



# 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

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Monday, February 4, 2019

6:00 PM

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

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**Closed Session at 5:00 PM / Regular Meeting at 6:00 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](http://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.** [19-012](#) **SUBJECT: PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Finance Officer; Authority: Government Code Section 54957**
- B.2.** [19-050](#) **SUBJECT: CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION Significant Exposure to Litigation pursuant to Government Code section 54956.9(d)(2): (1) case**

#### **C. CALL TO ORDER**

C.1. Invocation - Joel Dorman, First Baptist Church

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 the 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 the Public Financing and Economic Development Authority receive no compensation.

## E. REPORT OUT OF CLOSED SESSION

## F. CEREMONIAL MATTERS

F.1. [19-064](#)                      **SUBJECT:** Proclamation - Black History Month

### REPORT IN BRIEF

Mayor Murphy will present the proclamation to Allen Brooks, President, NAACP Merced Branch 1047.

## G. WRITTEN PETITIONS AND COMMUNICATIONS

## H. 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.

## I. 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.

I.1. [18-634](#)                      **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.

I.2. [19-039](#)

**SUBJECT:** Information Only-Planning Commission Minutes of November 7 and 14, 2018

**RECOMMENDATION**

For information only.

I.3. [19-004](#)

**SUBJECT:** Information-Only Contracts for the Month of January 2019

**REPORT IN BRIEF**

Notification of awarded Non-Public Works contracts under \$31,000 and of Public Works contracts under \$69,833.

**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 2018-2019 threshold of \$69,833.00, and Chapter 3.04.080 - 3.04.110 of the Merced Municipal Code to execute Non-Public Works contracts under the adjusted FY 2018-2019 threshold of \$31,000.00, the contracts listed on the attached table were entered into by the City.

I.4. [19-048](#)

**SUBJECT:** Approval of City Council/Public Financing and Economic Development/Parking Authority Meeting Minutes of January 7, 2019

**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 January 7, 2019.

I.5. [19-003](#)

**SUBJECT:** Accept and File Community Facilities District (CFD) Nos. 2003-1 (Bellevue Ranch East), 2003-2 (Services), 2005-1 (Bellevue Ranch

West), 2006-1 (Moraga of Merced) Annual Disclosure Reports For  
Fiscal Year 2017-2018

**REPORT IN BRIEF**

The Continuing Annual Disclosure Reports contain certain CFD information required to be filed annually by the City per Security and Exchange Commission (SEC) rule 15c2-12(b) and Government Code sections 50075-50077 and 53410-53412.

**RECOMMENDATION**

**City Council** - Adopt a motion accepting and filing the CFD Annual Disclosure Reports For Fiscal Year 2017-2018 for CFD Nos. 2003-1 (Bellevue Ranch East), 2003-2 (Services), 2005-1 (Bellevue Ranch West), 2006-1 (Moraga of Merced).

I.6. [18-656](#)

**SUBJECT:** Award of Bid and Approval of Agreement with Rolfe Construction Company in the Amount of \$351,922 for City Project No. 118027 - CDBG Rivera Bike Path-G Street Ramps; and Approval of Amended Interdepartmental Cooperative Agreement Between the City of Merced Engineering Division and Housing Division

**REPORT IN BRIEF**

Considers awarding a bid and approving an agreement in the amount of \$351,922 with Rolfe Construction Company for the Community Development Block Grant (CDBG) Rivera Bike Path-G Street Ramps; and approve amended Interdepartmental Cooperative Agreement between the City of Merced Engineering and Housing Divisions.

**RECOMMENDATION**

**City Council** - Adopt a motion:

A. Awarding a bid and approving an agreement with Rolfe Construction Company in the amount of \$351,922 for the Community Development Block Grant (CDBG) Rivera Bike Path-G Street Ramps, Project No. 118027; and,

B. Authorizing the City Manager or the Assistant City Manager to execute the necessary documents, to approve change orders not to exceed \$35,192.20 (10% of the project cost); and,

C. Approving an amended Interdepartmental Cooperative Agreement listing grant award from \$284,633 to \$315,417 between the City of Merced Engineering and Housing Divisions; and,

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

I.7. [18-661](#)

**SUBJECT:** Acceptance and Appropriation of Grant Funding in the Amount of \$3,000 from FY 2019 Merced County First Five Mini Grant for the Applegate Park Zoo's Lights Before Christmas Event

**REPORT IN BRIEF**

Considers accepting and appropriating grant funding in the amount of \$3,000 from Merced County First Five for the Applegate Park Zoo's Lights Before Christmas event.

**RECOMMENDATION**

**City Council** - Adopt a motion:

A. Accepting grant funds from Merced County First Five and increasing revenue in account 024-1254-360-02-01 - Zoo Special Events (Contributions and Donations) in the amount of \$3,000; and,

B. Appropriating \$2,425 to account 024-1205-542-29-00 - Community Service Zoo (Supplies and Services), and \$575 to account 024-1254-542-29-00 - Zoo Special Events (Supplies and Services); and,

B. Authorizing the City Manager or Assistant City Manager to execute the necessary documents.

I.8. [19-019](#)

**SUBJECT:** Acceptance and Appropriation of Grant Funding in the Amount of \$3,000 from FY 2019 Merced County First Five Grant for Tiny Tots Santa's Workshop, Valentine's Day and Earth Day

**REPORT IN BRIEF**

Considers accepting and appropriating grant funding in the amount of \$3,000 from Merced County First Five for the following community events; Santa's Workshop, Valentine's Day and Earth Day.

**RECOMMENDATION**

**City Council** - Adopt a motion:

A. Accepting grant funds from Merced County First Five and increasing revenue in account 024-1226-360-02-01 - Creative Skills-Contributions and Donations in the amount of \$3,000; and,

B. Appropriating the same to account 024-1226-542-29-00 - Creative Skills-Supplies and Services; and,

C. Authorizing the City Manager or Assistant City Manager to execute the necessary documents.

I.9. [19-037](#)

**SUBJECT:** Approval of Street Closure Request 18-24 by Velo Promo, LLC for the 30th Original Merced Criterium Bicycle Race on February 24, 2019 from 6:00 a.m. to 5:00 p.m. for the Area of West 18th Street to West 21st Street Between M and N Streets

**REPORT IN BRIEF**

Considers approving a request for use of City streets for the purpose of a bicycle race on February 24, 2019 from 6:00 a.m. to 5:00 p.m. The road closure area is from West 18th Street between M and N Streets, West 19th Street between M and N Streets, West 20th Street between M and N Streets, and West 21st Street between M and N Streets (including the Courthouse loop).

**RECOMMENDATION**

**City Council** - Adopt a motion approving the request by Velo Promo, LLC, to close West 18th Street between M and N Streets, West 19th Street between M and N Streets, West 20th Street between M and N Streets, and West 21st Street between M and N Streets (including Courthouse loop) on Sunday, February 24, 2019, from 6:00 a.m. to 5:00 p.m., subject to the conditions listed in the body of this report.

I.10. [19-038](#)

**SUBJECT:** Approval of a Professional Services Agreement for the Preparation of the 5-Year Update of the Public Facilities Financing Plan and Impact Fee Program with Economic and Planning Systems, Inc. in the Amount of \$85,000

**REPORT IN BRIEF**

Considers awarding a professional services agreement to Economic & Planning Systems, Inc., in the amount of \$85,000 to prepare the 5-year update of the City's Public Facilities Financing Plan and Impact Fee Program and appointing a City Council Sub-committee.

**RECOMMENDATION**

**City Council** - Adopt a motion:

A. Approving the Professional Services Agreement with Economic &

Planning Systems, Inc., in the amount of \$85,000.00 for preparation of the 5-year update of the City's Public Facilities Financing Plan and Impact Fee Program; and,

B. Authorizing the City Manager or the Assistant City Manager to execute the documents; and,

C. Appointing a Council sub-committee of 2-3 members to assist in the PFFP review.

## J. REPORTS

### J.1. [19-046](#)

**SUBJECT:** Adoption of Resolution Allowing the Submittal of a Joint Application with the Richman Group of California Development Company, LLC (Richman Group), and the Central Valley Coalition for Affordable Housing (CVCAH) for the Affordable Housing and Sustainable Communities (AHSC) Program to Obtain Loan and Grant Funding for the Construction of a 119 Unit Affordable Housing Project at 1137 B Street in Merced, California and Approval and Execution of an Enforceable Funding Commitment Agreement, a First Amendment to the Exclusive Negotiating Agreement, and Memorandum of Understanding Between the City, CVCAH and the Richman Group, and Certification of the National Environmental and Protection Agency Environmental Assessment

#### REPORT IN BRIEF

Considers Resolution allowing the submittal of a joint application with the Richman Group of California Development Company, LLC (Richman Group), and the Central Valley Coalition for Affordable Housing (CVCAH) for the Affordable Housing and Sustainable Communities (AHSC) Program to obtain loan and grant funding for the construction of a 119 unit Affordable Housing Project at 1137 B Street in Merced, California and approval and execution of an Enforceable Funding Commitment Agreement, a First Amendment to the Exclusive Negotiating Agreement, and Memorandum of Understanding between the City, CVCAH and the Richman Group, and Certification of the National Environmental and Protection Agency Environmental Assessment.

#### RECOMMENDATION

**City Council** - Adopt a motion:

A. Adopting **Resolution 2019-06**, a Resolution of the City Council of the

City of Merced, California, authorizing application for the Affordable Housing and Sustainable Communities Program; and,

B. Approving the enforceable funding commitment agreement between the City of Merced, Central Valley Coalition for Affordable Housing, and Richman Group of California Development Company LLC, a Limited Liability Company; and,

C. Authorizing the City Manager or the Assistant City Manager to execute the necessary documents to submit the AHSC Program application as a joint applicant with the Richman Group and the Central Valley Coalition for Affordable Housing; and,

D. Authorizing the City Manager or the Assistant City Manager to sign the National Environmental and Protection Agency Environmental Assessment (EA) for the Childs and B Street project and sign the Authority to Use Grant Funds as the City's Certifying Officer; and,

E. Funding the Childs Court Apartments as submitted. The amount awarded to applicants may not exceed \$1,200,000 of Low-Moderate Income Housing Asset funding for this development and shall be included as part of the 2018 and 2019 HUD Annual Action Plans; and,

F. Funding the Childs Court Apartments as submitted. The amount awarded to applicants may not exceed \$2,000,000 of Community Development Block Grant (CDBG) funding for this development and shall be included as part of the 2019, 2020, 2021, and 2022 HUD Annual Action Plans; and,

G. Funding the Childs Court Apartments as submitted. The amount awarded to applicants may not exceed \$1,910,000 of HOME Investment Partnership Program (HOME) funding for this development and shall be included as part of the 2018, 2019, 2020, 2021, 2022, and 2023 HUD Annual Action Plans; and,

H. Approving the First Amendment to the Exclusive Negotiating Agreement between the City of Merced, the Richman Group of California Development Company, LLC and the Central Valley Coalition for Affordable Housing; and,

I. Approving the AHSC Implementation and Cooperation Memorandum of Understanding between the City of Merced, the Richman Group of California Development Company, LLC. and the Central Valley Coalition for Affordable Housing.

## K. BUSINESS

- K.1. [19-053](#)      **SUBJECT:** Request for the City Council to Consider Changing the Date of the North Merced Town Hall Meeting at Rivera Middle School to February 27, 2019

### REPORT IN BRIEF

Request that Council consider changing the date of the North Merced Town Hall meeting at Rivera Middle School to February 27, 2019, due to a scheduling conflict.

### RECOMMENDATION

Provide staff direction on the date of the North Merced Town Hall Meeting at Rivera Middle School.

- K.2. [19-051](#)      **SUBJECT:** Appointment - Regional Airport Authority

### REPORT IN BRIEF

Consider appointing Cuauhtémoc Diaz to the Regional Airport Authority.

### RECOMMENDATION

**City Council** - Adopt a motion appointing Cuauhtémoc Diaz to serve as a member of the Regional Airport Authority, to a seat with a term expiration of July 1, 2021.

K.3. Request to Add Item to Future Agenda

K.4. City Council Comments

## L. ADJOURNMENT



# CITY OF MERCED

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

## ADMINISTRATIVE REPORT

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**Agenda Item B.1.**

Meeting Date: 2/4/2019

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**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

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**Agenda Item B.2.**

Meeting Date: 2/4/2019

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**SUBJECT:** CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION Significant Exposure to Litigation pursuant to Government Code section 54956.9(d)(2): (1) case



# CITY OF MERCED

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

## ADMINISTRATIVE REPORT

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**Agenda Item F.1.**

Meeting Date: 2/4/2019

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**SUBJECT:** Proclamation - Black History Month

### REPORT IN BRIEF

Mayor Murphy will present the proclamation to Allen Brooks, President, NAACP Merced Branch 1047.

### ATTACHMENTS

1. Proclamation



# Proclamation

WHEREAS, during Black History Month, we celebrate the many achievements and contributions made by African Americans to our economic, cultural, spiritual, and political development; and

WHEREAS, in 1915, Dr. Carter Godwin Woodson, noted Black scholar and son of former slaves, founded the Association for the Study of African American Life and History; and

WHEREAS, on February 12, 1926, Dr. Woodson initiated Black History Week, and for many years, the second week of February, chosen to coincide with the birthdays of Frederick Douglas and Abraham Lincoln, was celebrated by African Americans in the United States; and

WHEREAS, in 1976, Black History Month was formally adopted to honor and affirm the importance of Black History throughout our American experience; and

WHEREAS, Black History Month is a time for all Americans to remember the stories and teachings of those who helped build our nation, took a stance against prejudice to build lives of dignity and opportunity, advanced the cause of civil rights, and strengthened families, communities, and our nation; and

WHEREAS, all Americans are encouraged to reflect on past successes and challenges of African Americans and look to the future to improve society so that we live up to the ideals of freedom, equality, and justice.

NOW, THEREFORE, I, MIKE MURPHY, Mayor of the City of Merced, on behalf of the City Council hereby proclaim February 2019 as Black History Month in the City of Merced and encourage the community to visit a local library, attend a cultural event, and share stories and experiences to continue to celebrate the history and culture of African Americans during Black History Month as well as throughout the year.

Signed this 4<sup>th</sup> day of February 2019.

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*Mike Murphy, Mayor of Merced*



# CITY OF MERCED

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

## ADMINISTRATIVE REPORT

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**Agenda Item I.1.**

Meeting Date: 2/4/2019

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**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.



# CITY OF MERCED

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

## ADMINISTRATIVE REPORT

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**Agenda Item I.2.**

Meeting Date: 2/4/2019

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*Report Prepared by: Stephani Davis, Development Services Tech II, Planning Division*

**SUBJECT:** Information Only-Planning Commission Minutes of November 7 and 14, 2018

### **RECOMMENDATION**

For information only.

### **ATTACHMENTS**

1. PC Cancellation Minutes 11-07-2018
2. PC Special Meeting Minutes 11-14-2018

**CITY OF MERCED  
Planning Commission**

**MINUTES**

Merced City Council Chambers  
Wednesday, November 7, 2018

This meeting was cancelled due to a lack of items.

Respectfully submitted,



KIM ESPINOSA, Secretary  
Merced City Planning Commission

APPROVED:



ROBERT DYLINEA, Vice Chairperson  
Merced City Planning Commission

**CITY OF MERCED  
Planning Commission**

**MINUTES**

Merced City Council Chambers  
Wednesday, November 14, 2018

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: Mary Camper, Scott G. Drexel, Michael Harris, Jeremy Martinez, Peter Padilla, Sam Rashe, and Chairperson Robert Dylina

Commissioners Absent: None

Staff Present: Planning Manager Espinosa, Principal Planner Hren, Interim Deputy City Attorney Flores, and Recording Secretary Davis

1. **APPROVAL OF AGENDA**

M/S PADILLA-HARRIS, and carried by unanimous voice vote, to approve the Agenda as submitted.

2. **MINUTES**

M/S HARRIS-RASHE, and carried by unanimous voice vote, to approve the Minutes of October 3, 2018, as submitted.

3. **COMMUNICATIONS**

None.

4. **ITEMS**

- 4.1 Commercial Cannabis Business Permit #18-14R, initiated by Harvest of Merced, LLC., on a property owned by Stephen G. Tinetti, trustee. This application is a request to permit the operation of a Retail Dispensary, including delivery services, for both medicinal and adult use cannabis and cannabis-related products on a 0.36 acre parcel in the General Commercial (C-G) Zone at 863 W. 15th St.

Commissioner MARTINEZ recused himself due to a conflict of interest with Harvest of Merced and left the Chambers at 7:05 p.m.

Principal Planner HREN reviewed the report on this item. For further information, refer to Staff Report #18-30. He noted a memo furnishing supplemental information, provided by the applicant for Harvest of Merced, which was not included in the staff report that was presented to the Commission prior to the meeting.

The Commission asked staff for clarification on topics that included why the smaller parcel was considered separate from the larger parcel of the Wolfe Center and why the smaller parcel of the Wolfe Center was not included in the Conditional Use Permit that was applied for in the past.

Public testimony was opened at 7:22 p.m.

Speakers from the Audience in Favor:

DOUGLAS SMURR, Gordon & Rees, LLP, representing the applicant (Harvest of Merced), Sacramento  
STEVE GOMES, former Merced County Superintendent of Schools, Merced County Office of Education, Merced

Speakers from the Audience in Opposition:

ZACH DRIVON, representing appellant (Medallion Wellness), Stockton  
MIKE WARDA, Turlock

SUSAN COSTON, Assistant Superintendent, Special Education,  
Merced County Office of Education, Merced  
HOLLY NEWLON, Director, College & Career, Merced County  
Office of Education, Mariposa

Mr. SMURR indicated that the smaller parcel, in question, should not be classified as a school because the Special Education instruction consists of students 18-22 years of age and that the K-12 instruction is intermittent and not full-time instruction.

Mr. GOMES echoed Mr. SMURR's points. He added that the Wolfe Education Center does not have a County/District/School (CDS) code and is not approved through the Board of Trustees; therefore is not a school.

Mr. DRIVON pointed out that the Wolfe Education Center should be considered a school because it currently has full-time 3<sup>rd</sup> grade instruction in classroom W13 (the smaller parcel) for special education students; it meets the State's definition of a school (a CDS number, State funding, State-wide assessments, etc.); and, the construction of both buildings are based on the California Field Act standards for construction of school buildings.

Mr. DRIVON posited that although the parcels are divided, they have common access points (shared parking lot and walkways); therefore, the parcels should be viewed collectively.

Commissioner HARRIS asked for clarification on the CDS code provided for the Wolfe Center, as there was some conflicting information. It was indicated by Mr. DRIVON, based on the questions presented to MCOE, that the number provided was used by the Wolfe Center to obtain funding from the State for the special education class. Mr. HREN confirmed, with reference to Attachment P of Staff Report #18-30, that the CDS number in question, for the Wolfe Center was utilized for all special education instruction and not just for the classes in W13.

The Commission asked clarifying questions pertaining to the frequency of the special education instruction at the Wolfe Center's smaller parcel and whether or not State funding was only reserved for schools as opposed to education programs.

Public testimony was completed at 8:32 p.m.

Commissioner CAMPER and Chairperson DYLINA disclosed to the Commission that they each made separate visits to the Wolfe Center prior to the meeting.

The Commission asked staff and Counsel for clarification on the action they need to take and discussed the evidence brought to them from both sides.

M/S PADILLA-RASHE, and carried by the following vote, to make a finding of fact that, based on the evidence on the record, both in the staff report and from the public testimony on November 14, 2018, the proposed location for Harvest of Merced is within 1,000 feet of a school; and therefore deny Commercial Cannabis Business Permit #18-14R (Resolution #4010):

AYES: Commissioners Camper, Drexel, Harris, Padilla, Rashe, and Chairperson Dylina

NOES: None

ABSENT: None

ABSTAIN: Commissioner Martinez

4.2 Cancellation of November 21, 2018, and December 19, 2018, Planning Commission Meetings due to the holidays.

M/S PADILLA-CAMPER, and carried by the following vote, to cancel the Planning Commission meetings of November 21 and December 19, 2018:

AYES: Commissioners Camper, Drexel, Harris, Padilla, Rashe, and Chairperson Dylina

NOES: None

ABSENT: Commissioner Martinez  
ABSTAIN: None

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**

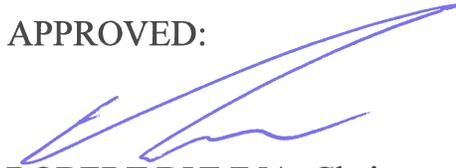
There being no further business, Chairperson DYLINA adjourned the meeting at 9:00 p.m.

Respectfully submitted,



KIM ESPINOSA, Secretary  
Merced City Planning Commission

APPROVED:



ROBERT DYLINA, Chairperson  
Merced City Planning Commission

Note: Resolution #4010 has not yet gone into effect. The decision has been remanded, by the City Council, back to the Planning Commission at a later date.

**CITY OF MERCED  
Planning Commission**

**Resolution #4010**

**WHEREAS**, the Merced City Planning Commission at a special meeting of November 14, 2018, held a public hearing and re-considered **Commercial Cannabis Business Permit #18-14R**, initiated by Harvest of Merced, LLC., on a property owned by Stephen G. Tinetti, trustee. This application is a request to permit the operation of a Retail Dispensary, including delivery services, for both medicinal and adult use cannabis and cannabis-related products on a 0.36 acre parcel in the General Commercial (C-G) Zone at 863 W. 15th St.; also known as Assessor’s Parcel Number (APN) 031-173-012; and,

**WHEREAS**, the Merced City Planning Commission concurs with the finding of fact for denial in Staff Report #18-30, as follows:

- 1) Based on the evidence on the record, both in the staff report and from the public testimony on November 14, 2018, the Planning Commission finds that 863 W. 15<sup>th</sup> St. is within 1,000 feet of a school, as defined in MMC 20.44.170(C).47.

And,

**NOW THEREFORE**, after reviewing the City’s Draft Environmental Determination, and discussing all the issues, the Merced City Planning Commission does resolve to hereby deny Commercial Cannabis Business Permit #18-14R.

Upon motion by Commissioner PADILLA, seconded by Commissioner RASHE, and carried by the following vote:

**AYES:** Commissioners Camper, Drexel, Harris, Padilla, Rashe, and Chairperson Dylina

**NOES:** None

**ABSENT:** None

**ABSTAIN:** Commissioner Martinez

PLANNING COMMISSION RESOLUTION # 4010

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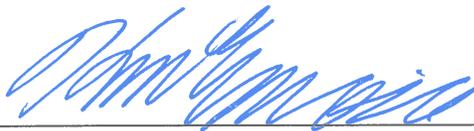
November 14, 2018

Adopted this 14<sup>th</sup> day of November 2018



\_\_\_\_\_  
Chairperson, Planning Commission of  
the City of Merced, California

ATTEST:



\_\_\_\_\_  
Secretary



# CITY OF MERCED

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

## ADMINISTRATIVE REPORT

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**Agenda Item I.3.**

Meeting Date: 2/4/2019

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*Report Prepared by: Kirkland Greene, Records Clerk II*

**SUBJECT:** Information-Only Contracts for the Month of January 2019

### REPORT IN BRIEF

Notification of awarded Non-Public Works contracts under \$31,000 and of Public Works contracts under \$69,833.

### 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 2018-2019 threshold of \$69,833.00, and Chapter 3.04.080 - 3.04.110 of the Merced Municipal Code to execute Non-Public Works contracts under the adjusted FY 2018-2019 threshold of \$31,000.00, the contracts listed on the attached table were entered into by the City.

### ATTACHMENTS

1. "Information-Only" Contracts Table for January 2019

## Exhibit 1 – Table of Contracts

2/4/2019 City Council Meeting

<b>Department/Division</b>	<b>Vendor</b>	<b>Purpose/Location</b>	<b>Amount</b>
0403 – Information Technology	SDI Presence, LLC (Formerly, NexLevel Information Technology, Inc.)	Agreement for Professional Services for a Project to Procure an Enterprise Resource Planning (ERP) System to Replace the City's Current System. <i>(Letter of Assignment regarding acquisition by SDI.)</i>	(No funds.)
1001 – Police	California State University Stanislaus	Memorandum of Understanding With the Merced City Police Department to Provide for the Placement of Students to Serve Internships for Academic Training.	(No funds.)
1201 – Recreation & Parks	Naomi Sukenik (DBA: Play Adventures)	Independent Contractor Services Agreement (Leisure Class) to Conduct "Presidents' Week Camp," during February 19-22, 2019.	(No funds.)
1201 – Recreation & Parks	Melin Enterprises, Inc. (DBA: Clear Choice Custodial Services) Formerly, Mobley Enterprises, Inc. (DBA: Valley Commercial Services)	First Amendment to Agreement for Janitorial Services at the Merced Senior Community Center (July 1, 2018 through June 30, 2019). <i>(Name change only.)</i>	(No funds.)
1201 – Recreation & Parks	Naomi Sukenik (DBA: Play Adventures)	Agreement for Professional Services to Provide Youth Enrichment Services in Connection With Play Adventures' "Community 'Pop-Up' Play Days" (January – June 2019).	\$ 3,000.00
0803 – Engineering	Technicon Engineering Services, Inc.	Soil compaction tests for 600' of 5'-wide sidewalk, 4 ADA driveways, 4 curb ramps, and 40,000 sq. ft. of roadway on "M" Street, between Rambler Ave. and Bear Creek Dr. Statement of Services (PO #133273; Project No. 117040).	\$ 5,308.00
0803 – Engineering	Golden Valley Engineering & Surveying, Inc.	Provide surveying services for "M" Street and Main Street Road Reconstruction (grind and overlay). Statement of Services (PO #133272; Project No. 119002).	\$14,200.00
2002 – Economic Development	Hinderliter, de Llamas & Associates, Inc. (HdL Companies)	Agreement for Professional Services to Provide Retail Analytics Services in Connection With a Project to Market to, and to Attract, Retailers.	\$15,000.00
0901 – Fire	Firefighter Inspiration Readiness & Education, LLC	Agreement for Professional Services to Instruct Personnel on Fire Command, Leadership, and Team Building.	\$20,500.00
1108 – WWTP	Bulldog Painting, Inc. (Villaneuva Painting)	Painting of secondary Clarifier #1 center drive, sweeps, catwalks, and submerged flights at the Wastewater Treatment Plant. (Statement of Services, PO #133341.)	\$25,680.00

*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

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**Agenda Item I.4.**

Meeting Date: 2/4/2019

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**SUBJECT:** Approval of City Council/Public Financing and Economic Development/Parking Authority Meeting Minutes of January 7, 2019

### 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 January 7, 2019.

### ALTERNATIVES

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

### ATTACHMENTS

1. Minutes of January 7, 2019



# 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

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Monday, January 7, 2019

6:00 PM

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#### A. CLOSED SESSION ROLL CALL

**Present:** 6 - Mayor Pro Tempore Anthony Martinez, Mayor Mike Murphy, Council Member Kevin Blake, Council Member Jill McLeod, Council Member Delray Shelton, and Council Member Fernando Echevarria

**Absent:** 1 - Council Member Matthew Serratto

#### B. CLOSED SESSION

Mayor MURPHY called the Closed Session to order at 5:01 PM.

**Clerk's Note:** Council Member SERRATTO arrived at 5:04 PM.

- B.1.** **SUBJECT:** CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION; Ryan King v. City of Merced; Workers Compensation Appeals Board Case No. FRE-ADJ 8986644; FRE-ADJ 10788658; FRE-ADJ 10788657; AUTHORITY: Government Code Section 54956.9(d)(1)
- B.2.** **SUBJECT:** CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION; Steven Smith v. City of Merced; Workers Compensation Appeals Board Case Nos. STK-ADJ 10229432; STK-ADJ 10229433; STK-ADJ 10229880; STK-ADJ 10229434; and STK-ADJ 10885617; AUTHORITY: Government Code Section 54956.9(d)(1)
- B.3.** **SUBJECT:** CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION; McKinnon, et. al. v. City of Merced; Case No. 1:18-CV-01124-LJO-SAB; AUTHORITY: Government Code Section 54956.9(d)(1)
- B.4.** **SUBJECT:** CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION; Englert, et. al. v. City of Merced; Case No. 1:18-CV-01239-LJO-EPG; AUTHORITY: Government Code Section 54956.9(d)(1)

**B.5.**                    SUBJECT: CONFERENCE WITH LABOR NEGOTIATORS - Agency Designated Representative: City Manager Steve Carrigan; Employee Organizations: Merced Police Officers' Association (MPOA); Merced Association of Police Sergeants. AUTHORITY: Government Code Section 54957.6

**B.6.**                    SUBJECT: PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: Finance Officer; Authority: Government Code Section 54957

**B.7.**                    SUBJECT: PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Title: City Manager; Authority: Government Code Section 54957

**Clerk's Note:** Council adjourned from Closed Session at 5:58 PM.

### **C. CALL TO ORDER**

Mayor MURPHY called the Regular Meeting to order at 6:03 PM.

C.1. Invocation - Bruce Logue, Life Spring Church

The invocation was delivered by Bruce LOGUE from Life Spring Church.

C.2. Pledge of Allegiance to the Flag

Council Member SHELTON led the Pledge of Allegiance to the Flag.

### **D. ROLL CALL**

**Present:** 7 - Mayor Pro Tempore Anthony Martinez, Mayor Mike Murphy, Council Member Kevin Blake, Council Member Jill McLeod, Council Member Matthew Serratto, Council Member Delray Shelton, and Council Member Fernando Echevarria

**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 the 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 the Public Financing and Economic Development Authority receive no compensation.

### **E. REPORT OUT OF CLOSED SESSION**

There was no report.

### **F. CEREMONIAL MATTERS**

**F.1.**                    SUBJECT: Proclamation - Dr. Martin Luther King, Jr. - Day of Service

#### REPORT IN BRIEF

Mayor Murphy will present the proclamation.

Mayor MURPHY presented the Dr. Martin Luther King Jr. - Day of Service Proclamation to Tamara COBB from the Martin Luther King Jr. Celebration Committee.

#### G. SPECIAL PRESENTATIONS

G.1. Literacy Coalition Presentation by Steve Tietjen Ed. D., Merced County Superintendent of Schools

Dr. Steve TIETJEN, Merced County Superintendent of Schools gave a slide show presentation on the Literacy Coalition.

Council and Dr. TIETJEN discussed teen pregnancy prevention programs, little libraries, and partnerships.

#### H. WRITTEN PETITIONS AND COMMUNICATIONS

There were none.

#### I. ORAL COMMUNICATIONS

Fernando AGUILERA, Merced - spoke on the Merced Soccer Academy and the Council working together as a whole.

Sue EMANIVONG, Merced - spoke on the upcoming Lao New Year Event and other upcoming events.

#### J. CONSENT CALENDAR

Items J.7. Adoption of Resolution Authorizing the Adoption of the Section 115 Post Employment Benefit Trust Administered by Public Agency Retirement Services (PARS) to Fund the City's Pension Benefits and Approval of the Associated Agreement with Phase II Systems and J.9. Approval of Supplemental Budget Appropriations in the Amount of \$1,000,000 Due to Increased Activity in Worker's Compensation Claims in Fiscal Year 2018-19; were pulled for separate consideration.

#### Approval of the Consent Agenda

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

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

**No:** 1 - Council Member Echevarria

Absent: 0

**J.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.**

**J.2.**                    **SUBJECT: Information-Only Contracts for the Month of December 2018**

**REPORT IN BRIEF**

Notification of awarded Non-Public Works contracts under \$31,000 and of Public Works contracts under \$69,833.

**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 2018-2019 threshold of \$69,833.00, and Chapter 3.04.080 - 3.04.110 of the Merced Municipal Code to execute Non-Public Works contracts under the adjusted FY 2018-2019 threshold of \$31,000.00, the contracts listed on the attached table were entered into by the City.

**This Consent Item was approved.**

**J.3.**                    **SUBJECT: Information Only - Bicycle Advisory Commission Meeting Minutes of August 28, 2018**

**RECOMMENDATION**

For information only.

**This Consent Item was approved.**

**J.4.**                    **SUBJECT: Information Only - Site Plan Review Meeting Minutes of November 8 and 29, 2018**

**RECOMMENDATION**

For information only.

**This Consent Item was approved.**

**J.5.**

**SUBJECT:** Approval of City Council/Public Financing and Economic Development/Parking Authority Meeting Minutes of December 3, 2018 (Special Meeting) and December 3, 2018 (Regular Meeting)

**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 3, 2018 (Special Meeting) and December 3, 2018 (Regular Meeting).

**This Consent Item was approved.**

**J.6.**

**SUBJECT:** Approval of Street Closure Request by the Martin Luther King Jr. Celebration Committee for the Annual Martin Luther King Jr. Community March and Celebration on January 21, 2019, from West 8th Street to West Main Street

**REPORT IN BRIEF**

Authorizes the use and closure of Martin Luther King Jr. Way from West 8th Street to West Main Street and a portion of the City parking lot in the 300 block of W. 18th Street on Monday, January 21, 2019, to hold a march, parade and food preparation for the annual Martin Luther King, Jr. parade, 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 8th Street to West Main Street and to cone off a portion of the City parking lot in the 300 block of W. 18th Street on Monday, January 21, 2019, in order to hold the march and prepare food as part of a community celebration.

**This Consent Item was approved.**

- J.8.** SUBJECT: Acceptance of Refund of Residual Contingency Funds from Pierce Manufacturing Inc., in the Amount of \$27,294 from the 2017 Purchase of a Fire Engine and Tractor Drawn Aerial Tiller Truck and Approval of a Supplemental Appropriation of \$27,294 to the Equipment Operations and Maintenance Account

**REPORT IN BRIEF**

Accepts a refund in the amount of \$27,294 from Pierce Manufacturing Inc., for unspent residual contingency funds paid under the contracts for the 2017 purchase of a fire engine and Tractor Drawn Aerial Tiller Truck and considers appropriating the funds to the Equipment Operations and Maintenance Account for the purchase of accessory equipment.

**RECOMMENDATION**

**City Council** - Adopt a motion:

- A. Accepting the refund and authorizing a \$27,294 revenue increase in account 001-0901-360.01-61 (Reimbursement Special Department Expense); and
- B. Appropriating \$27,294 in account 001-0901-522.26-00 (Other Equipment Operations and Maintenance): and,
- C. Authorizing the Finance Officer to make the necessary budget adjustments.

**This Consent Item was approved.**

- J.10.** SUBJECT: Adoption of Resolution Updating the Citywide Records Management Program and Retention Schedule

**REPORT IN BRIEF**

Considers an update to the Citywide Records Management and Retention documents.

**RECOMMENDATION**

**City Council** - Adopt a motion adopting Resolution **2019-05**, A Resolution of the City Council of the City of Merced, California, Adopting a City-Wide Records Management Program and Records Retention Schedules, and Repealing Resolution 2010-84

**This Consent Item was approved.**

- J.11.** SUBJECT: Adoption of Resolutions Approving the Final Maps for

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Bellevue Ranch West, Village 12, Phases 4, 5, and 7 - Final Map  
Nos. 5362, 5363, and 5364 and Approval of the Attendant  
Subdivision Improvement Agreements

**REPORT IN BRIEF**

The City Council will consider approval of Final Map Nos. 5362, 5363, and 5364 within Bellevue Ranch West Village 12, generally located at the southwest corner of M Street and Arrow Wood Drive (extended), and the respective Subdivision Agreements for the Final Maps.

**RECOMMENDATION**

**City Council** - Adopt a motion:

A. Adopting **Resolution 2019-01**, a Resolution of the City Council of the City of Merced, California, approving the final subdivision map for the Bellevue Ranch West, Village 12, Phase 4 Subdivision (#5362); and,

B. Adopting **Resolution 2019-02**, a Resolution of the City Council of the City of Merced, California, approving the final subdivision map for the Bellevue Ranch West, Village 12, Phase 5 Subdivision (#5363); and,

C. Adopting **Resolution 2019-03**, a Resolution of the City Council of the City of Merced, California, approving the final subdivision map for the Bellevue Ranch West, Village 12, Phase 7 Subdivision (#5364); and,

D. Approving the subdivision agreements for Bellevue Ranch West, Village 12, Phases 4; 5, and 7 and,

E. Authorizing the City Manager or the Assistant City Manager to execute the subdivision agreements.

**This Consent Item was approved.**

**J.12.**

**SUBJECT:** Approval of Professional Services Agreement with Galvin Preservation Associates, Doing Business as GPA Consulting in the Amount of \$67,463.87 for Environmental Services Related to Project No. 117054 (Cherokee & Black Rascal Creek Culvert)

**REPORT IN BRIEF**

Considers authorizing an agreement for professional services with

Galvin Preservation Associates, doing business as GPA Consulting in the amount of \$67,463.87 for environmental services related to the Cherokee & Black Rascal Creek Culvert Project, Project No. 117054.

**RECOMMENDATION**

**City Council** - Adopt a motion approving an agreement for professional services with GPA Consulting in the amount of \$67,463.87 for environmental services for the Cherokee & Black Rascal Creek Culvert Project; and authorizing the City Manager or the Assistant City Manager to execute the necessary documents.

**This Consent Item was approved.**

**J.13.**

**SUBJECT:** Approval of Increase in the Amount of \$200,000 in Development Services Revenue Account for License and Permits/Construction Permits; and Appropriation of \$200,000 to Development Services Expenditure Account to Continue Professional Service Agreements for Fiscal Year 2018-2019

**REPORT IN BRIEF**

Considers approving an increase of \$200,000 in Development Services Department revenue account 017-0805-310.03-00 License and Permits/Construction Permits; and approving an appropriation of \$200,000 in the Development Services expenditure account number 017-0805-512.17-00 Professional Services.

**RECOMMENDATION**

**City Council-** Adopt a Motion:

A. Approving an increase of \$200,000 in Development Services revenue account number 017-0805-310-00 (License and Permits/Construction Permits); and,

B. Approving an appropriation of \$200,000 in Development Services expenditure account number 017-0805-512.17-00 Professional Services; and,

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

**This Consent Item was approved.**

**J.7.**

**SUBJECT:** Adoption of Resolution Authorizing the Adoption of the

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Section 115 Post Employment Benefit Trust Administered by Public Agency Retirement Services (PARS) to Fund the City's Pension Benefits and Approval of the Associated Agreement with Phase II Systems

**REPORT IN BRIEF**

Considers adopting a Resolution authorizing the adoption and operation of the PARS Post-Employment Benefits Trust Program to be used to pre-fund pension obligations. Also requests approval of a Professional Services Agreement Phase II Systems, doing business as Public Agency Retirement Services.

**RECOMMENDATION**

City Council - Adopt a motion:

A. Adopting **Resolution 2019-04**, A Resolution of the City Council of the City of Merced, California, Approving the Adoption of the Public Agencies Post-Employment Benefits Trust Administered by Public Agency Retirement Services (PARS); and,

B. Approving the agreement for professional services with Phase II Systems, doing business as "Public Agency Retirement Services" and "PARS" for administrative services as Trust Administrator for pre-funding pension obligations; and,

C. Authorizing the City Manager or the Assistant City Manager to execute the necessary documents.

Mayor MURPHY pulled this item to ask for clarification on Council direction.

Finance Officer Venus RODRIGUEZ stated that Council would approve the Resolution to establish the 115 Trust and approving the agreement with PARS as well as future steps in the process. She also discussed future funding plans.

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

**Aye:** 7 - Mayor Pro Tempore Martinez, Mayor Murphy, Council Member Blake, Council Member McLeod, Council Member Serratto, Council Member Shelton, and Council Member Echevarria

**No:** 0

**Absent:** 0

J.9.

**SUBJECT:** Approval of Supplemental Budget Appropriations in the Amount of \$1,000,000 Due to Increased Activity in Worker's Compensation Claims in Fiscal Year 2018-19

**REPORT IN BRIEF**

Considers approving supplemental budget appropriation increases to Fund 666-Worker's Compensation by \$1,000,000. This adjustment is necessary due to higher than projected worker's compensation claims activity than what was originally budgeted for fiscal year 2018-2019.

**RECOMMENDATION**

**City Council** - Adopt a motion:

A. Approving an increase in revenue account 666-0410-360.01-11 received as a Reimbursement of Worker's Compensation Claims in the amount of \$175,000; and,

B. Approving a transfer of \$500,000 of Police Department salary saving from the FY 2018-19 General Fund adopted budget to Fund 666-Worker's Compensation; and,

C. Approving a supplemental appropriation from the unreserved, unappropriated fund balance of the General Fund in the amount of \$325,000 and transferring to Fund 666-Worker's Compensation Fund; and,

D. Approving the total appropriation of \$1,000,000 in Fund 666-Worker's Compensation and,

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

Council Member SERRATTO pulled this item to ask for clarification on the appropriation amount.

Finance Officer Venus RODRIGUEZ explained the appropriation amount and the cost savings used towards Worker's Compensation Claims.

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

**Aye:** 7 - Mayor Pro Tempore Martinez, Mayor Murphy, Council Member Blake, Council Member McLeod, Council Member Serratto, Council Member Shelton, and Council Member Echevarria

No: 0

Absent: 0

## K. PUBLIC HEARINGS

K.1. SUBJECT: Continued Public Hearing - Vacation No. 18-03 for the Adoption of Resolution Ordering the Vacation of a 20-Foot Wide Temporary Access Easement Located on a Portion of 7 Lots within the Summer Creek Subdivision, Generally Located West of McKee Road at Silverstone Drive

### REPORT IN BRIEF

This report recommends the vacation of a 20-foot wide temporary access easement located on a portion of 7 lots within the Summer Creek Subdivision (APN Nos. 008-391-005, 008-391,006, 008-391-007, 008-391-017, 008-391-018, 008-391-029 and 008-403-004) generally located west of McKee Road at Silverstone Drive be continued to the City Council meeting on February 19, 2019.

### RECOMMENDATION

**City Council** - Adopt a motion continuing the Public Hearing to the City Council meeting of February 19, 2019.

Council Member BLAKE recused himself from this item.

Director of Development Services Scott MCBRIDE gave a brief presentation on the Vacation #18-03.

Mayor MURPHY opened the Public Hearing at 6:44 PM.

Mary BROOKS, Merced - spoke in support to keep the access road in place.

Mayor MURPHY closed the Public Hearing at 6:46 PM.

**A motion was made by Mayor Pro Tempore Martinez, seconded by Council Member McLeod, that this agenda item be continued to the February 19th meeting. The motion carried by the following vote:**

**Aye:** 6 - Mayor Pro Tempore Martinez, Mayor Murphy, Council Member McLeod, Council Member Serratto, Council Member Shelton, and Council Member Echevarria

**No:** 0

**Absent:** 0

**Abstain:** 1 - Council Member Blake

## L. REPORTS

L.1. **SUBJECT:** Report - Community Input Presentation by Housing Staff Regarding the 2019 Department of Housing and Urban Development (HUD) Annual Action Plan and Update on the Proposed Childs Avenue and B Street Affordable Housing Project

### REPORT IN BRIEF

Seeks input regarding the 2019 HUD Annual Action Plan and includes information on the proposed Childs Avenue and B Street affordable housing development project.

### RECOMMENDATION

Provide staff with input and direction on programs and activities for the upcoming fiscal year and HUD Annual Plan.

Housing Program Supervisor Mark HAMILTON gave a slide show presentation on the 2019 Department of Housing and Urban Development Annual Action Plan and Update on the Proposed Childs Avenues and B Street Affordable Housing Project.

Council, Assistant City Manager Stephanie DIETZ, and Mr. HAMILTON discussed bus shelter safety, the intersection at Childs Avenue and B Street, street lighting, sidewalk improvements on Childs Avenue, and the amount of HUD money committed to the project. They also discussed CDBG future funding, hold harmless agreement, and project timeline.

Gloria SANDAVAL, Merced - asked for the definition of the term low income.

Mr. HAMILTON clarified what was considered "low Income".

Ms. SANDAVAL, Ms. DIETZ, and Mr. HAMILTON discussed the owners of the complex, number of stories of the complex, handicap accessibility, the use of solar, traffic concerns, and repaving B Street.

Council Member MARTINEZ and Mr. HAMILTON discussed crosswalks in the intersection of Childs Avenue and B Street.

**Clerk's Note:** No formal action was taken.

L.2. **SUBJECT:** Acceptance of Hazardous Materials Commodities Flow

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Study and Community Risk Assessment Report

**REPORT IN BRIEF**

Presentation of the Hazardous Materials Commodities Flow Study and Community Risk Assessment Report for City Council consideration.

**RECOMMENDATION**

**City Council** - Adopt a motion accepting the Hazardous Materials Commodities Flow Study and Community Risk Assessment Report and directing staff to return to the Council with any implementation recommendations.

Deputy Fire Chief Tom ENGLAND, Acting Fire Chief Billy ALCORN, Captain Josh WILSON, and Tait Environmental Services representative Paul MCCARTER gave a slide show presentation on the Hazardous Materials Commodities Flow Study and Community Risk Assessment Report.

Council and Captain WILSON discussed a mutual aid response model, independent hazmat response, the development time for a mutual aid response mode, and cost for the equipment for hazmat response. They also discussed hazardous materials training, cost for initial training and continued training, and the number of staff that have been trained.

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

**Aye:** 7 - Mayor Pro Tempore Martinez, Mayor Murphy, Council Member Blake, Council Member McLeod, Council Member Serratto, Council Member Shelton, and Council Member Echevarria

**No:** 0

**Absent:** 0

**M. BUSINESS**

**M.1.** **SUBJECT:** Confirmation of Mayor and City Manager Attendance at the Annual One Voice Trip

**REPORT IN BRIEF**

Council confirmation on who will attend the One Voice trip.

**RECOMMENDATION**

**City Council** - Adopt a motion confirming the Mayor and City Manager as

delegates to the Annual One Voice trip to Washington, DC.

Mayor MURPHY briefly discussed the Annual One Voice trip.

**A motion was made by Council Member Blake, seconded by Mayor Pro Tempore Martinez, to confirm the Mayor and City Manager attend the Annual One Voice trip. The motion carried by the following vote:**

**Aye:** 7 - Mayor Pro Tempore Martinez, Mayor Murphy, Council Member Blake, Council Member McLeod, Council Member Serratto, Council Member Shelton, and Council Member Echevarria

**No:** 0

**Absent:** 0

**M.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 spoke on the City Council Committee appointments.

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

**Aye:** 7 - Mayor Pro Tempore Martinez, Mayor Murphy, Council Member Blake, Council Member McLeod, Council Member Serratto, Council Member Shelton, and Council Member Echevarria

**No:** 0

**Absent:** 0

**M.3.**

**SUBJECT:** Appointments (2) and Reappointment (1) - Citizens' Oversight Committee - Measure C

**REPORT IN BRIEF**

Accept recommendation to fill Citizens' Oversight Committee - Measure "C" vacancies and reappoint one individual to an additional term.

**RECOMMENDATION**

**City Council** - Adopt a motion accepting recommendation from the Citizens' Oversight - Measure "C" Committee and appointing one individual to the Southern District to serve as a member of the Committee

and one individual to the Northern District to serve as a member of the Committee and reappointing Michael Harris to an additional term.

Assistant City Clerk John TRESIDDER spoke briefly on the Measure C Committee appointments.

**A motion was made by Council Member Blake, seconded by Mayor Pro Tempore Martinez, to appoint Cody Bijou to the Northern District, Cristina Garcia to the Southern District, and reappoint Mike Harris to the Measure C Committee. The motion carried by the following vote:**

**Aye:** 7 - Mayor Pro Tempore Martinez, Mayor Murphy, Council Member Blake, Council Member McLeod, Council Member Serratto, Council Member Shelton, and Council Member Echevarria

**No:** 0

**Absent:** 0

#### M.4. Request to Add Item to Future Agenda

Mayor Pro Tempore MARTINEZ requested to add an item on updating Council on the Childs Street Sidewalk Project.

Council Member SHELTON requested to add an item on parks in District 6.

#### M.5. City Council Comments

Mayor Pro Tempore MARTINEZ reported on attending the Hmong New Year event.

Council Member SHELTON reported on attending the Hmong New Year event and taking a tour of the Golden Valley Health Center.

Council Member ECHEVARRIA reported on attending the Merced County Office of Education Parent Leadership ceremony, the Hmong New Year event, and the Merced Soccer Academy toy give away.

Mayor MURPHY reported on attending a meeting with the High Speed Rail staff and the Hmong New Year event.

**Clerk's Note:** Council adjourned to Closed Session at 8:21 PM.

**Clerk's Note:** Council adjourned from Closed Session at 8:26 PM.

## N. ADJOURNMENT

**Clerk's Note:** Council adjourned the Regular Meeting at 8:28 PM.

**A motion was made by Council Member Blake, seconded by Council Member Shelton, to adjourn the Regular Meeting in honor of Corporal Ronil Singh. The motion carried by the following vote:**

**Aye:** 7 - Mayor Pro Tempore Martinez, Mayor Murphy, Council Member Blake, Council Member McLeod, Council Member Serratto, Council Member Shelton, and Council Member Echevarria

**No:** 0

**Absent:** 0



## ADMINISTRATIVE REPORT

**Agenda Item I.5.**

Meeting Date: 2/4/2019

*Report Prepared by: Melanie Karle, Accountant I, Finance*

**SUBJECT:** Accept and File Community Facilities District (CFD) Nos. 2003-1 (Bellevue Ranch East), 2003-2 (Services), 2005-1 (Bellevue Ranch West), 2006-1 (Moraga of Merced) Annual Disclosure Reports For Fiscal Year 2017-2018

### REPORT IN BRIEF

The Continuing Annual Disclosure Reports contain certain CFD information required to be filed annually by the City per Security and Exchange Commission (SEC) rule 15c2-12(b) and Government Code sections 50075-50077 and 53410-53412.

### RECOMMENDATION

**City Council** - Adopt a motion accepting and filing the CFD Annual Disclosure Reports For Fiscal Year 2017-2018 for CFD Nos. 2003-1 (Bellevue Ranch East), 2003-2 (Services), 2005-1 (Bellevue Ranch West), 2006-1 (Moraga of Merced).

### AUTHORITY

Governmental 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. SEC Rule 15c2-12(b)(5).

### CITY COUNCIL PRIORITIES

As provided for in the 2018-19 Adopted Budget.

### DISCUSSION

On January 5, 2004, Community Facilities District No. 2003-2 (Services) was formed 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, the City Council formed Community Facilities District No. 2003-1 (Bellevue Ranch East) to provide public infrastructure financing. The District issued \$12,745,00 in 2005 Special Tax Bonds on August 4, 2005. Due to favorable interest rates on bonds, the 2005 Special Tax Bonds were refunded and the District issued the 2016 Special Tax Refunding Bonds of \$8,985,000 on August 30, 2016.

On November 21, 2005, the 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. Because of favorable interest rates on bonds, the 2006 Special Tax Bonds were refunded and the District issued the 2017 Special Tax Refunding Bonds of \$6,330,000 on December 19, 2017.

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.

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

### **IMPACT ON CITY RESOURCES**

No budget appropriation is required.

### **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 2017-18**

January 15, 2019

***Community Facilities District No. 2003-2  
Senate Bill 165 Reporting Requirements  
Fiscal Year 2017-18***

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

Appendix A: CFD No. 2003-2 Balance Sheet as of June 30, 2018

## ***I. INTRODUCTION***

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### **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 36 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***

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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 2017-18 special tax levy is set forth in the table on the following page:

**Fiscal Year 2017-18 Revenues**

Intergovernmental	\$8,187
Charges for Services	\$2,125,976
Investment Earnings	\$35,769
Miscellaneous	\$50,000
<b>Total Revenues Collected</b>	<b>\$2,129,932</b>

**Fiscal Year 2017-18 Expenditures**

General Government	\$7,008
Public Safety	\$1,001,923
Public Works	\$865,477
Administrative Shared Expenditures	\$3,504
<b>Total Expenditures</b>	<b>\$1,877,912</b>

**Revenue Over (Under) Expenditures** **\$342,020**

**Other Financing Sources (Uses)**

Transfer In	\$164,828
Transfer Out	(\$382,032)
<b>Total Other Financing Sources (Uses)</b>	<b>(\$217,204)</b>

<b>Beginning Fund Balance</b>	<b>\$1,171,348</b>
<b>Ending Fund Balance</b>	<b>\$1,296,164</b>

**Net Change in Fund Balance** **\$124,816**

## **APPENDIX A**

---

*CFD No. 2003-2 Balance Sheet  
as of June 30, 2018*

---

City of Merced  
 Balance Sheet  
 June 30, 2018

**CFD Services**

ASSETS

Cash, cash equivalents and investments	\$ 2,996,271
Receivables:	
Interest Recievable	6,271
Accounts Receivable	0
Due from other governments	69,784
 Total assets	 <u>\$ 3,072,326</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 39,782
Other payables	25,388
Due to other funds	-
Advances from other funds	1,710,992
 Total liabilities	 <u>\$ 1,776,162</u>
 Fund Balance	 1,296,164
 Total liabilities and fund balance	 <u>\$ 3,072,326</u>



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 2017-18**  
**(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		

*\* Retired as of the date of this report*

January 31, 2019

***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 2017-18***

---

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, 2018, the balance in the Reserve Fund was \$606,086. 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, \$8,200,000 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.

<b>Total Assessed Value of all Land</b>	<b>\$42,447,327</b>
<b>Total Assessed Value of all Improvements</b>	<b>\$138,877,640</b>
<b>Total Assessed Value of Other Property</b>	<b>\$25,250</b>
<b>Total Assessed Value of all Parcels</b>	<b>\$181,350,217</b>
<b>Assessed Value of Developed Property</b>	<b>\$173,689,557</b>
<b>Assessed Value of Undeveloped Property</b>	<b>\$7,660,660</b>
<b>Total Assessed Value of all Parcels</b>	<b>\$181,350,217</b>

- 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.

→ **No property owner is responsible for more than 10% of the fiscal year 2018-19 special tax levy.**

- 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.

<b>Property Classification</b>	<b>Number of Parcels</b>	<b>FY 2017-18 Special Tax Levy</b>	<b>Percentage of Total Special Tax Levy</b>
Developed	822	\$541,060	87.55%
Undeveloped	196	\$76,954	12.45%

- 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 2017-18 special tax levy is set forth in the table on the following page.

**Fiscal Year 2017-18 Revenues**

Interest	\$8,476
Assessments	\$616,992
<b>Total Revenues Collected</b>	<b>\$625,468</b>

**Fiscal Year 2017-18 Expenditures**

Bond Interest	\$209,313
Bond Principal	\$390,000
Fiscal Agent Fees	\$3,100
Professional Services	\$7,301
Support Services	\$73
Administrative Services	\$1,364
Direct Service Charges	\$1,841
<b>Total Expenditures</b>	<b>\$612,992</b>

<b>Beginning Fund Balance*</b>	<b>\$1,137,426</b>
<b>Ending Fund Balance*</b>	<b>\$1,149,902</b>

<b>Net Change in Fund Balance</b>	<b>\$12,476</b>
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\* Includes Reserve Requirement.

Note: This is unaudited financial information.

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, 2018, no significant events have been reported by the CFD.

## **APPENDIX A**

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### *Debt Service Schedule*

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**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
		<b>\$8,985,000.00</b>	<b>\$2,452,217.28</b>	<b>\$11,437,217.28</b>

*Goodwin Consulting Group, Inc.*

## **APPENDIX B**

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*Special Tax Delinquencies  
as of October 22, 2018*

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**City of Merced**  
**Community Facilities District No. 2003-1 (Bellevue Ranch East)**  
**Delinquencies as of October 22, 2018 /1**

Assessor's Parcel Number	Amount Delinquent	Date of Earliest Delinquency	Status of Foreclosure Proceedings	Action Taken	Date Complaint Filed
224-140-031-000	\$610.00	12/10/2016	None	Reminder Letter Mailed 5/22/2018	N/A
224-140-031-000	\$610.00	12/10/2017	None	Reminder Letter Mailed 5/22/2018	N/A

**Number of Parcels Delinquent:**

**1**

**Total Amount Delinquent:**

**\$1,220.00**

/1 The fiscal year 2017-18 delinquency rate for CFD No. 2003-1 (Bellevue Ranch East) is at 0.10%. 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

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*Audited Financial Statements  
for the Fiscal Year Ending June 30, 2018  
(To Come Under Separate Cover)*

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**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)  
\$6,330,000 2017 Special Tax Refunding Bonds  
Continuing Disclosure Annual Report for  
Fiscal Year 2017-18  
(per SEC Rule 15c2-12(b)(5))**

**CUSIP Numbers**

\$355,000	587606AT1*	\$325,000	587606BD5
\$260,000	587606AU8	\$340,000	587606BE3
\$270,000	587606AV6	\$350,000	587606BF0
\$275,000	587606AW4	\$360,000	587606BG8
\$285,000	587606AX2	\$375,000	587606BH6
\$285,000	587606AY0	\$390,000	587606BJ2
\$295,000	587606AZ7	\$400,000	587606BK9
\$300,000	587606BA1	\$410,000	587606BL7
\$310,000	587606BB9	\$430,000	587606BM5
\$315,000	587606BC7		

*\* Retired as of the date of this report*

January 31, 2019

***Continuing Disclosure Annual Report  
for  
Improvement Area No. 1 of the  
City of Merced  
Community Facilities District No. 2005-1  
(Bellevue Ranch West)  
\$6,330,000 2017 Special Tax Refunding Bonds  
Fiscal Year 2017-18***

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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 2017 Special Tax Refunding Bonds (the “Series 2017 Bonds”) issued in the aggregate principal amount of \$6,330,000 by the CFD on December 19, 2017. 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 19, 2017, 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, 2018, the balance in the Reserve Fund was \$452,856. The Reserve Fund Requirement is \$450,944; therefore, pursuant to the Series 2017 Bonds covenants, the Reserve Fund is fully funded.**
  
- b) The principal amount of the Series 2017 Bonds outstanding and a current debt service schedule.
  - **As of the date of this report, \$5,975,000 of the Series 2017 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 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.

<b>Total Assessed Value of all Land</b>	<b>\$14,063,244</b>
<b>Total Assessed Value of all Improvements</b>	<b>\$53,370,919</b>
<b>Total Assessed Value of Other Property</b>	<b>\$0</b>
<b>Total Assessed Value of all Parcels</b>	<b>\$67,434,163</b>
<b>Assessed Value of Developed Property</b>	<b>\$63,251,439</b>
<b>Assessed Value of Undeveloped Property</b>	<b>\$4,182,724</b>
<b>Total Assessed Value of all Parcels</b>	<b>\$67,434,163</b>

e) 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.

→ **As of October 22, 2018, there were no delinquent parcels in the CFD.**

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.

<b>Property Owner</b>	<b>FY 2018-19 Special Tax Levy</b>	<b>Percentage</b>	<b>Number of Parcels</b>
Forebay Farms, LLC	\$221,433	47.68%	470

g) Changes, if any to the Rate and Method of Apportionment for Improvement Area No. 1.

→ **None.**

h) The amount of special taxes generated by the developed parcels and undeveloped parcels within Improvement Area No. 1, their percentage of maximum special tax levy and their aggregate assessed value to lien ratios.

→ **See Appendix B.**

i) The audited financial statements for 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 2017-18 special tax levy is set forth in the table on the following page.

**Fiscal Year 2017-18 Revenues**

Interest	\$21,655
Proceeds from Debt	\$6,330,000
Assessments	\$514,761
Other Revenue	\$12,500
<b>Total Revenues Collected</b>	<b>\$6,878,916</b>

**Fiscal Year 2017-18 Expenditures**

Bond Interest	\$351,694
Discount	\$84,760
Bond Principal	\$6,045,000
Fiscal Agent Fees	\$2,310
Professional Services	\$265,845
Support Services	\$74
Administrative Services	\$1,053
Direct Service Charges	\$2,413
<b>Total Expenditures</b>	<b>\$6,753,149</b>

<b>Beginning Fund Balance*</b>	<b>\$878,480</b>
<b>Ending Fund Balance*</b>	<b>\$1,004,247</b>

<b>Net Change in Fund Balance</b>	<b>\$125,767</b>
-----------------------------------	------------------

\* Includes Reserve Requirement.

Note: This is unaudited financial information.

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, if material:

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, 2018, no significant events have been reported by the CFD.

## **APPENDIX A**

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### *Debt Service Schedule*

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**IA #1 of Merced CFD No. 2005-1 (Bellevue Ranch West)**  
**2017 Special Tax Refunding Bonds**  
**Debt Service Schedule**

<b>Interest Payment Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Annual Debt Service</b>
12/19/2017	\$0.00	\$0.00	\$0.00	\$0.00
3/1/2018	\$0.00	\$39,168.75	\$39,168.75	\$0.00
9/1/2018	\$355,000.00	\$97,921.88	\$452,921.88	\$492,090.63
3/1/2019	\$0.00	\$94,371.88	\$94,371.88	\$0.00
9/1/2019	\$260,000.00	\$94,371.88	\$354,371.88	\$448,743.75
3/1/2020	\$0.00	\$90,471.88	\$90,471.88	\$0.00
9/1/2020	\$270,000.00	\$90,471.88	\$360,471.88	\$450,943.75
3/1/2021	\$0.00	\$86,421.88	\$86,421.88	\$0.00
9/1/2021	\$275,000.00	\$86,421.88	\$361,421.88	\$447,843.75
3/1/2022	\$0.00	\$82,296.88	\$82,296.88	\$0.00
9/1/2022	\$285,000.00	\$82,296.88	\$367,296.88	\$449,593.75
3/1/2023	\$0.00	\$79,446.88	\$79,446.88	\$0.00
9/1/2023	\$285,000.00	\$79,446.88	\$364,446.88	\$443,893.75
3/1/2024	\$0.00	\$76,240.63	\$76,240.63	\$0.00
9/1/2024	\$295,000.00	\$76,240.63	\$371,240.63	\$447,481.25
3/1/2025	\$0.00	\$72,553.13	\$72,553.13	\$0.00
9/1/2025	\$300,000.00	\$72,553.13	\$372,553.13	\$445,106.25
3/1/2026	\$0.00	\$68,428.13	\$68,428.13	\$0.00
9/1/2026	\$310,000.00	\$68,428.13	\$378,428.13	\$446,856.25
3/1/2027	\$0.00	\$64,165.63	\$64,165.63	\$0.00
9/1/2027	\$315,000.00	\$64,165.63	\$379,165.63	\$443,331.25
3/1/2028	\$0.00	\$59,440.63	\$59,440.63	\$0.00
9/1/2028	\$325,000.00	\$59,440.63	\$384,440.63	\$443,881.25
3/1/2029	\$0.00	\$54,362.50	\$54,362.50	\$0.00
9/1/2029	\$340,000.00	\$54,362.50	\$394,362.50	\$448,725.00
3/1/2030	\$0.00	\$48,837.50	\$48,837.50	\$0.00
9/1/2030	\$350,000.00	\$48,837.50	\$398,837.50	\$447,675.00
3/1/2031	\$0.00	\$42,931.25	\$42,931.25	\$0.00
9/1/2031	\$360,000.00	\$42,931.25	\$402,931.25	\$445,862.50
3/1/2032	\$0.00	\$36,631.25	\$36,631.25	\$0.00
9/1/2032	\$375,000.00	\$36,631.25	\$411,631.25	\$448,262.50
3/1/2033	\$0.00	\$30,068.75	\$30,068.75	\$0.00
9/1/2033	\$390,000.00	\$30,068.75	\$420,068.75	\$450,137.50
3/1/2034	\$0.00	\$23,000.00	\$23,000.00	\$0.00
9/1/2034	\$400,000.00	\$23,000.00	\$423,000.00	\$446,000.00
3/1/2035	\$0.00	\$15,750.00	\$15,750.00	\$0.00
9/1/2035	\$410,000.00	\$15,750.00	\$425,750.00	\$441,500.00
3/1/2036	\$0.00	\$8,062.50	\$8,062.50	\$0.00
9/1/2036	\$430,000.00	\$8,062.50	\$438,062.50	\$446,125.00
<b>Total</b>	<b>\$6,330,000.00</b>	<b>\$2,204,053.13</b>	<b>\$8,534,053.13</b>	<b>\$8,534,053.13</b>

Goodwin Consulting Group, Inc.

## **APPENDIX B**

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### ***Value-to-Lien Ratios of Developed and Undeveloped Property***

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**Improvement Area No. 1 of the  
City of Merced  
Community Facilities District No. 2005-1  
(Bellevue Ranch West)**

**Value-to-Lien Ratios of Developed and Undeveloped Property**

<b>Classification</b>	<b>Number of Parcels</b>	<b>FY 2018-19 Assessed Value</b>	<b>FY 2018-19 Total Assigned Special Tax</b>	<b>FY 2018-19 Actual Special Tax</b>	<b>Percent of FY 2018-19 Actual Special Tax</b>	<b>Bonds(1)</b>	<b>Average Value-to- Lien</b>
Developed	241	\$63,251,439	\$197,931	\$197,931	42.6%	\$2,546,627	24.8
Undeveloped	471	\$4,182,724	\$461,471	\$266,463	57.4%	\$3,428,373	1.2
<b>Total</b>	<b>712</b>	<b>\$67,434,163</b>	<b>\$659,402</b>	<b>\$464,394</b>	<b>100.0%</b>	<b>\$5,975,000</b>	<b>11.3</b>

(1) Allocated based on the actual tax levy for fiscal year 2018-19.

*Sources: Merced County Assessor; Goodwin Consulting Group, Inc.*

## APPENDIX C

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*Audited Financial Statements  
for the Fiscal Year Ending June 30, 2018  
(To Come Under Separate Cover)*

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**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 IMPROVEMENT AREA NO. 1 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

**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 2017-18  
(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, 2019

***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 2017-18***

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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, 2018, the balance in the Reserve Fund was \$363,728 and the Reserve Fund Requirement is \$362,730; 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, \$4,065,000 of the Series 2006 Bonds remains outstanding. Of the \$1,775,000 in bonds no longer outstanding, \$1,390,000 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.

<b>Total Assessed Value of all Land</b>	<b>\$8,707,080</b>
<b>Total Assessed Value of all Improvements</b>	<b>\$9,317,235</b>
<b>Total Assessed Value of all Parcels</b>	<b>\$18,024,315</b>
<b>Assessed Value of Developed Property</b>	<b>\$10,374,416</b>
<b>Assessed Value of Undeveloped Property</b>	<b>\$7,649,899</b>
<b>Total Assessed Value of all Parcels</b>	<b>\$18,024,315</b>

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.

→ **See Appendix B.**

- 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.

<b>Property Owner</b>	<b>FY 2018-19 Special Tax Levy</b>	<b>Percentage</b>	<b>Number of Parcels</b>	<b>Total 2018 Assessed Value</b>
CBCP Assets, LLC*	\$161,367	45.72%	1	\$677,899
Lennar Homes of CA, Inc.	\$157,883	44.73%	249	\$6,972,000

\* On December 4, 2018, CBCP Assets, LLC sold its property to Lennar Homes of CA, Inc.

- **On April 3, 2018 and October 2, 2018, “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, 2018 and September 30, 2018, for Lennar Homes of CA, Inc. As of the date of this report, Lennar Homes of CA, Inc. has not signed an assumption agreement to assume the reporting obligations of the previous owner.**
- **As of December 31, 2018, the City had issued 134 building permits for the construction of new single family homes on the 249 lots that Lennar Homes of CA, Inc. owned as of FY 2018-19.**
- **On March 29, 2018, and September 25, 2018, CBCP Assets, LLC provided Continuing Disclosure Semi-Annual Reports for the periods ending March 31, 2018 and September 30, 2018, respectively.**

\* 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.**

\* 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.

<b>Property Classification</b>	<b>Number of Parcels</b>	<b>FY 2018-19 Special Tax Levy</b>	<b>Percentage of Total Special Tax Levy</b>
Developed	73	\$67,702	19.18%
Undeveloped	215	\$285,234	80.82%

- 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 2017-18 special tax levy is set forth in the table on the following page.

**Fiscal Year 2017-18 Revenues**

Interest	\$1,578
Assessments	\$375,766
<b>Total Revenues Collected</b>	<b>\$377,344</b>

**Fiscal Year 2017-18 Expenditures**

Bond Interest	\$209,490
Bond Principal	\$150,000
Fiscal Agent Fees	\$2,100
Professional Services	\$7,047
Support Services	\$59
Administrative Services	\$720
Direct Service Charges	\$749
<b>Total Expenditures</b>	<b>\$370,165</b>

<b>Beginning Fund Balance*</b>	<b>\$673,526</b>
<b>Ending Fund Balance*</b>	<b>\$680,705</b>

<b>Net Change in Fund Balance</b>	<b>\$7,179</b>
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\* Includes Reserve Requirement.

Note: This is unaudited financial information.

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, 2017 through the date of this report, no significant events have been reported by the CFD.

## APPENDIX A

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*Audited Financial Statements  
for the Fiscal Year Ending June 30, 2018  
(To Come Under Separate Cover)*

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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**

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*Special Tax Delinquencies  
as of October 22, 2018*

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**City of Merced**  
**Community Facilities District No. 2006-1 (Moraga of Merced)**  
**Delinquencies as of October 22, 2018 /1**

Assessor's Parcel Number	Amount Delinquent	Date of Earliest Delinquency	Status of Foreclosure Proceedings	Action Taken	Date Complaint Filed
008-432-025-000	\$574.00	4/10/2018	None	Reminder Letter Mailed 5/22/2018	N/A

**Number of Parcels Delinquent:** **1**  
**Total Amount Delinquent:** **\$574.00**

/1 The fiscal year 2017-18 delinquency rate for CFD No. 2006-1 (Moraga of Merced) is at 0.15%. However, CFD No. 2006-1 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.

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

## APPENDIX C

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*California Debt and Investment Advisory Commission Report  
for the Fiscal Year Ending June 30, 2018*

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**STATE OF CALIFORNIA**

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

Submitted:  
Friday, October 26, 2018  
12:26:41PM  
CDIAC #: 2006-1344

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 \$362,730.00 No

**II. FUND BALANCE FISCAL STATUS**

Balances Reported as of: 6/30/2018  
 A. Principal Amount of Bonds Outstanding \$4,220,000.00  
 B. Bond Reserve Fund \$363,373.97  
 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: 7/1/2018  
 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 \$18,024,315.00

**IV. TAX COLLECTION INFORMATION**

A. Total Amount of Special Taxes Due Annually \$375,765.70  
 B. Total Amount of Unpaid Special Taxes Annually \$574.00  
 C. Does this agency participate in the County's Teeter Plan? Y

**V. DELINQUENT REPORTING INFORMATION**

Delinquent Parcel Information Reported as of Equalized Tax Roll of: 10/22/2018  
 A. Total Number of Delinquent Parcels: 1  
 B. Total Amount of Taxes Due on Delinquent Parcels: \$574.00  
 (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
	85	\$0.00

STATE OF CALIFORNIA

MELLO-ROOS COMMUNITY FACILITIES DISTRICT (CFD)
YEARLY FISCAL STATUS REPORT

For Office Use Only
Fiscal Year \_\_\_\_\_

Submitted:
Friday, October 26, 2018
12:26:41PM
CDIAC #: 2006-1344

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

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 Vice President
Firm/ Agency Goodwin Consulting Group Inc
Address 333 UNIVERSITY AVE Suite 160
City/ State/ Zip SACRAMENTO, CA 95825
Phone Number (916) 561-0890 Date of Report 10/26/2018
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 I.6.**

Meeting Date: 2/4/2019

*Report Prepared by: Joel Svendsen, P.E., Associate Engineer, Engineering Division*

**SUBJECT:** Award of Bid and Approval of Agreement with Rolfe Construction Company in the Amount of \$351,922 for City Project No. 118027 - CDBG Rivera Bike Path-G Street Ramps; and Approval of Amended Interdepartmental Cooperative Agreement Between the City of Merced Engineering Division and Housing Division

**REPORT IN BRIEF**

Considers awarding a bid and approving an agreement in the amount of \$351,922 with Rolfe Construction Company for the Community Development Block Grant (CDBG) Rivera Bike Path-G Street Ramps; and approve amended Interdepartmental Cooperative Agreement between the City of Merced Engineering and Housing Divisions.

**RECOMMENDATION**

**City Council** - Adopt a motion:

- A. Awarding a bid and approving an agreement with Rolfe Construction Company in the amount of \$351,922 for the Community Development Block Grant (CDBG) Rivera Bike Path-G Street Ramps, Project No. 118027; and,
- B. Authorizing the City Manager or the Assistant City Manager to execute the necessary documents, to approve change orders not to exceed \$35,192.20 (10% of the project cost); and,
- C. Approving an amended Interdepartmental Cooperative Agreement listing grant award from \$284,633 to \$315,417 between the City of Merced Engineering and Housing Divisions; and,
- D. Authorizing the Finance Officer to make the necessary budget adjustments.

**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, Article XI, Section 1109 - Contracts on Public Works, and Merced Municipal Code Chapter 3.04, Article IV - Public Works Contracts.

## CITY COUNCIL PRIORITIES

As provided for in the 2018-19 Adopted Budget.

### DISCUSSION

The work to be done consists, in general, of installing ADA curb ramps on Buena Vista Drive and connecting the bike path along the east edge of the school down south to the Rascal Bike Path. The proposed work will include, but not be limited to: sidewalk modifications and two safe crossing bulb-outs with ADA accessible curb ramps at the intersection of Buena Vista Drive and the pedestrian/bike path to the east of Rivera Middle School. A raised median with additional safety signage will also be installed. Also, provide ADA curb ramps to connect sidewalks along G Street at the intersections of 9th, 11th, 12th, and 13th Streets. A total of 14 curb ramps to be installed.

Staff prepared plans and specifications, and the project was advertised for bids in October 2018. Bids were opened on November 15, 2018, with the following results:

1. Rolfe Construction Company (Atwater, CA)	\$ 351,922.00
2. Avison Construction (Madera, CA)	\$ 355,156.00
3. George Reed, Inc. (Modesto, CA)	\$ 362,048.00
4. California Highway Construction (Concord, CA)	\$ 362,625.00
5. Taylor Backhoe (Merced, CA)	\$ 362,922.69

The following is the proposed budget for the project:

Construction	\$ 351,922.00
Contingency	\$ 35,192.20
Engineering, Testing & Inspection	\$ 17,596.10
Housing Monitoring & Mgmt Fee	\$ 31,541.70
<b>Total:</b>	<b>\$ 436,252.00</b>

Housing Staff was successful in requesting additional CDBG funding to cover the proposed project budget by another \$30,784. The Interdepartmental Cooperative Agreement originally listed the grant award for \$284,633. The agreement was amended to include the increase in grant award, totaling \$315,417.

### History and Past Actions

On September 22, 2017, the City of Merced Housing Division received funds in the amount of \$284,633 from the United States Government under Title I of the Housing and Community Development Act of 1974, as amended (HCD Act), Public Law 93-383 (B-17-MC-06-0044) under the Community Development Block Grant (CDBG) and administered by the U.S. Department of Housing and Urban Development (HUD) (14.218-Entitlement Grant).

On December 4, 2017, the City of Merced Engineering and Housing Divisions entered into an

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Interdepartmental Cooperative Agreement in the amount of \$284,633 to achieve the CDBG national objective of improving a low-and moderate-income area, to coordinate project tasks, and to utilize the CDBG funds towards improvements to various sidewalk and ADA ramps near Rivera Elementary/Middle School and on G Street - between Childs Avenue and 13<sup>th</sup> Street.

In November 2018, after bid opening, the lowest and responsive bidder was selected. Engineering Staff determined that more funding to cover the proposed construction budget was necessary. Housing Staff was successful in requesting more funding from the United States Department of Housing and Urban Development (HUD) by an additional \$30,784. The Interdepartmental Cooperative Agreement was amended to include the additional amount, tallying the grant award to \$315,417.

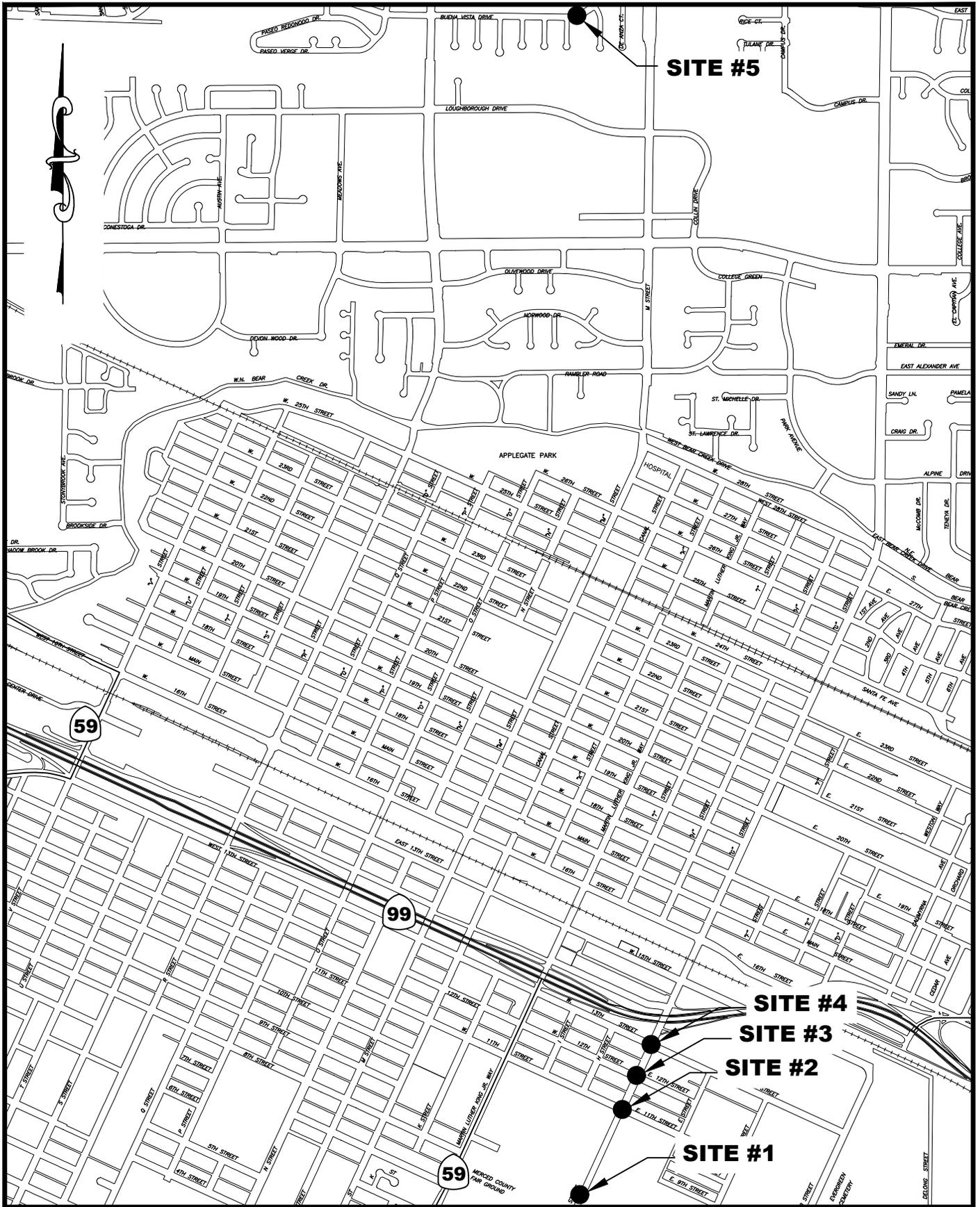
### **IMPACT ON CITY RESOURCES**

This project was established as a Capital Improvement Project funded by Community Development Block Grant (CDBG) Funds and Measure V Funds. There is sufficient funding to complete the project once the amended Interdepartmental Cooperative Agreement is approved.

### **ATTACHMENTS**

1. Location Map
2. Bid Results
3. Construction Contract
4. Amended Interdepartmental Cooperative Agreement

I:\1 Current Projects\118027 - CDBG Rivera Bike Path - G Street Ramps\Dwg\0975.dwg



**City of Merced**  
 "Gateway to Yosemite"  
**DEVELOPMENT SERVICES**  
 ENGINEERING PROJECTS AND STANDARDS  
 678 W. 18th Street (209) 385-6846

**PROJECT NO. 118027**  
**CDBG RIVERA BIKE PATH & G STREET RAMP LOCATIONS**

DR. BY: JDS
DATE: 5/9/08
CH. BY: SS
DATE: 5/9/08
File No. 0975
SCALE: 1"=1,500'

CITY OF MERCED  
PROJECT NO. 118027  
CDBG RIVERA BIKE PATH, G STREET RAMPS

Bid Opening 11/15/2018

NO.	ITEM	UNIT OF MEASURE	ESTIMATED QUANTITY	ROLFE CONSTRUCTION CO ATWATER, CA		AVISON CONSTRUCTION MADERA, CA		GEORGE REED, INC. MODESTO, CA		CA HWY CONSTRUCTION CONCORD, CA		TAYLOR BACKHOE MERCED, CA	
				UNIT PRICE	ITEM TOTAL	UNIT PRICE	ITEM TOTAL	UNIT PRICE	ITEM TOTAL	UNIT PRICE	ITEM TOTAL	UNIT PRICE	ITEM TOTAL
1	Permits, Bonds, Licenses & Insurance	LS	1	\$ 12,100.00	\$ 12,100.00	\$ 15,000.00	\$ 15,000.00	\$ 7,500.00	\$ 7,500.00	\$ 25,064.25	\$ 25,064.25	\$ 10,614.00	\$ 10,614.00
2	Public Convenience & Safety	LS	1	\$ 6,292.00	\$ 6,292.00	\$ 7,000.00	\$ 7,000.00	\$ 38,500.00	\$ 38,500.00	\$ 5,645.00	\$ 5,645.00	\$ 3,094.88	\$ 3,094.88
3	Lead Based Paint Testing & Removal	LS	1	\$ 1,950.00	\$ 1,950.00	\$ 2,200.00	\$ 2,200.00	\$ 2,200.00	\$ 2,200.00	\$ 2,200.00	\$ 2,200.00	\$ 2,552.00	\$ 2,552.00
4	WPCP	LS	1	\$ 4,628.00	\$ 4,628.00	\$ 1,000.00	\$ 1,000.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 3,712.00	\$ 3,712.00
5	Surveying Services	LS	1	\$ 10,166.00	\$ 10,166.00	\$ 8,000.00	\$ 8,000.00	\$ 3,700.00	\$ 3,700.00	\$ 7,820.00	\$ 7,820.00	\$ 9,071.20	\$ 9,071.20
6	Clearing & Grubbing	LS	1	\$ 6,942.00	\$ 6,942.00	\$ 5,000.00	\$ 5,000.00	\$ 26,000.00	\$ 26,000.00	\$ 6,000.00	\$ 6,000.00	\$ 11,757.76	\$ 11,757.76
7	Remove Sidewalk	SF	3,630	\$ 3.00	\$ 10,890.00	\$ 4.00	\$ 14,520.00	\$ 5.00	\$ 18,150.00	\$ 5.00	\$ 18,150.00	\$ 2.81	\$ 10,200.30
8	Remove Driveway	SF	130	\$ 21.20	\$ 2,756.00	\$ 5.00	\$ 650.00	\$ 6.00	\$ 780.00	\$ 5.50	\$ 715.00	\$ 9.28	\$ 1,206.40
9	Remove AC Pavement	SF	4,169	\$ 3.00	\$ 12,507.00	\$ 3.00	\$ 12,507.00	\$ 4.00	\$ 16,676.00	\$ 4.25	\$ 17,718.25	\$ 2.28	\$ 9,505.32
10	Remove Curb & Gutter	LF	456	\$ 18.00	\$ 8,208.00	\$ 4.00	\$ 1,824.00	\$ 8.00	\$ 3,648.00	\$ 20.00	\$ 9,120.00	\$ 27.47	\$ 12,526.32
11	HMA Type A	TON	110	\$ 323.50	\$ 35,585.00	\$ 250.00	\$ 27,500.00	\$ 300.00	\$ 33,000.00	\$ 325.00	\$ 35,750.00	\$ 429.20	\$ 47,212.00
12	Aggregate Base	CY	55	\$ 384.00	\$ 21,120.00	\$ 200.00	\$ 11,000.00	\$ 100.00	\$ 5,500.00	\$ 225.00	\$ 12,375.00	\$ 311.11	\$ 17,111.05
13	4" Thick PCC Sidewalk	SF	1,769	\$ 17.00	\$ 30,073.00	\$ 13.00	\$ 22,997.00	\$ 18.00	\$ 31,842.00	\$ 14.50	\$ 25,650.50	\$ 9.74	\$ 17,230.06
14	ADA Curb Ramp	SF	1,586	\$ 24.50	\$ 38,857.00	\$ 42.00	\$ 66,612.00	\$ 21.00	\$ 33,306.00	\$ 35.00	\$ 55,510.00	\$ 37.07	\$ 58,793.02
15	Type A 1-6 Curb	LF	228	\$ 72.00	\$ 16,416.00	\$ 44.00	\$ 10,032.00	\$ 45.00	\$ 10,260.00	\$ 50.00	\$ 11,400.00	\$ 26.68	\$ 6,083.04
16	Curb & Gutter	LF	497	\$ 41.00	\$ 20,377.00	\$ 62.00	\$ 30,814.00	\$ 75.00	\$ 37,275.00	\$ 60.00	\$ 29,820.00	\$ 61.66	\$ 30,645.02
17	Driveway	SF	130	\$ 42.00	\$ 5,460.00	\$ 38.00	\$ 4,940.00	\$ 20.00	\$ 2,600.00	\$ 27.00	\$ 3,510.00	\$ 11.60	\$ 1,508.00
18	4" Thick Stamped PCC at Bulb-Out	SF	340	\$ 21.25	\$ 7,225.00	\$ 40.00	\$ 13,600.00	\$ 16.00	\$ 5,440.00	\$ 40.00	\$ 13,600.00	\$ 14.69	\$ 4,994.60
19	Rapid Flashing Beacon	EA	2	\$ 6,300.00	\$ 12,600.00	\$ 10,000.00	\$ 20,000.00	\$ 10,000.00	\$ 20,000.00	\$ 18,500.00	\$ 37,000.00	\$ 8,880.96	\$ 17,761.92
20	Concrete Trench Drain w/Cover	LF	36	\$ 706.50	\$ 25,434.00	\$ 325.00	\$ 11,700.00	\$ 300.00	\$ 10,800.00	\$ 325.00	\$ 11,700.00	\$ 800.00	\$ 28,800.00
21	PCC Ped Crossing w/Brick Pavers	SF	336	\$ 53.25	\$ 17,892.00	\$ 135.00	\$ 45,360.00	\$ 100.00	\$ 33,600.00	\$ 40.00	\$ 13,440.00	\$ 112.54	\$ 37,813.44
22	Remove Existing Striping	LS	1	\$ 5,850.00	\$ 5,850.00	\$ 8,000.00	\$ 8,000.00	\$ 7,761.00	\$ 7,761.00	\$ 7,761.00	\$ 7,761.00	\$ 9,002.76	\$ 9,002.76
23	Signing & Striping	LS	1	\$ 13,104.00	\$ 13,104.00	\$ 5,000.00	\$ 5,000.00	\$ 4,510.00	\$ 4,510.00	\$ 4,510.00	\$ 4,510.00	\$ 5,231.60	\$ 5,231.60
24	Adjust Utility Box to Grade	EA	3	\$ 1,000.00	\$ 3,000.00	\$ 800.00	\$ 2,400.00	\$ 500.00	\$ 1,500.00	\$ 222.00	\$ 666.00	\$ 232.00	\$ 696.00
25	Restoration	LS	1	\$ 22,490.00	\$ 22,490.00	\$ 7,500.00	\$ 7,500.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,800.00	\$ 5,800.00
<b>CONSTRUCTION COST:</b>				<b>\$ 351,922.00</b>		<b>\$ 355,156.00</b>		<b>\$ 362,048.00</b>		<b>\$ 362,625.00</b>		<b>\$ 362,922.69</b>	

Adjusted per unit price

## 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 Rolfe Construction, Co., 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. **CONTRACT DOCUMENTS.** The complete contract consists of the following documents, to wit:
  - (1) This General Construction Contract;
  - (2) Faithful Performance Bond;
  - (3) Laborers and Materialmens Bond;
  - (4) Guaranty;
  - (5) Special Provisions for **PROJECT NO.118027**;
  - (6) Amendments to the Standard Specifications;
  - (7) Project Plans;
  - (8) Standard Specifications;
  - (9) City Standards;
  - (10) Proposal;
  - (11) Instructions to Bidders;
  - (12) Notice Inviting Bids;
  - (13) Bidder's Bond;
  - (14) Notice of Determination of Prevailing Wages;
  - (15) List of Subcontractors and Material Dealers; and
  - (16) Safety Provisions.

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's, 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 in the manner designated in, and in strict conformity with, the Plans and Specifications for **PROJECT NO. 118027**, which said Plans and Specifications are entitled, "**CDBG Rivera Bike Path-G Street Ramps**," for construction in Merced County in Merced, and which were included in the award of bid made by the City Council of the City of Merced on \_\_\_\_\_, 2019.

It is understood and agreed that said tools, equipment, apparatus, facilities, labor, transportation and material, except materials to be supplied by the City as designated in the Contract Documents, shall be furnished and said work performed and completed as required in said Plans and Specifications 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:

NO.	ITEM	UNIT OF MEASURE	ESTIMATED QUANTITY	UNIT PRICE	ITEM TOTAL
1	Permits, Bonds, Licenses & Insurance	LS	1	\$ 12,100.00	\$ 12,100.00
2	Public Convenience & Safety	LS	1	\$ 6,292.00	\$ 6,292.00
3	Lead Based Paint Testing & Removal	LS	1	\$ 1,950.00	\$ 1,950.00
4	WPCP	LS	1	\$ 4,628.00	\$ 4,628.00
5	Surveying Services	LS	1	\$ 10,166.00	\$ 10,166.00
6	Clearing & Grubbing	LS	1	\$ 6,942.00	\$ 6,942.00
7	Remove Sidewalk	SF	3,630	\$ 3.00	\$ 10,890.00
8	Remove Driveway	SF	130	\$ 21.20	\$ 2,756.00
9	Remove AC Pavement	SF	4,169	\$ 3.00	\$ 12,507.00
10	Remove Curb & Gutter	LF	456	\$ 18.00	\$ 8,208.00
11	HMA Type A	TON	110	\$ 323.50	\$ 35,585.00
12	Aggregate Base	CY	55	\$ 384.00	\$ 21,120.00
13	4" Thick PCC Sidewalk	SF	1,769	\$ 17.00	\$ 30,073.00
14	ADA Curb Ramp	SF	1,586	\$ 24.50	\$ 38,857.00
15	Type A 1-6 Curb	LF	228	\$ 72.00	\$ 16,416.00
16	Curb & Gutter	LF	497	\$ 41.00	\$ 20,377.00
17	Driveway	SF	130	\$ 42.00	\$ 5,460.00
18	4" Thick Stamped PCC at Bulb-Out	SF	340	\$ 21.25	\$ 7,225.00
19	Rapid Flashing Beacon	EA	2	\$ 6,300.00	\$ 12,600.00
20	Concrete Trench Drain w/Cover	LF	36	\$ 706.50	\$ 25,434.00
21	PCC Ped Crossing w/Brick Pavers	SF	336	\$ 53.25	\$ 17,892.00
22	Remove Existing Striping	LS	1	\$ 5,850.00	\$ 5,850.00
23	Signing & Striping	LS	1	\$ 13,104.00	\$ 13,104.00
24	Adjust Utility Box to Grade	EA	3	\$ 1,000.00	\$ 3,000.00
25	Restoration	LS	1	\$ 22,490.00	\$ 22,490.00

**TOTAL BID ITEMS 1 THROUGH 25: \$351,922.00**

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 therefor.

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 City Engineer 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 **3573 Southern Pacific Avenue, Atwater, CA 95301**, 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 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. ***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.***

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 shall be from a California admitted insurance company.

The cost of this insurance shall be included in the Contractor's bid.

CANCELLATION CLAUSE

NOTE: The standard form used by insurance carriers will not be acceptable unless the word “endeavor” is crossed out where the paragraph states, “The issuing company will (endeavor to) mail . . .” A portion of the last paragraph should be crossed out, which states, “but failure to mail such notice shall impose no obligation or liability of any kind upon the company.”

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 payment to the Contractor in accordance with Section 9-3.2 of the Standard 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 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. CALIFORNIA LABOR CODE. The Contractor is aware of, and hereby agrees to comply with Sections 1770, 1773, 1776, and 1777.5 of the California Labor Code.

13. SUBSTITUTION OF SECURITIES FOR WITHHELD AMOUNTS. Pursuant to Section 22,300 of the Public Contracts Code of the State of California, securities may be substituted for any moneys withheld by a public agency to ensure performance under a contract. At the request and expense of the Contractor, securities equivalent to the amount withheld shall be deposited with the public agency, or with a State or Federally-chartered bank as the escrow agent, who shall pay such moneys to the Contractor upon satisfactory completion of the Contract.

Securities eligible for substitution under this section shall include those listed in Section 16430 of the Government Code of the State of California, or bank or savings and loan certificate of deposit.

The Contractor shall be the beneficial owner of any securities substituted for moneys withheld and shall receive any interest thereon.

Any escrow agreement entered into pursuant to this section shall contain, as a minimum, the following provisions:

- (a) The amount of securities to be deposited;
- (b) The terms and conditions of conversion to cash in case of the default of the Contractor; and
- (c) The termination of the escrow upon completion of the Contract.

14. TRENCHES AND EXCAVATIONS. Should the Contractor be required to dig trenches or other excavations that extend deeper than four (4) feet below the surface, then the following clauses shall apply:

- (a) The Contractor shall promptly, and before the following conditions are disturbed, notify the City in writing of any:
  - (1) Material that the Contractor believes may be material that is hazardous waste, as defined in Section 25117 of the Health and Safety Code, that is required to be removed to a Class I, Class II, or Class III disposal site in accordance with provisions of existing law;
  - (2) Subsurface or latent physical conditions at the site differing from those indicated;
  - (3) Unknown physical conditions at the site of any unusual nature different materially from those ordinarily encountered, and generally recognized as inherent in work of the character provided for in the contract.
- (b) The City shall promptly investigate the conditions, and if it finds that the conditions do materially so differ or do involve hazardous waste and cause a decrease or increase in the Contractor's cost of, or the time required for, performance of any part of the work, shall issue a change order under the procedures described in this contract.
- (c) In the event that a dispute arises between the City and the Contractor whether the conditions materially differ or involve hazardous waste, or cause a decrease or increase in the Contractor's cost of or time required for performance of any part of the work, the Contractor shall not be excused from any scheduled completion date provided for by the contract, but shall proceed with all work to be performed under the contract. The Contractor shall retain any and all rights provided either by contract or by law which pertain to the resolution of disputes and protests between the contracting parties.

15. CLAIMS. This clause applies to all Contractor claims of three hundred seventy-five thousand dollars (\$375,000), or less, which arise out of this contract.

- (a) "Claim" means a separate demand by the Contractor for (1) a time extension, (2) payment of money or damages arising from work done by, or on behalf of, the Contractor pursuant to this contract, and payment of which is not otherwise expressly provided for or the Contractor not otherwise entitled to, or (3) an amount the payment of which is disputed by the City.
- (b) The claim shall be in writing and include the documents necessary to substantiate the claim. Claims must be filed on or before the date of final payment. Nothing herein shall extend the time limit or supersede notice requirements otherwise provided by contract for the filing of claims.

- (c) For claims of less than fifty thousand dollars (\$50,000), the City shall respond in writing to any written claim within forty-five (45) days of receipt of the claim or may request, in writing within thirty (30) days of receipt of the claim, any additional documentation supporting the claim or relating to defenses or claims the City may have against the Contractor.
  - (1) If additional information is thereafter required, it shall be requested and provided upon mutual agreement of the City and the Contractor.
  - (2) The City's written response to the claim as further documented shall be submitted to the Contractor within fifteen (15) days after receipt of the further documentation, or within a period of time no greater than that taken by the Contractor in producing the additional information, whichever is greater.
- (d) For claims of over fifty thousand dollars (\$50,000) and less than, or equal to, three hundred seventy-five thousand dollars (\$375,000), the City shall respond in writing to all written claims within sixty (60) days of receipt of the claim or may request, in writing within thirty (30) days of receipt of the claim, any additional documentation supporting the claim, or relating to defenses or claims the City may have against the Contractor.
  - (1) If additional information is thereafter required, it shall be requested and provided upon mutual agreement of the City and the Contractor.
  - (2) The City's written response to the claim as further documented shall be submitted to the Contractor within thirty (30) days after receipt of the further documentation, or within a period of time no greater than that taken by the Contractor in producing the additional information or requested documentation, whichever is greater
- (e) If the Contractor disputes the City's written response, or the City fails to respond within the time prescribed, the Contractor may so notify the City, in writing, either within fifteen (15) days of receipt of the City's response, or within fifteen (15) days of the City's failure to respond within the time prescribed, respectively, and demand an informal conference to meet and confer for settlement of the issues in dispute. Upon a demand, the City shall schedule a meet and confer conference within thirty (30) days for settlement of the dispute.
- (f) If, following the meet and confer conference, the claim or any portion remains in dispute, the Contractor may file a claim pursuant to Chapter 1 (commencing with Section 900) and Chapter 2 (commencing with Section 910) of Part 3 of Division 3.6 of Title I of the Government Code. For purposes of those provisions, the running of the period of time within which a claim must be filed shall be tolled from the time the Contractor submits its written claim pursuant to Subdivision (b) until the time the claim is denied, including any period of time utilized by the meet and confer conference.
- (g) The following procedures shall be followed for all civil actions filed to resolve claims subject to this clause:
  - (1) Within sixty (60) days, but no earlier than thirty (30) days following the filing or responsive pleadings, the court shall submit the matter to nonbinding mediation unless waived by mutual stipulation of both parties. The mediation process shall provide for the selection within fifteen (15) days by both parties of a disinterested third person as mediator, shall be commenced within thirty (30) days of the submittal, and shall be concluded within fifteen (15) days from the

commencement of the mediation unless a time requirement is extended upon a good cause showing to the court.

- (2) If the matter remains in dispute, the case shall be submitted to judicial arbitration pursuant to Chapter 2.5 (commencing with Section 1141.10) of Title 3 of Part 3 of the Code of Civil Procedure, notwithstanding Section 1141.11 of that code. The Civil Discovery Act of 1986 (Article 3 commencing with Section 2016) of Chapter 3 of Title 3 of Part 4 of the Code of Civil Procedure shall apply to any proceeding brought under this subdivision consistent with the rules pertaining to judicial arbitration.
  - (3) In addition to Chapter 2.5 (commencing with Section 1141.10) of Title 3 of Part 3 of the Code of Civil Procedure, (A) arbitrators shall, when possible, be experienced in construction law, and (B) any party appealing an arbitration award who does not obtain a more favorable judgment shall, in addition to payment of costs and fees under that chapter, also pay the attorney's fees on appeal of the other party.
- (h) The City shall not fail to pay money as to any portion of a claim which is undisputed, except as otherwise provided in this contract.
- (i) In any suit filed under Section 20104.4, the City shall pay interest at the legal rate on any arbitration award or judgment. The interest shall begin to accrue on the date the suit is filed in a court of law.

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 hereinabove 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:

Rolfe Construction, Co.  
(Herein called Contractor)

By: \_\_\_\_\_  
City Attorney

By: \_\_\_\_\_  
Contractor

ACCOUNT DATA:

LICENSE NO. \_\_\_\_\_

**PROJECT NUMBER 118027**

TAXPAYER I.D. NO: \_\_\_\_\_

VENDOR NUMBER: \_\_\_\_\_

Project Account Numbers:

ADDRESS:

**450-1104-637.65-00-118027-66.36%**  
Amount: \$233,535.44

3573 Southern Pacific Avenue

**075-1145-637.65-00-118027-33.64%**  
Amount: \$118,386.56

Atwater, CA 95301

PHONE: (209) 358-5548

Total Contract Amount: **\$351,922.00**

FAX: (209) 357-2916

By: \_\_\_\_\_  
Finance Officer Verification

EMAIL: mail@rolfeconstruction.biz

**GUARANTY**

To the City of Merced, California:

**PROJECT NO. 118027**

The undersigned guarantees the construction and installation of the work included in this project as described in the Contract Documents.

Should any of the materials or equipment prove defective or should the work as a whole prove defective, due to faulty workmanship, material furnished or methods of installation, or should the work or any part thereof fail to operate properly as originally intended and in accordance with the plans and specifications, due to any of the above causes, within one year after date on which the "Notice of Completion" is recorded by the City, the undersigned agrees to reimburse the City, upon demand, for its expenses incurred in restoring said work to that contemplated in said project, including the cost of any such equipment or materials replaced and the cost of removing and replacing any other work necessary to make such replacement or repairs, or, upon demand by the City, to replace any such material and to repair said work completely without cost to the City so that said work will function as contemplated.

The City shall have the unqualified option to make any needed replacements or repairs itself or to have such replacements or repairs done by the undersigned. In the event the City elects to have said work performed by the undersigned, the undersigned agrees that the repairs shall be made and such materials as are necessary shall be furnished and installed within a reasonable time after the receipt of demand from the City. If the undersigned shall fail or refuse to comply with his obligations under this guaranty, the City shall be entitled to all costs and expenses, including attorney's fees, reasonably incurred by reason of said failure or refusal.

By: \_\_\_\_\_  
Contractor

Date: \_\_\_\_\_

**FAITHFUL PERFORMANCE BOND**  
(Contract)

WHEREAS, the City of Merced, State of California, and \_\_\_\_\_, the Contractor, have entered into a contract to perform certain work as set forth in the contract for **PROJECT NO. 118027**; and,

WHEREAS, \_\_\_\_\_, hereinafter designated as Principal, has agreed to install and complete said work.

NOW, THEREFORE, we the Principal and \_\_\_\_\_, as Surety, are held and firmly bound unto the City of Merced, hereinafter called "City" in the penal sum of \$ 351,922.00, lawful money of the United States, for payment of which sum well and truly to be made, we bind ourselves, our heirs, successors, executors and administrators, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the above bounded Principal, his or its heirs, executors, administrators, successors or assigns shall in all things stand to and abide by and well and truly keep and perform the covenants, conditions and provisions of said improvement requirements, and any lawful modification thereof, on their part, and such work is performed at the time and in the manner specified by the City, and shall indemnify and save harmless the City, its officers, agents and employees as therein stipulated, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect. As a part of the obligation secured hereby and in addition to the face amount specified therefor, there shall be included costs and reasonable expenses and fees, including reasonable attorneys' fees incurred by the City in successfully enforcing such obligation, all to be taxed as costs and included in any judgment rendered. The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the agreement or to the work to be performed, or to the specifications accompanying such work shall in any way affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the work or to the specifications.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named on \_\_\_\_\_, 2019.

By: \_\_\_\_\_  
PRINCIPAL

By: \_\_\_\_\_  
SURETY

**LABORERS AND MATERIALMENS BOND**  
(Contract)

WHEREAS, the City of Merced, State of California, and \_\_\_\_\_, the Contractor, have entered into a contract to perform certain work as set forth in the contract for **PROJECT NO. 118027**; and

WHEREAS, \_\_\_\_\_, hereinafter designated as Principal, has agreed to install and complete said work; and,

WHEREAS, said Principal is required under the terms of the Contract Specifications to furnish a bond to secure the claims to which reference is made in Title 15 commencing with Section 3082 of Part 4 of Division 3 of the Civil Code of the State of California. Now, said Principal and the undersigned as Surety are held and firmly bound unto the City of Merced, hereinafter called the City, and all contractors, subcontractors, laborers, materialsmen and other persons employed in the performance of the work and referred to in the aforesaid Code of Civil Procedure in the sum of \$ 351,922.00, lawful money of the United States, for materials furnished or labor thereon of any kind or for amounts due under the Unemployment Insurance Act with respect to such work or labor, that Surety will pay the same in an amount not exceeding the amount hereinabove set forth and also in case suit is brought upon this bond, will pay in addition to the face amount thereof costs and reasonable expenses and fees, including reasonable attorneys' fees incurred by the City in successfully enforcing such obligation, to be awarded and fixed by the court and to be taxed as costs and to be included in the judgment therein rendered.

It is hereby expressly stipulated and agreed that this bond shall inure to the benefit of any and all persons, companies and corporations entitled to file claims under Title 15 commencing with Section 3082 of Part 4 of Division 3 of the Civil Code so as to give a right of action to them or their assigns in any suit brought upon this bond.

Should the condition of this bond be fully performed, then this obligation shall become null and void. Otherwise, it shall be and remain in full force and effect. The Surety hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of said conditions or work shall in any manner affect its obligation on this bond, and it does hereby waive notice of any such change, extension, alteration or addition.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named on \_\_\_\_\_, 2019.

By: \_\_\_\_\_  
PRINCIPAL

By: \_\_\_\_\_  
SURETY



**CITY OF MERCED  
INTERDEPARTMENTAL COOPERATIVE AGREEMENT**

This Interdepartmental Cooperative Agreement (“Agreement”) between the City of Merced Engineering Department and the City of Merced Housing Division is entered into this \_\_\_\_ day of \_\_\_\_\_, 2019.

WHEREAS, The Grantee has applied for and received funds from the United States Government under Title I of the Housing and Community Development Act of 1974, as amended (HCD Act), Public Law 93-383 (B-17-MC-06-0044 and B-18-MC-06-0044) under the Community Development Block Grant (“CDBG”) and administered by the U.S. Department of Housing and Urban Development (“HUD”) (14.218-Entitlement Grant) with a Federal Award Date of September 22, 2017 and August 9, 2018; and

WHEREAS, The Grantee (City of Merced – Taxpayer ID Number: 94-6000371) wishes to engage one or more departments to assist the Grantee in utilizing such funds.

NOW, THEREFORE, 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, the parties hereto agree as follows:

1. **Scope of Services.** The Engineering Department will be responsible for administering City funds, Years 2017-2018 and 2018/2019 grants in a manner satisfactory to and consistent with any standards required as a condition of providing these funds. The Engineering Department will make improvements to various sidewalk and ADA ramps near Rivera School, located on Buena Vista Drive and G Street between Childs Avenue and 13th Street, in Merced, California, as defined in the application for the project.
2. **Time of Performance.** The project shall start on July 1, 2017 and shall be completed no later than June 30, 2020.
3. **Budget and Use of Funds.** The total amount to be paid by City funds under this Agreement shall not exceed \$315,417 (FY 2017/2018 - \$284,633 and FY 2018/2019 \$30,784). Payment will be made only for the direct costs for and other necessary costs related to the project. Administrative time will not be eligible for reimbursement.
4. **Goals.** This project will meet a CDBG national objective by providing a benefit primarily to a low- and moderate-income area, specifically Census Tracts 10.02 and 16.01.
5. **Grant Compliance.** The Engineering Department agrees to comply with the City Municipal Code and applicable building codes. The Engineering Department also agrees to comply with all other applicable federal, state, and local laws, regulations, and policies governing the funds provided under this Agreement.
6. **Procurement.** The Engineering Department will assist the developer with procuring the construction contract(s) and any services in a manner consistent with the federal requirements at 24 CFR 85.36. This will include assisting the developer with the following steps:

- a. *Bidding.* Obtain the current labor standards package, including federal wage determination, from Engineering Department staff for inclusion in the bid package. Release and advertise an Invitation for Bid or equivalent to solicit sealed bids. Update the federal wage determination 10 days prior to opening.
  - b. *Contractor selection.* After bids have been opened, provide a complete list of bidders to the Engineering Department. Include a copy of the submission from the lowest responsive and responsible bidder. The Engineering Department will check the contractor's and subcontractors' license and federal debarment status and inform the Housing Division of the contractor's eligibility to enter into a contract with the City.
  - c. *Contracting.* Provide the Housing Division with a copy of the executed contract.
7. **Construction Management.** The Engineering Department will provide the following information throughout the course of the project:
- a. Date, time, and location of pre-construction conference. This should be organized so that a representative of the Housing Division is able to attend.
  - b. 10-day labor standards compliance documents.
  - c. A schedule of work to take place sufficient so that the Housing Division is able to determine when required employee interviews should be conducted, and updated schedules as needed.
  - d. Copies of any payrolls or other labor standards compliance documentation, if not submitted directly to the Housing Division.
  - e. Copies of all change orders.

Please note that if the labor standards compliance information is not complete and correct through the date of any payment request, that payment request may not be paid until proper information is submitted.

8. **Payment Requests.** The Engineering Department shall submit all payment requests for the project to Housing Division staff for payment, with certification that the percentage of work completed is in line with the payment request. After Housing Division approval, payment will be made by the Finance Department. Payment requests for construction work should contain:
- a. Approving signature by an authorized representative of the Engineering Department or the City Engineer, indicating that all charges have been reviewed and found to be consistent with the contract and applicable rules for disbursement.

Payment requests for direct costs associated with implementing the project, such as printing or advertising costs, should be submitted to the Housing Division with an original copy of the invoice and applicable back-up documentation.

9. **Property Management.** The sidewalk improvements are considered a public facility improvement. The Engineering Department will comply with all applicable federal policies regarding real property and property improvements, including the following:

- a. Maintain the property in good condition.
- b. Keep adequate property records. All records must be retained for five years after final disposition of property.
- c. Ensure that the property is covered by the City's insurance in case of loss or damage.
- d. The property must be available for public use. In the event that the property is no longer open to the public, the Engineering Department will contact the Housing Division to determine if repayment of any City funds is required.

10. **Contacts.** The primary contact for the Development Services Department will be the Director of Development Services or designee, the Engineering Department will be the City Engineer or designee, and the primary contact for the Housing Division will be the Housing Program Supervisor.

11. **Amendments and Change Orders.** Amendments to this Agreement or Change Orders to the project will only be made with mutual written agreement from participating parties.

City of Merced Housing Division:

By:   
Mark Hamilton  
Housing Program Supervisor

Date: 1/23/19

City of Merced Engineering Department:

By:   
Interim City Engineer

Date: 1/23/19

City of Development Services Department:

By:   
Scott McBride  
Director of Development Services

Date: 1/23/19

APPROVED AS TO FORM:

By:  1-18-19  
City Attorney      Date



**ADMINISTRATIVE REPORT**

**Agenda Item I.7.**

Meeting Date: 2/4/2019

*Report Prepared by: Jennifer Arellano, Recreation Supervisor, Parks and Recreation*

**SUBJECT: Acceptance and Appropriation of Grant Funding in the Amount of \$3,000 from FY 2019 Merced County First Five Mini Grant for the Applegate Park Zoo's Lights Before Christmas Event**

**REPORT IN BRIEF**

Considers accepting and appropriating grant funding in the amount of \$3,000 from Merced County First Five for the Applegate Park Zoo's Lights Before Christmas event.

**RECOMMENDATION**

**City Council** - Adopt a motion:

- A. Accepting grant funds from Merced County First Five and increasing revenue in account 024-1254-360-02-01 - Zoo Special Events (Contributions and Donations) in the amount of \$3,000; and,
- B. Appropriating \$2,425 to account 024-1205-542-29-00 - Community Service Zoo (Supplies and Services), and \$575 to account 024-1254-542-29-00 - Zoo Special Events (Supplies and Services); and,
- B. Authorizing the City Manager or Assistant 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. 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 2018-19 Adopted Budget

**DISCUSSION**

Merced County First 5 provides Proposition 10 funding through an application process to fund one-

time mini grants and encourage community participation and development of projects that address Merced County First 5's vision and mission. Their vision is that all children in Merced County will thrive in supportive, loving and nurturing environments, enter school healthy and ready to learn, and become productive, well-adjusted members of society. First 5 considers applications that provide services to their target population of children from birth to age 5 in two annual funding cycles. The General Mini Grants program provides funding up to a maximum of \$3,000 to help applicants accomplish their objective(s).

The Parks and Recreation Department applied for a general mini grant this past November and was awarded the full amount of \$3,000 for costs associated with the 4<sup>th</sup> Annual Lights Before Christmas event at Applegate Park Zoo. The event is an opportunity for children and families in the community to experience the Zoo decorated for Christmas and all lit up at night, transformed into a sparkling winter wonderland, while they observe the animals in their nocturnal habitats. The event was held on the evenings of December 14 and 15, 2018, from 5:30-8:00 pm, and offered fun activities for the kids, Christmas music, free hot cocoa and candy canes, one dollar popcorn, hot dogs and nachos, crafting, a snow play area, a craft vendor fair, animal viewing and petting, and pictures with Santa.

Local businesses and community groups that cater to the needs of young children and youth in the community were invited to decorate particular spaces along with Zoo staff. This was done in order to recognize the important services these groups provide, while also highlighting some of the resources available to children and their families in Merced. Each decorating group was asked to include a banner or sign in their area to indicate their participation in the event. In addition, every family that attended received a "goodie bag" that contained informational handouts about services available for youth, as well as some freebie items like arcade tokens. Additionally, children 5 and under were given free admission to the event, sponsored by First 5.

### **IMPACT ON CITY RESOURCES**

The funds of \$3,000 will be available within the Fiscal Year 2018-2019 budget to help with costs associated with the Applegate Park Zoo's Lights Before Christmas Event. To fund the event and track spending accurately before the grant could be received, in November 2018, \$2,425 was transferred from account 024-1205-542-29-00 - Community Services Zoo (Supplies and Services) to account 024-1254-542-29-00 - Zoo Special Events (Supplies and Services) to increase budget appropriation for the event. Therefore, the grant money is appropriated back to the same two accounts.

### **ATTACHMENTS**

1. First Five Contract

**AGREEMENT FOR RECEIPT OF MINI-GRANT FUNDS**

**FIRST 5 MERCED COUNTY  
CONTRACT NO. # 18-724**

**THIS AGREEMENT** is made and entered into this 4th day of December, 2018, by and between the County of Merced, a political subdivision of the State of California (hereinafter referred to as "COUNTY") on behalf of First 5 Merced County (hereinafter referred to as "COMMISSION"), and "*The City of Merced, Applegate Park Zoo, 678 W. 18<sup>th</sup> St., Merced CA, 95340*" (hereinafter referred to as "GRANTEE").

**WHEREAS**, COMMISSION desires to GRANT FUNDS to GRANTEE in that GRANTEE has successfully proposed strategies and/or services in furtherance of the COMMISSION'S STRATEGIC PLAN.

**WHEREAS**, GRANTEE has been deemed to be an appropriate recipient and is experienced and competent to perform such agreement in connection with "*Lights Before Christmas* "

**WHEREAS**, the parties desire to set forth herein the terms and conditions under which said agreement shall be furnished.

**NOW, THEREFORE**, in consideration of the mutual covenants and promises herein contained, the parties hereby agree as follows:

**1. SCOPE OF AGREEMENT**

GRANTEE shall utilize all such received Grant Funds (or items purchased for GRANTEE by COMMISSION with grant funds) to provide with "*Lights Before Christmas*" and related services in accordance with the terms and conditions stated herein, and any specifically referenced attachments hereto.

The following exhibits are specifically incorporated by reference, attached hereto, and made a part hereof, except when in conflict with this agreement or modified herein:

- Exhibit A – Scope of Work
- Exhibit B – Budget/Budget Narrative
- Exhibit C – Invoice Form
- Exhibit D– Program Evaluation Form

**2. TERM**

The term of this agreement shall commence on the 4<sup>th</sup> day of December, 2018, and end the 30<sup>th</sup> day of June, 2019, unless sooner terminated in accordance with Sections TERMINATION FOR CONVENIENCE and/or TERMINATION FOR CAUSE as specified elsewhere in this agreement.

**3. GRANT AMOUNT**

COMMISSION agrees to reimburse to RECIPIENT up to a Total Grant Fund amount of \$3,000.00, after submission of the appropriate INVOICE form with sufficient back-up documentation and final report, in exchange for GRANTEE'S agreement as provided herein and is more specifically set forth under Section 1, "SCOPE OF AGREEMENT". No other fees or expenses of any kind shall be paid to GRANTEE. This Grant may be subject to withholding for State of California income tax.

Any and/or all payments made under this Agreement shall be paid by check, payable to the order of the GRANTEE and be mailed or delivered to GRANTEE at:

The City of Merced, Applegate Park Zoo  
678 W. 18<sup>th</sup> St.,  
Merced CA, 95340  
Jennifer Messonnier / Recreation Supervisor

GRANTEE may request that COUNTY mail the check to GRANTEE to another address, if designated prior to the time of distribution of funds. Such request must be made in writing in accordance with the procedures as outlined under Section 5, "NOTICES".

**4. TERMS OF PAYMENT**

The Grant Fund amount shall be distributed as provided herein and as set forth under Section 3, "GRANT AMOUNT." Payment shall be made in the following manner:

Grantee shall submit one invoice for all incurred expenses under this grant. Upon receipt of Invoice form with sufficient back-up documentation and final report, as set forth under Section 1, "SCOPE OF AGREEMENT," COMMISSION shall, through the County Auditor-Controller, pay GRANTEE for actual project expenses in accordance with the categories and amounts established in the line item budget attached as Exhibit B budget.

Invoice for expenses incurred under this grant are to be submitted by July 15.

In no event shall the total payments exceed \$3,000.00 for the entirety of the contract term.

No other expenses shall be paid to GRANTEE without formal approval by the COMMISSION and amendment of this agreement.

CONTRACTOR may receive an advanced payment of funds provided for under the Compensation section of this Agreement when deemed to be in the interests of furthering the aims of the COMMISSION'S strategic plan and subsequent to COMMISSION'S approval.

**5. NOTICES**

All notices, requests, demands or other communications under this Agreement shall be in writing. Notice shall be sufficiently given for all purposes as follows:

- A. Personal Delivery. When personally delivered to the recipient, notice is effective upon delivery.
- B. First Class Mail. When mailed first class to the last address of the recipient known to the party giving notice, notice is effective three mail delivery days after deposit in a United States Postal Service office or mailbox.
- C. Certified Mail. When mailed by certified mail, return receipt requested, notice is effective upon receipt, if delivery is confirmed by a return receipt.
- D. Overnight Delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account, notice is effective on delivery, if delivery is confirmed by the delivery service.
- E. Facsimile Transmission. When sent by fax to the last fax number of the recipient known to the party giving notice, notice is effective upon receipt, provided that: a) a duplicate copy of the notice is promptly given by first class mail or certified mail or by overnight delivery, or b) the receiving party delivers a written confirmation of receipt. Any notice given by fax shall be deemed received on the next business day if received after 5:00 P.M. (recipient's time) or on a non-business day.

Information for notice to the parties to this agreement at the time of endorsement of this agreement is as follows:

<b>County of Merced c/o</b>	<b>Recipient</b>
First 5 Merced County	City of Merced
260 E. 15 <sup>th</sup> Street	678 W. 18 <sup>th</sup> St.,
Merced, CA 95341	Merced CA, 95340
Attn: Executive Director	Jennifer Messonnier / Recreation Supervisor

Any correctly addressed notice that is refused, unclaimed or undeliverable because of an act or omission of the party to be notified shall be deemed effective as of the first date that the notice was refused, unclaimed or deemed undeliverable by the postal authorities, messengers or overnight delivery service.

Any party may change its address or fax number by giving the other party notice of the change in any manner permitted by this agreement.

**6. NON-SUPPLANTATION**

GRANTEE shall abide by the intent of the California Children and Families Act of 1998, and Section 30131.4 of the Revenue and Taxation Code which states: "All

moneys raised pursuant to taxes imposed by Section 30131.2 shall be appropriated and expended only for the purposes expressed in the California Children and Families Act, and shall be used only to supplement existing levels of service and not to fund existing levels of service.”

GRANTEE warrants that no funds provided by COMMISSION shall be used to supplant existing funds from any source for any purpose.

## **7. SERVICES FOR CHILDREN AGE 0-5 YEARS AND THEIR FAMILIES**

GRANTEE shall abide by the intent of the California Children and Families Act of 1998, and Section 130100 of the Health and Safety Code, which states the program is created for the “purposes of promoting, supporting, and improving the early development of children from the prenatal stage to five years of age.” Funds provided under this agreement shall be used solely for the benefit of, and/or services to, children 0-5 and their families.

## **8. CONDITION SUBSEQUENT/NON-APPROPRIATION OF FUNDING**

The Grant Fund amount to be distributed to GRANTEE pursuant to this Agreement is based on COMMISSION'S continued receipt of local, state and/or federal funding for this purpose. In the event that funding is terminated, in whole or in part, for any reason, this Agreement and all obligations of the COMMISSION arising from this Agreement shall be immediately discharged. COMMISSION agrees to inform GRANTEE no later than ten (10) calendar days after receiving notification that funding will be terminated and the final date for which funding will be available.

## **9. MODIFICATION OF AGREEMENT**

Notwithstanding any of the provisions of this agreement, the parties hereafter, by mutual consent, may agree to modifications hereof or additions hereto, in writing, which are not forbidden by law and which are signed by both parties. For any proposed revisions, GRANTEE shall submit a revised Scope of Work, Budget and/or Budget Narrative, for review and action by COMMISSION and/or COMMISSION Executive Director, per COMMISSION'S contract revision processes. In the event of any proposed modifications to GRANTEE'S budget, a budget revision must be approved prior to the expenditure of any funds in excess of prior-approved amounts.

## **10. INSURANCE**

GRANTEE shall purchase and maintain the following type of insurance for minimum limits indicated during the term of this agreement and provide Certificates of Insurance evidencing such coverage to the COMMISSION Attn: Certificates of Insurance, 260 E. 15<sup>th</sup> Street, Merced, California 95341. Certificates of Insurance shall be submitted to the COMMISSION within the first 90 calendar days of the contract term.

Minimum General Commercial Liability insurance will be provided for the event, as follows: \$500,000 combined single limits per occurrence and \$1,000,000 annual aggregate covering bodily injury, personal injury and property damage.

Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage, or split limits of \$500,000 per person, \$1,000,000 per accident for bodily injury and \$250,000 per accident for property damage.

## **11. INDEMNIFICATION**

GRANTEE has the contracted duty (hereinafter "the duty") to indemnify, defend and hold harmless, COMMISSION, its governing board, officers, employees, agents and assigns from and against any and all claims, demands, liability, judgments, awards, interest, attorney's fees, costs, experts' fees and expenses of whatsoever kind or nature, at any time arising out of or in any way connected with the performance of this Agreement, whether in tort, contract or otherwise. This duty shall include, but not be limited to, claims for bodily injury, property damage, personal injury, and contractual damages or otherwise alleged to be caused to any person or entity including, but not limited to employees, agents and officers of GRANTEE.

GRANTEE'S liability for indemnity under this Agreement shall apply, regardless of fault, to any acts or omissions, willful misconduct or negligent conduct of any kind, on the part of the GRANTEE, its agents, subcontractors and employees. The duty shall extend to any allegation or claim of liability except in circumstances found by a jury or judge to be the sole and legal result of the willful misconduct of COMMISSION. This duty shall arise at the first claim or allegation of liability against COMMISSION. GRANTEE will on request and at its expense, defend any action suit or proceeding arising hereunder. This clause for indemnification shall be interpreted to the broadest extent permitted.

## **12. RECORDS AND INSPECTIONS**

GRANTEE shall maintain full and accurate records with respect to all matters covered under this agreement. To the extent permitted by law, the COUNTY and/or the COMMISSION shall have free access at all proper times or until the expiration of seven (7) years after the furnishing of services to such records, and the right to examine and audit the same and to make transcripts therefrom, and to inspect all data, documents, premises, procedures, and activities pertaining to this agreement.

## **13. WRITTEN NOTICE**

GRANTEE agrees to provide immediate written notice to the COMMISSION if significant changes or events occur during the term of the GRANT which could potentially impact the progress or outcome of the GRANT including, but not limited to, changes in the GRANTEE'S management personnel, loss of funding, revocation or suspension of the GRANT recipient's tax-exempt status (if applicable) or license(s).

## **14. TERMINATION FOR CONVENIENCE**

This Agreement, notwithstanding anything to the contrary herein above or hereinafter set forth, may be terminated by COMMISSION at any time without cause or legal

excuse by providing the other party with thirty (30) calendar days written notice of such termination.

Upon effective date of termination, COMMISSION shall have no further liability to GRANTEE except for payment for actual services incurred during the performance hereunder. Such liability is limited to the time specified in said notice and for services not previously reimbursed by COMMISSION. Such liability is further limited to the extent such costs are actual, necessary, reasonable, and verifiable costs and have been incurred by GRANTEE prior to, and in connection with, discontinuing the work hereunder .

**15. TERMINATION FOR CAUSE**

The COMMISSION may terminate this Agreement for and be relieved of making any payments to GRANTEE, and all duties to GRANTEE should the GRANTEE fail to perform any material duty or obligation of the Agreement. Notice shall be given as otherwise provided herein. In the event of such termination the COMMISSION may proceed with the work in any manner deemed proper by the COMMISSION. All costs to the COMMISSION shall be deducted from any sum otherwise due the GRANTEE and the balance, if any, shall be paid to the GRANTEE upon demand. Such remedy is in addition to such other remedies as may be available to the COMMISSION provided by law.

**16. PERSONAL SATISFACTION AS A CONDITION PRECEDENT**

The obligations of the COUNTY and/or the COMMISSION as provided in this Agreement are expressly conditioned upon GRANTEE'S compliance with the provisions of the contract to the personal satisfaction of the COMMISSION and the COMMISSION shall determine compliance in good faith and as a reasonable person would under the circumstances.

**17. COMPLETENESS OF AGREEMENT**

This Agreement and any additional or supplementary document or documents incorporated herein by specific reference contain all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of the agreement or any part thereof shall have any validity or bind any of the parties hereto.

**18. COMMISSION NOT OBLIGATED TO THIRD PARTIES**

Neither the COUNTY nor the COMMISSION shall be obligated or liable hereunder to any party other than GRANTEE.

**19. COMPLIANCE WITH STATE LAWS AND REGULATIONS**

The GRANTEE, the COUNTY and the COMMISSION agree to comply with all State laws and regulations that pertain to construction, health and safety, labor, fair employment practice, equal opportunity, lobbying, and all other matters applicable to

the GRANTEE, COUNTY and the COMMISSION, their sub-grantees, GRANTEES, or subcontractor and their work.

**20. COUNTY'S AND COMMISSION'S RIGHTS NOT WAIVED BY PAYMENTS**

In no event shall the making, by the COMMISSION, of any payment to GRANTEE constitute, or be construed as, a waiver by the COMMISSION or the County of any breach of covenant, or any default which may then exist, on the part of the GRANTEE, and the making of any such payment by the COMMISSION while any such breach or default shall not be construed as acceptance of substandard or careless work or as relieving GRANTEE from its full responsibility under the agreement.

No waiver by either party of any default, breach or condition precedent shall be valid unless made in writing and signed by the parties hereto. No oral waiver of any default, breach or condition precedent shall be binding on any of the parties hereto. Waiver by either party of any default, breach or condition precedent shall not be construed as a waiver of any other default, breach or condition precedent, or any other right hereunder.

**21. APPLICABLE LAW**

All parties agree that this agreement and all documents issued or executed pursuant hereto and the rights and obligations of the parties to this agreement are subject to and governed by the laws of the State of California in all respects as to interpretation, construction, operation, effect and performance.

Notwithstanding any other provisions of this agreement, any dispute concerning any question of fact or law arising under this agreement, which is not disposed of by agreement between the parties shall be decided by a Court of competent jurisdiction of the State of California.

**22. BREACH OF CONTRACT**

Upon breach of the agreement by GRANTEE, the COUNTY and the COMMISSION shall have all remedies, both in equity and/or at law, necessary to recover and satisfy GRANTEE'S obligation which it failed to provide as prescribed under the agreement.

**23. REMEDY FOR BREACH AND RIGHT TO CURE**

If GRANTEE fails to perform any agreement or obligation contained in this agreement, the COMMISSION may itself perform, or cause the performance of, such agreement and obligation. In that event, GRANTEE will on demand, fully reimburse the COMMISSION for all such expenditures. Alternatively, the COMMISSION at its option, may deduct from any funds owed to GRANTEE the amount necessary to cover any expenditures under this provision. This is in addition to any other remedies available to the COMMISSION by law or as otherwise stated in this agreement.

**24. CONFLICT OF INTEREST**

GRANTEE warrants and covenants that no official or employee of the COUNTY, or the COMMISSION nor any business entity in which an official of the COUNTY or the COMMISSION has an interest has been employed or retained to solicit or aid in the procuring of the agreement, nor that any such person will be employed in the performance of such agreement without immediate divulgence of such fact to the COMMISSION.

**25. CAPTIONS**

The captions of each paragraph in this agreement are inserted as a matter of convenience and reference only, and in no way define, limit, or describe the scope or intent of the agreement or in any way affect it.

**26. SEVERABILITY**

If a court or an arbitrator of competent jurisdiction holds any provision of this agreement to be illegal, unenforceable or invalid, in whole or in part, for any reason, the validity and enforceability of the remaining provisions, or portions of them, will not be affected.

**27. DUPLICATE COUNTERPARTS**

This agreement is executed in counterparts, each of which shall be deemed a duplicate original. The Agreement shall be deemed executed when it has been signed by both parties.

**28. DISPUTES**

In the event of any dispute arising out of or relating to this Agreement, the parties shall attempt, in good faith, to promptly resolve the dispute mutually between them. If the dispute cannot be resolved by mutual agreement, nothing herein shall preclude either party's right to pursue remedy or relief by civil litigation, pursuant to the laws of the State of California.

**29. ADVERTISEMENT**

The GRANTEE agrees to utilize the First 5 Merced County logo or a statement shall appear on all documents, for the duration of the contract, designating that the agency/organization or individual receives funding from First 5 Merced County.

**30. SECULAR ACTIVITIES**

GRANTEE, in the performance of the services pursuant to this agreement, shall refrain from any religious teaching, instruction, indoctrination, proselytizing, exposure or discussion. All services provided shall be secular and GRANTEE shall have the obligation to ensure compliance with this provision by employees or anyone under

**COUNTY OF MERCED**

**RECIPIENT**

By \_\_\_\_\_  
Supervisor Lee Lor  
Chair, First 5 Merced County

By \_\_\_\_\_  
Steven S. Carrigan, City Manager  
City of Merced

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated

**APPROVED AS TO LEGAL FORM**

Merced County Counsel

By \_\_\_\_\_  
James N. Fincher  
Counsel for First 5 Merced County

\_\_\_\_\_  
Dated

**APPROVED AS TO FORM:**

Phueda A. mhm

Contract #: 18-724 Contract Term: December 2018, - June 30, 2019

Program: City of Merced Lights Before Christmas at Applegate Park Zoo



**SCOPE OF WORK**

Activity 1	Start Date	End Date	Target	Data Tool
Provide free of charge admission for Children 0-5	December 2018	June 30, 2019	Children 0-5	GM Final Narrative Report



### BUDGET / BUDGET NARRATIVE

<b>Line Item Budget</b> Please list the items for which you are requesting funds. (E.g., Supplies, equipment other. See Sample Budget for examples.)	<b>Budget Justification (Detailed Narrative)</b> Please provide sufficient detail explaining how the proposed funds will be utilized for each line item. Use separate sheets if necessary.	<b>Funds Requested from the Commission</b>	<b>Funds from Other Sources</b> (Include in-kind, if appropriate)
1. Snow Wonder Fake Snow	To create a play area with fake snow for children at the event	\$215	N/A
2. Garlands	Decorative garlands	\$570	
3. Children's Bill of Rights	Printed copies of the Children's Bill of Rights for goodie bags	\$0	City of Merced \$500
4. Entry Gate Gift Bags	Tote bags filled with brochures and goodies for each family	\$140	Also including donations from multiple agencies
5. 3-D Christmas Lights Holiday Glasses	For children to enjoy extra special display of lights at event	\$1,080	N/A
6. Staffing for event	2 nights for 7 staff and 30 volunteers for event	N/A	\$1,200 City funds and in-kind support from volunteers & community orgs.
7. Lights and Decorations			City of Merced \$1,000



### BUDGET / BUDGET NARRATIVE

<b>Line Item Budget</b> Please list the items for which you are requesting funds. (E.g., Supplies, equipment, other. See Sample Budget for examples.)	<b>Budget Justification (Detailed Narrative)</b> Please provide sufficient detail explaining how the proposed funds will be utilized for each line item. Use separate sheets if necessary.	<b>Funds Requested from the Commission</b>	<b>Funds from Other Sources</b> (Include in-kind, if appropriate)
1. Hot Cocoa, Paper Cups, and Candy Canes	To give every guest a free hot cocoa drink and candy cane.	N/A	\$350 In-kind from various community groups.
2. Hot Dogs and Nachos Supplies	To offer cheap snack options for \$1.00 in addition to the free hot chocolate & candy canes	N/A	\$200
3. Supplies	Arts and Crafts project materials for kids crafting activities.	N/A	Donated by various community groups and volunteers. \$200
4. Additional decorations and blow-ups	To help transform the Zoo even further into a magical wonderland	\$995	Donations from various community organizations \$200
<b>Total Grant Requested From Commission</b>		<b>\$ 3,000</b>	
<b>Total Funds from Other Sources</b>		<b>\$ 3,650</b>	
<b>Total Project Cost</b>	<b>\$6,650</b>		



## 2018/19 General Mini-Grant Final Narrative Report

Contractor shall submit required program report by **June 30, 2019**. Commission may request additional reports as deemed necessary or as required by First 5 Merced County.

<b>Agency Name:</b> City of Merced		<b>Date Submitted:</b>	
<b>Project Name:</b> Lights Before Christmas		<b>Contract #:</b> 18-724	
<p>1. Briefly describe your project/event and how it addressed the need or problem identified in your original grant application.</p>			
<p>2. Please describe the primary outcomes and/or other benefits that your program's services produced as a result of this mini-grant. Please use data that you have collected (surveys, pre/post tests, tallies, etc.), when available, to describe the improved outcomes/benefits. Talk at population served, # of people/agencies/groups served.</p>			
<p>3. How could First 5 Merced County improve the General Mini-Grant program?</p>			
<b>Report Completed By:</b>		<b>Signature:</b>	
<b>Phone:</b>		<b>E-mail:</b>	



**ADMINISTRATIVE REPORT**

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**Agenda Item I.8.**

Meeting Date: 2/4/2019

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*Report Prepared by: Lamnguene Kindavong, Recreation Coordinator, Parks and Recreation*

**SUBJECT:** Acceptance and Appropriation of Grant Funding in the Amount of \$3,000 from FY 2019 Merced County First Five Grant for Tiny Tots Santa's Workshop, Valentine's Day and Earth Day

**REPORT IN BRIEF**

Considers accepting and appropriating grant funding in the amount of \$3,000 from Merced County First Five for the following community events; Santa's Workshop, Valentine's Day and Earth Day.

**RECOMMENDATION**

**City Council** - Adopt a motion:

- A. Accepting grant funds from Merced County First Five and increasing revenue in account 024-1226-360-02-01 - Creative Skills-Contributions and Donations in the amount of \$3,000; and,
- B. Appropriating the same to account 024-1226-542-29-00 - Creative Skills-Supplies and Services; and,
- C. Authorizing the City Manager or Assistant 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. 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 2018-19 Adopted Budget

**DISCUSSION**

Merced County First 5 provides Proposition 10 funding through an application process to fund one-time mini grants and encourage community participation and development of projects that address

Merced County First 5's vision and mission. Their vision is that all children in Merced County will thrive in supportive, loving and nurturing environments, enter school healthy and ready to learn, and become productive, well-adjusted members of society. First 5 considers applications that provide services to their target population of children from birth to age 5 in two annual funding cycles. The General Mini Grants program provides funding up to a maximum of \$3,000 to help applicants accomplish their objective(s).

The Parks and Recreation Department applied for a general mini grant this past December and was awarded \$3,000 for costs associated with three different Tiny Tot Holiday community events. These events are an opportunity for children and families in the community to experience the different wonders of holiday seasons such as festive Christmas lights, creating Valentine heart crafts, and Earth Day crafts geared to appreciating our planet and keeping it clean. Two out of three events are held at city hall while Earth Day takes place at our local regional park, Applegate Park.

Santa's Workshop was held on the evening of December 19<sup>th</sup> from 5:15-7:30pm, and was maxed out on attendance with 40 kids registered, and over 80 other additional family members in attendance. The Valentine's event is scheduled for February 13<sup>th</sup> from 5:15pm-7:30pm, and Earth Day is planned to take place on April 19<sup>th</sup>. All of these events offer fun activities for kids such as music, hot cocoa, edible crafts, photo booths, photos with Santa, birdhouse feeders, complimentary popcorn, carnival games and much more.

For the past three years as the event continues to grow, a working relationship with community businesses has been developed as their monetary support has been supplemental to these events. Now with the partnership of First 5 and the focus on youth 0-5 years, we are able to allow 0-5 youth access to these events free of cost sponsored by First 5.

In addition to the approved funding, we are also able to increase the experience for youth with additional special crafts, decorations, free complimentary snack and juices and additional staffing. Every child who attends each activity receives free door buster items such as Santa's hat, necklaces, and holiday glasses and goodie bags.

### **IMPACT ON CITY RESOURCES**

This \$3,000 will be available within the Fiscal Year 2018-2019 budget to help with costs associated with the community events (Santa's Workshop, Valentine's Day, Earth Day).

### **ATTACHMENTS**

1. First Five Contract

## AGREEMENT FOR RECEIPT OF MINI-GRANT FUNDS

### FIRST 5 MERCED COUNTY CONTRACT NO. # 18-725

**THIS AGREEMENT** is made and entered into this 4th day of December, 2018, by and between the County of Merced, a political subdivision of the State of California (hereinafter referred to as "COUNTY") on behalf of First 5 Merced County (hereinafter referred to as "COMMISSION"), and "*The City of Merced, Parks & Recreation, 632 W. 18<sup>th</sup> St., Merced CA, 95340*" (hereinafter referred to as "GRANTEE").

**WHEREAS**, COMMISSION desires to GRANT FUNDS to GRANTEE in that GRANTEE has successfully proposed strategies and/or services in furtherance of the COMMISSION'S STRATEGIC PLAN.

**WHEREAS**, GRANTEE has been deemed to be an appropriate recipient and is experienced and competent to perform such agreement in connection with "*Tiny Tots events, Santa's Workshop in December, Valentine's Day in February and Earth Day in April*"

**WHEREAS**, the parties desire to set forth herein the terms and conditions under which said agreement shall be furnished.

**NOW, THEREFORE**, in consideration of the mutual covenants and promises herein contained, the parties hereby agree as follows:

#### 1. SCOPE OF AGREEMENT

GRANTEE shall utilize all such received Grant Funds (or items purchased for GRANTEE by COMMISSION with grant funds) to provide with "*Tiny Tots events, Santa's Workshop in December, Valentine's Day in February and Earth Day in April*" and related services in accordance with the terms and conditions stated herein, and any specifically referenced attachments hereto.

The following exhibits are specifically incorporated by reference, attached hereto, and made a part hereof, except when in conflict with this agreement or modified herein:

- Exhibit A – Scope of Work
- Exhibit B – Budget/Budget Narrative
- Exhibit C – Invoice Form
- Exhibit D– Program Evaluation Form

#### 2. TERM

The term of this agreement shall commence on the 4<sup>th</sup> day of December, 2018, and end the 30<sup>th</sup> day of June, 2019, unless sooner terminated in accordance with Sections TERMINATION FOR CONVENIENCE and/or TERMINATION FOR CAUSE as specified elsewhere in this agreement.

**3. GRANT AMOUNT**

COMMISSION agrees to reimburse to RECIPIENT up to a Total Grant Fund amount of \$3,000.00, after submission of the appropriate INVOICE form with sufficient back-up documentation and final report, in exchange for GRANTEE’S agreement as provided herein and is more specifically set forth under Section 1, "SCOPE OF AGREEMENT". No other fees or expenses of any kind shall be paid to GRANTEE. This Grant may be subject to withholding for State of California income tax.

Any and/or all payments made under this Agreement shall be paid by check, payable to the order of the GRANTEE and be mailed or delivered to GRANTEE at:

The City of Merced Parks & Recreation  
632 W. 18<sup>th</sup> St.,  
Merced CA, 95340  
Lamnguene Kindavong / Recreation Coordinator

GRANTEE may request that COUNTY mail the check to GRANTEE to another address, if designated prior to the time of distribution of funds. Such request must be made in writing in accordance with the procedures as outlined under Section 5, "NOTICES".

**4. TERMS OF PAYMENT**

The Grant Fund amount shall be distributed as provided herein and as set forth under Section 3, "GRANT AMOUNT." Payment shall be made in the following manner:

Grantee shall submit one invoice for all incurred expenses under this grant. Upon receipt of Invoice form with sufficient back-up documentation and final report, as set forth under Section 1, "SCOPE OF AGREEMENT," COMMISSION shall, through the County Auditor-Controller, pay GRANTEE for actual project expenses in accordance with the categories and amounts established in the line item budget attached as Exhibit B budget.

Invoice for expenses incurred under this grant are to be submitted by July 15.

In no event shall the total payments exceed \$3,000.00 for the entirety of the contract term.

No other expenses shall be paid to GRANTEE without formal approval by the COMMISSION and amendment of this agreement.

CONTRACTOR may receive an advanced payment of funds provided for under the Compensation section of this Agreement when deemed to be in the interests of furthering the aims of the COMMISSION'S strategic plan and subsequent to COMMISSION'S approval.

**5. NOTICES**

All notices, requests, demands or other communications under this Agreement shall be in writing. Notice shall be sufficiently given for all purposes as follows:

- A. Personal Delivery. When personally delivered to the recipient, notice is effective upon delivery.
- B. First Class Mail. When mailed first class to the last address of the recipient known to the party giving notice, notice is effective three mail delivery days after deposit in a United States Postal Service office or mailbox.
- C. Certified Mail. When mailed by certified mail, return receipt requested, notice is effective upon receipt, if delivery is confirmed by a return receipt.
- D. Overnight Delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account, notice is effective on delivery, if delivery is confirmed by the delivery service.
- E. Facsimile Transmission. When sent by fax to the last fax number of the recipient known to the party giving notice, notice is effective upon receipt, provided that: a) a duplicate copy of the notice is promptly given by first class mail or certified mail or by overnight delivery, or b) the receiving party delivers a written confirmation of receipt. Any notice given by fax shall be deemed received on the next business day if received after 5:00 P.M. (recipient's time) or on a non-business day.

Information for notice to the parties to this agreement at the time of endorsement of this agreement is as follows:

**County of Merced c/o**

First 5 Merced County  
260 E. 15<sup>th</sup> Street  
Merced, CA 95341  
Attn: Executive Director

**Recipient**

City of Merced  
632 W. 18<sup>th</sup> St.  
Merced, CA 95340  
Lamnguene Kindavong / Recreation Coordinator

Any correctly addressed notice that is refused, unclaimed or undeliverable because of an act or omission of the party to be notified shall be deemed effective as of the first date that the notice was refused, unclaimed or deemed undeliverable by the postal authorities, messengers or overnight delivery service.

Any party may change its address or fax number by giving the other party notice of the change in any manner permitted by this agreement.

**6. NON-SUPPLANTATION**

GRANTEE shall abide by the intent of the California Children and Families Act of 1998, and Section 30131.4 of the Revenue and Taxation Code which states: "All moneys raised pursuant to taxes imposed by Section 30131.2 shall be appropriated

and expended only for the purposes expressed in the California Children and Families Act, and shall be used only to supplement existing levels of service and not to fund existing levels of service.”

GRANTEE warrants that no funds provided by COMMISSION shall be used to supplant existing funds from any source for any purpose.

**7. SERVICES FOR CHILDREN AGE 0-5 YEARS AND THEIR FAMILIES**

GRANTEE shall abide by the intent of the California Children and Families Act of 1998, and Section 130100 of the Health and Safety Code, which states the program is created for the “purposes of promoting, supporting, and improving the early development of children from the prenatal stage to five years of age.” Funds provided under this agreement shall be used solely for the benefit of, and/or services to, children 0-5 and their families.

**8. CONDITION SUBSEQUENT/NON-APPROPRIATION OF FUNDING**

The Grant Fund amount to be distributed to GRANTEE pursuant to this Agreement is based on COMMISSION’S continued receipt of local, state and/or federal funding for this purpose. In the event that funding is terminated, in whole or in part, for any reason, this Agreement and all obligations of the COMMISSION arising from this Agreement shall be immediately discharged. COMMISSION agrees to inform GRANTEE no later than ten (10) calendar days after receiving notification that funding will be terminated and the final date for which funding will be available.

**9. MODIFICATION OF AGREEMENT**

Notwithstanding any of the provisions of this agreement, the parties hereafter, by mutual consent, may agree to modifications hereof or additions hereto, in writing, which are not forbidden by law and which are signed by both parties. For any proposed revisions, GRANTEE shall submit a revised Scope of Work, Budget and/or Budget Narrative, for review and action by COMMISSION and/or COMMISSION Executive Director, per COMMISSION’S contract revision processes. In the event of any proposed modifications to GRANTEE’S budget, a budget revision must be approved prior to the expenditure of any funds in excess of prior-approved amounts.

**10. INSURANCE**

GRANTEE shall purchase and maintain the following type of insurance for minimum limits indicated during the term of this agreement and provide Certificates of Insurance evidencing such coverage to the COMMISSION Attn: Certificates of Insurance, 260 E. 15<sup>th</sup> Street, Merced, California 95341. Certificates of Insurance shall be submitted to the COMMISSION within the first 90 calendar days of the contract term.

Minimum General Commercial Liability insurance will be provided for the event, as follows: \$500,000 combined single limits per occurrence and \$1,000,000 annual aggregate covering bodily injury, personal injury and property damage.

Automobile Liability: \$1,000,000 combined single limit per accident for bodily

injury and property damage, or split limits of \$500,000 per person, \$1,000,000 per accident for bodily injury and \$250,000 per accident for property damage.

## **11. INDEMNIFICATION**

GRANTEE has the contracted duty (hereinafter "the duty") to indemnify, defend and hold harmless, COMMISSION, its governing board, officers, employees, agents and assigns from and against any and all claims, demands, liability, judgments, awards, interest, attorney's fees, costs, experts' fees and expenses of whatsoever kind or nature, at any time arising out of or in any way connected with the performance of this Agreement, whether in tort, contract or otherwise. This duty shall include, but not be limited to, claims for bodily injury, property damage, personal injury, and contractual damages or otherwise alleged to be caused to any person or entity including, but not limited to employees, agents and officers of GRANTEE.

GRANTEE'S liability for indemnity under this Agreement shall apply, regardless of fault, to any acts or omissions, willful misconduct or negligent conduct of any kind, on the part of the GRANTEE, its agents, subcontractors and employees. The duty shall extend to any allegation or claim of liability except in circumstances found by a jury or judge to be the sole and legal result of the willful misconduct of COMMISSION. This duty shall arise at the first claim or allegation of liability against COMMISSION. GRANTEE will on request and at its expense, defend any action suit or proceeding arising hereunder. This clause for indemnification shall be interpreted to the broadest extent permitted.

## **12. RECORDS AND INSPECTIONS**

GRANTEE shall maintain full and accurate records with respect to all matters covered under this agreement. To the extent permitted by law, the COUNTY and/or the COMMISSION shall have free access at all proper times or until the expiration of seven (7) years after the furnishing of services to such records, and the right to examine and audit the same and to make transcripts therefrom, and to inspect all data, documents, premises, procedures, and activities pertaining to this agreement.

## **13. WRITTEN NOTICE**

GRANTEE agrees to provide immediate written notice to the COMMISSION if significant changes or events occur during the term of the GRANT which could potentially impact the progress or outcome of the GRANT including, but not limited to, changes in the GRANTEE'S management personnel, loss of funding, revocation or suspension of the GRANT recipient's tax-exempt status (if applicable) or license(s).

## **14. TERMINATION FOR CONVENIENCE**

This Agreement, notwithstanding anything to the contrary herein above or hereinafter set forth, may be terminated by COMMISSION at any time without cause or legal excuse by providing the other party with thirty (30) calendar days written notice of such termination.

Upon effective date of termination, COMMISSION shall have no further liability to GRANTEE except for payment for actual services incurred during the performance hereunder. Such liability is limited to the time specified in said notice and for services not previously reimbursed by COMMISSION. Such liability is further limited to the extent such costs are actual, necessary, reasonable, and verifiable costs and have been incurred by GRANTEE prior to, and in connection with, discontinuing the work hereunder

**15. TERMINATION FOR CAUSE**

The COMMISSION may terminate this Agreement for and be relieved of making any payments to GRANTEE, and all duties to GRANTEE should the GRANTEE fail to perform any material duty or obligation of the Agreement. Notice shall be given as otherwise provided herein. In the event of such termination the COMMISSION may proceed with the work in any manner deemed proper by the COMMISSION. All costs to the COMMISSION shall be deducted from any sum otherwise due the GRANTEE and the balance, if any, shall be paid to the GRANTEE upon demand. Such remedy is in addition to such other remedies as may be available to the COMMISSION provided by law.

**16. PERSONAL SATISFACTION AS A CONDITION PRECEDENT**

The obligations of the COUNTY and/or the COMMISSION as provided in this Agreement are expressly conditioned upon GRANTEE'S compliance with the provisions of the contract to the personal satisfaction of the COMMISSION and the COMMISSION shall determine compliance in good faith and as a reasonable person would under the circumstances.

**17. COMPLETENESS OF AGREEMENT**

This Agreement and any additional or supplementary document or documents incorporated herein by specific reference contain all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of the agreement or any part thereof shall have any validity or bind any of the parties hereto.

**18. COMMISSION NOT OBLIGATED TO THIRD PARTIES**

Neither the COUNTY nor the COMMISSION shall be obligated or liable hereunder to any party other than GRANTEE.

**19. COMPLIANCE WITH STATE LAWS AND REGULATIONS**

The GRANTEE, the COUNTY and the COMMISSION agree to comply with all State laws and regulations that pertain to construction, health and safety, labor, fair employment practice, equal opportunity, lobbying, and all other matters applicable to the GRANTEE, COUNTY and the COMMISSION, their sub-grantees, GRANTEES, or subcontractor and their work.

**20. COUNTY'S AND COMMISSION'S RIGHTS NOT WAIVED BY PAYMENTS**

In no event shall the making, by the COMMISSION, of any payment to GRANTEE constitute, or be construed as, a waiver by the COMMISSION or the County of any breach of covenant, or any default which may then exist, on the part of the GRANTEE, and the making of any such payment by the COMMISSION while any such breach or default shall not be construed as acceptance of substandard or careless work or as relieving GRANTEE from its full responsibility under the agreement.

No waiver by either party of any default, breach or condition precedent shall be valid unless made in writing and signed by the parties hereto. No oral waiver of any default, breach or condition precedent shall be binding on any of the parties hereto. Waiver by either party of any default, breach or condition precedent shall not be construed as a waiver of any other default, breach or condition precedent, or any other right hereunder.

## **21. APPLICABLE LAW**

All parties agree that this agreement and all documents issued or executed pursuant hereto and the rights and obligations of the parties to this agreement are subject to and governed by the laws of the State of California in all respects as to interpretation, construction, operation, effect and performance.

Notwithstanding any other provisions of this agreement, any dispute concerning any question of fact or law arising under this agreement, which is not disposed of by agreement between the parties shall be decided by a Court of competent jurisdiction of the State of California.

## **22. BREACH OF CONTRACT**

Upon breach of the agreement by GRANTEE, the COUNTY and the COMMISSION shall have all remedies, both in equity and/or at law, necessary to recover and satisfy GRANTEE'S obligation which it failed to provide as prescribed under the agreement.

## **23. REMEDY FOR BREACH AND RIGHT TO CURE**

If GRANTEE fails to perform any agreement or obligation contained in this agreement, the COMMISSION may itself perform, or cause the performance of, such agreement and obligation. In that event, GRANTEE will on demand, fully reimburse the COMMISSION for all such expenditures. Alternatively, the COMMISSION at its option, may deduct from any funds owed to GRANTEE the amount necessary to cover any expenditures under this provision. This is in addition to any other remedies available to the COMMISSION by law or as otherwise stated in this agreement.

## **24. CONFLICT OF INTEREST**

GRANTEE warrants and covenants that no official or employee of the COUNTY, or the COMMISSION nor any business entity in which an official of the COUNTY or the COMMISSION has an interest has been employed or retained to solicit or aid in the

procuring of the agreement, nor that any such person will be employed in the performance of such agreement without immediate divulgence of such fact to the COMMISSION.

**25. CAPTIONS**

The captions of each paragraph in this agreement are inserted as a matter of convenience and reference only, and in no way define, limit, or describe the scope or intent of the agreement or in any way affect it.

**26. SEVERABILITY**

If a court or an arbitrator of competent jurisdiction holds any provision of this agreement to be illegal, unenforceable or invalid, in whole or in part, for any reason, the validity and enforceability of the remaining provisions, or portions of them, will not be affected.

**27. DUPLICATE COUNTERPARTS**

This agreement is executed in counterparts, each of which shall be deemed a duplicate original. The Agreement shall be deemed executed when it has been signed by both parties.

**28. DISPUTES**

In the event of any dispute arising out of or relating to this Agreement, the parties shall attempt, in good faith, to promptly resolve the dispute mutually between them. If the dispute cannot be resolved by mutual agreement, nothing herein shall preclude either party's right to pursue remedy or relief by civil litigation, pursuant to the laws of the State of California.

**29. ADVERTISEMENT**

The GRANTEE agrees to utilize the First 5 Merced County logo or a statement shall appear on all documents, for the duration of the contract, designating that the agency/organization or individual receives funding from First 5 Merced County.

**30. SECULAR ACTIVITIES**

GRANTEE, in the performance of the services pursuant to this agreement, shall refrain from any religious teaching, instruction, indoctrination, proselytizing, exposure or discussion. All services provided shall be secular and GRANTEE shall have the obligation to ensure compliance with this provision by employees or anyone under GRANTEE'S control. The failure of GRANTEE to comply with this provision shall be deemed a material breach of this agreement.

**COUNTY OF MERCED**

**RECIPIENT**

By \_\_\_\_\_  
Supervisor Lee Lor  
Chair, First 5 Merced County

By \_\_\_\_\_  
Steven S. Carrigan, City Manager  
City of Merced

\_\_\_\_\_  
Dated

\_\_\_\_\_  
Dated

**APPROVED AS TO LEGAL FORM**

Merced County Counsel

By \_\_\_\_\_  
James N. Fincher  
Counsel for First 5 Merced County

\_\_\_\_\_  
Dated

**APPROVED AS TO FORM:**

*Rachel A. [Signature]*

Contract #: 18-725 Contract Term: December 4, 2018- June 30, 2019

Program: City of Merced Parks & Recreation



SCOPE OF WORK

	Start Date	End Date	Target	Data Tool
<b>Activity 1</b> Tiny Tots event for children 0-5 years free event to support children's creativity with crafts. Santa's Workshop in December	December 2018	June 30, 2019	Children 0-5	GM Final Narrative Report
<b>Activity 2</b> Tiny Tots event for children 0-5 years free event to support children's creativity with crafts. Valentine's Day in February	February 2019	June 30, 2019	Children 0-5	GM Final Narrative Report
<b>Activity 3</b> Tiny Tots event for children 0-5 years free event to support children's creativity with crafts. Earth Day in April	April 2019	June 30, 2019	Children 0-5	GM Final Narrative Report

## BUDGET/BUDGET NARRATIVE SANTA'S WORKSHOP

<b>Line Item Budget</b> Please list the items for which you are requesting funds. (E.g., Supplies, equipment, other. See Sample Budget for examples.)	<b>Budget Justification (Detailed Narrative)</b> Please provide sufficient detail explaining how the proposed funds will be utilized for each line item. Use separate sheets if necessary.	<b>Funds Requested from the Commission</b>	<b>Funds from <u>Other</u> Sources</b> (Include in-kind, if appropriate)
<b>1. Materials</b>	Paper, ribbons, glue, glitter, gingerbread cookies, frosting, plastic utensils, plates, slime, pinecones, bells, ornaments, etc. for crafts.	\$600	Allocated Funds from City of Merced: \$200
<b>2. Decorations Supplies</b>	Each event is heavily transformed fitting to theme. Photo backdrop, popups, table cover, center pieces etc... This is how we create the experience for participants	\$100	Anticipating donations from Lowes & Home Depot for a total of \$150.00
<b>3. Event Support</b>	Will help setting up/ breaking down and also facilitate different activities at each station		Volunteers from High Schools requesting 10 students' Equivalent $\$11.00 \times 4.5\text{hrs.} \times 10 \text{ vol.} = \$495.00$
<b>4. Promoting Event</b>	School flyers will be distributed for all elementary schools and posted on school website/ newspaper ad for 1 month	\$100	City funds allocated to paper & printing \$200 Total of 11,500 copies of flyers
<b>5. Refreshments</b>	Complimentary snacks and refreshments offered to participants and families who attend (popcorn, water, hot cocoa)	\$100	
<b>6. Entrance Bags</b>	All hats will be given to participant and volunteers attending event	\$100	
<b>7. Facility</b>	Sam Pipes Room / Foyer at City Hall 678 W. 18 <sup>th</sup> St, Merced, Ca		\$300 deposit \$40 hour (9) $\$40 \times 9\text{hrs} = 360 + 300 = \$660$
<b>8. Staff</b>	Paid staff to help oversee and implement program		(2) $\$11.00 \times 4.5\text{hrs} = \$99$ (1) $\$26.53 \times 4.5\text{hrs} = \$119.39$ Total = \$218
<b>Total Grant Requested From Commission</b>		<b>\$1,000</b>	
<b>Total Funds from Other Sources</b>			<b>\$1,923</b>
<b>Total Project Cost</b>		<b>\$2,923</b>	

## BUDGET/BUDGET NARRATIVE VALENTINE'S DAY

<b>Line Item Budget</b> Please list the items for which you are requesting funds. (E.g., Supplies, equipment, other. See Sample Budget for examples.)	<b>Budget Justification (Detailed Narrative)</b> Please provide sufficient detail explaining how the proposed funds will be utilized for each line item. Use separate sheets if necessary.	<b>Funds Requested from the Commission</b>	<b>Funds from <u>Other Sources</u></b> (Include in-kind, if appropriate)
<b>1. Materials</b>	Paper, glitter glue, candy, chocolate, fruits, canvas, cups, tissue paper, slime, cookie, paint, pipe cleaners, stickers, balloons, etc. for crafts	\$600	Allocated Funds from City of Merced: \$200
<b>2. Decorations Supplies</b>	Each event is heavily transformed fitting to theme. Photo backdrop, popups, table cover, center pieces etc... This is how we create the experience for participants	\$100	Anticipating donations from Lowes & Home Depot for a total of \$100
<b>3. Event Support</b>	Will help setting up/ breaking down and also facilitate different activities at each station		Volunteers from High Schools requesting 10 students' Equivalent $\$11.00 \times 4.5\text{hrs.} \times 10 \text{ vol.} = \$495.00$
<b>4. Promoting Event</b>	School flyers will be distributed for all elementary schools and posted on school website/ newspaper ad for 1 month	\$100	City funds allocated to paper & printing \$200 Total of 11,500 copies of flyers
<b>5. Refreshments</b>	Complimentary snacks and refreshments offered to participants and families who attend (popcorn, water, hot cocoa)	\$100	City provide popcorn machine, hot water dispenser, bags, cups. \$30
<b>6. Entrance Bags</b>	Participants and volunteers attending event receives goodie bags	\$100	
<b>7. Facility</b>	Same Pipes Room/ Foyer at City Hall 678 W. 18 <sup>th</sup> St, Merced, Ca		\$300 deposit \$40 hour (9) $\$40 \times 9\text{hrs} = 360 + 300 = \$660$
<b>8. Staff</b>	Paid staff to help oversee and implement program		(2) $\$11.00 \times 4.5\text{hrs} = \$99$ (1) $\$26.53 \times 4.5\text{hrs} = \$119.39$ Total = \$218
<b>Total Grant Requested From Commission</b>		\$1,000	
<b>Total Funds from Other Sources</b>			\$1,903
<b>Total Project Cost</b>			\$2,903

## BUDGET/BUDGET NARRATIVE EARTH DAY

<b>Line Item Budget</b> Please list the items for which you are requesting funds. (E.g., Supplies, equipment, other. See Sample Budget for examples.)	<b>Budget Justification (Detailed Narrative)</b> Please provide sufficient detail explaining how the proposed funds will be utilized for each line item. Use separate sheets if necessary.	<b>Funds Requested from the Commission</b>	<b>Funds from <u>Other Sources</u></b> (Include in-kind, if appropriate)
<b>1. Materials</b>	Paper, glitter, glue, cups, paper, slime, play dough, paint, pipe cleaners, water beads, seed bombs, plant pots, soil, balloons, etc. for sensory crafts and more.	\$450	Allocated Funds from City of Merced: \$100
<b>2. Decorations Supplies</b>	Each event is heavily transformed fitting to theme: table cover, center pieces etc... This is how we create the experience for participants	\$150	Anticipating donations from Lowes, Home Depot, and Pet Smart for a total of \$300
<b>3. Event Support</b>	Will help setting up/ breaking down and also facilitate different activities at each station		Volunteers from High Schools requesting 10 students' Equivalent $\$11.00 \times 4.5\text{hrs.} \times 10 \text{ vol.} = \$495.00$
<b>4. Promoting Event</b>	School flyers will be distributed for all elementary schools and posted on school website/ newspaper ad for 1 month	\$100	City funds allocated to paper & printing \$200 Total of 11,500 copies of flyers
<b>5. Refreshments</b>	Complimentary snacks and refreshments offered to participants and families who attend (popcorn, water,)	\$100	City provide popcorn machine, hot water dispenser, bags, cups. \$30
<b>6. Activity Bags</b>	Participants and volunteers attending event receives goodie bags	\$200	
<b>7. Facility</b>	Soroptomist 1045 W. 25 <sup>th</sup> Street, Applegate Park		\$10 hour (5) $\$10 \times 5\text{hrs} = \$50$
<b>8. Staff</b>	Paid staff to help oversee and implement program		(2) $\$11.00 \times 5\text{hrs} = \$110$ (1) $\$26.53 \times 5\text{hrs} = \$132.65$ Total = \$242.65
<b>Total Grant Requested From Commission</b>		\$1,000	
<b>Total Funds from Other Sources</b>			\$1,417.65
<b>Total Project Cost</b>		\$2,417.65	







## ADMINISTRATIVE REPORT

**Agenda Item I.9.**

Meeting Date: 2/4/2019

*Report Prepared by: Stephani Davis, Development Services Tech II; Planning Department*

**SUBJECT:** Approval of Street Closure Request 18-24 by Velo Promo, LLC for the 30th Original Merced Criterium Bicycle Race on February 24, 2019 from 6:00 a.m. to 5:00 p.m. for the Area of West 18<sup>th</sup> Street to West 21<sup>st</sup> Street Between M and N Streets

### REPORT IN BRIEF

Considers approving a request for use of City streets for the purpose of a bicycle race on February 24, 2019 from 6:00 a.m. to 5:00 p.m. The road closure area is from West 18th Street between M and N Streets, West 19th Street between M and N Streets, West 20th Street between M and N Streets, and West 21st Street between M and N Streets (including the Courthouse loop).

### RECOMMENDATION

**City Council** - Adopt a motion approving the request by Velo Promo, LLC, to close West 18<sup>th</sup> Street between M and N Streets, West 19<sup>th</sup> Street between M and N Streets, West 20<sup>th</sup> Street between M and N Streets, and West 21<sup>st</sup> Street between M and N Streets (including Courthouse loop) on Sunday, February 24, 2019, from 6:00 a.m. to 5:00 p.m., subject to the conditions listed in the body of this report.

### ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, subject to modifications as conditioned by Council; or,
3. Deny the request completely; or,
4. Refer back to staff for reconsideration of specific items as requested by Council; or,
5. Continue item to a future Council meeting (date and time to be specified in City Council motion).

### AUTHORITY

City of Merced Charter Section 200; California Vehicle Code (CVC) Sections 21100(a) and 21101(e), the latter as follows:

“21101. Local authorities, for those highways under their jurisdiction, may adopt rules and regulations by ordinance or resolution on the following matters:

(e) Temporarily closing a portion of any street for celebrations, parades, local special events, and other purposes when, in the opinion of local authorities having jurisdiction or a public officer or employee that the local authority designates by resolution, the closing is necessary for the safety and protection of persons who are to use that portion of the street during the temporary closing.”

## CITY COUNCIL PRIORITIES

Not applicable.

## DISCUSSION

### Event Background

This race was first held in 1987 as part of a race series for the U.S. National Team, then based in the Fresno region, and has remained under the direction of the same race promoter, Velo Promo (Attachment 3). It was held in Merced, every year, from 1987 to 2016. No race was held in 2017 or 2018, but the event is back this year.

Sunday's racing will be criterium-style, a popular type of road racing that consists of a series of multi-lap races around downtown streets, usually in loops of less than a mile in length. Separate races for different age and ability categories will be held throughout the day, rain or shine.

The Merced Criterium follows the day after Velo Promo's annual Snelling Road Race, a circuit road race event that uses Snelling's Henderson Park and rural Merced County roads near it (under separate permit with the County). These two races have established an important place in our area's economy, bringing vital tax dollars to the Merced area, as participants often patronize Merced's hotels and restaurants. They are popular and well-attended by professional and amateur racing cyclists in the Northern California/Nevada Racing Association and, being an early-spring race weekend, are used to kick off the ensuing race season.

### Street Closure Details

The course for the day's racing activities is a clockwise loop of streets as follows: M Street (start/finish), West 18<sup>th</sup> Street, N Street, behind the Merced County Courthouse Museum ("Courthouse Loop"), West 21<sup>st</sup> Street, and back to M Street.

Street sections within the race loop will be unavailable to through traffic on race day, except for emergency vehicles. The race sponsor will obtain separate approval from Merced County to use the areas through and in Courthouse Park that are County-owned property.

Initial set-up for the event will begin at approximately 6:00 a.m. on Sunday, February 24, 2019, with full street closure by 7:00 a.m. Racing will begin at 8:00 a.m. and end by approximately 3:30 p.m., with all streets reopening thereafter (by 5:00 p.m.).

The announcer/referee stand will be located on the west side of the intersection of W. 19<sup>th</sup> and N Streets, with the rider registration and first aid station located nearby. Portable restrooms will be provided by the promotor for the racers, and will likely be placed along the curb line on W. 19<sup>th</sup> Street, on the east side of N Street (this street will remain accessible to vehicles). Additionally, there will be a designated access point at the intersection of W. 18<sup>th</sup> and M Streets for emergency vehicle access, although the course can be accessed from other streets (Condition #8).

The applicant has indicated that there are no additional activities planned with this event, such as food, vendor, or game booths. If these are added, each vendor shall be properly licensed and

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permitted with the appropriate agencies, and special events insurance will be required of the applicant. The race itself is insured by USA Cycling, Inc., the governing body for sanctioned cycling events in the United States.

At least seventy-two hours (three days) prior to the street closures, the event organizers are required to notify nearby businesses and residences within one half-mile of the affected streets (Condition #5). To ensure this is done, event organizers are required to provide staff with confirmation that this notification was given, and staff has prepared a standard form that the event sponsor shall complete, photocopy, and distribute to businesses and residences within the stated area (Attachment 4). A signed copy of this form shall also be given to Planning Department staff as soon as those businesses and residences are notified for confirmation.

### Conditions of Approval

The event and street closure will be subject to the following conditions, if approved:

1. By applying for the street closure request, the Permittee shall agree to indemnify, protect, defend (with counsel selected by the City), save, and hold the City, its officers, employees, agents, and volunteers 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 Event Sponsor or Event Sponsor's officers, employees, agents, volunteers, and participants during performance of the Event, 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 Event Sponsor or its officers, employees, agents, volunteers, or participants, or resulting from the negligence of the City, its officers, employees, agents, and volunteers, except for loss caused solely by the gross negligence of the City. Acceptance by the City of insurance certificates and endorsements required for this Event does not relieve Event Sponsor 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.
2. Prior to engaging in the event, Event Sponsor shall provide the City with a Certificate of Liability Insurance evidencing coverage in an amount of no less than \$500,000 for property damage and \$500,000 for personal injury or a minimum combined single limit coverage of \$500,000. Said policy shall stipulate that this insurance will operate as primary insurance and that no other insurance will be called on to cover a loss covered thereunder. Additional insured endorsements evidencing this coverage, naming the City of Merced, its Officers, Employees, and Agents as additional insureds, must be submitted to the City prior to the event. This certificate shall provide that thirty (30) days written notice of cancellation shall be given to the City. Certificates of Insurance shall also be provided for Automobile insurances of all automobiles used for the event. If the Event Sponsor has any employee(s), full workers' compensation insurance shall be provided with a limit of at least \$100,000 for any one person as required by law.
3. Failure to comply with any law, rule, or regulation applicable to the use of said streets shall be grounds to revoke any such permit and, in such circumstances, the Chief of Police shall

immediately revoke said permit. The Event Sponsor or permit holder, in such case, shall have the right to appeal said revocation to the City Council.

4. Event sponsor shall be responsible for placing and removing all traffic barricades and posting of parking restrictions where street is closed. "No Parking" signs shall be posted at least twenty-four (24) hours prior to towing of vehicle(s) per California Vehicle Code Section 22651 (m) (Attachment 5).
5. Event sponsor shall contact all businesses and residences affected by the street closures, advising them of the hours, conditions, and reason thereof within one half-mile of the closure area at least seventy-two (72) hours prior to the event. Event Sponsor shall provide the City with confirmation that the proper notification was given (Attachment 4).
6. Event sponsor shall be responsible for removing all equipment and disposing of any trash and debris within and around the closure area that is generated from the event prior to the expiration of the closure permit.
7. The Applicant shall arrange and pay for special event City Refuse service by contacting Public Works at (209) 385-6800.
8. Event sponsor shall provide emergency vehicle access into and through the interior of the course loop at all times via moveable or drive-over barricades at the specific intersection of W. 18<sup>th</sup> and M Streets. All interior streets shall remain free of any structures or barricades that would prevent free passage of emergency vehicles around the course. Fire hydrant access shall not be blocked at any time whatsoever.
9. Event sponsor shall provide adequate supervision throughout the course and surrounding intersections to ensure the safety of the participants and the public gathered, as required by the Police Department.
10. The Permittee shall be responsible for ensuring any and all food booth and other vendors shall obtain business licenses with the City of Merced (if not currently licensed) and/or Merced County Department of Health permits (for food service) prior to the event. Addition of these activities shall require Special Events Insurance be obtained (see City of Merced Insurance Department).
11. No alcoholic beverages may be served or sold at this event.

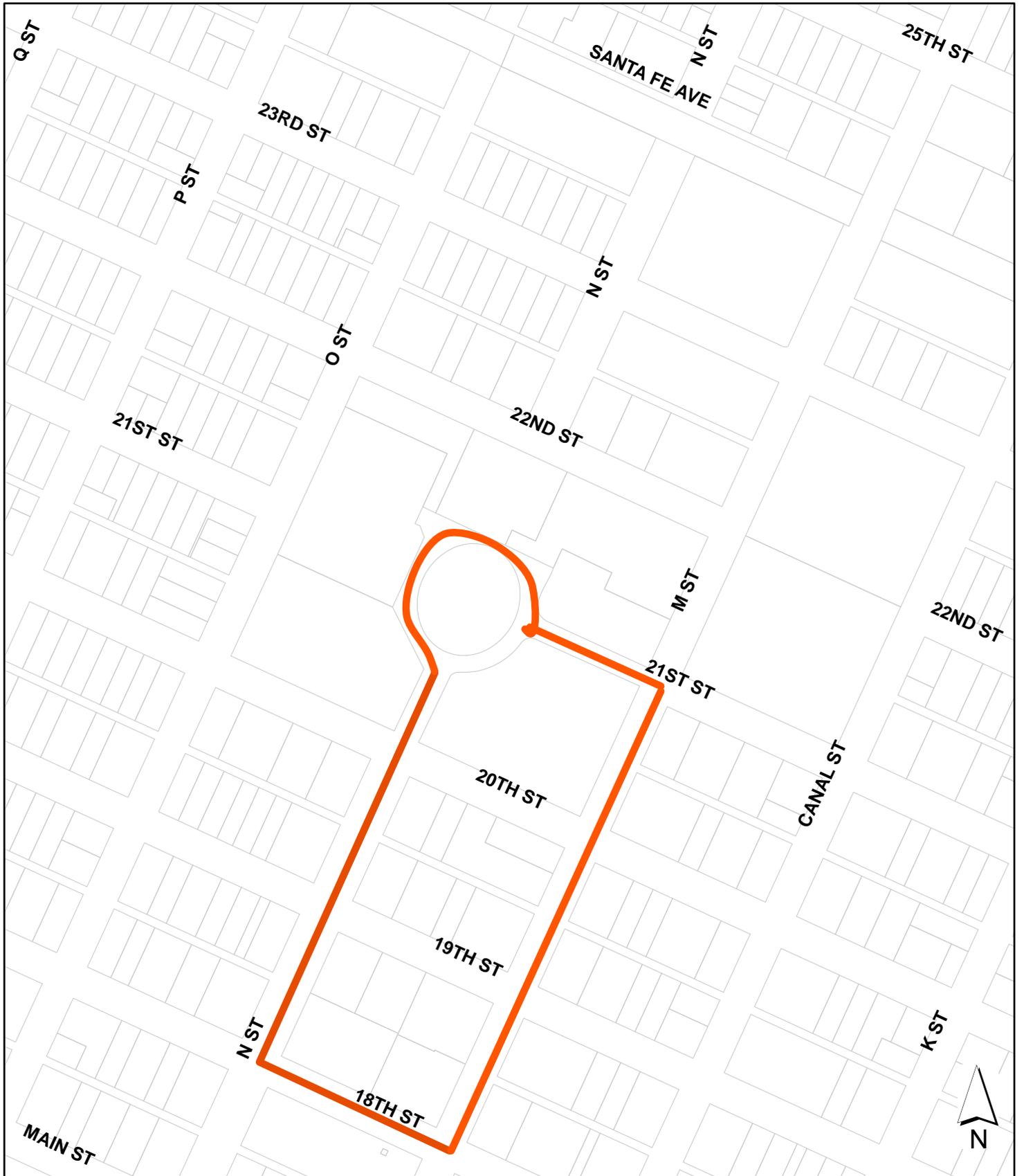
All other provisions addressed in Ordinance #1941 Chapter 12.42 (Temporary Street Closures) shall apply.

### **IMPACT ON CITY RESOURCES**

For many years, this race ran safely and successfully without Police support, due to experienced volunteers and well-placed barricades and warning signs, and expects to be able to run the event similarly this year. No City staffing is necessary. Therefore, there is no expected impact to the City's budget with this event.

**ATTACHMENTS**

1. Location Map
2. Closure/Course Map
3. Basic Information
4. "Notification of Pending Street Closure" form
5. No Parking sign template

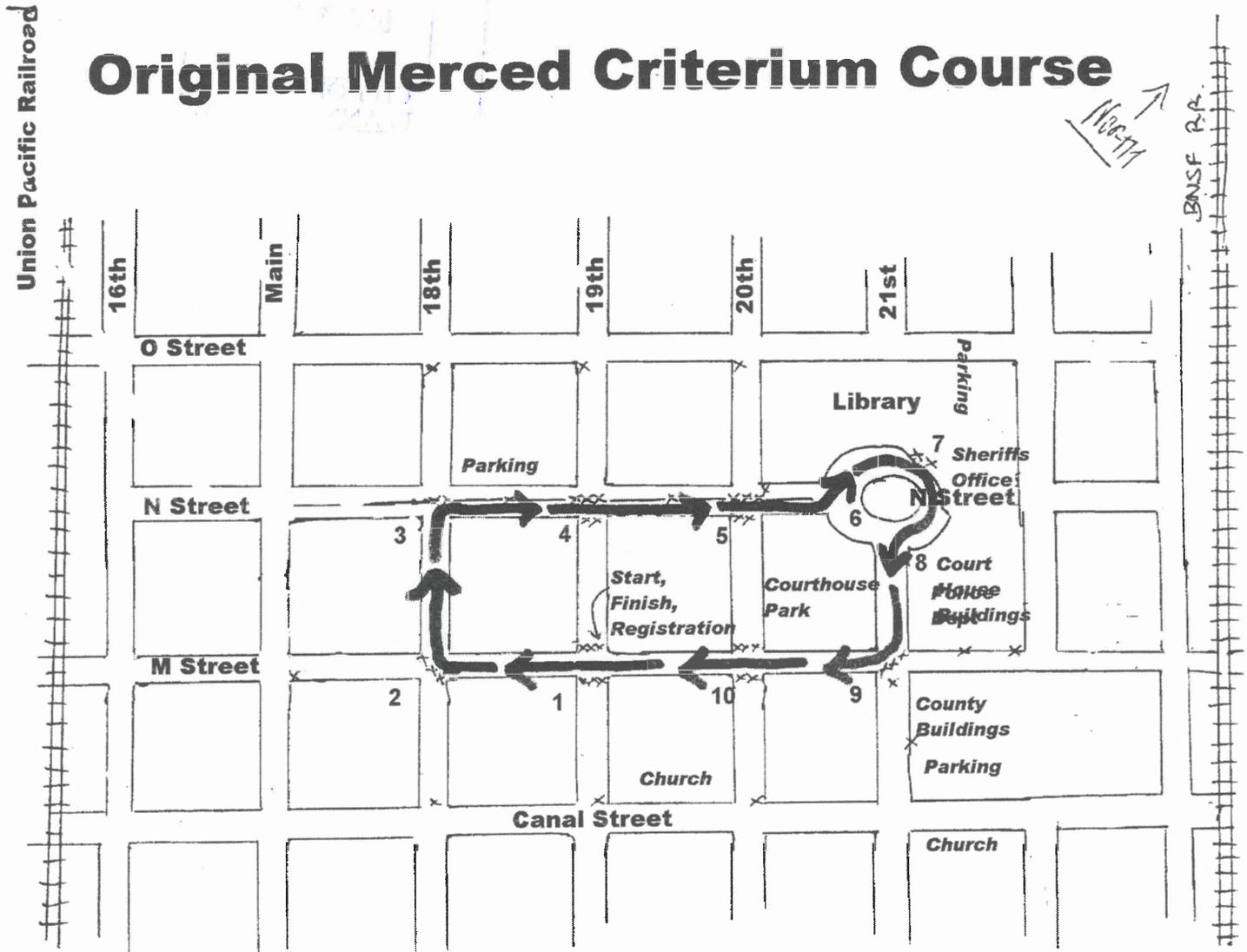


**Disclaimer:** This document was prepared for general inquiries only. The City of Merced makes no warranty, representation, or guarantee regarding the accuracy of this map. The City of Merced is not responsible for errors or omissions that might occur. Official information regarding specific parcels should be obtained from official recorded or adopted City documents.

**Street Closuret #18-24**  
**30th Original Merced Criterium Bike Race**  
**ATTACHMENT 1**



# Original Merced Criterium Course



Basic Information:

## **The 30th Original Merced Criterium, in Merced**

Date: Sunday February 24, 2019

Times: Set Up: 6 a.m. to 8 a.m.  
Street Closure: 7 a.m. to 3:30 p.m.  
Events: 8 a.m. to 3:30 p.m.  
Clean-Up: 3:30 pm to 5: 00 p.m.

Location: A 0.7 mile loop of Merced City streets including the loop behind the old Courthouse, with a start finish line on M at 19<sup>th</sup>.

Course: The course has been a fast paced circuit in the City, starting and finishing on M Street, and utilizing M, 18th, N, behind the Old Courthouse, and 21st Streets. There are several 90 degree turns and a chicane behind the old Courthouse. The Criterium has used the same course since 1987. (Though the event was not held in 2017 and 2018). Velo Promo provides all needed barricades (including Type 3) and signage (including detour signs) for the event

Type of Event: The race is a "criterium", that is, a series of multi-lap races of varying lengths for various categories on a short closed loop. Riders sprint for prizes (Primes) on designated laps during the event, and for prizes at the finish. The total program will be seven hours in length.

Entrants: Riders will be licensed amateurs from USA Cycling and Professionals from the U.S. Professional Racing Organization. In the past, competitors have included members of the U.S. National Team and Olympic Team, foreign riders and U.S. National Champions. Seven separate categories of riders will have their own events, and some 200 riders can be expected to compete in 2019.

History: The Criterium began in 1987, as a part of the San Joaquin Series, a set of races designed for the U.S. National Team (then at training camp near Fresno) as tune-up events before heading east to the big Spring races each year, and has developed into one of the most popular race weekends in the State, along with the previous day's Snelling Road Race. Many riders have come through the Merced Criterium over the years.

Insurance and Medical: Liability Insurance naming the City and County will be provided via the USA Cycling Organization (\$1,000,000 per occurrence and \$3,000,000 aggregate). The event has a first aid station staffed with EMTs. Riders are covered under medical insurance from the USAC.

Promoters: The race is being planned by Velo Promo, operating bicycle races as a company since 1979, and as individuals since 1972. Velo Promo has 30 race days on the 2019 Northern California/Nevada race schedule, and has conducted over 900 events in the past 30 years. Race Director for 2019 is again Robert Leibold, who has directed the Criterium since 1987.

Contact:

Velo Promo, 19780 Soulsbyville Road, Soulsbyville, CA 95372

(209) 604-1354

[velopro1@sonnet.com](mailto:velopro1@sonnet.com) alt: [velopro1@yahoo.com](mailto:velopro1@yahoo.com)

[www.velopromo.com](http://www.velopromo.com)

# NOTIFICATION OF PENDING STREET CLOSURE

This is to notify you of an event that will require the closure of street(s) in your area. Please note the details below, including the date and time of the closure(s), and plan to park your vehicle(s) off the affected street(s) on the day of the event. Your cooperation is greatly appreciated. If you have any concerns, please notify the contact person listed.

Name of Event: \_\_\_\_\_ Type of event (parade, etc.): \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Date(s) of closure: _____	Time: between _____ am/pm and _____ am/pm
Streets to be closed: _____ _____	
Other streets with restricted access: _____ _____	

Please Note: Event Sponsor is responsible for posting of parking restrictions where street is closed. "No Parking" signs shall be posted at least twenty-four (24) hours prior to any necessary towing of vehicle(s), per California Vehicle Code Section 22651(m).

To avoid having your vehicle towed, please keep this notice as a reminder and comply with the posted parking restrictions. If you are a business with employees, please notify your employees as soon as possible and post this notice in a conspicuous location. Thank you.

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# NOTIFICATION OF PENDING STREET CLOSURE

This is to notify you of an event that will require the closure of street(s) in your area. Please note the details below, including the date and time of the closure(s), and plan to park your vehicle(s) off the affected street(s) on the day of the event. Your cooperation is greatly appreciated. If you have any concerns, please notify the contact person listed.

Name of Event: \_\_\_\_\_ Type of event (parade, etc.): \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone Number: \_\_\_\_\_

Date(s) of closure: _____	Time: between _____ am/pm and _____ am/pm
Streets to be closed: _____ _____	
Other streets with restricted access: _____ _____	

Please Note: Event Sponsor is responsible for posting of parking restrictions where street is closed. "No Parking" signs shall be posted at least twenty-four (24) hours prior to any necessary towing of vehicle(s), per California Vehicle Code Section 22651(m).

To avoid having your vehicle towed, please keep this notice as a reminder and comply with the posted parking restrictions. If you are a business with employees, please notify your employees as soon as possible and post this notice in a conspicuous location. Thank you.

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To be signed by Event Sponsor Representative after completion of required 72-hour notification and submitted to the City of Merced Planning Dept, City Hall (2<sup>nd</sup> Floor), 678 W. 18<sup>th</sup> Street, Merced.

I have notified the required parties of the dates, times, and affected streets, as required.

Signed \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

**NOTIFICATION REQUIREMENTS FOR POSTING "NO PARKING"**

**NO PARKING**

**DATE and TIMES**

(Example: Wednesday, September 9, 2011,  
6:00 am to 5:00 pm)

**VIOLATORS VEHICLE MAY BE TOWED  
AT OWNERS EXPENSE**

**MERCED POLICE DEPARTMENT**

**(209) 385-6912**

**21351 CVC / 22651(n) CVC**

**SIZE REQUIREMENTS**

SIGN MUST BE 17" x 22" LETTERS ARE TO BE AT LEAST 1" IN HEIGHT. SIGNS MUST BE POSTED ALONG ENTIRE PARADE, STREET CLOSURE, AND/OR STAGING ROUTE OR ALONG ANY CONSTRUCTION AREA.

SIGNS MUST BE PLACED NO LESS THAN 3 PER BLOCK, EVENLY SPACED ON BOTH SIDES OF THE STREET, ALONG THE ENTIRE STREET CLOSURE.



**ADMINISTRATIVE REPORT**

**Agenda Item I.10.**

Meeting Date: 2/4/2019

*Report Prepared by: Kim Espinosa, Planning Manager, Development Services Department*

**SUBJECT: Approval of a Professional Services Agreement for the Preparation of the 5-Year Update of the Public Facilities Financing Plan and Impact Fee Program with Economic and Planning Systems, Inc. in the Amount of \$85,000**

**REPORT IN BRIEF**

Considers awarding a professional services agreement to Economic & Planning Systems, Inc., in the amount of \$85,000 to prepare the 5-year update of the City's Public Facilities Financing Plan and Impact Fee Program and appointing a City Council Sub-committee.

**RECOMMENDATION**

**City Council** - Adopt a motion:

- A. Approving the Professional Services Agreement with Economic & Planning Systems, Inc., in the amount of \$85,000.00 for preparation of the 5-year update of the City's Public Facilities Financing Plan and Impact Fee Program; and,
- B. Authorizing the City Manager or the Assistant City Manager to execute the documents; and,
- C. Appointing a Council sub-committee of 2-3 members to assist in the PFFP review.

**ALTERNATIVES**

- 1. Approve the agreement, as recommended by staff; or,
- 2. Approve the agreement, subject to modifications by City Council (identify specific items to be amended 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 City Council meeting (date and time to be specified in the motion).

**AUTHORITY**

Government Code 66106 through 66018 establishes procedures for adoption or modification of development impact fees. Merced Municipal Code Section 17.61 provides for the City's Public Facilities Impact Fees.

**DISCUSSION**

Proposed Project

The City's Public Facilities Financing Plan was first adopted in 1998; revised in 2003, 2004, 2006, 2009, and 2010; and comprehensively updated in 2012. A 5-year update to the City's 2012 Public Facilities Financing Plan and associated Public Facilities Impact Fee Program is now needed. This effort is expected to take approximately 1 year to complete.

This effort would include the following:

- An evaluation of the City's public facilities needs over the next 20 years, including costs, based on population and growth projections. The public facilities included in the Plan include transportation projects (roadways, traffic signals, bridges, railroad crossings, etc.), police and fire facilities, and parks and recreation facilities, which are included in the City's Public Facilities Impact Fee Program. (Wastewater, water, and other utility projects are not included in the Public Facilities Financing Plan as they have separate master plans and impact fees.)
- Preparation of an updated Public Facilities Financing Plan, Impact Fee Ordinance, and Administrative Policy.
- All past efforts to adopt and update the Public Facilities Financing Plan have involved a Citizens Task Force or Focus Group. City staff anticipates putting together such a group of no more than 12 to 15 individuals (plus representatives from the City Council and Planning Commission) and holding approximately 10-12 meetings with the group at project milestones.
- Study sessions, public meetings, and public hearings before the Planning Commission and City Council to review the Plan and Impact Fee Program.

#### Selection of the Consultant

On October 22, 2018, the City issued a Request for Proposals (RFP) to qualified consultants. A pre-proposal meeting was held on November 9, 2018. The deadline for submittals was November 30, 2018. The City received three (3) proposals: Economic and Planning Systems, Inc. (EPS) in the amount of \$85,000; David Taussig & Associates in the amount of \$95,000; and Harris & Associates in the amount of \$92,640.

Interviews were held on December 18, 2018. The interview panel consisted of City Manager Steve Carrigan, Finance Officer Venus Rodriguez, Director of Development Services Scott McBride, (former) City Engineer Steven Son, and Kim Espinosa, Planning Manager. Although all the firms were highly qualified, it was the unanimous consensus of the interview panel that Economic and Planning Systems (EPS) was the best choice, due in part to their past experience with projects for the City, Merced County, and UC Merced, and their proposed approach to the project.

An agreement for professional services has been prepared with Economic and Planning Systems (EPS) in the amount of \$85,000 (Attachment 1) for City Council consideration. Funds are available within the FY 2018-19 Budget in the Planning Division's Professional Services Account for this effort.

During previous processes, the Council appointed a sub-committee to participate in the formation of the Facilities Financing Plan. Staff is seeking direction on continuing that practice and the appointment of a sub-committee.

**IMPACT ON CITY RESOURCES**

Funding is available within the 2018-19 Adopted Budget for the update of the Public Facilities Financing Plan.

**ATTACHMENTS**

1. Agreement for Professional Services with EPS

## **AGREEMENT FOR PROFESSIONAL SERVICES**

THIS AGREEMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2019, by and between the City of Merced, a California Charter Municipal Corporation, whose address of record is 678 West 18<sup>th</sup> Street, Merced, California 95340, (hereinafter referred to as “City”) and Economic and Planning Systems, Inc., a California Corporation, whose address of record is 400 Capitol Mall, 28th Floor, Sacramento, California 95814 (hereinafter referred to as “Consultant”).

WHEREAS, City is undertaking a project to prepare a 5-year update of the City’s Public Facilities Financing Plan and Impact Fee Program (the “Project”); and

WHEREAS, Consultant represents that it possesses the labor and professional skills and expertise to provide economic consulting 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 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 shall be made monthly in proportion to the services based on time and materials specified in the fixed fee, for work satisfactorily performed within each phase. For Consultant's services rendered under this Agreement, City shall pay Consultant the not to exceed sum of Eighty-Five Thousand Dollars (\$85,000.00).

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: \_\_\_\_\_  
City Manager

ATTEST:  
STEVE CARRIGAN, CITY CLERK

BY: \_\_\_\_\_  
Assistant/Deputy City Clerk

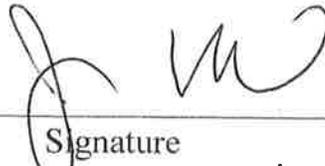
APPROVED AS TO FORM:

BY:  1-15-19  
City Attorney Date

ACCOUNT DATA:

BY: \_\_\_\_\_  
Verified by Finance Officer

CONSULTANT  
ECONOMIC AND PLANNING  
SYSTEMS, Inc.,  
A California Corporation

BY:   
Signature

Jason Moody  
Print Name

Managing Principal  
Title

BY:   
Signature

DARIN SMITH  
Print Name

MANAGING PRINCIPAL  
Title

Taxpayer I.D. No. 94-3056856

ADDRESS: 400 Capitol Mall, 28<sup>th</sup> Floor  
Sacramento, CA 95814

TELEPHONE: (916) 649-8010

FAX: \_\_\_\_\_

E-MAIL: jmoody@epsys.com  
rpowell@epsys.com

# Exhibit A

## Scope of Work

### Public Facilities Financing Plan & Impact Fee Program Update

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#### **Task 1: Organize Staff and Consultant Resources**

##### ***Task 1A: Project Kick-Off Meeting and Organization/Adjust Project Scope of Work as Needed***

EPS will meet with City staff to (1) review and understand the development process of the Plan and Fee Program, (2) discuss roles and expectations, (3) establish communication protocols for information sharing and future discussions, and (4) provide applicable planning documents to the selected consultant.

The intent of this kick-off meeting with the City is to review the previous Plan and Fee Program and discuss the expected work product, the Scope of Work, project schedule, invoicing protocol, stakeholder outreach strategy, staff and City Council workshops, and implementation approach. EPS will discuss data gathering protocol with City staff and establish expectations. EPS will establish contact priorities between EPS consultants and City staff.

##### Task 1A Meetings

*Staff Meeting 1: Discuss findings from a review of documents, refine Scope of Work, discuss project schedule, and discuss protocol for information sharing and future discussions.*

##### Task 1A Deliverables

*Deliverable 1: Response to RFP.*

##### ***Task 1B: Review Existing Financing Plan and Fee Ordinances/Recommendations for Improvements and Updates***

EPS will have reviewed the City's 2012 Public Facilities Financing Plan and Public Facilities Impact Fee Program and will make recommendations on improvements/changes in methodology or approach. For examples, the City's impact fee program currently uses the concept of "dwelling unit equivalents" (DUEs) in fee calculations, and the City's fees are citywide fees with no "Zones of Benefit" or different fees for infill areas. EPS will review and outline possible benefits or disadvantages to using different methodologies and having the consultants make a recommendation on the best possible approach for the City to use.

EPS will evaluate whether certain Plan elements benefit certain geographical areas of the City, which may best be served in adopting a Zones of Benefit analysis. EPS will also evaluate certain development types to determine if special conditions should be established for Fee Program analysis, such as infill projects and job-creating development prototypes.

EPS will review current DUE assumptions to determine if adjustments should be made to some or all DUE assumptions.

# EXHIBIT A

Task 1B Deliverables

*Deliverable 2: Report on existing plan/ordinance and recommendations on methodologies.*

**Task 1C: Review Existing City Infrastructure Plans and Documents**

EPS will review City plans and documents to provide an evaluation of the City's future public facility and infrastructure needs for the 20-Year time frame of the Plan within the City's Sphere of Influence (SOI), including these:

1. Merced Vision 2030 General Plan
2. 2012 Public Facilities Financing Plan and Public Facilities Impact Fee Program
3. 2013 Bicycle Transportation Plan
4. 2018 Fire Services Standards of Coverage
5. 2004 Parks and Open Space Master Plan
6. Central Police Station Needs Assessment (if available)
7. Active Transportation/Safe Routes to School Plan (if available)
8. Other studies/reports as determined by the City

Task 1C Deliverables

*Deliverable 3: Memorandum summarizing City plans/documents and identified public facilities/infrastructure needs.*

**Task 2: Draft Evaluation of City's Public Facilities Needs for 20-Year Time Frame**

**Task 2A: Update Assumptions and Growth Projections**

EPS will update the assumptions used in the Plan, including level-of-service standards, population, and employment projections over the 20-year life of the Plan, DUEs (if applicable), peak-hour trips, document existing deficiencies, and other assumptions, based on EPS's review of documents in **Task 1** and corresponding recommendations. A summary will be provided for discussions with the Focus Group.

EPS will review development approvals and the status of all planned development projects. EPS will review new development and land uses that have occurred recently to assess potential absorption rates for new development for the 20-year study period.

Task 2A Deliverables

*Deliverable 4: Memorandum summarizing updated assumptions and growth projections.*

**Task 2B: Update Project List (including Costs and Phases)**

EPS will update the project list of needed public facilities to be included in the Plan and Fee Program for the 20-year time frame with the City's SOI. After the draft project list is developed, EPS will develop for each project: (1) updated detailed project cost estimates in today's dollars, (2) proposed construction schedules in 5-year increments, and (3) defined project parameters. This review should include the possible inclusion of projects that were previously included in the now-repealed Regional Transportation Impact Fee (RTIF) program, public arts projects, and other projects.

EPS will work with City staff to update the project list of needed public facilities, to establish project costs, and, where needed, will use established cost parameters for public facilities EPS has developed for other similar projects. EPS will work with City staff to establish estimated work schedules for all identified projects to determine overall construction funding needs in 5-year increments. EPS will work with City staff to establish project parameters. Sizing of public facilities, such as fire stations, will be based on current City standards.

#### Task 2B Deliverables

*Deliverable 5: Memorandum updating project list and associated findings.*

#### **Task 2C: Update Matrix of Recommended Funding Sources**

EPS will update the matrix of recommended funding sources for all proposed projects to be included in the Plan, including the proposed impact fees and other funding sources (i.e., grants, developer construction, road taxes, regional fee programs, etc.).

In identifying the costs of identified projects, EPS will establish costs to be assigned to new development and those costs associated with existing deficiencies. EPS will work with City staff to identify potential funding sources for cost of identified projects associated with the costs of existing deficiencies. EPS will also review and identify other potential funding sources not already identified by City staff.

#### Task 2C Deliverables

*Deliverable 6: Memorandum updating matrix of recommended funding sources.*

#### **Task 2D: Draft Impact Fee Schedule**

EPS will prepare the calculations and a draft fee schedule for the Fee Program. Using the findings from **Tasks 1** and **2**, EPS will perform the following work:

- » **Review/Revise DUE Factors.** Development impact fees typically are based on DUEs for various land uses. DUEs convert the demand for public facilities into similar-measurement units for various land uses. These DUEs measure the demand for facilities generated by each land use type. EPS will use DUEs derived in previous tasks to develop cost allocation methodologies.
- » **Distribute Public Facility Costs by Land Use.** Based on existing and forecasted development developed in previous tasks, EPS will determine the units served that will benefit from the capital improvements proposed for each fee component. The public facility costs then are allocated to each land use, based on the relative demand for or benefit from each public facility component. As such, a cost-per-unit-served is established.
- » **Apply DUE Factors to Determine the Fee.** The DUE factors multiplied by the cost-per-unit-served will establish the development impact fee by land use.
- » **Incorporate an Administrative Fee Component.** The City will include an administrative cost component to the fee, which will allow the City to recover administrative costs in administering the fee program.

In this task, EPS will use the findings of previous tasks to prepare tables allocating costs of capital facilities to estimated new development, taking into consideration any existing deficiencies in capital facilities required to serve existing development. To ensure the defensibility of a Nexus Study, EPS will identify any existing deficiencies in capital facilities to ensure only capital facility costs required to serve new development are used to calculate the development impact fee.

The City does not offer impact fee reductions for such projects as affordable housing, infill development, job creation, etc. EPS will review potential opportunities to offer impact fee reductions for affordable housing, infill development, and job-creating land uses. EPS will try to identify other offsetting revenue sources for any proposed fee program reductions. EPS will prepare an analysis of potential advantages and disadvantages of such discounts and provide a recommendation for their use as part of this task.

#### Task 2D Deliverables

*Deliverable 7: Memorandum presenting the Draft Impact Fee Schedule.*

### **Task 3: Focus Group Meetings**

#### ***Task 3A: Prepare Information for Focus Group Meetings***

The original adoption and previous major revisions to the Public Facilities Financing Plan involved the input of a task force or focus group. With this update, the City anticipates forming a Focus Group with approximately 12 to 15 members, including representatives from the local building industry, local business owners, local engineers, and other interested citizens, along with representatives from the Planning Commission and City Council (no more than 2 members from each to avoid Brown Act concerns). City staff likely will take a leadership role in conducting the Focus Group meetings, but EPS will need to prepare materials to be reviewed by the Focus Group. An optional task should be included in the proposed budget for EPS to design and host the Focus Group meetings.

EPS will prepare all required information in support of Focus Group meetings, including printed materials and PowerPoint presentations. EPS will attend up to **five** Focus Group meetings, as determined by City staff.

#### Task 3A Deliverables

*Deliverable 8: Prepare all proposed presentation materials for all Focus Group meetings.*

#### ***Task 3B: Conduct Focus Group Meetings***

As indicated above, City staff likely will take the leadership role in conducting these Focus Group meetings. It is estimated that no more than 12 to 15 Focus Group meetings should be necessary, but previous efforts have taken as few as 8 meetings. Several meetings are expected to focus on the work products produced in **Task 2** above. If the City conducts the meetings, summaries shall be provided to EPS.

As stated in **Task 3A**, EPS will attend up to **five** Focus Group meetings.

Task 3B Deliverables

*Deliverable 9: Prepare all proposed presentation materials for all Focus Group meetings.*

**Task 3C: Prepare Survey of Other Jurisdictions**

EPS shall prepare a Survey of Impact Fees from Other Jurisdictions (to be determined by City staff) for comparison with the proposed City Impact Fees. Previous survey efforts by City staff have shown fee calculations for sample projects illustrating the different land use categories, including single-family residential, multifamily residential, retail, office, and industrial. City staff will work with EPS to design the survey to suit the City's needs.

EPS will prepare fee comparisons for up to **six** jurisdictions identified by City staff and for all land uses. EPS will also prepare a feasibility analysis (where possible) for all fee comparisons.

Task 3C Deliverables

*Deliverable 10: Memorandum summarizing survey of impact fees for other jurisdictions.*

**Task 3D: Media Coverage and Web Site**

EPS will draft a press release to inform local residents about the planning efforts to be undertaken. EPS will provide information and materials for the City's Web site ([www.cityofmerced.org](http://www.cityofmerced.org)). These materials will include text, photographs, maps, renderings, and other images for the Web site to explain the planning process.

Task 3C Deliverables

*Deliverable 11: Prepare press releases and Web site materials.*

**Task 4: Prepare First Draft Plan and Impact Fee Ordinance**

**Task 4A: Prepare First Draft of Plan**

Based on input and recommendations from the Focus Group and using the same general format as the 2012 Public Facilities Financing Plan, EPS will prepare an administrative draft Plan (including the Fee Program Report [NEXUS Report, based on Assembly Bill (AB) 1600]), all maps and illustrations, tables, project detail sheets, and other appendices for City staff review. After City staff review, a Draft Plan will be prepared. The Draft Plan will be presented in hard copy and digital format and posted to the City's Web site.

Task 4A Deliverables

*Deliverable 12: Administrative Draft Plan.*

*Deliverable 13. First Draft Plan.*

**Task 4B: Prepare First Draft Fee Ordinance**

EPS will prepare an administrative draft Fee Ordinance for City staff review. After City staff review, a Draft Fee Ordinance will be prepared. The Draft Fee Ordinance will be presented in hard copy and digital format and posted to the City's Web site.

Task 4B Deliverables

*Deliverable 14: Administrative Draft Fee Ordinance.*

**Task 5: Present Draft Plan and Fee Ordinance to Public and Stakeholders**

***Task 5A: Host Public Workshops to Present Draft Plan/Fee Ordinance***

A minimum of two public workshops, perhaps in the form of joint Planning Commission/City Council study sessions, shall be conducted as part of the project. EPS will design and conduct up to **three** workshops. The City will take care of finding suitable locations, scheduling, and sending out invitations to these workshops. EPS will summarize the findings of each workshop for EPS's use. The first workshop will present the Draft Plan and Fee Ordinance, including the draft project list, draft fee schedule, and survey of other jurisdictions.

Task 5A Deliverables

*Deliverable 15: Prepare materials for public workshops and conduct up to three workshops.*

***Task 5B: Host Joint Planning Commission/City Council Study Session on Draft Plan and Fee Ordinance***

EPS will participate in up to **three** workshops, as discussed in **Task 5A**.

Task 5B Deliverables

Included in **Task 5A**.

***Task 5C: Media Coverage and Web Site***

EPS will provide services discussed in **Task 3D**.

Task 5C Deliverables

*Deliverable 16: Press releases and Draft Plan/Fee Ordinance, including digital copies.*

**Task 6: Second Draft Plan and Impact Fee Ordinance**

***Task 6A: Second Draft Plan and Fee Ordinance and Draft Administrative Policy***

After making revisions based on comments on the first draft, EPS will prepare the Second Draft for presentation at one final workshop before adoption. The Second Draft will be provided in hard copy and digital format. This task will include preparation of any revisions to the Public Facilities Impact Fee Administrative Policy, including credits and reimbursements, deferral policies, definitions, exemptions, etc.

Task 6A Deliverables

*Deliverable 17: Second Draft Plan/Fee Ordinance/Administrative Policy (digital and hard copy forms).*

***Task 6B: Final Public Workshop Before Public Hearings***

EPS will present the Second Draft at a final public workshop to include all past participants in the process.

Task 6B Deliverables

*Deliverable 18: Presentation at final workshop.*

**Task 7: Public Hearings to Consider Adoption of the New Plan and Fee Ordinance**

***Task 7A: Planning Commission Public Hearing to Recommend Adoption of Plan/Ordinance***

After preparing the Final Draft Plan and Fee Ordinance (to be provided both in hard copy and digital format), EPS will plan on attending this meeting and presenting the Draft Ordinance to the Planning Commission at a public hearing. City staff will prepare the staff report and resolution and work with City Attorney staff on final ordinance language.

Task 7A Deliverables

*Deliverable 18: Final Ordinance for adoption and Planning Commission presentation.*

***Task 7B: City Council Public Hearing to Recommend Adoption of Plan/Ordinance***

EPS will attend this meeting and present the Plan and Fee Ordinance to the City Council at a public hearing. City staff will prepare the staff report and resolution and work with City Attorney staff on final ordinance language, but EPS may need to make some changes to the project based on the Planning Commission recommendation.

Task 7B Deliverables

*Deliverable 19: Presentation at City Council.*

***Task 7C: Distribution and Posting of Completed Plan/Ordinance***

The City will post the final Plan/Ordinance online and distribute it to interested parties.

**City of Merced PFFP and DIF Program Update  
Estimated Schedule**

Task/Description	February 2019	March 2019	April 2019	May 2019	June 2019	July 2019	August 2019	September 2019
<b>Scope of Work</b>								
Task 1: Organize Staff and Consultant Services								
Task 2: Draft Evaluation of City's Public Facilities Needs for 20-Year Time Frame								
Task 3: Focus Group Meetings								
Task 4: Preparation of First Draft Public Facilities Financing Plan and Impact Fee Ordinance								
Task 5: Presentation of Draft Financing Plan and Fee Ordinance to Public and Stakeholders								
Task 6: Second Draft Public Facilities Financing Plan and Impact Fee Ordinance								
Task 7: Public Hearings to Consider Adoption of the New Facilities Plan and Fee Ordinance								

*schedule*

**EXHIBIT B**



ADMINISTRATIVE REPORT

Agenda Item J.1.

Meeting Date: 2/4/2019

*Report Prepared by: Mark Hamilton, Housing Program Supervisor, Housing Division, Department of Development Services*

**SUBJECT:** Adoption of Resolution Allowing the Submittal of a Joint Application with the Richman Group of California Development Company, LLC (Richman Group), and the Central Valley Coalition for Affordable Housing (CVCAH) for the Affordable Housing and Sustainable Communities (AHSC) Program to Obtain Loan and Grant Funding for the Construction of a 119 Unit Affordable Housing Project at 1137 B Street in Merced, California and Approval and Execution of an Enforceable Funding Commitment Agreement, a First Amendment to the Exclusive Negotiating Agreement, and Memorandum of Understanding Between the City, CVCAH and the Richman Group, and Certification of the National Environmental and Protection Agency Environmental Assessment

**REPORT IN BRIEF**

Considers Resolution allowing the submittal of a joint application with the Richman Group of California Development Company, LLC (Richman Group), and the Central Valley Coalition for Affordable Housing (CVCAH) for the Affordable Housing and Sustainable Communities (AHSC) Program to obtain loan and grant funding for the construction of a 119 unit Affordable Housing Project at 1137 B Street in Merced, California and approval and execution of an Enforceable Funding Commitment Agreement, a First Amendment to the Exclusive Negotiating Agreement, and Memorandum of Understanding between the City, CVCAH and the Richman Group, and Certification of the National Environmental and Protection Agency Environmental Assessment.

**RECOMMENDATION**

**City Council** - Adopt a motion:

- A. Adopting **Resolution 2019-06**, a Resolution of the City Council of the City of Merced, California, authorizing application for the Affordable Housing and Sustainable Communities Program; and,
- B. Approving the enforceable funding commitment agreement between the City of Merced, Central Valley Coalition for Affordable Housing, and Richman Group of California Development Company LLC, a Limited Liability Company; and,
- C. Authorizing the City Manager or the Assistant City Manager to execute the necessary documents to submit the AHSC Program application as a joint applicant with the Richman Group and the Central Valley Coalition for Affordable Housing; and,
- D. Authorizing the City Manager or the Assistant City Manager to sign the National Environmental

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and Protection Agency Environmental Assessment (EA) for the Childs and B Street project and sign the Authority to Use Grant Funds as the City's Certifying Officer; and,

E. Funding the Childs Court Apartments as submitted. The amount awarded to applicants may not exceed \$1,200,000 of Low-Moderate Income Housing Asset funding for this development and shall be included as part of the 2018 and 2019 HUD Annual Action Plans; and,

F. Funding the Childs Court Apartments as submitted. The amount awarded to applicants may not exceed \$2,000,000 of Community Development Block Grant (CDBG) funding for this development and shall be included as part of the 2019, 2020, 2021, and 2022 HUD Annual Action Plans; and,

G. Funding the Childs Court Apartments as submitted. The amount awarded to applicants may not exceed \$1,910,000 of HOME Investment Partnership Program (HOME) funding for this development and shall be included as part of the 2018, 2019, 2020, 2021, 2022, and 2023 HUD Annual Action Plans; and,

H. Approving the First Amendment to the Exclusive Negotiating Agreement between the City of Merced, the Richman Group of California Development Company, LLC and the Central Valley Coalition for Affordable Housing; and,

I. Approving the AHSC Implementation and Cooperation Memorandum of Understanding between the City of Merced, the Richman Group of California Development Company, LLC. and the Central Valley Coalition for Affordable Housing.

## 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 City Council motion); or,
3. Deny; or,
4. Refer to City Staff for reconsideration of specific items to be addressed in City Council motion); or,
5. Continue to a future City Council meeting (date and time to be specified in City Council motion).

## AUTHORITY

Title 24 of the Code of Federal Regulations, Part 570 (the U.S. Housing and Urban Development regulations concerning CDBG including Subpart M of these regulations), Sections 570.705(c) - Loan Guarantees and 570.706 - Federal Guarantee, Subrogation. And per HUD regulations HOME Investment Partnership Program; 24 CFR Part 92.201.

## CITY COUNCIL PRIORITIES

In 2015, Housing Staff was directed by Council to pursue the development of new Permanent Supportive Housing projects utilizing non-general fund monies to assist with the construction of affordable housing opportunities combined with permanent supportive housing units in the community.

The Housing Division began describing the various parameters for an eligible project and presented the concept at the 2016 Merced Homeless Summit. After the presentation at the Homeless Summit,

the Housing Division published a request for proposals from developers to evaluate the opportunity to continue with this project. The Housing Division received three responses from various developers interested in working with the City on an affordable/permanent supportive project. After an extensive interview process, the Richman Group was selected as the most qualified. To allow for this project to move forward, Housing staff included the conceptual project in the 2017 and 2018 HUD Annual Plan.

## DISCUSSION

Staff is requesting the that City Council consider the Enforceable Funding Commitment Agreement, resolutions, and associated funding commitments to provide financial assistance to the Richman Group and CVCAH for the construction of multi-family development. The Project includes an approximate 4-acre apartment complex and off-site infrastructure improvements at the corner of Childs Avenue and B Street. As described in Attachment 8, this development includes a courtyard style community comprised of five 3-story buildings with 119 residential dwelling units with a mix of 100% affordable housing, with up to 25% including 30 permanent supportive housing units.

The apartment complex includes a variety of one, two, and three bedroom apartments. Community amenities include a multi-purpose room, manager's and service provider's offices, computer center, fitness room, mailboxes, laundry facilities, a patio and barbecue area, swimming pool, and a play area for children.

In working with the Richman Group to ensure this project is as competitive as possible, staff identified future commitments beyond the City's current year's allocation. The funding agreement is required to demonstrate the available resources committed as part of the Affordable Housing Sustainable Communities grant application. The total amount of the three funding sources in the Enforceable Funding Commitment Agreement totals \$5,110,000 (\$4,030,000 Construction + 1,080,000 Land Acquisition Costs) (Attachment 3). The Developer would use these funds combined with development fees deferrals and additional private grant funds to present a competitive application for the Federal Low-Income Housing Tax Credit and the Strategic Growth Council AHSC applications. The AHSC application is due February 11, 2019, and the Tax Credit Application to the California Debt Limit Allocation Committee and California Tax Credit Allocation Committee is due March 4, 2019. Reimbursement for actual expenditures is allowable for up to 24 months after construction is complete. The requested pre-award commitments are within the financial capacity of the Housing Program (24 CFR 570.200.h.1.i - v and 24 CFR 92.206.(d)(1-5).

The Enforceable Funding Commitment Agreement only guarantees future funds as they are allocated annually from the U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) programs. If the City's yearly grant allocation received from HUD for either CDBG or HOME is reduced below the amount committed by this agreement, Housing staff will work with the developer to ensure the project and the funding amounts are budgeted in each HUD Annual Action Plan until the full commitment amount described in the Enforceable Funding Commitment Agreement is reached.

Childs Court Apartment Fiscals: AHSC/4% TCAC  
Total Project Costs: \$40,845,340 (\$343,238.15 per unit)  
Tax Credit Equity: \$14,709,462  
AHSC Application Request: \$14,000,000

The Housing Division currently receives an annual allocation from HUD of approximately one million from the CDBG program and approximately \$400,000 of HOME Investment Partnership Program funds. The Housing Division recommends the following financing contribution for the project:

- a. Fiscal Year 2018/19 Low-Moderate Income Asset funds: \$1,200,000; and,
- b. Fiscal Year 2019/20 Community Development Block Grant funds (B19-MC-06-0044, CFDA# - 14.218, Entitlement Grant): \$500,000; and,
- c. Fiscal Year 2020/21 Community Development Block Grant funds (B20-MC-06-0044, CFDA# - 14.218, Entitlement Grant): \$500,000; and,
- d. Fiscal Year 21/22 Community Development Block Grant funds (B21-MC-06-0044, CFDA# - 14.218, Entitlement Grant): \$500,000; and,
- e. Fiscal Year 22/23 Community Development Block Grant funds (B22-MC-06-0044, CFDA# - 14.218, Entitlement Grant): \$500,000; and,
- f. Fiscal Year 2018/19 Community Housing Development Organization/HOME Investment Partnerships Program (M18-MC-060227, CFDA# - 14.239 HOME): \$410,000; and
- g. Fiscal Year 2019/20 Community Housing Development Organization/HOME Investment Partnerships Program (M19-MC-060227, CFDA# - 14.239 HOME): \$300,000; and,
- h. Fiscal Year 2020/21 Community Housing Development Organization/HOME Investment Partnerships Program (M20-MC-060227, CFDA# - 14.239 HOME): \$300,000; and,
- i. Fiscal Year 2021/22 Community Housing Development Organization/HOME Investment Partnerships Program (M21- MC-060227, CFDA# - 14.239 HOME): \$300,000; and,
- j. Fiscal Year 2022/23 Community Housing Development Organization/HOME Investment Partnerships Program (M22- MC-060227, CFDA# - 14.239 HOME): \$300,000; and,
- k. Fiscal Year 2023/24 Community Housing Development Organization/HOME Investment Partnerships Program (M22- MC-060227, CFDA# - 14.239 HOME): \$300,000.

As a Participating Jurisdiction, the City of Merced is required to set aside a minimum of 15% of its HOME funds for use by a Community Housing Development Organization (CHDO). CHDO is a special HUD defined non-profit organization that has, as its mission, the development of affordable housing. The City and the State of California have designated the Central Valley Coalition for Affordable Housing as an eligible CHDO in our community. The Developer has a separate Memorandum of Understanding in place with Central Valley Coalition, which would allow the City the ability to designate the City's HOME funds for a CHDO eligible project. The total amount to be awarded to the project as CHDO set-aside funds would be \$300,000 per year for 5 years. Funding the project through our CHDO will eliminate the duplication of efforts by the City staff for any

administrative oversight involving a CHDO project.

The commitment of \$2,000,000 of Community Development Block Grant is a combination of funds being used to replace a water main currently located in B Street, Park and Retention Basin improvements, full-street right-of-way improvements along B Street from Childs Avenue to 15<sup>th</sup> Street, Bus stop and shelter, a bus pull-out, Bikes Lanes along 13<sup>th</sup> & 15<sup>th</sup> Streets (Attachment 9) to name a few.

The financial package for the Childs Court Apartment project would not absorb all of the Housing Division's Fiscal Year funding amounts. The project would only use approximately one half our annual CDBG allocation, or about 35% - 40% of the total amount available when you consider anticipated program income into the total amounts. HOME funding would be approximately 65% - 70% of our annual allocation. When you consider un-anticipated program income the housing division is anticipating to receive year over year from past projects, the amount being allocated for this project is proportionate with our program and will allow the Housing Division the flexibility to provide financing to other projects.

The benefits of a deferred loan to one based upon "net-proceeds" are for both the City and the Developer. A deferred loan benefits the developer by reducing the required fiscal documentation, payments do not have to be made, and allowing the developer to use the loan amount to receive tax-benefits. A deferred loan benefits the City by reducing the amount of staff time processing invoices and the loan has a greater possibility of being reimbursed when the loan is refinanced. It is a new way of doing business for the Housing Division.

The loan commitment is not guaranteed with General Fund monies in the event the aggregate amount received from HUD for CDBG and HOME program funds is below the contract amount.

The City Housing Division will provide oversight to Central Valley Coalition for Affordable Housing to ensure environmental compliance and monitoring of the project. The oversight is required to ensure the project remains in compliance with the Department of Housing and Urban Developments rules and regulations.

#### History and Past Actions:

- February 26, 2016 - Presentation to the Merced Homeless Summit
- In the spring of 2017 - Housing solicits developers to submit Request for Proposals to facilitate the Childs and B Street Project.
- March 31, 2017 - Submittal of RFP by the Richman Group
- April 2018 - Council approves 2018 HUD Annual Action Plan, which includes the Childs and B Street project.
- June 2018 - County and City approved Lease Agreement with the option to purchase
- October 2018 - Council with the Developer approves The Exclusive Negotiation Agreement.
- December 2018 - Site Plan Application for the project was approved.
- January 2019 - Housing Staff facilitates Community Meetings with Developer inviting the community.

## **IMPACT ON CITY RESOURCES**

There is no fiscal impact to the City general fund as a result of this action. The City will not have any financial or legal obligations for the tax-exempt status of the bonds, the debt service on the bonds or for any other matter related to the proposed bonds.

The impact to the City would be from the pre-awarding of federal resources to the project within the Housing Division. The pre-awarding of resources will have a fiscal impact limiting the amount of CDBG and HOME fiscal resources that would have been available to obligate for other projects. However, the amounts identified to be pre-awarded to this project will not affect other debt and fiscal obligations of the Housing Division. A future Disposition and Development Agreement will be negotiated based on the availability of federal funding and awarding of grant and tax credit funding.

## **ATTACHMENTS**

1. Location Map
2. Site Plan & Elevations
3. City Enforceable Funding Commitment Agreement (To be provided at the meeting)
4. First Amendment to the Exclusive Negotiating Agreement (To be provided at the meeting)
5. Memorandum of Understanding (To be provided at the meeting)
6. AHSC Resolution (To be provided at the meeting)
7. Site Plan Committee Resolution
8. Project Scope
9. Off-Site Improvements
10. Option to Purchase
11. Article 34 Legal Opinion
12. Childs Court Apartments NEPA Review
13. PowerPoint Presentation



**Landscape Notes:**  
 1. All landscaping will be drought-tolerant species and will be designed and installed in compliance with Bay Friendly design guidelines. Soils tested and amended. Maintenance agreement required.  
 2. Trees: Typical 15 gal. Oregon Ash, Chitalpa, Chinese Pistachio, Specimen 24" box Douglas Oak, and others  
 3. Shrubs and Ground Cover: Typical 5 gal. Sunset Rockrose, CA Coffeeberry, Pink Rhododendron, Mexican Sage, 1 Gal. Carmel Sur Marzanilla, Lantana, Coral Bells, and others  
 4. Grasses/Sedges: Fescue varieties, Bio-Filtration Sod, Native Mow-Free Sod  
 5. Sizzle: Hydrosed Native Ornamental Browse Mix Fescue/Hairgrass/Sedge  
 6. Irrigation: Conform to water-use reduction measures and CA Maximum Applied Water Allowance regulations. Fully automated drip irrigation system with smart irrigation controller, backflow preventer, separate irrigation water meter, remote control valves and weather sensor. Bubbler typical, minimize spray emitters.  
 7. Accessories: All trees staked, root barriers adjacent to paving, all planters to have 3" mulch layer.



- A COMMUNITY ROOM
- B PROPERTY MANAGEMENT
- C ENTRY PAVILLION / MAIL
- D MAINTENANCE
- E POOL
- F TOT LOT/ PLAY AND RECREATION AREAS
- G VEGETABLE GARDEN
- H EXISTING STORM BASIN (FUTURE PARK AND RETENTION SITE)
- I BUS STOP
- J 30 PERMANENT SUPPORTIVE HOUSING UNITS (PSH)

ILLUSTRATED SITE PLAN  
 1" = 30'-0"

STAMP:

REVISION SCHEDULE NO.	ISSUE	DATE

JOB NUMBER: 1708  
 DRAWN BY: Author  
 CHECKED BY: Checker  
 DATE: 5 November, 2018  
 SCALE: 1" = 30'-0"  
 TITLE: ILLUSTRATED SITE PLAN

SHEET:  
**A1.2**  
 PRELIMINARY - Not for Construction -  
© 2017 PYATOK ARCHITECTURE & INTERIORS

**Childs and B Street,  
 TOD Affordable Housing**  
 905 B STREET, MERCED CA 95341



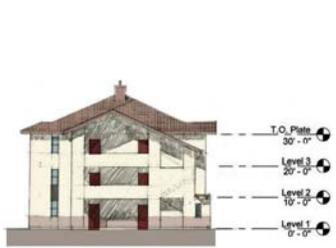
**EAST ELEVATION - B STREET** ①  
 1/16" = 1'-0"



**SOUTH ELEVATION - COMMUNITY BUILDING** ③  
 1/16" = 1'-0"



**WEST ELEVATION - COMMUNITY / UNITS** ②  
 1/16" = 1'-0"



**WEST ELEVATION - PSH** ⑥  
 1/16" = 1'-0"



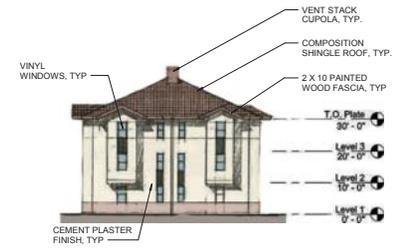
**SOUTH ELEVATION - PSH** ⑤  
 1/16" = 1'-0"



**NORTH ELEVATION - PSH** ④  
 1/16" = 1'-0"



**SOUTH ELEVATION - CHILDS AVENUE** ⑧  
 1/16" = 1'-0"



**EAST ELEVATION - PSH** ⑦  
 1/16" = 1'-0"

STAMP:

REVISION SCHEDULE  
 NO. | ISSUE | DATE

JOB NUMBER: 1708  
 DRAWN BY: Author  
 CHECKED BY: Checker  
 DATE: 5 November, 2018  
 SCALE: 1/16" = 1'-0"  
 TITLE: ELEVATIONS

SHEET  
**A3.0**

PRELIMINARY - Not for Construction -  
 © 2018 PYATOK ARCHITECTURAL & ENGINEERING

**City Enforcement  
Funding Commitment  
Agreement (ATT. 3)  
To Be Provided at the Meeting**

First Amendment to the  
Exclusive Negotiating  
Agreement (ATT. 4)  
To Be Provided at the Meeting

Memorandum of  
Understanding (ATT. 5)  
To Be Provided at the Meeting

# AHSC Resolution (ATT. 6)

To Be Provided at the Meeting

CITY OF MERCED  
 SITE PLAN REVIEW COMMITTEE  
MODIFIED RESOLUTION #429

<u>The Richman Group/Merced County</u>	<u>Modify Site Plan Resolution #429 to</u>
APPLICANT	develop an apartment complex (119
<u>420 31<sup>st</sup> Street, Ste. B1/2222 M St.</u>	units) with <del>80% market rate units and</del>
ADDRESS	<del>20% affordable units</del> <u>100% low-income</u>
<u>Newport Beach, CA 92663/Merced, CA</u>	<u>servicing units.</u>
95340	PROJECT
CITY/STATE/ZIP	<u>1137 B Street</u>
<u>(619) 708-8797/(209) 385-7601</u>	PROJECT SITE
PHONE	<u>035-010-071</u>
	APN
	<u>Planned Development (P-D) #6</u>
	ZONING

In accordance with Chapter 20.68 of the Merced City Zoning Ordinance, the Site Plan Review Committee reviewed and approved Modified Site Plan Application #429 on January 24, 2019, submitted by The Richman Group and Merced County on behalf of Merced County, property owner. This request would modify and replace an existing resolution (adopted December 13, 2018) for the construction of an apartment complex (119 units) with 100% low-income servicing units ~~80% market rate units and 20% affordable units~~ at 1137 B Street, within Planned Development (P-D) #6 with a General Plan designation of Office Commercial (CO). Said property being more particularly described as Parcel B as shown on the Map entitled “Raymond A. Bessemer, M.D.,” recorded in Book 86, Page 23 of Merced County Records; also known as Assessor’s Parcel Number (APN) 035-010-071.

WHEREAS, the proposal is exempt from the California Environmental Quality Act (CEQA), and is in accordance with Section 15332 (a) (Exhibit H); and,

WHEREAS, the Merced City Site Plan Review Committee makes the following Findings and Conditions with the modifications and additions as shown below:

(Note: ~~Strikethrough~~ deleted language, underline added language.)

- A) The Project site includes a ~~approximate 4-acre~~ 4.03-acre apartment complex ~~and a 1-acre storm basin~~ located at the northwest corner of E. Childs Avenue and B Street.
- B) As shown on the Site Plan at Exhibit B, this development includes a courtyard style community comprised of five 3-story buildings with 119 residential dwelling units (100% low-income servicing) ~~with a mix of 100% affordable housing, with up to 25%~~ including 30 permanent supportive housing units. The

apartment complex includes a variety of one, two, and three bedroom apartments. Community amenities include a multi-purpose room, manager's and service provider's offices, computer center, fitness room, mailboxes, laundry facilities a patio and barbecue area, swimming pool, and a play area for children. community garden. The central courtyard includes a patio, swimming pool (with a 5-foot tall iron rod perimeter fence), and a children's play area.

- C) As shown on the Zoning Interpretation Letter at Exhibit G, the Site Plan Review Committee is of the opinion that this application can be processed with a site plan review permit instead of a conditional use permit. This is based on the establishment of Zoning for the subject site from 1970, when the City designated the site for "Mental Health Services/Staff Housing," and the Planned Development as a whole was intended to include multiple-family/senior housing complexes, medical offices/clinics, and a neighborhood park. Comparatively, these specific land uses are proposed with this affordable housing project in the form of low-income housing, community buildings, and office/clinic spaces for community services to be able to provide on-site visits for residents, thereby matching the intent of the established Planned Development zoning classification and the site's original Site Utilization Plan Designation.
- D) As shown under Finding C, this proposal complies with the City of Merced General Plan designation of Office Commercial (CO) and the Zoning classification of Planned Development (P-D) #6.
- E) This Project includes 123 off-street parking spaces with 16 adjacent on-street parking spaces, for a total of 139 parking spaces for this site. The parking requirements for traditional multiple-family housing is based on the number of bedrooms and bathrooms for each unit as shown at Merced Municipal Code Table 20.38-1 - Off-Street Parking Requirements for Multiple Family Dwellings/Condominiums.
- F) As allowed under Merced Municipal Code Section 20.38.050 (D) - Parking Reductions, the applicant is providing a Transportation Demand Management Plan to obtain a 20% parking reduction from the Director of Development Services. A parking reduction may be granted if the developer "demonstrates a reduction in the demand for off-street parking spaces by encouraging the use of transit, ridesharing, biking, walking, or travel outside peak hours." In this case, the applicant is providing a transit proposal that encourages bicycle use with 17 short-term bicycle racks and 12 long-term bicycle racks, and is including a bus pullout along B Street for The Bus which provides services within City limits and throughout Merced County. In addition, approximately 30 affordable units will be reserved for homeless individuals/families that are expected to not have vehicles.
- G) The Director of Development Services has determined that this proposal qualifies for a 20% parking reduction based on the variety of transit options described under Finding F. With this parking reduction, the Project exceeds

parking requirements by providing 139 parking spaces (133 parking spaces are required).

- H) The Site Plan Review Committee originally approved Site Plan Resolution #429 on December 13, 2018.

NOW, THEREFORE, BE IT RESOLVED that the Merced City Site Plan Review Committee does approve Modified Site Plan Application #429 subject to the following conditions:

- 1) The proposed project shall be constructed/designed in substantial compliance with Exhibit B (site plan), Exhibit D (floor plans), and Exhibit E (elevations) - except as modified by the conditions.
- 2) All conditions contained in Site Plan Review #79-1 – Amended (“Standard Conditions for Site Plan Review Application”) shall apply.
- 3) All other applicable codes, ordinances, policies, etc., adopted by the City of Merced shall apply including, but not limited to, the California Building Code and Fire Codes.
- 4) The developer/applicant shall indemnify, protect, defend (with counsel selected by the City), and hold harmless the City, and any agency or instrumentality thereof, and any officers, officials, employees, or agents thereof, from any and all claims, actions, suits, proceedings, or judgments against the City, or any agency or instrumentality thereof, and any officers, officials, employees, or agents thereof to attack, set aside, void, or annul, an approval of the City, or any agency or instrumentality thereof, advisory agency, appeal board, or legislative body, including actions approved by the voters of the City, concerning the project and the approvals granted herein. Furthermore, developer/applicant shall indemnify, protect, defend, and hold harmless the City, or any agency or instrumentality thereof, against any and all claims, actions, suits, proceedings, or judgments against any governmental entity in which developer/applicant’s project is subject to that other governmental entity’s approval and a condition of such approval is that the City indemnify and defend (with counsel selected by the City) such governmental entity. City shall promptly notify the developer/applicant of any claim, action, or proceeding. City shall further cooperate fully in the defense of the action. Should the City fail to either promptly notify or cooperate fully, the developer/applicant shall not thereafter be responsible to indemnify, defend, protect, or hold harmless the City, any agency or instrumentality thereof, or any of its officers, officials, employees, or agents.
- 5) The developer/applicant shall construct and operate the project in strict compliance with the approvals granted herein, City standards, laws, and ordinances, and in compliance with all State and Federal laws, regulations, and standards. In the event of a conflict between City laws and standards and a State or Federal law, regulation, or standard, the stricter or higher standard shall control.

- 6) The developer shall use proper dust control procedures during site development in accordance with San Joaquin Valley Air Pollution Control District rules.
- 7) Notwithstanding all other conditions, all construction and improvements shall be in strict accordance with Zoning, Building, and all other codes, ordinances, standards, policies of the City of Merced, including full compliance with 2010 Title II ADA standards for government programs.
- 8) The perimeter picket fence shall be of a color that matches or complements the colors of the apartment complex.
- 9) The premises shall remain clean and free of debris and graffiti at all times.
- 10) All landscaping shall be kept healthy and maintained, and any damaged or missing landscaping shall be replaced immediately.
- 11) Parking lot and building lighting shall be shielded or oriented in a way that does not allow “spillover” onto adjacent lots in compliance with the California Energy Code requirements.
- 12) The parking lot layout shall comply with all applicable City Standards. Parking lot trees shall be provided at a ratio of one tree for every six parking spaces within this site. These trees shall be installed per the City’s Parking Lot Landscape Standards, shall be a minimum of 15-gallons, and be of a type that provides a 30-foot minimum canopy at maturity (trees shall be selected from the City’s approved tree list).
- 13) Based on the proposed use and size of the building, the applicant should provide short-term bicycle parking spaces equivalent to 10% of required parking spaces and long-term bicycle parking spaces equivalent to 1 bicycle rack for every 10 units. In addition, the bicycle parking spaces should meet the City’s design standards for bicycle racks, including racks with covered shelters. Based on the required 133 parking spaces (after approval of the Transportation Demand Management Plan parking reduction), the applicant should provide 13 short-term and 13 long-term bicycle parking spaces. Details to be worked out with Planning staff at the building permit stage.
- ~~14) The traffic signal at the intersection of Childs Avenue and B Street shall require a building permit with specs, details, and plans designed by a California Licensed Traffic Engineer.~~
- 14) The southernmost driveway along B Street shall be located at least ~~200~~ 150 feet from the face of the curb along Childs Avenue or as approved by the City Engineer.
- 15) Utility connections (for sewer, water, fire, etc.) to City services shall be made from B Street.
- 16) As required by Merced Municipal Code Section 17.04.050 and 17.04.060, full public improvements shall be installed/repared if the permit value of the project exceeds \$100,000.00. Public improvements may include, but not be limited to, repairing/replacing the sidewalk, curb, gutter, and street corner ramp(s), so that they

comply with ADA standards and other relevant City of Merced/State/Federal standards and regulations.

- 17) All street frontage improvements within City right-of-way (curb, gutter, sidewalk, driveway approaches, landscape areas, etc.) shall be designed and constructed to meet City Standards and are subject to review by the City Engineer.
- 18) This Project is categorized as a “Regulated Project.” The Project shall comply with the criteria defined under the Post-Construction Standards Plan. All Post-Construction Treatment Control measures are subject to an Operations and Maintenance Plan and Agreement.
- 19) Storm drainage design shall address all on-site run-off with a biofiltration system or approved California Stormwater Quality Association Best Management Practices before draining to the adjacent basin south of the apartment complex or underground storage. The storm drain shall be designed to meet City Engineering Standards. Storm water shall be metered out from the basin to the nearby Merced Irrigation District (per MID requirements). Storm water shall be retained onsite per City Standards.
- 20) Any proposed on-site swales or post-construction storm treatment shall be addressed in the Post-Construction Standards Plan and identified in the Operations and Maintenance Agreement.
- 21) ~~The storm drain basin shall be designed for a 50-year storm per City Standard Designs and shall comply with the rules and regulations mandated by the State Water Quality Control Board and the General Permit for Storm Water Pollution Prevention Plan. The developer shall contribute a fair share contribution towards the maintenance of the storm drain basin to the south of the site through the Community Facilities District (CFD).~~
- 22) The Project site shall have two means of ingress and egress.
- 23) The parking lot shall include full-width access and a complete ingress/egress circuit for City Fire and Refuse vehicles.
- 24) The applicant shall work with the City’s Refuse Department to determine the best design, location, and angle for the refuse enclosure and to determine if a recycling container would be required for this use.
- 25) A backflow prevention device shall be provided for all water services (i.e., domestic, irrigation, and fire) per Merced Municipal Code.
- 26) The development is allowed one domestic and one irrigation water service line.
- 27) Plans shall be drawn by a licensed California design professional, meeting current codes at the time of building permit application submittal. Fire sprinklers are required for this Project. If local, State, or Federal funds are used, including tax credits, Chapter 11B of the current California Building Code shall apply.
- 28) The Project shall comply with the residential design standards for multi-family projects as outlined in Merced Municipal Code Chapter 20.46.

- ~~29) The proposed storm drain basin shall be dedicated to the City of Merced (through the lot split process), but maintained by the developer.~~
- ~~30) The developer shall be responsible for obtaining an agreement with the Merced Irrigation District for storm drainage.~~
- 29) The bus turnout shall be designed per Merced County Association of Governments standards.
- 30) Community Facilities District (CFD) formation is required for annual operating costs for police and fire services as well as storm drainage, public landscaping, street trees, street lights, and parks and open space. Developer/Owner shall submit a request agreeing to such a procedure, waiving their right to protest and posting a deposit as determined by the City Engineer to be sufficient to cover procedure costs and maintenance costs expected prior to first assessments being received- issuance of the first building permit.

If there are any questions concerning these conditions and recommendations, please contact Francisco Mendoza-Gonzalez at (209) 385-6858.

1-24-2019

DATE



SIGNATURE

Planner

TITLE

Exhibits

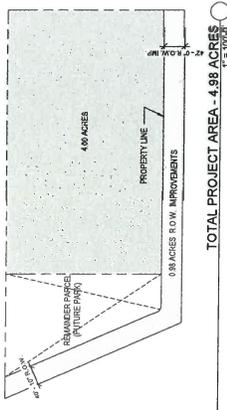
- A) Location Map
- B) Site Plan
- C) Site Plan (with Program Identification Legend)
- D) Floor Plans
- E) Elevations
- F) Applicant's Project Description
- G) Zoning Interpretation Letter
- H) Categorical Exemption



 Project Site

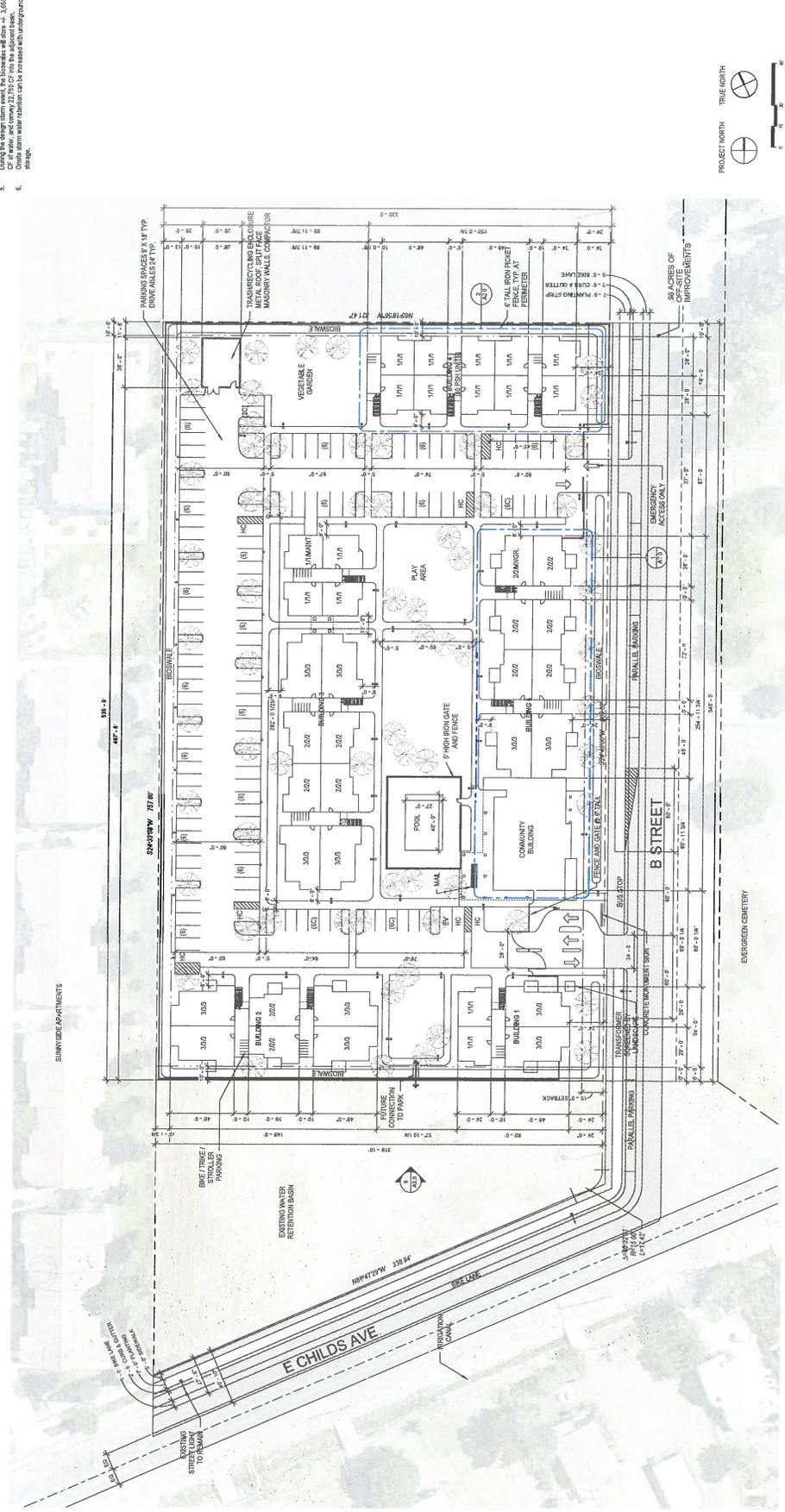
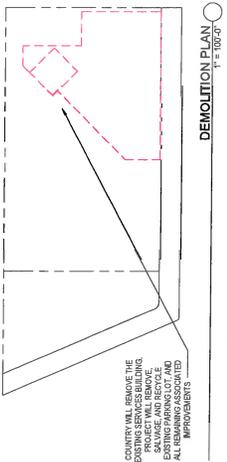


- Lighting Notes:**
1. All exterior lighting shall be designed to meet the requirements of the California Energy Code (CEC) and the California Building Code (CBC).
  2. All exterior lighting shall be designed to meet the requirements of the California Energy Code (CEC) and the California Building Code (CBC).
  3. All exterior lighting shall be designed to meet the requirements of the California Energy Code (CEC) and the California Building Code (CBC).
  4. All exterior lighting shall be designed to meet the requirements of the California Energy Code (CEC) and the California Building Code (CBC).
- Design Notes:**
1. The proposed development is a 100-unit TOD affordable housing project located at the intersection of Childs Avenue and B Street in Merced, California.
  2. The project consists of a 100-unit residential building, a community building, a play area, a pool, and a parking lot.
  3. The project is designed to meet the requirements of the California Energy Code (CEC) and the California Building Code (CBC).
  4. The project is designed to meet the requirements of the California Energy Code (CEC) and the California Building Code (CBC).
  5. The project is designed to meet the requirements of the California Energy Code (CEC) and the California Building Code (CBC).
  6. The project is designed to meet the requirements of the California Energy Code (CEC) and the California Building Code (CBC).



UNIT TYPE	UNIT COUNT	AREA	PARKING TYPE	#
1 BR	30	638 SF	STANDARD SPACES	17
2 BR	30	638 SF	COMPACT SPACES	16
3 BR	36	847 SF	ACCESSIBLE SPACES	7
EV CHARGING	1	1,038 SF	EV CHARGING (1)	1
TOTAL	96	2,161 SF	TOTAL SPACES	41
TOTAL PERMANENT SUPPORTIVE HOUSING	123	4,748 SF		

TOTAL BUILDING FOOTPRINT: 4,748 SF  
TOTAL BUILDING AREA: 12,224 SF  
TOTAL PAVED AREA: 17,100 SF  
TOTAL PAVED AREA ESTIMATE: 17,100 SF  
TOTAL PAVED AREA ESTIMATE: 17,100 SF  
UNITS PER ACRE: 23



Site Plan  
1/20/20

**Landscaping Notes:**

- All landscaping will be drought-tolerant species and will be designed to conserve water. Irrigation systems will be designed to be efficient, with drip and emitters. Maintenance agreement required.
- Plantings shall be selected from the following list: California Native Plants, Succulents, Mediterranean Climate Plants, Grasses, and other drought-tolerant species.
- Shrub and Ground Cover: Typical of all. Street: Redwoods, CA Native Plants, and other drought-tolerant species. 1' Cal. Central Sur Macaranga, Lantana, Coral Bark, and others.
- Grasses: Stipa, Festuca, and other drought-tolerant species.
- Screening: Hydrangea, Camellia, and other drought-tolerant species.
- Planting: Custom to meet irrigation measures and CA Maximum Applied Water Allowance regulations. Fully automated drip irrigation system with rain sensor, remote control valve and weather sensor. Bubblebar for perimeter irrigation.
- Accessories: All trees, shrubs, and other plants to have 2" mulch layer.



**ILLUSTRATED SITE PLAN**  
 1" = 30'-0"

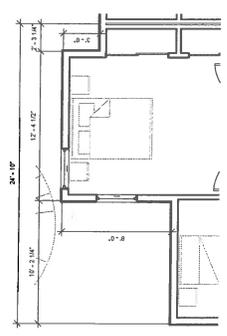


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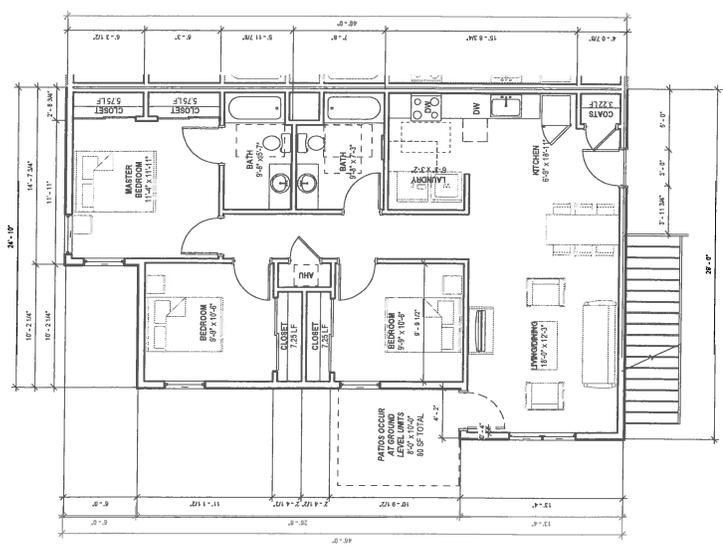
REVISIONS SCHEDULE  
 NO. ISSUE DATE

NO. DRAWING  
 DATE  
 TITLE  
 UNITS

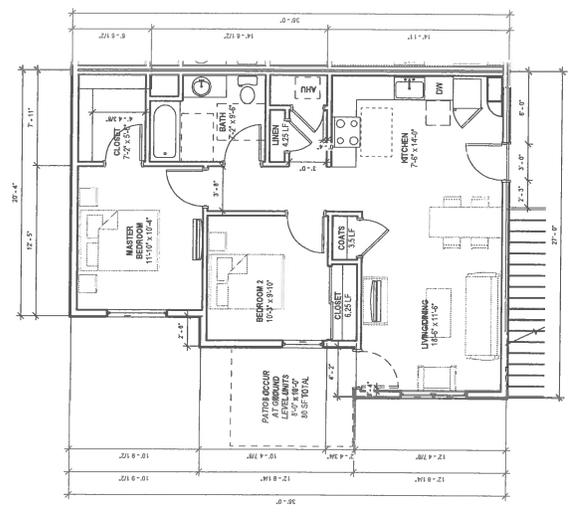
**A4.0**  
 PRELIMINARY - Not for Construction



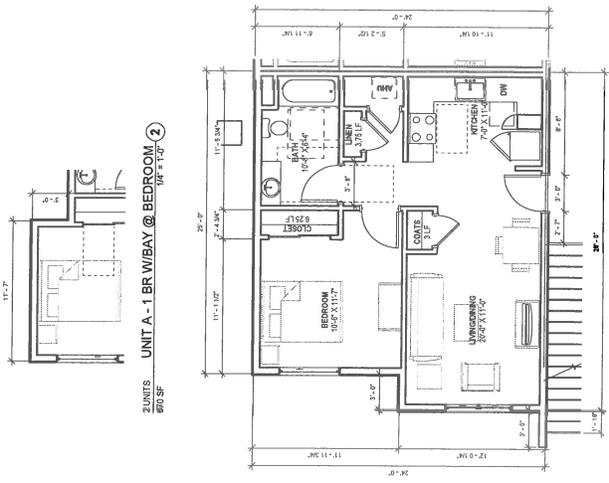
2 UNITS UNIT C - 3 BR TYP. W/BAY @ MASTER BEDROOM (5)  
 1,175 SF  
 1/4" = 1'-0"



24 UNITS UNIT C - 3 BR TYP. (4)  
 1,138 SF  
 1/4" = 1'-0"



28 UNITS UNIT B - 2 BR TYP. (3)  
 847 SF  
 1/4" = 1'-0"



2 UNITS UNIT A - 1 BR W/BAY @ BEDROOM (2)  
 690 SF  
 1/4" = 1'-0"

45 UNITS UNIT A - 1 BR TYP. (1)  
 638 SF  
 1/4" = 1'-0"

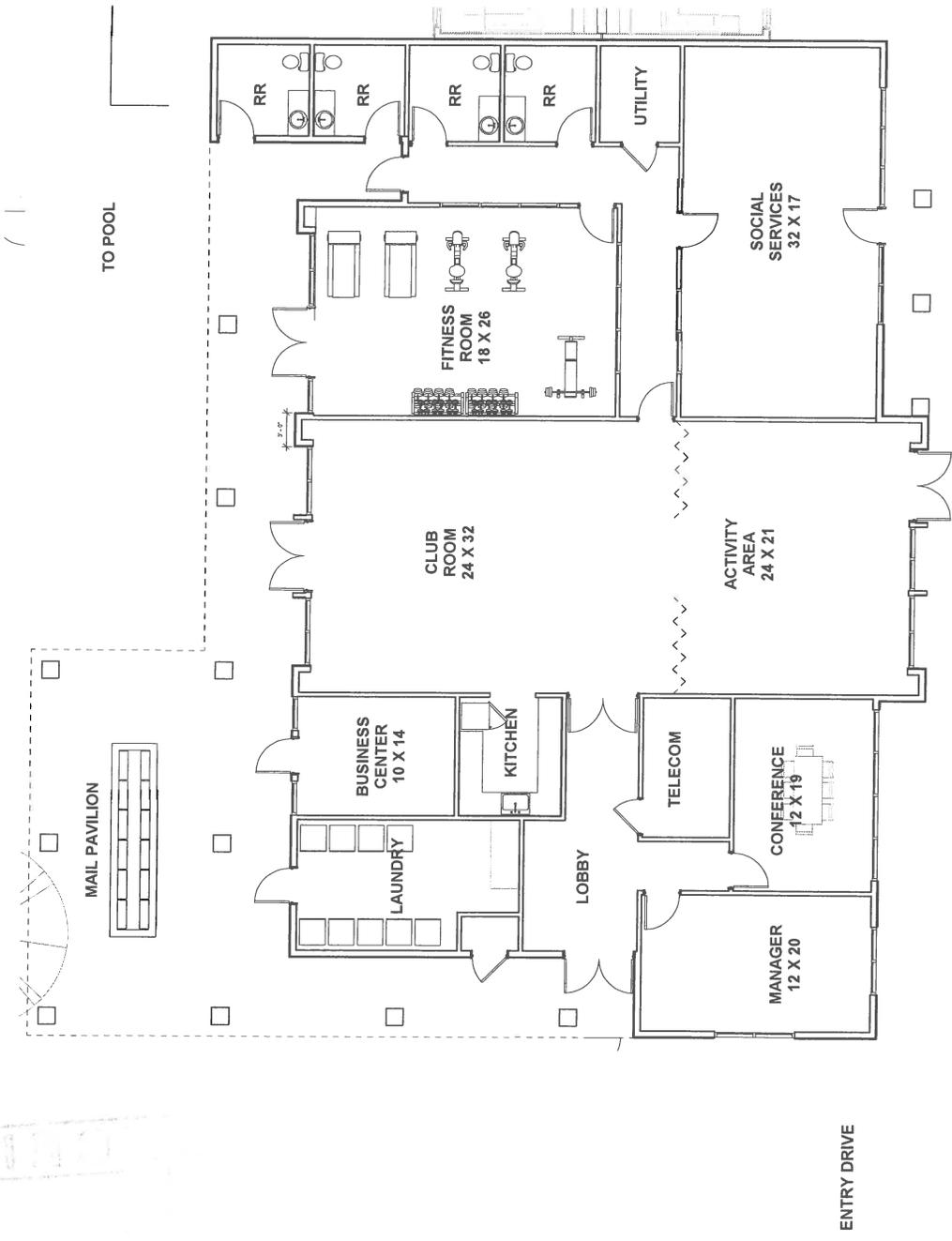
STAMP:

REVISIONSCHEDULE  
 NO. ISSUE DATE

DATE: 5/11/17  
 DRAWN BY: [blank]  
 CHECKED BY: [blank]  
 SCALE: 1/8" = 1'-0"  
 SHEET: 1 OF 12  
 PROJECT: [blank]  
 COMMUNITY BUILDING PLAN

SHEET  
**A5.0**

PRELIMINARY - NOT FOR CONSTRUCTION  
 4/17/2018 11:08:45 AM



COMMUNITY BUILDING 1  
 1/8" = 1'-0"

**Children and B Street,  
 TOD Affordable Housing**

905 B STREET, MERCED CA 95341

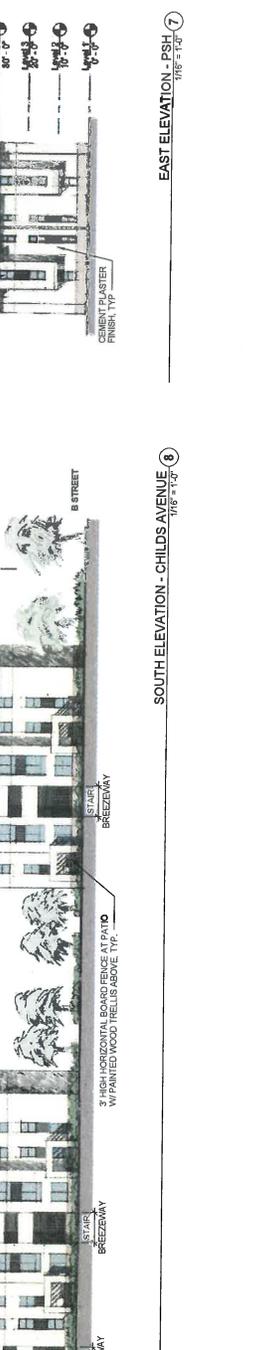
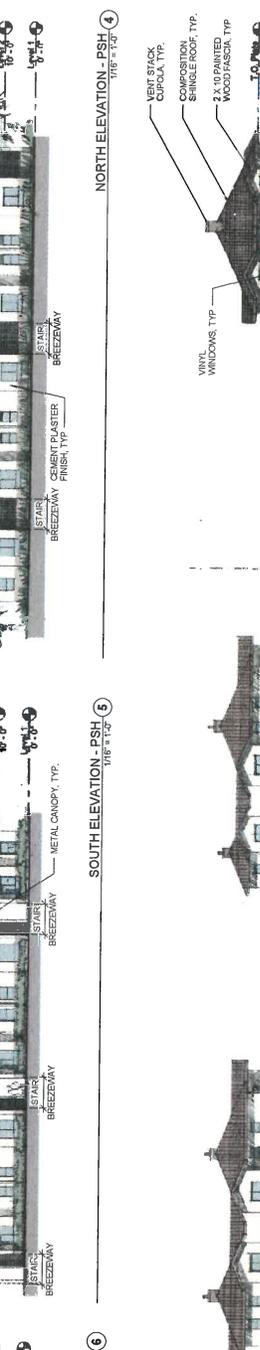
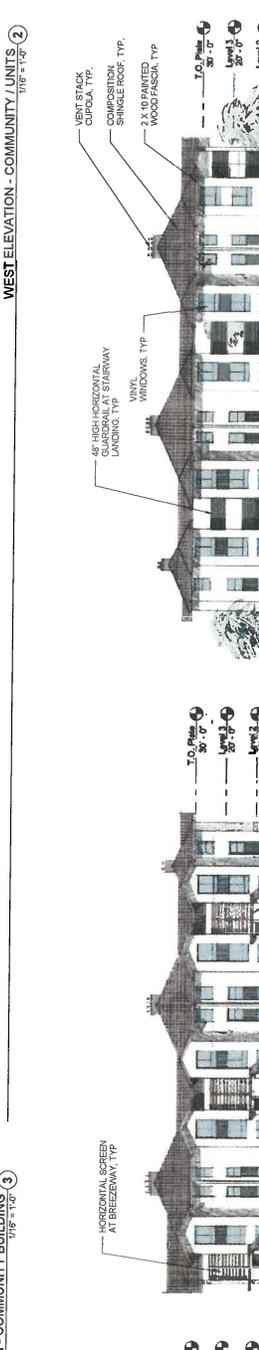
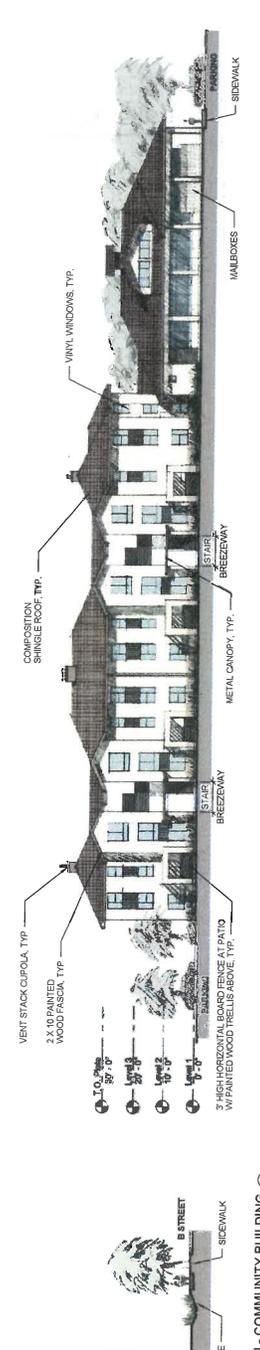
ETAMP

REVISION SCHEDULE  
 NO. ISSUE DATE

DATE: 1/28/20  
 DRAWN BY: CHM  
 DATE: 1/28/20  
 CHECKED BY: SMM  
 DATE: 1/28/20  
 TITLE: ELEVATIONS

**A3.0**

PRELIMINARY - (N) BY Contributor  
 (P) BY PIATOK ARCHITECTURE



CITY OF MERCED  
PLANNING DIVISION  
678 W. 18<sup>th</sup> Street  
Merced, CA 95340  
(209) 385-6858  
FAX: (209) 725-8775

**GENERAL DESCRIPTION OF PROJECT (CONT.)**

Name of Firm: The Richman Group Type of Business: Real Estate Development

Location of Project: Street Address: 905 B. St. Merced, CA 95341 (proposed new address)

Project Description:

The Childs & B Street TOD Affordable Housing Project is the result of a development partnership of the Richman group and the Central Valley Coalition for Affordable Housing. In collaboration with the City and County of Merced, the project will provide new housing opportunities and supportive services to low-income families and individuals.

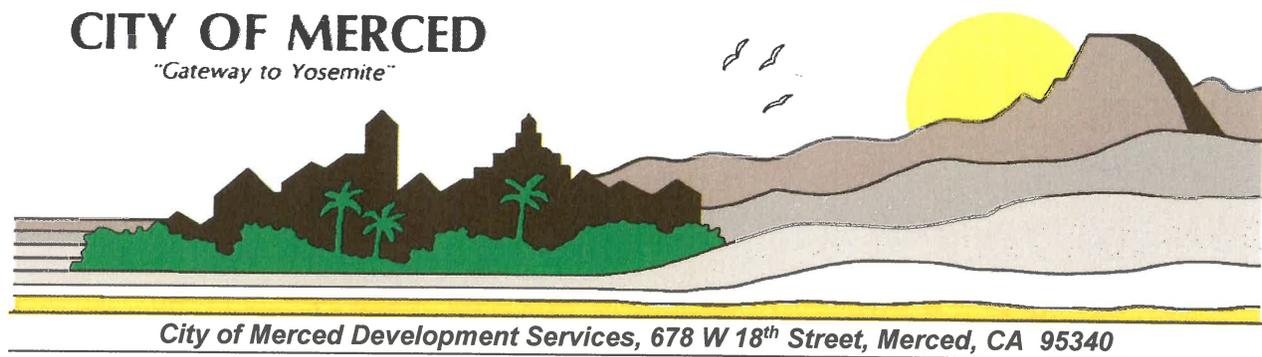
The 4 acre site is bound by a storm basin and Childs Avenue to the south, B Street to the east, by existing apartments to the west, and by existing business and county services to the north.

The development is a courtyard style community comprised of five 3-story wood frame walk up buildings. There will be 119 residential dwelling units with a mix of one, two and three bedroom apartments. A two bedroom manager's unit is included. Off-street parking totaling 122 spaces is situated around the perimeter of the housing courts.

The community building locates amenities near the secured main entrance, and includes a multi-purpose room, manager's and service provider's offices, computer center, fitness room, mailboxes, and laundry facilities. The adjacent central courtyard has a patio, swimming pool, and children's play areas. Other spaces provide for recreation and gardening.

A secondary auto gate is provided for resident egress and emergency access only. Parallel parking spaces along B Street provide additional parking for the greater community. Storm water is managed and cleansed in vegetated bioswales along the perimeter of the site. Other improvements include a maintenance storage space, a trash and recycling enclosure with compactor, accessible parking spaces (van and standard) and infrastructure for future electric vehicle charging stations. Street frontage improvements include new lighting, street trees, and sidewalks/curb/gutter on Childs and B Streets.

The project will have onsite energy generation and exceed residential energy codes by 10-20%. It will be constructed in accordance with the CA Green Building Code and be certified at the Gold Level in the Green Point Rated multifamily sustainable building system.



October 1, 2018

*Re: Zoning Process Interpretation and Determination re: Affordable Housing Project at 1137 B Street (APN: 035-010-071)*

To Whom It May Concern:

The developers, The Richman Group of California, LLC, in partnership with the City of Merced, have proposed an affordable housing project, consisting of 119 units on approximately five acres at the northwest corner of Childs Avenue and B Street within the City of Merced. One hundred percent (100%) of the project will be affordable housing units, with up to 25% of those units set aside for permanent supportive housing intended to help individuals and families at-risk of homelessness, as well as; office and multi-purpose spaces for supportive, social, and educational services; a fitness room, playground, and swimming pool; a multimodal bus stop; water and sewer mains; and full street frontage and intersection improvements.

This letter confirms that a Site Plan Review process has been determined to be the appropriate discretionary review process of the above-referenced project. It also seeks to explain City staff's interpretation of Merced Municipal Code Section 20.20.020(Q) in reaching this determination.

Background:

The property is currently zoned Planned Development #6 (P-D #6), with a General Plan land use designation of "CO/Commercial Office" (assigned upon the establishment of zoning when it was annexed to the City in 1970), along with a Site Utilization Plan (SUP) designation of "Mental Health Services/Staff Housing" for its planned future use within the P-D zone. At establishment, the development plan for P-D #6 intended to include, among other similar uses, multi-family dwellings, medical offices, mental health facilities, a day nursery, a senior citizen housing complex, a neighborhood park, and a convalescent hospital. City staff recommended Planned Development zoning so as to be able to include all of the intended land uses in one zone, and the Planning Commission found that the P-D zoning would both permit the owner to complete the proposed complex and allow the City to exercise control over the development.

In February 2001, the City Council approved a revision to the SUP designation to "Church," after the vacant site was gifted to a local church congregation for a twenty-year phased project. However, the church project did not progress beyond the beginnings of Phase 1. Therefore, the project failed to meet Condition #2 of Planning Commission Resolution #2634 (adopted by the February 5, 2001, City Council decision that approved the SUP Revision) in which Phase 1, a fellowship hall and full public improvements, was required to be completed by March 31, 2002. No development has occurred on the site, except for a modular office building built in 2004, and

the required public improvements were never installed. Based on this failure to meet the conditions of approval, the City has determined that the SUP designation should revert back to its original designation, which includes multi-family.

*Discussion:*

Zoning Code Section 20.20.020(Q) states the following: “*Q. Individual Projects within a Planned Development. After the Final SUP has been approved, individual projects within a Planned Development shall require a Site Plan Review Permit prior to development to address conformance with the Final SUP.*”

It has been determined that the Site Plan Review process is the appropriate level of discretionary review for this project, based upon the findings below:

- Upon Establishment of Zoning in 1970, as explained above, this parcel’s SUP designation was for “Mental Health Services/Staff Housing,” and P-D #6 as a whole intended to include multiple-family/senior housing complexes, medical offices/clinics, and a neighborhood park. Comparatively, these specific land uses are proposed with the affordable housing project in the form of low-income housing, community buildings, and office/clinic spaces for community services to be able to provide on-site visits for residents, thereby matching the intent of the established P-D zoning and the site’s original SUP designation.
- The church project failed to meet the conditions of approval for the SUP Revision approved in 2001. Therefore, the City has determined that the site should revert back to its original SUP designation described above.
- The proposed affordable housing project and its proposed uses also meet the General Plan land use designation of Commercial Office (multi-family residential projects are allowable with discretionary review under this designation).
- There will be no expansion of the previously-approved density.
- There is a strong community need within the City for affordable housing project(s) with a focus towards families and individuals currently and at risk of homelessness, in order to address the growing homelessness issue within the City and County. This project serves to target that need.
- The City of Merced and the County of Merced have formed a partnership regarding this site and its relationship to nearby County-owned mental health and medical clinic facilities.
- The City and the project developer are partnering with local health and homeless services agencies to provide necessary services to the future residents of the project.
- Upon completion, the project will provide badly-needed public infrastructure improvements in the form of repaving and widening of adjacent deteriorated streets, a traffic signal at the W. Childs and B Street intersection, sidewalks/curb/gutters, water and sewer mains, streetlights, and a storm water drainage basin that will also serve as a neighborhood park. These improvements will not only serve the affordable housing project, but the existing single-family and multi-family developments nearby.
- In addition to public improvements, the project will install public transit, vehicular, bicycle, and pedestrian transportation improvements to the area.

Based upon the above findings, along with its strong benefits to the community as a whole and a need to streamline the land use approval process to meet project funding deadlines, I have made

the interpretation per Merced Municipal Code Section 20.20.020(Q), that the project should be subject to the Site Plan Review approval process.

If you have any questions or concerns, please contact me by telephone at (209) 385-6858 or by email to [mcbrides@cityofmerced.org](mailto:mcbrides@cityofmerced.org).

Sincerely,

Scott McBride  
Director of Development Services  
City of Merced

Kn/Cc: Mark Hamilton, Housing Program Supervisor  
Kim Espinosa, Planning Manager

**NOTICE OF EXEMPTION**

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To: \_\_\_\_\_ Office of Planning and Research  
P.O. Box 3044  
Sacramento, CA 95812-3044

From: (Public Agency)  
City of Merced  
678 West 18th St.  
Merced, CA 95340

X  County Clerk  
County of Merced  
2222 M Street  
Merced, CA 95340

**Project Title:** Site Plan Review #429 (Environmental Review #18-66)

**Project Applicant:** The Richman Group/Merced County

**Project Location (Specific):** 1137 B Street APN: 035-010-071

**Project Location - City:** Merced **Project Location - County:** Merced

**Description of Nature, Purpose, and Beneficiaries of Project:**

**Name of Public Agency Approving Project:** City of Merced

**Name of Person or Agency Carrying Out Project:** The Richmond Group/Merced County

**Exempt Status:** (check one)

- Ministerial (Sec. 21080(b)(1); 15268);
- Declared Emergency (Sec. 21080(b)(3); 15269(a));
- Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- Categorical Exemption. State Type and Section Number: 15332
- Statutory Exemptions. State Code Number: \_\_\_\_\_.
- General Rule (Sec. 15061 (b)(3))

**Reasons why Project is Exempt:**

As defined under the above referenced Section, the proposed project is considered an in-fill project. The project location is within the City limits. The apartment complex would be built approximately 4.00-acres and is surrounded by urban uses. The site can be served by all required utilities and public services, and the project site has no value as habitat for endangered, rare or threatened species. No significant effects resulting from traffic, noise, air quality, or water quality will result from the construction of the building. The project is consistent with the City of Merced General Plan and Zoning regulations.

**Lead Agency:** City of Merced

**Contact Person:** Francisco Mendoza-Gonzalez **Area Code/Telephone:** (209) 385-6858

**Signature:**  **Date:** 12-5-2018 **Title:** Planner

X  Signed by Lead Agency **Date Received for Filing at OPR:** \_\_\_\_\_  
(If applicable)

Authority Cited: Sections 21083 and 21110. Public Resources Code  
Reference: Sections 21108, 21152, and 21152.1. Public Resources Code

## TAB 12

### Site and Project Information

Construction and design description

Reg. Section 10322(h)(11)

Provide evidence of eligibility and include:

ATTACHMENT 12: Construction and Design Description

**ATTACHMENT 12**  
**Construction and Design Description**  
**Childs & B Street TOD Affordable**  
**Apartments**  
 Regulation 10322(h)(11)

**Overview**

Childs & B Street TOD Affordable Apartments consists of 119 units of new construction multi-family housing on an approximately a 4 acre site. It is located at 1137 B Street aka 905 B Street in the City of Merced, County of Merced, APN #035-010-071. The County of Merced and the City of Merced has entered into a Lease convertible to a Purchase and Sales Agreement. The site currently has a county service building that they are no longer using, they will demolish the building and the developer will demo the parking and the site is ready for the development of Childs & B Street TOD Affordable Apartments. Our target population is existing and future income qualified families that reside in the City of Merced and the surrounding areas. 100% of the units will be rent restricted for qualified residents with incomes ranging from 30% to 60% of the area median income for a 55-year affordability period. We are also anticipating thirty (30) supportive housing units who will receive medi-cal assistance and will receive a HUD Project Based Vouchers (PBVs) that are committed to the project.

Childs & B Street TOD Affordable Apartments will consist of 118 affordable units and 1 manager unit for a total of 119 garden style apartments with 30 units at 30% of AMI and 88 units at 50% of AMI. The project will consist of 47 one bedroom units, 35 two bedroom units and 36 three bedroom units and 1 two bedroom manager units.

Unit Type	# of units	Sq. Ft. (approx.)
<b>1BD/1BA – 30%</b>	30	636
<b>1BD/1BA – 50%</b>	17	636
<b>2BD/1BA – 50%</b>	35	847
<b>3BD/2BA – 60%</b>	36	1,136
<b>2BD/1BA – MGR</b>	1	847
<b>TOTALS</b>	<b>119</b>	

**Construction Design:**

All of the units will incorporate universal design elements, which include: no step entries, minimum 34” doorways and passage ways, accessible bathrooms with reinforcements for grab bars, hallway widths of at least 42” and levered door handles and faucets. In addition, all first floor units will also be fully accessible and adaptable for those individuals requiring adjustments in their units for certain circumstances. Within each unit, residents will benefit from standard features such as Energy Star® rated refrigerators and dishwashers, exhaust fans, sink disposals, ranges with ovens and generous counter, cabinet and storage space throughout the unit.

The site will be fully fenced and gated including the parking lot which will consist of 122 parking spots for residents and their guest.

A secondary auto gate is provided for resident egress and emergency access only. Parallel parking spaces along B Street provide additional parking for the greater community. Storm water is managed and cleansed in vegetated bioswales along the perimeter of the site. Other improvements include a maintenance storage space, a trash and recycling enclosure with compactor, accessible parking spaces (van and standard) and infrastructure for future electric vehicle charging stations. Street frontage improvements include new lighting, street trees, and sidewalks/curb/gutter on Childs and B Streets.

The project will have onsite energy generation and exceed residential energy codes by 10-20%. It will be constructed in accordance with the CA Green Building Code and be certified at the Gold Level in the Green Point Rated multifamily sustainable building system.

The buildings are proposed to be designed as two/three story structures constructed of wood frame type V supported by concrete slabs and perimeter foundations. Exterior finishes are proposed to be variety of materials using durable and environmentally friendly building materials in a variety of colors throughout the development. All aspects of building construction will comply with quality construction standards to ensure longevity and safety of these high quality structures

- Two-story (no elevator) garden style apartments
- Stucco and sided exteriors applied over type V wood constructed buildings
- Comp roofing with a 20 year guarantee
- Five (5) residential buildings and the community building with laundry is connected to one of the buildings
- Fully landscaped
- Complies with Section 504

### **Offsite Improvements**

Childs & B Street TOD Affordable Apartments will include curb, gutter, sidewalk, water basin, bike lane and street improvements as well as improving the storm drain, water and sewer main lines to serve the development.

A new bus-stop will be developed adjacent to the site for easy access not only for the residents that reside there but for the whole neighborhood.

### **Site Amenities:**

The community building will be centrally located on the site. It will provide both casual seating and group seating along with a kitchen facility. The main activity space will be equipped with a TV, Stereo and DVD player. The building will also provide a laundry area with washers and dryers. The community center will be decorated and furnished for the residents. The outdoor recreation area will provide seating, tables, and a picnic area.

- Restroom facilities
- Fitness Center
- Picnic areas
- Laundry facility
- Business center
- Big screen TV with DVD Player
- Full service kitchen
- Club Room
- Manager office space
- Pool
- Bike & Stroller Parking

### **Unit Amenities:**

- Carpeted bedroom areas
- Tile or vinyl flooring in Entries, Kitchens and Baths
- Window coverings
- Individual Thermostatic Temperature controlled heating & Air conditioning
- Refrigerator
- Built-in dishwasher
- Built-in range with hood
- Sink with garbage disposal
- Plenty of cabinet space
- Patios and decks with extra storage area

### **Unique Site Features**

We are not aware of any unique site features that may increase project costs or require environmental mitigation.

### **Development Plan and Neighborhood Impacts**

The Childs & B Street TOD Affordable Apartment project is an allowed use within the City of Merced's General Plan guidelines and zoning requirements and conforms to the adjacent land uses and creates no negative impact on the surrounding neighborhood.

The site is located within walking distance to many community services and amenities. The Merced County Behavioral Health Center is located south of the site.

### **Adjacent Land Uses**

To the north side of the site is Highway 99, existing business & County Services. To the east of the site is the local cemetery. To the west of the site is residential housing and multifamily housing. To the south of the site there is detention basin and residential housing.

### **Proximity to Services**

Below is a list of services and the distance from the site that the residents of Childs & B Street TOD Affordable Apartments will have access to use:

- Merced Faculty Associate Medical - 0.26 miles
- Valley Prescription Pharmacy – 0.2 miles
- Kids Care – 0.2 miles
- Civic Ballpark – 0.25 miles
- Macias Park – 0.27 miles
- Don Stowell Elementary School – 0.16 miles
- Merced Behavior Center - 0.32 miles
- Bus Stop – 0.1 miles



**PROPOSED OFF-SITE PUBLIC INFRASTRUCTURE IMPROVEMENTS**  
**Childs & B Street Affordable Housing Project**

- Project Site**
- Existing Bicycle Facility**
- New/replaced Sidewalk (approx. 4780 feet)**
- New Bike Lanes (approx. 2.65 miles)**
- New Bicycle Shared-lane Markings ("Sharrows") (approx. 0.92 miles)**

Disclaimer: This document was prepared for general inquiries only. The City of Merced makes no warranty, representation, or guarantee regarding the accuracy of this map. The City of Merced is not responsible for errors or omissions that might occur. Official information regarding specific parcels should be obtained from official recorded or adopted City documents.

## **Proposed Off-Site Public Infrastructure Improvements for Childs Court Apartments**

### **New and replaced sidewalks:**

- East side of B Street from E. Childs Avenue to E. 15<sup>th</sup> Street (approx. 2,225 linear feet)
- West side of B Street from E. Childs Avenue to E. 15<sup>th</sup> Street (approx. 2000 linear feet)
- E. Childs Avenue along project frontage (approx. 327 linear feet)
- North side of E. 13<sup>th</sup> Street from corner of E. 13<sup>th</sup>/B Street in front of former Juvenile Hall (approx. 150 linear feet)
- North side of E. 15<sup>th</sup> Street to complete missing sidewalk connection in front of the Merced Monuments establishment (approx. 150 linear feet)

### **ADA curb ramping at the following corners:**

- North and South corners of E. 13<sup>th</sup> Street at B Street
- North and South corners of abandoned E. 14<sup>th</sup> Street at B Street (former Juvenile Hall and rear of Marie Green Psychiatric Center)
- East and West corners of E. Childs Ave and B Streets at “T” intersection
- East and West corners of E. 15<sup>th</sup> Street and the northern section of B Street at Merced Monuments establishment

### **New Pedestrian Crosswalks:**

- Across B Street at Childs Avenue
- Across the northern section of B Street at E. 15<sup>th</sup> Street
- Across former E. 14<sup>th</sup> Street at B Street (former Juvenile Hall and rear of Marie Green Psychiatric Center)
- Across E. 13<sup>th</sup> Street at B Street
- Across B Street at E. 13<sup>th</sup> Street corner ramp

### **New Class II Bicycle Lanes:**

- East and Westbound sides of E. 15<sup>th</sup> Street from G Street to B Street (approx. 0.44 miles each direction)
- East and Westbound sides of E. 13<sup>th</sup> Street from G Street to B Street (approx. 0.44 miles each direction)
- North and Southbound sides of B Street from E. 15<sup>th</sup> Street to E. Childs Avenue (approx. 0.42 miles each direction)
- Complete connection to existing Westbound bicycle lane on E. Childs from B Street along project frontage

### **New Class III Shared-Lane Markings (“Sharrows”):**

- North and Southbound directions of D Street between E. 13<sup>th</sup> Street and E. Childs Avenue (approx. 0.33 miles each direction)
- North and Southbound directions of E Street between E. 13<sup>th</sup> Street and E. 11<sup>th</sup> Street (approx. 0.13 miles each direction)

### **Full “Complete Streets” Street improvements along east and west sides of B Street:**

- New curbs, gutters, and storm drains
- New streetlights
- New street trees

### **Storm Basin/Public Park – approx. one-acre storm drain basin to collect storm water runoff from E. 15<sup>th</sup>, E. 13<sup>th</sup>, and B Streets) during rain season; public park in dry season:**

- All-weather play structures
- Lawn and landscaping
- Lighting
- Benches

### **New Transit Bus Pullout in front of project site on B Street:**

- New transit bus pullout (one bus-width long)
- New multi-modal bus shelter, to include bench with all-weather shade structure, bicycle racks, refuse receptacles, and bicycle maintenance kiosk

MERCED COUNTY  
CONTRACT NO. \_\_\_\_\_

LEASE FOR GROUND  
BETWEEN  
MERCED COUNTY AND  
CITY OF MERCED

This Ground Lease and Option to Purchase Agreement, herein called "Agreement," is made at Merced, California, by and between the County of Merced, a political subdivision of the State of California, herein called "LESSOR," and the City of Merced, a charter city of the State of California, herein called "LESSEE." LESSOR and LESSEE shall herein collectively be referred to as the "Parties."

**1. PREMISES**

LESSOR does hereby lease to the LESSEE, and LESSEE hereby takes into service from LESSOR, upon the terms, agreements, and conditions hereinafter set forth, the ground underlying certain premises (the Premises) as shown as the 5.06 acre Parcel A on the attached parcel map designated as Exhibit "A" consisting of two (2) pages, which is incorporated herein and by this reference made a part hereof and more commonly described as follows:

That certain real property including all improvements located on an approximately 5.06 acre parcel as described in the grant deed recorded in document 2009-061427 and generally known as 1137 "B" Street Merced, California 95341 (APN 035-010-071).

LESSOR shall retain the full and complete right of access and use of the modular building, small storage building, and parking area located on the Premises while this Agreement is in effect.

All real property is owned by LESSOR.

**2. PURPOSE AND INTENT**

The Parties understand and agree that LESSOR desires that the Premises be used as a site to develop affordable housing to low income individuals and families, and LESSOR has agreed to lease the premises and grant an option to purchase the Premises to LESSEE for that sole purpose. LESSEE desires to lease and subsequently purchase the Premises for the sole purposes of developing affordable housing on the Premises.

**3. ENVIRONMENTAL REVIEW COMPLIANCE**

The Parties recognize that the development of affordable housing on the Premises is subject to compliance with applicable federal and state environmental laws. LESSEE shall be solely responsible for, and assumes any and all liability in connection with compliance with such laws. Specifically, the Parties agree that LESSEE is the Lead Agency for purposes of the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA) as that Act applies to this Agreement or any action taken pursuant to this Agreement.

**4. LEASE TERM**

The term of this Agreement shall be fixed from the date both Parties have executed this lease, which shall be determined by the latest date stated with the Parties' signatures, and continue until June 30, 2023, unless terminated earlier under the terms of this Agreement.

**5. RENT**

LESSEE agrees to pay LESSOR a total amount of one dollar (\$1.00) yearly as rent.

**6. OPTION TO PURCHASE**

LESSOR hereby grants to LESSEE the exclusive right and option (the Option) to purchase the Premises upon the terms and conditions set forth in this section and subject to compliance with all terms and conditions of this Agreement.

- A. The purchase price for the Premises shall be set at the appraised value of one million, eighty thousand dollars (\$1,080,000) as determined by the appraisal made by K.R. McBay Co. with an appraisal effective date of August 17, 2017, attached as Exhibit B.
- B. The Option is conditioned on LESSEE's, or assignee or successor in interest, use of the Premises being limited for a period of fifty-five (55) years to the operation of an affordable housing complex on the Premises that is affordable to low income households with income at or below sixty percent (60%) of Area Median Income. LESSEE shall be required to include the construction of eighty-nine (89) affordable housing units, thirty (30) permanent supportive housing units, an open space park, a resource center, and office space for supportive service providers as part of the development and included financing plan. LESSEE shall not use or permit the Premises or any portion of the Premises to be improved, developed, used, or occupied in any manner or for any purpose that is in any way inconsistent with the affordable housing project described above, or in violation of any law, ordinance, or regulation of any federal, state, county, or local governmental agency, body or entity. Furthermore, LESSEE shall not maintain, commit or permit the maintenance or commission of any nuisance as now or hereafter defined by any statutory or decisional law applicable to the Premises or any part of the Premises.
- C. The term of the Option and LESSEE's rights thereunder shall commence from the date this Agreement is effective, and shall terminate on September 30, 2019 which should allow for the submittal of two (2) competitive 9% low income housing tax credit funding applications under the State's past timelines. The Option is conditioned on LESSEE demonstrating to LESSOR's satisfaction that LESSEE has obtained sufficient funding for an affordable housing development located on the Premises, part of which shall include funding awarded through the Low Income Housing Tax Credit administered by the California Tax Credit Allocation Committee. LESSEE shall provide LESSOR with a Preliminary Reservation Letter from the California Tax Credit Allocation Committee that states the amount of reserved low income housing tax credits the proposed project has been awarded, and lists the conditions and limitations imposed on the award. Should LESSEE not receive a federal or state credit award through the Low Income Housing Tax Credit by September 30, 2019, LESSEE and LESSOR will meet to discuss the outcome of LESSEE's application(s) including the ranking of the application(s) and the need to extend the Option to allow for additional application submittals. Should LESSEE's application receive a score that ranks in the top 5 for that program, LESSEE may request that the Option be extended through September 30, 2020. If LESSEE obtains a federal or state credit award from the Low Income Housing Tax Credit by September 30, 2019, no extension shall be granted.
- D. Upon obtaining the required funding, LESSEE may indicate its decision to exercise the

Option by execution and tender to LESSOR of a written notice of the exercise of the Option. LESSOR shall send written acknowledgement of receipt of the written notice, along with LESSOR's determination of whether LESSEE's proposed funding is sufficient to complete the project. LESSEE's right to purchase the Premises under the Option shall not be effective unless and until LESSOR acknowledges in writing that sufficient funding has been secured by the LESSEE. Upon LESSOR providing LESSEE with written notice, the Option shall be deemed "successfully" exercised.

- E. After LESSEE successfully exercises the Option, LESSOR agrees to sell and LESSEE agrees to purchase the Premises in accordance with the terms of this Agreement and a Purchase Agreement to be executed at a later date. This Agreement must be in effect on the closing date of the sale. If this Agreement is not effective on the date of closing, the Option, any Purchase Agreement or other related agreement, and any rights of LESSEE in regards to present or future interest in the Premises will automatically, immediately, and completely terminate without notice.
- F. LESSEE must successfully exercise the Option, complete the purchase of the Premises pursuant to the executed Purchase Agreement, and obtain title to the Premises prior to LESSEE, or any assign or successor in interest, beginning construction activities on the Premises.
- G. The Parties shall execute a Purchase Agreement within ninety (90) days of LESSEE successfully exercising the Option. The Purchase Agreement shall contain, in substantially the same form, the terms outlined in Exhibit C of this Agreement.

## **7. USE OF PREMISES**

The Premises may be occupied and used by LESSEE exclusively for the purpose of performing the planning and preparation necessary for the affordable housing development described in section 6 of this Agreement.

LESSOR shall retain possession and use of the improvements specifically identified in section 1 of this Agreement for the duration of the Agreement. In the event LESSEE exercises the Option, the Parties agree to the terms outlined in Exhibit C, Purchase Agreement Terms, regarding the disposition of the improvements.

## **8. UTILITIES**

LESSOR shall pay or cause to be paid all charges for the furnishing of gas, water, electricity, telephone, cable, satellite, and any other data transmission, services, and other public utilities to said Premises during the term of this Agreement.

## **9. REPAIRS AND RESTORATION**

- A. Maintenance by LESSEE and LESSOR. At all times during the term of this Agreement, LESSEE shall, at LESSEE's sole cost and expense, keep and maintain said Premises, excluding the improvements identified in section 1, in good order and repair and in a safe and clean condition. LESSOR shall be responsible for the upkeep, repair, and maintenance of the improvements identified in section 1 during the term of this Agreement.
- B. Requirements of Governmental Agencies. At all times during the term of this Agreement, LESSEE at LESSEE's sole cost and expense, shall:

- 1) Excluding the improvements identified in section 1 above, LESSEE shall make all alterations, additions, or repairs to said Premises, or the improvements or Facilities on said Premises required by any valid law, ordinance, statute, order, or regulation now or hereafter made or issued by any federal, state, county, local, or other governmental agency or entity;
- 2) Excluding the improvements identified in section 1, observe and comply with all valid laws, ordinances, statutes, orders, and regulations now or hereafter made or issued respecting said Premises or the improvements or Facilities on said Premises by any federal, state, county, local, or other governmental agency or entity;
- 3) If LESSEE, in LESSEE's sole discretion, desires by appropriate legal proceedings brought in good faith and diligently prosecuted in the name of LESSEE, or in the names of LESSEE and LESSOR where appropriate or required, the validity or applicability to said Premises of any law, ordinance, statute, order, or regulation now or hereafter made or issued by any federal, state, county, local, or governmental agency or entity; provided however, that any such contest or proceeding, though maintained in the names of LESSEE and LESSOR, shall be without cost to LESSOR, and LESSEE shall protect said Premises and LESSOR from LESSEE's failure to observe or comply during the contest with the contested law, ordinance, statute, order, or regulation;
- 4) Indemnify and hold LESSOR and the property of LESSOR, including said Premises, free and harmless from any and all liability, loss, damages, fines, penalties, claims, and actions resulting from LESSEE's failure to comply with and perform the requirements of this section.

C. LESSEE's Duty to Restore Premises. Should, at any time during the term of this Agreement, any buildings or improvements which are owned by LESSOR now or hereafter on said Premises be destroyed in whole or in part by fire, theft, or any other cause attributable to LESSEE's negligence or willful misconduct, this Agreement shall continue in full force and effect and LESSEE, at LESSEE's own cost and expense, shall reimburse LESSOR's reasonable costs in replacing such improvements on the Premises, or at a different location of LESSOR's choosing.

D. Application of Insurance Proceeds. Any and all insurance proceeds resulting from insurance maintained by LESSEE that becomes payable at any time during the term of this Agreement because of damage to or destruction of any buildings or improvements on said Premises shall be used by LESSEE toward the cost of repairing and restoring the damaged or destroyed buildings or improvements in the manner required by Section 9.C. of this Agreement.

## 10. INDEMNITY AND INSURANCE

A. Indemnity Agreement. The LESSEE shall indemnify, defend and hold harmless, LESSOR, its Board of Supervisors, officers, employees, agents and assigns from and against any and all claims, demands, liability, judgments, awards, interest, attorney's fees, costs, experts' fees and expenses of whatsoever kind or nature, at any time arising out of or in any way connected with LESSEE's performance of this Agreement, including but not limited to actions arising from public interest, land use, laws concerning affordable housing development, and environmental legal actions. Attorney's fees shall include any and all attorney's fees including

attorney's fees and staff time incurred by the offices of COUNTY counsel. LESSOR shall have full discretion to select legal counsel of its own choosing to represent LESSOR, at a cost not exceeding the prevailing and reasonable rates for counsel practicing environmental and land use law in the State of California, or practicing any other area of law that LESSOR determines the Claim may reasonably require. This clause for indemnification shall be interpreted to the broadest extent permitted by law and shall survive the termination or expiration of this Agreement.

B. Insurance. LESSEE shall maintain at LESSEE's expense the following insurance:

- 1) LESSEE shall deliver and provide to LESSOR proof of Commercial General Liability insurance of at least \$2,000,000 per occurrence and \$3,000,000 annual aggregate covering bodily injury, personal injury, property damage, and fire damage liability of at least \$500,000. The policies shall cover all bodily injury, personal injury and property damage liability, up to full replacement value, resulting from acts or omissions of the LESSEE, its agents or employees in relation to the Premises. The policies shall name the LESSOR, its officers, agents and employees as additional insured, using ISO form CG2026 or an alternate form that is at least as broad as form CG2026, as to any liability arising from the performance of this Agreement.
- 2) LESSEE shall deliver and provide to LESSOR proof of Property Insurance covering the repair or replacement of the Premises and all improvements or betterments on the property. The policy shall include coverage for acts of vandalism and malicious mischief and shall include full coverage of LESSEE's own contents and furnishings during the term of this Agreement.
- 3) LESSEE shall deliver and provide to LESSOR proof of Automobile Liability insurance of at least \$1,000,000 per accident for bodily injury and property damage, or alternatively split limits of \$500,000 per person and \$1,000,000 per accident for bodily injury with \$250,000 per accident for property damage. The automobile policies shall be endorsed to name LESSOR, and its officers, employees and agents as additional insured.
- 4) LESSEE shall deliver and provide to LESSOR proof of Workers' Compensation Statutory coverage, if and as required according to the California Labor Code, including Employers' Liability limits of \$1,000,000.00 per accident. The policy shall be endorsed to waive the insurer's subrogation rights against the LESSOR.

C. Other Insurance Provisions.

- 1) The LESSEE shall include all Contractors and Sub-contractors as insured's under its policies or shall furnish Certificates of Insurance for each Contractor or Sub-contractor. All coverages for Contractors or Sub-contractors shall be subject to all of the requirements and limits stated herein.
- 2) The LESSEE shall, prior to commencing occupancy and or operations, furnish Certificates of Insurance for each required insurance to the LESSOR, Department of Public Works/Professional Services Division. Certificates shall have any special policy endorsements attached that may be required to affect or accomplish the required insurance coverages and conditions specified, if not fully described on the Certificates.
- 3) If the LESSEE maintains broader coverage and/or higher limits than the minimums shown

above, the LESSOR requires and shall be entitled to the broader coverage and/or higher limits maintained. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the LESSOR.

- 4) The LESSEE'S insurance coverage shall be primary insurance as respects the LESSOR, and any insurance or self-insurance maintained by the LESSOR, its officers, agents and employees shall be in excess of LESSOR'S insurance and shall not contribute with it.
- 5) All insurance policies are to be placed with admitted insurers rated by A.M. Best as A:VII or higher. Lower rated, or approved but not admitted insurers, may be accepted if prior approval is given by LESSOR'S Risk Manager.
- 6) Each policy required above shall be endorsed to provide LESSOR with ten (10) days prior written notice of cancellation. LESSOR is not liable for the payment of premiums or assessments on the policies.

## **11. ASSIGNMENT AND SUBLEASING**

LESSEE shall not assign, sublease, or otherwise transfer this Agreement, any right or interest in this Agreement, or any right or interest in said Premises or any of the improvements that may now or hereafter be constructed or installed on said Premises, without the express written consent of LESSOR first had and obtained. Consent by LESSOR to one assignment shall not be deemed to be consent to any subsequent assignment of this Agreement by LESSEE.

## **12. TERMINATION**

Notwithstanding section 4 above, this Agreement shall terminate if LESSEE has not successfully exercised the Option under the terms of section 6 of this Agreement. This Agreement must be in effect on the closing date of the sale. If this Agreement is not effective on the date of closing, whether due to the expiration of the term or termination for any reason, the Option, any Purchase Agreement or other related agreement, and any of LESSEE'S (and anyone claiming by or through LESSEE) rights or interest in the Premises shall be immediately and unconditionally terminated without notice.

LESSEE further agrees that it has no claim in either law or equity against LESSOR for damages or other relief should the Agreement be terminated, and waives any such claims it may have.

## **13. TERMINATION FOR CONVENIENCE**

Notwithstanding anything to the contrary, LESSOR may terminate this Agreement at any time without cause or legal excuse by providing LESSEE with thirty (30) calendar days written notice of such termination.

## **14. REMEDIES OF LESSOR ON DEFAULT OF LESSEE**

Should LESSEE default in the payment of rent, if any, or in the observance or performance of any of LESSEE'S covenants or agreements herein, and should such default continue after ten (10) calendar days following receipt of written notice thereof from LESSOR to LESSEE requiring payment, in the case of default in the payment or rent; or after thirty (30) calendar days from the receipt of written notice thereof by LESSOR to LESSEE requiring performance in case of such

other defaults, LESSOR shall have the right to terminate this Agreement and personally, or by LESSOR's agent enter and take possession of the leased Premises and remove LESSEE and LESSEE's property there from. LESSEE shall have the right to cure any default within the period of notice thereof as specified herein above, and, if the default, other than in the matter of payment of rent, is of such a nature that it cannot be cured within the thirty (30) calendar day period specified in the notice thereof, it shall be sufficient if LESSEE shall in good faith commence during said period to cure such default if so accomplished within a reasonable time thereafter. The rights and remedies granted to LESSOR herein are concurrent and cumulative and are in addition to, and not in derogation of, all other rights and remedies, whether legal or equitable, available to LESSOR.

#### **15. COMPLIANCE WITH GOVERNMENTAL REGULATIONS**

LESSOR and LESSEE, in respect to their individual covenants and duties, will comply with the requirements of local, State, and Federal authorities now in force, or which may hereafter be in force, pertaining to the said Premises.

#### **16. HAZARDOUS SUBSTANCE**

LESSEE agrees that it will comply with all laws, either federal, state, or local, existing during the term of this Agreement pertaining to the use, storage, transportation, and disposal of any hazardous substance as that term is defined in such applicable law. In the event LESSOR or any of its affiliates, successors, principals, employees, or agents should incur any liability, cost, or expense, including attorney fees and costs, as a result of the LESSEE'S illegal or alleged illegal use, storage, transportation, or disposal of any hazardous substance, including any petroleum derivative, drug or drug residue, the LESSEE shall indemnify, defend, and hold harmless any of these individuals against such cost. Where the LESSEE is found to be in breach of this provision due to the issuance of a government order directing the LESSEE to cease and desist any illegal action in connection with a hazardous substance, or to remediate a contaminated condition caused by the LESSEE or any person acting under LESSEE's direct control and authority, LESSEE shall be responsible for all costs and expenses of complying with such order, including any and all expenses imposed on or incurred by LESSOR in connection with or in response to such government order.

#### **17. CHANGES IN THE LAW**

During the term of this Agreement should any Federal, State or Local law be enacted, which materially affects this Agreement, the Parties may renegotiate this Agreement at that time.

#### **18. RIGHT TO ENTRY**

LESSEE shall permit LESSOR, or their agents, to enter said Premises for the purpose of examining, exhibiting the same, or making such repairs or alterations as may be necessary for the safety or preservation thereof. This right of entry is in addition to LESSOR's rights regarding its use of the Premises as stated in sections 1 and 7.

#### **19. TAXES**

LESSOR agrees to pay all taxes, assessments, or charges which at any time may be leveled by any governmental entity upon interest in this Agreement or any possessory right LESSOR may have in any improvements against said Premises.

**20. DISPOSITION OF IMPROVEMENTS**

Upon termination of this lease for any cause, LESSEE shall remove any and all equipment and improvements of the LESSEE and restore the entire premises to its condition prior to the execution of this lease, except, however, the LESSOR may approve, in writing, any deviation from this requirement.

**21. NOTICES**

A. All notices, requests, demands or other communications under this Agreement shall be in writing. Notice shall be sufficiently given for all purposes as follows:

- 1) Personal Delivery. When personally delivered to the recipient, notice is effective upon delivery.
- 2) First Class Mail. When mailed first class to the last address of the recipient known to the Party giving notice, notice is effective three mail delivery days after deposit in a United States Postal Service office or mailbox.
- 3) Certified Mail. When mailed by certified mail, return receipt requested, notice is effective upon receipt, if delivery is confirmed by a return receipt.
- 4) Overnight Delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender’s account, notice is effective on delivery, if delivery is confirmed by the delivery service.
- 5) Facsimile Transmission. When sent by fax to the last fax number of the recipient known to the party giving notice, notice is effective upon receipt, provided that: a) a duplicate copy of the notice is promptly given by first class mail or certified mail or by overnight delivery, or b) the receiving party delivers a written confirmation of receipt. Any notice given by fax shall be deemed received on the next business day if received after 5:00 P.M. (recipient’s time) or on a non-business day.

B. Any correctly addressed notice that is refused, unclaimed or undeliverable because of an act or omission of the party to be notified shall be deemed effective as of the first date that the notice was refused, unclaimed or deemed undeliverable by the postal authorities, messengers or overnight delivery service.

C. Information for notice to the Parties to this Agreement at the time of endorsement of this Agreement is as follows:

LESSEE  
 City of Merced  
 Development Services Department  
 678 W. 18<sup>th</sup> Street  
 Merced, CA 95340

LESSOR  
 County of Merced  
 Public Works Department  
 715 Martin Luther King, Jr. Way  
 Merced, CA 95341-6041

Any party may change its address or fax number by giving the other party notice of the change in any manner permitted by this Agreement.

**22. MODIFICATION OF THE LEASE**

Notwithstanding any of the provisions of this Agreement, this writing contains the entire agreement between the Parties hereto, and there are no other agreements or understandings written or oral. This Agreement may not be changed or modified except in writing and signed by the Parties hereto.

**23. RECORDATION OF AGREEMENT**

This Agreement and any amendment or cancellation thereof shall be filed or recorded in the real property records of the County of Merced.

**24. WAIVER OF TERMS**

No waiver of any terms, conditions, or covenant of this Agreement by either Party shall be deemed as a waiver of any other item, condition, or covenant herein contained, nor of the strict and prompt performance thereof.

**25. CONSTRUCTION**

The Parties agree that each Party and its counsel have reviewed and revised this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of this Agreement or any amendments or exhibits hereto.

**26. VENUE**

Any dispute concerning any question of fact or law arising under this Agreement or any litigation or arbitration arising out of this Agreement, shall be tried in Merced County, unless the Parties agree otherwise or are otherwise required by law.

**27. CAPTIONS**

The captions of each paragraph on this Agreement are inserted as a matter of convenience for reference only, and in no way define, limit or describe the scope or intent of this Agreement in any way.

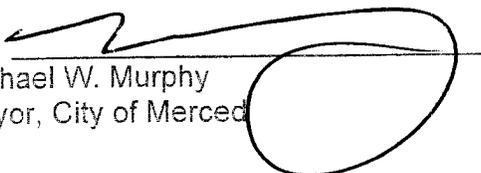
**28. COPIES OF THE AGREEMENT**

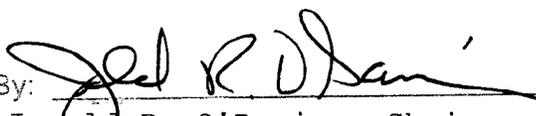
This Agreement is executed in counterparts each of which shall be deemed a duplicate original.

IN WITNESS HEREOF, the Parties, the day and year first above written, have affixed their signatures hereto.

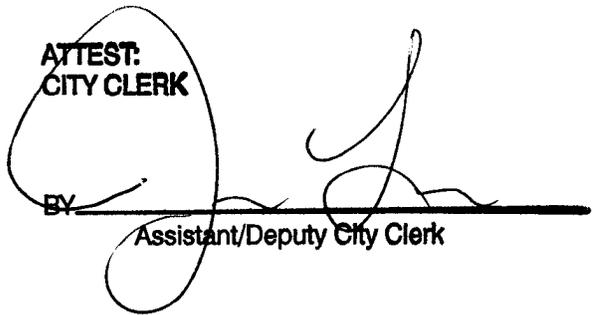
LESSEE

LESSOR

By:   
Michael W. Murphy  
Mayor, City of Merced

By:  JUN 5 2018  
Jerald R. O'Banion, Chairman  
Merced County Board of Supervisors

ATTEST:  
CITY CLERK

BY   
Assistant/Deputy City Clerk

APPROVED AS TO LEGAL FORM:  
MERCED COUNTY COUNSEL

By:   
James N. Fincher       Jeffrey B. Grant

CITY OF MERCED

By:  Kylee      6/19/18



300620 PO # 130693  
FUNDS/ACCOUNTS VERIFIED

      6/19/18  
FINANCE OFFICE      DATE 4-2798

Funds Available - use 6/19/18  
071-1363-552-21-00 PL 6/19/18  
\$6<sup>00</sup>

**EXHIBIT A**

**Parcel Map**

**OWNER'S STATEMENT**

THE UNDERSIGNED being the party having a record title interest in the land as plotted by this map, hereby consents to the preparation and recordation of this map.

Raymond A. Bessemer  
RAYMOND A. BESSEMER

**IMPROVEMENT STATEMENT**

This map approved subject to improvements as called out in Resolution No. 627 of the City of Merced, Minor Subdivision Committee, as an addendum dated January 11, 2000 on file at the City of Merced Planning Department.

**ACKNOWLEDGEMENT**

State of California  
County of MERCED

On this day before me Steven A. Koenig, Notary Public personally appeared Raymond Bessemer known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) in the instrument, the person(s) or entity upon behalf of which the person(s) acted, executed the instrument.

Steven A. Koenig  
NOTARY SIGNATURE  
MERCED  
COUNTY PLACE OF BUSINESS  
August 2001  
COMMISSION EXPIRATION DATE  
STEVEN A. KOENIG  
PRINTED NAME OF NOTARY

**SURVEYORS STATEMENT**

This map was prepared by me or under my direction and is based on a field survey in conformance with the requirements of the Subdivision Map Act and local ordinance at the request of Dr. Raymond Bessemer on July 14, 1999. I hereby state that this map substantially conforms to the approved or conditionally approved tentative map if any, and that all monuments shown hereon have been set and are of the character and occupy the positions indicated and are sufficient to enable the survey to be retraced.

Paul J. Gregory  
PAUL J. GREGORY L.S. 3812



**CITY ENGINEERS STATEMENT**

I hereby state that I have examined this parcel map and the subdivision shown hereon is substantially the same as it appeared on the tentative map, and any approved alterations thereof, that all provisions of the Subdivision Map Act and local ordinances applicable at the time of approval of the tentative map and that I am satisfied that the map is technically correct.

Dated this 7 day of September 2000  
Steven M. Stroud  
STEVEN M. STROUD R.C.E. 24078  
CITY ENGINEER



**RECORDER'S STATEMENT**

Filed this 20 day of March 2000 at 1:40 o'clock P.M. in Book 86 of Parcel Maps at Page(s) 22-23 at the request of Paul Gregory

Inst. No. 6746 James Ball  
Fee 10.00 pd. COUNTY RECORDER  
By James H. Rullman DEPUTY

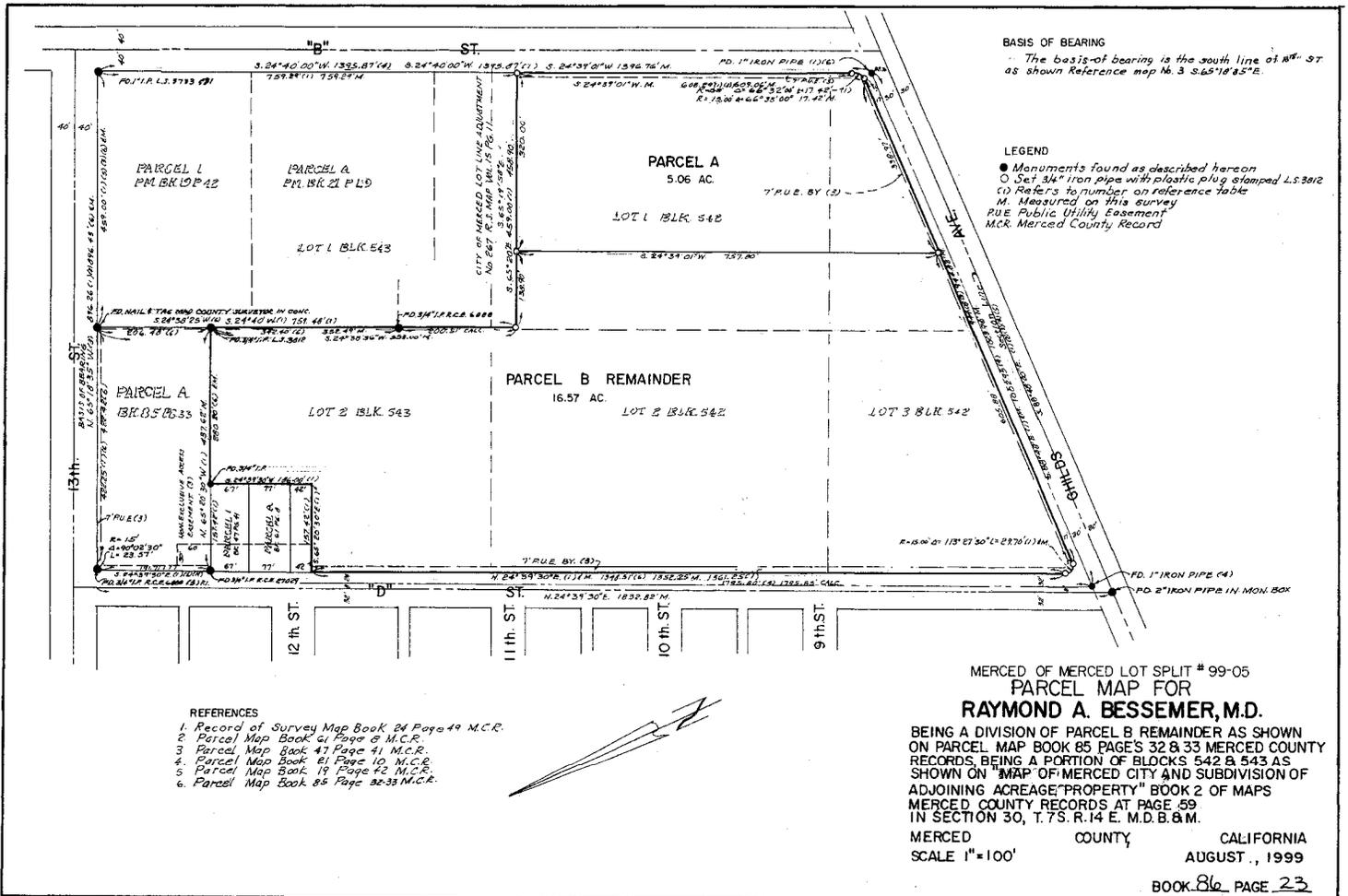
CITY OF MERCED LOT SPLIT '99-05

**PARCEL MAP FOR  
RAYMOND A. BESSEMER M.D.**

BEING A DIVISION OF PARCEL B REMAINDER AS SHOWN ON PARCEL MAP BOOK 85 PAGES 32 & 33 MERCED COUNTY RECORDS, BEING A PORTION OF BLOCKS 542 & 543 AS SHOWN ON "MAP OF MERCED CITY AND SUBDIVISION OF ADJOINING ACREAGE PROPERTY" BOOK 2 OF MAPS MERCED COUNTY RECORDS AT PAGE 59 SECTION 30, T. 7 S. R. 14 E. M.D.B & M. MERCED COUNTY CALIFORNIA

AUGUST, 1999

BOOK 86 PAGE 22



**BASIS OF BEARING**  
 The basis of bearing is the south line of Nth St as shown Reference map No. 3 s.65°18'5"E.

**LEGEND**  
 ● Monument found as described hereon  
 ○ Set 3/4" iron pipe with plastic plug stamped L.S.3012  
 (1) Refers to number on reference table  
 M. Measured on this survey  
 PUE Public Utility Easement  
 MCR Merced County Record

- REFERENCES**
1. Record of Survey Map Book 24 Page 49 M.C.R.
  2. Parcel Map Book 41 Page 8 M.C.R.
  3. Parcel Map Book 47 Page 41 M.C.R.
  4. Parcel Map Book 41 Page 10 M.C.R.
  5. Parcel Map Book 19 Page 42 M.C.R.
  6. Parcel Map Book 85 Page 32-33 M.C.R.

MERCED OF MERCED LOT SPLIT # 99-05  
**PARCEL MAP FOR**  
**RAYMOND A. BESSEMER, M.D.**  
 BEING A DIVISION OF PARCEL B REMAINDER AS SHOWN ON PARCEL MAP BOOK 85 PAGE'S 32 & 33 MERCED COUNTY RECORDS, BEING A PORTION OF BLOCKS 542 & 543 AS SHOWN ON "MAP OF MERCED CITY AND SUBDIVISION OF ADJOINING ACREAGE PROPERTY" BOOK 2 OF MAPS MERCED COUNTY RECORDS AT PAGE 59 IN SECTION 30, T. 7S. R. 14 E. M.D.B.&M.  
 MERCED COUNTY CALIFORNIA  
 SCALE 1"=100' AUGUST, 1999  
 BOOK 86 PAGE 23

**EXHIBIT B**

**APPRAISAL REPORT**

**COMMERCIAL LOT & MODULAR OFFICE  
1137 B STREET,  
MERCED, CA 95341  
APN: 035-010-071  
MERCED COUNTY**

**EFFECTIVE DATE OF APPRAISAL  
AUGUST 17, 2017**

**PREPARED FOR**

**MERCED COUNTY  
DEPARTMENT OF ADMINISTRATIVE SERVICES  
2222 M STREET, ROOM1  
MERCED, CA 95340**

**PREPARED BY**

**K. R. MCBAY CO.  
P.O. BOX 1804  
TURLOCK, CA 95380-1804  
(209) 634-0402**

# K. R. McBay Company

Real Estate Valuation and Consultation  
Commercial, Agricultural, Eminent Domain

August 25, 2017

Frank Rybka  
Merced County  
Department of Administrative Services  
2222 M Street, Room 1  
Merced, CA 95340

RE: Commercial Lot and Modular Office  
1137 B Street, Merced CA 95341  
APN: 035-010-071 (Merced County)

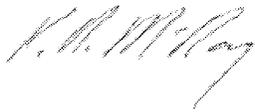
Mr. Rybka:

In accordance with your request, an appraisal was completed on the above referenced property. The purpose of the appraisal is to provide a supported opinion of the "As-Is" Market Value of the Fee Simple Estate in the subject property.

The appraisal and appraisal report format conforms to the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. Specifically, the client and appraiser identified Scope of Work is relied upon.

This is an introductory letter to the following appraisal report. The value opinions stated in this letter must be placed in the context of the entire report. The appraisal is based upon Extraordinary Assumptions which if proven false could affect the value conclusion. See Extraordinary Assumptions section of this appraisal report. As a result of our investigation and analyses, and based upon the assumptions and limiting conditions stated within this report, it is our opinion, that the Market Value, As-Is, Fee Simple Estate, as of August 17, 2017, the effective date of the appraisal, is:

**ONE MILLION EIGHTY THOUSAND DOLLARS**  
**\$1,080,000**



Kenneth R. McBay, Principal/Sr. Appraiser  
MAI, ARA, SR/WA, AI-GRS  
CA Certified General AG008218  
(Expires 4/18/2019)



Ryan D. Heiny, Sr. Appraiser  
CA Certified General AG041138  
(Expires 6/1/2019)

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K. R. McBay Co.  
[www.krmcbayco.com](http://www.krmcbayco.com)

P. O. Box 1804  
Turlock, CA 95381-1804

Kenneth R. McBay, Principal/Sr. Appraiser  
Direct: 209 634 0402  
Email: [kennethmcbay@krmcbayco.com](mailto:kennethmcbay@krmcbayco.com)

Ryan D. Heiny, Sr. Appraiser  
415 589 8755  
[ryanheiny@krmcbayco.com](mailto:ryanheiny@krmcbayco.com)

Mark A. Souza, Sr. Appraiser  
209 495 8021  
[marksouza@krmcbayco.com](mailto:marksouza@krmcbayco.com)

## EXECUTIVE SUMMARY

<b><u>Client Name:</u></b>	Merced County
<b><u>Location:</u></b>	1137 B Street, Merced CA 95341 Merced County
<b><u>Legal Description:</u></b>	See Grant Deed in Addenda
<b><u>Assessor's Parcel Numbers:</u></b>	APN: 035-010-071 (Merced County)
<b><u>MSA:</u></b>	Merced County MSA
<b><u>Census Tract:</u></b>	3.01
<b><u>Owner of Record:</u></b>	County of Merced, a body politic and corporate
<b><u>Property Rights Appraised:</u></b>	Fee Simple Estate
<b><u>Property Size:</u></b>	5.06 acres/220,414 SF
<b><u>Building Improvements:</u></b>	4,260 Square Foot Modular Office Building
<b><u>General Plan:</u></b>	<u>C-O Commercial Office</u>
<b><u>Zoning:</u></b>	<u>P-D Zone (Planned Development):</u> This zone is intended to provide a zone which can permit and enjoy logical or desirable development and carry out the objectives of the general plan.
<b><u>Flood Zone:</u></b>	Zone X – Panel #060191 0440 G, Dated 12/2/2008
<b><u>Environmental Hazards:</u></b>	None known or observed, See Extraordinary Assumptions
<b><u>Highest and Best Use:</u></b>	<u>As if vacant:</u> Development to commercial use as allowed by zoning.  <u>As improved:</u> Potential continued use “As-Is” of the parking lot with interim use or demolition of the modular office building and development to commercial use as allowed by zoning.
<b><u>Effective Date of Value:</u></b>	August 17, 2017
<b><u>Marketing Period:</u></b>	Less than 12 months

**Property Value**

Value by Cost Approach	\$1,080,000
Value by Sales Comparison Approach	NA
Value by Income Approach	NA
Market Value – Fee Simple Estate	\$1,080,000

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**PART I**  
**INTRODUCTION**

## **INTRODUCTION**

### **THE PROPERTY**

The property appraised is the Fee Simple Estate of a 5.06 acre parcel with a temporary modular office structure, located at 1137 B Street in Merced, CA. The subject is APN: 035-010-071 in Merced County. The subject site is improved with a 4,260 SF GBA modular office building, parking lot, and landscaping (See Site Description).

The City of Merced plans on acquiring a portion of the subject for the purposes of neighborhood storm drainage. The subject was previously appraised with a 1.24 acre detention basin being developed on the southern portion of the subject, and granted to the City of Merced; reducing the land available for development. Basic land prep was completed (basic excavation and storm pipe noted). We have been asked to value the parcel as a whole (available for development), and dis-regard the prior project. The city is re-evaluating its storm drainage project and the required size of its acquisition on a portion of the subject (see Site Analysis). The subject is appraised in its "before condition" in regards to the planned future acquisition, and it is an Extraordinary Assumption that the entire subject site would be available for development, typical of other parcels in the City of Merced (see Extraordinary Assumptions).

### **LEGAL DESCRIPTION**

See Grant Deed in Addenda.

### **CLIENT**

Merced County

### **PROPERTY RIGHTS APPRAISED**

Fee Simple Estate

### **PURPOSE OF THE APPRAISAL REPORT**

The purpose of this appraisal is to provide a supported opinion of the market value of the Fee Simple Estate of the subject property.

### **INTENDED USER AND USE**

This report is provided for the sole use of the specified client for the function stated.

### **OWNERSHIP/ACQUISITION HISTORY**

Title to the subject is vested in the County of Merced. The subject is not currently listed for sale or lease and no market sales have occurred in the prior five years.

## **SCOPE OF THE APPRAISAL**

To appraise this property, the Cost, Income, and Sales Comparison Approaches to value were considered. The applicable approaches are used. The scope of the appraisal included:

- A physical inspection of the subject property.
- Inspections of the comparable properties utilized in this report.
- Discussions with listing agents regarding comparable properties and market trends.
- Documentation of current market data including review of sales and current market listings. The market data contained in this report was obtained from a variety of sources and has been used to document the valuation conclusions. Those sources included discussions with appraisers, real estate agents, and market participants familiar with the market area and searches of Loopnet.com and the local MLS.
- Use of the Merced County Treasurer/Tax Collector and Planning Departments website and online Geographic Information System.
- The Cost Approach was considered appropriately supported, adequate for credible assignment results, and was utilized in the valuation.
- Analysis of the data obtained and correlation of the findings into Final Value Estimates.

## **DATE OF VALUE**

The valuation date is based upon the date of inspection, August 17, 2017.

## **DEFINITIONS**

### **MARKET VALUE<sup>1</sup>**

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeable and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- A. Buyer and seller are typically motivated;
- B. Both parties are well informed or well advised, and each is acting in what they consider their own best interest;
- C. A reasonable time is allowed for exposure in the open market;
- D. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- E. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

### **HIGHEST AND BEST USE<sup>2</sup>**

This is an appraisal concept, which is defined as follows:

The reasonable, probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible, and which results in highest land value.

### **FEE SIMPLE ESTATE<sup>3</sup>**

Absolute ownership unencumbered by any other interest or estate subject only to the four powers of government (taxation, eminent domain, police power and escheat).

### **LEASED FEE ESTATE<sup>4</sup>**

An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of the lessor or the leased fee owner and leased fee are specified by contract terms contained within the lease (Lessor's or Landlord's Estate.)

### **LEASEHOLD ESTATE<sup>5</sup>**

The right to use and occupy real estate for a stated term and under certain conditions, conveyed by a lease (Tenant Estate.)

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<sup>1</sup>Office of the Controller of the Currency, 12CFR, Part 34, Sub-part C – Appraisals, 1/1/2004.

<sup>2</sup>The Appraisal of Real Estate, 13<sup>th</sup> Ed., Appraisal Institute, Chicago, Illinois, 2008.

<sup>3</sup>Ibid

<sup>4</sup>Ibid

<sup>5</sup>Ibid

## ASSUMPTIONS AND LIMITING CONDITIONS

1. That to the best of our knowledge, the legal descriptions, title information, maps, statements of fact, and related data contained within the report, upon which the analysis and conclusions are based, are true and correct. However, since much of said data was furnished by others, absolute correctness cannot be guaranteed by the appraiser unless known to be a fact by his own personal knowledge.
2. Neither all nor part of the contents shall be disseminated to the public through advertising media, public relations media, news media, or any other public means of communication without the prior written consent and approval of the undersigned. Possession of this report, or any copy thereof, does not carry with it the right of publication or reproduction without the written consent of the appraiser.
3. Delivery of this report constitutes completion of this appraisal assignment, and any further consultation, including pre-trial appearances, will be the subject of a further assignment.
4. All plot plans, maps, and improvement diagrams in this report are included to assist the reader in visualizing the property and are not necessarily drawn to scale.
5. Title to the subject is assumed marketable. The property is valued in fee simple unless otherwise noted, assuming competent ownership and management.
6. Unless otherwise stated in this report, the existence of hazardous material, or pollutants from any source whether man-made or from natural sources, including, but not limited to radio-active, toxic or explosive, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on, in, or adjacent to the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value, and if re-appraised, additional cost will be necessary to estimate the effects of such an impact.
7. The use of this report is subject to the requirements of various appraisal organizations relating to review by its duly authorized representatives.
8. No consideration has been given in this appraisal to personal property located on the premises or any consideration given to the cost of relocating any property personal or real from the subject.
9. Any distribution of total value between land and improvements applies under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal, and are invalid if so used.
10. That no opinion is expressed to any subsurface oil, gas or mineral rights. It is assumed that there are no adverse subsurface conditions, particularly those related to soil bearing capacity.

11. The appraiser reserves the right to make such adjustments to the concluded value reported, as may be required by consideration of additional data or more reliable data that may become available.
12. That all required licenses, permits, consents, or other legislative or administrative authority from any local, state, or national governmental, private entity, or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based or assumed.
13. That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area was taken from sources considered reliable and no encroachment of real property improvements is considered to exist. The appraiser has not been provided any survey.
14. The appraiser will not be required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been made previously.
15. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
16. Acceptance of and/or use of this appraisal report constitutes acceptance of the general assumptions and general limiting conditions included within this report.
17. This appraisal report has been prepared for the use of the addressee only. No responsibility is assumed for its possession, use, or reliance upon factual data, or conclusions, contained herein by anyone other than the addressee. The report is intended solely for the purpose stated herein.
18. That any existing encroachment, if any, of subject improvements on adjacent property has no material effect on value of subject property.
19. No structural report was made available to the appraiser and it is therefore assumed the subject improvements are structurally sound and without structural damage.
20. That any projections presented in this Report, including, but not limited to, those involving income, expenses, capitalization rates and yield (discount) rates, are not predictions of the future. They are intended to represent typical projections made by investors and developers in the market place. The various underlying assumptions, taken in the aggregate, are believed to provide a reasonable basis for the forecast herein; however, the real estate market is constantly changing in response to economic conditions and, therefore, some assumptions may not materialize and unanticipated events and circumstances may occur. Consequently, the actual results during a projection period may vary from the forecast and the variation may be material. No warranty or representation is made, or implied, that the projections in the instant analysis will take place or that financing can be obtained at the appraised value.

21. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating value of the property.
  
22. The liability to the client or client requirements such as any review is limited to 30 days after receipt. Any changes, corrections, or revisions, after this time are subject to acceptance by K. R. McBay Company, and are subject to additional fees for extra services.

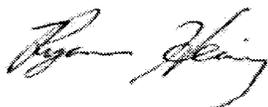
## EXTRAORDINARY ASSUMPTIONS

1. An environmental assessment was not available to the appraiser. It is an Extraordinary Assumption that there are no environmental issues affecting the valuation of this property.
2. A Preliminary Title Report was not available for review. It is an Extraordinary Assumption that there are no title issues affecting the valuation and that the existing subject parcel is adequately described by the Grant Deed (See Addenda).
3. The City of Merced plans on acquiring a portion of the subject for the purposes of neighborhood storm drainage. The subject was previously appraised with a 1.24 acre detention basin being developed on the southern portion of the subject, and granted to the City of Merced; reducing the land available for development. Basic land prep was completed (basic excavation and storm pipe noted). We have been asked to value the parcel as a whole (available for development), and dis-regard the prior project. The city is re-evaluating its storm drainage project and the required size of its acquisition on a portion of the subject (see Site Analysis). The subject is appraised in its "before condition" in regards to the planned future acquisition, and it is an Extraordinary Assumption that the entire subject site would be available for development, typical of other parcels in the City of Merced.

## CERTIFICATE OF APPRAISER

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by their duly authorized representatives.
10. I have personally inspected the subject of this report.
11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. As of the date of this report, I have completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.



Ryan D. Heiny, Sr. Appraiser  
General Certificate #AG041138 (Expires 6/1/2019)

## CERTIFICATE OF APPRAISER

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. The use of this report is subject to the requirements of the Appraisal Institute, American Society of Farm Managers and Rural Appraisers, and the International Right of Way Association, relating to review by their duly authorized representatives.
10. I have not personally inspected the subject of this report.
11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, American Society of Farm Managers and Rural Appraisers, and the International Right of Way Association.
12. As of the date of this report, I have completed the continuing education program of the Appraisal Institute, American Society of Farm Managers and Rural Appraisers, and the International Right of Way Association.



Kenneth R. McBay, MAI, ARA, SR/WA, AI-GRS  
General Certificate #AG008218 (Expires 4/18/19)

**PART II**  
**FACTUAL AND DESCRIPTIVE DATA**

## REGIONAL PROFILE

The subject is a portion of those properties affected by the social, economic and environmental influences of the Merced Metropolitan Statistical Area (MSA), comprised of Merced County.

### Location and Area

The subject property is located at 1137 B Street in the City of Merced. The property is approximately  $\frac{3}{4}$  of a mile southwest of the central business district in the City of Merced and within  $\frac{1}{2}$  of a mile of State Highway 99 to the northeast. Merced County is bordered by Stanislaus County to the north and Madera County to the south. Merced County spans the Central San Joaquin Valley from the western coastal ranges to the foothills of Yosemite Park to the east.

The county's 1,234,370 acres consist mainly of a level, agriculturally rich alluvial plain produced by the Chowchilla, San Joaquin, and Merced Rivers. Agriculture is one of the county's main sources of revenue. Based on production, Merced is the fifth-leading agricultural county in California. Milk and related products from Merced's commercial dairies generate the greatest amount of revenue. Other crops grown in commercial quantities include almonds, beef, poultry, and sweet potatoes

Six incorporated cities are located in the county and include Atwater, Dos Palos, Gustine, Livingston, Los Banos, and Merced. Merced is the county seat.

### Population Trends

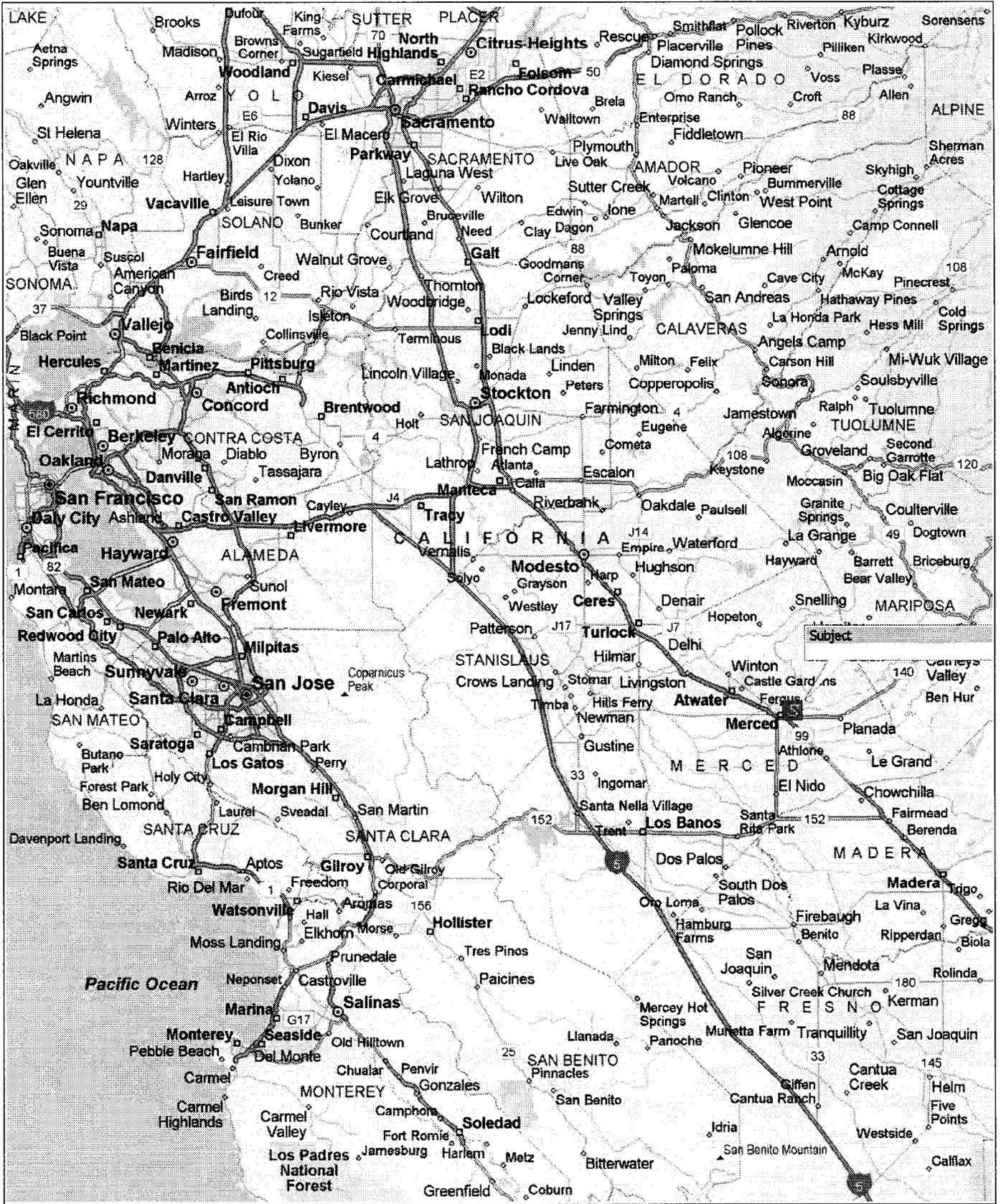
Population in Merced County reached 268,672 as of January 1, 2016, Merced County experienced an increase of 8.6% from 2009 to 2017 indicating a moderate rate of population growth.

The following table illustrates the 2009 – 2017 population growth for the county and selected areas of Merced County.

POPULATION – MERCED COUNTY/CITIES							
	2009	2011	2013	2014	2015	2016	2017
Atwater	27,677	28,377	28,931	28,905	29,023	30,059	30,406
Dos Palos	4,911	4,973	5,036	5,013	5,023	5,375	5,391
Gustine	5,412	5,546	5,626	5,606	5,618	5,840	5,886
Livingston	12,988	13,266	13,542	13,696	13,735	13,848	13,947
Los Banos	35,654	36,525	37,017	37,003	37,145	39,354	39,993
Merced	78,430	79,259	80,599	81,176	81,722	83,955	84,464
Unincorporated	87,954	90,038	91,727	93,168	93,868	93,116	94,578
County Total	253,026	257,984	262,478	264,567	266,134	271,547	274,665

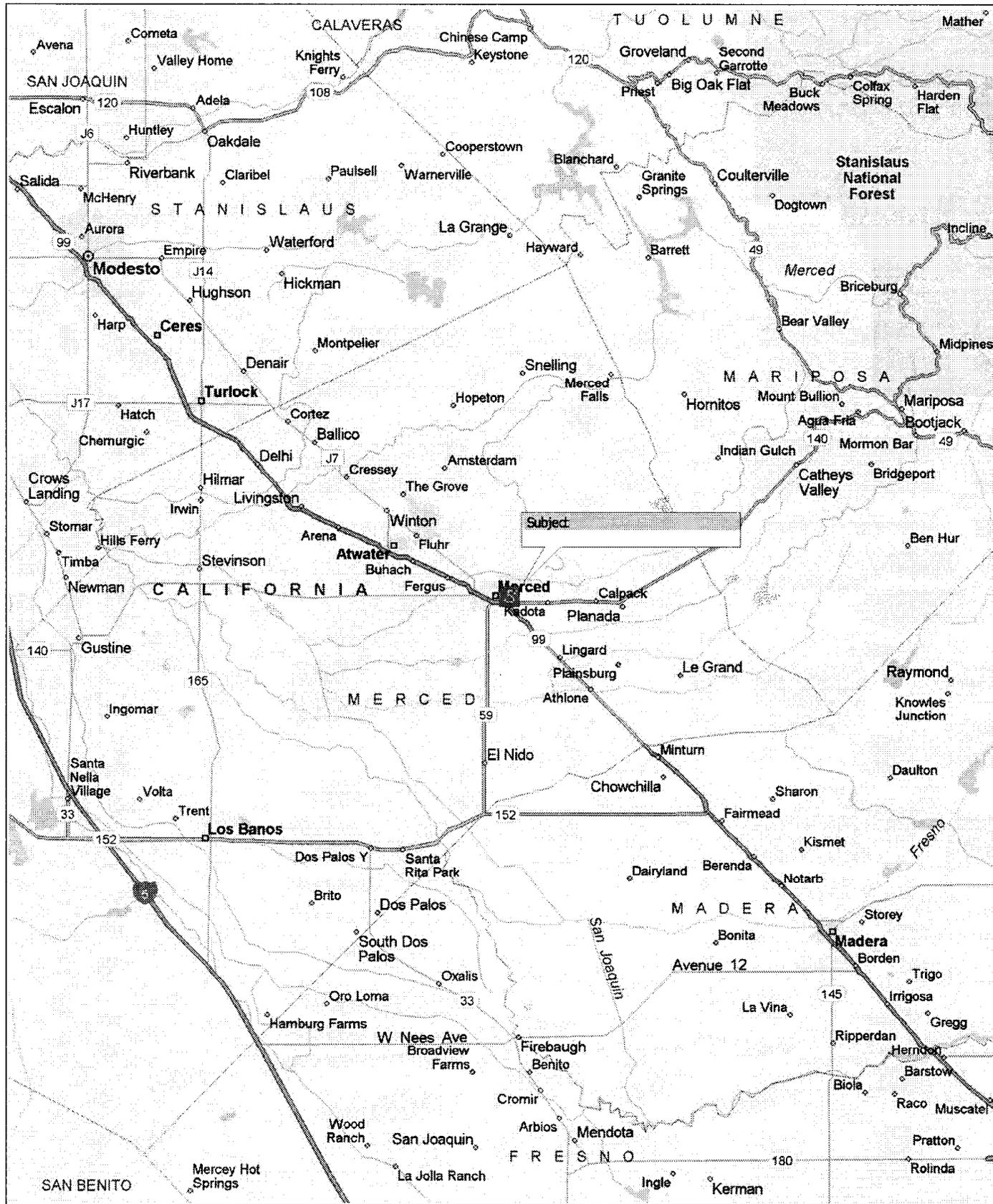
*Source: California Department of Finance*

# REGION



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# AREA



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## Employment Trends

The unemployment rate in Merced County was 9.4 percent in June 2017; below the year-ago estimate of 10.1 percent. This compares with an unadjusted unemployment rate of 4.9 percent for California and 4.5 percent for the nation during the same period.

<b>Merced County</b>	<b>2009</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Civilian Labor Force	105,200	109,900	110,000	112,700	113,025	115,100	115,000
Civilian Employment	87,300	87,100	88,600	96,100	98,267	102,000	103,000
Civilian Unemployment	17,900	22,800	21,400	16,500	14,758	13,100	12,100
Civilian Unemp. Rate	17.0%	20.7%	19.5%	14.7%	13.0%	11.4%	10.5%

*Source: State of California, Department of Employment Development*

## Industry Employment

The following table indicates the changes in employment by industry categories and a relatively diverse economic base.

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total, All Industries	69,200	70,100	71,800	74,000	75,800	77,400	79,200
Total Farm	10,800	11,400	12,500	13,600	13,700	14,100	14,000
Total Nonfarm	58,400	58,700	59,200	60,400	62,000	63,400	65,200
Total Private	41,700	42,200	42,800	43,800	44,900	45,700	46,700
Goods Producing	9,900	9,800	10,000	10,300	11,400	11,600	11,500
Mining, Logging, and Const	1,600	1,600	1,600	1,600	1,700	1,900	2,200
Manufacturing	8,300	8,200	8,400	8,700	9,700	9,700	9,400
Nondurable Goods	7,300	7,300	7,400	7,500	8,300	8,400	8,000
Service Providing	48,500	48,900	49,200	50,100	50,700	51,800	53,600
Private Service Providing	31,800	32,400	32,800	33,500	33,600	34,100	35,100
Trade, Transp & Utilities	11,400	11,800	12,100	12,100	12,000	12,200	12,600
Wholesale Trade	2,000	2,100	2,200	2,100	1,900	1,800	2,000
Retail Trade	7,200	7,400	7,400	7,600	7,800	8,000	8,100
Transport, Wrhsg & Util	2,200	2,400	2,400	2,500	2,300	2,400	2,500
Information	600	400	400	400	400	300	300
Financial Activities	1,600	1,500	1,600	1,500	1,600	1,600	1,800
Prof & Business Services	4,200	4,400	4,300	4,300	3,800	3,800	3,700
Ed & Health Services	8,100	8,200	8,300	8,800	9,100	9,400	9,800
Leisure & Hospitality	4,500	4,600	4,700	5,000	5,400	5,400	5,600
Other Services	1,400	1,400	1,400	1,400	1,300	1,400	1,400
Government	16,700	16,500	16,400	16,600	17,100	17,700	18,500
Federal Government	800	800	700	700	800	800	800
State & Local Government	15,900	15,700	15,700	15,900	16,300	16,900	17,700
State Government	2,400	2,500	2,700	2,900	3,100	3,200	3,500
Education	1,800	1,900	2,100	2,300	2,500	2,600	2,900
Excluding Education	600	600	600	600	600	600	600

*Source: State of California, Department of Employment Development*

The following table identifies major employers in Merced County.

EMPLOYER NAME	LOCATION	INDUSTRY
Central Valley Trucking	Merced	Sand & Gravel (whls)
Dole Packaged Foods LLC	Livingston	Food Products-Retail
E & J Gallo Winery	Livingston	Wineries (mfrs)
Foster Farms	Livingston	Poultry Processing Plants (mfrs)
Gallo Cattle Co	Atwater	Cheese Processors (mfrs)
Golden Valley Health Ctr	Merced	Clinics
Hilmar Cheese Co	Hilmar	Cheese Processors (mfrs)
J Marchini & Son	Le Grand	Farms
Liberty Packing Co	Los Banos	Packing & Crating Service
Live Oak Farms	Le Grand	Fruits & Vegetables-Growers & Shippers
Livingston Union School Dist	Livingston	School Districts
MCOE	Merced	Educational Cooperative Organizations
Memorial Hospital Los Banos	Los Banos	Hospitals
Merced College	Merced	Schools-Universities & Colleges Academic
Merced County Human Svc	Merced	Government Offices-County
Mercy Medical Ctr Merced	Merced	Hospitals
Nor Cal Nursery	Turlock	Fruits & Vegetables-Wholesale
Quad/Graphics Inc	Merced	Printers (mfrs)
Scholle IPN Packaging Inc	Merced	Truck-Transporting
Sensient Natural Ingredients	Livingston	Flavoring Extracts (whls)
University of Ca-Merced	Merced	Schools-Universities & Colleges Academic
Weaver Union School District	Merced	Schools
Werner Co	Merced	Ladders-Manufacturers
Western Marketing & Sales	Atwater	Farms
Yosemite Wholesale Warehouse	Merced	Warehouses

*Source: California State Employment Development Department*

### **Conclusion**

Population estimates for Merced County indicate continued moderate but steady growth for the area. High unemployment exists in Merced County. The primary economic base of the county is anticipated to remain agricultural with related higher seasonal unemployment. The 2016 average unemployment rate in Merced County was 10.5 percent. The long term economic trend for Merced County is anticipated to remain at moderate population and employment growth, trending with the Central Valley economy.

## NEIGHBORHOOD PROFILE

### **Location**

The subject property is located at 1137 B Street in the City of Merced. The property is approximately  $\frac{3}{4}$  of a mile southwest of the central business district in the City of Merced and within  $\frac{1}{2}$  of a mile of State Highway 99 to the northeast.

### **Composition/Uses & Trends**

Land uses in the neighborhood reflect primarily residential, public use and professional office properties. The property is adjacent office buildings, an apartment complex to the west and cemetery to the east. Transportation linkages, including a well-developed regional highway system serving the area, rail service, and the Merced Regional Airport, are all conducive to continued commercial development in the area. The UC Merced campus located in the northern portion of the City of Merced has been the center of most recent residential development in the area; with some commercial development occurring approximate to the Highway 99 corridor. UC Merced is undergoing a \$1.3 billion-dollar expansion expected to be completed in 2020, increasing student capacity to 10,000 students. Economic trends in the subject neighborhood are stable to positive. Long-term trends are considered positive. The subject neighborhood is well positioned for future growth.

### **Public Services & Utilities**

The subject neighborhood is served adequately by local elementary, middle and high schools in the City of Merced. Public higher learning centers are Stanislaus State University in Turlock, Fresno State University and UC Merced. Police and Fire protection is provided by the City of Merced.

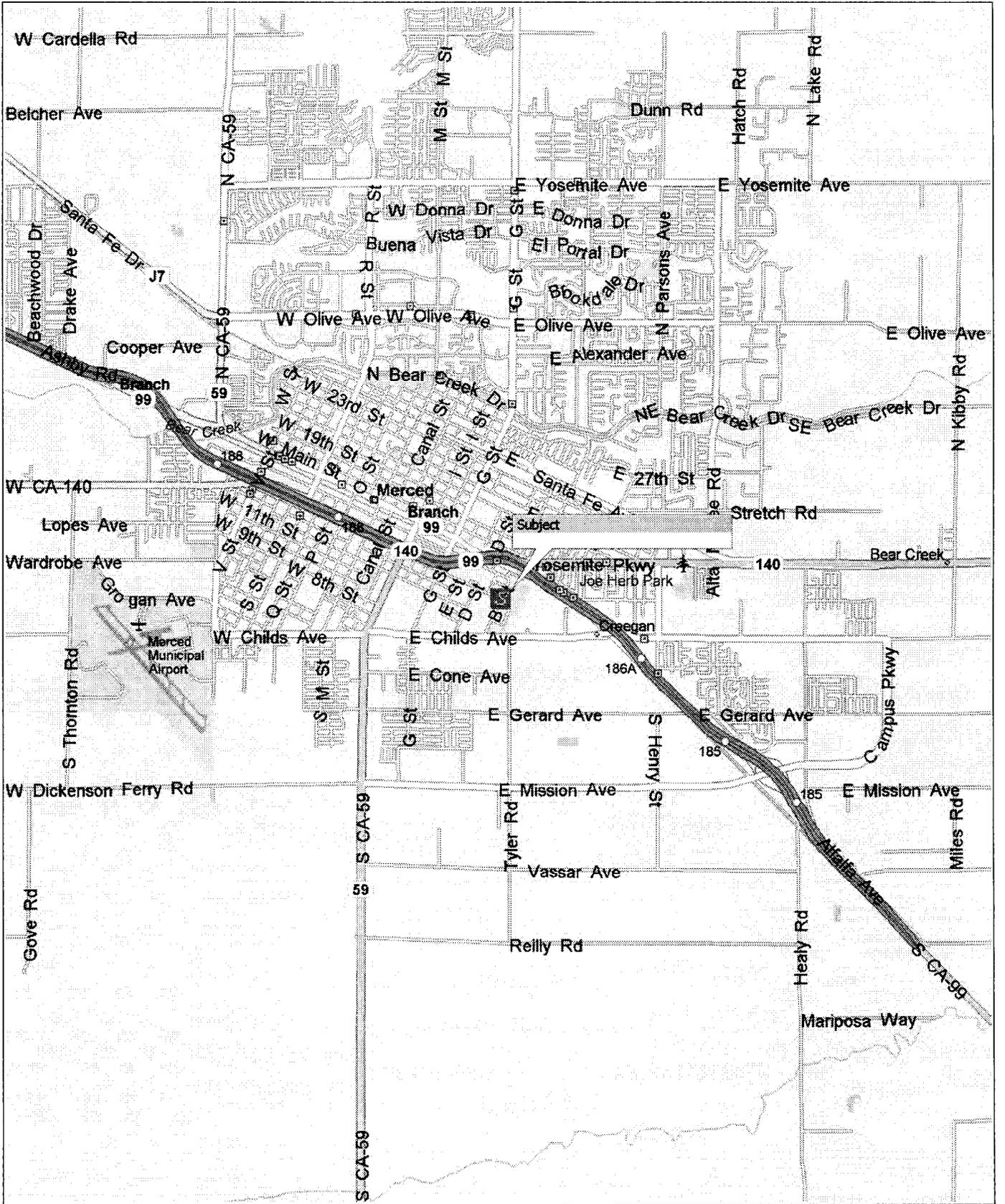
Local medical services are available in the City of Merced with Mercy Medical Center Merced Hospital located in northern Merced.

Public utilities are available in the neighborhood. The subject property has public water, sewer and trash removal provided by the City of Merced. Electrical and natural gas service is provided by PG&E and Merced Irrigation District. Telephone services are available from a number of providers.

### **Conclusion**

The subject neighborhood is an average quality commercial area in the City of Merced. The long-term economic future of the area appears good. Overall the neighborhood appears to be in a stable stage of development. There is still low demand for residential and commercial development land due to the resale values and supply of existing properties and the current costs of new development. However, development is in the beginning stages of recovery, with several new projects underway and a continuing upward trend. It is anticipated that long-term employment and economic growth of the neighborhood will trend in relationship with the regional economy.

# NEIGHBORHOOD



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**SUBJECT DESCRIPTION**

**SUBJECT PHOTOGRAPHS**



**AERIAL PHOTOGRAPH – SUBJECT PROPERTY APPROXIMATE BORDERS  
(SOURCE: GOOGLE EARTH, DATED 5/2/17)**

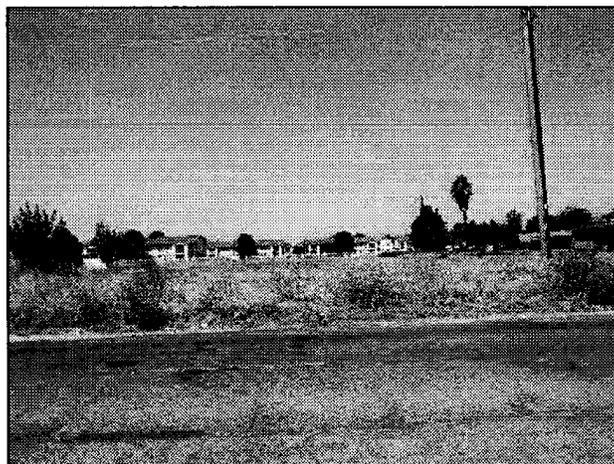
**SUBJECT PHOTOS**



**SUBJECT PROPERTY – SOUTHERN PORTION FROM SOUTHERN BORDER**



**SUBJECT PROPERTY – NORTHERN PORTION**

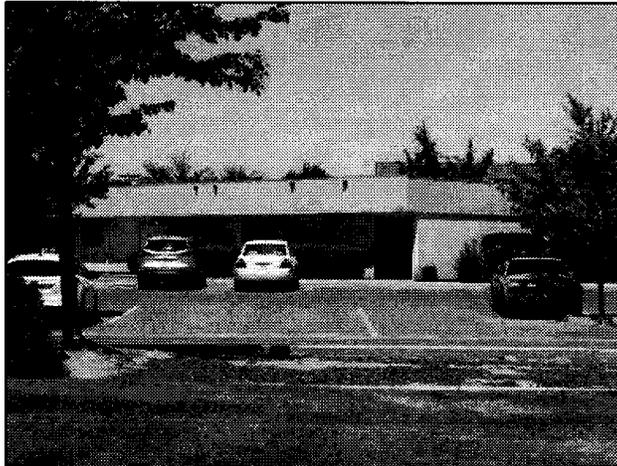


**NORTHERN BORDER FROM NORTHWEST CORNER**

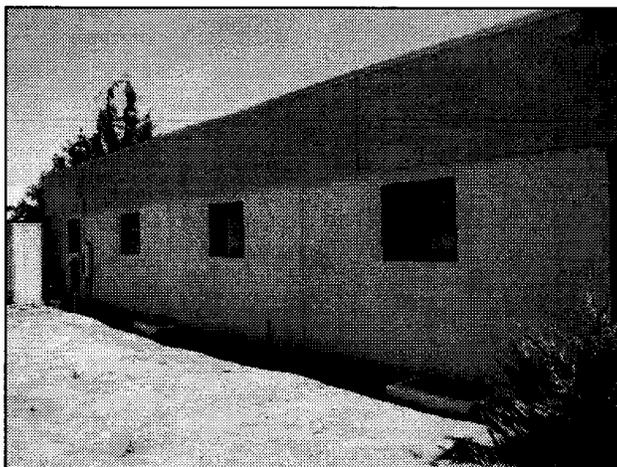
**SUBJECT PHOTOS**



**MODULAR OFFICE BUILDING – EASTERN ELEVATION**

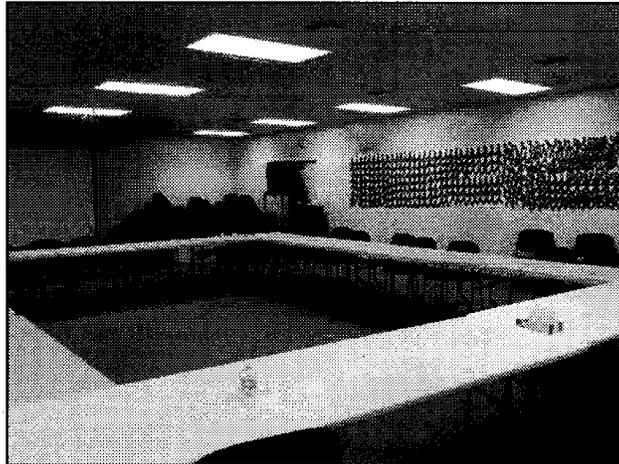


**MODULAR OFFICE BUILDING – SOUTHERN ELEVATION**



**MODULAR OFFICE BUILDING – NORTHERN ELEVATION**

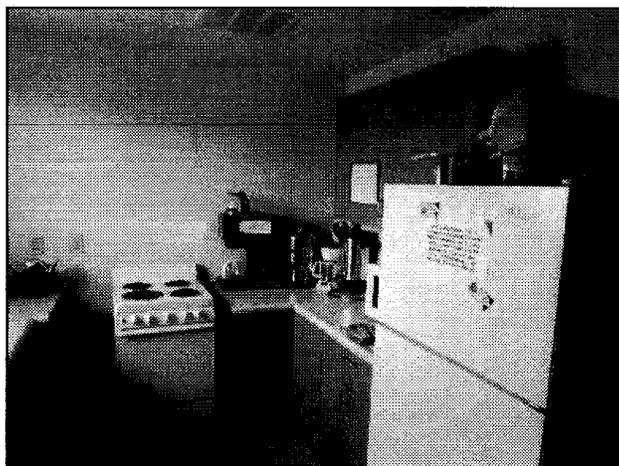
**SUBJECT PHOTOS**



**OPEN OFFICE/CONFERENCE AREA**



**TYPICAL OFFICE AREA**



**KITCHENETTE**

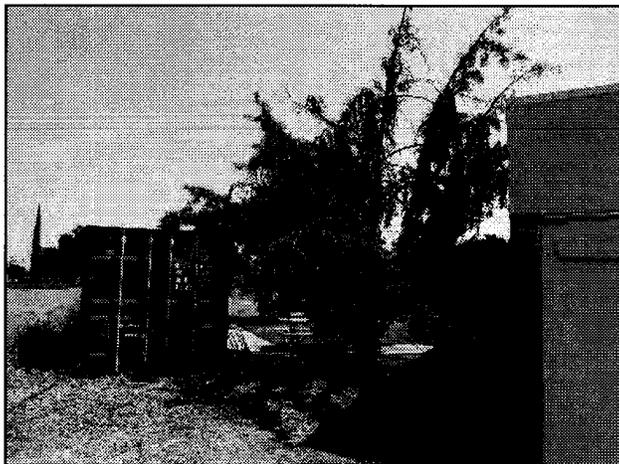
**SUBJECT PHOTOS**



**RESTROOM**

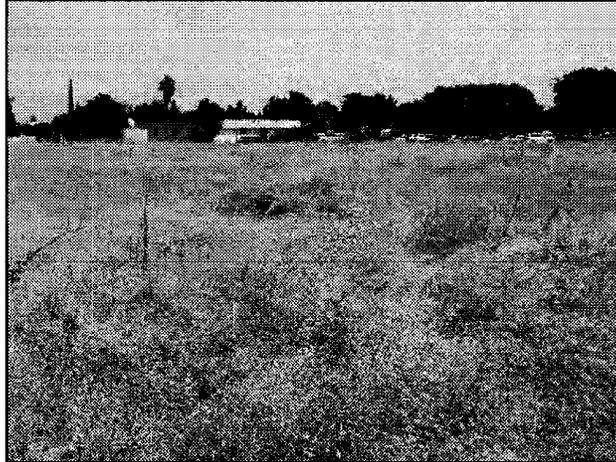


**SHED BUILDING**



**SHIPPING CONTAINER  
(PERSONAL PROPERTY NOT INCLUDED IN VALUATION)**

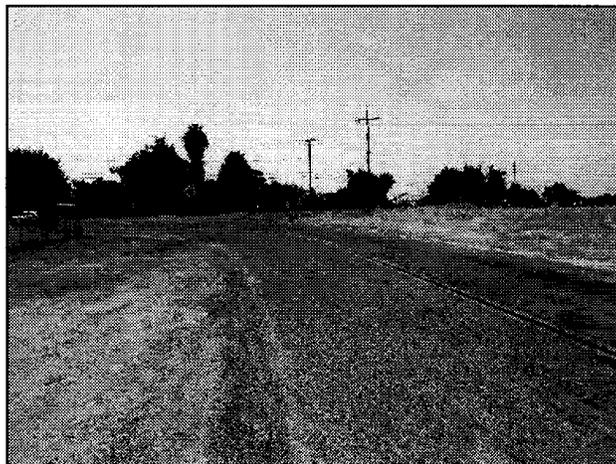
**SUBJECT PHOTOS**



**CURRENT STORM DETENTION BASIN - SOUTHERN PORTION OF PARCEL**



**B STREET - VIEW NORTH SUBJECT ON LEFT**



**B STREET - VIEW SOUTH SUBJECT ON RIGHT**

## SITE ANALYSIS

**Owner of Record:** County of Merced, a body politic and corporate

**Location:** 1137 B Street, Merced CA 95341  
Merced County

**Legal Description:** See Grant Deed in Addenda

**Assessor's Parcel Number / Assessed Value and Taxes (2014-2015):**

The subject is owned by a public entity and has been historically exempt from property taxes.

**Size and Shape:** 5.06 acres/220,414 SF – Irregular

**General Plan:** C-O (Commercial Office)

**Zoning:** P-D Zone (Planned Development):

This zone is intended to provide a zone which can permit and enjoin logical or desirable development and carry out the objectives of the general plan by:

- A. Permitting the initial development or enlargement of commercial districts in close proximity to residential areas while protecting the character and quality of adjacent residential uses;
- B. Permitting clusters of multiple-family developments in appropriate locations within single-family zones with suitable controls imposed;
- C. Providing for the location, under suitable safeguards of desirable types of research and manufacturing uses adjacent to and within commercial or residential areas;
- D. Permitting planned developments on a large scale which would include a combination of any two or all of the above mentioned developments;
- E. Permitting the redevelopment of parcels for residential, commercial, or industrial purposes or any combination thereof, in areas already built upon, but which now have marginal development.

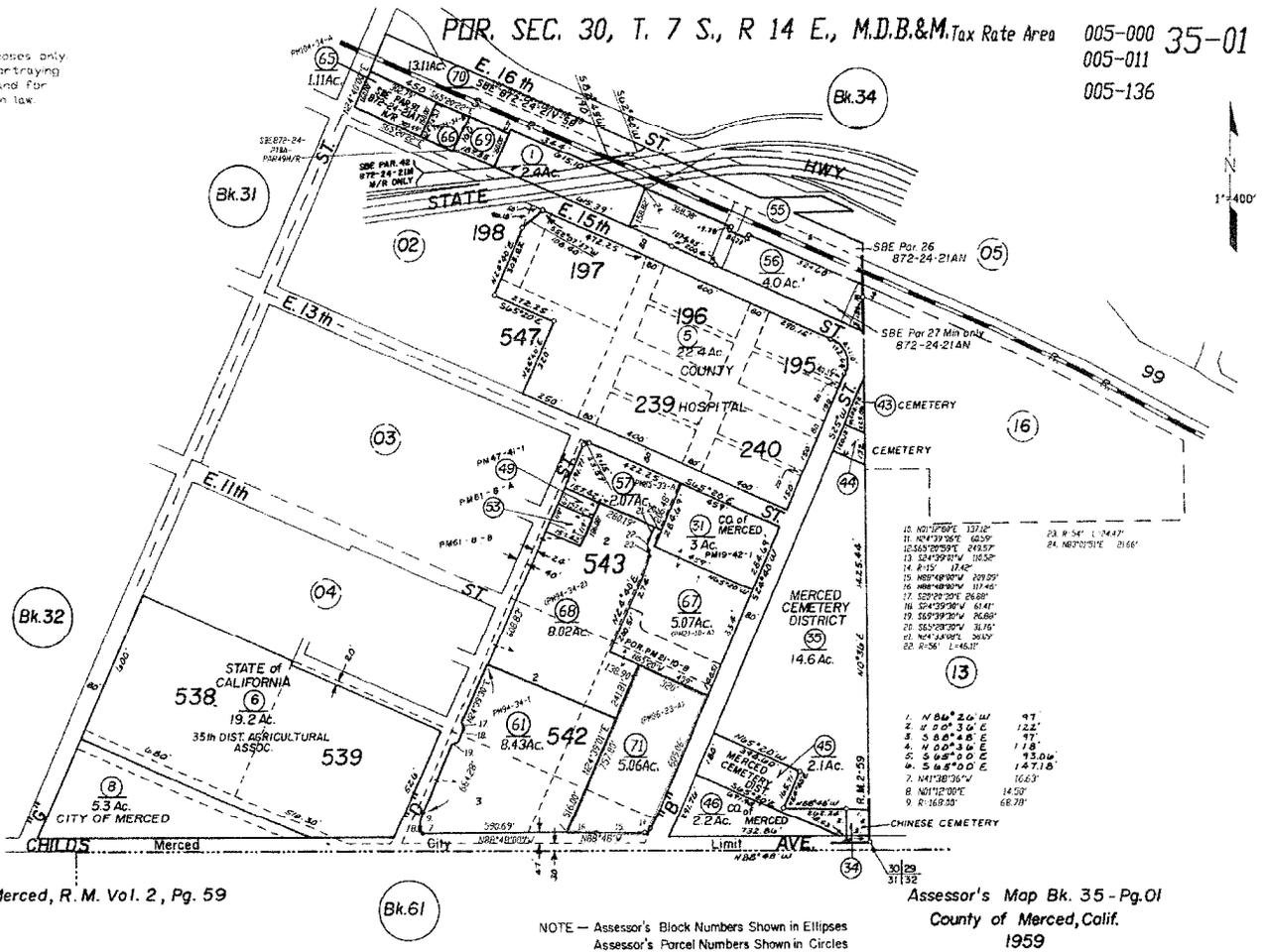
**Flood Zone:** Zone X – Panel #060191 0440 G, Dated 12/2/2008  
(Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level)

**Seismic (Alquist-Priolo):** The subject is not located within an Alquist-Priolo Earthquake Fault Zone.

**Environmental Hazard:** None known or observed (See Extraordinary Assumptions).

NOTE:  
 This map is for Assessment purposes only.  
 It is not to be construed as portraying  
 legal ownership or divisions of land for  
 purposes of zoning or subdivision law.

005-000 35-01  
 005-011  
 005-136



REDRAWN 7-59 11-82  
 REVISED 1-64 12-78 11  
 1-71  
 11-74  
 3-78

Subject (Portion of APN)



**Topography:** Generally level

**Access:** Site access is good from B Street.

**Frontage:** Approximately +/- 609.06' of frontage along B Street.

**Street Improvements:** Asphalt paved street, partially with curbs, gutters, sidewalks and street lights.

**Utilities:** Electricity, telephone, gas, municipal water and sewer to site.

**Easements:** Typical public utility and street easements are assumed: a Preliminary Title Report was not available for review. See Extraordinary Assumptions.

**Apparent adverse easements, conditions, encroachments or other adverse conditions:** No adverse easements or encroachments were observed. It is an Extraordinary Assumption that there are no title issues affecting the valuation (See Extraordinary Assumptions).

**Landscaping:** The subject has average quality landscaping including bushes and trees along perimeter and grass, bushes and trees around modular office structure.

**Site Improvements:** Asphalt paved parking lot with curbs, gutters, sidewalks, landscaping, and Parking lot lights (See Photos). Most of these site improvements may be able to be utilized in the future development of a permanent office structure. Utilization of the existing improvements would depend on a number of factors such as the design of new structures and building or zoning requirements.

**Functional Adequacy & Utility:** The City of Merced plans to acquire a portion of the subject for a neighborhood storm detention project. The subject was previously appraised with a 1.24 acre detention basin being developed on the southern portion of the subject, and granted to the City of Merced; reducing the land available for development. Basic land prep was completed (basic excavation and storm pipe noted). We have been asked to value the parcel as a whole (available for development), and dis-regard the prior project.

The city is re-evaluating its storm drainage project and the required size of its acquisition on a portion of the subject (see Site Analysis). We spoke to representatives in the City Planning Department (Francisco Mendoza, planner) and the Engineering Department (Steve Son). They stated that development on the subject is on hold while they determine the required size of the storm drainage system, in regards to their larger project.

The site is improved with an asphalt parking lot and temporary modular office building. A typical buyer would most likely develop the site with permanent office buildings and utilize the modular building as a temporary use or rent for its remaining economic life. The site is fully functional for a commercial office or retail use (see Extraordinary Assumptions).

## IMPROVEMENT ANALYSIS

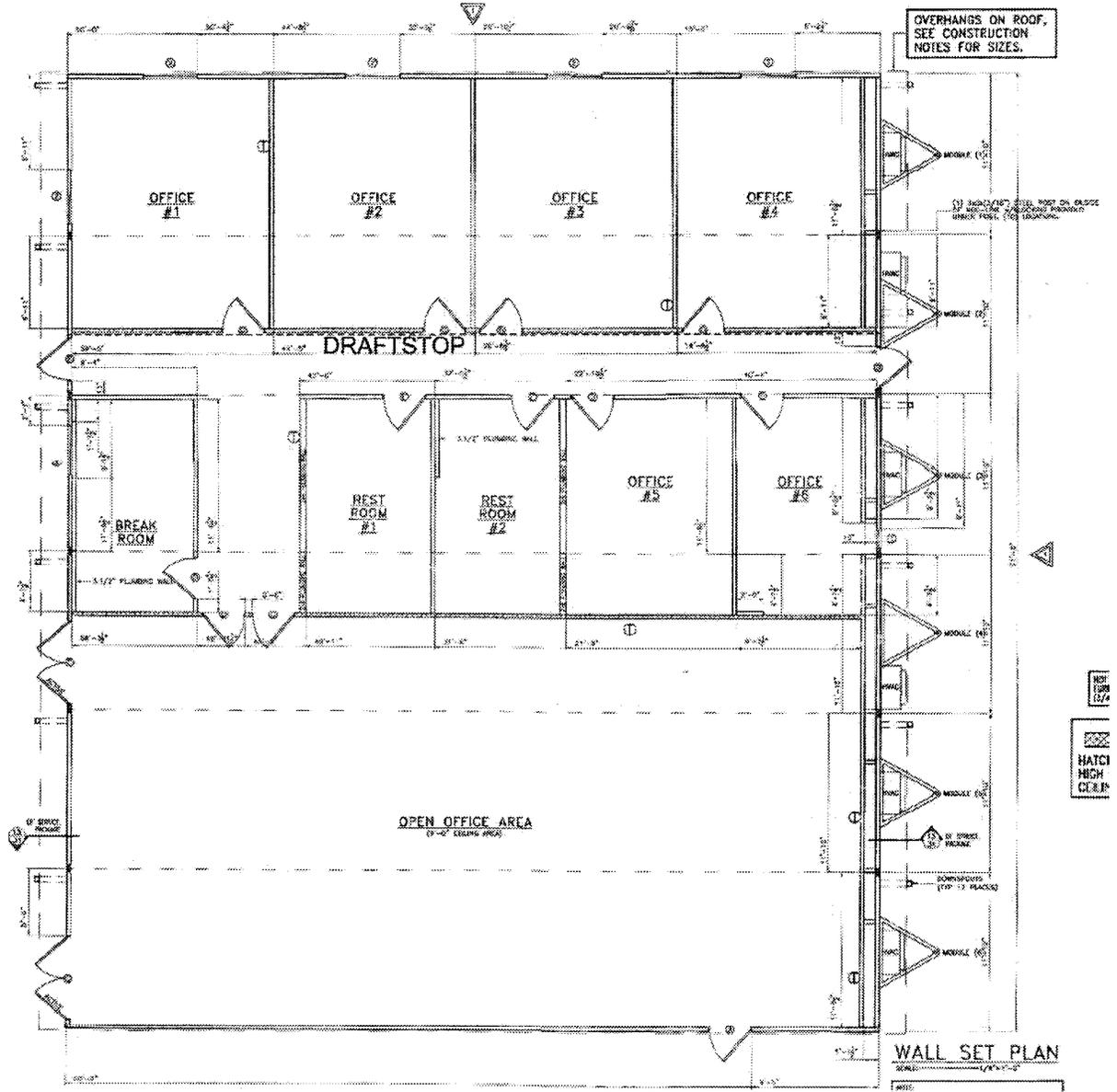
The subject is improved with a modular office building that is 60' x 71' or 4,260 SF (See Floor Plan on following page). The measurements from the Floor Plan were confirmed by the appraiser. The modular office construction is considered to be low-cost and short-lived as compared to typical construction. Actual age of the modular office building was unknown and estimated based on a review of satellite photos. Construction is estimated at approximately the year 2000. The modular structure is detailed further in the chart below:

<b>Chronological Age (Year Built):</b>	17 Years (2000, estimated)
<b>Estimated Effective Age:</b>	17 Years
<b>Estimated Remaining Economic Life:</b>	13 Years
<b>Overall Condition:</b>	Average
<b>Stories:</b>	One
<b>Class of Construction:</b>	Modular
<b>Construction Quality:</b>	Low Cost
<b>Exterior Walls:</b>	Stucco
<b>Roof (Frame / Covering):</b>	Metal / Composition Roof
<b>Foundation:</b>	Concrete Stem Wall
<b>Interior Wall Covering:</b>	Vinyl
<b>Ceiling:</b>	Acoustic Tile
<b>Floor Coverings:</b>	Carpet, Vinyl, Linoleum
<b>Lighting:</b>	Florescent
<b>HVAC:</b>	Floor Mounted HVAC

### **Miscellaneous Improvements:**

There is one 12' x 12' (144 square feet) wood shed near the subject. The shed is considered average quality and average condition. The building site area is serviced by an asphalt paved parking area and driveway in front of the modular office. The site has an average level of landscaping and site improvements (See Site Analysis Section).

Attachment A: Floor Plan



**PART III**  
**ANALYSIS AND CONCLUSIONS**

## HIGHEST AND BEST USE

The term “Highest and Best Use”, as used in this report, is defined as follows:

“The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.”<sup>1</sup>

In estimating highest and best use, there are essentially four criteria:

1. **Physical Possibility:** What uses of the property in question are physically possible, given its physical characteristics?
2. **Legally Permissible:** What uses are permitted by zoning, deed restrictions, and under other land use regulations on the property in question?
3. **Financially Feasible:** Which physically possible and legally permissible uses will produce an economic return to the owner of the property?
4. **Maximally Productive:** Among the uses, after the above criteria are examined, which will produce the highest net return or the highest present worth?

The criteria are to be applied to the improved and to the vacant property. In estimating a highest and best use, the site is analyzed:

1. As if vacant and available for development and
2. As is presently improved

### AS IF VACANT ANALYSIS

In accordance with the definition of highest and best use, it is appropriate to analyze the site as it relates to legally permissible, physically possible, financially feasible, and maximally productive as it relates to anticipated market conditions.

**Physically Possible:** The size, shape, and topography affect the uses to which the land can be developed. The utility of a property will depend upon such other factors as its frontage and depth. Irregularly shaped properties may cost more to develop and may have less utility than regularly shaped property of the same total area. The subject appears to be physically adaptable to a variety of uses, limited only by legally permissible constraints.

**Legally Permissible:** Private deed restrictions, zoning regulations, leases, building codes, historical district controls, and environmental regulations often preclude many possible highest and best uses. The subject is zoned PD (Planned Development), with a Commercial Office General Plan. The zoning allows for a wide range of potential uses. See Improvement Analysis.

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<sup>1</sup>The Appraisal of Real Estate, Thirteenth Edition, 2008

**Financially Feasible:** Any property use that is capable of producing a positive rate of return is believed to be feasible. Factors determining which property uses are feasible include those which determine the legally permissible and physically possible uses. Other important factors to consider are the location, adjacent property uses, and the neighborhood's characteristics. These factors, along with appropriate market information, assist in the analysis of what returns could prudently be expected from the various alternative property uses.

The area surrounding the subject consists of residential, public use and professional office uses. A wide range of use as described by zoning limitations are considered financially feasible.

**Maximum Productivity:** The capital investment required to develop the subject as though vacant would be different for various uses. When invested capital varies among alternative uses, the income from each use must be related to its invested capital base by calculating the rate of return. The use producing the highest rate of return to the land is the highest and best use of the property as vacant. The maximally productive use is considered a commercial use within the range of financially feasible uses. The specific maximally productive use determination is beyond the scope of the appraisal.

### **Conclusion of Highest and Best Use - As If Vacant**

Based on the foregoing discussion, the highest and best use of the subject site, as though vacant, is concluded to be development to a commercial use within the range of uses allowed by zoning.

### **As Improved –“As-Is”**

The site is improved with a modular office structure that is considered an interim use, and asphalt paved parking lot with curbs, gutters, sidewalks, landscaping and parking lot lights.

The “As Improved” analysis will concentrate on determining the viability of the existing use. The five possible alternative treatments of the property are discussed below:

**Demolition/Removal** - One alternative would be to remove the site improvements and modular office, creating a vacant site. This is physically possible, and legally permissible, but is not financially feasible or maximally productive. The value of the property, as improved, exceeds the value of the land as vacant for the typical buyer. Additionally, the modular office has an estimated remaining effective life of 13 years and may serve as a temporary office during construction or have a possible rental value during its remaining life. Additionally, the parking and site improvements may have value to a potential buyer.

**Expansion** – The subject property is partially improved to a parking lot and modular office. The modular office is low-cost and not suitable for expansion. The typical buyer would not expand, but demolish the existing improvements or utilize as an interim use and construct additional permanent office space.

**Conversion** – Any permanent structure or development can be converted to an alternative use at a cost. The subject is not improved with any permanent structures. The modular office is considered a low-cost structure and has no conversion value.

**Renovation** – The subject parking lot is in average condition. Renovation is not necessary. The typical buyer would most probably demolish the low-cost modular office or utilize temporarily until the end of its economic life, rather than consider renovation.

**Continued Use “As-Is”** - The subject has a greater value as vacant and ready for typical development. Continued use “As-Is” as a parking lot is considered a viable option with interim use of the modular office building.

**Conclusion of Highest & Best Use - As Improved:** Based on the foregoing discussion, the highest and best use of the subject site as improved is concluded to be a probable Continued use “As-Is” of the parking lot with interim use or demolition of the modular office building and development of the site to a commercial use allowed by zoning.

## MARKET OVERVIEW AND TREND ANALYSIS

The subject is zoned planned development, with an office general plan designation; located in the City of Merced in Merced County, part of the Central Valley market. Specific statistical data was limited for the City of Merced. Trends from neighboring Central Valley communities are considered generally reflective of market trends in the subject's market area and type of development.

Market conditions adjustments were based on (1) Business Forecasting Center at the University of the Pacific Eberhardt School of Business, (2) Colliers International office market news and statistics, (3) Loopnet.com research, as applicable, (4) Discussions with real estate agents familiar with the area, (5) and sale and re-sale data for Comparable Sales in this report.

The following information is provided by the Business Forecasting Center at the University of the Pacific Eberhardt School of Business, California and Metro Forecast: May 30, 2017

- The California economy continues to perform well, in spite of an uncertain policy environment.
- Unemployment should decline to 4.5% for by the end of the year, and stabilize in 2018 and 2019.
- Nonfarm payroll jobs will grow 1.7% in 2017 a decrease in growth. The pace of growth will stabilize around 1.4% in 2018 and beyond.
- California population growth has slowed from approximately 350,000 per year to 250,00 per year, which should continue through 2020.
- The San Francisco area should maintain the fastest regional job growth, over 2% in 2017 and 2018, despite unemployment below 3% and slow growth in housing stock. This is partially due to workers re-locating to the Central Valley.

The following table provides a projection of the employment change and unemployment rate to 2020. The data indicates that the unemployment rate in Merced, Stockton and Modesto MSA will remain above 6% through 2020.

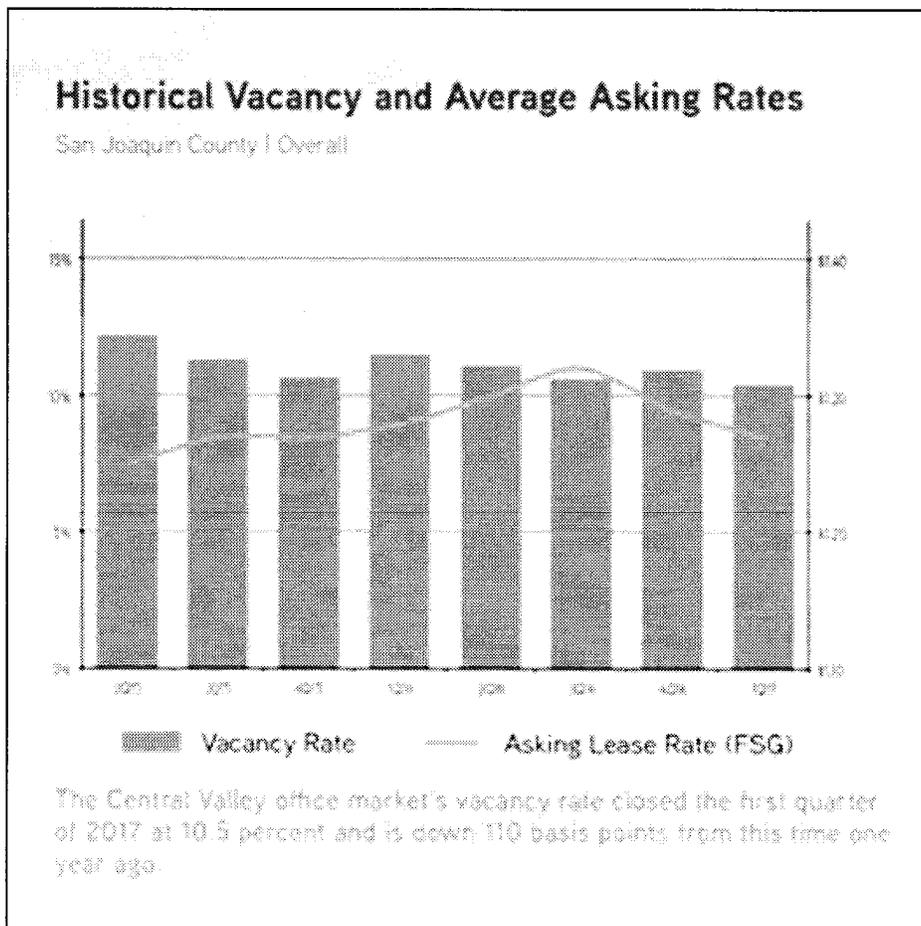
<b>Central Valley Metro Forecast Summary</b>										
Metro Area	Nonfarm Payroll Employment (% change)					Unemployment Rate (%)				
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Sacramento	3.5	1.1	1.5	1.6	1.2	5.2	4.7	4.5	4.5	4.6
Stockton	3.4	1.8	1.5	1.3	1.0	8.0	7.3	6.8	6.7	6.8
Modesto	3.3	2.1	1.2	1.3	0.9	8.5	7.7	7.6	7.5	7.7
Merced	2.6	0.4	1.9	1.9	1.6	10.4	9.8	9.3	8.8	8.6
Fresno	3.4	1.9	1.4	1.4	1.1	9.4	8.8	8.4	8.1	8.1
<i>California</i>	<i>2.7</i>	<i>1.7</i>	<i>1.4</i>	<i>1.1</i>	<i>0.9</i>	<i>5.4</i>	<i>4.8</i>	<i>4.5</i>	<i>4.5</i>	<i>4.7</i>

Sacramento MSA includes Sacramento, El Dorado, Placer, and Yolo counties. Stockton, Merced, Fresno and Modesto MSAs correspond to San Joaquin, Merced, Fresno and Stanislaus counties.

Overall Office Market (Central Valley):

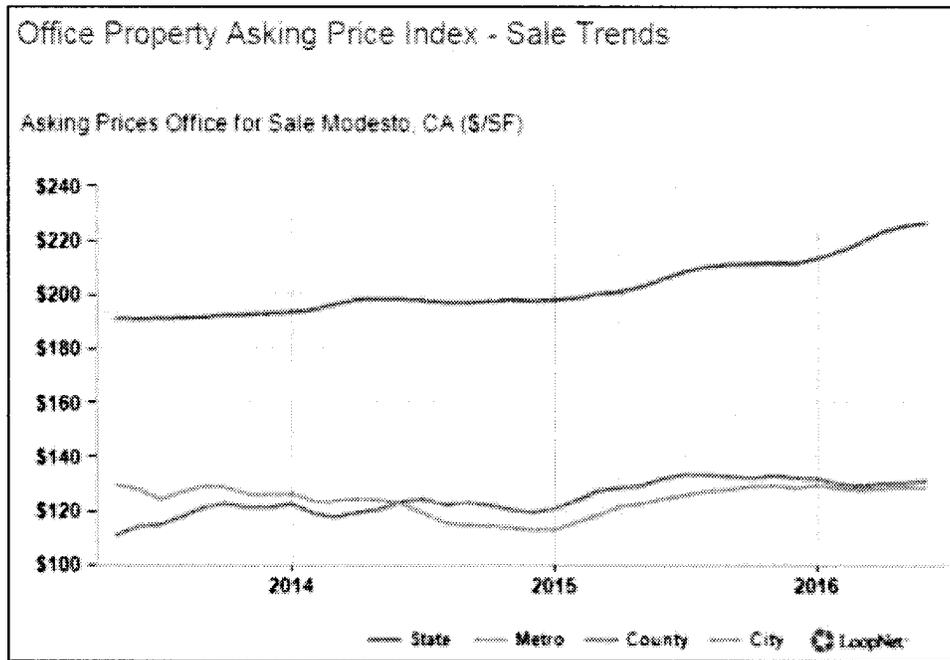
- The East Bay office market is continuing to report ongoing rent growth and absorption. Overall vacancy rate in the Tri-Valley is at 10.4 percent and Class A asking rents are pushing \$3.00 per square foot on a full service basis. The Central Valley is starting to follow suit.
- The Central Valley's office market vacancy rate is down 110 basis points over last year, to 10.5 percent in the first quarter of 2017.
- San Joaquin County had a net absorption of 49,103 square feet for the quarter.
- The average asking lease rate increased from \$1.45/sf in Q1 2016 to \$1.49/sf in Q1 2017, or 2.76% year over year for Class A space.
- The prices per square foot for office space averaged \$156.07 per square foot, and the average cap rate was 6.23%.
- Year over year, the vacancy rate for Class B and C space has decreased to 9.0% and 4.9%, respectively.
- The Stockton submarket vacancy rate fell to 12.1 percent in the first quarter of 2017. The average asking lease rate for all product classes in Stockton was \$1.33 per square foot per month, \$0.05 higher than this time one year ago.

The following graph is provided by Colliers International Stockton Market Research Office Report 1Q 2017 for all office sectors: It compares historical vacancy (blue columns) and asking rates (yellow line).

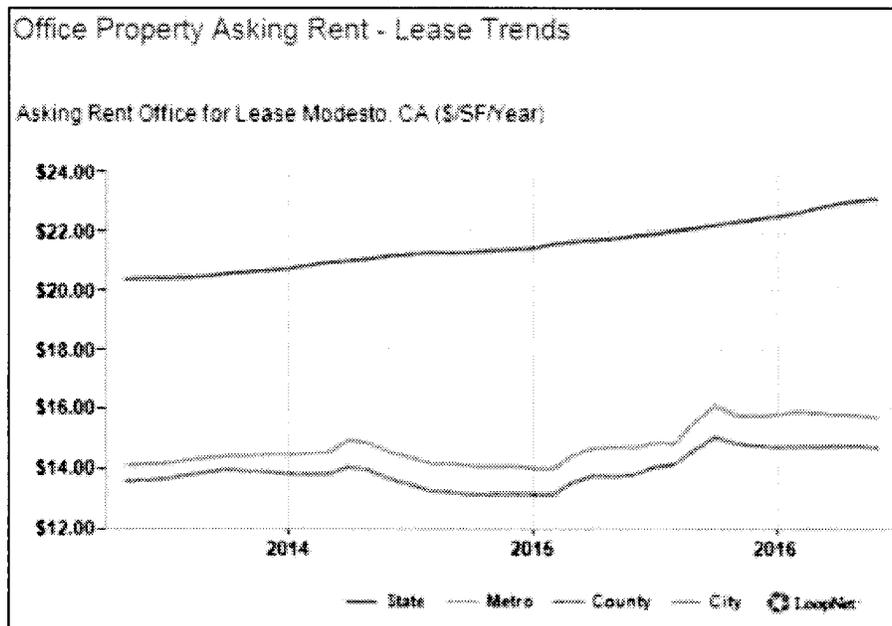


**Loopnet.com Data:**

The following data is provided by LoopNet for the Modesto MSA. The data provides the average asking price and average lease price through June 2016.



	Jun 16	vs. 3 mo. prior	Y-O-Y
State	\$226.32	+3.3%	+10.0%
Metro	\$131.12	+1.4%	-0.7%
County	\$131.12	+1.4%	-0.7%
City	\$128.61	+0.7%	+3.2%



	Jun 16	vs. 3 mo. prior Y-O-Y
State	\$23.08	+1.3% +5.7%
Metro	\$14.69	-0.3% +6.4%
County	\$14.69	-0.3% +6.4%
City	\$15.71	-0.9% +6.9%

Based on the LoopNet information, the office list price average, three months prior to June 2016 increased 0.7% (0.23/mo.), while the previous 12 months prior to June 2016 they increased 3.2% (0.27/mo). The lease rates for office space decreased 0.9% (0.3%/mo) three months prior to June 2016, while they increased 6.9% (0.58%/mo) 12 months prior to June 2016.

**Discussion with Real Estate Agents:**

During the course of this appraisal, market participants, city officials and real estate brokers were contacted regarding the market conditions for the subject’s property type. The following is a summary of some of the opinions and statements.

Steve Tinetti of Tinetti Realty Group (209) 261-3684 was contacted by Ryan Heiny of K. R. McBay Company in August 2017 regarding the market for development land in the subject’s market area. Mr. Tinetti stated that the market for development land is strengthening and attributes the increase to an increase in job growth. He believes that the job growth and development is being fueled by a \$1.3 billion-dollar expansion project of UC Merced. He sees development centered around the UC area and migrating through the city. Mr. Tinetti notes that many of the prime development locations in the downtown area have now been developed, with few remaining undeveloped well located parcels.

Dan Gallagher of Coldwell Banker Real Estate (209) 777-5626 was contacted by Ryan Heiny of K. R. McBay Company in August 2017 regarding the market for development land in the subject’s market area. Mr. Gallagher, was very familiar with the market area. He is currently working with a developer on a retail project at Campus Parkway and Gerrard. He stated that development is picking up in the area. Mr. Gallagher believes there is increasing demand for development land with enough activity that the City of Merced has become unresponsive to requests, due to a large backlog. Mr. Gallagher also stated that Walmart will be building a location just south of E. Childs Ave. Despite the increasing demand, prices have remained flat over the past few years. Mr. Gallagher stated that the development timeframe for his retail project is 5-7 years, and based on its location and demand.

Ranjcet Singh of Gonella Real Estate (209) 261-6164 was contacted by Ryan Heiny of K. R. McBay Company in August 2017 regarding the market for development land in the subject’s market area. Ms. Singh stated that the market for development land is generally stable. She is currently on the board of directors for the local MLS and sees interest in development increasing.

Neil Ballweber of Tinetti Realty Group (209) 261-3684 was contacted by Ryan Heiny of K. R. McBay Company in August 2017 regarding the market for development land in the subject’s market area. Mr. Ballweber stated that the market for development land is strong and has not seen a price increase in land over the prior several years.

Jay Fiorini of Fiorini Real Estate (209) 495-2794, was contacted by Ryan Heiny of K. R. McBay Company in August 2017 regarding the market for development land in the subject’s market area. Mr. Fiorini stated that the market for development land has been flat, and that a parcel he sold in 7-2015 in Turlock, just appraised last month for the same value as its sale price, as support for his statement.

Additionally, numerous brokers and market participants were contacted by Ryan Heiny of K. R. McBay Co. in April of 2017 regarding the market for industrial properties in the subject's greater market area. Many of the participants stated that property values seem to be increasing over the prior two years for industrial buildings in the Stockton MSA with particular strength from the Tracy region and increasing the nearer the Bay Area. The Bay Area market trends seem to be migrating east as noted in the Colliers International and Eberhardt School of Business reports. One of the participants notes that leasing activity was particularly strong in 2016 and may have slowed slightly. Although the subject's specific market is further from the Bay Area and the land is zoned Planned Development (office). It is indirectly influenced by market conditions throughout the San Joaquin Valley, with some development crossover from light-industrial projects.

Brokers that were surveyed in April 2017, included the following:

Rob Stevens of RE/Max Executive (209) 985-3776  
 Briana office manager, Tami Gosselin of Century 21 M&M Associates (209) 557-2609  
 Kuldip Hundal of Royal Realty (209) 598-5939

**Sale-Resale Data:**

Relevant sale-resale data was not available.

**Market Conditions Summary:**

The following table is a tabulation of the above market area reports in order to establish a market conditions adjustment for the subject property.

Source	Building Type	MSA	Data Type	Start	End	Change	Per Month
Colliers	Office	San Joaquin	Asking Lease	1Q 16	1Q 17	3.9%	0.33%
LoopNet	Office	Modesto	Asking Sale	2Q 15	2Q 16	3.2%	0.27%
LoopNet	Office	Modesto	Asking Lease	2Q 15	2Q 16	6.9%	0.58%
						<b>Avg.</b>	<b>0.39%</b>

The cumulative data provides an indication of a market increase in asking prices. The above data indicates an average increase of approximately 0.39% per month for most of 2015 and 2016. The data tends to indicate a market that has been strengthening.

**Conclusion:**

A market conditions adjustment was researched based upon an array of available data for the subject's market area. Sale-resale data was not available and broker opinion supports a conclusion of no adjustment. The data shows a market that is increasing at a modest rate, however, this data is specific to improved properties. Market Participants noted a strengthening market for development land that has yet to impact prices. No Market Conditions adjustment is concluded based on the lack of area specific reports, with emphasis on comments from market participants that were specific to the subject area and type.

## MARKETABILITY

### Definition of Marketing Period

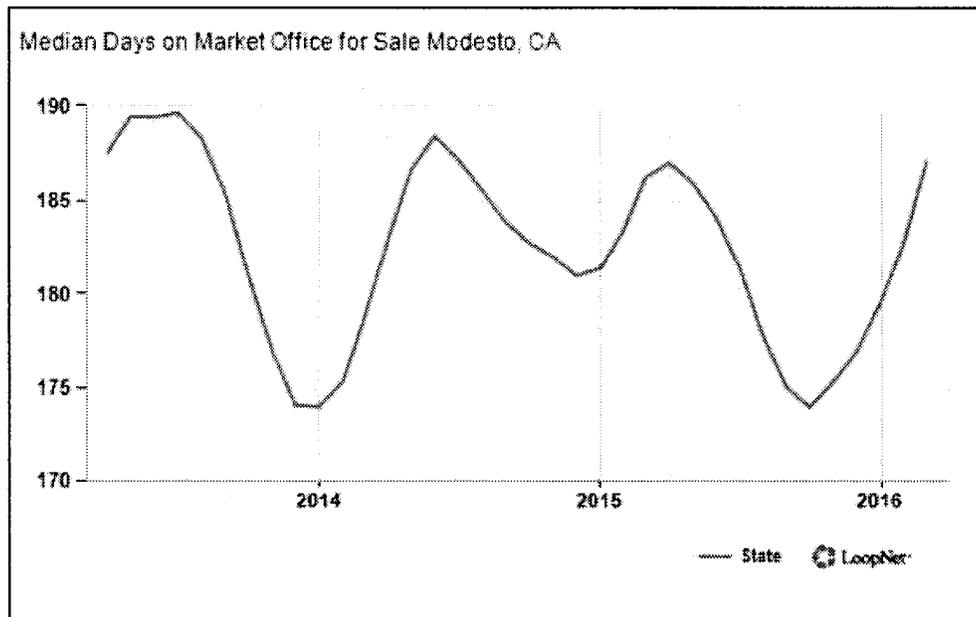
The Marketing Period is defined as the amount of time necessary to expose a property on the open market in order to achieve a sale. Implicit in this definition are the following conditions:

- The property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by sellers of similar types of properties.
- The property will be offered at a price reflecting the most probable mark-up over market value used by sellers of similar properties.
- A sale will be consummated under the terms and conditions of the definition of market value stated in this report.

### Estimate of Reasonable Marketing Time

Sale #2, #4 and #5 indicated days on market. Sale #2 was on the market for one day only. Sale #4 showed a marketing time of 777 days and went through several price reductions. Sale #5 was on the market for 50 days. The sales used in this report indicated an averages days-on-market of 276 days and the longest marketing period sale went through price reductions before reaching the market price.

The following graph from Loopnet.com illustrates the median days on market for office properties in the State of California. Median Days on market peaked in mid-2013 at approximately 190 days and has since remained in a fairly steady range of 173 to 188 days. See chart below:



Based on the limited data, a marketing time of less than 12 months is considered reasonable.

## Exposure Time

Inherent in the definition of market value and marketing time is an adequate amount of *exposure* to the open market. Two excerpts from the definitions of both market value and marketing time are listed as follows:

### **Market Value:**

"...a reasonable time is allowed for *exposure* in the open market."

### **Marketing Time:**

"...the property will be actively *exposed* and aggressively marketed to potential purchasers through marketing channels commonly used by sellers of similar type properties."

Exposure time, as defined by the Dictionary of Real Estate Appraisal, Fourth Edition is stated as follows:

"The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market..."

The exposure time for the subject property is estimated to be roughly equal to the marketing time previously stated (i.e., less than 12 months).

## THE APPRAISAL PROCESS

The appraisal process is the orderly program in which the data used to estimate the value of the subject property are acquired, classified, analyzed, and presented. The first step is defining the appraisal problem - i.e., identification of the real estate, the effective date of the value estimate, the property rights being appraised, and the type of value sought. Once this has been accomplished, the appraiser collects and analyzes the factors that affect the market value of the subject property. These include area and neighborhood analysis, site and improvement analysis, highest and best use analysis, and the application of the three approaches to estimating the property value: the Cost Approach; the Sales Comparison Approach; and the Income Approach.

In the Cost Approach to value accrued depreciation is deducted from the cost new of the improvements, and this added to the land value. The resultant figure indicates the value of the whole property. Generally, the land value is obtained through the Sales Comparison Approach. Replacement cost new of the improvements is estimated on the basis of current prices for the component parts of the building less depreciation, which is computed after analyzing the disadvantages or deficiencies of the existing building as compared to a new building.

The Sales Comparison Approach is used to estimate the value of the land as if vacant and/or the whole property as improved. The appraiser gathers data on sales of comparable properties and analyzes the nature and condition of each sale, making logical adjustments for dissimilar characteristics. Typically, a common denominator is found. For land value, this is usually either a price per square foot or price per acre. For improved properties, the common denominator may be price per square foot, price per unit, or an effective gross income multiplier.

At times, the available market data will not allow for quantitative adjustments (dollar or percentage) based upon such techniques as paired sales analysis, cost-based estimates, statistical, or survey techniques. Qualitative adjustments are then applied to the Comparable Sales to rank the sales and bracket the value of the subject. The Sales Comparison Approach gives a good indication of value when sales of similar property are available.

The Income Approach is predicated on the assumption that there is a definite relationship between the amount of income a property will earn and its value. This approach is based on the principle that value is created by the expectation of benefits derived in the future. The anticipated annual net income of the subject property is processed to produce an indication of value. Net income is the income generated before payment of any debt service. The process of converting into value is called capitalization, which involves dividing the net income by a capitalization rate. Factors such as risk, time, interest on the capital investment, and recapture of the depreciating asset are considered in this rate. The appropriateness of this rate is critical, and there are a number of techniques by which it may be developed.

A final step in the appraisal process is the reconciliation or correlation of the value indications. In this process, the appraiser considers the relative applicability of each of the three approaches used, examines the range between the value indications, and places major emphasis on the approach that appears to produce the most reliable solution to the specific appraisal problem. The purpose of the appraisal, the type of property, and the adequacy and reliability of the data are analyzed; these considerations influence the weight given to each of the approaches to value. In analyzing, it can be readily observed that most of the information pertaining to the fair market value of the subject property must be derived from the market place because the appraiser anticipates the actions of buyers and sellers in the market.

### **Exclusion of Approaches**

Based on the relatively unique characteristics of the subject with smaller, lower value building improvements of a low cost, interim use and relatively higher land value, the Cost Approach was considered the most applicable approach. The Sales Comparison Approach was not applicable based on the lack of relevant sales data for the subject lower cost modular office building improvements. The Income Approach was not applicable based on the low income potential of the land and building improvements in relationship to the total value. The Cost Approach alone produces a credible valuation.

## COST APPROACH

### Methodology

This approach consists of an analysis of the property's physical value. The principle of substitution is the underlying rationale of this approach. The principle is based upon the concept that a prudent person would not pay more for a property than the cost of constructing, without undue delay, an equally desirable and useful property.

In the Cost Approach, the following steps are employed to reach an estimate of value:

1. Estimate land value as if vacant;
2. Estimate the improvements' replacement cost new, including indirect costs;
3. Estimate the necessary developer's overhead and profit for the type of property being appraised, including profit on the land;
4. Add replacement cost new and profit to calculate the total cost new of the property;
5. Estimate accrued depreciation, if any, from physical, functional, and external causes;
6. Deduct accrued depreciation from the total cost new of the property to estimate the current value by the Cost Approach;
7. Add land value;
8. Adjust the individual fee simple value, if necessary, to reflect the property interest being appraised.

In this report the appraiser will consider the costs on a replacement cost basis. Replacement cost is defined as:

"The cost of construction at current prices of a building having utility equivalent to the building being appraised but built with modern materials and according to current standards, design and layout."

This definition is modified as appropriate and applied to permanent plantings.

The next step in the Cost Approach is to estimate accrued depreciation. Accrued depreciation is defined as the difference between reproduction costs new as of the date of appraisal, and the present contributory value of the improvements. Accrued depreciation represents the loss in utility to the subject property compared to that which it would have if it were new and represented the highest and best use of the site. There are four basic types of accrued depreciation:

1. **Curable Physical Deterioration** (Deferred Maintenance) represents items in need of immediate repair, which a typical buyer would consider necessary and justified upon purchase.
2. **Incurable Physical Deterioration** is sub-classified into Short-lived and Long-lived:
  - A. **Short-lived** components are those with remaining economic lives that are shorter than the remaining economic life of the entire building.
  - B. **Long-lived** components are those with remaining economic lives that are similar to that of the entire building.

3. **Functional Obsolescence** constitutes a reduction in utility resulting from the decreased capacity of the structure or a part of the structure to perform its intended function.
4. **Economic Obsolescence** (Location or external obsolescence) is usually incurable. This is a case of diminished utility because of negative environmental forces outside the property's boundaries. The method of correcting the problem customarily lies outside the property and its cost is usually excessively expensive.

## LAND VALUATION

Land or site value is estimated via the Sales Comparison Approach, which involves the comparison of sales of properties similar to the subject to provide a basis for estimating its value. Elements of comparison are the physical and economic characteristics of properties that cause prices paid for real estate to vary. The differences between the comparable and the subject that could affect their values are considered. The result of this process is to establish a reasonable approximation of the value of the subject as of the date of the appraisal, based on the similarities or dissimilarities of the comparables to the subject.

There are six common elements of comparison that are usually considered in the sales comparison analysis. These are real property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, date of sale (market conditions), and physical and economic characteristics. A range of values of the subject is usually found in this analysis. The appraiser must correlate the range into a final indicated value by selectively rating the comparables as to their overall comparative values.

Several items of comparability are utilized for analyzing the property, land only, and are shown as follows:

**Real Property Rights Conveyed:** The rights conveyed must be identified, whether Fee Simple Estate or a lesser right in the property.

**Financing Terms:** This item considers terms that are not typical in the market. This would include below or above current market interest rates, atypical payback periods, seller financing, buy-downs, and exchange influences. If the seller received cash for the property, it is considered a cash basis sale.

**Conditions of Sale:** This item would include any unusual circumstances surrounding the purchase of a property, including distress sales due to bankruptcy, delinquent taxes, partnership splits, long-standing options, or any other less than arms-length transaction.

**Expenditures Made Immediately After Purchase:** A knowledgeable buyer considers expenditures that will have to be made upon purchase of property because these costs affect the price that buyer agrees to pay.

**Market Conditions:** This category reflects changes in market conditions over time. These may be caused by inflation, deflation, fluctuations in supply and demand, and other factors. An economic recession tends to deflate all real estate prices. However, a decline in demand sometimes affects only one category of real estate. Time itself is not the cause of this adjustment; market conditions, which shift over time, create the need for an adjustment.

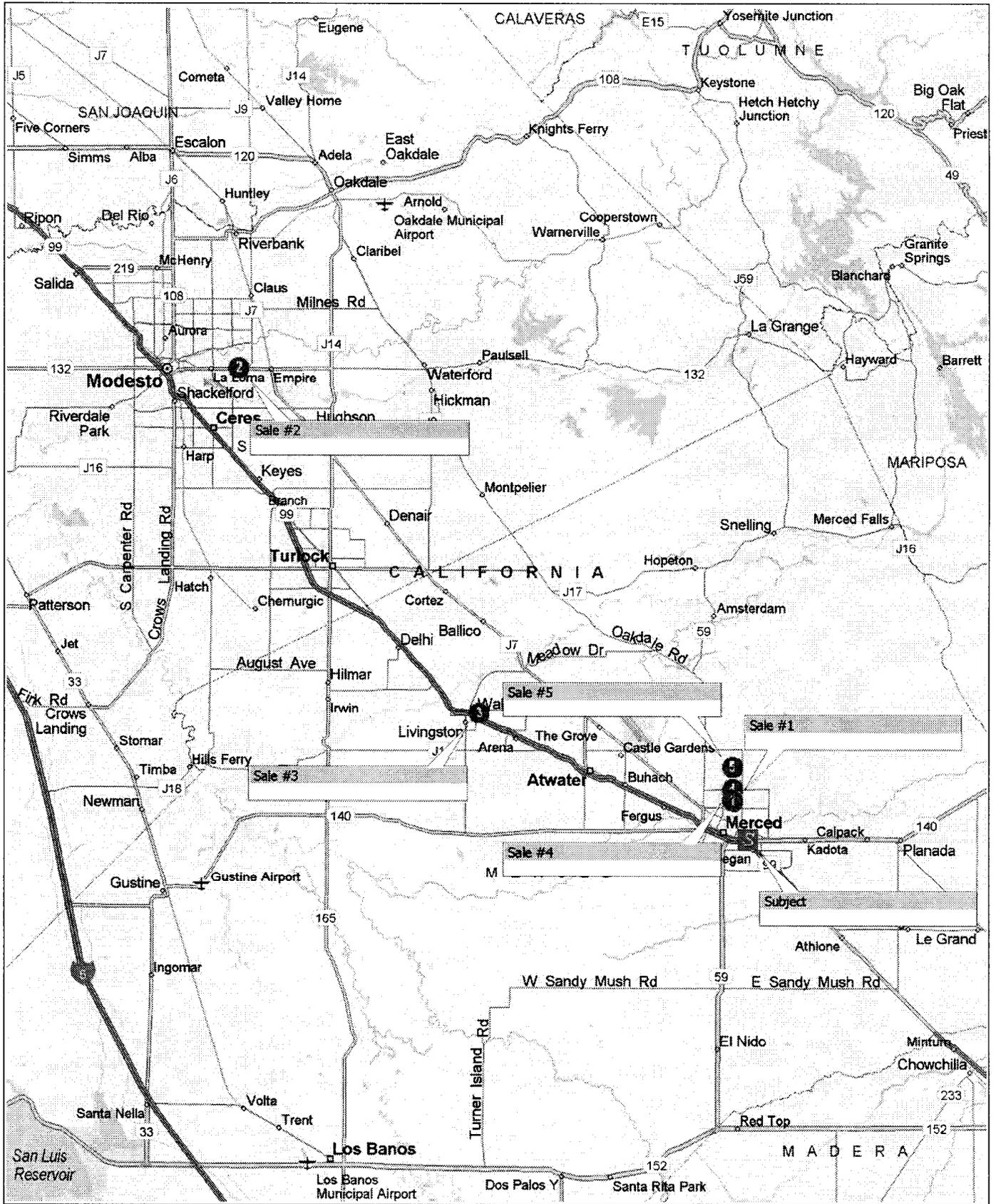
After this **physical and economic** characteristics are considered.

Where possible, paired sales analysis is conducted to abstract adjustments for financing, conditions of sale, market conditions, and physical and economic characteristics.

Research of recent land sales in the subject market area revealed the following sales

<b>COMPARABLE LAND SALES</b>					
<b>SALE #</b>	<b>LOCATION</b>	<b>SALE PRICE</b>	<b>SALE DATE</b>	<b>ACRES &amp; SF</b>	<b>\$/SF</b>
<b>1</b>	3172 M Street Merced, CA APN: 236-230-010	\$ 505,000	01/08/16	1.60 AC 69,696 SF	\$7.25
<b>2</b>	3301 Yosemite Blvd., Modesto, CA APN: 033-089-034, 035, 036	\$ 700,000	03/25/16	3.30 AC 187,308 SF	\$3.74
<b>3</b>	Pacific Avenue Livingston, CA APN: 047-100-052	\$ 392,000	05/16/16	1.50 AC 65,340 SF	\$6.00
<b>4</b>	3603 M Street Merced, CA APN: 230-220-055	\$ 710,000	06/03/16	2.60 AC 113,256 SF	\$6.27
<b>5</b>	Cardella & M Street Merced, CA APN: 230-010-016	\$1,100,000	10/24/16	8.33 AC 362,855 SF	\$3.03
<b>Subj.</b>	1137 B Street Merced, CA APN: 035-010-071 (Portion)	N/A	N/A	5.06 AC 220,414 SF	N/A

# COMPARABLE SALES



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**LAND SALE #1**



**SATELLITE IMAGE – APPROXIMATE BORDERS**

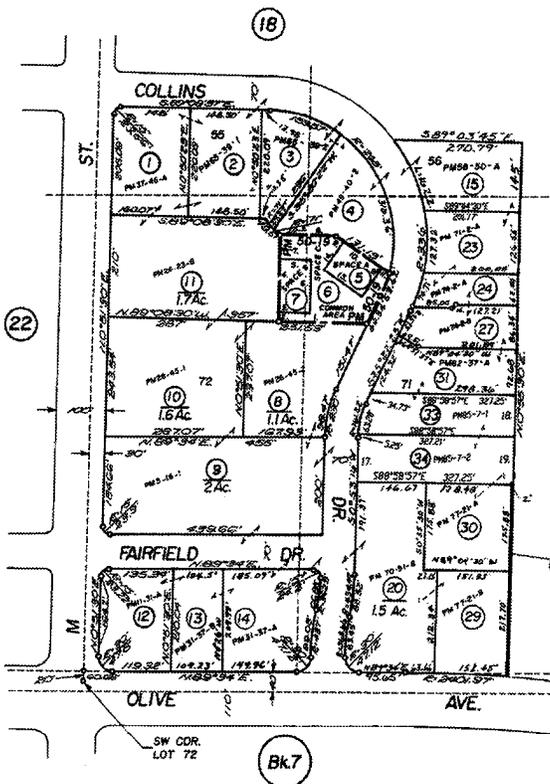


**STREET VIEW**

— NOTE —  
 This map is for Assessment purposes only.  
 It is not to be construed as portraying  
 legal ownership or divisions of land for  
 purposes of zoning or subdivision law.

POR. SE 1/4 SEC. 18, T. 7S., R. 14E., M.D.B. & M.

Tax Rate Area 5-05 236-23



NOTE  
 The assessor's parcel number identifying  
 a condominium ownership accounts for all  
 elements of said ownership including the  
 respective interest in the common area.

1. N 89° 00' 00" W	166.65'	17. N 89° 00' 00" E	87.34'
2. N 0° 00' 00" E	12.2'	18. N 89° 00' 00" E	102.85'
3. S 89° 00' 00" E	64.8'	19. N 89° 00' 00" E	102.85'
4. N 0° 00' 00" E	115'		
5. N 89° 00' 00" W	64.3'		
6. N 0° 00' 00" E	112'		
7. N 0° 00' 00" E	68.4'		
8. N 89° 00' 00" W	118.47'		
9. S 89° 00' 00" E	126.6'		
10. S 89° 00' 00" E	88'		
11. S 89° 00' 00" E	77.8'		
12. S 89° 00' 00" E	74.3'		
13. N 89° 00' 00" W	86'		
14. N 89° 00' 00" E	74.6'		
15. N 89° 00' 00" E	12.73'		
16. N 1° 35' 00" E	8.47'		

DRAWN 8-91  
 REVISED 5-85  
 9-97  
 12-99

Crocker Colony, RM Vol. 5, Pg. 6  
 Peppertree Plaza, PM Vol. 50, Pg. 19 (Condominium) C.C.R. Rec. Vol. 2402 Pg. 928

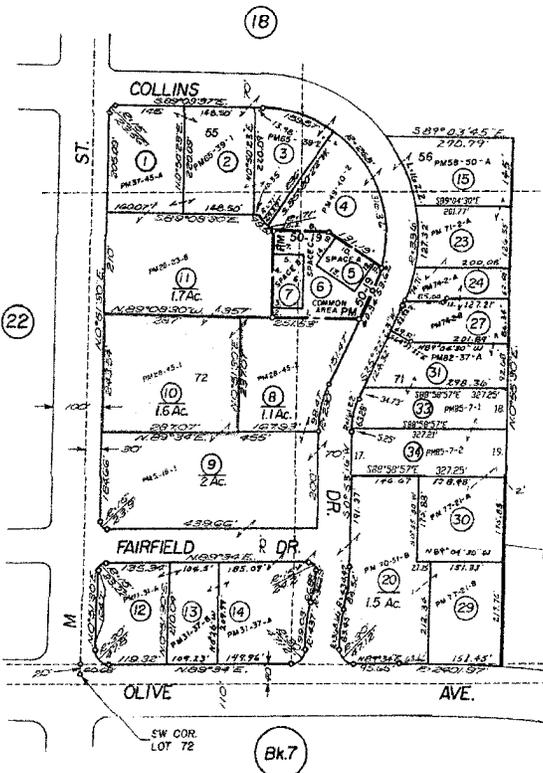
Assessor's Map Bk. 236 Pg. 23  
 County of Merced, Calif.  
 1991

NOTE—Assessor's Block Numbers Shown in Ellipses  
 Assessor's Parcel Numbers Shown in Circles

POR. SE 1/4 SEC. 18, T. 7S., R. 14E., M.D.B. & M.

Tax Rate Area 5-05 236-23

NOTE  
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purposes of zoning or subdivision law.



NOTE  
The assessor's parcel number identifying  
a condominium ownership accounts for all  
elements of said ownership including the  
respective interest in the common area.

1. N89°06'30"W	184.63'	17. N63°52'58"E	87.24'
2. N 0°56'E	17.6'	18. N00°53'32"E	97.82'
3. S89°06'E	64.5'	19. N62°55'30"E	90.57'
4. N 0°56'E	113'		
5. N89°06'W	64.5'		
6. N 0°56'E	113'		
7. N 0°56'E	89.4'		
8. N89°06'30"W	115.49'		
9. S54°37'30"E	17.61'		
10. S54°37'38"E	86'		
11. S54°37'58"E	17.5'		
12. S18°02'54"W	74.5'		
13. N04°07'38"W	96'		
14. N89°02'54"E	74.5'		
15. N45°55'30"E	18.73'		
16. N 1°33'E	9.47'		

DRAWN 8-91  
REVISED 5-95  
9-97  
12-99

Crocker Colony, RM Vol. 5, Pg. 6  
Peppertree Plaza, PM Vol. 50, Pg. 19 (Condominium) C.C.R. Rec. Vol. 2402 Pg. 928

Assessor's Map Bk. 236 Pg. 23  
County of Merced, Calif.  
1991

NOTE--Assessor's Block Numbers Shown in Ellipses  
Assessor's Parcel Numbers Shown in Circles

Sale #1

**LAND SALE #1**

**Type:** Commercial Lot

**Location/Address:** 3172 M Street, Merced, CA

**County:** Merced

**Assessor's Parcel #:** 236-230-010

**Seller:** Puray, Meria E.

**Buyer:** CVRC North, LLC.

**Topography:** Generally Level                      **Doc #:** 587

**Highest and Best Use:** Commercial Development    **Record. Date:** 01/08/16

**Site Utility:** Average                                      **Verification:** MLS/Realist/Broker

**Price:** \$505,000    **Price/SF:** \$7.25/SF

**Conditions of Sale:** None

**Terms:** Cash

**Site Area:** 1.60 AC/69,696 SF

**Zoning/General Plan:** P-D, Planned Development (City of Merced)

**Access/Visibility:** Good

**Off-sites:** Fronts public maintained road, with Curbs, Gutters or Sidewalks

**Utilities:** To Site

**Improvements when sold:** None

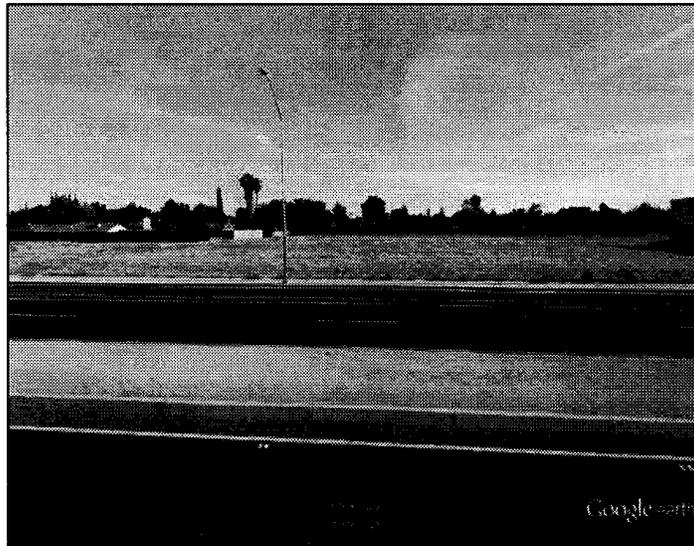
**Present Use:** Professional Office Building

**Comments:** The details of this sale were confirmed by Janet Bamford at the listing agents' office Gonella Realty (209) 383-2171, the MetroList service and public records via Realist.com. The site has average functional utility, good visibility, good access and represents a commercial lot ready for development. M street is a high traffic commercial corridor in the City of Merced. Surrounding development includes fast food restaurants, retail and fuel stations.

LAND SALE #2



**SATELLITE IMAGE – APPROXIMATE BORDERS**



**STREET VIEW – PROVIDED BY GOOGLE EARTH**

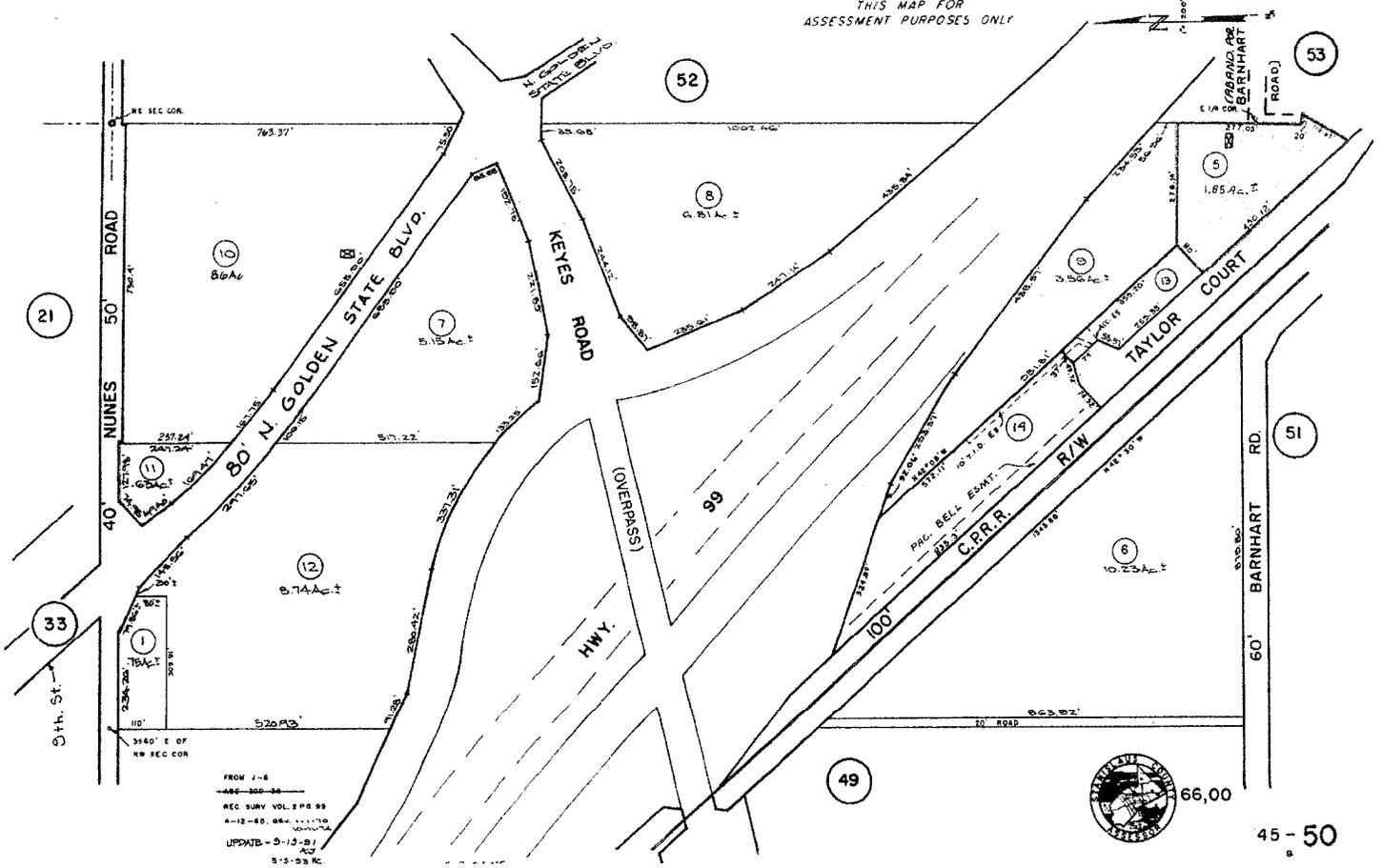
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E 1/2 OF NE 1/4 SECTION 31 T.4 S. R.10E. M.D.B. & M.

072 01  
072 014  
072 015

45-50

THIS MAP FOR  
ASSESSMENT PURPOSES ONLY



FROM J-6  
486-300-38  
REC SURV VOL 2 PG 99  
4-12-80, 80, 1110  
UPDATE - 5-13-81  
5-5-83 AC

Sale #2

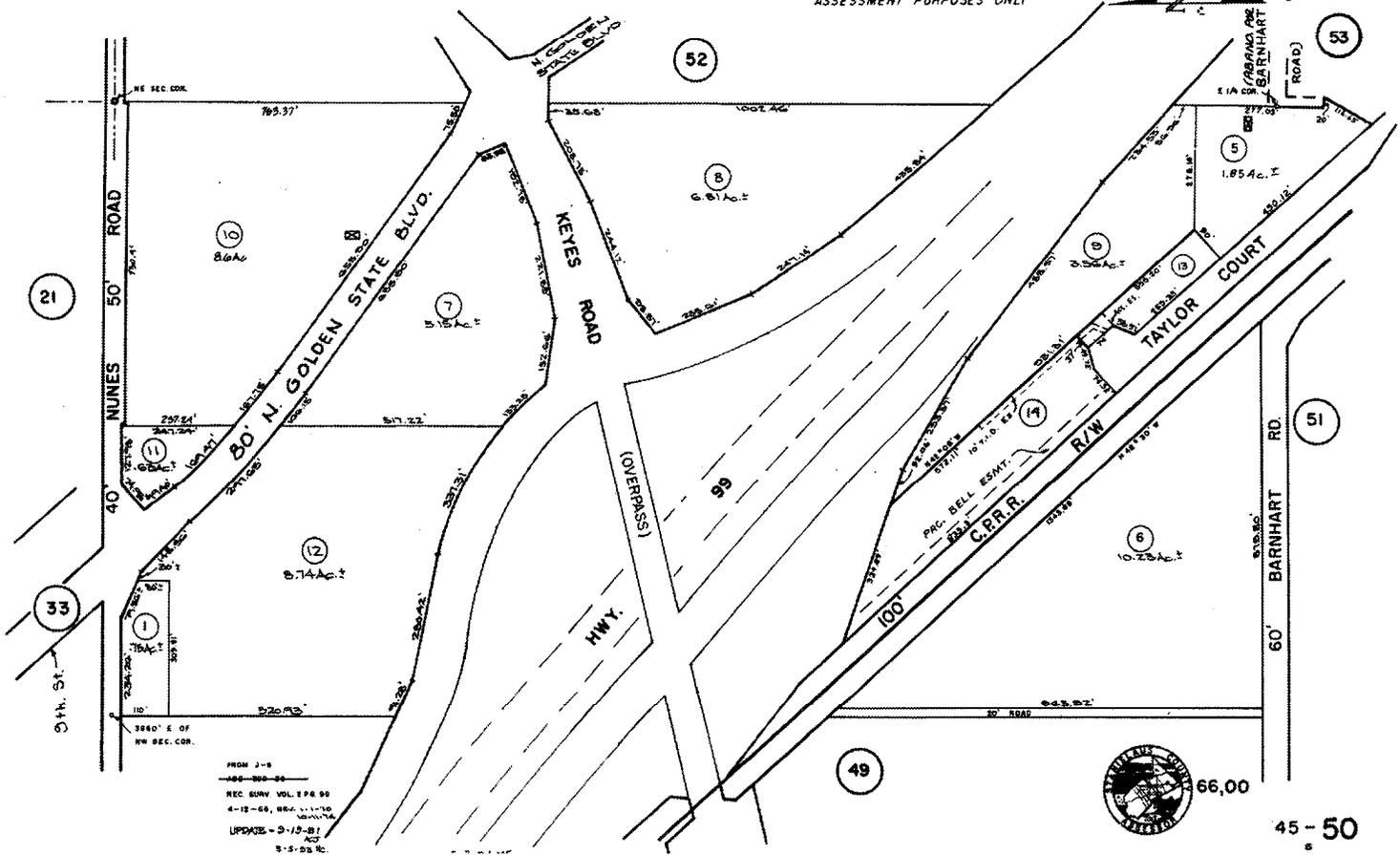
45-50

E 1/2 OF NE 1/4 SECTION 31 T.4 S. R.10E. M.D.B. & M.

072 01  
072 014  
072 015

45-50

THIS MAP FOR  
ASSESSMENT PURPOSES ONLY



## LAND SALE #2

**Type:** Commercial Lot

**Location/Address/City:** 3301 Yosemite Ave., Modesto, CA 95357

**County:** Stanislaus

**Assessor's Parcel #:** 033-089-034, 035, 036

**Seller:** Carranza Ents., LLC

**Buyer:** TPC CS Holdings I, LLC.

**Topography:** Generally Level

**Highest and Best Use:** Commercial Development

**Record. Date:** 3/25/16                      **Doc #:** 21436

**Site Utility:** Below Average              **Verification:** MLS/Realist

**Price:** \$700,000                      **Price/SF:** \$3.74/SF

**Conditions of Sale:** None

**Terms:** Cash

**Site Area:** 4.30 Acre/187,308 SF

**Zoning/GP:** C-3 Highway Commercial

**Access/Visibility:** Average/Average

**Off-sites:** Fronts public maintained road with curbs, gutters, sidewalks, streetlights.

**Utilities:** All utilities to the site.

**Present Use:** Vacant

**Comments:** The details of this sale were unable to be confirmed by a party to the sale and as such it is utilized for secondary support only. According to MetroList, these three adjacent commercial parcels were sold together and ready for commercial development. The property is located in an inferior commercial area of primarily industrial development in the City of Modesto. The lot is flag shaped with a smaller portion of street frontage and functional utility is considered below average.

LAND SALE #3



**SATELLITE IMAGE – APPROXIMATE BORDERS**

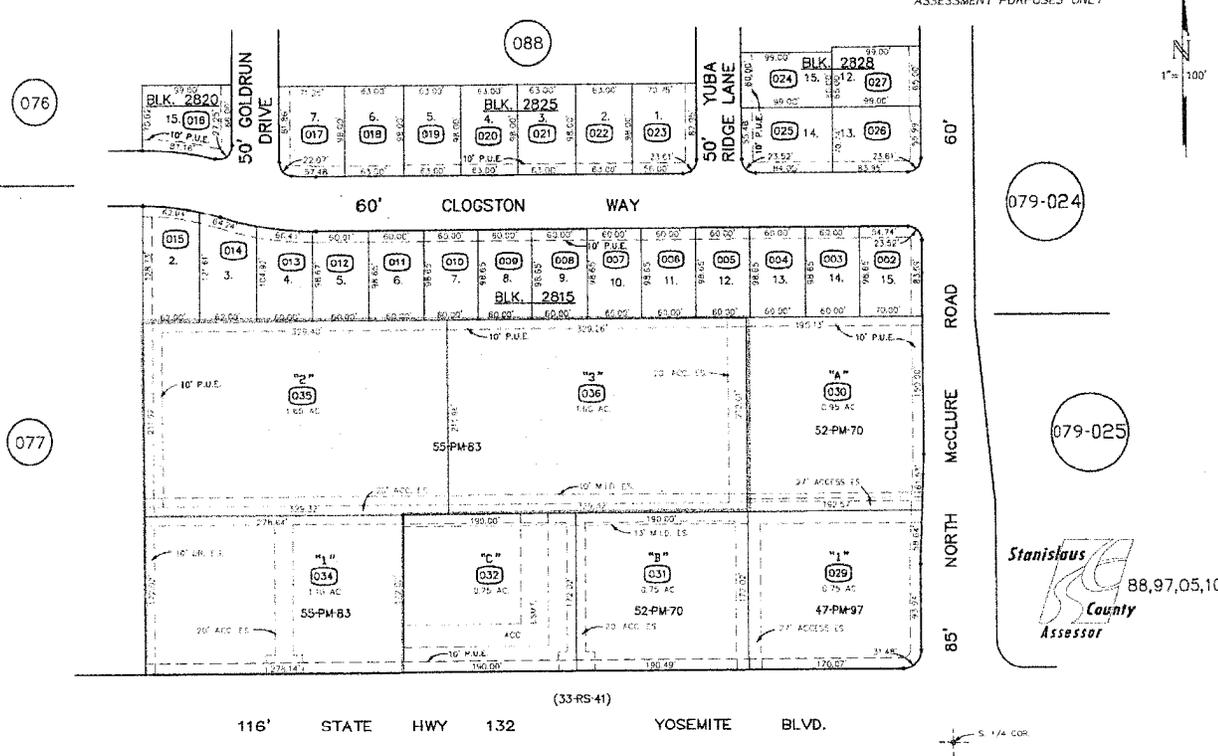


**STREET VIEW – PROVIDED BY GOOGLE EARTH**

POR. SW 1/4 SECTION 25 T.3S. R.9E. M.D.B.&M.  
 POR. DRY CREEK WOODS (32M13)

002 117 033 - 089

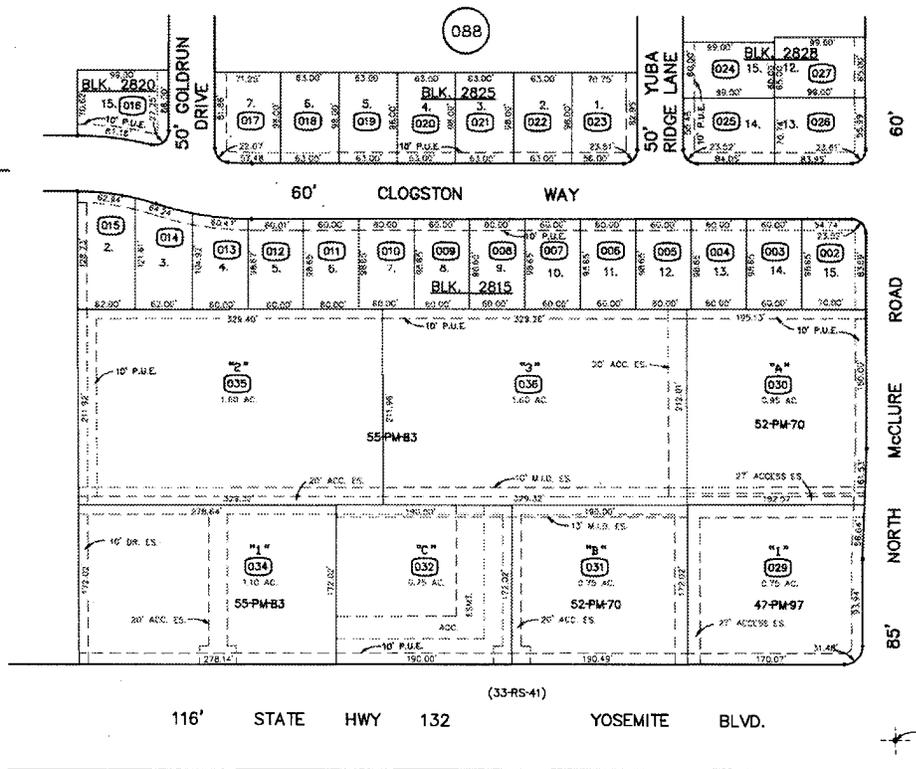
THIS MAP FOR  
 ASSESSMENT PURPOSES ONLY



POR. SW 1/4 SECTION 25 T.3S. R.9E. M.D.B.&M.  
 POR. DRY CREEK WOODS (32M13)

002 117 033 - 089

THIS MAP FOR  
 ASSESSMENT PURPOSES ONLY

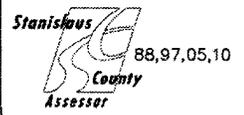


076

077

079-024

079-025



036-013

FROM: 033-37  
 DRAWN: 9-29-87  
 REVISED: 1-31-97 MS, 03-22-04 (V) MB, 04-30-08 MB, 8-20-08 DH, 5-28-09 MF, 04-02-13 MB

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033 - 089

**LAND SALE #3**

**Type:** Industrial/Commercial Lot

**Location/Address/City:** Pacific Avenue, Livingston, CA

**County:** Merced

**Assessor's Parcel #:** 047-100-052

**Seller:** JEG Livingston Ranches, LLC.

**Buyer:** Singh, Simarjit

**Topography:** Generally Level

**Highest and Best Use:** Commercial Development

**Record. Date:** 5/16/2016                      **Doc #:** 15715

**Site Utility:** Average                      **Verification:** MLS/Realist

**Price:** \$392,000                      **Price/SF:** \$6.00/SF

**Conditions of Sale:** None

**Terms:** Cash

**Site Area:** 1.50 Acre/65,340 SF

**Zoning/GP:** M-2 - General Industrial

**Access/Visibility:** Good/Good (Corner Parcel)

**Off-sites:** Fronts public maintained road. No curbs, gutters, sidewalks.

**Utilities:** All utilities to the street.

**Improvements when sold:** None

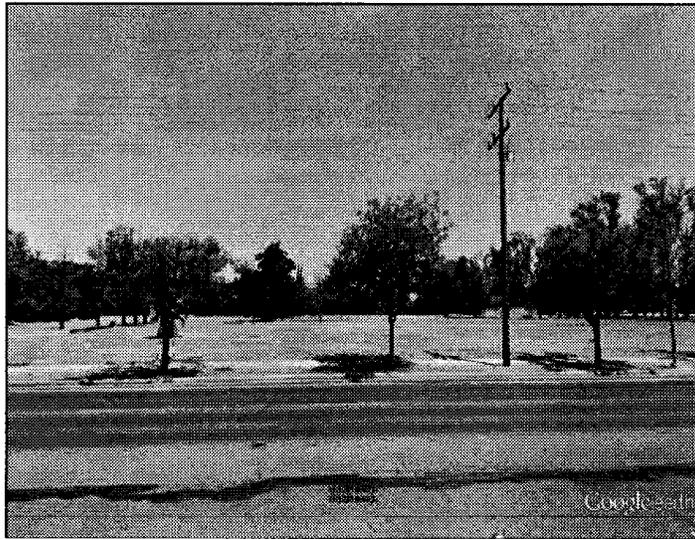
**Present Use:** Vacant

**Comments:** The details of this sale were confirmed by Fredrick Polanco of Century 21 (209) 725-9100. This sale has good, corner lot visibility and close proximity to Highway 99. The site has average functional utility. This site is zoned for industrial use, but was marketed as a commercial parcel and reportedly the buyer plans to construct a retail type use. The property is located with good access and visibility to 99 and highway commercial/fast food developments.

**LAND SALE #4**



**SATELLITE IMAGE – APPROXIMATE BORDERS**

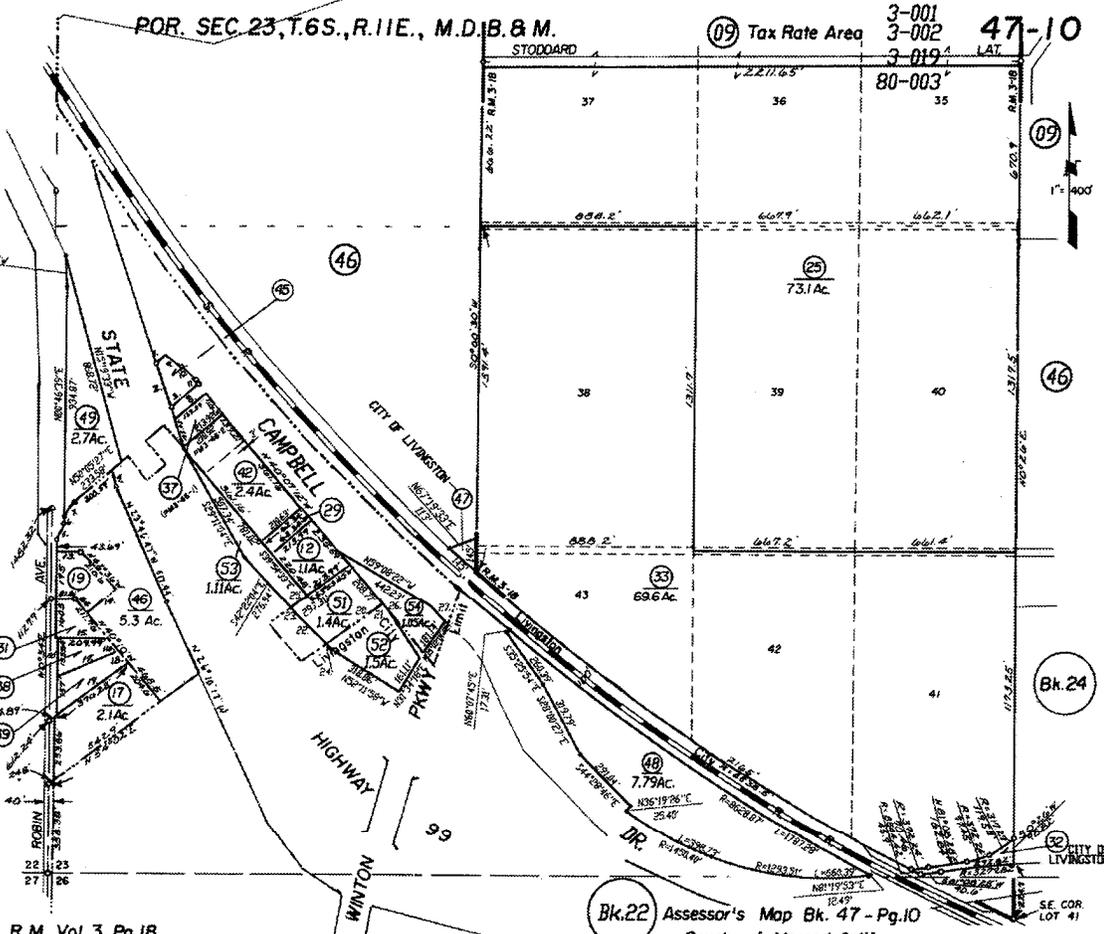


**STREET VIEW – PROVIDED BY GOOGLE EARTH**



--- NOTE ---  
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 purposes of zoning or subdivision law.

1. N80°05'21"E 47.55'
2. N1°19'55"28"W 154.42'
3. S50°05'21"W 144.88'
4. N1°19'30"W 69.77'
5. N1°18'41"E 66.88'
6. N61°41'27"E 22.36'
7. R: 217.85'
8. N52°39'12"W 125.04'
9. N42°07'35"W 81.3'
10. N40°01'21"E 19.18'
11. S30°42'42"E 124.77'
12. N44°50'20"E 100'
13. S89°20'E 219.99'
14. N40°10'W 23.80'
15. S89°20'E 23.80'
16. N40°10'W 23.80'
17. S89°20'E 23.80'
18. N40°10'W 23.80'
19. N54°06'E 364.23'
20. N54°15'27"E 281.96'
21. N39°54'23"N 254.24'
22. N44°33'21"W 162.04'
23. N42°22'54"W 49.40'
24. N44°33'21"W 302.0'
25. N54°19'27"E 83.78'
26. N39°54'23"N 542.49'
27. N42°18'00"W 84.83'



Addition No. 2 to Livingston Col., R.M. Vol. 3, Pg. 18

NOTE - Assessor's Block Numbers Shown in Ellipses  
 Assessor's Parcel Numbers Shown in Circles

REDRAWN 11/83  
 REVISED 12-99  
 04-16-08

**LAND SALE #4**

**Type:** Commercial Lot

**Location/Address/City:** 3603 M Street, Merced, CA

**County:** Merced

**Assessor's Parcel #:** 230-220-055

**Seller:** Aloes & Cedars, LLC.

**Buyer:** Pacific Gas & Electric

**Topography:** Generally Level

**Highest and Best Use:** Commercial Development

**Record. Date:** 6/03/2016                      **Doc #: 17834**

**Site Utility:** Average                      **Verification:** MLS/Agent/Realist

**Price:** \$710,000                      **Price/SF:** \$6.27/SF

**Conditions of Sale:** None

**Terms:** Cash

**Site Area:** 2.6 Acre/113,256 SF

**Zoning/GP:** C-O Commercial Office

**Access/Visibility:** Average/Good (Corner Parcel)

**Off-sites:** Fronts public maintained road, curbs, gutters, sidewalks, street lights.

**Utilities:** All utilities to the site

**Improvements when sold:** None

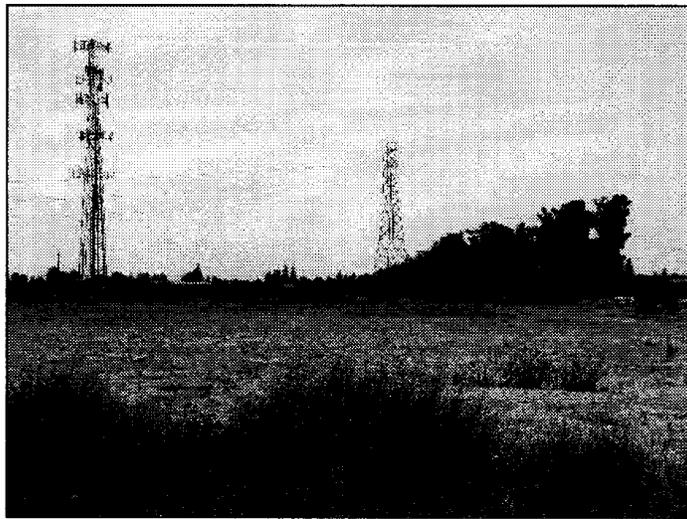
**Present Use:** Vacant Commercial Lot

**Comments:** The details of this sale were confirmed by Paul Asai of Tinetti Realty Group (209) 384-3885. All utilities were at site at the time of sale. The property was previously developed to a church. The property was sold to a public utility that plans to put in a transfer station and split the lot for re-sale. According to the broker, this represented a market sale and the seller had additional offers if this sale fell through. The broker felt that the price was at the current market. The property has landscaping and parking from the previous church that had been removed.

**LAND SALE #5**



**SATELLITE IMAGE – APPROXIMATE BORDERS**



**STREET VIEW**

T.T.S., R.14E., M.D.B. & M.

Tax Rate Area 005-005 230-01

— NOTE —  
This map is for Assessment purposes only. It is not to be construed as portaying legal ownership or divisions of land for purposes of zoning or subdivision law.

13	N0°39'30"W	72.90'
14	N0°46'21"E	29.20'
15	S89°42'15"E	10.00'
16	N0°39'30"W	45.00'
17	N0°46'21"E	51.84'
18	N0°46'21"E	51.84'
19	N0°46'21"E	51.84'
20	N0°46'21"E	51.84'
21	N0°46'21"E	51.84'
22	N0°46'21"E	51.84'
23	N0°46'21"E	51.84'
24	N0°46'21"E	51.84'
25	N0°46'21"E	51.84'
26	N0°46'21"E	51.84'
27	N0°46'21"E	51.84'
28	N0°46'21"E	51.84'

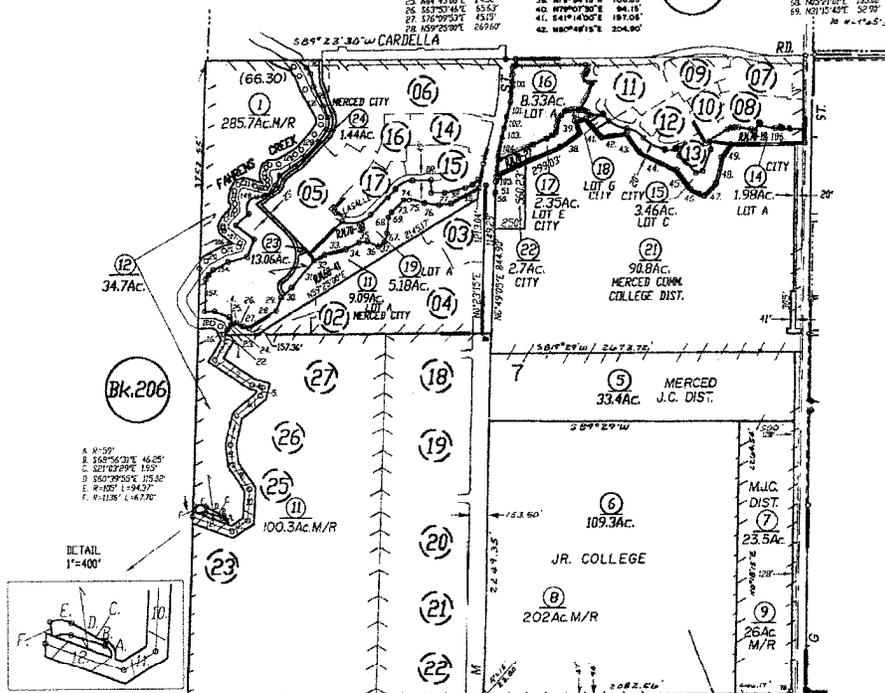
29	N0°46'21"E	115.34'
30	N0°46'21"E	122.76'
31	S40°34'17"E	288.62'
32	N0°46'21"E	101.28'
33	N70°34'17"E	103.01'
34	N0°46'21"E	123.59'
35	N0°46'21"E	68.95'
36	S0°32'20"E	106.89'
37	N0°46'21"E	106.89'
38	N0°46'21"E	106.89'
39	N0°46'21"E	106.89'
40	N0°46'21"E	106.89'
41	S41°14'00"E	187.05'
42	N0°46'21"E	204.90'

43	S34°06'45"E	187.45'
44	S04°30'00"E	326.33'
45	S80°50'00"E	186.23'
46	S03°44'45"E	119.20'
47	N43°00'15"E	138.88'
48	N12°00'15"E	214.51'
49	N30°44'45"E	136.31'
50	S14°15'	104.42'
51	S49°55'15"W	27.14'
52	N0°46'21"E	72.30'
53	N0°46'21"E	120.00'
54	N0°46'21"E	30.90'

55	N0°46'21"E	340.52'
56	N0°46'21"E	340.52'
57	N0°46'21"E	340.52'
58	N0°46'21"E	340.52'
59	N0°46'21"E	340.52'
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61	N0°46'21"E	340.52'
62	N0°46'21"E	340.52'
63	N0°46'21"E	340.52'
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66	N0°46'21"E	340.52'
67	N0°46'21"E	340.52'
68	N0°46'21"E	340.52'
69	N0°46'21"E	340.52'
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86	N0°46'21"E	340.52'
87	N0°46'21"E	340.52'
88	N0°46'21"E	340.52'
89	N0°46'21"E	340.52'
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92	N0°46'21"E	340.52'
93	N0°46'21"E	340.52'
94	N0°46'21"E	340.52'
95	N0°46'21"E	340.52'

99	S1°20'41"E	1246.97'
100	N14°02'55"E	103.88'
101	S1°20'41"E	1246.97'
102	S1°20'41"E	1246.97'
103	N4°02'33"E	716.1'
104	N1°02'57"E	1126.25'
105	N1°47'12"E	999.01'
106	N0°52'40"E	999.01'

107	N0°52'40"E	160.70'
108	N0°52'40"E	65.15'
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153	N0°52'40"E	65.15'
154	N0°52'40"E	65.15'
155	N0°52'40"E	65.15'
156	N0°52'40"E	65.15'
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161	N0°52'40"E	65.15'
162	N0°52'40"E	65.15'
163	N0°52'40"E	65.15'
164	N0°52'40"E	65.15'
165	N0°52'40"E	65.15'
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177	N0°52'40"E	65.15'
178	N0°52'40"E	65.15'
179	N0°52'40"E	65.15'
180	N0°52'40"E	65.15'
181	N0°52'40"E	65.15'
182	N0°52'40"E	65.15'
183	N0°52'40"E	65.15'
184	N0°52'40"E	65.15'
185	N0°52'40"E	65.15'
186	N0°52'40"E	65.15'
187	N0°52'40"E	65.15'
188	N0°52'40"E	65.15'
189	N0°52'40"E	65.15'
190	N0°52'40"E	65.15'
191	N0°52'40"E	65.15'
192	N0°52'40"E	65.15'
193	N0°52'40"E	65.15'
194	N0°52'40"E	65.15'
195	N0°52'40"E	65.15'
196	N0°52'40"E	65.15'
197	N0°52'40"E	65.15'
198	N0°52'40"E	65.15'
199	N0°52'40"E	65.15'
200	N0°52'40"E	65.15'



DRAWN 12-05  
REVISED 4-70

- Bellevue Ranch West Village 1, R.M. Vol.68, Pg.41
- Bellevue Ranch West Village 2, R.M. Vol.70, Pg.18
- Bellevue Ranch West Village 3, R.M. Vol.70, Pg.27
- Bellevue Ranch West Village 4, R.M. Vol.70, Pg.38

800S2.F.T.  
SBE PAR.1  
2675-24-B  
ANTENNA SITE

NOTE —  
Assessor's Block Numbers Shown in Ellipses  
Assessor's Parcel Numbers Shown in Circles

Assessor's Map Bk.230-Pg.01  
County of Merced, Calif.  
2005

Sale #5



**LAND SALE #5**

**Type:** Commercial Lot

**Location/Address:** Cardella and M St., Merced, CA

**County:** Merced

**Assessor's Parcel #:** 230-010-016

**Seller:** N/A – Public info does not match broker data (see Comments)

**Buyer:** Merced High Sch Quarterback Cl

**Topography:** Generally Level                      **Doc #:** 36133

**Highest and Best Use:** Commercial Development    **Record. Date:** 10/21/16

**Site Utility:** Average                                      **Verification:** MLS/Realist/Broker

**Price:** \$1,100,000                                      **Price/SF:** \$3.03/SF

**Conditions of Sale:** None

**Terms:** Cash

**Site Area:** 8.33 AC/362,855 SF

**Zoning:** P-D, Planned Development (City of Merced)

**Access/Visibility:** Average/Average

**Off-sites:** Fronts public maintained road, Curbs, Gutters and Sidewalks

**Utilities:** To Site

**Improvements when sold:** None

**Present Use:** Vacant

**Comments:** The details of this sale were confirmed by Janet Bamford at the listing agents' office Gonella Realty (209) 383-2171, the MetroList service and public records via Realist.com. The listing broker's office reported this as a market sale. Public records show the sale with Merced Qb Club LLC granting title to Merced High Sch Quarterback Cl, which appears to be a related entity. As such, this sale is used as secondary support only. The site has average functional utility, visibility, and access and represents a commercial lot ready for development. M street is a high traffic commercial corridor in the City of Merced. However, this lot is located past the high traffic area, in a newly developed residential neighborhood. Surrounding development includes newly developed single-family residences. The site is oddly shaped, which is considered to impact its functional utility.

## VALUE CONCLUSION: LAND

Comparable sales have been selected to reflect, as much as possible, attributes discussed above as they relate to the subject property. The comparable sales are similar to the subject in that they have potential for development to a commercial property.

### Sale #1

No adjustments were required for Property Rights Conveyed, Financing Terms, Conditions of Sale, Expenditures After Purchase, or Market Conditions. Location was considered superior based on surrounding development in the neighborhood and adjusted downward 10%. Size was adjusted downward to reflect the typically higher price paid on a per unit basis for relatively smaller properties; a 15% adjustment for the size difference is considered reasonable. Visibility was considered superior and adjusted downward 5%. Access was considered superior and adjusted downward 5%. Site Improvements were considered inferior and adjusted upward 5%. All other adjustment factors were considered generally similar. The adjusted value is \$5.07/square foot.

### Sale #2

No adjustments were required for Property Rights Conveyed, Financing Terms, Conditions of Sale, Expenditures After Purchase, or Market Conditions. Location was considered inferior based on surrounding industrial development and was adjusted upward 10%. The lot is flag shaped and Functional Utility is considered inferior, a 10% upward adjustment is made. Site Improvements were considered inferior and adjusted upward 5%. All other adjustment factors were considered generally similar. The adjusted value is \$4.67/square foot.

### Sale #3

No adjustments were required for Property Rights Conveyed, Financing Terms, Conditions of Sale, Expenditures After Purchase, or Market Conditions. Location was considered superior based on surrounding highway commercial development in the neighborhood and adjusted downward 10%. Size was adjusted downward to reflect the typically higher price paid on a per unit basis for relatively smaller properties; a 15% adjustment for the size difference is considered reasonable. Off-Sites were lacking curbs, gutters, sidewalks; considered inferior and adjusted upward 5%. Visibility was considered superior and adjusted downward 5%. Access was considered superior and adjusted downward 5%. Site Improvements were considered inferior and adjusted upward 5%. All other adjustment factors were considered generally similar. The adjusted value is \$4.80/square foot.

### Sale #4

No adjustments were required for Property Rights Conveyed, Financing Terms, Conditions of Sale, Expenditures After Purchase, or Market Conditions. Location was considered superior based on surrounding highway commercial development in the neighborhood and adjusted downward 10%. Size was adjusted downward to reflect the typically higher price paid on a per unit basis for relatively smaller properties; a 10% adjustment for the size difference is considered reasonable. Visibility was considered superior and adjusted downward 5%. All other adjustment factors were considered generally similar. The adjusted value is \$4.70/square foot.

<b>LAND SALE ADJUSTMENT GRID</b>						
<b>1137 B Street, Merced, CA 95341</b>						
<b>Physical Characteristics:</b>	<b>Subject</b>	<b>Sale #1</b>	<b>Sale #2</b>	<b>Sale #3</b>	<b>Sale #4</b>	<b>Sale #5</b>
Sales Price (Unadjusted)	N/A	<b>\$505,000</b>	<b>\$700,000</b>	<b>\$392,000</b>	<b>\$710,000</b>	<b>\$1,100,000</b>
Size (Acres)	5.06	1.60	4.30	1.50	2.60	8.33
Size (SF)	220,414	69,696	187,308	65,340	113,256	362,855
Price/Acre (Unadjusted)		\$315,625	\$162,791	\$261,333	\$273,077	\$132,053
Price/SF (Unadjusted)		<b>\$7.25</b>	<b>\$3.74</b>	<b>\$6.00</b>	<b>\$6.27</b>	<b>\$3.03</b>
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
<b>Adjustment</b>						
Adjusted Value		<b>\$7.25</b>	<b>\$3.74</b>	<b>\$6.00</b>	<b>\$6.27</b>	<b>\$3.03</b>
Financing Terms	N/A	Cash	Cash	Cash	Cash	Cash
<b>Adjustment</b>						
Adjusted Value		<b>\$7.25</b>	<b>\$3.74</b>	<b>\$6.00</b>	<b>\$6.27</b>	<b>\$3.03</b>
Conditions of Sale	N/A	Market	Market	Market	Market	Market
<b>Adjustment</b>						
Adjusted Value		<b>\$7.25</b>	<b>\$3.74</b>	<b>\$6.00</b>	<b>\$6.27</b>	<b>\$3.03</b>
Expenditures Immediately After Purch.	N/A	None	None	None	None	None
<b>Adjustment</b>						
Adjusted Value		<b>\$7.25</b>	<b>\$3.74</b>	<b>\$6.00</b>	<b>\$6.27</b>	<b>\$3.03</b>
Market Conditions	8/17/2017	1/8/2016	3/25/2016	5/16/2016	6/3/2016	10/24/2016
<b>Adjustment</b>						
Adjusted Value		<b>\$7.25</b>	<b>\$3.74</b>	<b>\$6.00</b>	<b>\$6.27</b>	<b>\$3.03</b>
<b>Prelim. Adjusted \$/SF</b>		<b>\$7.25</b>	<b>\$3.74</b>	<b>\$6.00</b>	<b>\$6.27</b>	<b>\$3.03</b>
<b>Physical Characteristics:</b>						
Location	Average	Superior	Inferior	Superior	Superior	Superior
<b>Adjustment</b>		<b>-10%</b>	<b>10%</b>	<b>-10%</b>	<b>-10%</b>	<b>-5%</b>
Topography	Level	Similar	Similar	Similar	Similar	Similar
<b>Adjustment</b>						
Size (Acres)	5.06	1.60	4.30	1.50	2.60	8.33
<b>Adjustment</b>		<b>-15%</b>		<b>-15%</b>	<b>-10%</b>	<b>15%</b>
Shape (Func. Utility)	Average	Average	Below Average	Average	Average	Below Average
<b>Adjustment</b>			<b>10%</b>			<b>10%</b>
Zoning (Entitlements)	PD/Office	Similar	Similar	Inferior	Similar	Similar
<b>Adjustment</b>				<b>5%</b>		
Off-Sites/Utilities						
Curb/Gutter/Sidewalk	C/G/S Hypothetical	C/G/S	C/G/S	None	C/G/S	C/G/S
Electric	To site	To site	To site	To site	To site	To site
Public Water	To site	To site	To site	To site	To site	To site
Public Sewer	To site	To Site	To Site	To Site	To site	To site
<b>Adjustment</b>				<b>5%</b>		
Visibility	Average	Superior	Similar	Superior	Superior	Similar
<b>Adjustment</b>		<b>-5%</b>		<b>-5%</b>	<b>-5%</b>	
Access	Average	Superior	Similar	Superior	Similar	Similar
<b>Adjustment</b>		<b>-5%</b>		<b>-5%</b>		
Site Improvements	Landscaping Parking Lot	Inferior	Inferior	Inferior	Similar	Inferior
<b>Adjustment</b>		<b>5%</b>	<b>5%</b>	<b>5%</b>		<b>5%</b>
<b>Overall Adjustment</b>		<b>-30%</b>	<b>25%</b>	<b>-20%</b>	<b>-25%</b>	<b>25%</b>
<b>Adjusted Value / SF</b>		<b>\$5.07</b>	<b>\$4.67</b>	<b>\$4.80</b>	<b>\$4.70</b>	<b>\$3.79</b>

### **Sale #5**

No adjustments were required for Property Rights Conveyed, Financing Terms, Conditions of Sale, Expenditures After Purchase, or Market Conditions. Location was considered superior based on surrounding newer development and was adjusted downward 10%. Size was adjusted upward to reflect the typically lower price paid on a per unit basis for relatively larger properties; a 10% adjustment for the size difference is considered reasonable. The lot is irregularly shaped and Functional Utility is considered inferior, a 10% upward adjustment is made. Site Improvements were considered inferior and adjusted upward 5%. All other adjustment factors were considered generally similar. The adjusted value is \$3.79/square foot.

### **Conclusion- Preliminary Land Value**

Prior to adjustments, the price per square foot ranged from \$3.74 to \$7.25. After adjustments, the range is from \$3.79/square foot to \$5.07/square foot. Sale #2 and #5 are utilized as secondary support only (see sales data sheets). Sale #1, #3 and #4 are given primary emphasis and have a range of \$4.70 to \$5.07/square foot. Placing the most emphasis on Sale #1, #3 and #4 with secondary support from sale #2 and #5, the land value is concluded at \$4.75/SF.

$$\$4.75/\text{SF} \times 220,414 \text{ square feet} = \$1,046,967, \text{ Round } \$1,050,000$$

## **BUILDING IMPROVEMENT DEPRECIATED REPLACEMENT COST**

### **Replacement Cost Analysis**

The Marshall Valuation Service is used to estimate the total improvement costs. The replacement cost new will be calculated by adding direct and indirect costs and an appropriate allowance for entrepreneurial profit. Any depreciation from physical, functional, or external sources will then be deducted from the estimated replacement cost new. Finally, the depreciated improvement value will be added to the land value to conclude a value estimate by the Cost Approach.

### **Marshall Valuation Service**

The cost summary on the following pages identifies each of the separate improvements components and indicates the appropriate Marshall Valuation Service designation including the Section, Page, and description. Additionally, the appropriate adjustments including, perimeter, story height, and current and local multipliers are applied as necessary to derive an adjusted base cost for each of the subject's primary improvement components. After the appropriate base unit cost is derived the cost is extended based upon the component sizes. The total improvements replacement cost is thus established.

### **Costs included in the Direct Costs:**

The following construction costs are included in this cost estimate:

- Cost of interim money during normal periods of construction, but not discount points.
- Site preparation including finish grading and excavation for foundation and back-fill.
- Utilities from structure to lot line figured on typical setback.
- Contractor's overhead and profit, including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities, security, etc.

### **Costs included in the Indirect Costs:**

Certain costs are not included in the direct costs. These are generally indirect or soft costs. The additional costs that were excluded by the Marshall Valuation Service and added in our analysis are as follows:

- Insurance & Taxes Costs during Construction: Estimated at \$2,500.
- Professional Fees (including Title, Escrow, and Appraisal): Estimated at \$5,000.
- Loan Fees: Estimated at 2% of direct costs.
- Contingency / Miscellaneous Costs: Estimated at 2% of direct costs.

### **Developer's Profit / Entrepreneurial Incentive**

Entrepreneurial incentive compensates the developer for project risk and management. It is unlikely that a developer would proceed with a development unless adequate profit is available to justify the effort. This cost component includes office overhead, staff, and profit. Entrepreneurial incentive generally ranges from 8% to 15% of the replacement cost and land value, depending upon project size, location, and marketability. An entrepreneurial profit of 10% is considered reasonable due to type of structure and size.

## **Depreciation**

From the improvement (replacement) cost new, a dollar amount of depreciation may be deducted. There are three types of depreciation: physical, functional, and external. Physical depreciation is the result of physical wear and tear on the improvements. Functional obsolescence is the result of design or physical problems, which reduce the income-producing ability or desirability of the subject property. External obsolescence is the result of outside influences (economic and neighborhood) that decrease the value of the property.

### **Physical Depreciation:**

Physical depreciation was estimated based upon the Age/Life Method. Improvements are depreciated based on estimates of Effective Age and Estimated Economic Life shown in the Improvement Analysis section. The estimated effective age is divided by the estimated economic life of the subject building to derive a percentage amount of depreciation. The economic life estimates were based on reference to Marshall Valuation Services.

### **Functional Depreciation:**

Due to the atypical modular building construction the subject suffers from some Functional Obsolescence. The design of the building, large un-partitioned office area and low cost finishes appear dated and is atypical of a permanent office building in the area. A Functional Obsolescence of 20% is applied.

### **External Obsolescence:**

The market for development land and office properties is described as flat with increasing demand by market participants. External Obsolescence is not considered warranted.

See depreciated replacement cost summary on following page:

## **Conclusion – Building Improvements**

The Depreciated Replacement Cost of the subject's building improvements is estimated at \$31,000, see summary on following page.

### **Value Conclusion by the Cost Approach**

The indicated value by the Cost Approach is

(See Extraordinary Assumptions)

**ONE MILLION EIGHTY THOUSAND DOLLARS  
\$1,080,000**

**DEPRECIATED REPLACEMENT COST - BUILDING IMPROVEMENTS**  
**ADDRESS: 1137 B Street, Merced, CA 95341**

**DIRECT COST OF IMPROVEMENTS**

Marshall Valuation Service

**Bldg #1 - Modular Office, Sec. 64, Pg. 8, "Average"**

Base Cost, First Floor	\$	28.25	Local	1.13	Current	1.03	<u>First Floor</u>	\$	32.88
Building #1			1,960	SF	\$	32.88	/SF	\$	64,445
<b>Total</b>								<b>\$</b>	<b>64,445</b>

\*Extended totals are subject to differences due to rounding.

**SITE IMPROVEMENTS & MISCELLANEOUS STRUCTURES (Estimated Depreciated Contributory Value):**

Shed Building (Sec 17, Pg. 12)							\$	3,000
Landscaping & Site Improvements Included in Land Value from Sales Comparison Approach Total							\$	3,000

**FURNITURE, FIXTURES & EQUIPMENT: - Not Included in Valuation**

**TOTAL DIRECT COSTS:** \$ 67,445

**INDIRECT COSTS:**

Architectural/Planning Fees (included in base cost estimate):							\$	2,500
Insurance & Taxes During Construction:							\$	5,000
Title, Escrow, and Appraisal:							\$	1,349
Loan Fees:		2.0%	of direct costs				\$	1,349
Miscellaneous:		2.0%	of direct costs				\$	1,349

**TOTAL INDIRECT COSTS:** \$ 10,198

**TOTAL DIRECT AND INDIRECT COSTS:** \$ 77,643

**Developer's Profit:** 10% of direct, indirect, and land costs. \$ 7,764

**ESTIMATED REPLACEMENT COST:** \$ 85,407 (Rounded) \$ 85,000

**DEPRECIATION:**

Physical Depreciation

Bldg.	Cost New	Allocated Indirect	Allocated Dev. Prof.	Total Cost New	Effect. Age (Est.)	Economic Life	Depr.	Depreciation
Building #1	\$ 64,445	\$ 10,198	\$ 7,764	\$ 82,407	17	30	57%	\$ 46,697.44
	\$ 64,445	\$ 10,198	\$ 7,764	\$ 82,407				\$ 46,697
								\$ 46,697
								\$ 38,303
							20%	\$ 7,661
								30,642
							0%	\$ -
								\$ 30,642

**TOTAL DEPRECIATION:** (Rounded) \$ 54,358

**DEPRECIATED REPLACEMENT COST** \$ 31,000

**LAND VALUE FROM SALES COMPARISON** \$1,050,000

**VALUE INDICATION FROM COST APPROACH** (Extended totals are subject to differences due to rounding) \$ 1,081,000

**RECONCILIATION**

<b>Cost Approach</b>	<b>\$1,080,000</b>
<b>Sales Comparison Approach</b>	<b>NA</b>
<b>Income Approach</b>	<b>NA</b>

The Sales Comparison Approach and Income Approach were not applicable based on the characteristics of the building improvements.

The Cost Approach is considered to adequately support the value conclusion. Five closed sales were utilized. Sales data was considered adequate and the overall data adequately bracketed the subject's land value.

The opinion of the subject's Market Value, Fee Simple Estate, as of August 17, 2017 is:

**ONE MILLION EIGHTY THOUSAND DOLLARS**  
**\$1,080,000**

**PART IV**  
**ADDENDA**

**ENGAGEMENT CONTRACT**



<b>PURCHASE ORDER NO.</b>	
<b>P156874</b>	
Printed 07/03/2017	Page 1
REQUISITION NO	R0063915

**VENDOR:**  
 MCBAY, KENNETH R  
 DBA: KR MCBAY COMPANY  
 PO BOX 1804  
 TURLOCK, CA 95381

**BILL TO:**

**INQUIRIES TO:**  
 DEPARTMENT OF ADMINISTRATIVE SERVICES  
 2222 M STREET RM 1  
 MERCED, CA 95340  
 ATTN FRANK RYBKA  
 (209) 385-7331

**SHIP TO:**

PLEASE DELIVER THE FOLLOWING IN ACCORDANCE WITH THE TERMS AND CONDITIONS SPECIFIED ON THE ATTACHED DOCUMENTS.

BID/QUOTE NO.	SHIP VIA	EFFECTIVE DATE	TERMS	F.O.B. POINT	DEL DATE	
	YOUR ROUTE		NET 30	DESTINATION	08/29/2017	
LINE	QTY	UNIT	DESCRIPTION	UNIT PRICE	TAX	EXTENDED PRICE
1	1.00	JB	APPRAISAL OF COMMERCIAL LOT AND MODULAR OFFICE BUILDING.: 1137 B STREET MERCED, CA 95341 APN 035-010-071  PER PROPOSAL DATE 7/1/2017 AND SUBMITTED BY KENNETH R. McBAY	\$2,900.00	\$0.00	\$2,900.00
<b>TOTAL</b>				<b>\$2,900.00</b>	<b>\$0.00</b>	<b>\$2,900.00</b>

Authorized Company Officer (please print name)

Signature (in blue ink)

Date

Mark Cowart  
 Administrative Services Director

**LEGAL DESCRIPTION/GRANT DEED**

**KENT B. CHRISTENSEN**  
Merced County Recorder

**RECORDING REQUESTED BY:**

When Recorded Mail Document  
and Tax Statement to:

County of Merced  
715 Martin Luther King Jr. Way  
Merced, CA 95340

P Public

T

Doc#: 2009-061427

Titles: 1 Pages: 2



Fees 0.00  
Taxes 0.00  
Other 0.00  
PAID \$0.00

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN: 035-010-071

**GRANT DEED**

The undersigned grantor(s) declare(s) the amount of transfer tax is \$0.00. *R+T 11922*  
FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,  
Calvary Chapel of Merced,

hereby GRANT(s) to the County of Merced, a body politic and corporate, the following described  
real property located in the City of Merced, State of California:

All that portion shown as Parcel A on that certain Parcel Map for "Raymond A. Bessemer, M.D."  
recorded March 2, 2000, in Book 86 of Parcel Maps, Pages 22 and 23, Merced County Records.

Dated: 11-5-09

Calvary Chapel of Merced

STATE OF CALIFORNIA  
COUNTY OF Contra Costa

*Gregory B Boyd*  
By: Gregory B. Boyd

On Nov 5, 2009 before me,  
D. Heiden, Notary Public, personally appeared

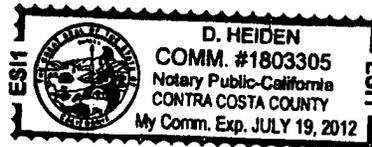
Gregory B. Boyd

who proved to me on the basis of satisfactory  
evidence to be the person(s) whose name(s) are  
subscribed to the within instrument and acknowledged  
to me that ~~he/she/they~~ executed the same in  
~~his/her/their~~ authorized capacity(ies), and that by  
~~his/her/their~~ signature(s) on the instrument the  
person(s), or the entity upon behalf of which the  
person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the  
laws of the State of California that the foregoing  
paragraph is true and correct.

Witness my hand and official seal.

Signature *D. Heiden*



**GRANT DEED**

BEFORE THE BOARD OF SUPERVISORS  
OF THE COUNTY OF MERCED, STATE OF CALIFORNIA

In the Matter of  
ACCEPTING GRANT DEED FROM )  
CALVARY CHAPEL OF MERCED FOR )  
PROPERTY LOCATED AT 1137 "B" ) RESOLUTION NO. 2009-237  
STREET IN MERCED CALIFORNIA (APN )  
035-010-071) )

WHEREAS, it is deemed in the best interest of the County of Merced that the Grant Deed, dated November 5, 2009, conveying property interest to the County of Merced from Calvary Chapel of Merced for property located at 1137 "B" Street, Merced, California; and,

WHEREAS, the property included in the Grant Deed consists of a 5.06 acre parcel represented by APN 035-010-071; and,

WHEREAS, upon acceptance, the original Grant Deed will be placed in escrow with Fidelity National Title Company, Order No. 3005861; and,

WHEREAS, the original Grant Deed will be recorded by Fidelity National Title Company as part of the escrow process.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Supervisors for the County of Merced that the Grant Deed from Calvary Chapel of Merced executed on November 5, 2009 for property located at 1137 "B" Street in Merced be accepted by and on behalf of the County of Merced, State of California.

I, DEMITRIOS O. TATUM, Clerk of the Board of Supervisors of the County of Merced, do hereby certify that the foregoing resolution was regularly introduced, passed and adopted by said Board at a regular meeting thereof held on 8<sup>th</sup> day of December, 2009 by the following vote:

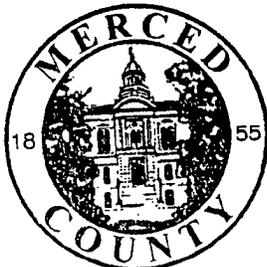
SUPERVISORS:

AYES: Deidre F. Kelsey, John Pedrozo, Hub Walsh, Mike Nelson,  
Jerry O'Banion

NOES: None

ABSENT: None

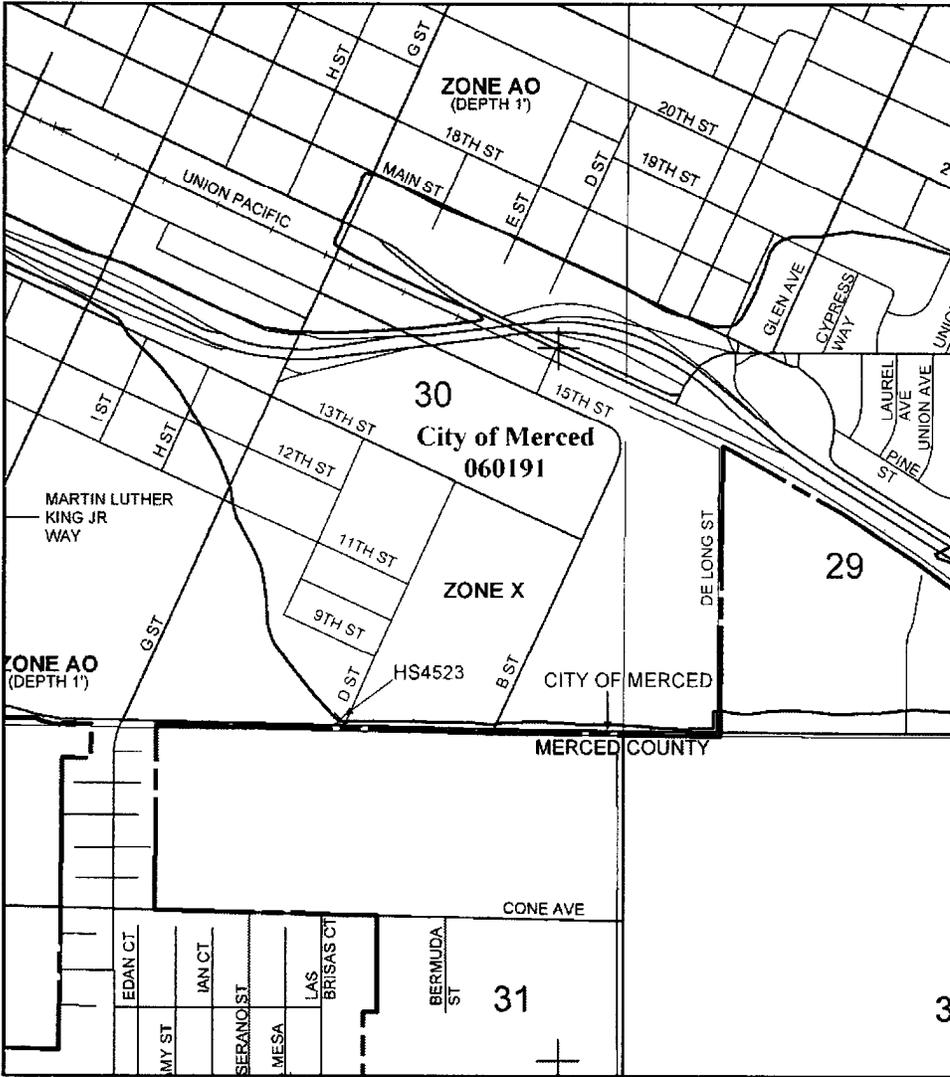
WITNESS my hand and the Seal of this Board this 8<sup>th</sup> day of December,  
2009.



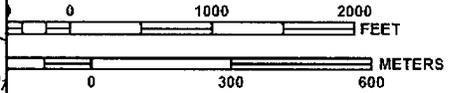
DEMITRIOS O. TATUM, CLERK

By [Signature]  
Deputy

**FEMA MAP**



MAP SCALE 1" = 1000'



PANEL 0440G

**FIRM**  
FLOOD INSURANCE RATE MAP  
MERCED COUNTY,  
CALIFORNIA  
AND INCORPORATED AREAS

PANEL 440 OF 1225

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
MERCED CITY OF	060191	0440	G
MERCED COUNTY	050168	0440	G

Notice to User: The Map Number shown here should be used when placing map orders. The Community Number shown above should be used on insurance applications for the subject community.



MAP NUMBER  
06047C0440G

MAP REVISED  
DECEMBER 2, 2008

Federal Emergency Management Agency

3

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at [www.msc.fema.gov](http://www.msc.fema.gov)

**APPRAISER LICENSE**



Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Ryan D. Heiny**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 041138

Effective Date: June 2, 2017

Date Expires: June 1, 2019

  
Jim Martin, Bureau Chief, BREA

3033200

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"



Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Kenneth R. McBay**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 008218

Effective Date: April 19, 2017

Date Expires: April 18, 2019

  
Jim Martin, Bureau Chief, BREA

3034415

**APPRAISER QUALIFICATIONS**

# K. R. McBay Company

Real Estate Valuation and Consultation  
Commercial, Agricultural, Eminent Domain

## QUALIFICATIONS OF RYAN D. HEINY

### PROFESSIONAL QUALIFICATIONS:

State of California Certified General Real Estate Appraiser, #AG041138  
Candidate for Designation, Appraisal Institute

### FORMAL EDUCATION:

California State University Stanislaus      B. A., Organizational Communications  
Graduated "Magna Cum Laude"

### EXPERIENCE:

2011 - Present:      K. R. McBay Co.; Senior Real Estate Appraiser: Appraisal of industrial, agricultural, multi-family residential, retail, office, development properties, eminent domain, right-of-way valuation. Experience included appraisal of owner-occupied and income-producing properties, in addition to appraisal review.

2006 - 2011      Robert Ford & Associates; Real Estate Appraiser: industrial, retail, agricultural, office, hotel/motel, mixed and special use and vacant land valuation. Experience included appraisal of owner-occupied and income-producing properties.

2005 - 2006      World Savings/Atlas Securities; Financial Analyst: Experience included stock and bond asset valuation, and risk exposure analysis.

2001 - 2005      Merrill Lynch Pierce Fenner & Smith; Financial Analyst: Experience included stock and bond asset valuation, and risk exposure analysis.

### PROFESSIONAL APPRAISAL EDUCATION:

Advanced Income Capitalization  
Quantitative Analysis  
Advanced Concepts and Case Studies  
Advanced Market Analysis and  
Highest and Best Use  
Business Practices and Ethics  
Sales Comparison Approach  
General Appraiser Income Approach I  
General Appraiser Income Approach II  
Site Valuation and Cost Approach  
Report Writing and Case Studies  
Commercial Appraisal Review  
Expert Witness for Commercial Appraisers  
Environmental Contamination of  
Income Properties  
Environmental Pollution and Mold

Analyzing Industrial Buildings for Mortgage  
Underwriting  
Foundations in Sustainability;  
Greening the Real Estate Industry  
Minimizing Liability in Commercial Appraisal  
Real Estate Finance, Statistics and Valuation  
Modeling  
Market Analysis and Highest and Best Use  
2016-2017 USPAP Update  
2013-2014 USPAP Update  
2010-2011 USPAP Update  
2007-2008 USPAP Update  
National USPAP Course  
Basic Appraisal Principles  
Basic Appraisal Procedures  
Laws and Regulations for California Appraisers

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K. R. McBay Co.  
P. O. Box 1804  
Turlock, CA 95381-1804

(209) 634-0402 Office & Fax  
www.krmcbayco.com  
kennethmcbay@krmcbayco.com

# K. R. McBay Company

Real Estate Valuation and Consultation  
Commercial, Agricultural, Eminent Domain

## QUALIFICATIONS OF KENNETH R. MCBAY

### PROFESSIONAL QUALIFICATIONS:

MAI (Member Appraisal Institute) - Designated Member of the Appraisal Institute  
AI-GRS (Appraisal Institute-General Review Specialist) – Designated Commercial Reviewer  
ARA (Accredited Rural Appraiser) - American Society of Farm Managers & Rural Appraisers  
SR/WA (Senior Right of Way Agent) - International Right-of-Way Association  
State of California Certified General Real Estate Appraiser, #AG008218  
Licensed Real Estate Broker, State of California, #00777996  
Conservation Easement Valuation (Appraisal Institute & ASFMRA)  
Litigation Appraisal (Appraisal Institute)

### FORMAL EDUCATION:

Hancock College	A.S. Degree, Business (Real Estate)
California State Polytechnic University	B.S. Degree, Agronomy
California State Polytechnic University	M.S. Degree, Agricultural Management
University of South Illinois	One year completed toward MBA

### EXPERIENCE:

2000 - Present: K. R. McBay Co.: Agricultural, commercial, and eminent domain real estate valuation and consultation.

1995 - 2000: Professional Appraisal & Right-of-Way Services, Inc.: Right-of-way services, retail, office, industrial, special use, agricultural, and multi-residential valuation.

1991 - 1994: Woollard Associates: Retail, office, industrial, special use, subdivision, residential, and agricultural valuation.

1987 - 1989: Bank of America Agricultural O.R.E.O. ("Other Real Estate Owned"): Valuation and analysis of foreclosure properties. Administration of property management section.

1982 – 1987: John Hancock Life Insurance Co. Real Estate Investment Department: Valuation and analysis of full range of agricultural properties, management of property portfolio, origination and underwriting of loan portfolio.

1979 – 1982: Cal Coast Irrigation: Designed and sold full range of farm and ranch irrigation systems

1977 – 1979: Continental Factors Corporation: Managed portfolio of absentee owner farms and ranches, provided feasibility analysis of various agricultural real estate acquisitions, and brokerage services.

---

K. R. McBay Co.  
P. O. Box 1804  
Turlock, CA 95381-1804

(209) 634-0402 Office & Fax  
[www.krmcbayco.com](http://www.krmcbayco.com)  
[kennethmcbay@krmcbayco.com](mailto:kennethmcbay@krmcbayco.com)

## EXHIBIT C

### PURCHASE AGREEMENT TERMS

The Parties agree that a Purchase Agreement shall be executed within ninety (90) days of the LESSEE successfully exercising the Option. In substantially the same form, the Purchase Agreement shall include, but not be limited to, the following terms:

- A. The requirement that use of the Premises shall be limited to the construction and operation of the affordable housing development described in section 6, subsection (B), shall be included as a Deed Covenant in the Grant Deed used to convey LESSOR's interest in the premises.
- B. Any land use entitlement LESSEE grants to a third party regarding the Premises shall be conditioned on the use of the Premises conforming to the requirements of section 6, subsection (B), of this Agreement.
- C. The Parties agree to cooperatively explore additional funding to assist with the permanent supportive housing units for no less than a 15 year period that are required under section 6 of this Agreement. These options may include, for example, funds made available under the Building Homes and Jobs Act, otherwise known as SB 2.
- D. The Grant Deed used to convey LESSOR's interest in the Premises shall include a Deed Covenant that reserves for LESSOR a reversionary interest in the Premises. (COUNTY's Power of Termination). In the event LESSEE, an assignee or successor in interest, has failed to begin "physical construction" of the project identified in section 6, subsection (B) within two (2) years of the closing date, the Deed Covenant shall provide LESSOR with the unconditional right and power to terminate all of LESSEE's (and anyone claiming by or through LESSEE or any of LESSEE's successors or assigns) rights, title, estate, and interest in the Premises, to reenter and repossess the Premises, to revoke the Grant Deed, and enforce the Deed Covenant. For purposes of this Purchase Agreement only, "physical construction" shall mean the presence of forms or structures that are unfinished or finished. Should the LESSOR choose to exercise such right, the funds provided for payment of the Premises by the LESSEE, as outlined in section 6, subsection(A), of the Lease for Ground Agreement, will be refunded to the LESSEE by the LESSOR at the time the LESSOR reenters and repossesses the Premises.
- E. LESSOR shall have, at its sole option and expense, ninety (90) days from the closing date to relocate from the Premises the improvements then existing on the Premises. Should the LESSOR choose to exercise such right, it will credit from the purchase price as indicated in the Lease for Ground Agreement section 6, subsection (A), an amount of \$31,000. Should the LESSOR chooses not to exercise such right, the LESSEE shall have absolute discretion to dispose of the existing improvements and will not be required to maintain or restore the existing improvements to their original condition within the revisionary period.
- F. LESSEE agrees to an "As-Is" purchase. LESSEE shall take title to the Premises in its present physical condition and on an "as is" and "where is" basis, with all faults, defects and deficiencies, whether known or unknown, it being understood that LESSOR is not making any representations or warranties whatsoever to LESSEE as to the physical condition, including without limitation the structural soundness thereof, habitability, merchantability, or fitness of the Premises, or any portion thereof, for any particular use or purpose by LESSEE, whether or not such proposed use or purpose has been

communicated to LESSOR or is desired by LESSOR, nor is LESSOR making any representation or warranty whatsoever as to the presence, absence or proximity on, under, in, or near the Premises of any hazardous, toxic, carcinogenic or otherwise harmful substances, or seismic faults or flood hazards, nor is LESSOR making any representation or warranty whatsoever as to whether or not the Premises complies or does not comply with any laws, regulations, ordinances, related to the condition, uses or occupancy thereof. LESSOR shall not be liable for any loss, damage (including consequential damage) or diminution of value of any kind or nature caused to the Premises, directly or indirectly, whether or not such loss, damage (including consequential damage) or diminution of value was discovered before or after the closing date.

- G. LESSEE agrees to indemnify and hold LESSOR harmless against any and all claims arising out of the existence of hazardous substances or hazardous wastes in the soil or groundwater.

January 17, 2019

Department of Housing and Community Development  
2020 W. El Camino Ave  
Sacramento, CA 95833

**RE: Article 34 of the California State Constitution**

Ladies and Gentlemen:

We represent The Richman Group of California Development Company, LLC and a to-be-formed limited partnership in which the Company or its affiliate will act as a general partnership (the "Partnership"), in connection with the Partnership's proposed development and operation of that certain affordable housing project located on certain real property in the City of Merced, California (the "City") to be known as Childs Court Apartments (the "Project"). The Company has asked us to discuss with you certain matters relating to Article XXXIV ("Article XXXIV") of the California State Constitution.

The Partnership has requested that we inform you that, as of the date hereof, the City of Merced does not have outstanding Article XXXIV authority for the Project. However, subject to the assumptions, qualifications, and limitations set forth herein, it is our opinion that a California court should conclude that there is no need for an election to approve the Project pursuant to Article XXXIV even if the City of Merced (the "City") does not have outstanding Article XXXIV authority for the Project.

1. Assumptions.

We have assumed that certain relevant facts regarding the Project are and will remain as set forth below:

1. The Partnership has applied to and received a commitment from California Department of Housing and Community Department ("HCD") for a permanent loan of for the Project (the "AHSC Loan"). In connection therewith, HCD will require the Partnership to record a regulatory agreement against the Property restricting occupancy 49% or less of the units in the Project to persons of low income.

2. Pursuant to a Disposition and Development Agreement (the "DDA"), the City has agreed to sell the real property on which the Project will be built to the Partnership and the Partnership will receive from the City one or more loans from the City (collectively, the "City Loans" and together with the AHSC Loan, the "Loans").

3. In executing the DDA and making the City Loans, the City is carrying out routine governmental functions and performing the conventional activities of a lender within the meaning of California Health and Safety Code Sections 37001.5(e)(1) and (2). The City Loans are both structured as loans combined with the affordable housing covenants and statutorily

authorized conditions required to be accepted by a grantee of assistance. We have been advised by the City that it has reached a conclusion that the City's participation in the financing of the Project will constitute the carrying out of routine governmental functions, the performing of the conventional activities of a lender and the imposition of constitutional mandated or statutorily authorized conditions accepted by a grantee of assistance pursuant to Section 37001.5(e) of the California Health and Safety Code and that the Project is not subject to Article XXXIV, on the basis of their activities.

4. The Project has received a reservation of federal low income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986 from the California Tax Credit Allocation Committee.

5. The only property tax exemption that the Project will receive will be granted pursuant to California Revenue and Taxation Code Section 214(g).

6. HCD in its capacity as an AHSC lender is the only State Public Body (as defined below) which may be deemed to have developed, constructed, or acquired the Project for purposes of Article XXXIV.

2. Discussion.

A. Role of HCD in its Capacity as an AHSC Lender

California Health & Safety Code Section 37001(a) provides, in relevant part, that a development will not be considered a Low Rent Housing Project if it:

(1) . . . is privately owned housing, receiving no ad valorem property tax exemption, other than exemptions granted pursuant to subdivision (f) or (g) of section 214 of the Revenue and Taxation Code, not fully reimbursed to all taxing entities; and (2) not more than 49 percent of the dwellings, apartments, or other living accommodations of the development may be occupied by persons of low income.

Based on the application of Health and Safety Code Section 37001(a) and for the reasons set forth below, we are of the opinion that the Project will not constitute a Low Rent Housing Project based on the involvement of HCD in its capacity as an AHSC lender, for purposes of Article XXXIV, and that consequently no Article XXXIV election is required.

1. Private Ownership.

The Project shall be owned by a to-be formed California limited partnership (the "Partnership") comprised solely of non-governmental entities (the "Partnership"). Because the Partnership is a private entity, and because the Partnership will own the Project, the Project is privately owned. Therefore, the first element of Section 37001 (a)(1) is satisfied.

2. Ad valorem property tax exemption.

Section 37001(a)(1) also requires, for a project not to be a "low rent housing project," that the project not receive an "ad valorem property tax exemption, other than exemptions granted pursuant to subdivision (f) or (g) of section 214 of the Revenue and

Taxation Code, not fully reimbursed to all taxing entities.” The only property tax exemption that the Project will receive is granted pursuant to Revenue and Taxation Code Section 214(g). Therefore, the second element of Section 37001(a)(1) is satisfied.

3. Maximum of 49% of units regulated by state public body for low-income occupancy.

Section 37001(a)(2) requires that “not more than 49% of the dwellings, apartments, or other living accommodations of the development may be occupied by persons of low income.” Here, the State Public Body, as defined, is restricting not more than 49% of the units to low income households.

We note that the Partnership will voluntarily restrict more than 49% of the Project’s units to low income households through its execution of the extended low-income housing commitment described in Section 42(h)(6)(B) of the Internal Revenue Code, as amended, in favor of the California Tax Credit Allocation Committee (the “TCAC Regulatory Agreement”) in order to maximize the tax credits available to the Project; however, we do not believe this changes the analysis. The fact that the Project may, in fact, have 100% occupancy by low income households does not transform the Project into a Low Rent Housing Project because Article XXXIV does not proscribe low income tenants as such, but regulates state government’s role in tailoring projects for low-income occupancy. Health and Safety Code Section 37001(a) itself should not be interpreted to impose a 49% ceiling on actual low-income occupancy if the additional low-income occupancy is not caused by a State Public Body taking an active development role. The statute was intended to define a safe harbor from Article XXXIV, not to preclude private market participants from choosing to make housing available to low-income families. Existing legal authority supports this conclusion. See *Redevelopment Agency v. Shepard*, 75 Cal. App. 3d 453, 461-462 (1977), holding that where the private developer of a redevelopment agency-assisted project had complete control of the persons who occupy units, the fact that units might be low income did not trigger Article XXXIV; see also 64 Ops. Attorney General 622, 626-628 (1981), opining that low-income requirements imposed by HUD on privately-developed projects did not trigger Article XXXIV despite a local government’s role in reviewing the project.

3. Conclusions.

Based on the reasoning and subject to the assumptions, qualifications, and limitations set forth herein, it is our opinion that in a properly pleaded, presented and decided case in which a California court applied the principles of California law discussed herein: a California court should conclude that: Article XXXIV is inapplicable to the facts of this Project, and local voter approval is therefore not required.

4. Qualifications.

We express no opinion as to the effect of events occurring, circumstances arising, or changes of law becoming effective or occurring, after the date hereof on the matters addressed in this opinion letter, and we assume no responsibility to inform you of additional or changed facts, or changes in law, of which we may become aware.

This opinion is furnished to you in connection with the Project and is not to be used or relied upon by any other person or used, circulated, quoted or otherwise referred to for any other purpose, other than by you and your successors and assigns in connection with the Project.

Please do not hesitate to contact us if you have any questions.

Very truly yours,



Nicole Deddens  
of BOCARSLY EMDEN  
COWAN ESMAIL & ARNDT LLP

**Environmental Assessment**  
**Determinations and Compliance Findings for HUD-assisted Projects**  
**24 CFR Part 58**

**Project Information**

**Project Name:** Childs & B Street TOD Affordable Housing Project

**Responsible Entity:** City of Merced

**Grant Recipient** (if different than Responsible Entity): The Richman Group and Central Valley Coalition for Affordable Housing

**State/Local Identifier:** California / City of Merced

**Preparer:** Gary Conte, AICP

**Certifying Officer Name and Title:** Steven Carrigan, City Manager

**Consultant** (if applicable): Towne Planning & Environmental

**Direct Comments to:** Mark Hamilton  
Housing Program Supervisor  
City of Merced, Housing Division  
678 West 18<sup>th</sup> Street  
Merced, CA 95340

**Project Location:** The project site is within the incorporated limits of the City of Merced, California and is comprised of a portion of 5.06 acre parcel identified as Merced County Assessor Parcel Number (APN) 035-010-071-000 and portions of existing public right-of-way adjacent to the 5.06 acre parcel. The site is in southeast quarter section of Section 30, Township 7 South, Range 14 East (Mount Diablo Base Meridian) of the United States Geological Survey (USGS) Merced, California 7.5 minute quadrangle map (refer to Exhibit 1). More specifically, the project site is located the northwest corner of B Street and East Childs Avenue and is identified as 905 and 1137 B Street, Merced, California.

**Description of the Proposed Project** [24 CFR 50.12 & 58.32; 40 CFR 1508.25]: The proposed project is a development partnership of The Richman Group and the Central Valley Coalition for Affordable Housing (collectively herein referenced as either the Grant Recipient or applicant). In collaboration with the City and County of Merced, the project will provide new housing opportunities and supportive services to low-income families and individuals. The project will be 100 percent low-income serving.

The proposed project includes acquisition of the northern 4.03 acres of APN 035-010-071-000, construction and occupancy of a 119 unit apartment complex on 4.03 acres, construction of multimodal

transit stop, and the construction of 0.98 acres of street right-of-way street improvements (i.e., curb, gutter, sidewalk, park strip, street trees, lighting, asphalt pavement) on B Street and East Childs Avenue (refer to Exhibit 2). Existing development and improvements (i.e., modular office building, storage structures, parking, landscape and street right-of-way frontage improvements) at the northern end of the parcel will be razed and removed to make way for the development of the 119 unit apartment complex (refer to Exhibit 3).

#### *Acquisition*

The Grant Recipient proposes to purchase the northern 4.03 acres of APN 035-010-071-000 from the City of Merced following the City of Merced acquisition of the 5.06 acre parcel from the County of Merced. The City of Merced, through a cooperative agreement with the County of Merced, will purchase the 5.06 acre parcel and then subdivide the 5.06 acre parcel into two parcels for the purpose of sale of northern 4.03 acres to the Grant Recipient. The southern 1.03 acre parcel will be held by the City for the purpose of public benefit - storm water detention basin.

Purchase and subdivision of the 5.06 acre parcel by the City of Merced will be undertaken exclusive of federal assistance or funds. As such, these actions are not subject to, or analyzed as part of, this environmental assessment. The proposed purchase 4.03 acres by the Grant Recipient will be undertaken using federal funds and thus is subject to and analyzed as part of this environmental review.

#### *Apartment Complex*

The development of the four acre apartment complex will be a courtyard-style community comprised of five 3-story wood frame walk-up buildings. A six foot high iron picket perimeter fence will enclose the complex. The buildings will vary in size from 6,920 square feet to 34,240 square feet. The apartment complex will provide a total of 119 residential units. The 119 units will be a mix of one-, two- and three-bedroom apartment flats. The project includes a two-bedroom manager's unit. Each building will typically provide covered breezeway access with shared stairwells to the second and third floor units (refer to Exhibits 4 and 5).

The project locates amenities near the secured B Street main entrance housing in a community center of approximately 4,475 square feet. These amenities includes a multi-purpose room, manager's and service providers' offices, computer center, fitness room, mailboxes and laundry facilities. A central courtyard will include a patio and barbeque area, swimming pool, and children play areas. Additional outdoor spaces will be provided for recreation and gardening. Other improvements include a maintenance storage space, a trash and recycling enclosure with compactor.

The project will provide on-site solar energy generation and exceed residential energy codes by 10 to 20 percent. The project will be constructed in accordance with the California Green Building Standards Code and will be certified as Gold Level in the Green Point Rated Multifamily Sustainable Building System.

Project access will be provided by two secured driveways located on B Street. The main entrance will be located nearest to East Childs Avenue. A concrete identification monument sign will be placed at the main entrance. The main entrance, intended to provide resident, visitor and delivery service access, leads directly to the project's management and service provider offices, multi-purpose room and visitor parking. A secondary auto gate on B Street will be provided for resident vehicle egress and emergency access only. A total of 123 uncovered, off-street parking spaces will be provided along the perimeter of the courtyard style complex. Of the 123 parking spaces, 7 will be handicapped accessible (van and

standard). On-site electric vehicle charging stations will be provided in accordance with the California Green Building Standards. Parallel parking spaces along B Street will provide additional parking for the greater community. As a City designated Minor Arterial, no parking will be permitted on East Childs Avenue.

All new connections will be made for water (domestic, landscape and fire flow), sewer, natural gas, electrical, communication and cable. New connections will be made to existing service and utility infrastructure currently available along B Street. On-site storm water will be managed and cleansed in vegetated bioswales along the perimeter of the site and then conveyed to the existing storm water basin south and adjacent to the project site. Street drainage will also be directed to the City's storm water basin.

### *Street Improvements*

The project will include street improvements on both East Childs Avenue and B Street. The B Street frontage improvements will receive the following improvements in an area approximately 42 feet wide by 638 feet long, to and through the intersection with East Childs Avenue: 5 foot wide sidewalk; 7 foot wide irrigated landscape strip (parkway) between the street curb and sidewalk; street lights; signage; curb and gutter; multi-modal transit stop; space for parallel parking and bike lane striping and roadway construction.

The East Childs Avenue along its northern right-of-way will receive the following improvements in an area approximately 40 feet wide and 370 feet long, meeting existing East Childs Avenue street improvements west of the project to and through the intersection of B Street: 5 foot wide sidewalk; 7 foot wide irrigated landscape strip (parkway) between the street curb and sidewalk; street lights; signage; curb and gutter; bike lane striping; and roadway construction.

### *Transit Stop*

The project will include a new multi-modal transit stop north and adjacent to, the project's main entrance on B Street. The transit stop, which will be constructed within the existing B street right-of-way, will be designed as a midblock bus turnout. The bus turnout will be 60 feet in length to serve a single bus, plus a 25 taper at each end for pulling in and out of traffic. On street parking will be prohibited 60 feet before and following the bus turnout tapers. Parking restrictions (either red curb or "No Parking" signs) will be placed, as appropriate, at the transit stop.

The transit stop will be signed, illuminated and include a covered transit shelter, bicycle parking, bench and waste receptacle, and will provide adequate right-of-way to ensure the transit stop meets the American with Disabilities Act of 1990 (ADA) accessibility standards including providing adequate sidewalk width (8 to 10 feet) along the distance of the transit stop or bus turnout that will transition to the City's standard sidewalk with outside the bus turnout area.

### *Project Construction*

Project construction is projected to begin late 2019 and take an estimated 16 months to complete. The project will require temporary easements on adjoining City property (drainage basin) to accommodate the necessary construction activities. Approximately 0.3 acres of temporary easements will be required during construction.

**Statement of Purpose and Need for the Proposal [40 CFR 1508.9(b)]:** The proposed 119 unit apartment complex will provide new affordable housing opportunities and supportive services to low-income

families and individuals. The proposed actions will address the low-income housing and community support service deficiency needs in the City of Merced.

**Existing Conditions and Trends** [24 CFR 58.40(a)]: The northern portion of APN 035-010-071-000 is developed; covered by asphalt parking area, concrete slabs, an office building, a small storage shed, metal shipping container and landscaping (e.g., turf, ground cover, shrubs, trees). The office building is approximately 60 feet by 70 feet and the parking area is approximately 33,700 square feet located between the building and B Street with two points of ingress / egress to B Street (refer to Exhibit 3). These improvements were constructed in 2004 and originally served as a church and later as a behavior health and recover services center for the County of Merced. County services provided at the center are planned to be relocated to a new center.

An unlined retention basin serving the former church and county behavior health and recover center occupies the southernmost portion of APN 035-010-071-000. The surface area of the basin, which is approximately 8 feet deep at its maximum depth, is approximately 140 feet by 180 feet. The basin was designed to have a 1:8 slopes on all sides, resulting in a small flat area at the base of the basin. The basin has an estimated storm drainage volume capacity of 32,300 cubic feet per City standards (50 year / 24 storm). Based on site plans prepared for the 4 acre apartment complex, the total estimated storm drainage (50 year / 24 storm) volume would be 26,400 cubic feet. The property between the County's behavior health and recovery services center is vacant and undeveloped.

Water and wastewater mains are present beneath B Street. Overhead utility lines (electrical, communications, cable) are present on the project site, extending the length of B Street. Electrical power lines are present beneath B Street. Natural gas is presently unavailable to the project site. The nearest natural gas main is approximately 230 feet north of the project site, beneath B Street. Project site drainage is collected on site and diverted to the existing retention basin.

The irregular-shaped project site is bound immediately to the north by vacant, undeveloped land followed by Merced County behavioral and health institutional facilities. B Street forms the project's eastern boundary. A cemetery (Calvary Cemetery) is located east of B Street. East Childs Avenue forms the southern project boundary. Merced Irrigation District's Zentner Lateral, parallels the south side of East Childs Avenue followed by rural single family homes across Zentner Lateral with individual driveways across Zentner Lateral connecting each parcel to East Childs Avenue. An affordable housing apartment complex (Sunnyside Family Apartments) bounds the project site to the west (refer to Exhibit 3).

### ***Attachments***

- Exhibit 1 – Project Location
- Exhibit 2 – Project Site Plan
- Exhibit 3 – Existing Land Uses
- Exhibit 4 – Project Site Improvement Plan
- Exhibit 5 – Apartment Complex Elevation Views
- Exhibit 6 – Airport Locations
- Exhibit 7 – Floodplain Hazards
- Exhibit 8 – Phase I Environmental Assessment
- Exhibit 9 – Phase II Environmental Assessment
- Exhibit 10 – USWFS IPaC Resource Report
- Exhibit 11 – Biological Assessment

- Exhibit 12 – Above Storage Tank (AST) Locations
- Exhibit 13 – AST Acceptable Separation Distance Assessment
- Exhibit 14 – Important Farmland Map
- Exhibit 15 – 8-Step Decision Making Process for Executive Order 11988
- Exhibit 16 – Native American Consultation
- Exhibit 17 – Section 106 Consultation
- Exhibit 18 – Noise Level Assessment
- Exhibit 19 – Sole Source Aquifers

**Funding Information**

Grant Number	HUD Program	Funding Amount
B19-MC-06.0044	Community Development Block Grant	\$1,500,000
B19-MC-06.0044	HOME Investment Partnership	\$1,400,000

**Estimated Total HUD Funded Amount:** \$2,900,000

**Estimated Total Project Cost** (HUD and non-HUD funds) [24 CFR 58.32(d)]: \$39,500,000

**Compliance with 24 CFR 50.4, 58.5, and 58.6 Laws and Authorities**

Record below the compliance or conformance determinations for each statute, executive order, or regulation. Provide credible, traceable, and supportive source documentation for each authority. Where applicable, complete the necessary reviews or consultations and obtain or note applicable permits of approvals. Clearly note citations, dates/names/titles of contacts, and page references. Attach additional documentation as appropriate.

Compliance Factors: Statutes, Executive Orders, and Regulations listed at 24 CFR §58.5 and §58.6	Are formal compliance steps or mitigation required?	Compliance determinations
<b>STATUTES, EXECUTIVE ORDERS, AND REGULATIONS LISTED AT 24 CFR 50.4 and 58.6</b>		
<b>Airport Hazards</b> 24 CFR Part 51 Subpart D	Yes    No <input type="checkbox"/> <input checked="" type="checkbox"/>	The project site is not within 15,000 feet of a military airport or 2,500 feet of a civilian airport. Nearest civilian airport (Merced Regional Airport) is approximately 10,000 feet southwest of the project site. No military airports are present in the vicinity of the project or the City of Merced (refer to Exhibit 6). The project is in compliance with Airport Hazards requirements.  <b>Sources:</b> Merced County Airport Land Use Compatibility Plan, June 21, 2012, Map CAS 1, Map MER 1, <a href="https://www.google.com/maps">https://www.google.com/maps</a> accessed September 24, 2018.
<b>Coastal Barrier Resources</b>	Yes    No	The project is located in a state (California) that does not include Coastal Barrier Resources (CBRS) units.

<p>Coastal Barrier Resources Act, as amended by the Coastal Barrier Improvement Act of 1990 [16 USC 3501]</p>	<p><input type="checkbox"/> <input checked="" type="checkbox"/></p>	<p>Therefore, this project is in compliance with the Coastal Barrier Resources Act.</p> <p><b>Source:</b> United States Fish and Wildlife Service, Coastal Barrier Resources System Mapper, <a href="https://www.fws.gov/CBRA/Maps/Mapper.html">https://www.fws.gov/CBRA/Maps/Mapper.html</a>, accessed September 24, 2018.</p>
<p><b>Flood Insurance</b> Flood Disaster Protection Act of 1973 and National Flood Insurance Reform Act of 1994 [42 USC 4001-4128 and 42 USC 5154a]</p>	<p>Yes No <input type="checkbox"/> <input checked="" type="checkbox"/></p>	<p>A portion of the project site is located within a FEMA designated 100-year floodplain (Zone AO, Depth 1 Foot) (refer to Exhibit 7). Project improvements within the designated floodplain is limited to public street improvements (i.e., curb, gutter, asphalt paving, sidewalk, landscape park strip between curb and sidewalk).</p> <p>Per project design, no four-sided structures will be constructed within the floodplain, nor will the project result in the placement of insurable properties within the designated floodplain. The project is in compliance with the Flood Protection Act and Insurance Reform Act.</p> <p>While flood insurance may not be mandatory in this instance, HUD recommends that all insurable structures maintain flood insurance under the National Flood Insurance Program (NFIP).</p> <p><b>Source:</b> United States, Federal Emergency Management Agency, <i>Flood Insurance Rate Map Panel Number 06047C0440G, effective December 2, 2008.</i></p>
<p><b>STATUTES, EXECUTIVE ORDERS, AND REGULATIONS LISTED AT 24 CFR 50.4 &amp; 58.5</b></p>		
<p><b>Clean Air</b> Clean Air Act, as amended, particularly section 176(c) &amp; (d); 40 CFR Parts 6, 51, 93</p>	<p>Yes No <input type="checkbox"/> <input checked="" type="checkbox"/></p>	<p>The project lies within the San Joaquin Valley Air Basin (SJVAB). The Air Basin is designated as “extreme” non-attainment status of the federal 8-hour O<sub>3</sub> standard, and non-attainment status of the federal Particulate Matter, &lt; 2.5 microns (PM<sub>2.5</sub>) standard. The Air Basin is also designated by the California Air Resources Board as “severe” non-attainment status of the state 1-hour O<sub>3</sub> standard, and non-attainment status of the state 8-hour O<sub>3</sub>, PM<sub>2.5</sub> and particulate matter, &lt; 10 microns (PM<sub>10</sub>) standards.</p> <p>The Air Basin is under the jurisdiction of the San Joaquin Valley Air Pollution Control District (SJVAPD). The District, which is responsible for the attainment of state and federal air quality standards in the Air Basin, has established thresholds of significance for criteria pollutant emissions. Using project type and size, the District has pre-qualified emissions and determined the size of a project below which it is reasonable to conclude that the established</p>

		<p>thresholds of significance for criteria pollutant emissions.</p> <p>Using project type and size, the District has pre-qualified emissions and determined the size of a project below which it is reasonable to conclude that project would not exceed applicable thresholds of significance for criteria pollutants – no qualifications of emissions is needed for projects less than or equal to the sizes listed by the District. For low rise apartments it is 590 units.</p> <p>Based on the project description, the proposed project (119 apartment units) will not exceed de minimis emission levels or the screening level established by the District for the criteria pollutants identified above. Therefore, the project is in compliance with the Clean Air Act.</p> <p><b>Sources:</b> San Joaquin Valley Air Pollution Control District (SJVAPCD), <i>Guide for Assessing and Mitigating Air Quality Impacts</i>; SJVAPCD <i>Small Project Analysis Level</i>.</p>
<p><b>Coastal Zone Management</b> Coastal Zone Management Act, sections 307(c) &amp; (d)</p>	<p>Yes    No <input type="checkbox"/>   <input checked="" type="checkbox"/></p>	<p>The project is more than 80 miles inland from the Pacific Ocean. This project is not located in, nor will affect a Coastal Zone as defined by the California’s Coastal Management Plan. The project is in compliance with the Coastal Management Act.</p> <p><b>Sources:</b> Google Earth Mapping System, accessed September 24, 2018; California Coastal Commission, Coastal Zone Boundary Maps, <a href="https://www.coastal.ca.gov/maps/czb">https://www.coastal.ca.gov/maps/czb</a>, accessed September 24, 2018.</p>
<p><b>Contamination and Toxic Substances</b> 24 CFR Part 50.3(i) &amp; 58.5(i)(2)</p>	<p>Yes    No <input type="checkbox"/>   <input checked="" type="checkbox"/></p>	<p>The project site and its surroundings were subject to a phase I and phase II environmental site assessments to assess past and present land use practices and to identify the potential presence of hazardous substances in the soil, soil vapor, and groundwater beneath the site (refer to Exhibits 8 and 9, respectively).</p> <p>No oil or gas wells are located on or within a one mile radius of the site (Phase I Assessment, p. 8). United States Environmental Protection Agency (USEPA) lists Merced County as a Radon Zone Level 3 – areas where indoor average radon less is less than 2 picocuries / liter (pCi/L). Radon exposure is below USEPA’s acceptable (action) limit of 4 pCi/L (Phase I Assessment, p. 8).</p> <p>The likely use of the project site for agriculture between the approximate years of 1942 and 1976 identified the project site as a recognized environmental condition (REC) given pesticides were</p>

	<p>commonly applied to agricultural fields. (Phase I, p 9; Phase II, p. 1). Ten soil samples were collected and analyzed for organochlorine pesticides and for arsenic pursuant to California Department of Toxic Substance Control protocol (Phase II Assessment, pp. 2-4). Based on the soil samples collected and analyzed, the project site is not adversely affected by past agricultural use (Phase II, p. 5, Tables 1 and 2).</p> <p>One REC was identified for properties in the immediate site vicinity – adjacent retention basin. Surface runoff directed into the basin may contain total petroleum hydrocarbons (TPH), volatile organic compounds (VOCs) and metals resulting from the operation of automobiles and trucks (Phase I, p 9; Phase II, p. 2). Two soil samples were collected adjacent to two outfall grates in the basin and analyzed for TPH, VOCs and for selected metals pursuant to EPA protocol (Phase II Assessment, pp. 2-4). Based on the soil samples collected and analyzed, the adjacent basin is impacted by surface runoff directed into the basin. (Phase II, p. 5, Tables 1 and 2).</p> <p>Five additional properties within the area of concern (AOC) of 1,760 feet for non-petroleum chemicals of concern were identified. The three locations nearest to the project site are medical facilities listed as small quantity generators. Each of these facilities is located at least 800 feet north of the project site in the hydrogeological up gradient direction from the site. Two properties approximately 1,100 to 1,300 feet east of the site were identified as having numerous violations. However, there are no reports of unauthorized release of hazardous materials or any open clean-up cases at any of the five sites within the AOC. The five properties are not RECs based on the data reviewed (Phase I Assessment, pp. 8-9).</p> <p>No RECs were identified for properties in the immediate site vicinity. Five additional properties, located within 1,760 feet of the site were identified. The five facilities are not considered RECs (Phase I Assessment, p. 9).</p> <p>In summary, on-site or nearby hazardous, or radioactive substances that could affect the health and safety of the project occupants or conflict with the intended use of the property were either not found or within acceptable applicable federal and state concentration screening levels. Project is in compliance with contamination and toxic substance requirements.</p> <p><b>Sources:</b> Towne Planning &amp; Environmental Reconnaissance Level Field Observations, September</p>
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		<p>13, 2018; FREY Environmental, Inc., <i>Phase I Environmental Site Assessments, Merced County Behavioral Services 1137 B Street, Merced, CA 95341 (APN 035-010-071-000)</i>, October 5, 2018; FREY Environmental, Inc., <i>Phase II Environmental Site Assessments, County of Merced, Department of Behavioral Services, 1137 B Street, Merced, California</i>, October 29, 2018.</p>
<p><b>Endangered Species</b> Endangered Species Act of 1973, particularly section 7; 50 CFR Part 402</p>	<p>Yes    No  <input type="checkbox"/>    <input checked="" type="checkbox"/></p>	<p>An Information, Planning, and Conservation (IPaC) Systems Trust Resource Report was generated for the subject property by utilizing USFWS IPaC System, accessed at <a href="http://ecos.fws.gov/ipac">http://ecos.fws.gov/ipac</a> (refer to Exhibit 10). The IPaC resource report identified federally endangered or threaten species having the potential to be located within the subject property (IPaC Resource Report, pp 2-4). IPaC resource report also identified birds protected under the Migratory Bird Treaty Act or the Bald and Golden Eagle Protection Act given the location of the project (IPaC Resource Report, pp. 5-7). The IPaC Resource report identified no federally designated critical habitats within the subject property (IPaC Resource Report, pp. 4-5).</p> <p>Based on the results of the IPaC Resources Report, a biological assessment was performed to investigate the biotic resources of the project site, and assess potential impacts to those resources pursuant to NEPA and Section 7 of the federal Endangered Species Act (Refer to Exhibit 11). The assessment included a field survey to identify biotic habitats and the plants and wildlife occurring in those habitats, and significant biological resources that may be protected by state and federal law.</p> <p>At the time of the field investigation (December 14, 2018), the site consisted of a ruderal field and developed lands (Biological Assessment pp. 7-10). The disturbed nature of the project site has created habitat conditions that are unsuitable for most native wildlife and plants. USFWS designated critical habitat is absent from the project site and surrounding lands (p. 31).</p> <p>The project will have no effect on federally listed species. All federally listed plant and animal species documented in the project vicinity are absent from the project site due to past and ongoing disturbance, the absence of suitable habitat, and / or the projects site being situated outside the elevational range of the species (Biological Assessment pp. 10-20, 29-33).</p> <p>Most migratory birds and raptors are not included in the Endangered Species Act. However, they are protected by similar protections against a “take” of</p>

		<p>bird nest or eggs under the federal Migratory Bird Treaty Act. The project has the potential to result in construction-related mortality or disturbance of nesting migratory birds and raptors. Construction-related mortality or disturbance leading to nest abandonment would be considered significant impacts. Because of the potential for the project to affect migratory birds and raptors, mitigation during project grading and tree removal will be required. By constructing the project outside of the nesting season or avoiding active nests identified during preconstruction surveys, the project can reduce the magnitude of potential impacts to nesting birds to a less than significant level (Biological Assessment pp. 28-29).</p> <p><b>Source:</b> Live Oak Associates, Inc., <i>Childs Avenue and B Street Affordable Housing Project Biological Assessment</i>, January 9, 2019.</p>
<p><b>Explosive and Flammable Hazards</b> 24 CFR Part 51 Subpart C</p>	<p>Yes    No  <input type="checkbox"/>    <input checked="" type="checkbox"/></p>	<p>The project site does not presently house hazardous facilities, nor does the project propose to construct a hazardous facility. There are 10 reported sites within a 1 mile of the project site that have above ground storage tanks (ASTs) with a storage capacity greater than 100 gallons. Tesei Petroleum, located 1450 G Street, is the nearest ASTs to the project site (refer to Exhibit 12).</p> <p>Given the 10 ASTs reported within 1 mile of the project site, an acceptable separation distance analysis was performed utilizing HUD’s Acceptable Separation Distance (ASD) Electronic Assessment Tool for the purpose of assessing the suitability of siting the proposed project within a mile of known ASTs identified as explosive or fire prone in nature (refer to Exhibit 13).</p> <p>Based on the ASD assessment results, the distance between the project site and stationary containerized hazards of an explosive or fire prone nature were found to be greater than the required acceptable separation distance. Project is in compliance with Explosive and Flammable Hazards requirements.</p> <p><b>Sources:</b> Towne Planning &amp; Environmental Reconnaissance Level Field Observations, September 13, 2018; FREY Environmental, Inc., AST Location Map and AST Site Location Table, November 2, 2018; <a href="https://www.google.com/maps">https://www.google.com/maps</a> accessed November 27, 2018; HUD Acceptable Separation Distance (ASD) Electronic Assessment Tool; Tesei Petroleum communications, November 27, 2018.</p>

<p><b>Farmlands Protection</b></p> <p>Farmland Protection Policy Act of 1981, particularly sections 1504(b) and 1541; 7 CFR Part 658</p>	<p>Yes    No</p> <p><input type="checkbox"/>    <input checked="" type="checkbox"/></p>	<p>Neither the project site nor surrounding properties include lands designated prime or unique farmland, or other farmland of statewide or local importance. The northern portion of the project site composed of existing development is classified as “Urban and Built-Up Land”. The remainder of the project site is classified as “Rural Residential” (residential areas of 1 to 5 structures per 10 acres). Adjacent properties to the west, north and east are classified as Urban and Built-Up Land. Adjacent properties to the south are classified Rural Residential (refer to Exhibit 14).</p> <p>No important farmlands will be converted to an urban use. Nor will important farmlands will be directly or indirectly affected by this project. Project is in compliance with the Farmland Protection Policy Act.</p> <p><b>Sources:</b> State of California, Department of Conservation, Division of Land Resource Protection, Farmland Mapping &amp; Monitoring Program, Rural Land Mapping Edition, Merced County Important Farmland 2016, Sheet 1 of 2; State of California, Department of Conservation, Division of Land Resource Protection, Farmland Mapping &amp; Monitoring Program, California Important Farmland Finder, <a href="https://maps.conservation.ca.gov/DLRP/CIFF/">https://maps.conservation.ca.gov/DLRP/CIFF/</a>, Accessed October 23, 2018.</p>
<p><b>Floodplain Management</b></p> <p>Executive Order 11988, particularly section 2(a); 24 CFR Part 55</p>	<p>Yes    No</p> <p><input type="checkbox"/>    <input checked="" type="checkbox"/></p>	<p>A portion of the project site lies in a 100-year floodplain according to Flood Insurance Rate Map (FIRM) Panel 06047C0440G effective December 2, 2008. Based on FIRM Panel, the southernmost portion (0.34 acre) of the proposed 4.98 acre project site is within a 100-year floodplain (AO Zone) with a defined flood depth of one foot. The 0.34 acre is composed of the northern unimproved existing right-of-way for East Childs Avenue. The remainder of the project site is within (Zone X), an area of minimal flood hazard (refer to Exhibit 7).</p> <p>The propose project improvements subject to flooding are the following street improvements to East Childs Avenue: 5 foot wide sidewalk, 7 foot wide irrigated landscape strip (parkway) between the street curb and sidewalk, street lights, signage, curb and gutter, bike lane pavement and striping and expansion width of East Childs Avenue pavement. For this reason, Executive Order 11988 applies. Per 24 CFR 55.20, an 8-Step Decision Making Process was completed for compliance with Executive Order 11988 (refer to Exhibit 15).</p>

		<p>Project area flooding is caused by overflows from the Merced Stream Group (Bear, Canal, Fahrens, Black Rascal, Miles, Owens, Mariposa, Dutchman and Deadmans) Creeks. Overflow generally spreads out as slow-moving shallow flooding and covers large areas during major storms – much of this overflow ponds behind canal, highway, and railroad embankments. During extreme flood events, overflow from the individual creeks spread out and join those of the adjacent creeks. The Merced Stream Group floodplain is approximately 20 to 25 miles wide at the point measured perpendicular to the direction of flow and encapsulates the majority of the City of Merced (8-Step Process, p. 2).</p> <p>Given the type and minor changes in topographic relief that will occur as result of implementing the street improvements comparative to the overall size and extent of the floodplain, it was determined that the project would not create effects to the base floodplain beyond those currently existing (8-Step Process, pp. 3-5). No flood related impacts have been identified for the project. With the 8-Step Process complete, the project is in compliance with Executive Order 11988.</p> <p><b>Sources:</b> Flood Insurance Rate Map (FIRM) Panel 06047C0440G effective December 2, 2008; Towne Planning &amp; Environmental, 8-Step Process, Decision Making Process for Executive Order 11988, January 17, 2019.</p>
<p><b>Historic Preservation</b> National Historic Preservation Act of 1966, particularly sections 106 and 110; 36 CFR Part 800</p>	<p>Yes    No <input type="checkbox"/>   <input checked="" type="checkbox"/></p>	<p>Existing on-site structures and improvements were constructed in 2004. No historic properties are present on or within the project’s “Area of Potential Effect.” Structures on the project site were constructed in 2004.</p> <p>City of Merced consulted with federally-recognized Indian tribes with interests in Merced County, California. Tribes consulted expressed no interest in the project or project site (refer to Exhibit 16).</p> <p>The City also consulted with the State’s Historical Preservation Officer (SHPO) pursuant to Section 106 of the National Historic Preservation Officer (refer to Exhibit 17). Based on Section 106 consultation, SHPO concurs and does not object to the City’s findings that no historic properties will be by the proposed project. The project is in compliance with National Historic Preservation Act.</p> <p><b>Sources:</b> HUD <i>Tribal Directory Assessment Information, Tribes with Interests in Merced County, California</i>; California Office of Historic Preservation, September 26, 2018 and December 10, 2018</p>

		<p>correspondences; Tule River Indian Tribe of the Tule River Reservation, California October 1, 2018 correspondence; California Valley Miwok Tribe, California October 1, 2018 correspondence; Towne Planning &amp; Environmental Reconnaissance Level Field Observations, September 13, 2018;</p>
<p><b>Noise Abatement and Control</b> Noise Control Act of 1972, as amended by the Quiet Communities Act of 1978; 24 CFR Part 51 Subpart B</p>	<p>Yes    No  <input type="checkbox"/>    <input checked="" type="checkbox"/></p>	<p>The project site is located within 1,000 feet of two Minor Arterials streets designated in the City of Merced Vision 2030 General Plan Circulation Diagram - East Childs Avenue and Tyler Road. The project site is also located within 3,000 feet of a railroad (Union Pacific Railroad's Central Valley Corridor). Furthermore, the project site is within 15 miles of two civilian airports – Merced Regional Airport and Castle Airport; however, the project site is outside the airport noise contours for both airports. Given the project's location to three noise source environments, the project was subject to HUD's Day / Night Noise Level Assessment (refer to Exhibit 18).</p> <p>HUD's Day / Night Noise Level Assessment results indicate future noise levels at the nearest project site sensitive receivers (e.g., outdoor use areas, residence units) are expected to be less than 65 dB L<sub>dn</sub>. Assessment results for Year 2035 ADT volumes on East Childs Avenue and Tyler Road are reported to be 62.1 dB L<sub>dn</sub> and 50.0 dB L<sub>dn</sub>, respectively. Railroad noise levels is projected to be 61.2 dB L<sub>dn</sub>. Given the location and distance of the two airports, aircraft noise level overhead in the project vicinity is projected to be less than 55 dB L<sub>dn</sub>. As such, airport noise level data is not entered or measured by HUD's DNL Calculator (Noise Assessment, pp. 2-4).</p> <p>Modeling results indicate the projected combined DNL exposure at the project site for all future road and rail sources to be 64.8 dB L<sub>dn</sub>. Individual and combined calculated DNLs measured at project site are in conformance with HUD's standards (Noise Assessment, p. 4). Moreover, standard construction practices will generally provide an exterior to interior noise level reduction of 20 dB to 25 dB. The project is in compliance with the Noise Control Act.</p> <p><b>Sources:</b> City of Merced, Merced Vision 2030 General Plan, Chapter 10 – Noise; City of Merced, Merced Vision 2030 General Plan, Chapter 4 – Transportation and Circulation; Mead &amp; Hunt, Inc. Merced County Airport Land Use Compatibility Plan, June 21, 2012; HUD, Day / Night Noise Level Calculator, Accessed December 11, 2018.</p>

<p><b>Sole Source Aquifers</b> Safe Drinking Water Act of 1974, as amended, particularly section 1424(e); 40 CFR Part 149</p>	<p>Yes    No <input type="checkbox"/>   <input checked="" type="checkbox"/></p>	<p>The project is not located within a designated sole source aquifer watershed area. Nearest sole source aquifer watershed is the Fresno County Aquifer, approximately 35 miles south of the project at its nearest boundary (refer to Exhibit 19). The project is in compliance with the Safe Drinking Water Act.</p> <p><b>Source:</b> United States Environmental Protection Agency, Groundwater, Pacific Southwest, Region 9, <a href="http://www3.epa.gov/region09/water/groundwater/ssa.html">http://www3.epa.gov/region09/water/groundwater/ssa.html</a>, Fresno County Aquifer kmz file Google Earth Overlay, September 10, 1979, Accessed November 2, 2018.</p>
<p><b>Wetlands Protection</b> Executive Order 11990, particularly sections 2 and 5</p>	<p>Yes    No <input type="checkbox"/>   <input checked="" type="checkbox"/></p>	<p>Addressed previously, the project was subject to an USFWS IPaC query and Biological Assessment (refer to Exhibits 10 and 11, respectively). The IPaC resource report reported no known wetlands at this location (IPaC Resource Report, p. 12).</p> <p>The Biological Assessment, which included a field survey to identify biotic habitats and the plants and wildlife occurring in those habitats, and significant biological resources that may be protected by state and federal law, concluded that waters of the United States, including wetlands, are absent from the project site and immediately adjacent lands. Project actions will have no direct or indirect effect on jurisdictional waters subject to provisions of Section 404 of the Clean Water Act (Biological Assessment, pp. 20, 31). Project is in compliance with Executive Order 11990.</p> <p><b>Source:</b> Live Oak Associates, Inc., <i>Childs Avenue and B Street Affordable Housing Project Biological Assessment</i>, January 9, 2019.</p>
<p><b>Wild and Scenic Rivers</b> Wild and Scenic Rivers Act of 1968, particularly section 7(b) and (c)</p>	<p>Yes    No <input type="checkbox"/>   <input checked="" type="checkbox"/></p>	<p>No designated wild and scenic river traverses the project site. Nor is the project located adjacent to or within the vicinity of a designated wild and scenic river or component of the national wild and scenic river system or river under consideration for inclusion in that system. Nearest wild and scenic river is the designated reach of the Merced River from its source to the normal operating pool (water surface level) of Lake McClure (elevation 867 feet mean sea level). The terminus of the designated reach is approximately 45 miles northeast of the project. The project is in compliance with the Wild and Scenic Rivers Act.</p> <p><b>Source:</b> National Wild and Scenic Rivers System <a href="https://www.rivers.gov/mapping-gis.php">https://www.rivers.gov/mapping-gis.php</a>, Accessed November 2, 2018.</p>

ENVIRONMENTAL JUSTICE		
<b>Environmental Justice</b> Executive Order 12898	Yes    No <input type="checkbox"/> <input checked="" type="checkbox"/>	No adverse environmental impacts were identified in the project's environmental review. The project site and surrounding neighborhood do not suffer from adverse environmental conditions. Therefore, the proposed action will not have a disproportionate adverse impact on minority or low-income populations. The project is in compliance with Executive Order 12898.  <b>Source:</b> Towne Planning & Environmental Reconnaissance Level Field Observations, September 13, 2018.

**Environmental Assessment Factors** [24 CFR 58.40; Ref. 40 CFR 1508.8 & 1508.27] Recorded below is the qualitative and quantitative significance of the effects of the proposal on the character, features and resources of the project area. Each factor has been evaluated and documented, as appropriate and in proportion to its relevance to the proposed action. Verifiable source documentation has been provided and described in support of each determination, as appropriate. Credible, traceable and supportive source documentation for each authority has been provided. Where applicable, the necessary reviews or consultations have been completed and applicable permits of approvals have been obtained or noted. Citations, dates/names/titles of contacts, and page references are clear. Additional documentation is attached, as appropriate. **All conditions, attenuation or mitigation measures have been clearly identified.**

**Impact Codes:** Use an impact code from the following list to make the determination of impact for each factor.

- (1) Minor beneficial impact
- (2) No impact anticipated
- (3) Minor Adverse Impact – May require mitigation
- (4) Significant or potentially significant impact requiring avoidance or modification which may require an Environmental Impact Statement

Environmental Assessment Factor	Impact Code	Impact Evaluation
<b>LAND DEVELOPMENT</b>		
Conformance with Plans / Compatible Land Use and Zoning / Scale and Urban Design	2	Conformance with Land Use Plans / Zoning: The project is consistent and in conformance with the project site's zoning. The project site is zoned Planned Development #6 (P-D #6) with a General Plan land use designation of Commercial Office (C-O). P-D #6 permitted uses include multiple family / senior housing complexes, medical offices / clinics and neighborhood park. City of Merced General Plan designates B Street as a Collector Street and East Childs Avenue as a Minor Arterial.  Compatibility with Existing Land Uses: The project is compatible with surrounding existing uses. The project site is bound

		<p>immediately to the north by vacant, undeveloped land (also zoned P-D #6) followed by Merced County behavioral and health institutional facilities. B Street forms the project's eastern boundary. A cemetery (Calvary Cemetery) is located east of B Street. East Childs Avenue forms the southern project boundary. Merced Irrigation District's Zentner Lateral, parallels the south side of East Childs Avenue followed by rural single family homes across Zentner Lateral with individual driveways across Zentner Lateral connecting each parcel to East Childs Avenue. A two-story apartment complex (Sunnyside Family Apartments) abuts the project site to the west.</p> <p>Scale and Urban Design: The proposed 2- and 3-story apartment complex and architectural elements will be visually compatible with the surrounding built environment. The project's varying height, depth and scale will complement an existing 2-story apartment complex abutting the project site, which also provides varied height, depth and scale. Project will implement a perimeter metal fencing similar to the adjacent apartment complex to provide a sense of harmony in the neighborhood. B Street setback includes curb and gutter, 7 foot tree lined planting strip, 5 foot sidewalk and landscaping varying in depth from 15 to 24 feet. East Childs Avenue setback also includes curb and gutter, tree lined planting strip and sidewalk. A future park will visually separate the apartment complex from East Childs Avenue.</p>
<p>Soil Suitability/ Slope/ Erosion/ Drainage/ Storm Water Runoff</p>	<p>2</p>	<p>Slope and Soil Suitability: The project site is located in a relatively flat area at an elevation of approximately 170 feet above mean sea level on a Bear Creek tributary floodplain that extends westward from the Sierra foothills into Merced County.</p> <p>Based on the National Resources Conservation (NRCS) soil survey, the project site and surrounding area is entirely mapped as Yokohl clay loam, 0 to 3 percent slopes (YbA). However, the project area, including the project site have been highly disturbed through the years of urban development and activity such that any native soil characteristics once present have long been compromised.</p> <p>No significant impacts on the geology or soils are expected as result of the proposed project actions. Project is expected to follow City development and construction standards and all design recommendations that may be identified in the project's geotechnical investigations regarding over-excavation, trench backfilling, soil compaction, sub-grade preparation, site drainage and structural foundation requirements.</p> <p>Soil Erosion and Drainage: Given the project site is relatively flat and removed from any natural waterways, the potential for soil erosion and sedimentation of waterways during and after construction is very low.</p> <p>On-site project storm water will be conveyed to an existing drainage basin. The basin is adequately sized to serve the needs of the project.</p>

<p>Hazards and Nuisances including Site Safety and Noise</p>	<p>2</p>	<p>Natural Hazards: The project site is not located in a known fault zone, fire-prone area, or in area prone to landslides, floods or other forms of hazardous terrain (City of Merced, Vision 2030 General Plan Update Program Draft Environmental Impact Report).</p> <p>Man-Made Hazards: The project site does not presently house hazardous facilities, nor does the project propose to construct a hazardous facility (Towne Planning &amp; Environmental Reconnaissance Level Field Observations, September 13, 2018).</p> <p>The use of the site for agriculture between the approximate years of 1942 and 1976 is considered a recognized environmental condition (REC). Based on soil samples collected and analyzed, the site has not been adversely affected by past agricultural use. No RECs were recognized for properties in the immediate project site vicinity (refer to Exhibits 8 and 9).</p> <p>No significant impacts regarding natural or man-made hazardous are expected as result of the proposed project actions. The City of Merced has an adopted Emergency Plan, which is reviewed and updated annually. The plan identifies emergency evacuation routes and procedures for the City in the event that an incident occurs, such as floods, hazardous material spills and major fires.</p> <p>Given no hazardous or toxic materials or wastes have been identified on the project site, the effect of the project actions would be negligible with respect to the presence of hazardous material and potential exposure to hazardous materials. All hazardous material stored, used or generated during construction would be required to be handled and disposed of in accordance with applicable local, state and federal regulations.</p> <p>Noise: Modeling results indicate the projected combined DNL exposure at the project site for all future road and rail sources to be 64.8 dB Ldn (refer to Exhibit 18, p. 4). Individual and combined calculated DNLs measured at project site are in conformance with HUD's noise exposure standards. Moreover, standard construction practices will generally provide an exterior to interior noise level reduction of 20 dB to 25 dB.</p> <p>No significant impacts regarding noise are expected as result of the proposed project actions. Construction noise effects would be short-term and limited to the duration of construction activities. Construction equipment and machinery would be required to meet all local, state and federal noise regulations. In addition, the project would be required to comply with the City's noise ordinance and standards for construction and occupancy.</p>
<p>Energy Consumption</p>	<p>2</p>	<p>Project is not anticipated to result in adverse energy consumption effects. The project will have on-site solar energy generation and exceed residential energy codes by 10 to 20 percent. Electric vehicle charging stations will be provided. The project will be constructed in accordance with the California Green Building Standards Code and be certified as Gold Level in the Green Point Rated Multifamily Sustainable Building System.</p>

		The project includes a multi-mode transit stop adjacent to the project main entrance on B Street.
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Environmental Assessment Factor	Impact Code	Impact Evaluation
<b>SOCIOECONOMIC</b>		
Employment and Income Patterns	2	The project will provide short-term employment opportunities in the during the construction phase as well as long-term employment opportunities following occupancy of the project site. It is anticipated long-term employment opportunities will go to area residents.
Demographic Character Changes, Displacement	2	The project will not result in the displacement of housing or people. No residences are present on the project site at this time. The project, which will complement surrounding single- and multi-family residential development, is within one-half mile of an existing elementary school and neighborhood park. A future park is planned adjacent to the project. Sidewalk improvements and extension of bicycle lane will provide safe access to existing public amenities, as well as to commercial, medical and social services.

Environmental Assessment Factor	Impact Code	Impact Evaluation
<b>COMMUNITY FACILITIES AND SERVICES</b>		
Educational and Cultural Facilities	2	<p>The project is within the Merced City School District serving grades K-8 and the Merced Union High School District. Project site is within the Galen Clark Preschool and Stowell Elementary (grades K-6) school boundaries, both of which are located within one-half mile of the project site at East 11th Street, between D and E Streets. Adequate and safe access to these facilities is present. The project is within the attendance boundary for Hoover Middle (grades 7-8) and Golden Valley High schools, which are located approximately 2 miles north and approximately 1.5 miles east of the project site, respectively. Attendance to middle and high schools serving the project site requires busing.</p> <p>Based on the student generation rates provided by the Merced City School and Merced Union High School Districts, the project could potentially house 55 elementary students, 12 middle school students and 13 high school students. Student population created by the project is not exceed capacity of the attending school facilities. Residential projects in the California are subject to school impact fees for purpose of off-setting school impacts.</p>
Commercial Facilities	2	Neighborhood retail and service business establishments are located approximately 1 to 2 miles west of the project site along Martin Luther King Jr. Way (State Route 59) and approximately 1.5 miles east of the project site, along East Childs Avenue. Neighborhood retail limited to small markets, gas stations, convenience, and restaurants and fast foods. Major markets and shopping centers are located more

		than 2 miles north and west of the project site. Public transit will be available from the project site to major markets and shopping centers throughout the City. The project includes a public transit stop. Existing retail and commercial services will not be adversely impacted or displaced by the project.
Health Care and Social Services	2	Hospital, surgical and diagnostic centers, urgent care facilities and a number of private physicians are available in the City. Medical and dental services, clinics and County social services are located to the north and within walking distance (one-half mile) of the project site. Emergency health care services are within a reasonable proximity of the project site. Emergency medical (ambulance) response time in the City is 3 to 5 minutes following a 911 call. The project is not expected to require special medical services or skills. The project is not anticipated to result in significant adverse effects to available health care or social services.
Solid Waste Disposal / Recycling	2	The City of Merced Refuse Division is responsible for all solid waste (household garbage, recyclable, green waste) collection in the City. This includes scheduled and unscheduled service for residential, commercial and industrial customers, as well as special programs such as alley cleanup, spring cleanup and tire amnesty. Solid waste collected in the City of Merced is disposed of at the County's Highway 59 Landfill. The project is not anticipated to result in significant adverse effects to City or County solid waste services.
Waste Water / Sanitary Sewers	2	The City of Merced provides sewer collection, treatment and disposal services for the project area. The B Street sewer line paralleling the project site frontage was recently upgraded. The site is served by a 24 inch sewer main in the B Street right-of-way. The sewer mains serving the project and the City's wastewater treatment facility have adequate capacity to the project. The project is not anticipated to result in significant adverse effects to City sewer services.
Water Supply	2	The City of Merced provides municipal water services for the project area. Municipal water is provided by 20 active groundwater wells located throughout the City and linked to network of water mains. The site is served by a looped eight inch water main within the B Street right-of-way. The project is not anticipated to result in significant adverse effects to City water services.
Public Safety - Police, Fire and Emergency Medical	2	The City of Merced provides police and fire services for the project area. In addition to fire prevention and emergency fire call, the City Fire Department is also a first responder for emergency medical calls in the City. The City's ISO rating is Class 2. The project is located within Fire District 51. Station 51 is approximately 1 mile north of the project site on East 16th Street. Station 51 is the Department's headquarters and houses 1 engine, 1 aerial ladder truck and the Department's HAZMAT equipment. The project is not anticipated to result in significant adverse effects to City police or fire services.
Parks, Open Space and Recreation	2	The City of Merced is responsible for providing park and recreational facilities and services in the City. The nearest park is Gilbert Macias Park, a 5 acre neighborhood park, located approximately 0.5 mile west of the project site at the corner of East Childs Avenue and G

		Street. Project sidewalk and bike lane improvements on East Childs Avenue and B Street will enable safe access to the park. The project is not anticipated to result in significant adverse effects to City parks, open space or recreation facilities.
Transportation and Accessibility	2	<p>The City determined no traffic study was required of the project – the traffic study prepared for the City’s General Plan adequately addressed traffic and circulation conditions in the project area. The City’s General Plan identified circulation improvements addressing the planned growth in the City. In the vicinity of the project, B Street is to serve as Collector and East Childs Avenue is designated to serve as an Arterial and is planned to be improved from its present condition of 2 lanes to 4 lanes with controlled intersections. Project street improvements respond to the City’s vision of improving East Childs Avenue.</p> <p>The City and the project area is served by public transit. Nearest transit stop is west of the project site on D Street. The project includes a multimodal transit stop on B Street. Project street improvements will complete the sidewalk and bike lanes along the frontage of the project as well as along East Childs Avenue.</p> <p>There are no existing physical barriers prohibiting or limiting emergency vehicles access to the project. Overall, existing and reasonably foreseeable transportation facilities and services are adequate to meet the needs of the project. The project is not anticipated to result in significant adverse effects to transportation facilities.</p>

Environmental Assessment Factor	Impact Code	Impact Evaluation
<b>NATURAL FEATURES</b>		
Unique Natural Features, Water Resources	2	No unique or natural features or water resources are present on-site or in the immediate project vicinity. With the exception of the depression at the detention basin south and adjacent of the project site, the topography of the site is nearly flat. The project will not adversely impact unique or locally important natural features on or near the project site. Nor will the project destroy or isolate unique or natural features from public or scientific access. The project is not anticipated to result in significant adverse effects to unique or natural features or to water resources.
Vegetation, Wildlife	3	The project site was subject to biological assessment (refer to Exhibit 11). The disturbed nature of the project site has created habitat conditions that are unsuitable for most native wildlife and plants. Critical habitat is absent from the project site and surrounding lands. Nevertheless, the project has the potential to result in construction-related mortality or disturbance of nesting migratory birds and raptors. Construction-related mortality or disturbance leading to nest abandonment would be considered significant impacts. Because of the potential for the project to affect

		migratory birds and raptors, mitigation during project grading and tree removal will be required. By constructing the project outside of the nesting season or avoiding active nests identified during preconstruction surveys, the project can reduce the magnitude of potential impacts to nesting birds to a less than significant level.
Other Factors		None

**Additional Studies Performed:**

8-Step Process Decision Making Process for Executive Order 11988 prepared by Towne Planning & Environmental, January 17, 2019.

Childs Avenue and B Street Affordable Housing Project Biological Assessment Report prepared by Live Oak Associates, Inc., January 9, 2019.

Phase I Environmental Site Assessment, Merced Behavioral Services 1137 B Street, Merced, CA 95341 (APN 035-010-071-000) prepared by FREY Environmental, Inc., October 5, 2018.

Phase II Environmental Site Assessment, County of Merced, Department of Behavioral Services 1137 B Street, Merced, California prepared by FREY Environmental, Inc., October 29, 2018.

**Field Inspection** (Date and completed by):

Gary Conte, AICP, September 13, 2018

Jeff Gurule, Staff Ecologist, Live Oak Associates, Inc., December 14, 2018

**List of Sources, Agencies and Persons Consulted** [40 CFR 1508.9(b)]:

*Persons / Agencies:*

Curtis Caton, Principal, PYATOK.

Doug Parson, Principal Engineer, QK.

Jason Rastegar, The Richman Group.

Julianne Polanco, State Historic Preservation Officer, California Office of Historic Preservation.

Kim Nutt, Housing Program Specialist I, City of Merced Housing Division.

Mark Hamilton, Housing Supervisor, City of Merced Housing Division.

Neil Pyron, Chairperson, Tule River Indian Tribe of the Tule River Reservation, California.

Rick Westberg, Executive Vice President, The Richman Group.

Scott McBride, Director of Development Services, City of Merced Development Services Department.

Silvia Burley, Chairperson, California Valley Miwok Tribe, California.

*Sources:*

City of Merced, Merced Vision 2030 General Plan, Chapter 4 – Transportation and Circulation.

City of Merced, Merced Vision 2030 General Plan, Chapter 10 – Noise.

City of Merced, Merced Vision 2030 General Plan Draft Program Environmental Impact Report

Google Map.

Mead & Hunt, Inc. Merced County Airport Land Use Compatibility Plan, June 21, 2012.

Merced County Airport Land Use Compatibility Plan, June 21, 2012, Map CAS 1, Map MER 1.

National Wild and Scenic Rivers System <https://www.rivers.gov/mapping-gis.php>.

San Joaquin Valley Air Pollution Control District, Guide for Assessing and Mitigating Air Quality Impacts.

San Joaquin Valley Air Pollution Control District, Small Project Analysis Level.

State of California, Department of Conservation, Division of Land Resource Protection, Farmland Mapping & Monitoring Program, California Important Farmland Finder, <https://maps.conservation.ca.gov/DLRP/CIFF/>.

State of California, Department of Conservation, Division of Land Resource Protection, Farmland Mapping & Monitoring Program, Rural Land Mapping Edition, Merced County Important Farmland 2016, Sheet 1 of 2.

Tesei Petroleum, Inc.

United States, Department of Housing and Urban Development, Acceptable Separation Distance (ASD) Electronic Assessment Tool.

United States, Department of Housing and Urban Development, Day / Night Noise Level Calculator.

United States, Department of Housing and Urban Development, Tribal Directory Assessment Tool (TDAT).

United States Environmental Protection Agency, Groundwater, Pacific Southwest, Region 9, <http://www3.epa.gov/region09/water/groundwater/ssa.html> , Fresno County Aquifer kmz file Google Earth Overlay, September 10, 1979.

United States, Federal Emergency Management Agency, Flood Insurance Rate Map Panel Number 06047C0440G, effective December 2, 2008.

#### **List of Permits Obtained:**

No project related permits were requested, nor obtained prior to, during, or by the completion of this EA. Project related permits (i.e., grading, building, occupancy) will need to be obtained from the City of Merced. A Notice of Intent (NOI) to comply with National Pollutant Discharge Elimination System (NPDES) General Construction Permit and Storm Water Pollution Prevention Plan (SWPPP) will be obtained from the State of California Regional Water Quality Control Board. An Authority to Construct and Dust Control Plan approval will be obtained from the San Joaquin Valley Unified Air Pollution Control District.

#### **Public Outreach [24 CFR 50.23 & 58.43]:**

City hosted three neighborhood input and information meetings. Location and timing of each meeting varied. All meetings were in the general vicinity of the project. The meetings were held on December 6, 2018, January 10, 2019 and January 17, 2019. Notices were distributed to residences and businesses within 1,300 feet of the project site. The January meetings were also advertised in two local newspapers covering the City - Merced Sun Star and Merced County Times, and on the City's website.

#### **Cumulative Impact Analysis [24 CFR 58.32]:**

The project result in environmental impacts considered cumulatively adverse. The project is considered consistent with permitted development opportunities allowed by the project site's General Plan and

Planned Development (P-D #6) zoning designations considered by the City of Merced's Merced Vision 2030 General Plan Environmental Impact Report (EIR). The project represents a small portion of the growth forecasted in the build-out of the General Plan. The General Plan EIR considered the incremental impacts of development and use of the project site, and no potentially significant on- or off-site cumulative impacts have been identified that were not previously evaluated. The City's General Plan policies and mitigation measures included with the General Plan EIR address and reduce the cumulative impacts associated with the consideration of other projects to below a level of significance.

**Alternatives** [24 CFR 58.40(e); 40 CFR 1508.9]

Alternatives to the proposed project included: siting the project elsewhere (off-site alternative); reducing the extent of street improvements; and the no project.

Off-Site Alternative: Consideration of one or more off-site alternatives is not warranted given there were no adverse project effects determined to be significant and unavoidable or significant with mitigation measures.

Reduced Street Improvement Alternative: This alternative considered the avoidance of implementing project improvements within a designated the 100-year floodplain. The Reduced Street Improvement Alternative would eliminate all street improvement beyond the limits of the 4 acre apartment complex. All street improvements proposed for East Childs Avenue would be eliminated from the project. In addition, street improvements proposed for B Street beyond the frontage of the four acre apartment leading to and through the intersection with East Childs Avenue would also be eliminated from the project. All other remaining facets of the proposed project would continue to be implemented.

The proposed apartment complex, street frontage improvements along B Street and the proposed multimodal transit stop adjacent to the project's main entrance on B Street would all be development on land not subject to flooding. There would be no elevation changes associated with the project to affect sheet flow or affect floodplain values. No significant adverse effects to the special flood hazard area would occur.

The elimination of the street improvements beyond the limits of the apartment complex street frontage would reduce project site's walkable and bicycle accessibility to surrounding neighborhood development west of the project and to commercial and community services west of the project. Previously planned street improvements such as the street curb and gutter, bike lane, landscape parkway and sidewalk would remain absent until such time the City is able to secure funding for the improvements. The social cost in the form of loss community connectivity eliminated this option.

**No Action Alternative** [24 CFR 58.40(e)]:

Under the No Action Alternative, no proposed project improvements would occur. There are no adverse environmental effects associated with the proposed project. Therefore, the No Action Alternative not serve to avoid or mitigate project effects determined to be significant and unavoidable or significant with mitigation measures. The No Action Alternative would not meet the project purpose or the City's need of providing affordable housing opportunities for low-income families and individuals in its community. The option of moving forward without the project is not desirable.

**Summary of Findings and Conclusions:**

The project addresses the affordable housing deficiency identified in the City of Merced. The project will have a beneficial impact by providing housing opportunities for low-income residents. Based upon this environmental review and analysis of alternatives, it is recommended that the project move forward the “Preferred Project”, incorporating the following mitigation measures identified below.

**Mitigation Measures and Conditions [40 CFR 1505.2(c)]**

Summarize below all mitigation measures adopted by the Responsible Entity to reduce, avoid, or eliminate adverse environmental impacts and to avoid non-compliance or non-conformance with the above-listed authorities and factors. These measures/conditions must be incorporated into project contracts, development agreements, and other relevant documents. The staff responsible for implementing and monitoring mitigation measures should be clearly identified in a mitigation plan.

Law, Authority, or Factor	Mitigation Measure
<p><b>Endangered Species</b> Endangered Species Act of 1973, particularly section 7; 50 CFR Part 402</p>	<p>1. If feasible, the project will be constructed outside of the period in which most avian species in the project vicinity nest and rear young, February 1-August 31.</p> <p>If the project must be constructed between February 1 and August 31, a qualified biologist will conduct preconstruction surveys for active bird nests on and within 250 feet of the project site within 14 days of the onset of these activities.</p> <p>Should any active nests be discovered in or near proposed construction zones, the biologist will identify a suitable construction-free buffer around the nest. This buffer will be identified on the ground with flagging or fencing, and will be maintained until the biologist has determined that the young have fledged.</p>
<p><b>Historic Preservation</b> National Historic Preservation Act of 1966, particularly sections 106 and 110; 36 CFR Part 800</p>	<p>2. If cultural resources are encountered during ground-disturbing activities, work in the immediate area shall halt. The City must be immediately notified and an archaeologist, approved by the City and meeting the Secretary of the Interior’s Professional Qualifications Standards for archaeology must be contacted immediately to evaluate the find. If the discovery proves to be significant under the National Historical Preservation Act, additional work such as data recovery excavation may be warranted.</p> <p>3. If human remains are found, no further ground disturbances shall occur until the Merced County Coroner has made a determination of origin and disposition pursuant to California Public Resources Code Section 5097.98. In the event the human remains are determined to be prehistoric, the County Coroner shall notify the Native American Heritage Commission, who will determine and notify a most likely descendant (MLD). The MLD shall complete the inspection of the site within 48 hours of notification and may recommend scientific removal and nondestructive analysis of human remains and items associated with Native American burials.</p>

**Determination:**

**Finding of No Significant Impact** [24 CFR 58.40(g)(1); 40 CFR 1508.27]

The project will not result in a significant impact on the quality of the human environment.

**Finding of Significant Impact** [24 CFR 58.40(g)(2); 40 CFR 1508.27]

The project may significantly affect the quality of the human environment.

Preparer Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name/Title/Organization: Gary Conte, AICP  
Towne Planning & Environmental  
1625 Howard Road, #378  
Madera, CA 93637

Certifying Officer Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name/Title: Steven Carrigan  
City Manager

This original, signed document and related supporting material must be retained on file by the Responsible Entity in an Environmental Review Record (ERR) for the activity/project (ref: 24 CFR Part 58.38) and in accordance with recordkeeping requirements for the HUD program(s).



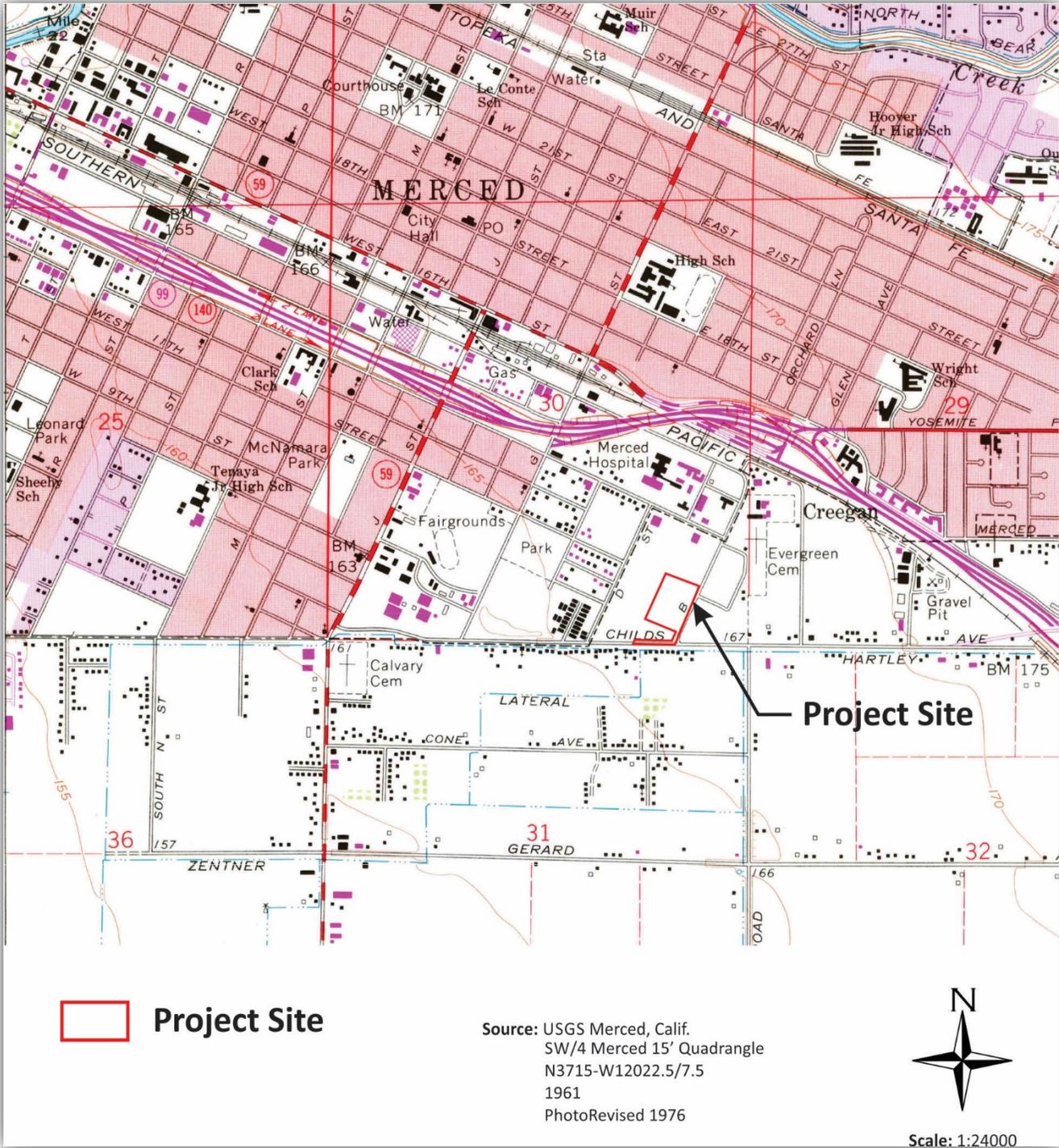
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# EXHIBITS

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# EXHIBIT 1

## PROJECT LOCATION





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# EXHIBIT 3

## EXISTING LAND USES

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 Project Site

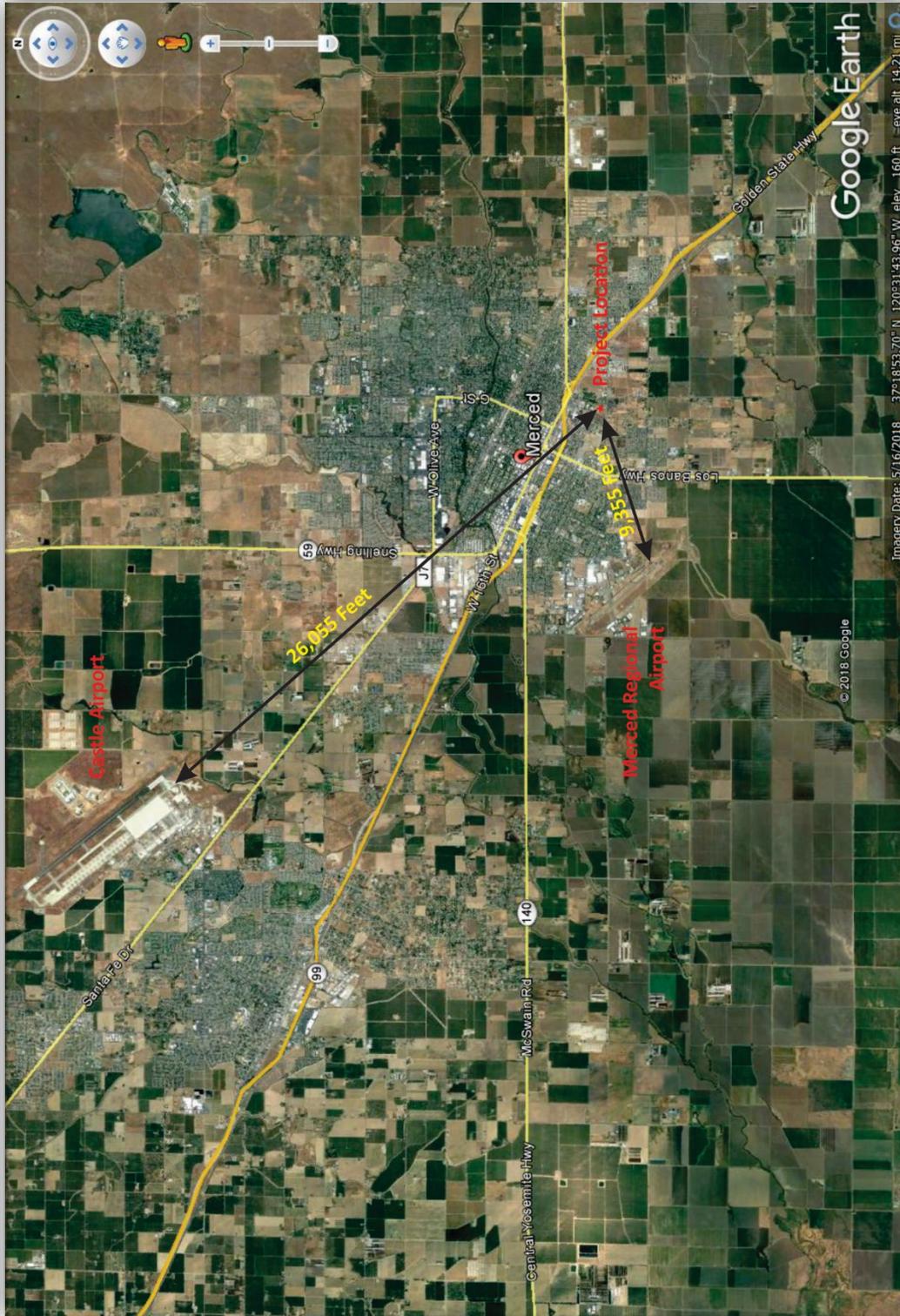






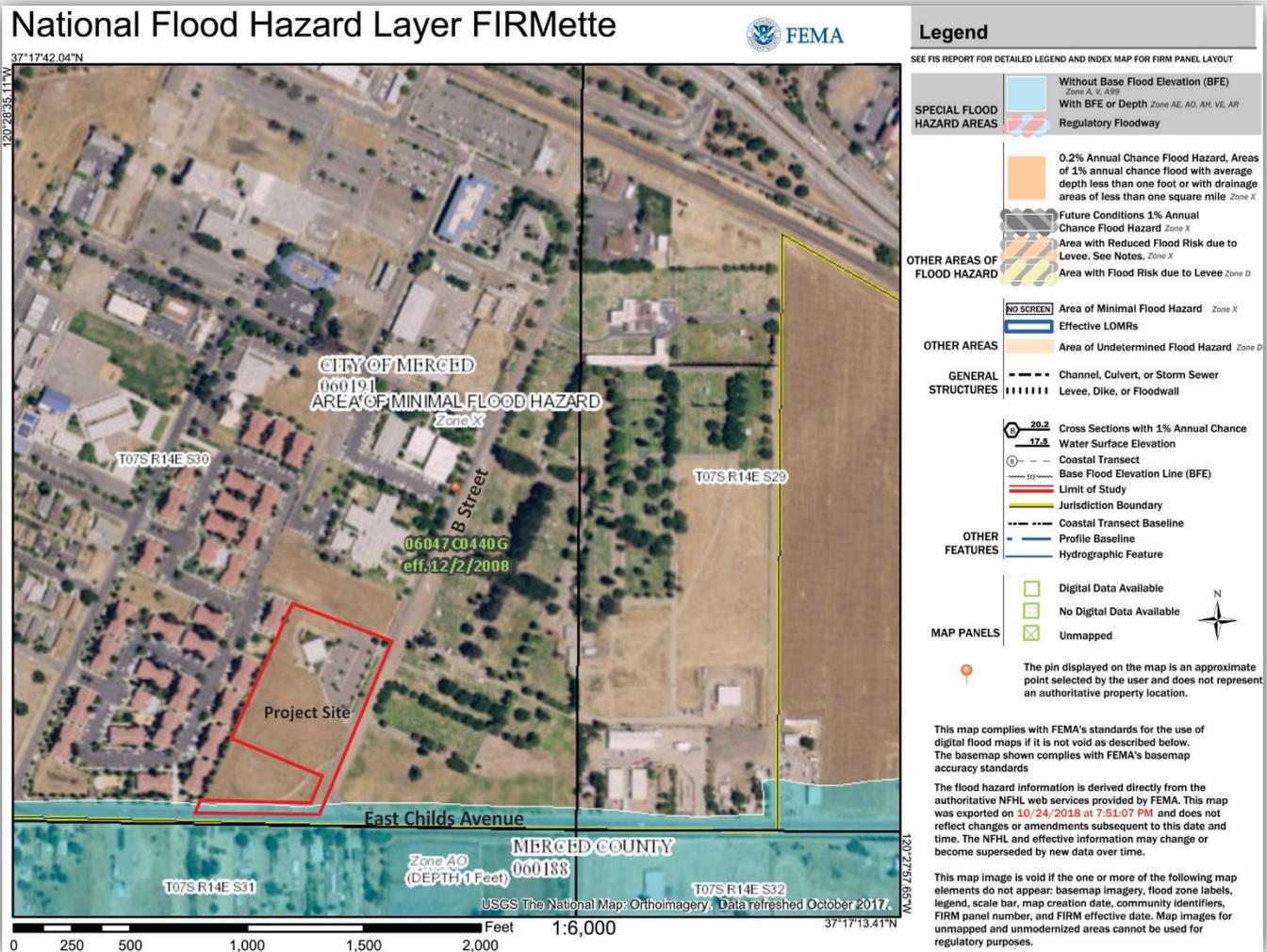
# EXHIBIT 6

## AIRPORT LOCATIONS



# EXHIBIT 7

## FLOODPLAIN HAZARDS



Exhibits 8 - 19 are available for review in the Housing Division and have been referenced in this document as necessary.

# Community Input for HUD Annual Action Plan



## SUGGESTED NEEDS FOR 2019-2020 FISCAL YEAR



# Community Development Block Grant



- Community Development Block Grant
- Federal Funds Granted to the City
- 70% Must Benefit Low Income
- Merced is a HUD Entitlement Community

- Community Projects
- Housing Developments
- City Infrastructure
- Property Acquisition
- Public Service Projects
- Monitoring Past Projects

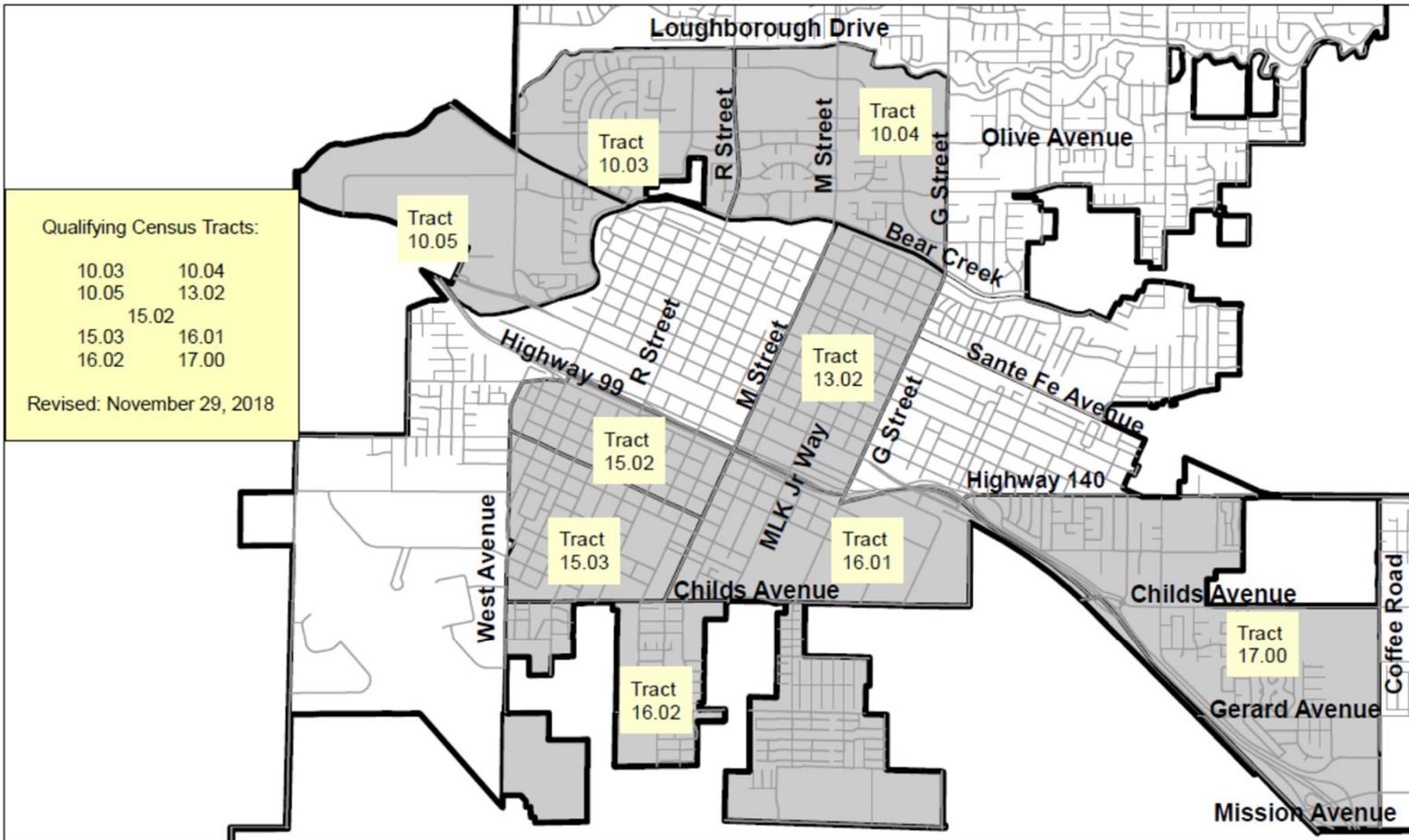
# HOME Investment Partnership Program



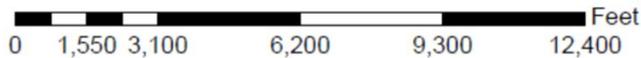
- HOME Investment Partnerships Program
- Federal Funding Source
- Entitlement Allocation awarded to Merced
- Fair Housing Services
- Housing Related-Activities to benefit low income
- Homeowner Rehabilitation Projects
- Permanent Supportive Housing
- Supports Community Residential Development

# Eligible Census Tracts

## 2018 HUD Qualified Census Tracts



Disclaimer: This document was prepared for general inquiries only. The City of Merced makes no warranty, representation, or guarantee regarding the accuracy of this map. The City of Merced is not responsible for errors or omissions that might occur. Official information regarding specific parcels should be obtained from official recorded or adopted City documents.



# What Can We Do In Eligible Census Tracts?

- 
- Street Improvements
  - Park Improvements
  - ADA Sidewalk & Ramp Improvements
  - Acquisition of Property for various types of eligible clientele
  - Multi-Family Residential Developments
  - Mix-Use Development Projects
  - Homeowner Rehabilitation
  - Community Programs

# 2018/19 Local Grants



- Merced Rescue Mission
- Healthy House
- Habitat for Humanity
- Sierra Saving Grace
- City Public Works Dept.
- County of Merced
- Rapid Re-housing
- Warming Center
- Homeowner Rehabilitation
- Acquisition of Property
- Public Infrastructure
- Continuum of Care

# Some of Housings Past Successes - Since 2011



- **Partnered with the Following:**
  - Sierra Saving Grace – 4 Units  
-Permanent Support Housing
  - Valley Crisis Center - 2 Units  
-Victims of Domestic Violence
  - Rescue Mission – 2 Units  
-Formerly Homeless Individuals
  - Habitat for Humanity  
-Homeowner Rehabilitation (5+)
- **Fund an average of 10-12 non-profit organizations per year.**
  - Public Service Activities: 7-8 Per Year (Avg. award: \$15,000)
  - Development Projects: 1-2 Per Year (Avg. Award: \$225,000)

# Some of Housings Past Successes - Since 2011

- Rehabilitation of Apartments

- 1113 W. 2<sup>nd</sup> Street – 7 Units

- Construction of New Units:

- 2668 N. Hwy 59 – 4 Units

- Woodbridge Apts – 75 Units

- First Time Home Buyer Loans: 57 = \$1,252,685

- Homeowner Properties Rehabilitated: 30 = \$705,384



1820 I Street – 2 Units

Gateway Terrace – 66 Units

# Yearly Fiscal Investment



## Actual Reported Expenditures Invested in our Community:

Fiscal Year 2013/14 = \$2,840,488

Fiscal Year 2014/15 = \$1,485,066

Fiscal Year 2015/16 = \$2,938,527

Fiscal Year 2016/17 = \$2,097,632

Fiscal Year 2017/18 = \$1,462,750

Federal Grants Received: CDBG, HOME, NSP3, DOE, HPRP

State Grants Received: CalHome 6, CalHome 12, State HOME, HRPP, BEGIN

# 2019 HUD Annual Action Plan Process



Community Workshop #2: 6pm Thursday, January 3, 2019  
Merced Senior Center – W. 15<sup>th</sup> Street

Community Workshop #3: 3pm Thursday, February 7, 2019  
Sam Pipes Room – 678 W. 18<sup>th</sup> Street

Application Deadline: 5pm, Friday February 15, 2019

Public Hearing for 2019/20 HUD AAP:

April 15, 2019 – Council Chambers – 678 W. 18<sup>th</sup> Street

Submission of 2019 Annual Action Plan to HUD – May 2019

# Childs and B Street Project



## Community Outreach Presentation

UPDATED NOVEMBER 2018

PRESENTED BY:

MARK HAMILTON, HOUSING PROGRAM  
SUPERVISOR

# Affordable Housing Strategy



- Concentrating on Community Housing Needs
  - Permanent Supportive (Over 500 Homeless in Merced – PIT Count 2018)
  - Market – Rate Apartments (Currently there is a 1% rental vacancy rate)
  - Residential Properties are on the market for an average of 45 days
- Coordinating Efforts
  - Establishing Partnerships
  - Meeting with Project Stakeholders (State, Federal, and Local)
  - Assessing the Community's Capacity
- Working with Community Housing Developers
  - Non-Profit & For-profit Developers

# Transportation Components

- Sidewalks proposed
  - B Street – Project Site and Gaps
  - Childs Avenue
- Bike Lanes – Proposed along B St.
  - Connect to existing bike lanes
- Bus Services
  - The Bus is operated by MCAG
  - Expansion of Service
  - Bus Stop w/ Shelter



# Childs & B St – Existing Condition



# Childs & B St. – Housing Components



- Provide 100 – 125 Housing units
  - 25% of the units will be Permanent Supportive Units (30 Units)
    - ✦ Mental Health Office possible satellite office (County Approval)
  - Open area will be combined park area and storm basin
- Local Affordable Housing Organization to provide property management
- Partner multiple agencies and community non-profit organizations
  - Provide permanent supportive housing
  - Service Providers would have access to on-site offices
    - ✦ On-site Case Management

# Childs & B St – Conceptual Site Plan



# Childs & B St – Conceptual Elevations



# Childs & B St. – Not just a housing Project



- Regional Storm-Water Basin
  - The water collects along B Street from 15<sup>th</sup> St to Childs Ave
  - Installation of Storm Drains along B Street
- Replace existing Water Mains along B Street
- Improve B St with full street improvements from 13<sup>th</sup> to Childs Ave
  - Sidewalks, Curbs, Lighting, Gutters, Park-Strips, & Bike Lanes
- Improvements to the Childs Avenue and B Street Intersection
- Multi-Modal Bus Stop (Corner of Childs and B Street)
  - Two – Bus Pull-Out
  - Shelter with Bike Racks and Benches

# How this Project Improves the Community



- Improves off-site Storm Water Issues:
  - Childs Avenue from B Street to D Street
  - 13<sup>th</sup> Street storm water run-off (G St to B St)
  - 15<sup>th</sup> Street storm water run-off (G St to B St)
  - B Street Storm Water puddling (NW Corner of Childs and B Street)
- Improves Safety of B Street with full street improvements
- Improves the Safety to the Childs & B Street Intersection
- Improves Bus Service to the Area with a New Multi-Modal Bus Stop
- Replaces Existing Water Main in B Street
- Installs new Street lighting at intersections and mid-block locations
- Bike Lane Connections being provided on B Street
  - Connects Childs Ave., 13<sup>th</sup> Street, & 15<sup>th</sup> Street bike lanes together



Questions, Comments?

Thoughts, Input?

Thank you!



**ADMINISTRATIVE REPORT**

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**Agenda Item K.1.**

Meeting Date: 2/4/2019

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*Report Prepared by: Mike Conway, Assistant to the City Manager*

**SUBJECT: Request for the City Council to Consider Changing the Date of the North Merced Town Hall Meeting at Rivera Middle School to February 27, 2019**

**REPORT IN BRIEF**

Request that Council consider changing the date of the North Merced Town Hall meeting at Rivera Middle School to February 27, 2019, due to a scheduling conflict.

**RECOMMENDATION**

Provide staff direction on the date of the North Merced Town Hall Meeting at Rivera Middle School.

**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 consideration 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 City of Merced, Sec. 200.

**CITY COUNCIL PRIORITIES**

As provided for in the 2018-19 Adopted Budget

**DISCUSSION**

Every year the City Council holds meetings in Merced neighborhoods to gather input and comments about how the City is operating, improvements that can be made and programming ideas residents suggest. The results of these meetings are used by the City Council to develop goals and priorities that guide the development of the annual budget.

Council traditionally holds meetings in South, Central and North Merced. The sites are the Tenaya Middle School Multi-Purpose Room, the Merced Multi-Cultural Arts Center and the Rivera Middle School Gym.

At the December 17, 2018 City Council meeting, the Council selected dates for the three Town Hall

meetings. The dates selected were:  
Tuesday, Feb. 12, Rivera Middle School  
Tuesday, Feb. 26, Merced Multi-Cultural Arts Center  
Thursday, Feb. 28, Tenaya Middle School

Those dates were announced in local print and radio media, on social media and are being published in the City newsletter that reached approximately 20,000 utility customers.

Since the Council took action, the City Manager was made aware of a schedule conflict preventing the entire Council from being available for the North Merced Town Hall currently scheduled on February 12, 2019 at Rivera Middle School. Staff is returning to the Council for direction on the possibility of changing the North Merced Town Hall date to February 27, 2019. Tentative availability of the Rivera Middle School's Multi-purpose room has been confirmed. The new proposed date still allows for the Budget schedule to be maintained.

### **IMPACT ON CITY RESOURCES**

No appropriation of funds is needed.



## ADMINISTRATIVE REPORT

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**Agenda Item K.2.**

Meeting Date: 2/4/2019

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*Report Prepared by: John Tresidder, Assistant City Clerk, City Clerk's Office*

**SUBJECT:** Appointment - Regional Airport Authority

### REPORT IN BRIEF

Consider appointing Cuauhtémoc Diaz to the Regional Airport Authority.

### RECOMMENDATION

**City Council** - Adopt a motion appointing Cuauhtémoc Diaz to serve as a member of the Regional Airport Authority, to a seat with a term expiration of July 1, 2021.

### ALTERNATIVES

1. Appoint Cuauhtémoc Diaz to the Regional Airport Authority; or,
2. Refer back to staff with direction to resume recruitment of applicants.

### AUTHORITY

Article VII, Sections 700, 702, 702.1, 707, and 708 of the Merced City Charter. Staff was directed to notice vacancies on all Boards and Commissions in June of 2018 (Annual Vacancies Notice). The vacancies were duly posted in accordance with Government Code Section 57970, et seq.

### CITY COUNCIL PRIORITIES

Not applicable.

### DISCUSSION

There is currently one vacancy on the Regional Airport Authority.

The City Clerk's Office has received one application for the Authority from Cuauhtémoc Diaz.

Mr. Diaz' application and the current roster for the Regional Airport Authority are attached.

### History and Past Actions

The Regional Airport Authority was created for the provision and maintenance of public airports and landing places for aerial traffic for the use of the public. The Authority consists of seven members who serve four-year terms of office.

**IMPACT ON CITY RESOURCES**

No impact on City resources.

**ATTACHMENTS**

1. Regional Airport Authority Roster
2. Application of Cuauhtémoc Diaz



## BOARD ROSTER

	<b>WILLIAM A RUDD</b> 1st Term Jul 01, 2015 - Jul 01, 2019	<b>Appointing Authority</b> City Council <b>Position</b> Member
	<b>ALVIN OSBORN, JR.</b> 1st Term Jul 01, 2015 - Jul 01, 2019	<b>Appointing Authority</b> City Council <b>Position</b> Member
	<b>DESMOND JOHNSTON</b> 1st Term Jul 01, 2015 - Jul 01, 2019	<b>Appointing Authority</b> City Council <b>Position</b> Vice-Chair
	<b>TRAVIS M COLBY</b> 1st Term Jul 01, 2017 - Jul 01, 2021	<b>Appointing Authority</b> City Council <b>Position</b> Member
	<b>MICHAEL O BODINE</b> 2nd Term Jul 01, 2017 - Jul 01, 2021	<b>Appointing Authority</b> City Council <b>Position</b> Chair
	<b>RAFAEL L VELARDE</b> 1st Term Jul 01, 2017 - Jul 01, 2021	<b>Appointing Authority</b> City Council <b>Position</b> Member
	<b>VACANCY</b>	<b>Appointing Authority</b> City Council <b>Position</b> Member

**Profile**

CUAUHTEMOC

First Name

B

Middle Initial

DIAZ

Last Name

INSIDELINES, LLC

Employer

GENERAL ADMINISTRATOR

Job Title

[Redacted]

Email Address

[Redacted]

Primary Phone

[Redacted]

Alternate Phone

**Are you 18 years of age or older? (Required)**

Yes  No

[Redacted]

Street Address

[Redacted]

Suite or Apt

[Redacted]

City

State

[Redacted]

Postal Code

**Which Council district do you live in?**

None Selected

NO

Are you currently serving on a Board or Commission? If so, please list:

**Which Boards would you like to apply for?**

Regional Airport Authority: Submitted

Question applies to multiple boards

**Highest Level of Education Completed: \***

Bachelor's Degree

**Communication**

The City of Merced uses email as a preferred method of communication regarding your application. Is this acceptable to you?

Yes  No

If you selected no, please identify how you would like to be contacted:

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## Interests & Experiences

**Tell us about yourself, and why you are applying for this particular Board or Commission:**

I live in Merced for the past 28 years, during those years I noticed the great need of transportation that our population components have. I promoted chartered bus service from central valley and northern California, especially for hispanic population traveling back and forth to their origin places in Mexico. I feel that Merced transportation needs can be addressed via Airport services that could be planned for the near future. Knowing that we have a UC Campus and a diverse population, a Spanish Community Liaison will be an asset to Merced Airport, Is my believe, and interest in making it happen.

**Please list your current employer and relevant volunteer experience.**

Insidelines, LLC - I have worked for MCSD, Healthy House, and Diocese of Fresno. Education, Healthcare and Catholic Church. Outside my duties and responsibilities I have volunteer in the three sectors mainly among the Hispanic population. Finding needs, organizing plans, teams, structures and getting results. Facing all sort of challenges, and barriers to develop strategy actions.

**What is your understanding of the roles and responsibilities of this Board or Commission?**

Listen, understand, participate actively and make it to meetings.

**Do you have experience or special knowledge pertaining to this Board or Commission?**

No

**Any other comments you would like to add that may assist the City Council in their decision?**

I am bilingual, bicultural, bi-literate. A culture broker which may add fresh ideas to promote tourism back and forth Merced, CA

Upload a Resume

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## Requirements

Question applies to multiple boards

**AB 1234 Ethics Training**

I Agree \*

Question applies to multiple boards

### Attendance Policy

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I Agree \*

### Statement of Economic Interests - FPPC Form 700

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I Agree \*

Question applies to multiple boards

### Oath of Office

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I Agree \*

Question applies to multiple boards

### Public Scrutiny

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I Agree \*

### How did you hear about this vacancy? \*

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Newspaper

If you selected other, please indicate how you learned about the vacancy:

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### Demographics

#### Ethnicity

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Hispanic

#### Gender

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Male

  
Date of Birth

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### Submission

## CBD

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I declare under penalty of disqualification or termination that all statements in this application are true and complete to the best of my knowledge.