



CITY OF MERCED

Meeting Agenda

City Council Chamber
Merced Civic Center
2nd Floor
678 W. 18th Street
Merced, CA 95340

City Council/Public Finance and Economic Development Authority/Parking Authority

Monday, February 6, 2017

7:00 PM

Council Chambers, 2nd Floor, Merced Civic
Center, 678 W. 18th Street, Merced, CA 95340

Closed Session at 5:45 PM/Regular Meeting at 7:00 PM

NOTICE TO PUBLIC

WELCOME TO THE MEETING OF THE MERCED CITY COUNCIL

At least 72 hours prior to each regular City Council meeting, a complete agenda packet is available for review on the City's website at www.cityofmerced.org or at the City Clerk's Office, 678 W. 18th Street, Merced, CA 95340. All public records relating to an open session item that are distributed to a majority of the Council will be available for public inspection at the City Clerk's Office during regular business hours.

PUBLIC COMMENT: OBTAIN SPEAKER CARD FROM THE CITY CLERK

Members of the audience who wish to address the City Council are requested to complete a speaker card available at the podium against the right-hand side of the Council Chamber. Please submit the completed card to the City Clerk before the item is called, preferably before the meeting begins.

INDIVIDUALS WITH DISABILITIES

Accommodation for individuals with disabilities may be arranged by contacting the City Clerk at (209) 388-8650. Assisted hearing devices are available for meetings held in the Council Chamber.

A. CLOSED SESSION ROLL CALL

B. CLOSED SESSION

- B.1.** [17-067](#) **SUBJECT: CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION: Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9: 1 Case**
- B.2.** [17-065](#) **SUBJECT: PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: City Manager; Authority: Government Code Section 54957**
- B.3.** [17-044](#) **SUBJECT: PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Finance Officer; Authority: Government Code Section 54957**

C. CALL TO ORDER

C.1. Invocation - Lamar Henderson, Human Services Agency (All Dad's Matter)

C.2. Pledge of Allegiance to the Flag

D. ROLL CALL

D.1. In accordance with Government Code 54952.3, it is hereby announced that the City Council sits either simultaneously or serially as the Parking Authority, and Public Financing and Economic Development Authority. City Council members receive a monthly stipend of \$20.00 by Charter for sitting as the City Council; and the Mayor receives an additional \$50.00 each month as a part of the adopted budget and Resolution 1975-37. The members of the Parking Authority, and Public Financing and Economic Development Authority receive no compensation.

E. REPORT OUT OF CLOSED SESSION

F. CEREMONIAL MATTERS

F.1. [17-046](#) SUBJECT: Proclamation - Teen Dating Violence Awareness and Prevention Month

REPORT IN BRIEF

Received by Director Chee Yang and Volunteer Coordinator Sophie Kanabay of the Valley Crisis Center.

G. SPECIAL PRESENTATIONS

G.1. Update on False Alarm Ordinance - Marvin Dillsaver

H. WRITTEN PETITIONS AND COMMUNICATIONS

I. ORAL COMMUNICATIONS

Members of the public who wish to speak on any matter not listed on the agenda may speak during this portion of the meeting and will be allotted 5 minutes. The Mayor may, at his discretion, reduce the time to 3 minutes if there are more than 3 speakers, in order to accommodate as many speakers as possible. State law prohibits the City Council from acting at this meeting on any matter raised during the public comment period. Members of the public who wish to speak on a matter that is listed on the agenda will be called upon to speak during discussion of that item.

J. CONSENT CALENDAR

Adoption of the Consent Calendar may be made by one motion of the City Council, provided that any Council member, individual, or organization may request removal of an item from the Consent Calendar for separate consideration. If a request for removal of an item from the Consent Calendar has been received, the item will be discussed and voted on separately.

J.1. [17-045](#) SUBJECT: Reading by Title of All Ordinances and Resolutions

REPORT IN BRIEF

Ordinances and Resolutions which appear on the public agenda shall be determined to have been read by title and a summary title may be read with further reading waived.

RECOMMENDATION

City Council - Adopt a motion waiving the reading of Ordinances and Resolutions, pursuant to Section 412 of the Merced City Charter.

J.2. [17-039](#) SUBJECT: City Council/Public Financing and Economic Development/Parking Authority Meeting Minutes of December 19, 2016 and January 3, 2017.

REPORT IN BRIEF

Official adoption of previously held meeting minutes.

RECOMMENDATION

City Council/Public Financing and Economic Development/Parking Authority - Adopt a motion approving the meeting minutes of December 19, 2016 and January 3, 2017.

J.3. [17-059](#) SUBJECT: Information-Only Contracts

REPORT IN BRIEF

Notification of awarded Non-Public Works contracts under \$29,000 and of Public Works contracts under \$65,204.

AUTHORITY

Pursuant to the authority delegated to the City Manager on behalf of the City by Article XI, Section 1109, of the Merced City Charter to execute Public Works contracts under the adjusted FY 2016-2017 threshold of \$65,204.00, and Chapter 3.04.080 - 3.04.110 of the Merced Municipal Code to execute Non-Public Works contracts under the adjusted FY 2016-2017 threshold of \$29,000.00, the contracts listed on the attached table were entered into by the City.

J.4. [17-054](#) SUBJECT: Information Only - Recreation and Parks Commission

Minutes from November 28, 2016

REPORT IN BRIEF

For Information Only

- J.5. [17-038](#) **SUBJECT:** Information Only - Planning Commission meeting Minutes of November 9, 2016

RECOMMENDATION

For information only.

- J.6. [17-024](#) **SUBJECT:** Community Facilities District (CFD) Annual Reports

REPORT IN BRIEF

Specific sections of the California Government Code require annual reporting for special tax measures and local bond measures. Each year, City staff prepares the Community Facilities District Annual Reports, which summarizes the financial activity of the CFD and certifies that use of funds is consistent with the purpose of the CFD. These reports are required to be filed with the Agency's governing board annually.

RECOMMENDATION

City Council - Adopt a motion accepting and filing the reports with the City Clerk.

- J.7. [16-566](#) **SUBJECT:** Joint Funding Agreement with Merced Irrigation District for Local Share for Additional Work on Groundwater-Surface Water Interaction Model for the Merced Groundwater Basin

REPORT IN BRIEF

Consideration of an agreement with Merced Irrigation District (MID) for an amendment to the contract for the Merced Water Resources Model in the amount of \$173,773.50; a jointly funded agreement with Merced Irrigation District, which will be partially reimbursed from cost shares of other groundwater users collaborating on the future Groundwater Sustainable Plan.

RECOMMENDATION

City Council - Adopt a motion approving the expenditure of \$173,773.50 for the Merced Water Resources Model, authorizing the City Manager to execute the necessary documents, and the Finance Officer to make the necessary budget adjustments.

- J.8. [17-028](#) **SUBJECT:** Supplemental Budget Appropriation - Northwood Village

Maintenance District

REPORT IN BRIEF

Consider authorizing a supplemental budget appropriation to cover installation of landscape irrigation system and the re-seeding of the associated park strip lawn.

RECOMMENDATION

City Council - Adopt a motion approving a supplemental budget appropriation from the unappropriated reserves of the Northwood Village Maintenance District, in the amount of \$2,000, to cover installation of landscape irrigation system and the re-seeding of park strip lawn.

J.9. [17-040](#)

SUBJECT: Award Bid to Viking Construction Company, Inc., for the M and G Street Bridges at Bear Creek Project 108026

REPORT IN BRIEF

Consider awarding a construction contract in the amount of \$2,716,573.00 for the repair of the M and G Street bridges over Bear Creek.

RECOMMENDATION

City Council - Adopt a motion:

A. Awarding the bid for the M and G Street Bridges at Bear Creek Project 108026, to Viking Construction Company, Inc., in the amount of \$2,716,573.00; and,

B. Authorizing the City Manager to execute the necessary documents and to approve change orders not to exceed 15% of the total contract.

J.10. [17-041](#)

SUBJECT: Professional Services Agreement with Quincy Engineering, Inc., for Engineering Construction Services for the M and G Street Bridges at Bear Creek Project 108026

REPORT IN BRIEF

Consider approving an agreement in the amount of \$180,887.06 for specialized bridge engineering construction services for the M and G Street Bridges over Bear Creek Project.

RECOMMENDATION

City Council - Adopt a motion approving the Professional Services Agreement with Quincy Engineering, Inc., in the amount of \$180,887.06;

and, authorizing the City Manager to execute the necessary documents.

J.11. [16-08](#)

SUBJECT: Administering Agency Program Supplement and Amendment Modification Summary (E-76) for a Congestion Mitigation and Air Quality Improvement (CMAQ) Grant for Sidewalk Infill on Oleander Avenue, CML-5085(043), Project 114050

REPORT IN BRIEF

Consider a resolution approving a California Department of Transportation Program Supplement for the use of \$53,853 in CMAQ Grant funding for construction costs associated with sidewalk infill on Oleander Avenue, bounded by Alexander Avenue and Olive Avenue.

RECOMMENDATION

City Council - Adopt a motion:

A. Adopting **Resolution 2017-06**, a Resolution of the City Council of the City of Merced, California, Approving Federal-Aid Projects Program Supplement Agreement No. 024-N1; and

B. Accepting and appropriating \$53,853 in grant funds from CMAQ for construction costs associated with sidewalk infill on Oleander Avenue; and,

C. Transferring matching funds of \$6,977 from Street and Signal CIP Fund 450-1104-637.65-00-Projects to be Determined to 450-1104-637.65-00-114050; and,

D. Approving the use of pooled cash until reimbursement is received from the grant; and,

E. Authorizing the City Manager or his designee to execute the necessary documents.

J.12. [16-569](#)

SUBJECT: Vacation #16-01 - Setting a Public Hearing for February 21, 2017, to Vacate a 2.18-Acre Storm Drain Basin and a 0.95-Acre Storm Drain Easement

REPORT IN BRIEF

Sets a public hearing for February 21, 2017, to vacate a 2.18-acre storm drain basin and a 0.95-acre storm drain easement, generally located east of G Street and approximately 390 feet north of Yosemite Avenue.

RECOMMENDATION

City Council - Adopt a motion adopting **Resolution 2017-05 a**

Resolution of the City Council of the City of Merced, California, declaring its intention to vacate a 2.18-acre storm drain basin and a 0.95-acre storm drain easement generally located east of G Street and approximately 390 feet north of Yosemite Avenue (Vacation #16-01) setting time and place for public hearing.

J.13. [17-007](#)

SUBJECT: Amendments to Professional Services Agreements with Interwest Consulting Group, CSG Consultants Inc., and 4-Leaf Inc. for Building Services

REPORT IN BRIEF

The City Council will consider approving amendments to Professional Services Agreements with three consultants for planning and building services.

RECOMMENDATION

City Council - Adopt a motion:

A. Approving the 2nd Amendment to the Agreement for Professional Services with Interwest Consulting Group, Inc., to provide as needed building services in an amount not to exceed an additional \$80,000; and,

B. Approving the 1st Amendment to the Agreement for Professional Services with CSG Consultants, Inc., to provide as needed building services in the amount not to exceed an additional \$25,000; and,

C. Approving the 1st Amendment to the Agreement for Professional Services with 4-Leaf, Inc., to provide as needed building services in the amount not to exceed an additional \$5,000; and,

D. Authorizing the Finance Officer to make the necessary budget adjustments; and,

E. Authorizing the City Manager to execute the above agreements.

J.14. [17-058](#)

SUBJECT: Reimbursement Agreement with California High Speed Rail Authority for Technical Review

REPORT IN BRIEF

Proposed Reimbursement Agreement with the California High Speed Rail Authority to reimburse the City for staff costs associated with reviewing plans necessary to construct the Merced segment and Downtown Station. Amount of the Agreement shall not exceed \$55,000.

RECOMMENDATION

City Council - Adopt a motion:

A. Adopting **Resolution 2017-09**, a Resolution of the City Council of the City of Merced, California, approving a reimbursement agreement with the California High Speed Rail Authority for reimbursement of costs related to the review of technical studies, legal documents, and design plans for the high speed rail project; and,

B. Authorizing the City of Merced to enter into a Reimbursement Agreement with the California High Speed Rail Authority for Technical Review not to exceed \$55,000; and,

C. Authorizing the City Manager to execute the necessary documents; and,

D. Authorizing the Finance Officer to make the necessary budget adjustments.

J.15. [17-064](#)

SUBJECT: Support Assembly Bill No. 1 and Senate Bill No. 1

REPORT IN BRIEF

Seeking Council support of AB 1 (Frazier) and SB 1 (Beall) that would provide a new transportation funding plan for the state.

RECOMMENDATION

City Council- Adopt a motion supporting AB 1 and SB 1 and directing staff to produce letters of support and other materials to reflect the City's position.

J.16. [17-042](#)

SUBJECT: Second Reading - Ordinance No. 2472 Dealing with Limited Time Parking Lots, On-Street Disabled Persons Parking, No Parking Zones, and Four-Way Stop Intersections

REPORT IN BRIEF

Second reading of previously introduced Ordinance.

RECOMMENDATION

City Council - Adopt a motion adopting **Ordinance 2472**, an Ordinance of the City Council of the City of Merced, California, Amending Sections 10.28.215 "Limited Time Parking Lots-Two Hours", 10.28.230 "No Parking Zones", 10.28.275 "Disabled Persons-On-Street Parking", 10.28.380 "Stop Intersections Designated" of the Merced Municipal Code.

- J.17. [17-008](#) **SUBJECT:** Second Reading - Ordinance No. 2469 "Regulated Communications in City Procurement Process" Adding Chapter 3.06 to the Merced Municipal Code

REPORT IN BRIEF

Second reading of previously introduced Ordinance.

RECOMMENDATION

City Council - Adopt a motion adopting **Ordinance 2469**, an Ordinance of the City Council for the City of Merced, California adding Chapter 3.06, regulated communications in City procurement process to the Merced Municipal Code.

K. PUBLIC HEARINGS

Members of the public who wish to speak on public hearings listed on the agenda will be heard when the Public Hearing is opened, except on Public Hearing items previously heard and closed to public comment. After the public has commented, the item is closed to further public comment and brought to the Council for discussion and action. Further comment will not be received unless requested by the Council.

- K.1. [17-013](#) **SUBJECT:** Public Hearing Assessment Ballot Proceeding - Oakmont #3, Campus North, and Mansionette Maintenance Districts

REPORT IN BRIEF

Consider conducting a public hearing to hear public testimony regarding proposed assessment increases, and continue hearing to allow staff sufficient time to tally the ballots, and report the results at the February 21, 2017 Council meeting.

RECOMMENDATION

City Council - Adopt a motion:

A. Conducting a Public Hearing for the Oakmont #3, Campus North, and Mansionette Maintenance Districts to allow for public testimony on proposed assessment increases; and,

B. Continuing Public Hearing until Tuesday, February 21, 2017, to allow staff sufficient time to tally the ballots and report the results at the February 21, 2017, City Council Meeting.

L. REPORTS

- L.1. [17-066](#) **SUBJECT:** Locating Merced's Next Industrial Park

REPORT IN BRIEF

At the January 3, 2017 Council meeting, Staff was directed to bring back a report on Industrial Land Use.

RECOMMENDATION

For Information Only.

M. BUSINESS

M.1. [17-063](#)

SUBJECT: Council Member Belluomini's Request to Discuss City Entry Signs

REPORT IN BRIEF

This item is in response to Council Member Belluomini's request to discuss entry signs into the City.

RECOMMENDATION

It is requested Council give staff direction on this item.

M.2. Request to Add Item to Future Agenda

M.3. City Council Comments

N. ADJOURNMENT



CITY OF MERCED

Merced Civic Center
678 W. 18th Street
Merced, CA 95340

ADMINISTRATIVE REPORT

Agenda Item B.1.

Meeting Date: 2/6/2017

SUBJECT: CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION: Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of Section 54956.9: 1 Case



CITY OF MERCED

Merced Civic Center
678 W. 18th Street
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ADMINISTRATIVE REPORT

Agenda Item B.2.

Meeting Date: 2/6/2017

SUBJECT: PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: City Manager; Authority: Government Code Section 54957



CITY OF MERCED

Merced Civic Center
678 W. 18th Street
Merced, CA 95340

ADMINISTRATIVE REPORT

Agenda Item B.3.

Meeting Date: 2/6/2017

SUBJECT: PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Finance Officer;
Authority: Government Code Section 54957



CITY OF MERCED

Merced Civic Center
678 W. 18th Street
Merced, CA 95340

ADMINISTRATIVE REPORT

Agenda Item F.1.

Meeting Date: 2/6/2017

SUBJECT: Proclamation - Teen Dating Violence Awareness and Prevention Month

REPORT IN BRIEF

Received by Director Chee Yang and Volunteer Coordinator Sophie Kanabay of the Valley Crisis Center.

ATTACHMENTS

1. Teen Dating Violence Awareness and Prevention Month Proclamation



Proclamation

WHEREAS, California is committed to the wellbeing and protection of our youth, the safety of our communities, and to fostering a society based upon respect for one another and where violence has no role; and

WHEREAS, teen dating violence involves physical, sexual, verbal, emotional, economic, or other abusive behavior including: harassment and cyberbullying via texting, "sexting" emailing, instant messaging, or posting on social media and is committed by a person intending to harm, threaten, intimidating, harass, control, isolate, or monitor another person with whom they have or have had a dating relationship; and

WHEREAS, dating violence can have a negative effect on health throughout life, as teens who are victims are more likely to be depressed, have eating disorders, do poorly in school, engage in unhealthy behaviors such as drug and alcohol use, and think about or attempt suicide; and

WHEREAS, national studies on this issue indicate that approximately 1 in 3 adolescent girls experience some form of interpersonal violence; nearly 1 in 10 teens report they were intentionally hit, slapped, or physically hurt by their boyfriend or girlfriend, 62% of young teens- ages 11 to 14 years report knowing friends who have been in verbally abused by a boyfriend or girlfriend; and

WHEREAS, studies regarding cyberbullying report that 26% of youth in a relationship said they experience some form of cyber dating abuse in the prior years; it is further reported that nearly 40% of teenagers were contacted electronically by their partners, anywhere from 10 to more than 30 times per hour, in the evening; and

WHEREAS, California has focused on the teen dating violence issues through effective measures and action, including a teen focused dating abuse and healthy relationship website, a social media initiative, and public awareness campaign such as loveisrespect.org; and

NOW, THEREFORE, I, MIKE MURPHY, Mayor of the City of Merced, do hereby proclaim February 2017 Teen Dating Violence Awareness and Prevention Month, and urge all citizens of Merced to take cognizance of this event and participate fittingly in its observance.

Signed this 6th day of February 2017.

Mike Murphy, Mayor of Merced



CITY OF MERCED

Merced Civic Center
678 W. 18th Street
Merced, CA 95340

ADMINISTRATIVE REPORT

Agenda Item J.1.

Meeting Date: 2/6/2017

SUBJECT: Reading by Title of All Ordinances and Resolutions

REPORT IN BRIEF

Ordinances and Resolutions which appear on the public agenda shall be determined to have been read by title and a summary title may be read with further reading waived.

RECOMMENDATION

City Council - Adopt a motion waiving the reading of Ordinances and Resolutions, pursuant to Section 412 of the Merced City Charter.



ADMINISTRATIVE REPORT

Agenda Item J.2.

Meeting Date: 2/6/2017

SUBJECT: City Council/Public Financing and Economic Development/Parking Authority Meeting Minutes of December 19, 2016 and January 3, 2017.

REPORT IN BRIEF

Official adoption of previously held meeting minutes.

RECOMMENDATION

City Council/Public Financing and Economic Development/Parking Authority - Adopt a motion approving the meeting minutes of December 19, 2016 and January 3, 2017.

ALTERNATIVES

1. Approve as recommended; or,
2. Approve, subject to amendments.

ATTACHMENTS

1. Minutes of December 19, 2016
2. Minutes of January 3, 2017



CITY OF MERCED

City Council Chamber
Merced Civic Center
2nd Floor
678 W. 18th Street
Merced, CA 95340

Minutes

City Council/Public Finance and Economic Development Authority/Parking Authority

Monday, December 19, 2016

7:00 PM

A. CALL TO ORDER

Mayor THURSTON called the Regular meeting to order at 7:01 PM.

A.1 Invocation - Spence Boelter, Young Life

The invocation was delivered by Spence BOELTER from Young Life.

A.2. Pledge of Allegiance to the Flag

B. ROLL CALL

Present: 7 - Mayor Stanley P. Thurston, Mayor Pro Tempore Joshua Pedrozo, Council Member Michael Belluomini, Council Member Kevin Blake, Council Member Noah Lor, and Council Member Mike Murphy

Absent: 0

B.1. In accordance with Government Code 54952.3, it is hereby announced that the City Council sits either simultaneously or serially as the Parking Authority, and Public Financing and Economic Development Authority. City Council Members receive a monthly stipend of \$20.00 by Charter for sitting as the City Council; and the Mayor receives an additional \$50.00 each month as a part of the adopted budget and Resolution 1975-37. The members of the Parking Authority, and Public Financing and Economic Development Authority receive no compensation.

C. REORGANIZATION

C.1. **SUBJECT:** Certification of November 8, 2016 General Municipal Election Returns

REPORT IN BRIEF

Certifies the November 2016 election returns for the Mayor and three City Council Members.

RECOMMENDATION

City Council - Adopt **Resolution 2016-64**, a Resolution of the City Council of the City of Merced, California, reciting the fact of the General

Municipal Election held on November 8, 2016, declaring the result, and declaring such other matters as provided by law for the election of the Mayor and three members of the City Council.

A motion was made by Mayor Pro Tempore Pedrozo, seconded by Council Member Blake, to approve this item. The motion carried by the following vote:

Aye: 7 - Mayor Thurston, Mayor Pro Tempore Pedrozo, Council Member Belluomini, Council Member Blake, Council Member Dossetti, Council Member Lor, and Council Member Murphy

No: 0

Absent: 0

C.2. Comments From Sitting Council Members

Council Members LOR, DOSSETTI, and Mayor THURSTON all thanked their families, staff, friends and the people of Merced. They discussed the accomplishments and growth the City of Merced has had during their terms.

C.3. Recognition of Outgoing City Council Members

City Manager Steve CARRIGAN presented Mayor THURSTON, Council Member DOSSETTI, and Council Member LOR with a recognition award for their service to the community.

Representatives from the offices of Congressman Jim COSTA, Senator Anthony CONNELLA, and Assembly Member Adam GRAY presented certificates of recognition to Mayor THURSTON, Council Member DOSSETTI, and Council Member LOR for their service on the Council.

The remaining sitting Council Members thanked and congratulated Council Members LOR, DOSSETTI and Mayor THURSTON for their service on the Council and praised them for their dedication, wisdom, and passion they had for the City of Merced.

C.4.

SUBJECT: Certificates of Election and Oaths of Office

REPORT IN BRIEF

The new Mayor and Council Members will be presented their Certificates of Election and take their Oath of Office before taking their seats at the dais.

Honorable Judge MCCABE presented the oaths of office to Council Members MARTINEZ, MCLEOD, and SERRATTO, and to Mayor

MURPHY.

C.5. Comments From Newly Elected Council Members

Newly-elected Council Members SERRATTO, MCLEOD, MARTINEZ and Newly-elected Mayor MURPHY all thanked their friends, family and their supporters and expressed excitement for starting their new journey as Mayor and Council Members.

C.6. ROLL CALL

Present: 7 - Council Member Joshua Pedrozo, Council Member Michael Belluomini, Mayor Pro Tempore Kevin Blake, Mayor Mike Murphy, Council Member Anthony Martinez, Council Member Jill McLeod, and Council Member Matthew Serratto

Absent: 0

C.7.

SUBJECT: Election of Mayor Pro Tempore

REPORT IN BRIEF

Election of a Mayor Pro Tempore to a two-year term (conducted by the newly elected Mayor.)

RECOMMENDATION

City Council - Adopt a motion appointing a City Council Member as Mayor Pro Tempore of the City of Merced for a two-year term of office.

Mayor MURPHY discussed the election of the Mayor Pro Tempore and his implementation of a one-year term.

A motion was made by Mayor Murphy, seconded by Council Member Pedrozo, that Council Member Blake be elected Mayor Pro Tempore for a one year term. The motion carried by the following vote:

Aye: 7 - Council Member Pedrozo, Council Member Belluomini, Mayor Pro Tempore Blake, Mayor Murphy, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

C.8.

SUBJECT: Resolutions of Commemoration - Outgoing City Council Members and Mayor

REPORT IN BRIEF

Resolutions of commemoration for outgoing City Council Members and Mayor.

RECOMMENDATION

City Council - Adopt a motion:

A. Adopting **Resolution 2016-69**, Public Service Commemoration, Mark “Tony” Dossetti; and,

B. Adopting **Resolution 2016-70**, Public Service Commemoration, Noah Lor; and,

C. Adopting **Resolution 2016-71**, Public Service Commemoration, Stanley Thurston.

A motion was made by Council Member Pedrozo, seconded by Council Member Belluomini, that this agenda item be approved. The motion carried by the following vote:

Aye: 7 - Council Member Pedrozo, Council Member Belluomini, Mayor Pro Tempore Blake, Mayor Murphy, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

Clerk's Note: Council took a break at 8:05 PM and returned to the Regular Meeting at 8:15 PM.

D. CEREMONIAL MATTERS

D.1. **SUBJECT: Donation of Funds by the International Association of Fire Fighters (IAFF) Local #1479 to UC Davis Cancer Center**

REPORT IN BRIEF

The City of Merced International Association of Fire Fighters Local #1479, will donate funds from their annual Breast Cancer Awareness T-Shirt sales to the UC Davis Cancer Center.

Carina DAVIS, Merced, reported on raising \$2,065 for breast cancer research.

Fire Captain Morgan MADRUGA presented a check for \$15,621 to the UC Davis Cancer Center.

E. SPECIAL PRESENTATIONS

E.1. Building Momentum - Frank Quintero, Director of Economic Development

Director of Economic Development Frank QUINTERO gave a slide show presentation on building momentum for the City of Merced.

Mayor Pro Tempore BLAKE asked if Staff had seen any benefits from the suspension of the RTIF fees.

Mr. QUINTERO discussed the increase in building permit applications for single family dwelling units and ground grading for the Marriott Townplace project.

Council Member MARTINEZ asked about the time frame for the development of the old bowling alley location.

Mr. QUINTERO stated the projected date is early summer, with the gas station being built first, followed by the fast food restaurants.

F. WRITTEN PETITIONS AND COMMUNICATIONS

The Clerk's Office did not receive any written petitions and communications.

G. ORAL COMMUNICATIONS

Jose Antonio RAMIREZ, Stockton - congratulated the new Mayor, Council Members and the passing of Measure V. He stated that he was looking forward to working with Council on the Ace Forward and Amtrak.

Sonia ALSHAMI, Merced - spoke on the Water Board Hearing.

Monica VILLA, Merced - spoke on the downtown fire and on the homeless.

H. CONSENT CALENDAR

Items H.2. Information Only - Recreation and Parks Commission Minutes from June 27, 2016 and H.6. Purchase of a Paint Truck for the Streets Department Utilizing a Government Procurement Program and Waiving the Competitive Bidding Process with a Supplemental Budget Appropriation from the Capital Fleet Fund, were pulled for further consideration.

Approval of the Consent Agenda

A motion was made by Council Member Pedrozo, seconded by Council Member Belluomini, to approve the Consent Agenda. The motion carried by the following vote:

Aye: 7 - Council Member Pedrozo, Council Member Belluomini, Mayor Pro Tempore Blake, Mayor Murphy, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

H.1. SUBJECT: Reading by Title of All Ordinances and Resolutions

REPORT IN BRIEF

Ordinances and Resolutions which appear on the public agenda shall be determined to have been read by title and a summary title may be read with further reading waived.

RECOMMENDATION

City Council - Adopt a motion waiving the reading of Ordinances and Resolutions, pursuant to Section 412 of the Merced City Charter.

This Consent Item was approved.

H.3. SUBJECT: Information Only-Site Plan Review Meeting Minutes of October 13, 2016

RECOMMENDATION

For information only.

This Consent Item was approved.

H.4. SUBJECT: City Council/Public Financing and Economic Development/Parking Authority Meeting Minutes of November 21, 2016.

REPORT IN BRIEF

Official adoption of previously held meeting minutes.

RECOMMENDATION

City Council/Public Financing and Economic Development/Parking Authority - Adopt a motion approving the meeting minutes of November 21, 2016.

This Consent Item was approved.

H.5. SUBJECT: 2016 California Department of Alcoholic Beverage Control Mini Grant

REPORT IN BRIEF

Accept grant funds for costs associated with conducting enforcement operations to reduce underage drinking and alcohol related crimes.

RECOMMENDATION

City Council - Adopt a motion:

A. Accepting and increasing the revenue budget in account 001-1002-324.02-0 by \$25,000, and appropriating the same amount in Police Operations Division 001-1002; and,

B. Authorizing the use of pooled cash until reimbursement from the grant is received; and,

C. Authorizing the City Manager, Chief of Police, and/or Finance Director to execute the necessary documents.

This Consent Item was approved.

H.7.

SUBJECT: Authorization to Submit Grant Application for Urban Forest Tree Inventory, Assessment and Management Project

REPORT IN BRIEF

Authorize the Director of Public Works to submit a Grant application to the California Department of Forestry and Fire Protection (Cal Fire) for an Urban Forestry Management Activities Project.

RECOMMENDATION

City Council - Adopt a motion adopting **Resolution 2016-68**, a Resolution of the City Council of the City of Merced, California, authorizing the Public Works Director to submit an Urban Forest Management Activities Grant application to CalFire for a tree inventory, assessment and management program.

This Consent Item was approved.

H.8.

SUBJECT: Increase Contingency Percentage for CMAQ Sidewalk Infill on Alexander Avenue, Project 114051

REPORT IN BRIEF

Authorizes approval to increase the contingency to 13% of the original construction contract amount, for a total of \$32,125.85 of additional work.

RECOMMENDATION

City Council - Adopt a motion increasing the contingency to 13% for the CMAQ Sidewalk Infill on Alexander Avenue Project 114051; and, authorizing the City Manager to sign the necessary documents.

This Consent Item was approved.

H.2.

SUBJECT: Information Only- Recreation and Parks Commission Minutes from June 27, 2016

REPORT IN BRIEF

For Information Only

Council Member SERRATTO pulled this item to discuss getting people more involved with the parks and youth activities.

A motion was made by Council Member Pedrozo, seconded by Council Member Blake, that this agenda item be approved. The motion carried by the following vote:

Aye: 7 - Council Member Pedrozo, Council Member Belluomini, Mayor Pro Tempore Blake, Mayor Murphy, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

H.6.

SUBJECT: Purchase of a Paint Truck for the Streets Department Utilizing a Government Procurement Program and Waiving the Competitive Bidding Process with a Supplemental Budget Appropriation from the Capital Fleet Fund

REPORT IN BRIEF

Fleet Services is requesting approval from Council to waive the City's competitive bidding requirement to purchase a new paint truck for the Streets Department from the National Joint Powers Alliance Government Procurement Program (NJPA), and; approval from Council to appropriate an additional \$42,797.86 from the Fleet Capital Replacement fund in order to make the purchase

RECOMMENDATION

City Council - Adopt a motion:

A. Requesting an appropriation of \$42,797.86 from the Fleet Capital

Replacement Fund 674-1103-633.63-00 to augment the prior approved replacement purchase of a Street Department Paint Truck and;

B. Waiving the City's competitive bidding requirement, allowing a direct purchase from the NJPA for requested equipment and authorizing the City Manager to execute all necessary budgetary documents.

Council Member SERRATTO pulled this item to ask for more details on the purchase of the paint truck.

Director of Public Works Ken ELWIN discussed the need for a new truck and the process NJPA goes through to get better pricing.

A motion was made by Council Member Pedrozo, seconded by Council Member Belluomini, that this agenda item be approved. The motion carried by the following vote:

Aye: 7 - Council Member Pedrozo, Council Member Belluomini, Mayor Pro Tempore Blake, Mayor Murphy, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

I. PUBLIC HEARINGS

I.1.

SUBJECT: Public Hearing - Assembly Bill 1600 (AB 1600) Annual Compliance Report for Development Impact Fees

REPORT IN BRIEF

Consider adopting a Resolution of the City Council of the City of Merced accepting AB 1600 Annual Compliance Report for Development Impact Fees.

RECOMMENDATION

City Council - Adopt a motion:

A. Accepting the Annual Compliance Report for AB1600 Development Fees for Fiscal Year 2015/2016 and make findings related to unexpended balances as required by California Government Code Section 66001; and,

B. Adopting **Resolution 2016-62**, a Resolution of the City Council of the City of Merced, California, accepting the Development Impact Fees Fiscal Year 2015/2016 Annual Report and making findings related to unexpended developer deposits for public improvements as required by California Government Code Section 66001.

Interim City Engineer Theron ROSCHEN gave a slide show presentation on the Assembly Bill 1600 Annual Compliance Report for Development Impact Fees.

Council Member SERRATTO asked if the City is bound to deliver the projects.

Mr. ROSCHEN stated that the City is bound to complete the projects listed.

Council Member BELLUOMINI asked how much money the City will spend on Water Facility Wells and Mains for the 2016/2017 fiscal year. He also asked about the timeline and dollar amount of the Police Facility.

Mr. ROSCHEN explained the break down of money that will be spent on the water projects.

Director of Economic Development Frank QUINTERO discussed the timeline of the Police Facility and the initial cost of it.

Council Member MCLEOD asked about the interest being earned and what level of risk is invested and the potential for loss. She also asked about remaining balances on projects.

Director of Finance Brad GRANT explained the City investments.

Mr. ROSCHEN explained that fund balances are driven by development and the market.

Council Member MARTINEZ asked about the areas that had a dollar amount as well as a TBD.

Mr. ROSCHEN explained that the projects in question were miscellaneous projects and that funds may fluctuate depending on the project.

Council Member SERRATTO asked how money is allocated to each project.

Mr. ROSCHEN discussed the process of allocating funds and the analysis of allocating the funds to certain projects.

Mayor MURPHY opened the Public Hearing at 9:24 PM and subsequently closed it at 9:24 PM due to lack of public comment.

A motion was made by Council Member Belluomini, seconded by Council Member Pedrozo, that this agenda item be approved. The motion carried by the

following vote:

Aye: 7 - Council Member Pedrozo, Council Member Belluomini, Mayor Pro Tempore Blake, Mayor Murphy, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

I.2.

SUBJECT: Public Hearing - Holding Election for Annexation No. 10 into Community Facilities District 2003-2 (Services)

REPORT IN BRIEF

Hold a public hearing and election for annexation into Community Facilities District 2003-2 (Services) Annexation No. 10 for property located at the southwest corner of Mercy Avenue and Mansionette Drive (Northview Offices).

RECOMMENDATION

City Council - Complete the following items in order:

A. Hold a Public Hearing on the annexation of certain property into the CFD and the levy of special taxes.

B. Adopt **Resolution 2016-65**, a Resolution of the City Council of the City of Merced, acting as the Legislative Body of the Community Facilities District No. 2003-2 (Services) of the City of Merced determining the validity of prior proceedings, calling a special election related to Annexation No. 10.

C. Hold Election.

D. Adopt **Resolution 2016-66**, a Resolution of the City Council of the City of Merced, acting as the Legislative Body of the Community Facilities District No. 2003-2 (Services) of the City of Merced canvassing the results of the election held within Annexation No. 10 of said District.

E. Adopt **Resolution 2016-67**, a Resolution of the City Council of the City of Merced, acting as the Legislative Body of the Community Facilities District No. 2003-2 (Services) of the City of Merced, annexing Annexation No. 10 to said district and authorizing the levy of a special tax within said Annexation No. 10.

Planning Manager Kim ESPINOSA gave a slide show presentation on Holding an Election for Annexation No. 10 into Community Facilities

District 2003-2 (Services).

Council Member BELLUOMINI asked for reassurance on the amount being adequate to maintain the storm pump and basins.

Ms. ESPINOSA explained that the amount allocated for the storm pump and basin was sufficient.

Mayor MURPHY opened the Public Hearing at 9:33 PM and closed the Public Hearing at 9:34 PM due to lack of public comment.

A motion was made by Council Member Pedrozo, seconded by Mayor Pro Tempore Blake, that the Resolution Determining the Validity of Prior Proceedings, Calling a Special Election related to Annexation No. 10 be approved. The motion carried by the following vote:

Aye: 7 - Mayor Murphy, Mayor Pro Tempore Blake, Council Member Belluomini, Council Member Martinez, Council Member McLeod, Council Member Pedrozo, and Council Member Serratto

No: 0

A motion was made by Council Member Blake, seconded by Council Member Pedrozo, that Resolution 2016-66 and Resolution 2016-67 be approved. The motion carried by the following vote:

Aye: 7 - Council Member Pedrozo, Council Member Belluomini, Mayor Pro Tempore Blake, Mayor Murphy, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

I.3.

SUBJECT: Public Hearing - Approve First Substantial Amendment to Fiscal Years (FY) 2015/16 and 2016/17 Housing Urban Development (HUD) Annual Action Plans.

REPORT IN BRIEF

First substantial amendments to the 2015/16 and 2016/17 Annual Action Plans redirecting federal Community Development Block Grant (CDBG and HOME Investment Partnership) funds to the Gateway Terrace Apartment development.

RECOMMENDATION

City Council - Adopt a motion:

A. Approving the first substantial amendments to Fiscal Years 2015/16 and 2016/17 Annual Action Plans redirecting a total of \$360,000 from the 2015/16 and 2016/17 HOME Investment Partnership (HOME) funds to the Gateway Terrace II Apartment Project;

B. Approving the first substantial amendment to Fiscal Year 2016/17 Annual Action Plan redirecting a total of \$118,464.17 from the 2016/17 Community Development Block Grant (CDBG) funds to the Gateway Terrace Apartment Project;

C. Approving the first substantial amendment to Fiscal Year 2016/17 Annual Action Plan increasing the total anticipated program income from the \$100,000 anticipated during Fiscal Year 2016/17 HOME Investment Partnership Program funds to \$550,000;

D. Appropriating \$216,387.34 from the Sewer Main Replacement Fund to Housing Fund 018 for the Sewer Main replacement portion of the Gateway Terrace II Apartment Project;

E. Appropriating \$255,361.67 from the Water Main Replacement Fund to Housing Fund 018 for the Sewer Main replacement portion of the Gateway Terrace II Apartment Project;

F. Reallocating the remaining \$54,988.91 from the CDBG funded 7th & T Street Water Main project to the Gateway Terrace II Apartment Project;

G. Authorizing the City Manager to make minor or technical changes to the 2017 Housing Urban Development (HUD) Annual Action Plan amendment (if needed to conform with other program activities) as necessary to implement the Council's actions; and,

H. Authorizing Finance Officer to make the appropriate budget adjustments.

Housing Program Supervisor Mark HAMILTON gave a slide show presentation on the first substantial amendment to Fiscal Year 2015-2016 and 2016-2017 Housing Urban Development Annual Action Plan.

Mayor MURPHY opened the Public Hearing at 9:42 PM and subsequently closed the Public Hearing at 9:42 PM due to lack of public comment.

A motion was made by Council Member Belluomini, seconded by Council Member Pedrozo, that this agenda item be approved. The motion carried by the following vote:

Aye: 7 - Council Member Pedrozo, Council Member Belluomini, Mayor Pro Tempore Blake, Mayor Murphy, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

J. REPORTS

J.1. **SUBJECT:** Boys and Girls Club Pilot Program

REPORT IN BRIEF

Request to approve a pilot program with Boys and Girls Club of Merced County to open on Saturday and provide youth services.

RECOMMENDATION

City Council - Adopt a motion:

A. Approving the request to contract with the Boys and Girls Club of Merced County to open on Saturday and provide youth programming and;

B. Directing staff to prepare a contract with the Club and;

C. Approving a supplemental appropriation from the General Fund to account 024-1218-542.17-00 in the amount of \$12,490 (Five votes required), and

D. Authorizing the Parks and Recreation Department and City Manager to approve the necessary documents.

Assistant to the City Manager Mike CONWAY gave a presentation on the Boys and Girls Club.

Council Member SERRATTO asked how to get more partners involved.

Mr. CONWAY stated that the City does partner with a few organizations, but is always looking for more partnerships.

Executive Director of the Boys and Girls Club of Merced Tony SLATON discussed the partnership with UC Merced.

Mayor Pro Tempore BLAKE stated for clarity that this money is a one-time fund allocation.

Council Member PEDROZO stated his concern over the funds being requested as a one-time cost and discussed the issues from past experiences. He also stated his concern for other organizations coming forward requesting funds and citing a fairness issue.

Mr. SLATON clarified the funds that the City provides to the Boys and Girls Club.

Mayor MURPHY explained his reasoning behind bringing this item to the Council and giving the Boys and Girls Club the opportunity to be open on Saturdays.

Council Member MARTINEZ asked about an objective application process for organizations to request funds.

Mr. CARRIGAN spoke on why this is a unique item and the misunderstanding and miscommunication regarding this item.

Council Member MCLEOD spoke about the curriculum and its design. She also requested followup on the outcome of the curriculum.

Council Member BELLUOMINI stated his support for this item.

Mr. CONWAY clarified that this is a general funds appropriation.

Mayor MURPHY and Director of Finance Brand GRANT had a discussion on where to appropriate the funds for this project.

Council Member BELLUOMINI motioned to approve the Staff recommendation. His motion failed for lack of a second.

A motion was made by Mayor Murphy, seconded by Council Member Blake, that this agenda item be approved and allocating the funds from the Recreation and Parks Department salary savings. The motion carried by the following vote:

Aye: 6 - Council Member Belluomini, Mayor Pro Tempore Blake, Mayor Murphy, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 1 - Council Member Pedrozo

Absent: 0

K. BUSINESS

K.1. **SUBJECT: Confirmation of Dates for Town Hall Meetings**

REPORT IN BRIEF

Dates for confirmation are:

Wednesday, February 8th at Rivera Middle School
Thursday, February 16th at Multicultural Arts Center
Thursday, February 23rd at Tenaya Middle School

All meetings are from 6 PM to 8 PM.

RECOMMENDATION

Confirm dates listed for Town Hall Meetings.

Council Member MARTINEZ asked if the Town Hall Meetings will be scheduled for each district in the future.

City Manager Steve CARRIGAN stated that the plan would be to hold Town Hall Meetings in each district.

Council Members confirmed the dates for the Town Hall Meetings.

K.2. Council Member Belluomini's Request to Discuss Charter Section 807

Council Member BELLUOMINI discussed Charter Section 807 and the confusion of this section of the Charter. He requested the Interim City Attorney draft a public memo regarding Section 807 of the Charter for clarification.

Interim City Attorney Jolie HOUSTON stated that she can prepare a public memo for clarification.

Council Members and Ms. HOUSTON discussed how to make the memo available to those requesting the Charter for clarification during election time.

Council Member BLAKE stated his support for a memo clarifying this section of the Charter.

William AVERY, Merced Police Officers Association, Merced - discussed the rights of City Employees participating in elections.

Ms. HOUSTON suggested posting the memo to the website during elections.

A motion was made by Council Member Belluomini, seconded by Council Member Blake, to have the City Attorney draft a public memo in regards to Charter Section 807 and post it on the city website. The motion carried by the following vote:

Aye: 7 - Council Member Pedrozo, Council Member Belluomini, Mayor Pro Tempore Blake, Mayor Murphy, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

K.3. Request to Add Item to Future Agenda

Council Member BELLUOMINI requested to add a discussion on entry signs into the City of Merced for the February 6th meeting.

K.4. City Council Comments

Council Member BELLUOMINI discussed Measure V and requested the Mayor write a letter to the public thanking them for the passing of Measure V. He also clarified that the Council has not decided to tear down the Merced Sun-Star Building.

Council Member PEDROZO reported on attending the Water Board Hearing and the Hmong New Year. He thanked the City Staff and all employees of the City of Merced for all their hard work. He went on to discuss the successful 2016 year.

Council Member MARTINEZ stated his excitement for his new role as a Council Member and wished everyone a happy holiday. He discussed the fears that some residents have since the election.

Mayor Pro Tempore BLAKE wished everyone a safe and Merry Christmas.

Council Member SERRATTO discussed news on the CalPers retirement system.

Mayor MURPHY reported on attending the Water Board Hearing and the Hmong New Year. He commended the Fire Fighters for the great job they did on the Main Street fire. He also mentioned the list of committee assignments for Council Members.

L. ADJOURNMENT

The Regular Meeting was adjourned at 10:44 PM.

A motion was made by Council Member Pedrozo, seconded by Mayor Murphy, that the Regular Meeting be adjourned in memory of form Police Officer Mike Hyde. The motion carried by the following vote:

Aye: 7 - Council Member Pedrozo, Council Member Belluomini, Mayor Pro Tempore Blake, Mayor Murphy, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0



CITY OF MERCED

City Council Chamber
Merced Civic Center
2nd Floor
678 W. 18th Street
Merced, CA 95340

Minutes

City Council/Public Finance and Economic Development Authority/Parking Authority

Tuesday, January 3, 2017

7:00 PM

A. STUDY SESSION ROLL CALL

Clerk's Note: Council Member SERRATTO arrived at 6:02 PM and Council Member MCLEOD arrived at 6:06 PM.

Present: 7 - Mayor Mike Murphy, Mayor Pro Tempore Kevin Blake, Council Member Joshua Pedrozo, Council Member Michael Belluomini, Council Member Anthony Martinez, Council Member Jill McLeod, and Council Member Matthew Serratto

Absent: 0

B. STUDY SESSION

Clerk's Note: The Study Session was adjourned at 6:59 PM.

B.1.

SUBJECT: New Council Member Training

REPORT IN BRIEF

Training will include an overview of the Brown Act, Public Records Act and Conflicts of Interest.

RECOMMENDATION

Information - Only

Interim City Attorney Jolie HOUSTON gave a slide show presentation on New Council Member Training. She covered topics that included the Brown Act, the Public Records Act and types of conflicts that can occur.

Ms. HOUSTON answered Council Member questions regarding curing Brown Act violations, serial meetings, and proper noticing requirements. She also discussed what types of items were considered public record, including email and cell phone text messages.

Clerk's Note: The Study Session was adjourned at 6:59 PM.

C. CALL TO ORDER

Mayor MURPHY called the Regular Meeting to order at 7:06 PM.

C.1. Invocation - Steve Moldenhauer, Valley Baptist Church

The invocation was delivered by Pastor Steve MOLDENHAUER from Valley Baptist Church.

C.2. Pledge of Allegiance to the Flag

D. ROLL CALL

Present: 7 - Mayor Mike Murphy, Mayor Pro Tempore Kevin Blake, Council Member Joshua Pedrozo, Council Member Michael Belluomini, Council Member Anthony Martinez, Council Member Jill McLeod, and Council Member Matthew Serratto

Absent: 0

D.1. In accordance with Government Code 54952.3, it is hereby announced that the City Council sits either simultaneously or serially as the Parking Authority, and Public Financing and Economic Development Authority. City Council Members receive a monthly stipend of \$20.00 by Charter for sitting as the City Council; and the Mayor receives an additional \$50.00 each month as a part of the adopted budget and Resolution 1975-37. The members of the Parking Authority, and Public Financing and Economic Development Authority receive no compensation.

E. CEREMONIAL MATTERS

E.1. SUBJECT: Oath of Office - Assistant City Manager, Stephanie Dietz

REPORT IN BRIEF

The City Clerk's office will swear in the Assistant City Manager, Stephanie Dietz.

Assistant City Clerk John TRESIDDER delivered the Oath of Office to Assistant City Manager Stephanie DIETZ.

Assistant City Manager Stephanie DIETZ thanked her friends and family and stated her excitement to start this new position.

E.2. SUBJECT: Proclamation - Human Trafficking Awareness Month

REPORT IN BRIEF

Received by representatives from Valley Crisis Center.

Council Member MCLEOD presented representatives from the Valley Crisis Center with the Proclamation for Human Trafficking Awareness Month.

G. ORAL COMMUNICATIONS

Rick MCMILLION, Merced - Thanked the Merced Police Department for

the improvement on the City's Homicide rate. He also spoke about the issue of alcohol being sold at a gas station on U Street and on the recent railroad deaths.

F. WRITTEN PETITIONS AND COMMUNICATIONS

The Clerk's Office received a letter from Jim and Emily ARCHER which was provided to Council.

H. CONSENT CALENDAR

Items H.4. Feet Changing Lives, Inc. Request Co-Sponsored Rate for Use of the Senior Community Center, H.5. Supplemental Budget Appropriation - Maintenance District Street Tree Replacement, and H.9. Supplemental General Fund Appropriation of \$35,000 to Purchase Secured Fencing Around Fire Station 53, were pulled for separate consideration.

Approval of the Consent Agenda

A motion was made by Council Member Pedrozo, seconded by Mayor Pro Tempore Blake, to approve the Consent Agenda. The motion carried by the following vote:

Aye: 7 - Mayor Murphy, Mayor Pro Tempore Blake, Council Member Pedrozo, Council Member Belluomini, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

H.1. SUBJECT: Reading by Title of All Ordinances and Resolutions

REPORT IN BRIEF

Ordinances and Resolutions which appear on the public agenda shall be determined to have been read by title and a summary title may be read with further reading waived.

RECOMMENDATION

City Council - Adopt a motion waiving the reading of Ordinances and Resolutions, pursuant to Section 412 of the Merced City Charter.

This Consent Item was approved.

H.2. SUBJECT: Information Only-Bicycle Advisory Commission Minutes of October 25, 2016

RECOMMENDATION

For information only.

This Consent Item was approved.

H.3.

SUBJECT: Information-Only Contracts

REPORT IN BRIEF

Notification of awarded Non-Public Works contracts under \$29,000 and of Public Works contracts under \$65,204.

AUTHORITY

Pursuant to the authority delegated to the City Manager on behalf of the City by Article XI, Section 1109, of the Merced City Charter to execute Public Works contracts under the adjusted FY 2016-2017 threshold of \$65,204.00, and Chapter 3.04.080 - 3.04.110 of the Merced Municipal Code to execute Non-Public Works contracts under the adjusted FY 2016-2017 threshold of \$29,000.00, the contracts listed on the attached table were entered into by the City.

This Consent Item was approved.

H.6.

SUBJECT: Purchase of a Caterpillar Backhoe, John Deere Tractor and a Tiger Extended Boom Mower Utilizing Government Procurement Programs and Waiving the Competitive Bidding Requirement

REPORT IN BRIEF

Fleet Services is requesting approval from the City Council to purchase a new Caterpillar Backhoe from the National Joint Powers Alliance Government Procurement Program (NJPA) and a John Deere Tractor and an Extended Boom Mower from the Houston-Galveston Area Council (HGACBuy) Cooperative Purchasing Program.

RECOMMENDATION

City Council - Adopt a motion:

A. Authorizing the purchase of One Caterpillar model 430F2 Backhoe from the NJPA for \$136,965.60 and One Tiger, Extended Boom Mower and One John Deere model 6145M Tractor combination unit for a combined total of \$215,784.00 from the HGACBuy Program; and,

B. Waiving the City's bidding requirement, allowing a direct purchase

from the NJPA and HGAC Buy Programs for the requested equipment;
and,

C. Authorizing the City Manager to execute all necessary budgetary documents.

This Consent Item was approved.

H.7.

SUBJECT: Release of Lien and Agreement for Alternate Security for Deferred Work on Sandpiper Avenue

REPORT IN BRIEF

This is a request to release a lien on the property located at the southeast corner of Mercy Avenue and Mansionette Drive and enter into an agreement to accept \$168,000 in a cash deposit as security for deferred work on Sandpiper Avenue.

RECOMMENDATION

City Council - Adopt a motion approving the agreement and instructions for release of security lien and establishment and maintenance of alternate security and authorizing the City Manager to execute the necessary documents.

This Consent Item was approved.

H.8.

SUBJECT: Annual Martin Luther King Jr. Community March and Celebration

REPORT IN BRIEF

Authorizes the use of City streets for the Annual Martin Luther King March and Celebration.

RECOMMENDATION

City Council - Adopt a motion approving the request by Tamara Cobb and The Martin Luther King Jr. Celebration Committee to close Martin Luther King Jr. Way from West 24th Street to West 8th Street on Monday, January 16, 2017; in order to hold a march and parade as part of a community celebration.

This Consent Item was approved.

H.4.

SUBJECT: Feet Changing Lives, Inc. Request Co-Sponsored Rate for Use of the Senior Community Center

REPORT IN BRIEF

Consider the Recreation and Parks Commission's recommendation to approve a request for the co-sponsored rate for use of the Senior Community Center by the Feet Changing Lives, Inc. on February 11, 2017.

RECOMMENDATION

City Council - Adopt a motion approving the Recreation and Park Commission's recommendation to grant use of the Senior Community Center to Feet Changing Lives, Inc. at the co-sponsored rate.

Mayor MURPHY pulled this item to disclose that he does pro bono work for Feet Changing Lives.

Reverend Don RAMSEY explained the upcoming event.

A motion was made by Council Member Pedrozo, seconded by Mayor Pro Tempore Blake, that this agenda item be approved. The motion carried by the following vote:

Aye: 7 - Mayor Murphy, Mayor Pro Tempore Blake, Council Member Pedrozo, Council Member Belluomini, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

H.5.

SUBJECT: Supplemental Budget Appropriation - Maintenance District Street Tree Replacement

REPORT IN BRIEF

Consider authorizing a supplemental budget appropriation for the replacement of dead trees in various Maintenance Districts

RECOMMENDATION

City Council - Adopt a motion authorizing supplemental budget appropriations in the amount of \$11,454, to cover the costs for the replacement of street trees in identified Maintenance Districts (see attachment).

Council Member MARTINEZ pulled this item to inquire about the location of the planting of trees.

Director of Public Works Ken ELWIN stated that he does not have the exact location of where the new trees will be planted.

Interim City Attorney Jolie HOUSTON recommended that Council Member MARTINEZ abstain from voting on this item due to the proximity of his residence to the trees being replaced.

Council Member SERRATTO asked about a local nursery that had donated trees to the County.

City Manager Steve CARRIGAN explained that the trees from the local nursery will be a future discussion.

Mr. ELWIN stated that they are just replacing the trees with like species, but that there is room to explore drought-tolerant trees.

A motion was made by Council Member Pedrozo, seconded by Mayor Pro Tempore Blake, that this agenda item be approved. The motion carried by the following vote:

Aye: 6 - Mayor Murphy, Mayor Pro Tempore Blake, Council Member Pedrozo, Council Member Belluomini, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

Abstain: 1 - Council Member Martinez

H.9.

SUBJECT: Supplemental General Fund Appropriation of \$35,000 to Purchase Secured Fencing Around Fire Station 53.

REPORT IN BRIEF

Authorizing a Supplemental Appropriation from the General Fund unreserved fund balance in the amount of \$35,000 for a secured fence around Fire Station 53.

RECOMMENDATION

City Council - Adopt a motion authorizing a supplemental appropriation from the General Fund unreserved fund balance in the amount of \$35,000 in account 001-0901-627.65-00 to build a fence around Fire Station 53 to provide necessary station security.

Clerk's Note: This item was pulled by staff to be moved to the January 17th Council Meeting. There was no vote taken on this item.

I. REPORTS

I.1.

SUBJECT: Adoption of a Resolution for an Exemption to CalPERS

180-Day Wait Period Pursuant to Government Code Sections 7522.56
and 21224

REPORT IN BRIEF

Adoption of a resolution approving the hiring of RuthAnne Harbison as an extra-help retired annuitant to perform the duties of the GIS Coordinator under Government Code sections 7522.56 and 21224, effective January 9, 2016.

RECOMMENDATION

City Council - Adopt a motion adopting **Resolution 2017-01**, a Resolution of the City Council of the City of Merced, for exemption to the CALPERS 180-day wait period pursuant to Government Code sections 7522.56 and 21224.

Director of Public Works Ken ELWIN spoke on the adoption of a resolution for an exemption to CalPERS 180-Day wait period so that GIS Coordinator Ruthanne HARBISON could train her replacement.

A motion was made by Mayor Pro Tempore Blake, seconded by Council Member Belluomini, that this agenda item be approved. The motion carried by the following vote:

Aye: 7 - Mayor Murphy, Mayor Pro Tempore Blake, Council Member Pedrozo, Council Member Belluomini, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

I.2.

SUBJECT: City Council Appointment to Splash Park Naming Selection Committee

REPORT IN BRIEF

Appoint two City Council members to the committee designated to review written requests for the naming of City parks and facilities.

RECOMMENDATION

City Council- Adopt a motion selecting two Council members to serve with the Recreation and Parks Commission on the Splash Park Naming Selection Committee to consider naming the splash park in Stephen Leonard Park after Marci Stenberg.

Assistant to the City Manager Mike CONWAY gave a presentation to select two Council Members to serve on the committee to name the Splash Park at Steven Leonard Park.

Nicola ADAMS, Merced - asked if there was a discussion about the naming of the splash park.

Mr. CONWAY stated that Marci STENBERG's name was suggested from someone on the outside and that a Public Hearing would be held by the Recreation and Parks Committee.

Mayor MURPHY clarified the process of naming the splash park, and stated that this item was only to vote two council members to join the committee.

A motion was made by Mayor Pro Tempore Blake, seconded by Council Member Belluomini, to appoint Council Members McLeod and Pedrozo to the Splash Park Naming Selection Committee . The motion carried by the following vote:

Aye: 7 - Mayor Murphy, Mayor Pro Tempore Blake, Council Member Pedrozo, Council Member Belluomini, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

J. BUSINESS

J.1.

SUBJECT: Council Member Belluomini's Request to Discuss Land Annexation

REPORT IN BRIEF

This item is in response to Council Member Belluomini's request to discuss land annexation near Highway 99.

RECOMMENDATION

It is requested Council give staff direction on this item.

Council Member BELLUOMINI gave a slide show presentation on the need for more industrial land.

Mayor Pro Tempore BLAKE asked how many residences were located in the area.

Council Member BELLUOMINI stated that there are 35 registered voters listed to those parcels.

City Manager Steve CARRIGAN stated that the City needs more industrial land, but discussed the risk and reward of developing the land for industrial

use. He requested to have two weeks to come back to consult with staff.

Council Member MARTINEZ discussed the job opportunities the industrial land can provide.

Mayor Pro Tempore BLAKE asked what needed to happen to make the land attractive to industrial investors.

Council Member BELLUOMINI stated that the City of Merced is competing against Turlock, Madera, and Patterson for industrial investors and explained what the City of Merced needs to do in order to compete against those cities.

Bill LYONS, Representative of the University Industrial Park, Merced - spoke on the business relationship the Lyons Family has with the City of Merced and the work the Lyons Family has put into their Industrial Park.

Steve TINETTI, Tinetti Realty, Merced - spoke on annexation and the cost of annexing land.

Dwight LARKS, Merced - discussed the limitation of industrial areas within the city and also discussed property for cannabis industries.

Council Member PEDROZO discussed allowing staff to do their job and and for the Council to set the policy.

City Manager Steve CARRIGAN spoke about the workload staff has and where on the priority list this item will go.

Council Member PEDROZO stated that this item should be added to the Priority Planning Budget Meeting.

Council Members and City Manager Steve CARRIGAN further discussed a timeline to bring this item back and what information will be reported on.

A motion was made by Council Member Belluomini, seconded by Council Member Martinez, for Staff to come back on the February 6th Meeting with information on industrial parks. The motion carried by the following vote:

Aye: 7 - Mayor Murphy, Mayor Pro Tempore Blake, Council Member Pedrozo, Council Member Belluomini, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

J.2. SUBJECT: City Council Committee Appointments

REPORT IN BRIEF

Confirming City Council Member appointments to various committees.

RECOMMENDATION

City Council - Adopt a motion confirming the Mayor's appointments to various committees populated by City Council Members.

Mayor MURPHY discussed how he appointed Council Members to the various committees. He also assigned the three Council districts that have yet to be represented to the Council Members at large.

A motion was made by Council Member Pedrozo, seconded by Council Member McLeod, that this agenda item be approved. The motion carried by the following vote:

Yes: 7

No: 0

A motion was made by Mayor Murphy, seconded by Mayor Pro Tempore Blake, that Mayor Pro Tempore Blake will be the liaison for District 4, Council Member Belluomini to District 2, and Council Member Pedrozo to District 6. The motion carried by the following vote:

Aye: 7 - Mayor Murphy, Mayor Pro Tempore Blake, Council Member Pedrozo, Council Member Belluomini, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0

J.3. Request to Add Item to Future Agenda

Council Member SERRATTO requested to add an item for the February 6th meeting regarding a partnership between the Police Department and Fire Department.

J.4. City Council Comments

Council Member PEDROZO wished everyone a Happy New Year, and reported on attending the Water Board Meeting and congratulated Assistant City Manager Stephanie DIETZ.

Council Member BELLUOMINI stated he received calls in regard to the Maintenance Districts Ballots.

Mayor MURPHY discussed the Martin Luther King Jr. Parade, the Conference he will be attending in January, and the State of the City Address, and encouraged people to attend.

K. ADJOURNMENT

The Regular Meeting was adjourned at 8:53 PM.

A motion was made by Mayor Pro Tempore Blake, seconded by Mayor Murphy, that the Regular Meeting be adjourned in honor of Eleanor Criswell, a loyal volunteer of the Merced Police Department. The motion carried by the following vote:

Aye: 7 - Mayor Murphy, Mayor Pro Tempore Blake, Council Member Pedrozo, Council Member Belluomini, Council Member Martinez, Council Member McLeod, and Council Member Serratto

No: 0

Absent: 0



ADMINISTRATIVE REPORT

Agenda Item J.3.

Meeting Date: 2/6/2017

Report Prepared by: Kirkland Greene, Records Clerk II

SUBJECT: Information-Only Contracts

REPORT IN BRIEF

Notification of awarded Non-Public Works contracts under \$29,000 and of Public Works contracts under \$65,204.

AUTHORITY

Pursuant to the authority delegated to the City Manager on behalf of the City by Article XI, Section 1109, of the Merced City Charter to execute Public Works contracts under the adjusted FY 2016-2017 threshold of \$65,204.00, and Chapter 3.04.080 - 3.04.110 of the Merced Municipal Code to execute Non-Public Works contracts under the adjusted FY 2016-2017 threshold of \$29,000.00, the contracts listed on the attached table were entered into by the City.

ATTACHMENTS

1. "Information-Only" Contracts Table for January 2017

Exhibit 1 – Table of Contracts

2/6/2017 City Council Meeting

Department/Division	Vendor	Purpose/Location	Amount
2002 – Economic Development	Kenneth Mostern DBA: MK Election Services	First Amendment to Lease Agreement for Office Space at Bell Station Federal Building (415 W. 18th St., Suite 6). <i>Business name change from TrueBallot West.</i>	(No funds.)
1205 – Zoo	Jon Klingborg, DVM DBA: Valley Animal Hospital	Third Amendment to Agreement for Veterinary Services at Applegate Zoo (July 1, 2016 through June 30, 2017).	\$ 3,500.00
2006 – Welcome Center	Merced Main Street Association	Agreement for Professional Services to Provide Oversight for Planning and Execution of Quarterly Merced Art Hop Downtown Events, in Jan., April, July, and Oct. of 2017.	\$14,000.00
1108 – Wastewater Treatment Facility (WWTF)	Shields, Harper and Company	Installation of credit card machine at the WWTF Septic Receiving Station, integrated with SunGard System. (Statement of Services, PO #125324.)	\$27,916.00

Copies of all of the contracts listed above are available in the City Clerk's Office.



CITY OF MERCED

Merced Civic Center
678 W. 18th Street
Merced, CA 95340

ADMINISTRATIVE REPORT

Agenda Item J.4.

Meeting Date: 2/6/2017

SUBJECT: Information Only - Recreation and Parks Commission Minutes from November 28, 2016

REPORT IN BRIEF

For Information Only

ATTACHMENTS

1. Recreation & Parks Commission minutes from November 28, 2016

**CITY OF MERCED
RECREATION AND PARKS COMMISSION MINUTES**

**COUNCIL CHAMBERS ROOM
MERCED CIVIC CENTER
678 WEST 18TH STREET
MERCED, CA**

**MONDAY
November 28, 2016**

A. CALL TO ORDER

Commissioner Washington called the meeting to order at 5:30 PM.

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

Members Present: Chavez, Washington, Jenkins, Lentz, Nelson & Warren
Staff Present: Conway, Chavez, Johnson

D. CEREMONIAL MATTERS

E. ORAL COMMUNICATIONS

F. CONSENT ITEMS

1. MINUTES OF JUNE 27, 2016

M/S/C- Nelson/Jenkins motioned to approve and file the minutes.

G. BUSINESS

**1. REQUEST CO-SPONSORED RATE FOR USE OF THE SENIOR COMMUNITY
CENTER (JOHNSON)**

M/S/C- Chavez/Lentz motioned to recommend that Council approve the co-sponsored rate for Feet Changing Lives at the Senior Center

Chairman Washington abstained due to his affiliation with the organization

2. VOLUNTEER RECOGNITION (COMMISSIONERS)

M/S/C- Lentz/Chavez motioned to have subcommittee work with staff to come up with general guidelines for volunteer program.

3. BUDGET SUBCOMMITTEE

(COMMISSIONERS)

M/S/C-Washington/Jenkins motion for subcommittee to move forward with making a mock sign to present to City Council.

4. RECREATION PROGRAMMING

(COMMISSIONERS)

No action taken

5. ELECT NEW CHAIR AND VICE CHAIR

(COMMISSIONERS)

*M/S/C- Nelson/Warren motioned to reappoint Commissioner Washington as Chairman
M/S/C-Nelson/Warren motioned to appoint Commissioner Chavez as Vice Chairwoman*

H. REPORTS

1. BIKE PARK UPDATE

(CONWAY)

No action required- information only

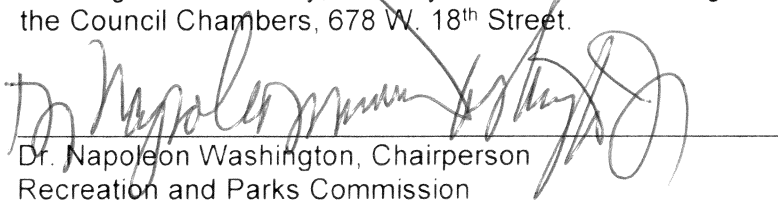
2. STAFF REPORTS

(CONWAY, CHAVEZ, JOHNSON)

No action required-information only

I. ADJOURNMENT

The Recreation and Parks Commission meeting was adjourned at 7:20 p.m. and will meet again on Monday, January 23, 2017 for their regularly scheduled meeting in the Council Chambers, 678 W. 18th Street.


Dr. Napoleon Washington, Chairperson
Recreation and Parks Commission



CITY OF MERCED

Merced Civic Center
678 W. 18th Street
Merced, CA 95340

ADMINISTRATIVE REPORT

Agenda Item J.5.

Meeting Date: 2/6/2017

Report Prepared by: *Stephani Davis, Secretary I, Planning Division*

SUBJECT: Information Only - Planning Commission meeting Minutes of November 9, 2016

RECOMMENDATION

For information only.

ATTACHMENTS

1. PC Minutes of 11-09-2016

CITY OF MERCED
Planning Commission

MINUTES

Merced City Council Chambers
Wednesday, November 9, 2016

Vice-Chairperson Dylina called the meeting to order at 7:01 p.m., followed by a moment of silence and the Pledge of Allegiance.

ROLL CALL

Commissioners Present: Travis Colby, Bill Baker, Robert Dylina, Peter Padilla, Kevin Smith, and Kurt Smoot

Commissioners Absent: Chairperson McLeod (unexcused)

Staff Present: Planning Manager Espinosa, Principal Planner King, Senior Deputy City Attorney Fincher, and Recording Secretary Davis

1. APPROVAL OF AGENDA

M/S BAKER-PADILLA, and carried by unanimous voice vote (one absent), to approve the Agenda as submitted.

2. MINUTES

M/S PADILLA-SMITH, and carried by unanimous voice vote (one absent), to approve the Minutes of September 21, 2016, as submitted.

3. COMMUNICATIONS

None.

4. **ITEMS**

4.1 Distribution of New Zoning Ordinance to Planning Commission.

Planning Manager ESPINOSA distributed copies of the New Zoning Ordinance to the Planning Commission.

4.2 Planning Commission Workshop on City of Merced Active Transportation/Safe-Routes-to-School Plan (ATP/SRTSP).

Principal Planner KING reviewed the report, and made himself available for comments and questions from the Commission. For further information, refer to Staff Report #16-21.

Public testimony was opened at 7:10 p.m.

Speaker from the Audience in Favor:

CHIGOZIRI IBECHEM, UC student, Merced, CA

Public testimony was completed at 7:12 p.m.

4.3 Cancellation of November 23 and December 21, 2016, Planning Commission Meetings due to the Holidays and Cancellation of December 7, 2016, and January 4, 2017, Planning Commission Meetings due to lack of items.

M/S COLBY-BAKER, and carried by unanimous voice vote, to cancel the Planning Commission meetings of November 23 and December 21, 2016, due to the Holidays and the Planning Commission Meetings of December 7, 2016, and January 4, 2017, due to lack of items.

5. **INFORMATION ITEMS**

5.1 Calendar of Meetings/Events

Planning Manager ESPINOSA briefed the Planning Commission on items for the next few Planning Commission meetings.

6. **ADJOURNMENT**

There being no further business, Vice-Chairperson DYLINA adjourned the meeting at 7:15 p.m.

Respectfully submitted,



KIM ESPINOSA, Secretary
Merced City Planning Commission

APPROVED:



ROBERT DYLINA, Vice-Chairperson
Merced City Planning Commission



ADMINISTRATIVE REPORT

Agenda Item J.6.

Meeting Date: 2/6/2017

Report Prepared by: *Faye S. Law, Accountant II*

SUBJECT: Community Facilities District (CFD) Annual Reports

REPORT IN BRIEF

Specific sections of the California Government Code require annual reporting for special tax measures and local bond measures. Each year, City staff prepares the Community Facilities District Annual Reports, which summarizes the financial activity of the CFD and certifies that use of funds is consistent with the purpose of the CFD. These reports are required to be filed with the Agency's governing board annually.

RECOMMENDATION

City Council - Adopt a motion accepting and filing the reports with the City Clerk.

AUTHORITY

Government Code Sections 50075.1, 50075.3 and 50075.5 relating to special tax measures and Sections 53410, 53411 and 53412 relating to local bond issues.

CITY COUNCIL PRIORITIES

As provided for in fiscal year 2016-17 Adopted Budget.

DISCUSSION

On January 5, 2004, City Council formed Community Facilities District No. 2003-2 (Services) to collect special taxes in certain improvement areas related to growth. The special taxes pay for costs including, but not limited to, public safety, landscape, storm drain, sidewalk, park and parkway maintenance.

On July 19, 2004, City Council formed Community Facilities District No. 2003-1 (Bellevue Ranch East) to provide public infrastructure financing. The District issued \$12,745,000 in 2005 Special Tax Bonds on August 4, 2005. On January 19, 2016, City Council approved Resolution No. 2016-03 authorizing the refunding of 2005 Special Tax Bonds. On August 30, 2016, the District issued \$8,985,000 in 2016 Special Tax Refunding Bonds.

On November 21, 2005, City Council formed Community Facilities District No. 2005-1 (Bellevue Ranch West Improvement Area 1) to provide public infrastructure financing. The District issued \$7,410,000 in 2006 Special Tax Bonds on July 27, 2006.

On July 3, 2006, City Council formed Community Facilities District No. 2006-1 (Moraga of Merced) to provide public infrastructure financing. The District issued \$5,840,000 in 2006 Special Tax Bonds on December 14, 2006.

Governmental Code Sections listed above require annual reports be prepared and filed with an agency's governing board. Attached are reports that meet the requirement.

IMPACT ON CITY RESOURCES

No appropriation of funds is necessary.

ATTACHMENTS

1. CFD No. 2003-2 (Services)
2. CFD No. 2003-1
3. CFD No. 2005-1
4. CFD No. 2006-1



GOODWIN CONSULTING GROUP

**City of Merced
Community Facilities District No. 2003-2
(Services)
Senate Bill 165 Reporting Requirements for
Fiscal Year 2015-16**

January 19, 2017

***Community Facilities District No. 2003-2
Senate Bill 165 Reporting Requirements
Fiscal Year 2015-16***

TABLE OF CONTENTS

<i>Section</i>	<i>Page</i>
I. Introduction	1
II. Senate Bill 165 Reporting Requirements	2

Appendix A: CFD No. 2003-2 Balance Sheet as of June 30, 2016

I. INTRODUCTION

City of Merced Community Facilities District No. 2003-2 (Services)

The City of Merced Community Facilities District No. 2003-2 (the “CFD” or “CFD No. 2003-2”) is located in the City of Merced (the “City”), in Merced County, in the State of California, approximately 132 miles south of Sacramento. On January 5, 2004, the City passed Resolution No. 2004-3, forming CFD No. 2003-2. A successful landowner election was then held, authorizing the levy of the special tax. The special tax funds general services authorized under the Mello-Roos Act which include, but are not limited to:

- 1) Public safety services, including police and fire protection.
- 2) Landscaping, sidewalk, park, and parkway maintenance (including lighting).
- 3) Flood control services.
- 4) Miscellaneous administrative fees and expenses.

CFD No. 2003-2 currently is made up of 32 distinct improvement areas throughout the City. As additional new areas within the City apply for development approval, those development areas will annex to CFD No. 2003-2.

The Mello-Roos Community Facilities Act of 1982

The California State Legislature approved the Mello-Roos Community Facilities Act of 1982 that provides for the levy of a special tax within a defined geographic area, namely a community facilities district, if such a levy is approved by two-thirds of the qualified electors in the area. Community facilities districts can generate funding for a broad range of facilities and eligible services. These services include police protection services, fire protection and suppression services, library services, recreation program services, maintenance of roads, parks, parkways and open space, and flood and storm protection services. Special taxes can be allocated to property in any reasonable manner other than on an ad valorem basis.

II. SENATE BILL 165 REPORTING REQUIREMENTS

On September 18, 2000, former Governor Gray Davis approved Senate Bill 165 which enacted the “Local Agency Special Tax and Bond Accountability Act”. In approving the bill, the Legislature declared that local agencies need to demonstrate to the voters that special taxes and bond proceeds are being spent on the facilities and services for which they were intended. To further this objective, the Legislature added Section 50075.3 to the California Government Code setting forth annual reporting requirements relative to special taxes collected by a local public agency. The amount of special taxes collected and expended for the fiscal year 2015-16 special tax levy is set forth in the table on the following page:

Fiscal Year 2015-16 Revenues

Charges for Services	\$1,809,501
Investment Earnings	\$16,519
Total Revenues Collected	\$1,826,020

Fiscal Year 2015-16 Expenditures

General Government	\$18,784
Public Safety	\$951,234
Public Works	\$434,827
Total Expenditures	\$1,404,845

Revenue Over (Under) Expenditures	\$421,175
------------------------------------------	------------------

Other Financing Sources (Uses)

Transfer In	\$177,193
Transfer Out	(\$359,011)
Total Other Financing Sources (Uses)	(\$181,818)

Beginning Fund Balance	\$698,396
Ending Fund Balance	\$937,753

Net Change in Fund Balance	\$239,357
-----------------------------------	------------------

APPENDIX A

***CFD No. 2003-2 Balance Sheet
as of June 30, 2016***

City of Merced
Balance Sheet
June 30, 2016

CFD Services

ASSETS

Cash, cash equivalents and investments	\$ 2,676,375
Receivables:	
Interest Recievable	423
Accounts Receivable	742
Due from other governments	27,797

Total assets	<u>\$ 2,705,337</u>
--------------	---------------------

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 32,335
Other payables	24,258
Advances from other funds	1,710,991

Total liabilities	<u>\$ 1,767,584</u>
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Fund Balance	937,753
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Total liabilities and fund balance	<u>\$ 2,705,337</u>
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GOODWIN CONSULTING GROUP

**City of Merced
Community Facilities District No. 2003-1
(Bellevue Ranch East)
\$8,985,000 2016 Special Tax Refunding Bonds
Continuing Disclosure Annual Report for
Fiscal Year 2015-16
(per SEC Rule 15c2-12(b)(5))**

CUSIP Numbers

\$390,000	587626CM2	\$485,000	587626CY6
\$395,000	587626CN0	\$495,000	587626CZ3
\$405,000	587626CP5	\$510,000	587626DA7
\$415,000	587626CQ3	\$525,000	587626DB5
\$1,290,000	587626CT7	\$535,000	587626DC3
\$445,000	587626CU4	\$550,000	587626DD1
\$455,000	587626CV2	\$565,000	587626DE9
\$465,000	587626CW0	\$585,000	587626DF6
\$475,000	587626CX8		

January 30, 2017

***Continuing Disclosure Annual Report
for
City of Merced
Community Facilities District No. 2003-1
(Bellevue Ranch East)
\$8,985,000 2016 Special Tax Refunding Bonds
Fiscal Year 2015-16***

This Continuing Disclosure Annual Report (“Annual Report”) contains certain information required to be filed annually per SEC rule 15c2-12(b)(5) (the “Rule”) by the City of Merced (the “City”) Community Facilities District No. 2003-1 (Bellevue Ranch East) (the “CFD”). The Rule is applicable to the 2016 Special Tax Refunding Bonds (the “Series 2016 Bonds”) issued in the aggregate principal amount of \$8,985,000 by the CFD on August 30, 2016. The Rule requires that an issuer undertake in a written agreement or contract, for the benefit of holders of the securities issued, to file with national and state repositories the following:

- i. Certain financial information as presented in the Continuing Disclosure Agreement
- ii. Audited financial statements of the City
- iii. Notice of certain enumerated significant events
- iv. Notice of any failure to provide such annual financial information as agreed

In compliance with the Rule, the City signed the Continuing Disclosure Agreement on August 30, 2016, requiring the City to provide annually, or as they occur, the aforementioned enumerated documents or events. Per the Continuing Disclosure Agreement, the City is required to file an annual report with all national and State of California repositories which includes:

- a) The balance in the Reserve Fund held under the Fiscal Agent Agreement.
 - **As of October 31, 2016, the balance in the Reserve Fund was \$604,514. The Reserve Fund Requirement is \$604,463; therefore, pursuant to the Series 2016 Bonds covenants, the Reserve Fund is fully funded.**
- b) The principal amount of the Series 2016 Bonds outstanding and a current debt service schedule.
 - **As of the date of this report, \$8,985,000 of the Series 2016 Bonds remains outstanding.**
 - **See Appendix A for a current debt service schedule.**
- c) The amount of prepayments of the special tax, if any.
 - **As of the date of this report, there have been no prepayments of the special tax obligation.**

- d) The total assessed value of all parcels currently subject to the special tax within the CFD, showing the total assessed valuation for all land and the total assessed valuation for all improvements within the CFD and distinguishing between the assessed value of developed property and undeveloped property.

Total Assessed Value of all Land	\$35,177,064
Total Assessed Value of all Improvements	\$107,458,282
Total Assessed Value of Other Property	\$0
Total Assessed Value of all Parcels	\$142,635,346
Assessed Value of Developed Property	\$127,613,305
Assessed Value of Undeveloped Property	\$15,022,041
Total Assessed Value of all Parcels	\$142,635,346

- e) Identification of each parcel within the CFD for which any special tax payment is delinquent, together with the following information respecting each such parcel: (A) the amount delinquent; (B) the date of each delinquency; (C) in the event a foreclosure complaint has been filed respecting such delinquent parcel and such complaint has not yet been dismissed, the date on which the complaint was filed; and (D) in the event a foreclosure sale has occurred respecting such delinquent parcel, a summary of the results of such foreclosure sale.

→ **See Appendix B.**

- f) A land ownership summary listing property owners responsible for more than ten percent (10%) of the annual special tax levy, as shown on the Merced County Assessor's last equalized tax roll prior to the September next preceding the Annual Report date.

Property Owner	FY 2016-17 Special Tax Levy	Percentage	Number of Parcels	Total 2016 Assessed Value
Regents of Univ. of California	\$96,882	15.63%	3	\$3,142,180

- g) Changes, if any to the rate and method of apportionment.

→ **No changes.**

- h) The amount of special taxes generated by the developed parcels and undeveloped parcels within the CFD.

Property Classification	Number of Parcels	FY 2016-17 Special Tax Levy	Percentage of Total Special Tax Levy
Developed	572	\$378,470	61.05%
Undeveloped	447	\$241,483	38.95%

- i) The audited financial statements of the City for the preceding fiscal year (or if not available at the time of filing, the unaudited financial statements). The audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the City may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared and provided.

→ **See Appendix C.**

- j) **Senate Bill 165 Reporting Requirements.** On September 18, 2000, former Governor Gray Davis signed Senate Bill 165 which enacted the Local Agency Special Tax and Bond Accountability Act. In approving the bill, the Legislature declared that local agencies need to demonstrate to voters that special taxes and bond proceeds are being spent on the facilities and services for which they were intended. To further this objective, the Legislature added Sections 50075.3 and 53411 to the California Government Code setting forth annual reporting requirements relative to special taxes collected and bonds issued by a public agency. The amount of special taxes collected and expended for the fiscal year 2015-16 special tax levy is set forth in the table on the following page.

Fiscal Year 2015-16 Revenues

Interest	\$3,602
Assessments	\$683,892
Total Revenues Collected	\$687,494

Fiscal Year 2015-16 Expenditures

Bond Interest	\$457,546
Bond Principal	\$200,000
Fiscal Agent Fees	\$2,310
Professional Services	\$26,444
Support Services	\$96
Administrative Services	\$1,033
Direct Service Charges	\$1,810
Total Expenditures	\$689,239

Beginning Fund Balance*	\$1,312,997
Ending Fund Balance*	\$1,311,252

Net Change in Fund Balance	(\$1,745)
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* Includes Reserve Requirement.

k) **Reporting of Significant Events.** Pursuant to the provisions of the Continuing Disclosure Agreement, the CFD shall give, or cause to be given, notice of the occurrence of any of the following events:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Modifications to rights of Bond Owners, if material.
4. Bond calls, if material, and tender offers.
5. Defeasances
6. Rating changes.
7. Adverse tax opinions or events adversely affecting the tax-exempt status of the bonds.
8. Unscheduled draws on debt service reserves reflecting financial difficulties.
9. Unscheduled draws on credit enhancements reflecting financial difficulties.
10. Substitution of credit or liquidity providers, or their failure to perform.
11. Release, substitution, or sale of property securing repayment of the Bonds, if material.
12. Bankruptcy, insolvency, receivership, or similar proceedings of the City.

13. Appointment of a successor or additional fiscal agent or the change of name of a fiscal agent, if material.
14. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business.

As of November 1, 2016, no significant events have been reported by the CFD.

APPENDIX A

Debt Service Schedule

**City of Merced CFD No. 2003-1
(Bellevue Ranch East)
2016 Special Tax Refunding Bonds**

Interest Payment Date		Principal	Interest	Total Debt Service
March			\$107,198.51	
September	2017	\$390,000.00	\$106,606.25	\$603,804.76
March			\$102,706.25	
September	2018	\$395,000.00	\$102,706.25	\$600,412.50
March			\$98,756.25	
September	2019	\$405,000.00	\$98,756.25	\$602,512.50
March			\$94,706.25	
September	2020	\$415,000.00	\$94,706.25	\$604,412.50
March			\$90,556.25	
September	2021	\$420,000.00	\$90,556.25	\$601,112.50
March			\$86,356.25	
September	2022	\$430,000.00	\$86,356.25	\$602,712.50
March			\$82,056.25	
September	2023	\$440,000.00	\$82,056.25	\$604,112.50
March			\$77,656.25	
September	2024	\$445,000.00	\$77,656.25	\$600,312.50
March			\$73,206.25	
September	2025	\$455,000.00	\$73,206.25	\$601,412.50
March			\$68,656.25	
September	2026	\$465,000.00	\$68,656.25	\$602,312.50
March			\$63,715.63	
September	2027	\$475,000.00	\$63,715.63	\$602,431.26
March			\$58,371.88	
September	2028	\$485,000.00	\$58,371.88	\$601,743.76
March			\$52,612.50	
September	2029	\$495,000.00	\$52,612.50	\$600,225.00
March			\$46,425.00	
September	2030	\$510,000.00	\$46,425.00	\$602,850.00
March			\$39,731.25	
September	2031	\$525,000.00	\$39,731.25	\$604,462.50
March			\$32,512.50	
September	2032	\$535,000.00	\$32,512.50	\$600,025.00
March			\$25,156.25	
September	2033	\$550,000.00	\$25,156.25	\$600,312.50
March			\$17,250.00	
September	2034	\$565,000.00	\$17,250.00	\$599,500.00
March			\$8,775.00	
September	2035	\$585,000.00	\$8,775.00	\$602,550.00
		\$8,985,000.00	\$2,452,217.28	\$11,437,217.28

Goodwin Consulting Group, Inc.

APPENDIX B

*Special Tax Delinquencies
as of September 21, 2016*

City of Merced
Community Facilities District No. 2003-1 (Bellevue Ranch East)
Delinquencies as of September 21, 2016 /1

Assessor's Parcel Number	Amount Delinquent	Date of Earliest Delinquency	Status of Foreclosure Proceedings	Action Taken	Date Complaint Filed
224-172-002-000	\$490.00	12/10/2011	None	Reminder Letter Mailed 5/19/2016	N/A
224-172-002-000	\$490.00	12/10/2012	None	Reminder Letter Mailed 5/19/2016	N/A
224-172-002-000	\$490.00	12/10/2013	None	Reminder Letter Mailed 5/19/2016	N/A
224-172-002-000	\$490.00	12/10/2014	None	Reminder Letter Mailed 5/19/2016	N/A
224-042-003-000	\$290.00	4/10/2016	None	Reminder Letter Mailed 5/19/2016	N/A
224-172-002-000	\$490.00	12/10/2015	None	Reminder Letter Mailed 5/19/2016	N/A

Number of Parcels Delinquent:

2

Total Amount Delinquent:

\$2,740.00

/1 The fiscal year 2015-16 delinquency rate for CFD No. 2003-1 (Bellevue Ranch East) is at 0.11%. However, CFD No. 2003-1 is under the County of Merced Teeter Plan; therefore, the City of Merced received 100% of the CFD Special Tax levied at fiscal year end.

Source: Merced County Tax Collector's Office; Goodwin Consulting Group, Inc.

APPENDIX C

*Audited Financial Statements
for the Fiscal Year Ending June 30, 2016
(To Come Under Separate Cover)*

THE FOLLOWING FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES AND EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE CITY OF MERCED (OTHER THAN THE SPECIAL TAXES LEVIED IN THE COMMUNITY FACILITIES DISTRICT) ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.



GOODWIN CONSULTING GROUP

**Improvement Area No. 1 of the
City of Merced
Community Facilities District No. 2005-1
(Bellevue Ranch West)
\$7,410,000 Special Tax Bonds, Series 2006
Continuing Disclosure Annual Report for
Fiscal Year 2015-16
(per SEC Rule 15c2-12(b)(5))**

CUSIP Numbers

\$80,000	587606AA2*	\$170,000	587606AK0*
\$120,000	587606AB0*	\$180,000	587606AL8
\$125,000	587606AC8*	\$190,000	587606AM6
\$130,000	587606AD6*	\$200,000	587606AN4
\$135,000	587606AE4*	\$210,000	587606AP9
\$140,000	587606AF1*	\$220,000	587606AQ7
\$150,000	587606AG9*	\$1,270,000	587606AR5
\$155,000	587606AH7*	\$3,775,000	587606AS3
\$160,000	587606AJ3*		

** Retired as of the date of this report*

January 30, 2017

***Continuing Disclosure Annual Report
for
Improvement Area No. 1 of the
City of Merced
Community Facilities District No. 2005-1
(Bellevue Ranch West)
\$7,410,000 Special Tax Bonds, Series 2006
Fiscal Year 2015-16***

This Continuing Disclosure Annual Report (“Annual Report”) contains certain information required to be filed annually per SEC rule 15c2-12(b)(5) (the “Rule”) by Improvement Area No. 1 (“Improvement Area No. 1”) of the City of Merced (the “City”) Community Facilities District No. 2005-1 (Bellevue Ranch West) (the “CFD”). The Rule is applicable to the Improvement Area No. 1 Special Tax Bonds, Series 2006 (the “Series 2006 Bonds”) issued in the aggregate principal amount of \$7,410,000 by the CFD on July 27, 2006. The Rule requires that an issuer undertake in a written agreement or contract, for the benefit of holders of the securities issued, to file with national and state repositories the following:

- i. Certain financial information as presented in the Continuing Disclosure Agreement
- ii. Audited financial statements of the City
- iii. Notice of certain enumerated significant events
- iv. Notice of any failure to provide such annual financial information as agreed

In compliance with the Rule, the City signed the Continuing Disclosure Agreement on July 27, 2006, requiring the City to provide annually, or as they occur, the aforementioned enumerated documents or events. Per the Continuing Disclosure Agreement, the City is required to file an annual report with all national and State of California repositories which includes:

- a) The City’s audited financial statements for the most recently completed fiscal year.

→ **See Appendix A.**

- b) The balance in the Reserve Fund held under the Fiscal Agent Agreement.

→ **As of October 31, 2016, the balance in the Reserve Fund was \$500,202, and the Reserve Fund Requirement is \$498,525; therefore, pursuant to the Series 2006 Bonds covenants, the Reserve Fund is fully funded.**

c) The principal amount of the Series 2006 Bonds outstanding.

→ **As of the date of this report, \$6,045,000 of the Series 2006 Bonds remains outstanding.**

d) The amount of prepayments of the special tax, if any.

→ **As of the date of this report, there have been no prepayments of the special tax obligation.**

e) The total assessed value of all parcels currently subject to the special tax within Improvement Area No. 1, showing the total assessed valuation for all land and the total assessed valuation for all improvements within Improvement Area No. 1 and distinguishing between the assessed value of developed property and undeveloped property.

Total Assessed Value of all Land	\$12,786,697
Total Assessed Value of all Improvements	\$39,671,851
Total Assessed Value of all Parcels	\$52,458,548
Assessed Value of Developed Property	\$47,037,407
Assessed Value of Undeveloped Property	\$5,421,141
Total Assessed Value of all Parcels	\$52,458,548

f) Identification of each parcel within Improvement Area No. 1 for which any special tax payment is delinquent, together with the following information respecting each such parcel: (A) the amount delinquent; (B) the date of each delinquency; (C) in the event a foreclosure complaint has been filed respecting such delinquent parcel and such complaint has not yet been dismissed, the date on which the complaint was filed; and (D) in the event a foreclosure sale has occurred respecting such delinquent parcel, a summary of the results of such foreclosure sale.

→ **See Appendix B.**

→ **The fiscal year 2015-16 special tax payment for parcel 230-010-016-000 was previously delinquent in the amount of \$55,314.82. The former owner of the parcel, the Merced High School Quarterback Club, has redeemed the delinquent taxes as of the end of June 2016.**

- g) A land ownership summary listing property owners responsible for more than ten percent (10%) of the annual special tax levy, as shown on the Merced County Assessor's last equalized tax roll prior to the September next preceding the Annual Report date.

Property Owner	FY 2016-17 Special Tax Levy	Percentage	Number of Parcels	Total 2016 Assessed Value
Merced HS Quarterback Club*	\$53,909	10.50%	1	\$2,208,168
Forebay Farms, LLC	\$294,522	57.37%	507	\$3,212,973

* The Merced High School Quarterback Club sold parcel 230-010-016-000 to an affiliate of Granville Homes in October 2016.

- **On March 31, 2016 and September 30, 2016, Continuing Disclosure Semi-Annual Reports were provided by the Merced High School Quarterback Club and Forebay Farms, LLC, and filed with the Municipal Securities Rulemaking Board. These filings met the requirements set forth in the Continuing Disclosure Agreement for the reports due March 31, 2016 and September 30, 2016.**
- h) A description of the status of the facilities being constructed with proceeds of the Series 2006 Bonds.
- **All facilities authorized to be constructed with proceeds of the Series 2006 Bonds were completed as of August 16, 2010.**
- i) Changes, if any to the rate and method of apportionment.
- **No changes to the rate and method of apportionment took place during this past fiscal year.**
- j) The amount of special taxes generated by the developed parcels and undeveloped parcels within Improvement Area No. 1.

Property Classification	Number of Parcels	FY 2016-17 Special Tax Levy	Percentage of Total Special Tax Levy
Developed	204	\$164,964	32.13%
Undeveloped	508	\$348,430	67.87%

- k) To the extent not provided pursuant to (b) through (j) above, the annual information required to be filed with the California Debt and Investment Advisory Commission.

→ **See Appendix C.**

- l) **Senate Bill 165 Reporting Requirements.** On September 18, 2000, former Governor Gray Davis signed Senate Bill 165 which enacted the Local Agency Special Tax and Bond Accountability Act. In approving the bill, the Legislature declared that local agencies need to demonstrate to voters that special taxes and bond proceeds are being spent on the facilities and services for which they were intended. To further this objective, the Legislature added Sections 50075.3 and 53411 to the California Government Code setting forth annual reporting requirements relative to special taxes collected and bonds issued by a public agency. The amount of special taxes collected and expended for the fiscal year 2015-16 special tax levy is set forth in the table below:

Fiscal Year 2015-16 Revenues

Interest	\$1,495
Assessments	\$511,575
Total Revenues Collected	\$513,070

Fiscal Year 2015-16 Expenditures

Bond Interest	\$329,525
Bond Principal	\$160,000
Fiscal Agent Fees	\$2,310
Professional Services	\$19,299
Support Services	\$99
Administrative Services	\$778
Direct Service Charges	\$2,372
Total Expenditures	\$514,383

Beginning Fund Balance*	\$867,641
Ending Fund Balance*	\$866,328

Net Change in Fund Balance	(\$1,313)
-----------------------------------	------------------

* Includes Reserve Requirement.

m) **Reporting of Significant Events.** Pursuant to the provisions of the Continuing Disclosure Agreement, the CFD shall give, or cause to be given, notice of the occurrence of any of the following events, if material:

1. Principal and interest payments delinquencies.
2. Non-payment related defaults.
3. Modifications to rights of Bondholders.
4. Optional, contingent or unscheduled bond calls.
5. Defeasances
6. Rating changes.
7. Adverse tax opinions or events adversely affecting the tax-exempt status of the bonds.
8. Unscheduled draws on debt service reserves reflecting financial difficulties.
9. Unscheduled draws on credit enhancements reflecting financial difficulties.
10. Substitution of credit or liquidity providers, or their failure to perform.
11. Release, substitution, or sale of property securing repayment of the bonds.

From July 1, 2015 through the date of this report, no significant events have been reported by the CFD.

APPENDIX A

*Audited Financial Statements
for the Fiscal Year Ending June 30, 2016
(To Come Under Separate Cover)*

THE FOLLOWING FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES AND EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE CITY OF MERCED (OTHER THAN THE SPECIAL TAXES LEVIED IN THE COMMUNITY FACILITIES DISTRICT) ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

APPENDIX B

*Special Tax Delinquencies
as of September 21, 2016*

City of Merced
Improvement Area No. 1 of
Community Facilities District No. 2005-1 (Bellevue Ranch West)
Delinquencies as of September 21, 2016 /1

Assessor's Parcel Number	Amount Delinquent	Date of Earliest Delinquency	Status of Foreclosure Proceedings	Action Taken	Date Complaint Filed
230-062-023-000	\$385.50	4/10/2016	None	Demand Letter Mailed 5/18/2016	N/A
230-084-004-000	\$651.00	12/10/2015	None	Demand Letter Mailed 5/18/2016	N/A

Number of Parcels Delinquent:

2

Total Amount Delinquent:

\$1,036.50

/1 The fiscal year 2015-16 delinquency rate for CFD No. 2005-1 (Bellevue Ranch West) is at 0.20%. However, CFD No. 2005-1 is under the County of Merced Teeter Plan; therefore, the City of Merced received 100% of the CFD Special Tax levied at fiscal year end.

Source: Merced County Tax Collector's Office; Goodwin Consulting Group, Inc.

APPENDIX C

*California Debt and Investment Advisory Commission Report
for the Fiscal Year Ending June 30, 2016*

Submitted:
Friday, October 28, 2016
10:48:52AM
CDIAC #: 2006-0358

**STATE OF CALIFORNIA
MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD)
YEARLY FISCAL STATUS REPORT**

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
(916) 653-3269 Fax (916) 654-7440

For Office Use Only
Fiscal Year _____

I. GENERAL INFORMATION

A. Issuer Merced CFD No 2005-1
B. Project Name Bellevue Ranch West IA No 1
C. Name/ Title/ Series of Bond Issue 2006 Special Tax Bonds
D. Date of Bond Issue 7/12/2006
E. Original Principal Amount of Bonds \$7,410,000.00
F. Reserve Fund Minimum Balance Required Yes ☒ Amount \$498,525.00 No ☐

II. FUND BALANCE FISCAL STATUS

Balances Reported as of: 6/30/2016
A. Principal Amount of Bonds Outstanding \$6,215,000.00
B. Bond Reserve Fund \$499,393.90
C. Capitalized Interest Fund \$0.00
D. Construction Fund(s) \$0.00

III. ASSESSED VALUE OF ALL PARCELS IN CFD SUBJECT TO SPECIAL TAX

A. Assessed or Appraised Value Reported as of: 7/1/2016
☒ From Equalized Tax Roll
☐ From Appraisal of Property
(Use only in first year or before annual tax roll billing commences)
B. Total Assessed Value of All Parcels \$52,458,548.00

IV. TAX COLLECTION INFORMATION

A. Total Amount of Special Taxes Due Annually \$511,574.76
B. Total Amount of Unpaid Special Taxes Annually \$1,036.50
C. Taxes are Paid Under the County's Teeter Plan? Y

V. DELINQUENT REPORTING INFORMATION

Delinquent Parcel Information Reported as of Equalized Tax Roll of: 9/21/2016
A. Total Number of Delinquent Parcels: 2
B. Total Amount of Taxes Due on Delinquent Parcels: \$1,036.50
(Do not include penalties, penalty interest, etc.)

VI. FORECLOSURE INFORMATION FOR FISCAL YEAR

(Aggregate totals, if foreclosure commenced on same date)

(Attach additional sheets if necessary.)

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax Due on Foreclosure Parcels
		\$0.00
		\$0.00
		\$0.00
		\$0.00
	87	\$0.00

Submitted:
Friday, October 28, 2016
10:48:52AM
CDIAC #: 2006-0358

**STATE OF CALIFORNIA
MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD)
YEARLY FISCAL STATUS REPORT**

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
(916) 653-3269 Fax (916) 654-7440

For Office Use Only
Fiscal Year _____

VII. ISSUE RETIRED

This issue is retired and no longer subject to the Yearly Fiscal Status report filing requirements.
(Indicate reason for retirement)

Matured ☐ Redeemed Entirely ☐ Other ☐

If Matured, indicate final maturity date:

If Redeemed Entirely, state refunding bond title & CDIAC #:
and redemption date:

If Other:
and date:

VIII. NAME OF PARTY COMPLETING THIS FORM

Name	Andrew Bavender	
Title	Sr Associate	
Firm/ Agency	Goodwin Consulting Group Inc	
Address	555 UNIVERSITY AVE Suite 280	
City/ State/ Zip	SACRAMENTO, CA 95825	
Phone Number	(916) 561-0890	Date of Report 10/28/2016
E-Mail	andrew@goodwinconsultinggroup.net	

IX. ADDITIONAL COMMENTS:

Completion and submittal of this form to the California Debt and Investment Advisory Commission will assure your compliance with California State law. Section 53359.5 of the California Government Code requires that all agencies issuing Mello-Roos Community Facilities bonds after January 1, 1993 to report specific information to the Commission by October 30th of each year.



GOODWIN CONSULTING GROUP

**City of Merced
Community Facilities District No. 2006-1
(Moraga of Merced)
\$5,840,000 Special Tax Bonds, Series 2006
Continuing Disclosure Annual Report for
Fiscal Year 2015-16
(per SEC Rule 15c2-12(b)(5))**

CUSIP Numbers

\$105,000	587626BG6*	\$140,000	587626BQ4*
\$105,000	587626BH4*	\$150,000	587626BR2
\$110,000	587626BJ0*	\$155,000	587626BS0
\$115,000	587626BK7*	\$160,000	587626BT8
\$120,000	587626BL5*	\$170,000	587626BU5
\$125,000	587626BM3*	\$175,000	587626BV3
\$130,000	587626BN1*	\$1,015,000	587626CA8
\$135,000	587626BP6*	\$2,930,000	587626CL4

** Retired as of the date of this report*

January 31, 2017

***Continuing Disclosure Annual Report
for
City of Merced
Community Facilities District No. 2006-1
(Moraga of Merced)
\$5,840,000 Special Tax Bonds, Series 2006
Fiscal Year 2015-16***

This Continuing Disclosure Annual Report (“Annual Report”) contains certain information required to be filed annually per SEC rule 15c2-12(b)(5) (the “Rule”) by the City of Merced (the “City”) Community Facilities District No. 2006-1 (Moraga of Merced) (the “CFD”). The Rule is applicable to the Special Tax Bonds, Series 2006 (the “Series 2006 Bonds”) issued in the aggregate principal amount of \$5,840,000 by the CFD on December 14, 2006. The Rule requires that an issuer undertake in a written agreement or contract, for the benefit of holders of the securities issued, to file with national and state repositories the following:

- i. Certain financial information as presented in the Continuing Disclosure Agreement
- ii. Audited financial statements of the City
- iii. Notice of certain enumerated significant events
- iv. Notice of any failure to provide such annual financial information as agreed

In compliance with the Rule, the City signed the Continuing Disclosure Agreement on December 14, 2006, requiring the City to provide annually, or as they occur, the aforementioned enumerated documents or events. Per the Continuing Disclosure Agreement, the City is required to file an annual report with all national and State of California repositories which includes:

- a) The City’s audited financial statements for the most recently completed fiscal year.

→ **See Appendix A.**

- b) The balance in the Reserve Fund held under the Fiscal Agent Agreement.

→ **As of October 31, 2016, the balance in the Reserve Fund was \$363,448 and the Reserve Fund Requirement is \$362,790; therefore, pursuant to the Series 2006 Bonds covenants, the Reserve Fund is fully funded.**

- c) The principal amount of the Series 2006 Bonds outstanding.

→ **As of the date of this report, \$4,370,000 of the Series 2006 Bonds remains outstanding. Of the \$1,470,000 in bonds no longer outstanding, \$1,085,000 matured as scheduled and \$385,000 was tendered by the City.**

d) The amount of prepayments of the special tax, if any.

→ **As of the date of this report, there have been no prepayments of the special tax obligation.**

e) The total assessed value of all parcels currently subject to the special tax within the CFD, showing the total assessed valuation for all land and the total assessed valuation for all improvements within the CFD and distinguishing between the assessed value of developed property and undeveloped property.

Total Assessed Value of all Land	\$2,997,671
Total Assessed Value of all Improvements	\$8,880,853
Total Assessed Value of all Parcels	\$11,878,524
Assessed Value of Developed Property	\$9,841,759
Assessed Value of Undeveloped Property	\$2,036,765
Total Assessed Value of all Parcels	\$11,878,524

f) Identification of each parcel within the CFD for which any special tax payment is delinquent, together with the following information respecting each such parcel: (A) the amount delinquent; (B) the date of each delinquency; (C) in the event a foreclosure complaint has been filed respecting such delinquent parcel and such complaint has not yet been dismissed, the date on which the complaint was filed; and (D) in the event a foreclosure sale has occurred respecting such delinquent parcel, a summary of the results of such foreclosure sale.

→ **As of September 21, 2016, no parcel in the CFD is delinquent in payment of the special tax.**

- g) A land ownership summary listing property owners responsible for more than ten percent (10%) of the annual special tax levy, as shown on the Merced County Assessor's last equalized tax roll prior to the September next preceding the Annual Report date.

Property Owner	FY 2016-17 Special Tax Levy	Percentage	Number of Parcels	Total 2016 Assessed Value
CBCP Assets, LLC	\$185,209	49.11%	1	\$689,675
Moraga LP	\$159,352	42.26%	250	\$1,522,413

- **On April 1, 2016 and October 3, 2016, "Notices of Failure to File" were filed with the Municipal Securities Rulemaking Board in connection to the Continuing Disclosure Semi-Annual Reports due on March 31, 2016 and September 30, 2016, for Moraga LP. As of the date of this report, no Continuing Disclosure Semi-Annual Reports have been provided by Moraga LP.**
- **On March 31, 2016, and September 30, 2016, CBCP Assets, LLC provided Continuing Disclosure Semi-Annual Reports for the periods ending March 31, 2016 and September 30, 2016, respectively.**
- h) A description of the status of the facilities being constructed with proceeds of the Series 2006 Bonds.
- **All facilities authorized to be constructed with proceeds of the Series 2006 Bonds were completed as of October 26, 2007.**
- i) Changes, if any to the rate and method of apportionment.
- **No changes.**
- j) The amount of special taxes generated by the developed parcels and undeveloped parcels within the CFD.

Property Classification	Number of Parcels	FY 2016-17 Special Tax Levy	Percentage of Total Special Tax Levy
Developed	38	\$33,686	8.93%
Undeveloped	250	\$343,413	91.07%

- k) To the extent not provided pursuant to (b) through (j) above, the annual information required to be filed with the California Debt and Investment Advisory Commission.

→ **See Appendix B.**

- l) **Senate Bill 165 Reporting Requirements.** On September 18, 2000, former Governor Gray Davis signed Senate Bill 165 which enacted the Local Agency Special Tax and Bond Accountability Act. In approving the bill, the Legislature declared that local agencies need to demonstrate to voters that special taxes and bond proceeds are being spent on the facilities and services for which they were intended. To further this objective, the Legislature added Sections 50075.3 and 53411 to the California Government Code setting forth annual reporting requirements relative to special taxes collected and bonds issued by a public agency. The amount of special taxes collected and expended for the fiscal year 2015-16 special tax levy is set forth in the table below:

Fiscal Year 2015-16 Revenues

Interest	\$677
Assessments	\$373,010
Total Revenues Collected	\$373,687

Fiscal Year 2015-16 Expenditures

Bond Interest	\$221,853
Bond Principal	\$135,000
Fiscal Agent Fees	\$2,100
Professional Services	\$6,651
Support Services	\$79
Administrative Services	\$591
Direct Service Charges	\$737
Total Expenditures	\$367,011

Beginning Fund Balance*	\$656,401
Ending Fund Balance*	\$663,077

Net Change in Fund Balance	\$6,676
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* Includes Reserve Requirement.

m) **Reporting of Significant Events.** Pursuant to the provisions of the Continuing Disclosure Agreement, the CFD shall give, or cause to be given, notice of the occurrence of any of the following events, if material:

1. Principal and interest payments delinquencies.
2. Non-payment related defaults.
3. Modifications to rights of Bondholders.
4. Optional, contingent or unscheduled bond calls.
5. Defeasances
6. Rating changes.
7. Adverse tax opinions or events adversely affecting the tax-exempt status of the bonds.
8. Unscheduled draws on debt service reserves reflecting financial difficulties.
9. Unscheduled draws on credit enhancements reflecting financial difficulties.
10. Substitution of credit or liquidity providers, or their failure to perform.
11. Release, substitution, or sale of property securing repayment of the bonds.

From July 1, 2015 through the date of this report, no significant events have been reported by the CFD.

APPENDIX A

*Audited Financial Statements
for the Fiscal Year Ending June 30, 2016
(To Come Under Separate Cover)*

THE FOLLOWING FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES AND EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15c2-12. NO FUNDS OR ASSETS OF THE CITY OF MERCED (OTHER THAN THE SPECIAL TAXES LEVIED IN THE COMMUNITY FACILITIES DISTRICT) ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

APPENDIX B

*California Debt and Investment Advisory Commission Report
for the Fiscal Year Ending June 30, 2016*

Submitted:
Friday, October 28, 2016
10:53:19AM
CDIAC #: 2006-1344

**STATE OF CALIFORNIA
MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD)
YEARLY FISCAL STATUS REPORT**

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
(916) 653-3269 Fax (916) 654-7440

For Office Use Only
Fiscal Year _____

I. GENERAL INFORMATION

A. Issuer Merced CFD No 2006-1
B. Project Name Moraga Development
C. Name/ Title/ Series of Bond Issue 2006 Special Tax Bonds
D. Date of Bond Issue 12/14/2006
E. Original Principal Amount of Bonds \$5,840,000.00
F. Reserve Fund Minimum Balance Required Yes ☒ Amount \$362,790.00 No ☐

II. FUND BALANCE FISCAL STATUS

Balances Reported as of: 6/30/2016
A. Principal Amount of Bonds Outstanding \$4,510,000.00
B. Bond Reserve Fund \$363,324.50
C. Capitalized Interest Fund \$0.00
D. Construction Fund(s) \$0.00

III. ASSESSED VALUE OF ALL PARCELS IN CFD SUBJECT TO SPECIAL TAX

A. Assessed or Appraised Value Reported as of: 7/1/2016
☒ From Equalized Tax Roll
☐ From Appraisal of Property
(Use only in first year or before annual tax roll billing commences)
B. Total Assessed Value of All Parcels \$11,878,524.00

IV. TAX COLLECTION INFORMATION

A. Total Amount of Special Taxes Due Annually \$373,010.10
B. Total Amount of Unpaid Special Taxes Annually \$0.00
C. Taxes are Paid Under the County's Teeter Plan? Y

V. DELINQUENT REPORTING INFORMATION

Delinquent Parcel Information Reported as of Equalized Tax Roll of: 9/21/2016
A. Total Number of Delinquent Parcels: 0
B. Total Amount of Taxes Due on Delinquent Parcels: \$0.00
(Do not include penalties, penalty interest, etc.)

VI. FORECLOSURE INFORMATION FOR FISCAL YEAR

(Aggregate totals, if foreclosure commenced on same date)

(Attach additional sheets if necessary.)

Date Foreclosure Commenced	Total Number of Foreclosure Parcels	Total Amount of Tax Due on Foreclosure Parcels
		\$0.00
		\$0.00
		\$0.00
		\$0.00
	97	\$0.00

Submitted:
Friday, October 28, 2016
10:53:19AM
CDIAC #: 2006-1344

**STATE OF CALIFORNIA
MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD)
YEARLY FISCAL STATUS REPORT**

California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400, Sacramento, CA 95814
P.O. Box 942809, Sacramento, CA 94209-0001
(916) 653-3269 Fax (916) 654-7440

For Office Use Only
Fiscal Year _____

VII. ISSUE RETIRED

This issue is retired and no longer subject to the Yearly Fiscal Status report filing requirements.
(Indicate reason for retirement)

Matured ☐ Redeemed Entirely ☐ Other ☐

If Matured, indicate final maturity date:

If Redeemed Entirely, state refunding bond title & CDIAC #:
and redemption date:

If Other:
and date:

VIII. NAME OF PARTY COMPLETING THIS FORM

Name	Andrew Bavender	
Title	Sr Associate	
Firm/ Agency	Goodwin Consulting Group Inc	
Address	555 UNIVERSITY AVE Suite 280	
City/ State/ Zip	SACRAMENTO, CA 95825	
Phone Number	(916) 561-0890	Date of Report 10/28/2016
E-Mail	andrew@goodwinconsultinggroup.net	

IX. ADDITIONAL COMMENTS:

Completion and submittal of this form to the California Debt and Investment Advisory Commission will assure your compliance with California State law. Section 53359.5 of the California Government Code requires that all agencies issuing Mello-Roos Community Facilities bonds after January 1, 1993 to report specific information to the Commission by October 30th of each year.



ADMINISTRATIVE REPORT

Agenda Item J.7.

Meeting Date: 2/6/2017

Report Prepared by: Ken Elwin, Public Works Director

SUBJECT: Joint Funding Agreement with Merced Irrigation District for Local Share for Additional Work on Groundwater-Surface Water Interaction Model for the Merced Groundwater Basin

REPORT IN BRIEF

Consideration of an agreement with Merced Irrigation District (MID) for an amendment to the contract for the Merced Water Resources Model in the amount of \$173,773.50; a jointly funded agreement with Merced Irrigation District, which will be partially reimbursed from cost shares of other groundwater users collaborating on the future Groundwater Sustainable Plan.

RECOMMENDATION

City Council - Adopt a motion approving the expenditure of \$173,773.50 for the Merced Water Resources Model, authorizing the City Manager to execute the necessary documents, and the Finance Officer to make the necessary budget adjustments.

ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Modify the action (specify in the motion); or
3. Deny; or
4. Refer to staff for reconsideration of specific items (to be addressed in the motion); or,
5. Continue to a future meeting (date and time to be specified in the motion).

AUTHORITY

Charter of the City of Merced, Article II, Section 200.

CITY COUNCIL PRIORITIES

As provided for in the 2016-17 Adopted Budget.

DISCUSSION

History and Past Actions:

In 1997, local public agencies of the Merced Groundwater Subbasin entered into a Memorandum of Understanding (MOU) in accordance with AB3030. Fifteen agencies entered into the MOU including urban and agriculture water purveyors. The purpose of the MOU was to create the Merced Area Groundwater Pool Interests (MAGPI), a coalition dedicated to local monitoring and management of the Merced Groundwater Subbasin. The service area includes land located within the Merced Groundwater Basin, which authorizes MAGPI to provide water service, flood control, groundwater

quality management, or groundwater replenishment within their service area. MAGPI has grown to 18 members, which includes Merced County, Atwater, Livingston and other Merced area water companies.

Past MAGPI activities include the Merced Water Supply Plan and a smaller groundwater model, which assured an available water supply for the founding of UC Merced.

As the groundwater levels continued to fall, in 2005 MAGPI members agreed on the importance of a larger regional groundwater resources model to assess the basin and provide possible protocols to sustain the basin for the future. MAGPI pursued funds to help create the model.

MAGPI made several presentations to State and Federal representatives regarding the importance of this model to attain a scientific unbiased and publicly vetted mechanism to first understand the basin and then establish practical protocols to stem the ongoing overdraft.

In 2006, the California Department of Water Resources (DWR) offered MAGPI a grant for \$500,000 under Proposition 50 with an equal local share as a requirement. At that time, MID and the City volunteered to front the cost of the local share on behalf of the MAGPI membership, if MAGPI entered into agreement to reimburse MID and the City in the event a Joint Power Authority (JPA) for managing the Merced Groundwater Basin was created in the future. At MAGPI's regularly scheduled meeting on December 12, 2007, MAGPI approved an agreement to reimburse MID and the City for all expenses related to the development of a groundwater model and related activities.

Due to State budget reductions in 2007, DWR suspended all grant funding and delayed the pursuit of this project. DWR staff assured MAGPI the funds would remain available. DWR is preparing to move all residual funds from previous propositions including Proposition 50. Approving this agreement and moving forward with the model will secure grant funding.

Description:

MID has been the lead agency securing grants from DWR for the Eastern Merced Groundwater Basin. The City has participated in the groundwater basin activities through MAGPI and the Merced Integrated Regional Water Management Plan (IRWMP).

MID has received a Proposition 50 Water Supply Reliability Program Implementation Grant of \$500,000 from DWR to prepare a groundwater resources model used by MAGPI and IRWMP. The model will demonstrate existing groundwater resource conditions in eastern Merced County and allow for forecasting of future conditions based on various operational parameters. The model will also help MAGPI make recommendations, develop protocols for groundwater resource management within the subbasin, and provide scenarios that will ensure an ample groundwater supply for future growth and development of the City of Merced.

The grant work is at its completion and the model, in its current stage of development, encompasses the history and current baseline of our groundwater subbasin. The model includes estimated overdraft and migration of water to and from adjacent groundwater basins. In response to the State's proposed water grab, there is an urgency to move as fast as technically possible to make a case for

the environmental impact on groundwater storage, quality, and the consequent impact on life and economics in the Merced River Region. Findings from the model will be used to respond to the draft Supplemental Environmental Document (SED) that intends to take 40% of unimpaired river flows. This will provide the scientific backup necessary to predict the groundwater quality degradation resulting from the SED. Additionally, the overall model activities will be critical for the future development of the Groundwater Sustainability Plan (GSP).

In order to cover the local cost share required by the grant, staff have developed a funding Agreement for Council's consideration for approval, signed by MID, Attachment 1, for the work provided by RMC Water and Environment.

IMPACT ON CITY RESOURCES

The City's share of cost for the Amendment to the Agreement for the Water Model is \$173,733.50. Sufficient funds are available in the Fiscal Year 16-17 budget within the Water Fund, Fund 557.

ATTACHMENTS

1. Joint Funding Agreement - 2017
2. Attachment A and Letter from MID requesting additional funds
3. Joint Funding Agreement - 2013
4. Implementation Grant - 2013

CITY OF MERCED AND MERCED IRRIGATION DISTRICT JOINT FUNDING AGREEMENT FOR “MAGPI”

This JOINT FUNDING AGREEMENT is entered into and effective as of _____, 2017, by and between the City of Merced, a California charter municipal corporation (“Merced”), and Merced Irrigation District, an irrigation district organized and existing pursuant to Division 11 of the Water Code of the State of California (“MID”).

RECITALS

A. In 1992, AB 3030 was adopted by the California Legislature and signed into law as Water Code Section 10752 *et seq.* AB 3030 imposed certain requirements upon local groundwater agencies.

B. As a result of AB 3030, and prior groundwater investigations, the Merced Area Groundwater Pool Interests (“MAGPI”) was formed as the governing body for the management of the groundwater basin and for the adoption and implementation of a regional AB 3030 plan.

C. Merced and MID have contributed funds and work towards preparation of the Merced Water Supply Plan (MWSP). Each agency has previously budgeted funds for expenditure on behalf of MAGPI, including but not limited to an implementation scope of work, potential governance structures, hydrogeology, groundwater recharge pilot programs, and other investigations.

D. Merced and MID have been working toward development of an Integrated Water Resources Model (Merced IWRM), with partial funding by the California Department of Water Resources (DWR) and funding participation by Merced, MID, and anticipated funding from other MAGPI members. Merced and MID have previously budgeted and expended funds on behalf of MAGPI, including, but not limited to, the development of the IWRM model, and its application to various projects.

E. MAGI, with MID as its agent, previously applied for, received and utilized funds from a Proposition 50, the “Water Security, Clean Drinking Water,

Coastal and Beach Protection Act of 2002” grant (“Proposition 50 Grant”) of \$500,000 which required a local match of a similar amount. Both MID and Merced have previously supplied the local match, with each entity providing half of the local match, not to exceed \$250,000.00 each, pursuant to a prior Joint Funding Agreement entered into 2013.

F. The purpose of this Joint Funding Agreement is to provide for additional funding for further work to be performed by consultant, RMC Water and Environment as described in Attachment A, attached hereto.

NOW, THEREFORE, Merced and MID, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and agreed, do hereby agree as follows:

1. Merced agrees to provide to MID with up to the not-to-exceed sum of One-Hundred-Seventy-Three-Thousand, Seven Hundred, Seventy-Three Dollars and Fifty Cents (\$173,773.50) which is Merced’s one-half share of the estimated cost of the work to be provided by RMC Water and Environment that is further described in Attachment A. City shall disburse the funds to MID for this work as the work is performed and presented to the City of Merced on periodic invoices sent to Merced’s Director of Public Works. It is understood, acknowledged and agreed that Merced’s obligation to provide these funds is contingent on approval of this Joint Funding Agreement by the Merced City Council. If the Merced City Council does not approve this Joint Funding Agreement, Merced shall have no obligation to provide any funding under this, or any prior, Joint Funding Agreement.

2. MID agrees to provide an equivalent sum which shall be held in a special fund within MID’s accounting system to which all receipts and withdrawals shall be made so that an accurate accounting of the grant funds can be made.

3. The funding committed hereunder by both Merced and MID shall be proportionately reduced by any funding provided by any other MAGPI member once the project’s budget obligations have been met.

4. It is expressly understood and agreed that Merced and MID’s provision of this funding is subject to the Conditional Project Cost Reimbursement Agreement entered into between Merced, MID, and MAGPI.

5. To the extent it has not already done so, MID agrees to do all things necessary and required by the agreement with DWR to ensure the groundwater modeling project is completed and completed meeting all of the requirements of the Proposition 50 Grant and the agreement with DWR.

6. The term of this Joint Funding Agreement shall be from the date of execution through December 31, 2017, at which time this Joint Funding Agreement shall expire; unless it is renewed, extended or amended in a separate writing executed by both MID and Merced.

7. Notices. All notices required or provided for under this Joint Funding Agreement shall be in writing and delivered in person or sent by certified mail, postage prepaid and presumed delivered upon actual receipt by personal delivery or within three (3) days following deposit thereof in United States Mail. Notice required to be given to City shall be addressed as follows:

To Merced: City of Merced
 678 West 18th Street
 Merced, California 95340
 Attn: Director of Public Works

Notices required to be given to MID shall be addressed as follows:

To MID: Merced Irrigation District
 P.O. Box 2288
 744 West 20th Street
 Merced, California 95344
 Attn.: Deputy General Manager – Water Resources

A party may change the address by giving notice in writing to the other party and thereafter notices shall be addressed and transmitted to the new address.

8. Counterparts. This Joint Funding Agreement may be executed in multiple counterparts, each of which shall be deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterpart executed by the other party to this Joint Funding Agreement is in the physical possession of the party seeking enforcement thereof.

9. Authority to Execute. Each party hereto expressly warrants and represents that he/she/they has/have the authority to execute this Joint Funding Agreement

on behalf of his/her/their corporation, partnership, business entity, or governmental entity and warrants and represents that he/she/they has/have the authority to bind his/her/their entity to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first above written.

CITY OF MERCED
A California Charter Municipal
Corporation

By: _____
City Manager

ATTEST:
STEVE CARRIGAN, CITY CLERK

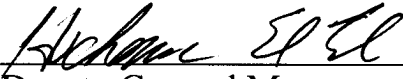
By: _____
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

By:  _____ 1-11-2017
City Attorney Date

Signatures continued on next page

MERCED IRRIGATION DISTRICT,
An Irrigation District Organized and
Existing Pursuant to Division 11 of the
Water Code of the State of California

By: 
Deputy General Manager
Water Supply and Water Rights



MERCED IRRIGATION DISTRICT

November 4, 2016

Mr. Steven Carrigan, City Manager
City of Merced Manager's Office
678 West 18th Street
Merced, CA. 95340

Dear Mr. Carrigan,

The purpose of this letter is to confirm an equal contribution from the City of Merced (City) for groundwater modeling as an amendment to the ongoing existing effort approved under contract with RMC since January 2016.

As you are aware MID and City are undertaking tasks relating to groundwater management on multiple fronts. These activities are taking place under the MAGPI umbrella and shaping present and future discussions regarding best management, optimization of resources, sustainability and defending existing local water rights against a potential water grab by the State of California (State) and preparing data relating to development of a Ground Water Sustainability Plan (GSP) for the Merced Groundwater Basin. The State water grab is being proposed for implementation in the published draft Substitute Environmental Document (SED) establishing the first phase of a multiple phase approach to update the State's Bay-Delta Water Quality Plan.

As early as 2006 the locals acquired a grant for a groundwater-surface water interaction model for the Merced Groundwater Basin and surrounding areas. We have collaborated on splitting the local contribution in half. The grant work is at its completion and the model as it currently stands has encompassed the history of the groundwater basin and the current baseline. It includes estimated overdraft and migration of water to and from adjacent groundwater basins.

Currently and due to the urgency of the State's water grab, we are moving as fast as technically possible to make the case for the environmental impact on groundwater storage, quality, and their consequent impact on life and economics in the Merced area. In order to provide a scientific backup, we are establishing a baseline to be used in predicting the water quantity impact. This includes the completion of a mass balance analysis to be used in estimating the anticipated water quality degradation as a result of the water grab. This last activity is due to completion within ten days and we intend to use it in our comments on the draft SED. The total

cost for these immediate activities is \$347,547 (see Attachment A), which puts the City's share at \$173,773.50.

The overall activities are also integral activities of the future GSP. We expect the City and MID be partially reimbursed for these activities by other groundwater users, depending on the progress of the future collaborative GSP.

MID appreciates the positive relationship between our agencies and your support in protecting the sustainability of the Merced Groundwater Basin.

Sincerely,



For John Sweigard
General Manager

Attachment A



MERCED IRRIGATION DISTRICT

October 24, 2016

RMC Water and Environment
1545 River Park Drive, Suite 425
Sacramento, CA 95815

Attention: Dr. Ali Taghavi

Subject: Amendment 1 to the contract for Merced Water Resources Model

Dear Ali:

This letter serves as Amendment No. 1 to our Consultant Agreement, as amended, for the above-referenced project. The agreement is amended as described below. Please sign where indicated, return, and keep a copy for your records.

The Consultant Agreement for Services dated January 6, 2014 is hereby amended as follows:

1. Term of contract is extended through December 31, 2017.
2. Contract fee is amended by \$347,547, from 895,000 to a total of \$1,242,547, based on the following schedule:
 - Development of Merced Area Water Quality Model (Scope of work is in Attachment A of the original contract): \$159,966.
 - Development of Baseline Condition and Subsidence Module (Exhibit A): \$131,575.
 - Development of Merced Area Mass Balance Model (Exhibit b): \$56,006.

This amendment is hereby agreed to between the parties. MID is executing this agreement on behalf of Merced Area Groundwater Pool Interests (MAGPI) for work approved on its meeting held on August 3, 2016.

Executed this 3rd day of November, 2016, at MERCED, California.

CLIENT
Merced Irrigation District

RMC WATER AND ENVIRONMENT,
a California corporation,

By: [Signature]

By: _____

Title: GENERAL MANAGER

Title: _____

Dated: Nov. 3, 2016

Dated: _____

Attachment A

Merced Area Water Resources Model (MWRM) Development of Baseline Model

Scope of Work

August 29, 2016

Background

The Merced Area Water Resources Model (MWRM) has been developed as a fully integrated analytical computer program to assist in meeting the following goals for the stakeholders in the Merced groundwater basin:

- 1- Optimize water supply conditions within the Basin
- 2- Manage Basin operations in a balanced and sustainable manner
- 3- Assist the Groundwater Sustainability Agency(ies) in the Basin to manage the Basin in a sustainable manner
- 4- Assess water quality in the Basin to assist the water purveyors in meeting safe drinking water standards for the municipal and urban water users

The Model has been developed in an open and transparent environment in the context of the Merced Area Groundwater Pool Interest (MAGPI) participants, with financial and technical resources provided by the City and County of Merced and Merced Irrigation District as the lead agencies overseeing the development of the model. The DWR has also partially funded the development of the Model. A Technical Work Group consisting of representatives of the DWR, USGS, and the UC Merced have been involved in the review of the model development process, conceptual model preparation, model and data analysis and assumptions, model calibration, and interpretation of model results. Model calibration was completed in February 2016, and during the Month of March 2016, the model calibration approach and results have been presented to the Technical Work Group, City and County of Merced staff and management, Merced Irrigation District staff and management, as well as the MAGPI Board. The model calibration status has been considered to be at a very good state by both the technical reviewers as well as the management from respective agencies. As a result of meeting with the management of respective agencies, and in order to ensure that the Model is fully prepared to assist the agencies and the County in addressing the requirements of the Sustainable Groundwater Management Act (SGMA), additional model features and scenarios were identified for further development.

The following scope of work presents additional Tasks to be considered for development of additional features and application and use of the model in meeting the Basin management goals.

Task 1- Extend Model Hydrologic Period to Include Recent Drought

The purpose of this Task is to extend the model hydrologic period to 2015. The historical hydrologic period used in development of the model is through water year 2012. Recognizing that the state has been suffering from an extreme drought during water years 2013-2015, and that future planning will need to address water supply conditions during similar extreme droughts, the model hydrologic period needs to be extended to 2015 to reflect the land use and water supply conditions during the drought. This Task includes the following activities:

- 1.1 Data collection efforts will consist of the coordination with local agencies and DWR staff to ensure the availability of all datasets in the extension of the MercedWRM simulation to 2015.
- 1.2 Precipitation data will be updated from PRISM datasets, which is available from DWR's CalSIMETAW model.
- 1.3 Stream inflow data will be collected from USGS/CDEC gauging stations and will be analyzed for any missing data or inconsistencies for model input. If gauged records are unavailable, data will be estimated using trend analysis and/or similar year method.
- 1.4 Land use and cropping patterns will be updated using the USDA CropScape datasets from USDA website.
- 1.5 MID surface water deliveries, at the element level will be integrated into the model; assumed to be provided by MID in similar format as provided for the calibration period.
- 1.6 MID canal recharge will be estimated by diversion, spill, and delivery data as supplied by MID.
- 1.7 MID groundwater production will be updated from MID pumping records, as provided by MID.
- 1.8 Urban groundwater production will be developed by population and water consumption data as supplied by participating MAGPI member agencies.
- 1.9 General Head boundary condition dataset will be updated by groundwater elevation contours as available from the Department of Water Resources.
- 1.10 Other surface water deliveries will be updated from data available from Stevinson Water District, Turlock Irrigation District and Chowchilla Water district.
- 1.11 This subtask involves compilation of all model input data sets, debugging the datasets and ensuring seamless model input data, post-processing and analysis of simulation results will be performed in order to ensure quality of model input data sets and results.
- 1.12 One project meeting will be held with staff representing MAGPI to review model updates upon completion.

Task 2 – Integration of the IWFM Subsidence Package into the MercedWRM

This purpose of this Task is to develop the simulation of regional subsidence within the MercedWRM. The completion of this task will require collection and analysis of data relating to local and regional subsidence and recalibration of the MercedWRM. This Task includes the following activities:

- 2.1 Collect available data on local subsidence
- 2.2 Perform hydrogeological analysis and develop subsidence parameters
- 2.3 Perform analysis of observed historical subsidence trends.
- 2.4 Calibrate the MercedWRM simulated subsidence to observed records
- 2.5 One project meeting will be held with staff representing MAGPI to review the development of the subsidence package upon completion.

Task 3- Develop Existing Conditions Baseline Model (s)

This purpose of this Task is to collect, analyze, and prepare input data sets for the model to develop a baseline scenario representing the existing conditions in the Basin. Existing conditions assume that the current level of land and water use development would stay in place during a hydrologic period similar to the period 1970-2015.

This task will result in the development of two baseline conditions:

Baseline A: Assumes that the reservoir operation and Main Canal deliveries are under historical regulatory settings as of 2015.

Baseline B: This Baseline is similar to Baseline A; however, the operations of the Exchequer Dam and Main Canal deliveries will be based on the recently adopted FERC rules, as part of the FEIS for the Merced River.

This Task includes the following activities:

- 3.1 No effort will be needed for data collection, as most of data will be based on recent historical conditions.
- 3.2 Precipitation data will utilize 1970-2015 historical records
- 3.3 Stream flow data will be based on historical operations or supplied by MercedSIM model.
- 3.4 Land use and cropping patterns will be prepared for the current conditions within the basin, the primary source of data will be the USDA CropScape dataset.
- 3.5 MID deliveries will be based upon the monthly average of the respective water year type or supplied by MercedSIM model.
- 3.6 MID canal recharge will be based upon the monthly average of the respective water year type.
- 3.7 MID groundwater production will be based upon the monthly average of the respective water year type.
- 3.8 Urban groundwater production will be developed by existing population and water consumption data as supplied by participating MAGPI member agencies.
- 3.9 General Head boundary conditions will be based on C2VSim Existing Condition Baseline.
- 3.10 Other surface water deliveries will be developed based on monthly average of the respective water year type.
- 3.11 Model input data compilation, debugging of input datasets, post-processing and analysis of simulation results will be performed in order to ensure model quality.
- 3.12 A Technical Memorandum will be prepared documenting the development process of the existing condition baseline.
- 3.13 One project meeting will be held with MAGPI staff review model updates upon completion.

Task 4- Update Report

The purpose of this Task is to document the work completed under this Scope of Work. This Task assumes that the documentation for work under this scope of work will be in the form of an update to the model development report that is currently being completed under the original scope of work for Model development.

The final Model, corresponding database, and results will be available to the County and City or Merced, and Merced Irrigation District. It is assumed that by the time this Scope of Work is completed, the three entities (City and County of Merced and MID) will have developed a Model ownership, maintenance, operation, and governance protocol which will govern the use and application of the model by all entities in the Basin.

It is further assumed that the report will be produced in final form, as such, there is no time allowed to address comments for the updated report.

Task 5- Project Management and Coordination

This task includes activities required to manage the project, including preparation of invoices and monitoring the budget and schedule, as well as coordination with the MID project manager, and preparing and attending coordination meetings and or Board meetings. In specific, the Consultant will prepare and attend the following meetings, and make presentations as necessary:

- Up to three (3) meetings with agency staff
- Up to two (2) meetings with the Technical Work Group
- Up to three (3) MAGI Board meetings
- Up to three (3) meetings including County Board of Supervisors, City Council, and MID Board of Directors, or other management staff as deemed necessary by the project manager.

Deliverables

The deliverables for this phase of project will be as follows:

- 1- Updated historical model data sets
- 2- Model data sets for the Baseline Conditions
- 3- Updated model report
- 4- Presentation slides and material for the meetings and workshops

Budget: The budget for this scope of work is not to exceed \$131,575. A detail table of cost by labor hours

Schedule: This work to be completed within six (6) months of the notice to proceed.



Fee Estimate

Merced Area Groundwater Pool Interests MercedWRM Baseline

Tasks	Labor					Total Hours	Total Fee
	Taghavi	Cayar	Amador	Jiang/Miller	Ayala		
	PIC	PE	PE	PE	Admn.		
	\$267	\$209	\$161	\$151	\$101		
Task 1: Extend Model Hydrologic Period to Include Recent Drought							
1.1 Data Collection			16	8		24	\$3,784
1.2 Precipitation			2	8		10	\$1,530
1.3 Stream Flow				4		4	\$604
1.4 CropScape Land Use			2	8		10	\$1,530
1.5 Surface Water Deliveries			2	4		6	\$926
1.6 MID Canal Recharge			1	8		9	\$1,369
1.7 MID Groundwater Production				8		8	\$1,208
1.8 Urban Groundwater Production				4		4	\$604
1.9 Boundary Condition General Head				8		8	\$1,208
1.10 Other Surface Water Deliveries				4		4	\$604
1.11 Compile Model and Quality Control	4	2	16	16		38	\$6,478
1.12 Project Meeting (1)	4		8			12	\$2,356
Subtotal Task 1:	8	2	47	80	0	137	\$22,201
Task 2: Integration of the IWFM Subsidence Package							
2.1 Collect Data on Local Subsidence			4	16		20	\$3,060
2.2 Develop initial Subsidence Parameters			4	16		20	\$3,060
2.3 Preform Analysis of Historical Subsidence			4	24		28	\$4,268
2.4 Calibrate MercedWRM Subsidence Package	4	4	40	80		128	\$20,424
2.5 Project Coordination and Meeting (1)	4		8			12	\$2,356
Subtotal Task 2	8	4	60	136	0	208	\$33,168
Task 3: Develop Existing Conditions Baseline Model (s)							
3.1 Data Collection						0	\$0
3.2 Precipitation						0	\$0
3.3 Stream Flow	1		2	8		11	\$1,797
3.4 CropScape Land Use			2	12		14	\$2,134
3.5 MID Deliveries	1		4	24		29	\$4,535
3.6 MID Canal Recharge				8		8	\$1,208
3.7 MID Groundwater Production				4		4	\$604
3.8 Urban Groundwater Production				8		8	\$1,208
3.9 Boundary Condition General Head				8		8	\$1,208
3.10 Other Surface Water Deliveries				4		4	\$604
3.11 Compile Model and Quality Control	4	2	12	16		34	\$5,834
3.12 Technical Memorandum	4		8	16		28	\$4,772
3.13 Project Coordination and Meeting (1)	4		8			12	\$2,356
Subtotal Task 3:	14	2	36	108	0	160	\$26,260
Task 4: Update Report							
4.1 Update Model Report	16	4	40	16	8	84	\$14,772
Subtotal Task 4	16	4	40	16	8	84	\$14,772
Task 5: Project Management and Coordination							
5.1 Three (3) meetings with Agency Staff	12		24			36	\$7,068
5.2 Two (2) Meetings with Technical Work Group	8		16			24	\$4,712
5.3 Three (3) meetings with MAGPI Board	18		24			42	\$8,670
5.4 Three (3) Meetings with Agency Boards	16		24			40	\$8,136
5.5 Project Management	12		16		8	36	\$6,588
Subtotal Task 6	66	0	104	0	8	178	\$35,174
TOTAL	112	12	287	340	16	767	\$131,575

- The individual hourly rates include salary, overhead and profit.
- Subconsultants will be billed at actual cost plus 10%.
- Other direct costs (ODCs) such as reproduction, delivery, mileage (rates will be those allowed by current IRS guidelines), and travel expenses, will be billed at
- RMC reserves the right to adjust its hourly rate structure and ODC markup at the beginning of the calendar year for all ongoing contracts.

Attachment B

Merced Area Water Resources Model (MWRM) Development of the Merced Mass Balance Model (MercedMBM)

Scope of Work

August 29, 2016

The following scope of work presents the tasks to be considered for development of the Merced Mass Balance Model (MercedMBM), an Excel based, mass transport simulation. Water quality modeling is intended to evaluate and simulate trends in Total Dissolved Solids (TDS) and will be calculated utilizing the following methodology:

Surface Loading:

$$X_t = X_{t-1} + \sum_{j=1}^m Q_j^t C_j^{t-1}$$

Aquifer Loading:

$$M_t = M_{t-1} + \sum_{i=1}^n Q_i^t C_i^{t-1}$$

$$C_t = M_t S_t$$

- Where:
- X_t** is the mass of the constituent in the root zone available for deep percolation.
 - M_t** is the mass of the constituent in the subregional aquifer at timestep t.
 - m** is the total number of budgetary flow components (j) experienced by the root zone (groundwater pumping, applied surface water, precipitation, and misc surface loading).
 - n** is the total number of budgetary flow components (i) experienced by the groundwater system (deep percolation, stream recharge, canal recharge, subsurface boundary flows, groundwater pumping).
 - Q_t** is the flow into, out of, or between adjacent subregions at timestep t.
 - C_t** is the concentration of the constituent at timestep t.
 - S_t** is the end-of-month storage in the groundwater system at timestep t.

In order to develop a mass balance water quality model for the Merced Region the following steps will be taken:

Task 1.1 Compile and analyze water quality data, determine assumptions.

Task 1.2 Develop up to four (4) scenarios under SED conditions, as defined below:

- a. SED flow standards (40% reduction in delivery at the Main Canal), with remaining flow left in the river, and increased groundwater pumping to meet agricultural water demand under the Baseline
- b. SED flow standards (40% reduction in delivery at the Main Canal), with remaining flow left in the river, but groundwater pumping remaining the same as under the Baseline; which would result in water supply shortage to meet agricultural demand
- c. SED flow standards (40% reduction in delivery at the Main Canal), with remaining flow left in the river, but groundwater pumping capped to the limits as set forth by SGMA to maintain sustainable groundwater basin
- d. SED flow standards (40% reduction in delivery at the Main Canal), with remaining flow left in the river, but groundwater pumping capped to the limits as set forth by SGMA to maintain sustainable groundwater basin, and line MID canals, which would result in less seepage losses to the groundwater system, but more deliveries to the MID customers

Task 1.3 Develop a subregional flow regime under both the historical calibration version of the MercedWRM and the SED scenario.

Task 1.4 Develop a subregional mass balance loading model for the Merced Region within Microsoft Excel. Model assumptions and methodology are listed in the section below.

Task 1.5 Develop TM showcasing modeling process and results.

Task 1.6 Management of the project, including preparation of invoices, monitoring the budget and schedule, as well as coordination with the MID project manager.

Task 1.7 Up to Four (4) project meetings to coordinate the work with Merced ID, Merced County, and/or other entities as authorized by the project manager.

Assumptions for the development of the MercedMBM are listed below:

- The developed water quality model will be developed using complete-mixing formulation, will not simulate advective/dispersive methodology, and no degradation will take place for compounds being simulated.
- Budgetary flows will be determined by previous assumptions made from the Historical Calibration version of the MercedWRM.
- Aquifer flow and the concentration gradient in the vertical direction will not be modeled.
- Complete mixing within the aquifer will take place within each time step (1 year).
- Surface loading in the Region will be averaged into agricultural, urban, and native categories.
- The stream-groundwater interaction will be calculated on a net-subregional-annual basis.

Data required from Merced Irrigation District for the development of the MercedMBM are listed below:

- The initial concentration of TDS for all subregions.
- TDS concentrations of flows in all surface water bodies simulated within the model.
- TDS concentration of available surface water delivered (MID, TID, CWD, SWD).

- Regional average of agricultural, urban, and native non-point source loading per acre.
- Location, flow, and concentration of significant point-source loadings.
- SED Scenario –

Deliverables

The deliverables for this phase of project will be as follows:

- Merced Regional Water Quality Technical Memorandum
- Presentation slides and material for the meetings and workshops

Budget: The budget for this scope of work is not to exceed \$56,006. A detail table of cost by labor hours

Schedule: This work to be completed within two (2) months of the notice to proceed.



Fee Estimate

Merced Area Groundwater Pool Interests

MercedWRM Salt Loading Model

Tasks	Labor					Total Hours	Total Fee
	Taghavi	Blanke	Amador	Cochran	Hughart		
	PIC	PE	PE	PE	Admn.		
	\$267	\$241	\$161	\$151	\$101		
Task 2: Water Quality Model							
1.1 Data Compilation and Analysis			8	16		24	\$3,704
1.2 Develop SED Scenario	8	12	72	16		108	\$19,031
1.3 Develop (2) MercedWRM Subregional Flow Regimes	2		8	4		14	\$2,426
1.4 Develop Loading Model	4		8	40		52	\$8,396
1.5 Develop Documentation TM for the Model	2		16	24		42	\$6,734
1.6 Project Management	4		4		1	9	\$1,813
1.7 Project Meetings (Up to 4 meetings)	28	16	16			60	\$13,902
Subtotal Task 1:	48	28	132	100	1	309	\$56,006
TOTAL	48	28	132	100	1	309	\$56,006

1. The individual hourly rates include salary, overhead and profit.

2. Subconsultants will be billed at actual cost plus 10%.

3. Other direct costs (ODCs) such as reproduction, delivery, mileage (rates will be those allowed by current IRS guidelines), and travel expenses, will be billed at

4. RMC reserves the right to adjust its hourly rate structure and ODC markup at the beginning of the calendar year for all ongoing contracts.

CITY OF MERCED AND MERCED IRRIGATION DISTRICT JOINT FUNDING AGREEMENT FOR LOCAL SHARE OF GROUNDWATER MODEL GRANT FROM THE STATE DEPARTMENT OF WATER RESOURCES

This JOINT FUNDING AGREEMENT is entered into and effective as of June 3, 2013, by and between the City of Merced, a California charter municipal corporation ("Merced"), and Merced Irrigation District, an irrigation district organized and existing pursuant to Division 11 of the Water Code of the State of California ("MID").

RECITALS

A. In 1992, AB 3030 was adopted by the California Legislature and signed into law as Water Code Section 10752 *et seq.* AB 3030 imposed certain requirements upon local groundwater agencies.

B. As a result of AB 3030, and the prior groundwater investigations, the Merced Area Groundwater Pool Interests ("MAGPI") was formed as the governing body for the management of the groundwater basin and for the adoption and implementation of a regional AB 3030 plan.

C. Merced and MID have again begun to move ahead on the Merced Water Supply Plan (MWSP). Each agency has budgeted funds for expenditure on behalf of the MAGPI, including but not limited to an implementation scope of work, potential governance structures, hydrogeology, groundwater recharge pilot programs, and other investigations.

D. Merced and MID intend to develop an Integrated Water Resources Model (Merced IWRM), with partial funding by the California Department of Water Resources (DWR) and funding participation by Merced, MID, and other MAGPI members. Each agency has budgeted funds for expenditure on behalf of MAGPI, including, but not limited to, the development of the IWRM model, and its application to various projects.

E. MAGI, with MID as its agent, applied for and has received a Proposition 50, the "Water Security, Clean Drinking Water, Coastal and Beach Protection Act of

2002” grant (“Proposition 50 Grant”) of \$500,000 which requires a local match of a similar amount.

F. Both MID and Merced have previously agreed to supply the local match, with each entity providing half of the local match, not to exceed \$250,000.00 each.

G. The purpose of the Joint Funding Agreement is to provide the authority to MID to act as the contracting agent and for Merced to provide its share of the local match.

NOW, THEREFORE, Merced and MID, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and agreed, do hereby agree as follows:

1. Merced agrees to provide to MID with up to the not-to-exceed sum of Two-Hundred-Fifty-Thousand Dollars (\$250,000.00) which is Merced’s share of the local match for the DWR’s Proposition 50 Grant. City shall disburse the funds to MID for the Proposition 50 Grant eligible project work plan tasks as identified on periodic invoices sent to Merced’s Director of Water Resources and Reclamation.

2. MID agrees to provide a similar sum which shall be held in a special fund within MID’s accounting system to which all receipts and withdrawals shall be made so that an accurate accounting of the grant funds can be made.

3. The funding committed hereunder by both Merced and MID shall be proportionately reduced by any funding provided by any other MAGPI member once the project’s budget obligations have been met.

4. It is expressly understood and agreed that Merced and MID’s provision of this funding is subject to the Conditional Project Cost Reimbursement Agreement entered into between Merced, MID, and MAGPI.

5. MID agrees to do all things necessary and required by the agreement with DWR to ensure the groundwater modeling project is completed and completed meeting all of the requirements of the Proposition 50 Grant and the agreement with DWR.

6. Notices. All notices required or provided for under this Joint Funding Agreement shall be in writing and delivered in person or sent by certified mail, postage prepaid and presumed delivered upon actual receipt by personal delivery or within three (3) days following deposit thereof in United States Mail. Notice required to be given to City shall be addressed as follows:

To Merced: City of Merced
678 West 18th Street
Merced, California 95340
Attn: Director of Water Resources and Reclamation

Notices required to be given to MID shall be addressed as follows:

To MID: Merced Irrigation District
P.O. Box 2288
744 West 20th Street
Merced, California 95344
Attn.: Deputy General Manager – Water Resources

A party may change the address by giving notice in writing to the other party and thereafter notices shall be addressed and transmitted to the new address.

7. Counterparts. This Joint Funding Agreement may be executed in multiple counterparts, each of which so fully executed counterpart shall be deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterpart executed by the other party to this Joint Funding Agreement is in the physical possession of the party seeking enforcement thereof.

8. Authority to Execute. Each party hereto expressly warrants and represents that he/she/they has/have the authority to execute this Joint Funding Agreement on behalf of his/her/their corporation, partnership, business entity, or governmental entity and warrants and represents that he/she/they has/have the authority to bind his/her/their entity to the performance of its obligations hereunder.

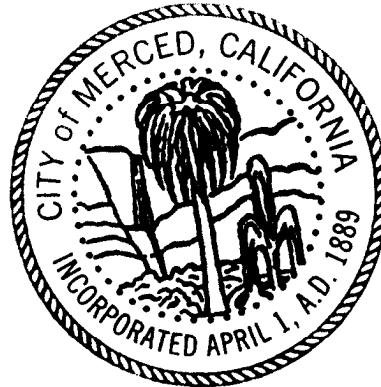
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first above written.

CITY OF MERCED
A California Charter Municipal
Corporation

By: John M. Bramble
City Manager

ATTEST:
JOHN M. BRAMBLE, CITY CLERK

By: [Signature]
Assistant/Deputy City Clerk



APPROVED AS TO FORM:

By: [Signature] 5/17/2013
City Attorney Date

Signatures continued on next page

v-264

213507 PO#: 109789
FUNDS/ACCOUNTS VERIFIED

[Signature] 6-6-13
FINANCE OFFICE DATE

Funds Contingent upon City Council
Approval of FY 13/14 Budget. met 6/3/13 R

553-1108-637-6500 114007 \$125,000.00

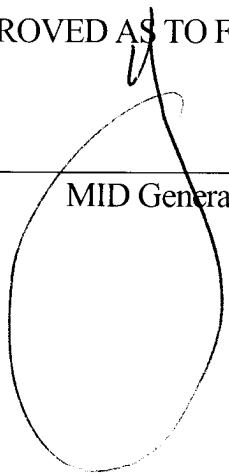
557-1106-637-6500 114008 125,000.00

\$250,000.00

MERCED IRRIGATION DISTRICT, An
Irrigation District Organized and Existing
Pursuant to Division 11 of the Water
Code of the State of California

By: 
Chair of the Board

APPROVED AS TO FORM:

By: 
MID General Counsel

DEPARTMENT OF WATER RESOURCES

1416 NINTH STREET, P.O. BOX 942836
SACRAMENTO, CA 94236-0001
(916) 653-5791



May 02, 2013

Hicham Eltal
Deputy General Manager, Water Resources
Merced Irrigation District
744 West 20th Street
Merced, California 95370

Proposition 50 – Water Supply Reliability Program Implementation Grant

Dear Hicham Eltal:

Enclosed for your signature are three copies of Agreement Number 4600010057 for an implementation grant funded under Proposition 50, Chapter 2. The total proposal cost is estimated to be \$1,000,000 with a grant amount of \$500,000.

Reimbursement for costs that your Agency incurs under this grant is contingent upon the execution of the agreement and your Agency's ability to meet all requirements for disbursement of funds pursuant to it. Please sign, date all three (3) copies of the enclosed grant agreement, and return all three (3) copies with original signatures to:

Department of Water Resources
Division of Integrated Regional Water Management
1416 Ninth Street, P. O. Box 942836
Sacramento, CA 94236-001
Attn: Loi Nguyen

The Agreement is executed when the State's representative signs it. The Grantee is responsible for meeting all Standard Conditions and Requirements in the Agreement, which will be reviewed by DWR, including compliance with CEQA/NEPA. Upon execution, a signed copy of the Agreement will be provided to you.

If you have any questions, please contact Jason Preece at (916) 651-9636 or me at (916) 651-9561.

Sincerely,



Loi Nguyen
Grant Analyst
Integrated Regional Water Management
Regional Planning Branch

Enclosures

**AGREEMENT BETWEEN THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES AND
MERCED IRRIGATION DISTRICT, AGREEMENT NO. 4600010057
WATER SUPPLY RELIABILITY, CALIFORNIA WATER CODE §79550 ET SEQ.**

THIS GRANT AGREEMENT is entered into by and between the Department of Water Resources of the State of California, hereinafter called "State," and Merced Irrigation District a local district, hereinafter called "Grantee," which parties do hereby agree as follows:

1. PURPOSE. State shall provide a grant from the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 to Grantee for the purpose of conducting groundwater studies or for carrying out surface water and groundwater monitoring and management activities in accordance with Grantee's water management authority.
2. TERM OF AGREEMENT. The term of this Grant Agreement begins on the date this Grant Agreement is executed by State, and terminates on May 31, 2015, or when all of the Parties' obligations under this Grant Agreement have been fully satisfied, whichever occurs earlier. Execution date is the date the State signs this Grant Agreement.
3. GRANT AMOUNT. The maximum amount payable under this Grant Agreement shall not exceed \$500,000.
4. GRANTEE COST SHARE. The reasonable costs of the project are estimated to be \$1,000,000. Grantee agrees to be responsible for the difference between the estimate of project cost and the Grant Amount specified in Paragraph 3. Grantee shall provide a funding match in the amount of at least 25% of the total project cost from its own funds and shall derive the remaining cost share amount from other non-state funding sources. Grantee cost share is estimated to be \$500,000.
5. GRANTEE'S RESPONSIBILITIES. Grantee shall faithfully and expeditiously perform or cause to be performed all project work as described in Exhibit A, Project Work Plan and in accordance with Exhibit B, Project Schedule, and Exhibit C, Project Budget. Grantee shall comply with all of the terms and conditions of this Grant Agreement and with Chapter 7 (commencing with Section 79550) of Division 26.5 of the California Water Code (CWC).
6. BASIC CONDITIONS. State shall have no obligation to disburse money for a project under this Grant Agreement unless and until Grantee has satisfied for such project the State's requirements for disbursement which include:
 - a. Grantee demonstrates the availability of sufficient funds to complete the project.
 - b. Grantee shall furnish a copy of permits, licenses, and approvals required in performing its obligations under this Grant Agreement.
 - c. Work that is subject to the California Environmental Quality Act (CEQA) shall not proceed under this Grant Agreement until documents that satisfy the CEQA process are received by the State and State has completed its CEQA compliance responsibilities. Work that is subject to a CEQA document shall not proceed until and unless approved by the State's Project Manager. Such approval is fully discretionary and shall constitute a condition precedent to any work for which it is required. Once CEQA documentation has been completed, State will consider the environmental documents and decide whether to continue to fund the project or to require changes, alterations or other mitigation.
 - d. Grantee performs tribal notifications per PRC§75102.
 - e. Grantee performs Surface Water Diversion Reporting as required by CWC sections 5101 and 5103.
 - f. An urban water supplier that receives grant funds governed by this agreement shall maintain compliance with the Urban Water Management Planning Act (CWC §10610 et. seq.)
 - g. Grantee submits all deliverables as specified in Paragraph 10 and 11 of this agreement and

Exhibit A, Project Work Plan.

7. SUBMITTAL OF INVOICES. Invoices submitted by Grantee shall include the following information:
- a. Costs incurred for work performed in implementing the project during the period identified in the particular invoice.
 - b. Costs incurred for any interests in real property (land or easements) that have been necessarily acquired for a project during the period identified in the particular invoice for the implementation of a project.
 - c. Appropriate receipts and reports for all costs incurred.
 - d. Invoices shall be submitted on forms provided by State and shall meet the following format requirements:
 - 1) Invoices must contain the date of the invoice, the time period covered by the invoice, and the total amount due.
 - 2) Invoices must be itemized based on the categories (i.e., line items) specified in the Exhibit C. The amount claimed for salaries/wages/consultant fees must include a calculation formula (e.g., hours or days worked multiplied by the hourly or daily rate = the total amount claimed).
 - 3) Sufficient evidence (i.e., receipts, copies of checks, time sheets) must be provided for all costs included in the invoice.
 - 4) Each invoice shall clearly delineate those costs claimed for reimbursement from the State's grant amount, as depicted in Paragraph 3, Grant Amount, and those costs that represent Grantee's costs, as applicable, in Paragraph 4, Grantee Cost Share.
 - 5) Original signature and date (in ink) of Grantee's appropriately authorized Project Manager.

Submit the original invoice form to the following address:

Department of Water Resources, DIRWM
Jason Preece
901 P Street
P.O. Box 942836
Sacramento, CA 94236-0001

8. DISBURSEMENTS. After the disbursement requirements in Paragraph 6, Basic Conditions, are met, State will disburse the whole or portions of the Grant Amount to Grantee following receipt from Grantee of an invoice for costs incurred and timely Progress Reports as required by Paragraph 10, Progress Reports. Following the review of each invoice, State will disburse to Grantee the amount approved, subject to the availability of funds through normal State processes. Notwithstanding any other provision of this Grant Agreement, no disbursement shall be required at any time or in any manner which is in violation of, or in conflict with, federal or state laws, rules, or regulations, or which may require any rebates to the federal government, or any loss of tax-free status on state bonds, pursuant to any federal statute or regulation. Payment will be made no more frequent than monthly, in arrears, upon receipt of an invoice bearing the Grant Agreement number. All money disbursed pursuant to this Grant Agreement shall be deposited, administered, and accounted for pursuant to the provisions of applicable law. Any and all money disbursed to Grantee under this Grant agreement and any and all interest earned by Grantee on such money shall be used solely to pay Eligible Project Costs.
9. ELIGIBLE PROJECT COSTS. Grantee shall apply State funds received only to Eligible Project Costs in accordance with applicable provisions of the law and Exhibit C, Project Budget. Eligible Project Costs include the reasonable costs of conducting meetings, stakeholder outreach and engagement, collecting water data and information, developing and summarizing water management strategies, including administrative costs and incidental costs. Reasonable

administrative expenses may be included as Project Costs and will depend on the complexity of the project preparation, planning, coordination and collaboration. Reimbursable administrative expenses are the necessary costs incidentally but directly related to the project including an appropriate pro-rata allocation of overhead and administrative expenses that are regularly assigned to all such projects in accordance with the standard accounting practices of the Grantee.

Advanced funds cannot be provided. Costs that are not eligible for reimbursement include but are not limited to:

- a. Costs incurred prior to the execution date of the Grant Agreement.
 - b. Costs for preparing and filing a grant application belonging to another solicitation.
 - c. Operation and Maintenance costs, including post construction project performance and monitoring costs.
 - d. Purchase of equipment not an integral part of the project.
 - e. Establishing a reserve fund.
 - f. Purchase of water supplies.
 - g. Replacement of existing funding sources for ongoing programs.
 - h. Support of existing punitive regulatory agency requirements and/or mandates in response to negligent behavior.
 - i. Purchase of land in excess of the minimum required acreage necessary to operate as an integral part of the project, as set forth and detailed by engineering and feasibility studies.
 - j. Payment of principal or interest of existing indebtedness or any interest payments unless the debt is incurred after effective date of the grant award, the State agrees in writing to the eligibility of the costs for reimbursement before the debt is incurred, and the purposes for which the debt is incurred are otherwise reimbursable project costs.
 - k. Overhead not directly related to project costs.
 - l. Meals, food items, or refreshments other than those allowed per Standard Condition D.47, TRAVEL.
10. PROGRESS REPORTS. Grantee shall submit progress reports on a regular and consistent basis to meet the State's requirement for disbursement of funds. The reporting period shall not exceed one quarter in length. The progress reports shall be sent via e-mail, to the State's Project Manager at the frequency specified in Exhibit B, Project Schedule. The progress reports shall provide a brief description of the work performed, Grantee's activities, milestones achieved, any accomplishments during the reporting period, and any problems encountered in the performance of the work under this Agreement. A recommended Progress Report format is attached as Exhibit E.
 11. PROJECT COMPLETION REPORT. Upon completion of the Project, Grantee shall prepare and submit to State, for review and approval, a Project Completion Report. The Project Completion Report shall be provided in hard copy and digital format prior to final payment of grant funds withheld by State. Project Completion Report format is attached as Exhibit E.
 12. GRANTEE REPRESENTATIONS. The Grantee accepts and agrees to comply with all terms, provisions, conditions, and commitments of this Grant Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and commitments made by the Grantee in its application, accompanying documents, and communications filed in support of its request for grant funding. Grantee shall comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, policies and regulations.

13. PERFORMANCE EVALUATION. Upon completion of this Grant Agreement, Grantee's performance will be evaluated by the State and a copy of the evaluation will be placed in the State file and a copy sent to the Grantee.

14. LABOR COMPLIANCE. Grantee agrees to comply with all applicable California Labor Code requirements, including prevailing wage provisions. Grantee must, independently or through a third party, adopt and enforce a Department of Industrial Relations-certified Labor Compliance Program (LCP) meeting the requirements of Labor Code section 1771.5 for public works projects funded in any part by:

- a. Proposition 50 (Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002; California Water Code sections 79510 et seq.) or
- b. Any other funding source requiring an LCP.

Grantee's failure to comply with LCP requirements is a breach of this Grant Agreement. At the State's request, Grantee must promptly submit written evidence of Grantee's compliance with the LCP requirements.

15. WITHHOLDING OF GRANT DISBURSEMENT BY STATE. If State determines that a project is not being implemented in accordance with the provisions of this Grant Agreement, or that Grantee has failed in any other respect to comply with the provisions of this Grant Agreement, and if Grantee does not remedy any such failure to State's satisfaction, State may withhold from Grantee all or any portion of the Grant Amount and take any other action that it deems necessary to protect its interests, including demanding repayment of any portion of the Grant Amount. State may consider Grantee's refusal to repay the requested disbursed grant amount a contract breach subject to the default provisions in Paragraph 16, Default Provisions.

16. DEFAULT PROVISIONS. Grantee will be in default under this Funding Agreement if any of the following occur:

- a. Substantial breaches of this Funding Agreement, or any supplement or amendment to it, or any other agreement between Grantee and State evidencing or securing Grantee's obligations;
- b. Making any false warranty, representation, or statement with respect to this Funding Agreement or the application filed to obtain this Funding Agreement;
- c. Failure to operate or maintain project in accordance with this Funding Agreement.
- d. Failure to make any remittance required by this Funding Agreement.
- e. Failure to comply with Labor Compliance Plan requirements.

Should an event of default occur, State shall provide a notice of default to the Grantee and shall give Grantee ten (10) or more calendar days to cure the default from the date the notice is sent via first-class mail to the Grantee. If the Grantee fails to cure the default within the time prescribed by the State, State may do any of the following:

- a. Declare the funding be immediately repaid, with interest, which shall be equal to State of California general obligation bond interest rate in effect at the time of the default.
- b. Terminate any obligation to make future payments to Grantee.
- c. Terminate the Funding Agreement.
- d. Take any other action that it deems necessary to protect its interests.

17. NOTICES. Any notice, demand, request, consent, or approval that either party desires or is required to give to the other party under this Grant Agreement shall be in writing. Notices may be sent by any of the following means: (i) by delivery in person; (ii) by certified U.S. mail, return receipt requested, postage prepaid; (iii) by "overnight" delivery service provided that next-business-day delivery is requested by the sender; or (iv) by electronic transmission (i.e. e-mail). Notices delivered

in person will be deemed effective immediately on receipt (or refusal of delivery or receipt). Notices sent by certified mail will be deemed effective given ten (10) calendar days after the date deposited with the U. S. Postal Service. Notices sent by overnight delivery service will be deemed effective one business day after the date deposited with the delivery service. Notices sent by electronic transmission will be effective on the date successfully received. Notices shall be sent to the addresses below. Either party may, by written notice to the other, designate a different address that shall be substituted for the one below.

18. NOTIFICATIONS OF STATE. Grantee shall promptly notify State, in writing, of the following items:

- a. Substantial changes in the scope, budget, or schedule
- b. Any public or media event publicizing the accomplishments and/or results of this Grant Agreement.

Grantee agrees that no substantial change will be undertaken until written notice of the proposed change has been provided to State and State has given written approval for such change. Substantial changes generally include changes to the wording/scope of work, schedule or agreement term, and budget. Grantee shall make notification at least fourteen (14) calendar days prior to a public or media event to provide opportunity for attendance and participation by State's representatives.

19. PROJECT REPRESENTATIVES. The Project Representatives during the term of this Grant Agreement will be:

Department of Water Resources
Paula Landis
Chief, Division of IRWM
P.O. Box 942836
Sacramento, CA 94236-0001
Phone: (916) 651-9220
Fax: (916) 651-9292
e-mail: plandis@water.ca.gov

Merced Irrigation District
Hicham Eltal
Deputy General Manager, Water Resources
744 West 20th Street
Merced, CA 95370
Phone: (209) 722-5761
Fax: (209) 722-6421
e-mail: heltal@mercedid.org

Direct all inquiries to the Project Manager:

Department of Water Resources
Jason Preece
Engineering Geologist, DIRWM
P.O. Box 942836
Sacramento, CA 94236-0001
Phone: (916) 651-9636
Fax: (916) 651-9292
e-mail: jason.preece@water.ca.gov

Merced Irrigation District
Hicham Eltal
Deputy General Manager, Water Resources
744 West 20th Street
Merced, CA 95370
Phone: (209) 722-5761
Fax: (209) 722-6421
e-mail: heltal@mercedid.org

Either party may change its Project Representative or Project Manager upon written notice to the other party.

20. STANDARD PROVISIONS. The following exhibits are attached and made a part of this Grant Agreement by this reference:

Exhibit A	Project Work Plan
Exhibit B	Project Schedule
Exhibit C	Project Budget
Exhibit D	Standard Conditions
Exhibit E	Report Format and Requirements
Exhibit F	Grantee Resolution

Exhibit G
Exhibit H

Guidelines for Grantee and Borrowers
Statewide Monitoring

IN WITNESS WHEREOF, the parties have executed this Grant Agreement as of the date executed by State.

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

MERCED IRRIGATION DISTRICT

Paula J. Landis, P.E., Chief
Division of Integrated Regional Water
Management

Hicham Eltal, P.E., Deputy General Manager,
Water Resources

Date_____

Date_____

Approved as to legal form and sufficiency

Spencer Kenner, Assistant Chief Counsel
Office of the Chief Counsel

Date_____

EXHIBIT A PROJECT WORK PLAN

This Work Plan is prepared for development of an Integrated Water Resources Model (IWRM) for the Merced groundwater basin (Basin). The Merced Integrated Water Resources Model (MIWRM) will be based on a fully integrated hydrologic modeling platform. A previous study conducted by WRIME, described in a February 2007 draft technical memorandum titled, "Merced Basin Hydrologic Modeling Objectives and Strategy," has laid out the goals and objectives for Merced Basin modeling, and has provided a comparison of various modeling platforms for the development of MIWRM. In addition to the model platforms evaluated, the Integrated Water Flow Model (IWFm) will need to be evaluated. However, the only two models that provide a fully integrated approach to the surface water and groundwater interaction are:

- Integrated Groundwater and Surface Water Model (IGSM); and
- Integrated Water Flow Model (IWFm).

Both of these modeling platforms stem from the same family of model codes. As such, the format and requirements of data files for both models are very similar. This Work Plan is prepared and written with the flexibility to use either modeling platform. However, a final modeling platform should be decided at the onset of the project. Comparisons between the features, as well as pros and cons of using either modeling platform, along with recommendations, will be prepared. This information will be presented at the first coordination meeting with the Merced Area Groundwater Pool Interests (MAGPI) Board or a designated Technical Work Group (TWG) for review and evaluation of the features for each of the above mentioned modeling platforms and selection of the platform of choice for the MIWRM.

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TASK 1- TECHNICAL STUDIES

Four technical studies will be prepared that will assist in understanding the hydrologic, hydrogeologic, and water demand and supply conditions within the Basin, and provide the basis for development of the model and analysis of alternative water management scenarios. These studies are:

- Evaluation of hydrogeologic information
- Agricultural and urban water demands
- Agricultural and urban water supplies
- Evaluation of regional water quality conditions

The studies will be accomplished as described in the following subsections.

Task 1.1- Hydrogeologic Study

The objective of this task is to conduct an evaluation of the hydrogeology of the Basin. Information collected and analysis performed in this task will be used in the development of the basin conceptual conditions and in model development (Tasks 2 and 3, respectively). The steps involved in this task are as follows:

- Collect and review hydrogeologic data: Reports and data from previous hydrogeologic studies, well logs, pump test data and aquifer parameter data will be collected and reviewed.
- Collect and review the Central Valley Hydrologic Model (CVHM) data: Backup hydrogeologic and geologic data and information from CVHM, developed by the USGS; will be collected for preparation of the basis for the local hydrogeologic framework.
- Collect and review the Central Valley Groundwater-Surface Water Simulation Model (C2VSim) data: Backup hydrogeologic and geologic data and information from the fine grid version of

C2VSim, developed by DWR, will be collected for preparation of the basis for the local hydrogeologic framework.

- Develop geologic cross sections: Based on the data collected, up to 10 geologic cross sections will be developed to characterize the horizontal and vertical extent of the aquifer system in the Basin.
- Develop aquifer parameter zones: Model physical zones and corresponding aquifer properties (e.g., hydraulic conductivities, transmissivities, storage coefficients, head conditions, etc.) will be developed to define hydrogeologic model subareas.
- Define hydrologic and water management subareas that will be used to develop water use and water budget data.

Deliverables – Draft geologic cross-sections and map of defined subareas.

Task 1.2- Analysis of Agricultural and Urban Water Demands

Detailed analysis of water demands in the Basin will be conducted during this task. Monthly time series data of water demand for agricultural, urban and native land use categories will be developed for the modeling area through analysis of historical land use, historical crop acreage and irrigation efficiency. Distribution of land use categories for each land use survey in GIS shapefile format will be developed as part of this Task. In addition, annual tables of crop mix acreage for each model subarea and for the period of model simulation will be developed as part of this Task.

Deliverables – GIS shape files of the distribution of land use categories and tables of annual crop mix acreage for each subarea.

Task 1.3- Analysis of Urban and Agricultural Water Supplies

The objective of this task is to develop a detailed accounting of water sources for the Basin and attribute these sources to the proper users. To this end, a detailed accounting of the various sources of water supplies (groundwater and surface water) for each user type and category will be developed for analysis and use in the model. This task includes the following items:

- Collect and analyze pumping data for municipal and industrial wells
- Analyze data and estimate basin-wide annual agricultural pumping demand
- Estimate the spatial (horizontal and vertical) distribution of pumping demands
- Collect and analyze data on surface water deliveries and end-point distribution
- Collect and analyze data on recycled water use

Deliverables – Summary of task findings with tables of monthly groundwater pumping and surface water deliveries for each user type and each water management subarea.

Task 1.4- Evaluation of Basin Water Quality Conditions

Water quality protection and improvement is a key aspect of groundwater management in the Basin. Because development of a water quality model is likely in the future, it is important to document the current state of groundwater quality in the Basin. In order to perform this task, the following will be collected and reviewed:

- Available regional reports on water quality and contamination, including documents and underlying data from the Integrated Regional Water Management Plan (IRWMP)
- Available specific water quality data (constituents and concentration) from key sites
- Information on ubiquitous non-point source pollution and other key point source discharge data (e.g., wastewater treatment and other industrial or municipal facilities)

Deliverables - A list of the significant water quality impact areas in the basin will be prepared, their locations mapped, and the information submitted in a memorandum. Key sites with more significant impacts will be indicated on the map individually.

TASK 2- DATA ANALYSIS, AND BASIN CONCEPTUAL CONDITIONS

Task 2 activities will make additional data corrections and remove deficiencies on data acquired from local, state, and federal sources during Task 1 and 2 activities. The data will be further analyzed and synthesized for the purposes of development of reasonable level of understanding of the conceptual basin conditions for land and water use, hydrology, and hydrogeology. Additional data that may be necessary for modeling will be compiled, as needed. Subtasks 2.1 through 2.3 listed below detail the work to be performed under Task 2.

Task 2.1- Develop Maps and Synthesize Data

During Task 2.1, soil coverage classification data collected in Task 1 will be evaluated for the purpose of estimating rainfall runoff and infiltration rates and potential deep percolation amounts (groundwater recharge). Crop categories and coverage data compiled under Task 1 will be utilized for the purposes of estimating irrigation patterns and return flows (most importantly losses to groundwater). In addition, Task 2.1 will evaluate the Task 1-collected well yield and capacity data and other aquifer property data for estimating the model parameters.

Deliverables - Maps of the planned modeling areas and layers with assigned values will be prepared for presentation of the three-dimensional spatial data analysis.

Task 2.2- Additional Data Collection and Estimation of Missing Records

Task 2.2 will identify missing surface water diversion, groundwater extraction, rainfall, stream flow, and other pertinent data as needed for model input and will use parameter estimation techniques to develop input values for the missing data.

Deliverables - Tables of data sets completed under Task 2.2.

Task 2.3- Conceptual Basin Conditions

Task 2.3 includes the development of a conceptual understanding of the basin for inter-relationship of the various hydrologic and land and water use components. The conceptual understanding will include the description of areas and subareas to be modeled, conceptual stratigraphy, hydrologic system, proposed model grid size and layers, and other features to be included in the MIWRM. In addition, this task includes model incorporation of the results of the general water demand and supply analysis, and overall description of the basin operations.

Deliverables - Written descriptions and graphical presentations of the basin's water cycle and identification of modeling components and assumptions.

TASK 3- MODEL INPUT DATA DEVELOPMENT- NON-TIME SERIES DATA

Task 3 will evaluate the Task 1 through 3 findings and will construct the model input files.

Task 3.1- Develop Model Finite Element Grid

Under Task 3.1, an appropriately sized finite element model grid will be developed to ensure the best estimates of groundwater elevations and groundwater flow. The grid will be constructed based on specific regional and local criteria to be developed in a manner that ensures:

- Geologic characteristics are properly matched – accounting for geologic boundaries, faults, and subsurface barriers
- Grid orientation corresponds to known groundwater flow paths
- Grid orientation corresponds to major streams and creeks
- Element meshes are relatively fine in the vicinity of steep groundwater gradients to account for sharper rates of decline in groundwater elevation
- Element meshes can be used to designate model sub-areas (e.g. water district jurisdictions or preferred water management zones)
- Areas of potential recharge sites are included in the model with a finer grid spacing for better evaluation of conjunctive water management alternatives
- Areas of known contamination sources and water quality degradation are also included in the model with finer grid spacing to provide more accurate simulation capabilities under potential future water management scenarios

Deliverables – Map of the IWRM Grid.

Task 3.2- Prepare IWRM Non-Time Series Input Data

Under Task 3.2, the required non-time series input files will be prepared in their respective input formats for MIWRM simulation runs. These input data files will include:

- Model grid configuration, including the element and node data for subarea assignments;
- Spatial characteristics for each model element;
- Preliminary set of hydrogeologic parameters for aquifer properties based on other reported data sets such as well and boring log reports and other regional models, such as the CVHM and C2VSim;
 - Stream channel characteristics (geometry and head conditions)
 - Soil and aquifer parameter data
 - Pumping well characteristics

As part of the non-time series input data file development, the MIWRM will be run and the input data will be debugged to ensure that the model grid is encoded correctly, the model subareas are defined correctly, the aquifer layer definitions are correct, the well locations and production depths are consistent with aquifer stratigraphy, and the stream bed elevations are correct and consistent with actual physical conditions.

Deliverables – All input data files developed under Task 3.2.

Task 3.3- Prepare Land Use Input Data

As part of this subtask, land use and crop acreage time series input data files will be developed for MIWRM simulation runs.

Deliverables – Land use input data files.

TASK 4 MODEL INPUT DATA DEVELOPMENT – TIME SERIES DATA

As part of Task 4, time series input data files for MIWRM will be prepared. The MIWRM time series input files include the following:

- Hydrologic data representing rainfall and streamflow conditions;
- Surface water diversion and water delivery data;
- Groundwater pumping data;
- Agricultural water use estimates;

- Urban water use data and estimates (including surface water deliveries, as well as groundwater pumping for municipal and/or agricultural residential use);
- Potential evapotranspiration data for different crops in different regions;
- Initial groundwater level data;
- Boundary conditions data at specified boundaries;
- Irrigation efficiencies and minimum soil moisture contents by crop and model sub-region; and
- Calibration well locations and perforation layers, stream flow calibration locations, time periods for groundwater contour calibration.

MIWRM simulations will be performed and data files will be debugged as needed to ensure that the model is representative of the historical hydrologic conditions.

Deliverables – All model time series input data files, as developed under Task 4.

TASK 5- MODEL CALIBRATION AND SENSITIVITY ANALYSIS

The purpose of Task 5 is to calibrate the MIWRM to closely match reported historical conditions in the basin. The historical period selected to calibrate the model should include wet and dry periods that have adequate water level and stream flow data. The work performed under Task 5 will include the following subtasks:

Task 5.1- Establish Water Budgets for All Model Sub-regions

As part of this subtask, the MIWRM water budgets will be established for all model sub-regions. Hydrologic cycle components requiring water budgets for model calibration are groundwater, surface water, land and water use, and the soil zone.

Deliverables – Model Interim water budgets as developed under Task 5.1.

Task 5.2- Establish Calibration Criteria

As part of this subtask, and in consultation with the TWG, calibration criteria for the model will be established. Calibration criteria for the MIWRM may include:

- Selecting data for comparisons and screen the data for any anomalies;
- Establishing the error range of the historic data;
- Selecting model parameters for calibration; and
- Establishing a plausible range for the selected parameters.

Deliverables – None.

Task 5.3- Calibrate to Stream flow Records

Task 5.3 is intended to calibrate the model to the recorded stream flow data for selected rivers and streams at specific gages. The IWRM model stream geometry, seepage parameters, surface water diversion locations and schedule, and runoff and return flow parameters will be adjusted to obtain a reasonable match between the simulated and observed stream flows at selected gauging stations.

Deliverables – Charts and tables summarizing the stream flow calibration results.

Task 5.4- Calibrate to Recorded Groundwater Levels

This task is intended to calibrate the model to the recorded groundwater level data at specific target calibration wells, as well as regional groundwater level contours for specific years. Model hydrogeologic

parameters and spatial and temporal stresses on the groundwater system will be adjusted to obtain a reasonable match between the simulated and observed groundwater levels at selected wells, as well as a reasonable spatial distribution of groundwater levels.

Deliverables – Charts, tables, and maps summarizing groundwater level calibration results.

Task 5.5- Sensitivity Analysis

The stability of the model calibration will be evaluated by performing a sensitivity analysis to selected model parameters. This includes establishing tolerance ranges for the model within which the physical system parameters can vary without significantly changing the model results or conclusions. For cost estimation purposes it is assumed that five model runs will be conducted to develop sensitivity curves for up to 5 model parameters.

Deliverables – Charts and tables summarizing sensitivity analysis results.

TASK 6- WATER QUALITY MODEL DEVELOPMENT

Task 6.1- Model Input Data Preparation

Task 6.1 Includes preparation of required input files in their respective input formats for water quality simulation modeling. The water quality modeling is intended to evaluate and simulate trends in the conservative constituents of nitrate and TDS. The work under this task includes mapping of regional nitrate and TDS levels.

Task 6.2- Water Quality Model Evaluation

The purpose of Task 6.2 is to calibrate the Merced IWRM water quality simulation model developed in Task 6.1 based on historical distribution and trends in nitrate and TDS. The work performed under this task shall include the following subtasks:

- Establish Chemical Budgets Evaluation

As part of this task, the model will be used to establish mass balance for the TDS and Nitrate for the historical conditions in the model period, and compare these estimates with data available from the county and state databases.

- Evaluate Chemical Trends Evaluation

During the chemical trends evaluation phase, model parameters will be adjusted based on the recorded chemical trend data to obtain as reasonable as possible of a trend between model simulated and observed data trends.

- Evaluate Chemical Distribution Evaluation

During the chemical distribution evaluation task, model parameters will be adjusted based on the recorded chemical distribution data to obtain as reasonable as possible of distribution of chemicals between model simulated and observed data.

Deliverables – Tables, charts, graphs, and maps showing time trends and spatial distribution of modeled water quality constituents.

TASK 7 - PREPARE MODEL REPORT

The purpose of this task is to document the development and calibration of the MIWRM. The report will include the development and analysis of input data, model development approach, model calibration, and results of sensitivity analysis. The report will be produced in draft form, and will be finalized upon receipt and addressing comments.

Task 7.1 - Prepare Draft Report

A draft model report will be prepared in electronic format for review and comment. The report will document the source data, data analysis and conceptual basin conditions, model input data and assumptions, model calibration results, and recommendations for future steps for modeling. In addition, the documentation will propose protocols based on opportunities for better and more proactive management and operation of the groundwater basin resources. These opportunities will be supported by the conceptual understanding of the basin, model simulation results and sensitivity analysis, as well as sound interpretation of the observed data.

Deliverables – Draft model report in PDF format.

Task 7.2 - Prepare Final Report

Comments received on the draft model report will be addressed and a final model report will be prepared.

Deliverables – Final model report in PDF format.

TASK 8 - TRAINING WORKSHOPS

This task includes the activities required to prepare and conduct two training workshops on the MIWRM. The purpose of the workshops is to provide interested agency and organization staff sufficient information so that they can prepare and perform model scenarios, and evaluate and interpret the results.

Task 8.1 - Prepare Workshop Material

Information and material for presentation to the workshop participants will be prepared. This material will include: A summary of theoretical background and features of the MIWRM platform; details of the model input data, model development, and calibration, and; potential model applications.

Deliverables – Handouts and PowerPoint files for training workshops.

Task 8.2 - Conduct Workshops

Two training workshops on the development and application of the model will be conducted at MID facilities. Each workshop will be four (4) hours in duration.

- Training Workshop No. 1 will focus on the theoretical aspects and features of the model, and model development.
- Training Workshop No. 2 will focus on additional aspects of model development, model calibration, and potential model applications.

TASK 9 - PROJECT MANAGEMENT AND PUBLIC COORDINATION

This task includes the activities required to coordinate and manage the overall project and coordinate with local interest groups.

Task 9.1 - Project Meetings with Technical Work Group

Task 9.1 allows for up to eight (8) meetings with the MAGPI Board and/or a designated TWG for coordination on technical work, major decisions on the modelling assumptions and review of interim data analysis or model data development work. The TWG will be formed in close coordination with and input from the Merced Area Groundwater Pool Interests (MAGPI) regional water management group.

Deliverables – Meeting handouts.

Task 9.2 - Project Meetings with MAGPI Board

Task 9.2 allows for up to four (4) project coordination meetings and presentations to the MAGPI Board of Directors and/or MAGPI stakeholder meeting to provide updates and receive feedback and comments from the Board members.

Deliverables – Meeting handouts.

Task 9.3 - Project Management and Coordination

Task 9.3 is intended to allow for time to manage and coordinate the contract, including preparation of quarterly progress reports and updated project schedule for submission to the DWR.

Deliverables – Quarterly progress reports and invoices.

EXHIBIT B
PROJECT SCHEDULE

Merced Basin Integrated Water Resources Model																										
Task Description	Months																									
	2013								2014								2015									
Task 1 - Technical Studies	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL		
Task 2 - Data Analysis and Basin																										
Task 3 - Model Input Data																										
Task 4 - Model Input Data																										
Task 5 - Model Calibration and																										
Task 6 - Development of Water																										
Task 7 - Prepare Model Report																										
Task 8 - Training Workshops																										
Task 9 - Project Management and																										

Note: Grantee shall submit progress reports on a quarterly basis.

EXHIBIT C
PROJECT BUDGET

Fiscal Year Project Budget		Project Total	
Project Tasks		State Share	Local Share
Task #1: Technical Studies		\$ 136,518	\$ 34,221
Task #2: Data Analysis and Basin Conceptual Conditions		\$ 62,952	\$ -
Task #3: Model Input Data Development - Spatial Data		\$ 93,879	\$ -
Task #4: Model Input Data Development - Time Series Data		\$ 117,303	\$ -
Task #5: Model Calibration and Sensitivity Analysis		\$ 89,194	\$ 140,288
Task #6: Development of Water Quality Model		\$ -	\$ 147,864
Task #7: Prepare Model Report		\$ -	\$ 44,286
Task #8: Training Workshops		\$ -	\$ 32,208
Task #9: Project Management and Public Coordination		\$ -	\$ 98,271
Other Direct Costs*		\$ 154	\$ 2,862
Totals		\$ 500,000	\$ 500,000

* Other Direct Charges (ODC) include travel related charges, such as mileage and lodging

DWR will reimburse the grantee for costs incurred after the date of the Grant Agreement execution (see Paragraph 9) using the funding match drawdown method plus retention. That is, if there is grantee funding match and DWR grant share associated with a line item, then the grantee must demonstrate the funding match dollars have been expended before grant funds for that line item are disbursed.

Ten (10) percent retention will be withheld per Standard Condition D.50, WITHHOLDING OF GRANT DISBURSEMENTS (RETENTION) and will be released to the grantee upon: Completion of the scope of work, acceptance of the project completion report, confirmation by DWR that all deliverables shown in Exhibit A have been received, and DWR's receipt of a retention invoice.

EXHIBIT D
STANDARD CONDITIONS

D.1 ACCOUNTING AND DEPOSIT OF GRANT DISBURSEMENT:

- a. SEPARATE ACCOUNTING OF GRANT DISBURSEMENT AND INTEREST RECORDS. Grantee shall account for the money disbursed pursuant to this Grant Agreement separately from all other Grantee funds. Grantee shall maintain audit and accounting procedures that are in accordance with generally accepted accounting principles and practices, consistently applied. Grantee shall keep complete and accurate records of all receipts, disbursements, and interest earned on expenditures of such funds. Grantee shall require its contractors or subcontractors to maintain books, records, and other documents pertinent to their work in accordance with generally accepted accounting principles and practices. Records are subject to inspection by State at any and all reasonable times.
- b. DISPOSITION OF MONEY DISBURSED. All money disbursed pursuant to this Grant Agreement shall be deposited, administered, and accounted for pursuant to the provisions of applicable law.
- c. REMITTANCE OF UNEXPENDED FUNDS. Grantee, within a period of sixty (60) calendar days from the final disbursement from State to Grantee of grant funds or within thirty (30) days of the expiration of the Grant Agreement, whichever comes first, shall remit to State any unexpended funds that were disbursed to Grantee under this Grant Agreement and were not needed to pay Eligible Project Costs.

D.2 ACKNOWLEDGEMENT OF CREDIT: Grantee shall include appropriate acknowledgement of credit to the State and to all cost-sharing partners for their support when promoting the Project or using any data and/or information developed under this Grant Agreement.

D.3 AIR OR WATER POLLUTION VIOLATION: Under State laws, the Grantee shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

D.4 AMENDMENT: This Grant Agreement may be amended at any time by mutual agreement of the Parties, except insofar as any proposed amendments are in any way contrary to applicable law. Requests by the Grantee for amendments must be in writing stating the amendment request and the reason for the request. State shall have no obligation to agree to an amendment.

D.5 AMERICANS WITH DISABILITIES ACT: By signing this Grant Agreement, Grantee assures State that it complies with the Americans with Disabilities Act (ADA) of 1990, (42 U.S.C., 12101 et seq.), which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA.

D.6 APPROVAL: This Agreement is of no force or effect until signed by all parties to the agreement. Grantee may not submit invoices or receive payment until all required signatures have been obtained.

D.7 AUDITS: State reserves the right to conduct an audit at any time between the execution of this Grant Agreement and the completion of the Project, with the costs of such audit borne by State. After completion of the Project, State may require Grantee to conduct a final audit to State's specifications, at Grantee's expense, such audit to be conducted by and a report

prepared by an Independent Certified Public Accountant. Failure or refusal by Grantee to comply with this provision shall be considered a breach of this Grant Agreement, and State may take any action it deems necessary to protect its interests.

Pursuant to Government Code Section 8546.7, the Grantee shall be subject to the examination and audit of State for a period of three years after final payment under this Grant Agreement with respect of all matters connected with this Grant Agreement, including but not limited to, the cost of administering this Grant Agreement. All records of Grantee or subcontractors shall be preserved for this purpose for at least three (3) years after Project completion.

- D.8 BUDGET CONTINGENCY:** If the Budget Act of the current year covered under this Grant Agreement does not appropriate sufficient funds for the Integrated Regional Water Management Grant Program, this Grant Agreement shall be of no force and effect. This provision shall be construed as a condition precedent to the obligation of State to make any payments under this Grant Agreement. In this event, State shall have no liability to pay any funds whatsoever to Grantee or to furnish any other considerations under this Grant Agreement and Grantee shall not be obligated to perform any provisions of this Grant Agreement. Nothing in this Grant Agreement shall be construed to provide Grantee with a right of priority for payment over any other Grantee. If funding for any fiscal year after the current year covered by this Grant Agreement is reduced or deleted by the Budget Act for purposes of this program, State shall have the option to either cancel this Grant Agreement with no liability occurring to State, or offer a Grant Agreement amendment to Grantee to reflect the reduced amount.
- D.9 CALIFORNIA CONSERVATION CORPS:** As required in Water Code section 79038(b), Grantee shall examine the feasibility of using the California Conservation Corps or community conservation corps to accomplish the habitat restoration, enhancement and protection activities listed in the Scope of Work (Exhibit A), and shall use the services of one of these organizations whenever feasible.
- D.10 CEQA:** Activities funded under this grant program regardless of funding source must be in compliance with the California Environmental Quality Act (CEQA) (PRC §21000 et seq.). Information on CEQA can be found at the following links:
- Environmental Information: ceres.ca.gov/index.html
California State Clearinghouse Handbook: celc.resources.ca.gov/
- Applicants seeking Proposition 84 funding should note that PRC §75102 requires lead agencies to notify tribal entities prior to adoption of Negative Declarations or Environmental Impact Reports (EIRs) if traditional tribal lands are within the area of the proposed project.
- D.11 CHILD SUPPORT COMPLIANCE ACT:** For any Grant Agreement in excess of \$100,000, the Grantee acknowledges in accordance with Public Contract Code 7110, that:
- a. The Grantee recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and
 - b. The Grantee, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.
- D.12 CLAIMS DISPUTE:** Any claim that the Grantee may have regarding performance of this agreement including, but not limited to, claims for additional compensation or extension of

time, shall be submitted to the Project Manager, Department of Water Resources, within thirty (30) days of the Grantee's knowledge of the claim. Project Manager and Grantee shall then attempt to negotiate a resolution of such claim and process an amendment to this Agreement to implement the terms of any such resolution.

- D.13 COMPETITIVE BIDDING AND PROCUREMENTS:** Grantee shall comply with all applicable laws and regulations regarding securing competitive bids and undertaking competitive negotiations in Grantee's contracts with other entities for acquisition of goods and services and construction of public works with funds provided by State under this Grant Agreement.
- D.14 COMPUTER SOFTWARE:** The Grantee certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this Grant Agreement for the acquisition, operation, or maintenance of computer software in violation of copyright laws.
- D.15 CONFIDENTIALITY:** Applicants should note that by submitting an application, they will waive their rights to the confidentiality of that application, though Department staff will endeavor to keep all applications confidential until Project selection. After the Projects are selected, all applications (those selected and those not) will be public documents.
- D.16 CONFLICT OF INTEREST:** All participants are subject to State and Federal conflict of interest laws. Failure to comply with these laws, including business and financial disclosure provisions, will result in the application being rejected and any subsequent contract being declared void. Other legal action may also be taken. Accordingly, before submitting an application, Applicants are urged to seek legal counsel regarding potential conflict of interest concerns and requirements for disclosure. Applicable statutes include, but are not limited to, Government Code, Section 1090 and Public Contract Code, Sections 10410 and 10411, for State conflict of interest requirements.
- a. CURRENT STATE EMPLOYEES. No State officer or employee shall engage in any employment, activity, or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any State agency, unless the employment, activity, or enterprise is required as a condition of regular State employment. No State officer or employee shall contract on his or her own behalf as an independent contractor with any State agency to provide goods or services.
 - b. FORMER STATE EMPLOYEE. For the two-year period from the date he or she left State employment, no former State officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by any State agency. For the twelve-month period from the date he or she left State employment, no former State officer or employee may enter into a contract with any State agency if he or she was employed by that State agency in a policy-making position in the same general subject area as the proposed contract within the twelve-month period prior to his or her leaving State service.
 - c. EMPLOYEES OF THE GRANTEE. Employees of the Grantee shall comply with all applicable provisions of law pertaining to conflicts of interest, including but not limited to any applicable conflict of interest provisions of the California Political Reform Act, Cal. Gov't Code § 87100 et seq.
 - d. EMPLOYEES AND CONSULTANTS TO THE GRANTEE. Individuals working on behalf of a Grantee may be required by the Department to file a Statement of Economic Interests (Fair Political Practices Commission Form 700) if it is determined that an individual is a consultant for Political Reform Act purposes.

- D.17 DELIVERY OF INFORMATION, REPORTS, AND DATA:** The Grantee agrees to expeditiously provide, during work on the Project and throughout the term of this Grant Agreement, such reports, data, information, and certifications as may be reasonably required by the State.
- D.18 DISPOSITION OF EQUIPMENT:** Grantee shall provide to State, not less than 30 days prior to submission of the final project invoice, a final inventory list of equipment purchased with grant funds provided by State. The inventory shall include all items with a current estimated fair market value of more than \$5,000 per item. Within 60 days of receipt of such inventory, State shall provide Grantee with a list of the items on the inventory that State will take title to. All other items shall become the property of Grantee. State shall arrange for delivery from Grantee of items that it takes title to. Cost of transportation, if any, shall be borne by State.
- D.19 NO DISCRIMINATION AGAINST DOMESTIC PARTNERS:** For contracts over \$100,000 executed or amended after January 1, 2007, the Grantee certifies by signing this Grant Agreement, under penalty of perjury under the laws of State of California that Grantee is in compliance with Public Contract Code section 10295.3.

D.20 DRUG-FREE WORKPLACE CERTIFICATION:

CERTIFICATION OF COMPLIANCE. By signing this Grant Agreement, Grantee, its contractors or subcontractors hereby certify, under penalty of perjury under the laws of State of California, compliance with the requirements of the Drug-Free Workplace Act of 1990 (Government Code 8350 et seq.) and have or will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees, contractors, and subcontractors that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees, contractors, or subcontractors for violations, as required by Government Code Section 8355(a).
- b. Establish a Drug-Free Awareness Program, as required by Government Code Section 8355(b) to inform employees, contractors, or subcontractors about all of the following:
 1. The dangers of drug abuse in the workplace,
 2. Grantee's policy of maintaining a drug-free workplace,
 3. Any available counseling, rehabilitation, and employee assistance programs, and
 4. Penalties that may be imposed upon employees, contractors, and subcontractors for drug abuse violations.
- c. Provide as required by Government Code Sections 8355(c), that every employee, contractor, and/or subcontractor who works under this Grant Agreement:
 1. Will receive a copy of Grantee's drug-free policy statement, and
 2. Will agree to abide by terms of Grantee's condition of employment, contract or subcontract.

SUSPENSION OF PAYMENTS. This Grant Agreement may be subject to suspension of payments or termination, or both, and Grantee may be subject to debarment if the State determines that:

- a. Grantee, its contractors, or subcontractors have made a false certification, or
- b. Grantee, its contractors, or subcontractors violates the certification by failing to carry out the requirements noted above.

- D.21 EASEMENTS:** Where the Grantee acquires property in fee title or funds improvements to real property already owned in fee by the Grantee using grant funds provided through this Grant Agreement, an appropriate easement or other title restriction providing for floodplain preservation and agricultural and/or wildlife habitat conservation for the subject property in

perpetuity, approved by the State, shall be conveyed to a regulatory or trustee agency or conservation group acceptable to the State. The easement or other title restriction must be in first position ahead of any recorded mortgage or lien on the property unless this requirement is waived by the State.

a. Where the Grantee acquires an easement under this Grant Agreement, the Grantee agrees to monitor and enforce the terms of the easement, unless the easement is subsequently transferred to another land management or conservation organization or entity with State permission, at which time monitoring and enforcement responsibilities will transfer to the new easement owner.

b. Failure to provide an easement acceptable to the State can result in termination of this Grant Agreement.

D.22 GRANTEE COMMITMENTS: Grantee accepts and agrees to comply with all terms, provisions, conditions, and commitments of this Grant Agreement, including all incorporated documents, and to fulfill all assurances, declarations, representations, and statements made by Grantee in the application, documents, amendments, and communications filed in support of its request for California Disaster Preparedness and Flood Prevention Bond Act of 2006 and the California Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Act of 2006 funding.

D.23 GRANTEE NAME CHANGE: Approval of the State's Program Manager is required to change the Grantee's name as listed on this Grant Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

D.24 GOVERNING LAW: This Grant Agreement is governed by and shall be interpreted in accordance with the laws of the State of California.

D.25 INDEMNIFICATION: Grantee shall indemnify and hold and save the State, its officers, agents, and employees, free and harmless from any and all liabilities for any claims and damages (including inverse condemnation) that may arise out of the Project and this Agreement, including, but not limited to any claims or damages arising from planning, design, construction, maintenance and/or operation of levee rehabilitation measures for this Project and any breach of this Agreement. Grantee shall require its contractors to name the State, its officers, agents and employees as additional insureds on their liability insurance for activities undertaken pursuant to this Agreement.

D.26 INDEPENDENT CAPACITY: Grantee, and the agents and employees of Grantee, if any, in the performance of the Grant Agreement, shall act in an independent capacity and not as officers, employees, or agents of the State.

D.27 INSPECTIONS OF BOOKS, RECORDS, AND REPORTS: During regular office hours, each of the parties hereto and their duly authorized representatives shall have the right to inspect and to make copies of any books, records, or reports of either party pertaining to this Grant Agreement or matters related hereto. Each of the parties hereto shall maintain and shall make available at all times for such inspection accurate records of all its costs, disbursements, and receipts with respect to its activities under this Grant Agreement. Failure or refusal by Grantee to comply with this provision shall be considered a breach of this Grant Agreement, and State may withhold disbursements to Grantee or take any other action it deems necessary to protect its interests.

D.28 INSPECTIONS OF PROJECT BY STATE: State shall have the right to inspect the work being performed at any and all reasonable times during the term of the Grant Agreement. This right shall extend to any subcontracts, and Grantee shall include provisions ensuring such access in all its contracts or subcontracts entered into pursuant to its Grant Agreement with State.

- D.29 LABOR CODE COMPLIANCE:** The Grantee will be required to keep informed of and take all measures necessary to ensure compliance with applicable California Labor Code requirements, including, but not limited to, Section 1720 et seq. of the California Labor Code regarding public works, limitations on use of volunteer labor (California Labor Code Section 1720.4), labor compliance programs (California Labor Code Section 1771.5) and payment of prevailing wages for work done and funded pursuant to these guidelines, including any payments to the Department of Industrial Relations under Labor Code Section 1771.3.

For projects that receive funding pursuant to the provisions of Proposition 50, the agreement will require the sponsor to submit verification of a labor compliance program acceptable to the department that meets the requirements of California Labor Code section 1771.5. Written evidence of the labor compliance program will need to be submitted to the department before the project is funded.

- D.30 MODIFICATION OF OVERALL WORK PLAN:** At the request of the Grantee, the State may at its sole discretion approve non-material changes to the portions of Exhibit A which concern the budget and schedule without formally amending this Grant Agreement. Non-material changes with respect to the budget are changes that only result in reallocation of the budget and will not result in an increase in the amount of the State Grant Agreement which is set forth in paragraph (3) of the Grant Agreement. Non-material changes with respect to the Project schedule are changes that will not extend the term of this Grant Agreement which is set forth in paragraph (2) of the Grant Agreement. Requests for non-material changes to the budget and schedule must be submitted by the Grantee to the State in writing and are not effective unless and until specifically approved by the State's Program Manager in writing.

- D.31 NONDISCRIMINATION CLAUSE:** During the performance of this Grant Agreement, Grantee and its sub-contractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status, and denial of family care leave. Grantee and sub-contractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Grantee and sub-contractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Grant Agreement by reference and made a part hereof as if set forth in full. Grantee and its sub-contractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Grantee shall include the nondiscrimination and compliance provisions of this clause in all sub-contracts to perform work under the Grant Agreement.

Grantee shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Funding Agreement.

- D.32 OPINIONS AND DETERMINATIONS:** Where the terms of this Grant Agreement provide for action to be based upon, judgment, approval, review, or determination of either party hereto, such terms are not intended to be and shall never be construed as permitting such opinion, judgment, approval, review, or determination to be arbitrary, capricious, or unreasonable.
- D.33 PERFORMANCE AND ASSURANCES:** Grantee agrees to faithfully and expeditiously perform or cause to be performed all Project work as described in the Scope of Work and to apply State

funds received only to Eligible Project Costs in accordance with applicable provisions of the law.

- D.34 PRIORITY HIRING CONSIDERATIONS:** If this Grant Agreement includes services in excess of \$200,000, the Grantee shall give priority consideration in filling vacancies in positions funded by the Grant Agreement to qualified recipients of aid under Welfare and Institutions Code Section 11200 in accordance with Pub. Contract Code § 10353.
- D.35 PROHIBITION AGAINST DISPOSAL OF PROJECT WITHOUT STATE PERMISSION:** Grantee shall not sell, abandon, lease, transfer, exchange, mortgage, hypothecate, or encumber in any manner whatsoever all or any portion of any real or other property necessarily connected or used in conjunction with the Project, or with Grantee's service of water, without prior permission of State. Grantee shall not take any action, including but not limited to actions relating to user fees, charges, and assessments that could adversely affect the ability of Grantee to meet its obligations under this Grant Agreement, without prior written permission of State. State may require that the proceeds from the disposition of any real or personal property be remitted to State.
- D.36 REIMBURSEMENT CLAUSE:** If applicable, travel and per diem expenses to be reimbursed under this Agreement shall be at the same rates the State provides for unrepresented employees in accordance with the provisions of Title 2, Chapter 3, of the California Code of Regulations.
- D.37 REMEDIES NOT EXCLUSIVE:** The use by either party of any remedy specified herein for the enforcement of this Grant Agreement is not exclusive and shall not deprive the party using such remedy of, or limit the application of, any other remedy provided by law.
- D.38 RIGHTS IN DATA:** The Grantee agrees that all data, plans, drawings, specifications, reports, computer programs, operating manuals, notes, and other written or graphic work produced in the performance of this Grant Agreement shall be made available to the State and shall be in the public domain to the extent to which release of such materials is required under the California Public Records Act., Cal. Gov't Code §§ 6250 et seq. The Grantee may disclose, disseminate and use in whole or in part, any final form data and information received, collected, and developed under this Grant Agreement, subject to appropriate acknowledgement of credit to the State for financial support. The Grantee shall not utilize the materials for any profit-making venture or sell or grant rights to a third party who intends to do so. The State shall have the right to use any data described in this paragraph for any public purpose.
- D.39 SEVERABILITY:** Should any portion of this Grant Agreement be determined to be void or unenforceable, such shall be severed from the whole and the Grant Agreement shall continue as modified.
- D.40 SUIT ON GRANT AGREEMENT:** Each of the parties hereto may sue and be sued with respect to this Grant Agreement.
- D.41 SUCCESSORS AND ASSIGNS:** This Grant Agreement and all of its provisions shall apply to and bind the successors and assigns of the parties. No assignment or transfer of this Grant Agreement or any part thereof, rights hereunder, or interest herein by the Grantee shall be valid unless and until it is approved by State and made subject to such reasonable terms and conditions as State may impose.
- D.42 TERMINATION BY GRANTEE:** Subject to State approval which may be reasonably withheld, Grantee may terminate this Agreement and be relieved of contractual obligations. In doing so, Grantee must provide a reason(s) for termination. Grantee must submit all progress reports summarizing accomplishments up until termination date.
- D.43 TERMINATION FOR CAUSE:** Subject to the right to cure under paragraph 16, the State may terminate this Grant Agreement and be relieved of any payments should Grantee fail to

perform the requirements of this Grant Agreement at the time and in the manner herein provided included but not limited to reason of default under paragraph 16.

- D.44 TERMINATION WITHOUT CAUSE:** The State may terminate this Agreement without cause on 30 days advance written notice. The Grantee shall be reimbursed for all reasonable expenses incurred up to the date of termination.
- D.45 TIMELINESS:** Time is of the essence in this Grant Agreement.
- D.46 THIRD PARTY BENEFICIARIES:** The parties to this Agreement do not intend to create rights in, or grant remedies to, any third party as a beneficiary of this Agreement, or any duty, covenant, obligation or understanding established herein.
- D.47 TRAVEL:** Travel includes the reasonable and necessary costs of transportation, subsistence, and other associated costs incurred by personnel during the term of this Grant Agreement. Travel and per diem shall be reimbursed consistent with the rates current at the time of travel. These rates are published at: <http://www.dpa.ca.gov/jobinfo/statetravels.htm> or its successor website. For the purpose of computing such expenses, travel must be part of the scope of work and originate and terminate within the Merced IRWM region. No travel outside the State of California shall be reimbursed unless prior written authorization is obtained from the State.
- D.48 UNION ORGANIZING:** Grantee, by signing this Grant Agreement, hereby acknowledges the applicability of Government Code 16645 through 16649 to this Grant Agreement. Furthermore, Grantee, by signing this Grant Agreement, hereby certifies that:
- a) No State funds disbursed by this Grant Agreement will be used to assist, promote, or deter union organizing.
 - b) Grantee shall account for State funds disbursed for a specific expenditure by this Grant Agreement to show those funds were allocated to that expenditure.
 - c) Grantee shall, where State funds are not designated as described in (b) above, allocate, on a pro rata basis, all disbursements that support the program.
 - d) If Grantee makes expenditures to assist, promote, or deter union organizing, Grantee will maintain records sufficient to show that no State funds were used for those expenditures and that Grantee shall provide those records to the Attorney General upon request.
- D.49 WAIVER OF RIGHTS:** None of the provisions of this Grant Agreement shall be deemed waived unless expressly waived in writing. It is the intention of the parties here to that from time to time either party may waive any of its rights under this Grant Agreement unless contrary to law. Any waiver by either party of rights arising in connection with the Grant Agreement shall not be deemed to be a waiver with respect to any other rights or matters, and such provisions shall continue in full force and effect.
- D.50 WITHHOLDING OF GRANT DISBURSEMENTS (RETENTION):**
- a) Withholding Clause: The State, at its discretion, may withhold ten percent (10%) of the funds requested by the Grantee for reimbursement of Eligible Project Costs until the Project is completed and Project Completion Report is received. Withheld funds may be released upon completion of milestones identified in the Scope of Work.
 - b) Additional Conditions for Withholding: If the State determines that the Project is not being completed substantially in accordance with the provisions of this Agreement or that the Grantee has failed in any other respect to comply substantially with the provisions of this Agreement, and if the Grantee does not remedy such failure to the State's satisfaction, the State may withhold from the Grantee all or any portion of the State Grant commitment and take any other action that it deems necessary to protect its interests.

D.51 WORKER'S COMPENSATION: Grantee affirms that It is aware of the provisions of Section 3700 of the California Labor Code, which requires every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and Grantee affirms that It will comply with such provisions before commencing the performance of the work under this Grant Agreement and will make its contractors and subcontractors aware of this provision.

EXHIBIT E
REPORT FORMAT AND REQUIREMENTS

The following reporting formats should be utilized. Please obtain State approval prior to submitting a report in an alternative format.

1. PROGRESS REPORTS

Progress Reports shall generally use the following format.

PROJECT STATUS

Describe the work performed during the time period covered by the report including:

PROJECT INFORMATION

- Legal matters;
- Engineering evaluations;
- Environmental matters;
- Status of permits, easements, rights-of-way, rights of entry and approvals as may be required by other State, federal, and/or local agencies;
- Major accomplishments during the reporting period (i.e. tasks completed, milestones met, meetings held or attended, press releases, etc.);
- Issues/concerns that have, will, or could affect the scope, schedule, or budget, with a recommendation on how to correct the matter, including identifying possible future agreement amendment needs;
- Describe differences between the work performed and the work outlined in the Overall Work Plan, including any change orders. Also include an estimate of the percentage of project work completed to date.
- Identify issues not captured in above items that need to be resolved for successful completion of the grant.

COST INFORMATION

- A discussion on how actual costs are progressing in comparison to the project budget, including percent budget spent to date;
- A list of any previous changes DWR has approved to the budget in accordance with the Agreement and the resulting revised budget(s); and
- A discussion of whether there have been any changes to the Grantee's finance plan for payment of the Grantee's share of Eligible Project Costs.

SCHEDULE INFORMATION

- A schedule showing actual progress versus planned progress;
- A discussion on how the actual schedule is progressing in comparison to the planned schedule; and
- A list of any previous changes DWR has approved to the Schedule in accordance with the Agreement and the resulting revised schedule(s).

2. PROJECT COMPLETION REPORT

Project Completion Reports shall generally use the following format.

EXECUTIVE SUMMARY

The Executive Summary generally should not exceed one-half page in length and should summarize the major accomplishments of the project. The Executive Summary should also include the a brief description of any work activity deviations to the original work plan identified in the Agreement.

COST AND DISPOSITION OF FUNDS

Provide a summary table of all Invoices showing:

- The date and amount of each Invoice submitted to State
- Accounting of the cost share and grant share expenditures
- Acknowledgement that all Invoice payments were received
- Final cost by grant versus agency cost share

ADDITIONAL PROJECT INFORMATION

Details of the work completed during the course of the grant that may include, but is not limited to:

- A final project schedule showing actual progress verses planned progress.
- Discussion of problems that occurred during the work and how those problems were resolved.
- Discussion of factors that positively or negative affected the project cost and any deviation from the original project cost estimate.
- Anticipated benefit from the project as Implemented vs. the anticipated benefits claimed in the grant application.

REPORTS AND/OR PRODUCTS

Provide a summary of major deliverables (including data deliverables) or products provided under the grant including:

- Name of deliverable/product.
- When the deliverable was delivered to DWR or appropriate State Agency
- A sentence or two about what the deliverable/product contains or does

Note: Data submittals may be subject to provisions of Exhibit H of this agreement.

**EXHIBIT F
GRANTEE RESOLUTION**

**MERCED IRRIGATION DISTRICT
RESOLUTION NO. 2013-13**

**RESOLUTION AUTHORIZING APPLICATION FOR PROPOSITION 50 WATER SUPPLY RELIABILITY
PROGRAM GRANT FOR THE DEVELOPMENT OF AN INTEGRATED WATER RESOURCES MODEL
FOR THE MERCED GROUNDWATER BASIN**

WHEREAS, the Groundwater Management Act ("AB3030") was passed by the State Legislature during the 1992 session, and became law on January 1, 1993; and

WHEREAS, AB3030 encourages local agencies to work cooperatively to manage groundwater resources within their jurisdiction; and

WHEREAS, the Merced Groundwater Basin ("Basin"), as defined by the California Department of Water Resources in Bulletin 118-80, is a major water resource for the following local agencies located within the Merced Groundwater Basin: Black Rascal Water Company, City of Atwater, City of Livingston, City of Merced, County of Merced, Le Grand Community Services District, Le Grand-Athlone Water District, Lone Tree Mutual Water Company, Meadowbrook Water Company, Merced Irrigation District (MID), Merquin County Water District, Planada Community Services District, Stevinson Water District, Turner Island Water District, Winton Water and Sanitary District, and East Merced Resource Conservation District, herein "local agencies"; and

WHEREAS, in 1997 local public agencies, including MID, adopted a Memorandum of Understanding creating an association identified as the Merced Area Groundwater Pool Interests ("MAGPI") for the purpose of developing a basin-wide groundwater management plan, monitor groundwater conditions, develop solutions, and coordinate actions within the Basin; and

WHEREAS, in June 2001, MAGPI entered into a Memorandum of Understanding with the Department of Water Resources to work cooperatively to promote conjunctive use projects and programs in Eastern Merced County; and

WHEREAS, on July 30, 2008, MAGPI adopted a Merced Groundwater Basin Groundwater Management Plan 2008 Update in compliance with the legislative requirements of SB 1938 and SB 1672; and

WHEREAS, in June of 2009, MAGPI expanded its area of interest to the entire hydrologic Merced Groundwater Basin including the MID consolidated former El Nido Irrigation District, portions of Chowchilla Water District, and all lands north of Chowchilla River; and

WHEREAS, groundwater levels in the Basin have dropped over the last forty years despite extensive conjunctive use and recharge efforts exercised by MID; and

WHEREAS, in the interest of providing solutions based on scientific facts, MAGPI has decided to pursue a Model to identify areas of concern and opportunities to improve the reliability of groundwater in the Basin; and

WHEREAS, in February of 2007, MAGPI received a letter of commitment from DWR for receiving a \$500,000 grant under Proposition 50 Water Supply Reliability Program the development of the Model conditioned on an equal local cost share; and

WHEREAS, MID and the City of Merced each committed \$250,000 towards the local cost share, conditioned on reimbursement from the remainder MAGPI members upon the creation of a joint power authority for the governance of the basin; and

WHEREAS, on December 19, 2012, MAGPI approved Resolution 2012-4 authorizing MID to execute a contract and all necessary documents required for the acceptance and execution of the grant;

THEREFORE, BE IT RESOLVED by the Board of Directors of Merced Irrigation District that pursuant and subject to all of the terms and provisions of the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50) and amendments thereto, MID will accept funds on behalf of MAGPI for the development of a Model for the Basin.

BE IT FURTHER RESOLVED THAT, the Merced Irrigation District, will contribute, upon execution of the grant agreement, 25% of the total value of the planning grant in a combination of in-kind services and monetary contribution, said combination shall not exceed \$250,000 as previously authorized by the Board.

BE IT FURTHER RESOLVED THAT, the General Manager of the Merced Irrigation District, or his designee, is hereby authorized to take any and all actions as may be necessary or convenient to carry out and implement the intent of this Resolution such as executing necessary agreements with the California Department of Water Resources to execute, fund, manage and report the tasks identified by both parties for the purpose of accomplishing the purpose of the grant.

PASSED AND ADOPTED by the Board of Directors of the Merced Irrigation District this 16th day of April, 2013 by the following vote:

Ayes:	Directors:	Pellissier, Long, Pimentel, Gonzalves
Noes:	Directors:	None
Abstain:	Directors:	None
Absent:	Directors:	Koehn



Tim Pellissier
President
Merced Irrigation District



Dave Long
Vice President/Secretary
Merced Irrigation District

EXHIBIT G

**STATE AUDIT DOCUMENT REQUIREMENTS AND
FUNDING MATCH GUIDELINES FOR GRANTEES**

The following provides a list of documents typically required by State Auditors and general guidelines for Grantees. List of documents pertains to both State funding and Funding Recipient's Funding Match and details the documents/records that State Auditors would need to review in the event of this Funding Agreement is audited. Grantees should ensure that such records are maintained for each funded project.

List of Documents for Audit

Internal Controls

1. Organization chart (e.g., Agency's overall organization chart and organization chart for the State funded Program/Project).
2. Written internal procedures and flowcharts for the following:
 - a. Receipts and deposits
 - b. Disbursements
 - c. State reimbursement requests
 - d. Expenditure tracking of State funds
 - e. Guidelines, policy, and procedures on State funded Program/Project
3. Audit reports of the Agency internal control structure and/or financial statements within the last two years.
4. Prior audit reports on the State funded Program/Project.

State Funding:

1. Original Funding Agreement, any amendment(s) and budget modification documents.
2. A listing of all bond-funded grants, loans, or subventions received from the State.
3. A listing of all other funding sources for each Program/Project.

Contracts:

1. All subcontractor and consultant contracts and related or partners documents, if applicable.
2. Contracts between the Agency and member agencies as related to the State funded Program/Project.

Invoices:

1. Invoices from vendors and subcontractors for expenditures submitted to the State for payments under the Funding Agreement.
2. Documentation linking subcontractor invoices to State reimbursement, requests and related Funding Agreement budget line items.
3. Reimbursement requests submitted to the State for the Funding Agreement.

Cash Documents:

1. Receipts (copies of warrants) showing payments received from the State.
2. Deposit slips (or bank statements) showing deposit of the payments received from the State.

3. Cancelled checks or disbursement documents showing payments made to vendors, subcontractors, consultants, and/or agents under the grants or loans.
4. Bank statements showing the deposit of the receipts.

Accounting Records:

1. Ledgers showing entries for funding receipts and cash disbursements.
2. Ledgers showing receipts and cash disbursement entries of other funding sources.
3. Bridging documents that tie the general ledger to requests for Funding Agreement reimbursement.

Administration Costs:

1. Supporting documents showing the calculation of administration costs.

Personnel:

1. List of all contractors and Agency staff that worked on the State funded Program/Project.
2. Payroll records including timesheets for contractor staff and the Agency personnel who provided services charged to the program

Project Files:

- a) All supporting documentation maintained in the project files.
- b) All Funding Agreement related correspondence.

Funding Match Documentation

Funding Match (often referred to as cost share) consists of non-State funds, including in-kind services. In-kind services are defined as work performed (i.e., dollar value of non-cash contributions) by the Funding Recipient (and potentially other parties) directly related to the execution of the funded project. Examples include volunteer services, equipment use, and use of facilities. The cost of in-kind service can be counted as funding match in-lieu of actual funds (or revenue) provided by the Funding Recipient. Other funding match and in-kind service eligibility conditions may apply. Provide below is guidance for documenting funding match with and without in-kind services.

1. Although tracked separately, in-kind services shall be documented and, to the extent feasible, supported by the same methods used by the Funding Recipient for its own employees. Such documentation should include the following:
 - a. Detailed description of the contributed item(s) or service(s)
 - b. Purpose for which the contribution was made (tied to project work plan)
 - c. Name of contributing organization and date of contribution
 - d. Real or approximate value of contribution. Who valued the contribution and how was the value determined? (e.g., actual, appraisal, fair market value, etc.). Justification of rate. (See Item #4, below)
 - e. Person's name and the function of the contributing person
 - f. Number of hours contributed
 - g. If multiple sources exist, these should be summarized on a table with summed charges
 - h. Source of contribution if it was provided by, obtained with, or supported by government funds
2. Rates for volunteer or in-kind services shall be consistent with those paid for similar work in the Funding Recipient organization. For example, volunteer service of clearing vegetation performed by an attorney shall be valued at a fair market value for this service, not the rate for professional legal services. In those instances in which the required skills are not found in the recipient organization, rates shall be consistent with those paid for similar work in the labor market. Paid fringe benefits that are reasonable, allowable and allocable may be included in the valuation.

3. Funding match contribution (including in kind services) shall be for costs and services directly attributed to activities included in the Funding Agreement. These services, furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as in-kind if the activities are an integral and necessary part of the project funded by the Funding Agreement.
4. Cash contributions made to a project shall be documented as revenue and in-kind services as expenditure. These costs should be tracked separately in the Funding Recipient's accounting system.

Exhibit H
Statewide Monitoring

REQUIREMENTS FOR STATEWIDE MONITORING AND DATA SUBMITTAL

Surface and Groundwater Quality Data:

Groundwater quality and ambient surface water quality monitoring data that include chemical, physical, or biological data shall be submitted to the State as described below, with a narrative description of data submittal activities included in project reports, as described in Exhibit E.

Surface water quality monitoring data shall be prepared for submission to the California Environmental Data Exchange Network (CEDEN). The CEDEN data templates are available on the CEDEN website. Inclusion of additional data elements described on the data templates is desirable. Data ready for submission should be uploaded to your CEDEN Regional Data Center via the CEDEN website. CEDEN website: <http://www.ceden.org>.

If a project's Work Plan contains a groundwater ambient monitoring element, groundwater quality monitoring data shall be submitted to the State for inclusion in the State Water Resources Control Board's Groundwater Ambient Monitoring and Assessment (GAMA) Program. Information on the GAMA Program can be obtained at: http://www.waterboards.ca.gov/water_issues/programs/gama/. If further information is required, the Grantee can contact the State Water Resources Control Board (SWRCB) GAMA Program. A listing of SWRCB staff involved in the GAMA program can be found at: http://www.swrcb.ca.gov/water_issues/programs/gama/contact.shtml

Groundwater Level Data

For each project that collects groundwater level data, the Grantee will need to submit this data to DWR's California Statewide Groundwater Elevation Monitoring (CASGEM) Program-developed, web-interface system. In the near future, historic groundwater elevation data traditionally managed in DWR's Water Data Library (WDL) will be available using the CASGEM system. Information regarding the CASGEM Program can be found at: <http://www.water.ca.gov/groundwater/casgem/>



ADMINISTRATIVE REPORT

Agenda Item J.8.

Meeting Date: 2/6/2017

Report Prepared by: Michael Miller, Public Works Manager-Tax Services

SUBJECT: Supplemental Budget Appropriation - Northwood Village Maintenance District

REPORT IN BRIEF

Consider authorizing a supplemental budget appropriation to cover installation of landscape irrigation system and the re-seeding of the associated park strip lawn.

RECOMMENDATION

City Council - Adopt a motion approving a supplemental budget appropriation from the unappropriated reserves of the Northwood Village Maintenance District, in the amount of \$2,000, to cover installation of landscape irrigation system and the re-seeding of park strip lawn.

ALTERNATIVES

1. Approve, as recommended by the Director of Public Works; or,
2. Deny; or,
3. Refer back to staff for further study.

AUTHORITY

Article XI, Fiscal Administration of the Merced Municipal Code - At any meeting after the adoption of the budget, the City Council may amend or supplement the budget by motion adopted by the affirmative votes of at least five members.

DISCUSSION

The Public Works Department is requesting \$2,000, in additional funding to cover the installation of landscape irrigation system and re-seeding of the park strip lawn on "G" Street, between Yosemite Avenue and approximately 200 feet north of Donna Drive.

Due to the severe drought conditions California has experienced during the past several years, Governor Jerry Brown directed all landscape irrigation systems in park strip areas that are irrigated with spray nozzles be converted to drip systems.

The City complied by replacing high pressure flow valves with low volume that worked with the newly installed drip system.

At this time, the drought has subsided and the valves need to be replaced with high pressure flow valves to meet the watering needs to maintain the turf after reseeding.

IMPACT ON CITY RESOURCES

The City's Finance Department has verified there are sufficient funds for this request.



ADMINISTRATIVE REPORT

Agenda Item J.9.

Meeting Date: 2/6/2017

Report Prepared by: Theron Roschen, P.E., City Engineer, Engineering Dept.

SUBJECT: Award Bid to Viking Construction Company, Inc., for the M and G Street Bridges at Bear Creek Project 108026

REPORT IN BRIEF

Consider awarding a construction contract in the amount of \$2,716,573.00 for the repair of the M and G Street bridges over Bear Creek.

RECOMMENDATION

City Council - Adopt a motion:

A. Awarding the bid for the M and G Street Bridges at Bear Creek Project 108026, to Viking Construction Company, Inc., in the amount of \$2,716,573.00; and,

B. Authorizing the City Manager to execute the necessary documents and to approve change orders not to exceed 15% of the total contract.

ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, subject to conditions other than recommended by staff (identify specific findings and/or conditions amended to be addressed in the motion); or,
3. Deny; or,
4. Refer to staff for reconsideration of specific items (specific items to be addressed in the motion); or,
5. Continue to a future meeting (date and time to be specified in the motion).

AUTHORITY

Charter of the City of Merced, Article XI, Section 1109 - Contracts on Public Works, and Merced Municipal Code Chapter 3.04, Article IV - Public Works Contracts. Every project involving an expenditure of more than sixty-five thousand and two-hundred-four dollars (\$65,204) for the construction or improvements of public buildings, works, streets, drains, sewers, utilities, parks, and playgrounds shall be let by contract to the lowest responsive and responsible bidder after notice by publication in the official newspaper by one or more insertions, the first of which shall be at least ten days before the time for opening bids.

CITY COUNCIL PRIORITIES

As provided for in the 2016-17 Adopted Budget.

DISCUSSION

The project is located along the M and G Street bridges over Bear Creek, all within the City of Merced. The work to be done consists, in general, of the rehabilitation of the M and G Street bridge structures, creek channel, and roadway to repair deteriorated conditions, prevent further deterioration of adjacent public facilities, and upgrade facility features to comply with local, state and federal standards. New decorative light fixtures will be placed across the M Street structure and new flag/banner poles will be placed at the center span and at all four quadrants at the bridge abutment. Light fixtures under both bridges that light the bike path beneath the bridge will be repaired.

Staff prepared plans and specifications, and the project was advertised for bids. Bids were opened on August 23, 2016, with the following results:

- | | |
|-----------------------------------------------------|-----------------|
| 1. Viking Construction Company (Rancho Cordova, CA) | \$ 2,716,573.00 |
| 2. Myers & Sons Construction (Sacramento, CA) | \$ 2,819,877.90 |

The original engineer's estimate for construction was \$1,800,000.00. A bid analysis was completed showing no irregularities. The two bids received were over the engineer's estimate. However, they were less than 4% apart, indicating that re-bidding the project would not result in a lower cost. The low bidder agreed to hold their bid until February, 2017 to allow the City's request for additional funding from the State.

The following is the proposed budget for the project:

Construction	\$ 2,716,573.00
Contingency	\$ 407,485.95
Engineering, Testing & Inspection	\$ 271,656.05
TOTAL:	\$ 3,395,715.00

This project will require lane restrictions across the bridges for the work to proceed. However, one lane in each direction across the bridges will be maintained at all times. In addition, the project has been sequenced such that only one bridge may have lane restrictions at a time. City staff will provide the public with ample advance notification(s).

HISTORY AND PAST ACTIONS

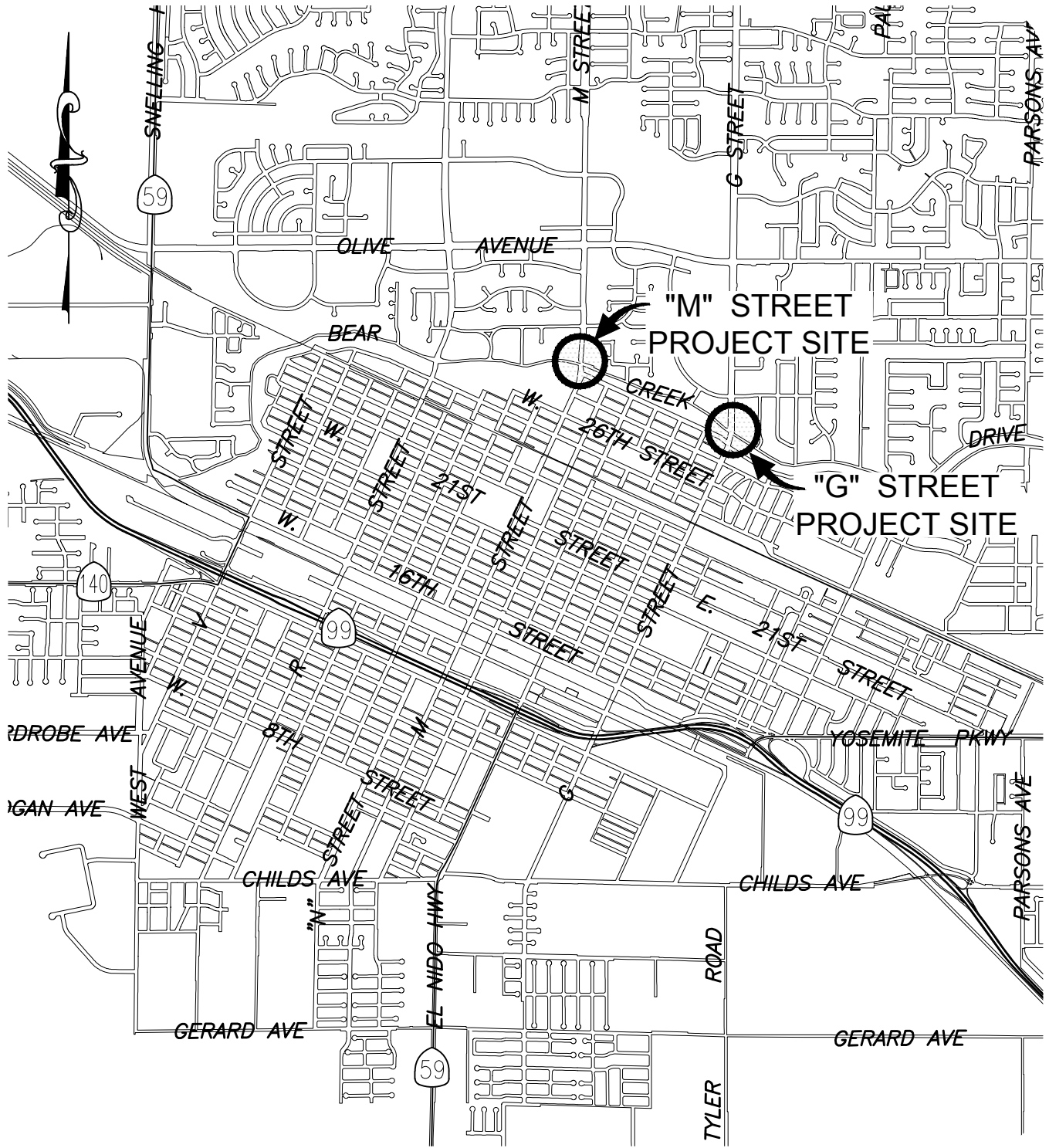
On January 16, 2017 Council accepted additional funds for a grant from the Bridge Preventive Maintenance Program (BPMP), increasing revenue account Streets/Lighting Capital Projects Funds in the amount of \$1,298,482 and appropriating the same to Project 108026, M and G Street Bridges at Bear Creek. The local match of \$168,233 was included in the FY 2016/2017 Adopted Budget. Originally, on June 20, 2016 Council accepted a grant from the BPMP, increasing revenue account Streets/Lighting Capital Projects Funds in the amount of \$1,707,744 and appropriated the same to said Project 108026, M and G Street Bridges at Bear Creek. The local match of \$221,256 was included in the FY 2015/2016 Adopted Budget.

IMPACT ON CITY RESOURCES

This project was established as a Capital Improvement Project and account 450-1104-637.65-00-108026 contains sufficient funding to complete the project.

ATTACHMENTS

1. Location Map
2. Bid Results
3. Construction Contract



LOCATION MAP

SCALE: 1"=.5 mi.



City of Merced
"Gateway to Yosemite"

DEVELOPMENT SERVICES
ENGINEERING PROJECTS AND STANDARDS
678 W. 18th Street (209) 385-6846

PROJECT NO. 108026
BPMP (034) BRIDGE REPAIRS

DR. BY: KGE
DATE: 6/13/16
CH. BY: KFE
DATE: 6/13/16
File No. Location Map
SCALE: AS SHOWN

**CITY OF MERCED
PROJECT NO. 108026
M G STREET BRIDGES AT BEAR CREEK**

Bid Opening 8/23/2016

NO.	ITEM	UNIT OF MEASURE	ESTIMATED QUANTITY	Viking Construction Company (Rancho Cordova, CA)		Myers & Sons Construction (Sacramento, CA)	
				UNIT PRICE	ITEM TOTAL	UNIT PRICE	ITEM TOTAL
1	CONSTRUCTION SURVEYS	LS	1	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00
2	PROGRESS SCHEDULE (CRITICAL PATH METHOD)	LS	1	\$ 10,000.00	\$ 10,000.00	\$ 2,500.00	\$ 2,500.00
3	TRAFFIC CONTROL SYSTEM	LS	1	\$ 100,000.00	\$ 100,000.00	\$ 150,000.00	\$ 150,000.00
4	PORTABLE CHANGEABLE MESSAGE SIGN	EA	8	\$ 2,500.00	\$ 20,000.00	\$ 5,000.00	\$ 40,000.00
5	JOB SITE MANAGEMENT	LS	1	\$ 1,500.00	\$ 1,500.00	\$ 25,000.00	\$ 25,000.00
6	WATER POLLUTION CONTROL PROGRAM	LS	1	\$ 7,500.00	\$ 7,500.00	\$ 2,000.00	\$ 2,000.00
7	STORM WATER POLLUTION PREVENTION	LS	1	\$ 10,000.00	\$ 10,000.00	\$ 15,000.00	\$ 15,000.00
8	MAINTAINING CHANNEL FLOW	LS	1	\$ 100,000.00	\$ 100,000.00	\$ 150,000.00	\$ 150,000.00
9	TEMPORARY FENCE (TYPE ESA)	LF	160	\$ 10.00	\$ 1,600.00	\$ 5.00	\$ 800.00
10	CONTRACTOR-SUPPLIED BIOLOGIST (BAT SPECIALIST)	LS	1	\$ 5,000.00	\$ 5,000.00	\$ 25,000.00	\$ 25,000.00
11	BAT EXCLUSION AND PROTECTION	LS	1	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
12	PUBLIC SAFETY PLAN	LS	1	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00
13	RAPID SETTING CONCRETE (PATCH)	CF	2	\$ 1,000.00	\$ 2,000.00	\$ 500.00	\$ 1,000.00
14	REMOVE PEDESTRIAN BARRICADE	EA	1	\$ 2,500.00	\$ 2,500.00	\$ 115.00	\$ 115.00
15	REMOVE PAINTED PAVEMENT MARKING	SQFT	395	\$ 5.00	\$ 1,975.00	\$ 4.00	\$ 1,580.00
16	REMOVE THERMOPLASTIC TRAFFIC STRIPE	LF	1,878	\$ 1.00	\$ 1,878.00	\$ 1.00	\$ 1,878.00
17	REMOVE PAVEMENT MARKER	EA	1,118	\$ 2.00	\$ 2,236.00	\$ 2.00	\$ 2,236.00
18	REMOVE SIGN	EA	1	\$ 500.00	\$ 500.00	\$ 350.00	\$ 350.00
19	REMOVE ASPHALT CONCRETE SURFACING	SQFT	4,922	\$ 2.00	\$ 9,844.00	\$ 5.00	\$ 24,610.00
20	REMOVE CONCRETE SIDEWALK	SQYD	201	\$ 50.00	\$ 10,050.00	\$ 35.00	\$ 7,035.00
21	REMOVE CONCRETE (CURB AND GUTTER)	LF	195	\$ 30.00	\$ 5,850.00	\$ 15.00	\$ 2,925.00
22	REMOVE UNSOUND CONCRETE	CF	2	\$ 600.00	\$ 1,200.00	\$ 400.00	\$ 800.00
23	PREPARE CONCRETE BRIDGE DECK SURFACE	SQFT	4922	\$ 2.00	\$ 9,844.00	\$ 1.00	\$ 4,922.00
24	FURNISH POLYESTER CONCRETE OVERLAY	CF	1590	\$ 115.00	\$ 182,850.00	\$ 104.71	\$ 166,488.90
25	PLACE POLYESTER CONCRETE OVERLAY	SQFT	4922	\$ 4.00	\$ 19,688.00	\$ 15.00	\$ 73,830.00
26	TREAT BRIDGE DECK	SQFT	11560	\$ 1.00	\$ 11,560.00	\$ 0.85	\$ 9,826.00
27	FURNISH BRIDGE DECK TREATMENT MATERIAL	GAL	128	\$ 75.00	\$ 9,600.00	\$ 100.00	\$ 12,800.00
28	BRIDGE REMOVAL (PORTION), LOCATION A	LS	1	\$ 225,000.00	\$ 225,000.00	\$ 80,000.00	\$ 80,000.00
29	BRIDGE REMOVAL (PORTION), LOCATION B	LS	1	\$ 75,000.00	\$ 75,000.00	\$ 50,000.00	\$ 50,000.00
30	ROADWAY EXCAVATION	CY	756	\$ 75.00	\$ 56,700.00	\$ 70.00	\$ 52,920.00
31	CLASS 4 AGGREGATE SUBBASE	CY	407	\$ 90.00	\$ 36,630.00	\$ 85.00	\$ 34,595.00
32	CLASS 2 AGGREGATE BASE	CY	188	\$ 92.00	\$ 17,296.00	\$ 85.00	\$ 15,980.00
33	SLURRY SEAL	TON	36	\$ 1,200.00	\$ 43,200.00	\$ 150.00	\$ 5,400.00
34	HOT MIX ASPHALT (TYPE A)	TON	324	\$ 200.00	\$ 64,800.00	\$ 180.00	\$ 58,320.00
35	HMA PLUG (12") DEEP	TON	13	\$ 200.00	\$ 2,600.00	\$ 200.00	\$ 2,600.00
36	MECHANICALLY STABILIZED EMBANKMENT (BLOCK WALL)	SQFT	359	\$ 125.00	\$ 44,875.00	\$ 50.00	\$ 17,950.00
37	STRUCTURAL CONCRETE, BRIDGE	CY	147	\$ 1,650.00	\$ 242,550.00	\$ 2,000.00	\$ 294,000.00
38	AGGREGATE BASE (APPROACH SLAB)	CY	64	\$ 125.00	\$ 8,000.00	\$ 250.00	\$ 16,000.00
39	STRUCTURAL CONCRETE, APPROACH SLAB (TYPE R)	CY	213	\$ 700.00	\$ 149,100.00	\$ 1,125.00	\$ 239,625.00
40	MINOR CONCRETE (MEMORIAL PILLAR)	LS	1	\$ 12,000.00	\$ 12,000.00	\$ 15,000.00	\$ 15,000.00
41	PAVING NOTCH EXTENSION	CF	330	\$ 175.00	\$ 57,750.00	\$ 75.00	\$ 24,750.00
42	DRILL AND BOND DOWEL (CHEMICAL ADHESIVE)	EA	715	\$ 32.00	\$ 22,880.00	\$ 75.00	\$ 53,625.00
43	JOINT SEAL (MR 1/2")	LF	132	\$ 100.00	\$ 13,200.00	\$ 45.00	\$ 5,940.00
44	BAR REINFORCING STEEL (BRIDGE)	LB	35286	\$ 1.00	\$ 35,286.00	\$ 1.00	\$ 35,286.00
45	ROADSIDE SIGN (ONE POST)	EA	1	\$ 600.00	\$ 600.00	\$ 350.00	\$ 350.00
46	ROCK SLOPE PROTECTION (LIGHT, METHOD B)	CY	1507	\$ 200.00	\$ 301,400.00	\$ 320.00	\$ 482,240.00
47	ROCK SLOPE PROTECTION FABRIC (CLASS 8)	SQYD	1832	\$ 2.00	\$ 3,664.00	\$ 3.00	\$ 5,496.00
48	MINOR CONCRETE (CURB)	LF	35	\$ 120.00	\$ 4,200.00	\$ 200.00	\$ 7,000.00
49	MINOR CONCRETE (CURB AND GUTTER)	LF	181	\$ 80.00	\$ 14,480.00	\$ 55.00	\$ 9,955.00
50	DETECTABLE WARNING SURFACE	SQFT	76	\$ 75.00	\$ 5,700.00	\$ 45.00	\$ 3,420.00
51	MINOR CONCRETE (4" SIDEWALK)	SQFT	1,354	\$ 20.00	\$ 27,080.00	\$ 20.00	\$ 27,080.00
52	MISCELLANEOUS METAL (BRIDGE)	LB	1,029	\$ 30.00	\$ 30,870.00	\$ 20.00	\$ 20,580.00
53	PEDESTRIAN BARRICADE	EA	1	\$ 2,500.00	\$ 2,500.00	\$ 200.00	\$ 200.00
54	PEDESTRIAN BARRICADE (MOD)	LF	16	\$ 200.00	\$ 3,200.00	\$ 150.00	\$ 2,400.00
55	TUBULAR HANDRAILING (PEDESTRIAN)	LF	279	\$ 250.00	\$ 69,750.00	\$ 100.00	\$ 27,900.00
56	CALIFORNIA ST-40 BRIDGE RAIL	LF	188	\$ 400.00	\$ 75,200.00	\$ 150.00	\$ 28,200.00
57	4" THERMOPLASTIC STRIPE	LF	434	\$ 1.00	\$ 434.00	\$ 1.00	\$ 434.00
58	6" THERMOPLASTIC STRIPE	LF	516	\$ 2.00	\$ 1,032.00	\$ 1.50	\$ 774.00
59	8" THERMOPLASTIC STRIPE	LF	569	\$ 2.00	\$ 1,138.00	\$ 2.00	\$ 1,138.00
60	12" THERMOPLASTIC STRIPE	LF	1,177	\$ 4.00	\$ 4,708.00	\$ 4.00	\$ 4,708.00
61	THERMOPLASTIC PAVEMENT MARKING	SQFT	395	\$ 5.00	\$ 1,975.00	\$ 5.00	\$ 1,975.00
62	PAVEMENT MARKER (NON-REFLECTIVE)	EA	960	\$ 4.00	\$ 3,840.00	\$ 3.50	\$ 3,360.00
63	PAVEMENT MARKER (RETRO-REFLECTIVE)	EA	240	\$ 4.00	\$ 960.00	\$ 5.00	\$ 1,200.00
64	LIGHTING (CITY STREET- STERNBERG)	EA	4	\$ 11,000.00	\$ 44,000.00	\$ 10,621.00	\$ 42,484.00
65	LIGHTING (PEDESTRIAN - WALL LUMINAIRE)	EA	4	\$ 1,200.00	\$ 4,800.00	\$ 1,000.00	\$ 4,000.00
66	TRAFFIC SIGNAL MODIFICATION	LS	1	\$ 125,000.00	\$ 125,000.00	\$ 115,097.00	\$ 115,097.00
67	FLAGPOLE (20-FOOT)	EA	8	\$ 3,500.00	\$ 28,000.00	\$ 650.00	\$ 5,200.00
68	FLAGPOLE (25-FOOT)	EA	2	\$ 4,000.00	\$ 8,000.00	\$ 1,000.00	\$ 2,000.00
69	MOBILIZATION	LS	1	\$ 270,000.00	\$ 270,000.00	\$ 250,000.00	\$ 250,000.00
				\$ 2,716,573.00		\$ 2,819,877.90	

GENERAL CONSTRUCTION CONTRACT

THIS CONTRACT made on _____, by and between the CITY OF MERCED, a municipal corporation of the State of California, hereinafter called the Owner, and VIKING CONSTRUCTION COMPANY, INC., hereinafter called the Contractor:

WITNESSETH:

That the parties hereto have mutually covenanted and agreed, and by these presents do covenant and agree with each other, as follows:

1. THE CONTRACT DOCUMENTS. The complete CONTRACT consists of the following documents, to wit:

- (a) Change Orders or Work Change Directives
- (b) This General Construction Contract;
- (c) Faithful Performance Bond;
- (d) Laborers and Materialmens Bond;
- (e) Guaranty;
- (f) Addenda;
- (g) Bid Forms: Bid (Proposal) to the City of Merced; Bid Schedule; List of Subcontractors and Material Dealers; Public Contract Code; Signature of Bidder; Bidder's Bond;
- (h) Special Provisions for **PROJECT NO. 108026**;
- (i) State Specifications adopted by the contract (Caltrans Standard Specifications dated 2010;)
- (j) Notice Inviting Bids;
- (k) Project Plans;
- (l) Caltrans Standard Plans dated 2010;
- (m) City Standards;
- (n) The latest revisions to the General Prevailing Wage Rates;
- (o) Safety Provisions;
- (p) Federal Requirements for Federal –Aid Construction Contracts (FHWA-1273).

Any and all obligations of the Owner and the Contractor are fully set forth and described therein.

All of the above documents are intended to cooperate so that any work called for in one and not mentioned in the other, or vice versa, is to be executed the same as if mentioned in all said documents. The documents comprising the complete contract are sometimes hereinafter referred to as the Contract Documents. In case of conflict between any of the documents, the order of documents first listed above shall be the order of precedence, with the first item listed having the highest precedence.

2. THE WORK. Said Contractor agrees to furnish all tools, equipment, apparatus, facilities, labor, transportation, and material necessary to perform and complete in a good and workmanlike manner all work of improvement in accordance with Contract Documents as called for, and in the manner designated in, and in strict conformity with, the Project Plans for **PROJECT NO. 108026**, prepared by the City Engineer, and adopted by the Owner, which said Plans are entitled, "**PROJECT NO. 108026 – M & G STREET BRIDGES AT BEAR CREEK**," project plans for construction in Merced County in Merced, awarded _____. It is understood and agreed that said tools, equipment, apparatus, facilities, labor, transportation, and material shall be furnished and said work performed and completed as required in said Project Plans under the sole direction and control of the Contractor, and subject to inspection and approval of the Owner or its representative. The Owner hereby designates the City Engineer as its representative for the purpose of this Contract.

3. **CONTRACT PRICE.** The Owner agrees to pay, and the Contractor agrees to receive and accept the following prices as full compensation for furnishing all materials and doing all work contemplated and embraced in this agreement to wit:

BID SCHEDULE:

ITEM NO.	ITEM	UNIT OF MEASURE	ESTIMATED QUANTITY	UNIT PRICE (IN FIGURES)	ITEM TOTAL (IN FIGURES)
1	Construction Surveys	LS	1	\$ 20,000.00	\$ 20,000.00
2	Progress Schedule (Critical Path Method)	LS	1	\$ 10,000.00	\$ 10,000.00
3	Traffic Control System	LS	1	\$100,000.00	\$100,000.00
4	Portable Changeable Message Sign	EA	8	\$ 2,500.00	\$ 20,000.00
5	Job Site Management	LS	1	\$ 1,500.00	\$ 1,500.00
6	Water Pollution Control Program	LS	1	\$ 7,500.00	\$ 7,500.00
7	Storm Water Pollution Prevention	LS	1	\$ 10,000.00	\$ 10,000.00
8	Maintaining Channel Flow	LS	1	\$100,000.00	\$100,000.00
9	Temporary Fence (Type ESA)	LF	160	\$ 10.00	\$ 1,600.00
10	Contractor-Supplied Biologist (Bat Specialist)	LS	1	\$ 5,000.00	\$ 5,000.00
11	Bat Exclusion And Protection	LS	1	\$ 25,000.00	\$ 25,000.00
12	Public Safety Plan	LS	1	\$ 5,000.00	\$ 5,000.00
13	Rapid Setting Concrete (Patch)	CF	2	\$ 1,000.00	\$ 2,000.00
14	Remove Pedestrian Barricade	EA	1	\$ 2,500.00	\$ 2,500.00
15	Remove Painted Pavement Marking	SQFT	395	\$ 5.00	\$ 1,975.00
16	Remove Thermoplastic Traffic Stripe	LF	1,878	\$ 1.00	\$ 1,878.00
17	Remove Pavement Marker	EA	1,118	\$ 2.00	\$ 2,236.00
18	Remove Sign	EA	1	\$ 500.00	\$ 500.00
19	Remove Asphalt Concrete Surfacing	SQFT	4,922	\$ 2.00	\$ 9,844.00
20	Remove Concrete Sidewalk	SQYD	201	\$ 50.00	\$ 10,050.00
21	Remove Concrete (Curb And Gutter)	LF	195	\$ 30.00	\$ 5,850.00
22	Remove Unsound Concrete	CF	2	\$ 600.00	\$ 1,200.00
23	Prepare Concrete Bridge Deck Surface	SQFT	4922	\$ 2.00	\$ 9,844.00
24	Furnish Polyester Concrete Overlay	CF	1590	\$ 115.00	\$182,850.00
25	Place Polyester Concrete Overlay	SQFT	4922	\$ 4.00	\$ 19,688.00
26	Treat Bridge Deck	SQFT	11560	\$ 1.00	\$ 11,560.00
27	Furnish Bridge Deck Treatment Material	GAL	128	\$ 75.00	\$ 9,600.00
28	Bridge Removal (Portion), Location A	LS	1	\$225,000.00	\$225,000.00
29	Bridge Removal (Portion), Location B	LS	1	\$ 75,000.00	\$ 75,000.00
30	Roadway Excavation	CY	756	\$ 75.00	\$ 56,700.00
31	Class 4 Aggregate Subbase	CY	407	\$ 90.00	\$ 36,630.00
32	Class 2 Aggregate Base	CY	188	\$ 92.00	\$ 17,296.00
33	Slurry Seal	TON	36	\$ 1,200.00	\$ 43,200.00
34	Hot Mix Asphalt (Type A)	TON	324	\$ 200.00	\$ 64,800.00

35	HMA Plug (12") Deep	TON	13	\$ 200.00	\$ 2,600.00
36	Mechanically Stabilized Embankment (Block Wall)	SQFT	359	\$ 125.00	\$ 44,875.00
37	Structural Concrete, Bridge	CY	147	\$ 1,650.00	\$242,550.00
38	Aggregate Base (Approach Slab)	CY	64	\$ 125.00	\$ 8,000.00
39	Structural Concrete, Approach Slab (Type R)	CY	213	\$ 700.00	\$149,100.00
40	Minor Concrete (Memorial Pillar)	LS	1	\$ 12,000.00	\$ 12,000.00
41	Paving Notch Extension	CF	330	\$ 175.00	\$ 57,750.00
42	Drill and Bond Dowel (Chemical Adhesive)	EA	715	\$ 32.00	\$ 22,880.00
43	Joint Seal (MR 1/2")	LF	132	\$ 100.00	\$ 13,200.00
44	Bar Reinforcing Steel (Bridge)	LB	35286	\$ 1.00	\$ 35,286.00
45	Roadside Sign (One Post)	EA	1	\$ 600.00	\$ 600.00
46	Rock Slope Protection (Light, Method B)	CY	1507	\$ 200.00	\$301,400.00
47	Rock Slope Protection Fabric (Class 8)	SQYD	1832	\$ 2.00	\$ 3,664.00
48	Minor Concrete (Curb)	LF	35	\$ 120.00	\$ 4,200.00
49	Minor Concrete (Curb And Gutter)	LF	181	\$ 80.00	\$ 14,480.00
50	Detectable Warning Surface	SQFT	76	\$ 75.00	\$ 5,700.00
51	Minor Concrete (4" Sidewalk)	SQFT	1,354	\$ 20.00	\$ 27,080.00
52	Miscellaneous Metal (Bridge)	LB	1,029	\$ 30.00	\$ 30,870.00
53	Pedestrian Barricade	EA	1	\$ 2,500.00	\$ 2,500.00
54	Pedestrian Barricade (Mod)	LF	16	\$ 200.00	\$ 3,200.00
55	Tubular Handrailing (Pedestrian)	LF	279	\$ 250.00	\$ 69,750.00
56	California St-40 Bridge Rail	LF	188	\$ 400.00	\$ 75,200.00
57	4" Thermoplastic Stripe	LF	434	\$ 1.00	\$ 434.00
58	6" Thermoplastic Stripe	LF	516	\$ 2.00	\$ 1,032.00
59	8" Thermoplastic Stripe	LF	569	\$ 2.00	\$ 1,138.00
60	12" Thermoplastic Stripe	LF	1,177	\$ 4.00	\$ 4,708.00
61	Thermoplastic Pavement Marking	SQFT	395	\$ 5.00	\$ 1,975.00
62	Pavement Marker (Non-Reflective)	EA	960	\$ 4.00	\$ 3,840.00
63	Pavement Marker (Retro-Reflective)	EA	240	\$ 4.00	\$ 960.00
64	Lighting (City Street- Sternberg)	EA	4	\$ 11,000.00	\$ 44,000.00
65	Lighting (Pedestrian - Wall Luminaire)	EA	4	\$ 1,200.00	\$ 4,800.00
66	Traffic Signal Modification	LS	1	\$125,000.00	\$125,000.00
67	Flagpole (20-Foot)	EA	8	\$ 3,500.00	\$ 28,000.00
68	Flagpole (25-Foot)	EA	2	\$ 4,000.00	\$ 8,000.00
69	Mobilization	LS	1	\$270,000.00	\$270,000.00

TOTAL BID ITEMS 1 THROUGH 69: \$ 2,716,573.00

4. **TERMINATION.** If the Contractor should be adjudged as bankrupt or if he should make a general assignment for the benefit of his creditors, or if a receiver should be appointed on account of his insolvency, or if he or any of his subcontractors should violate any of the provisions of the Contract Documents, the Owner may serve written notice upon him and his surety of its intention to terminate the Contract; such notice to contain the reasons for such intention to terminate the Contract, and, unless within ten (10) days after serving of such notice such violation shall cease and satisfactory arrangements for correction thereof be made, the Contract shall, upon the expiration of said ten (10) days, cease and terminate.

In the event of any such termination, the Owner shall immediately serve written notice thereof upon the surety and the Contractor, and the surety shall have the right to take over and perform the Contract; provided however, that if the surety within fifteen (15) days after the serving upon it of notice of termination does not give the Owner written notice of its intention to take over and perform the Contract or does not commence performance thereof within thirty (30) days from the date of the serving of such notice, the Owner may take over the work and prosecute the same to completion by contract or by any other method it may deem advisable, for the account and at the expense of the Contractor, and the Contractor and his surety shall be liable to the Owner for any excess cost occasioned the Owner thereby, and in such event the Owner may, without liability for so doing, take possession of and utilize in completing the work such materials, appliances, plant, and other property belonging to the Contractor as may be on the site of the work and necessary therefore.

5. **NOTICE AND SERVICE THEREOF.** Any notice from one party to the other under the Contract shall be in writing and shall be dated and signed by the party giving such notice, or by a duly authorized representative of such party. Any such notice shall not be effective for any purpose whatsoever unless served in the following manner; namely, (a) if the notice is given to the Owner, per personal delivery thereof to the Director of Public Works of said Owner, or by depositing the same in the United States mails enclosed in a sealed envelope addressed to the Owner, postage prepaid and registered; (b) if the notice is given to the Contractor, by personal delivery thereof to said Contractor or to his duly authorized representative at the site of the project, or by depositing the same in the United States mails enclosed in a sealed envelope, addressed to said Contractor at 11315 SUNRISE GOLD CIRCLE, SUITE A, RANCHO CORDOVA, CA 95742, postage prepaid and registered; and (c) if the notice is given to the surety or any other person, by personal delivery to such surety or other person, or by depositing the same in the United States mails enclosed in a sealed envelope, addressed to such surety or person, as the case may be, at the address of such surety or person last communicated by him to the party giving the notice, postage prepaid and registered.

6. **ASSIGNMENT OF CONTRACT.** Neither the Contract nor any part thereof, nor moneys due, or to become due thereunder, may be assigned by the Contractor without the prior written approval of the Owner.

7. **CONTRACT SECURITY.** The Contractor shall furnish a surety bond in an amount at least equal to 100 percent of the contract price as security for the faithful performance of this Contract. The Contractor shall also furnish a separate surety bond in an amount at least equal to 100 percent of the contract price as security for the payment of all persons for furnishing materials, provisions, provender, or other supplies used in, upon, for, or about the performance of the work contracted to be done, or for performing any work or labor thereon of any kind, and for the payment of amounts due under the Unemployment Insurance Code with respect to such work or labor in connection with this Contract, and for the payment of a reasonable attorney's fee to be fixed by the court in case suit is brought upon the bond.

8. **INSURANCE.** The Contractor shall not commence work under this Contract until he has obtained all insurance required by Section 7-1.06 of the State Specifications, as amended, and such insurance has been approved by the City Attorney of Owner, nor shall the Contractor allow any subcontractor to commence work on his subcontract until all similar insurance required of the subcontractor has been so obtained and approved. Contractor shall furnish the Owner with satisfactory proof of the carriage of insurance required,

and there shall be a specific contractual liability endorsement extending the Contractor's coverage to include the contractual liability assumed by the Contractor pursuant to this Contract, and particularly paragraph 9 hereof. Said insurance obtained by the Contractor shall be primary and noncontributory as to any insurance maintained by owner. **Endorsement for additional insured shall be submitted on standard form CG 20101185. Endorsement forms CG 20101001 and CG 20371001, when used together, are acceptable in lieu of CG 20101185 for Public Works projects.** Any policy of insurance required of the Contractor under this Contract shall also contain an endorsement providing that thirty (30) days notice must be given in writing to the Owner of any pending change in the limits of liability or of any cancellation or modification of the policy.

The Contractor shall furnish the City a policy or certificate of liability insurance in which the City is the named insured or is named as an additional insured with the Contractor. Notwithstanding any inconsistent statement in the policy or any subsequent endorsement attached thereto, the City shall be the insured or named as an additional insured covering the work, whether liability is attributable to the Contractor or the City. The policy shall insure the City, its officers, employees and agents while acting within the scope of their duties on the work, against all claims arising out of or in connection with the work.

The Contractor may file insurance acceptable to the City covering more than one project. The coverage shall provide the following minimum limits:

Bodily Injury	\$ 500,000 each person \$1,000,000 each occurrence \$1,000,000 aggregate products and completed operations
Property Damage	\$ 250,000 each occurrence \$ 500,000 aggregate

A combined single limit policy with aggregate limits in the amount of \$1,250,000 will be considered equivalent to the required minimum limits.

The Contractor will require all subcontractors to take out and maintain bodily injury liability and property damage liability in the amounts stated above.

The Contractor and subcontractors shall save, keep and hold harmless the City, its officers and agents from all damages, costs or expenses in law or equity that may at any time arise or be set up because of damages to property, or of personal injury received by reason of or in the course of performing work, which may be caused by any *willful* or negligent act or omission by the Contractor, any of the Contractor's employees, or any subcontractor. The City will not be liable for any accident, loss or damage to the work prior to its completion and acceptance.

All liability insurance policies shall bear an endorsement or shall have attached a rider whereby it is provided that, in the event of expiration or proposed cancellation of such policies for any reason whatsoever, the Agency shall be notified by registered mail, return receipt requested, giving sufficient time before the date thereof to comply with any applicable law or statute, but in no event less than thirty (30) days before expiration or cancellation is effective.

All insurance required by this section shall be from a California admitted insurance company.

The cost of this insurance shall be included in the Contractor's bid.

9. **HOLD HARMLESS.** The Contractor will indemnify, defend with counsel selected by the Owner, save, keep, and hold harmless, the Owner and all officers, employees, and agents thereof from all damages, costs, or expenses, in law or in equity, that may at any time arise or be set up because of personal injury or damage to property sustained by any person or persons by reason of, or in the course of the performance of said work, or by reason of any infringement or alleged infringement of the patent rights of any person or persons, firm or corporation, in consequence of the use in, on, or about said work, of any article or material supplied or installed under this Contract. It is understood that the duty of Contractor to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Notwithstanding the above, the Contractor shall, wherever it is necessary, keep and maintain at his sole cost and expense during the course of his operations under this Contract such warnings, signs, and barriers as may be required to protect the public. The provisions of the preceding sentence shall not impose any liability upon the Owner and are for the express benefit of the general public.

Acceptance by City of insurance certificates and endorsements required under this Agreement does not relieve Contractor from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Contractor acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

It is expressly understood that Contractor is an independent Contractor and that its employees shall not be employees of or have any contractual relationship with the City. Contractor shall be responsible for the payment of all taxes, workers' compensation insurance and unemployment insurance. Should Contractor desire any insurance protection, the Contractor is to acquire such protection at its expense.

In the event that Contractor or any employee, agent, or subcontractor of Contractor providing services under this Agreement is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Contractor shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Contractor or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

10. **ACCIDENT PREVENTION.** Precaution shall be exercised at all times for protection of persons (including employees) and property. The safety provisions of applicable laws, building and construction codes shall be observed. Machinery, equipment, and other hazards shall be guarded or eliminated in accordance with the safety provisions of the Construction Safety Orders issued by the Industrial Accident Commission of the State of California.

11. **PAYMENT.** The Owner will make partial and final payments to the Contractor in accordance with Section 9 of the State Specifications, as amended, except that the Owner will retain the five percent (5%) of the final payment amount until the expiration of thirty-five (35) days from the date of recording by Owner of notice of acceptance of completion of all work covered by this Contract, if such notice be recorded within ten (10) days after the acceptance of completion of such Contract; or, if such notice be not so recorded within ten (10) days, until the expiration of ninety-five (95) days after the acceptance of completion of such work of improvement, at which time and not before, Owner shall pay to Contractor the whole of the remaining five percent (5%) of said contract price so held back as provided. The closure date for the purpose of making monthly progress payment will be the last calendar day of that month. The Contractor may request in writing that such monthly closure date be changed. The Engineer may approve such request when it is compatible with the Agency's payment procedure.

Each month, the Contractor will submit its own invoice for work performed to the closure date and the Engineer will make an approximate measurement of the work performed to the closure date and as a basis for making monthly payments, estimate its value based on the contract unit prices or as provided for in Subsection 9-2. The Owner will endeavor to, not later than twenty (20) working days after receipt of Contractor's invoice, make partial payment to the Contractor, based on work performed and materials incorporated in the project as of the closure date of that particular calendar month, providing that the Contractor's invoices for the work performed agrees with the Engineer's determination. If the Engineer's determination differs from the Contractor's invoices, the Owner will make payment to the Contractor for those items or portions of items not in dispute not later than payment would have been made had no dispute occurred. Within ten (10) calendar days after agreement on disputed work is achieved between the Owner and the Contractor, the Owner shall pay the Contractor for any additional monies due as a result of settling any dispute. When the work has been satisfactorily completed, the Engineer will determine the quantity of work performed and prepare the final estimate. From each progress estimate, ten (10) percent will be deducted and retained by the Agency, and remainder less the amount of all previous payments will be paid to the Contractor.

The payment of progress payments by the Owner shall not be construed as an absolute acceptance of the work done up to the time of such payments, but the entire work is to be subjected to the inspection and approval of the Owner and subject to whatever inspection and approval may be required by law.

12. The statement of prevailing wages appearing in the General Prevailing Wage Rates is hereby specifically referred to and by this reference is made a part of this contract. It is further expressly agreed by and between the parties hereto that should there be any conflict between the terms of this instrument and the bid or proposal of said Contractor, then this instrument shall control and nothing herein shall be considered as an acceptance of the said terms of said proposal conflicting herewith.

13. By my signature hereunder, as Contractor, I certify that I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workmen's compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

IN WITNESS WHEREOF, three (3) identical counterparts of this Contract, each of which shall for all purposes be deemed an original thereof, have been duly executed by the parties herein above named, on the day and year first herein written.

ATTEST:

CITY OF MERCED, a Municipal Corporation
(Herein called Owner)

By: _____
Deputy City Clerk

By: _____
City Manager

APPROVED AS TO FORM:

VIKING CONSTRUCTION COMPANY, INC.
(Herein called Contractor)

By: _____
City Attorney

By: Randy Jenco
Contractor licensed in accordance with an act
providing for the registration of contractors.
Randy Jenco, President

ACCOUNT DATA:

TAXPAYER I.D. NO.: 68-0404112

PROJECT No. 108026

VENDOR NUMBER: _____

PROJECT ACCOUNT NUMBER:

ADDRESS: **11315 Sunrise Gold Circle, Suite A
Rancho Cordova, CA 95742**

450-1104-637-65.00-108026

PHONE: **(916) 852-5530**

Amount: **\$ 2,716,573.00**

FAX: **(916) 852-5533**

EMAIL: **rjenco@vikingbridges.com**

By: _____
Finance Officer Verification

(SEAL)



ADMINISTRATIVE REPORT

Agenda Item J.10.

Meeting Date: 2/6/2017

Report Prepared by: Theron Roschen, P.E., City Engineer, Engineering Dept.

SUBJECT: Professional Services Agreement with Quincy Engineering, Inc., for Engineering Construction Services for the M and G Street Bridges at Bear Creek Project 108026

REPORT IN BRIEF

Consider approving an agreement in the amount of \$180,887.06 for specialized bridge engineering construction services for the M and G Street Bridges over Bear Creek Project.

RECOMMENDATION

City Council - Adopt a motion approving the Professional Services Agreement with Quincy Engineering, Inc., in the amount of \$180,887.06; and, authorizing the City Manager to execute the necessary documents.

ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, subject to conditions other than recommended by staff (identify specific findings and/or conditions amended to be addressed in the motion); or,
3. Deny; or,
4. Refer to staff for reconsideration of specific items (specific items to be addressed in the motion); or,
5. Continue to a future meeting (date and time to be specified in the motion).

AUTHORITY

Charter of the City of Merced, Section 200 et seq.

Services with an estimated value greater than \$29,000.00 are made by written contract in accordance with Merced Municipal Code, Title 3 - Revenue and Finance, Chapter 3.04.

California Government Code Section 4526 - Selection of a firm to perform engineering services shall be on the basis of demonstrated competence and on the professional qualifications necessary for satisfactory performance.

CITY COUNCIL PRIORITIES

As provided for in the 2016-17 Adopted Budget.

DESCRIPTION

Staff sent out a Request for Proposal (RFP) for the selection of a qualified bridge construction

engineering firms to provide services during construction of the M & G Street Bridge Repairs Project. The City received six RFP packages on August 12, 2016.

A selection committee rated each RFP based on the criterion established in the RFP document (see Attachment 2). Staff selected Quincy Engineering, Inc., as the most qualified firm to do the work and negotiated their scope and fee.

The scope of work consists, in general, of responding to requests for information from contractors, reviewing contract change orders, and submittals, providing inspection services for all work pertaining to the bridge. The consultant will also provide a qualified biologist to monitor and complete all requirements for the Permits and Environmental Documents provided in the bid documents. In addition, the consultant will provide material testing needed for the construction.

This contract for engineering construction services will be funded from the Engineering, Testing & Inspection budget of \$271,656.05 for the M & G Street Bridges at Bear Creek Project 108026, with funding provided by the State Bridge Preventative Maintenance Program.

HISTORY AND PAST ACTIONS

On January 16, 2017 Council accepted additional funds for a grant from the Bridge Preventive Maintenance Program (BPMP), increasing revenue account Streets/Lighting Capital Projects Funds in the amount of \$1,298,482 and appropriating the same to Project 108026, M & G Street Bridges at Bear Creek. The local match of \$168,233 was included in the FY 2016/2017 Adopted Budget. Originally, on June 20, 2016 Council accepted a grant from the BPMP, increasing revenue account Streets/Lighting Capital Projects Funds in the amount of \$1,707,744 and appropriated the same to said Project 108026, M & G Street Bridges at Bear Creek. The local match of \$221,256 was included in the FY 2015/2016 Adopted Budget.

IMPACT ON CITY RESOURCES

This project was established as a Capital Improvement Project and account 450-1104-637.65-00-108026 contains sufficient funding to complete the project.

ATTACHMENTS

1. Professional Services Agreement
2. Request for Proposal Document

AGREEMENT FOR PROFESSIONAL SERVICES (Design Professional)

THIS AGREEMENT is made and entered into this ____ day of _____, 2017, by and between the City of Merced, a California Charter Municipal Corporation, whose address of record is 678 West 18th Street, Merced, California 95340, (hereinafter referred to as "City") and Quincy Engineering, Inc., a California Corporation, whose address of record is 11017 Cobblersrock Drive, Suite 100, Rancho Cordova, California 95670, (hereinafter referred to as "Consultant").

WHEREAS, City is undertaking a project to repair the M & G Street Bridges at Bear Creek; and,

WHEREAS, Consultant represents that it possesses the professional skills to provide engineering construction services in connection with said project.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants hereinafter recited, hereby agree as follows:

1. **SCOPE OF SERVICES.** The Consultant shall furnish the following services: Consultant shall provide the engineering construction services described in Exhibit "A" attached hereto.

No additional services shall be performed by Consultant unless approved in advance in writing by the City, stating the dollar value of the services, the method of payment, and any adjustment in contract time. All such services are to be coordinated with City and the results of the work shall be monitored by the City Engineer or his designee. However, the means by which the work is accomplished shall be the sole responsibility of the Consultant.

2. **TIME OF PERFORMANCE.** All of the work outlined in the Scope of Services shall be completed in accordance with the Schedule outlined in Exhibit "A" attached hereto and incorporated herein by reference. By mutual agreement and written addendum to this Agreement, the City and the Consultant may change the requirements in said Schedule.

3. **RESERVED.**

4. **COMPENSATION.** Payment by the City to the Consultant for actual services rendered under this Agreement shall be made upon presentation of an invoice detailing services performed under the Scope of Services, in accordance with the fee schedule set forth in Exhibit "B" attached hereto and incorporated herein by reference. The Consultant agrees to provide all services required under the Scope of Services in Exhibit "A" within the compensation amount set forth in Exhibit "B". For Consultant's services rendered under this Agreement, City shall pay Consultant the not to exceed sum of One Hundred Eighty Thousand Eight Hundred Eighty-Seven Dollars and Six Cents (\$180,887.06).

5. **METHOD OF PAYMENT.** Compensation to Consultant shall be paid by the City after submission by Consultant of an invoice delineating the services performed.

6. **RECORDS.** It is understood and agreed that all plans, studies, specifications, data magnetically or otherwise recorded on computer or computer diskettes, records, files, reports, etc., in possession of the Consultant relating to the matters covered by this Agreement shall be the property of the City, and Consultant hereby agrees to deliver the same to the City upon termination of the Agreement. It is understood and agreed that the documents and other materials including but not limited to those set forth hereinabove, prepared pursuant to this Agreement are prepared specifically for the City and are not necessarily suitable for any future or other use.

7. **CONSULTANT'S BOOKS AND RECORDS.** Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the City for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Consultant to this Agreement. Any records or documents required to be maintained shall be made available for inspection, audit and/or copying at any time during regular business hours, upon oral or written request of the City.

8. **INDEPENDENT CONTRACTOR.** It is expressly understood that Consultant is an independent contractor and that its employees shall not be employees of or have any contractual relationship with the City. Consultant shall be responsible for the payment of all taxes, workers' compensation insurance and unemployment insurance. Should Consultant desire any insurance protection, the Consultant is to acquire same at its expense.

In the event Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, protect, defend, and hold harmless the City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

9. INDEMNITY. To the fullest extent permitted by law (including, without limitation, California Civil Code Sections 2782 and 2782.8), Consultant shall indemnify, protect, defend (with legal counsel reasonably acceptable to City), save and hold City, its officers, employees, and agents, harmless from any and all claims or causes of action for death or injury to persons, or damage to property, or expense and liability of every kind, nature and description (including, without limitation, incidental and consequential damages, court costs, attorneys' fees, litigation expenses and fees of expert consultants or expert witnesses incurred in connection therewith and costs of investigation), that arise out of, pertain to, or relate to, the negligence, recklessness, willful misconduct of Consultant or its employees, subcontractors, or agents in the performance of this Agreement. It is understood that the duty of Consultant to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Acceptance by City of insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall survive the termination of this Agreement and shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

10. INSURANCE. During the term of this Agreement, Consultant shall maintain in full force and effect at its own cost and expense, the following insurance coverage:

a. Workers' Compensation Insurance. Full workers' compensation insurance shall be provided with a limit of at least One Hundred Thousand Dollars (\$100,000) for any one person and as required by law, including Employer's Liability limits of \$1,000,000.00 per accident. The policy shall be endorsed to waive the insurer's subrogation rights against the City.

b. General Liability.

- (i) Consultant shall obtain and keep in full force and effect general liability coverage at least as broad as ISO commercial general liability coverage occurrence Form CG 0001.
- (ii) Consultant shall maintain limits of no less than One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage.
- (iii) The City, its officers, employees, volunteers and agents are to be named as additional insureds under the policy, as respects liability arising out of work or operations performed by or on behalf of the Consultant.
- (iv) The policy shall stipulate that this insurance will operate as primary insurance for work performed by Consultant and its sub-contractors, and that any other insurance or self insurance maintained by City or other named insureds shall be excess and non-contributory.
- (v) Consultant shall maintain its commercial general liability coverage for three (3) years after completion of the work and shall add an additional insured endorsement form acceptable to the City naming the City of Merced, its officers, employees, agents and volunteers for each year thereafter for at least three (3) years after completion of the work. Copies of the annual renewal and additional insured endorsement form shall be sent to the City within thirty (30) days of the annual renewal.

c. Automobile Insurance.

- (i) Consultant shall obtain and keep in full force and effect an automobile policy of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage.
- (ii) The City, its officers, employees, volunteers and agents are to be named as additional insureds under the policy, as respects automobiles owned, leased, hired or borrowed by the Consultant.

- (iii) The policy shall stipulate that this insurance will operate as primary insurance for work performed by Consultant and its sub-contractors, and that any other insurance or self insurance maintained by City or other named insureds shall be excess and non-contributory.

d. Professional Liability Insurance. Consultant shall carry professional liability insurance appropriate to Consultant's profession in the minimum amount of One Million Dollars (\$1,000,000). Architects and engineers' coverage is to be endorsed to include contractual liability.

e. Qualifications of Insurer. The insurance shall be provided by an acceptable insurance provider, as determined by City, which satisfies all of the following minimum requirements:

- (i) An insurance carrier admitted to do business in California and maintaining an agent for service of process within this State; and,
- (ii) An insurance carrier with a current A.M. Best Rating of A:VII or better (except for workers' compensation provided through the California State Compensation Fund).

f. Certificate of Insurance. Consultant shall complete and file with the City prior to engaging in any operation or activity set forth in this Agreement, certificates of insurance evidencing coverage as set forth above and which shall provide that no cancellation or expiration by the insurance company will be made during the term of this Agreement, without thirty (30) days written notice to City prior to the effective date of such cancellation—including cancellation for nonpayment of premium. In addition to any other remedies City may have, City reserves the right to withhold payment if Consultant's insurance policies are not current.

11. ASSIGNABILITY OF AGREEMENT. It is understood and agreed that this Agreement contemplates personal performance by the Consultant and is based upon a determination of its unique personal competence and experience and upon its specialized personal knowledge. Assignments of any or all rights, duties or obligations of the Consultant under this Agreement will be permitted only with the express written consent of the City.

12. TERMINATION FOR CONVENIENCE OF CITY. The City may terminate this Agreement any time by mailing a notice in writing to Consultant that the Agreement is terminated. Said Agreement shall then be deemed terminated, and no further work shall be performed by Consultant. If the Agreement is so terminated, the Consultant shall be paid for that percentage of the phase of work actually completed, based on a pro rata portion of the compensation for said phase satisfactorily completed at the time the notice of termination is received.

13. CONFORMANCE TO APPLICABLE LAWS. Consultant shall comply with its standard of care regarding all applicable Federal, State, and municipal laws, rules and ordinances. No discrimination shall be made by Consultant in the employment of persons to work under this contract because of race, color, national origin, ancestry, disability, sex or religion of such person.

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act (8 U.S.C.A. 1101 *et seq.*), as amended; and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any agency or instrumentality of the federal or state government, including the courts, impose sanctions against the City for such use of unauthorized aliens, Consultant hereby agrees to, and shall, reimburse City for the cost of all such sanctions imposed, together with any and all costs, including attorneys' fees, incurred by the City in connection therewith.

14. WAIVER. In the event that either City or Consultant shall at any time or times waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or any other covenant, condition or obligation. Waiver shall not be deemed effective until and unless signed by the waiving party.

15. INCONSISTENT OR CONFLICTING TERMS IN AGREEMENT AND EXHIBITS. In the event of any contradiction or inconsistency between any attached document(s) or exhibit(s) incorporated by reference herein and the provisions of the Agreement itself, the terms of the Agreement shall control.

Any exhibit that is attached and incorporated by reference shall be limited to the purposes for which it is attached, as specified in this Agreement. Any contractual terms or conditions contained in such exhibit imposing additional obligations on the City are not binding upon the City unless specifically agreed to

in writing, and initialed by the authorized City representative, as to each additional contractual term or condition.

16. AMBIGUITIES. This Agreement has been negotiated at arms' length between persons knowledgeable in the matters dealt with herein. Accordingly, any rule of law, including, but not limited to, Section 1654 of the Civil Code of California, or any other statutes, legal decisions, or common-law principles of similar effect, that would require interpretation of any ambiguities in this Agreement against the party that drafted this Agreement is of no application and is hereby expressly waived.

17. VENUE. This Agreement and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this agreement shall be held exclusively in a state court in the County of Merced.

18. AMENDMENT. This Agreement shall not be amended, modified, or otherwise changed unless in writing and signed by both parties hereto.

19. INTEGRATION. This Agreement constitutes the entire understanding and agreement of the parties and supersedes all previous and/or contemporaneous understanding or agreement between the parties with respect to all or any part of the subject matter hereof.

20. AUTHORITY TO EXECUTE. The person or persons executing this Agreement on behalf of the parties hereto warrants and represents that he/she/they has/have the authority to execute this Agreement on behalf of their entity and has/have the authority to bind their party to the performance of its obligations hereunder.

21. COUNTERPARTS. This Agreement may be executed in one or more counterparts with each counterpart being deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterparts executed by the other parties hereto are in the physical possession of the party or parties seeking enforcement thereof.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first above written.

CITY OF MERCED
A California Charter Municipal
Corporation

BY: _____
City Manager

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY: _____
City Attorney Date

ACCOUNT DATA:

BY: _____
Verified by Finance Officer

CONSULTANT
QUINCY ENGINEERING, INC.,
A California Corporation

BY: 
(Signature)

John S. Quincy
(Typed Name)

Its: President
(Title)

BY: 
(Signature)

Steven L. Mellon
(Typed Name)

Its: VP
(Title)

Taxpayer I.D. No. 68-0269312

ADDRESS: 11017 Cobblerock Dr.
Suite 100
Rancho Cordova, CA
95670

TELEPHONE: 916-368-9181

FAX: 916-368-1308

E-MAIL: stevem@quincyeng.com

EXHIBIT A

September 16, 2016

Mr. John C. Sagin, Jr. AIA, Principal Architect
City of Merced
678 West 18th Street, Merced, CA 95340



**RE: Proposal for Engineering Construction Services – M & G Street Bridge Repairs at Bear Creek,
Project Number 108026, Federal Project Number 5085-034**

Dear Mr. Sagin:

Quincy Engineering, Inc. herein presents our revised scope and budget to assist the City of Merced in the construction inspection for the M & G Street Bridge Repairs Project.

In addition to this cost proposal and scope of work, the City has requested an hourly rate for additional work at a time-and-materials basis as requested and as directed by the City of Merced:

<u>Position</u>	<u>Hourly Rate* (Includes overhead and fee)</u>
Structure Representative	\$163.94 - All Time
Construction Inspector Group 2 (Prev. Wage**)	\$132.77 - Straight Time
Construction Inspector Group 2 (Prev. Wage OT**)	\$187.63 - Standard Overtime
Inspector (Non-Prev. Wage)	\$109.72 - Straight Time
Inspector (Non-Prev. Wage OT)	\$164.57 – Standard Overtime

** Please note that there is a 4-hour minimum, including travel time from our office to the site, for each requested callout. For work periods requiring overnight accommodation, staff will be provided subsistence in the amount of \$120/day (per DIR guidelines). Subsistence will be billed to the City as a direct cost with no fee. Stated rates are good through 6/30/17 after which they could increase by up to 3.5%.*

*** Prevailing wages are subject to DIR regulations and increases which typically occur in July.*

If you have any questions or require additional information, please contact me at this letterhead's contact information below or my email: stevem@quincyeng.com. We appreciate the opportunity and look forward to working with you and your staff on this project.

Sincerely,

QUINCY ENGINEERING, INC.

Steven L. Mellon, PE
Construction Manager/Principal-In-Charge

The following detailed Scope of Work has been formatted for attachment directly to the City's contract for this project:

SCOPE OF WORK

The following Scope of Work identifies the items of work, the order in which they may occur, and how they will be addressed during the construction of the M & G Street Bridge Repair Project. This Work Plan is based on Quincy's current understanding of the project and the following assumptions:

- ✓ Construction will start in late-September 2016 and end in early summer of 2017. The City's Contractor (CONTRACTOR) will take no more than 130 working days to complete the project.
- ✓ Construction work will not be suspended in Fall 2016 and work will continue through the winter.
- ✓ The City (CITY) will provide the Resident Engineer (RE) for the project. The RE will be responsible for the administration of the contract. This will include oversight on the CITY's full time inspection staff, labor compliance, pay quantities, and contractor communication/procedures. CITY's full time inspection staff's focus will be all non-bridge related items unless specified in Task 2.
- ✓ Quincy Engineering, Inc. (QEI) will provide technical engineering construction inspection services under the direction of the CITY's RE. QEI Staff's focus will be related to bridge structure work, submittals, and issues. Level of effort on a daily basis is expected to be no more than 8 hours including travel time.
- ✓ The CONTRACTOR will be working normal shifts throughout the project (no overtime is anticipated).
- ✓ QEI anticipates that the CONTRACTOR is experienced with this type of work and will diligently pursue timely completion of the project.
- ✓ The CONTRACTOR will provide all construction staking for the project.
- ✓ Kleinfelder will provide materials inspection, sampling, and testing for the CITY (Task 4). Their level of effort is dependent on the CONTRACTOR'S operation and ability to meet the contract requirements. The number and types of tests are listed on their specific cost proposal (attached).
- ✓ GPA Consulting (GPA), a DBE, will provide environmental monitoring for CITY (Task 5). Their level of effort is dependent on the CONTRACTOR'S operations. Their scope is attached.
- ✓ The CITY will provide adequate office space for use by QEI Staff at no charge to QEI.
- ✓ The CITY will provide labor compliance and monitor the CONTRACTORS compliance with Federal funding requirements including:

Below are the activities we will provide by task.

Task 1: Pre-Construction Services (Structures Related)

QEI Structure Representative will perform the following, as required:

- ✓ Thoroughly review the plans, specifications, RE pending files, permits, agreements, environmental documents, CITY Quality Assurance Plan (QAP), and other applicable documents. It is important to identify potential or anticipated problem areas early in the contract.
- ✓ Attend the pre-construction conference with the CONTRACTOR, subcontractors, CITY, and other involved parties.
- ✓ Follow the CITY's construction management Quality Control Plan (QCP) plan. The plan should include project authority, communications, and project documentation/record keeping.
- ✓ CITY to develop project records 63-Category Filing System based on the Caltrans Construction Manual.

The level of effort (including travel time) for Task 1 is limited to 26 hours.

Task 2: Construction Structures Related Field Inspection and Management (130 Working days)

QEI Structure Representative and bridge inspection staff will perform the following, as required:

- ✓ Attend weekly progress meetings conducted by the CITY with the CONTRACTOR to discuss ongoing construction activities, job progress, scheduling, and other important issues. Unless specifically present on site for inspection, attendance will be by conference call.

- ✓ Coordinate review and approval of structure related project shop drawings, demolition plans, and material submittals including verifying that material submittals comply with the Buy America federal funding requirement.
- ✓ Provide assistance to the CITY RE regarding schedule reviews, CCOs, safety reviews, value engineering, etc.
- ✓ Assist the CITY RE with review and response to CONTRACTOR-developed Requests for Information (RFI) submittals that are structure related.
- ✓ Provide observation of the CONTRACTOR's structure related work to ensure that the work substantially complies with the plans and specifications by monitoring, evaluating, approving and rejecting the CONTRACTOR's work as applicable. Observation diaries will be prepared documenting the daily activity of the CONTRACTOR. Expected observation of these structures related activities are:

Note independent days are defined 4 hours travel plus 4 hours inspection for a total of 8 hours. Consecutive days are defined similarly with the exception that subsistence for overnight stays will be charged per DIR rules. It is anticipated that City staff inspectors will be provide guidance and will provide sufficient inspection when QEI staff is not on site.

M Street Bridge

- Bridge sidewalk/railing demolition- 5 consecutive days per stage
- Bridge sidewalk forms and falsework – 3 independent days per stage
- Bridge sidewalk rebar placement – 2 consecutive days per stage
- Bridge sidewalk concrete placement – one consecutive day per stage
- Bridge sidewalk forms and falsework removal – 2 consecutive days per stage
- Bridge sidewalk finish - 2 consecutive days per stage
- Bridge railing forms – 2 independent days per stage
- Bridge railing rebar placement- 2 consecutive days per stage
- Bridge railing concrete placement – one consecutive day per stage
- Bridge railing forms removal – one independent day per stage
- Bridge railing finish – one independent day per stage
- Bridge railing light and flag pole installation – 2 consecutive days per stage - CITY to provide inspection
- Bridge approach slab rebar placement – one consecutive day per stage - CITY to provide inspection
- Bridge approach slab concrete placement – one consecutive day per stage - CITY to provide inspection
- Bridge deck polyester overlay – one independent day per stage
- Utility bracket attachment to existing bridge – 2 consecutive days. This operation is not staged
- RSP placement – 4 consecutive days – CITY to provide inspection
- MSE/Keystone Wall embankment and wall unit placement – 3 consecutive days – CITY to provide inspection

The level of effort including travel time for the observation at the M Street site is limited to 460 hours.

G Street Bridge (*staged operation- hours shown account for the separate stages)

- Bridge deck demolition – 3 consecutive days (up to TBD Hours)
- Bridge deck forms/falsework - 3 consecutive days
- Bridge deck rebar placement – 2 consecutive day
- Bridge deck concrete placement – one consecutive day
- Bridge deck form/falsework removal - 2 consecutive day
- Bridge deck finish - 2 consecutive days
- Bridge rail repair - 2 independent days
- Methacrylate deck - 2 consecutive day per stage*
- RSP placement – 4 consecutive days – CITY to provide inspection

The level of effort including travel time for the observation at the G Street site is limited to 120 hours.

- ✓ Attend a project walk through with CITY and CONTRACTOR personnel to establish a “punch list” of items of work that are not satisfactory.
- ✓ Attend a final project walk-through with CITY and CONTRACTOR personnel to determine that all “punch list” items of work have been completed.

The level of effort for the structure representative during Task 2 is limited to 140 hours.

Task 3: Labor Compliance (By City)

Task 4: Materials Testing

Materials sampling and testing will be performed by our subconsultant, Kleinfelder. Kleinfelder will perform sampling and materials testing per the project specifications and the CITY's Quality Assurance Program. Their anticipated tests are provided in their cost proposal (attached).

Kleinfelder will coordinate timely testing with the CITY RE. Kleinfelder will provide timely testing results to the CITY RE.

QEI will support as necessary the CITY RE in determining acceptance or rejection of bridge related materials based on test results. This level of effort is limited to 8 hours.

Task 5: Environmental Monitoring

Environmental monitoring will be performed by our sub consultant, GPA Consulting (GPA). Their scope and budget are attached.

Task 6: Post-Construction Services (By CITY)

Our Structure Representative and inspection staff will be available to support the CIY RE as needed. This level of effort is limited to 26 hours.

In the event that additional effort, beyond the scope specified above, is required, a contract amendment for this additional budget will be requested.



**Scope of Work
Environmental Monitoring
M St. and G St. Bridges Rehabilitation Project
City of Merced, CA**

I. Project Understanding

The City of Merced (City) intends to complete rehabilitation of the M Street Bridge and G Street Bridge over Bear Creek (project), in the city of Merced, California. The City is seeking a consultant to provide Engineering Construction Services for the project, which would include environmental monitoring services for biological resources.

The project construction area includes sensitive biological resources, including Bear Creek, which includes vegetation, year-round flowing water, and potential habitat for sensitive wildlife; nesting birds on the bridge structure(s) and potentially in surrounding trees and vegetation; and, potential for roosting bats on the bridge structure(s) and in surrounding trees. Construction of the project is required to comply with avoidance, minimization, and mitigation measures identified by the Natural Environment Study (NES) report prepared to support environmental approval under the National Environmental Policy Act (NEPA). Construction of the project is also subject to the conditions of the permits issued for the project by the U.S. Army Corps of Engineers, the Regional Water Quality Board, as well as the California Department of Fish and Wildlife 1602 Streambed Alteration Agreement application.

The provisions of the NES and permits issued for the project require environmental monitoring to be completed prior to, during, and following completion of construction of the project to ensure protection of biological resources during construction. GPA proposes to provide the required environmental monitoring by completing the following tasks:

II. Project Scope

Pre-construction Surveys

GPA will complete pre-construction surveys no more than three [3] days prior to the start of construction to verify absence of sensitive wildlife species, including but not limited to nesting birds and raptors, bats, and western pond turtle. Surveys will be completed for areas within the entire construction area for western pond turtle, 100 feet of construction activities for bats, 300 feet of construction activities for non-raptor bird species, and within 500 feet for raptors. GPA estimates this will require one [1] day of surveying. If any special-status or otherwise protected species are found in or adjacent to the construction area, GPA will coordinate with the Resident Engineer, the City, and resource agencies, if warranted, to develop and implement appropriate avoidance measures. GPA will summarize the results of the surveys and any subsequent coordination in a memo format for the project

file. Pursuant to the requirements of the project's 404 Permit and 401 Permit, GPA will photograph jurisdictional waters and wetlands that would be disturbed by the project, in order to document pre-construction conditions.

Deliverables: One electronic copy of the pre-construction survey memo. Pre-construction site conditions photographs.

Bat Eviction/Bat Exclusion Oversight

Based on previous bat sightings on the G St. Bridge, GPA anticipates that bats will be present on bridge structure and will need to be evicted and/or excluded from the structure prior to the start of construction. GPA will provide oversight of bat eviction and exclusion measures that may be required prior to and during project construction. This scope of work assumes that the Contractor will be responsible for designing a bat eviction/exclusion plan that meets the requirements of the NES measures and complies with California Fish and Game Code, and that the Contractor will submit a plan that includes identification of effective exclusion methods and materials for the site, timing, and monitoring no less than two [2] weeks prior to construction. GPA will review the plan, and will coordinate as needed to ensure that the plan meets necessary requirements and prevents impacts on roosting bats. Once approved, GPA will monitor the Contractor's implementation of the plan, including installation and maintenance of the bat eviction and exclusion measures, to ensure that it is carried out successfully. GPA estimates this will require one [1] day of oversight. If warranted (e.g. there is a potential for bats to be impacted), GPA will coordinate with the California Department of Fish and Wildlife.

Deliverables: One electronic copy of the bat eviction/exclusion oversight memo.

Construction Compliance Monitoring

GPA will assist the Resident Engineer and the City with ensuring that construction-related impact avoidance, minimization, and mitigation measures are successfully implemented. Prior to construction, GPA will compile NEPA and regulatory requirements and prepare a mitigation-monitoring checklist that will be used to ensure compliance throughout construction.

GPA will monitor specific activities requiring biological monitoring, including oversight of flagging and staking of environmentally sensitive areas, clearing and grubbing, invasive species removal, and monitoring of wildlife avoidance. GPA will also conduct periodic monitoring visits for the duration of construction. GPA estimates that this will require up to six [6] visits in six [6] months) to ensure that required measures are adequately implemented in the field.

GPA will summarize the result of each monitoring visit in a memo format for the project file. GPA will coordinate with the Resident Engineer as needed to correct any conditions that are out of compliance during monitoring visits.

Deliverables: Monitoring Visit Memorandums for up to six [6] monitoring visits.

Assumptions: GPA is available to conduct additional monitoring visits if any situations arise in which additional coordination is required, such as discovery of unanticipated resources, or other situations that could potentially result in non-compliance. If the City requests additional monitoring visits beyond the six identified in the cost proposal, they can be completed on an hourly rate plus expenses basis.

Post-construction Survey

Following construction, GPA will complete a survey to record post-construction conditions of the site (GPA estimates this will require up to one [1] day of surveying). GPA will take post-construction photos of the entire project site to demonstrate the successful implementation of mitigation measures and site restoration, and will identify any areas where site restoration deviated from the restoration plan. GPA will summarize the results of post-construction surveys in survey reports that will be submitted to the regulatory agencies.

Deliverables: One electronic copy of the post-construction survey memo.

Agency Submittals and Notification

Pursuant to the requirements of the project's 401 Permit, GPA will provide written notification to the Regional Water Quality Control Board (RWQCB) seven days prior to the start of in-water construction activities.

Pursuant to the requirements of the project's 404 Permit and 401 Permit, GPA will complete post-construction photography of jurisdictional waters and wetlands that were disturbed by the project, in order to document post-construction conditions.

Within 30 days of project completion, GPA will provide a Notice of Completion (NOC) to RWQCB. The NOC will include a map of the project location, including final boundaries of any on-site restoration area, if appropriate, and representative pre- and post-construction photographs, pursuant to the requirements of the project's 401 Permit.

GPA will also provide similar information to USACE within 60 days of project completion, pursuant to the requirements of the project's 404 Permit. GPA will also coordinate with City staff to complete the Compliance Certification and submit it to USACE within 30 days following completion of construction activities.

Deliverables: Post-construction site condition photographs. One electronic copy of the Notice of Completion to RWQCB. One electronic copy of the Post-construction Memo and Notification to USACE.

Project Management for Environmental Monitoring

GPA will provide management, administration, billing, coordination, etc. required to complete Environmental Monitoring Implementation.

Cost Proposal

EXHIBIT B

City of Merced - CM for M & G Street Bridge Repair Project

Construction Management

Date: 9/1/2016

Quincy Engineering, Inc.

Direct Labor:	\$35,834.40
Escalation for Multi-Year Project (3.5%):	\$1,254.20
Subtotal	\$37,088.60
Overhead (1,400):	\$51,924.05
A. Labor Subtotal	\$89,012.65

Subconsultant Costs:

Kleinfelder	\$30,800.55
GPA Consulting	\$36,262.60
0	\$0.00
0	\$0.00
0	\$0.00
0	\$0.00
0	\$0.00
0	\$0.00
0	\$0.00
B. Subconsultant Subtotal	\$67,063.15

Other Direct Costs:

(1). RE Per diem:	0.0 days @ \$120 per day	\$0.00
(2). RE Vehicle:	Included in Overhead	
(3). SR Per diem:	8.0 days @ \$120 per day	\$960.00
(4). SR Vehicle:	Included in Overhead	
(5). Inspector Per diem:	40.0 days @ \$120 per day	\$4,800.00
(6). Inspector Vehicle:	Included in Overhead	
(7). CM Per diem:	0.0 days @ \$120 per day	\$0.00
(8). CM Vehicle:	Included in Overhead	
(9). Misc. Field supplies :		\$0.00
(10). Construction Office:	0.0 months @ \$1,200 per month	\$0.00
(11). Survey Mileage:	0.0 miles @ \$0.54 per mile	\$0.00
(12). Prevailing Wage Differential:		\$10,150.00

C. Other Direct Cost Subtotal: \$15,910.00

Labor Subtotal A. =	\$89,012.65
Fixed Fee (10.0%):	\$8,901.26
Subconsultant Subtotal B. =	\$67,063.15
Fixed Fee (0.0%):	\$0.00
Other Direct Cost Subtotal: C. =	\$15,910.00
Fixed Fee (0.0%):	\$0.00

TOTAL =

\$180,887.06

Note: Invoices will be based upon actual QEI hourly rates plus overhead at 140.0% plus prorated portion of fixed fee. Subconsultant and Direct Costs will be billed at actual cost.

Exhibit 10-H Cost Proposal

Cost ProposalContract No.
Consultant**City of Merced - CM for M & G Street Bridge Repair Project**
Quincy Engineering, Inc.Date 9/1/2016**DIRECT LABOR**

Classification/Title	Name	Initials	Range	Hours	Initial Hourly Rate	Total
Principal Eng.	Steve Mellon	SM	\$64-\$87	4	\$76.70	\$ 306.80
Senior Eng.	Leland Mason	LM	\$48-\$78	172	\$62.10	\$ 10,681.20
Construction Inspector	TBD	TBD	\$25-\$65	164	\$40.00	\$ 6,560.00
Construction Inspector (Gr. 2 Prc	TBD	TBD_PW	\$25-\$65	440	\$41.56	\$ 18,286.40
				780		\$ 35,834.40

LABOR COSTS

a) Subtotal Direct Labor Costs	\$35,834.40	
b) Escalation for Multi-Year Project (3.5%):	\$1,254.20	
c) TOTAL DIRECT LABOR COSTS [(a) + (b)]	\$37,088.60	\$37,088.60

FRINGE BENEFITS

d) Fringe Benefits (Rate: 39.0%):		
e) TOTAL FRINGE BENEFITS [(c) x (d)]	\$14,464.56	\$14,464.56

INDIRECT COSTS

f) Overhead (Rate: 72.7%):		
g) Overhead [(c) x (f)]	\$26,963.42	
h) General Administration (Rate: 28.3%):		
i) Gen & Admin [(c) x (h)]	\$10,496.07	
j) TOTAL INDIRECT COSTS [(g) + (i)]	\$37,459.49	\$37,459.49

FIXED FEE (Profit)

k) Fixed Fee (10.0%):		
l) TOTAL PROFIT [(c) + (e) + (j)] x (k)	\$8,901.26	\$8,901.26

OTHER DIRECT COSTS (ODC)

RE Per diem	0	120	per day	\$0.00
RE Vehicle			Included in Overhead	\$0.00
SR Per diem	8	120	per day	\$960.00
SR Vehicle			Included in Overhead	\$0.00
Inspector Per diem	40	120	per day	\$4,800.00
Inspector Vehicle			Included in Overhead	\$0.00
CM Per diem	0	120	per day	\$0.00
CM Vehicle			Included in Overhead	\$0.00
Misc. Field supplies				\$0.00
Construction Office	0	1200	per month	\$0.00
Survey Mileage	0	0.54	per mile	\$0.00
Prevailing Wage Differential				\$10,150.00

m) Other Direct Cost Subtotal: \$15,910.00 \$15,910.00

p) Subconsultant Costs (attach detailed cost proposal in same format as prime consultant estimate for each subconsultant)

	<u>\$67,063.15</u>	<u>\$67,063.15</u>
--	--------------------	--------------------

r) TOTAL COST **\$180,887.06**

Cost Proposal

[illegible]

Project Budget:
M St. and G. St. Bridges Construction Monitoring
 Sept. 6, 2016

Activity ID	Employee	Hours/Units	Rate	Amount	Task Subtotal
Project Management					
	Melissa Logue - Senior Environmental Planner	4.00	\$115.95	\$463.80	
	Marleka Schrader - Senior Biologist/Env. Planner	16.00	\$144.20	\$2,307.20	
	Task Subtotal	20.00			\$2,771.00
Pre-Construction Surveys					
	Sheri Mayta - Assoc. Biologist/GIS Analyst	24.00	\$93.72	\$2,249.28	
	Marleka Schrader - Senior Biologist/Env. Planner	16.00	\$144.20	\$2,307.20	
	Task Subtotal	40.00			\$4,556.48
Bat Eviction/Exclusion Oversight					
	Stan Glowacki - Senior Biologist	24.00	\$122.30	\$2,935.20	
	Marleka Schrader - Senior Biologist/Env. Planner	18.00	\$144.20	\$2,595.60	
	Task Subtotal	42.00			\$5,530.80
Periodic Construction Monitoring					
	Sheri Mayta - Assoc. Biologist/GIS Analyst	50.00	\$93.72	\$4,686.00	
	Marleka Schrader - Senior Biologist/Env. Planner	60.00	\$144.20	\$8,652.00	
	Task Subtotal	110.00			\$13,338.00
Post-Construction Survey					
	Sheri Mayta - Assoc. Biologist/GIS Analyst	4.00	\$93.72	\$374.88	
	Marleka Schrader - Senior Biologist/Env. Planner	20.00	\$144.20	\$2,884.00	
	Task Subtotal	24.00			\$3,258.88
Agency Submittals and Notifications					
	Sheri Mayta - Assoc. Biologist/GIS Analyst	16.00	\$93.72	\$1,499.52	
	Marleka Schrader - Senior Biologist/Env. Planner	8.00	\$144.20	\$1,153.60	
	Task Subtotal	24.00			\$2,653.12
<hr/>					
Total Services		260.00			\$32,108.28
<hr/>					
Expense Budget:					
		Units	Amt	Mkup	
	Mileage - project expense	2,508.00	\$0.54		\$1,354.32
	Travel Expenses	4.00	\$700.00		\$2,800.00
<hr/>					
Total Expenses					\$4,154.32
<hr/>					
Total Service:					\$32,108.28
Total Expense:					\$4,154.32
Grand Total:					\$36,262.60

APPENDIX "A"



City of Merced Project No. 108026 M & G Street Bridges at Bear Creek Merced, California Testing and Observation Services

The proposed scope of tests and observations is based upon a review of geotechnical reports, provided project plans and specifications and our experience with similar projects. Cost estimates for testing and observation services are itemized in each of the following categories.

SOILS SERVICES				
Soils (Lab)	Tests		Rate	Total
Native Soils (Caltrans 216)	1		\$ 204.00	\$ 204.00
Class 2 Aggregate Base Class 4 ASB (Cal 216)	2		\$ 221.00	\$ 442.00
Aggregate Base Qualification Testing - Which Includes Coarse & Fine Gradation, SE, Coarse & Fine Durability and R-Value	1		\$ 580.00	\$ 580.00
Aggregate Sub Base Qualification Testing - Which Includes Coarse & Fine Gradation, SE, and R-Value				
Soils Field Observation and Testing	Visits	Days/Week	Rate	Total
Soils, Aggregate Base and Aggregate Sub Base Compaction	25	3	\$ 159.86	\$ 11,989.50

CONCRETE SERVICES				
Concrete (Lab)	Tests		Rate	Total
Concrete Cylinders	42		\$ 30.00	\$ 1,260.00
Concrete Field Observation and Sampling	Visits	Days/Week	Rate	Total
Concrete Pours	7	2	\$ 147.57	\$ 2,065.98
Pick Up Cylinders	7	1	\$ 101.45	\$ 710.15
Poly-Concrete	2	8	\$ 147.57	\$ 2,361.12

Paving Services - HMA, Concrete, Structural Steel Reinforcement				
LABOR SERVICES				
EVERY 750 TONS or 1 Sample Per day				
HMA for Complete Mix at Site Sampling (Lab)				
Stabilometer (LTMD) - CTM 366	4		\$ 325.00	\$ 1,300.00
Asphalt Content - CTM 310	4		\$ 200.00	\$ 800.00
Coarse and Fine Gradation - CTM 202	4		\$ 100.00	\$ 400.00
HMA Core Unit Weight - CTM - 308	12		\$ 50.00	\$ 600.00
Moisture - CTM 310	4		\$ 50.00	\$ 200.00
FIELD TESTING				
HMA Field Observation	Visits	Days/Week	Rate	Total
1 Technician (On Site Sampling) - Regular Time	4	5	\$ 159.86	\$ 3,197.20
1 Technician (On Site for coring) - Regular time	2	6	\$ 159.86	\$ 1,918.32
PERMITS and MILEAGE				
MER9P044				
Mileage	Visits	Days/Week	Rate	Total

47 Visits at 10 miles per round trip	47	10	\$ 0.54	\$ 253.80
ENGINEERING SERVICES				
		Hours	Rate	Amount
Project Management, safety meetings, quality assurance		10	\$ 148.54	\$ 1,485.40
Administrative Support, reporting, and document production		12	\$ 86.09	\$ 1,033.08
TOTAL :				\$ 30,800.55

REQUEST FOR PROPOSALS

For Bridge Repairs for M Street and G Street Bridges Project 108026

Proposals due Wednesday July 28, 2016

ENGINEERING CONSTRUCTION SERVICES

The City of Merced will accept proposals for Engineering Construction Services. Proposals will be accepted at City Hall, 678 West 18th Street, Merced, California until 5:00 p.m. on Wednesday, July 28, 2016.

BACKGROUND

The City of Merced has a State and Locally funded project to repair/rehabilitation of the M Street and G Street Bridges at Bear Creek in the City of Merced. The project includes, reconstruction of roadway, sidewalk repair, replacing bridge overhangs, placing rock slope protection in Bear Creek, electrical work, environmental oversight, creek diversion and other items listed in plans.

SCOPE OF WORK

The Engineering Construction Firm (hereinafter Consultant) shall provide services as stated below. The intent is to have a Consultant provide oversight and inspection of the bridge and the environmental portion of the project.

1. Construction Services -

- Response to RFI's, CCO's, Submittals – review and respond to Request for Information (RFI's) to clarify the drawings and/or intent. Review Change Orders as requested by City Staff. Review all shop drawing and submittals as requested by City Staff.
- Provide Inspection Services – for all work pertaining to bridge work on and/or under bridge, such as demo and repairs, installation of new water main, bridge decking, planters, deck structure, bridge asphalt resurfacing, removal of unsound concrete, removal and installing of bridge rails, removal and installing bridge lights, overlay and methacrylate treatment, bidwell screening, joint seals and provide inspections of embankment excavation and reconstruction of slope foundation. The contractor will also be required to provide daily reports as required by Caltrans for each day on site.
- All travel time and expenses shall be included in your proposal for all site visits and meetings.
- Attend the pre-construction and post-construction meeting, both inspector and environmentalist.

2. Environmental Monitoring –

- Provide a qualified Biologist to monitor and complete any and all requirements in the Permits and Environmental Documents in bid and environmental documents.

CITY'S RESPONSIBILITIES

- The City shall provide the Consultant with existing relevant plans, studies, and information concerning the project for a nonrefundable fee of \$75 per set at the Office of the City Engineer, 678 West 18th Street, Merced, CA 95340.
- The City shall designate a representative authorized to act in its behalf with respect to the project. The City or its representative shall examine items submitted by the Consultant and shall render decisions pertaining thereto promptly, to avoid unreasonable delay in the progress of the Consultant's work.
- The City shall furnish required information as expeditiously as necessary for the orderly progress of the work.

METHOD OF COMPENSATION

Payments to Consultant shall be made upon invoices submitted by Consultant to the City for review and approval. Invoices will be paid by the City within reasonable time after said invoices received from Consultant.

TIME OF COMPLETION

The work described herein shall have a duration of approximately 140 working days beginning one week after the general construction contract is given the notice to proceed.

This schedule is based upon the best information currently available and is subject to change.

All proposals shall be submitted in writing. Any exceptions to the requirements stated herein shall be clearly stated in the proposal. The proposal shall be signed by the Consultant. Please send **two (2) copies** of the proposal to:

CITY CONTACT: Joe Cardoso
Engineering Department
City of Merced - City Hall
678 West 18th Street
Merced, CA 95340
(209) 388-7508
FAX (209) 385-6211

Incomplete proposals may be rejected as non-responsive. The City reserves the right to waive any irregularities in the proposals.

Proposals are more likely to be viewed favorably if they are brief, concise, and specific.

SELECTION PROCEDURE

Proposals submitted will be reviewed for completeness and qualifications by City representatives, and may also be reviewed by a Selection Committee. The selection process may include an interview before Selection Committee representatives. The City representative will negotiate with the most qualified Consultant to determine the final award.

Criteria for selection include but are not limited to:

1. Must be have a Registered Civil Engineer licensed in the State of California on staff.
2. Experience and knowledge in bridge construction and environmental monitoring;
3. References;
4. Approach to the work;
5. Responsiveness;
6. Fee structure.

The Request for Proposals does not commit the City to enter into an agreement with any of the respondents. The City reserves the right to cancel this Request for Proposals in whole or in part, and/or to accept or reject any proposal received based upon review of submitted qualifications, all at the City's sole discretion. Each respondent understands and agrees that in submitting qualifications for consideration, the decision of the City will be final. In addition, the City reserves the right to request additional clarifying information and to meet with any or all respondents at its discretion.

No payment or compensation is due or otherwise payable to persons responding to this Request for Proposals unless an agreement is entered into between the City and the successful candidate selected for the Project.

The final contract awarded to the successful candidate selected pursuant to the criteria in this Request for Proposals shall not be effective until approved by the City Council and signed by the City Manager.

Submitting materials for consideration and/or participating in this Request for Proposals constitute the respondent's acceptance of the terms and conditions herein.

Special Requirements

The selected Consultant will be required to sign a standard agreement with the City of Merced including the following:

1. Form Contract
2. Ownership/Copyright
3. Civil Right/Equal Opportunity Assurance
4. Insurance
5. Conflict of Interest
6. Indemnification
7. Key Personnel



ADMINISTRATIVE REPORT

Agenda Item J.11.

Meeting Date: 2/6/2017

Report Prepared by: Joel D. Svendsen, PE - Associate Engineer

SUBJECT: Administering Agency Program Supplement and Amendment Modification Summary (E-76) for a Congestion Mitigation and Air Quality Improvement (CMAQ) Grant for Sidewalk Infill on Oleander Avenue, CML-5085(043), Project 114050

REPORT IN BRIEF

Consider a resolution approving a California Department of Transportation Program Supplement for the use of \$53,853 in CMAQ Grant funding for construction costs associated with sidewalk infill on Oleander Avenue, bounded by Alexander Avenue and Olive Avenue.

RECOMMENDATION

City Council - Adopt a motion:

- A. Adopting **Resolution 2017-06**, a Resolution of the City Council of the City of Merced, California, Approving Federal-Aid Projects Program Supplement Agreement No. 024-N1; and
- B. Accepting and appropriating \$53,853 in grant funds from CMAQ for construction costs associated with sidewalk infill on Oleander Avenue; and,
- C. Transferring matching funds of \$6,977 from Street and Signal CIP Fund 450-1104-637.65-00-Projects to be Determined to 450-1104-637.65-00-114050; and,
- D. Approving the use of pooled cash until reimbursement is received from the grant; and,
- E. Authorizing the City Manager or his designee to execute the necessary documents.

ALTERNATIVES

- 1. Approve, as recommended by Staff; or,
- 2. Approve, subject to conditions other than recommended by Staff (identify specific findings and/or conditions amended to be addressed in the motion); or,
- 3. Deny; or,
- 4. Continue to a future meeting (date and time to be specified in the motion).

AUTHORITY

Charter of the City of Merced, Section 200.

Caltrans Procedures for Administering Local Grant Projects in the State Transportation Improvement

Program (STP) are used to comply with the changes to the programming and funding statutes brought about by Charter 622 of the Statutes of 1997 (SB 45, KOPP). The procedures have been modified to remain consistent with and complimentary to the various guidelines and policies adopted by the California Transportation Commission (CTC), including the current 2010 STP Guidelines (adopted on October 14, 2009).

CITY COUNCIL PRIORITIES

Not applicable.

DISCUSSION

The project is located along Oleander Avenue and consists of 517 feet of missing sidewalk, four driveway approaches, and miscellaneous curb and gutter.

Caltrans has sent an Amendment Modification Summary (E-76) for the Sidewalk Infill on Oleander Avenue, boundary from Alexander Avenue to Olive Avenue. The E-76 allows for the use of \$53,853 in grant funding associated with construction costs. The local match for the project is \$6,977 and no General Funds will be used.

HISTORY AND PAST ACTIONS

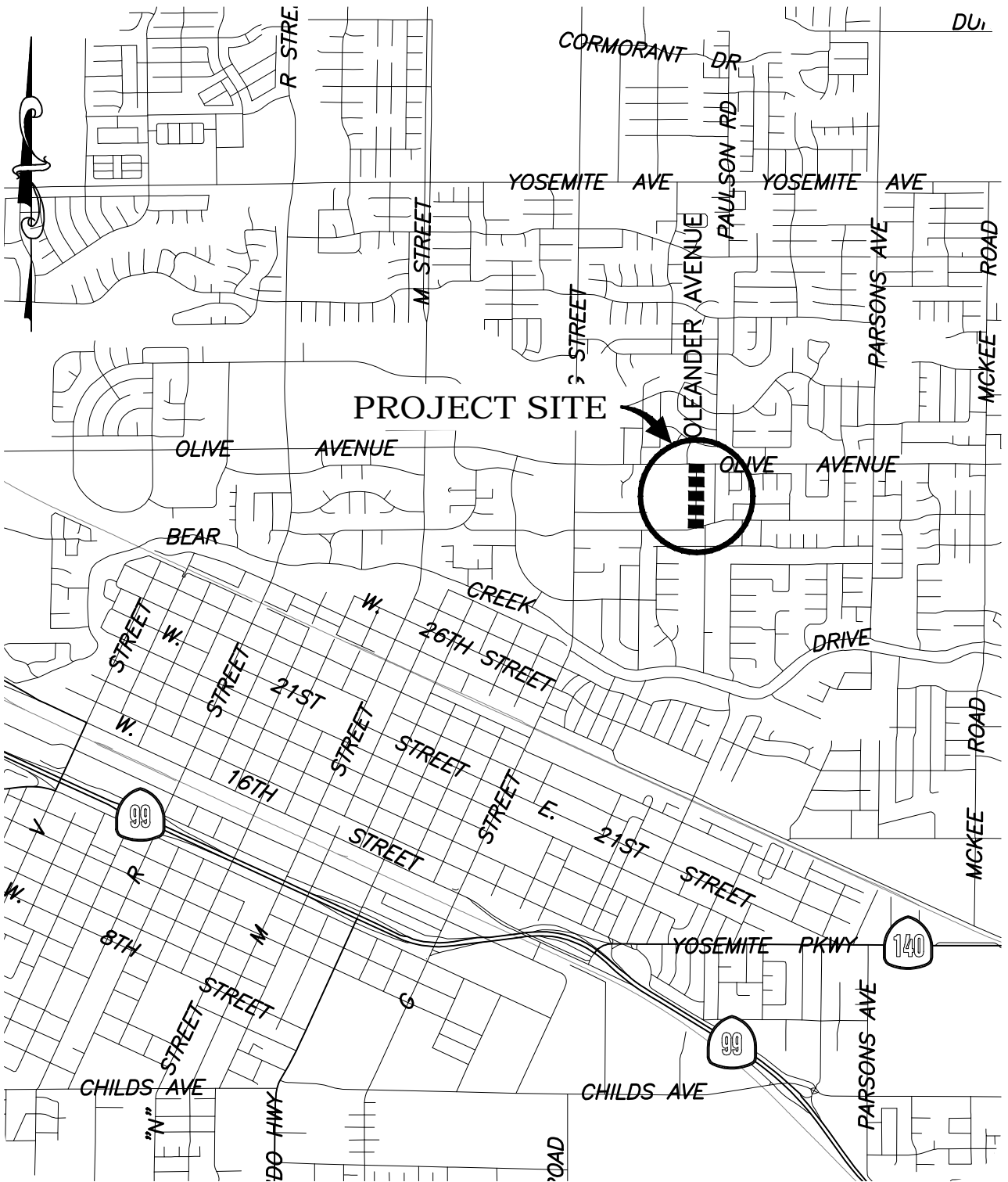
In connection with preliminary engineering for the project, on June 16, 2014, City Council adopted a resolution approving State Program Supplement 024-N, accepted and appropriated the \$12,810 CMAQ Grant, and approved the transfer of \$1,660 in matching funds.

IMPACT ON CITY RESOURCES

Staff recommends accepting grant funds from the State of California adopted Congestion Mitigation and Air Quality Improvement (CMAQ) Program, increasing revenue account 450-1104-632.32-00 in the amount of \$53,853, and appropriating the same to account 450-1104-637.65-00-114050 for the construction costs associated with the sidewalk infill.

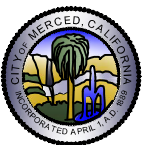
ATTACHMENTS

1. Location Map
2. E-76 CML-5085(043)
3. Program Supplement



LOCATION MAP

NOT TO SCALE



City of Merced
"Gateway to Yosemite"

DEVELOPMENT SERVICES
ENGINEERING PROJECTS AND STANDARDS
678 W. 18th Street (209) 385-6846

PROJECT NO. 114050 (5085-043)
CMAQ SIDEWALK INFILL
ON OLEANDER AVENUE

DR. BY: JDS/KGE
DATE: 4/23/15
CH. BY: KFE
DATE: 4/23/15
File No. 0928
SCALE: AS SHOWN

AMENDMENT MODIFICATION SUMMARY - (E-76)

CALIFORNIA DEPARTMENT OF TRANSPORTATION

FEDERAL AID PROGRAM

DLA LOCATOR: 10-MER-0-MER
 PREFIX: CML
 PROJECT NO: 5085(043)
 SEQ NO: 2
 STATE PROJ NO: 1014000156L-N
 AGENCY: MERCED
 ROUTE:
 DISASTER NO:
 TIP DATA
 MPO: MCAG
 FSTIP YR: 16/17
 STIP REF: 205-0000-0229
 FSTIP ID NO: CMAQ14-05

PROJECT LOCATION:
 ON OLEANDER AVENUE BETWEEN ALEXANDER AVENUE AND OLIVE AVENUE IN CITY OF MERCED
 TYPE OF WORK:
 SIDEWALK INFILL, DRIVEWAY APPROACHES AND ADA RAMPS
 FED RR NO'S:
 PUC CODES:
 PROJ OVERSIGHT: ASSUMED/LOCAL ADMIN
 ENV STATUS / DT: DELEG TO STATE USC 326/SEC 6004 07/21/2014
 RW STATUS / DT: 1 12/02/2016
 INV RTE:
 BEG MP:
 END MP:

PREV AUTH / AGREE DATES:
 PE: 2014-04-24 00:00:00.0
 R/W:
 CON:
 SPR:
 MCS:
 OTH:

BRIDGE NO:

PROG CODE	LINE NO	IMPV TYPE	FUNC SYS	URBAN AREA	URB/RURAL	DEMO ID
M003	30	28				
M003	31	17				
M400	10	15				

FUNDING SUMMARY

PHASE	PROJECT COST	FEDERAL COST	AC COST
PE	PREV. OBLIGATION \$14,470.00	\$12,810.00	\$0.00
	THIS REQUEST \$0.00	\$0.00	\$0.00
	SUBTOTAL \$14,470.00	\$12,810.00	\$0.00
R/W	PREV. OBLIGATION \$0.00	\$0.00	\$0.00
	THIS REQUEST \$0.00	\$0.00	\$0.00
	SUBTOTAL \$0.00	\$0.00	\$0.00
CON	PREV. OBLIGATION \$0.00	\$0.00	\$0.00
	THIS REQUEST \$60,830.00	\$53,853.00	\$0.00
	SUBTOTAL \$60,830.00	\$53,853.00	\$0.00
OTH	PREV. OBLIGATION \$0.00	\$0.00	\$0.00
	THIS REQUEST \$0.00	\$0.00	\$0.00
	SUBTOTAL \$0.00	\$0.00	\$0.00
TOTAL:	\$75,300.00	\$66,663.00	\$0.00

STATE REMARKS

04/18/2014 This SEQ authorizes \$12,810 of federal CMAQ funding for PE work. Final design shall not begin until after NEPA environmental clearance is obtained.
 12/12/2016 SEQ 2 - 12/12/16: Authorizing CON/CE as lump sum appropriation.

CMAQ Emission Reduction (lb/yr):' ROG - 10.40; NOx - 6.43; PM2.5 - 2.00.

FEDERAL REMARKS

AUTHORIZATION

AUTHORIZATION TO PROCEED WITH REQUEST: CON
FOR: CONST & CE
DOCUMENT TYPE: AMOD

PREPARED IN FADS BY: FUKANO, JOHN
REVIEWED IN FADS BY: YANG, ALBERT
SUBMITTED IN FADS BY: GIONGCO, DAVID
PROCESSED IN FADS BY: HUEY, SHUN
APPROVED IN FMIS BY: MARY CUNNINGHAM

ON 2016-12-12 948-3755
ON 2016-12-12 651-0015
ON 2016-12-12 FOR CALTRANS
ON 2016-12-12 FOR FHWA
ON 2016-12-14 14:00:04.0

SIGNATURE HISTORY FOR PROJECT NUMBER 5085(043) AS OF 12/15/2016

FHWA FMIS SIGNATURE HISTORY

MOD #	SIGNED BY	SIGNED ON
1	SHUN HUEY	12/13/2016
	KEATON BROWDER	12/14/2016
	MARY CUNNINGHAM	12/14/2016
0	SHUN HUEY	04/23/2014
	MIGUEL A. RAMOS	04/24/2014
	RODNEY WHITFIELD	04/24/2014

FHWA FMIS 3.0 SIGNATURE HISTORY

CALTRANS SIGNATURE HISTORY

DOCUMENT TYPE	SIGNED BY	SIGNED ON
AMEND/MOD	GIONGCO, DAVID	12/12/2016

PROGRAM SUPPLEMENT NO. N024 Rev. 1
to
ADMINISTERING AGENCY-STATE AGREEMENT
FOR FEDERAL-AID PROJECTS NO 10-5085R

Adv Project ID **Date:** December 27, 2016
1014000156 **Location:** 10-MER-0-MER
Project Number: CML-5085(043)
E.A. Number:
Locode: 5085

This Program Supplement hereby adopts and incorporates the Administering Agency-State Agreement for Federal Aid which was entered into between the Administering Agency and the State on 03/13/07 and is subject to all the terms and conditions thereof. This Program Supplement is executed in accordance with Article I of the aforementioned Master Agreement under authority of Resolution No. _____ approved by the Administering Agency on _____
(See copy attached).

The Administering Agency further stipulates that as a condition to the payment by the State of any funds derived from sources noted below obligated to this PROJECT, the Administering Agency accepts and will comply with the special covenants or remarks set forth on the following pages.

PROJECT LOCATION:

City of Merced, sidewalk infill on Oleander Ave between Alexander Ave and Olive Avenue

TYPE OF WORK: Sidewalk infill project consisting of 600 feet of missing sidewalk, driveway approaches and ADA ramp **LENGTH:** 0.0(MILES)

Estimated Cost	Federal Funds		Matching Funds		
	M003	\$53,853.00	LOCAL		OTHER
\$75,300.00	M400	\$12,810.00	\$8,637.00		\$0.00

CITY OF MERCED

By _____
Title _____
Date _____
Attest _____

STATE OF CALIFORNIA
Department of Transportation

By _____
Chief, Office of Project Implementation
Division of Local Assistance
Date _____

I hereby certify upon my personal knowledge that budgeted funds are available for this encumbrance:

Accounting Officer  **Date** 12/28/2016 \$66,663.00

Chapter	Statutes	Item	Year	Program	BC	Category	Fund Source	AMOUNT

APPROVED AS TO FORM:



Page _1_ of _1_

TO: STATE CONTROLLER'S OFFICE Claims Audits 3301 "C" Street, Rm 404 Sacramento, CA 95816	DATE PREPARED: 12/27/2016	PROJECT NUMBER: 1014000156
	REQUISITION NUMBER / CONTRACT NUMBER: CT# 105085024N	
FROM: Department of Transportation		
SUBJECT: Encumbrance Document		
CITY OF MERCED		
CONTRACT AMOUNT: \$66,663.00		

[illegible]

SPECIAL COVENANTS OR REMARKS

1. A. The ADMINISTERING AGENCY will advertise, award and administer this project in accordance with the current published Local Assistance Procedures Manual.

B. ADMINISTERING AGENCY agrees that it will only proceed with work authorized for specific phase(s) with an "Authorization to Proceed" and will not proceed with future phase(s) of this project prior to receiving an "Authorization to Proceed" from the STATE for that phase(s) unless no further State or Federal funds are needed for those future phase(s).

C. STATE and ADMINISTERING AGENCY agree that any additional funds which might be made available by future Federal obligations will be encumbered on this PROJECT by use of a STATE-approved "Authorization to Proceed" and Finance Letter. ADMINISTERING AGENCY agrees that Federal funds available for reimbursement will be limited to the amounts obligated by the Federal Highway Administration.

D. Award information shall be submitted by the ADMINISTERING AGENCY to the District Local Assistance Engineer within 60 days of project contract award and prior to the submittal of the ADMINISTERING AGENCY'S first invoice for the construction contract.

Failure to do so will cause a delay in the State processing invoices for the construction phase. Attention is directed to Section 15.7 "Award Package" of the Local Assistance Procedures Manual.

E. ADMINISTERING AGENCY agrees, as a minimum, to submit invoices at least once every six months commencing after the funds are encumbered for each phase by the execution of this Project Program Supplement Agreement, or by STATE's approval of an applicable Finance Letter. STATE reserves the right to suspend future authorizations/obligations for Federal aid projects, or encumbrances for State funded projects, as well as to suspend invoice payments for any on-going or future project by ADMINISTERING AGENCY if PROJECT costs have not been invoiced by ADMINISTERING AGENCY for a six-month period.

If no costs have been invoiced for a six-month period, ADMINISTERING AGENCY agrees to submit for each phase a written explanation of the absence of PROJECT activity along with target billing date and target billing amount.

ADMINISTERING AGENCY agrees to submit the final report documents that collectively constitute a "Report of Expenditures" within one hundred eighty (180) days of PROJECT completion. Failure of ADMINISTERING AGENCY to submit a "Final Report of Expenditures" within 180 days of PROJECT completion will result in STATE imposing sanctions upon ADMINISTERING AGENCY in accordance with the current Local Assistance Procedures Manual.

F. Administering Agency shall not discriminate on the basis of race, religion, age, disability, color, national origin, or sex in the award and performance of any Federal-

SPECIAL COVENANTS OR REMARKS

assisted contract or in the administration of its DBE Program Implementation Agreement. The Administering Agency shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure nondiscrimination in the award and administration of Federal-assisted contracts. The Administering Agency's DBE Implementation Agreement is incorporated by reference in this Agreement. Implementation of the DBE Implementation Agreement, including but not limited to timely reporting of DBE commitments and utilization, is a legal obligation and failure to carry out its terms shall be treated as a violation of this Agreement. Upon notification to the Administering Agency of its failure to carry out its DBE Implementation Agreement, the State may impose sanctions as provided for under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

G. Any State and Federal funds that may have been encumbered for this project are available for disbursement for limited periods of time. For each fund encumbrance the limited period is from the start of the fiscal year that the specific fund was appropriated within the State Budget Act to the applicable fund Reversion Date shown on the State approved project finance letter. Per Government Code Section 16304, all project funds not liquidated within these periods will revert unless an executed Cooperative Work Agreement extending these dates is requested by the ADMINISTERING AGENCY and approved by the California Department of Finance.

ADMINISTERING AGENCY should ensure that invoices are submitted to the District Local Assistance Engineer at least 75 days prior to the applicable fund Reversion Date to avoid the lapse of applicable funds. Pursuant to a directive from the State Controller's Office and the Department of Finance; in order for payment to be made, the last date the District Local Assistance Engineer can forward an invoice for payment to the Department's Local Programs Accounting Office for reimbursable work for funds that are going to revert at the end of a particular fiscal year is May 15th of the particular fiscal year. Notwithstanding the unliquidated sums of project specific State and Federal funding remaining and available to fund project work, any invoice for reimbursement involving applicable funds that is not received by the Department's Local Programs Accounting Office at least 45 days prior to the applicable fixed fund Reversion Date will not be paid. These unexpended funds will be irrevocably reverted by the Department's Division of Accounting on the applicable fund Reversion Date.

H. As a condition for receiving federal-aid highway funds for the PROJECT, the Administering Agency certifies that NO members of the elected board, council, or other key decision makers are on the Federal Government Exclusion List. Exclusions can be found at www.sam.gov.

2. A. ADMINISTERING AGENCY shall conform to all State statutes, regulations and procedures (including those set forth in the Local Assistance Procedures Manual and the Local Assistance Program Guidelines, hereafter collectively referred to as "LOCAL ASSISTANCE PROCEDURES") relating to the federal-aid program, all Title 23 Code of

SPECIAL COVENANTS OR REMARKS

Federal Regulation (CFR) and 2 CFR Part 200 federal requirements, and all applicable federal laws, regulations, and policy and procedural or instructional memoranda, unless otherwise specifically waived as designated in the executed project-specific PROGRAM SUPPLEMENT.

B. Invoices shall be submitted on ADMINISTERING AGENCY letterhead that includes the address of ADMINISTERING AGENCY and shall be formatted in accordance with LOCAL ASSISTANCE PROCEDURES.

C. ADMINISTERING AGENCY must have at least one copy of supporting backup documentation for costs incurred and claimed for reimbursement by ADMINISTERING AGENCY. ADMINISTERING AGENCY agrees to submit supporting backup documentation with invoices if requested by State. Acceptable backup documentation includes, but is not limited to, agency's progress payment to the contractors, copies of cancelled checks showing amounts made payable to vendors and contractors, and/or a computerized summary of PROJECT costs.

D. Indirect Cost Allocation Plan/Indirect Cost Rate Proposals (ICAP/ICRP), Central Service Cost Allocation Plans and related documentation are to be prepared and provided to STATE (Caltrans Audits & Investigations) for review and approval prior to ADMINISTERING AGENCY seeking reimbursement of indirect costs incurred within each fiscal year being claimed for State and federal reimbursement. ICAPs/ICRPs must be prepared in accordance with the requirements set forth in 2 CFR, Part 200, Chapter 5 of the Local Assistance Procedural Manual, and the ICAP/ICRP approval procedures established by STATE.

E. STATE will withhold the greater of either two (2) percent of the total of all federal funds encumbered for each PROGRAM SUPPLEMENT or \$40,000 until ADMINISTERING AGENCY submits the Final Report of Expenditures for each completed PROGRAM SUPPLEMENT PROJECT.

F. Payments to ADMINISTERING AGENCY for PROJECT-related travel and subsistence (per diem) expenses of ADMINISTERING AGENCY forces and its contractors and subcontractors claimed for reimbursement or as local match credit shall not exceed rates authorized to be paid rank and file STATE employees under current State Department of Personnel Administration (DPA) rules. If the rates invoiced by ADMINISTERING AGENCY are in excess of DPA rates, ADMINISTERING AGENCY is responsible for the cost difference, and any overpayments inadvertently paid by STATE shall be reimbursed to STATE by ADMINISTERING AGENCY on demand within thirty (30) days of such invoice.

G. ADMINISTERING AGENCY agrees to comply with 2 CFR, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards.

H. ADMINISTERING AGENCY agrees, and will assure that its contractors and subcontractors will be obligated to agree, that Contract Cost Principles and Procedures,

SPECIAL COVENANTS OR REMARKS

48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31, et seq., shall be used to determine the allowability of individual PROJECT cost items.

I. Every sub-recipient receiving PROJECT funds under this AGREEMENT shall comply with 2 CFR, Part 200, 23 CFR, 48 CFR Chapter 1, Part 31, Local Assistance Procedures, Public Contract Code (PCC) 10300-10334 (procurement of goods), PCC 10335-10381 (non-A&E services), and other applicable STATE and FEDERAL regulations.

J. Any PROJECT costs for which ADMINISTERING AGENCY has received payment or credit that are determined by subsequent audit to be unallowable under 2 CFR, Part 200, 23 CFR, 48 CFR, Chapter 1, Part 31, and other applicable STATE and FEDERAL regulations, are subject to repayment by ADMINISTERING AGENCY to STATE.

K. STATE reserves the right to conduct technical and financial audits of PROJECT WORK and records and ADMINISTERING AGENCY agrees, and shall require its contractors and subcontractors to agree, to cooperate with STATE by making all appropriate and relevant PROJECT records available for audit and copying as required by the following paragraph:

ADMINISTERING AGENCY, ADMINISTERING AGENCY'S contractors and subcontractors, and STATE shall each maintain and make available for inspection and audit by STATE, the California State Auditor, or any duly authorized representative of STATE or the United States all books, documents, papers, accounting records, and other evidence pertaining to the performance of such contracts, including, but not limited to, the costs of administering those various contracts and ADMINISTERING AGENCY shall furnish copies thereof if requested. All of the above referenced parties shall make such AGREEMENT, PROGRAM SUPPLEMENT, and contract materials available at their respective offices at all reasonable times during the entire PROJECT period and for three (3) years from the date of submission of the final expenditure report by the STATE to the FHWA.

L. ADMINISTERING AGENCY, its contractors and subcontractors shall establish and maintain a financial management system and records that properly accumulate and segregate reasonable, allowable, and allocable incurred PROJECT costs and matching funds by line item for the PROJECT. The financial management system of ADMINISTERING AGENCY, its contractors and all subcontractors shall conform to Generally Accepted Accounting Principles, enable the determination of incurred costs at interim points of completion, and provide support for reimbursement payment vouchers or invoices set to or paid by STATE.

M. ADMINISTERING AGENCY is required to have an audit in accordance with the Single Audit Act of 2 CFR 200 if it expends \$750,000 or more in Federal Funds in a single fiscal year of the Catalogue of Federal Domestic Assistance.

N. ADMINISTERING AGENCY agrees to include all PROGRAM SUPPLEMENTS adopting the terms of this AGREEMENT in the schedule of projects to be examined in

SPECIAL COVENANTS OR REMARKS

ADMINISTERING AGENCY's annual audit and in the schedule of projects to be examined under its single audit prepared in accordance with 2 CFR, Part 200.

O. ADMINISTERING AGENCY shall not award a non-A&E contract over \$5,000, construction contracts over \$10,000, or other contracts over \$25,000 [excluding professional service contracts of the type which are required to be procured in accordance with Government Code sections 4525 (d), (e) and (f)] on the basis of a noncompetitive negotiation for work to be performed under this AGREEMENT without the prior written approval of STATE. Contracts awarded by ADMINISTERING AGENCY, if intended as local match credit, must meet the requirements set forth in this AGREEMENT regarding local match funds.

P. Any subcontract entered into by ADMINISTERING AGENCY as a result of this AGREEMENT shall contain provisions B, C, F, H, I, K, and L under Section 2 of this agreement.



ADMINISTRATIVE REPORT

Agenda Item J.12.

Meeting Date: 2/6/2017

Report Prepared by: Julie Nelson, Associate Planner, Development Services Department

SUBJECT: Vacation #16-01 - Setting a Public Hearing for February 21, 2017, to Vacate a 2.18-Acre Storm Drain Basin and a 0.95-Acre Storm Drain Easement

REPORT IN BRIEF

Sets a public hearing for February 21, 2017, to vacate a 2.18-acre storm drain basin and a 0.95-acre storm drain easement, generally located east of G Street and approximately 390 feet north of Yosemite Avenue.

RECOMMENDATION

City Council - Adopt a motion adopting **Resolution 2017-05** a Resolution of the City Council of the City of Merced, California, declaring its intention to vacate a 2.18-acre storm drain basin and a 0.95-acre storm drain easement generally located east of G Street and approximately 390 feet north of Yosemite Avenue (Vacation #16-01) setting time and place for public hearing.

ALTERNATIVES

1. Approve as recommended by staff; or,
2. Approve, subject to modifications by the City Council; or,
3. Deny; or,
4. Refer back to staff for reconsideration of specific items (specific items to be addressed in the motion); or
5. Continue to a future meeting (date and time to be specified in motion).

AUTHORITY

Part 3, Chapter 3 of the Streets and Highways code of the State of California authorizes the City Council to vacate a right-of-way or easement. The vacation shall be made by adoption of a resolution pursuant to Section 8335 of the Code, and shall be recorded pursuant to Section 8336. The City of Merced Administrative Policies and Procedures No. A-6 provides direction to staff for processing vacation requests, and City Resolution 86-80 establishes a policy concerning costs associated with the vacation.

CITY COUNCIL PRIORITIES

Not applicable.

DISCUSSION

The proposed vacation of the storm drain basin and associated easements is being requested due to

the relocation of the basin from the site along G Street, north of Yosemite Avenue, to a site south of Redwing Court, west of Mansionette Drive (Attachment A). The basin was relocated in order to make way for a future commercial development at the northeast corner of G Street and Yosemite Avenue. The basin serves a large area north of Yosemite Avenue between G Street and Paulson Road. The new basin was sized and constructed to serve the same area.

The existing pump along G Street would remain and necessary easements would be granted for lines running from the pump to the basin. The new basin and easements will be dedicated to the City in a separate administrative action.

The Council's action tonight would be to adopt the Resolution found at Attachment B setting the public hearing for Vacation #16-01 for February 21, 2017.

IMPACT ON CITY RESOURCES

There would be no impact on City resources with this action.

ATTACHMENTS

1. (Attachment A) Location Map - Original & Relocated Basin Locations
2. (Attachment B) Draft City Council Resolution

DRAINAGE BASINS
MANSIONETTE ESTATES
NORTH EAST YOSEMITE SPECIFIC PLAN AREA

UNIVERSITY

COMMUNITY COLLEGE EAST

KINGFISHER

NIGHTINGALE

MOCKINGBIRD

HUMMINGBIRD

BOBWHITE

REDWING

SANDPIPER

MANSIONETTE

Basin to be
Abandoned

G

Pump to Remain

RELOCATED
BASIN

YOSEMITE

SILVERHORN

SUN

Legend

Basin Locations



New



Old

215

BODEGA

N



RESOLUTION NO. 2017-_____

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MERCED, CALIFORNIA,
DECLARING ITS INTENTION TO VACATE A
2.18-ACRE STORM DRAIN BASIN AND A 0.95-
ACRE STORM DRAIN EASEMENT GENERALLY
LOCATED EAST OF G STREET AND
APPROXIMATELY 390 FEET NORTH OF
YOSEMITE AVENUE (VACATION
#16-01) SETTING TIME AND PLACE FOR
PUBLIC HEARING**

WHEREAS, the City Engineer of the City of Merced has recommended that the hereinafter described portion of public right-of-way is unnecessary for prospective public purposes; and

WHEREAS, the City Engineer has filed maps or plans with the City Clerk of the City of Merced showing the portion of the public right-of-way to be vacated at a specific time that will be determined.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCED DOES HEREBY RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:

SECTION 1. The City Council of the City of Merced declares its intention to proceed under the provisions of Part 3 of the Streets and Highways Code of the State of California, being the Public Streets, Highways, and Service Easements Vacation Law, Chapter 3, to vacate a 2.18-acre storm drain basin and a 0.95-acre storm drain easement generally located east of G Street and approximately 390 feet north of Yosemite Avenue, as described in Exhibits "A" and "C" and shown in Exhibits "B," "D" and "E," attached hereto and incorporated herein by this reference.

SECTION 2. Reference is made to the maps and plans which are filed in the office of the City Clerk of the City of Merced for further particulars as to the proposed vacation and reservation.

SECTION 3. February 21, 2017, at the hour of 7:00 p.m. of said day in the Council Chamber of the City Council, 678 West 18th Street, Merced, California, is

fixed as the time and place for hearing all persons interested in or objecting to the proposed vacation. Said hearing may be postponed or continued.

SECTION 4. The City Engineer is directed to post or cause to be posted at least two weeks before the date set for hearing not less than three (3) notices of vacation of a portion of public right-of-way, not more than three hundred (300) feet apart, conspicuously along the lines of said portion of the public street proposed to be vacated, stating adoption of this resolution and the time and place of the hearing herein called. Posting a copy of this resolution shall constitute the posting of the required notice.

SECTION 5. The City Clerk is directed to cause a copy of this Resolution to be published once each week for two successive weeks prior to the public hearing in the official newspaper.

PASSED AND ADOPTED by the City Council of the City of Merced at a regular meeting held on the ____ day of _____ 2017, by the following vote:

AYES: Council Members:

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

APPROVED:

Mayor

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

(SEAL)

APPROVED AS TO FORM:

Kelly Fincher 1/11/17
City Attorney Date

EXHIBIT "A"
LEGAL DESCRIPTION
FOR
VACATED STORM DRAIN BASIN

All that portion of the land described in Easement Grant Deed recorded on May 11, 1994 in instrument Number 18377, Volume 3234, Official Records, Page 425. Merced County Records, also being a portion of Parcel 1 as shown on "Parcel Map for Spalding G. Wathen", recorded in Volume 65 of Parcel Maps at Page 42, Merced County Records, being more particularly described as follows:

COMMENCING at the southwest corner of said Parcel 1; Thence along the westerly line of said Parcel 1 North 00° 44' 29" East, 418.04 feet to the **TRUE POINT OF BEGINNING**;

Thence North 00° 44' 29" East, 444.04 feet, along the west line of said Parcel 1;

Thence North 89° 55' 48" East, 174.00 feet;

Thence South 00° 44' 29" West, 444.04 feet;

Thence South 89° 55' 48" West, 174.00 feet to the **TRUE POINT OF BEGINNING**;

Containing 1.77± Acres.

G STREET

N0° 44' 29.00"E
418.04'

55'

SOUTHWEST CORNER PARCEL 1

30'

YOSEMITE AVENUE

N00°44'29"E
440.04'

N89°55'48"E

174.00'

AREA TO BE VACATED

S89°55'48"W

174.00'

S00°44'29"W
440.04'



SCALE 1" = 100'

PARCEL 1
65 P.M. 42

TRUE POINT OF BEGINNING

EXHIBIT "B"

J.N. X130404
01-04-17

**LEGAL DESCRIPTION
FOR
VACATED STORM DRAIN EASEMENT**

All that portion of the land described in Easement Grant Deed recorded on May 11, 1994 in Instrument Number 18376, Volume 3234, Official Records, Page 420, Merced County Records, also being a portion of Parcel 1 as shown on "Parcel Map for Spalding G. Wathen", recorded in Volume 65, Parcel Maps, page 42, Merced County Records being more particularly described as follow;

COMMENCING at the southwest corner of said Parcel 1;
Thence North 00° 44' 29" East, 418.04 feet along the westerly line of said Parcel 1;
Thence North 89° 55' 48" East, 70.78 feet to the TRUE POINT OF BEGINNING;

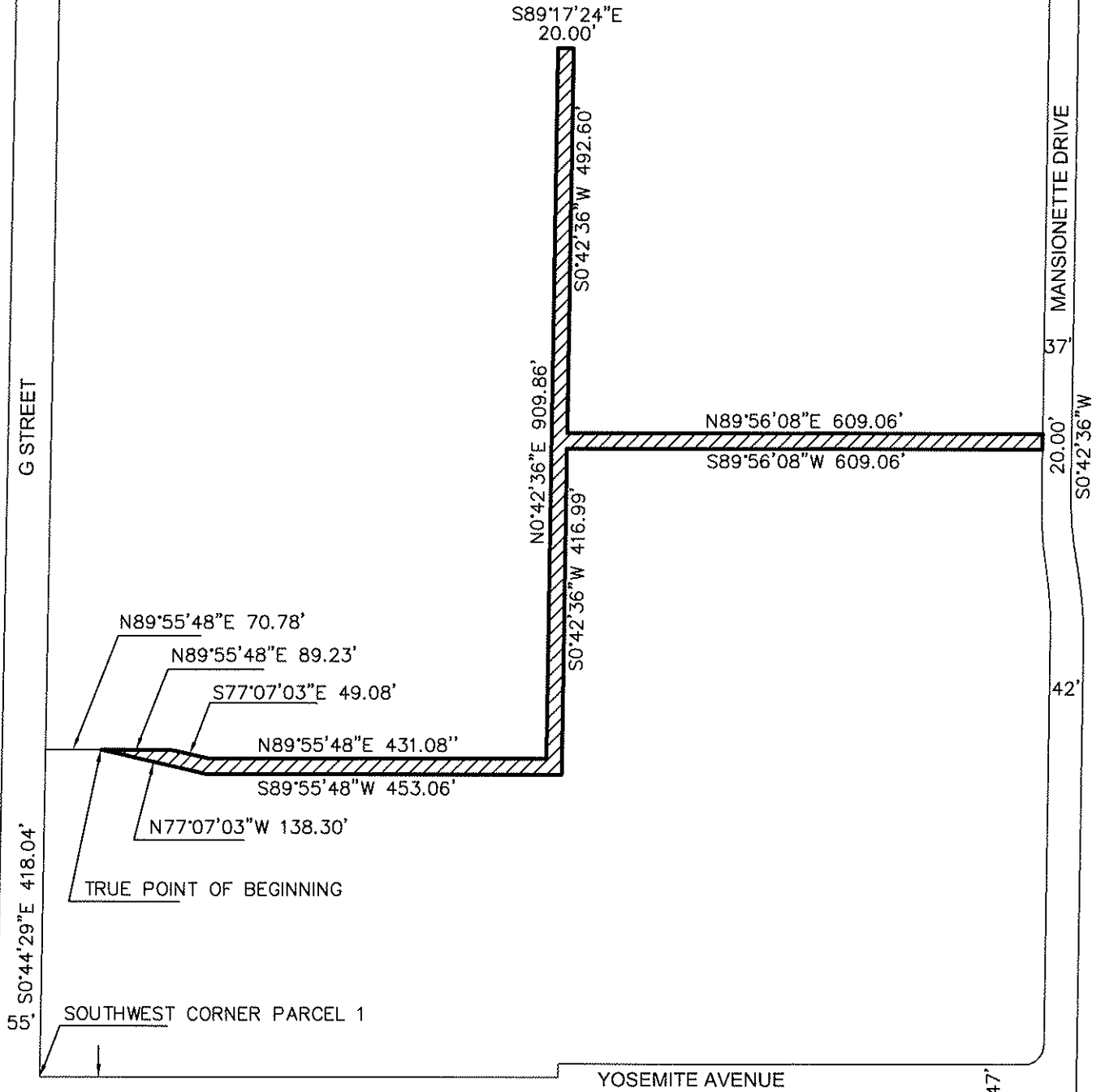
Thence North 89° 55' 48" East, 89.23 feet;
Thence South 77° 07' 03" East, 49.08 feet;
Thence North 89° 55' 48" East, 431.08 feet;
Thence North 00° 42' 36" East, 909.86 feet;
Thence South 89° 17' 24" East, 20.00 feet;
Thence South 00° 42' 36" West, 492.60 feet;
Thence North 89° 56' 08" East, 609.06 feet, to a point on the westerly line of Mansionette Drive as shown on said "Parcel Map for Spalding G. Wathen";
Thence South 00° 42' 36" West, 20.00 feet along said westerly line of Mansionette Drive;
Thence South 89° 56' 08" West, 609.06 feet;
Thence South 00° 42' 36" West, 416.99 feet;
Thence South 89° 55' 48" West, 453.06 feet;
Thence North 77° 07' 03" West, 138.30 feet, to the TRUE POINT OF BEGINNING.

Containing 0.95± Square acres.

PARCEL 1
65 P.M. 43



SCALE 1" = 200'



J.N. X130404
01-04-17

CURRENT FEE OWNER

SPALDING G. WATHEN AND BELLA WATHEN

ENGINEER'S STATEMENT

THIS MAP AMENDS THE MAP OF "MANSIONETTE ESTATES UNIT 1", FILED FOR RECORD IN VOLUME 52 OF OFFICIAL PLATS AT PAGES 28-30 MERCED COUNTY RECORDS IN CONFORMANCE WITH CHAPTER 3, ARTICLE 7 OF THE SUBDIVISION MAP ACT.

DATED: 7-12-00

Doreen C. Parson
DOREEN C. PARSON, R.C.E. 28158
EXPIRATION DATE 3-31-02



CITY ENGINEER'S STATEMENT

I HEREBY STATE THAT I HAVE EXAMINED THIS "AMENDED MAP OF MANSIONETTE ESTATES UNIT 1" AND FIND IT TO BE IN CONFORMANCE WITH SECTION 66469 OF THE SUBDIVISION MAP ACT.

DATED: 7-12-2000

Steven M. Strooud
STEVEN M. STROUD, R.C.E. 24078
CITY ENGINEER



NOTICE OF INTEREST HOLDERS

PURSUANT TO SECTION 66438 (c) OF THE SUBDIVISION MAP ACT THE SIGNATURE OF THE FOLLOWING INTEREST HOLDERS HAS BEEN OBTAINED:

NAME: _____ NATURE: _____
DOCUMENT: _____ BOOK 3486 O.R. PG. 71
1. PACIFIC GAS AND ELECTRIC CO. RIGHT-OF-WAY FOR CONDUITS, PIPES, TRENCHES AND ELECTRICAL UTILITIES, ALSO IMPROVEMENTS AND EGRESS.

RECORDER'S STATEMENT

FILED THIS 13th DAY OF July 2000 AT 8:19 PM
IN BOOK 52 OF OFFICIAL PLATS AT PAGES 31-33
AT THE REQUEST OF SPALDING G. WATHEN.
INSTRUMENT 183657
FEE: 12.00

JAMES J. BULL
COUNTY RECORDER

James J. Bull
BULL

CITY OF MERCED FINAL MAP NO. 5233

AMENDED MAP

MANSIONETTE ESTATES UNIT 1

BEING A SUBDIVISION OF A PORTION OF PARCEL 2 AS SHOWN ON PARCEL MAPS RECORDED IN VOLUME 84 OF PARCEL MAPS AT PAGES 28 & 29, MERCED COUNTY RECORDS.

SOILS REPORT

IN ACCORDANCE WITH THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE, THE SOILS REPORT HAS BEEN REVIEWED BY THE ENGINEER ON FEBRUARY 22, 1990 BY KRAZAN & ASSOC. (PESNO) PROJECT #80150A AND IS ON FILE IN THE OFFICE OF THE CITY ENGINEER OF THE CITY OF MERCED.

SECTION 8, T.7 S., R.14 E., M.D.B. & M.
MERCED COUNTY, CALIFORNIA



TOLLADAY, FREMMING & PARSON
118 PARK AVENUE
MERCED, CA 95348-3421
TEL: (209) 723-2086

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TFP JUN 2501.05

250105p7M.dwg 7-12-00 8:22:06 am

ENGINEERS - SURVEYORS - DESIGNERS - PLANNERS

SHEET 1 OF 3

LEGEND

- ▲ MONUMENT FOUND 3/4" I.P. & R.C.E. 28159 TAG
- MONUMENT FOUND AS SHOWN AND ACCEPTED. MONUMENT SET 3/4" I.P. & R.C.E. 28159 TAG
- MONUMENT SET 3/4" I.P. & R.C.E. 28159 TAG
- 284.11 ALL MEASUREMENTS ARE IN FEET AND DECIMAL FRACTIONS THEREOF.
- (R1) REFERENCE DATA
- M. C. R. MERGED COUNTY RECORDS
- BOUNDARY LINE
- CR CALCULATED FROM RECORD
- MONUMENT FOUND 10890 TAG
- P PROPOSED
- R.D. ROAD DEDICATION
- (NET) DOES NOT INCLUDE AREAS OF STREET DEDICATION OR STORM DRAINAGE BASIN EASEMENT, UTILITY AND FACILITY EASEMENTS ARE INCLUDED.
- (GROSS) ALL FEE TITLE AREAS INCLUDING ALL DEDICATED AREAS
- X SET "X" IN CONCRETE

BASIS OF BEARING

THE BEARING OF N00°42'29"E ALONG "G" STREET WAS OBTAINED BY THE SURVEY OF THE MERGED COUNTY RECORDS, IS THE BASIS FOR ALL BEARINGS SHOWN ON THIS MAP.

REFERENCES

- (R1) PARCEL MAP FOR SPALDING G. WATKIN, RECORDED IN VOLUME 84, PARCEL MAPS, PAGES 28 & 29, M.C.R.
- (R2) PARCEL MAP FOR SPALDING G. WATKIN, RECORDED IN VOLUME 65, PARCEL MAPS, PAGE 42, M.C.R.
- (R3) RECORD OF SURVEY FOR MERGED CO. ASSOC. OF GOVERNMENTS, RECORDED IN VOL. 27, SURVEYS, PAGE 43 THROUGH 48, M.C.R.
- (R4) RECORD OF SURVEY FOR SPALDING G. WATKIN, RECORDED IN VOLUME 18, SURVEYS, PAGES 15 & 16, M.C.R.
- (R5) PARCEL MAP FOR SPALDING G. WATKIN, RECORDED IN VOLUME 50, PARCEL MAPS, PAGE 16, M.C.R.
- (R6) PARCEL MAP FOR MERCY HOSPITAL, RECORDED IN VOLUME 86, PARCEL MAPS, PAGE 48, M.C.R.

CITY OF MERCED FINAL MAP NO. 5233

AMENDED MAP FOR MANSIONETTE ESTATES UNIT 1

BEING A SUBDIVISION OF A PORTION OF PARCEL 2 AS SHOWN ON "PARCEL MAP FOR SPALDING G. WATKIN", RECORDED IN VOLUME 84, MERGED COUNTY RECORDS.

SECTION 8 T.7 S. R. 14 E., M.D.B. & M.

MERCED COUNTY, CALIFORNIA

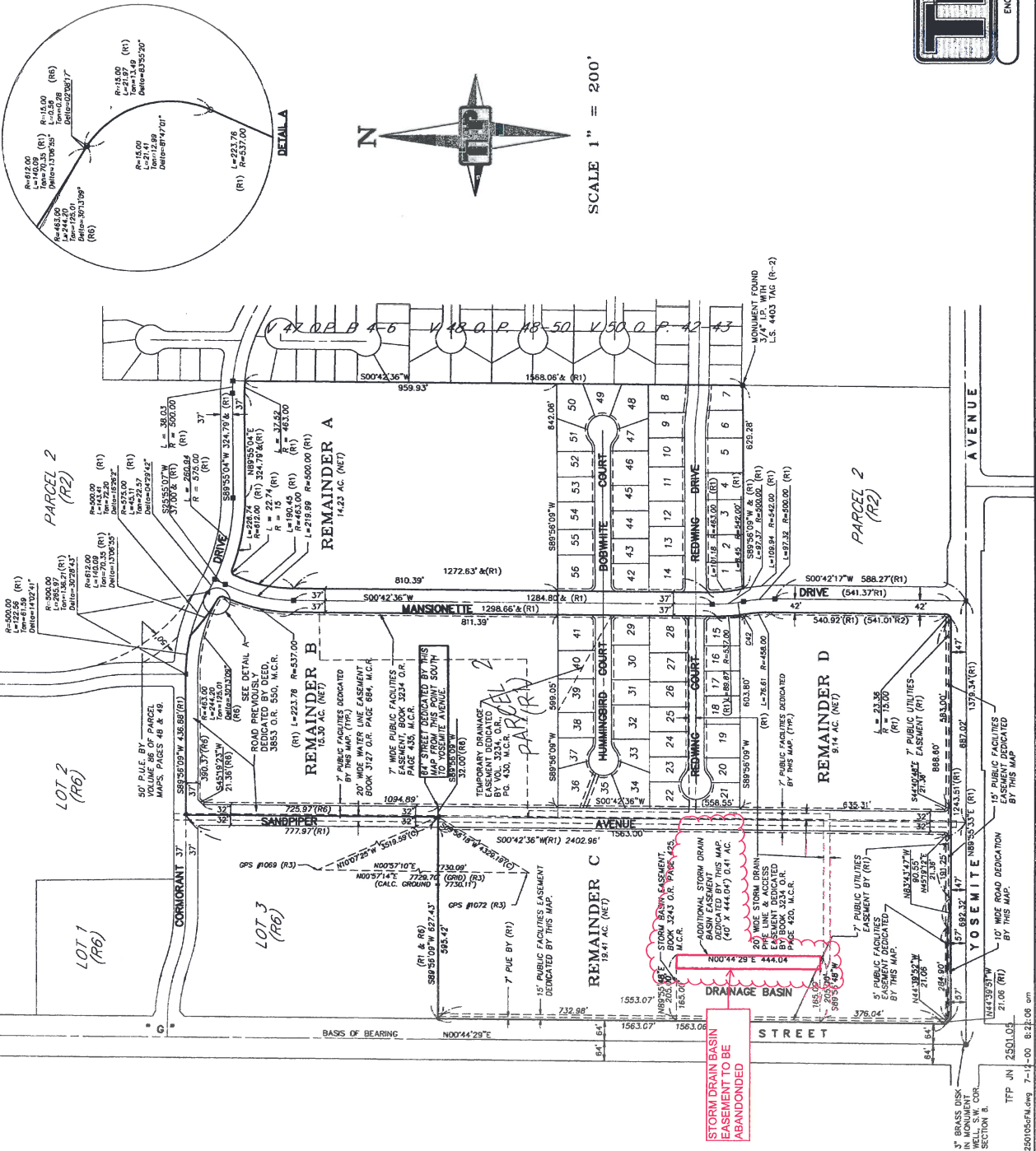


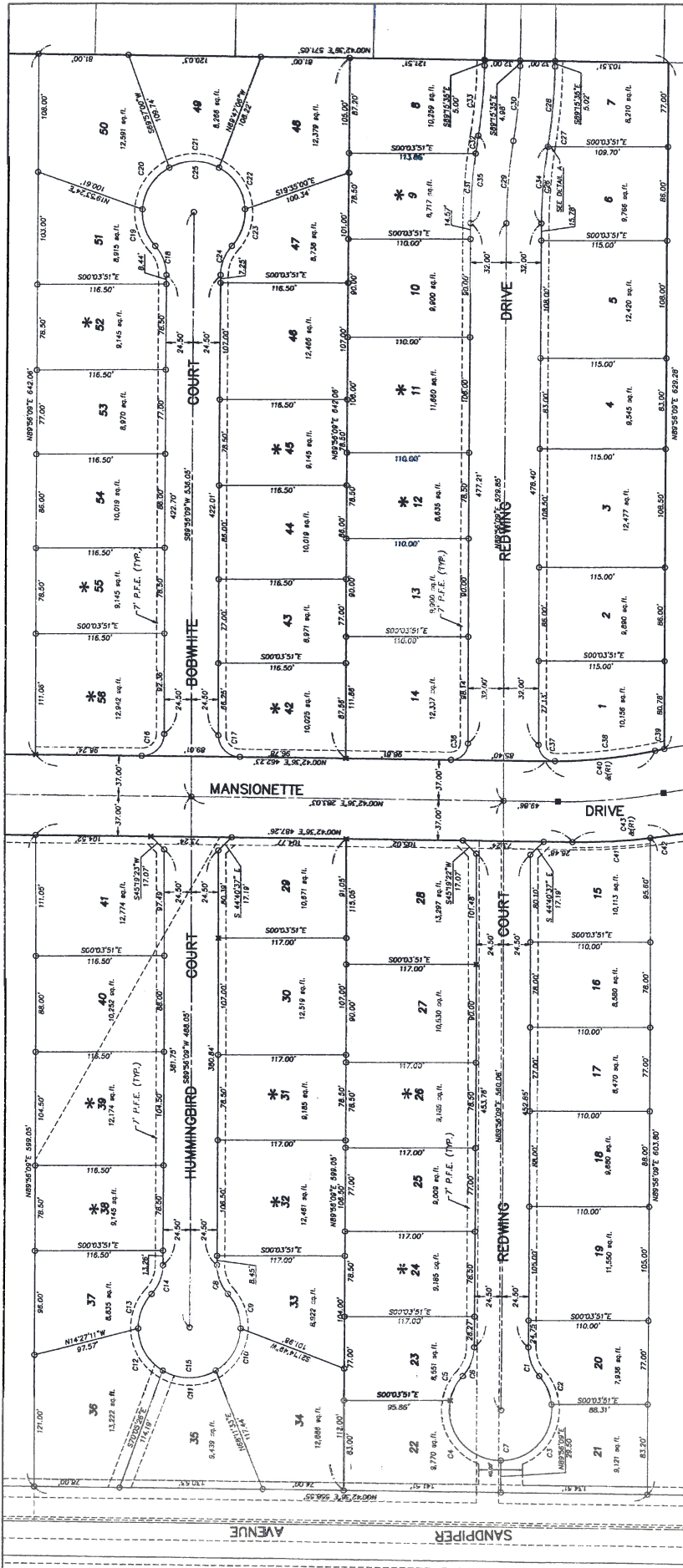
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ENGINEERS - SURVEYORS - DESIGNERS - PLANNERS

SHEET 2 OF 3





CITY OF MERCED FINAL MAP NO. 5233
 AMENDED MAP
 FOR
MANSIONETTE ESTATES UNIT 1

BEING A SUBDIVISION OF A PORTION OF PARCEL 2 AS SHOWN ON "PARCEL MAP FOR SALES MAPS AT PAGES 28 & 29, VOLUME 54 OF PARCEL MAPS AT PAGES 28 & 29, MERCED COUNTY RECORDS."

SECTION 8, T.7 S., R.14 E., M.D.B. & M.
 MERCED COUNTY, CALIFORNIA

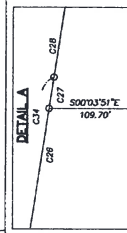
TOLLADAY, FREEMING & PARSON
 118 PARK AVENUE
 MERCED, CA 95348-3421
 TEL: (209) 733-2066



ENGINEERS - SURVEYORS - DESIGNERS - PLANNERS

VOLUME **52**
 PAGE **33**

SHEET **3** OF **3**



SCALE 1" = 60'

- *AMENDMENTS:
 1. CHANGED WIDTHS AND AREAS ON LOTS
 9, 11, 12, 24, 26, 31, 32, 38, 39, 42,
 45, 52, 55 & 56.

CURVE TABLE

CURVE	LENGTH	DELTA	CHORD
C1	28.51	41.7702°	28.33
C2	28.51	41.7702°	28.33
C3	28.51	41.7702°	28.33
C4	28.51	41.7702°	28.33
C5	28.51	41.7702°	28.33
C6	28.51	41.7702°	28.33
C7	28.51	41.7702°	28.33
C8	28.51	41.7702°	28.33
C9	28.51	41.7702°	28.33
C10	28.51	41.7702°	28.33
C11	28.51	41.7702°	28.33
C12	28.51	41.7702°	28.33
C13	28.51	41.7702°	28.33
C14	28.51	41.7702°	28.33
C15	28.51	41.7702°	28.33
C16	28.51	41.7702°	28.33
C17	28.51	41.7702°	28.33
C18	28.51	41.7702°	28.33
C19	28.51	41.7702°	28.33
C20	28.51	41.7702°	28.33
C21	28.51	41.7702°	28.33
C22	28.51	41.7702°	28.33
C23	28.51	41.7702°	28.33
C24	28.51	41.7702°	28.33
C25	28.51	41.7702°	28.33
C26	28.51	41.7702°	28.33
C27	28.51	41.7702°	28.33
C28	28.51	41.7702°	28.33
C29	28.51	41.7702°	28.33
C30	28.51	41.7702°	28.33
C31	28.51	41.7702°	28.33
C32	28.51	41.7702°	28.33
C33	28.51	41.7702°	28.33
C34	28.51	41.7702°	28.33
C35	28.51	41.7702°	28.33
C36	28.51	41.7702°	28.33
C37	28.51	41.7702°	28.33
C38	28.51	41.7702°	28.33
C39	28.51	41.7702°	28.33
C40	28.51	41.7702°	28.33
C41	28.51	41.7702°	28.33
C42	28.51	41.7702°	28.33
C43	28.51	41.7702°	28.33
C44	28.51	41.7702°	28.33
C45	28.51	41.7702°	28.33
C46	28.51	41.7702°	28.33
C47	28.51	41.7702°	28.33
C48	28.51	41.7702°	28.33
C49	28.51	41.7702°	28.33
C50	28.51	41.7702°	28.33
C51	28.51	41.7702°	28.33
C52	28.51	41.7702°	28.33
C53	28.51	41.7702°	28.33
C54	28.51	41.7702°	28.33
C55	28.51	41.7702°	28.33
C56	28.51	41.7702°	28.33
C57	28.51	41.7702°	28.33
C58	28.51	41.7702°	28.33
C59	28.51	41.7702°	28.33
C60	28.51	41.7702°	28.33

DATA TABLE

CURVE	LENGTH	DELTA	CHORD
C1	28.51	41.7702°	28.33
C2	28.51	41.7702°	28.33
C3	28.51	41.7702°	28.33
C4	28.51	41.7702°	28.33
C5	28.51	41.7702°	28.33
C6	28.51	41.7702°	28.33
C7	28.51	41.7702°	28.33
C8	28.51	41.7702°	28.33
C9	28.51	41.7702°	28.33
C10	28.51	41.7702°	28.33
C11	28.51	41.7702°	28.33
C12	28.51	41.7702°	28.33
C13	28.51	41.7702°	28.33
C14	28.51	41.7702°	28.33
C15	28.51	41.7702°	28.33
C16	28.51	41.7702°	28.33
C17	28.51	41.7702°	28.33
C18	28.51	41.7702°	28.33
C19	28.51	41.7702°	28.33
C20	28.51	41.7702°	28.33
C21	28.51	41.7702°	28.33
C22	28.51	41.7702°	28.33
C23	28.51	41.7702°	28.33
C24	28.51	41.7702°	28.33
C25	28.51	41.7702°	28.33
C26	28.51	41.7702°	28.33
C27	28.51	41.7702°	28.33
C28	28.51	41.7702°	28.33
C29	28.51	41.7702°	28.33
C30	28.51	41.7702°	28.33
C31	28.51	41.7702°	28.33
C32	28.51	41.7702°	28.33
C33	28.51	41.7702°	28.33
C34	28.51	41.7702°	28.33
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C43	28.51	41.7702°	28.33
C44	28.51	41.7702°	28.33
C45	28.51	41.7702°	28.33
C46	28.51	41.7702°	28.33
C47	28.51	41.7702°	28.33
C48	28.51	41.7702°	28.33
C49	28.51	41.7702°	28.33
C50	28.51	41.7702°	28.33
C51	28.51	41.7702°	28.33
C52	28.51	41.7702°	28.33
C53	28.51	41.7702°	28.33
C54	28.51	41.7702°	28.33
C55	28.51	41.7702°	28.33
C56	28.51	41.7702°	28.33
C57	28.51	41.7702°	28.33
C58	28.51	41.7702°	28.33
C59	28.51	41.7702°	28.33
C60	28.51	41.7702°	28.33

TFP JUN 2501.02

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ADMINISTRATIVE REPORT

Agenda Item J.13.

Meeting Date: 2/6/2017

Report Prepared by: Kim Espinosa, Planning Manager, Development Services Department

SUBJECT: Amendments to Professional Services Agreements with Interwest Consulting Group, CSG Consultants Inc., and 4-Leaf Inc. for Building Services

REPORT IN BRIEF

The City Council will consider approving amendments to Professional Services Agreements with three consultants for planning and building services.

RECOMMENDATION

City Council - Adopt a motion:

- A. Approving the 2nd Amendment to the Agreement for Professional Services with Interwest Consulting Group, Inc., to provide as needed building services in an amount not to exceed an additional \$80,000; and,
- B. Approving the 1st Amendment to the Agreement for Professional Services with CSG Consultants, Inc., to provide as needed building services in the amount not to exceed an additional \$25,000; and,
- C. Approving the 1st Amendment to the Agreement for Professional Services with 4-Leaf, Inc., to provide as needed building services in the amount not to exceed an additional \$5,000; and,
- D. Authorizing the Finance Officer to make the necessary budget adjustments; and,
- E. Authorizing the City Manager to execute the above agreements.

ALTERNATIVES

- 1. Approve, as recommended by staff; or,
- 2. Approve, as modified by City Council; or,
- 3. Deny; or,
- 4. Refer to staff for reconsideration of specific items (to be addressed in Council motion); or,
- 5. Continue the item to a future City Council meeting (date and time to be specified in motion).

AUTHORITY

Charter of the City of Merced, Section 200.

CITY COUNCIL PRIORITIES

Not Applicable

DISCUSSION

In May 2016, the City Development Services Department entered into a \$27,000 professional services contract with Interwest Consulting, Inc. for building and planning services. The City's Assistant Chief Building Official had taken a position for one year with the City Fire Department. Staff for middle management and oversight within the Inspection Services Division was needed, and Interwest was able to provide the City with the services of Richard Graves, who has extensive experience as a building official, in that capacity.

In October 2016, the City Council approved the 1st Amendment to the contract in the amount of an additional \$85,000 to extend Mr. Graves' time with the City. At the end of December, Director of Development Services/ Chief Building Official David Gonzalves left the City, so it is necessary to extend the contract so Mr. Graves can stay through at least the end of June 2017. A 2nd Amendment to the contract in the amount of \$80,000 has been prepared which will increase the total contract amount to \$192,000 (Attachment 1).

In addition, the Inspection Services Division has experienced a significant increase in the number of permits in just the first six months of the year and has almost reached the revenue estimates for the entire fiscal year. There is a need to increase the amount of the contracts with two other consultants, CSG and 4-Leaf, to provide the services of a temporary Development Services Technician as well as additional plan checking services to deal with the increased number of permits. An additional \$25,000 will be needed for CSG Consultants, Inc. (for a total of \$45,000), and an additional \$5,000 for 4-Leaf, Inc. (for a total of \$25,000). Contract amendments have been prepared and can be seen at Attachments 2 and 3.

IMPACT ON CITY RESOURCES

These contracts will be funded by utilizing savings in salary and benefits for vacant positions in the Inspection Services Division of the Development Services Department as well as over \$200,000 in increased revenue from building permit applications.

ATTACHMENTS

1. 2nd Amendment to Professional Services Agreement with Interwest Consulting Group, Inc.
2. 1st Amendment to Professional Services Agreement with CSG Consultants, Inc.
3. 1st Amendment to Professional Services Agreement with 4-Leaf, Inc.

SECOND AMENDMENT TO AGREEMENT FOR PROFESSIONAL SERVICES

THIS SECOND AMENDMENT TO AGREEMENT is made and entered into this ____ day of _____, 2017, by and between the City of Merced, a California Charter Municipal Corporation ("City"), and Interwest Consulting Group, Inc., a Colorado Corporation, whose address of record is 9300 West Stockton Blvd., Suite 105, Elk Grove, California 95758, ("Consultant").

WHEREAS, City is undertaking a project to provide building and planning services; and

WHEREAS, City and Consultant have previously entered into an Agreement for Professional Services ("Agreement") dated May 6, 2016, and a First Amendment to Agreement dated October 3, 2016; and,

WHEREAS, City and Consultant desire to amend said Agreement to provide for additional compensation in connection with said project.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants hereinafter recited, agree as follows:

1. Section 23, "ADDITIONAL COMPENSATION," is hereby added to the Agreement to read as follows:

"SECTION 23. ADDITIONAL COMPENSATION.
City shall pay to Consultant the not to exceed additional sum of Eighty Thousand Dollars (\$80,000.00) for the continued work described in Exhibit A to the Agreement and in accordance with the rates set forth in Exhibit C to the Agreement."

2. Except as herein amended, the Agreement dated May 6, 2016, and First Amendment dated October 3, 2016 shall remain in full force and effect.

///

///

IN WITNESS WHEREOF, the parties have caused this Second Amendment to Agreement to be executed on the date first above written.


CITY OF MERCED
A California Charter Municipal
Corporation

BY: _____
City Manager

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk


APPROVED AS TO FORM:

BY:  _____ 1-11-2017
City Attorney Date

ACCOUNT DATA:

BY: _____
Verified by Finance Officer

CONSULTANT
INTERWEST CONSULTING GROUP,
INC., A Colorado Corporation

BY: 
(Signature)

RON BEEHLER
(Typed Name)

Its: DIRECTOR
(Title)

BY: _____
(Signature)

(Typed Name)

Its: _____
(Title)

Taxpayer I.D. No. 73-1630909

ADDRESS: 9300 W. Stockton Blvd.
Suite 105
Elk Grove, CA 95758

TELEPHONE: (916) 683-3340

FAX: _____

E-MAIL: _____

FIRST AMENDMENT TO AGREEMENT FOR PROFESSIONAL SERVICES

THIS FIRST AMENDMENT TO AGREEMENT is made and entered into this 3RD day of OCTOBER, 2016, by and between the City of Merced, a California Charter Municipal Corporation ("City"), and Interwest Consulting Group, Inc., a Colorado Corporation, whose address of record is 9300 West Stockton Blvd., Suite 105, Elk Grove, California 95758, ("Consultant").

WHEREAS, City is undertaking a project to provide building and planning services; and

WHEREAS, City and Consultant have previously entered into an Agreement for Professional Services ("Agreement") dated May 6, 2016; and,

WHEREAS, City and Consultant desire to amend said Agreement to provide for additional services in connection with said project.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants hereinafter recited, agree as follows:

1. Section 22, "ADDITIONAL COMPENSATION," is hereby added to the Agreement to read as follows:

"SECTION 22. ADDITIONAL COMPENSATION.
City shall pay to Consultant the not to exceed additional sum of Eighty-Five Thousand Dollars (\$85,000.00) for the continued work described in Exhibit A to the Agreement and in accordance with the rates set forth in Exhibit C to the Agreement."

2. Except as herein amended, the Agreement dated May 6, 2016, shall remain in full force and effect.

///

///

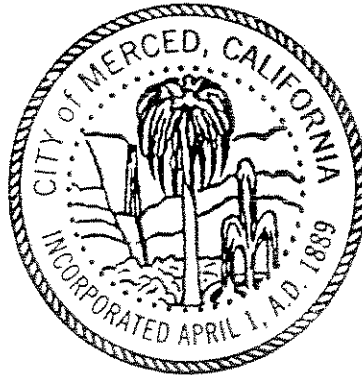
IN WITNESS WHEREOF, the parties have caused this First Amendment to Agreement to be executed on the date first above written.

CITY OF MERCED
A California Charter Municipal
Corporation

BY: Frank Quintero *ACMPT*
City Manager

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: [Signature]
Assistant/Deputy City Clerk



APPROVED AS TO FORM:


BY: [Signature] 9-7-2016
City Attorney Date

380090 PC# 132341
ACCOUNT DATA:

BY: [Signature]

Verified by Finance Officer
Funds available 9/22/16 per
C17-0825-5/5/17-11
\$ 85,107.00

CONSULTANT
INTERWEST CONSULTING GROUP,
INC., A Colorado Corporation

BY: 
(Signature)

RON BEETHEL
(Typed Name)

Its: Director
(Title)

BY: _____
(Signature)

(Typed Name)

Its: _____
(Title)

Taxpayer I.D. No. _____

ADDRESS: 9300 W. Stockton Blvd.
Suite 105
Elk Grove, CA 95758

TELEPHONE: (916) 683-3340

FAX: _____

E-MAIL: _____

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT is made and entered into this 6th day of MAY, 2016, by and between the City of Merced, a California Charter Municipal Corporation, whose address of record is 678 West 18th Street, Merced, California 95340, (hereinafter referred to as "City") and Interwest Consulting Group, Inc., a Colorado Corporation, whose address of record is 9300 West Stockton Blvd., Suite 105, Elk Grove, California 95758 (hereinafter referred to as "Consultant").

WHEREAS, City is undertaking a project to provide building and planning services; and,

WHEREAS, Consultant represents that it possesses the professional skills to provide building and planning services in connection with said project.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants hereinafter recited, hereby agree as follows:

1. SCOPE OF SERVICES. The Consultant shall furnish the following services: Consultant shall provide the building and planning services described in Exhibit "A" attached hereto.

No additional services shall be performed by Consultant unless approved in advance in writing by the City, stating the dollar value of the services, the method of payment, and any adjustment in contract time. All such services are to be coordinated with City and the results of the work shall be monitored by the Director of Development Services or his designee. However, the means by which the work is accomplished shall be the sole responsibility of the Consultant.

2. TIME OF PERFORMANCE. All of the work outlined in the Scope of Services shall be completed in accordance with the Schedule outlined in Exhibit "B" attached hereto and incorporated herein by reference. By mutual agreement and written addendum to this Agreement, the City and the Consultant may change the requirements in said Schedule.

3. RESERVED.

4. COMPENSATION. Payment by the City to the Consultant for actual services rendered under this Agreement shall be made upon presentation of an invoice detailing services performed under the Scope of Services, in accordance with the fee schedule set forth in Exhibit "C" attached hereto and incorporated herein by reference. The Consultant agrees to provide all services required under the Scope of Services in Exhibit "A" within the compensation amount set forth in Exhibit "C". For Consultant's services rendered under this Agreement, City shall pay Consultant the not to exceed sum of Twenty-Seven Thousand Dollars (\$27,000.00).

5. METHOD OF PAYMENT. Compensation to Consultant shall be paid by the City after submission by Consultant of an invoice delineating the services performed.

6. RECORDS. It is understood and agreed that all plans, studies, specifications, data magnetically or otherwise recorded on computer or computer diskettes, records, files, reports, etc., in possession of the Consultant relating to the matters covered by this Agreement shall be the property of the City, and Consultant hereby agrees to deliver the same to the City upon termination of the Agreement. It is understood and agreed that the documents and other materials including but not limited to those set forth hereinabove, prepared pursuant to this Agreement are prepared specifically for the City and are not necessarily suitable for any future or other use.

7. CONSULTANT'S BOOKS AND RECORDS. Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the City for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Consultant to this Agreement. Any records or documents required to be maintained shall be made available for inspection, audit and/or copying at any time during regular business hours, upon oral or written request of the City.

8. INDEPENDENT CONTRACTOR. It is expressly understood that Consultant is an independent contractor and that its employees shall not be employees of or have any contractual relationship with the City. Consultant shall be responsible for the payment of all taxes, workers' compensation insurance and unemployment insurance. Should Consultant desire any insurance protection, the Consultant is to acquire same at its expense.

In the event Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, protect, defend, and hold harmless the City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

9. INDEMNITY. Consultant shall indemnify, protect, defend (with legal counsel selected by the City), save and hold City, its officers, employees, and agents, harmless from any and all claims or causes of action for death or injury to persons, or damage to property resulting from intentional or negligent acts, errors, or omissions of Consultant or Consultant's officers, employees, volunteers, and agents during performance of this Agreement, or from any violation of any federal, state, or municipal law or ordinance, to the extent caused, in whole or in part, by the willful misconduct, negligent acts, or omissions of Consultant or its employees, subcontractors, or agents, or by the quality or character of Consultant's work, or resulting from the negligence of the City, its officers, employees, volunteers and agents, except for loss caused by the sole negligence or willful misconduct of the City or its officers, employees, volunteers or agents. It is understood that the duty of Consultant to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Acceptance by City of insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall survive the termination of this Agreement and shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

10. INSURANCE. During the term of this Agreement, Consultant shall maintain in full force and effect at its own cost and expense, the following insurance coverage:

a. Workers' Compensation Insurance. Full workers' compensation insurance shall be provided with a limit of at least One Hundred Thousand Dollars (\$100,000) for any one person and as required by law, including Employer's Liability limits of \$1,000,000.00 per accident. The policy shall be endorsed to waive the insurer's subrogation rights against the City.

b. General Liability.

- (i) Consultant shall obtain and keep in full force and effect general liability coverage at least as broad as ISO commercial general liability coverage occurrence Form CG 0001.
- (ii) Consultant shall maintain limits of no less than One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage.
- (iii) The City, its officers, employees, volunteers and agents are to be named as additional insureds under the policy, as respects liability arising out of work or operations performed by or on behalf of the Consultant.
- (iv) The policy shall stipulate that this insurance will operate as primary insurance for work performed by Consultant and its sub-contractors, and that any other insurance or self insurance maintained by City or other named insureds shall be excess and non-contributory.
- (v) Consultant shall maintain its commercial general liability coverage for three (3) years after completion of the work and shall add an additional insured endorsement form acceptable to the City naming the City of Merced, its officers, employees, agents and volunteers for each year thereafter for at least three (3) years after completion of the work. Copies of the annual renewal and additional insured endorsement form shall be sent to the City within thirty (30) days of the annual renewal.

c. Automobile Insurance.

- (i) Consultant shall obtain and keep in full force and effect an automobile policy of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage.
- (ii) The City, its officers, employees, volunteers and agents are to be named as additional insureds under the policy, as respects automobiles owned, leased, hired or borrowed by the Consultant.

- (iii) The policy shall stipulate that this insurance will operate as primary insurance for work performed by Consultant and its sub-contractors, and that any other insurance or self insurance maintained by City or other named insureds shall be excess and non-contributory.

d. Professional Liability Insurance. Consultant shall carry professional liability insurance appropriate to Consultant's profession in the minimum amount of One Million Dollars (\$1,000,000). Architects and engineers' coverage is to be endorsed to include contractual liability.

e. Qualifications of Insurer. The insurance shall be provided by an acceptable insurance provider, as determined by City, which satisfies all of the following minimum requirements:

- (i) An insurance carrier admitted to do business in California and maintaining an agent for service of process within this State; and,
- (ii) An insurance carrier with a current A.M. Best Rating of A:VII or better (except for workers' compensation provided through the California State Compensation Fund).

f. Certificate of Insurance. Consultant shall complete and file with the City prior to engaging in any operation or activity set forth in this Agreement, certificates of insurance evidencing coverage as set forth above and which shall provide that no cancellation or expiration by the insurance company will be made during the term of this Agreement, without thirty (30) days written notice to City prior to the effective date of such cancellation—including cancellation for nonpayment of premium.

g. Notwithstanding any language in this Agreement to the contrary, Consultant shall be entitled to be paid pursuant to the terms of this Agreement until Consultant has obtained the insurance required by this Section 10 and provided documentation of said insurance to the City. In addition to any other remedies City may have, City reserves the right to withhold payment if Consultant's insurance policies are not current.

11. ASSIGNABILITY OF AGREEMENT. It is understood and agreed that this Agreement contemplates personal performance by the Consultant and is based upon a determination of its unique personal competence and experience and upon its specialized personal knowledge. Assignments of any or all rights, duties or obligations of the Consultant under this Agreement will be permitted only with the express written consent of the City.

12. TERMINATION FOR CONVENIENCE OF CITY. The City may terminate this Agreement any time by mailing a notice in writing to Consultant that the Agreement is terminated. Said Agreement shall then be deemed terminated, and no further work shall be performed by Consultant. If the Agreement is so terminated, the Consultant shall be paid for that percentage of the phase of work actually completed, based on a pro rata portion of the compensation for said phase satisfactorily completed at the time the notice of termination is received.

13. CONFORMANCE TO APPLICABLE LAWS. Consultant shall comply with its standard of care regarding all applicable Federal, State, and municipal laws, rules and ordinances. No discrimination shall be made by Consultant in the employment of persons to work under this contract because of race, color, national origin, ancestry, disability, sex or religion of such person.

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act (8 U.S.C.A. 1101 *et seq.*), as amended; and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any agency or instrumentality of the federal or state government, including the courts, impose sanctions against the City for such use of unauthorized aliens, Consultant hereby agrees to, and shall, reimburse City for the cost of all such sanctions imposed, together with any and all costs, including attorneys' fees, incurred by the City in connection therewith.

14. WAIVER. In the event that either City or Consultant shall at any time or times waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or any other covenant, condition or obligation. Waiver shall not be deemed effective until and unless signed by the waiving party.

15. **INCONSISTENT OR CONFLICTING TERMS IN AGREEMENT AND EXHIBITS.** In the event of any contradiction or inconsistency between any attached document(s) or exhibit(s) incorporated by reference herein and the provisions of the Agreement itself, the terms of the Agreement shall control.

Any exhibit that is attached and incorporated by reference shall be limited to the purposes for which it is attached, as specified in this Agreement. Any contractual terms or conditions contained in such exhibit imposing additional obligations on the City are not binding upon the City unless specifically agreed to in writing, and initialed by the authorized City representative, as to each additional contractual term or condition.

16. **AMBIGUITIES.** This Agreement has been negotiated at arms' length between persons knowledgeable in the matters dealt with herein. Accordingly, any rule of law, including, but not limited to, Section 1654 of the Civil Code of California, or any other statutes, legal decisions, or common-law principles of similar effect, that would require interpretation of any ambiguities in this Agreement against the party that drafted this Agreement is of no application and is hereby expressly waived.

17. **VENUE.** This Agreement and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this agreement shall be held exclusively in a state court in the County of Merced.

18. **AMENDMENT.** This Agreement shall not be amended, modified, or otherwise changed unless in writing and signed by both parties hereto.

19. **INTEGRATION.** This Agreement constitutes the entire understanding and agreement of the parties and supersedes all previous and/or contemporaneous understanding or agreement between the parties with respect to all or any part of the subject matter hereof.

20. **AUTHORITY TO EXECUTE.** The person or persons executing this Agreement on behalf of the parties hereto warrants and represents that he/she/they has/have the authority to execute this Agreement on behalf of their entity and has/have the authority to bind their party to the performance of its obligations hereunder.

21. COUNTERPARTS. This Agreement may be executed in one or more counterparts with each counterpart being deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterparts executed by the other parties hereto are in the physical possession of the party or parties seeking enforcement thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first above written.

CITY OF MERCED
A California Charter Municipal
Corporation

BY: [Signature]
City Manager

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: [Signature]
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY: [Signature] [Signature]
City Attorney Date

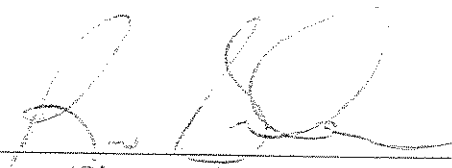


300070 PO# 122391
ACCOUNT DATA:

BY: [Signature]
Verified by Finance Officer

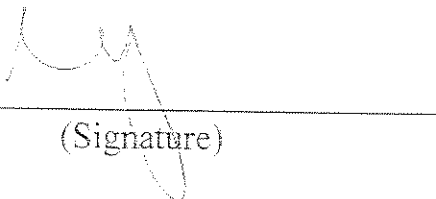
Funds Available was 5/4/1
017-0805-512-17-00
\$27,000.00

CONSULTANT
INTERWEST CONSULTING GROUP,
INC., A Colorado Corporation

BY: 
(Signature)

RON BEEHLER
(Typed Name)

Its: DIRECTOR OF BUILDING SAFETY SERVICE
(Title)

BY: 
(Signature)

MIKE HASHWAGI
(Typed Name)

Its: CHIEF OPERATING OFFICER
(Title)

Taxpayer I.D. No. 73-1630909

ADDRESS: 9300 W. Stockton Blvd.
Suite 105
Elk Grove, CA 95758

TELEPHONE: (916) 683-3340

FAX: 916.683.3375

E-MAIL: R.BEEHLER@INTERWESTGAP.COM

EXHIBIT A

Scope of Services

Services to be provided will be on an as needed basis which will be dependent upon the City of Merced Inspection Services Department or Planning Department needs.

1. Perform Front Counter duties covering a full range of Building a functions, from small residential additions, to complex commercial and industrial facilities and structures. Dependent upon the Cities needs will including daily functions such as:

Building:

- Issuing Building Permits
- Collecting Fees
- Intake plans
- Answer questions
- Check zoning
- Route calls
- Take messages
- Issue Business licenses

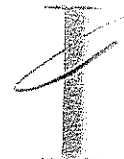
Planning:

- Greet and respond to customer inquiries
 - Answer phone, respond to inquiries or route to applicable staff
 - Review Business License applications
 - Provide information regarding Planning processes
 - Provide Planning, Zoning, and Land Use Information
 - Process Planning and Land Use Applications
2. Perform Building Inspections duties covering a full range of inspection in all disciplines ranging from small residential additions, to complex commercial and industrial facilities and structures. Depending on the Cities needs the inspections can be comprehensive or be limited to specific buildings or code disciplines.
 - Structural, Mechanical, Plumbing and Electric
 - Energy Conservation
 - Disabled Access
 - Fire Code and Fire Sprinklers
 - Grading, drainage, and Public Works improvements.

EXHIBIT B

Schedule

When Development Services sees the need to hire outside help to assist with the current work load, a call will be made to the contract agency. All work performed will be on an as needed basis.



The current rates displayed in the fee schedule below reflect Interwest's current fees. Hourly rates are typically reviewed yearly on July 1 and may be subject to revision unless under specific contract obligations. In addition, there is no charge for travel, shipping, supply, or material costs.

CLASSIFICATION

HOURLY BILLING RATE

Engineering

Principal in Charge	\$160
City Engineer	145
Traffic Engineer	130
Supervising Engineer	125
Senior Engineer	120
Engineering Associate III	105
Engineering Associate II	100
Engineering Associate I	85
Engineering Technician III	75
Engineering Technician II	70
Engineering Technician I	65
Student Trainee	30

Plan Review Services

Certified Building Official	\$130
Senior Plan Review Architect	125
Senior Structural Engineer	120
Senior Plans Examiner	80
Fire Plans Examiner	90
CASp	85
Permit Technician	55
Inspector III	80
Inspector II	65
Inspector I	50
Code Enforcement Officer	80

Construction Management

Construction Manager	\$125
Assistant Construction Manager	110
Supervising Public Works Observer	105
Senior Public Works Observer	95
Public Works Observer III	85
Public Works Observer II	80
Public Works Observer I	75

Transportation

Supervising Transportation Planner	\$120
Senior Transportation Planner	110
Associate Transportation Planner III	95
Associate Transportation Planner II	85
Associate Transportation Planner I	80

Real Estate

Real Estate Property Manager.....	\$120
Senior Real Property Agent.....	115
Real Property Agent III	105
Real Property Agent II	100
Real Property Agent I	90

GIS

GIS Manager	\$120
Senior GIS Analyst	115
GIS Analyst III.....	100
GIS Analyst II.....	90
GIS Analyst I.....	80

Administrative

Management Analyst II	\$90
Management Analyst I	80
Senior Administrative	65
Administrative III	58
Administrative II	54
Administrative I	48

FIRST AMENDMENT TO AGREEMENT FOR PROFESSIONAL SERVICES

THIS FIRST AMENDMENT TO AGREEMENT is made and entered into this ____ day of _____, 2017, by and between the City of Merced, a California Charter Municipal Corporation (“City”), and CSG Consultants, Inc., a California Corporation, whose address of record is 550 Pilgrim Drive, Foster City, California 94404 (“Consultant”).

WHEREAS, City is undertaking a project to provide building and planning services; and

WHEREAS, City and Consultant have previously entered into an Agreement for Professional Services (“Agreement”) dated August 22, 2014; and,

WHEREAS, City and Consultant desire to amend said Agreement to provide for additional compensation in connection with said project.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants hereinafter recited, agree as follows:

1. Section 22, “ADDITIONAL COMPENSATION,” is hereby added to the Agreement to read as follows:

“SECTION 22. ADDITIONAL COMPENSATION.
City shall pay to Consultant the not to exceed additional sum of Twenty-Five Thousand Dollars (\$25,000.00) for the continued work described in Exhibit A to the Agreement and in accordance with the rates set forth in Exhibit C to the Agreement.”

2. Except as herein amended, the Agreement dated August 22, 2014, shall remain in full force and effect.

///

///

IN WITNESS WHEREOF, the parties have caused this First Amendment to Agreement to be executed on the date first above written.

CITY OF MERCED
A California Charter Municipal
Corporation

BY: _____
City Manager

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY:  1-11-2017
City Attorney Date

ACCOUNT DATA:

BY: _____
Verified by Finance Officer

CONSULTANT
CSG CONSULTANTS, INC.,
A California Corporation

BY: 
(Signature)

CYRUS KIANPOUR, PE, PLS
(Typed Name)

Its: PRESIDENT
(Title)

BY: 
(Signature)

NOURDIN KHAYATA, PE
(Typed Name)

Its: SECRETARY
(Title)

Taxpayer I.D. No. 91-2053749

ADDRESS: ~~1700 South Amphlett Blvd.~~ 550 PILGRIM DR.
~~3rd Floor~~ FOSTER CITY, CA 94404
~~San Mateo, CA 94402~~

TELEPHONE: (916) 492-2275

FAX: (916) 492-2276

E-MAIL: CRICKETT.B@CSGENGR.COM

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT is made and entered into this 22nd day of August, 2014, by and between the City of Merced, a California Charter Municipal Corporation, whose address of record is 678 West 18th Street, Merced, California 95340, (hereinafter referred to as "City") and CSG Consultants, Inc., a California Corporation, whose address of record is 1700 South Amphlett Blvd., 3rd Floor, San Mateo, California 94402 (hereinafter referred to as "Consultant").

WHEREAS, City is undertaking a project to provide building and planning services; and,

WHEREAS, Consultant represents that it possesses the professional skills to provide building and planning services in connection with said project.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants hereinafter recited, hereby agree as follows:

1. **SCOPE OF SERVICES.** The Consultant shall furnish the following services: Consultant shall provide the building and planning services described in Exhibit "A" attached hereto.

No additional services shall be performed by Consultant unless approved in advance in writing by the City, stating the dollar value of the services, the method of payment, and any adjustment in contract time. All such services are to be coordinated with City and the results of the work shall be monitored by the Director of Development Services or his designee. However, the means by which the work is accomplished shall be the sole responsibility of the Consultant.

2. **TIME OF PERFORMANCE.** All of the work outlined in the Scope of Services shall be completed in accordance with the Schedule outlined in Exhibit "B" attached hereto and incorporated herein by reference. By mutual agreement and written addendum to this Agreement, the City and the Consultant may change the requirements in said Schedule.

3. **RESERVED.**

4. COMPENSATION. Payment by the City to the Consultant for actual services rendered under this Agreement shall be made upon presentation of an invoice detailing services performed under the Scope of Services, in accordance with the fee schedule set forth in Exhibit "C" attached hereto and incorporated herein by reference. The Consultant agrees to provide all services required under the Scope of Services in Exhibit "A" within the compensation amount set forth in Exhibit "C". For Consultant's services rendered under this Agreement, City shall pay Consultant the not to exceed sum of Twenty Thousand Dollars (\$20,000.00).

5. METHOD OF PAYMENT. Compensation to Consultant shall be paid by the City after submission by Consultant of an invoice delineating the services performed.

6. RECORDS. It is understood and agreed that all plans, studies, specifications, data magnetically or otherwise recorded on computer or computer diskettes, records, files, reports, etc., in possession of the Consultant relating to the matters covered by this Agreement shall be the property of the City, and Consultant hereby agrees to deliver the same to the City upon termination of the Agreement. It is understood and agreed that the documents and other materials including but not limited to those set forth hereinabove, prepared pursuant to this Agreement are prepared specifically for the City and are not necessarily suitable for any future or other use.

7. CONSULTANT'S BOOKS AND RECORDS. Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the City for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Consultant to this Agreement. Any records or documents required to be maintained shall be made available for inspection, audit and/or copying at any time during regular business hours, upon oral or written request of the City.

8. INDEPENDENT CONTRACTOR. It is expressly understood that Consultant is an independent contractor and that its employees shall not be employees of or have any contractual relationship with the City. Consultant shall be responsible for the payment of all taxes, workers' compensation insurance and unemployment insurance. Should Consultant desire any insurance protection, the Consultant is to acquire same at its expense.

In the event Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, protect, defend, and hold harmless the City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

9. INDEMNITY. Consultant shall indemnify, protect, defend (with legal counsel selected by the City), save and hold City, its officers, employees, and agents, harmless from any and all claims or causes of action for death or injury to persons, or damage to property resulting from intentional or negligent acts, errors, or omissions of Consultant or Consultant's officers, employees, volunteers, and agents during performance of this Agreement, or from any violation of any federal, state, or municipal law or ordinance, to the extent caused, in whole or in part, by the willful misconduct, negligent acts, or omissions of Consultant or its employees, subcontractors, or agents, or by the quality or character of Consultant's work, or resulting from the negligence of the City, its officers, employees, volunteers and agents, except for loss caused by the sole negligence or willful misconduct of the City or its officers, employees, volunteers or agents. It is understood that the duty of Consultant to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Acceptance by City of insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall survive the termination of this Agreement and shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

10. INSURANCE. During the term of this Agreement, Consultant shall maintain in full force and effect at its own cost and expense, the following insurance coverage:

a. Workers' Compensation Insurance. Full workers' compensation insurance shall be provided with a limit of at least One Hundred Thousand Dollars

(\$100,000) for any one person and as required by law, including Employer's Liability limits of \$1,000,000.00 per accident. The policy shall be endorsed to waive the insurer's subrogation rights against the City.

b. General Liability.

- (i) Consultant shall obtain and keep in full force and effect general liability coverage at least as broad as ISO commercial general liability coverage occurrence Form CG 0001.
- (ii) Consultant shall maintain limits of no less than One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage.
- (iii) The City, its officers, employees, volunteers and agents are to be named as additional insureds under the policy, as respects liability arising out of work or operations performed by or on behalf of the Consultant.
- (iv) The policy shall stipulate that this insurance will operate as primary insurance for work performed by Consultant and its sub-contractors, and that any other insurance or self insurance maintained by City or other named insureds shall be excess and non-contributory.
- (v) Consultant shall maintain its commercial general liability coverage for three (3) years after completion of the work and shall add an additional insured endorsement form acceptable to the City naming the City of Merced, its officers, employees, agents and volunteers for each year thereafter for at least three (3) years after completion of the work. Copies of the annual renewal and additional insured endorsement form shall be sent to the City within thirty (30) days of the annual renewal.

c. Automobile Insurance.

- (i) Consultant shall obtain and keep in full force and effect an automobile policy of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage.

- (ii) The City, its officers, employees, volunteers and agents are to be named as additional insureds under the policy, as respects automobiles owned, leased, hired or borrowed by the Consultant.
- (iii) The policy shall stipulate that this insurance will operate as primary insurance for work performed by Consultant and its sub-contractors, and that any other insurance or self insurance maintained by City or other named insureds shall be excess and non-contributory.

d. Professional Liability Insurance. Consultant shall carry professional liability insurance appropriate to Consultant's profession in the minimum amount of One Million Dollars (\$1,000,000). Architects and engineers' coverage is to be endorsed to include contractual liability.

e. Qualifications of Insurer. The insurance shall be provided by an acceptable insurance provider, as determined by City, which satisfies all of the following minimum requirements:

- (i) An insurance carrier admitted to do business in California and maintaining an agent for service of process within this State; and,
- (ii) An insurance carrier with a current A.M. Best Rating of A:VII or better (except for workers' compensation provided through the California State Compensation Fund).

f. Certificate of Insurance. Consultant shall complete and file with the City prior to engaging in any operation or activity set forth in this Agreement, certificates of insurance evidencing coverage as set forth above and which shall provide that no cancellation or expiration by the insurance company will be made during the term of this Agreement, without thirty (30) days written notice to City prior to the effective date of such cancellation—including cancellation for nonpayment of premium. In addition to any other remedies City may have, City reserves the right to withhold payment if Consultant's insurance policies are not current.

11. ASSIGNABILITY OF AGREEMENT. It is understood and agreed that this Agreement contemplates personal performance by the Consultant and is based upon a determination of its unique personal competence and experience and upon its specialized personal knowledge. Assignments of any or all rights, duties or obligations of the Consultant under this Agreement will be permitted only with the express written consent of the City.

12. TERMINATION FOR CONVENIENCE OF CITY. The City may terminate this Agreement any time by mailing a notice in writing to Consultant that the Agreement is terminated. Said Agreement shall then be deemed terminated, and no further work shall be performed by Consultant. If the Agreement is so terminated, the Consultant shall be paid for that percentage of the phase of work actually completed, based on a pro rata portion of the compensation for said phase satisfactorily completed at the time the notice of termination is received.

13. CONFORMANCE TO APPLICABLE LAWS. Consultant shall comply with its standard of care regarding all applicable Federal, State, and municipal laws, rules and ordinances. No discrimination shall be made by Consultant in the employment of persons to work under this contract because of race, color, national origin, ancestry, disability, sex or religion of such person.

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act (8 U.S.C.A. 1101 *et seq.*), as amended; and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any agency or instrumentality of the federal or state government, including the courts, impose sanctions against the City for such use of unauthorized aliens, Consultant hereby agrees to, and shall, reimburse City for the cost of all such sanctions imposed, together with any and all costs, including attorneys' fees, incurred by the City in connection therewith.

14. WAIVER. In the event that either City or Consultant shall at any time or times waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or any other covenant, condition or obligation. Waiver shall not be deemed effective until and unless signed by the waiving party.

15. INCONSISTENT OR CONFLICTING TERMS IN AGREEMENT AND EXHIBITS. In the event of any contradiction or inconsistency between any attached document(s) or exhibit(s) incorporated by reference herein and the provisions of the Agreement itself, the terms of the Agreement shall control.

Any exhibit that is attached and incorporated by reference shall be limited to the purposes for which it is attached, as specified in this Agreement. Any contractual terms or conditions contained in such exhibit imposing additional obligations on the City are not binding upon the City unless specifically agreed to in writing, and initialed by the authorized City representative, as to each additional contractual term or condition.

16. AMBIGUITIES. This Agreement has been negotiated at arms' length between persons knowledgeable in the matters dealt with herein. Accordingly, any rule of law, including, but not limited to, Section 1654 of the Civil Code of California, or any other statutes, legal decisions, or common-law principles of similar effect, that would require interpretation of any ambiguities in this Agreement against the party that drafted this Agreement is of no application and is hereby expressly waived.

17. VENUE. This Agreement and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this agreement shall be held exclusively in a state court in the County of Merced.

18. AMENDMENT. This Agreement shall not be amended, modified, or otherwise changed unless in writing and signed by both parties hereto.

19. INTEGRATION. This Agreement constitutes the entire understanding and agreement of the parties and supersedes all previous and/or contemporaneous understanding or agreement between the parties with respect to all or any part of the subject matter hereof.

20. AUTHORITY TO EXECUTE. The person or persons executing this Agreement on behalf of the parties hereto warrants and represents that he/she/they has/have the authority to execute this Agreement on behalf of their entity and has/have the authority to bind their party to the performance of its obligations hereunder.

21. COUNTERPARTS. This Agreement may be executed in one or more counterparts with each counterpart being deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterparts executed by the other parties hereto are in the physical possession of the party or parties seeking enforcement thereof.

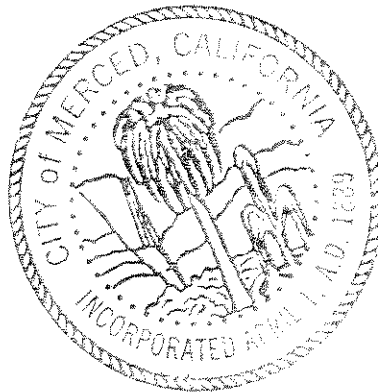
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first above written.

CITY OF MERCED
A California Charter Municipal
Corporation

BY: *John M. Bramble*
City Manager

ATTEST:
JOHN M. BRAMBLE, CITY CLERK

BY: *Michelle Tran* 8/22/14
Assistant/Deputy City Clerk



APPROVED AS TO FORM:

BY: *He. Agos* 7/7/14
City Attorney Date

16745 014855 PO# 115649
ACCOUNT DATA:

BY: *Rodley P. P.*

Verified by Finance Officer

Funds Available. Rec. 8/20/14

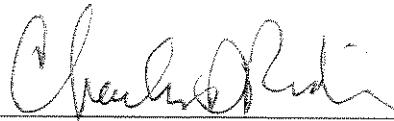
011-0015 012-11-00 \$20,000.00

CONSULTANT
CSG CONSULTANTS, INC.,
A California Corporation

BY: 
(Signature)

CYRUS KIANPOUR
(Typed Name)

Its: PRESIDENT
(Title)

BY: 
(Signature)

Charles D Rider
(Typed Name)

Its: Secretary
(Title)

Taxpayer I.D. No. 91-2053749

ADDRESS: 1700 South Amphlett Blvd.
3rd Floor
San Mateo, CA 94402

TELEPHONE: (916) 492-2275

FAX: (916) 492-2276

E-MAIL: BOBLE@CSGENGR.COM

EXHIBIT A

Scope of Services

Services to be provided will be on an as needed basis and will be dependent upon the City of Merced Inspection Services or Planning Department needs. As the demand of construction increases, contract agencies may supplement staffing levels with additional resources, to smooth out the fluctuation of service demands. The result will be an efficient and cost-effective solution that provides the development community with a high level of expertise and customer service.

These services include, but are not limited to, the following:

- Full Building Administration Services (issuance of permits, certificates of occupancy, required City recordkeeping, taking and responding to inspection requests, performing plan reviews and building inspections, enforcing pertinent agency, County, State and Federal regulations falling within the purview of the Building Department.
- Fire plan review and inspection
- Generate plan review and inspection reports
- Enter all agency-required information into agency's permit tracking and reporting system
- Attend Project Review Committee (PRC) meetings or any meetings related to the Building Department as required by the agency
- Prepare and submit a weekly plan review status report and a monthly plan review turnaround report as specified by the agency
- Prepare a monthly inspection activity report
- Scan all documents in accordance with the agency's records management procedures
- Maintain and update, as necessary, public assistance and code related handout materials
- Conduct community workshops to educate contractors, homeowners, architects, engineers, if requested.
- Participate as the extension of agency staff in emergency events
- Review and approval of any commercial testing or special inspection reports required by codes for ongoing construction

These services shall also encompass

- Review for fire resistant building elements
- Architectural, fire and life safety plans examination
- Structural plans examination
- Energy code plans examination
- Disabled access/ Barrier free plans examination requirements
- Mechanical, plumbing and electrical code plans examination
- Review and approval of alternative materials, alternative design and methods of construction
- Fire sprinkler and fire alarm system

EXHIBIT B

Schedule

When Development Services sees the need to hire outside help to assist with the current work load, a call will be made to the contract agency. All work performed will be on an as needed basis.

Schedule of Hourly Rates

CSG will mail an invoice at the beginning of every month for services rendered during the previous month. The fee schedule for proposed work is as follows:

Description	Hourly Rates
Plan Review Services	
Plan Review by Licensed Structural Engineer	\$115
Plan Review by Licensed Engineer	\$110
Plan Review by Certified Plan Examiner	\$85
Plan Review by Fire Service Specialist	\$95
Certified CASP Review	\$125
Associate Planner	\$120
Inspection Services	
Building Official	\$110
Senior Building Inspector	\$85
Building Inspector	\$75
Fire Inspector	\$95
Certified CASP Inspector	\$125
Construction Inspector	\$110
Clerical Services	
Administrative Assistant/ Clerical Services	\$60
Expedited Rates	1.5 x Hourly Rate

CSG proposes a plan review percentage for larger projects at 75% of the plan review fees established by the City.

All hourly rates include overhead costs including, but not limited to, salaries, benefits, Workers Compensation Insurance, office expenses, etc. Should the scope of work change or circumstances develop which necessitate special handling, we will notify the City prior to proceeding. Annual adjustments may be made by mutual agreement based upon current CPI.

Plan Review Timelines and Availability

CSG turnaround times are as follows:

Residential.....10 days
Commercial.....10 days
Residential Fire Plan Review..... 10 days
Commercial Fire Plan Review.....10 days
Expedited Plan Review.....5 days
Turnaround times may change depending on magnitude of the project.
All Rechecks.....5 days



1225 Eighth Street | Suite 425 | Sacramento, CA 95814
phone (916) 492-2275 | fax (916) 492-2276 | www.csgegr.com

**FIRST AMENDMENT TO AGREEMENT FOR
PROFESSIONAL SERVICES**

THIS FIRST AMENDMENT TO AGREEMENT is made and entered into this ____ day of _____, 2017, by and between the City of Merced, a California Charter Municipal Corporation ("City"), and 4Leaf, Inc., a California Corporation, whose address of record is 2110 Rheem Drive, Suite A, Pleasanton, California 94588 ("Consultant").

WHEREAS, City is undertaking a project to provide building and planning services; and

WHEREAS, City and Consultant have previously entered into an Agreement for Professional Services ("Agreement") dated August 22, 2014; and,

WHEREAS, City and Consultant desire to amend said Agreement to provide for additional compensation in connection with said project.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants hereinafter recited, agree as follows:

1. Section 22, "ADDITIONAL COMPENSATION," is hereby added to the Agreement to read as follows:

"SECTION 22. ADDITIONAL COMPENSATION.
City shall pay to Consultant the not to exceed additional sum of Five Thousand Dollars (\$5,000.00) for the continued work described in Exhibit A to the Agreement and in accordance with the rates set forth in Exhibit C to the Agreement."

2. Except as herein amended, the Agreement dated August 22, 2014, shall remain in full force and effect.

///

///

IN WITNESS WHEREOF, the parties have caused this First Amendment to Agreement to be executed on the date first above written.

CITY OF MERCED
A California Charter Municipal
Corporation

BY: _____
City Manager

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY:  1-11-2017
City Attorney Date

ACCOUNT DATA:

BY: _____
Verified by Finance Officer

CONSULTANT
4LEAF, INC.,
A California Corporation

BY: 

(Signature)

Kevin Duggan

(Typed Name)

Its: President

(Title)

BY: 

(Signature)

Gene Barry

(Typed Name)

Its: Vice President

(Title)

Taxpayer I.D. No. 943393574

ADDRESS: 2110 Rheem Dr., Suite A
Pleasanton, CA 94588

TELEPHONE: (925) 462-5959

FAX:

E-MAIL: ctole@4leafinc.com

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT is made and entered into this 22nd day of AUGUST, 2014, by and between the City of Merced, a California Charter Municipal Corporation, whose address of record is 678 West 18th Street, Merced, California 95340, (hereinafter referred to as "City") and 4Leaf, Inc., a California Corporation, whose address of record is 2110 Rheem Drive, Suite A, Pleasanton, California 94588 (hereinafter referred to as "Consultant").

WHEREAS, City is undertaking a project to provide building and planning services; and,

WHEREAS, Consultant represents that it possesses the professional skills to provide building and planning services in connection with said project.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants hereinafter recited, hereby agree as follows:

1. SCOPE OF SERVICES. The Consultant shall furnish the following services: Consultant shall provide the building and planning services described in Exhibit "A" attached hereto.

No additional services shall be performed by Consultant unless approved in advance in writing by the City, stating the dollar value of the services, the method of payment, and any adjustment in contract time. All such services are to be coordinated with City and the results of the work shall be monitored by the Director of Development Services or his designee. However, the means by which the work is accomplished shall be the sole responsibility of the Consultant.

2. TIME OF PERFORMANCE. All of the work outlined in the Scope of Services shall be completed in accordance with the Schedule outlined in Exhibit "B" attached hereto and incorporated herein by reference. By mutual agreement and written addendum to this Agreement, the City and the Consultant may change the requirements in said Schedule.

3. RESERVED.

4. **COMPENSATION.** Payment by the City to the Consultant for actual services rendered under this Agreement shall be made upon presentation of an invoice detailing services performed under the Scope of Services, in accordance with the fee schedule set forth in Exhibit "C" attached hereto and incorporated herein by reference. The Consultant agrees to provide all services required under the Scope of Services in Exhibit "A" within the compensation amount set forth in Exhibit "C". For Consultant's services rendered under this Agreement, City shall pay Consultant the not to exceed sum of Twenty Thousand Dollars (\$20,000.00).

5. **METHOD OF PAYMENT.** Compensation to Consultant shall be paid by the City after submission by Consultant of an invoice delineating the services performed.

6. **RECORDS.** It is understood and agreed that all plans, studies, specifications, data magnetically or otherwise recorded on computer or computer diskettes, records, files, reports, etc., in possession of the Consultant relating to the matters covered by this Agreement shall be the property of the City, and Consultant hereby agrees to deliver the same to the City upon termination of the Agreement. It is understood and agreed that the documents and other materials including but not limited to those set forth hereinabove, prepared pursuant to this Agreement are prepared specifically for the City and are not necessarily suitable for any future or other use.

7. **CONSULTANT'S BOOKS AND RECORDS.** Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the City for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Consultant to this Agreement. Any records or documents required to be maintained shall be made available for inspection, audit and/or copying at any time during regular business hours, upon oral or written request of the City.

8. **INDEPENDENT CONTRACTOR.** It is expressly understood that Consultant is an independent contractor and that its employees shall not be employees of or have any contractual relationship with the City. Consultant shall be responsible for the payment of all taxes, workers' compensation insurance and unemployment insurance. Should Consultant desire any insurance protection, the Consultant is to acquire same at its expense.

In the event Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant shall indemnify, protect, defend, and hold harmless the City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

9. INDEMNITY. Consultant shall indemnify, protect, defend (with legal counsel selected by the City), save and hold City, its officers, employees, and agents, harmless from any and all claims or causes of action for death or injury to persons, or damage to property resulting from intentional or negligent acts, errors, or omissions of Consultant or Consultant's officers, employees, volunteers, and agents during performance of this Agreement, or from any violation of any federal, state, or municipal law or ordinance, to the extent caused, in whole or in part, by the willful misconduct, negligent acts, or omissions of Consultant or its employees, subcontractors, or agents, or by the quality or character of Consultant's work, or resulting from the negligence of the City, its officers, employees, volunteers and agents, except for loss caused by the sole negligence or willful misconduct of the City or its officers, employees, volunteers or agents. It is understood that the duty of Consultant to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Acceptance by City of insurance certificates and endorsements required under this Agreement does not relieve Consultant from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall survive the termination of this Agreement and shall apply to any damages or claims for damages whether or not such insurance policies shall have been determined to apply. By execution of this Agreement, Consultant acknowledges and agrees to the provisions of this Section and that it is a material element of consideration.

10. INSURANCE. During the term of this Agreement, Consultant shall maintain in full force and effect at its own cost and expense, the following insurance coverage:

a. Workers' Compensation Insurance. Full workers' compensation insurance shall be provided with a limit of at least One Hundred Thousand Dollars

(\$100,000) for any one person and as required by law, including Employer's Liability limits of \$1,000,000.00 per accident. The policy shall be endorsed to waive the insurer's subrogation rights against the City.

b. General Liability.

- (i) Consultant shall obtain and keep in full force and effect general liability coverage at least as broad as ISO commercial general liability coverage occurrence Form CG 0001.
- (ii) Consultant shall maintain limits of no less than One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage.
- (iii) The City, its officers, employees, volunteers and agents are to be named as additional insureds under the policy, as respects liability arising out of work or operations performed by or on behalf of the Consultant.
- (iv) The policy shall stipulate that this insurance will operate as primary insurance for work performed by Consultant and its sub-contractors, and that any other insurance or self insurance maintained by City or other named insureds shall be excess and non-contributory.
- (v) Consultant shall maintain its commercial general liability coverage for three (3) years after completion of the work and shall add an additional insured endorsement form acceptable to the City naming the City of Merced, its officers, employees, agents and volunteers for each year thereafter for at least three (3) years after completion of the work. Copies of the annual renewal and additional insured endorsement form shall be sent to the City within thirty (30) days of the annual renewal.

c. Automobile Insurance.

- (i) Consultant shall obtain and keep in full force and effect an automobile policy of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage.

- (ii) The City, its officers, employees, volunteers and agents are to be named as additional insureds under the policy, as respects automobiles owned, leased, hired or borrowed by the Consultant.
- (iii) The policy shall stipulate that this insurance will operate as primary insurance for work performed by Consultant and its sub-contractors, and that any other insurance or self insurance maintained by City or other named insureds shall be excess and non-contributory.

d. Professional Liability Insurance. Consultant shall carry professional liability insurance appropriate to Consultant's profession in the minimum amount of One Million Dollars (\$1,000,000). Architects and engineers' coverage is to be endorsed to include contractual liability.

e. Qualifications of Insurer. The insurance shall be provided by an acceptable insurance provider, as determined by City, which satisfies all of the following minimum requirements:

- (i) An insurance carrier admitted to do business in California and maintaining an agent for service of process within this State; and,
- (ii) An insurance carrier with a current A.M. Best Rating of A:VII or better (except for workers' compensation provided through the California State Compensation Fund).

f. Certificate of Insurance. Consultant shall complete and file with the City prior to engaging in any operation or activity set forth in this Agreement, certificates of insurance evidencing coverage as set forth above and which shall provide that no cancellation or expiration by the insurance company will be made during the term of this Agreement, without thirty (30) days written notice to City prior to the effective date of such cancellation—including cancellation for nonpayment of premium. In addition to any other remedies City may have, City reserves the right to withhold payment if Consultant's insurance policies are not current.

11. ASSIGNABILITY OF AGREEMENT. It is understood and agreed that this Agreement contemplates personal performance by the Consultant and is based upon a determination of its unique personal competence and experience and upon its specialized personal knowledge. Assignments of any or all rights, duties or obligations of the Consultant under this Agreement will be permitted only with the express written consent of the City.

12. TERMINATION FOR CONVENIENCE OF CITY. The City may terminate this Agreement any time by mailing a notice in writing to Consultant that the Agreement is terminated. Said Agreement shall then be deemed terminated, and no further work shall be performed by Consultant. If the Agreement is so terminated, the Consultant shall be paid for that percentage of the phase of work actually completed, based on a pro rata portion of the compensation for said phase satisfactorily completed at the time the notice of termination is received.

13. CONFORMANCE TO APPLICABLE LAWS. Consultant shall comply with its standard of care regarding all applicable Federal, State, and municipal laws, rules and ordinances. No discrimination shall be made by Consultant in the employment of persons to work under this contract because of race, color, national origin, ancestry, disability, sex or religion of such person.

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act (8 U.S.C.A. 1101 *et seq.*), as amended; and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any agency or instrumentality of the federal or state government, including the courts, impose sanctions against the City for such use of unauthorized aliens, Consultant hereby agrees to, and shall, reimburse City for the cost of all such sanctions imposed, together with any and all costs, including attorneys' fees, incurred by the City in connection therewith.

14. WAIVER. In the event that either City or Consultant shall at any time or times waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or any other covenant, condition or obligation. Waiver shall not be deemed effective until and unless signed by the waiving party.

15. INCONSISTENT OR CONFLICTING TERMS IN AGREEMENT AND EXHIBITS. In the event of any contradiction or inconsistency between any attached document(s) or exhibit(s) incorporated by reference herein and the provisions of the Agreement itself, the terms of the Agreement shall control.

Any exhibit that is attached and incorporated by reference shall be limited to the purposes for which it is attached, as specified in this Agreement. Any contractual terms or conditions contained in such exhibit imposing additional obligations on the City are not binding upon the City unless specifically agreed to in writing, and initialed by the authorized City representative, as to each additional contractual term or condition.

16. AMBIGUITIES. This Agreement has been negotiated at arms' length between persons knowledgeable in the matters dealt with herein. Accordingly, any rule of law, including, but not limited to, Section 1654 of the Civil Code of California, or any other statutes, legal decisions, or common-law principles of similar effect, that would require interpretation of any ambiguities in this Agreement against the party that drafted this Agreement is of no application and is hereby expressly waived.

17. VENUE. This Agreement and all matters relating to it shall be governed by the laws of the State of California and any action brought relating to this agreement shall be held exclusively in a state court in the County of Merced.

18. AMENDMENT. This Agreement shall not be amended, modified, or otherwise changed unless in writing and signed by both parties hereto.

19. INTEGRATION. This Agreement constitutes the entire understanding and agreement of the parties and supersedes all previous and/or contemporaneous understanding or agreement between the parties with respect to all or any part of the subject matter hereof.

20. AUTHORITY TO EXECUTE. The person or persons executing this Agreement on behalf of the parties hereto warrants and represents that he/she/they has/have the authority to execute this Agreement on behalf of their entity and has/have the authority to bind their party to the performance of its obligations hereunder.

21. COUNTERPARTS. This Agreement may be executed in one or more counterparts with each counterpart being deemed an original. No counterpart shall be deemed to be an original or presumed delivered unless and until the counterparts executed by the other parties hereto are in the physical possession of the party or parties seeking enforcement thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first above written.

CITY OF MERCED
A California Charter Municipal
Corporation

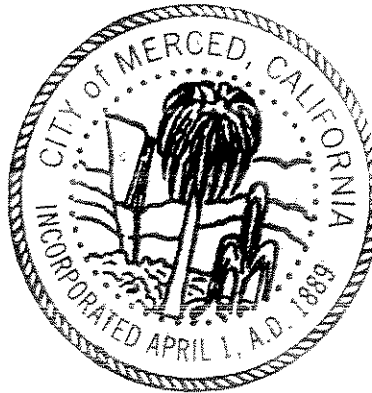
BY: John M. Bramble
City Manager

ATTEST:
JOHN M. BRAMBLE, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

APPROVED AS TO FORM:

BY: Ken Agard 7/7/14
City Attorney Date



014856 PC# 11565E
ACCOUNT DATA:

BY: Randy Phunt
Verified by Finance Officer

Funds Available as of 7/20/14

07/08/08 212-17-00 \$20,000.00

CONSULTANT
4LEAF, INC.,
A California Corporation

BY: 
(Signature)

KEVIN J. DUGGAN
(Typed Name)

Its: PRESIDENT
(Title)

BY: 
(Signature)

KEVIN J. DUGGAN
(Typed Name)

Its: SECRETARY
(Title)

Taxpayer I.D. No. 94-3393574

ADDRESS: 2110 Rheem Dr., Suite A
Pleasanton, CA 94588

TELEPHONE: (925) 462-5959

FAX: (925) 462-5958

E-MAIL: kduggan@4leafinc.com

EXHIBIT A

Scope of Services

Services to be provided will be on an as needed basis which will be dependent upon the City of Merced Inspection Services Department or Planning Department needs.

1. Perform Front Counter duties covering a full range of Building a functions, from small residential additions, to complex commercial and industrial facilities and structures. Dependent upon the Cities needs will including daily functions such as:

Building:

- Issuing Building Permits
- Collecting Fees
- Intake plans
- Answer questions
- Check zoning
- Route calls
- Take messages
- Issue Business licenses

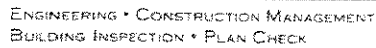
Planning:

- Greet and respond to customer inquiries
 - Answer phone, respond to inquiries or route to applicable staff
 - Review Business License applications
 - Provide information regarding Planning processes
 - Provide Planning, Zoning, and Land Use Information
 - Process Planning and Land Use Applications
2. Perform Building Inspections duties covering a full range of inspection in all disciplines ranging from small residential additions, to complex commercial and industrial facilities and structures. Depending on the Cities needs the inspections can be comprehensive or be limited to specific buildings or code disciplines.
 - Structural, Mechanical, Plumbing and Electric
 - Energy Conservation
 - Disabled Access
 - Fire Code and Fire Sprinklers
 - Grading, drainage, and Public Works improvements.

EXHIBIT B

Schedule

When Development Services sees the need to hire outside help to assist with the current work load, a call will be made to the contract agency. All work performed will be on an as needed basis.



NATURE OF BUILDING SERVICES	COST STRUCTURE
Plan Review & CASp Services	Plan Review Percentage Cost: 65% Plan Review Hourly Cost: \$80 Non Structural Review \$110 Structural Review CASp Inspection and/or Review: \$175/hour Fire Review: \$175/hour

Senior Combination Building Inspector (Building Inspector III)	\$85/hour
Commercial Building Inspector (Building Inspector II)	\$70/hour
Residential Building Inspector (Building Inspector I).....	\$60/hour
Training Building Inspector	\$45/hour
Code Enforcement.....	\$75/hour
Permit Technician	\$45/hour
Public Works Inspector.....	\$120/hour
Senior Fire Inspector.....	\$110/hour
Fire Inspector.....	\$100/hour
Lead Project Inspector.....	\$120/hour
Chief Building Official	\$110/hour
CASp Inspection.....	\$175/hour
Lead Project Inspector (Inspector of Record).....	\$115/hour
Project Inspector (Assistant Inspector of Record).....	\$95/hour
Hourly overtime charge per inspector	1.5 x hourly rate

Rates are inclusive of "tools of the trade" such as forms, telephones, and consumables.

- All invoicing will be done monthly.
- Staff Augmentation work (excluding plan review) is subject to 4 hour minimum charges unless stated otherwise. Services billed in 4-hour increments.
- All approved billable expenses will be charged at cost plus 20%.
- Mileage will be billed at the IRS Rate plus 20%.
- Payment due on receipt. All payments over 30 days will be assessed a 1.5% interest charge.
- Overtime must have approval from Chief Building Official.



Turn-Around Times

4LEAF has a tremendous reputation for completing projects on-time and under budget. 4LEAF's plan review team is widely recognized for quick turn-around times and prompt service. We have provided some elaborate examples in our reference section. Please read through some of our project examples and contact our references to learn about our abilities and commitments to our clients. Off-site plan reviews are performed at our office, with plans transmitted by personal delivery or overnight service. The standard turn-around time is within 10 business days for residential plan reviews and within 10 days for commercial/industrial plan reviews; however, these timeframes are negotiable based on your needs. **4LEAF also provides Fire Plan Review services.**

Type of Plans	Transportation	Initial Review	Subsequent Review	Expedited Service
Residential	<24 Hours (pick up & delivery by 4LEAF staff)	<10 Days	<5 Days	No Additional Charge (when staff available)
Commercial	<24 Hours (pick up & delivery by 4LEAF staff)	<10 Days	<5 Days	No Additional Charge (when staff available)
Large Commercial >15,000 Sq. Ft.	<24 Hours (pick up & delivery by 4LEAF staff)	Negotiable	Negotiable	No Additional Charge (when staff available)

Larger complex plan reviews can be negotiated to achieve the best possible pricing. 4LEAF has a proven track record of working with municipalities to provide expedited reviews with special discounted pricing when applicable.

Independent Expedited Review

4LEAF will perform expedite plan review services in two different capacities.

Scenario # 1 – Developer funded expedited reviews – 4LEAF can negotiate an appropriate rate for review with the City to ensure all compensation is equitable to the service performed. 4LEAF's expedited turn-around time is five days (5) or less.

Scenario # 2 – City requests with no additional funding – Upon request, 4LEAF will perform expedited reviews for the City at no additional charge. 4LEAF has a proven track record of assisting our clients with expedited reviews under unique customer service situations when projects need to be completed quickly.



ADMINISTRATIVE REPORT

Agenda Item J.14.

Meeting Date: 2/6/2017

Report Prepared by: Frank Quintero, Director of Economic Development

SUBJECT: Reimbursement Agreement with California High Speed Rail Authority for Technical Review

REPORT IN BRIEF

Proposed Reimbursement Agreement with the California High Speed Rail Authority to reimburse the City for staff costs associated with reviewing plans necessary to construct the Merced segment and Downtown Station. Amount of the Agreement shall not exceed \$55,000.

RECOMMENDATION

City Council - Adopt a motion:

- A. Adopting **Resolution 2017-09**, a Resolution of the City Council of the City of Merced, California, approving a reimbursement agreement with the California High Speed Rail Authority for reimbursement of costs related to the review of technical studies, legal documents, and design plans for the high speed rail project; and,
- B. Authorizing the City of Merced to enter into a Reimbursement Agreement with the California High Speed Rail Authority for Technical Review not to exceed \$55,000; and,
- C. Authorizing the City Manager to execute the necessary documents; and,
- D. Authorizing the Finance Officer to make the necessary budget adjustments.

ALTERNATIVES

- 1. Approve as recommended by the Economic Development Advisory Committee and staff; or,
- 2. Approve, subject to modification (identify specific amendments in the motion); or,
- 3. Deny; or,
- 4. Refer to staff for reconsideration of specific items (specific items to be addressed in the motion; or,
- 5. Continue to a future meeting (date and time to be specified in the motion.)

AUTHORITY

City of Merced Charter, Section 200

CITY COUNCIL PRIORITIES

As provided for in the 2016-17 Adopted Budget, Economic Development, Objective 5) "Continue

Working on High Speed Rail and other projects that may serve as economic engines in Downtown Merced.”

DISCUSSION

The California High Speed Rail Authority (CHSRA) is responsible for the planning, design, construction, and operation of California’s high speed rail system. CHSRA is preparing detailed engineering design and improvement plans to accommodate High Speed Rail track lines and the Downtown Station. As designs and plans are prepared, City staff may be asked for technical, legal, and planning assistance by CHSRA. A Reimbursement Agreement has been prepared and provides a mechanism to reimburse the City of Merced for participation in the design responsibilities for facilities to be constructed, modified, or relocated as part of the project (Attachment 1.)

The Reimbursement Agreement would allow the City to be reimbursed for staff costs associated with the review of technical studies, legal documents, and design plans necessary to construct Merced segment of the High Speed Rail track and station. CHSRA is negotiating similar agreements with other High Speed Rail communities.

Under the proposed agreement, the City would be reimbursed for actual, direct, and necessary expenses for technical and legal reviews associated with the planning and design of the project. General tasks include verification of existing rights-of-way, review of proposed designs for conformance to City Standards and Specifications, analysis of utility-HSR conflicts, analysis and verification of utility easements, pre-plan check activities along the HSR corridor, and preparation of reports, supporting materials, and legal review.

The proposed Reimbursement Agreement is independent and separate from the Downtown Planning Grant, although studies from the respective activities may be shared. The Reimbursement Agreement is slated to expire on December 31, 2017.

IMPACT ON CITY RESOURCES

No appropriation of funds is needed.

ATTACHMENTS

1. CHSRA Reimbursement Agreement
2. Resolution 2017-09

STATE OF CALIFORNIA
STANDARD AGREEMENT

STD 213 (Rev 06/03)

ATTACHMENT 1

	Agreement Number HSR1_-xx
	Registration Number

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

California High-Speed Rail Authority

CONTRACTOR'S NAME

City of Merced



2. The term of this Agreement is: February 3, 2017 through December 31, 2017
or upon execution of this agreement by both parties,
whichever is later

3. The maximum amount of this Agreement is: \$55,000
Fifty Five Thousand Dollars and Zero Cents

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A – Scope of Work	3 pages
Exhibit B – Budget Detail and Payment Provisions	4 pages
Exhibit C – General Terms and Conditions	3 pages
Exhibit D – Special Terms and Conditions	3 pages
Exhibit E – Supplemental Terms And Conditions For Contracts Using Federal Funds	9 pages
Attachment 1 –Budget	1 page
Attachment 2-Resolution	1 page

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		California Department of General Services Use Only
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.) City of Merced		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING Steven S. Carrigan, City Manager		
ADDRESS 678 W 18th St, Merced, CA 95340		
STATE OF CALIFORNIA		
AGENCY NAME California High-Speed Rail Authority		
BY (Authorized Signature) 	DATE SIGNED (Do not type)	
PRINTED NAME AND TITLE OF PERSON SIGNING Scott Jarvis, Chief Engineer		
ADDRESS 770 L Street, Sacramento, CA 95814		
		<input checked="" type="checkbox"/> Exempt per: Public Utilities Code Section 185036

1. BACKGROUND AND PURPOSE

- A. The California High-Speed Rail Authority (Authority) is responsible for the planning, design, construction, and operation of the first high-speed rail system in the nation (Project). The California high-speed rail system will connect the mega-regions of the State, contribute to economic development and a cleaner environment, create jobs and preserve agricultural and protected lands. By 2029, high-speed rail will run from San Francisco to the Los Angeles basin in under three hours at speeds of over 200 miles per hour. The system will eventually extend to Sacramento and San Diego, totaling 800 miles with up to 24 stations. In addition, the Authority is working with regional partners to implement a statewide rail modernization plan that will invest billions of dollars in local and regional rail lines to meet the State's 21st century transportation needs.
- B. This Agreement (Agreement) is between the Authority, an agency of the State of California, and City of Merced (Contractor), a municipal corporation.
- C. To facilitate the construction of the high-speed rail system, the Authority requires Contractor to perform the work as described in Section 2 of this Exhibit (Work).
- D. All inquiries regarding this Agreement will be directed to the project representatives identified below:

AUTHORITY	CONTRACTOR
Contract Manager: Steven Milton	Project Manager: Frank Quintero
Address: 1401 Fulton Street, Suite 200 Fresno, CA 93721	Address: 678 W 18th St, Merced, CA 95340
Phone: (559) 445-5158	Phone: (209) 385-6827
Email: Steven.Milton@hsr.ca.gov	Email: QuinteroF@cityofmerced.org

The Contract Managers may be changed without amendment with written notification.

2. SCOPE OF WORK, TASKS, DELIVERABLES, AND SCHEDULE

- A. The Authority shall provide the Contractor a Notice to Proceed for the Work under this Agreement from the Authority's Contract Manager, a proposed alignment, segment number(s) and any other information about the Project segment(s) to assist the Contractor in the investigation of its existing facilities for conflicts with the Project's proposed alignment. The Notice to Proceed may specify work based on Tasks as outlined below.
- B. Contractor will be reimbursed for its actual, direct, and necessary expenses in its performance of the following:

	<u>Task</u>	<u>Description</u>	<u>Deliverable</u>	<u>Schedule</u>
1.	Technical/Engineering Review Support	Staff time to review technical/preliminary	Comments on technical/preliminary engineering documents.	Through December 31, 2017

	<u>Task</u>	<u>Description</u>	<u>Deliverable</u>	<u>Schedule</u>
		engineering documents.		
2.	Technical/Engineering Review Support	Staff time for identifying existing conflicts.	Report identifying any conflicts.	Through December 31, 2017
3.	Technical/Engineering Review Support	Staff time for coordination with the Authority and its representatives.	Participation in coordination activities.	Through December 31, 2017
4.	Agreement Development	Staff time for Cooperative agreement review.	Participation in meetings and review of draft contract and other documents.	Through December 31, 2017
5.	Agreement Development	Staff time for task order/utility agreement template review.	Participation in meetings and review of draft contract and other documents.	Through December 31, 2017
6.	Agreement Development	Staff time for right-of-way transfer agreement review.	Participation in meetings and review of draft contract and other documents.	Through December 31, 2017
7.	Agreement Development	Staff time for grade separation agreement review.	Participation in meetings and review of draft contract and other documents.	Through December 31, 2017
8.	Agreement Development	Staff time for ownership and maintenance agreement review.	Participation in meetings and review of draft contract and other documents.	Through December 31, 2017
9.	Agreement Development	Attorney time for legal review.	Legal review of documents and meeting with Authority attorneys.	Through December 31, 2017
10.	Agreement Development	Staff and attorney time for preparation of board of directors materials and reports.	Materials and reports for board of directors.	Through December 31, 2017
11.	Right-of-way Support	Staff time for property rights research.	Reports detailing property rights.	Through December 31, 2017
12.	Right-of-way Support	Staff and attorney time for abandonment, vacation, or legal transfer of right-of-way.	Abandonment, vacation, or legal transfer of right-of-way and supporting documentation.	Through December 31, 2017

	<u>Task</u>	<u>Description</u>	<u>Deliverable</u>	<u>Schedule</u>
13.	Right-of-way Support	Staff and attorney time for preparation of board of directors materials and reports.	Presentations to board of directors, if any.	Through December 31, 2017

Contractor staff and attorney time will be reimbursed at the hourly rates set forth in Attachment 1-Budget. Contractor acknowledges that “staff time” does not include time for subcontractors, vendors, and outside counsel. Subcontractor, vendors, and attorney time shall only be reimbursed if specifically included above and in Attachment 1 - Budget.

- C. Additionally, Contractor will be reimbursed the actual costs incurred for (i) fringe and overhead rates, and (ii) other direct costs limited to (a) travel; (b) approved subcontractors; and (c) vendors.
- D. Contractor acknowledges the following costs shall not be reimbursed: (i) reviewing and/or providing comments on environmental documents (including, but not limited to, environmental impact statements and environmental impact reports); (ii) attending meetings, unless at the request of the Authority; (iii) acquisition of real property, which shall be handled through the property acquisition process; (iv) coordination for design and construction activities, which shall be handled through task orders/utility agreements; (v) preliminary and/or final designs, which shall be handled through task orders/utility agreements; (vi) construction, materials, or inspection, which shall be handled through task orders/utility agreement; and (vii) maintenance, which shall be handled through the ownership and maintenance agreement or construction and maintenance agreement, as appropriate.

3. SCHEDULE OF SERVICES

Performance of the work described in Section 2 shall commence upon receipt of Notice to Proceed. Unless terminated as provided herein, the Work shall continue until earlier of (i) completion of the Work or (ii) expiration of the term.

1. FUNDING REQUIREMENTS

- A. This Agreement shall be of no further force and effect if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the Work identified in Exhibit A. In this event, the Authority shall have no liability to pay any funds whatsoever to the Contractor or to furnish any other considerations under this Agreement and the Contractor shall not be obligated to perform any provision of this Agreement.
- B. After execution or commencement of this Agreement, if funding for any fiscal year is reduced or deleted by the Budget Act for purposes of the Work, the Authority shall have the option to either: 1) cancel this Agreement with no further liability occurring to the Authority; or 2) offer an Agreement amendment to the Contractor to reflect the reduced amount.
- C. This Agreement is valid and enforceable only if sufficient funds are made available to the State by the United States Government or the California State Legislature for the purpose of this Project. In addition, this Agreement is subject to any additional restrictions, limitations, conditions, or any statute enacted by the Congress or State Legislature that may affect the provisions, terms or funding of this Agreement in any manner.

2. COMPENSATION, INVOICING, AND PAYMENT

- A. The maximum amount of this Agreement is an estimate, and the actual amount of work requested by the Authority may be less. No payment shall be made in advance of services rendered.
- B. Contractor shall not be entitled to payment for work performed prior to receipt of Notice to Proceed from the Authority's Contract Manager. No Work shall begin before that time.
- C. Invoices shall include the Agreement Number, date prepared, and billing period, actual hours worked (by individual name and position), actual costs for salaries (by position), and fringe, overhead and other direct costs. Contractor shall not be paid for claimed costs or expenses not identified on Attachment 1 –Budget.
- D. For services satisfactorily rendered and approved by the Contract Manager and upon receipt and approval of the invoices, the Authority shall reimburse the Contractor for actual costs incurred. Contractor shall provide 1 original and 2 copies, as set forth below, of the invoice for payment. Invoices shall be submitted no more than monthly in arrears to and within 30 days of when services are provided to:

(1 original and 1 copy)
Financial Operations Section
California High-Speed Rail Authority
770 L Street, Suite 620 MS 3

Sacramento, CA 95814

AND

(1 copy)

Steven Milton

1401 Fulton Street, Suite 200

- E. Fresno, CA 93721 The following certification shall be included on each invoice and signed by the authorized official of the Contractor:

“I certify that this invoice is correct and proper for payment, and reimbursement for these costs has not and will not be received from any other sources, included but not limited to a Government Entity contract, subcontract, or other procurement method.”

- F. The Authority will accept computer generated or electronically transmitted invoices. The date of “invoice receipt” shall be the date the Authority receives the paper copy.
- G. Payments shall be made to the Contractor for undisputed invoices. If the Authority disputes an invoice it shall notify the Contractor within fifteen (15) working days of receipt of the invoice and pay undisputed portions of the invoice in accordance with the Agreement. The invoice may be disputed if additional evidence is required to determine the invoice’s validity, deliverables for the billing period have not been received and approved, inaccuracies of the invoice, or does not otherwise comply with the terms of this Agreement.
- H. Positions listed in the Budget, included as Attachment 1, may be changed without an amendment to the Agreement. A request for change must be in writing, on Contractor’s letterhead, and identify the position and rate that is added or removed. There shall be no change in the positions without written approval by the Authority’s Contract Manager.
- I. There shall be no change in the rate of position without prior written approval by the Authority’s Contract Manager. A request for change must be in writing, on Contractor’s letterhead and identify the reason for rate change.

3. COST PRINCIPLES

Contractor’s performance shall be governed by and in compliance with the following administrative and cost principles:

- A. If Contractor is a governmental entity, then Contractor shall comply with Title 49 Code of Federal Regulations, Part 18, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments and OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, as amended.

- B. If Contractor is a for-profit organization, then Contractor shall comply with Title 49 Code of Federal Regulations, Part 19, Uniform Administrative Requirements for Grants and Cooperative Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations (49 C.F.R. Part 19) and Title 48 Code of Federal Regulations, Federal Acquisition Regulations System, Chapter 1, Part 31 *et seq.*
- C. If Contractor is a non-profit organization, then Contractor shall comply with 49 C.F.R. Part 19 and OMB Circular A-122, Cost Principles for Nonprofit Organizations.
- D. If Contractor is an educational institution, then Contractor shall comply with 49 C.F.R. Part 19 and OMB Circular A-21, Cost Principles for Education Institutions.
- E. Any subcontract in excess of \$25,000, entered into as a result of this Agreement, shall contain all the provisions of this clause.

The identified circulars and regulations are hereby incorporated into this Agreement by reference as if fully set out herein.

If any costs for which payment has been made to the Contractor are determined by subsequent audit to be unallowable under the applicable administrative and cost principles referenced above, then the unallowable costs are subject to repayment by the Contractor to the Authority.

4. TRAVEL

- A. The Contractor shall be reimbursed for approved travel and per diem expenses using the same rates provided to non-represented state employees. The Contractor must pay for travel in excess of these rates. The Contractor may obtain current rates at the following website: <http://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>.
- B. Travel expenses are computed from the Contractor's approved office location. Travel to the Contractor's approved office from other locations is not reimbursed under this Agreement unless specifically authorized.
- C. The Contractor must retain documentation of travel expense in its financial records. The documentation must be listed by trip and include dates and times for departure and return.

5. CONTINGENT FEE

The Contractor certifies, by execution of this Agreement, that no person or selling agency has been employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, with the exception of bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this certification, the Authority has the right to annul this Agreement

without liability, pay only for the value of the work actually performed, or in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

1. GENERAL TERMS AND CONDITIONS

A. APPROVAL. This Agreement is of no force or effect until signed by both parties and approved by the Department of General Services, if required. Contractor may not commence performance until such approval has been obtained.

B. AMENDMENT. No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.

C. ASSIGNMENT. This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.

D. AUDIT. Contractor agrees that the Authority, the Department of General Services, the State Auditor, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7.)

E. INDEMNIFICATION. Contractor agrees to indemnify, defend and save harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any and all contractors, subcontractors, suppliers, laborers, and any other person, firm or corporation furnishing or supplying work services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by Contractor in the performance of this Agreement.

F. DISPUTES. Contractor shall continue with the responsibilities under this Agreement during any dispute.

G. TERMINATION FOR CAUSE. The Authority may terminate this Agreement and be relieved of any payments should the Contractor fail to perform the requirements of this Agreement at the time and in the manner herein provided. In the event of such termination the Authority may proceed with the work in any manner deemed proper by the Authority. All costs to the Authority shall be deducted from any sum due the Contractor under this Agreement and the balance, if any, shall be paid to the Contractor upon demand.

H. INDEPENDENT CONTRACTOR. Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State.

I. NON-DISCRIMINATION CLAUSE. During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

J. TIMELINESS. Time is of the essence in this Agreement.

K. GOVERNING LAW. This contract is governed by and shall be interpreted in accordance with the laws of the State of California.

L. UNENFORCEABLE PROVISION. In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

M. CHILD SUPPORT COMPLIANCE Act. For any Agreement in excess of \$100,000, the Contractor acknowledges in accordance with Public Contract Code 7110, that:

- i. The Contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and
- ii. The Contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

2. CONTRACTOR CERTIFICATIONS

A. STATEMENT OF COMPLIANCE. Contractor has, unless exempted, complied with the nondiscrimination program requirements. (GC 12990 (a-f) and CCR, Title 2, Section 8103.)

B. DRUG-FREE WORKPLACE REQUIREMENTS. Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

i. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.

ii. Establish a Drug-Free Awareness Program to inform employees about:

- 1) the dangers of drug abuse in the workplace;
- 2) the person's or organization's policy of maintaining a drug-free workplace;
- 3) any available counseling, rehabilitation and employee assistance programs; and,
- 4) penalties that may be imposed upon employees for drug abuse violations.

iii. Every employee who works on the proposed Agreement will:

- 1) receive a copy of the company's drug-free workplace policy statement; and,
- 2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: (1) the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (GC 8350 et seq.)

C. Domestic Partners. For contracts over \$100,000 executed or amended after January 1, 2007, the Contractor certifies that the Contractor is in compliance with Public Contract Code section 10295.3 for any operations in California.

D. Resolution: A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

1. EARLY TERMINATION

- A. This Agreement may be terminated at any time by mutual agreement of the parties in writing.
- B. Termination for Convenience. The Authority reserves the right to terminate this Agreement upon thirty (30) calendar days written notice to the Contractor if terminated for the convenience of the Authority.
- C. Notice of Termination for Subcontractors, Suppliers, and Service Providers. The Contractor shall notify any subcontractor and service or supply vendor providing services under this Agreement of the early termination date of this Agreement. Failure to notify any subcontractor and service or supply vendor shall result in the Contractor being liable for the termination costs incurred by any subcontractor and service or supply vendor for work performed under this Agreement, except those specifically agreed to by the Authority in writing.
- D. Contractor Claims After Early Termination. The Contractor shall release the Authority from any and all further claims for services performed arising out of this Agreement or its early termination, upon acceptance by the Contractor of payment for costs actually incurred for work performed prior to receipt of the notice of termination and actual costs incurred as a result of termination.

2. PURCHASE OF EQUIPMENT

No equipment is approved for purchase.

3. SUBCONTRACTING

- A. Upon prior approval of the Authority, Contractor may subcontract a portion of the Work. Attachment 1 – Budget shall identify the rates for any approved subcontractor. Any substitution of a subcontractor shall be approved in writing by the Authority's Contract Manager prior to such substituted subcontractor performing work. Unless specifically noted otherwise, any subcontract in excess of \$25,000 shall contain all the applicable provisions stipulated in this Agreement.
- B. This Agreement shall not create a contractual relationship between the Authority and any approved subcontractor. A subcontract shall not relieve the Contractor of performance of its duties hereunder. Contractor shall be responsible for the any and all acts and omissions of its subcontractors and their employees.
- C. Contractor's obligation to pay its subcontractors is independent of the Authority's obligation to pay the Contractor.

4. OWNERSHIP OF DATA

- A. Upon completion of all work under this Agreement, all intellectual property rights, ownership, and title to all reports, documents, plans, specifications, electronic documents, and estimates produced as part of this Agreement will automatically be vested in the Authority and no further agreement will be necessary to transfer ownership to the Authority. The Contractor shall furnish the Authority all necessary copies of data needed to complete the review and approval process.
- B. All calculations, drawings and specifications, whether in hard copy, and electronic or machine readable form, are intended for one-time use in the construction of the Project.
- C. The Contractor is not liable for claims, liabilities or losses arising out of, or connected with the modification or misuse by the Authority of any data provided by the Contractor under this Agreement. The Contractor is not liable for claims, liabilities or losses arising out of, or connected with, any use by the Authority of the project documentation on other projects, for additions to this Project, or for the completion of this Project by others, except for such use as may be authorized, in writing, by the Contractor.
- D. Any subcontract in excess of \$25,000, entered into as a result of this Agreement, shall contain all of the provisions of this clause.

5. CONFIDENTIALITY OF DATA

- A. All financial, statistical, personal, technical, or other data and information relative to the Authority's operations, which is designated confidential by the Authority and made available to the Contractor in order to carry out this Agreement, shall be protected by the Contractor from unauthorized use and disclosure.
- B. The Authority and the Contractor agree to protect designated confidential or privileged information intended by the Authority and Contractor to remain so protected, while facilitating the sharing of information as part of both parties' efforts. Use of data files constitutes agreement on the part of the Contractor to maintain confidentiality if exempt under the California Public Records Act, subject to Government Code Section 6254.5(e). Confidential information shall not be shared with third parties without consultation and approval from the Authority.
- C. The Contractor shall not comment publicly to the press or any other media regarding this Agreement or the Authority's actions on the same, except to the Authority's staff, Contractor's own personnel, including subcontractors, affiliates, and vendors, involved in the performance of this Agreement, at public hearings, or in response to questions from a Legislative Committee.
- D. The Contractor shall not issue any news release or public relations item of any nature whatsoever regarding work performed or to be performed under this Agreement without prior review of the contents thereof by the Authority and receipt of the Authority's written permission.

- E. Any subcontract entered into as a result of this Agreement shall contain all of the provisions of the Confidentiality of Data clause.

6. PUBLIC RECORDS; CONFLICTS OF INTEREST

- A. This Agreement shall not limit nor infringe on either party's duty to comply with the California Public Records Act, Government Code Section 6250 *et seq.*
- B. The Contractor and its employees, and all its subcontractors and employees, shall comply with the Authority's Organizational Conflict of Interest Policy.
- C. Any subcontract in excess of \$25,000, entered into as a result of this Agreement, shall contain all of the provisions of this clause.

7. STOP WORK

- A. The Authority's Contract Manager may, at any time, by written notice to the Contractor require the Contractor to stop all or any part of the work tasks in this Agreement.
- B. Upon receipt of such stop work order, the Contractor shall immediately take all necessary steps to comply therewith and to minimize the incurrence of costs allocable to work stopped.
- C. The Contractor shall resume the stopped work only upon receipt of written instruction from the Authority's Contract Manager canceling the stop work order. An equitable adjustment shall be made by the Authority based upon a written request by the Contractor for an equitable adjustment. Such adjustment request must be made by the Contractor within thirty (30) days from the date of receipt of the stop work notice.

8. SETTLEMENT OF DISPUTES

The parties agree to use their best efforts to resolve disputes concerning a question of fact arising under this Agreement in an informal fashion through consultation and communication, or other forms of non-binding alternative dispute resolution mutually acceptable to the parties.

9. HEADINGS

The headings appearing in this contract have been inserted for the purpose of convenience and ready reference and do not define, limit, or extend the scope or intent of the clauses.

10. WAIVER

Failure to enforce any provision of this Agreement shall not operate as a waiver of that or any other provision or any subsequent breach of this Agreement.

All terms in Exhibit E must be included in all subcontracts and lower-tier subcontracts regardless of amount expended, unless otherwise noted.

1. FEDERAL REQUIREMENTS

The Contractor understands that the Authority has received Federal funding from the Federal Rail Administration (FRA) for the Project and acknowledges that it is required to comply with all applicable federal laws, regulations, policies and related administrative practices, whether or not they are specifically referenced herein. The Contractor acknowledges that federal laws, regulations, policies, and related administrative practices may change and that such changed requirements will apply to the Project. The Contractor shall ensure compliance by its subcontractors and include appropriate flow down provisions in each of its lower-tier subcontracts as required by applicable federal laws, regulations, policies and related administrative practices, whether or not specifically referenced herein.

Notwithstanding anything to the contrary contained in this Agreement, all FRA mandated terms shall be deemed to control in the event of a conflict with other provisions contained in this Agreement. The Contractor shall not perform any act, fail to perform any act, or refuse to comply with any Authority requests, which would cause the Authority to be in violation of FRA requirements.

2. COMPLIANCE WITH FEDERAL REQUIREMENTS

The Contractor's failure to comply with Federal Requirements shall constitute a breach of this Agreement.

3. FEDERAL LOBBYING ACTIVITIES CERTIFICATION

The Contractor certifies, to the best of its knowledge and belief, that:

- A. No state or federal appropriated funds have been paid or will be paid, by or on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of any State or Federal agency, a member of the State Legislature or United States Congress, an officer or employee of the Legislature or Congress, or any employee of a member of the Legislature or Congress in connection with the awarding of any State or Federal agreement, the making of any State or Federal grant, the making of any State or Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any State or Federal agreement, grant, loan, or cooperative agreement.
- B. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any federal agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal Agreement, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

- C. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.
- D. The Contractor shall require that the language of this certification be included in all lower tier subcontracts, which exceed \$100,000, and that all such subcontractors shall certify and disclose accordingly.

4. DEBARMENT AND SUSPENSION

This Agreement is a covered transaction for purposes of 2 C.F.R. 1200. As such, the Contractor is required to comply with applicable provisions of Executive Orders Nos. 12549 and 12689, "Debarment and Suspension," 31 U.S.C. § 6101 note, and U.S. DOT regulations, "Non-procurement Suspension and Debarment," 2 C.F.R. Part 1200, which adopt and supplement the provisions of U.S. Office of Management and Budget (U.S. OMB) "Guidelines to Agencies on Government-wide Debarment and Suspension (Non-procurement)," 2 C.F.R. Part 180.

To the extent required by the aforementioned U.S. DOT regulations and U.S. OMB guidance, the Contractor must verify that each subcontractor is not excluded or disqualified in accordance with said regulations by reviewing the "Excluded Parties Listing System" at <http://www.sam.gov/portal/public/SAM/>. The Contractor shall obtain appropriate certifications from each such subcontractor and provide such certifications to the Authority.

The Contractor's signature affixed herein shall also constitute a certification under penalty of perjury under the laws of the State of California that the Contractor or any person associated therewith in the capacity of owner, partner, director, officer or manager:

1. Is not currently under suspension, debarment, voluntary exclusion, or determination of ineligibility by any federal agency;
2. Have not had one or more public transactions (federal, state, and local) terminated within the preceding three years for cause or default;
3. Has not been convicted within the preceding three years of any of the offenses listed in Title 2 Code of Federal Regulations Section 180.800(a) or had a civil judgment rendered against it for one of those offenses within that time period; and
4. Are not presently indicted for or otherwise criminally or civilly charged by a government entity (federal, state or local) with commission of any of the offenses listed in Title 2 Code of Federal Regulations Section 180.800.

Should the Contractor or any subcontractor become excluded or disqualified as defined in this section during the life of the Agreement, the Contractor shall immediately inform the Authority of this exclusion or disqualification. The Contractor shall include a term or condition in the contract documents for each lower-tier covered transaction, assuring that, to the extent required by the U.S. DOT regulations and U.S. OMB guidance, each subcontractor will review the “Excluded Parties Listing System,” will obtain certifications from lower-tier subcontractors, and will include a similar term or condition in each of its lower-tier covered transactions.

5. SITE VISITS

The Contractor acknowledges that FRA, through its authorized representatives, has the right, at all reasonable times, to make site visits to review Project accomplishments and for other reasons. If any site visit is made by FRA on the premises of the Contractor or any of its subcontractors under this Agreement, the Contractor shall provide and shall require its subcontractors to provide, all reasonable facilities and assistance for the safety and convenience of FRA representatives in the performance of their duties. All site visits and evaluations shall be performed in such a manner as will not unduly delay work being conducted by the Contractor or subcontractor.

6. SAFETY OVERSIGHT

To the extent applicable, the Contractor shall comply with any Federal regulations, laws, or policies and other guidance that FRA or U.S. DOT may issue pertaining to safety oversight in general, and in the performance of this Agreement, in particular.

7. ENVIRONMENTAL PROTECTION

The Contractor and any subcontractor under this Agreement shall comply with all applicable environmental requirements and regulations, including any amendments, as follows:

- A. **Clean Air.** The Contractor shall comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. §§ 7401 *et seq.* The Contractor shall report each violation to the Authority, and acknowledges that the Authority shall, in turn, report each violation as required to assure notification to the FRA and the appropriate Environmental Protection Agency Regional Office.
- B. **Clean Water.** The Contractor shall comply with all applicable standards, orders or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251 *et seq.* The Contractor shall report each violation to the Authority, and acknowledges that the Authority shall, in turn, report each violation as required to assure notification to the FRA and the appropriate EPA Regional Office.

- C. **Energy Conservation.** The Contractor will comply with mandatory standards and policies relating to energy efficiency which are contained in the State energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6421 *et seq.*)
- D. **Agreement Not To Use Violating Facilities.** The Contractor will not use any facility to perform work hereunder that is listed on the List of Violating Facilities maintained by the EPA. The Contractor shall promptly notify the Authority if the Contractor or any subcontractor receives any communication from the EPA indicating that any facility which will be used to perform work pursuant to this Agreement is under consideration to be listed on the EPA's List of Violating Facilities; provided, however, that the Contractor's duty of notification hereunder shall extend only to those communications of which it is aware, or should reasonably have been aware.
- E. **Environmental Protection.** The Contractor shall comply with all applicable requirements of the National Environmental Policy Act of 1969, as amended, 42 U.S.C. §§ 4321 *et seq.*
- F. **Incorporation of Provisions.** The Contractor shall include the above provisions (A) through (F) in every subcontract hereunder exceeding \$50,000 financed in whole or in part with federal assistance provided by the FRA.

8. CIVIL RIGHTS

The following requirements apply to this Agreement:

- A. **Nondiscrimination.** In accordance with Title VI of the Civil Rights Act, as amended, 42 U.S.C. § 2000d; Section 303 of the Age Discrimination Act of 1975, as amended, 42 U.S.C. § 6102; Section 202 of the Americans with Disabilities Act of 1990, 42 U.S.C. § 12132; and 49 U.S.C. § 306, the Contractor will not discriminate against any individual because of race, color, religion, national origin, sex, age or disability in any activities leading up to or in performance of this Agreement. In addition, the Contractor will comply with applicable federal implementing regulations and other implementing requirements that FRA may issue.
- B. **Equal Employment Opportunity.** The following equal employment opportunity requirements apply to this Agreement:
 - i. Race, Color, Religion, National Origin, Sex: In accordance with Title VII of the Civil Rights Act, as amended, 42 U.S.C. § 2000e, the Contractor will comply with all applicable equal opportunity requirements of U.S. Department of Labor (U.S. DOL) regulations, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," including 41 C.F.R 60 *et seq.* (which implements Executive Order No. 11246, "Equal Employment Opportunity," as amended by Executive Order No. 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," 42 U.S.C. § 2000e note), and with any applicable federal statutes, executive orders, regulations, and federal

policies that may in the future affect construction activities undertaken in the course of the Project. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, national origin, sex, or age. Such action shall include the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. In addition, the Contractor will comply with any implementing requirements FRA may issue.

- ii. Age. In accordance with Section 4 of the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. § 623, the Contractor will refrain from discrimination against present and prospective employees for reason of age. In addition, the Contractor will comply with any implementing requirements FRA may issue.
- iii. Disabilities. In accordance with Section 102 of the Americans with Disabilities Act, as amended, 42 U.S.C. § 12112, the Contractor will comply with the requirements of U.S. Equal Employment Opportunity Commission, “Regulations to Implement the Equal Employment Provisions of the Americans with Disabilities Act,” 29 C.F.R Part 1630, pertaining to employment of persons with disabilities. Further, in accordance with Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 794, the Contractor will comply with the requirements of U.S. Department of Transportation, “Nondiscrimination on the Basis of Disability in Programs or Activities Receiving Federal Financial Assistance,” 49 C.F.R. Part 27, pertaining to persons with disabilities. In addition, the Contractor will comply with any implementing requirements FRA may issue.

The Contractor will not discriminate on the basis of drug abuse, in accordance with the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, alcohol abuse, in accordance with the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, and to comply with Sections 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§ 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records. In addition, the Contractor will comply with applicable federal implementing regulations and other implementing requirements that FRA may issue.

The Contractor also will include these requirements in each subcontract financed in whole or in part with federal assistance provided by FRA, modified only if necessary to identify the affected parties.

9. ARRA FUNDED PROJECT

Funding for this Agreement has been provided through the America Recovery and Reinvestment Act (ARRA) of 2009, Pub. L. 111-5. All Contractors, including both prime and subcontractors, are subject to audit by appropriate federal or State of California (State) entities. The State has the right to cancel,

terminate, or suspend the Agreement if any Contractor or subcontractor fails to comply with the reporting and operational requirements contained herein.

10. ENFORCEABILITY

If the Contractor or one of its subcontractors fails to comply with all applicable federal and State requirements governing the use of ARRA funds, the State may withhold or suspend, in whole or in part, funds awarded under the program, or recover misspent funds allowing an audit. This provision is in addition to all other remedies available to the State under all applicable State and federal laws.

11. PROHIBITION ON USE OF ARRA FUNDS

Contractor agrees in accordance with ARRA Section 1604 that none of the funds made available under this Agreement may be used for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

12. ACCESS AND INSPECTION OF RECORDS

- A. In accordance with ARRA Sections 902, 1514, and 1515, the Contractor shall permit the State of California, the United States Comptroller General, the United States Department of Transportation Secretary, or their representatives or the appropriate Inspector General appointed under Section 3 or 8G of the United States Inspector General Act of 1978 or his representative to:
 - i. Access and reproduce any books, documents, papers and records of the Contractor that directly pertain to, and involve transactions relating to, this Agreement for the purposes of making audits, examinations, excerpts and transcriptions; and
 - ii. Interview any officer or employee of the Contractor or any of its subcontractors regarding the activities funded with funds appropriated or otherwise made available by ARRA.
- B. Pursuant to Title 49 Code of Federal Regulation Section 18.26(i)(11), Title 49 Code of Federal Regulations Section 19.26, or OMB Circular A-133 Compliance Supplement, (whichever applicable), the Contractor will maintain all books, records, accounts and reports required under this Agreement for a period of not less than three years after the date of termination or expiration of this Agreement, except in the event of litigation or settlement of claims arising from the performance of this contract, in which case the Contractor will maintain same until the Authority, the FRA Administrator, the Comptroller General, or any of their duly authorized representatives, have disposed of all such litigation, appeals, claims, or exceptions related thereto. The Contractor shall notify the Authority not less than six months prior to disposal of any books, records, accounts and reports required under this Agreement.
- C. The Contractor will comply with, and assures the compliance of its employees with, the information restrictions and other applicable requirements of the Privacy Act of 1974, Title 5 United States Code Section 552(a).

The Contractor shall include this provision in all lower-tier subcontracts.

13. WHISTLEBLOWER PROTECTION

Contractor and its subcontractors shall comply with Section 1553 of the ARRA, which prohibits all non-federal contractors, including the state, and all contractors of the State, from discharging, demoting or otherwise discriminating against an employee for disclosures by the employee that the employee reasonably believes are evidence of:

- A. Gross mismanagement of a contract relating to ARRA funds;
- B. Gross waste of ARRA funds;
- C. A substantial and specific danger to the public health or safety related to the implementation or use of ARRA funds;
- D. An abuse of authority related to implementation or use of ARRA funds; or
- E. A violation of law, rule, or regulation related to an agency contract (including the competition for or negotiation of a contractor) awarded or issued relating to ARRA funds.

Contractor and its subcontractors shall post notice of the rights and remedies available to employees under Section 1553 of Title XV of Division A of the ARRA.

14. FRAUD AND FALSE CLAIMS ACT

Contractor shall promptly notify the Authority and shall refer to an appropriate federal inspector general any credible evidence that a principal, employee, agent, subcontractor, or other person has committed a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving ARRA funds.

The Contractor will include the above paragraphs in each subcontract financed in whole or in part with Federal assistance provided by the FRA. It is further agreed that the paragraphs shall not be modified, except to identify the subcontractor who will be subject to the provisions.

15. REPORTING REQUIREMENTS

Contractor will, if requested by the Authority in writing, provide the Authority with the following information:

- A. The total amount of funds received by the Contractor during the time period defined in the Authority's request;
- B. The amount of funds actually expended or obligated during the time period requested;

C. A detailed list of all projects or activities for which funds were expended or obligated, including:

The name of the project or activity;

- i. A description of the project activity;
- ii. An evaluation of the completion status of the project or activity; and
- iii. An estimate of the number of jobs created and/or retained by the project or activity.

D. For any contracts or subcontracts equal to or greater than \$25,000:

- i. The name of the entity receiving the contract;
- ii. The amount of the contract;
- iii. The transaction type;
- iv. The North American Industry Classification System (NAICS) code or Catalog of Federal Domestic Assistance (CFDA) number, if known;
- v. The location of the entity receiving the contract;
- vi. The primary location of the contract, including city, state, congressional district, and county;
- vii. The DUNS number, or name and zip code for the entity headquarters, if known;
- viii. A unique identifier of the entity receiving the contract and the parent entity of Contractor, should the entity be owned by another; and
- ix. The names and total compensation of the five most highly compensated officers of the company if received:
 - 80% or more of its annual gross revenues in Federal awards;
 - \$25,000,000 or more in annual gross revenue from Federal awards and;
 - If the public does not have access to information about the compensation of senior executives through periodic reports filed under Section 13(a) or 15(d) of the Securities Exchange Act of 1934 or Section 6104 of Internal Revenue Code of 1986;

E. Any other information reasonably requested by the State of California or required by state or federal law or regulation.

Standard data elements and federal instruction for use in complying with reporting requirements under Section 1512 of the ARRA, are pending review by the federal government, and were published in the Federal Register on April 1, 2009 [74 FR 14824], and are to be provided online at www.FederalRegister.gov. The additional requirements will be added to this Agreement by amendment.

16. REPRINTS OF PUBLICATIONS

Whenever an employee of a Contractor-Related Entity writes an article regarding the Project or otherwise resulting from work under this Agreement that is published in a scientific, technical, or professional

journal or publication, the Contractor shall ensure that the Authority is sent two reprints of the publication, clearly referenced with the appropriate identifying information.

An acknowledgment of FRA support and a disclaimer must appear in any publication, whether copyrighted or not, based on or developed under the Agreement, in the following terms:

“This material is based upon work supported by the Federal Railroad Administration under a grant/cooperative agreement FR-HSR-0009-10-01-05, dated December 5, 2012. Any opinions, findings, and conclusions or recommendations expressed in this publication are those of the author(s) and do not necessarily reflect the view of the Federal Railroad Administration and/or U.S. DOT.”

17. LABOR PROVISIONS

49 U.S.C. 24405(b) provides that persons conducting rail operations over rail infrastructure constructed or improved in whole or in part with funds provided through this Agreement shall be considered a “rail carrier,” as defined by 49 U.S.C. 10102(5), for the purposes of Title 49, U.S.C., and any other statute that adopts that definition or in which that definition applies, including the Railroad Retirement Act of 1974 (45 U.S.C. 231 *et seq.*), the Railway Labor Act (43 U.S.C. 151 *et seq.*), and the Railroad Unemployment Insurance Act (45 U.S.C. 351 *et seq.*) To the extent required by 49 U.S.C. 24405(b) and other laws referenced above, the Contractor shall reflect these provisions in its agreements funded in whole or in part by this Agreement with entities operating rail services over such rail infrastructure.

18. LABOR PROTECTIVE ARRANGEMENTS

The Contractor will comply with the applicable protective arrangements established under Section 504 of the Railroad Revitalization and Regulatory Reform Act of 1976 (4R Act), 45 U.S.C. 836. with respect to employees affected by actions taken in connection with the Project. The Contractor also will include the applicable protective arrangements established by the U.S. DOL under 45 U.S.C. 836 in its arrangements with entities operating rail services over rail infrastructure constructed as part of this Agreement.

RESOLUTION NO. 2017-_____

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MERCED, CALIFORNIA,
APPROVING A REIMBURSEMENT AGREEMENT
WITH THE CALIFORNIA HIGH SPEED RAIL
AUTHORITY FOR REIMBURSEMENT OF COSTS
RELATED TO THE REVIEW OF TECHNICAL
STUDIES, LEGAL DOCUMENTS, AND DESIGN
PLANS FOR THE HIGH SPEED RAIL PROJECT**

WHEREAS, reimbursement funds are available from the California High Speed Rail Authority for staffing and other resource costs for City's that provide services during the planning phase of the California High Speed Rail project; and

WHEREAS, the City of Merced estimates that the total cost to provide these services is \$55,000.00; and

WHEREAS, the California High Speed Rail Authority administers the funds through reimbursement agreements as shown in Exhibit "A," attached hereto and incorporated herein by this reference; and

WHEREAS, The City of Merced desires to receive funds from the California High Speed Rail Authority for work related to the planning phase of this project.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MERCED DOES HEREBY RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:

SECTION 1. The Reimbursement Agreement by and between the California High Speed Rail Authority and the City of Merced, attached hereto as Exhibit "A," is approved.

SECTION 2. The City Manager is authorized to execute the Agreement and approve amendments, in a form approved by the City Attorney, to extend the term and/or increase the amount of funds to be reimbursed to the City of Merced.

PASSED AND ADOPTED by the City Council of the City of Merced at a regular meeting held on the ____ day of _____ 2017, by the following vote:

AYES: Council Members:

NOES: Council Members:

ABSENT: Council Members:

ABSTAIN: Council Members:

APPROVED:

Mayor

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

(SEAL)

APPROVED AS TO FORM:

Kelly Fincher 11/30/17
City Attorney Date



ADMINISTRATIVE REPORT

Agenda Item J.15.

Meeting Date: 2/6/2017

Report Prepared by: *Mike Conway, Assistant to the City Manager*

SUBJECT: Support Assembly Bill No. 1 and Senate Bill No. 1

REPORT IN BRIEF

Seeking Council support of AB 1 (Frazier) and SB 1 (Beall) that would provide a new transportation funding plan for the state.

RECOMMENDATION

City Council- Adopt a motion supporting AB 1 and SB 1 and directing staff to produce letters of support and other materials to reflect the City's position.

ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, subject to other than recommended by staff (identify specific findings and/or conditions amended to be addressed in the motion); or,
3. Deny; or,
4. Refer to staff for reconsideration of specific items (specific items to be addressed in the motion); or,
5. Continue to a future meeting (date and time to be specified in the motion).

AUTHORITY

Charter of the City of Merced, Section 200.

CITY COUNCIL PRIORITIES

As provided for in the 2016-17 Adopted Budget

DISCUSSION

There are huge transportation needs in the state, but not the dollars to pay for them. Fuel efficiency continues to increase, but the gas tax hasn't been increased since 1994.

To address the problem, State Senate Jim Beall introduced SB 1 and Assembly Member Jim Frazier introduced AB 1 on Dec. 5, 2016. The two bills are similar and would generate approximately \$6 billion annually, with \$2.2 billion set aside for local streets and other transportation needs.

AB 1 and SB 1 would raise revenue through a variety of sources:

- A 12 cent increase to the gas tax (SB 1 would ask to phase this increase in over 3 years);
- Ending the Board of Equalization's "true up" process on the unreliable price based excise tax on

gas;

- A \$38 increase to the vehicle registration fee;
- A \$100 vehicle registration fee on zero emission vehicles;
- A 20-cent increase to the diesel excise tax;
- \$300 million from existing cap and trade funds; and
- \$500 million in vehicle weight fees phased in over five years.

The City of Merced has more than 479 miles of roads, most of them in need of some kind of repair. In addition, there are 15 bridges in the City, some dating back to the Roosevelt-era WPA. The bills have the potential of adding \$2,811,295 in transportation funding to the City budget.

The League of California Cities is supporting the bills and is asking the City for letters of support.

IMPACT ON CITY RESOURCES

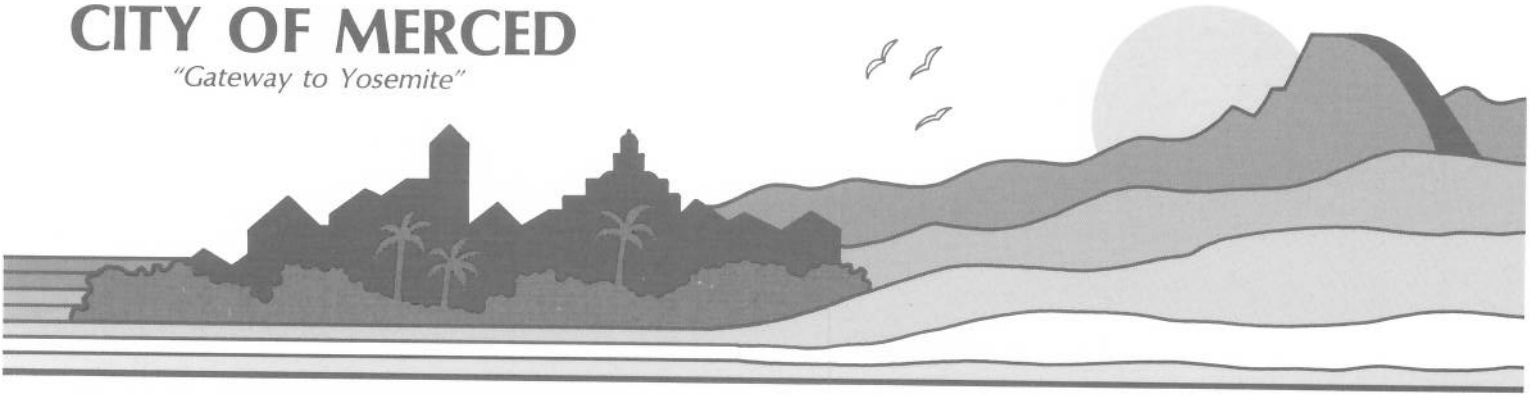
No appropriation of funds is needed.

ATTACHMENTS

1. AB 1 Letter
2. SB 1 Letter
3. AB 1 text
4. SB 1 text
5. AB1 SB 1 funding
6. AB1 SB 1 analysis League of California Cities

CITY OF MERCED

"Gateway to Yosemite"



February 6, 2016

The Honorable Jim Frazier
Chair, Assembly Transportation Committee
California State Capitol, Room 3091
Sacramento, CA 95814

RE: AB 1 (Frazier) Transportation Funding *(as introduced December 5, 2016)*
Notice of Support

Dear Assembly Member Frazier:

The City of Merced fully supports AB 1 (Frazier), a long overdue revamping of state transportation funding. The bill would establish a transportation funding package that would result in an additional \$6.09 billion per year. The bill also provides funding for transit and up to \$150 million to support active transportation programs.

The City of Merced has 325.9 miles of residential streets, 81.8 miles of arterial streets, 71.6 miles of collector streets and 20.8 miles of alleys. The City also has 15 bridges crossing waterways and 13 at-grade railroad crossings. We invest significant amounts of resources in maintaining our streets, but it falls far short. One doesn't have to drive far to find a road in need of major rebuilding, a bridge that dates back to the WPA or RR crossings that are at best a nuisance and at worse a threat to health and safety.

Through the combination of fuel taxes, vehicle registration fees, cap and trade revenues, and revenue protections, AB 1 (Frazier) would provide the state with billions of dollars over the next decade to cities and counties and re-establish the much-needed state transportation improvement program (STIP).

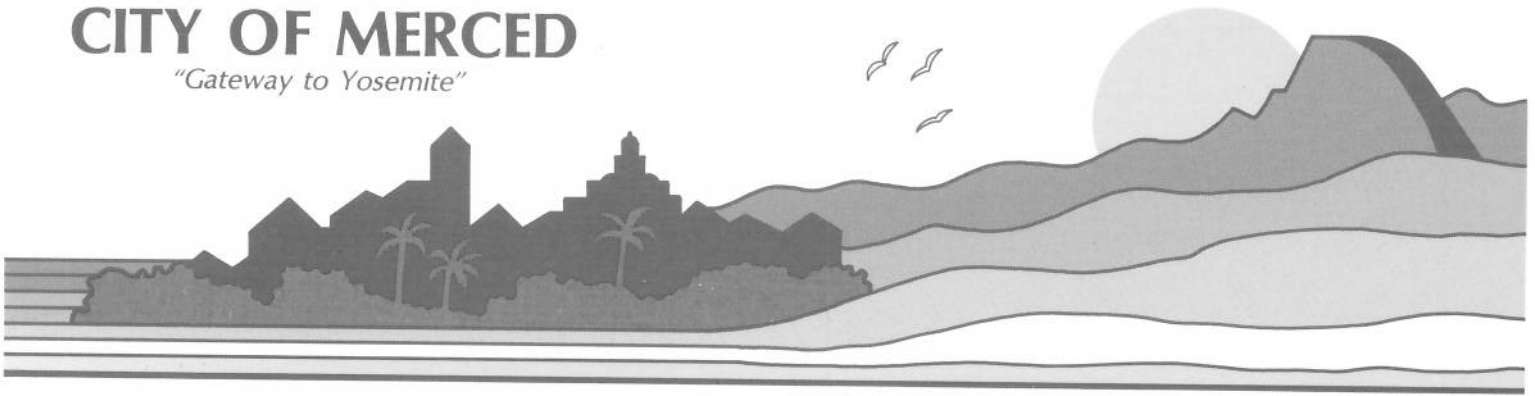
We support AB 1 and appreciate your efforts to provide both state and local agencies the resources needed to address our transportation needs so that we can have a smoother ride through the 21st Century.

Sincerely,

Michael W. Murphy, Mayor
City of Merced

CITY OF MERCED

"Gateway to Yosemite"



February 6, 2016

The Honorable Jim Beall
Chair, Senate Transportation and Housing Committee
California State Capitol, Room 2082
Sacramento, CA 95814

RE: SB 1 (Beall) Transportation Funding *(as introduced December 5, 2016)*
Notice of Support

Dear Senator Beall:

The City of Merced fully supports SB 1 (Beall), a long overdue revamping of state transportation funding. The bill would establish a transportation funding package that would result in an additional \$6.09 billion per year. The bill also provides funding for transit and up to \$150 million to support active transportation programs.

The City of Merced has 325.9 miles of residential streets, 81.8 miles of arterial streets, 71.6 miles of collector streets and 20.8 miles of alleys. The City also has 15 bridges crossing waterways and 13 at-grade railroad crossings. We invest significant amounts of resources in maintaining our streets, but it falls far short. One doesn't have to drive far to find a road in need of major rebuilding, a bridge that dates back to the WPA or RR crossings that are at best a nuisance and at worse a threat to health and safety.

Through the combination of fuel taxes, vehicle registration fees, cap and trade revenues, and revenue protections, SB 1 (Beall) would provide the state with billions of dollars over the next decade to cities and counties and re-establish the much-needed state transportation improvement program (STIP).

We support SB 1 and appreciate your efforts to provide both state and local agencies the resources needed to address our transportation needs so that we can have a smoother ride through the 21st Century.

Sincerely,

Michael W. Murphy, Mayor
City of Merced

ASSEMBLY BILL**No. 1**

**Introduced by Assembly Member Frazier
(Coauthors: Assembly Members Low, Mullin, and Santiago)**

December 5, 2016

An act to amend Sections 13975, 14500, 14526.5, and 16965 of, to add Sections 14033, 14526.7, and 16321 to, to add Part 5.1 (commencing with Section 14460) to Division 3 of Title 2 of, and to repeal Section 14534.1 of, the Government Code, to amend Section 39719 of the Health and Safety Code, to amend Section 21080.37 of, and to add Division 13.6 (commencing with Section 21200) to, the Public Resources Code, to amend Section 99312.1 of, and to add Section 99314.9 to, the Public Utilities Code, to amend Sections 6051.8, 6201.8, 7360, 8352.4, 8352.5, 8352.6, and 60050 of the Revenue and Taxation Code, to amend Sections 183.1, 2192, 2192.1, and 2192.2 of, to add Sections 820.1, 2103.1, and 2192.4 to, and to add Chapter 2 (commencing with Section 2030) to Division 3 of, the Streets and Highways Code, and to add Sections 9250.3, 9250.6, and 9400.5 to the Vehicle Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1, as introduced, Frazier. Transportation funding.

(1) Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain registration fees on vehicles, with revenues from these fees deposited

in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account.

This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The bill would require the California Transportation Commission to adopt performance criteria, consistent with a specified asset management plan, to ensure efficient use of certain funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.012 per gallon increase in the motor vehicle fuel (gasoline) tax imposed by the bill with an inflation adjustment, as provided, an increase of \$38 in the annual vehicle registration fee with an inflation adjustment, as provided, a new \$165 annual vehicle registration fee with an inflation adjustment, as provided, applicable to zero-emission motor vehicles, as defined, and certain miscellaneous revenues described in (7) below that are not restricted as to expenditure by Article XIX of the California Constitution.

This bill would annually set aside \$200,000,000 of the funds available for the program to fund road maintenance and rehabilitation purposes in counties that have sought and received voter approval of taxes or that have imposed fees, including uniform developer fees, as defined, which taxes or fees are dedicated solely to transportation improvements. These funds would be continuously appropriated for allocation pursuant to guidelines to be developed by the California Transportation Commission in consultation with local agencies. The bill would require \$80,000,000 of the funds available for the program to be annually transferred to the State Highway Account for expenditure on the Active Transportation Program. The bill would require \$30,000,000 of the funds available for the program in each of 4 fiscal years beginning in 2017–18 to be transferred to the Advance Mitigation Fund created by the bill pursuant to (12) below. The bill would continuously appropriate \$2,000,000 annually of the funds available for the program to the California State University for the purpose of conducting transportation research and transportation-related workforce education, training, and development, and \$3,000,000 annually to the institutes for transportation studies at the University of California. The bill would require the

remaining funds available for the program to be allocated 50% for maintenance of the state highway system or to the state highway operation and protection program and 50% to cities and counties pursuant to a specified formula. The bill would impose various requirements on the department and agencies receiving these funds. The bill would authorize a city or county to spend its apportionment of funds under the program on transportation priorities other than those allowable pursuant to the program if the city's or county's average Pavement Condition Index meets or exceeds 80.

The bill would also require the department to annually identify savings achieved through efficiencies implemented at the department and to propose, from the identified savings, an appropriation to be included in the annual Budget Act of up to \$70,000,000 from the State Highway Account for expenditure on the Active Transportation Program.

(2) Existing law establishes in state government the Transportation Agency, which includes various departments and state entities, including the California Transportation Commission. Existing law vests the California Transportation Commission with specified powers, duties, and functions relative to transportation matters. Existing law requires the commission to retain independent authority to perform the duties and functions prescribed to it under any provision of law.

This bill would exclude the California Transportation Commission from the Transportation Agency, establish it as an entity in state government, and require it to act in an independent oversight role. The bill would also make conforming changes.

(3) Existing law creates various state agencies, including the Department of Transportation, the High-Speed Rail Authority, the Department of the California Highway Patrol, the Department of Motor Vehicles, and the State Air Resources Board, with specified powers and duties. Existing law provides for the allocation of state transportation funds to various transportation purposes.

This bill would create the Office of the Transportation Inspector General in state government, as an independent office that would not be a subdivision of any other government entity, to ensure that all of the above-referenced state agencies and all other state agencies expending state transportation funds are operating efficiently, effectively, and in compliance with federal and state laws. The bill would provide for the Governor to appoint the Transportation Inspector General for a 6-year term, subject to confirmation by the Senate, and would provide that the Transportation Inspector General may not be

removed from office during the term except for good cause. The bill would specify the duties and responsibilities of the Transportation Inspector General and would require an annual report to the Legislature and Governor.

This bill would require the department to update the Highway Design Manual to incorporate the “complete streets” design concept by July 1, 2017.

(4) Existing law provides for loans of revenues from various transportation funds and accounts to the General Fund, with various repayment dates specified.

This bill would require the Department of Finance, on or before January 1, 2017, to compute the amount of outstanding loans made from specified transportation funds. The bill would require the Department of Transportation to prepare a loan repayment schedule and would require the outstanding loans to be repaid pursuant to that schedule, as prescribed. The bill would appropriate funds for that purpose from the Budget Stabilization Account. The bill would require the repaid funds to be transferred, pursuant to a specified formula, to cities and counties and to the department for maintenance of the state highway system and for purposes of the state highway operation and protection program.

(5) The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) created the Trade Corridors Improvement Fund and provided for allocation by the California Transportation Commission of \$2 billion in bond funds for infrastructure improvements on highway and rail corridors that have a high volume of freight movement and for specified categories of projects eligible to receive these funds. Existing law continues the Trade Corridors Improvement Fund in existence in order to receive revenues from sources other than the bond act for these purposes.

This bill would deposit the revenues attributable to a \$0.20 per gallon increase in the diesel fuel excise tax imposed by the bill into the Trade Corridors Improvement Fund. The bill would require revenues apportioned to the state from the national highway freight program established by the federal Fixing America’s Surface Transportation Act to be allocated for trade corridor improvement projects approved pursuant to these provisions.

Existing law requires the commission, in determining projects eligible for funding, to consult various state freight and regional infrastructure and goods movement plans and the statewide port master plan.

This bill would revise the list of plans to be consulted by the commission when determining eligible projects for funding. The bill would also expand eligible projects to include, among others, rail landside access improvements, landside freight access improvements to airports, and certain capital and operational improvements.

(6) Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions to be deposited in the Greenhouse Gas Reduction Fund. Existing law continuously appropriates 10% of the annual proceeds of the fund to the Transit and Intercity Rail Capital Program and 5% of the annual proceeds of the fund to the Low Carbon Transit Operations Program.

This bill would, beginning in the 2017–18 fiscal year, instead continuously appropriate 20% of those annual proceeds to the Transit and Intercity Rail Capital Program and 10% of those annual proceeds to the Low Carbon Transit Operations Program, thereby making an appropriation.

(7) Article XIX of the California Constitution restricts the expenditure of revenues from taxes imposed by the state on fuels used in motor vehicles upon public streets and highways to street and highway and certain mass transit purposes. Existing law requires certain miscellaneous revenues deposited in the State Highway Account that are not restricted as to expenditure by Article XIX of the California Constitution to be transferred to the Transportation Debt Service Fund in the State Transportation Fund, as specified, and requires the Controller to transfer from the fund to the General Fund an amount of those revenues necessary to offset the current year debt service made from the General Fund on general obligation transportation bonds issued pursuant to Proposition 116 of 1990.

This bill would delete the transfer of these miscellaneous revenues to the Transportation Debt Service Fund, thereby eliminating the offsetting transfer to the General Fund for debt service on general obligation transportation bonds issued pursuant to Proposition 116 of 1990. The bill, subject to a specified exception, would instead require the miscellaneous revenues to be retained in the State Highway Account and to be deposited in the Road Maintenance and Rehabilitation Account.

(8) Article XIX of the California Constitution requires gasoline excise tax revenues from motor vehicles traveling upon public streets and

highways to be deposited in the Highway Users Tax Account, for allocation to city, county, and state transportation purposes. Existing law generally provides for statutory allocation of gasoline excise tax revenues attributable to other modes of transportation, including aviation, boats, agricultural vehicles, and off-highway vehicles, to particular accounts and funds for expenditure on purposes associated with those other modes, except that a specified portion of these gasoline excise tax revenues is deposited in the General Fund. Expenditure of the gasoline excise tax revenues attributable to those other modes is not restricted by Article XIX of the California Constitution.

This bill, commencing July 1, 2017, would instead transfer to the Highway Users Tax Account for allocation to state and local transportation purposes under a specified formula the portion of gasoline excise tax revenues currently being deposited in the General Fund that are attributable to boats, agricultural vehicles, and off-highway vehicles. Because that account is continuously appropriated, the bill would make an appropriation.

(9) Existing law, as of July 1, 2011, increases the sales and use tax on diesel and decreases the excise tax, as provided. Existing law requires the State Board of Equalization to annually modify both the gasoline and diesel excise tax rates on a going-forward basis so that the various changes in the taxes imposed on gasoline and diesel are revenue neutral.

This bill would eliminate the annual rate adjustment to maintain revenue neutrality for the gasoline and diesel excise tax rates and would reimpose the higher gasoline excise tax rate that was in effect on July 1, 2010, in addition to the increase in the rate described in (1) above.

Existing law, beyond the sales and use tax rate generally applicable, imposes an additional sales and use tax on diesel fuel at the rate of 1.75%, subject to certain exemptions, and provides for the net revenues collected from the additional tax to be transferred to the Public Transportation Account. Existing law continuously appropriates these revenues to the Controller for allocation by formula to transportation agencies for public transit purposes under the State Transit Assistance Program.

This bill would increase the additional sales and use tax on diesel fuel by an additional 3.5%. By increasing the revenues deposited in the Public Transportation Account that are continuously appropriated, the bill would thereby make an appropriation. The bill would restrict expenditures of revenues from this increase in the sales and use tax on diesel fuel to transit capital purposes and certain transit services and

would require a recipient transit agency to comply with certain requirements, including submitting a list of proposed projects to the Department of Transportation, as a condition of receiving a portion of these funds. The bill would require the Controller to compute and publish quarterly proposed allocations for each eligible recipient agency under the State Transit Assistance Program. The bill would require an existing required audit of transit operator finances to verify that these new revenues have been expended in conformance with these specific restrictions and all other generally applicable requirements.

This bill would, beginning July 1, 2019, and every 3rd year thereafter, require the State Board of Equalization to recompute the gasoline and diesel excise tax rates and the additional sales and use tax rate on diesel fuel based upon the percentage change in the California Consumer Price Index transmitted to the board by the Department of Finance, as prescribed.

(10) Existing law requires the Department of Transportation to prepare a state highway operation and protection program every other year for the expenditure of transportation capital improvement funds for projects that are necessary to preserve and protect the state highway system, excluding projects that add new traffic lanes. The program is required to be based on an asset management plan, as specified. Existing law requires the department to specify, for each project in the program the capital and support budget and projected delivery date for various components of the project. Existing law provides for the California Transportation Commission to review and adopt the program, and authorizes the commission to decline and adopt the program if it determines that the program is not sufficiently consistent with the asset management plan.

The bill would require the commission, as part of its review of the program, to hold at least one hearing in northern California and one hearing in southern California regarding the proposed program. The bill would require the department to submit any change to a programmed project as an amendment to the commission for its approval.

This bill, on and after August 1, 2017, would also require the commission to make an allocation of all capital and support costs for each project in the program, and would require the department to submit a supplemental project allocation request to the commission for each project that experiences cost increases above the amounts in its allocation. The bill would require the commission to establish guidelines to provide exceptions to the requirement for a supplemental project

allocation requirement that the commission determines are necessary to ensure that projects are not unnecessarily delayed.

(11) Existing law imposes weight fees on the registration of commercial motor vehicles and provides for the deposit of net weight fee revenues into the State Highway Account. Existing law provides for the transfer of certain weight fee revenues from the State Highway Account to the Transportation Debt Service Fund to reimburse the General Fund for payment of debt service on general obligation bonds issued for transportation purposes. Existing law also provides for the transfer of certain weight fee revenues to the Transportation Bond Direct Payment Account for direct payment of debt service on designated bonds, which are defined to be certain transportation general obligation bonds issued pursuant to Proposition 1B of 2006. Existing law also provides for loans of weight fee revenues to the General Fund to the extent the revenues are not needed for bond debt service purposes, with the loans to be repaid when the revenues are later needed for those purposes, as specified.

This bill, notwithstanding these provisions or any other law, would only authorize specified amounts of weight fee revenues to be transferred from the State Highway Account to the Transportation Debt Service Fund, the Transportation Bond Direct Payment Account, or any other fund or account for the purpose of payment of the debt service on transportation general obligation bonds in accordance with a prescribed schedule, with no more than \$500,000,000 to be transferred in the 2021–22 and subsequent fiscal years. The bill would also prohibit loans of weight fee revenues to the General Fund.

(12) The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment.

CEQA, until January 1, 2020, exempts a project or an activity to repair, maintain, or make minor alterations to an existing roadway, as defined, other than a state roadway, if the project or activity is carried

out by a city or county with a population of less than 100,000 persons to improve public safety and meets other specified requirements.

This bill would extend the above-referenced exemption indefinitely and delete the limitation of the exemption to projects or activities in cities and counties with a population of less than 100,000 persons. The bill would also expand the exemption to include state roadways.

This bill would also establish the Advance Mitigation Program in the Department of Transportation. The bill would authorize the department to undertake mitigation measures in advance of construction of a planned transportation project. The bill would require the department to establish a steering committee to advise the department on advance mitigation measures and related matters. The bill would create the Advance Mitigation Fund as a continuously appropriated revolving fund, to be funded initially from the Road Maintenance and Rehabilitation Program pursuant to (1) above. The bill would provide for reimbursement of the revolving fund at the time a planned transportation project benefiting from advance mitigation is constructed.

(13) Existing federal law requires the United States Secretary of Transportation to carry out a surface transportation project delivery program, under which the participating states assume certain responsibilities for environmental review and clearance of transportation projects that would otherwise be the responsibility of the federal government. Existing law, until January 1, 2017, when these provisions are repealed, provides that the State of California consents to the jurisdiction of the federal courts with regard to the compliance, discharge, or enforcement of the responsibilities the Department of Transportation assumed as a participant in this program.

This bill would reenact these provisions.

(14) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Over the next 10 years, the state faces a \$59 billion shortfall
- 4 to adequately maintain the existing state highway system in order
- 5 to keep it in a basic state of good repair.

1 (b) Similarly, cities and counties face a \$78 billion shortfall
2 over the next decade to adequately maintain the existing network
3 of local streets and roads.

4 (c) Statewide taxes and fees dedicated to the maintenance of
5 the system have not been increased in more than 20 years, with
6 those revenues losing more than 55 percent of their purchasing
7 power, while costs to maintain the system have steadily increased
8 and much of the underlying infrastructure has aged past its expected
9 useful life.

10 (d) California motorists are spending \$17 billion annually in
11 extra maintenance and car repair bills, which is more than \$700
12 per driver, due to the state's poorly maintained roads.

13 (e) Failing to act now to address this growing problem means
14 that more drastic measures will be required to maintain our system
15 in the future, essentially passing the burden on to future generations
16 instead of doing our job today.

17 (f) A funding program will help address a portion of the
18 maintenance backlog on the state's road system and will stop the
19 growth of the problem.

20 (g) Modestly increasing various fees can spread the cost of road
21 repairs broadly to all users and beneficiaries of the road network
22 without overburdening any one group.

23 (h) Improving the condition of the state's road system will have
24 a positive impact on the economy as it lowers the transportation
25 costs of doing business, reduces congestion impacts for employees,
26 and protects property values in the state.

27 (i) The federal government estimates that increased spending
28 on infrastructure creates more than 13,000 jobs per \$1 billion spent.

29 (j) Well-maintained roads benefit all users, not just drivers, as
30 roads are used for all modes of transport, whether motor vehicles,
31 transit, bicycles, or pedestrians.

32 (k) Well-maintained roads additionally provide significant health
33 benefits and prevent injuries and death due to crashes caused by
34 poorly maintained infrastructure.

35 (l) A comprehensive, reasonable transportation funding package
36 will do all of the following:

37 (1) Ensure these transportation needs are addressed.

38 (2) Fairly distribute the economic impact of increased funding.

39 (3) Restore the gas tax rate previously reduced by the State
40 Board of Equalization pursuant to the gas tax swap.

1 (4) Direct increased revenue to the state's highest transportation
2 needs.

3 SEC. 2. Section 13975 of the Government Code is amended
4 to read:

5 13975. There is in the state government the Transportation
6 Agency. The agency consists of the Department of the California
7 Highway Patrol, the ~~California Transportation Commission~~, the
8 Department of Motor Vehicles, the Department of Transportation,
9 the High-Speed Rail Authority, and the Board of Pilot
10 Commissioners for the Bays of San Francisco, San Pablo, and
11 Suisun.

12 SEC. 3. Section 14033 is added to the Government Code, to
13 read:

14 14033. On or before July 1, 2017, the department shall update
15 the Highway Design Manual to incorporate the "complete streets"
16 design concept.

17 SEC. 4. Part 5.1 (commencing with Section 14460) is added
18 to Division 3 of Title 2 of the Government Code, to read:

19
20 PART 5.1. OFFICE OF THE TRANSPORTATION INSPECTOR
21 GENERAL
22

23 14460. (a) There is hereby created in state government the
24 independent Office of the Transportation Inspector General, which
25 shall not be a subdivision of any other governmental entity, to
26 ensure that the Department of Transportation, the High-Speed Rail
27 Authority, the Department of the California Highway Patrol, the
28 Department of Motor Vehicles, the State Air Resources Board,
29 and all other state agencies expending state transportation funds
30 are operating efficiently, effectively, and in compliance with
31 applicable federal and state laws.

32 (b) The Governor shall appoint, subject to confirmation by the
33 Senate, the Transportation Inspector General to a six-year term.
34 The Transportation Inspector General may not be removed from
35 office during that term, except for good cause. A finding of good
36 cause may include substantial neglect of duty, gross misconduct,
37 or conviction of a crime. The reasons for removal of the
38 Transportation Inspector General shall be stated in writing and
39 shall include the basis for removal. The writing shall be sent to
40 the Secretary of the Senate and the Chief Clerk of the Assembly

1 at the time of the removal and shall be deemed to be a public
2 document.

3 14461. The Transportation Inspector General shall review
4 policies, practices, and procedures and conduct audits and
5 investigations of activities involving state transportation funds in
6 consultation with all affected state agencies. Specifically, the
7 Transportation Inspector General's duties and responsibilities shall
8 include, but not be limited to, all of the following:

9 (a) To examine the operating practices of all state agencies
10 expending state transportation funds to identify fraud and waste,
11 opportunities for efficiencies, and opportunities to improve the
12 data used to determine appropriate project resource allocations.

13 (b) To identify best practices in the delivery of transportation
14 projects and develop policies or recommend proposed legislation
15 enabling state agencies to adopt these practices when practicable.

16 (c) To provide objective analysis of and, when possible, offer
17 solutions to concerns raised by the public or generated within
18 agencies involving the state's transportation infrastructure and
19 project delivery methods.

20 (d) To conduct, supervise, and coordinate audits and
21 investigations relating to the programs and operations of all state
22 transportation agencies with state-funded transportation projects.

23 (e) To recommend policies promoting economy and efficiency
24 in the administration of programs and operations of all state
25 agencies with state-funded transportation projects.

26 (f) To ensure that the Secretary of Transportation and the
27 Legislature are fully and currently informed concerning fraud or
28 other serious abuses or deficiencies relating to the expenditure of
29 funds or administration of programs and operations.

30 14462. The Transportation Inspector General shall report at
31 least annually to the Governor and Legislature with a summary of
32 his or her findings, investigations, and audits. The summary shall
33 be posted on the Transportation Inspector General's Internet Web
34 site and shall otherwise be made available to the public upon its
35 release to the Governor and Legislature. The summary shall
36 include, but need not be limited to, significant problems discovered
37 by the Transportation Inspector General and whether
38 recommendations of the Transportation Inspector General relative
39 to investigations and audits have been implemented by the affected

1 agencies. The report shall be submitted to the Legislature in
2 compliance with Section 9795.

3 SEC. 5. Section 14500 of the Government Code is amended
4 to read:

5 14500. There is in ~~the Transportation Agency~~ *state government*
6 a California Transportation Commission. *The commission shall*
7 *act in an independent oversight role.*

8 SEC. 6. Section 14526.5 of the Government Code is amended
9 to read:

10 14526.5. (a) Based on the asset management plan prepared
11 and approved pursuant to Section 14526.4, the department shall
12 prepare a state highway operation and protection program for the
13 expenditure of transportation funds for major capital improvements
14 that are necessary to preserve and protect the state highway system.
15 Projects included in the program shall be limited to ~~capital~~
16 ~~improvements relative to the maintenance, safety, operation, and~~
17 ~~rehabilitation~~ *rehabilitation, and operation* of state highways and
18 bridges that do not add a new traffic lane to the system.

19 (b) The program shall include projects that are expected to be
20 advertised prior to July 1 of the year following submission of the
21 program, but which have not yet been funded. The program shall
22 include those projects for which construction is to begin within
23 four fiscal years, starting July 1 of the year following the year the
24 program is submitted.

25 (c) *(1)* The department, at a minimum, shall specify, for each
26 project in the state highway operation and protection program, the
27 capital and support ~~budget, as well as a projected delivery date,~~
28 *budget* for each of the following project components:

29 ~~(1) Completion of project~~

30 ~~(A) Project approval and environmental documents.~~

31 ~~(2) Preparation of plans,~~

32 ~~(B) Plans, specifications, and estimates.~~

33 ~~(3) Acquisition of rights-of-way, including, but not limited to,~~
34 ~~support activities.~~

35 ~~(C) Rights-of-way.~~

36 ~~(D) Construction.~~

37 *(2) The department shall specify, for each project in the state*
38 *highway operation and protection program, a project delivery*
39 *date for each of the following components:*

40 *(A) Environmental document completion.*

1 (B) *Plans, specifications, and estimate completion.*

2 (C) *Right-of-way certification.*

3 ~~(4)~~

4 (D) *Start of construction.*

5 (d) ~~The program department shall be submitted~~ *submit its*
6 *proposed program* to the commission not later than January 31 of
7 each even-numbered year. Prior to submitting ~~the plan~~, *its proposed*
8 *program*, the department shall make a draft of its proposed program
9 available to transportation planning agencies for review and
10 comment and shall include the comments in its submittal to the
11 commission. *The department shall provide the commission with*
12 *detailed information for all programmed projects, including, but*
13 *not limited to, cost, scope, schedule, and performance metrics as*
14 *determined by the commission.*

15 (e) ~~The commission may~~ *shall* review the *proposed* program
16 relative to its overall adequacy, consistency with the asset
17 management plan prepared and approved pursuant to Section
18 14526.4 and funding priorities established in Section 167 of the
19 Streets and Highways Code, the level of annual funding needed
20 to implement the program, and the impact of those expenditures
21 on the state transportation improvement program. The commission
22 shall adopt the program and submit it to the Legislature and the
23 Governor not later than April 1 of each even-numbered year. The
24 commission may decline to adopt the program if the commission
25 determines that the program is not sufficiently consistent with the
26 asset management plan prepared and approved pursuant to Section
27 14526.4.

28 (f) *As part of the commission's review of the program required*
29 *pursuant to subdivision (a), the commission shall hold at least one*
30 *hearing in northern California and one hearing in southern*
31 *California regarding the proposed program.*

32 ~~(f)~~

33 (g) Expenditures for these projects shall not be subject to
34 Sections 188 and 188.8 of the Streets and Highways Code.

35 (h) *Following adoption of the state highway operation and*
36 *protection program by the commission, any change to a*
37 *programmed project shall be submitted as an amendment by the*
38 *department to the commission for its approval before the change*
39 *may be implemented.*

1 SEC. 7. Section 14526.7 is added to the Government Code, to
2 read:

3 14526.7. (a) On and after August 1, 2017, an allocation by the
4 commission of all capital and support costs for each project in the
5 state highway operation and protection program shall be required.

6 (b) For a project that experiences increases in capital or support
7 costs above the amounts in the commission's allocation pursuant
8 to subdivision (a), a supplemental project allocation request shall
9 be submitted by the department to the commission for approval.

10 (c) The commission shall establish guidelines to provide
11 exceptions to the requirement of subdivision (b) that the
12 commission determines are necessary to ensure that projects are
13 not unnecessarily delayed.

14 SEC. 8. Section 14534.1 of the Government Code is repealed.

15 ~~14534.1. Notwithstanding Section 12850.6 or subdivision (b)~~
16 ~~of Section 12800, as added to this code by the Governor's~~
17 ~~Reorganization Plan No. 2 of 2012 during the 2011-12 Regular~~
18 ~~Session, the commission shall retain independent authority to~~
19 ~~perform those duties and functions prescribed to it under any~~
20 ~~provision of law.~~

21 SEC. 9. Section 16321 is added to the Government Code, to
22 read:

23 16321. (a) Notwithstanding any other law, on or before January
24 1, 2017, the Department of Finance shall compute the amount of
25 outstanding loans made from the State Highway Account, the
26 Motor Vehicle Fuel Account, the Highway Users Tax Account,
27 and the Motor Vehicle Account to the General Fund. The
28 department shall prepare a loan repayment schedule, pursuant to
29 which the outstanding loans shall be repaid, as follows:

30 (1) On or before June 30, 2017, 50 percent of the outstanding
31 loan amounts.

32 (2) On or before June 30, 2018, the remainder of the outstanding
33 loan amounts.

34 (b) Notwithstanding any other law, as the loans are repaid
35 pursuant to this section, the repaid funds shall be transferred in the
36 following manner:

37 (1) Fifty percent to cities and counties pursuant to clauses (i)
38 and (ii) of subparagraph (C) of paragraph (3) of subdivision (a) of
39 Section 2103 of the Streets and Highways Code.

1 (2) Fifty percent to the department for maintenance of the state
2 highway system and for purposes of the state highway operation
3 and protection program.

4 (c) Funds for loan repayments pursuant to this section are hereby
5 appropriated from the Budget Stabilization Account pursuant to
6 subclause (II) of clause (ii) of subparagraph (B) of paragraph (1)
7 of subdivision (c) of Section 20 of Article XVI of the California
8 Constitution.

9 SEC. 10. Section 16965 of the Government Code is amended
10 to read:

11 16965. (a) (1) The Transportation Debt Service Fund is hereby
12 created in the State Treasury. Moneys in the fund shall be dedicated
13 to all of the following purposes:

14 (A) Payment of debt service with respect to designated bonds,
15 as defined in subdivision (c) of Section 16773, and as further
16 provided in paragraph (3) and subdivision (b).

17 (B) To reimburse the General Fund for debt service with respect
18 to bonds.

19 (C) To redeem or retire bonds, pursuant to Section 16774,
20 maturing in a subsequent fiscal year.

21 (2) The bonds eligible under subparagraph (B) or (C) of
22 paragraph (1) include bonds issued pursuant to the ~~Clean Air and~~
23 ~~Transportation Improvement Act of 1990 (Part 11.5 (commencing~~
24 ~~with Section 99600) of Division 10 of the Public Utilities Code),~~
25 ~~the Passenger Rail and Clean Air Bond Act of 1990 (Chapter 17~~
26 ~~(commencing with Section 2701) of Division 3 of the Streets and~~
27 ~~Highways Code), the Seismic Retrofit Bond Act of 1996 (Chapter~~
28 ~~12.48 (commencing with Section 8879) of Division 1 of Title 2),~~
29 ~~and the Safe, Reliable High-Speed Passenger Train Bond Act for~~
30 ~~the 21st Century (Chapter 20 (commencing with Section 2704) of~~
31 ~~Division 3 of the Streets and Highways Code), and nondesignated~~
32 ~~bonds under Proposition 1B, as defined in subdivision (c) of~~
33 ~~Section 16773.~~

34 (3) (A) The Transportation Bond Direct Payment Account is
35 hereby created in the State Treasury, as a subaccount within the
36 Transportation Debt Service Fund, for the purpose of directly
37 paying the debt service, as defined in paragraph (4), of designated
38 bonds of Proposition 1B, as defined in subdivision (c) of Section
39 16773. Notwithstanding Section 13340, moneys in the
40 Transportation Bond Direct Payment Account are continuously

1 appropriated for payment of debt service with respect to designated
2 bonds as provided in subdivision (c) of Section 16773. So long as
3 any designated bonds remain outstanding, the moneys in the
4 Transportation Bond Direct Payment Account may not be used
5 for any other purpose, and may not be borrowed by or available
6 for transfer to the General Fund pursuant to Section 16310 or any
7 similar law, or to the General Cash Revolving Fund pursuant to
8 Section 16381 or any similar law.

9 (B) Once the Treasurer makes a certification that payment of
10 debt service with respect to all designated bonds has been paid or
11 provided for, any remaining moneys in the Transportation Bond
12 Direct Payment Account shall be transferred back to the
13 Transportation Debt Service Fund.

14 (C) The moneys in the Transportation Bond Direct Payment
15 Account shall be invested in the Surplus Money Investment Fund,
16 and all investment earnings shall accrue to the account.

17 (D) The Controller may establish subaccounts within the
18 Transportation Bond Direct Payment Account as may be required
19 by the resolution, indenture, or other documents governing any
20 designated bonds.

21 (4) For purposes of this subdivision and subdivision (b), and
22 subdivision (c) of Section 16773, “debt service” means payment
23 of all of the following costs and expenses with respect to any
24 designated bond:

25 (A) The principal of and interest on the bonds.

26 (B) Amounts payable as the result of tender on any bonds, as
27 described in clause (iv) of subparagraph (B) of paragraph (1) of
28 subdivision (d) of Section 16731.

29 (C) Amounts payable under any contractual obligation of the
30 state to repay advances and pay interest thereon under a credit
31 enhancement or liquidity agreement as described in clause (iv) of
32 subparagraph (B) of paragraph (1) of subdivision (d) of Section
33 16731.

34 (D) Any amount owed by the state to a counterparty after any
35 offset for payments owed to the state on any hedging contract as
36 described in subparagraph (A) of paragraph (2) of subdivision (d)
37 of Section 16731.

38 (b) From the moneys transferred to the fund pursuant to
39 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the
40 Vehicle Code, there shall first be deposited into the Transportation

1 Bond Direct Payment Account in each month sufficient funds to
2 equal the amount designated in a certificate submitted by the
3 Treasurer to the Controller and the Director of Finance at the start
4 of each fiscal year, and as may be modified by the Treasurer
5 thereafter upon issuance of any new issue of designated bonds or
6 upon change in circumstances that requires such a modification.
7 This certificate shall be calculated by the Treasurer to identify, for
8 each month, the amount necessary to fund all of the debt service
9 with respect to all designated bonds. This calculation shall be done
10 in a manner provided in the resolution, indenture, or other
11 documents governing the designated bonds. In the event that
12 transfers to the Transportation Bond Direct Payment Account in
13 any month are less than the amounts required in the Treasurer's
14 certificate, the shortfall shall carry over to be part of the required
15 payment in the succeeding month or months.

16 (c) The state hereby covenants with the holders from time to
17 time of any designated bonds that it will not alter, amend, or restrict
18 the provisions of subdivision (c) of Section 16773 of the
19 Government Code, or Sections 9400, 9400.1, 9400.4, and 42205
20 of the Vehicle Code, which provide directly or indirectly for the
21 transfer of weight fees to the Transportation Debt Service Fund
22 or the Transportation Bond Direct Payment Account, or
23 subdivisions (a) and (b) of this section, or reduce the rate of
24 imposition of vehicle weight fees under Sections 9400 and 9400.1
25 of the Vehicle Code as they existed on the date of the first issuance
26 of any designated bonds, if that alteration, amendment, restriction,
27 or reduction would result in projected weight fees for the next
28 fiscal year determined by the Director of Finance being less than
29 two times the maximum annual debt service with respect to all
30 outstanding designated bonds, as such calculation is determined
31 pursuant to the resolution, indenture, or other documents governing
32 the designated bonds. The state may include this covenant in the
33 resolution, indenture, or other documents governing the designated
34 bonds.

35 (d) Once the required monthly deposit, including makeup of
36 any shortfalls from any prior month, has been made pursuant to
37 subdivision (b), from moneys transferred to the fund pursuant to
38 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the
39 Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the
40 Controller shall transfer as an expenditure reduction to the General

Fund any amount necessary to offset the cost of current year debt service payments made from the General Fund with respect to any bonds issued pursuant to Proposition 192 (1996) and three-quarters of the amount of current year debt service payments made from the General Fund with respect to any nondesignated bonds, as defined in subdivision (c) of Section 16773, issued pursuant to Proposition 1B (2006). In the alternative, these funds may also be used to redeem or retire the applicable bonds, pursuant to Section 16774, maturing in a subsequent fiscal year as directed by the Director of Finance.

~~(e) From moneys transferred to the fund pursuant to Section 183.1 of the Streets and Highways Code, the Controller shall transfer as an expenditure reduction to the General Fund any amount necessary to offset the cost of current year debt service payments made from the General Fund with respect to any bonds issued pursuant to Proposition 116 (1990). In the alternative, these funds may also be used to redeem or retire the applicable bonds, pursuant to Section 16774, maturing in a subsequent fiscal year as directed by the Director of Finance.~~

~~(f)~~

(e) Once the required monthly deposit, including makeup of any shortfalls from any prior month, has been made pursuant to subdivision (b), from moneys transferred to the fund pursuant to paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the Controller shall transfer as an expenditure reduction to the General Fund any amount necessary to offset the eligible cost of current year debt service payments made from the General Fund with respect to any bonds issued pursuant to Proposition 108 (1990) and Proposition 1A (2008), and one-quarter of the amount of current year debt service payments made from the General Fund with respect to any nondesignated bonds, as defined in subdivision (c) of Section 16773, issued pursuant to Proposition 1B (2006). The Department of Finance shall notify the Controller by July 30 of every year of the percentage of debt service that is expected to be paid in that fiscal year with respect to bond-funded projects that qualify as eligible guideway projects consistent with the requirements applicable to the expenditure of revenues under Article XIX of the California Constitution, and the Controller shall make payments only for those eligible projects. In the alternative,

1 these funds may also be used to redeem or retire the applicable
2 bonds, pursuant to Section 16774, maturing in a subsequent fiscal
3 year as directed by the Director of Finance.

4 ~~(g)~~

5 (f) On or before the second business day following the date on
6 which transfers are made to the Transportation Debt Service Fund,
7 and after the required monthly deposits for that month, including
8 makeup of any shortfalls from any prior month, have been made
9 to the Transportation Bond Direct Payment Account, the Controller
10 shall transfer the funds designated for reimbursement of bond debt
11 service with respect to nondesignated bonds, as defined in
12 subdivision (c) of Section 16773, and other bonds identified in
13 subdivisions ~~(d), (e),~~ (d) and ~~(f)~~ (e) in that month from the fund to
14 the General Fund pursuant to this section.

15 SEC. 11. Section 39719 of the Health and Safety Code is
16 amended to read:

17 39719. (a) The Legislature shall appropriate the annual
18 proceeds of the fund for the purpose of reducing greenhouse gas
19 emissions in this state in accordance with the requirements of
20 Section 39712.

21 (b) To carry out a portion of the requirements of subdivision
22 (a), annual proceeds are continuously appropriated for the
23 following:

24 (1) Beginning in the ~~2015-16~~ 2017-18 fiscal year, and
25 notwithstanding Section 13340 of the Government Code, ~~35~~ 50
26 percent of annual proceeds are continuously appropriated, without
27 regard to fiscal years, for transit, affordable housing, and
28 sustainable communities programs as ~~following~~ follows:

29 (A) ~~Ten~~ Twenty percent of the annual proceeds of the fund is
30 hereby continuously appropriated to the Transportation Agency
31 for the Transit and Intercity Rail Capital Program created by Part
32 2 (commencing with Section 75220) of Division 44 of the Public
33 Resources Code.

34 (B) ~~Five~~ Ten percent of the annual proceeds of the fund is hereby
35 continuously appropriated to the Low Carbon Transit Operations
36 Program created by Part 3 (commencing with Section 75230) of
37 Division 44 of the Public Resources Code. ~~Funds~~ Moneys shall be
38 allocated by the Controller, according to requirements of the
39 program, and pursuant to the distribution formula in subdivision

(b) or (c) of Section 99312 of, and Sections 99313 and 99314 of, the Public Utilities Code.

(C) Twenty percent of the annual proceeds of the fund is hereby continuously appropriated to the Strategic Growth Council for the Affordable Housing and Sustainable Communities Program created by Part 1 (commencing with Section 75200) of Division 44 of the Public Resources Code. Of the amount appropriated in this subparagraph, no less than 10 percent of the annual ~~proceeds~~; *proceeds* shall be expended for affordable housing, consistent with the provisions of that program.

(2) Beginning in the 2015–16 fiscal year, notwithstanding Section 13340 of the Government Code, 25 percent of the annual proceeds of the fund is hereby continuously appropriated to the High-Speed Rail Authority for the following components of the initial operating segment and Phase I Blended System as described in the 2012 business plan adopted pursuant to Section 185033 of the Public Utilities Code:

(A) Acquisition and construction costs of the project.

(B) Environmental review and design costs of the project.

(C) Other capital costs of the project.

(D) Repayment of any loans made to the authority to fund the project.

(c) In determining the amount of annual proceeds of the fund for purposes of the calculation in subdivision (b), the funds subject to Section 39719.1 shall not be included.

SEC. 12. Section 21080.37 of the Public Resources Code is amended to read:

21080.37. (a) This division does not apply to a project or an activity to repair, maintain, or make minor alterations to an existing roadway if all of the following conditions are met:

~~(1) The project is carried out by a city or county with a population of less than 100,000 persons to improve public safety.~~

~~(2)~~

(1) (A) The project does not cross a waterway.

(B) For purposes of this paragraph, “waterway” means a bay, estuary, lake, pond, river, slough, or a perennial, intermittent, or ephemeral stream, lake, or estuarine-marine shoreline.

~~(3)~~

1 (2) The project involves negligible or no expansion of an
2 existing use beyond that existing at the time of the lead agency's
3 determination.

4 ~~(4) The roadway is not a state roadway.~~

5 ~~(5)~~

6 (3) (A) The site of the project does not contain wetlands or
7 riparian areas and does not have significant value as a wildlife
8 habitat, and the project does not harm any species protected by the
9 federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et
10 seq.), the Native Plant Protection Act (Chapter 10 (commencing
11 with Section 1900) of Division 2 of the Fish and Game Code), or
12 the California Endangered Species Act (Chapter 1.5 (commencing
13 with Section 2050) of Division 3 of the Fish and Game Code), and
14 the project does not cause the destruction or removal of any species
15 protected by a local ordinance.

16 (B) For the purposes of this paragraph:

17 (i) "Riparian areas" mean those areas transitional between
18 terrestrial and aquatic ecosystems and that are distinguished by
19 gradients in biophysical conditions, ecological processes, and biota.
20 A riparian area is an area through which surface and subsurface
21 hydrology connect waterbodies with their adjacent uplands. A
22 riparian area includes those portions of terrestrial ecosystems that
23 significantly influence exchanges of energy and matter with aquatic
24 ecosystems. A riparian area is adjacent to perennial, intermittent,
25 and ephemeral streams, lakes, and estuarine-marine shorelines.

26 (ii) "Significant value as a wildlife habitat" includes wildlife
27 habitat of national, statewide, regional, or local importance; habitat
28 for species protected by the federal Endangered Species Act of
29 1973 (16 U.S.C. Sec. ~~1531~~, 1531 et seq.), the California
30 Endangered Species Act (Chapter 1.5 (commencing with Section
31 2050) of Division 3 of the Fish and Game Code), or the Native
32 Plant Protection Act (Chapter 10 (commencing with Section 1900)
33 of Division 2 of the Fish and Game Code); habitat identified as
34 candidate, fully protected, sensitive, or species of special status
35 by local, state, or federal agencies; or habitat essential to the
36 movement of resident or migratory wildlife.

37 (iii) "Wetlands" has the same meaning as in the United States
38 Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993).

(iv) “Wildlife habitat” means the ecological communities upon which wild animals, birds, plants, fish, amphibians, and invertebrates depend for their conservation and protection.

~~(6)~~

(4) The project does not impact cultural resources.

~~(7)~~

(5) The roadway does not affect scenic resources, as provided pursuant to subdivision (c) of Section 21084.

(b) Prior to determining that a project is exempt pursuant to this section, the lead agency shall do both of the following:

(1) Include measures in the project to mitigate potential vehicular traffic and safety impacts and bicycle and pedestrian safety impacts.

(2) Hold a noticed public hearing on the project to hear and respond to public comments. The hearing on the project may be conducted with another noticed lead agency public hearing. Publication of the notice shall be no fewer times than required by Section 6061 of the Government Code, by the public agency in a newspaper of general circulation in the area.

(c) For purposes of this section, “roadway” means a roadway as defined pursuant to Section 530 of the Vehicle Code and the previously graded and maintained shoulder that is within a roadway right-of-way of no more than five feet from the edge of the roadway.

~~(d) Whenever~~

(d) (1) If a state agency determines that a project is not subject to this division pursuant to this section and it approves or determines to carry out that project, it shall file a notice with the Office of Planning and Research in the manner specified in subdivisions (b) and (c) of Section 21108.

(2) If a local agency determines that a project is not subject to this division pursuant to this section, section and it approves or determines to carry out that project, the local agency it shall file a notice with the Office of Planning and Research, and with the county clerk in the county in which the project will be located in the manner specified in subdivisions (b) and (c) of Section 21152.

~~(e) This section shall remain in effect only until January 1, 2020, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2020, deletes or extends that date.~~

1 SEC. 13. Division 13.6 (commencing with Section 21200) is
2 added to the Public Resources Code, to read:

3
4 DIVISION 13.6. ADVANCE MITIGATION PROGRAM ACT

5
6 CHAPTER 1. GENERAL
7

8 21200. This division shall be known, and may be cited, as the
9 Advance Mitigation Program Act.

10 21201. (a) The purpose of this division is to improve the
11 success and effectiveness of actions implemented to mitigate the
12 natural resource impacts of future transportation projects by
13 establishing the means to implement those actions well before the
14 transportation projects are constructed. The advance identification
15 and implementation of mitigation actions also will streamline the
16 delivery of transportation projects by anticipating mitigation
17 requirements for planned transportation projects and avoiding or
18 reducing delays associated with environmental permitting. By
19 identifying regional or statewide conservation priorities and by
20 anticipating the impacts of planned transportation projects on a
21 regional or statewide basis, mitigation actions can be designed to
22 protect and restore California's most valuable natural resources
23 and also facilitate environmental compliance for planned
24 transportation projects on a regional scale.

25 (b) This division is not intended to create a new environmental
26 permitting or regulatory program or to modify existing
27 environmental laws or regulations, nor is it expected that all
28 mitigation requirements will be addressed for planned
29 transportation projects. Instead, it is intended to provide a
30 methodology with which to anticipate and fulfill the requirements
31 of existing state and federal environmental laws that protect fish,
32 wildlife, plant species, and other natural resources more efficiently
33 and effectively.

34 21202. The Legislature finds and declares all of the following:

35 (a) The minimization and mitigation of environmental impacts
36 is ordinarily handled on a project-by-project basis, usually near
37 the end of a project's timeline and often without guidance regarding
38 regional or statewide conservation priorities.

39 (b) The cost of critical transportation projects often escalates
40 because of permitting delays that occur when appropriate

1 conservation and mitigation measures cannot easily be identified
2 and because the cost of these measures often increases between
3 the time a project is planned and funded and the time mitigation
4 is implemented.

5 (c) Addressing conservation and mitigation needs early in a
6 project's timeline, during the project design and development
7 phase, can reduce costs, allow natural resources conservation to
8 be integrated with project siting and design, and result in the
9 establishment of more valuable and productive habitat mitigation.

10 (d) When the Department of Transportation is able to anticipate
11 the mitigation needs for planned transportation projects, it can
12 meet those needs in a more timely and cost-effective way by using
13 advance mitigation planning.

14 (e) Working with state and federal resource protection agencies,
15 the department can identify, conserve, and, where appropriate,
16 restore lands for mitigation of numerous projects early in the
17 projects' timelines, thereby allowing public funds to stretch further
18 by acquiring habitat at a lower cost and avoiding environmental
19 permitting delays.

20 (f) Advance mitigation can provide an effective means of
21 facilitating delivery of transportation projects while ensuring more
22 effective natural resource conservation.

23 (g) Advance mitigation is needed to direct mitigation funding
24 for transportation projects to agreed-upon conservation priorities
25 and to the creation of habitat reserves and recreation areas that
26 enhance the sustainability of human and natural systems by
27 protecting or restoring connectivity of natural communities and
28 the delivery of ecosystem services.

29 (h) Advance mitigation can facilitate the implementation of
30 climate change adaptation strategies both for ecosystems and
31 California's economy.

32 (i) Advance mitigation can enable the state to protect, restore,
33 and recover its natural resources as it strengthens and improves
34 its transportation systems.

35 21203. The Legislature intends to do all of the following by
36 enacting this division:

37 (a) Facilitate delivery of transportation projects while ensuring
38 more effective natural resource conservation.

(b) Develop effective strategies to improve the state's ability to meet mounting demands for transportation improvements and to maximize conservation and other public benefits.

(c) Achieve conservation objectives of statewide and regional importance by coordinating local, state, and federally funded natural resource conservation efforts with mitigation actions required for impacts from transportation projects.

(d) Create administrative, governance, and financial incentives and mechanisms necessary to ensure that measures required to minimize or mitigate impacts from transportation projects will serve to achieve regional or statewide natural resource conservation objectives.

CHAPTER 2. DEFINITIONS

21204. For purposes of this division, the following terms have the following meanings:

(a) "Advance mitigation" means mitigation implemented before, and in anticipation of, environmental effects of planned transportation projects.

(b) "Commission" means the California Transportation Commission.

(c) "Department" means the Department of Transportation.

(d) "Transportation project" means a transportation capital improvement project.

(e) "Planned transportation project" means a transportation project that a transportation agency has concluded is reasonably likely to be constructed within 20 years and that has been identified to the agency for purposes of this division. A planned transportation project may include, but is not limited to, a transportation project that has been proposed for approval or that has been approved.

(f) "Program" means the Advance Mitigation Program implemented pursuant to this division.

(g) "Regulatory agency" means a state or federal natural resource protection agency with regulatory authority over planned transportation projects. A regulatory agency includes, but is not limited to, the Natural Resources Agency, the Department of Fish and Wildlife, California regional water quality control boards, the United States Fish and Wildlife Service, the National Marine

1 Fisheries Service, the United States Environmental Protection
2 Agency, and the United States Army Corps of Engineers.

3
4 CHAPTER 3. ADVANCE MITIGATION PROGRAM
5

6 21205. (a) The Advance Mitigation Program is hereby created
7 in the department to accelerate project delivery and improve
8 environmental outcomes of environmental mitigation for planned
9 transportation projects.

10 (b) The program may utilize mitigation instruments, including,
11 but not limited to, mitigation banks, in lieu of fee programs, and
12 conservation easements as defined in Section 815.1 of the Civil
13 Code.

14 (c) The department shall track all implemented advance
15 mitigation projects to use as credits for environmental mitigation
16 for state-sponsored transportation projects.

17 (d) The department may use advance mitigation credits to fulfill
18 mitigation requirements of any environmental law for a
19 transportation project eligible for the State Transportation
20 Improvement Program or the State Highway Operation and
21 Protection Program.

22 21206. No later than August 1, 2017, the department shall
23 establish an interagency transportation advance mitigation steering
24 committee consisting of the department and appropriate state and
25 federal regulatory agencies to support the program so that advance
26 mitigation can be used as required mitigation for planned
27 transportation projects and can provide improved environmental
28 outcomes. The committee shall advise the department of
29 opportunities to carry out advance mitigation projects, provide the
30 best available science, and actively participate in mitigation
31 instrument reviews and approvals. The committee shall seek to
32 develop streamlining opportunities, including those related to
33 landscape scale mitigation planning and alignment of federal and
34 state regulations and procedures related to mitigation requirements
35 and implementation. The committee shall also provide input on
36 crediting, using, and tracking of advance mitigation investments.

37 21207. The Advance Mitigation Fund is hereby created in the
38 State Transportation Fund as a revolving fund. Notwithstanding
39 Section 13340 of the Government Code, the fund shall be
40 continuously appropriated without regard to fiscal years. The

1 moneys in the fund shall be programmed by the commission for
2 the planning and implementation of advance mitigation projects
3 consistent with the purposes of this chapter. After the transfer of
4 moneys to the fund for four fiscal years pursuant to subdivision
5 (c) of Section 2032 of the Streets and Highways Code, commencing
6 in the 2017–18 fiscal year, the program is intended to be
7 self-sustaining. Advance expenditures from the fund shall later be
8 reimbursed from project funding available at the time a planned
9 transportation project is constructed. A maximum of 5 percent of
10 available funds may be used for administrative purposes.

11 21208. The program is intended to improve the efficiency and
12 efficacy of mitigation only and is not intended to supplant the
13 requirements of the California Environmental Quality Act (Division
14 13 (commencing with Section 21000) or any other environmental
15 law. The identification of planned transportation projects and of
16 mitigation projects or measures for planned transportation projects
17 under this division does not imply or require approval of those
18 projects for purposes of the California Environmental Quality Act
19 (Division 13 (commencing with Section 21000) or any other
20 environmental law.

21 SEC. 14. Section 99312.1 of the Public Utilities Code is
22 amended to read:

23 99312.1. (a) Revenues transferred to the Public Transportation
24 Account pursuant to Sections 6051.8 and 6201.8 of the Revenue
25 and Taxation Code are hereby continuously appropriated to the
26 Controller for allocation as follows:

27 ~~(a)~~

28 (1) Fifty percent for allocation to transportation planning
29 agencies, county transportation commissions, and the San Diego
30 Metropolitan Transit Development Board pursuant to Section
31 99314.

32 ~~(b)~~

33 (2) Fifty percent for allocation to transportation agencies, county
34 transportation commissions, and the San Diego Metropolitan
35 Transit Development Board for purposes of Section 99313.

36 (b) For purposes of this chapter, the revenues allocated pursuant
37 to this section shall be subject to the same requirements as revenues
38 allocated pursuant to subdivisions (b) and (c), as applicable, of
39 Section 99312.

1 (c) *The revenues transferred to the Public Transportation*
2 *Account that are attributable to the increase in the sales and use*
3 *tax on diesel fuel pursuant to subdivision (b) of Section 6051.8 of*
4 *the Revenue and Taxation Code, as adjusted pursuant to*
5 *subdivision (c) of that section, and subdivision (b) of Section 6201.8*
6 *of the Revenue and Taxation Code, as adjusted pursuant to*
7 *subdivision (c) of that section, upon allocation pursuant to Sections*
8 *99313 and 99314, shall only be expended on the following:*

9 (1) *Transit capital projects or services to maintain or repair a*
10 *transit operator's existing transit vehicle fleet or existing transit*
11 *facilities, including rehabilitation or modernization of existing*
12 *vehicles or facilities.*

13 (2) *The design, acquisition, and construction of new vehicles*
14 *or facilities that improve existing transit services.*

15 (3) *Transit services that complement local efforts for repair and*
16 *improvement of local transportation infrastructure.*

17 (d) (1) *Prior to receiving an apportionment of funds pursuant*
18 *to subdivision (c) from the Controller in a fiscal year, a recipient*
19 *transit agency shall submit to the Department of Transportation*
20 *a list of projects proposed to be funded with these funds. The list*
21 *of projects proposed to be funded with these funds shall include*
22 *a description and location of each proposed project, a proposed*
23 *schedule for the project's completion, and the estimated useful life*
24 *of the improvement. The project list shall not limit the flexibility*
25 *of a recipient transit agency to fund projects in accordance with*
26 *local needs and priorities so long as the projects are consistent*
27 *with subdivision (c).*

28 (2) *The department shall report to the Controller the recipient*
29 *transit agencies that have submitted a list of projects as described*
30 *in this subdivision and that are therefore eligible to receive an*
31 *apportionment of funds for the applicable fiscal year. The*
32 *Controller, upon receipt of the report, shall apportion funds*
33 *pursuant to Sections 99313 and 99314.*

34 (e) *For each fiscal year, each recipient transit agency receiving*
35 *an apportionment of funds pursuant to subdivision (c) shall, upon*
36 *expending those funds, submit documentation to the department*
37 *that includes a description and location of each completed project,*
38 *the amount of funds expended on the project, the completion date,*
39 *and the estimated useful life of the improvement.*

1 (f) *The audit of transit operator finances required pursuant to*
2 *Section 99245 shall verify that the revenues identified in*
3 *subdivision (c) have been expended in conformance with these*
4 *specific requirements and all other generally applicable*
5 *requirements.*

6 SEC. 15. Section 99314.9 is added to the Public Utilities Code,
7 to read:

8 99314.9. The Controller shall compute quarterly proposed
9 allocations for State Transit Assistance funds available for
10 allocation pursuant to Sections 99313 and 99314. The Controller
11 shall publish the allocations for each eligible recipient agency,
12 including one list applicable to revenues allocated pursuant to
13 subdivision (c) of Section 99312.1 and another list for revenues
14 allocated from all other revenues in the Public Transportation
15 Account that are designated for the State Transit Assistance
16 Program.

17 SEC. 16. Section 6051.8 of the Revenue and Taxation Code
18 is amended to read:

19 6051.8. (a) Except as provided by Section 6357.3, in addition
20 to the taxes imposed by this part, for the privilege of selling
21 tangible personal property at retail a tax is hereby imposed upon
22 all retailers at the rate of 1.75 percent of the gross receipts of any
23 retailer from the sale of all diesel fuel, as defined in Section 60022,
24 ~~sold at retail in this state on and after the operative date of this~~
25 ~~subdivision.~~ *fuel.*

26 (b) *Except as provided by Section 6357.3, in addition to the*
27 *taxes imposed by this part and by subdivision (a), for the privilege*
28 *of selling tangible personal property at retail a tax is hereby*
29 *imposed upon all retailers at the rate of 3.5 percent of the gross*
30 *receipts of any retailer from the sale of all diesel fuel, as defined*
31 *in Section 60022, sold at retail in this state. The tax imposed under*
32 *this subdivision shall be imposed on and after the first day of the*
33 *first calendar quarter that occurs 120 days after the effective date*
34 *of the act adding this subdivision.*

35 ~~(b) Notwithstanding subdivision (a), for~~

36 (c) *Beginning July 1, 2019, and every third year thereafter, the*
37 ~~2011-12 fiscal year only, State Board of Equalization shall~~
38 ~~recompute the rate referenced in subdivision (a) rates of the taxes~~
39 ~~imposed by this section. That computation shall be 1.87 percent.~~
40 *made as follows:*

~~(e) Notwithstanding subdivision (a),~~

~~(1) The Department of Finance shall transmit to the State Board of Equalization the percentage change in the California Consumer Price Index for all items from November of three calendar years prior to November of the 2012-13 fiscal year only, the rate referenced in subdivision (a) shall be 2.17 percent. prior calendar year, no later than January 31, 2019, and January 31 of every third year thereafter.~~

~~(d) Notwithstanding subdivision (a), for~~

~~(2) The State Board of Equalization shall do all of the following:~~

~~(A) Compute an inflation adjustment factor by adding 100 percent to the percentage change figure that is furnished pursuant to paragraph (1) and dividing the result by 100.~~

~~(B) Multiply the preceding tax rate per gallon by the inflation adjustment factor determined in subparagraph (A) and round off the resulting product to the nearest tenth of a cent.~~

~~(C) Make its determination of the 2013-14 fiscal year only, new rate no later than March 1 of the rate referenced in subdivision (a) shall be 1.94 percent. same year as the effective date of the new rate.~~

~~(e)~~

~~(d) Notwithstanding subdivision (b) of Section 7102, all of the revenues, less refunds, collected pursuant to this section shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and transferred quarterly to the Public Transportation Account in the State Transportation Fund for allocation pursuant to Section 99312.1 of the Public Utilities Code.~~

~~(f) Subdivisions (a) to (e), inclusive, shall become operative on July 1, 2011.~~

SEC. 17. Section 6201.8 of the Revenue and Taxation Code is amended to read:

6201.8. (a) Except as provided by Section 6357.3, in addition to the taxes imposed by this part, an excise tax is hereby imposed on the storage, use, or other consumption in this state of diesel fuel, as defined in Section 60022, at the rate of 1.75 percent of the sales price of the diesel fuel on and after the operative date of this subdivision: *fuel*.

~~(b) Notwithstanding subdivision (a), for~~

1 (b) Except as provided by Section 6357.3, in addition to the
2 taxes imposed by this part and by subdivision (a), an excise tax is
3 hereby imposed on the storage, use, or other consumption in this
4 state of diesel fuel, as defined in Section 60022, at the rate of 3.5
5 percent of the sales price of the diesel fuel. The tax imposed under
6 this subdivision shall be imposed on and after the first day of the
7 first calendar quarter that occurs 120 days after the effective date
8 of the act adding this subdivision.

9 (c) Beginning July 1, 2019, and every third year thereafter, the
10 ~~2011-12 fiscal year only~~, State Board of Equalization shall
11 recompute the rate referenced in subdivision (a) rates of the taxes
12 imposed by this section. That computation shall be ~~1.87 percent~~.
13 made as follows:

14 ~~(e) Notwithstanding subdivision (a),~~

15 (1) The Department of Finance shall transmit to the State Board
16 of Equalization the percentage change in the California Consumer
17 Price Index for all items from November of three calendar years
18 prior to November of the ~~2012-13 fiscal year only~~, the rate
19 referenced in subdivision (a) shall be ~~2.17 percent~~. prior calendar
20 year, no later than January 31, 2019, and January 31 of every
21 third year thereafter.

22 ~~(d) Notwithstanding subdivision (a), for~~

23 (2) The State Board of Equalization shall do all of the following:

24 (A) Compute an inflation adjustment factor by adding 100
25 percent to the percentage change figure that is furnished pursuant
26 to paragraph (1) and dividing the result by 100.

27 (B) Multiply the preceding tax rate per gallon by the inflation
28 adjustment factor determined in subparagraph (A) and round off
29 the resulting product to the nearest tenth of a cent.

30 (C) Make its determination of the ~~2013-14 fiscal year only~~, new
31 rate no later than March 1 of the rate referenced in subdivision
32 (a) shall be ~~1.94 percent~~. same year as the effective date of the new
33 rate.

34 ~~(e)~~

35 (d) Notwithstanding subdivision (b) of Section 7102, all of the
36 revenues, less refunds, collected pursuant to this section shall be
37 estimated by the State Board of Equalization, with the concurrence
38 of the Department of Finance, and transferred quarterly to the
39 Public Transportation Account in the State Transportation Fund

1 for allocation pursuant to Section 99312.1 of the Public Utilities
2 Code.

3 ~~(f) Subdivisions (a) to (e), inclusive, shall become operative on~~
4 ~~July 1, 2011.~~

5 SEC. 18. Section 7360 of the Revenue and Taxation Code is
6 amended to read:

7 7360. (a) (1) (A) A tax of eighteen cents (\$0.18) is hereby
8 imposed upon each gallon of fuel subject to the tax in Sections
9 7362, 7363, and 7364.

10 (B) *In addition to the tax imposed pursuant to subparagraph*
11 *(A), on and after the first day of the first calendar quarter that*
12 *occurs 90 days after the effective date of the act adding this*
13 *subparagraph, a tax of twelve cents (\$0.12) is hereby imposed*
14 *upon each gallon of fuel, other than aviation gasoline, subject to*
15 *the tax in Sections 7362, 7363, and 7364.*

16 (2) If the federal fuel tax is reduced below the rate of nine cents
17 (\$0.09) per gallon and federal financial allocations to this state for
18 highway and exclusive public mass transit guideway purposes are
19 reduced or eliminated correspondingly, the tax rate imposed by
20 *subparagraph (A) of paragraph (1), on and after the date of the*
21 *reduction, shall be recalculated by an amount so that the combined*
22 *state rate under subparagraph (A) of paragraph (1) and the federal*
23 *tax rate per gallon equal twenty-seven cents (\$0.27).*

24 (3) If any person or entity is exempt or partially exempt from
25 the federal fuel tax at the time of a reduction, the person or entity
26 shall continue to be so exempt under this section.

27 (b) ~~(4)~~ On and after July 1, 2010, in addition to the tax imposed
28 by subdivision (a), a tax is hereby imposed upon each gallon of
29 motor vehicle fuel, other than aviation gasoline, subject to the tax
30 in Sections 7362, 7363, and 7364 in an amount equal to seventeen
31 and three-tenths cents (\$0.173) per gallon.

32 ~~(2) For the 2011–12 fiscal year~~

33 (c) *Beginning July 1, 2019, and each fiscal every third year*
34 *thereafter, the board shall, on or before March 1 State Board of*
35 *the fiscal year immediately preceding the applicable fiscal year,*
36 *adjust the rate in paragraph (1) in that manner as to generate an*
37 *amount Equalization shall recompute the rates of revenue that*
38 *will equal the amount of revenue loss attributable to the exemption*
39 *provided taxes imposed by Section 6357.7, based on estimates*
40 *made by the board, and that rate this section. That computation*

1 shall be ~~effective during the state's next fiscal year.~~ *made as*
2 *follows:*

3 ~~(3) In order to maintain revenue neutrality for each year,~~
4 ~~beginning with~~

5 *(1) The Department of Finance shall transmit to the State Board*
6 *of Equalization the percentage change in the California Consumer*
7 *Price Index for all items from November of three calendar years*
8 *prior to November of the prior calendar year; no later than January*
9 *31, 2019, and January 31 of every third year thereafter.*

10 *(2) The State Board of Equalization shall do all of the following:*

11 *(A) Compute an inflation adjustment factor by adding 100*
12 *percent to the percentage change figure that is furnished pursuant*
13 *to paragraph (1) and dividing the result by 100.*

14 ~~(B) Multiply the preceding tax rate adjustment on or before~~
15 ~~March 1, 2012, the adjustment under paragraph (2) shall also take~~
16 ~~into account the extent to which the actual amount of revenues~~
17 ~~derived pursuant to this subdivision and, as applicable, Section~~
18 ~~7361.1, the revenue loss attributable to the exemption provided~~
19 ~~per gallon by Section 6357.7 resulted the inflation adjustment~~
20 ~~factor determined in a net revenue gain or loss for subparagraph~~
21 ~~(A) and round off the fiscal year ending prior resulting product to~~
22 ~~the rate adjustment date on or before March 1, nearest tenth of a~~
23 ~~cent.~~

24 ~~(4) The intent~~

25 ~~(C) Make its determination of paragraphs (2) and (3) is to ensure~~
26 ~~that the act adding this subdivision and Section 6357.7 does not~~
27 ~~produce a net revenue gain in state taxes.~~ *new rate no later than*
28 *March 1 of the same year as the effective date of the new rate.*

29 SEC. 19. Section 8352.4 of the Revenue and Taxation Code
30 is amended to read:

31 8352.4. (a) Subject to Sections 8352 and 8352.1, and except
32 as otherwise provided in subdivision (b), there shall be transferred
33 from the money deposited to the credit of the Motor Vehicle Fuel
34 Account to the Harbors and Watercraft Revolving Fund, for
35 expenditure in accordance with Division 1 (commencing with
36 Section 30) of the Harbors and Navigation Code, the sum of six
37 million six hundred thousand dollars (\$6,600,000) per annum,
38 representing the amount of money in the Motor Vehicle Fuel
39 Account attributable to taxes imposed on distributions of motor
40 vehicle fuel used or usable in propelling vessels. The actual amount

1 shall be calculated using the annual reports of registered boats
2 prepared by the Department of Motor Vehicles for the United
3 States Coast Guard and the formula and method of the December
4 1972 report prepared for this purpose and submitted to the
5 Legislature on December 26, 1972, by the Director of
6 Transportation. If the amount transferred during each fiscal year
7 is in excess of the calculated amount, the excess shall be
8 retransferred from the Harbors and Watercraft Revolving Fund to
9 the Motor Vehicle Fuel Account. If the amount transferred is less
10 than the amount calculated, the difference shall be transferred from
11 the Motor Vehicle Fuel Account to the Harbors and Watercraft
12 Revolving Fund. No adjustment shall be made if the computed
13 difference is less than fifty thousand dollars (\$50,000), and the
14 amount shall be adjusted to reflect any temporary or permanent
15 increase or decrease that may be made in the rate under the Motor
16 Vehicle Fuel Tax Law. Payments pursuant to this section shall be
17 made prior to payments pursuant to Section 8352.2.

18 (b) Commencing July 1, ~~2012~~, 2017, the revenues attributable
19 to the taxes imposed pursuant to subdivision (b) of Section 7360
20 and Section 7361.1 and otherwise to be deposited in the Harbors
21 and Watercraft Revolving Fund pursuant to subdivision (a) shall
22 instead be transferred to the ~~General Fund~~. The revenues
23 ~~attributable to the taxes imposed~~ *Highway Users Tax Account for*
24 *distribution* pursuant to subdivision (b) of Section 7360 and Section
25 7361.1 that were deposited in 2103.1 of the Harbors Streets and
26 Watercraft Revolving Fund in the 2010-11 and 2011-12 fiscal
27 years shall be transferred to the ~~General Fund~~. *Highways Code*.

28 SEC. 20. Section 8352.5 of the Revenue and Taxation Code
29 is amended to read:

30 8352.5. (a) (1) Subject to Sections 8352 and 8352.1, and
31 except as otherwise provided in subdivision (b), there shall be
32 transferred from the money deposited to the credit of the Motor
33 Vehicle Fuel Account to the Department of Food and Agriculture
34 Fund, during the second quarter of each fiscal year, an amount
35 equal to the estimate contained in the most recent report prepared
36 pursuant to this section.

37 (2) The amounts are not subject to Section 6357 with respect
38 to the collection of sales and use taxes thereon, and represent the
39 portion of receipts in the Motor Vehicle Fuel Account during a
40 calendar year that were attributable to agricultural off-highway

1 use of motor vehicle fuel which is subject to refund pursuant to
2 Section 8101, less gross refunds allowed by the Controller during
3 the fiscal year ending June 30th 30 following the calendar year to
4 persons entitled to refunds for agricultural off-highway use
5 pursuant to Section 8101. Payments pursuant to this section shall
6 be made prior to payments pursuant to Section 8352.2.

7 (b) Commencing July 1, ~~2012~~, 2017, the revenues attributable
8 to the taxes imposed pursuant to subdivision (b) of Section 7360
9 and Section 7361.1 and otherwise to be deposited in the
10 Department of Food and Agriculture Fund pursuant to subdivision
11 (a) shall instead be transferred to the ~~General Fund~~. The revenues
12 ~~attributable to the taxes imposed~~ *Highway Users Tax Account for*
13 *distribution* pursuant to subdivision (b) of Section 7360 and Section
14 ~~7361.1 that were deposited in the Department 2103.1 of Food and~~
15 ~~Agriculture Fund in the 2010-11 Streets and 2011-12 fiscal years~~
16 ~~shall be transferred to the General Fund.~~ *Highways Code.*

17 (c) On or before September 30, 2012, and on or before
18 September 30 of each even-numbered year thereafter, the Director
19 of Transportation and the Director of Food and Agriculture shall
20 jointly prepare, or cause to be prepared, a report setting forth the
21 current estimate of the amount of money in the Motor Vehicle
22 Fuel Account attributable to agricultural off-highway use of motor
23 vehicle fuel, which is subject to refund pursuant to Section 8101
24 less gross refunds allowed by the Controller to persons entitled to
25 refunds for agricultural off-highway use pursuant to Section 8101;
26 and they shall submit a copy of the report to the Legislature.

27 SEC. 21. Section 8352.6 of the Revenue and Taxation Code
28 is amended to read:

29 8352.6. (a) (1) Subject to Section 8352.1, and except as
30 otherwise provided in paragraphs (2) and (3), on the first day of
31 every month, there shall be transferred from moneys deposited to
32 the credit of the Motor Vehicle Fuel Account to the Off-Highway
33 Vehicle Trust Fund created by Section 38225 of the Vehicle Code
34 an amount attributable to taxes imposed upon distributions of motor
35 vehicle fuel used in the operation of motor vehicles off highway
36 and for which a refund has not been claimed. Transfers made
37 pursuant to this section shall be made prior to transfers pursuant
38 to Section 8352.2.

39 (2) Commencing July 1, ~~2012~~, 2017, the revenues attributable
40 to the taxes imposed pursuant to subdivision (b) of Section 7360

1 and Section 7361.1 and otherwise to be deposited in the
2 Off-Highway Vehicle Trust Fund pursuant to paragraph (1) shall
3 instead be transferred to the ~~General Fund~~. The revenues
4 ~~attributable to the taxes imposed~~ *Highway Users Tax Account for*
5 *distribution* pursuant to subdivision (b) of Section 7360 and Section
6 7361.1 that were deposited in 2103.1 of the Off-Highway Vehicle
7 Trust Fund in the 2010–11 *Streets* and 2011–12 fiscal years shall
8 be transferred to the General Fund. *Highways Code*.

9 (3) The Controller shall withhold eight hundred thirty-three
10 thousand dollars (\$833,000) from the monthly transfer to the
11 Off-Highway Vehicle Trust Fund pursuant to paragraph (1), and
12 transfer that amount to the General Fund.

13 (b) The amount transferred to the Off-Highway Vehicle Trust
14 Fund pursuant to paragraph (1) of subdivision (a), as a percentage
15 of the Motor Vehicle Fuel Account, shall be equal to the percentage
16 transferred in the 2006–07 fiscal year. Every five years, starting
17 in the 2013–14 fiscal year, the percentage transferred may be
18 adjusted by the Department of Transportation in cooperation with
19 the Department of Parks and Recreation and the Department of
20 Motor Vehicles. Adjustments shall be based on, but not limited
21 to, the changes in the following factors since the 2006–07 fiscal
22 year or the last adjustment, whichever is more recent:

23 (1) The number of vehicles registered as off-highway motor
24 vehicles as required by Division 16.5 (commencing with Section
25 38000) of the Vehicle Code.

26 (2) The number of registered street-legal vehicles that are
27 anticipated to be used off highway, including four-wheel drive
28 vehicles, all-wheel drive vehicles, and dual-sport motorcycles.

29 (3) Attendance at the state vehicular recreation areas.

30 (4) Off-highway recreation use on federal lands as indicated by
31 the United States Forest Service’s National Visitor Use Monitoring
32 and the United States Bureau of Land Management’s Recreation
33 Management Information System.

34 (c) It is the intent of the Legislature that transfers from the Motor
35 Vehicle Fuel Account to the Off-Highway Vehicle Trust Fund
36 should reflect the full range of motorized vehicle use off highway
37 for both motorized recreation and motorized off-road access to
38 other recreation opportunities. Therefore, the Legislature finds that
39 the fuel tax baseline established in subdivision (b), attributable to
40 off-highway estimates of use as of the 2006–07 fiscal year,

1 accounts for the three categories of vehicles that have been found
2 over the years to be users of fuel for off-highway motorized
3 recreation or motorized access to nonmotorized recreational
4 pursuits. These three categories are registered off-highway
5 motorized vehicles, registered street-legal motorized vehicles used
6 off highway, and unregistered off-highway motorized vehicles.

7 (d) It is the intent of the Legislature that the off-highway motor
8 vehicle recreational use to be determined by the Department of
9 Transportation pursuant to paragraph (2) of subdivision (b) be that
10 usage by vehicles subject to registration under Division 3
11 (commencing with Section 4000) of the Vehicle Code, for
12 recreation or the pursuit of recreation on surfaces where the use
13 of vehicles registered under Division 16.5 (commencing with
14 Section 38000) of the Vehicle Code may occur.

15 (e) In the 2014–15 fiscal year, the Department of Transportation,
16 in consultation with the Department of Parks and Recreation and
17 the Department of Motor Vehicles, shall undertake a study to
18 determine the appropriate adjustment to the amount transferred
19 pursuant to subdivision (b) and to update the estimate of the amount
20 attributable to taxes imposed upon distributions of motor vehicle
21 fuel used in the operation of motor vehicles off highway and for
22 which a refund has not been claimed. The department shall provide
23 a copy of this study to the Legislature no later than January 1,
24 2016.

25 SEC. 22. Section 60050 of the Revenue and Taxation Code is
26 amended to read:

27 60050. (a) (1) A tax of ~~eighteen~~ *thirteen* cents (~~\$0.18~~) (*\$0.13*)
28 is hereby imposed upon each gallon of diesel fuel subject to the
29 tax in Sections 60051, 60052, and 60058.

30 (2) If the federal fuel tax is reduced below the rate of fifteen
31 cents (\$0.15) per gallon and federal financial allocations to this
32 state for highway and exclusive public mass transit guideway
33 purposes are reduced or eliminated correspondingly, the tax rate
34 imposed by paragraph (1), ~~including any reduction or adjustment~~
35 ~~pursuant to subdivision (b), on and after the date of the reduction,~~
36 *(1)* shall be increased by an amount so that the combined state rate
37 under paragraph (1) and the federal tax rate per gallon equal what
38 it would have been in the absence of the federal reduction.

1 (3) If any person or entity is exempt or partially exempt from
2 the federal fuel tax at the time of a reduction, the person or entity
3 shall continue to be exempt under this section.

4 ~~(b) (1) On July 1, 2011, the tax rate specified in paragraph (1)~~
5 ~~of subdivision (a) shall be reduced to thirteen cents (\$0.13) and~~
6 ~~every July 1 thereafter shall be adjusted pursuant to paragraphs~~
7 ~~(2) and (3).~~

8 ~~(2) For the 2012–13 fiscal year and each fiscal year thereafter,~~
9 ~~the board shall, on or before March 1 of the fiscal year immediately~~
10 ~~preceding the applicable fiscal year, adjust the rate reduction in~~
11 ~~paragraph (1) in that manner as to result in a revenue loss~~
12 ~~attributable to paragraph (1) that will equal the amount of revenue~~
13 ~~gain attributable to Sections 6051.8 and 6201.8, based on estimates~~
14 ~~made by the board, and that rate shall be effective during the state's~~
15 ~~next fiscal year.~~

16 ~~(3) In order to maintain revenue neutrality for each year,~~
17 ~~beginning with the rate adjustment on or before March 1, 2013,~~
18 ~~the adjustment under paragraph (2) shall take into account the~~
19 ~~extent to which the actual amount of revenues derived pursuant to~~
20 ~~Sections 6051.8 and 6201.8 and the revenue loss attributable to~~
21 ~~this subdivision resulted in a net revenue gain or loss for the fiscal~~
22 ~~year ending prior to the rate adjustment date on or before March~~
23 ~~1.~~

24 ~~(4) The intent of paragraphs (2) and (3) is to ensure that the act~~
25 ~~adding this subdivision and Sections 6051.8 and 6201.8 does not~~
26 ~~produce a net revenue gain in state taxes.~~

27 *(b) In addition to the tax imposed pursuant to subdivision (a),*
28 *on and after the first day of the first calendar quarter that occurs*
29 *120 days after the effective date of the act amending this*
30 *subdivision in the 2017–18 Regular Session, an additional tax of*
31 *twenty cents (\$0.20) is hereby imposed upon each gallon of diesel*
32 *fuel subject to the tax in Sections 60051, 60052, and 60058.*

33 *(c) Beginning July 1, 2019, and every third year thereafter, the*
34 *State Board of Equalization shall recompute the rates of the taxes*
35 *imposed by this section. That computation shall be made as*
36 *follows:*

37 *(1) The Department of Finance shall transmit to the State Board*
38 *of Equalization the percentage change in the California Consumer*
39 *Price Index for all items from November of three calendar years*

1 prior to November of the prior calendar year; no later than January
2 31, 2019, and January 31 of every third year thereafter.

3 (2) The State Board of Equalization shall do all of the following:

4 (A) Compute an inflation adjustment factor by adding 100
5 percent to the percentage change figure that is furnished pursuant
6 to paragraph (1) and dividing the result by 100.

7 (B) Multiply the preceding tax rate per gallon by the inflation
8 adjustment factor determined in subparagraph (A) and round off
9 the resulting product to the nearest tenth of a cent.

10 (C) Make its determination of the new rate no later than March
11 1 of the same year as the effective date of the new rate.

12 SEC. 23. Section 183.1 of the Streets and Highways Code is
13 amended to read:

14 183.1. ~~(a) Notwithstanding subdivision (a) of Except as~~
15 ~~otherwise provided in Section 182 or any other provision 54237.7~~
16 ~~of law, the Government Code, money deposited into the account~~
17 ~~that is not subject to Article XIX of the California Constitution,~~
18 ~~including, but not limited to, money that is derived from the sale~~
19 ~~of documents, charges for miscellaneous services to the public,~~
20 ~~condemnation deposits fund investments, rental of state property,~~
21 ~~or any other miscellaneous uses of property or money, may shall~~
22 ~~be used for any transportation purpose authorized by statute, upon~~
23 ~~appropriation by deposited in the Legislature or, after transfer Road~~
24 ~~Maintenance and Rehabilitation Account created pursuant to~~
25 ~~another fund, upon appropriation by the Legislature from that fund.~~
26 ~~Section 2031.~~

27 ~~(b) Commencing with the 2013-14 fiscal year, and not later~~
28 ~~than November 1 of each fiscal year thereafter, based on prior year~~
29 ~~financial statements, the Controller shall transfer the funds~~
30 ~~identified in subdivision (a) for the prior fiscal year from the State~~
31 ~~Highway Account to the Transportation Debt Service Fund in the~~
32 ~~State Transportation Fund, and those funds are continuously~~
33 ~~appropriated for the purposes specified for the Transportation Debt~~
34 ~~Service Fund.~~

35 SEC. 24. Section 820.1 is added to the Streets and Highways
36 Code, to read:

37 820.1. (a) The State of California consents to the jurisdiction
38 of the federal courts with regard to the compliance, discharge, or
39 enforcement of the responsibilities assumed by the department

1 pursuant to Sections 326 and 327(a) of Title 23 of the United States
2 Code.

3 (b) In any action brought pursuant to the federal laws described
4 in subdivision (a), no immunity from suit may be asserted by the
5 department pursuant to the Eleventh Amendment to the United
6 States Constitution, and any immunity is hereby waived.

7 (c) The department shall not delegate any of its responsibilities
8 assumed pursuant to the federal laws described in subdivision (a)
9 to any political subdivision of the state or its instrumentalities.

10 (d) Nothing in this section affects the obligation of the
11 department to comply with state and federal law.

12 SEC. 25. Chapter 2 (commencing with Section 2030) is added
13 to Division 3 of the Streets and Highways Code, to read:

14
15 CHAPTER 2. ROAD MAINTENANCE AND REHABILITATION
16 PROGRAM
17

18 2030. (a) The Road Maintenance and Rehabilitation Program
19 is hereby created to address deferred maintenance on the state
20 highway system and the local street and road system. Funds made
21 available by the program shall be prioritized for expenditure on
22 basic road maintenance and road rehabilitation projects, and on
23 critical safety projects. For funds appropriated pursuant to
24 paragraph (1) of subdivision (d) of Section 2032, the California
25 Transportation Commission shall adopt performance criteria,
26 consistent with the asset management plan required pursuant to
27 14526.4 of the Government Code, to ensure efficient use of the
28 funds available for these purposes in the program.

29 (b) (1) Funds made available by the program shall be used for
30 projects that include, but are not limited to, the following:

- 31 (A) Road maintenance and rehabilitation.
32 (B) Safety projects.
33 (C) Railroad grade separations.
34 (D) Complete street components, including active transportation
35 purposes, pedestrian and bicycle safety projects, transit facilities,
36 and drainage and stormwater capture projects in conjunction with
37 any other allowable project.
38 (E) Traffic control devices.

(2) Funds made available by the program may also be used to satisfy a match requirement in order to obtain state or federal funds for projects authorized by this subdivision.

2031. The following revenues shall be deposited in the Road Maintenance and Rehabilitation Account, which is hereby created in the State Transportation Fund:

(a) The portion of the revenues in the Highway Users Tax Account attributable to the increase in the motor vehicle fuel excise tax pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 7360 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (c) of that section.

(b) The revenues from the increase in the vehicle registration fee pursuant to Section 9250.3 of the Vehicle Code, as adjusted pursuant to subdivision (b) of that section.

(c) The revenues from the increase in the vehicle registration fee pursuant to Section 9250.6 of the Vehicle Code, as adjusted pursuant to subdivision (b) of that section.

(d) The revenues deposited in the account pursuant to Section 183.1 of the Streets and Highways Code.

(e) Any other revenues designated for the program.

2031.5. Each fiscal year the annual Budget Act shall contain an appropriation from the Road Maintenance and Rehabilitation Account to the Controller for the costs of carrying out his or her duties pursuant to this chapter and to the California Transportation Commission for the costs of carrying out its duties pursuant to this chapter and Section 14526.7 of the Government Code.

2032. (a) (1) After deducting the amounts appropriated in the annual Budget Act, as provided in Section 2031.5, two hundred million dollars (\$200,000,000) of the remaining revenues deposited in the Road Maintenance and Rehabilitation Account shall be set aside annually for counties that have sought and received voter approval of taxes or that have imposed fees, including uniform developer fees as defined by subdivision (b) of Section 8879.67 of the Government Code, which taxes or fees are dedicated solely to transportation improvements. The Controller shall each month set aside one-twelfth of this amount, to accumulate a total of two hundred million dollars (\$200,000,000) in each fiscal year.

(2) Notwithstanding Section 13340 of the Government Code, the funds available under this subdivision in each fiscal year are hereby continuously appropriated for allocation to each eligible

1 county and each city in the county for road maintenance and
2 rehabilitation purposes pursuant to Section 2033.

3 (b) (1) After deducting the amounts appropriated in the annual
4 Budget Act pursuant to Section 2031.5 and the amount allocated
5 in subdivision (a), beginning in the 2017–18 fiscal year, eighty
6 million dollars (\$80,000,000) of the remaining revenues shall be
7 transferred annually to the State Highway Account for expenditure,
8 upon appropriation by the Legislature, on the Active Transportation
9 Program created pursuant to Chapter 8 (commencing with Section
10 2380) of Division 3 to be allocated by the California Transportation
11 Commission pursuant to Section 2381.

12 (2) In addition to the funds transferred in paragraph (1), the
13 department shall annually identify savings achieved through
14 efficiencies implemented at the department. The department,
15 through the annual budget process, shall propose, from the
16 identified savings, an appropriation to be included in the annual
17 Budget Act of up to seventy million dollars (\$70,000,000), but not
18 to exceed the total annual identified savings, from the State
19 Highway Account for expenditure on the Active Transportation
20 Program.

21 (c) After deducting the amounts appropriated in the annual
22 Budget Act pursuant to Section 2031.5, the amount allocated in
23 subdivision (a) and the amount transferred in paragraph (1) of
24 subdivision (b), in the 2017–18, 2018–19, 2019–20, and 2020–21
25 fiscal years, the sum of thirty million dollars (\$30,000,000) in each
26 fiscal year from the remaining revenues shall be transferred to the
27 Advance Mitigation Fund in the State Transportation Fund created
28 pursuant to Section 21207 of the Public Resources Code.

29 (d) After deducting the amounts appropriated in the annual
30 Budget Act pursuant to Section 2031.5, the amount allocated in
31 subdivision (a), and the amounts transferred in paragraph (1) of
32 subdivision (b) and in subdivision (c), beginning in the 2017–18
33 fiscal year and each fiscal year thereafter, and notwithstanding
34 Section 13340 of the Government Code, there is hereby
35 continuously appropriated to the California State University the
36 sum of two million dollars (\$2,000,000) from the remaining
37 revenues for the purpose of conducting transportation research and
38 transportation-related workforce education, training, and
39 development, and to the institutes for transportation studies at the
40 University of California the sum of three million dollars

1 (\$3,000,000). Prior to the start of each fiscal year, the chairs of the
2 Assembly Committee on Transportation and the Senate Committee
3 on Transportation and Housing shall confer and set out a
4 recommended priority list of research components to be addressed
5 in the upcoming fiscal year.

6 (e) Notwithstanding Section 13340 of the Government Code,
7 the balance of the revenues deposited in the Road Maintenance
8 and Rehabilitation Account are hereby continuously appropriated
9 as follows:

10 (1) Fifty percent for allocation to the department for maintenance
11 of the state highway system or for purposes of the state highway
12 operation and protection program.

13 (2) Fifty percent for apportionment to cities and counties by the
14 Controller pursuant to the formula in clauses (i) and (ii) of
15 subparagraph (C) of paragraph (3) of subdivision (a) of Section
16 2103 for the purposes authorized by this chapter.

17 2033. (a) On or before July 1, 2017, the commission, in
18 cooperation with the department, transportation planning agencies,
19 county transportation commissions, and other local agencies, shall
20 develop guidelines for the allocation of funds pursuant to
21 subdivision (a) of Section 2032.

22 (b) The guidelines shall be the complete and full statement of
23 the policy, standards, and criteria that the commission intends to
24 use to determine how these funds will be allocated.

25 (c) The commission may amend the adopted guidelines after
26 conducting at least one public hearing.

27 2034. (a) (1) Prior to receiving an apportionment of funds
28 under the program pursuant to paragraph (2) of subdivision (e) of
29 Section 2032 from the Controller in a fiscal year, an eligible city
30 or county shall submit to the commission a list of projects proposed
31 to be funded with these funds pursuant to an adopted city or county
32 budget. All projects proposed to receive funding shall be included
33 in a city or county budget that is adopted by the applicable city
34 council or county board of supervisors at a regular public meeting.
35 The list of projects proposed to be funded with these funds shall
36 include a description and the location of each proposed project, a
37 proposed schedule for the project's completion, and the estimated
38 useful life of the improvement. The project list shall not limit the
39 flexibility of an eligible city or county to fund projects in

1 accordance with local needs and priorities so long as the projects
2 are consistent with subdivision (b) of Section 2030.

3 (2) The commission shall report to the Controller the cities and
4 counties that have submitted a list of projects as described in this
5 subdivision and that are therefore eligible to receive an
6 apportionment of funds under the program for the applicable fiscal
7 year. The Controller, upon receipt of the report, shall apportion
8 funds to eligible cities and counties.

9 (b) For each fiscal year, each city or county receiving an
10 apportionment of funds shall, upon expending program funds,
11 submit documentation to the commission that includes a description
12 and location of each completed project, the amount of funds
13 expended on the project, the completion date, and the estimated
14 useful life of the improvement.

15 2036. (a) Cities and counties shall maintain their existing
16 commitment of local funds for street, road, and highway purposes
17 in order to remain eligible for an allocation or apportionment of
18 funds pursuant to Section 2032.

19 (b) In order to receive an allocation or apportionment pursuant
20 to Section 2032, the city or county shall annually expend from its
21 general fund for street, road, and highway purposes an amount not
22 less than the annual average of its expenditures from its general
23 fund during the 2009–10, 2010–11, and 2011–12 fiscal years, as
24 reported to the Controller pursuant to Section 2151. For purposes
25 of this subdivision, in calculating a city's or county's annual
26 general fund expenditures and its average general fund expenditures
27 for the 2009–10, 2010–11, and 2011–12 fiscal years, any
28 unrestricted funds that the city or county may expend at its
29 discretion, including vehicle in-lieu tax revenues and revenues
30 from fines and forfeitures, expended for street, road, and highway
31 purposes shall be considered expenditures from the general fund.
32 One-time allocations that have been expended for street and
33 highway purposes, but which may not be available on an ongoing
34 basis, including revenue provided under the Teeter Plan Bond Law
35 of 1994 (Chapter 6.6 (commencing with Section 54773) of Part 1
36 of Division 2 of Title 5 of the Government Code), may not be
37 considered when calculating a city's or county's annual general
38 fund expenditures.

39 (c) For any city incorporated after July 1, 2009, the Controller
40 shall calculate an annual average expenditure for the period

1 between July 1, 2009, and December 31, 2015, inclusive, that the
2 city was incorporated.

3 (d) For purposes of subdivision (b), the Controller may request
4 fiscal data from cities and counties in addition to data provided
5 pursuant to Section 2151, for the 2009–10, 2010–11, and 2011–12
6 fiscal years. Each city and county shall furnish the data to the
7 Controller not later than 120 days after receiving the request. The
8 Controller may withhold payment to cities and counties that do
9 not comply with the request for information or that provide
10 incomplete data.

11 (e) The Controller may perform audits to ensure compliance
12 with subdivision (b) when deemed necessary. Any city or county
13 that has not complied with subdivision (b) shall reimburse the state
14 for the funds it received during that fiscal year. Any funds withheld
15 or returned as a result of a failure to comply with subdivision (b)
16 shall be reapportioned to the other cities and counties whose
17 expenditures are in compliance.

18 (f) If a city or county fails to comply with the requirements of
19 subdivision (b) in a particular fiscal year, the city or county may
20 expend during that fiscal year and the following fiscal year a total
21 amount that is not less than the total amount required to be
22 expended for those fiscal years for purposes of complying with
23 subdivision (b).

24 2037. A city or county may spend its apportionment of funds
25 under the program on transportation priorities other than those
26 allowable pursuant to this chapter if the city's or county's average
27 Pavement Condition Index meets or exceeds 80.

28 2038. (a) The department and local agencies, as a condition
29 of receiving funds from the program, shall adopt and implement
30 a program designed to promote and advance construction
31 employment and training opportunities through preapprenticeship
32 opportunities, either by the public agency itself or through
33 contractors engaged by the public agencies to do work funded in
34 whole or in part by funds made available by the program.

35 (b) The department and local agencies, as a condition of
36 receiving funds from the program, shall ensure the involvement
37 of the California Conservation Corps and certified community
38 conservation corps in the delivery of projects and services funded
39 in whole or in part by funds made available by the program.

SEC. 26. Section 2103.1 is added to the Streets and Highways Code, to read:

2103.1. (a) Notwithstanding Section 2103, the revenues transferred to the Highway Users Tax Account pursuant to Sections 8352.4, 8352.5, and 8352.6 of the Revenue and Taxation Code shall be distributed pursuant to the formula in paragraph (3) of subdivision (a) of Section 2103.

(b) Notwithstanding subdivision (b) of Section 2103, the portion of revenues in the Highway Users Tax Account attributable to the increase in the motor vehicle fuel excise tax pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 7360 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (c) of that section, shall be transferred to the Road Maintenance and Rehabilitation Account pursuant to Section 2031.

(c) Notwithstanding subdivision (b) of Section 2103, the portion of revenues in the Highway Users Tax Account attributable to the increase in the diesel fuel excise tax pursuant to subdivision (b) of Section 60050 of the Revenue and Taxation Code, as adjusted pursuant to subdivision (c) of that section, shall be transferred to the Trade Corridors Improvement Fund pursuant to Section 2192.4.

SEC. 27. Section 2192 of the Streets and Highways Code is amended to read:

2192. (a) (1) The Trade Corridors Improvement Fund, created pursuant to subdivision (c) of Section 8879.23 of the Government Code, is hereby continued in existence to receive revenues from state sources other than the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. ~~This chapter shall govern expenditure of those other revenues.~~

(2) *Revenues apportioned to the state under Section 167 of Title 23 of the United States Code from the national highway freight program, pursuant to the federal Fixing America's Surface Transportation Act ("FAST Act," Public Law 114-94) shall be allocated for projects approved pursuant to this chapter.*

(b) *This chapter shall govern the expenditure of those state and federal revenues described in subdivision (a).*

~~(b)~~
(c) ~~The moneys funding described in the fund from those other sources~~ subdivision (a) shall be available upon appropriation for allocation by the California Transportation Commission for infrastructure improvements in this state on federally designated

1 Trade Corridors of National and Regional Significance, on the
2 Primary Freight Network, and along other corridors that have a
3 high volume of freight movement, as determined by the
4 commission. In determining the projects eligible for funding, the
5 commission shall consult the Transportation Agency's state freight
6 plan as described in Section 13978.8 of the Government Code, the
7 ~~State Air Resources Board's Sustainable Freight Strategy adopted~~
8 ~~by Resolution 14-2, Code~~ and the trade infrastructure and goods
9 movement plan submitted to the commission by the Secretary of
10 Transportation and the Secretary for Environmental Protection.
11 *California Sustainable Freight Action Plan released in July 2016*
12 *pursuant to Executive Order B-32-15.* The commission shall also
13 consult trade infrastructure and goods movement plans adopted
14 by regional transportation planning agencies, adopted regional
15 transportation plans required by state and federal law, and the
16 statewide applicable port master plan prepared by the California
17 Marine and Intermodal Transportation System Advisory Council
18 ~~(Cal-MITSAC) pursuant to Section 1730 of the Harbors and~~
19 ~~Navigation Code~~, when determining eligible projects for funding.
20 Eligible projects for ~~these funds~~ *funding described in subdivision*
21 *(a) shall further the state's economic, environmental, and public*
22 *health objectives and goals for freight policy, as articulated in the*
23 *plans to be consulted pursuant to this subdivision, and may include,*
24 but are not limited to, all of the following:

25 (1) Highway capacity improvements, rail landside access
26 improvements, landside freight access improvements to airports,
27 and operational improvements to more efficiently accommodate
28 the movement of freight, particularly for ingress and egress to and
29 from the state's land ports of ~~entry~~ entry, rail terminals, and
30 seaports, including navigable inland waterways used to transport
31 freight between seaports, land ports of entry, and airports, and to
32 relieve traffic congestion along major trade or goods movement
33 corridors.

34 (2) Freight rail system improvements to enhance the ability to
35 move goods from seaports, land ports of entry, and airports to
36 warehousing and distribution centers throughout California,
37 including projects that separate rail lines from highway or local
38 road traffic, improve freight rail mobility through mountainous
39 regions, relocate rail switching yards, and other projects that
40 improve the efficiency and capacity of the rail freight system.

1 (3) Projects to enhance the capacity and efficiency of ports.

2 (4) Truck corridor *and capital and operational* improvements,
3 including dedicated truck facilities or truck toll facilities.

4 (5) Border ~~access~~ *capital and operational* improvements that
5 enhance goods movement between California and Mexico and that
6 maximize the state's ability to access ~~coordinated border~~
7 ~~infrastructure~~ funds made available to the state by federal law.

8 (6) Surface transportation and connector road improvements to
9 effectively facilitate the movement of goods, particularly for
10 ingress and egress to and from the state's land ports of entry,
11 airports, and seaports, to relieve traffic congestion along major
12 trade or goods movement corridors.

13 (e)

14 (d) (1) ~~The~~ *In selecting projects for inclusion in the program*
15 *of projects to be funded with funds described in subdivision (a),*
16 *the commission shall allocate funds for trade infrastructure*
17 ~~improvements from the fund~~ *evaluate the total potential costs and*
18 *total potential economic and noneconomic benefits of the program*
19 *to California's economy, environment, and public health. The*
20 *commission shall consult with the State Air Resources Board in*
21 *order to utilize the appropriate models, techniques, and methods*
22 *to develop the parameters for evaluation of projects. The*
23 *commission shall allocate the funding described in subdivision (a)*
24 *for trade infrastructure improvements* consistent with Section
25 8879.52 of the Government Code and the Trade Corridors
26 Improvement Fund (TCIF) Guidelines adopted by the commission
27 on November 27, 2007, or as amended by the commission, and in
28 a manner that (A) addresses the state's most urgent needs, (B)
29 balances the demands of various land ports of entry, seaports, and
30 airports, (C) provides reasonable geographic balance between the
31 state's regions, ~~and~~ (D) places emphasis on projects that improve
32 trade corridor mobility *and safety* while reducing emissions of
33 diesel ~~particulate~~ *particulates, greenhouse gases, and other*
34 ~~pollutant emissions. pollutants, and reducing other negative~~
35 *community impacts, and (E) makes a significant contribution to*
36 *the state's economy.*

37 (2) *In adopting amended guidelines, and developing and*
38 *adopting the program of projects, the commission shall do all of*
39 *the following:*

1 (A) *Accept nominations for projects to be included in the*
2 *program of projects from regional and local transportation*
3 *agencies and the Department of Transportation.*

4 (B) *Recognize the key role of the state in project identification*
5 *and support integrating statewide goods movement priorities into*
6 *the corridor approach.*

7 (C) *Make a finding that adoption and delivery of the program*
8 *of projects is in the public interest.*

9 (2)

10 (3) In addition, the commission shall also consider the following
11 factors when allocating these funds:

12 (A) “Velocity,” which means the speed by which large cargo
13 would travel from the land port of entry or seaport through the
14 distribution system.

15 (B) “Throughput,” which means the volume of cargo that would
16 move from the land port of entry or seaport through the distribution
17 system.

18 (C) “Reliability,” which means a reasonably consistent and
19 predictable amount of time for cargo to travel from one point to
20 another on any given day or at any given time in California.

21 (D) “Congestion reduction,” which means the reduction in
22 recurrent daily hours of delay to be achieved.

23 SEC. 28. Section 2192.1 of the Streets and Highways Code is
24 amended to read:

25 2192.1. (a) To the extent moneys from the Greenhouse Gas
26 Reduction Fund, attributable to the auction or sale of allowances
27 as part of a market-based compliance mechanism relative to
28 reduction of greenhouse gas emissions, are transferred to the Trade
29 Corridors Improvement Fund, projects funded with those moneys
30 shall be subject to all of the requirements of existing law applicable
31 to the expenditure of moneys appropriated from the Greenhouse
32 Gas Reduction Fund, including, but not limited to, ~~both~~ *all* of the
33 following:

34 (1) Projects shall further the regulatory purposes of the
35 California Global Warming Solutions Act of 2006 (Division 25.5
36 (commencing with Section 38500) of the Health and Safety Code),
37 including reducing emissions from greenhouse gases in the state,
38 directing public and private investment toward disadvantaged
39 communities, increasing the diversity of energy sources, or creating
40 opportunities for businesses, public agencies, nonprofits, and other

1 community institutions to participate in and benefit from statewide
2 efforts to reduce emissions of greenhouse gases.

3 (2) Projects shall be consistent with the guidance developed by
4 the State Air Resources Board pursuant to Section 39715 of the
5 Health and Safety Code.

6 (3) *Projects shall be consistent with the required benefits to*
7 *disadvantaged communities pursuant to Section 39713 of the*
8 *Health and Safety Code.*

9 (b) All allocations of funds made by the commission pursuant
10 to this section shall be made in a manner consistent with the criteria
11 expressed in Section 39712 of the Health and Safety Code and
12 with the investment plan developed by the Department of Finance
13 pursuant to Section 39716 of the Health and Safety Code.

14 (c) *For purposes of this section, “disadvantaged community”*
15 *means a community with any of the following characteristics:*

16 (1) *An area with a median household income less than 80*
17 *percent of the statewide median household income based on the*
18 *most current census tract-level data from the American Community*
19 *Survey.*

20 (2) *An area identified by the California Environmental*
21 *Protection Agency pursuant to Section 39711 of the Health and*
22 *Safety Code.*

23 (3) *An area where at least 75 percent of public school students*
24 *are eligible to receive free or reduced-price meals under the*
25 *National School Lunch Program.*

26 SEC. 29. Section 2192.2 of the Streets and Highways Code is
27 amended to read:

28 2192.2. The commission shall allocate funds made available
29 by this chapter to projects that have identified and committed
30 supplemental funding from appropriate local, federal, or private
31 sources. The commission shall determine the appropriate amount
32 of supplemental funding each project should have to be eligible
33 for moneys ~~from the fund~~ based on a project-by-project review
34 and an assessment of the project’s benefit to the state and the
35 program. ~~Except for border access Funded improvements described~~
36 ~~in paragraph (5) of subdivision (b) of Section 2192, improvements~~
37 ~~funded with moneys from the fund~~ shall have supplemental funding
38 that is at least equal to the amount of the contribution ~~from the~~
39 ~~fund.~~ *under this chapter.* The commission may give priority for

1 funding to projects with higher levels of committed supplemental
2 funding.

3 SEC. 30. Section 2192.4 is added to the Streets and Highways
4 Code, to read:

5 2192.4. The portion of the revenues in the Highway Users Tax
6 Account attributable to the increase in the diesel fuel excise tax
7 pursuant to subdivision (b) of Section 60050 of the Revenue and
8 Taxation Code, as adjusted pursuant to subdivision (c) of that
9 section, shall be transferred to the Trade Corridors Improvement
10 Fund.

11 SEC. 31. Section 9250.3 is added to the Vehicle Code, to read:

12 9250.3. (a) In addition to any other fees specified in this code
13 or the Revenue and Taxation Code, commencing July 1, 2017, a
14 registration fee of thirty-eight dollars (\$38) shall be paid to the
15 department for registration or renewal of registration of every
16 vehicle subject to registration under this code, except those vehicles
17 that are expressly exempted under this code from payment of
18 registration fees.

19 (b) Beginning July 1, 2019, and every third year thereafter, the
20 Department of Motor Vehicles shall adjust the fee imposed under
21 this section for inflation in an amount equal to the change in the
22 California Consumer Price Index for the prior three-year period,
23 as calculated by the Department of Finance, with amounts equal
24 to or greater than fifty cents (\$0.50) rounded to the next highest
25 whole dollar.

26 (c) Revenues from the fee, after the deduction of the
27 department's administrative costs related to this section, shall be
28 deposited in the Road Maintenance and Rehabilitation Account
29 created pursuant to Section 2031 of the Streets and Highways
30 Code.

31 SEC. 32. Section 9250.6 is added to the Vehicle Code, to read:

32 9250.6. (a) In addition to any other fees specified in this code,
33 or the Revenue and Taxation Code, commencing July 1, 2017, a
34 registration fee of one hundred and sixty-five dollars (\$165) shall
35 be paid to the department for registration or renewal of registration
36 of every zero-emission motor vehicle subject to registration under
37 this code, except those motor vehicles that are expressly exempted
38 under this code from payment of registration fees.

39 (b) Beginning July 1, 2019, and every third year thereafter, the
40 Department of Motor Vehicles shall adjust the fee imposed under

1 this section for inflation in an amount equal to the change in the
2 California Consumer Price Index for the prior three-year period,
3 as calculated by the Department of Finance, with amounts equal
4 to or greater than fifty cents (\$0.50) rounded to the next highest
5 whole dollar.

6 (c) Revenues from the fee, after deduction of the department's
7 administrative costs related to this section, shall be deposited in
8 the Road Maintenance and Rehabilitation Account created pursuant
9 to Section 2031 of the Streets and Highways Code.

10 (d) This section does not apply to a commercial motor vehicle
11 subject to Section 9400.1 or to a low-speed vehicle, as defined in
12 Section 385.5.

13 (e) The registration fee required pursuant to this section does
14 not apply to the initial registration after the purchase of a new
15 zero-emission motor vehicle.

16 (f) For purposes of this section, "zero-emission motor vehicle"
17 means a motor vehicle as described in subdivisions (c) and (d) of
18 Section 44258 of the Health and Safety Code.

19 SEC. 33. Section 9400.5 is added to the Vehicle Code, to read:

20 9400.5. (a) Notwithstanding Sections 9400.1, 9400.4, and
21 42205 of this code, Sections 16773 and 16965 of the Government
22 Code, Section 2103 of the Streets and Highways Code, or any
23 other law, weight fee revenues shall only be transferred consistent
24 with the schedule provided in subdivision (b) from the State
25 Highway Account to the Transportation Debt Service Fund, the
26 Transportation Bond Direct Payment Account, or any other fund
27 or account for the purpose of payment of the debt service on
28 transportation general obligation bonds and shall not be loaned to
29 the General Fund.

30 (b) (1) The transfer of weight fee revenues, after deduction of
31 collection costs, from the State Highway Account pursuant to
32 subdivision (a) shall not exceed:

33 (A) Nine hundred million dollars (\$900,000,000) in the 2017–18
34 fiscal year.

35 (B) Eight hundred million dollars (\$800,000,000) in the 2018–19
36 fiscal year.

37 (C) Seven hundred million dollars (\$700,000,000) in the
38 2019–20 fiscal year.

39 (D) Six hundred million dollars (\$600,000,000) in the 2020–21
40 fiscal year.

1 (E) Five hundred million dollars (\$500,000,000) in the 2021-22
2 fiscal year and in every fiscal year thereafter.

3 SEC. 34. This act is an urgency statute necessary for the
4 immediate preservation of the public peace, health, or safety within
5 the meaning of Article IV of the Constitution and shall go into
6 immediate effect. The facts constituting the necessity are:

7 In order to provide additional funding for road maintenance and
8 rehabilitation purposes as quickly as possible, it is necessary for
9 this act to take effect immediately.

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AMENDED IN SENATE JANUARY 26, 2017

SENATE BILL

No. 1

Introduced by Senator Beall

**(Coauthors: Senators Dodd, Hertzberg, Hill, McGuire, Mendoza,
Monning, Wieckowski, and Wiener)**

December 5, 2016

An act to amend Sections 13975, 14500, 14526.5, and 16965 of, to add Sections 14033, 14110, 14526.7, and 16321 to, to add Part 5.1 (commencing with Section 14460) to Division 3 of Title 2 of, and to repeal Section 14534.1 of, the Government Code, to amend Section 39719 of the Health and Safety Code, to amend Section 21080.37 of, and to add *and repeal* Division 13.6 (commencing with Section 21200) ~~to, of,~~ the Public Resources Code, to amend Section 99312.1 of the Public Utilities Code, to amend Sections 6051.8, 6201.8, 7360, 8352.4, 8352.5, 8352.6, and 60050 of the Revenue and Taxation Code, to amend Sections 183.1, 2192, and 2192.2 of, to add Sections 820.1, 2103.1, and 2192.4 to, and to add Chapter 2 (commencing with Section 2030) to Division 3 of, the Streets and Highways Code, and to add Sections 9250.3, 9250.6, and 9400.5 to the Vehicle Code, relating to transportation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1, as amended, Beall. Transportation funding.

(1) Existing law provides various sources of funding for transportation purposes, including funding for the state highway system and the local street and road system. These funding sources include, among others, fuel excise taxes, commercial vehicle weight fees, local transactions and use taxes, and federal funds. Existing law imposes certain

registration fees on vehicles, with revenues from these fees deposited in the Motor Vehicle Account and used to fund the Department of Motor Vehicles and the Department of the California Highway Patrol. Existing law provides for the monthly transfer of excess balances in the Motor Vehicle Account to the State Highway Account.

This bill would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The bill would require the California Transportation Commission to adopt performance criteria, consistent with a specified asset management plan, to ensure efficient use of certain funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund, including revenues attributable to a \$0.12 per gallon increase, phased in over 3 years, in the motor vehicle fuel (gasoline) tax imposed by the bill with an inflation adjustment, as provided, an increase of \$38 in the annual vehicle registration fee with an inflation adjustment, as provided, a new \$100 annual vehicle registration fee with an inflation adjustment, as provided, applicable to zero-emission motor vehicles, as defined, and certain miscellaneous revenues described in (7) below that are not restricted as to expenditure by Article XIX of the California Constitution.

This bill would annually set aside \$200,000,000 of the funds available for the program to fund road maintenance and rehabilitation purposes in counties that have sought and received voter approval of taxes or that have imposed fees, including uniform developer fees, as defined, which taxes or fees are dedicated solely to transportation improvements. These funds would be continuously appropriated for allocation pursuant to guidelines to be developed by the California Transportation Commission in consultation with local agencies. The bill would require \$80,000,000 of the funds available for the program to be annually transferred to the State Highway Account for expenditure on the Active Transportation Program. The bill would require \$30,000,000 of the funds available for the program in each of 4 fiscal years beginning in 2017–18 to be transferred to the Advance Mitigation Fund created by the bill pursuant to (12) below. The bill would continuously appropriate \$2,000,000 annually of the funds available for the program to the California State University for the purpose of conducting transportation research and transportation-related workforce education, training, and development. The bill would require the remaining funds available for

the program to be allocated 50% for maintenance of the state highway system or to the state highway operation and protection program and 50% to cities and counties pursuant to a specified formula. The bill would impose various requirements on the department and agencies receiving these funds. The bill would authorize a city or county to spend its apportionment of funds under the program on transportation priorities other than those allowable pursuant to the program if the city's or county's average Pavement Condition Index meets or exceeds 80.

The bill would also require the department to annually identify savings achieved through efficiencies implemented at the department and to propose, from the identified savings, an appropriation to be included in the annual Budget Act of up to \$70,000,000 from the State Highway Account for expenditure on the Active Transportation Program.

(2) Existing law establishes in state government the Transportation Agency, which includes various departments and state entities, including the California Transportation Commission. Existing law vests the California Transportation Commission with specified powers, duties, and functions relative to transportation matters. Existing law requires the commission to retain independent authority to perform the duties and functions prescribed to it under any provision of law.

This bill would exclude the California Transportation Commission from the Transportation Agency, establish it as an entity in state government, and require it to act in an independent oversight role. The bill would also make conforming changes.

(3) Existing law creates various state agencies, including the Department of Transportation, the High-Speed Rail Authority, the Department of the California Highway Patrol, the Department of Motor Vehicles, and the State Air Resources Board, with specified powers and duties. Existing law provides for the allocation of state transportation funds to various transportation purposes.

This bill would create the Office of the Transportation Inspector General in state government, as an independent office that would not be a subdivision of any other government entity, to ensure that all of the above-referenced state agencies and all other state agencies expending state transportation funds are operating efficiently, effectively, and in compliance with federal and state laws. The bill would provide for the Governor to appoint the Transportation Inspector General for a 6-year term, subject to confirmation by the Senate, and would provide that the Transportation Inspector General may not be removed from office during the term except for good cause. The bill

would specify the duties and responsibilities of the Transportation Inspector General and would require an annual report to the Legislature and Governor.

This bill would require the department to update the Highway Design Manual to incorporate the “complete streets” design concept by January 1, 2018. The bill would require the department to develop a plan by January 1, 2020, to increase by 100% the dollar value of contracts awarded to small businesses, disadvantaged business enterprises, and disabled veteran business enterprises.

(4) Existing law provides for loans of revenues from various transportation funds and accounts to the General Fund, with various repayment dates specified.

This bill would require the Department of Finance, on or before March 1, 2017, to compute the amount of outstanding loans made from specified transportation funds. The bill would require the Department of Transportation to prepare a loan repayment schedule and would require the outstanding loans to be repaid pursuant to that schedule, as prescribed. The bill would appropriate funds for that purpose from the Budget Stabilization Account. The bill would require the repaid funds to be transferred, pursuant to a specified formula, to cities and counties and to the department for maintenance of the state highway system and for purposes of the state highway operation and protection program.

(5) The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Proposition 1B) created the Trade Corridors Improvement Fund and provided for allocation by the California Transportation Commission of \$2 billion in bond funds for infrastructure improvements on highway and rail corridors that have a high volume of freight movement and for specified categories of projects eligible to receive these funds. Existing law continues the Trade Corridors Improvement Fund in existence in order to receive revenues from sources other than the bond act for these purposes.

This bill would deposit the revenues attributable to a \$0.20 per gallon increase in the diesel fuel excise tax imposed by the bill into the Trade Corridors Improvement Fund. The bill would require revenues apportioned to the state from the national highway freight program established by the federal Fixing America’s Surface Transportation Act to be allocated for trade corridor improvement projects approved pursuant to these provisions.

Existing law requires the commission, in determining projects eligible for funding, to consult various state freight and regional infrastructure and goods movement plans and the statewide port master plan.

This bill would revise the list of plans to be consulted by the commission in prioritizing projects for funding. The bill would also expand eligible projects to include, among others, rail landside access improvements, landside freight access improvements to airports, and certain capital and operational improvements. The bill would identify specific amounts to be allocated from available federal funds to certain categories of projects.

(6) Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions to be deposited in the Greenhouse Gas Reduction Fund. Existing law continuously appropriates 10% of the annual proceeds of the fund to the Transit and Intercity Rail Capital Program and 5% of the annual proceeds of the fund to the Low Carbon Transit Operations Program.

This bill would, beginning in the ~~2017-18~~ 2017–18 fiscal year, instead continuously appropriate 20% of those annual proceeds to the Transit and Intercity Rail Capital Program and 10% of those annual proceeds to the Low Carbon Transit Operations Program, thereby making an appropriation.

(7) Article XIX of the California Constitution restricts the expenditure of revenues from taxes imposed by the state on fuels used in motor vehicles upon public streets and highways to street and highway and certain mass transit purposes. Existing law requires certain miscellaneous revenues deposited in the State Highway Account that are not restricted as to expenditure by Article XIX of the California Constitution to be transferred to the Transportation Debt Service Fund in the State Transportation Fund, as specified, and requires the Controller to transfer from the fund to the General Fund an amount of those revenues necessary to offset the current year debt service made from the General Fund on general obligation transportation bonds issued pursuant to Proposition 116 of 1990.

This bill would delete the transfer of these miscellaneous revenues to the Transportation Debt Service Fund, thereby eliminating the offsetting transfer to the General Fund for debt service on general obligation transportation bonds issued pursuant to Proposition 116 of 1990. The bill, subject to a specified exception, would instead require

the miscellaneous revenues to be retained in the State Highway Account and to be deposited in the Road Maintenance and Rehabilitation Account.

(8) Article XIX of the California Constitution requires gasoline excise tax revenues from motor vehicles traveling upon public streets and highways to be deposited in the Highway Users Tax Account, for allocation to city, county, and state transportation purposes. Existing law generally provides for statutory allocation of gasoline excise tax revenues attributable to other modes of transportation, including aviation, boats, agricultural vehicles, and off-highway vehicles, to particular accounts and funds for expenditure on purposes associated with those other modes, except that a specified portion of these gasoline excise tax revenues is deposited in the General Fund. Expenditure of the gasoline excise tax revenues attributable to those other modes is not restricted by Article XIX of the California Constitution.

This bill, commencing July 1, 2017, would instead transfer to the Highway Users Tax Account for allocation to state and local transportation purposes under a specified formula the portion of gasoline excise tax revenues currently being deposited in the General Fund that are attributable to boats, agricultural vehicles, and off-highway vehicles. Because that account is continuously appropriated, the bill would make an appropriation. The bill, commencing July 1, 2017, would transfer, to the Road Maintenance and Rehabilitation Account, the portion of gasoline excise tax revenues attributable to these uses that would be derived from increases in the gasoline excise tax rate described in (1) above.

(9) Existing law, as of July 1, 2011, increases the sales and use tax on diesel and decreases the excise tax, as provided. Existing law requires the State Board of Equalization to annually modify both the gasoline and diesel excise tax rates on a going-forward basis so that the various changes in the taxes imposed on gasoline and diesel are revenue neutral.

This bill would eliminate the annual rate adjustment to maintain revenue neutrality for the gasoline and diesel excise tax rates and would reimpose the higher gasoline excise tax rate that was in effect on July 1, 2010, in addition to the increase in the rate described in (1) above.

Existing law, beyond the sales and use tax rate generally applicable, imposes an additional sales and use tax on diesel fuel at the rate of 1.75%, subject to certain exemptions, and provides for the net revenues collected from the additional tax to be transferred to the Public Transportation Account. Existing law continuously appropriates these

and other revenues in the account to the Controller for allocation by formula to transportation agencies for public transit purposes under the State Transit Assistance Program. Existing law provides for appropriation of other revenues in the account to the Department of Transportation for various other transportation purposes, including intercity rail purposes.

This bill would increase the additional sales and use tax rate on diesel fuel by an additional 4%. The bill would restrict expenditures of revenues attributable to the 3.5% rate increase to transit capital purposes and certain transit services and would require a recipient transit agency to comply with certain requirements, including submitting a list of proposed projects to the Department of Transportation, as a condition of receiving a portion of these funds under the State Transit Assistance Program. The bill would require an existing required audit of transit operator finances to verify that these new revenues have been expended in conformance with these specific restrictions and all other generally applicable requirements. By increasing the amount of revenues in the Public Transportation Account that are continuously appropriated, the bill would thereby make an appropriation. The bill would require the revenues attributable to the remaining 0.5% rate increase to be allocated, upon appropriation, to the department for intercity rail and commuter rail purposes.

This bill would, beginning July 1, 2020, and every 3rd year thereafter, require the State Board of Equalization to recompute the gasoline and diesel excise tax rates and the additional sales and use tax rate on diesel fuel based upon the percentage change in the California Consumer Price Index transmitted to the board by the Department of Finance, as prescribed.

(10) Existing law requires the Department of Transportation to prepare a state highway operation and protection program every other year for the expenditure of transportation capital improvement funds for projects that are necessary to preserve and protect the state highway system, excluding projects that add new traffic lanes. The program is required to be based on an asset management plan, as specified. Existing law requires the department to specify, for each project in the program the capital and support budget and projected delivery date for various components of the project. Existing law provides for the California Transportation Commission to review and adopt the program, and authorizes the commission to decline and adopt the program if it

determines that the program is not sufficiently consistent with the asset management plan.

This bill would require the commission, as part of its review of the program, to hold at least one hearing in northern California and one hearing in southern California regarding the proposed program. The bill would require the department to submit any change to a programmed project as an amendment to the commission for its approval.

This bill, on and after August 1, 2017, would also require the commission to make an allocation of all capital and support costs for each project in the program, and would require the department to submit a supplemental project allocation request to the commission for each project that experiences cost increases above the amounts in its allocation. The bill would require the commission to establish guidelines to provide exceptions to the requirement for a supplemental project allocation requirement that the commission determines are necessary to ensure that projects are not unnecessarily delayed.

(11) Existing law imposes weight fees on the registration of commercial motor vehicles and provides for the deposit of net weight fee revenues into the State Highway Account. Existing law provides for the transfer of certain weight fee revenues from the State Highway Account to the Transportation Debt Service Fund to reimburse the General Fund for payment of debt service on general obligation bonds issued for transportation purposes. Existing law also provides for the transfer of certain weight fee revenues to the Transportation Bond Direct Payment Account for direct payment of debt service on designated bonds, which are defined to be certain transportation general obligation bonds issued pursuant to Proposition 1B of 2006. Existing law also provides for loans of weight fee revenues to the General Fund to the extent the revenues are not needed for bond debt service purposes, with the loans to be repaid when the revenues are later needed for those purposes, as specified.

This bill, notwithstanding these provisions or any other law, would only authorize specified percentages of weight fee revenues to be transferred from the State Highway Account to the Transportation Debt Service Fund, the Transportation Bond Direct Payment Account, or any other fund or account for the purpose of payment of the debt service on transportation general obligation bonds in accordance with a prescribed schedule, with no more than 50% of weight fee revenues to be used for debt service purposes beginning with the 2021–22 fiscal year. The bill would require the California Transportation Commission,

by January 1, 2018, to recommend a course of action to the Legislature and Governor that would retain the remaining 50% share of weight fee revenues in the State Highway Account or provide for the transfer of those revenues to the Road Maintenance and Rehabilitation Account. The bill would also prohibit loans of weight fee revenues to the General Fund.

(12) The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of, an environmental impact report on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment.

CEQA, until January 1, 2020, exempts a project or an activity to repair, maintain, or make minor alterations to an existing roadway, as defined, other than a state roadway, if the project or activity is carried out by a city or county with a population of less than 100,000 persons to improve public safety and meets other specified requirements.

This bill would extend the above-referenced exemption ~~indefinitely to January 1, 2023, and delete the *population* limitation of the city or county for the exemption to projects or activities in cities and counties with a population of less than 100,000 persons. The bill would also expand the exemption to include state roadways.~~ *exemption.*

This bill would also ~~establish~~ *establish, until January 1, 2023,* the Advance Mitigation Program in the Department of Transportation. The bill would authorize the department to undertake specified mitigation measures in advance of construction of planned transportation improvements. The bill would require the department to establish a steering committee to advise the department on advance mitigation measures and related matters. The bill would create the Advance Mitigation Fund as a continuously appropriated revolving fund, to be funded initially from the Road Maintenance and Rehabilitation Program pursuant to (1) above. The bill would provide for reimbursement of the revolving fund at the time a planned transportation improvement benefiting from advance mitigation is constructed. *The bill would require*

the department to submit to the Legislature annual reports and a final report on the operation of the program.

(13) Existing federal law requires the United States Secretary of Transportation to carry out a surface transportation project delivery program, under which the participating states assume certain responsibilities for environmental review and clearance of transportation projects that would otherwise be the responsibility of the federal government. Existing law, until January 1, 2017, when these provisions are repealed, provides that the State of California consents to the jurisdiction of the federal courts with regard to the compliance, discharge, or enforcement of the responsibilities the Department of Transportation assumed as a participant in this program.

This bill would reenact these provisions.

(14) This bill would provide that the fuel tax increases imposed by the bill would be effective on July 1, 2017. The bill would provide that the vehicle fee increases imposed by the bill would be effective on October 1, 2017.

(15) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:
3 (a) Over the next 10 years, the state faces a \$59 billion shortfall
4 to adequately maintain the existing state highway system in order
5 to keep it in a basic state of good repair.
6 (b) Similarly, cities and counties face a \$78 billion shortfall
7 over the next decade to adequately maintain the existing network
8 of local streets and roads.
9 (c) Statewide taxes and fees dedicated to the maintenance of
10 the system have not been increased in more than 20 years, with
11 those revenues losing more than 55 percent of their purchasing
12 power, while costs to maintain the system have steadily increased
13 and much of the underlying infrastructure has aged past its expected
14 useful life.

1 (d) California motorists are spending \$17 billion annually in
2 extra maintenance and car repair bills, which is more than \$700
3 per driver, due to the state's poorly maintained roads.

4 (e) Failing to act now to address this growing problem means
5 that more drastic measures will be required to maintain our system
6 in the future, essentially passing the burden on to future generations
7 instead of doing our job today.

8 (f) A funding program will help address a portion of the
9 maintenance backlog on the state's road system and will stop the
10 growth of the problem.

11 (g) Modestly increasing various fees can spread the cost of road
12 repairs broadly to all users and beneficiaries of the road network
13 without overburdening any one group.

14 (h) Improving the condition of the state's road system will have
15 a positive impact on the economy as it lowers the transportation
16 costs of doing business, reduces congestion impacts for employees,
17 and protects property values in the state.

18 (i) The federal government estimates that increased spending
19 on infrastructure creates more than 13,000 jobs per \$1 billion spent.

20 (j) Well-maintained roads benefit all users, not just drivers, as
21 roads are used for all modes of transport, whether motor vehicles,
22 transit, bicycles, or pedestrians.

23 (k) Well-maintained roads additionally provide significant health
24 benefits and prevent injuries and death due to crashes caused by
25 poorly maintained infrastructure.

26 (l) A comprehensive, reasonable transportation funding package
27 will do all of the following:

28 (1) Ensure these transportation needs are addressed.

29 (2) Fairly distribute the economic impact of increased funding.

30 (3) Restore the gas tax rate previously reduced by the State
31 Board of Equalization pursuant to the gas tax swap.

32 (4) Direct increased revenue to the state's highest transportation
33 needs.

34 SEC. 2. Section 13975 of the Government Code is amended
35 to read:

36 13975. There is in the state government the Transportation
37 Agency. The agency consists of the Department of the California
38 Highway Patrol, the Department of Motor Vehicles, the Department
39 of Transportation, the High-Speed Rail Authority, and the Board

1 of Pilot Commissioners for the Bays of San Francisco, San Pablo,
2 and Suisun.

3 SEC. 3. Section 14033 is added to the Government Code, to
4 read:

5 14033. On or before January 1, 2018, the department shall
6 update the Highway Design Manual to incorporate the “complete
7 streets” design concept.

8 SEC. 4. Section 14110 is added to the Government Code, to
9 read:

10 14110. The department shall develop a plan by January 1, 2020,
11 to increase by 100 percent the dollar value of contracts awarded
12 to small businesses, disadvantaged business enterprises, and
13 disabled veteran business enterprises.

14 SEC. 5. Part 5.1 (commencing with Section 14460) is added
15 to Division 3 of Title 2 of the Government Code, to read:

16
17 PART 5.1. OFFICE OF THE TRANSPORTATION INSPECTOR
18 GENERAL
19

20 14460. (a) There is hereby created in state government the
21 independent Office of the Transportation Inspector General, which
22 shall not be a subdivision of any other governmental entity, to
23 ensure that the Department of Transportation, the High-Speed Rail
24 Authority, the Department of the California Highway Patrol, the
25 Department of Motor Vehicles, the State Air Resources Board,
26 and all other state agencies expending state transportation funds
27 are operating efficiently, effectively, and in compliance with
28 applicable federal and state laws.

29 (b) The Governor shall appoint, subject to confirmation by the
30 Senate, the Transportation Inspector General to a six-year term.
31 The Transportation Inspector General may not be removed from
32 office during that term, except for good cause. A finding of good
33 cause may include substantial neglect of duty, gross misconduct,
34 or conviction of a crime. The reasons for removal of the
35 Transportation Inspector General shall be stated in writing and
36 shall include the basis for removal. The writing shall be sent to
37 the Secretary of the Senate and the Chief Clerk of the Assembly
38 at the time of the removal and shall be deemed to be a public
39 document.

1 14461. The Transportation Inspector General shall review
2 policies, practices, and procedures and conduct audits and
3 investigations of activities involving state transportation funds in
4 consultation with all affected state agencies. Specifically, the
5 Transportation Inspector General's duties and responsibilities shall
6 include, but not be limited to, all of the following:

7 (a) To examine the operating practices of all state agencies
8 expending state transportation funds to identify fraud and waste,
9 opportunities for efficiencies, and opportunities to improve the
10 data used to determine appropriate project resource allocations.

11 (b) To identify best practices in the delivery of transportation
12 projects and develop policies or recommend proposed legislation
13 enabling state agencies to adopt these practices when practicable.

14 (c) To provide objective analysis of and, when possible, offer
15 solutions to concerns raised by the public or generated within
16 agencies involving the state's transportation infrastructure and
17 project delivery methods.

18 (d) To conduct, supervise, and coordinate audits and
19 investigations relating to the programs and operations of all state
20 transportation agencies with state-funded transportation projects.

21 (e) To recommend policies promoting economy and efficiency
22 in the administration of programs and operations of all state
23 agencies with state-funded transportation projects.

24 (f) To ensure that the Secretary of Transportation and the
25 Legislature are fully and currently informed concerning fraud or
26 other serious abuses or deficiencies relating to the expenditure of
27 funds or administration of programs and operations.

28 14462. The Transportation Inspector General shall report at
29 least annually to the Governor and Legislature with a summary of
30 his or her findings, investigations, and audits. The summary shall
31 be posted on the Transportation Inspector General's Internet Web
32 site and shall otherwise be made available to the public upon its
33 release to the Governor and Legislature. The summary shall
34 include, but need not be limited to, significant problems discovered
35 by the Transportation Inspector General and whether
36 recommendations of the Transportation Inspector General relative
37 to investigations and audits have been implemented by the affected
38 agencies. The report shall be submitted to the Legislature in
39 compliance with Section 9795.

1 SEC. 6. Section 14500 of the Government Code is amended
2 to read:

3 14500. There is in state government a California Transportation
4 Commission. The commission shall act in an independent oversight
5 role.

6 SEC. 7. Section 14526.5 of the Government Code is amended
7 to read:

8 14526.5. (a) Based on the asset management plan prepared
9 and approved pursuant to Section 14526.4, the department shall
10 prepare a state highway operation and protection program for the
11 expenditure of transportation funds for major capital improvements
12 that are necessary to preserve and protect the state highway system.
13 Projects included in the program shall be limited to improvements
14 relative to the maintenance, safety, operation, and rehabilitation
15 of state highways and bridges that do not add a new traffic lane to
16 the system.

17 (b) The program shall include projects that are expected to be
18 advertised prior to July 1 of the year following submission of the
19 program, but which have not yet been funded. The program shall
20 include those projects for which construction is to begin within
21 four fiscal years, starting July 1 of the year following the year the
22 program is submitted.

23 (c) (1) The department, at a minimum, shall specify, for each
24 project in the state highway operation and protection program, the
25 capital and support budget for each of the following project
26 components:

27 (A) Project approval and environmental documents.

28 (B) Plans, specifications, and estimates.

29 (C) Rights-of-way.

30 (D) Construction.

31 (2) The department shall specify, for each project in the state
32 highway operation and protection program, a projected delivery
33 date for each of the following components:

34 (A) Environmental document completion.

35 (B) Plans, specifications, and estimate completion.

36 (C) Right-of-way certification.

37 (D) Start of construction.

38 (d) The department shall submit its proposed program to the
39 commission not later than January 31 of each even-numbered year.
40 Prior to submitting its proposed program, the department shall

1 make a draft of its proposed program available to transportation
2 planning agencies for review and comment and shall include the
3 comments in its submittal to the commission. The department shall
4 provide the commission with detailed information for all
5 programmed projects, including, but not limited to, cost, scope,
6 schedule, and performance metrics as determined by the
7 commission.

8 (e) The commission shall review the proposed program relative
9 to its overall adequacy, consistency with the asset management
10 plan prepared and approved pursuant to Section 14526.4 and
11 funding priorities established in Section 167 of the Streets and
12 Highways Code, the level of annual funding needed to implement
13 the program, and the impact of those expenditures on the state
14 transportation improvement program. The commission shall adopt
15 the program and submit it to the Legislature and the Governor not
16 later than April 1 of each even-numbered year. The commission
17 may decline to adopt the program if the commission determines
18 that the program is not sufficiently consistent with the asset
19 management plan prepared and approved pursuant to Section
20 14526.4.

21 (f) As part of the commission's review of the program required
22 pursuant to subdivision (a), the commission shall hold at least one
23 hearing in northern California and one hearing in southern
24 California regarding the proposed program.

25 (g) Expenditures for these projects shall not be subject to
26 Sections 188 and 188.8 of the Streets and Highways Code.

27 (h) Following adoption of the state highway operation and
28 protection program by the commission, any change to a
29 programmed project shall be submitted as an amendment by the
30 department to the commission for its approval before the change
31 may be implemented.

32 SEC. 8. Section 14526.7 is added to the Government Code, to
33 read:

34 14526.7. (a) On and after August 1, 2017, an allocation by the
35 commission of all capital and support costs for each project in the
36 state highway operation and protection program shall be required.

37 (b) For a project that experiences increases in capital or support
38 costs above the amounts in the commission's allocation pursuant
39 to subdivision (a), a supplemental project allocation request shall
40 be submitted by the department to the commission for approval.

1 (c) The commission shall establish guidelines to provide
2 exceptions to the requirement of subdivision (b) that the
3 commission determines are necessary to ensure that projects are
4 not unnecessarily delayed.

5 SEC. 9. Section 14534.1 of the Government Code is repealed.

6 SEC. 10. Section 16321 is added to the Government Code, to
7 read:

8 16321. (a) Notwithstanding any other law, on or before March
9 1, 2017, the Department of Finance shall compute the amount of
10 outstanding loans made from the State Highway Account, the
11 Motor Vehicle Fuel Account, the Highway Users Tax Account,
12 and the Motor Vehicle Account to the General Fund. The
13 department shall prepare a loan repayment schedule, pursuant to
14 which the outstanding loans shall be repaid, as follows:

15 (1) On or before December 31, 2017, 50 percent of the
16 outstanding loan amounts.

17 (2) On or before December 31, 2018, the remainder of the
18 outstanding loan amounts.

19 (b) Notwithstanding any other law, as the loans are repaid
20 pursuant to this section, the repaid funds shall be transferred in the
21 following manner:

22 (1) Fifty percent to cities and counties pursuant to clauses (i)
23 and (ii) of subparagraph (C) of paragraph (3) of subdivision (a) of
24 Section 2103 of the Streets and Highways Code.

25 (2) Fifty percent to the department for maintenance of the state
26 highway system and for purposes of the state highway operation
27 and protection program.

28 (c) Funds for loan repayments pursuant to this section are hereby
29 appropriated from the Budget Stabilization Account pursuant to
30 subclause (II) of clause (ii) of subparagraph (B) of paragraph (1)
31 of subdivision (c) of Section 20 of Article XVI of the California
32 Constitution.

33 SEC. 11. Section 16965 of the Government Code is amended
34 to read:

35 16965. (a) (1) The Transportation Debt Service Fund is hereby
36 created in the State Treasury. Moneys in the fund shall be dedicated
37 to all of the following purposes:

38 (A) Payment of debt service with respect to designated bonds,
39 as defined in subdivision (c) of Section 16773, and as further
40 provided in paragraph (3) and subdivision (b).

1 (B) To reimburse the General Fund for debt service with respect
2 to bonds.

3 (C) To redeem or retire bonds, pursuant to Section 16774,
4 maturing in a subsequent fiscal year.

5 (2) The bonds eligible under subparagraph (B) or (C) of
6 paragraph (1) include bonds issued pursuant to the Passenger Rail
7 and Clean Air Bond Act of 1990 (Chapter 17 (commencing with
8 Section 2701) of Division 3 of the Streets and Highways Code),
9 the Seismic Retrofit Bond Act of 1996 (Chapter 12.48
10 (commencing with Section 8879) of Division 1 of Title 2), and the
11 Safe, Reliable High-Speed Passenger Train Bond Act for the 21st
12 Century (Chapter 20 (commencing with Section 2704) of Division
13 3 of the Streets and Highways Code), and nondesignated bonds
14 under Proposition 1B, as defined in subdivision (c) of Section
15 16773.

16 (3) (A) The Transportation Bond Direct Payment Account is
17 hereby created in the State Treasury, as a subaccount within the
18 Transportation Debt Service Fund, for the purpose of directly
19 paying the debt service, as defined in paragraph (4), of designated
20 bonds of Proposition 1B, as defined in subdivision (c) of Section
21 16773. Notwithstanding Section 13340, moneys in the
22 Transportation Bond Direct Payment Account are continuously
23 appropriated for payment of debt service with respect to designated
24 bonds as provided in subdivision (c) of Section 16773. So long as
25 any designated bonds remain outstanding, the moneys in the
26 Transportation Bond Direct Payment Account may not be used
27 for any other purpose, and may not be borrowed by or available
28 for transfer to the General Fund pursuant to Section 16310 or any
29 similar law, or to the General Cash Revolving Fund pursuant to
30 Section 16381 or any similar law.

31 (B) Once the Treasurer makes a certification that payment of
32 debt service with respect to all designated bonds has been paid or
33 provided for, any remaining moneys in the Transportation Bond
34 Direct Payment Account shall be transferred back to the
35 Transportation Debt Service Fund.

36 (C) The moneys in the Transportation Bond Direct Payment
37 Account shall be invested in the Surplus Money Investment Fund,
38 and all investment earnings shall accrue to the account.

39 (D) The Controller may establish subaccounts within the
40 Transportation Bond Direct Payment Account as may be required

1 by the resolution, indenture, or other documents governing any
2 designated bonds.

3 (4) For purposes of this subdivision and subdivision (b), and
4 subdivision (c) of Section 16773, “debt service” means payment
5 of all of the following costs and expenses with respect to any
6 designated bond:

7 (A) The principal of and interest on the bonds.

8 (B) Amounts payable as the result of tender on any bonds, as
9 described in clause (iv) of subparagraph (B) of paragraph (1) of
10 subdivision (d) of Section 16731.

11 (C) Amounts payable under any contractual obligation of the
12 state to repay advances and pay interest thereon under a credit
13 enhancement or liquidity agreement as described in clause (iv) of
14 subparagraph (B) of paragraph (1) of subdivision (d) of Section
15 16731.

16 (D) Any amount owed by the state to a counterparty after any
17 offset for payments owed to the state on any hedging contract as
18 described in subparagraph (A) of paragraph (2) of subdivision (d)
19 of Section 16731.

20 (b) From the moneys transferred to the fund pursuant to
21 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the
22 Vehicle Code, there shall first be deposited into the Transportation
23 Bond Direct Payment Account in each month sufficient funds to
24 equal the amount designated in a certificate submitted by the
25 Treasurer to the Controller and the Director of Finance at the start
26 of each fiscal year, and as may be modified by the Treasurer
27 thereafter upon issuance of any new issue of designated bonds or
28 upon change in circumstances that requires such a modification.
29 This certificate shall be calculated by the Treasurer to identify, for
30 each month, the amount necessary to fund all of the debt service
31 with respect to all designated bonds. This calculation shall be done
32 in a manner provided in the resolution, indenture, or other
33 documents governing the designated bonds. In the event that
34 transfers to the Transportation Bond Direct Payment Account in
35 any month are less than the amounts required in the Treasurer’s
36 certificate, the shortfall shall carry over to be part of the required
37 payment in the succeeding month or months.

38 (c) The state hereby covenants with the holders from time to
39 time of any designated bonds that it will not alter, amend, or restrict
40 the provisions of subdivision (c) of Section 16773 of the

1 Government Code, or Sections 9400, 9400.1, 9400.4, and 42205
2 of the Vehicle Code, which provide directly or indirectly for the
3 transfer of weight fees to the Transportation Debt Service Fund
4 or the Transportation Bond Direct Payment Account, or
5 subdivisions (a) and (b) of this section, or reduce the rate of
6 imposition of vehicle weight fees under Sections 9400 and 9400.1
7 of the Vehicle Code as they existed on the date of the first issuance
8 of any designated bonds, if that alteration, amendment, restriction,
9 or reduction would result in projected weight fees for the next
10 fiscal year determined by the Director of Finance being less than
11 two times the maximum annual debt service with respect to all
12 outstanding designated bonds, as such calculation is determined
13 pursuant to the resolution, indenture, or other documents governing
14 the designated bonds. The state may include this covenant in the
15 resolution, indenture, or other documents governing the designated
16 bonds.

17 (d) Once the required monthly deposit, including makeup of
18 any shortfalls from any prior month, has been made pursuant to
19 subdivision (b), from moneys transferred to the fund pursuant to
20 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the
21 Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the
22 Controller shall transfer as an expenditure reduction to the General
23 Fund any amount necessary to offset the cost of current year debt
24 service payments made from the General Fund with respect to any
25 bonds issued pursuant to Proposition 192 (1996) and three-quarters
26 of the amount of current year debt service payments made from
27 the General Fund with respect to any nondesignated bonds, as
28 defined in subdivision (c) of Section 16773, issued pursuant to
29 Proposition 1B (2006). In the alternative, these funds may also be
30 used to redeem or retire the applicable bonds, pursuant to Section
31 16774, maturing in a subsequent fiscal year as directed by the
32 Director of Finance.

33 (e) Once the required monthly deposit, including makeup of
34 any shortfalls from any prior month, has been made pursuant to
35 subdivision (b), from moneys transferred to the fund pursuant to
36 paragraph (2) or (3) of subdivision (c) of Section 9400.4 of the
37 Vehicle Code, or pursuant to Section 16965.1 or 63048.67, the
38 Controller shall transfer as an expenditure reduction to the General
39 Fund any amount necessary to offset the eligible cost of current
40 year debt service payments made from the General Fund with

1 respect to any bonds issued pursuant to Proposition 108 (1990)
2 and Proposition 1A (2008), and one-quarter of the amount of
3 current year debt service payments made from the General Fund
4 with respect to any nondesignated bonds, as defined in subdivision
5 (c) of Section 16773, issued pursuant to Proposition 1B (2006).
6 The Department of Finance shall notify the Controller by July 30
7 of every year of the percentage of debt service that is expected to
8 be paid in that fiscal year with respect to bond-funded projects that
9 qualify as eligible guideway projects consistent with the
10 requirements applicable to the expenditure of revenues under
11 Article XIX of the California Constitution, and the Controller shall
12 make payments only for those eligible projects. In the alternative,
13 these funds may also be used to redeem or retire the applicable
14 bonds, pursuant to Section 16774, maturing in a subsequent fiscal
15 year as directed by the Director of Finance.

16 (f) On or before the second business day following the date on
17 which transfers are made to the Transportation Debt Service Fund,
18 and after the required monthly deposits for that month, including
19 makeup of any shortfalls from any prior month, have been made
20 to the Transportation Bond Direct Payment Account, the Controller
21 shall transfer the funds designated for reimbursement of bond debt
22 service with respect to nondesignated bonds, as defined in
23 subdivision (c) of Section 16773, and other bonds identified in
24 subdivisions (d) and (e) in that month from the fund to the General
25 Fund pursuant to this section.

26 SEC. 12. Section 39719 of the Health and Safety Code is
27 amended to read:

28 39719. (a) The Legislature shall appropriate the annual
29 proceeds of the fund for the purpose of reducing greenhouse gas
30 emissions in this state in accordance with the requirements of
31 Section 39712.

32 (b) To carry out a portion of the requirements of subdivision
33 (a), annual proceeds are continuously appropriated for the
34 following:

35 (1) Beginning in the 2017–18 fiscal year, and notwithstanding
36 Section 13340 of the Government Code, 50 percent of annual
37 proceeds are continuously appropriated, without regard to fiscal
38 years, for transit, affordable housing, and sustainable communities
39 programs as follows:

1 (A) Twenty percent of the annual proceeds of the fund is hereby
2 continuously appropriated to the Transportation Agency for the
3 Transit and Intercity Rail Capital Program created by Part 2
4 (commencing with Section 75220) of Division 44 of the Public
5 Resources Code.

6 (B) Ten percent of the annual proceeds of the fund is hereby
7 continuously appropriated to the Low Carbon Transit Operations
8 Program created by Part 3 (commencing with Section 75230) of
9 Division 44 of the Public Resources Code. Moneys shall be
10 allocated by the Controller, according to requirements of the
11 program, and pursuant to the distribution formula in subdivision
12 (b) or (c) of Section 99312 of, and Sections 99313 and 99314 of,
13 the Public Utilities Code.

14 (C) Twenty percent of the annual proceeds of the fund is hereby
15 continuously appropriated to the Strategic Growth Council for the
16 Affordable Housing and Sustainable Communities Program created
17 by Part 1 (commencing with Section 75200) of Division 44 of the
18 Public Resources Code. Of the amount appropriated in this
19 subparagraph, no less than 10 percent of the annual proceeds shall
20 be expended for affordable housing, consistent with the provisions
21 of that program.

22 (2) Beginning in the 2015–16 fiscal year, notwithstanding
23 Section 13340 of the Government Code, 25 percent of the annual
24 proceeds of the fund is hereby continuously appropriated to the
25 High-Speed Rail Authority for the following components of the
26 initial operating segment and Phase I Blended System as described
27 in the 2012 business plan adopted pursuant to Section 185033 of
28 the Public Utilities Code:

29 (A) Acquisition and construction costs of the project.

30 (B) Environmental review and design costs of the project.

31 (C) Other capital costs of the project.

32 (D) Repayment of any loans made to the authority to fund the
33 project.

34 (c) In determining the amount of annual proceeds of the fund
35 for purposes of the calculation in subdivision (b), the funds subject
36 to Section 39719.1 shall not be included.

37 ~~SEC. 13. Section 21080.37 of the Public Resources Code is~~
38 ~~amended to read:~~

1 ~~21080.37. (a) This division does not apply to a project or an~~
2 ~~activity to repair, maintain, or make minor alterations to an existing~~
3 ~~roadway if all of the following conditions are met:~~

4 ~~(1) (A) The project does not cross a waterway.~~

5 ~~(B) For purposes of this paragraph, “waterway” means a bay,~~
6 ~~estuary, lake, pond, river, slough, or a perennial, intermittent, or~~
7 ~~ephemeral stream, lake, or estuarine-marine shoreline.~~

8 ~~(2) The project involves negligible or no expansion of an~~
9 ~~existing use beyond that existing at the time of the lead agency’s~~
10 ~~determination.~~

11 ~~(3) (A) The site of the project does not contain wetlands or~~
12 ~~riparian areas and does not have significant value as a wildlife~~
13 ~~habitat, and the project does not harm any species protected by the~~
14 ~~federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et~~
15 ~~seq.), the Native Plant Protection Act (Chapter 10 (commencing~~
16 ~~with Section 1900) of Division 2 of the Fish and Game Code), or~~
17 ~~the California Endangered Species Act (Chapter 1.5 (commencing~~
18 ~~with Section 2050) of Division 3 of the Fish and Game Code), and~~
19 ~~the project does not cause the destruction or removal of any species~~
20 ~~protected by a local ordinance.~~

21 ~~(B) For the purposes of this paragraph:~~

22 ~~(i) “Riparian areas” mean those areas transitional between~~
23 ~~terrestrial and aquatic ecosystems and that are distinguished by~~
24 ~~gradients in biophysical conditions, ecological processes, and biota.~~
25 ~~A riparian area is an area through which surface and subsurface~~
26 ~~hydrology connect waterbodies with their adjacent uplands. A~~
27 ~~riparian area includes those portions of terrestrial ecosystems that~~
28 ~~significantly influence exchanges of energy and matter with aquatic~~
29 ~~ecosystems. A riparian area is adjacent to perennial, intermittent,~~
30 ~~and ephemeral streams, lakes, and estuarine-marine shorelines.~~

31 ~~(ii) “Significant value as a wildlife habitat” includes wildlife~~
32 ~~habitat of national, statewide, regional, or local importance; habitat~~
33 ~~for species protected by the federal Endangered Species Act of~~
34 ~~1973 (16 U.S.C. Sec. 1531 et seq.), the California Endangered~~
35 ~~Species Act (Chapter 1.5 (commencing with Section 2050) of~~
36 ~~Division 3 of the Fish and Game Code), or the Native Plant~~
37 ~~Protection Act (Chapter 10 (commencing with Section 1900) of~~
38 ~~Division 2 of the Fish and Game Code); habitat identified as~~
39 ~~candidate, fully protected, sensitive, or species of special status~~

1 by local, state, or federal agencies; or habitat essential to the
2 movement of resident or migratory wildlife.

3 (iii) “Wetlands” has the same meaning as in the United States
4 Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993).

5 (iv) “Wildlife habitat” means the ecological communities upon
6 which wild animals, birds, plants, fish, amphibians, and
7 invertebrates depend for their conservation and protection.

8 (4) The project does not impact cultural resources.

9 (5) The roadway does not affect scenic resources, as provided
10 pursuant to subdivision (c) of Section 21084.

11 (b) Prior to determining that a project is exempt pursuant to this
12 section, the lead agency shall do both of the following:

13 (1) Include measures in the project to mitigate potential
14 vehicular traffic and safety impacts and bicycle and pedestrian
15 safety impacts.

16 (2) Hold a noticed public hearing on the project to hear and
17 respond to public comments. The hearing on the project may be
18 conducted with another noticed lead agency public hearing.
19 Publication of the notice shall be no fewer times than required by
20 Section 6061 of the Government Code, by the public agency in a
21 newspaper of general circulation in the area.

22 (c) For purposes of this section, “roadway” means a roadway
23 as defined pursuant to Section 530 of the Vehicle Code and the
24 previously graded and maintained shoulder that is within a roadway
25 right-of-way of no more than five feet from the edge of the
26 roadway.

27 (d) (1) If a state agency determines that a project is not subject
28 to this division pursuant to this section and it approves or
29 determines to carry out that project, it shall file a notice with the
30 Office of Planning and Research in the manner specified in
31 subdivisions (b) and (c) of Section 21108.

32 (2) If a local agency determines that a project is not subject to
33 this division pursuant to this section and it approves or determines
34 to carry out that project, it shall file a notice with the Office of
35 Planning and Research, and with the county clerk in the county in
36 which the project will be located in the manner specified in
37 subdivisions (b) and (c) of Section 21152.

38 *SEC. 13. Section 21080.37 of the Public Resources Code is*
39 *amended to read:*

1 21080.37. (a) This division does not apply to a project or an
2 activity to repair, maintain, or make minor alterations to an existing
3 roadway if all of the following conditions are met:

4 (1) The project is carried out by a city or county ~~with a~~
5 ~~population of less than 100,000 persons~~ to improve public safety.

6 (2) (A) The project does not cross a waterway.

7 (B) For purposes of this paragraph, “waterway” means a bay,
8 estuary, lake, pond, river, slough, or a perennial, intermittent, or
9 ephemeral stream, lake, or estuarine-marine shoreline.

10 (3) The project involves negligible or no expansion of an
11 existing use beyond that existing at the time of the lead agency’s
12 determination.

13 (4) The roadway is not a state roadway.

14 (5) (A) The site of the project does not contain wetlands or
15 riparian areas and does not have significant value as a wildlife
16 habitat, and the project does not harm any species protected by the
17 federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et
18 seq.), the Native Plant Protection Act (Chapter 10 (commencing
19 with Section 1900) of Division 2 of the Fish and Game Code), or
20 the California Endangered Species Act (Chapter 1.5 (commencing
21 with Section 2050) of Division 3 of the Fish and Game Code), and
22 the project does not cause the destruction or removal of any species
23 protected by a local ordinance.

24 (B) For the purposes of this paragraph:

25 (i) “Riparian areas” mean those areas transitional between
26 terrestrial and aquatic ecosystems and that are distinguished by
27 gradients in biophysical conditions, ecological processes, and biota.
28 A riparian area is an area through which surface and subsurface
29 hydrology connect waterbodies with their adjacent uplands. A
30 riparian area includes those portions of terrestrial ecosystems that
31 significantly influence exchanges of energy and matter with aquatic
32 ecosystems. A riparian area is adjacent to perennial, intermittent,
33 and ephemeral streams, lakes, and estuarine-marine shorelines.

34 (ii) “Significant value as a wildlife habitat” includes wildlife
35 habitat of national, statewide, regional, or local importance; habitat
36 for species protected by the federal Endangered Species Act of
37 1973 (16 U.S.C. Sec. 1531, et seq.), the California Endangered
38 Species Act (Chapter 1.5 (commencing with Section 2050) of
39 Division 3 of the Fish and Game Code), or the Native Plant
40 Protection Act (Chapter 10 (commencing with Section 1900) of

1 Division 2 of the Fish and Game Code); habitat identified as
2 candidate, fully protected, sensitive, or species of special status
3 by local, state, or federal agencies; or habitat essential to the
4 movement of resident or migratory wildlife.

5 (iii) “Wetlands” has the same meaning as in the United States
6 Fish and Wildlife Service Manual, Part 660 FW 2 (June 21, 1993).

7 (iv) “Wildlife habitat” means the ecological communities upon
8 which wild animals, birds, plants, fish, amphibians, and
9 invertebrates depend for their conservation and protection.

10 (6) The project does not impact cultural resources.

11 (7) The roadway does not affect scenic resources, as provided
12 pursuant to subdivision (c) of Section 21084.

13 (b) Prior to determining that a project is exempt pursuant to this
14 section, the lead agency shall do both of the following:

15 (1) Include measures in the project to mitigate potential
16 vehicular traffic and safety impacts and bicycle and pedestrian
17 safety impacts.

18 (2) Hold a noticed public hearing on the project to hear and
19 respond to public comments. The hearing on the project may be
20 conducted with another noticed lead agency public hearing.
21 Publication of the notice shall be no fewer times than required by
22 Section 6061 of the Government Code, by the public agency in a
23 newspaper of general circulation in the area.

24 (c) For purposes of this section, “roadway” means a roadway
25 as defined pursuant to Section 530 of the Vehicle Code and the
26 previously graded and maintained shoulder that is within a roadway
27 right-of-way of no more than five feet from the edge of the
28 roadway.

29 (d) Whenever a local agency determines that a project is not
30 subject to this division pursuant to this section, and it approves or
31 determines to carry out that project, the local agency shall file a
32 notice with the Office of Planning and Research, and with the
33 county clerk in the county in which the project will be located in
34 the manner specified in subdivisions (b) and (c) of Section 21152.

35 (e) This section shall remain in effect only until January 1, ~~2020~~,
36 2023, and as of that date is repealed, unless a later enacted statute,
37 that is enacted before January 1, ~~2020~~, 2023, deletes or extends
38 that date.

39 SEC. 14. Division 13.6 (commencing with Section 21200) is
40 added to the Public Resources Code, to read:

1 DIVISION 13.6. ADVANCE MITIGATION PROGRAM ACT

2
3 CHAPTER 1. GENERAL
4

5 21200. This division shall be known, and may be cited, as the
6 Advance Mitigation Program Act.

7 21201. (a) The purpose of this division is to improve the
8 success and effectiveness of actions implemented to mitigate the
9 natural resource impacts of future transportation improvements
10 by designing those actions to measurably advance regional or
11 statewide conservation priorities and by establishing the means to
12 implement the actions well before the impacts occur. The advance
13 design and implementation of mitigation actions also will
14 streamline the delivery of transportation improvements by avoiding
15 or reducing delays associated with environmental permitting.

16 (b) This division is not intended to create a new environmental
17 permitting or regulatory program or to modify existing
18 environmental laws or regulations, nor is it expected that all
19 mitigation requirements will be addressed for planned
20 transportation improvements. Instead, it is intended to provide a
21 methodology with which to fulfill the requirements of existing
22 state and federal environmental laws that protect fish, wildlife,
23 plant species, and other natural resources more efficiently and
24 effectively.

25 21202. The Legislature finds and declares all of the following:

26 (a) Compensatory mitigation for environmental impacts is
27 ordinarily handled on a project-by-project basis, usually near the
28 end of a project's timeline and often with insufficient guidance
29 regarding regional or statewide conservation priorities.

30 (b) The cost of critical transportation improvements often
31 escalates because of permitting delays that occur when appropriate
32 conservation and mitigation measures cannot easily be identified
33 and because the cost of these measures often increases between
34 the time a project is planned and funded and the time mitigation
35 is implemented.

36 (c) When the Department of Transportation is able to anticipate
37 the compensatory mitigation needs for planned transportation
38 improvements, it can meet those needs in a more timely and
39 cost-effective way by using advance mitigation planning.

1 (d) Working with state and federal resource protection agencies,
2 the department can generate and pool a range of mitigation credits
3 for use for transportation improvements, taking advantage of
4 greater economies of scale and allowing public funds to stretch
5 further. By making those mitigation credits available in advance
6 of environmental impacts and project permitting, transportation
7 agencies can avoid permitting delays that result from
8 project-by-project identification and development of mitigation
9 measures.

10 (e) Advance mitigation can provide an effective means of
11 facilitating delivery of transportation improvements while ensuring
12 more effective natural resource conservation.

13 (f) Advance mitigation is needed to direct mitigation funding
14 for transportation improvements to agreed-upon conservation
15 priorities and to the creation of habitat reserves and recreation
16 areas that enhance the sustainability of human and natural systems
17 by protecting or restoring connectivity of natural communities and
18 the delivery of ecosystem services.

19 (g) Advance mitigation can facilitate the implementation of
20 climate change adaptation strategies both for ecosystems and
21 California's economy.

22 (h) Advance mitigation can enable the state to protect, restore,
23 and recover its natural resources as it strengthens and improves
24 its transportation systems.

25 21203. The Legislature intends to do all of the following by
26 enacting this division:

27 (a) Facilitate delivery of transportation improvements while
28 ensuring more effective natural resource conservation.

29 (b) Develop effective strategies to improve the state's ability to
30 meet mounting demands for transportation improvements and to
31 maximize conservation and other public benefits.

32 (c) Achieve conservation objectives of statewide and regional
33 importance by coordinating local, state, and federally funded
34 natural resource conservation efforts with mitigation actions
35 required for impacts from transportation improvements.

36 (d) Create administrative, governance, and financial incentives
37 and mechanisms necessary to ensure that measures required to
38 minimize or mitigate impacts from transportation improvements
39 will serve to achieve regional or statewide natural resource
40 conservation objectives.

CHAPTER 2. DEFINITIONS

21204. For purposes of this division, the following terms have the following meanings:

(a) “Acquire” and “acquisition” mean, with respect to land or a waterway, acquisition of fee title or purchase of a conservation easement, that protects conservation and mitigation values on the land or waterway in perpetuity.

(b) “Advance mitigation” means mitigation implemented before, and in anticipation of, environmental effects of planned transportation improvements.

(c) “Commission” means the California Transportation Commission.

(d) “Conservation easement” means a perpetual conservation easement that complies with Chapter 4 (commencing with Section 815) of Title 2 of Part 2 of Division 2 of the Civil Code.

(e) “Department” means the Department of Transportation.

(f) “Mitigation credit agreement” means a mitigation credit agreement pursuant to Chapter 9 (commencing with Section 1850) of Division 2 of the Fish and Game Code.

(g) “Transportation agency” means the department, the High-Speed Rail Authority, a metropolitan planning organization, a regional transportation planning agency, or another public agency that implements transportation improvements.

(h) “Transportation improvement” means a transportation capital improvement project.

(i) “Planned transportation improvement” means a transportation project that a transportation agency has identified in a regional transportation plan, an interregional transportation plan, a capital improvement program, or other approved transportation planning document. A planned transportation improvement may include, but is not limited to, a transportation project that has been proposed for approval or that has been approved.

(j) “Program” means the Advance Mitigation Program implemented pursuant to this division.

(k) “Regional conservation investment strategy” means a regional conservation investment strategy *approved by the Department of Fish and Wildlife* pursuant to Chapter 9 (commencing with Section 1850) of Division 2 of the Fish and Game Code.

(l) “Regulatory agency” means a state or federal natural resource protection agency with regulatory authority over planned transportation improvements. A regulatory agency includes, but is not limited to, the Natural Resources Agency, the Department of Fish and Wildlife, California regional water quality control boards, the United States Fish and Wildlife Service, the National Marine Fisheries Service, the United States Environmental Protection Agency, and the United States Army Corps of Engineers.

CHAPTER 3. ADVANCE MITIGATION PROGRAM

21205. (a) The Advance Mitigation Program is hereby created in the department to accelerate project delivery and improve environmental outcomes of environmental mitigation for planned transportation improvements. The department may do any of the following to administer and implement the program:

(1) Purchase credits at mitigation banks and conservation banks approved by one or more regulatory agencies. The department may also establish mitigation banks or conservation banks, or fund the establishment of mitigation banks or conservation banks, in accordance with applicable state and federal standards if the department determines that those banks would provide biologically appropriate mitigation for planned transportation improvements identified pursuant to Section 21207.

(2) Pay mitigation fees under natural community conservation plans approved pursuant to Chapter 10 (commencing with Section 2800) of Division 3 of the Fish and Game Code, or habitat conservation plans approved in accordance with the federal Endangered Species Act.

(3) Prepare, or fund the preparation of, regional conservation investment strategies. Where a regional conservation framework has been approved by the Department of Fish and Wildlife, the department may do the following:

(A) Enter into a mitigation credit agreement with the Department of Fish and Wildlife, and acquire, restore, manage, monitor, protect, and preserve lands, waterways, aquatic resources or fisheries, or fund the acquisition, restoration, management, monitoring, protection, and preservation of lands, waterways, aquatic resources,

1 or fisheries, as needed to generate mitigation credits pursuant to
2 those mitigation credit agreements.

3 (B) Acquire, restore, manage, monitor, and preserve lands,
4 waterways, aquatic resources, or fisheries, or fund the acquisition,
5 restoration, management, monitoring, and preservation of lands,
6 waterways, aquatic resources, or fisheries that would measurably
7 advance a conservation objective in the regional conservation
8 investment strategy if the department concludes that the action or
9 actions could conserve or create environmental values that are
10 appropriate to mitigate the anticipated potential impacts of planned
11 transportation improvements.

12 (4) Prepare, or fund the preparation of, regional advance
13 mitigation plans *that are consistent with a regional conservation*
14 *strategy and are approved by the Department of Fish and Wildlife,*
15 *within the area of—any that regional conservation investment*
16 *strategy that has been approved by the Department of Fish and*
17 *Wildlife: strategy.* The purpose of a regional advance mitigation
18 plan shall be to identify potential mitigation needs for planned
19 transportation improvements, to facilitate the acquisition or
20 generation of mitigation credits and values that could be used to
21 fulfill those needs and thereby to avoid delays in the environmental
22 permitting of those transportation improvements. A regional
23 advance mitigation plan shall do all of the following:

24 (A) Use the information and analysis in the regional
25 conservation investment strategy to estimate the nature and extent
26 of potential mitigation requirements of planned transportation
27 improvements on a regional or statewide basis.

28 (B) Consider the full range of potential impacts on natural
29 resources of planned transportation improvements.

30 (C) Identify available mitigation credits at mitigation banks or
31 conservation banks approved by one or more regulatory agencies
32 that could be used to mitigate the impacts of planned transportation
33 improvements.

34 (D) Assess whether, and to what extent, mitigation requirements
35 for planned transportation improvements could be fulfilled by the
36 payment of mitigation fees under approved natural community
37 conservation plans and habitat conservation plans.

38 (E) Assess whether, and to what extent, mitigation requirements
39 for planned transportation improvements could be fulfilled by
40 mitigation credits created under a mitigation credit agreement.

1 (F) Assess whether conservation actions or habitat enhancements
2 that would measurably advance an unmet conservation objective
3 in the regional conservation investment strategy could conserve
4 or create environmental values that are appropriate to mitigate the
5 anticipated potential impacts of planned transportation
6 improvements and could fulfill mitigation requirements resulting
7 from those impacts.

8 (G) Analyze the cost-effectiveness of available mitigation
9 alternatives both in terms of environmental benefits and improved
10 project delivery and certainty.

11 (b) The department shall track all advance mitigation actions
12 implemented and all mitigation credits generated under the program
13 for environmental mitigation for transportation improvements.

14 (c) The department may use mitigation credits to fulfill
15 mitigation requirements of a transportation improvement eligible
16 for the State Transportation Improvement Program or the State
17 Highway Operation and Protection Program.

18 (d) The department may use, or allow local or state
19 transportation agencies to use, mitigation credits or values
20 generated or obtained under the program to fulfill the mitigation
21 requirements of planned transportation improvements if the
22 applicable transportation agency reimburses the program for all
23 costs of purchasing or creating the mitigation credits or values, as
24 determined by the department. Those costs shall be calculated
25 using total cost accounting and shall include, as applicable, land
26 acquisition or conservation easement costs, monitoring and
27 enforcement costs, restoration costs, transaction costs,
28 administrative costs, contingency costs, and land management,
29 monitoring, and protection costs.

30 (e) *Prior to approving a regional conservation investment*
31 *strategy or regional advance mitigation plan, the Department of*
32 *Fish and Wildlife shall receive public comments on the strategy*
33 *or plan for at least 45 days and shall hold a public meeting at*
34 *relevant districts of the department affected by the strategy or*
35 *plan. The Department of Fish and Wildlife, in cooperation with*
36 *the department, shall respond to any public comments received.*

37 (f) *The department, in collaboration with the Department of*
38 *Fish and Wildlife, shall establish and maintain an Internet Web*
39 *site that includes all of the following:*

1 *(1) Findings and recommendations of the transportation*
2 *advance mitigation steering committee established pursuant to*
3 *Section 21206.*

4 *(2) Any proposed actions taken pursuant to the program,*
5 *including information specified in subdivision (b).*

6 *(3) Any public comments and responses made pursuant to*
7 *subdivision (e).*

8 *(4) The reports required pursuant to Section 21209.*

9 21206. (a) No later than February 1, ~~2017~~, 2018, the
10 department shall establish an interagency transportation advance
11 mitigation steering committee consisting of the department and
12 appropriate state and federal regulatory ~~agencies~~ agencies,
13 including the Natural Resources Agency and the Department of
14 Fish and Wildlife, to support the program so that advance
15 mitigation can be used as required mitigation for planned
16 transportation improvements and can provide improved
17 environmental outcomes. The committee shall advise the
18 department of opportunities to carry out advance mitigation
19 improvements, provide the best available science, and actively
20 participate in mitigation instrument reviews and approvals. The
21 committee shall seek to develop streamlining opportunities,
22 including those related to landscape scale mitigation planning and
23 alignment of federal and state regulations and procedures related
24 to mitigation requirements and implementation. The committee
25 shall also provide input on crediting, using, and tracking of advance
26 mitigation investments.

27 *(b) The committee shall hold annually at least three meetings,*
28 *one in northern California, one in the central valley region, and*
29 *one in southern California, to solicit public input on the program.*

30 21207. The Advance Mitigation Fund is hereby created in the
31 State Transportation Fund as a revolving fund. Notwithstanding
32 Section 13340 of the Government Code, the fund shall be
33 continuously appropriated without regard to fiscal years. The
34 moneys in the fund shall be programmed by the commission for
35 the planning and implementation of advance mitigation
36 improvements consistent with the purposes of this chapter. After
37 the transfer of moneys to the fund for four fiscal years pursuant to
38 subdivision (c) of Section 2032 of the Streets and Highways Code,
39 commencing in the 2017–18 fiscal year, the program is intended
40 to be self-sustaining. Advance expenditures from the fund shall

1 later be reimbursed from project funding available at the time a
2 planned transportation improvement is constructed. A maximum
3 of 5 percent of available funds may be used for administrative
4 purposes.

5 21208. The program is intended to improve the efficiency and
6 efficacy of mitigation only and is not intended to supplant the
7 requirements of the California Environmental Quality Act (Division
8 13 (commencing with Section 21000)) or any other environmental
9 law. The identification of planned transportation improvements
10 and of mitigation improvements or measures for planned
11 transportation improvements under this division does not imply
12 or require approval of those improvements for purposes of the
13 California Environmental Quality Act (Division 13 (commencing
14 with Section 21000)) or any other environmental law.

15 21209. (a) *On or before January 1, 2019, and annually*
16 *thereafter, the department, in collaboration with the Department*
17 *of Fish and Wildlife, shall submit to the Legislature, pursuant to*
18 *Section 9795 of the Government Code, a report on the operation*
19 *of the program that contains both of the following information:*

20 (1) *Funding used to generate the mitigation credits and the*
21 *amount of credits used for each transportation improvement during*
22 *the past calendar year.*

23 (2) *The reasons or justifications for using the program to*
24 *mitigate the impacts of the planned transportation improvements*
25 *and the type of advance mitigation used.*

26 (b) *On or before January 1, 2022, the department, in*
27 *collaboration with the Department of Fish and Wildlife, shall*
28 *submit to the Legislature, pursuant to Section 9795 of the*
29 *Government Code, a report that includes all of the following*
30 *information:*

31 (1) *Findings on the efficacy of the program and*
32 *recommendations for improving program outcomes.*

33 (2) *Data on the funding used for the generation of the mitigation*
34 *credits and the use of the mitigation credits.*

35 (3) *Data on planned transportation improvements benefited by*
36 *the program, including the mitigation credits used in lieu of onsite*
37 *mitigation.*

38 (4) *Data on monitoring.*

39 21210. *This division shall remain in effect only until January*
40 *1, 2023, and as of that date is repealed, unless a later enacted*

1 *statute that is enacted before January 1, 2023, deletes or extends*
2 *that date.*

3 SEC. 15. Section 99312.1 of the Public Utilities Code is
4 amended to read:

5 99312.1. (a) Revenues transferred to the Public Transportation
6 Account pursuant to Sections 6051.8 and 6201.8 of the Revenue
7 and Taxation Code for the State Transit Assistance Program are
8 hereby continuously appropriated to the Controller for allocation
9 as follows:

10 (1) Fifty percent for allocation to transportation planning
11 agencies, county transportation commissions, and the San Diego
12 Metropolitan Transit Development Board pursuant to Section
13 99314.

14 (2) Fifty percent for allocation to transportation agencies, county
15 transportation commissions, and the San Diego Metropolitan
16 Transit Development Board for purposes of Section 99313.

17 (b) For purposes of this chapter, the revenues allocated pursuant
18 to this section shall be subject to the same requirements as revenues
19 allocated pursuant to subdivisions (b) and (c), as applicable, of
20 Section 99312.

21 (c) The revenues transferred to the Public Transportation
22 Account for the State Transit Assistance Program that are
23 attributable to the increase in the sales and use tax on diesel fuel
24 pursuant to subdivision (b) of Section 6051.8 of the Revenue and
25 Taxation Code, as adjusted pursuant to subdivision (c) of that
26 section, and subdivision (b) of Section 6201.8 of the Revenue and
27 Taxation Code, as adjusted pursuant to subdivision (c) of that
28 section, upon allocation pursuant to Sections 99313 and 99314,
29 shall only be expended on the following:

30 (1) Transit capital projects or services to maintain or repair a
31 transit operator's existing transit vehicle fleet or existing transit
32 facilities, including rehabilitation or modernization of existing
33 vehicles or facilities.

34 (2) The design, acquisition, and construction of new vehicles
35 or facilities that improve existing transit services.

36 (3) Transit services that complement local efforts for repair and
37 improvement of local transportation infrastructure.

38 (d) (1) Prior to receiving an apportionment of funds pursuant
39 to subdivision (c) from the Controller in a fiscal year, a recipient
40 transit agency shall submit to the Department of Transportation a

1 list of projects proposed to be funded with these funds. The list of
2 projects proposed to be funded with these funds shall include a
3 description and location of each proposed project, a proposed
4 schedule for the project's completion, and the estimated useful life
5 of the improvement. The project list shall not limit the flexibility
6 of a recipient transit agency to fund projects in accordance with
7 local needs and priorities so long as the projects are consistent
8 with subdivision (c).

9 (2) The department shall report to the Controller the recipient
10 transit agencies that have submitted a list of projects as described
11 in this subdivision and that are therefore eligible to receive an
12 apportionment of funds for the applicable fiscal year. The
13 Controller, upon receipt of the report, shall apportion funds
14 pursuant to Sections 99313 and 99314.

15 (e) For each fiscal year, each recipient transit agency receiving
16 an apportionment of funds pursuant to subdivision (c) shall, upon
17 expending those funds, submit documentation to the department
18 that includes a description and location of each completed project,
19 the amount of funds expended on the project, the completion date,
20 and the estimated useful life of the improvement.

21 (f) The audit of transit operator finances required pursuant to
22 Section 99245 shall verify that the revenues identified in
23 subdivision (c) have been expended in conformance with these
24 specific requirements and all other generally applicable
25 requirements.

26 SEC. 16. Section 6051.8 of the Revenue and Taxation Code
27 is amended to read:

28 6051.8. (a) Except as provided by Section 6357.3, in addition
29 to the taxes imposed by this part, for the privilege of selling
30 tangible personal property at retail a tax is hereby imposed upon
31 all retailers at the rate of 1.75 percent of the gross receipts of any
32 retailer from the sale of all diesel ~~fuel~~, *as defined in Section*
33 *60022*.

34 (b) Except as provided by Section 6357.3, in addition to the
35 taxes imposed by this part and by subdivision (a), for the privilege
36 of selling tangible personal property at retail a tax is hereby
37 imposed upon all retailers at the rate of 4 percent of the gross
38 receipts of any retailer from the sale of all diesel fuel, as defined
39 in Section 60022, sold at retail in this state.

(c) Beginning July 1, 2020, and every third year thereafter, the State Board of Equalization shall recompute the rates of the taxes imposed by this section. That computation shall be made as follows:

(1) The Department of Finance shall transmit to the State Board of Equalization the percentage change in the California Consumer Price Index for all items from November of three calendar years prior to November of the prior calendar year, no later than January 31, 2020, and January 31 of every third year thereafter.

(2) The State Board of Equalization shall do all of the following:

(A) Compute an inflation adjustment factor by adding 100 percent to the percentage change figure that is furnished pursuant to paragraph (1) and dividing the result by 100.

(B) Multiply the preceding tax rate per gallon by the inflation adjustment factor determined in subparagraph (A) and round off the resulting product to the nearest tenth of a cent.

(C) Make its determination of the new rate no later than March 1 of the same year as the effective date of the new rate.

(d) (1) Notwithstanding subdivision (b) of Section 7102, except as otherwise provided in paragraph (2), all of the revenues, less refunds, collected pursuant to this section shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and transferred quarterly to the Public Transportation Account in the State Transportation Fund for allocation under the State Transit Assistance Program pursuant to Section 99312.1 of the Public Utilities Code.

(2) The revenues, less refunds, attributable to a rate of 0.5 percent of the 4-percent increase in the rate pursuant to subdivision (b), amounting to one-eighth of revenues from the increase in the rate under that subdivision, shall be estimated by the State Board of Equalization, with the concurrence of the Department of Finance, and transferred quarterly to the Public Transportation Account in the State Transportation Fund for allocation to the Department of Transportation, upon appropriation by the Legislature, to intercity rail and commuter rail purposes pursuant to Section 99315 of the Public Utilities Code.

SEC. 17. Section 6201.8 of the Revenue and Taxation Code is amended to read:

6201.8. (a) Except as provided by Section 6357.3, in addition to the taxes imposed by this part, an excise tax is hereby imposed

1 on the storage, use, or other consumption in this state of diesel
2 fuel, as defined in Section 60022, at the rate of 1.75 percent of the
3 sales price of the diesel fuel.

4 (b) Except as provided by Section 6357.3, in addition to the
5 taxes imposed by this part and by subdivision (a), an excise tax is
6 hereby imposed on the storage, use, or other consumption in this
7 state of diesel fuel, as defined in Section 60022, at the rate of 4
8 percent of the sales price of the diesel fuel.

9 (c) Beginning July 1, 2020, and every third year thereafter, the
10 State Board of Equalization shall recompute the rates of the taxes
11 imposed by this section. That computation shall be made as
12 follows:

13 (1) The Department of Finance shall transmit to the State Board
14 of Equalization the percentage change in the California Consumer
15 Price Index for all items from November of three calendar years
16 prior to November of the prior calendar year, no later than January
17 31, 2020, and January 31 of every third year thereafter.

18 (2) The State Board of Equalization shall do all of the following:

19 (A) Compute an inflation adjustment factor by adding 100
20 percent to the percentage change figure that is furnished pursuant
21 to paragraph (1) and dividing the result by 100.

22 (B) Multiply the preceding tax rate per gallon by the inflation
23 adjustment factor determined in subparagraph (A) and round off
24 the resulting product to the nearest tenth of a cent.

25 (C) Make its determination of the new rate no later than March
26 1 of the same year as the effective date of the new rate.

27 (d) (1) Notwithstanding subdivision (b) of Section 7102, except
28 as otherwise provided in paragraph (2), all of the revenues, less
29 refunds, collected pursuant to this section shall be estimated by
30 the State Board of Equalization, with the concurrence of the
31 Department of Finance, and transferred quarterly to the Public
32 Transportation Account in the State Transportation Fund for
33 allocation pursuant to Section 99312.1 of the Public Utilities Code.

34 (2) The revenues, less refunds, attributable to a rate of 0.5
35 percent of the 4-percent increase in the rate pursuant to subdivision
36 (b), amounting to one-eighth of revenues from the increase in the
37 rate under that subdivision, shall be estimated by the State Board
38 of Equalization, with the concurrence of the Department of Finance,
39 and transferred quarterly to the Public Transportation Account in
40 the State Transportation Fund for allocation to the Department of

1 Transportation, upon appropriation by the Legislature, to intercity
2 rail and commuter rail purposes pursuant to Section 99315 of the
3 Public Utilities Code.

4 SEC. 18. Section 7360 of the Revenue and Taxation Code is
5 amended to read:

6 7360. (a) (1) (A) A tax of eighteen cents (\$0.18) is hereby
7 imposed upon each gallon of fuel subject to the tax in Sections
8 7362, 7363, and 7364.

9 (B) In addition to the tax imposed pursuant to subparagraph
10 (A), a tax of six cents (\$0.06) is hereby imposed upon each gallon
11 of fuel, other than aviation gasoline, subject to the tax in Sections
12 7362, 7363, and 7364. Effective one year after the date that the
13 six-cent (\$0.06) tax is imposed, an additional tax of three cents
14 (\$0.03) is hereby imposed, and effective two years after the date
15 that the six-cent (\$0.06) tax is imposed, an additional tax of three
16 cents (\$0.03) is hereby imposed, on each gallon of fuel, other than
17 aviation gasoline, subject to the tax in Sections 7362, 7363, and
18 7364.

19 (2) If the federal fuel tax is reduced below the rate of nine cents
20 (\$0.09) per gallon and federal financial allocations to this state for
21 highway and exclusive public mass transit guideway purposes are
22 reduced or eliminated correspondingly, the tax rate imposed by
23 subparagraph (A) of paragraph (1), on and after the date of the
24 reduction, shall be recalculated by an amount so that the combined
25 state rate under subparagraph (A) of paragraph (1) and the federal
26 tax rate per gallon equal twenty-seven cents (\$0.27).

27 (3) If any person or entity is exempt or partially exempt from
28 the federal fuel tax at the time of a reduction, the person or entity
29 shall continue to be so exempt under this section.

30 (b) On and after July 1, 2010, in addition to the tax imposed by
31 subdivision (a), a tax is hereby imposed upon each gallon of motor
32 vehicle fuel, other than aviation gasoline, subject to the tax in
33 Sections 7362, 7363, and 7364 in an amount equal to seventeen
34 and three-tenths cents (\$0.173) per gallon.

35 (c) Beginning July 1, 2020, and every third year thereafter, the
36 State Board of Equalization shall recompute the rates of the taxes
37 imposed by this section. That computation shall be made as
38 follows:

39 (1) The Department of Finance shall transmit to the State Board
40 of Equalization the percentage change in the California Consumer

1 Price Index for all items from November of three calendar years
2 prior to November of the prior calendar year, no later than January
3 31, 2020, and January 31 of every third year thereafter.

4 (2) The State Board of Equalization shall do all of the following:

5 (A) Compute an inflation adjustment factor by adding 100
6 percent to the percentage change figure that is furnished pursuant
7 to paragraph (1) and dividing the result by 100.

8 (B) Multiply the preceding tax rate per gallon by the inflation
9 adjustment factor determined in subparagraph (A) and round off
10 the resulting product to the nearest tenth of a cent.

11 (C) Make its determination of the new rate no later than March
12 1 of the same year as the effective date of the new rate.

13 SEC. 19. Section 8352.4 of the Revenue and Taxation Code
14 is amended to read:

15 8352.4. (a) Subject to Sections 8352 and 8352.1, and except
16 as otherwise provided in subdivision (b), there shall be transferred
17 from the money deposited to the credit of the Motor Vehicle Fuel
18 Account to the Harbors and Watercraft Revolving Fund, for
19 expenditure in accordance with Division 1 (commencing with
20 Section 30) of the Harbors and Navigation Code, the sum of six
21 million six hundred thousand dollars (\$6,600,000) per annum,
22 representing the amount of money in the Motor Vehicle Fuel
23 Account attributable to taxes imposed on distributions of motor
24 vehicle fuel used or usable in propelling vessels. The actual amount
25 shall be calculated using the annual reports of registered boats
26 prepared by the Department of Motor Vehicles for the United
27 States Coast Guard and the formula and method of the December
28 1972 report prepared for this purpose and submitted to the
29 Legislature on December 26, 1972, by the Director of
30 Transportation. If the amount transferred during each fiscal year
31 is in excess of the calculated amount, the excess shall be
32 retransferred from the Harbors and Watercraft Revolving Fund to
33 the Motor Vehicle Fuel Account. If the amount transferred is less
34 than the amount calculated, the difference shall be transferred from
35 the Motor Vehicle Fuel Account to the Harbors and Watercraft
36 Revolving Fund. No adjustment shall be made if the computed
37 difference is less than fifty thousand dollars (\$50,000), and the
38 amount shall be adjusted to reflect any temporary or permanent
39 increase or decrease that may be made in the rate under the Motor

1 Vehicle Fuel Tax Law. Payments pursuant to this section shall be
2 made prior to payments pursuant to Section 8352.2.

3 (b) (1) Commencing July 1, 2017, the revenues attributable to
4 the taxes imposed pursuant to subdivision (b) of Section 7360 and
5 otherwise to be deposited in the Harbors and Watercraft Revolving
6 Fund pursuant to subdivision (a) shall instead be transferred to the
7 Highway Users Tax Account for distribution pursuant to Section
8 2103.1 of the Streets and Highways Code.

9 (2) Commencing July 1, 2017, the revenues attributable to the
10 taxes imposed pursuant to subparagraph (B) of paragraph (1) of
11 subdivision (a) of Section 7360 and otherwise to be deposited in
12 the Harbors and Watercraft Revolving Fund pursuant to subdivision
13 (a) shall instead be transferred to the Road Maintenance and
14 Rehabilitation Account pursuant to Section 2031 of the Streets
15 and Highways Code.

16 SEC. 20. Section 8352.5 of the Revenue and Taxation Code
17 is amended to read:

18 8352.5. (a) (1) Subject to Sections 8352 and 8352.1, and
19 except as otherwise provided in subdivision (b), there shall be
20 transferred from the money deposited to the credit of the Motor
21 Vehicle Fuel Account to the Department of Food and Agriculture
22 Fund, during the second quarter of each fiscal year, an amount
23 equal to the estimate contained in the most recent report prepared
24 pursuant to this section.

25 (2) The amounts are not subject to Section 6357 with respect
26 to the collection of sales and use taxes thereon, and represent the
27 portion of receipts in the Motor Vehicle Fuel Account during a
28 calendar year that were attributable to agricultural off-highway
29 use of motor vehicle fuel which is subject to refund pursuant to
30 Section 8101, less gross refunds allowed by the Controller during
31 the fiscal year ending June 30 following the calendar year to
32 persons entitled to refunds for agricultural off-highway use
33 pursuant to Section 8101. Payments pursuant to this section shall
34 be made prior to payments pursuant to Section 8352.2.

35 (b) (1) Commencing July 1, 2017, the revenues attributable to
36 the taxes imposed pursuant to subdivision (b) of Section 7360 and
37 otherwise to be deposited in the Department of Food and
38 Agriculture Fund pursuant to subdivision (a) shall instead be
39 transferred to the Highway Users Tax Account for distribution
40 pursuant to Section 2103.1 of the Streets and Highways Code.

1 (2) Commencing July 1, 2017, the revenues attributable to the
2 taxes imposed pursuant to subparagraph (B) of paragraph (1) of
3 subdivision (a) of Section 7360 and otherwise to be deposited in
4 the Department of Food and Agriculture Fund pursuant to
5 subdivision (a) shall instead be transferred to the Road Maintenance
6 and Rehabilitation Account pursuant to Section 2031 of the Streets
7 and Highways Code.

8 (c) On or before September 30, 2012, and on or before
9 September 30 of each even-numbered year thereafter, the Director
10 of Transportation and the Director of Food and Agriculture shall
11 jointly prepare, or cause to be prepared, a report setting forth the
12 current estimate of the amount of money in the Motor Vehicle
13 Fuel Account attributable to agricultural off-highway use of motor
14 vehicle fuel, which is subject to refund pursuant to Section 8101
15 less gross refunds allowed by the Controller to persons entitled to
16 refunds for agricultural off-highway use pursuant to Section 8101;
17 and they shall submit a copy of the report to the Legislature.

18 SEC. 21. Section 8352.6 of the Revenue and Taxation Code
19 is amended to read:

20 8352.6. (a) (1) Subject to Section 8352.1, and except as
21 otherwise provided in paragraphs (2) and (3), on the first day of
22 every month, there shall be transferred from moneys deposited to
23 the credit of the Motor Vehicle Fuel Account to the Off-Highway
24 Vehicle Trust Fund created by Section 38225 of the Vehicle Code
25 an amount attributable to taxes imposed upon distributions of motor
26 vehicle fuel used in the operation of motor vehicles off highway
27 and for which a refund has not been claimed. Transfers made
28 pursuant to this section shall be made prior to transfers pursuant
29 to Section 8352.2.

30 (2) (A) Commencing July 1, 2017, the revenues attributable to
31 the taxes imposed pursuant to subdivision (b) of Section 7360 and
32 otherwise to be deposited in the Off-Highway Vehicle Trust Fund
33 pursuant to paragraph (1) shall instead be transferred to the
34 Highway Users Tax Account for distribution pursuant to Section
35 2103.1 of the Streets and Highways Code.

36 (B) Commencing July 1, 2017, the revenues attributable to the
37 taxes imposed pursuant to subparagraph (B) of paragraph (1) of
38 subdivision (a) of Section 7360 and otherwise to be deposited in
39 the Off-Highway Vehicle Trust Fund pursuant to subdivision (a)
40 shall instead be transferred to the Road Maintenance and

1 Rehabilitation Account pursuant to Section 2031 of the Streets
2 and Highways Code.

3 (3) The Controller shall withhold eight hundred thirty-three
4 thousand dollars (\$833,000) from the monthly transfer to the
5 Off-Highway Vehicle Trust Fund pursuant to paragraph (1), and
6 transfer that amount to the General Fund.

7 (b) The amount transferred to the Off-Highway Vehicle Trust
8 Fund pursuant to paragraph (1) of subdivision (a), as a percentage
9 of the Motor Vehicle Fuel Account, shall be equal to the percentage
10 transferred in the 2006–07 fiscal year. Every five years, starting
11 in the 2013–14 fiscal year, the percentage transferred may be
12 adjusted by the Department of Transportation in cooperation with
13 the Department of Parks and Recreation and the Department of
14 Motor Vehicles. Adjustments shall be based on, but not limited
15 to, the changes in the following factors since the 2006–07 fiscal
16 year or the last adjustment, whichever is more recent:

17 (1) The number of vehicles registered as off-highway motor
18 vehicles as required by Division 16.5 (commencing with Section
19 38000) of the Vehicle Code.

20 (2) The number of registered street-legal vehicles that are
21 anticipated to be used off highway, including four-wheel drive
22 vehicles, all-wheel drive vehicles, and dual-sport motorcycles.

23 (3) Attendance at the state vehicular recreation areas.

24 (4) Off-highway recreation use on federal lands as indicated by
25 the United States Forest Service’s National Visitor Use Monitoring
26 and the United States Bureau of Land Management’s Recreation
27 Management Information System.

28 (c) It is the intent of the Legislature that transfers from the Motor
29 Vehicle Fuel Account to the Off-Highway Vehicle Trust Fund
30 should reflect the full range of motorized vehicle use off highway
31 for both motorized recreation and motorized off-road access to
32 other recreation opportunities. Therefore, the Legislature finds that
33 the fuel tax baseline established in subdivision (b), attributable to
34 off-highway estimates of use as of the 2006–07 fiscal year,
35 accounts for the three categories of vehicles that have been found
36 over the years to be users of fuel for off-highway motorized
37 recreation or motorized access to nonmotorized recreational
38 pursuits. These three categories are registered off-highway
39 motorized vehicles, registered street-legal motorized vehicles used
40 off highway, and unregistered off-highway motorized vehicles.

(d) It is the intent of the Legislature that the off-highway motor vehicle recreational use to be determined by the Department of Transportation pursuant to paragraph (2) of subdivision (b) be that usage by vehicles subject to registration under Division 3 (commencing with Section 4000) of the Vehicle Code, for recreation or the pursuit of recreation on surfaces where the use of vehicles registered under Division 16.5 (commencing with Section 38000) of the Vehicle Code may occur.

(e) In the 2014–15 fiscal year, the Department of Transportation, in consultation with the Department of Parks and Recreation and the Department of Motor Vehicles, shall undertake a study to determine the appropriate adjustment to the amount transferred pursuant to subdivision (b) and to update the estimate of the amount attributable to taxes imposed upon distributions of motor vehicle fuel used in the operation of motor vehicles off highway and for which a refund has not been claimed. The department shall provide a copy of this study to the Legislature no later than January 1, 2016.

SEC. 22. Section 60050 of the Revenue and Taxation Code is amended to read:

60050. (a) (1) A tax of thirteen cents (\$0.13) is hereby imposed upon each gallon of diesel fuel subject to the tax in Sections 60051, 60052, and 60058.

(2) If the federal fuel tax is reduced below the rate of fifteen cents (\$0.15) per gallon and federal financial allocations to this state for highway and exclusive public mass transit guideway purposes are reduced or eliminated correspondingly, the tax rate imposed by paragraph (1) shall be increased by an amount so that the combined state rate under paragraph (1) and the federal tax rate per gallon equal what it would have been in the absence of the federal reduction.

(3) If any person or entity is exempt or partially exempt from the federal fuel tax at the time of a reduction, the person or entity shall continue to be exempt under this section.

(b) In addition to the tax imposed pursuant to subdivision (a), an additional tax of twenty cents (\$0.20) is hereby imposed upon each gallon of diesel fuel subject to the tax in Sections 60051, 60052, and 60058.

(c) Beginning July 1, 2020, and every third year thereafter, the State Board of Equalization shall recompute the rates of the taxes

1 imposed by this section. That computation shall be made as
2 follows:

3 (1) The Department of Finance shall transmit to the State Board
4 of Equalization the percentage change in the California Consumer
5 Price Index for all items from November of three calendar years
6 prior to November of the prior calendar year, no later than January
7 31, 2020, and January 31 of every third year thereafter.

8 (2) The State Board of Equalization shall do all of the following:

9 (A) Compute an inflation adjustment factor by adding 100
10 percent to the percentage change figure that is furnished pursuant
11 to paragraph (1) and dividing the result by 100.

12 (B) Multiply the preceding tax rate per gallon by the inflation
13 adjustment factor determined in subparagraph (A) and round off
14 the resulting product to the nearest tenth of a cent.

15 (C) Make its determination of the new rate no later than March
16 1 of the same year as the effective date of the new rate.

17 SEC. 23. Section 183.1 of the Streets and Highways Code is
18 amended to read:

19 183.1. Except as otherwise provided in Section 54237.7 of the
20 Government Code, money deposited into the account that is not
21 subject to Article XIX of the California Constitution, including,
22 but not limited to, money that is derived from the sale of
23 documents, charges for miscellaneous services to the public,
24 condemnation deposits fund investments, rental of state property,
25 or any other miscellaneous uses of property or money, shall be
26 deposited in the Road Maintenance and Rehabilitation Account
27 created pursuant to Section 2031.

28 SEC. 24. Section 820.1 is added to the Streets and Highways
29 Code, to read:

30 820.1. (a) The State of California consents to the jurisdiction
31 of the federal courts with regard to the compliance, discharge, or
32 enforcement of the responsibilities assumed by the department
33 pursuant to ~~Section 326 of, and subsection (a) of Section 327 of,~~
34 ~~Sections 326 and 327(a) of~~ Title 23 of the United States Code.

35 (b) In any action brought pursuant to the federal laws described
36 in subdivision (a), no immunity from suit may be asserted by the
37 department pursuant to the Eleventh Amendment to the United
38 States Constitution, and any immunity is hereby waived.

1 (c) The department shall not delegate any of its responsibilities
2 assumed pursuant to the federal laws described in subdivision (a)
3 to any political subdivision of the state or its instrumentalities.

4 (d) Nothing in this section affects the obligation of the
5 department to comply with state and federal law.

6 SEC. 25. Chapter 2 (commencing with Section 2030) is added
7 to Division 3 of the Streets and Highways Code, to read:

8
9 CHAPTER 2. ROAD MAINTENANCE AND REHABILITATION
10 PROGRAM
11

12 2030. (a) The Road Maintenance and Rehabilitation Program
13 is hereby created to address deferred maintenance on the state
14 highway system and the local street and road system. Funds made
15 available by the program shall be prioritized for expenditure on
16 basic road maintenance and road rehabilitation projects, and on
17 critical safety projects. For funds appropriated pursuant to
18 paragraph (1) of subdivision ~~(d)~~ (e) of Section 2032, the California
19 Transportation Commission shall adopt performance criteria,
20 consistent with the asset management plan required pursuant to
21 *Section* 14526.4 of the Government Code, to ensure efficient use
22 of the funds available for these purposes in the program.

23 (b) (1) Funds made available by the program shall be used for
24 projects that include, but are not limited to, the following:

25 (A) Road maintenance and rehabilitation.

26 (B) Safety projects.

27 (C) Railroad grade separations.

28 (D) Complete street components, including active transportation
29 purposes, pedestrian and bicycle safety projects, transit facilities,
30 and drainage and stormwater capture projects in conjunction with
31 any other allowable project.

32 (E) Traffic control devices.

33 (2) Funds made available by the program may also be used to
34 satisfy a match requirement in order to obtain state or federal funds
35 for projects authorized by this subdivision.

36 2031. The following revenues shall be deposited in the Road
37 Maintenance and Rehabilitation Account, which is hereby created
38 in the State Transportation Fund:

39 (a) Notwithstanding subdivision (b) of Section 2103, the portion
40 of the revenues in the Highway Users Tax Account attributable to

1 the increases in the motor vehicle fuel excise tax pursuant to
2 subparagraph (B) of paragraph (1) of subdivision (a) of Section
3 7360 of the Revenue and Taxation Code, as adjusted pursuant to
4 subdivision (c) of that section.

5 (b) The portion of revenues attributable to the increase in the
6 motor vehicle fuel excise tax pursuant to subparagraph (B) of
7 paragraph (1) of subdivision (a) of Section 7360 of the Revenue
8 and Taxation Code, as adjusted pursuant to subdivision (c) of that
9 section, and designated for the Road Maintenance and
10 Rehabilitation Account pursuant to paragraph (2) of subdivision
11 (b) of Section 8352.4 of, paragraph (2) of subdivision (b) of Section
12 8352.5 of, and subparagraph (B) paragraph (2) of subdivision (a)
13 of Section 8352.6 of, that code.

14 (c) The revenues from the increase in the vehicle registration
15 fee pursuant to Section 9250.3 of the Vehicle Code, as adjusted
16 pursuant to subdivision (b) of that section.

17 (d) The revenues from the increase in the vehicle registration
18 fee pursuant to Section 9250.6 of the Vehicle Code, as adjusted
19 pursuant to subdivision (b) of that section.

20 (e) The revenues deposited in the account pursuant to Section
21 183.1 of the Streets and Highways Code.

22 (f) Any other revenues designated for the program.

23 2031.5. Each fiscal year the annual Budget Act shall contain
24 an appropriation from the Road Maintenance and Rehabilitation
25 Account to the Controller for the costs of carrying out his or her
26 duties pursuant to this chapter and to the California Transportation
27 Commission for the costs of carrying out its duties pursuant to this
28 chapter and Section 14526.7 of the Government Code.

29 2032. (a) (1) After deducting the amounts appropriated in the
30 annual Budget Act, as provided in Section 2031.5, two hundred
31 million dollars (\$200,000,000) of the remaining revenues deposited
32 in the Road Maintenance and Rehabilitation Account shall be set
33 aside annually for counties that have sought and received voter
34 approval of taxes or that have imposed fees, including uniform
35 developer fees as defined by subdivision (b) of Section 8879.67
36 of the Government Code, which taxes or fees are dedicated solely
37 to transportation improvements. The Controller shall each month
38 set aside one-twelfth of this amount, to accumulate a total of two
39 hundred million dollars (\$200,000,000) in each fiscal year.

1 (2) Notwithstanding Section 13340 of the Government Code,
2 the funds available under this subdivision in each fiscal year are
3 hereby continuously appropriated for allocation to each eligible
4 county and each city in the county for road maintenance and
5 rehabilitation purposes pursuant to Section 2033.

6 (b) (1) After deducting the amounts appropriated in the annual
7 Budget Act pursuant to Section 2031.5 and the amount allocated
8 in subdivision (a), beginning in the 2017–18 fiscal year, eighty
9 million dollars (\$80,000,000) of the remaining revenues shall be
10 transferred annually to the State Highway Account for expenditure,
11 upon appropriation by the Legislature, on the Active Transportation
12 Program created pursuant to Chapter 8 (commencing with Section
13 2380) of Division 3 to be allocated by the California Transportation
14 Commission pursuant to Section 2381.

15 (2) In addition to the funds transferred in paragraph (1), the
16 department shall annually identify savings achieved through
17 efficiencies implemented at the department. The department,
18 through the annual budget process, shall propose, from the
19 identified savings, an appropriation to be included in the annual
20 Budget Act of up to seventy million dollars (\$70,000,000), but not
21 to exceed the total annual identified savings, from the State
22 Highway Account for expenditure on the Active Transportation
23 Program.

24 (c) After deducting the amounts appropriated in the annual
25 Budget Act pursuant to Section 2031.5, the amount allocated in
26 subdivision (a) and the amount transferred in paragraph (1) of
27 subdivision (b), in the 2017–18, 2018–19, 2019–20, and 2020–21
28 fiscal years, the sum of thirty million dollars (\$30,000,000) in each
29 fiscal year from the remaining revenues shall be transferred to the
30 Advance Mitigation Fund in the State Transportation Fund created
31 pursuant to Section 21207 of the Public Resources Code.

32 (d) After deducting the amounts appropriated in the annual
33 Budget Act pursuant to Section 2031.5, the amount allocated in
34 subdivision (a), and the amounts transferred in paragraph (1) of
35 subdivision (b) and in subdivision (c), beginning in the 2017–18
36 fiscal year and each fiscal year thereafter, and notwithstanding
37 Section 13340 of the Government Code, there is hereby
38 continuously appropriated to the California State University the
39 sum of two million dollars (\$2,000,000) from the remaining
40 revenues for the purpose of conducting transportation research and

1 transportation-related workforce education, training, and
2 development. Prior to the start of each fiscal year, the chairs of the
3 Assembly Committee on Transportation and the Senate Committee
4 on Transportation and Housing shall confer and set out a
5 recommended priority list of research components to be addressed
6 in the upcoming fiscal year.

7 (e) Notwithstanding Section 13340 of the Government Code,
8 the balance of the revenues deposited in the Road Maintenance
9 and Rehabilitation Account are hereby continuously appropriated
10 as follows:

11 (1) Fifty percent for allocation to the department for maintenance
12 of the state highway system or for purposes of the state highway
13 operation and protection program.

14 (2) Fifty percent for apportionment to cities and counties by the
15 Controller pursuant to the formula in clauses (i) and (ii) of
16 subparagraph (C) of paragraph (3) of subdivision (a) of Section
17 2103 for the purposes authorized by this chapter.

18 2033. (a) On or before January 1, 2018, the commission, in
19 cooperation with the department, transportation planning agencies,
20 county transportation commissions, and other local agencies, shall
21 develop guidelines for the allocation of funds pursuant to
22 subdivision (a) of Section 2032.

23 (b) The guidelines shall be the complete and full statement of
24 the policy, standards, and criteria that the commission intends to
25 use to determine how these funds will be allocated.

26 (c) The commission may amend the adopted guidelines after
27 conducting at least one public hearing.

28 2034. (a) (1) Prior to receiving an apportionment of funds
29 under the program pursuant to paragraph (2) of subdivision (e) of
30 Section 2032 from the Controller in a fiscal year, an eligible city
31 or county shall submit to the commission a list of projects proposed
32 to be funded with these funds pursuant to an adopted city or county
33 budget. All projects proposed to receive funding shall be included
34 in a city or county budget that is adopted by the applicable city
35 council or county board of supervisors at a regular public meeting.
36 The list of projects proposed to be funded with these funds shall
37 include a description and the location of each proposed project, a
38 proposed schedule for the project's completion, and the estimated
39 useful life of the improvement. The project list shall not limit the
40 flexibility of an eligible city or county to fund projects in

1 accordance with local needs and priorities so long as the projects
2 are consistent with subdivision (b) of Section 2030.

3 (2) The commission shall report to the Controller the cities and
4 counties that have submitted a list of projects as described in this
5 subdivision and that are therefore eligible to receive an
6 apportionment of funds under the program for the applicable fiscal
7 year. The Controller, upon receipt of the report, shall apportion
8 funds to eligible cities and counties.

9 (b) For each fiscal year, each city or county receiving an
10 apportionment of funds shall, upon expending program funds,
11 submit documentation to the commission that includes a description
12 and location of each completed project, the amount of funds
13 expended on the project, the completion date, and the estimated
14 useful life of the improvement.

15 2036. (a) Cities and counties shall maintain their existing
16 commitment of local funds for street, road, and highway purposes
17 in order to remain eligible for an allocation or apportionment of
18 funds pursuant to Section 2032.

19 (b) In order to receive an allocation or apportionment pursuant
20 to Section 2032, the city or county shall annually expend from its
21 general fund for street, road, and highway purposes an amount not
22 less than the annual average of its expenditures from its general
23 fund during the 2009–10, 2010–11, and 2011–12 fiscal years, as
24 reported to the Controller pursuant to Section 2151. For purposes
25 of this subdivision, in calculating a city's or county's annual
26 general fund expenditures and its average general fund expenditures
27 for the 2009–10, 2010–11, and 2011–12 fiscal years, any
28 unrestricted funds that the city or county may expend at its
29 discretion, including vehicle in-lieu tax revenues and revenues
30 from fines and forfeitures, expended for street, road, and highway
31 purposes shall be considered expenditures from the general fund.
32 One-time allocations that have been expended for street and
33 highway purposes, but which may not be available on an ongoing
34 basis, including revenue provided under the Teeter Plan Bond Law
35 of 1994 (Chapter 6.6 (commencing with Section 54773) of Part 1
36 of Division 2 of Title 5 of the Government Code), may not be
37 considered when calculating a city's or county's annual general
38 fund expenditures.

39 (c) For any city incorporated after July 1, 2009, the Controller
40 shall calculate an annual average expenditure for the period

1 between July 1, 2009, and December 31, 2015, inclusive, that the
2 city was incorporated.

3 (d) For purposes of subdivision (b), the Controller may request
4 fiscal data from cities and counties in addition to data provided
5 pursuant to Section 2151, for the 2009–10, 2010–11, and 2011–12
6 fiscal years. Each city and county shall furnish the data to the
7 Controller not later than 120 days after receiving the request. The
8 Controller may withhold payment to cities and counties that do
9 not comply with the request for information or that provide
10 incomplete data.

11 (e) The Controller may perform audits to ensure compliance
12 with subdivision (b) when deemed necessary. Any city or county
13 that has not complied with subdivision (b) shall reimburse the state
14 for the funds it received during that fiscal year. Any funds withheld
15 or returned as a result of a failure to comply with subdivision (b)
16 shall be reapportioned to the other counties and cities whose
17 expenditures are in compliance.

18 (f) If a city or county fails to comply with the requirements of
19 subdivision (b) in a particular fiscal year, the city or county may
20 expend during that fiscal year and the following fiscal year a total
21 amount that is not less than the total amount required to be
22 expended for those fiscal years for purposes of complying with
23 subdivision (b).

24 2037. A city or county may spend its apportionment of funds
25 under the program on transportation priorities other than those
26 allowable pursuant to this chapter if the city's or county's average
27 Pavement Condition Index meets or exceeds 80.

28 2038. (a) The department and local agencies, as a condition
29 of receiving funds from the program, shall adopt and implement
30 a program designed to promote and advance construction
31 employment and training opportunities through preapprenticeship
32 opportunities, either by the public agency itself or through
33 contractors engaged by the public agencies to do work funded in
34 whole or in part by funds made available by the program.

35 (b) The department and local agencies, as a condition of
36 receiving funds from the program, shall ensure the involvement
37 of the California Conservation Corps and certified community
38 conservation corps in the delivery of projects and services funded
39 in whole or in part by funds made available by the program.

1 SEC. 26. Section 2103.1 is added to the Streets and Highways
2 Code, to read:

3 2103.1. (a) Notwithstanding Section 2103, the revenues
4 transferred to the Highway Users Tax Account pursuant to Sections
5 8352.4, 8352.5, and 8352.6 of the Revenue and Taxation Code
6 shall be distributed pursuant to the formula in paragraph (3) of
7 subdivision (a) of Section 2103.

8 (b) Notwithstanding subdivision (b) of Section 2103, the portion
9 of revenues in the Highway Users Tax Account attributable to the
10 increases in the motor vehicle fuel excise tax pursuant to
11 subparagraph (B) of paragraph (1) of subdivision (a) of Section
12 7360 of the Revenue and Taxation Code, as adjusted pursuant to
13 subdivision (c) of that section, shall be transferred to the Road
14 Maintenance and Rehabilitation Account pursuant to Section 2031.

15 (c) Notwithstanding subdivision (b) of Section 2103, the portion
16 of revenues in the Highway Users Tax Account attributable to the
17 increase in the diesel fuel excise tax pursuant to subdivision (b)
18 of Section 60050 of the Revenue and Taxation Code, as adjusted
19 pursuant to subdivision (c) of that section, shall be transferred to
20 the Trade Corridors Improvement Fund pursuant to Section 2192.4.

21 SEC. 27. Section 2192 of the Streets and Highways Code is
22 amended to read:

23 2192. (a) (1) The Trade Corridors Improvement Fund, created
24 pursuant to subdivision (c) of Section 8879.23 of the Government
25 Code, is hereby continued in existence to receive revenues from
26 state sources other than the Highway Safety, Traffic Reduction,
27 Air Quality, and Port Security Bond Act of 2006.

28 (2) Revenues apportioned to the state under Section 167 of Title
29 23 of the United States Code from the national highway freight
30 program, pursuant to the federal Fixing America's Surface
31 Transportation Act ("FAST Act," Public Law 114-94) shall be
32 allocated for projects approved pursuant to this chapter.

33 (b) This chapter shall govern the expenditure of those state and
34 federal revenues described in subdivision (a).

35 (c) The funding described in subdivision (a) shall be available
36 upon appropriation for allocation by the California Transportation
37 Commission for infrastructure improvements in this state on
38 federally designated Trade Corridors of National and Regional
39 Significance, on the Primary Freight Network, and along other
40 corridors that have a high volume of freight movement, as

determined by the commission and as identified in the state freight plan developed and adopted pursuant to Section 13978.8 of the Government Code. In prioritizing the projects for funding, the commission shall consult the California Sustainable Freight Action Plan released in July 2016 pursuant to Executive Order B-32-15, trade infrastructure and goods movement plans adopted by regional transportation planning agencies, adopted regional transportation plans required by state and federal law, and the applicable port master plan. Eligible projects for the funding described in subdivision (a) shall further the state's economic, environmental, and public health objectives and goals for freight policy, as articulated in the plans to be consulted pursuant to this subdivision. Eligible projects are as follows:

(1) Highway, local road, and rail capital and capacity improvements, rail landside access improvements, landside freight access improvements to airports, seaports, and land ports, and operational improvements to more efficiently accommodate the movement of freight, particularly for ingress and egress to and from the state's land ports of entry, rail terminals, and seaports, including navigable inland waterways used to transport freight between seaports, land ports of entry, and airports, and to relieve traffic congestion along major trade or goods movement corridors.

(2) Freight rail system improvements to enhance the ability to move goods from seaports, land ports of entry, and airports to warehousing and distribution centers throughout California, including projects that separate rail lines from highway or local road traffic, improve freight rail mobility through mountainous regions, relocate rail switching yards, and other projects that improve the efficiency and capacity of the rail freight system.

(3) Infrastructure improvement projects to enhance the capacity and efficiency of ports without having the effect of displacing workers in port operations.

(4) Truck corridor and capital and operational improvements, including, but not limited to, dedicated truck facilities or truck toll facilities.

(5) Border capital and operational improvements that enhance goods movement between California and Mexico and that maximize the state's ability to access funds made available to the state by federal law.

1 (6) Surface transportation and connector road capital and
2 operational improvements to effectively facilitate the movement
3 of goods, particularly for ingress and egress to and from the state's
4 land ports of entry, airports, and seaports, to relieve traffic
5 congestion along major trade or goods movement corridors.

6 (d) (1) In evaluating the program of projects to be funded with
7 funds described in paragraph (2) of subdivision (a), the commission
8 shall evaluate the total potential economic and noneconomic
9 benefits of the program of projects to California's economy,
10 environment, and public health. The commission shall consult with
11 the agencies identified in Executive Order B-32-15 and
12 metropolitan planning organizations in order to utilize the
13 appropriate models, techniques, and methods to develop the
14 parameters for evaluating the program of projects. The commission
15 shall allocate the funding described in paragraph (2) of subdivision
16 (a) for trade infrastructure improvements consistent with Section
17 8879.52 of the Government Code and the Trade Corridors
18 Improvement Fund (TCIF) Guidelines adopted by the commission
19 on November 27, 2007, or as amended by the commission, and in
20 a manner that (A) addresses the state's most urgent needs, (B)
21 balances the demands of various land ports of entry, seaports, and
22 airports, (C) provides reasonable geographic balance between the
23 state's regions, (D) places emphasis on projects that improve trade
24 corridor mobility and safety while reducing emissions of diesel
25 particulate and other pollutant emissions and reducing other
26 negative community impacts, and (E) makes a significant
27 contribution to the state's economy.

28 (2) The commission shall allocate the federal freight funding,
29 specifically, pursuant to the original TCIF Guidelines, as adopted
30 by the commission on November 27, 2007, and in the manner
31 described in (A) to (E), inclusive, of paragraph (1).

32 (A) One hundred fifty million dollars (\$150,000,000) shall be
33 dedicated exclusively to fund improvements to California's existing
34 or planned land ports of entry on the border with Mexico. The
35 department, in consultation with the San Diego Association of
36 Governments and the Imperial County Transportation Commission,
37 shall nominate a program of projects for funding allocations that
38 make border capital and operational improvements to enhance
39 goods movement between California and Mexico and contribute
40 to the reduction of emissions.

1 (B) Seventy million dollars (\$70,000,000) shall be dedicated
2 exclusively to fund projects for the elimination, alteration, or
3 improvement of hazardous railroad-highway grade crossings.
4 Projects shall be jointly nominated by the department and a regional
5 transportation agency.

6 (C) Three hundred sixty million dollars (\$360,000,000) shall
7 be available for projects nominated by regional transportation
8 agencies and other public agencies, including counties, cities, and
9 port authorities, in consultation with the department, and consistent
10 with corridor-based programming targets contained in the Trade
11 Corridors Investment Fund (TCIF) Guidelines adopted by the
12 commission on November 27, 2007, or as amended by the
13 commission, to provide reasonable geographic targets for funding
14 allocations without constraining what an agency may propose or
15 what the commission may approve. However, the San Diego
16 Association of Governments, the Imperial County Transportation
17 Commission, and other public agencies in San Diego and Imperial
18 Counties shall be excluded from nominating projects under this
19 subparagraph.

20 ~~(2)~~

21 (3) The commission shall proportionately adjust the amounts
22 in subparagraphs (A), (B), and (C) of paragraph (1) if the amount
23 of funds described in paragraph (2) of subdivision (a) is less than
24 or greater than five hundred eighty million dollars (\$580,000,000).

25 ~~(3)~~

26 (4) The commission shall adopt guidelines to allocate the
27 funding described in subdivision (a) for trade infrastructure
28 improvements in a manner that (A) addresses the state's most
29 urgent needs, (B) balances the demands of various land ports of
30 entry, seaports, and airports, (C) provides reasonable geographic
31 balance between the state's regions, (D) places emphasis on
32 projects that improve trade corridor mobility and safety while
33 reducing emissions of diesel particulates, greenhouse gases, and
34 other pollutants and reducing other negative community impacts,
35 and (E) makes a significant contribution to the state's economy.
36 The commission shall adopt any amendments to the 2007
37 guidelines on or before April 1, 2017.

38 ~~(4)~~

1 (5) In adopting amended guidelines, and developing and
2 adopting the program of projects, the commission shall do all of
3 the following:

4 (A) Accept nominations for projects to be included in the
5 program of projects from regional and local transportation agencies
6 and the department.

7 (B) Recognize the key role of the state in project identification
8 and support integrating statewide goods movement priorities into
9 the corridor approach.

10 (C) Give the highest priority for funding allocations to projects
11 jointly nominated by the department and a regional or other public
12 agency.

13 ~~(5)~~

14 (6) In addition, the commission shall also consider the following
15 factors when allocating funds under this section:

16 (A) “Velocity,” which means the speed by which large cargo
17 would travel from the land port of entry or seaport through the
18 distribution system.

19 (B) “Throughput,” which means the volume of cargo that would
20 move from the land port of entry or seaport through the distribution
21 system.

22 (C) “Reliability,” which means a reasonably consistent and
23 predictable amount of time for cargo to travel from one point to
24 another on any given day or at any given time in California.

25 (D) “Congestion reduction,” which means the reduction in
26 recurrent daily hours of delay to be achieved.

27 SEC. 28. Section 2192.2 of the Streets and Highways Code is
28 amended to read:

29 2192.2. The commission shall allocate funds made available
30 by this chapter to projects that have identified and committed
31 supplemental funding from appropriate local, federal, or private
32 sources. The commission shall determine the appropriate amount
33 of supplemental funding each project should have to be eligible
34 for moneys based on a project-by-project review and an assessment
35 of the project’s benefit to the state and the program. Funded
36 improvements shall have supplemental funding that is at least equal
37 to the amount of the contribution under this chapter. The
38 commission may give priority for funding to projects with higher
39 levels of committed supplemental funding.

1 SEC. 29. Section 2192.4 is added to the Streets and Highways
2 Code, to read:

3 2192.4. The portion of the revenues in the Highway Users Tax
4 Account attributable to the increase in the diesel fuel excise tax
5 pursuant to subdivision (b) of Section 60050 of the Revenue and
6 Taxation Code, as adjusted pursuant to subdivision (c) of that
7 section, shall be transferred to the Trade Corridors Improvement
8 Fund.

9 SEC. 30. Section 9250.3 is added to the Vehicle Code, to read:

10 9250.3. (a) In addition to any other fees specified in this code
11 or the Revenue and Taxation Code, commencing October 1, 2017,
12 a registration fee of thirty-eight dollars (\$38) shall be paid to the
13 department for registration or renewal of registration of every
14 vehicle subject to registration under this code, except those vehicles
15 that are expressly exempted under this code from payment of
16 registration fees.

17 (b) Beginning October 1, 2020, and every third year thereafter,
18 the Department of Motor Vehicles shall adjust the fee imposed
19 under this section for inflation in an amount equal to the change
20 in the California Consumer Price Index for the prior three-year
21 period, as calculated by the Department of Finance, with amounts
22 equal to or greater than fifty cents (\$0.50) rounded to the next
23 highest whole dollar.

24 (c) Revenues from the fee, after the deduction of the
25 department's administrative costs related to this section, shall be
26 deposited in the Road Maintenance and Rehabilitation Account
27 created pursuant to Section 2031 of the Streets and Highways
28 Code.

29 SEC. 31. Section 9250.6 is added to the Vehicle Code, to read:

30 9250.6. (a) In addition to any other fees specified in this code,
31 or the Revenue and Taxation Code, commencing October 1, 2017,
32 a registration fee of one hundred dollars (\$100) shall be paid to
33 the department for registration or renewal of registration of every
34 zero-emission motor vehicle subject to registration under this code,
35 except those motor vehicles that are expressly exempted under
36 this code from payment of registration fees.

37 (b) Beginning October 1, 2020, and every third year thereafter,
38 the Department of Motor Vehicles shall adjust the fee imposed
39 under this section for inflation in an amount equal to the change
40 in the California Consumer Price Index for the prior three-year

1 period, as calculated by the Department of Finance, with amounts
2 equal to or greater than fifty cents (\$0.50) rounded to the next
3 highest whole dollar.

4 (c) Revenues from the fee, after deduction of the department's
5 administrative costs related to this section, shall be deposited in
6 the Road Maintenance and Rehabilitation Account created pursuant
7 to Section 2031 of the Streets and Highways Code.

8 (d) This section does not apply to a commercial motor vehicle
9 subject to Section 9400.1.

10 (e) The registration fee required pursuant to this section does
11 not apply to the initial registration after the purchase of a new
12 zero-emission motor vehicle.

13 (f) For purposes of this section, "zero-emission motor vehicle"
14 means a motor vehicle as described in subdivisions (c) and (d) of
15 Section 44258 of the Health and Safety Code, or any other motor
16 vehicle that is able to operate on any fuel other than gasoline or
17 diesel fuel.

18 SEC. 32. Section 9400.5 is added to the Vehicle Code, to read:

19 9400.5. (a) Notwithstanding Sections 9400.1, 9400.4, and
20 42205 of this code, Sections 16773 and 16965 of the Government
21 Code, Section 2103 of the Streets and Highways Code, or any
22 other law, weight fee revenues shall only be transferred consistent
23 with the schedule provided in subdivision (b) from the State
24 Highway Account to the Transportation Debt Service Fund, the
25 Transportation Bond Direct Payment Account, or any other fund
26 or account for the purpose of payment of the debt service on
27 transportation general obligation bonds and shall not be loaned to
28 the General Fund.

29 (b) (1) The transfer of weight fee revenues, after deduction of
30 collection costs, from the State Highway Account pursuant to
31 subdivision (a) shall not exceed:

32 (A) Ninety percent of the total weight fees in the 2017–18 fiscal
33 year.

34 (B) Eighty percent of the total weight fees in the 2018–19 fiscal
35 year.

36 (C) Seventy percent of the total weight fees in the 2019–20
37 fiscal year.

38 (D) Sixty percent of the total weight fees in the 2020–21 fiscal
39 year.

1 (E) Fifty percent of the total weight fees in 2021–22 and
2 subsequent fiscal years.

3 (2) The California Transportation Commission, on or before
4 January 1, 2018, shall recommend a course of action to the
5 Legislature and the Governor that would provide for the portion
6 of weight fees described in subparagraph (E) of paragraph (1) to
7 be retained in the State Highway Account or transferred to the
8 Road Maintenance and Rehabilitation Account created pursuant
9 to Section 2031.

10 SEC. 33. The increases in tax rates in Sections 6051.8, 6201.8,
11 7360, and 60050 of the Revenue and Taxation Code, as amended
12 by this act, shall become effective on July 1, 2017.

13 SEC. 34. This act is an urgency statute necessary for the
14 immediate preservation of the public peace, health, or safety within
15 the meaning of Article IV of the Constitution and shall go into
16 immediate effect. The facts constituting the necessity are:

17 In order to provide additional funding for road maintenance and
18 rehabilitation purposes as quickly as possible, it is necessary for
19 this act to take effect immediately.

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Local Streets & Roads Funding

AB1 (Frazier) and SB1 (Beall) – 12Dec2016 versions

Estimated 15 December 2016

	Annual at full Phase-in \$2.2 Billion*	One-time Loan Repay \$352 Million
ALAMEDA COUNTY	34,432,526	5,459,572
ALAMEDA	2,636,402	418,024
ALBANY	638,649	101,263
BERKELEY	4,086,116	647,889
DUBLIN	1,921,073	304,603
EMERYVILLE	363,616	57,654
FREMONT	7,793,515	1,235,729
HAYWARD	5,259,490	833,937
LIVERMORE	2,958,117	469,035
NEWARK	1,520,649	241,112
OAKLAND	14,125,035	2,239,645
PIEDMONT	382,295	60,616
PLEASANTON	2,574,893	408,271
SAN LEANDRO	3,042,433	482,404
UNION CITY	2,502,445	396,784
ALPINE COUNTY	662,483	105,042
AMADOR COUNTY	3,159,103	500,903
AMADOR	6,364	1,009
IONE	272,385	43,189
JACKSON	159,998	25,369
PLYMOUTH	34,573	5,482
SUTTER CREEK	86,036	13,642
BUTTE COUNTY	11,267,838	1,786,612
BIGGS	60,064	9,524
CHICO	3,083,473	488,911
GRIDLEY	233,237	36,982
OROVILLE	557,188	88,347
PARADISE	902,503	143,100
CALAVERAS COUNTY	4,822,368	764,628
ANGELS CAMP	131,961	20,924
COLUSA COUNTY	3,783,569	599,917
COLUSA	212,975	33,769
WILLIAMS	182,874	28,996
CONTRA COSTA COUNTY	28,753,944	4,559,184
ANTIOCH	3,725,528	590,714
BRENTWOOD	1,943,399	308,143
CLAYTON	388,315	61,571
CONCORD	4,336,863	687,647
DANVILLE	1,503,001	238,314
EL CERRITO	835,524	132,480
HERCULES	852,278	135,136
LAFAYETTE	865,315	137,203
MARTINEZ	1,286,036	203,912
MORAGA	566,442	89,814
OAKLEY	1,334,369	211,576
ORINDA	640,266	101,520
PINOLE	651,756	103,341
PITTSBURG	2,326,451	368,879
PLEASANT HILL	1,175,197	186,338
RICHMOND	3,692,779	585,522
SAN PABLO	1,022,733	162,163
SAN RAMON	2,702,554	428,513
WALNUT CREEK	2,300,307	364,733

Local Streets & Roads Funding

AB1 (Frazier) and SB1 (Beall) – 12Dec2016 versions

Annual at full Phase-in
One-time Loan Repay

Estimated 15 December 2016

	\$2.2 Billion*	\$352 Million
DEL NORTE COUNTY	1,968,330	312,096
CRESCENT CITY	262,925	41,689
EL DORADO COUNTY	10,158,020	1,610,641
PLACERVILLE	367,159	58,216
SOUTH LAKE TAHOE	747,803	118,571
FRESNO COUNTY	34,518,947	5,473,275
CLOVIS	3,589,336	569,120
COALINGA	568,609	90,158
FIREBAUGH	267,603	42,431
FOWLER	204,925	32,493
FRESNO	17,893,839	2,837,221
HURON	234,510	37,184
KERMAN	492,412	78,076
KINGSBURG	402,867	63,878
MENDOTA	385,666	61,151
ORANGE COVE	321,922	51,043
PARLIER	519,279	82,336
REEDLEY	876,805	139,025
SANGER	864,421	137,061
SAN JOAQUIN	139,013	22,042
SELMA	822,590	130,429
GLENN COUNTY	4,592,133	728,122
ORLAND	268,807	42,622
WILLOWS	213,491	33,851
HUMBOLDT COUNTY	8,961,385	1,420,904
ARCATA	615,704	97,625
BLUE LAKE	43,345	6,873
EUREKA	935,390	148,314
FERNDALE	47,163	7,478
FORTUNA	413,909	65,629
RIO DELL	115,999	18,393
TRINIDAD	12,625	2,002
IMPERIAL COUNTY	15,599,193	2,473,386
BRAWLEY	903,810	143,307
CALEXICO	1,411,564	223,816
CALIPATRIA	265,057	42,027
EL CENTRO	1,542,769	244,619
HOLTVILLE	214,867	34,069
IMPERIAL	600,155	95,160
WESTMORLAND	80,257	12,725
INYO COUNTY	5,534,386	877,524
BISHOP	133,509	21,169
KERN COUNTY	32,486,391	5,150,995
ARVIN	691,901	109,707
BAKERSFIELD	12,711,235	2,015,475
CALIFORNIA CITY	485,738	77,018
DELANO	1,824,648	289,314
MARICOPA	40,214	6,376
MCFARLAND	482,883	76,565
RIDGECREST	977,634	155,012
SHAFTER	618,181	98,018
TAFT	325,293	51,578
TEHACHAPI	495,852	78,622
WASCO	898,891	142,527

Local Streets & Roads Funding

AB1 (Frazier) and SB1 (Beall) – 12Dec2016 versions

	Annual at full Phase-in	One-time Loan Repay
<i>Estimated 15 December 2016</i>	\$2.2 Billion*	\$352 Million
KINGS COUNTY	6,804,802	1,078,960
AVENAL	533,383	84,572
CORCORAN	853,585	135,343
HANFORD	1,919,697	304,384
LEMOORE	871,198	138,136
LAKE COUNTY	4,814,242	763,339
CLEARLAKE	524,611	83,182
LAKEPORT	163,507	25,925
LASSEN COUNTY	4,680,750	742,173
SUSANVILLE	617,390	97,892
LOS ANGELES COUNTY	208,045,885	32,987,456
AGOURA HILLS	714,400	113,274
ALHAMBRA	2,942,809	466,608
ARCADIA	1,987,019	315,059
ARTESIA	579,618	91,903
AVALON	132,099	20,945
AZUSA	1,700,255	269,590
BALDWIN PARK	2,650,472	420,255
BELL	1,243,070	197,099
BELLFLOWER	2,686,902	426,031
BELL GARDENS	1,474,930	233,863
BEVERLY HILLS	1,198,280	189,998
BRADBURY	37,394	5,929
BURBANK	3,649,365	578,638
CALABASAS	832,910	132,065
CARSON	3,204,357	508,078
CERRITOS	1,718,935	272,552
CLAREMONT	1,248,127	197,901
COMMERCE	449,273	71,236
COMPTON	3,388,676	537,304
COVINA	1,681,369	266,595
CUDAHY	834,905	132,381
CULVER CITY	1,368,219	216,943
DIAMOND BAR	1,949,419	309,097
DOWNEY	3,918,241	621,271
DUARTE	751,277	119,121
EL MONTE	3,982,708	631,492
EL SEGUNDO	584,812	92,727
GARDENA	2,078,285	329,530
GLENDALE	6,852,002	1,086,444
GLENORA	1,770,364	280,706
HAWAIIAN GARDENS	500,358	79,336
HAWTHORNE	3,015,463	478,127
HERMOSA BEACH	680,171	107,847
HIDDEN HILLS	65,396	10,369
HUNTINGTON PARK	2,040,375	323,519
INDUSTRY	15,136	2,400
INGLEWOOD	3,864,335	612,723
IRWINDALE	50,672	8,035
LA CANADA FLINTRIDGE	708,379	112,320
LA HABRA HEIGHTS	187,105	29,667
LAKEWOOD	2,807,132	445,095

Local Streets & Roads Funding

AB1 (Frazier) and SB1 (Beall) – 12Dec2016 versions

	Annual at full Phase-in	One-time Loan Repay
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Estimated 15 December 2016

	\$2.2 Billion*	\$352 Million
LA MIRADA	1,703,558	270,114
LANCASTER	5,531,084	877,001
LA PUENTE	1,399,765	221,945
LA VERNE	1,136,668	180,228
LAWDALE	1,149,087	182,198
LOMITA	713,230	113,089
LONG BEACH	16,263,934	2,578,786
LOS ANGELES	136,124,370	21,583,684
LYNWOOD	2,455,557	389,350
MALIBU	444,973	70,554
MANHATTAN BEACH	1,230,273	195,070
MAYWOOD	959,229	152,094
MONROVIA	1,286,793	204,032
MONTEBELLO	2,205,223	349,657
MONTEREY PARK	2,135,011	338,524
NORWALK	3,686,587	584,540
PALMDALE	5,401,221	856,410
PALOS VERDES ESTATES	472,322	74,891
PARAMOUNT	1,902,428	301,646
PASADENA	4,868,045	771,870
PICO RIVERA	2,207,906	350,082
POMONA	5,243,322	831,374
RANCHO PALOS VERDES	1,464,232	232,166
REDONDO BEACH	2,342,516	371,426
ROLLING HILLS ⁽²⁾		
ROLLING HILLS ESTATES	282,877	44,853
ROSEMEAD	1,892,624	300,092
SAN DIMAS	1,194,152	189,343
SAN FERNANDO	844,813	133,952
SAN GABRIEL	1,393,814	221,001
SAN MARINO	461,451	73,167
SANTA CLARITA	7,335,298	1,163,074
SANTA FE SPRINGS	606,381	96,147
SANTA MONICA	3,209,002	508,815
SIERRA MADRE	382,983	60,725
SIGNAL HILL	398,532	63,191
SOUTH EL MONTE	716,945	113,678
SOUTH GATE	3,321,285	526,618
SOUTH PASADENA	900,404	142,767
TEMPLE CITY	1,247,886	197,863
TORRANCE	5,105,994	809,599
VERNON	4,231	671
WALNUT	1,040,862	165,038
WEST COVINA	3,729,071	591,276
WEST HOLLYWOOD	1,232,405	195,408
WESTLAKE VILLAGE	289,757	45,943
WHITTIER	2,991,073	474,260

Local Streets & Roads Funding

AB1 (Frazier) and SB1 (Beall) – 12Dec2016 versions

	Annual at full Phase-in	One-time Loan Repay
<i>Estimated 15 December 2016</i>	\$2.2 Billion*	\$352 Million
MADERA COUNTY	9,865,041	1,564,187
CHOWCHILLA	643,981	102,109
MADERA	2,200,304	348,877
MARIN COUNTY	7,817,857	1,239,588
BELVEDERE	72,964	11,569
CORTE MADERA	326,497	51,769
FAIRFAX	262,615	41,640
LARKSPUR	424,746	67,347
MILL VALLEY	496,712	78,758
NOVATO	1,843,018	292,226
ROSS	85,761	13,598
SAN ANSELMO	435,857	69,109
SAN RAFAEL	2,037,004	322,984
SAUSALITO	251,125	39,818
TIBURON	316,487	50,182
MARIPOSA COUNTY	3,087,484	489,547
MENDOCINO COUNTY	7,211,969	1,143,519
FORT BRAGG	252,604	40,053
POINT ARENA	15,480	2,455
UKIAH	552,991	87,682
WILLITS	168,632	26,738
MERCED COUNTY	13,041,370	2,067,821
ATWATER	998,412	158,307
DOS PALOS	172,795	27,398
GUSTINE	193,263	30,644
LIVINGSTON	472,494	74,918
LOS BANOS	1,277,814	202,608
MERCED	2,811,295	445,755
MODOC COUNTY	4,521,308	716,892
ALTURAS	97,251	15,420
MONO COUNTY	3,348,365	530,912
MAMMOTH LAKES	289,310	45,873
MONTEREY COUNTY	14,225,669	2,255,602
CARMEL-BY-THE-SEA	128,899	20,438
DEL REY OAKS	57,105	9,055
GONZALES	287,487	45,583
GREENFIELD	580,340	92,018
KING CITY	461,554	73,183
MARINA	775,805	123,010
MONTEREY	968,827	153,616
PACIFIC GROVE	529,358	83,934
SALINAS	5,322,478	843,924
SAND CITY	12,453	1,975
SEASIDE	1,158,341	183,665
SOLEDAD	885,405	140,389
NAPA COUNTY	5,506,018	873,026
AMERICAN CANYON	693,140	109,903
CALISTOGA	180,982	28,696
NAPA	2,716,659	430,749
SAINT HELENA	208,640	33,082
YOUNTVILLE	103,787	16,456

Local Streets & Roads Funding

AB1 (Frazier) and SB1 (Beall) – 12Dec2016 versions

	Annual at full Phase-in	One-time Loan Repay
<i>Estimated 15 December 2016</i>	\$2.2 Billion*	\$352 Million
NEVADA COUNTY	5,638,726	894,068
GRASS VALLEY	444,629	70,500
NEVADA CITY	109,876	17,422
TRUCKEE	557,670	88,423
ORANGE COUNTY	71,040,027	11,264,004
ALISO VIEJO	1,727,053	273,839
ANAHEIM	12,089,545	1,916,901
BREA	1,490,514	236,334
BUENA PARK	2,847,244	451,455
COSTA MESA	3,902,933	618,843
CYPRESS	1,691,965	268,275
DANA POINT	1,176,780	186,588
FOUNTAIN VALLEY	1,961,563	311,023
FULLERTON	4,851,945	769,317
GARDEN GROVE	6,012,350	953,310
HUNTINGTON BEACH	6,824,723	1,082,118
IRVINE	8,613,388	1,365,726
LAGUNA BEACH	803,429	127,390
LAGUNA HILLS	1,066,216	169,058
LAGUNA NIGUEL	2,230,404	353,650
LAGUNA WOODS	572,841	90,829
LA HABRA	2,135,562	338,612
LAKE FOREST	2,754,465	436,744
LA PALMA	549,207	87,082
LOS ALAMITOS	405,206	64,249
MISSION VIEJO	3,324,898	527,191
NEWPORT BEACH	3,001,428	475,902
ORANGE	4,819,333	764,147
PLACENTIA	1,803,526	285,964
RANCHO SANTA MARGARITA	1,689,935	267,954
SAN CLEMENTE	2,249,772	356,721
SAN JUAN CAPISTRANO	1,246,097	197,579
SANTA ANA	11,533,320	1,828,707
SEAL BEACH	849,147	134,640
STANTON	1,349,161	213,921
TUSTIN	2,738,331	434,186
VILLA PARK	205,028	32,509
WESTMINSTER	3,168,512	502,395
YORBA LINDA	2,329,582	369,375
PLACER COUNTY	14,642,375	2,321,674
AUBURN	475,349	75,371
COLFAX	68,595	10,876
LINCOLN	1,576,825	250,019
LOOMIS	227,836	36,125
ROCKLIN	2,072,712	328,646
ROSEVILLE	4,416,432	700,263

Local Streets & Roads Funding

AB1 (Frazier) and SB1 (Beall) – 12Dec2016 versions

Annual at full Phase-in
One-time Loan Repay

Estimated 15 December 2016

	\$2.2 Billion*	\$352 Million
PLUMAS COUNTY	3,719,520	589,762
PORTOLA	72,379	11,476
RIVERSIDE COUNTY	57,105,281	9,054,531
BANNING	1,048,912	166,314
BEAUMONT	1,461,377	231,714
BLYTHE	716,120	113,547
CALIMESA	287,349	45,562
CANYON LAKE	375,002	59,460
CATHEDRAL CITY	1,819,901	288,561
COACHELLA	1,510,776	239,546
CORONA	5,513,987	874,290
DESERT HOT SPRINGS	967,830	153,458
EASTVALE	2,085,818	330,724
HEMET	2,829,562	448,651
INDIAN WELLS	178,677	28,331
INDIO	2,896,574	459,277
JURUPA VALLEY	3,741,903	593,311
LAKE ELSINORE	2,009,896	318,686
LA QUINTA	1,365,502	216,512
MENIFEE	2,937,305	465,735
MORENO VALLEY	6,903,191	1,094,560
MURRIETA	3,690,474	585,156
NORCO	930,986	147,616
PALM DESERT	1,756,259	278,470
PALM SPRINGS	1,603,452	254,241
PERRIS	2,508,087	397,679
RANCHO MIRAGE	615,394	97,576
RIVERSIDE	10,915,586	1,730,760
SAN JACINTO	1,578,821	250,336
TEMECULA	3,746,925	594,107
WILDOMAR	1,174,715	186,261
SACRAMENTO COUNTY	42,468,255	6,733,705
CITRUS HEIGHTS	2,929,117	464,437
ELK GROVE	5,603,841	888,537
FOLSOM	2,576,923	408,593
GALT	846,498	134,220
ISLETON	28,209	4,473
RANCHO CORDOVA	2,377,502	376,973
SACRAMENTO	16,515,953	2,618,746
SAN BENITO COUNTY	3,192,214	506,153
HOLLISTER	1,283,319	203,481
SAN JUAN BAUTISTA	66,393	10,527

Local Streets & Roads Funding

AB1 (Frazier) and SB1 (Beall) – 12Dec2016 versions

Annual at full Phase-in One-time Loan Repay

Estimated 15 December 2016

	\$2.2 Billion*	\$352 Million
SAN BERNARDINO COUNTY	55,285,882	8,766,050
ADELANTO	1,138,113	180,458
APPLE VALLEY	2,456,073	389,431
BARSTOW	805,217	127,674
BIG BEAR LAKE	177,680	28,173
CHINO	2,905,656	460,717
CHINO HILLS	2,669,358	423,249
COLTON	1,836,448	291,184
FONTANA	7,028,478	1,114,425
GRAND TERRACE	424,918	67,374
HESPERIA	3,170,954	502,782
HIGHLAND	1,869,059	296,355
LOMA LINDA	817,051	129,550
MONTCLAIR	1,322,983	209,770
NEEDLES	169,940	26,945
ONTARIO	5,806,049	920,599
RANCHO CUCAMONGA	5,987,925	949,437
REDLANDS	2,421,741	383,988
RIALTO	3,512,037	556,864
SAN BERNARDINO	7,359,447	1,166,903
TWENTYNINE PALMS	889,121	140,978
UPLAND	2,607,127	413,382
VICTORVILLE	4,168,265	660,914
YUCAIPA	1,821,242	288,774
YUCCA VALLEY	734,627	116,481
SAN DIEGO COUNTY	79,580,992	12,618,247
CARLSBAD	3,806,542	603,560
CHULA VISTA	8,875,005	1,407,208
CORONADO	808,314	128,165
DEL MAR	145,790	23,116
EL CAJON	3,489,746	553,329
ENCINITAS	2,116,263	335,552
ESCONDIDO	5,067,018	803,419
IMPERIAL BEACH	920,597	145,969
LA MESA	2,023,209	320,797
LEMON GROVE	901,264	142,903
NATIONAL CITY	2,058,091	326,328
OCEANSIDE	5,905,983	936,444
POWAY	1,687,045	267,495
SAN DIEGO	47,062,271	7,462,126
SAN MARCOS	3,124,513	495,418
SANTEE	1,919,732	304,390
SOLANA BEACH	450,787	71,476
VISTA	3,316,676	525,887
SAN FRANCISCO COUNTY	16,187,073	2,566,599
SAN FRANCISCO	29,089,310	4,612,359
SAN JOAQUIN COUNTY	22,971,301	3,642,296
ESCALON	255,012	40,434
LATHROP	700,158	111,016
LODI	2,191,979	347,557
MANTECA	2,538,325	402,473
RIPON	513,327	81,392
STOCKTON	10,560,984	1,674,534
TRACY	2,934,243	465,249

Local Streets & Roads Funding

AB1 (Frazier) and SB1 (Beall) – 12Dec2016 versions

	Annual at full Phase-in	One-time Loan Repay
<i>Estimated 15 December 2016</i>	\$2.2 Billion*	\$352 Million
SAN LUIS OBISPO COUNTY	13,226,386	2,097,157
ARROYO GRANDE	599,536	95,061
ATASCADERO	1,003,434	159,103
EL PASO DE ROBLES	1,049,978	166,483
GROVER BEACH	452,576	71,760
MORRO BAY	353,777	56,094
PISMO BEACH	265,264	42,060
SAN LUIS OBISPO	1,575,621	249,828
SAN MATEO COUNTY	19,335,542	3,065,816
ATHERTON	238,569	37,827
BELMONT	920,150	145,898
BRISBANE	156,214	24,769
BURLINGAME	1,028,237	163,036
COLMA	61,646	9,775
DALY CITY	3,639,939	577,144
EAST PALO ALTO	1,002,334	158,929
FOSTER CITY	1,114,239	176,672
HALF MOON BAY	414,563	65,733
HILLSBOROUGH	392,856	62,291
MENLO PARK	1,144,615	181,488
MILLBRAE	787,707	124,898
PACIFICA	1,326,182	210,277
PORTOLA VALLEY	155,732	24,693
REDWOOD CITY	2,815,285	446,388
SAN BRUNO	1,527,701	242,230
SAN CARLOS	1,013,067	160,630
SAN MATEO	3,489,230	553,247
SOUTH SAN FRANCISCO	2,277,086	361,052
WOODSIDE	190,546	30,213
SANTA BARBARA COUNTY	13,490,960	2,139,107
BUELLTON	169,630	26,896
CARPINTERIA	466,026	73,892
GOLETA	1,058,338	167,609
GUADALUPE	247,857	39,300
LOMPOC	1,495,709	237,157
SANTA BARBARA	3,133,492	496,842
SANTA MARIA	3,511,865	556,836
SOLVANG	188,826	29,940
SANTA CLARA COUNTY	43,257,742	6,858,885
CAMPBELL	1,439,911	228,310
CUPERTINO	2,055,649	325,941
GILROY	1,823,238	289,090
LOS ALTOS	1,033,260	163,832
LOS ALTOS HILLS	286,936	45,496
LOS GATOS	1,049,394	166,390
MILPITAS	2,497,698	396,031
MONTE SERENO	118,717	18,824
MORGAN HILL	1,437,227	227,885
MOUNTAIN VIEW	2,680,297	424,984
PALO ALTO	2,302,508	365,082
SAN JOSE	34,967,600	5,544,412
SANTA CLARA	4,161,557	659,851
SARATOGA	1,059,507	167,994
SUNNYVALE	5,092,268	807,423

Local Streets & Roads Funding

AB1 (Frazier) and SB1 (Beall) – 12Dec2016 versions

Annual at full Phase-in
One-time Loan Repay

Estimated 15 December 2016

	\$2.2 Billion*	\$352 Million
SANTA CRUZ COUNTY	8,919,499	1,414,263
CAPITOLA	345,796	54,829
SANTA CRUZ	2,194,387	347,939
SCOTTS VALLEY	410,332	65,062
WATSONVILLE	1,791,830	284,110
SHASTA COUNTY	10,413,161	1,651,096
ANDERSON	353,261	56,013
REDDING	3,134,249	496,962
SHASTA LAKE	349,649	55,440
SIERRA COUNTY	1,806,629	286,456
LOYALTON	26,454	4,195
SISKIYOU COUNTY	7,460,749	1,182,966
DORRIS	32,302	5,122
DUNSMUIR	56,761	9,000
ETNA	25,491	4,042
FORT JONES	28,862	4,576
MONTAGUE	49,640	7,871
MOUNT SHASTA	116,756	18,513
TULELAKE	34,848	5,525
WEED	102,067	16,184
YREKA	270,011	42,813
SOLANO COUNTY	12,505,632	1,982,875
BENICIA	952,521	151,030
DIXON	659,049	104,498
FAIRFIELD	3,849,130	610,312
RIO VISTA	281,845	44,689
SUISUN CITY	993,768	157,570
VACAVILLE	3,257,816	516,555
VALLEJO	4,117,180	652,814
SONOMA COUNTY	18,774,653	2,976,882
CLOVERDALE	299,561	47,498
COTATI	252,708	40,069
HEALDSBURG	402,041	63,747
PETALUMA	2,048,218	324,763
ROHNERT PARK	1,413,078	224,056
SANTA ROSA	5,953,765	944,020
SEBASTOPOL	258,246	40,947
SONOMA	376,103	59,634
WINDSOR	940,343	149,099
STANISLAUS COUNTY	18,456,241	2,926,395
CERES	1,616,455	256,303
HUGHSON	248,442	39,393
MODESTO	7,196,147	1,141,011
NEWMAN	369,911	58,653
OAKDALE	749,007	118,761
PATTERSON	725,649	115,058
RIVERBANK	807,901	128,100
TURLOCK	2,443,930	387,506
WATERFORD	298,805	47,378

Local Streets & Roads Funding

AB1 (Frazier) and SB1 (Beall) – 12Dec2016 versions

	Annual at full Phase-in	One-time Loan Repay
<i>Estimated 15 December 2016</i>	\$2.2 Billion*	\$352 Million
SUTTER COUNTY	5,682,202	900,962
LIVE OAK	293,988	46,614
YUBA CITY	2,282,934	361,979
TEHAMA COUNTY	6,468,858	1,025,693
CORNING	263,613	41,798
RED BLUFF	490,554	77,782
TEHAMA	14,448	2,291
TRINITY COUNTY	3,464,085	549,260
TULARE COUNTY	22,396,312	3,551,127
DINUBA	824,447	130,723
EXETER	363,684	57,665
FARMERSVILLE	375,243	59,498
LINDSAY	436,132	69,152
PORTERVILLE	1,921,349	304,646
TULARE	2,145,332	340,161
VISALIA	4,497,996	713,196
WOODLAKE	264,954	42,011
TUOLUMNE COUNTY	4,525,459	717,550
SONORA	168,667	26,744
VENTURA COUNTY	21,817,445	3,459,343
CAMARILLO	2,310,145	366,293
FILLMORE	531,181	84,223
MOORPARK	1,229,034	194,874
OJAI	261,858	41,520
OXNARD	7,091,638	1,124,440
PORT HUENEME	783,235	124,189
SAN BUENAVENTURA	3,761,305	596,387
SANTA PAULA	1,051,148	166,669
SIMI VALLEY	4,351,105	689,905
THOUSAND OAKS	4,449,698	705,538
YOLO COUNTY	7,964,748	1,262,879
DAVIS	2,296,488	364,128
WEST SACRAMENTO	1,763,793	279,665
WINTERS	239,223	37,931
WOODLAND	1,978,901	313,772
YUBA COUNTY	4,530,673	718,377
MARYSVILLE	415,285	65,847
WHEATLAND	118,889	18,851
Total	\$ 1,110,000,000	\$ 176,000,000

*Includes \$770 million returned HUTA funds and \$1.45 billion new RMRA allocations to LSR at full implementation (Yr5)

\$6 Billion Transportation Funding Proposals Introduced, including \$2.2 Billion for Local Streets and Roads

As the first order of business in the new legislative session, Senator Beall and Assembly Member Frazier introduced similar transportation funding proposals on December 5, 2016, under SB 1 and AB 1, respectively. Upon full implementation, each proposal will generate approximately \$6 billion annually, with about \$2.2 billion going to local streets and roads.

These proposals present an opportunity in the new legislative session for all sides to negotiate on a comprehensive package to send to the Governor. The League of California Cities supports these proposals as a starting place for negotiations, but also understands that there is still work needed to get the necessary two-thirds vote in each legislative chamber. The League will continue to help advance the discussion and will provide cities with the tools it needs to advocate when the legislature is closer to reaching a deal.

Below, the League has summarized the key provisions in each of these proposals, as well as highlight the key differences under specific provisions:

Reforms

- **Establishes local reporting requirements.** Cities and counties would be required to send the CTC a list of projects they propose to fund with Road Maintenance and Rehabilitation Account (RMRA) funds, specifying the location, description, proposed schedule, and estimated useful life for each project each fiscal year.
- **Requires cities and counties to maintain existing general fund levels for transportation funding.** The bills require cities and counties to maintain their general fund transportation levels at equal to or greater than their annual average expenditures during the 2009-10, 2010-11, 2011-12 fiscal years, which is known as a maintenance of effort requirement. The bill authorizes the State Controller's Office to audit local governments for compliance and subject local governments to reimbursing the state for non-compliance.
- **Makes permanent the National Environmental Protection Act (NEPA) delegation authority.** Permanently extends the authority for CalTrans to participate in the federal NEPA delegation pilot program, which allows projects involving federal funds to be delivered faster.
- **Promotes employment and training opportunities through preapprenticeship.** Requires state and local agencies to create programs that promote employment in advanced construction through preapprenticeship as a condition of receiving RMRA funds.
- **Incorporates "complete streets" design concept into the Highway Design Manual.** Requires Caltrans to incorporate the "complete streets" design concept into the Highway Design Manual.
- **Restores independence to the California Transportation Commission (CTC).** The bills move the CTC out from under the California State Transportation Agency, establishing it as its own entity within state government to help it fulfill its oversight role.

- **Creates the Office of Transportation Inspector General as an independent entity and office within state government.** Its role will be to ensure that all other state agencies that receive state transportation funds are operating efficiently, effectively, and in compliance with federal and state laws. The Inspector General would be appointed by the Governor to a six-year term and would have the authority to conduct audits and investigations involving state transportation funds with all affected state agencies.
- **Permanently extends and expands the limited CEQA exemption for transportation repair, maintenance, and minor alteration projects to existing roadways.** The bills delete the January 1, 2020 sunset of the existing law and expand the exemption to cities and counties with populations greater than 100,000 and apply the exemption to state roadways.
- **Creates an Advanced Mitigation program for transportation projects.** The bills authorize the Natural Resources Agency to prepare, approve, and implement advance mitigation plans for one or more planned transportation projects. An advanced mitigation plan is defined as a regional or statewide plan that estimates the potential future mitigation requirements for one or more transportation projects and identifies mitigation projects, sites, or credits that would fulfill some or all of those requirements. The Agency would be authorized to administer the program, establish mitigation banks, secure areas for the purpose of providing mitigation, and allow transportation agencies to use mitigation credits to fulfill mitigation requirements. The program's intention is to supplant existing CEQA requirements, not substitute for them.

Additional Revenues (Approximate)

- **\$1.8 billion from a 12 cent increase to the gasoline excise tax, adjusted every 3 years for inflation.** The revenue generated from this particular increase would help restore the gas tax' lost purchasing power due to inflation. The funds attributable to the 12 cent increase would be transferred to the newly created Road Maintenance and Rehabilitation Account (RMRA) for distribution.
 - **Key Difference:** SB 1 (Beall) phases in the 12 cent increase over 3 years, while AB 1 (Frazier) does not include a phase in period.
- **\$1.1 billion from ending the Board of Equalization (BOE) "true up" and resetting the rate to the historical average of 17.3 cents per gallon, adjusted every 3 years for inflation.** This provision would "reset" the priced based excise tax on gasoline to its original rate of 17.3 cents. Funds would be distributed using current formulas.
- **\$1.3 billion from a \$38 increase to the Vehicle Registration Fee, adjusted every 3 years for inflation.** After the California Department of Motor Vehicles deducts their administrative costs from imposing and collecting the fee, the funds from the increase would be deposited into the RMRA for distribution.
- **\$500 million from restoration of half the truck weight fees to transportation projects.** Restoration of truck weight fee revenue would be phased-in over a five-year period and half would no longer be allowed to be transferred out of the state highway account (SHA) after the 2020-21 fiscal years. The funds would remain in the SHA, which would prevent HUTA funds from the variable gas tax from having to offset the SHA weight fee transfer.

- **Key Difference:** SB 1 (Beall) phases in a percentage of the truck weight fees back to transportation projects, while AB 1 (Frazier) phases in specific weight fee amounts every year. SB 1 caps the weight fee transfer at 50% in FY 2020-21, while AB caps the weight fee transfer at \$500,000,000 in FY 2020-21.
- **\$600 million from a 20 cent per gallon increase to the diesel excise tax, adjusted every 3 years for inflation.** The funds attributable to the 20 cent increase to the diesel excise tax would be transferred to the Trade Corridors Improvement Fund (TCIF). Federal FAST Act funds for freight would also be deposited into the TCIF.
- **\$300 million from unallocated cap and trade funds.** This continuous appropriation of cap and trade funds would essentially double the amount going towards the Transit and Intercity Rail Capital Program (TIRCP) and the Low Carbon Transit Operations Program (LCTOP).
- **\$263 million from 3.5 Percent Increase to the diesel sales tax.** The funds generated through the additional 3.5 percent increase to the diesel sales tax would deposit \$263 million into the State Transportation Account for transit and intercity rail purposes.
 - **Key Difference:** SB 1 (Beall) would impose an additional 0.5 percent to this sales tax which would generate a \$40 million set aside for intercity rail and commuter rail.
- **\$60 million from miscellaneous transportation revenues.** The bills delete the transfer of miscellaneous revenues to the Transportation Debt Service Fund and instead redirect the funds to the RMRA.
- **\$20 million from Vehicle Registration Fee on zero emission vehicles, starting in the 2nd year of ownership, adjusted every 3 years for inflation.** Per the authors, this provision will help make up for the fact that owners of zero emission vehicles do not pay any gas tax to maintain the roads they drive on. Revenues would be deposited into the RMRA for distribution.
 - **Key Difference:** SB 1 (Beall) imposes a \$100 Vehicle Registration Fee on zero emission vehicles generating, while AB 1 (Frazier) imposes a \$165 Vehicle Registration Fee

The revenues generated from these proposals, would provide the following allocations:

From the \$3.2 billion in the RMRA:

- State Highway System - \$1.45 billion annually for maintenance and rehabilitation of the state highway system.
- Local Streets and Roads – \$1.45 billion annually for maintenance and rehabilitation of local streets and roads.
- Self-help counties – \$200 million for existing and aspiring self-help counties.
- Active Transportation Programs – \$80 million annually for Active Transportation and up to an additional \$70 million through Caltrans efficiencies.
- Advanced Mitigation – \$120 million one-time funds for implementation of the Advanced Mitigation program over the first four years.
- California State University – \$2 million for transportation research and workforce training.
 - **Key Difference:** University of California – \$3 million under AB 1 (Frazier) for the Institutes for Transportation Studies.

From restoration/returned revenue from the HUTA:

- State Transportation Improvement Program - \$770 million annually for capital projects and improvements on the state's highway system.
- State Highway Operation and Protection Program – \$210 million annually for maintenance and rehabilitation of the state highway system.
- Local Streets and Roads - \$770 million annually for local streets and roads.

From Cap and Trade revenues and diesel tax increase:

- Transit and Intercity Rail – \$563 million annually for transit and intercity rail capital projects and operations, \$40 million additionally set aside for intercity and commuter rail under SB 1 (Beall).

From the TCIF:

- Freight, trade corridors, and goods movement – \$600 million annually for freight, trade corridors, and goods movement.

From loan Repayments:

- \$706 million one-time funds for transportation loan repayment.

While not yet introduced, the League of California Cities will continue to advocate for constitutionally protecting the additional revenue for transportation purposes.

The League has prepared preliminary estimates (insert link) of the revenues each city could receive for transportation maintenance and repair under the proposal. The time for the legislature and Governor to act is now and these proposals provide a solid framework to move the discussion forward.



ADMINISTRATIVE REPORT

Agenda Item J.16.

Meeting Date: 2/6/2017

SUBJECT: Second Reading - Ordinance No. 2472 Dealing with Limited Time Parking Lots, On-Street Disabled Persons Parking, No Parking Zones, and Four-Way Stop Intersections

REPORT IN BRIEF

Second reading of previously introduced Ordinance.

RECOMMENDATION

City Council - Adopt a motion adopting **Ordinance 2472**, an Ordinance of the City Council of the City of Merced, California, Amending Sections 10.28.215 "Limited Time Parking Lots-Two Hours", 10.28.230 "No Parking Zones", 10.28.275 "Disabled Persons-On-Street Parking", 10.28.380 "Stop Intersections Designated" of the Merced Municipal Code.

ALTERNATIVES

1. Approve, as recommended by the Traffic Committee; or,
2. Modify ordinance for adoption; or,
3. Deny.

AUTHORITY

This request amends Sections 10.28.215, 10.28.230, 10.275, and 10.28.380 of the Merced Municipal Code (MMC).

The California Vehicle Code (CVC) gives a local body (or official) jurisdiction for traffic control devices, provided the devices are installed in accordance with the State Traffic Manual.

CITY COUNCIL PRIORITIES

Not applicable.

ATTACHMENTS

1. Ordinance 2472

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY COUNCIL OF
THE CITY OF MERCED, CALIFORNIA,
AMENDING SECTIONS AMENDING SECTIONS
10.28.215 “LIMITED TIME PARKING LOTS—
TWO HOURS,” 10.28.230 “NO PARKING ZONES,”
10.28.275 “DISABLED PERSONS—ON-STREET
PARKING,” AND 10.28.380 “STOP
INTERSECTIONS DESIGNATED” OF THE
MERCED MUNICIPAL CODE**

**THE CITY COUNCIL OF THE CITY OF MERCED DOES ORDAIN
AS FOLLOWS:**

SECTION 1. AMENDMENT TO CODE. Section 10.28.215, “Limited Time Parking Lots—Two Hours,” of the Merced Municipal Code is hereby amended by deleting the following parking lot:

“Parking Lot:	Portion:
No. 1 Extension	All rows of 1, 2, 3, and 4.”

SECTION 2. AMENDMENT TO CODE. Section 10.28.230, “No Parking Zones,” of the Merced Municipal Code is hereby amended by adding the following portions of the following streets:

“Street:	Portion:
North side of West Childs Avenue	Beginning at the northeast curb return, thence easterly to the westerly driveway approach of 1055 W. Childs Avenue.”

SECTION 3. AMENDMENT TO CODE. Section 10.28.275, “Disabled Persons—On-Street Parking,” of the Merced Municipal Code is hereby amended by adding the following portion of the following street:

“Street:

Portion:

East side of K Street

Beginning at the northeast curb return, thence northerly through the distance of two angled on-street disabled persons parking spaces.”

SECTION 4. AMENDMENT TO CODE. Section 10.28.380, “Stop Intersections Designated,” of the Merced Municipal Code is hereby amended by adding the following intersection:

“Intersection of R Street and Childs Avenue”

SECTION 5. EFFECTIVE DATE. This Ordinance shall be in full force and effect thirty (30) days after its adoption.

SECTION 6. SEVERABILITY. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 7. PUBLICATION. The City Clerk is directed to cause a summary of this Ordinance to be published in the official newspaper at least once within fifteen (15) days after its adoption showing the vote thereon.

The foregoing Ordinance was introduced at a regular meeting of the City Council of the City of Merced on the ____ day of _____, 2017, and was passed and adopted at a regular meeting of said City Council held on the ____ day of _____, 2017, by the following called vote:

AYES: **Council Members:**

NOES: **Council Members:**

ABSTAIN: **Council Members:**

ABSENT: **Council Members:**

APPROVED:

Mayor

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

(SEAL)

APPROVED AS TO FORM:

City Attorney **Date** 12-21-2016



CITY OF MERCED

Merced Civic Center
678 W. 18th Street
Merced, CA 95340

ADMINISTRATIVE REPORT

Agenda Item J.17.

Meeting Date: 2/6/2017

SUBJECT: Second Reading - Ordinance No. 2469 "Regulated Communications in City Procurement Process" Adding Chapter 3.06 to the Merced Municipal Code

REPORT IN BRIEF

Second reading of previously introduced Ordinance.

RECOMMENDATION

City Council - Adopt a motion adopting **Ordinance 2469**, an Ordinance of the City Council for the City of Merced, California adding Chapter 3.06, regulated communications in City procurement process to the Merced Municipal Code.

ALTERNATIVES

1. Approve as discussed at the November 7, 2016 City Council Meeting; or,
2. Refer back to staff for reconsideration or redrafting of certain specified items (specific items to be addressed by the City Council in the motion); or,
3. Deny the request; or,
4. Continue to a future City Council meeting (date and time to be specified in the motion).

AUTHORITY

City of Merced, Charter, Section 200.

ATTACHMENTS

1. Ordinance No. 2469

ORDINANCE NO. _____

**AN ORDINANCE OF THE CITY COUNCIL OF
THE CITY OF MERCED, CALIFORNIA, ADDING
CHAPTER 3.06, "REGULATED
COMMUNICATIONS IN CITY PROCUREMENT
PROCESS," TO THE MERCED MUNICIPAL
CODE**

**THE CITY COUNCIL OF THE CITY OF MERCED DOES ORDAIN
AS FOLLOWS:**

SECTION 1. ADDITION TO CODE. Chapter 3.06, "Regulated Communications in City Procurement Process," is hereby added to the Merced Municipal Code to read as follows:

"CHAPTER 3.06

**REGULATED COMMUNICATIONS IN CITY
PROCUREMENT PROCESS**

Section:

- | | |
|-----------------|---------------------------------------------------------------------------------------------------------------------|
| 3.06.010 | Short Title. |
| 3.06.020 | Declaration of Legislative Intent. |
| 3.06.030 | Definitions. |
| 3.06.040 | Applicability. |
| 3.06.050 | Regulation of Communications During
Competitive Procurement; Notice of
Regulated Communication Rule. |
| 3.06.060 | Disclosure of Regulated Communications. |
| 3.06.070 | Sanctions. |
| 3.06.080 | Evaluation of Disclosed Communications;
Criteria for Imposition of Sanctions. |
| 3.06.090 | Appeals. |
| 3.06.010 | Short Title. |

This Chapter shall be known as the Regulated Communications in City Procurement Process Ordinance.

3.06.020 Declaration of Legislative Intent.

In enacting this Chapter, the City Council hereby declares and finds as follows:

- A. All communications by and between Proposers, the Mayor and Councilmembers in competitive procurement should be open and public.
- B. All elected officials should be provided the same information for decision-making involved in competitive procurement.
- C. The provisions of this Chapter are necessary and appropriate in order to instill greater public confidence in the integrity of the City's procurement processes by eliminating the appearance of impropriety and special consideration.
- D. The provisions of this Chapter will lessen the chance of miscommunication or misunderstanding during competitive procurement.
- E. The provisions of this Chapter will foster a greater sense of equity and fair play in competitive procurement.
- F. The provisions of this Chapter ensure that the Mayor and all Councilmembers are afforded equal access to information during the procurement process.
- G. The provisions of this Chapter are intended to provide Councilmembers and the Mayor more useful information with which to render a fair and just decision.
- H. This Chapter furthers the Charter purpose of having professional staff research, evaluate, and make recommendations concerning the award of public contracts.

I. Nothing in this Chapter is intended to chill First Amendment Free Speech rights, such as the public's right to petition government, or the elected official's right of Free Debate.

J. This Chapter provides Proposers with defined channels to communicate information to Councilmembers and the Mayor, consistent with the overall purposes of this Chapter.

K. The award of a contract and the acts leading up to it are legislative in nature.

L. In enacting this Chapter, it is not the intent of the City Council to change the legislative nature of its procurement process.

M. This Chapter relates to an internal procedure dealing with the subject of competitive procurement. Nothing in this Chapter shall confer upon, or create rights in, any person that the person would not have absent this Chapter.

3.06.030 Definitions.

The following definitions shall apply for purposes of this Chapter:

A. 'Communication' means communication in any form, directly or indirectly, by or between a Proposer, on the one hand, and Councilmember or the Mayor, on the other hand, during the pendency of a competitive procurement regardless of whether or not the Proposer at the time of the communication had yet to put forward, present, or sponsor a request, proposal, bid, or quote for consideration of a contract, if the Proposer eventually does so.

B. 'Competitive procurement' shall mean and include the processes for request for expression of interest,

request for proposals, and request for qualifications, as defined in this Chapter.

C. 'Continue' shall mean to persist in, remain in, carry on, recommence or resume a communication.

D. 'Disclosure' shall mean the writing, or oral statement entered in City Council proceedings, containing the information required by Section 3.06.060 of this Chapter necessary to disclose a regulated communication.

E. 'Elected official' shall mean the Mayor or any Councilmember of the City of Merced.

F. 'Initiate' shall mean to cause a communication to begin; to send, transmit, or convey information.

G. 'Initiation of competitive procurement' shall mean the issuance, publication or announcement by the City of Request for Expression of Interest, Request for Proposals or Request for Qualifications. The competitive procurement remains pending until it is completed upon any of the following: the award of a contract; the issuance of official City notice of cancellation of the process; or a determination by the Council not to award a contract, provided the determination is final and the City Council does not direct the re-initiation of the competitive procurement at the time it determines not to make an award.

H. 'Proposer' shall mean a person, other than a City division or department, who puts forward, presents, or sponsors an expression of interest, statement of qualification, request, proposal, or quote for consideration of a contract. For purposes of this Chapter, a Proposer is also any agent or representative, or officer of a Proposer, and any person holding an ownership, beneficial, equitable or security interest in a Proposer. However, a commercial lending institution is not a

proposer if it merely holds a security interest as a result of a loan or loans which are made in the lender's regular course of business on terms available to members of the public without regard to official status.

I. 'Record' shall mean the oral and written information conveyed to the Mayor and City Council through writings and statements made available to the public in connection with a competitive procurement, and upon which the City Council could rely in considering whether to award a contract. 'Record' shall include oral communication during a regular or special meeting of the City Council.

J. 'Regulated communication' shall mean any communication prohibited under Section 3.06.050 of this Chapter.

K. 'Request for Expression of Interest' (RFEI) means a solicitation to prospective proposers on a procurement opportunity. An RFEI may be issued in advance of an RFP to assist in the development of a more definitive set of terms and conditions, scope of work or service and the selection of qualified proposers. An RFEI does not contain all of the information a prospective proposer needs to provide a full bid or proposal response, and should not be construed as an RFP or notice inviting bids. The RFEI enables potential proposers to determine whether they have a serious interest in preparing a proposal or bid in response. The RFEI may be used simultaneously with a RFQ when the proposed procurement is well defined and the City has clear expectations for the procurement.

L. 'Request for Proposal' (RFP) shall mean an invitation for providers of services or work to solicit the right to supply services or work to the City, when any award is to be made to a Proposer providing the best value in meeting the interest of the City and the objectives of the project, based on criteria, such as

benefit to the City, qualifications, experience, and demonstrated ability, subject to the City's right to reject any and all proposals.

M. 'Request for Qualification' (RFQ) shall mean a City request for the submission of a statement of qualifications from interested potential Proposers as a pre-requisite to a bid or proposal for the right to supply materials, supplies, equipment, services or work.

O. 'Subject Proposer,' as used in this Chapter, shall mean the Proposer who is the subject of a disclosure and consideration of potential sanctions.

P. 'Writing' shall mean a writing as defined in California Evidence Code Section 250.

3.06.040 Applicability.

This Chapter applies to competitive procurement which may result in the award of a contract by the City Council, including RFPs, RFEIs, and RFQs. It applies whether the procurement process is classified as legislative or otherwise. The requirements of this Chapter apply upon the initiation of competitive procurement until the procurement process is completed, and is not dependent on whether or not a contract is awarded. Any communication (even if unintended or inadvertent) covered by this Chapter must be disclosed, as provided by this Chapter or any other applicable local, state, or federal law or regulation.

3.06.050 Regulation of Communications During Competitive Procurement; Notice of Regulated Communication Rule.

A. No Proposer shall initiate, engage in, or continue any communication to or with any elected official, and no elected official shall initiate, engage in, or continue any communication to or with any Proposer, concerning

or touching upon any matter which is the subject of a competitive procurement within the scope of this Chapter except as permitted in subsection B of this Section.

B. Only communications meeting the following requirements are allowed under this Chapter. A communication that is:

1. Made on the record in a regular or special meeting of the City Council; or
2. Between or among elected officials outside of a regular or special City Council meeting, provided that none of the communicants is an agent or representative of a Proposer, or acting in concert with or at the behest of a Proposer, and provided further the communication is not prohibited under the Ralph M. Brown Act (California Government Code §§ 54950, *et seq.*); or
3. Part of the record presented to the City Council as a result of being communicated to City staff involved in, and in the ordinary course of, the competitive procurement; or
4. An identical writing that is delivered simultaneously and by identical means to all elected officials, the City's Purchasing Supervisor, and the City Manager, at their respective official City offices. Except to the City's Purchasing Supervisor, hand deliveries must be made by someone other than a Proposer.
5. The regulated communication rule established by this Section and a reference to this Chapter shall be set forth in each RFEI, RFP and RFQ, or in the respective specifications or other documents referred to therein.

3.06.060 Disclosure of Regulated Communications.

- A. Any elected official and any Proposer who has initiated, engaged in, continued in, or received any regulated communication shall disclose that regulated communication, as provided in this Section.
- B. A regulated communication should be disclosed at the earliest feasible time, but in any event, it shall be disclosed no later than 24 hours or the next business day following such communication.
- C. Disclosures shall be in writing unless the regulated communication occurs on the date the City Council is to consider award of the contract, in which case it may be orally disclosed on the record during the City Council proceedings concerning the subject procurement. Written disclosures shall be directed to the City's Purchasing Supervisor, and a copy filed with the City Clerk.
- D. The disclosure shall contain all the information necessary to fully and fairly convey the substance of the communication. At minimum, disclosures shall include the following information:
1. Identity of the person making the disclosure.
 2. Date, time and place of the regulated communication.
 3. Identity of each person who initiated, engaged in, continued, or received the regulated communication.
 4. Copies of all written regulated communications.
 5. Summary of all oral regulated communications.

6. Identity of all persons present during the regulated communication.

7. Identification of the subject competitive procurement and subject Proposer.

E. The City Clerk shall promptly distribute to all Councilmembers and the Mayor every disclosure filed pursuant to this Section. The City Attorney and City Manager shall also receive a copy of the disclosure.

F. The City's Purchasing Supervisor shall record the disclosure in the record of the competitive procurement.

3.06.070 Sanctions.

A. In accordance with the applicable procedures for the respective competitive procurement as referenced or set forth in the specifications of the respective RFEI, RFP or RFQ, a Proposer violating this Chapter may be sanctioned as follows:

1. Disqualification from the competitive procurement; and/or
2. A finding of non-responsibility under the procurement; and/or
3. Setting aside by City Council of any award of contract prior to its execution by both parties.

B. These sanctions may be imposed in addition to any other remedies provided by any other law or regulation.

3.06.080 Evaluation of Disclosed Communications; Criteria for Imposition of Sanctions.

A. The City's Critical Risk Management Team (CRMT), or similar City standing committee shall ensure

that the information which is the subject of a disclosure is reviewed, evaluated, and processed in accordance with applicable laws and regulations, this Chapter, and the specifications, criteria and requirements of the applicable competitive procurement.

B. The CRMT shall evaluate the disclosure, summarize the results of the evaluation of the disclosure, and make a recommendation on whether or not to impose sanctions concerning the regulated communication.

C. Before sanctions may be imposed, it shall first be established that the subject Proposer did initiate, engage in or continue a regulated communication, and, if so, whether any of the following extenuating circumstances exist:

1. The regulated communication was inadvertent and did not affect the integrity or outcome of the procurement process.

2. The regulated communication was initiated by the Mayor or a Councilmember, the subject Proposer advised the Mayor or Councilmember of the regulated communication rule, and the subject Proposer did not continue or engage in the regulated communication.

3. The regulated communication was made under bona fide mistake of fact or law, other than a mistake or ignorance of the provisions of this Chapter, and the regulated communication was not material to the procurement. A regulated communication may be deemed material if it relates to any provision of a RFEI, RFP, RFQ, or specifications or other documents referenced therein, including documents responsible to a RFEI, RFP or RFQ, unless the regulated communication is so obviously insignificant and unimportant that it could be objectively found that

no reasonable person would have been influenced by it, or attached any importance to it.

D. In the absence of extenuating circumstances, the subject Proposer may be sanctioned under this Chapter if doing so is deemed consistent with the objectives of this Chapter and in the best interest of the City.

E. The subject Proposer may appeal the determination of the CRMT that forms the basis of the recommendation for imposition of a sanction in accordance with the appeal procedures specifically applicable to the subject RFEI, RFP, or RFQ.

F. If a disclosure is made subsequent to the posting of the City Council agenda which includes notice of the consideration of the subject contract, the City Council shall refer the matter back to the CRMT for their evaluation, report and recommendations, in accordance with the provisions this section.

SECTION 2. EFFECTIVE DATE. This Ordinance shall be in full force and effect thirty (30) days after its adoption.

SECTION 3. SEVERABILITY. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 4. PUBLICATION. The City Clerk is directed to cause a summary of this Ordinance to be published in the official newspaper at least once within fifteen (15) days after its adoption showing the vote thereon.

The foregoing Ordinance was introduced at a regular meeting of the City Council of the City of Merced on the ____ day of _____, 2016, and was passed and adopted at a regular meeting of said City Council held on the ____ day of _____, 2017, by the following called vote:

AYES: **Council Members:**

NOES: **Council Members:**

ABSTAIN: **Council Members:**

ABSENT: **Council Members:**

APPROVED:

Mayor

ATTEST:
STEVE CARRIGAN, CITY CLERK

BY: _____
Assistant/Deputy City Clerk

(SEAL)

APPROVED AS TO FORM:

Kelly Fincher 11/10/16
City Attorney **Date**



ADMINISTRATIVE REPORT

Agenda Item K.1.

Meeting Date: 2/6/2017

Report Prepared by: Ken Elwin, Director of Public Works Department

SUBJECT: Public Hearing Assessment Ballot Proceeding - Oakmont #3, Campus North, and Mansionette Maintenance Districts

REPORT IN BRIEF

Consider conducting a public hearing to hear public testimony regarding proposed assessment increases, and continue hearing to allow staff sufficient time to tally the ballots, and report the results at the February 21, 2017 Council meeting.

RECOMMENDATION

City Council - Adopt a motion:

- A. Conducting a Public Hearing for the Oakmont #3, Campus North, and Mansionette Maintenance Districts to allow for public testimony on proposed assessment increases; and,
- B. Continuing Public Hearing until Tuesday, February 21, 2017, to allow staff sufficient time to tally the ballots and report the results at the February 21, 2017, City Council Meeting.

ALTERNATIVES

1. Approve as recommended by the Director of Public Works; or,
2. Return to staff with specific direction; or,
3. Deny.

AUTHORITY

Chapter 26 of Part 3 of Division 7 of State of California Streets and Highways Code provides the applicable general law for Maintenance Districts; and,

Article I (alternative method for the levy of benefit assessments) of Title 13, Division VIII, of the Merced Municipal Code dealing with Maintenance Districts, provides for subsequent modification to existing Maintenance Districts; and,

Initiative Measure (Proposition 218, Sections 2,3,4,5, and 6) approved at the November 5, 1996 election, and also known as the "Right to Vote on Taxes Act" provides for assessment ballot proceedings.

DISCUSSION

It has been determined the Oakmont #3, Campus North, and Mansionette Maintenance Districts do

not have sufficient Fund balances to cover necessary operation and maintenance service costs to these Districts.

In order to increase levies an assessment ballot proceeding must be held to obtain property owner approval in advance of any increase in annual levy.

On December 5, 2016, Council adopted Resolution #2016-63, authorizing an assessment ballot proceeding for the Oakmont #3, Campus North, and Mansionette Maintenance Districts.

A summary of the current and proposed assessment amounts required to maintain the current level of service are listed below:

District Name	Current Assessment	Proposed Assessment
Oakmont #3	\$70.03	\$89.75
Campus North	\$31.30	\$142.45
Mansionette	\$1.14	\$66.35

Voting is determined by the proportionate share of each ballot cast based on a property's assessed value of public improvement and services. Law prohibits opening or tallying of the ballots prior to the start of the Public Hearing.

As a result of this law and due to the large number of anticipated ballots, the Public Hearing will be continued and staff will tally the ballots and report the results at the scheduled City Council meeting on Tuesday, February 21, 2017. The City Clerk's Office will count the ballots beginning at 2 PM on Tuesday, February 7th in the Sam Pipes Room located on the first floor of City Hall, 678 W. 18th Street, Merced, Ca. The count will be open to the public.

If ballots are successful, Council will adopt a resolution approving, confirming, and adopting the Engineer's Reports for that particular District, and the new levy will appear on the property owners' tax bill.

If the ballots are unsuccessful, there would be insufficient funds to cover the anticipated costs associated with the operation of the District and current level of service would have to be reduced to match existing revenues.



CITY OF MERCED

Merced Civic Center
678 W. 18th Street
Merced, CA 95340

ADMINISTRATIVE REPORT

Agenda Item L.1.

Meeting Date: 2/6/2017

SUBJECT: Locating Merced's Next Industrial Park

REPORT IN BRIEF

At the January 3, 2017 Council meeting, Staff was directed to bring back a report on Industrial Land Use.

RECOMMENDATION

For Information Only.



CITY OF MERCED

Merced Civic Center
678 W. 18th Street
Merced, CA 95340

ADMINISTRATIVE REPORT

Agenda Item M.1.

Meeting Date: 2/6/2017

SUBJECT: Council Member Belluomini's Request to Discuss City Entry Signs

REPORT IN BRIEF

This item is in response to Council Member Belluomini's request to discuss entry signs into the City.

RECOMMENDATION

It is requested Council give staff direction on this item.

ATTACHMENTS

1. Memo/ Attachments

To: Merced City Council

February 6 , 2017

From: Michael Belluomini

Ref: ENTRY SIGNS ON HIGHWAYS IN MERCED

BACKGROUND: Many cities in the central valley have entry signs on Highway 99 at the north and south sides of the city. Merced is one of the few cities of its size that does not. Some signs are free-standing monument signs, others are mounted to retaining walls or embossed on concrete freeway structures. They are typically in the highway right-of-way and prominent. Such signs may be funded by the city, the chamber of commerce, the visitors/tourist bureau, or service clubs/organizations. All are scrutinized and issued permits by Cal Trans. The signs serve to identify arrival at the city, and to give a sense of welcome to visitors while revealing something of the character of the inhabitants. Entry signs can be one of the remembered impressions of a city.

STATE PROCESS AND COSTS OF ENTRY SIGNS: The placement of an entry sign in the right-of-way of a highway requires an encroachment permit from Cal Trans, Stockton office. The Cal Trans Coordinator and the Landscape Architect Program review for state policy conformance, safety, quality assurance, and approve/change the entry sign proposal. There is a fee for Cal Trans processing. Signs are provided and regularly maintained by the city. They may include slogans, symbols, and the logo of the city. Sign proposals must include plans prepared by a licensed architect, landscape architect, or engineer. Plans should include construction schedule, sign life expectancy and traffic control measures during construction if any. A resolution of the city council approving the sign(s) is required.

In order to obtain a generalized sense of what an entry sign might cost, a concept sign "design" in the form of signs superimposed on photos of the actual Highway 99 exits at the north and south end of Merced was prepared (See attached). The concept designs were sent to a sign design/processing company with experience in highway entry signs. The firm will provide design work, construction documents, structural engineering and assistance with Cal Trans permitting process for \$24,500. The south entry sign would be mounted to the Campus Parkway/Mission Ave overpass above north bound lanes of Highway 99. It would have three foot internally lighted letters with cabinet background. It is estimated to cost \$40,000 to \$50,000. Construction would be competitively bid. The north entry sign at the 16th St. Highway 99 exit ramp area would be a free-standing sign with two foot letters spelling "Merced" with internal lighting, and one foot tall letters for the city slogan not lighted. The sign words would be mounted on a 16 foot square cabinet with stone veneer. The sign is estimated to cost \$50,000 to \$70,000 if locally bid.

PARTNERSHIPS IN ENTRY SIGN DEVELOPMENT: In other cities, service clubs sometimes participate in development of entry signs and include their club logos on the signs. To preliminarily assess the interest of service clubs, this entry sign information was shared with representatives of the Merced Breakfast Lions Club, The Board of Realtors, The Merced Rotary Club, and The Sunrise Rotary Club. This group is a sampling of service clubs recognizing that if the city decides to move forward with developing entry signs, other service clubs and business organizations may want to participate. The club representatives were unanimously supportive of entry signs to the city. In addition to the Highway 99 entry signs, they were interested in smaller entry signs on Highways 140 and 59. Such signs would have the logos of the service clubs active in Merced and state "Welcome to Merced" or similar text. The sign designer estimates such signs will cost \$12,000 to \$16,000 each depending on design size and materials. There would be four such signs. In addition to assisting with funding for the signs, the service clubs discussed assisting with the work of coordinating service clubs and community input regarding the design of the signs. The Sunrise Rotary Club representative said he believed his club would be willing to serve as design input coordinator. Discussions were preliminary in nature, but the representatives thought a 50/50 match of funding by service clubs/community organizations to city funding might garner club support. Some club representatives believed the signs should be changed to be less costly. Current estimates total sign costs for six signs of \$162,500 to \$208,500.

PROPOSAL: Based on this information I recommend that the city council

- 1) Establish an ad hoc subcommittee of the city council to work with staff, service clubs, and other community groups to prepare entry sign designs, budget, and funding sources.
- 2) That council direct staff to work with Cal Trans and a sign design professional regarding establishment of entry signs.
- 3) That the subcommittee report its progress to the council every two months.

Los Angeles



V Street
Gustine

EXIT 1 1/4 MILE

WEST



16th St



WELCOME TO
MERCED
GATEWAY TO
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EXIT 186A