



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

DATE: Thursday, December 17, 2015
3:00 p.m.

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

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

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

3:00 P.M. CALL TO ORDER

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

CONSENT AGENDA:

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

1. **APPROVE** Council of Governments Draft Meeting Minutes Dated November 19, 2015 – Gomez

2. **APPROVE** Council of Governments Draft Special Meeting Minutes Dated November 19, 2015 – Gomez
3. **RECEIVE** Construction Projects Report – Caltrans District 5
4. **APPROVE** Amendment No. 2 To Contract with Apex Strategies, Extending the Contract through June 2016 and Increasing the Amount Not to Exceed by \$25,000 for Additional Work to be Performed – Gilbert

REGULAR AGENDA:

5. **ACCEPT** Council of Governments FY 2014/15 Basic Financial Statements – Postigo
6. **RECEIVE** Update on Highway 25 Widening Design Alternatives Analysis – Gilbert
7. **RECEIVE** Presentation on the Updated Draft Traffic Impact Mitigation Fee Program Nexus Study – Gilbert
8. **Transportation Sales Tax Measure** – Gilbert
 - a) **RECEIVE** Update on Work Plan, Including Stakeholder and other Public Outreach
 - b) **IDENTIFY** Funding Priorities for Inclusion in Draft Expenditure Plan to Be Reviewed in January 2016
 - c) **APPROVE** Contract with EMC Research, Inc. to Conduct Polling of Likely San Benito County Voters for an Amount Not to Exceed \$25,000

Adjourn to COG Meeting on January 21, 2016 Agenda Deadline is Tuesday, January 12, 2016 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.



ROUTE 46 CORRIDOR IMPROVEMENT
5-3-13



Looking east on Highway 46 in San Luis Obispo County

FALL 2015

District Director's Report

A quarterly publication for our transportation partners

Highway 46 Project Awarded Excellence

The second five-mile segment of the Highway 46 widening in San Luis Obispo County, also known as Whitley 1, was recently recognized with a Caltrans Excellence in Transportation Award in the rural category.

Over the years, several high-profile injury and fatal collisions occurred along Highway 46. To address safety, the route is being converted from a two-lane conventional highway to a four-lane divided expressway. In all, nearly 63 miles will be widened from US 101 near Paso Robles to Interstate 5 in Kern County with two lanes in each direction, separated by a wide, unpaved median.

A unique and innovative feature of Whitley 1 is the use of landform grading allowing the roadway to blend with the natural rolling topography and rural setting. A network of frontage and connector roads in the Whitley Gardens community was also constructed, eliminating conflicts with traffic crossing the highway. Caltrans' partners on the project include San Luis Obispo Council of Governments, Fix 46 Committee and Papich Construction Inc.



Sara von Schwind

New Maintenance & Operations Leader

Sara von Schwind is now the Deputy District 5 Director of Maintenance and Traffic Operations. She has acted in this position since January 2015. Before that, she served as Deputy District Director of Program Project Management since 2012.

Von Schwind is a licensed civil engineer and has served 23 years in various Caltrans positions, including Project Management. She holds a Bachelor's degree in civil engineering and a Master's in the same field with coastal and geotechnical emphases. She previously worked in the

Geotechnical Division and is experienced in bridge foundations, retaining walls, slope stabilization, rock scaling and storm damage repairs.

\$25K for Innovative Ideas



Caltrans is one of three state agencies offering \$25,000 each for the most innovative ideas addressing the following:

- Improving the state's transportation system (Caltrans).
- Improving sustainable government practices to address climate change (Department of General Services).
- Helping to prevent underage drinking (Department of Alcoholic Beverage Control).

All California residents are encouraged to apply. State employees and their immediate families are ineligible to compete. Applications are available online until **5 p.m. Tuesday, Oct. 13, 2015.**

<http://www.dot.ca.gov/hq/paffairs/news/pressrel/15pro80.htm>.

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

Caltrans District 5



District Director

Timothy Gubbins

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

Connected Vehicles Pilot Program



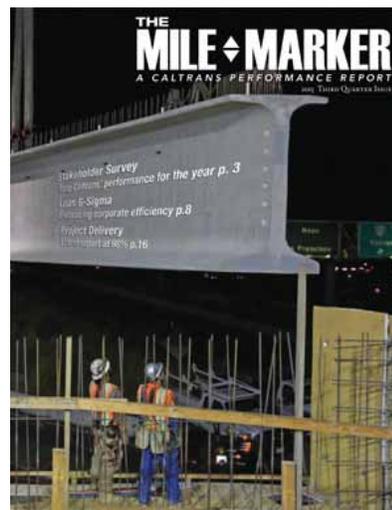
Caltrans and its partners are working to improve transportation safety and mobility, and reduce environmental impacts using connected vehicle technology. This state-of-the-art system has the potential to transform the way Americans travel through a safe, interoperable wireless communication network connecting cars, buses, trucks, trains, traffic signals, smart phones and other devices. These vehicles would feature safety warnings alerting motorists of upcoming road hazards such as collisions, icy conditions and sharp curves. This technology has the potential to address crashes caused by non-impaired drivers, but more research is needed to determine effectiveness, according to the National Highway Traffic Safety Administration.

Caltrans, the Metropolitan Transportation Commission (MTC) of the San Francisco Bay Area, the Los Angeles County Metropolitan Transportation Authority (METRO), and the San Diego Association of Governments (SANDAG) together are proposing a robust connected vehicle pilot program in San Francisco, Los Angeles and San Diego. The program, titled, *One California*, focuses on safety, mobility, the environment, and agency efficiency. It also furthers

the *California Transportation Plan 2040* goals by creating a sustainable, interconnected transportation system encouraging economic vitality, protecting natural resources, and promoting the health and well-being of all Californians. More information is available at:

http://www.dot.ca.gov/research/operations/one_california/.

Mile Marker Fall Edition Released



The Mile Marker: A Caltrans Performance Report edition is now available online. The plain language report addresses how well Caltrans is protecting and improving California's transportation system.

The latest issue discusses Caltrans' project delivery at 98 percent, greenhouse gas reductions, using greener pavements, daily hours of vehicle delay and incident clearance. It also features corporate efficiency efforts, high-technology pavement monitoring, and travel behavior and options. More information is available at:

<http://www.dot.ca.gov/MileMarker/2015-3/files/1.html>

Proposition 1B – Good Investment Return

Since voters passed Proposition 1B in 2006, more than 2,000 projects statewide have improved California's transportation infrastructure, including roads, bridges, and rail and transit systems.

Proposition 1B, totaling nearly \$20 billion, represents the state's largest expenditures on transportation since the 1950s. These include:

- \$4.5 billion – 90 corridor projects to reduce congestion.
- \$2.5 billion – 87 projects improving freight movement on state highways, rail systems and ports.

- \$3.6 billion – Nearly 1,200 transit and rail system improvements, including upgraded transit services, modernized transit stations and cleaner-running buses.
- \$1 billion – 23 projects to improve SR 99 in the state's Central Valley.

In District 5, Proposition 1B provided \$96 million for widening 13 miles of Highway 46 East in San Luis Obispo County, and \$28 million for constructing the US 101/San Juan Road interchange in Monterey County. To date, this funding has provided more than \$18 billion to improve transportation statewide. More information is available at:

<http://www.dot.ca.gov/hq/paffairs/news/pressrel/15pro88.htm>.

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

November 19, 2015, 3:00 P.M.

DRAFT MINUTES

MEMBERS PRESENT:

Chair Muenzer, Vice-Chair Boch, Director Botelho, Director Gomez, and Director Velazquez
Ex Officio: Aileen Loe, Caltrans District 5

STAFF PRESENT:

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

OTHERS PRESENT:

Eileen Goodwin, APEX Strategies; Dino Serafini, Michael Baker International Firm; Richard Rosales, Caltrans District 5; Heather Adamson, Association of Monterey Bay Area Governments

CALL TO ORDER:

Chair Muenzer called the meeting to order at 3:01 P.M.

A. PLEDGE OF ALLEGIANCE

B. CERTIFICATE OF POSTING

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

C. PUBLIC COMMENT:

Chair Muenzer stated for the record that the COG Board received Joe Thompson's public comment correspondence dated October 15, 2015 through November 19, 2015. The correspondence was entered into the public record.

D. EXECUTIVE DIRECTOR'S REPORT: Gilbert

Ms. Gilbert noted a correction to Item 4 Resolution 15-10 on the Consent Agenda. The adoption date shows the date of November 2014 and it should read November 2015.

Ms. Gilbert reported that staff will be doing outreach for the Short and Long Range Transportation Plan meeting which will take place next month.

E. CALTRANS DISTRICT 5 REPORT: Gubbins

Aileen Loe announced that Caltrans released the 2016 SHOPP. The list of projects is out for review and discussion and comments are due by December 15. Furthermore, the draft of the 2016 Interregional

Transportation Improvement Program (ITIP) is also out for review and comment. The final ITIP will be submitted to the California Transportation Commission December 15.

Lastly, she reported that the California Transportation Agency and the California Transportation Commission together are considering the Road Charge Pilot Program and seeking volunteers to participate in that effort. This is partly in response to Senate Bill 1077, which requires the state to design and implement a statewide pilot program to consider the implications of the road charge model by January 2017.

Director Velazquez thanked Caltrans for the placing bark along the soundwall on the eastside between Meridian and Santa Ana roads. He mentioned that he is hoping the same thing occurs along the westside as well.

Director Velazquez asked if Caltrans could look into protected left turn lanes on Santa Ana Road and Highway 25 and at Meridian Street and Highway 25. He mentioned that they are very dangerous intersections.

In addition, he asked why there is not a crosswalk on Hillcrest Road and Highway 25 (on the south side of Highway 25) because there is an ADA accessibility issue on the south Westside corner. It is also making it difficult for residents on the Southside to make their way across to the Northside.

Director Botelho asked when the sign indicating Red Barn Road turn-off is going to be installed at Highway 101. He also informed Caltrans that the Lucy Brown Road stop sign had been tagged.

Ms. Loe stated that she would look into both Director Velazquez and Director Botelho's inquiries and report back.

F. BOARD OF DIRECTORS REPORTS:

Director Gomez stated that a fellow City Councilmember has requested discussion regarding the Joint Powers Authority Agreement, therefore, the City Council wants to make sure that there is follow up and that a review of the Joint Powers Authority Agreement has been added to the City Council's December 7th meeting agenda.

CONSENT AGENDA:

1. **APPROVE** Council of Governments Draft Meeting Minutes Dated October 15, 2015 – Gomez
2. **RECEIVE** Construction Projects Report – Caltrans District 5
3. **APPROVE** COG Office Closure Days from December 21, 2015 through January 1, 2016 – Postigo
4. **ADOPT** Resolution 15-10 Allocating Transportation Development Act Funds for Fiscal Year 2014/2015 – Postigo

Upon a motion duly made by Director Gomez, and seconded by Director Velazquez, the Directors unanimously approved Items 1-4 from the Consent Agenda with the amendment to Item 4. Vote: 5/0 motion passes.

There was no public comment on the Consent Agenda.

REGULAR AGENDA

TRANSPORTATION ITEMS:

5. **APPROVE** Contract with WMH Corporation for the Highway 25 Widening Design Alternatives Analysis – Gilbert

Ms. Gilbert reported that proposal review and consultant interviews were conducted by an evaluation committee that included staff from COG, the City of Hollister, San Benito County, and Caltrans. The evaluation committee selected WMH Corporation as the highest ranked firm and recommended that staff negotiate a contract for services.

The Board wanted to ensure that the new firm looks at refining the scope of the project and looking at a smaller project that is potentially phaseable and fundable. They wanted to be sure they look at the idea of widening Highway 25 to a 3 lane using the shoulder as well as the option of just adding two new lanes adjacent to the current Route 25 lanes.

Ms. Gilbert stated that the consultants will look at any number of alternatives that have been discussed and/or presented and confirmed that Caltrans will be involved in the process as part of the project development team. Ms. Gilbert mentioned that there are funds available from the Highway 25 cost savings that can be used to pay for the analysis.

There was no public comment on this item.

Upon a motion duly made by Director Gomez, and seconded by Director Botelho, the Directors unanimously approved Items 5. Vote: 5/0 motion passes.

6. RECEIVE Presentation on the Draft Traffic Impact Mitigation Fee Program Nexus Study – Gilbert

Ms. Gilbert provided background information on the Draft Traffic Impact Mitigation Fee Program Nexus Study. She introduced Dino Serafini with Michael Baker International, who provided a presentation on the elements of the study.

There was discussion about a City of Hollister project called the Pacific Way Extension: San Felipe Rd. to Memorial Dr. intersections. It would be a new road over the Bypass (no connection to the Bypass) paid 100% by TIMF. Ms. Gilbert noted the Board's concerns about this project and stated that staff would take it back and provide more information.

After some discussion the Board provided the following direction:

- Look at a smaller interim project on HWY 25 that starts at San Felipe Rd. and gets you up to the county line and include a lower cost estimate for this interim project.
- Leave Zone 2 at the current boundary line with the higher fee
- Reverse out TIMF money that has already been collected for some of the funded projects such as the Highway 156 project
- Bring back what the surrounding areas are charging as a standard rate for trip analysis

Ms. Gilbert stated that per the Board's direction, staff will go back and make some changes and bring it back to the Board for review next month.

Public Comment:

Ann C. Ross

Inquired about the Traffic Model that was used for the study and asked where she could find more information about the methodology that was used to get the calculations.

Ms. Gilbert stated that they used the Association of Monterey Bay Area Governments Regional Travel Demand Model and the technical analysis will be included in the final report. The executive summary that was included in the COG Board packet is available on the COG website. Information on the 2011 Study could be found on the COG website as well.

7. APPROVE 2016 Regional Transportation Improvement Program – Gilbert

Ms. Gilbert reported that staff was proposing to continue funding the State Route 156 Improvement Project. COG does not currently have any other highway projects that would be eligible for STIP funding and therefore staff recommended increasing the funding to the State Route 156 project. Staff also proposed to maintain Planning, Programming, and Monitoring (PPM) funding in the first three years of the STIP.

Ms. Gilbert clarified that the Regional Transportation Improvement Program is different than the Long Range Regional Transportation Plan where you identify all the state highway projects that you are working on and whether they be funded by the specific fund source of State Transportation Improvement Program funds or locally. It does not preclude any progress on the Highway 25 project, as there is no STIP funding.

There was no public comment on this item.

Upon a motion duly made by Director Velazquez, and seconded by Chair Muenzer, the Directors unanimously approved Item 7. Vote: 5/0 motion passes.

Upon a motion duly made by Director Gomez, and seconded by Director Boch, the Directors Unanimously adjourned the COG meeting at 4:40 p.m. Vote:5/0 motion passes.

ADJOURN TO COG MEETING DECEMBER 17, 2015.

**SAN BENITO COUNTY
COUNCIL OF GOVERNMENTS**

SPECIAL MEETING

November 19, 2015 4:30 P.M.

DRAFT MINUTES

MEMBERS PRESENT:

Chair Muenzer, Vice-Chair Boch, Director Botelho, Director Gomez, and Director Velazquez

STAFF PRESENT:

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

OTHERS PRESENT:

Eileen Goodwin, Apex Strategies

CALL TO ORDER:

Chair Muenzer called the meeting to order at 4:41 P.M.

A. PLEDGE OF ALLEGIANCE

B. CERTIFICATE OF POSTING

Upon a motion duly made by Director Gomez, and seconded by Director Botelho, the Directors unanimously approved the Certificate of Posting.

1. Update on Transportation Sales Tax Planning Efforts – Gilbert/E. Goodwin
2. Discuss Priorities for Projects and Funding Distribution for Inclusion in Sales Tax Expenditure Plan – COG Directors
3. Discuss and Direct Staff Regarding Pursuing ½ Cent Sales Tax for Transportation – Gilbert
4. Direct Staff to Move Forward with Work Plan for the June 2016 Election – E. Goodwin

Mary Gilbert provided an overview of items that would be discussed during the Special meeting. She introduced Eileen Goodwin with Apex Strategies. Ms. Goodwin provided a Power-point presentation on the planning efforts of the Stakeholder Group to date.

Ms. Goodwin reported on what the Stakeholder group had discussed as the top priorities. The priorities were about Highways, with Highway 25 being the signature project. There was a lot of discussion about safer routes to school, opportunities for recreation and improved public health. People would also like to see local streets and roads fixed. Rail and transit, commute alternatives, service for youth, elderly and disabled are also part of the list of priorities for the community.

There was discussion from the Board regarding priority projects and funding distributions. There was consensus from the Board to move forward with the following priorities: Widening of Highway 25, maintenance of local streets and roads, an emphasis on complete streets discussion, and identify other general projects for the area.

The Board also reiterated the importance of community outreach and providing public forums to ensure that they reach out to everyone and that everyone is engaged in the discussion to guarantee that there is support of the measure. Possibly hold hearings at other locations such as San Juan Bautista and Aromas and/or accessing the Facebook pages for both. Staff should continue with focus on communicating with the public and relaying COG's strategy to ensure that the goals are fulfilled.

Ms. Gilbert stated that staff has been putting out monthly updates to local media and staff is looking at increasing their presence on social media as well. There are neighborhood community websites like "next-door" that some people are already familiar with. Some of COG's partner agencies are using these websites to effectively engage with their communities, specifically with commuters who are online more often and are unable to attend meetings. She mentioned that she and Veronica Lezama were on CMAP "Going Green" broadcast and they talked about some of the complete streets and different planning work that staff is doing.

Public Comment:

**Ray Friend, Councilmember
City of Hollister**

Mr. Friend stated that his concern is that the City streets are in such bad shape that even if you are trying to get somebody to build a business in town they can't offer them a decent place to park because of the deterioration of the roads. He stated that economic development with regard to businesses downtown is also a very important item that needs to be taken into consideration.

Valerie Eglund

Ms. Eglund stated that the Aromas group was very impressed with the San Benito County representatives who attended their meeting. She stated that there are a lot of intellectual people in the Aromas area and it would be a good area to approach.

In closing, Ms. Goodwin provided a review of next steps:

- Additional polling, Release Draft (January)
- Public Hearings (January)
- Board adopts Expenditure Plan ((February)
- Ballot Language approved (due in March)
- Election (June)

There was consensus from the COG Board to direct staff to come back with a Work Plan for a ½ Cent Sales Tax Measure on the June Ballot.

There was no further discussion or public comment.

Upon a motion made by Director Gomez, and seconded by Director Velazquez, the Directors unanimously adjourned the Special COG meeting at 5:43 p.m. Vote: 5/0 motion passes.

ADJOURN TO REGULAR LTA MEETING NOVEMBER 19, 2015.



PROJECT UPDATE – SAN BENITO COUNTY

PREPARED FOR DECEMBER 17, 2015 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-Summer 2016 (Timeframe includes Plant Establishment Work)	\$46.2 Million	STIP/ CMIA/ ARRA	Caltrans	David Silberberger (JW)	Granite Construction/ MCM	The new interchange and related improvements were fully open to traffic on July 17, 2015. However, the project remains active due to a 1-year plant establishment process which is targeted to be completed by the summer of 2016.
2.	Hwy. 25 Curve Realignment (0T6404)	On Route 25 Near Hollister, from 0.8 mile north of San Benito Lateral to 2 miles south of Rte 146 (PM 18.8/19.5)	Realign roadway and widen lanes and shoulders	June 8, 2015-December 2015	\$1.99 Million	SHOPP	Caltrans	Richard Rosales (KB)	John Madonna Construction Co.	The majority of the work has been completed, with traffic now on the new alignment. Items such as striping, erosion control and punch list will be worked on over the next months with the project scheduled to be completed in Winter 2015.

PROJECTS IN DEVELOPMENT

	Project	Location	Description	Construction Timeline	Construction Cost	Funding Source	Implementing Agency	Project Manager	Phase	Comments
3.	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	\$47.3 Million	STIP, IIP, RIP, Local	Caltrans	Richard Rosales	PS&E	Project design on-going. Right of Way appraisals in progress. Request for Controlled Access Highway Agreement approved by SBt BOS. Utility relocation design coordination almost complete. 60% design complete July 2015.



PROJECT UPDATE – SAN BENITO COUNTY

PREPARED FOR DECEMBER 17, 2015 COUNCIL OF SAN BENITO COUNTY GOVERNMENTS MEETING

PROJECTS IN DEVELOPMENT (Cont'd.)

	Project	Location	Description	Construction Timeline	Construction Cost	Funding Source	Implementing Agency	Project Manager	Phase	Comments
4.	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	Internal Final Environmental Document in quality review. Anticipate completing review late November. On schedule for December approval.



Staff Report

To: Council of San Benito County Governments
From: Mary Gilbert, Executive Director Phone Number: (831) 637-7665 x. 207
Date: December 17, 2015
Subject: **Amendment to Contract with Apex Strategies**

Recommendation:

APPROVE Amendment No. 2 to Contract with Apex Strategies, Extending the Contract through June 2016 and Increasing the Amount Not to Exceed by \$25,000 for Additional Work to be Performed.

Summary:

Staff is seeking Board approval of an amendment to its consultant contract with Apex Strategies. Apex Strategies will provide staff and Board assistance under the scope of the contract.

Financial Considerations:

The original contract was for an amount not to exceed \$55,000. This amount covered services from August 2014 through December 2015. Staff is seeking an additional \$25,000 for the additional six months of the contract. The contract will be paid for with Rural Planning Assistance funds distributed by the State of California.

Background:

Apex Strategies previously provided assistance to COG as part of the development of the Highway 25 Safety and Operational Enhancements project, engaging stakeholders and the community in determining the scope of the project. This work was fundamental in ensuring that COG was able to move the project forward in a timely fashion and with a scope that was supported by the community and affected property owners. COG has contracted with Apex Strategies to provide additional assistance to the agency in advancing its work program for 2014/2015. The original contract was approved in August 2014.

Staff Analysis:

The amended original contract had an expiration date of December 31, 2015. Staff is recommending an extension of the contract through June 2016 for Apex Strategies to provide additional services. Main items of work under the contract will include:

1. Assisting the Executive Director with program management for COG Board agendas including presentations to the SBCOG Board regarding funding and revenue source matters, as needed.
2. Providing assistance with coordination and planning for highway needs in the region, specifically related to the Route 25 and Route 152 corridors.
3. Facilitating meetings and work program development related to planning efforts to identify and plan policies, strategies, programs and actions to maximize and implement the regional transportation infrastructure.

Executive Director Review: _____

Counsel Review: Yes

Supporting Attachment: Amendment No. 2 to Contract with Apex Strategies

AMENDMENT TO CONTRACT

2

The Council of San Benito County Governments (“COG”) and Apex Strategies (“CONTRACTOR”) enter into this agreement on the date stated next to the signatures below. In consideration of the mutual promises set forth herein, the parties agree as follows:

1. Existing Contract.

a. Initial Contract.

COG and CONTRACTOR acknowledge that the parties entered into a contract, dated August 21, 2014.

b. Prior Amendments. (Check one.)

The initial contract previously has not been amended.

The initial contract previously has been amended. The date(s) of prior amendments are as follows: June 18, 2015

c. Incorporation of Original Contract.

The initial contract and any prior amendments to the initial contract (hereafter collectively referred to as the “original contract”) are attached to this amendment as Exhibit 1 and made a part of this amended contract.

2. Purpose of this Amendment.

The purpose of this amendment is to change the agreement between the parties in the following particulars:

a. Term of the Contract. (Check one.)

The term of the original contract is not modified.

The term of the original contract (Exhibit 1) is extended from the current expiration date of December 31, 2015, to a new expiration date of June 30, 2016.

b. Scope of Services. (Check one.)

The services specified in the original contract (Exhibit 1) are not modified.

The services specified in the original contract (Exhibit 1) are modified as specified below: (Check one.)

The services specified in the original contract are modified only as specified below:

Modified or New Scope of Services:

For the Contract period of January 1, 2016 through June 30, 2016, the scope of work shall be limited to the following tasks:

1. Assisting the Executive Director with program management for COG Board agendas including presentations to the SBCOG Board regarding funding and revenue source matters, as needed.
2. Providing assistance with coordination and planning for highway needs in the region, specifically related to the Route 25 and Route 152 corridors.

3. Facilitating meetings and work program development related to planning efforts to identify and plan policies, strategies, programs and actions to maximize and implement the regional transportation infrastructure.

The services specified in the original contract are deleted in their entirety and replaced with the following services:

New Scope of Services:
(Insert new services.)

c. Payment Terms. (Check one.)

The payment terms in the original contract (Exhibit 1) are not modified.

The payment terms in the original contract (Exhibit 1) are modified as specified below: (Check one.)

The payment terms are modified only as specified below:

Modified or New Payment Terms:
(Insert modified or new payment terms.)

Paragraph B-3 of Attachment B is hereby modified to read as follows:

B-3. COMPENSATION

COG shall pay to CONTRACTOR: (Check one.)

a total lump sum payment of \$ _____, or

a total sum not to exceed \$135,000
(comprised of the original contract (\$55,000) and this Amendment #1 (\$80,000)),

for services rendered pursuant to the terms and conditions of the original contract (Exhibit 1), and pursuant to any special compensation terms specified in paragraph B-4.

Paragraph B-4 of Attachment B is hereby modified to add the following to the end of paragraph B-4:

For the Contract period of January 1, 2016 through June 30, 2016, the CONTRACTOR shall bill COG for actual hours worked at the billing rate specified in Attachment B-1, for a total amount not to exceed \$76,850. Additional direct expenses may be billed at actual cost for an amount not to exceed \$3,150.

- The payment terms are deleted in their entirety and replaced with the following payment terms:

New Payment Terms:

B-1. BILLING

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

- One month in arrears.
 Upon the complete performance of the services specified in the original agreement (Exhibit 1) and this amendment.
 The basis specified in paragraph B-4.

B-2. PAYMENT

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

B-3. COMPENSATION

COG shall pay to CONTRACTOR: (Check one.)

- a total lump sum payment of \$_____, or
 a total sum not to exceed \$_____.

for services rendered pursuant to the terms and conditions of the original contract (Exhibit 1) and this amendment, and pursuant to any special compensation terms specified in paragraph B-4.

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

- There are no additional terms of compensation.
 The following specific terms of compensation shall apply:
(Specify)

d. Other Terms. (Check one.)

- There are no other terms of the original contract that are modified.
 Other terms of the original contract are modified only as specified below:

Other Modified or New Terms:

(Insert other modified or new terms.)

3. Other Terms.

All other terms and conditions of the original contract (Exhibit 1) which are not changed by this amendment shall remain the same.

CONTRACTOR

Name/Title: Eileen Goodwin, President

Date

COG

Jerry Meunzer, Chair

Date

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

Shirley L. Murphy, Deputy County Counsel

Date

**EXHIBIT 1
TO AMENDMENT # 2**

**ORIGINAL
CONTRACT**

(Please attach the initial contract and any prior amendments, from the most recent to the initial contract, in reverse chronological order.)

AMENDMENT TO CONTRACT

1

The Council of San Benito County Governments (“COG”) and Apex Strategies (“CONTRACTOR”) enter into this agreement on the date stated next to the signatures below. In consideration of the mutual promises set forth herein, the parties agree as follows:

1. Existing Contract.

a. Initial Contract.

COG and CONTRACTOR acknowledge that the parties entered into a contract, dated August 21, 2014.

b. Prior Amendments. (Check one.)

The initial contract previously has not been amended.

The initial contract previously has been amended. The date(s) of prior amendments are as follows: _____

c. Incorporation of Original Contract.

The initial contract and any prior amendments to the initial contract (hereafter collectively referred to as the “original contract”) are attached to this amendment as Exhibit 1 and made a part of this amended contract.

2. Purpose of this Amendment.

The purpose of this amendment is to change the agreement between the parties in the following particulars:

a. Term of the Contract. (Check one.)

The term of the original contract is not modified.

The term of the original contract (Exhibit 1) is extended from the current expiration date of June 30, 2015, to a new expiration date of December 31, 2015.

b. Scope of Services. (Check one.)

The services specified in the original contract (Exhibit 1) are not modified.

The services specified in the original contract (Exhibit 1) are modified as specified below: (Check one.)

The services specified in the original contract are modified only as specified below:

Modified or New Scope of Services:

(Insert modified or new services.)

The services specified in the original contract are deleted in their entirety and replaced with the following services:

New Scope of Services:

(Insert new services.)

c. Payment Terms. (Check one.)

- The payment terms in the original contract (Exhibit 1) are not modified.
 The payment terms in the original contract (Exhibit 1) are modified as specified below: (Check one.)
 The payment terms are modified only as specified below:

Modified or New Payment Terms:
(Insert modified or new payment terms.)

- The payment terms are deleted in their entirety and replaced with the following payment terms:

New Payment Terms:

B-1. BILLING

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

- One month in arrears.
 Upon the complete performance of the services specified in the original agreement (Exhibit 1) and this amendment.
 The basis specified in paragraph B-4.

B-2. PAYMENT

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

B-3. COMPENSATION

COG shall pay to CONTRACTOR: (Check one.)

- a total lump sum payment of \$ _____, or
 a total sum not to exceed \$ _____,
for services rendered pursuant to the terms and conditions of the original contract (Exhibit 1) and this amendment, and pursuant to any special compensation terms specified in paragraph B-4.

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

- There are no additional terms of compensation.
 The following specific terms of compensation shall apply:
(Specify)

d. Other Terms. (Check one.)

There are no other terms of the original contract that are modified.

Other terms of the original contract are modified only as specified below:

Other Modified or New Terms:
(Insert other modified or new terms.)

3. Other Terms.

All other terms and conditions of the original contract (Exhibit 1) which are not changed by this amendment shall remain the same.

CONTRACTOR

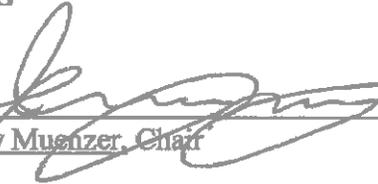


Name/Title: Eileen Goodwin, President

June 11, 2015

Date

COG



Jerry Muenzer, Chair

June 18, 2015

Date

APPROVED AS TO LEGAL FORM:

San Benito County Counsel's Office



Shirley L. Murphy, Deputy County Counsel

June 11, 2015

Date

**EXHIBIT 1
TO AMENDMENT # 1**

**ORIGINAL
CONTRACT**

(Please attach the initial contract and any prior amendments, from the most recent to the initial contract, in reverse chronological order.)

C O N T R A C T

The COUNCIL OF SAN BENITO COUNTY GOVERNMENTS ("COG") and Apex Strategies ("CONTRACTOR") enter into this contract which shall be effective on the date stated in Paragraph 1.

1. Duration of Contract.

This contract shall commence on August 21, 2014, and end on June 30, 2015, unless sooner terminated as specified herein.

2. Scope of Services.

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

3. Compensation for Services.

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

4. General Terms and Conditions.

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

5. Insurance Limits.

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

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

6. Termination.

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

7. Specific Terms and Conditions (check one)

- There are no additional provisions to this contract.
- The rights and duties of the parties to this contract are additionally governed by the specific, additional terms mutually agreed to and listed in Attachment D. Attachment D is made a part of this contract.
- The rights and duties of the parties to this contract are additionally governed by the specific, additional terms mutually agreed to and listed in Attachment E. Attachment E is made a part of this contract.

8. Information about Contract Administrators.

The following names, titles, addresses, and telephone numbers are the pertinent information for the respective contract administrators for the parties.

Contract Administrator for COG :

Name: Lisa Rheinheimer

Title: Executive Director

Address: 330 Tres Pinos Rd. Ste. C-7

Hollister, California 95023

Telephone No.: (831) 637-7665

Fax No.: (831) 636-4160

Contract Administrator for CONTRACTOR:

Name: Eileen Goodwin

Title: President

Address: 111 Nanna Court

Santa Cruz, CA 95060

Telephone No.: (831) 460-1530

Fax No.: (831) 460-1420

SIGNATURES

APPROVED BY COG:



Name: Victor Gomez

Chair, Council of Governments

Date: _____

APPROVED BY CONTRACTOR:



Name: Eileen Goodwin

Title: President

Tax I.D. or Social Security No.:

319-40-1692

Date: August 14, 2014

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



By: Shirley L. Murphy, Deputy County Counsel

Date: _____

ATTACHMENT A
Scope of Services

CONTRACTOR shall provide on-call professional consulting services. Tasks shall include, but not be limited to the following:

1. Assist the Interim Executive Director with program management for COG Board agendas and other items, as needed.
2. Provide project delivery assistance for the State Route 25 Widening Project
3. Facilitate Council of Governments Board of Directors Retreat/Strategy Session
4. Facilitate Council of Governments Staff Strategy Session
5. Facilitate meetings and work program development related to planning efforts to identify and plan policies, strategies, programs and actions to maximize and implement the regional transportation infrastructure.

In completion of this scope of work, CONTRACTOR shall prepare memos, meeting agendas, meeting notes, and summary planning documents.

END OF ATTACHMENT A.

**ATTACHMENT B
Payment Schedule**

B-1. BILLING

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

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

B-2. PAYMENT

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

B-3. COMPENSATION

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

a total lump sum payment of \$ _____,
or

a total sum not to exceed \$ 55,000 _____,

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

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

- There are no additional terms of compensation.
- The following specific terms of compensation shall apply: (Specify)

CONTRACTOR shall bill COG for actual hours worked billed at the billing rate included in attachment B-1 for a total amount not to exceed \$53,000. Attachment B-1 is made a part of this contract. Additional direct expenses may be billed at actual cost for an amount not to exceed \$2,000.

END OF ATTACHMENT B.

Attachment B-1

APEX STRATEGIES

EILEEN O. GOODWIN

Principal

**111 Nanna Court
Santa Cruz, CA 95060
(831) 460-1530**

PROFESSIONAL SERVICE FEES

January 1, 2014- December 31, 2014

PERSONNEL

HOURLY RATES/FEES

APEX STRATEGIES

Principal

\$265.00

Charges for outside services, equipment, and facilities not furnished directly by Apex Strategies will be billed at cost plus 10%. Such charges may include, but shall not be limited to reproduction services; computer and graphic layout; shipping, delivery, and courier charges; additional subconsultant fees; subconsultant expenses; special fees, permits and insurance; transportation on public carriers, meals, lodging and consumable materials. Mileage will be charged at the federal rate per mile.

ATTACHMENT C
General Terms and Conditions

C-1. INDEMNIFICATION.

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

C-2. GENERAL INSURANCE REQUIREMENTS.

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

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

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

C-3. INSURANCE COVERAGE REQUIREMENTS.

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

- (a) Comprehensive general liability insurance. CONTRACTOR shall maintain comprehensive general liability insurance, covering all of

CONTRACTOR's operations with a combined single limit of not less than the amount set out in paragraph 5 of this contract.

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

C-4. CERTIFICATE OF INSURANCE.

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

C-5. RECORDS TO BE MAINTAINED.

CONTRACTOR shall keep and maintain accurate records of all costs incurred and all time expended for work under this contract. CONTRACTOR shall contractually require that all of CONTRACTOR's subcontractors performing work called for under this contract also keep and maintain such records. All such records, whether kept by CONTRACTOR or any subcontractor, shall be made available to COG or its authorized representative, or officials of the State of California for review or audit during normal business hours, upon reasonable

advance notice given by COG, its authorized representative, or officials of the State of California.

C-6. RETENTION OF RECORDS.

CONTRACTOR shall maintain and preserve all records related to this contract for a period of three years from the close of the fiscal year in which final payment under this contract is made. CONTRACTOR shall also contractually require the maintenance of such records in the possession of any third party performing work related to this contract for the same period of time. Such records shall be retained beyond the three-year period, if any audit involving such records is then pending, until the audit findings are resolved. The obligation to insure the maintenance of the records beyond the initial three year period shall arise only if COG notifies CONTRACTOR of the commencement of an audit prior to the expiration of the three year period.

C-7. TITLE TO DOCUMENTS; COPYRIGHT.

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

C-8. INDEPENDENT CONTRACTOR.

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

C-9. CONFLICT OF INTEREST.

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

C-10. COMPLIANCE WITH APPLICABLE LAWS.

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

C-11. NONDISCRIMINATION.

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

C-12. BANKRUPTCY.

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

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

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

C-14. NEGOTIATED CONTRACT.

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

C-15. SEVERABILITY.

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

C-16. ENTIRE CONTRACT.

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

C-17. TIME IS OF THE ESSENCE.

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

C-18. TERMINATION.

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

C-19. NOTICES.

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

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

C-20. RESPONSIBILITY OF CONTRACT ADMINISTRATORS.

All matters concerning this contract which are within the responsibility of the parties shall be under the direction of, or shall be submitted to, the respective contract administrators or to the party's employee specified, in writing, by the

contract administrator. A party may, in its sole discretion, change its designation of its contract administrator and shall promptly give written notice to the other party of any such change.

C-21. MATERIALITY.

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

C-22. WAIVER.

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

C-23. AUTHORITY AND CAPACITY.

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

C-24. BINDING ON SUCCESSORS.

All of the conditions, covenants and terms herein contained shall apply to, and bind, the heirs, successors, executors, administrators and assigns of CONTRACTOR. CONTRACTOR and all of CONTRACTOR's heirs, successors, executors, administrators, and assigns shall be jointly and severally liable under this contract.

C-25. CUMULATION OF REMEDIES.

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

C-26. INDEPENDENT ADVICE.

Each party hereby represents and warrants that in executing this contract it does so with full knowledge of the rights and duties it may have with respect to the other. Each party also represents and warrants that it has received independent

legal advice from its attorney with respect to the matters set forth in this contract and the rights and duties arising out of this contract, or that such party willingly foregoes any such consultation.

C-27. NO RELIANCE ON REPRESENTATIONS.

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

C-28. REDUCTION OF CONSIDERATION.

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

C-29. COUNTERPARTS.

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

END OF ATTACHMENT C.



Agenda Item: _____

Staff Report

To: Council of Governments
From: Kathy Postigo, Administrative Services Specialist Telephone: (831) 637-7665
Date: December 17, 2015
Subject: Council of Governments FY 2014/15 Basic Financial Statements

Recommendation:

ACCEPT Council of Governments FY 2014/15 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 2014/15 Basic Financial Statements.

Financial Consideration:

The cost of the financial audit for FY 2014/15 is \$15,045, which was included in COG's FY 2015/16 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, 2015.

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 2014/15 Basic Financial Statements.

COUNCIL OF SAN BENITO
COUNTY GOVERNMENTS
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2015

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Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2015

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Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2015

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JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Council of San Benito County Governments (Council), as of and for the year ended June 30, 2015, 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, 2014 financial statements and, in our report dated December 2, 2014; 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, 2015, 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 9, 2015 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

December 9, 2015

JJACPA, Inc.

JJACPA, Inc.

Dublin, CA

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2015

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, 2015.

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 \$4,800,000 in fiscal year 2014/15.
- 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, 2015

Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

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

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

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

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

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

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

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

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2015

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 44-63 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, 2015

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 \$5,215,639 at the close of the most recent fiscal year. A large portion of the Council's net position, approximately 21%, 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
	2015	2014	2015	2014	2015	2014	
Assets:							
Current and other assets	\$ 4,813,053	\$ 4,643,742	\$ 471,594	\$ 469,945	\$ 5,284,647	\$ 5,113,687	3%
Capital assets, net	-	-	1,089,532	1,255,384	1,089,532	1,255,384	-13%
Total assets	<u>4,813,053</u>	<u>4,643,742</u>	<u>1,561,126</u>	<u>1,725,329</u>	<u>6,374,179</u>	<u>6,369,071</u>	0%
Liabilities:							
Current and other liabilities	851,128	835,847	183,565	120,042	1,034,693	955,889	8%
Noncurrent liabilities	89,135	91,555	34,712	34,195	123,847	125,750	-2%
Total liabilities	<u>940,263</u>	<u>927,402</u>	<u>218,277</u>	<u>154,237</u>	<u>1,158,540</u>	<u>1,081,639</u>	7%
Net Position:							
Net investment in capital assets	-	-	1,089,532	1,255,384	1,089,532	1,255,384	-13%
Restricted for:							
Transportation	291,327	312,789	-	-	291,327	312,789	-7%
Unrestricted	<u>3,581,463</u>	<u>3,403,551</u>	<u>253,317</u>	<u>315,708</u>	<u>3,834,780</u>	<u>3,719,259</u>	3%
Total net position	<u>\$ 3,872,790</u>	<u>\$ 3,716,340</u>	<u>\$ 1,342,849</u>	<u>\$ 1,571,092</u>	<u>\$ 5,215,639</u>	<u>\$ 5,287,432</u>	-1%

The remaining amount in *unrestricted net position* of \$3,834,780 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, 2015

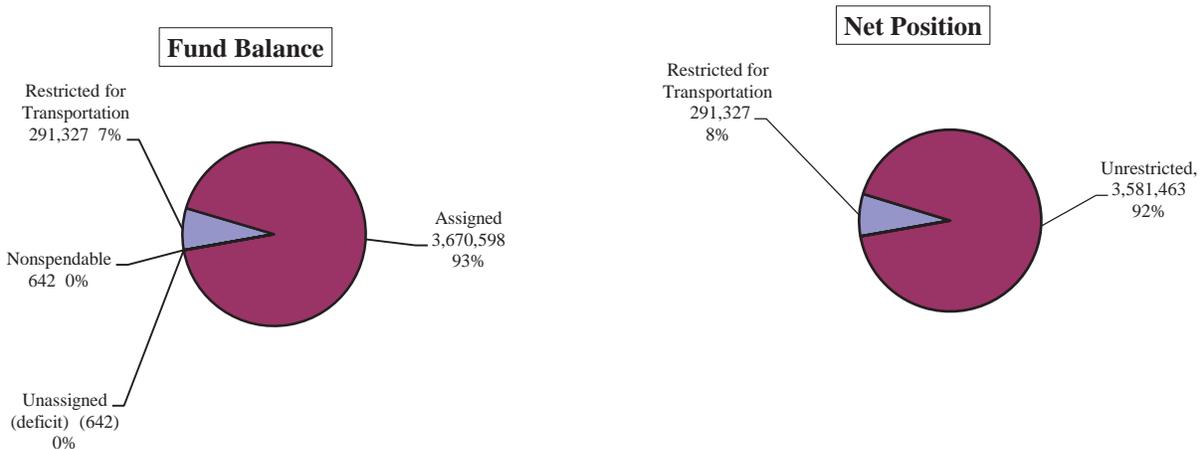
Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

The cost of all Governmental activities this year was \$1,119,326. 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 \$74,947 because some of the cost was paid by those who directly benefited from the programs (\$197,806) or by other governments and organizations that subsidized certain programs with operating and capital grants and contributions of (\$1,003,023). The Council paid for the remaining “public benefit” portion of governmental activities with beginning net position of \$3,716,340.

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, 2015

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 \$1,275,776. This consisted of \$1,200,829 in program revenues and \$74,947 in general revenues. Total governmental activities operating expenses during the year were \$1,119,326; thus net position at July 1, 2014, of \$3,716,340 was increased by \$156,450 to \$3,872,790.

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

	Operating Revenue		Operating Expenses		Net (Expense)Revenue and Changes in Net Position	
	2015	2014	2015	2014	2015	2014
Governmental activities:						
Transportation	\$ 1,200,829	\$ 1,238,673	\$ 1,119,326	\$ 987,652	\$ 81,503	\$ 251,021
Total governmental activities	<u>\$ 1,200,829</u>	<u>\$ 1,238,673</u>	<u>\$ 1,119,326</u>	<u>\$ 987,652</u>	<u>\$ 81,503</u>	<u>\$ 251,021</u>

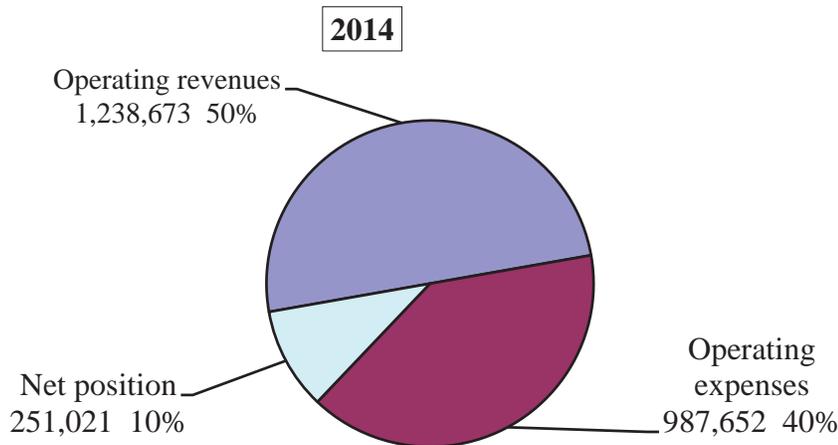
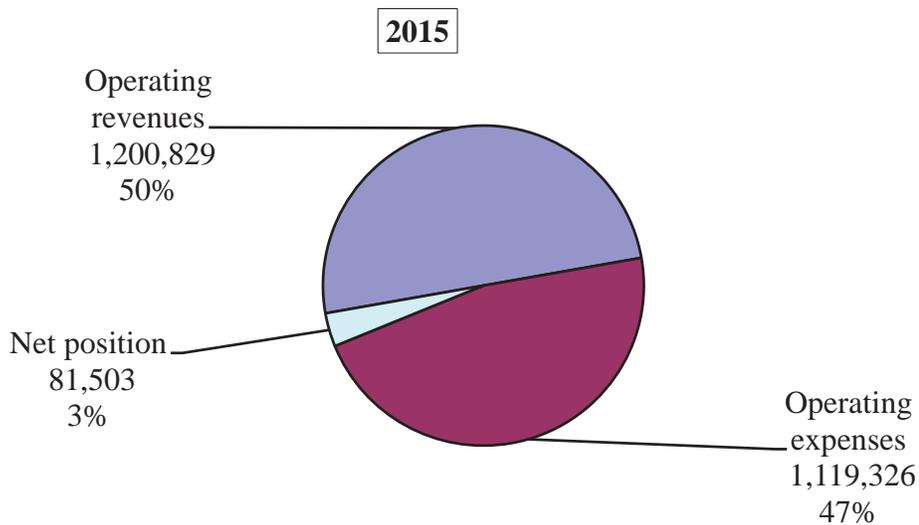
Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2015

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, 2015**

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

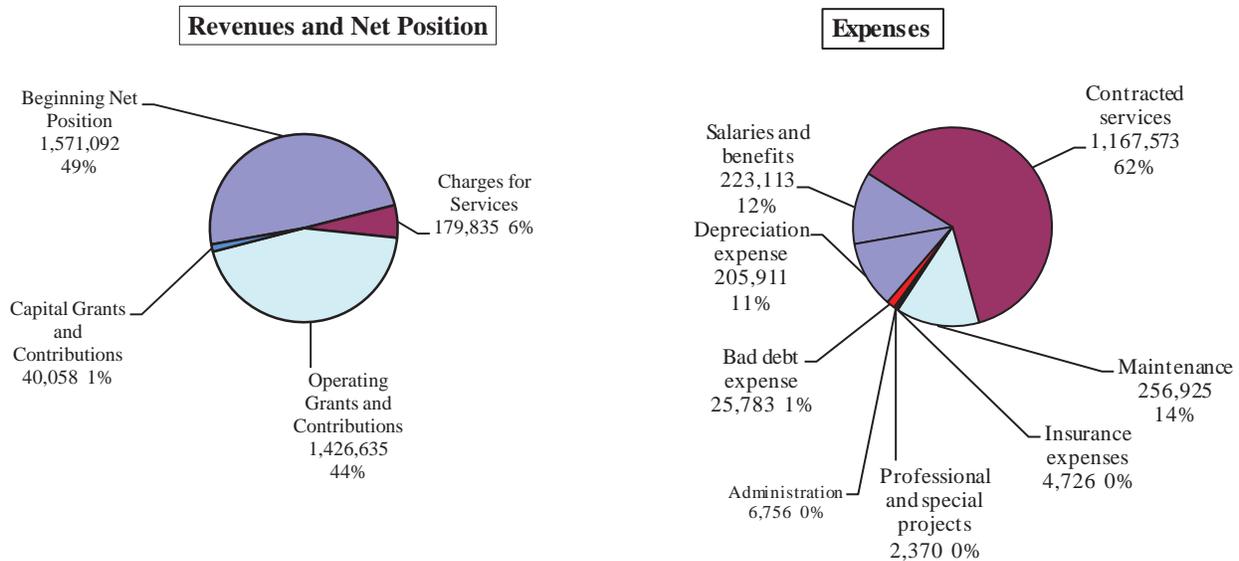
Business-type Activities

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

Total resources available during the year to finance the Local Transportation Authority were \$3,236,006 consisting of net position at July 1, 2014, of \$1,571,092, charges for services of \$179,835, \$1,426,635 of operating grants and contributions, and \$40,058 of capital grants and contributions. Total general revenues amounted to \$18,386 for the year. Total business-type activities expenses during the year were \$1,893,157; thus net position was decreased by \$228,243 to \$1,342,849.

The cost of all Business-type activities this year was \$1,893,157. However, as shown in the Statement of Activities on pages 18 and 19, the amount that was paid by charges for services \$179,835, operating grants and contributions of \$1,426,635, and capital grants and contributions of \$40,058 leaving a remaining net expense balance of \$246,629.

Revenues and expenses can be depicted graphically as follows:



Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2015

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	
	2015	2014	2015	2014	2015	2014
Business-type activities:						
Local Transportation Authority	\$ 1,646,528	\$ 1,875,233	\$ 1,893,157	\$ 1,953,441	\$ (246,629)	\$ (78,208)
Total business-type activities	<u>\$ 1,646,528</u>	<u>\$ 1,875,233</u>	<u>\$ 1,893,157</u>	<u>\$ 1,953,441</u>	<u>\$ (246,629)</u>	<u>\$ (78,208)</u>

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, 2015, net capital assets of the governmental activities totaled \$0 and business-type activities totaled \$1,089,532. 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	
	2015	2014	2015	2014	2015	2014
Property, plant and equipment	\$ -	\$ -	\$ 1,089,532	\$ 1,255,384	\$ 1,089,532	\$ 1,255,384
Furniture and equipment	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,089,532</u>	<u>\$ 1,255,384</u>	<u>\$ 1,089,532</u>	<u>\$ 1,255,384</u>

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, 2015

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 2014-2015 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 2015-2016, 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, 2015

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 2015-2016 was \$6,659,438 and is summarized as follows:

	FY 2015-16	FY 2014-15	Amount Change	Percentage Change
General Administration fund	\$ 255,296	\$ 288,341	\$ (33,045)	(11.5)%
Special revenue funds	3,218,324	2,459,682	758,642	30.8%
Capital projects funds	603,615	764,500	(160,885)	(21.0)%
Total operations and projects	4,077,235	3,512,523	564,712	16.1%
Local Transportation Authority	2,582,203	1,889,741	692,462	36.6%
Total budget	\$ 6,659,438	\$ 5,402,264	\$ 1,257,174	23.3%

1. General Administration Fund - Shows a decrease of \$33,045 or 11.5%, which breaks down as follows:

	FY 2015-16	FY 2014-15	Amount Change	Percentage Change
Salaries & Benefits	\$ 84,771	\$ 89,841	\$ (5,070)	(5.6)%
Services & Supplies	170,525	198,500	(27,975)	(14.1)%
Total budget	\$ 255,296	\$ 288,341	\$ (33,045)	(11.5)%

2. Special Revenue and Capital Project Funds - Show an increase of \$597,757 or 18.5%, which breaks down as follows:

	FY 2015-16	FY 2014-15	Amount Change	Percentage Change
Transportation Planning				
State Subvention	\$ 958,820	\$ 973,509	\$ (14,689)	(1.5)%
State Transit Assistance	291,083	278,639	12,444	4.5%
Local Transportation Fund	1,865,813	1,083,455	782,358	72.2%
Highway 25 Project	601,615	753,500	(151,885)	(20.2)%
Measure A	2,000	11,000	(9,000)	(81.8)%
Service Authority for				
Freeways and Expressways	46,902	46,939	(37)	(0.1)%
Rideshare Program	5,000	29,437	(24,437)	(83.0)%
Vanpool Program	50,706	47,703	3,003	6.3%
Total budget	\$ 3,821,939	\$ 3,224,182	\$ 597,757	18.5%

This increase is attributed to the City of Hollister claims for over \$700,000. 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, 2015

Management’s Discussion and Analysis, Continued

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

3. Enterprise Fund - The increase of \$685,632 or 36.3% breaks down for the Local Transportation Authority as follows:

	FY 2015-16	FY 2014-15	Amount Change	Percentage Change
Salaries & Benefits	\$ 242,592	\$ 298,020	\$ (55,428)	(18.6)%
Services & Supplies	1,183,321	444,261	739,060	166.4%
Contracts	1,149,461	1,147,461	2,000	0.2%
Total budget	\$ 2,575,374	\$ 1,889,742	\$ 685,632	36.3%

CONTACTING THE COUNCIL

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

BASIC FINANCIAL STATEMENTS

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Council of San Benito County Governments

Statement of Net Position

June 30, 2015

(with comparative totals for June 30, 2014)

	Governmental Activities	Business-Type Activities	Totals	
			2015	2014
ASSETS				
Current assets:				
Cash and investments	\$ 4,075,552	\$ 147,044	\$ 4,222,596	\$ 3,303,364
Receivables (net)	736,859	324,550	1,061,409	1,794,805
Prepaid items	642	-	642	-
Total current assets	<u>4,813,053</u>	<u>471,594</u>	<u>5,284,647</u>	<u>5,098,169</u>
Noncurrent assets:				
Capital assets net of accumulated depreciation:				
Buildings, property and equipment	-	1,089,532	1,089,532	1,375,320
Total capital assets	<u>-</u>	<u>1,089,532</u>	<u>1,089,532</u>	<u>1,375,320</u>
Total noncurrent assets	<u>-</u>	<u>1,089,532</u>	<u>1,089,532</u>	<u>1,375,320</u>
Total assets	<u>\$ 4,813,053</u>	<u>\$ 1,561,126</u>	<u>\$ 6,374,179</u>	<u>\$ 6,473,489</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 90,822	\$ 183,565	\$ 274,387	\$ 472,550
Due to other governments	760,306	-	760,306	763,465
Total current liabilities	<u>851,128</u>	<u>183,565</u>	<u>1,034,693</u>	<u>1,236,015</u>
Noncurrent liabilities:				
Long-term obligations:				
Vacation and compensated absence obligation	89,135	34,712	123,847	169,674
Total noncurrent liabilities	<u>89,135</u>	<u>34,712</u>	<u>123,847</u>	<u>169,674</u>
Total liabilities	<u>940,263</u>	<u>218,277</u>	<u>1,158,540</u>	<u>1,405,689</u>
NET POSITION				
Net investment in capital assets	-	1,089,532	1,089,532	1,375,320
Restricted for:				
Transportation	291,327	-	291,327	451,216
Unrestricted	3,581,463	253,317	3,834,780	3,241,264
Total net position	<u>3,872,790</u>	<u>1,342,849</u>	<u>5,215,639</u>	<u>5,067,800</u>
Total liabilities and net position	<u>\$ 4,813,053</u>	<u>\$ 1,561,126</u>	<u>\$ 6,374,179</u>	<u>\$ 6,473,489</u>

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, 2015

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Transportation	\$ 1,119,326	\$ 197,806	\$ 973,690	\$ 29,333
Total governmental activities	1,119,326	197,806	973,690	29,333
Business-type activities:				
Local Transportation Authority	1,893,157	179,835	1,426,635	40,058
Total business-type activities	1,893,157	179,835	1,426,635	40,058
Total primary government	\$ 3,012,483	\$ 377,641	\$ 2,400,325	\$ 69,391
	Use of money and property			
	Other revenues			
	Total general revenues			
	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	2015	2014
\$ 81,503	\$ -	\$ 81,503	\$ 320,195
81,503	-	81,503	320,195
-	(246,629)	(246,629)	(167,785)
-	(246,629)	(246,629)	(167,785)
81,503	(246,629)	(165,126)	152,410
12,935	18,386	31,321	276,576
62,012	-	62,012	438,512
74,947	18,386	93,333	715,088
156,450	(228,243)	(71,793)	867,498
3,716,340	1,571,092	5,287,432	4,200,302
<u>\$ 3,872,790</u>	<u>\$ 1,342,849</u>	<u>\$ 5,215,639</u>	<u>\$ 5,067,800</u>

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FUND FINANCIAL STATEMENTS

Council of San Benito County Governments

Balance Sheet

Governmental Funds

June 30, 2015

(with comparative totals for June 30, 2014)

	Major Funds			
	General	State	Highway 25	
	Administration	Subvention Special Revenue	Safety Enhancement Capital Projects	Measure A Capital Projects
ASSETS				
Cash and cash equivalents	\$ 984	\$ 3,097,297	\$ 457,321	\$ 77,232
Receivables:				
Accounts Receivable	-	726,886	-	46
Intergovernmental	-	-	-	-
Due from other funds	-	-	-	-
Prepaid items	642	-	-	-
Total assets	\$ 1,626	\$ 3,824,183	\$ 457,321	\$ 77,278
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,626	\$ 13,003	\$ 68,446	\$ -
Due to other funds	-	-	-	-
Due to other governments	-	760,306	-	-
Total liabilities	1,626	773,309	68,446	-
Fund balances:				
Nonspendable for:				
Prepaid items	642	-		
Restricted for:				
Transportation	-	-	-	77,278
Assigned	-	3,050,874	388,875	-
Unassigned (deficit)	(642)	-	-	-
Total fund balances	-	3,050,874	388,875	77,278
Total liabilities and fund balances	\$ 1,626	\$ 3,824,183	\$ 457,321	\$ 77,278

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

		<u>Totals</u>	
<u>PTMISEA & ARRA Capital Projects</u>	<u>Other Governmental Funds</u>	<u>2015</u>	<u>2014</u>
\$ 214,049	\$ 228,669	\$ 4,075,552	\$ 3,834,577
-	-	726,932	798,220
-	9,927	9,927	10,945
-	-	-	12
-	-	642	-
<u>\$ 214,049</u>	<u>\$ 238,596</u>	<u>\$ 4,813,053</u>	<u>\$ 4,643,754</u>
\$ -	\$ 7,747	\$ 90,822	\$ 78,790
-	-	-	12
-	-	760,306	757,057
-	7,747	851,128	835,859
	-	642	-
214,049	-	291,327	312,789
-	230,849	3,670,598	3,495,106
-	-	(642)	-
<u>214,049</u>	<u>230,849</u>	<u>3,961,925</u>	<u>3,807,895</u>
<u>\$ 214,049</u>	<u>\$ 238,596</u>	<u>\$ 4,813,053</u>	<u>\$ 4,643,754</u>

Council of San Benito County Governments
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
For the year ended June 30, 2015

Total fund balances - total governmental funds \$ 3,961,925

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 (89,135)

Net position of governmental activities \$ 3,872,790

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, 2015

	Governmental Funds Balance Sheet	Eliminations/ Reclassifications	Changes in GAAP	Statement of Net Position
ASSETS				
Current assets:				
Cash and investments	\$ 4,075,552	\$ -	\$ -	\$ 4,075,552
Receivables (net)	736,859	-	-	736,859
Prepaid items	642	-	-	642
Total assets	<u>\$ 4,813,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,813,053</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 90,822	\$ -	\$ -	\$ 90,822
Due to other funds	-	-	-	-
Due to other governments	760,306	-	-	760,306
Total current liabilities	<u>851,128</u>	<u>-</u>	<u>-</u>	<u>851,128</u>
Noncurrent liabilities:				
Vacation and compensated absence obligation	-	-	89,135	89,135
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>89,135</u>	<u>89,135</u>
Total liabilities	<u>851,128</u>	<u>-</u>	<u>89,135</u>	<u>940,263</u>
Restricted for:				
Transportation	291,327	-	(291,327)	-
Assigned	3,670,598	-	(3,670,598)	-
Unrestricted	-	-	3,872,790	3,872,790
Total net position	<u>3,961,925</u>	<u>-</u>	<u>(89,135)</u>	<u>3,872,790</u>
Total liabilities and net position	<u>\$ 4,813,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,813,053</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, 2015
(with comparative totals for the year ended June 30, 2014)

	Major Funds			
	General Administration	State Subvention Special Revenue	Highway 25 Safety Enhancement Capital Projects	Measure A Capital Projects
REVENUES:				
Use of money and property	\$ -	\$ 9,053	\$ 2,050	\$ 466
Intergovernmental	281,375	634,889	-	-
Charges for services	1,127	196,679	-	-
Contributions in aid of construction	-	29,333	-	-
Other revenues	-	-	-	-
Total revenues	282,502	869,954	2,050	466
EXPENDITURES:				
Current:				
Salaries and benefits	93,198	221,348	-	-
Services and supplies	189,304	100,208	-	-
Capital outlay:				
Highway 25 improvements	-	-	365,000	-
Measure A projects	-	-	-	12,174
Other capital	-	-	311	-
Total expenditures	282,502	321,556	365,311	12,174
REVENUES OVER (UNDER) EXPENDITURES	-	548,398	(363,261)	(11,708)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	548,398	(363,261)	(11,708)
FUND BALANCES:				
Beginning of year	-	2,502,476	752,136	88,986
End of year	\$ -	\$ 3,050,874	\$ 388,875	\$ 77,278

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

Totals			
PTMISEA & ARRA Capital Projects	Other Governmental Funds	2015	2014
\$ 618	\$ 748	\$ 12,935	\$ 17,619
-	57,426	973,690	961,573
-	-	197,806	275,600
-	-	29,333	1,500
46,712	15,300	62,012	21,532
47,330	73,474	1,275,776	1,277,824
-	52,576	367,122	474,256
-	30,543	320,055	368,613
-	-	365,000	-
-	-	12,174	76,253
57,084	-	57,395	63,058
57,084	83,119	1,121,746	982,180
(9,754)	(9,645)	154,030	295,644
-	-	-	-
-	-	-	-
(9,754)	(9,645)	154,030	295,644
223,803	240,494	3,807,895	3,512,251
\$ 214,049	\$ 230,849	\$ 3,961,925	\$ 3,807,895

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Council of San Benito County Governments
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the year ended June 30, 2015

Net change in fund balances - total governmental funds \$ 154,030

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	2,420
Change in net position of governmental activities	<u>\$ 156,450</u>

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

Council of San Benito County Governments

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

General Administration Fund

For the year ended June 30, 2015

(with comparative actual amounts for the year ended June 30, 2014)

	Original Budget	Amended Budget	2015 Actual	Variance Positive (Negative)	2014 Actual
REVENUES:					
Intergovernmental:					
Local Transportation Funds (LTF)	\$ 288,341	\$ 288,341	\$ 281,375	\$ (6,966)	\$ 294,451
Charges for services	-	-	1,127	1,127	600
Other	-	-	-	-	32
Total revenues	<u>288,341</u>	<u>288,341</u>	<u>282,502</u>	<u>(5,839)</u>	<u>295,083</u>
EXPENDITURES:					
Salaries and benefits	89,841	89,841	93,198	(3,357)	94,383
Services and supplies	183,500	183,500	189,304	(5,804)	200,700
Contractual services	15,000	15,000	-	15,000	-
Total expenditures	<u>288,341</u>	<u>288,341</u>	<u>282,502</u>	<u>5,839</u>	<u>295,083</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
FUND BALANCES:					
Beginning of year			-		-
End of year			<u>\$ -</u>		<u>\$ -</u>

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

Council of San Benito County Governments

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

State Subvention Special Revenue Fund

For the year ended June 30, 2015

(with comparative actual amounts for the year ended June 30, 2014)

	Original Budget	Amended Budget	2015 Actual	Variance Positive (Negative)	2014 Actual
REVENUES:					
Use of money and property:					
Investment income	\$ 15,000	\$ 15,000	\$ 9,053	\$ (5,947)	\$ 11,383
Total use of money and property	15,000	15,000	9,053	(5,947)	11,383
Intergovernmental:					
RSTP	603,750	603,750	521,414	(82,336)	521,642
Local Transportation Funds (LTF)	-	-	-	-	-
STIP	45,000	45,000	113,475	68,475	45,000
Total intergovernmental	648,750	648,750	634,889	(13,861)	566,642
Charges for services:					
Planning, programming & monitoring	294,000	294,000	196,679	(97,321)	275,000
Total charges for services	294,000	294,000	196,679	(97,321)	275,000
Other - Private grant	-	-	-	-	1,704
Total revenues	957,750	957,750	869,954	(87,796)	854,729
EXPENDITURES:					
Salaries and benefits	334,758	334,758	221,348	113,410	313,240
Services and supplies	26,610	26,610	100,208	(73,598)	39,572
Contracts	8,391	8,391	-	8,391	-
Capital outlay:					
Other capital	603,750	603,750	-	603,750	40,349
Total expenditures	973,509	973,509	321,556	651,953	393,161
REVENUES OVER (UNDER) EXPENDITURES	(15,759)	(15,759)	548,398	564,157	461,568
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	\$ (15,759)	\$ (15,759)	548,398	\$ 564,157	461,568
FUND BALANCES:					
Beginning of year			2,502,476		2,040,908
End of year			<u>\$ 3,050,874</u>		<u>\$ 2,502,476</u>

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

Council of San Benito County Governments

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

Highway 25 Safety Enhancement Capital Projects Fund

For the year ended June 30, 2015

(with comparative actual amounts for the year ended June 30, 2014)

	Original Budget	Amended Budget	2015 Actual	Variance Positive (Negative)	2014 Actual
REVENUES:					
Use of money and property:					
Investment income	\$ -	\$ -	\$ 2,050	\$ 2,050	\$ 3,801
Total use of money and property	-	-	2,050	2,050	3,801
Intergovernmental:					
STIP	-	-	-	-	-
Total intergovernmental	-	-	-	-	-
Total revenues	-	-	2,050	2,050	3,801
EXPENDITURES:					
Capital outlay:					
Highway 25 improvements	753,500	753,500	365,000	388,500	-
Other capital	-	-	311	(311)	8
Total expenditures	753,500	753,500	365,311	388,189	8
REVENUES OVER (UNDER) EXPENDITURES	(753,500)	(753,500)	(363,261)	390,239	3,793
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ (753,500)</u>	<u>\$ (753,500)</u>	(363,261)	<u>\$ 390,239</u>	3,793
FUND BALANCES:					
Beginning of year			752,136		748,343
End of year			<u>\$ 388,875</u>		<u>\$ 752,136</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, 2015

(with comparative actual amounts for the year ended June 30, 2014)

	Original Budget	Amended Budget	2015 Actual	Variance Positive (Negative)	2014 Actual
REVENUES:					
Use of money and property:					
Investment income (losses)	\$ -	\$ -	\$ 466	\$ 466	\$ 753
Total use of money and property	-	-	466	466	753
Intergovernmental:					
STIP	-	-	-	-	-
Total intergovernmental	-	-	-	-	-
Total revenues	-	-	466	466	753
EXPENDITURES:					
Salaries and benefits	1,000	1,000	-	1,000	1,769
Capital outlay:					
Measure A projects	10,000	10,000	12,174	(2,174)	76,253
Total expenditures	11,000	11,000	12,174	(1,174)	78,022
REVENUES OVER (UNDER) EXPENDITURES	(11,000)	(11,000)	(11,708)	(708)	(77,269)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ (11,000)</u>	<u>\$ (11,000)</u>	(11,708)	<u>\$ (708)</u>	(77,269)
FUND BALANCES:					
Beginning of year			88,986		166,255
End of year			<u>\$ 77,278</u>		<u>\$ 88,986</u>

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

Council of San Benito County Governments

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

PTMISEA & ARRA Capital Projects Fund

For the year ended June 30, 2015

(with comparative actual amounts for the year ended June 30, 2014)

	Original Budget	Amended Budget	2015 Actual	Variance Positive (Negative)	2014 Actual
REVENUES:					
Use of money and property:					
Investment income	\$ -	\$ -	\$ 618	\$ 618	\$ 1,170
Total use of money and property	-	-	618	618	1,170
Contributions in aid of construction	-	-	-	-	1,500
Other	-	-	46,712	46,712	3,160
Total revenues	-	-	47,330	47,330	5,830
EXPENDITURES:					
Salaries and benefits	-	-	-	-	-
Services and supplies	-	-	-	-	44,287
Capital outlay:					
PTMSIEA	97,181	97,181	55,722	41,459	22,701
Cal EMA	46,709	46,709	1,362	45,347	-
Total expenditures	143,890	143,890	57,084	86,806	66,988
REVENUES OVER (UNDER) EXPENDITURES	(143,890)	(143,890)	(9,754)	134,136	(61,158)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ (143,890)</u>	<u>\$ (143,890)</u>	(9,754)	<u>\$ 134,136</u>	(61,158)
FUND BALANCES:					
Beginning of year			223,803		284,961
End of year			<u>\$ 214,049</u>		<u>\$ 223,803</u>

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

Council of San Benito County Governments

Statement of Net Position

Local Transportation Authority Enterprise Fund

June 30, 2015

(with comparative totals for June 30, 2014)

	Totals	
	2015	2014
Current assets:		
Cash and investments	\$ 147,044	\$ 8,496
Intergovernmental receivable	324,550	461,449
Total current assets	<u>471,594</u>	<u>469,945</u>
Property, plant and equipment	4,612,387	4,572,328
Less accumulated depreciation	<u>(3,522,855)</u>	<u>(3,316,944)</u>
Property, plant, and equipment, net	<u>1,089,532</u>	<u>1,255,384</u>
Total assets	<u><u>\$ 1,561,126</u></u>	<u><u>\$ 1,725,329</u></u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 183,565	\$ 120,042
Total current liabilities	<u>183,565</u>	<u>120,042</u>
Vacation and compensated absence obligation	<u>34,712</u>	<u>34,195</u>
Total liabilities	<u>218,277</u>	<u>154,237</u>
Net Position:		
Net investment in capital assets	1,089,532	1,255,384
Unrestricted	<u>253,317</u>	<u>315,708</u>
Total net position	<u>1,342,849</u>	<u>1,571,092</u>
Total liabilities and net position	<u><u>\$ 1,561,126</u></u>	<u><u>\$ 1,725,329</u></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, 2015
(with comparative totals for the year ended June 30, 2014)

	Totals	
	2015	2014
OPERATING REVENUES:		
Charges for services:		
Passenger fares	\$ 179,835	\$ 172,504
FTA 5311 operating grant	311,062	-
Total operating revenues	<u>490,897</u>	<u>172,504</u>
OPERATING EXPENSES:		
Salaries and benefits	223,113	297,667
Contracted services	1,167,573	1,147,504
Maintenance	256,925	270,401
Insurance expenses	4,726	3,767
Professional and special projects	2,370	8,604
Administration	6,756	2,513
Bad debt expense	25,783	-
Small tools and equipment	-	7,239
Depreciation expense	205,911	215,746
Total operating expenses	<u>1,893,157</u>	<u>1,953,441</u>
OPERATING LOSS	<u>(1,402,260)</u>	<u>(1,780,937)</u>
NONOPERATING REVENUES:		
MBUAPC	6,256	29,094
Local Transportation Funds	801,785	819,862
State Transit Assistance Funds	288,030	304,774
FTA 5311/5310/5304 (FTA Operating Grant, Transit Interns, LRTS & SRTP)	19,502	455,186
Other	18,386	7,668
Total non-operating revenues (expenses), net	<u>1,133,959</u>	<u>1,616,584</u>
NET INCOME (LOSS) BEFORE TRANSFERS & CONTRIBUTIONS	<u>(268,301)</u>	<u>(164,353)</u>
Capital Contributions	40,058	93,813
CHANGE IN NET POSITION	<u>(228,243)</u>	<u>(70,540)</u>
NET POSITION:		
Beginning of year	1,571,092	1,641,632
End of year	<u>\$ 1,342,849</u>	<u>\$ 1,571,092</u>

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, 2015

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

	Totals	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from passenger fares	\$ 179,835	\$ 172,504
Cash receipts from other governments	447,961	221,233
Cash payments to suppliers for goods and services	(1,400,610)	(1,668,597)
Cash payments to employees for services	(222,596)	(347,063)
Net cash used by operating activities	(995,410)	(1,621,923)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers received (paid)	18,386	7,668
Other nonoperating receipts	25,757	484,279
Local Transportation Funds received	801,785	819,862
State Transit Assistance Funds received	288,030	304,774
Net cash provided by noncapital financing activities	1,133,958	1,616,583
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(40,058)	(95,809)
Capital contributions	40,058	93,813
Net cash (used) by capital and related financing activities	-	(1,996)
Net increase (decrease) in cash and cash equivalents	138,548	(7,336)
CASH AND CASH EQUIVALENTS:		
Beginning of year	8,496	15,832
End of year	\$ 147,044	\$ 8,496
Presentation in Statement of Net Position:		
Cash and investments	\$ 147,044	\$ 8,496
Total cash and investments	\$ 147,044	\$ 8,496
Reconciliation of income (loss) from operations to net cash used by operating activities:		
Operating income (loss)	\$ (1,402,260)	\$ (1,780,937)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation	205,911	215,746
(Increase) decrease in current assets:		
Intergovernmental receivable	136,899	221,233
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	63,523	(228,569)
Vacation and compensated absence obligation	517	(49,396)
Net cash used by operating activities	\$ (995,410)	\$ (1,621,923)

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, 2015

(with comparative actual amounts for the year ended June 30, 2014)

	Local Transportation Fund	State Transit Assistance Fund	Totals	
			2015	2014
ASSETS				
Cash and investments	\$ 2,126,091	\$ -	\$ 2,126,091	\$ 1,729,705
Intergovernmental receivable	239,100	-	239,100	220,700
Sales tax receivable	-	73,642	73,642	82,563
Due from other funds	73,642	-	73,642	82,563
Total assets	2,438,833	73,642	2,512,475	2,115,531
LIABILITIES				
Due to other funds	-	73,642	73,642	82,563
Total liabilities	-	73,642	73,642	82,563
NET POSITION				
Restricted for pedestrian/bicycle	441,311	-	441,311	411,660
Restricted for other governments	1,997,522	-	1,997,522	1,621,308
Total net position	\$ 2,438,833	\$ -	\$ 2,438,833	\$ 2,032,968

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, 2015

(with comparative actual amounts for the year ended June 30, 2014)

	Private Purpose Trust Funds			
	Local	State Transit	Totals	
	Transportation	Assistance		
	Fund	Fund	2015	2014
Additions				
Sales tax	\$ 1,482,547	\$ 287,971	\$ 1,770,518	\$ 1,707,147
Interest	6,478	59	6,537	7,655
Total additions	<u>1,489,025</u>	<u>288,030</u>	<u>1,777,055</u>	<u>1,714,802</u>
Deductions				
Claims paid to:				
Council of San Benito County Governments:				
Local Transportation Authority Fund	801,785	288,030	1,089,815	1,124,636
Administration Fund	281,375	-	281,375	294,451
Bike/pedestrian	-	-	-	5,000
Total deductions	<u>1,083,160</u>	<u>288,030</u>	<u>1,371,190</u>	<u>1,424,087</u>
Change in net position	<u>405,865</u>	<u>-</u>	<u>405,865</u>	<u>290,715</u>
Net position, beginning of year	2,032,968	-	2,032,968	1,742,253
Net position, end of year	<u>\$ 2,438,833</u>	<u>\$ -</u>	<u>\$ 2,438,833</u>	<u>\$ 2,032,968</u>

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

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NOTES TO BASIC FINANCIAL STATEMENTS

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Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2015

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Council of San Benito County Governments
Notes to Basic Financial Statements
For the year ended June 30, 2015

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, 2015

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, 2015

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, 2015

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, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New and Closed Funds

No funds were opened or closed during the year ended June 30, 2015.

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, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Basis of Accounting, Continued

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

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

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

E. Cash and Investments

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

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

F. Receivables

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

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Receivables, Continued

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

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

G. Capital Assets

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

Government-Wide Statements

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

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

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

Equipment	3 – 5 years
Facilities	30 years

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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, 2015

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, 2015 and June 30, 2014:

	June 30, 2015		June 30, 2014
	Not rated	Fair Value	
San Benito County Treasury	\$ 6,348,687	\$ 6,348,687	\$ 5,572,778
Total	<u>\$ 6,348,687</u>	<u>\$ 6,348,687</u>	<u>\$ 5,572,778</u>
Amounts reported in:			
Governmental activities		\$ 4,075,552	\$ 3,834,577
Business-type activities		147,044	8,496
Fiduciary activities		2,126,091	1,729,705
Total		<u>\$ 6,348,687</u>	<u>\$ 5,572,778</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, 2015, approximated fair value of \$6,348,687.

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, 2015

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, 2015, 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, 2015

2. CASH AND INVESTMENTS, Continued

The Council is, indirectly through the County pool, a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Council reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2015, these investments matured in an average of 227 days. As of June 30, 2015, the County Treasury had \$43,600,000 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, 2015:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Totals	
				2015	2014
Accounts receivable	\$ 726,932	\$ -	\$ -	\$ 726,932	\$ 799,449
Intergovernmental	9,927	324,550	239,100	573,577	691,865
Sales tax receivable	-	-	73,642	73,642	82,563
Total accounts receivable	<u>\$ 736,859</u>	<u>\$ 324,550</u>	<u>\$ 312,742</u>	<u>\$ 1,374,151</u>	<u>\$ 1,573,877</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	42%
Sales tax	5%
Other	53%

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

4. CAPITAL ASSETS

Capital asset activity for business-type activities for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015
<u>Business-type activities:</u>				
Property, plant, and equipment	4,572,328	40,059	-	4,612,387
Less: accumulated depreciation	(3,316,944)	(205,911)	-	(3,522,855)
Total business-type activities	<u>1,255,384</u>	<u>(165,852)</u>	<u>-</u>	<u>1,089,532</u>
Net book value	<u>\$ 1,255,384</u>	<u>\$ (165,852)</u>	<u>\$ -</u>	<u>\$ 1,089,532</u>

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

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2015:

	Governmental Activities	Business-type Activities	Totals	
			2015	2014
Accounts payable and accrued liabilities	\$ 90,822	\$ 183,565	\$ 274,387	\$ 195,584
Due to other governments	760,306	-	760,306	760,305
Total	<u>\$ 851,128</u>	<u>\$ 183,565</u>	<u>\$ 1,034,693</u>	<u>\$ 955,889</u>

These amounts resulted in the following concentrations in payables:

Vendors	27%
Other governments	73%

6. LONG-TERM LIABILITIES

Changes in long-term liabilities for the fiscal year ended June 30, 2015, are shown below:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
<u>Governmental activities:</u>				
Compensated absences	\$ 91,555		\$ (2,420)	\$ 89,135
Total governmental activities	<u>91,555</u>	<u>-</u>	<u>(2,420)</u>	<u>89,135</u>
<u>Business-type activities:</u>				
Compensated absences	34,195	517		34,712
Total business-type activities	<u>34,195</u>	<u>517</u>	<u>-</u>	<u>34,712</u>
Totals	<u>\$ 125,750</u>	<u>\$ 517</u>	<u>\$ (2,420)</u>	<u>\$ 123,847</u>

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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	
	2015	2014
Nonspendable:		
Prepaid items	\$ 642	\$ -
Restricted for:		
Transportation	291,327	451,216
Assigned for:		
State Subvention	3,050,874	2,040,908
Highway 25 Enhancement	388,875	748,343
Service Authority	142,997	106,990
Rideshare	173	84,146
Vanpool	87,679	80,648
Total Assigned	<u>3,670,598</u>	<u>3,061,035</u>
Unassigned (deficit)	(642)	-
Total Fund Balance	<u>\$ 3,961,925</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	
	2015	2014	2015	2014
Net investment in capital assets	\$ -	\$ -	\$ 1,089,532	\$ 1,255,384
Restricted for Transportation	291,327	312,789	-	-
Unrestricted	<u>3,581,463</u>	<u>3,403,551</u>	<u>253,317</u>	<u>315,708</u>
Total	<u>\$ 3,872,790</u>	<u>\$ 3,716,340</u>	<u>\$ 1,342,849</u>	<u>\$ 1,571,092</u>

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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 (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.

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, 2015, PTMISEA funds received and expended were verified in the course of our audit as follows:

	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>Total</u>
Proceeds Received:			
PTMISEA	\$ 278,200	\$ -	\$ 278,200
Expenditures incurred:			
Tokens	-	3,840	3,840
Bus Stop schedules - FY 12/13	637	20	657
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
Telephone Systems	-	11,762	11,762
Maintenance Vehicle/Maint Imp.	-	40,100	40,100
Unexpended proceeds at June 30, 2015	<u>\$ 187,871</u>	<u>\$ (55,722)</u>	<u>\$ 132,149</u>

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:

<u>Fiscal Year</u>	<u>Date Received</u>	<u>Amount Received</u>	<u>Expended FY 12/13</u>	<u>Expended FY 13/14</u>	<u>Expended FY 14/15</u>	<u>Unexpended at 06/30/15</u>
OHS 2010/11	5/22/2012	46,712	4,463	42,249	-	-
OHS 2011/12	2/22/2013	46,712	-	3,436	1,362	41,914
OHS 2013/14	6/29/2015	46,712	-	-	-	46,712

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

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 2014-15 rate is 15.651% 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, 2015

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 2015, 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, 2015:

Retirees and beneficiaries receiving benefits	1
Other participants fully eligible for benefits	6
Other participants not yet fully eligible for benefits	0
	<hr/>
Total	<u>7</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, 2015

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	\$ 15,912
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>15,912</u>
Contributions made to irrevocable trust	(8,219)
Benefit payments made outside of trust	<u>(7,693)</u>
Increase in net OPEB obligation	-
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u><u>\$ -</u></u>

The Council's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2015 and the two preceding years as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	41,752	100%	0
6/30/14	41,186	100%	0
6/30/15	15,912	100%	0

Funded Status and Funding Progress. The funded status of the Plan as of July 1, 2014, the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 292,731
Actuarial value of Plan assets	<u>162,62</u>
Unfunded actuarial accrued liability (UAAL)	\$ 130,369
Funded ratio (actuarial value of Plan assets/AAL)	55%
Covered payroll (active Plan participants)	\$1,200,000
UAAL as a percentage of covered payroll	11%

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, 2015

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, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 7.5% investment rate of return which is based on the expected return on funds invested by CalPERS, and an annual healthcare 9% to 4.5%. The actuarial assumption for salary increases was 3.25% per year. The Unfunded Actuarial Accrued Liability is being amortized as level percentage of projected payroll on a closed basis. The remaining amortization as of 06/30/2014 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 2015. Instead, the Council will be included with San Benito County's Plan valuation, but separated with their own account. San Benito County performed the Actuarial Valuation of OPEB Plan in August 2014 for fiscal years 2015 and 2016.

Based on the calculation, the ARC for FY 2014-2015 was \$15,912. This amount deducting \$7,693 for payments for retiree insurance made directly to provider for a total of \$8,219 contributed toward the ARC for fiscal year ending June 30, 2015.

13. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 72, "*Fair Value Measurement and Application*". The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The Council will implement this statement, as applicable, to its financial statements for the year ending June 30, 2016.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, "Accounting and Financial Reporting for Pensions", as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, "Financial Reporting for Pension Plans", and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The Council will evaluate the applicability of the provisions of this Statement and implement it in the applicable year, accordingly.

The GASB has issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, as amended, Statement 43, and Statement No. 50, Pension Disclosures. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2015

13. NEW ACCOUNTING PRONOUNCEMENTS, Continued

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

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, 2015, 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

Council of San Benito County Governments

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2015

(with comparative totals for June 30, 2014)

	Special Revenue Funds			Non-Major Funds Totals	
	Service Authority for Freeways and Expressways Fund	Rideshare	Van Pool	2015	2014
ASSETS					
Pooled cash and investments	\$ 140,434	\$ 231	\$ 88,004	\$ 228,669	\$ 239,053
Receivables:					
Intergovernmental	9,927	-	-	9,927	10,135
Total assets	<u>\$ 150,361</u>	<u>\$ 231</u>	<u>\$ 88,004</u>	<u>\$ 238,596</u>	<u>\$ 249,188</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 7,364	\$ 58	\$ 325	\$ 7,747	\$ 8,694
Total liabilities	<u>7,364</u>	<u>58</u>	<u>325</u>	<u>7,747</u>	<u>8,694</u>
Fund Balances:					
Assigned	142,997	173	87,679	230,849	240,494
Total fund balances	<u>142,997</u>	<u>173</u>	<u>87,679</u>	<u>230,849</u>	<u>240,494</u>
Total liabilities and fund balances	<u>\$ 150,361</u>	<u>\$ 231</u>	<u>\$ 88,004</u>	<u>\$ 238,596</u>	<u>\$ 249,188</u>

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, 2015

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

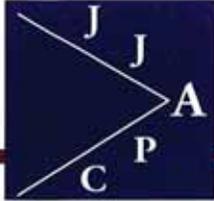
	Special Revenue Funds			Non-Major Funds Totals	
	Service Authority for Freeways and Expressways Fund	Rideshare	Van Pool	2015	2014
REVENUES:					
Use of money and property:					
Interest	\$ 408	\$ 76	\$ 264	\$ 748	\$ 512
Intergovernmental:					
Motor vehicle in lieu fees	57,426	-	-	57,426	55,848
Contributions in aid of construction:					
CMAQ	-	-	-	-	44,632
Other revenues:					
Van pool payments	-	-	15,300	15,300	16,636
Total revenues	57,834	76	15,564	73,474	117,628
EXPENDITURES:					
Current:					
Salaries and benefits	20,487	27,314	4,775	52,576	64,864
Services and supplies	21,222	2,871	6,450	30,543	84,054
Total expenditures	41,709	30,185	11,225	83,119	148,918
REVENUES OVER (UNDER)					
EXPENDITURES	16,125	(30,109)	4,339	(9,645)	(31,290)
FUND BALANCES:					
Beginning of year	126,872	30,282	83,340	240,494	271,784
End of year	\$ 142,997	\$ 173	\$ 87,679	\$ 230,849	\$ 240,494

Council of San Benito County Governments
Schedule of Amounts Allocated and Disbursed by Purpose
 State Transit Assistance Fund
 For the year ended June 30, 2015

	San Benito County Local Transportation Authority Section 6730 (a) 6730 (b) 6731 (c) <u>Operating, Capital</u>	
Allocations Outstanding June 30, 2014	\$	-
Allocations		288,030
Disbursements:		
2014-15 Claims		288,030
Total Disbursements	<u>\$</u>	<u>288,030</u>
Allocations Outstanding June 30, 2015	<u>\$</u>	<u>-</u>

Council of San Benito County Governments
Schedule of Amounts Allocated and Disbursed by Purpose
 Local Transportation Fund
 For the year ended June 30, 2015

	San Benito County and Unincorporated Area	Regional Transportation Planning	San Benito County Local Transportation Authority	
	Pedestrian and Bicycle Section 99234	Administration Planning & Programming Section 99233.1 & 99233.2	Community Transit Public Transportation Section 99233.7 & 99233.8	Totals
Allocations Outstanding June 30, 2014	\$ -	\$ 281,375	\$ 801,785	\$ 1,083,160
Disbursements:				
2014-15 Claims	-	281,375	801,785	1,083,160
Total Disbursements	-	281,375	801,785	1,083,160
Allocations Outstanding June 30, 2015	\$ -	\$ -	\$ -	\$ -



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.

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, 2015, PTMISEA funds received and expended were verified in the course of our audit as follows:

	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>Total</u>
Proceeds Received:			
PTMISEA	\$ 278,200	\$ -	\$ 278,200
Expenditures incurred:			
Tokens	-	3,840	3,840
Bus Stop schedules - FY 12/13	637	20	657
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
Telephone Systems	-	11,762	11,762
Maintenance Vehicle/Maint Imp.	-	40,100	40,100
Unexpended proceeds at June 30, 2015	<u>\$ 187,871</u>	<u>\$ (55,722)</u>	<u>\$ 132,149</u>

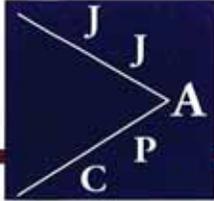
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those require that we plan and perform 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.

December 9, 2015

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA



JJACPA, Inc.

A Professional Accounting Services Corp.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Council of San Benito County Governments (Council), as of and for the year ended June 30, 2015, 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 9, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 9, 2015

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA



Staff Report

To: Council of San Benito County Governments
From: Mary Gilbert, Executive Director Phone Number: (831) 637-7665 x207
Date: December 17, 2015
Subject: Highway 25 Alternatives Analysis

Recommendation:

RECEIVE Update on the Highway 25 Widening Design Alternatives Analysis

Summary:

Staff will provide an update on the Highway 25 Widening Design Alternatives Analysis that kicked off in November.

Financial Impact:

The engineering study contract is for an amount not to exceed \$135,982. There is currently a balance of approximately \$433,000 in funding in the Highway 25 Safety Project account budget that will be used for this project.

Staff Analysis:

The scope of work for the study includes the following tasks:

- Project Kickoff
- Background Analysis
- Alternatives Development, including roadway improvements and alternative transportation modes
- Project Coordination
- Financial Analysis

The schedule for the work is accelerated with the majority of work being completed by February 2016.

Staff is coordinating with partner agencies, including Caltrans, throughout the development of the study. A project development team met on December 11 to review initial work and proposed improvement concepts. Staff will update the Board on the outcomes of the meeting on December 17.

Executive Director Review: _____

Counsel Review: N/A



Staff Report

To: Council of San Benito County Governments
 From: Mary Gilbert, Executive Director Phone Number: (831) 637-7665 x207
 Date: December 17, 2015
Subject: Traffic Impact Mitigation Fee Program

Recommendation:

RECEIVE Presentation on the Updated Draft Traffic Impact Mitigation Fee Program Nexus Study

Summary:

The Council of Governments has prepared a traffic impact fee study for the City of Hollister and San Benito County since the mid-1990s, on a 4-5 year update schedule. The last comprehensive update was completed in 2011. Given new conditions in 2014, the study is in need of an update.

The Council of Governments awarded a contract to PMC to prepare the update to the fee study at its November 2014 meeting.

Financial Considerations:

The budget for the update was \$85,000 and the PMC contract is for an amount not to exceed \$84,936. The study update is paid for with impact fees collected by the City of Hollister and San Benito County.

Background:

Traffic impact mitigation fees are collected from retail, commercial, industrial, and residential developers as a requirement for a building permit. The primary objective of the program is to ensure that new development pays its fair share of the transportation costs associated with growth. Authority to impose fees is granted in the *Mitigation Fee Act* contained in California Government Code Sections 66000 *et. seq.* The fee study provides necessary findings required by the *Act* for adoption of the fees.

Staff Analysis:

The Board will receive a presentation on the elements of the Traffic Impact Mitigation Fee study, including:

- Project list changes
- Traffic Analysis Results
- New fee zone structure

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

- New proposed fees

At its November meeting, the Board had several comments which will be addressed in the presentation. These include:

- Consideration of existing fees collected for projects currently in the TIMF Program
- Fees for commercial/retail uses in surrounding areas
- Increasing the limits of the State Route 25 Project to include phase II of the project, widening the roadway to the San Benito/Santa Clara County line
- Changing the limits of fee zones to remain consistent with the 2011 zone structure between Zones 2 & 3

Next steps include public outreach prior to COG approval of the final plan. Following the Board's approval, the plan will be forwarded to the Cities and County for adoption and implementation.

Executive Director Review: _____

Counsel Review: N/A _____



Staff Report

To: Council of San Benito County Governments
 From: Mary Gilbert, Executive Director Phone Number: (831) 637-7665 x.207
 Date: December 17, 2015
Subject: Transportation Sales Tax Measure

Recommendation:

- a) **RECEIVE** Update on Work Plan, Including Stakeholder and other Public Outreach
- b) **IDENTIFY** Funding Priorities for Inclusion in Draft Expenditure Plan to Be Reviewed in January 2016
- c) **APPROVE** Contract with EMC Research, Inc. to Conduct Polling of Likely San Benito County Voters for an Amount Not to Exceed \$25,000

Summary:

COG Staff has been coordinating efforts for a transportation sales tax in San Benito County for the 2016 election cycle. This effort has been coordinated with the City of Hollister, City of San Juan Bautista, and the San Benito County Board of Supervisors. At a special meeting in November, there was consensus among the Board to move forward with planning for a 1/2 cent sales tax for transportation on the June 2016 ballot.

Financial Impact:

Anticipated expenses to COG for a sales tax initiative include the cost of additional voter polling and charges from the elections office for placing an item on the ballot. Those charges may be repaid using sales tax revenues if the measure passes. If the measure does not pass, COG would be fully responsible for the costs. The proposed contract with EMC Research is for an amount not to exceed \$25,000.

A ½ cent sales tax could raise as much as \$120 million over twenty years, based on projections of taxable sales in the County. In addition, sales tax revenues may be used for leverage to obtain additional state funding for projects or may be bonded against for additional revenue.

Background:

The Council of Governments previously administered the Measure A Sales Tax, which was passed with an 82% majority in 1988. Measure A funds were used for several projects, including the San Benito Street Extension, Westside Boulevard Extension, Highway 156 Bypass, and Highway 25 Bypass. In June 2015 the Board discussed a new transportation sales tax and unanimously approved a work plan for the effort.

Staff Analysis:

COG's work plan for a sales tax measure began as a part of the Highway 25 work plan and concern for placing the Highway 25 4-Lane Widening project on the constrained list of project in COG's 2014 Regional Transportation Plan. It was determined that a new revenue source in addition to traditional state and local funding would be needed to finance a project the size of Highway 25. In addition, sales tax funding could fund local street and road repair needs and other projects across the County.

Polling completed by COG in March of this year indicated that voters generally supported the concept of a tax for a mix of highway and local street and road projects. The polling also showed that voters would be supportive in either the June 2016 or the November 2016 election. As discussed at previous Board meetings, staff is proposing additional polling to better determine current voter support for the tax as well as to test potential elements of the expenditure plan. Staff has prepared a contract with EMC Research for polling that would be done as a hybrid telephone and web-based poll in order to attract a large enough poll of potential June 2016 voters.

A work plan for a sales tax effort was reviewed by the Board in October. Staff is implementing the work plan as directed and is currently concentrating efforts on stakeholder involvement, community outreach, and planning for the expenditure plan projects. The deadline for placing an item on the ballot will be March 2016.

The key item of work to be completed between now and March will be expenditure plan development. Staff is convening its stakeholder group on December 14 to discuss priorities and identify potential projects for the plan. Considerations for an expenditure plan would include:

- Amount (percentage of tax revenues) of funding for regional roadway and highway projects
- Revenue distribution among local agencies for local street and road maintenance
- Other projects to be funded (e.g. public transit, bikeways, or trails)

Staff will present outcomes from the stakeholder meeting and proposed funding scenarios at the December 17 meeting for the Board's consideration. Following Board input, staff will continue public outreach to garner input on the possible scenarios. In January the Board will be asked to further review the scenarios and public input. Public hearings will be conducted in February and a final expenditure plan would be adopted prior to the March elections office deadline.

Executive Director Review: _____

Counsel Review: _____ Yes _____

Attachment: Contract with EMC Research

C O N T R A C T

The COUNCIL OF SAN BENITO COUNTY GOVERNMENTS ("COG") and EMC Research ("CONTRACTOR") enter into this contract which shall be effective on the date stated in Paragraph 1.

1. Duration of Contract.

This contract shall commence on December 17, 2015, and end on June 30, 2016, unless sooner terminated as specified herein.

2. Scope of Services.

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

3. Compensation for Services.

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

4. General Terms and Conditions.

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

5. Insurance Limits.

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

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

6. Termination.

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

7. Specific Terms and Conditions (check one)

- There are no additional provisions to this contract.
- The rights and duties of the parties to this contract are additionally governed by the specific, additional terms mutually agreed to and listed in Attachment D. Attachment D is made a part of this contract.
- The rights and duties of the parties to this contract are additionally governed by the specific, additional terms mutually agreed to and listed in Attachment E. Attachment E is made a part of this contract.

8. Information about Contract Administrators.

The following names, titles, addresses, and telephone numbers are the pertinent information for the respective contract administrators for the parties.

Contract Administrator for COG :

Name: Mary Gilbert

Title: Executive Director

Address: 330 Tres Pinos Road, Suite C-7

Hollister, California 95023

Telephone No.: 831-637-7665

Fax No.: 831-636-4160

Contract Administrator for CONTRACTOR:

Name: Sara LaBatt

Title: Principal

Address: 436 14th Street, Suite 820

Oakland, CA 94612

Telephone No.: 510-550-8924

Fax No.: 510-844-0690

SIGNATURES

APPROVED BY COG:

Name: _____

Chair, COG

Date: _____

APPROVED BY CONTRACTOR:

Name: Sara LaBatt

Title: Principal

Date: _____

**APPROVED AS TO LEGAL FORM:
SAN BENITO COUNTY COUNSEL'S OFFICE**

By: Shirley L. Murphy, Deputy County Counsel

Date: _____

ATTACHMENT A

Scope of Services

The CONTRACTOR shall design and conduct a survey to gather and analyze data regarding how San Benito County voters feel about local issues, including the state of the local transportation network, and receptivity to a potential future local funding measure in the County. CONTRACTOR will complete a hybrid telephone-web approach to maximize respondent rates and provide statistically reliable data.

CONSULTANT will send voters a bilingual postcard by mail, inviting them to complete the survey online or call a 1-800 number to request to be called back by a live telephone interviewer. Shortly following the postcard mailing, CONSULTANT will also call voter households with phone numbers to attempt to conduct the interview by telephone. To avoid including duplicate respondents in our analysis, any voter who completes the survey online would be removed from the telephone call list. Any inadvertent duplicates would be removed after fielding.

In providing these services to the COG, CONTRACTOR shall complete the following specific tasks:

- Task 1: Design a survey questionnaire in consultation with COG.
- Task 2: Draw a computer-generated sample of voters in San Benito County.
- Task 3: Test the questionnaire for clarity of questions, and revise the questionnaire as necessary.
- Task 4: Provide professional translation of the interview script into Spanish.
- Task 5: Oversee interviewing and data collection, including printing and mailing materials, programming and hosting the web survey, and administering surveys by phone;
- Task 6: Collect survey data online and by telephone, using bilingual survey instruments and with telephone interviews administered from a central telephone bank, supervised by an on-duty supervisor. CONSULTANT will conduct a minimum of 300 interviews with likely voters in San Benito County.
- Task 7: Monitor the data daily for quality control to ensure the sample reflects the County's demographics in terms of age, ethnicity, party affiliation, and geographic distribution.
- Task 8: Code open-ended responses, if any, for computer analysis.
- Task 9: Perform in-depth analysis of the data.
- Task 10: Tabulate survey results, and design and generate cross-tabulations and other statistical tables as needed.
- Task 11: Prepare a PowerPoint report of results with charts, analysis, recommendations and alternatives.
- Task 12: Prepare a written report of results with analysis, recommendations and alternatives.
- Task 13: Attend meetings or workshops to review survey questions and results and present survey results to the COG and other groups as needed.

END OF ATTACHMENT A.

**ATTACHMENT B
Payment Schedule**

B-1. BILLING

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

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

B-2. PAYMENT

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

B-3. COMPENSATION

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

- a total lump sum payment of \$ _____, or
- a total sum not to exceed \$ 25,000

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

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

- There are no additional terms of compensation.
- The following specific terms of compensation shall apply: (Specify)
Charges for services rendered shall be invoiced in two transactions, half of the total project cost (\$12,500) will be invoiced upon commencement of Task 5 specified in Attachment A. The remaining half (\$12,500) shall be invoiced upon the complete performance of the services specified in Attachment A.

END OF ATTACHMENT B.

ATTACHMENT C
General Terms and Conditions

C-1. INDEMNIFICATION.

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

C-2. GENERAL INSURANCE REQUIREMENTS.

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

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

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

C-3. INSURANCE COVERAGE REQUIREMENTS.

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

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

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

C-4. CERTIFICATE OF INSURANCE.

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

C-5. RECORDS TO BE MAINTAINED.

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

C-6. RETENTION OF RECORDS.

CONTRACTOR shall maintain and preserve all records related to this contract for a period of three years from the close of the fiscal year in which final payment under this contract is made. CONTRACTOR shall also contractually require the maintenance of such records in the possession of any third party performing work related to this contract for the same period of time. Such records shall be retained beyond the three-year period, if any audit involving such records is then pending, until the audit findings are resolved. The obligation to insure the maintenance of the records beyond the initial three year period shall arise only if COG notifies CONTRACTOR of the commencement of an audit prior to the expiration of the three year period.

C-7. TITLE TO DOCUMENTS; COPYRIGHT.

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

C-8. INDEPENDENT CONTRACTOR.

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

C-9. CONFLICT OF INTEREST.

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

C-10. COMPLIANCE WITH APPLICABLE LAWS.

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

C-11. NONDISCRIMINATION.

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

C-12. BANKRUPTCY.

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

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

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

C-14. NEGOTIATED CONTRACT.

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

C-15. SEVERABILITY.

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

C-16. ENTIRE CONTRACT.

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

C-17. TIME IS OF THE ESSENCE.

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

C-18. TERMINATION.

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

C-19. NOTICES.

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

- (a) The day the notice is personally delivered to the contract administrator or the office of the party's contract administrator; or
- (b) Five days after the date the notice is deposited in the United States mail, addressed to a party's contract administrator as indicated in this contract, with first-class postage fully prepaid; or

- (c) On the day that the notice is transmitted by facsimile to a party's facsimile number specified in paragraph 8 of this contract, provided that an original of such notice is deposited in the United States mail, addressed to a party's contract administrator as indicated in this contract, on the same day as the facsimile transmission is made.

C-20. RESPONSIBILITY OF CONTRACT ADMINISTRATORS.

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

C-21. MATERIALITY.

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

C-22. WAIVER.

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

C-23. AUTHORITY AND CAPACITY.

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

C-24. BINDING ON SUCCESSORS.

All of the conditions, covenants and terms herein contained shall apply to, and bind, the heirs, successors, executors, administrators and assigns of CONTRACTOR. CONTRACTOR and all of CONTRACTOR's heirs, successors, executors, administrators, and assigns shall be jointly and severally liable under this contract.

C-25. CUMULATION OF REMEDIES.

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

C-26. INDEPENDENT ADVICE.

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

C-27. NO RELIANCE ON REPRESENTATIONS.

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

C-28. REDUCTION OF CONSIDERATION.

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

C-29. COUNTERPARTS.

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

END OF ATTACHMENT C.