabilities	91,555	34,195	125,750	169,674
Total liabilities	927,402	154,237	1,081,639	1,405,689
NET POSITION				
Net investment in capital assets	-	1,255,384	1,255,384	1,375,320
Restricted for:				
Transportation	312,789	-	312,789	451,216
Unrestricted	3,403,551	315,708	3,719,259	3,241,264
Total net position	3,716,340	1,571,092	5,287,432	5,067,800
Total liabilities and net position	\$ 4,643,742	\$ 1,725,329	\$ 6,369,071	\$ 6,473,489

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

Council of San Benito County Governments

Statement of Activities

For the year ended June 30, 2014

(with comparative totals for the year ended June 30, 2013)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Transportation	\$ 987,652	\$ 275,600	\$ 961,573	\$ 1,500
Total governmental activities	<u>987,652</u>	<u>275,600</u>	<u>961,573</u>	<u>1,500</u>
Business-type activities:				
Local Transportation Authority	1,953,441	172,504	1,608,916	93,813
Total business-type activities	<u>1,953,441</u>	<u>172,504</u>	<u>1,608,916</u>	<u>93,813</u>
Total primary government	\$ 2,941,093	\$ 448,104	\$ 2,570,489	\$ 95,313

Use of money and property
 Other revenues
 Total general revenues
 Transfers
 Total general revenues and transfers
 Change in net position
 Net position:
 Beginning of year
 End of year

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	2014	2013
\$ 251,021	\$ -	\$ 251,021	\$ 320,195
251,021	-	251,021	320,195
-	(78,208)	(78,208)	(167,785)
-	(78,208)	(78,208)	(167,785)
251,021	(78,208)	172,813	152,410
17,619	7,668	25,287	276,576
21,532	-	21,532	438,512
39,151	7,668	46,819	715,088
-	-	-	-
39,151	7,668	46,819	715,088
290,172	(70,540)	219,632	867,498
3,426,168	1,641,632	5,067,800	4,200,302
\$ 3,716,340	\$ 1,571,092	\$ 5,287,432	\$ 5,067,800

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

Council of San Benito County Governments

Balance Sheet

Governmental Funds

June 30, 2014

(with comparative totals for June 30, 2013)

	Major Funds						
	State		Highway 25				
	General	Subvention	Safety Enhancement	Measure A			
	Administration	Special Revenue	Capital Projects	Capital Projects	Capital Projects		
ASSETS							
Cash and cash equivalents	\$ -	\$ 2,461,301	\$ 820,581	\$ 89,836			
Receivables:							
Accounts Receivable	-	798,220	-	-			
Intergovernmental	810	-	-	-			
Due from other funds	-	12	-	-			
Total assets	\$ 810	\$ 3,259,533	\$ 820,581	\$ 89,836			
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 798	\$ -	\$ 68,445	\$ 850			
Due to other funds	12	-	-	-			
Due to other governments	-	757,057	-	-			
Total liabilities	810	757,057	68,445	850			
Fund balances:							
Restricted for:							
Transportation	-	-	-	88,986			
Assigned	-	2,502,476	752,136	-			
Total fund balances	-	2,502,476	752,136	88,986			
Total liabilities and fund balances	\$ 810	\$ 3,259,533	\$ 820,581	\$ 89,836			

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

				Totals	
PTMISEA & ARRA Capital Projects	Other Governmental Funds	2014	2013		
\$ 223,806	\$ 239,053	\$ 3,834,577	\$ 3,287,532		
-	-	798,220	1,058,468		
-	10,135	10,945	53,655		
-	-	12	-		
\$ 223,806	\$ 249,188	\$ 4,643,754	\$ 4,399,655		
3 \$ 8,694	\$ 78,790	\$ 123,939			
-	-	12	-		
-	-	757,057	763,465		
3	8,694	835,859	887,404		
223,803	-	312,789	451,216		
-	240,494	3,495,106	3,061,035		
223,803	240,494	3,807,895	3,512,251		
\$ 223,806	\$ 249,188	\$ 4,643,754	\$ 4,399,655		

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, 2014

Total fund balances - total governmental funds \$ 3,807,895

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 (91,555)

Net position of governmental activities \$ 3,716,340

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, 2014

	Governmental Funds Balance Sheet	Eliminations/ Reclassifications	Changes in GAAP	Statement of Net Position
ASSETS				
Current assets:				
Cash and investments	\$ 3,834,577	\$ -	\$ -	\$ 3,834,577
Receivables (net)	809,165	-	-	809,165
Due from other funds	12	(12)	-	-
Total current assets	<u>4,643,754</u>	<u>(12)</u>	<u>-</u>	<u>4,643,742</u>
Total assets	<u>\$ 4,643,754</u>	<u>\$ (12)</u>	<u>\$ -</u>	<u>\$ 4,643,742</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 78,790	\$ -	\$ -	\$ 78,790
Due to other funds	12	(12)	-	-
Due to other governments	757,057	-	-	757,057
Total current liabilities	<u>835,859</u>	<u>(12)</u>	<u>-</u>	<u>835,847</u>
Noncurrent liabilities:				
Vacation and compensated absence obligation	-	-	91,555	91,555
Total noncurrent liabilities	-	-	91,555	91,555
Total liabilities	<u>835,859</u>	<u>(12)</u>	<u>91,555</u>	<u>927,402</u>
Restricted for:				
Transportation	312,789	-	(312,789)	-
Assigned	3,495,106	-	(3,495,106)	-
Unrestricted	-	-	3,716,340	3,716,340
Total net position	<u>3,807,895</u>	<u>-</u>	<u>(91,555)</u>	<u>3,716,340</u>
Total liabilities and net position	<u>\$ 4,643,754</u>	<u>\$ (12)</u>	<u>\$ -</u>	<u>\$ 4,643,742</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, 2014
(with comparative totals for the year ended June 30, 2013)

	Major Funds			
	General Administration	State Subvention Special Revenue	Highway 25	Measure A Capital Projects
			Safety Enhancement Capital Projects	
REVENUES:				
Use of money and property	\$ -	\$ 11,383	\$ 3,801	\$ 753
Intergovernmental	294,451	566,642	-	-
Charges for services	600	275,000	-	-
Contributions in aid of construction	-	-	-	-
Other revenues	32	1,704	-	-
Total revenues	295,083	854,729	3,801	753
EXPENDITURES:				
Current:				
Salaries and benefits	94,383	313,240	-	1,769
Services and supplies	200,700	39,572	-	-
Capital outlay:				
Highway 25 improvements	-	-	-	-
Measure A projects	-	-	-	76,253
Other capital	-	40,349	8	-
Total expenditures	295,083	393,161	8	78,022
REVENUES OVER (UNDER) EXPENDITURES				
	-	461,568	3,793	(77,269)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	461,568	3,793	(77,269)
FUND BALANCES:				
Beginning of year	-	2,040,908	748,343	166,255
End of year	\$ -	\$ 2,502,476	\$ 752,136	\$ 88,986

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

Totals					
PTMISEA & ARRA Capital Projects	Other Governmental Funds	2014		2013	
\$ 1,170	\$ 512	\$ 17,619	\$ 26,576		
-	100,480	961,573	934,386		
-	-	275,600	275,000		
1,500	-	1,500	-		
<u>3,160</u>	<u>16,636</u>	<u>21,532</u>	<u>438,512</u>		
<u>5,830</u>	<u>117,628</u>	<u>1,277,824</u>	<u>1,674,474</u>		
-	64,864	474,256	622,675		
44,287	84,054	368,613	159,596		
-	-	-	10,641		
-	-	76,253	22,369		
<u>22,701</u>	<u>-</u>	<u>63,058</u>	<u>59,390</u>		
<u>66,988</u>	<u>148,918</u>	<u>982,180</u>	<u>874,671</u>		
(61,158)	(31,290)	295,644	799,803		
-	-	-	-		
-	-	-	-		
(61,158)	(31,290)	295,644	799,803		
284,961	271,784	3,512,251	2,712,448		
<u>\$ 223,803</u>	<u>\$ 240,494</u>	<u>\$ 3,807,895</u>	<u>\$ 3,512,251</u>		

This page intentionally left blank.

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, 2014

Net change in fund balances - total governmental funds	\$ 295,644
---	------------

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	(5,472)
Change in net position of governmental activities	\$ 290,172

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, 2014

(with comparative actual amounts for the year ended June 30, 2013)

	Original Budget	Amended Budget	2014 Actual	Variance Positive (Negative)	2013 Actual
REVENUES:					
Intergovernmental:					
Local Transportation Funds (LTF)	238,329	295,083	294,451	(632)	159,749
Charges for services	-	-	600	600	-
Other	-	-	32	32	39
Total revenues	238,329	295,083	295,083	-	159,788
EXPENDITURES:					
Salaries and benefits	89,566	96,260	94,383	1,877	65,849
Services and supplies	148,763	198,823	200,700	(1,877)	93,939
Total expenditures	238,329	295,083	295,083	-	159,788
REVENUES OVER (UNDER) EXPENDITURES					
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)					
	\$ -	\$ -	-	\$ -	-
FUND BALANCES:					
Beginning of year				-	-
End of year				\$ -	\$ -

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, 2014

(with comparative actual amounts for the year ended June 30, 2013)

	Original Budget	Amended Budget	2014 Actual	Variance Positive (Negative)	2013 Actual
REVENUES:					
Use of money and property:					
Investment income	30,000	30,000	11,383	(18,617)	18,329
Total use of money and property	30,000	30,000	11,383	(18,617)	18,329
Intergovernmental:					
RSTP	603,750	603,750	521,642	(82,108)	603,750
Local Transportation Funds (LTF)	45,000	45,000	-	(45,000)	-
STIP	45,000	45,000	45,000	-	45,000
Total intergovernmental	693,750	693,750	566,642	(127,108)	648,750
Charges for services:					
Planning, programming & monitoring	275,000	275,000	275,000	-	275,000
Total charges for services	275,000	275,000	275,000	-	275,000
Other - Private grant	12,500	12,500	1,704	(10,796)	31,826
Total revenues	1,011,250	1,011,250	854,729	(156,521)	973,905
EXPENDITURES:					
Salaries and benefits	317,872	313,239	313,240	(1)	349,701
Services and supplies	23,752	11,452	39,572	(28,120)	16,712
Contracts	8,178	28,178	-	28,178	-
Capital outlay:					
Other capital	603,750	603,750	40,349	563,401	20,671
Total expenditures	953,552	956,619	393,161	563,458	387,084
REVENUES OVER (UNDER) EXPENDITURES	57,698	54,631	461,568	406,937	586,821
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	\$ 57,698	\$ 54,631	\$ 461,568	\$ 406,937	\$ 586,821
FUND BALANCES:					
Beginning of year				2,040,908	1,454,087
End of year				\$ 2,502,476	\$ 2,040,908

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, 2014

(with comparative actual amounts for the year ended June 30, 2013)

	Original Budget	Amended Budget	2014 Actual	Variance Positive (Negative)	2013 Actual
REVENUES:					
Use of money and property:					
Investment income	-	-	3,801	3,801	5,498
Total use of money and property	-	-	3,801	3,801	5,498
Intergovernmental:					
STIP	-	-	-	-	10,635
Total intergovernmental	-	-	-	-	10,635
Total revenues	-	-	3,801	3,801	16,133
EXPENDITURES:					
Capital outlay:					
Highway 25 improvements	-	-	-	-	10,641
Other capital	-	-	8	(8)	-
Total expenditures	-	-	8	(8)	10,641
REVENUES OVER (UNDER) EXPENDITURES	-	-	3,793	3,793	5,492
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	\$ -	\$ -	3,793	\$ 3,793	5,492
FUND BALANCES:					
Beginning of year				748,343	742,851
End of year				<u>\$ 752,136</u>	<u>\$ 748,343</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, 2014

(with comparative actual amounts for the year ended June 30, 2013)

	Original Budget	Amended Budget	2014 Actual	Variance Positive (Negative)	2013 Actual
REVENUES:					
Use of money and property:					
Investment income (losses)	-	-	753	753	1,447
Total use of money and property	-	-	753	753	1,447
Intergovernmental:					
STIP	-	-	-	-	-
Total intergovernmental	-	-	-	-	-
Total revenues	-	-	753	753	1,447
EXPENDITURES:					
Salaries and benefits	3,900	3,900	1,769	2,131	1,644
Capital outlay:					
Measure A projects	53,000	76,163	76,253	(90)	22,369
Total expenditures	56,900	80,063	78,022	2,041	24,013
REVENUES OVER (UNDER) EXPENDITURES	(56,900)	(80,063)	(77,269)	2,794	(22,566)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	\$ (56,900)	\$ (80,063)	\$ (77,269)	\$ 2,794	\$ (22,566)
FUND BALANCES:					
Beginning of year			166,255		188,821
End of year			\$ 88,986		\$ 166,255

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, 2014

(with comparative actual amounts for the year ended June 30, 2013)

	Original Budget	Amended Budget	2014 Actual	Variance Positive (Negative)	2013 Actual
REVENUES:					
Use of money and property:					
Investment income	-	-	1,170	1,170	644
Total use of money and property	-	-	1,170	1,170	644
Intergovernmental:					
ARRA	263,079	263,079	-	(263,079)	21,000
Total intergovernmental	263,079	263,079	-	(263,079)	21,000
Contributions in aid of construction			1,500	1,500	
Other	-	-	3,160	3,160	333,663
Total revenues	263,079	263,079	5,830	(257,249)	355,307
EXPENDITURES:					
Salaries and benefits	-	-	-	-	139,904
Services and supplies	309,788	309,788	44,287	265,501	776
Capital outlay:					
PTMSIEA	-	-	22,701	(22,701)	37,582
ARRA	-	-	-	-	1,137
Total expenditures	309,788	309,788	66,988	242,800	179,399
REVENUES OVER (UNDER) EXPENDITURES	(46,709)	(46,709)	(61,158)	(14,449)	175,908
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	\$ (46,709)	\$ (46,709)	\$ (61,158)	\$ (14,449)	\$ 175,908
FUND BALANCES:					
Beginning of year			284,961		109,053
End of year			\$ 223,803		\$ 284,961

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, 2014

(with comparative totals for June 30, 2013)

	Totals	
	2014	2013
Current assets:		
Cash and investments	\$ 8,496	\$ 15,832
Intergovernmental receivable	461,449	682,682
Total current assets	<u>469,945</u>	<u>698,514</u>
Property, plant and equipment	4,572,328	4,476,519
Less accumulated depreciation	(3,316,944)	(3,101,199)
Property, plant, and equipment, net	<u>1,255,384</u>	<u>1,375,320</u>
Total assets	\$ 1,725,329	\$ 2,073,834

LIABILITIES AND NET POSITION

Current liabilities:

Accounts payable and accrued liabilities	\$ 120,042	\$ 348,611
Total current liabilities	<u>120,042</u>	<u>348,611</u>
Vacation and compensated absence obligation	34,195	83,591
Total liabilities	<u>154,237</u>	<u>432,202</u>

Net Position:

Net investment in capital assets	1,255,384	1,375,320
Unrestricted	315,708	266,312
Total net position	<u>1,571,092</u>	<u>1,641,632</u>
Total liabilities and net position	<u>\$ 1,725,329</u>	<u>\$ 2,073,834</u>

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, 2014
(with comparative totals for the year ended June 30, 2013)

	Totals	
	2014	2013
OPERATING REVENUES:		
Charges for services:		
Passenger fares	\$ 172,504	\$ 173,970
FTA 5311 operating grant	-	363,178
Total operating revenues	172,504	537,148
OPERATING EXPENSES:		
Salaries and benefits	297,667	313,790
Contracted services	1,147,504	1,085,977
Maintenance	270,401	242,446
Advertising	-	157
Insurance expenses	3,767	5,721
Professional and special projects	8,604	9,169
Administration	2,513	25,898
Small tools and equipment	7,239	917
Depreciation expense	215,746	309,751
Total operating expenses	1,953,441	1,993,826
OPERATING LOSS	(1,780,937)	(1,456,678)
NONOPERATING REVENUES:		
MBUAPC	29,094	26,803
Local Transportation Funds	819,862	785,435
State Transit Assistance Funds	304,774	308,800
FTA 5311/5310/5304 (FTA Operating Grant, Transit Interns, LRTS & SRTP)	455,186	40,473
Other	7,668	250,000
Total non-operating revenues (expenses), net	1,616,584	1,411,511
NET INCOME (LOSS) BEFORE TRANSFERS & CONTRIBUTIONS	(164,353)	(45,167)
Capital Contributions	93,813	127,382
CHANGE IN NET POSITION	(70,540)	82,215
NET POSITION:		
Beginning of year	1,641,632	1,559,417
End of year	\$ 1,571,092	\$ 1,641,632

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, 2014

(with comparative amounts for the year ended June 30, 2013)

CASH FLOWS FROM OPERATING ACTIVITIES:

	Totals	
	2014	2013
Cash receipts from passenger fares	\$ 172,504	\$ 173,970
Cash receipts from other governments	221,233	(53,049)
Cash payments to suppliers for goods and services	(1,668,597)	(1,117,509)
Cash payments to employees for services	(347,063)	(324,599)
Net cash used by operating activities	(1,621,923)	(1,321,187)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfers received (paid)	7,668	250,000
Other nonoperating receipts	484,279	67,276
Local Transportation Funds received	819,862	785,435
State Transit Assistance Funds received	304,774	308,800
Net cash provided by noncapital financing activities	1,616,583	1,411,511

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Acquisition and construction of capital assets	(95,809)	(381,157)
Capital contributions	93,813	127,382
Net cash (used) by capital and related financing activities	(1,996)	(253,775)
Net increase (decrease) in cash and cash equivalents	(7,336)	(163,451)

CASH AND CASH EQUIVALENTS:

Beginning of year	15,832	179,283
End of year	\$ 8,496	\$ 15,832

Reconciliation of income (loss) from operations to net

cash used by operating activities:

Operating income (loss)	\$ (1,780,937)	\$ (1,456,678)
Adjustments to reconcile operating income (loss)		
to net cash used in operating activities:		
Depreciation	215,746	309,751
(Increase) decrease in current assets:		
Intergovernmental receivable	221,233	(416,227)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(228,569)	252,776
Vacation and compensated absence obligation	(49,396)	(10,809)
Net cash used by operating activities	\$ (1,621,923)	\$ (1,321,187)

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, 2014

(with comparative actual amounts for the year ended June 30, 2013)

	Local Transportation Fund	State Transit Assistance Fund	Totals	
			2014	2013
ASSETS				
Cash and investments	\$ 1,729,705	\$ -	\$ 1,729,705	\$ 1,434,181
Intergovernmental receivable	220,700	-	220,700	226,600
Sales tax receivable	-	82,563	82,563	81,472
Due from other funds	82,563	-	82,563	81,472
Total assets	2,032,968	82,563	2,115,531	1,823,725
LIABILITIES				
Due to other funds	-	82,563	82,563	81,472
Total liabilities	-	82,563	82,563	81,472
NET POSITION				
Restricted for pedestrian/bicycle	411,660	-	411,660	388,644
Restricted for other governments	1,621,308	-	1,621,308	1,353,609
Total net position	\$ 2,032,968	\$ -	\$ 2,032,968	\$ 1,742,253

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, 2014

(with comparative actual amounts for the year ended June 30, 2013)

	Private Purpose Trust Funds				2014	2013		
	Local		State Transit					
	Transportation Fund	Assistance Fund	Totals					
Additions								
Sales tax	\$ 1,402,579	\$ 304,568	\$ 1,707,147	\$ 1,720,628				
Interest	7,449	206	7,655	9,682				
Total additions	<u>1,410,028</u>	<u>304,774</u>	<u>1,714,802</u>	<u>1,730,310</u>				
Deductions								
Claims paid to:								
Council of San Benito County Governments:								
Local Transportation Authority Fund	819,862	304,774	1,124,636	1,094,235				
Administration Fund	294,451	-	294,451	159,749				
Bike/pedestrian	5,000	-	5,000	27,865				
Total deductions	<u>1,119,313</u>	<u>304,774</u>	<u>1,424,087</u>	<u>1,281,849</u>				
Change in net position	<u>290,715</u>	<u>-</u>	<u>290,715</u>	<u>448,461</u>				
Net position, beginning of year	1,742,253	-	1,742,253	1,293,792				
Net position, end of year	<u>\$ 2,032,968</u>	<u>\$ -</u>	<u>\$ 2,032,968</u>	<u>\$ 1,742,253</u>				

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

This page intentionally left blank.

NOTES TO BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

**Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2014**

Index to Notes to Basic Financial Statements

	<u>Page</u>
Note 1 - Summary of Significant Accounting Policies	44
Financial Reporting Entity.....	44
Basis of Presentation.....	45
Measurement Focus and Basis of Accounting.....	48
Basis of Accounting.....	48
Cash and Investments	49
Receivables	49
Capital Assets	50
Compensated Absences	51
Budgetary Policies	51
Note 2 – Cash and Investments.....	52
Note 3 – Accounts Receivable	54
Note 4 – Capital Assets	55
Note 5 – Accounts Payable and Accrued Liabilities	55
Note 6 – Long-term Liabilities.....	55
Note 7 – Fund Balances/Net Position	56
Note 8 – PTMISEA	57
Note 9 – OHS	58
Note 10 – Risk Management	58
Note 11 – Public Employee Retirement System	58
Note 12 – Other Post-Employment Benefits.....	59
Note 13 – New Accounting Pronouncements.....	61
Note 14 – Contingencies	62

Council of San Benito County Governments

Notes to Basic Financial Statements

For the year ended June 30, 2014

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, 2014

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, 2014

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, 2014

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>
<i>Major:</i>	
<i>Governmental Activities:</i>	
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.
<i>Business-type Activities:</i>	
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.
<i>Non-Major:</i>	
<i>Governmental Activities:</i>	
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.
Service Authority Freeway Emergencies Fund (SAFE)	State funds for administration and operation of freeway call boxes and roadside assistance.

Council of San Benito County Governments

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New and Closed Funds

No funds were opened or closed during the year ended June 30, 2014.

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, 2014

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

Council of San Benito County Governments

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Receivables, Continued

periodic aging of accounts receivable. Major receivable balances for the governmental activities 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, 2014

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 two employees 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, 2014

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, 2014 and June 30, 2013:

	June 30, 2014		
	Not rated	Fair Value	June 30, 2013
San Benito County Treasury	\$ 5,572,778	\$ 5,572,778	\$ 4,737,545
Total	<u>\$ 5,572,778</u>	<u>\$ 5,572,778</u>	<u>\$ 4,737,545</u>
Amounts reported in:			
Governmental activities		\$ 3,834,577	\$ 3,287,532
Business-type activities		8,496	15,832
Fiduciary activities		<u>1,729,705</u>	<u>1,434,181</u>
Total		<u>\$ 5,572,778</u>	<u>\$ 4,737,545</u>

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, 2014, approximated fair value of \$5,572,778.

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, 2014

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, 2014, 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, 2014

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 District 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, 2014, these investments matured in an average of 232 days. As of June 30, 2014, the County Treasury had \$28,500,000 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 626 days with an average duration of 439 days.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2014:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Totals	
				2014	2013
Accounts receivable	\$ 799,449	\$ -	\$ -	\$ 799,449	\$ 1,058,468
Intergovernmental	9,716	461,449	220,700	691,865	962,937
Sales tax receivable	-	-	82,563	82,563	81,472
Total accounts receivable	<u>\$ 809,165</u>	<u>\$ 461,449</u>	<u>\$ 303,263</u>	<u>\$ 1,573,877</u>	<u>\$ 2,102,877</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	43%
Sales tax	5%
Other	52%

Council of San Benito County Governments

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2014

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
Business-type activities:				
Property, plant, and equipment	4,476,519	95,809	-	4,572,328
Less: accumulated depreciation	(3,101,199)	(215,745)	-	(3,316,944)
Total business-type activities	1,375,320	(119,936)	-	1,255,384
Net book value	\$ 1,375,320	\$ (119,936)	\$ -	\$ 1,255,384

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, 2014:

	Governmental Activities	Business-type Activities	Totals	
			2014	2013
Accounts payable and accrued liabilities	\$ 78,790	\$ 120,042	\$ 198,832	\$ 472,550
Due to other governments	757,057	-	757,057	763,465
Total	\$ 835,847	\$ 120,042	\$ 955,889	\$ 1,236,015

These amounts resulted in the following concentrations in payables:

Vendors	20%
Other governments	80%

6. LONG-TERM LIABILITIES

Changes in long-term liabilities for the fiscal year ended June 30, 2014, are shown below:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
Governmental activities:				
Compensated absences	\$ 86,083	\$ 5,472	\$ -	\$ 91,555
Total governmental activities	86,083	5,472	-	91,555
Business-type activities:				
Compensated absences	83,591	-	(49,396)	34,195
Total business-type activities	83,591	-	(49,396)	34,195
Totals	\$ 169,674	\$ 5,472	\$ (49,396)	\$ 125,750

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

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	
	2014	2013
Restricted for:		
Transportation	\$ 312,789	\$ 451,216
Assigned for:		
State Subvention	2,502,476	2,040,908
Highway 25 Enhancement	752,136	748,343
Service Authority	126,872	106,990
Rideshare	30,282	84,146
Vanpool	83,340	80,648
Total Assigned	<u>3,495,106</u>	<u>3,061,035</u>
Total Fund Balance	<u>\$ 3,807,895</u>	<u>\$ 3,512,251</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	
	2014	2013	2014	2013
Net investment in capital assets	\$ -	\$ -	\$ 1,255,384	\$ 1,375,320
Unrestricted	<u>3,716,340</u>	<u>3,426,168</u>	<u>315,708</u>	<u>266,312</u>
Total	<u>\$ 3,716,340</u>	<u>\$ 3,426,168</u>	<u>\$ 1,571,092</u>	<u>\$ 1,641,632</u>

Council of San Benito County Governments

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2014

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.

During the fiscal year ended June 30, 2008, the Council applied for and received \$467,009 from the State's PTMISEA account for County Express Replacement Vehicles, County Express Commuter Vehicles and Bus Stop Signage, brochures, tokens, and token holders. At year ended June 30, 2008, only a portion of PTMISEA funds were spent, \$172,902, leaving \$294,107 that was deferred to fiscal year 2008/2009. At year ended June 30 2010, \$35,480 was deferred to fiscal year 2010/2011. 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. As of June 30, 2014, PTMISEA funds received and expended were verified in the course of our audit as follows:

	<u>Thru 6/30/2013</u>	<u>6/30/2014</u>	<u>Total</u>
Proceeds Received:			
PTMISEA	\$ 730,088	\$ -	\$ 730,088
Expenditures incurred:			
Replacement vehicles - FY 07/08	172,902	-	172,902
Replacement vehicles - FY 07/08	2,722	-	2,722
Commuter vehicles - FY 08/09	248,376	-	248,376
Tokens - FY 08/09	5,500	-	5,500
Tokens - FY 09/10	1,289	-	1,289
Brochure design - FY 09/10	740	-	740
Bus stop signs - FY 10/11	15,625	-	15,625
Brochure design - FY 10/11	4,734	-	4,734
Bus Stop schedules - FY 12/13	637	-	637
Fuel Station - FY 12/13	87,000		87,000
Senior Step - FY 13/14		1,068	1,068
Promotion of Bus Stop Shelter		1,624	1,624
Unexpended proceeds at June 30, 2014	<u>\$ 190,563</u>	<u>\$ (2,692)</u>	<u>\$ 187,871</u>

Council of San Benito County Governments

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2014

9. OHS

The Governor's Office of Homeland Security (OHS) 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 09/10	Expended FY 10/11	Expended FY 12/13	Expended FY 13/14	Unexpended at 06/30/14
OHS 2008/09	11/9/2010	46,712	30,096	9,579	7,037	-	-
OHS 2009/10	4/19/2010	46,712	-	-	46,712	-	-
OHS 2010/11	5/22/2012	46,712	-	-	4,463	42,249	-
OHS 2011/12	2/22/2013	46,712	-	-	-	3,436	43,276

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. 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 Council ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office 400 P Street, Sacramento, CA, 95814.

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 2013-14 rate is 14.058% for employees. The contribution requirements of plan members and the Council are established and may be amended by CalPERS.

Council of San Benito County Governments

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2014

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 2014, 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, 2014:

Retirees and beneficiaries receiving benefits	0
Other participants fully eligible for benefits	8
Other participants not yet fully eligible for benefits	<u>0</u>
Total	<u><u>8</u></u>

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.

Council of San Benito County Governments

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2014

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

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	\$ 43,109
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<hr/> -
Annual OPEB cost (expense)	43,109
Contributions made to irrevocable trust	(41,186)
Benefit payments made outside of trust	<hr/> <u>(1,923)</u>
Increase in net OPEB obligation	-
Net OPEB obligation - beginning of year	<hr/> -
Net OPEB obligation - end of year	<hr/> <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 2014 and the two preceding years as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/12	43,518	100%	0
6/30/13	43,518	100%	0
6/30/14	43,109	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)	\$ 462,407
Actuarial value of Plan assets	<u>113,127</u>
Unfunded actuarial accrued liability (UAAL)	\$ 349,280
Funded ratio (actuarial value of Plan assets/AAL)	24%
Covered payroll (active Plan participants)	\$573,814
UAAL as a percentage of covered payroll	60.9%

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.

Council of San Benito County Governments

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2014

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

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, 2012 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 06/30/2013 was 27 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 2014. 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 June 2014 for fiscal years 2015 and 2016.

The CERBT program accepted the rolled forward data based on the ARC for fiscal Year 2012-2013. Based on the calculation, the rolled forward ARC for FY 2013-2014 was \$43,109 (\$41,752 x 1.0325). This amount deducted \$1,923 for payments for retiree insurance made directly to the provider for a total of \$41,186 contributed toward the ARC for fiscal year ended June 30, 2014.

13. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 67, "Financial Reporting for Pension Plans". The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50, "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to define contribution plans that provide postemployment benefits other than pensions. This Statement is effective for periods beginning after June 15, 2014. The implementation of this statement will not have an effect on these financial statements.

Council of San Benito County Governments

Notes to Basic Financial Statements, Continued

For the year ended June 30, 2014

13. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 68, “Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27” The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This Statement will be effective for periods beginning after June 15, 2014. The Council will implement this Statement in fiscal year 2014-15.

The GASB has issued Statement No. 69, “Government Combinations and Disposals of Government Operations”. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement will be effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2014. The Council will implement this Statement in fiscal year 2014-15.

The GASB has issued Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees”. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement will be effective for periods beginning after June 15, 2014. The Council will implement this Statement in fiscal year 2014-15.

The GASB has issued Statement No. 71; “Pension Transition for Contributions Made Subsequent to the Measurement Date” The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, “Accounting and Financial Reporting for Pensions”. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. This Statement is effective for fiscal years beginning after June 15, 2014, and should be applied simultaneously with the provisions of Statement 68. The Council will implement this Statement in fiscal year 2014-15.

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, 2014, 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.

SUPPLEMENTAL INFORMATION

This page intentionally left blank.

Council of San Benito County Governments

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2014

(with comparative totals for June 30, 2013)

	Special Revenue Funds			Non-Major Funds	
	Service Authority for Freeways and Expressways Fund			Totals	
		Rideshare	Van Pool	2014	2013
ASSETS					
Pooled cash and investments	\$ 122,042	34,090	\$ 82,921	\$ 239,053	\$ 221,729
Receivables:					
Intergovernmental	9,716	-	419	10,135	53,655
Total assets	\$ 131,758	\$ 34,090	\$ 83,340	\$ 249,188	\$ 275,384
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 4,886	\$ 3,808	\$ -	\$ 8,694	\$ 3,600
Total liabilities	4,886	3,808	-	8,694	3,600
Fund Balances:					
Assigned	126,872	30,282	83,340	240,494	271,784
Total fund balances	126,872	30,282	83,340	240,494	271,784
Total liabilities and fund balances	\$ 131,758	\$ 34,090	\$ 83,340	\$ 249,188	\$ 275,384

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, 2014
(with comparative totals for the year ended June 30, 2013)

	Special Revenue Funds				Non-Major Funds	
	Service Authority for Freeways and Expressways Fund		Rideshare	Van Pool	2014	Totals
	2014	2013				
REVENUES:						
Use of money and property:						
Interest	\$ 512	\$ -	\$ -	\$ 512	\$ 512	\$ 658
Intergovernmental:						
Motor vehicle in lieu fees	55,848	-	-	55,848	55,848	53,708
Contributions in aid of construction:						
CMAQ	-	44,632	-	44,632	44,632	40,544
Other revenues:						
Private grant	-	-	-	-	-	53,785
Van pool payments	-	-	16,636	16,636	16,636	15,299
Reimbursements	-	-	-	-	-	3,900
Total revenues	56,360	44,632	16,636	117,628	117,628	167,894
EXPENDITURES:						
Current:						
Salaries and benefits	20,182	36,261	8,421	64,864	65,577	
Services and supplies	16,296	62,235	5,523	84,054	84,054	48,169
Total expenditures	36,478	98,496	13,944	148,918	148,918	113,746
REVENUES OVER (UNDER) EXPENDITURES						
	19,882	(53,864)	2,692	(31,290)	54,148	
FUND BALANCES:						
Beginning of year	106,990	84,146	80,648	271,784	217,636	
End of year	\$ 126,872	\$ 30,282	\$ 83,340	\$ 240,494	\$ 271,784	

Council of San Benito County Governments
Schedule of Amounts Allocated and Disbursed by Purpose
State Transit Assistance Fund
For the year ended June 30, 2014

San Benito County
Local Transportation Authority
Section 6730 (a) 6730 (b)
6731 (c)
Operating, Capital

Allocations Outstanding June 30, 2013

Allocations	304,774
--------------------	---------

Disbursements:

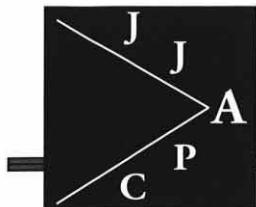
2013-14 Claims	304,774
Total Disbursements	<u>\$ 304,774</u>

Allocations Outstanding June 30, 2014

\$	-
----	---

Council of San Benito County Governments
Schedule of Amounts Allocated and Disbursed by Purpose
Local Transportation Fund
For the year ended June 30, 2014

San Benito County and Unincorporated Area	Regional Transportation		San Benito County Local Transportation		Totals
	Planning	Administration	Community Transit	Authority	
Pedestrian and Bicycle Section 99234	Planning & Programming Section 99233.1 & 99233.2		Public Transportation Section 99233.7 & 99233.8		
Allocations Outstanding June 30, 2013	\$ 5,000	\$ 294,451	\$ 819,862	\$ 1,119,313	
Disbursements:					
2013-14 Claims	5,000	294,451	819,862	1,119,313	
Total Disbursements	5,000	294,451	819,862	1,119,313	
Allocations Outstanding June 2014	\$ -	\$ -	\$ -	\$ -	



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 (PTMISEA). 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.

During the fiscal year ended June 30, 2008, the Council applied for and received \$467,009 from the State's PTMISEA account for County Express Replacement Vehicles, County Express Commuter Vehicles and Bus Stop Signage, brochures, tokens, and token holders. At year ended June 30, 2008, only a portion of PTMISEA funds were spent, \$172,902, leaving \$294,107 that was deferred to fiscal year 2008/2009. At year ended June 30 2010, \$35,480 was deferred to fiscal year 2010/2011. 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.

As of June 30, 2014, PTMISEA funds received and expended were verified in the course of our audit as follows:

	<u>Thru 6/30/2013</u>	<u>6/30/2014</u>	<u>Total</u>
Proceeds Received:			
PTMISEA	\$ 730,088	\$ -	\$ 730,088
Expenditures incurred:			
Replacement vehicles - FY 07/08	172,902	-	172,902
Replacement vehicles - FY 07/08	2,722	-	2,722
Commuter vehicles - FY 08/09	248,376	-	248,376
Tokens - FY 08/09	5,500	-	5,500
Tokens - FY 09/10	1,289	-	1,289
Brochure design - FY 09/10	740	-	740
Bus stop signs - FY 10/11	15,625	-	15,625
Brochure design - FY 10/11	4,734	-	4,734
Bus Stop schedules - FY 12/13	637	-	637
Fuel Station - FY 12/13	87,000		87,000
Senior Step - FY 13/14		1,068	1,068
Promotion of Bus Stop Shelter		1,624	1,624
Unexpended proceeds at June 30, 2014	<u>\$ 190,563</u>	<u>\$ (2,692)</u>	<u>\$ 187,871</u>

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.

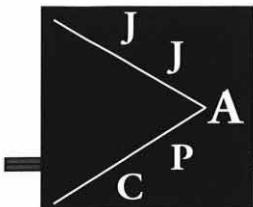
This report is intended for the information of the Council of San Benito County Governments' Council Members and management. However, this report is a matter of public record and its distribution is not limited.

JJACPA, Inc.

JJACPA, Inc.

Dublin, CA

December 2, 2014



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, 2014, 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 2, 2014.

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.

JJACPA, Inc.

JJACPA, Inc.

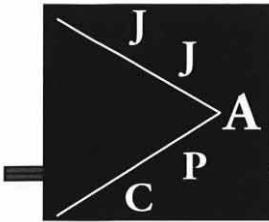
Dublin, CA

December 2, 2014

COUNCIL OF SAN BENITO COUNTY GOVERNMENTS

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AND
COMMUNICATION OF INTERNAL CONTROL RELATED MATTERS**

JUNE 30, 2014



JJACPA, Inc.

A Professional Accounting Services Corp.

December 2, 2014

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

We have audited the basic financial statements of the Council of San Benito County Governments (Council) as of and for the year ended June 30, 2014, and have issued our report thereon dated December 2, 2014. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility under Generally Accepted Auditing Standards (and when applicable, Government Auditing Standards)

As communicated in our engagement letter dated April 21, 2014 our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Council of San Benito County Governments solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Council of San Benito County Governments is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during June 30, 2014. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are useful lives of capital assets ("useful lives").

Management's estimate of the useful lives is based on experience with and observation of capital assets, by category (e.g. infrastructure) as well as industry standards, when applicable (i.e. buildings). We evaluated the key factors and assumptions used to develop the useful lives and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Council of San Benito County Governments financial statements relate to commitments and contingencies.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Council of San Benito County Government's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in a separate letter dated December 2, 2014.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the Council of San Benito County Governments, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the Council of San Benito County Governments, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the entity's auditors.

Communication of Internal Control Related Matters

In planning and performing our audit of the financial statements of the Council of San Benito County Governments as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Council of San Benito County Government's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 entity's internal control. Accordingly, we do not express an opinion on the effectiveness of Government's internal control over financial reporting.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

These communications are intended solely for the information and use of the Governing Board and management of the Council of San Benito County Governments and are not intended to be and should not be used by anyone other than these specified parties.

Informational Comment Only

New Accounting Pronouncements

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27" The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This Statement will be effective for periods beginning after June 15, 2014. The Council will implement this Statement in fiscal year 2014-15.

GASB 68 requires the Council, and other government entities that offer defined pension benefits to its employees, to report on the Statement of Net Position a “net pension liability.” Additionally, the Council, as a member of CalPERS, a defined benefit cost-sharing multiple-employer pension plan, will be required to recognize its proportionate share of the “collective” net pension liability. The Council, despite having made all of its required contributions to CalPERS in the past, will still have to report its proportionate liability on the Statement of Net Position. The notes to the financial statements should include descriptive information about the pension plans and identify the discount rate and assumptions made in the measurement of the Council’s proportionate shares of net pension liability. This statement will also require the Council to present in required supplementary information 10-year schedules containing (1) the net pension liability and certain related ratios and (2) if applicable, information about statutorily or contractually required contributions, contributions to the pension plan, and related ratios.

We encourage the Council to begin planning for GASB 68 as soon as possible. For a fee, the Council can obtain a report from CalPERS actuaries that include all the required information to implement the standard. We encourage management to communicate with CalPERS actuarial office as early as fall 2014 in order to obtain the necessary GASB 68 reporting valuations for the fiscal year 2014-15 financial statements.

Very truly yours,

Joseph J Arch, CPA

JOSEPH J. ARCH, CPA
President/CEO
JJACPA, INC.



Staff Report

To: Council of San Benito County Governments
 From: Mary Gilbert, Interim Executive Director Phone Number: (831) 637-7665 x.207
 Date: December 18, 2014
Subject: State Route 156

Recommendation:

DISCUSS Request from the City of San Juan Bautista City Council Requesting Highway Improvement Feasibility and Cost Analysis Studies for Traffic Calming and Speed Reduction Solutions at the Intersection of State Highway 156 and Monterey Street

Summary:

The City of San Juan Bautista recently adopted a resolution requesting COG begin study of the State Route 156 and Monterey Street intersection west of the Route 156 Improvement Project.

Financial Impact:

A study of this scope could cost from \$75,000 to \$100,000, based on previous projects of similar scope. Staff has not prepared detailed cost estimates for Route 156/Monterey Street feasibility studies at this time.

Background:

The San Benito Route 156 Improvement project has been a high priority project in San Benito County for several years. The project will construct a new four-lane facility between Union Road and the Alameda. The existing route will become a frontage road providing access to properties along the highway. The Monterey Street intersection is outside of the study area for the San Benito Route 156 Improvement project and would be considered a separate project on the highway.

Staff Analysis:

The City of San Juan Bautista recently adopted a resolution requesting study of the State Route 156 and Monterey Street intersections in the City. Specifically, the resolution requests the support of San Benito County Council of Government to initiate specific highway improvement feasibility and cost analysis studies for traffic calming and speed reduction solutions at State Route 156 with Monterey Street.

Staff has reviewed the request with COG's Technical Advisory Committee, which generally supported the project initiation. Initiation a project on the highway would fall under Caltrans Project

Council of San Benito County Governments ▪ 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

Development Procedures for Project Initiation, which requires the development of a Project Initiation Document, also called a Project Study Report. The Caltrans Project Development Procedures Manual states:

"The project initiation phase is the first formal project phase in developing a solution for a specific transportation problem. The project initiation phase is subsequent to the system and regional planning process. The outcome of the project initiation process is a project initiation document (PID) that establishes a well-defined purpose and need statement, proposed project scope tied to a reliable cost estimate and schedule. The use of State funds for capital improvements on the State Highway System (SHS) requires an approved PID. Any major work on the State Highway System regardless of how it is funded requires an approved PID."

The most important need would be funding for the requested studies, as well as identifying key staff persons to complete the work. At the direction of the COG Board, staff can begin steps for project initiation, including a detailed cost estimate and proposed funding for the study. Possible funding sources include Regional Surface Transportation Program funds, which COG allocates annually to the local agencies for roadway improvements or specific projects.

Executive Director Review: _____

Counsel Review: N/A

Supporting Attachments: City of San Juan Bautista Resolution 2014-45

RESOLUTION 2014-45

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN JUAN BAUTISTA REQUESTING A HIGHWAY IMPROVEMENT FEASIBILITY AND COST ANALYSIS STUDIES FOR TRAFFIC CALMING AND SPEED REDUCTION SOLUTIONS AT THE INTERSECTION OF STATE HIGHWAY 156 AND MONTEREY STREET

WHEREAS, State Route 156 is the main transportation link connecting the Central Coast to central San Joaquin Valley, and

WHEREAS, State Route 156 runs through and bisects the City and the need to identify safe and preferred access points from State Route 156 to San Juan Bautista is extremely important for the safety of its residents, visitors, tourists and travelers, and

WHEREAS, State Route 156 and Monterey Street intersection have experienced accidents to visitors, residents and tourist making left turning movements off State Route 156 onto Monterey Street, and

WHEREAS, Monterey Street is designated as the Western Gateway to the City and one of three principal entrances to the City, and

WHEREAS, implementing traffic calming devices and reducing traffic speeds will lower ambient noise levels that will significantly improve the quality of life for persons living and working along State Route 156 corridor, and

WHEREAS, performing studies, gathering traffic volumes, accident data, reviewing future planning and construction projections, regional transportation plans, general plans, population characteristics, land use projections and other relevant information will help in developing future improvement programs to improve safety on State Route 156, and

WHEREAS, initiating specific highway feasibility studies and cost analysis of traffic calming solutions to develop programs and projects for safer highway conditions would benefit the traveling public and commercial trucks traffic using State Route 156, and

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of San Juan Bautista hereby adopts Resolution 2014-45 requesting the support of San Benito County Council of Government to initiate specific highway improvement feasibility and cost analysis studies for traffic calming and speed reduction solutions at State Route 156 with Monterey Street.

PASSED AND ADOPTED by the City Council of the City of San Juan Bautista on the 18th day of November, 2014 by the following vote:

AYES: Cosio, Lund, Edge, Boch, Moore

NOES: None

ABSENT: None

ABSTAIN: None

Mayor Andy Moore

ATTEST:

Connie Schobert, City Clerk



Staff Report

To: Council of Governments
From: Mary Gilbert, Interim Executive Director Phone Number: (831) 637-7665 x.207
Date: December 18, 2014
Subject: Highway 25 Widening Project

Recommendation:

RECEIVE Update on State Route 25 Widening Project Development

Summary:

In recent months, COG has discussed the Highway 25 4-Lane Widening project cost, scope, and schedule. COG has also received several comments from the public and other groups regarding the importance of moving the project forward and identifying funding for construction to allow for an amendment to the Regional Transportation Plan. Staff will continue to update the Board on the project status.

Financial Impact:

There are several financial impacts regarding the Highway 25 Widening Project and Route Adoption. COG staff time spent on this project is paid through Planning, Programming, and Monitoring funds distributed by the State.

The initial development of the environmental document was paid with Federal Highway Administration and Valley Transportation Authority funding in the amount of \$6.8 million. COG recently committed \$365,000 of additional funding to conclude work associated with the environmental document and route adoption from monies in the Highway 25 Safety project account.

Both regional development impact fees and public investment must be made in order to pay for the project. New developments are not responsible for existing deficiencies (i.e. congestion) (Government Code 66000). The Council of Governments is initiating an update of the Traffic Impact Mitigation Fee Nexus Study and will analyze the Highway 25 Widening project for future funding in that effort. The 2011 Traffic Impact Mitigation Fee identified an existing deficiency on the Highway 25 Passing Lanes project of 52.6 percent. Based on Caltrans estimated project costs for Phase I, new development would be responsible for \$29 million. The remaining project cost, \$32 million must come from a public source.

As a part of updating the Traffic Mitigation Impact Fee study, COG staff and the consultant team will review these assumptions and costs and provide that information to the Board.

Background:

The Council of Governments has reaffirmed its commitment to Highway 25 on several occasions by way of resolutions. The Highway 25 Widening project has been on the list of projects in the Regional Transportation Plan for many years and is included in the most recently adopted 2014 Regional Transportation Plan. At its August meeting, the COG Board of Directors discussed the project extensively and directed staff to return with options for moving forward with the project.

The City of Hollister City Council and San Benito County Board of Supervisors in August both adopted resolutions supporting the Highway 25 Widening project's inclusion in the 2014 Regional Transportation Plan's constrained, or fully funded, project list. The COG Board's direction at meetings in September and October 2014 has been to implement a work program to plan for the project with the anticipation of a Regional Transportation Plan amendment at such time as the state requirements for the project are met.

Staff Analysis:

COG's work plan for the project includes tasks that are being approached concurrently. The tasks cover four major areas:

- Finalizing the Tier 1 Environmental Impact Statement
- Updating Financial Assumptions, including the Traffic Impact Mitigation Fee contributions to the project
- Public Involvement
- Regional & Local Coordination

In September, the Board directed staff to move forward with the work items with the intent of moving forward with developing an amendment to the Regional Transportation Plan. Staff presented an illustrative list of steps and requirements necessary to result in a Regional Transportation Plan Amendment. That list is attached to this staff report for reference (Attachment 1).

As directed at the September Board meeting, staff has continued the work plan objectives for the project. The following items were accomplished:

- Coordination with Caltrans on the federal Environmental Impact Statement for the project: Caltrans has begun work on environmental studies and will schedule a Project Development Team meeting in the next 2-3 months.
- Stakeholder Involvement: Staff has continued communication with project stakeholders with the anticipation of holding a second meeting in January.
- Regional Coordination: Staff continued coordination discussions with AMBAG and Caltrans regarding the project.
- Local Coordination and Outreach: The Interim Executive Director attended meetings of the Intergovernmental Committee and updated attendees on the status of the project and the work plan reviewed by COG. Staff also provided an update on the project at the San Benito County Business Council meeting. The County Administrative Officer has requested an update on the project at a Board of Supervisors meeting on December 16.

- Traffic Impact Mitigation Fee Program Update: the Council of Governments awarded a contract to PMC in November to update the Traffic Impact Mitigation Fee program. The update will kick off in late December and work will continue for approximately ten months. The Board will receive updates on the program's progress throughout its development. At this time PMC is obtaining a Model Use Agreement for the AMBAG model and scheduling a kickoff meeting with COG and other local agency staff.

Staff has identified January 29th as a target date for the next Stakeholder meeting. Items to be covered at the meeting will include establishing the group's goals for the effort and an overview of the project with Caltrans, including more information regarding current project design.

Caltrans project manager will attend the January 15th COG Board meeting and make a presentation to the board on the project as it is currently designed.

Staff will continue to update the Board on this project and progress on the work plan on a monthly basis.

Executive Director Review: _____

Counsel Review: N/A