

AGENDA
BUDGET AND FINANCE COMMITTEE
BANNING, CALIFORNIA

September 17, 2018
8:30 a.m.

Banning Civic Center
Large Conference Room
99 E. Ramsey Street
Banning, CA 92220

I. CALL TO ORDER

- Roll Call – Committee Chairman Moyer, Committee Members Peterson and McQuown

II. DISCUSSION ITEMS

1. City Auditors Entrance Exam for FY17-18 (Discussion Only – Auditors Present)
2. Police Recruitment & Retention
3. Diamond Hills – Tax Sharing (Alam Khan Present)
4. Diamond Hills – Expansion & Land Acquisition (Alam Khan Present)
5. Residential Electric Rate Restructure
6. Joshua Palmer Way Realignment
7. CalTrans Minor Improvement Program

III. ADJOURNMENT

Pursuant to amended Government Code Section 54957.5(b) staff reports and other public records related to open session agenda items are available at City Hall, 99 E. Ramsey St., at the office of the City Clerk during regular business hours, Monday through Friday, 8 a.m. to 5 p.m.

The City of Banning promotes and supports a high quality of life that ensures a safe and friendly environment, fosters new opportunities and provides responsive, fair treatment to all and is the pride of its citizens.

AGENDA ITEM 1

LSL Entrance Exam for the 2017-2018
City-wide Audit
(Discussion Only)



**CITY OF BANNING
BUDGET & FINANCE COMMITTEE REPORT**

TO: BUDGET & FINANCE COMMITTEE
FROM: Rochelle Clayton, Interim City Manager
MEETING DATE: September 17, 2018
SUBJECT: Police Recruitment and Retention

RECOMMENDATION:

Recommend to Council that an increase in compensation and employer paid member contributions (EPMC) be approved for the Police and Public Safety Dispatcher positions as they are critical public safety positions and difficult to recruit, hire, and retain with the current compensation and benefits offered by the City of Banning. Staff has presented two options based on Councilmember requests at its meeting on September 10, 2018.

BACKGROUND:

There are several vacancies in the Police Department. Additionally, a few officers are currently in process of background with other departments and may leave the Banning Police Department if action is not taken by the City to retain them.

FISCAL IMPACT:

Recommendation 1 – \$3 per hour increase and 4% EPMC is a minimum fiscal impact of \$368,020 to the General Fund plus the overtime impact of \$4.50 per hour.

Recommendation 2 – \$4 per hour increase and 3% EPMC is a minimum fiscal impact of \$419,324 to the General Fund, plus the overtime impact of \$6 per hour.

Alternative – % increase to wage and 4% EPMC

ATTACHMENTS:

1. Police and Public Safety Dispatch Salary Calculation Spreadsheets

Police Department Recruitment-Retention

\$3 4%

Actual Position Title	Bargaining Unit	Grade	Step	Current Hourly Rate	Annual Salary	\$3 Increase to Hourly Rate	Increased Annual Wage	Difference in Annual Salary	% of Increase	PERS Reduced by 4%	New Annual Salary after PERS Deduction	Increase in Annual Pay with \$3.00/Hr increase and PERS reduced by 4%
POLICE CAPTAIN	Police Management	P92	13	\$ 71.3181	\$ 148,341.65	74.3181	\$ 154,581.65	\$ 6,240.00	4.21%	5.00%	\$ 146,852.57	\$ 11,861.67
POLICE LIEUTENANT	Police Management	P87	8	\$ 55.5762	\$ 115,598.50	58.5762	\$ 121,838.50	\$ 6,240.00	5.40%	5.00%	\$ 115,746.57	\$ 10,551.94
POLICE LIEUTENANT	Police Management	P87	5	\$ 51.5317	\$ 107,185.94	54.5317	\$ 113,425.94	\$ 6,240.00	5.82%	5.00%	\$ 107,754.64	\$ 10,215.44
POLICE CORPORAL	Police Officers	P71	11	\$ 41.1673	\$ 89,909.38	44.1673	\$ 96,461.38	\$ 6,552.00	7.29%	5.00%	\$ 91,638.31	\$ 9,820.78
POLICE CORPORAL	Police Officers	P71	6	\$ 36.2963	\$ 79,271.12	39.2963	\$ 85,823.12	\$ 6,552.00	8.27%	8.75%	\$ 78,313.60	\$ 9,149.54
POLICE CORPORAL - VACANT	Police Officers	P71	1	\$ 32.0015	\$ 69,891.28	35.0015	\$ 76,443.28	\$ 6,552.00	9.37%	8.75%	\$ 69,754.49	\$ 8,774.35
POLICE OFFICER	Police Officers	P67	7	\$ 33.7213	\$ 73,647.32	36.7213	\$ 80,199.32	\$ 6,552.00	8.90%	8.75%	\$ 73,181.88	\$ 8,924.59
POLICE OFFICER	Police Officers	P67	6	\$ 32.8825	\$ 71,815.38	35.8825	\$ 78,367.38	\$ 6,552.00	9.12%	8.75%	\$ 71,510.23	\$ 8,851.32
POLICE OFFICER	Police Officers	P67	13	\$ 39.2223	\$ 85,661.50	42.2223	\$ 92,213.50	\$ 6,552.00	7.65%	5.00%	\$ 87,602.83	\$ 9,650.86
POLICE OFFICER	Police Officers	P67	8	\$ 34.5813	\$ 75,525.56	37.5813	\$ 82,077.56	\$ 6,552.00	8.68%	5.00%	\$ 77,973.68	\$ 9,245.42
POLICE OFFICER	Police Officers	P67	11	\$ 37.2955	\$ 81,453.37	40.2955	\$ 88,005.37	\$ 6,552.00	8.04%	8.75%	\$ 80,304.90	\$ 9,236.83
POLICE OFFICER	Police Officers	P67	3	\$ 30.4895	\$ 66,589.07	33.4895	\$ 73,141.07	\$ 6,552.00	9.84%	8.75%	\$ 66,741.22	\$ 8,642.26
POLICE OFFICER	Police Officers	P67	3	\$ 30.4895	\$ 66,589.07	33.4895	\$ 73,141.07	\$ 6,552.00	9.84%	8.75%	\$ 66,741.22	\$ 8,642.26
POLICE OFFICER	Police Officers	P67	13	\$ 39.2223	\$ 85,661.50	42.2223	\$ 92,213.50	\$ 6,552.00	7.65%	5.00%	\$ 87,602.83	\$ 9,650.86
POLICE OFFICER	Police Officers	P67	13	\$ 39.2223	\$ 85,661.50	42.2223	\$ 92,213.50	\$ 6,552.00	7.65%	5.00%	\$ 87,602.83	\$ 9,650.86
POLICE OFFICER	Police Officers	P67	13	\$ 39.2223	\$ 85,661.50	42.2223	\$ 92,213.50	\$ 6,552.00	7.65%	5.00%	\$ 87,602.83	\$ 9,650.86
POLICE OFFICER	Police Officers	P67	13	\$ 39.2223	\$ 85,661.50	42.2223	\$ 92,213.50	\$ 6,552.00	7.65%	5.00%	\$ 87,602.83	\$ 9,650.86
POLICE OFFICER	Police Officers	P67	13	\$ 39.2223	\$ 85,661.50	42.2223	\$ 92,213.50	\$ 6,552.00	7.65%	5.00%	\$ 87,602.83	\$ 9,650.86
POLICE OFFICER	Police Officers	P67	13	\$ 39.2223	\$ 85,661.50	42.2223	\$ 92,213.50	\$ 6,552.00	7.65%	5.00%	\$ 87,602.83	\$ 9,650.86
POLICE OFFICER	Police Officers	P67	13	\$ 39.2223	\$ 85,661.50	42.2223	\$ 92,213.50	\$ 6,552.00	7.65%	5.00%	\$ 87,602.83	\$ 9,650.86
POLICE OFFICER	Police Officers	P67	5	\$ 32.0647	\$ 70,029.30	35.0647	\$ 76,581.30	\$ 6,552.00	9.36%	8.75%	\$ 69,880.44	\$ 8,779.87
POLICE OFFICER	Police Officers	P67	7	\$ 33.7212	\$ 73,647.10	36.7212	\$ 80,199.10	\$ 6,552.00	8.90%	8.75%	\$ 73,181.68	\$ 8,924.58
POLICE OFFICER - VACANT	Police Officers	P67	1	\$ 28.9917	\$ 63,317.87	31.9917	\$ 69,869.87	\$ 6,552.00	10.35%	5.00%	\$ 66,376.38	\$ 11,131.54
POLICE OFFICER - VACANT	Police Officers	P67	1	\$ 28.9917	\$ 63,317.87	31.9917	\$ 69,869.87	\$ 6,552.00	10.35%	5.00%	\$ 66,376.38	\$ 11,131.54
POLICE OFFICER - VACANT	Police Officers	P67	1	\$ 28.9917	\$ 63,317.87	31.9917	\$ 69,869.87	\$ 6,552.00	10.35%	5.00%	\$ 66,376.38	\$ 11,131.54
POLICE OFFICER - VACANT	Police Officers	P67	1	\$ 28.9917	\$ 63,317.87	31.9917	\$ 69,869.87	\$ 6,552.00	10.35%	5.00%	\$ 66,376.38	\$ 11,131.54
POLICE OFFICER - VACANT	Police Officers	P67	1	\$ 28.9917	\$ 63,317.87	31.9917	\$ 69,869.87	\$ 6,552.00	10.35%	5.00%	\$ 66,376.38	\$ 11,131.54
POLICE STAFF SERGEANT	Police Officers	P78	11	\$ 48.9355	\$ 106,875.13	51.9355	\$ 113,427.13	\$ 6,552.00	6.13%	5.00%	\$ 107,755.78	\$ 10,499.41
POLICE STAFF SERGEANT	Police Officers	P78	13	\$ 51.4636	\$ 112,396.50	54.4636	\$ 118,948.50	\$ 6,552.00	5.83%	5.00%	\$ 113,001.08	\$ 10,720.26
POLICE STAFF SERGEANT	Police Officers	P78	8	\$ 45.3743	\$ 99,097.47	48.3743	\$ 105,649.47	\$ 6,552.00	6.61%	5.00%	\$ 100,367.00	\$ 10,188.30
POLICE STAFF SERGEANT	Police Officers	P78	13	\$ 51.4636	\$ 112,396.50	54.4636	\$ 118,948.50	\$ 6,552.00	5.83%	5.00%	\$ 113,001.08	\$ 10,720.26
POLICE STAFF SERGEANT - VACANT	Police Officers	P78	1	\$ 38.0402	\$ 83,079.80	41.0402	\$ 89,631.80	\$ 6,552.00	7.89%	8.75%	\$ 81,789.01	\$ 9,301.89
30					\$ 2,533,897.82		\$ 2,729,521.82	\$ 195,624.00	8.10%		\$ 2,562,988.25	\$ 296,613.81

Difference Paid by City

Additional Cost to the City

PUBLIC SAFETY DISPATCHER	General Unit	G52	11	\$ 25.5089	\$ 55,711.44	\$ 28.5089	\$ 62,263.44	\$ 6,552.00	11.76%	6.25%	\$ 58,557.28	\$ 6,162.00
PUBLIC SAFETY DISPATCHER	General Unit	G52	13	\$ 26.8268	\$ 58,589.73	\$ 29.8268	\$ 65,141.73	\$ 6,552.00	11.18%	4.00%	\$ 62,660.14	\$ 8,534.39
PUBLIC SAFETY DISPATCHER	General Unit	G52	3	\$ 20.8539	\$ 45,544.92	\$ 23.8539	\$ 52,096.92	\$ 6,552.00	14.39%	6.25%	\$ 48,995.91	\$ 6,162.00
PUBLIC SAFETY DISPATCHER	General Unit	G52	13	\$ 26.8268	\$ 58,589.73	\$ 29.8268	\$ 65,141.73	\$ 6,552.00	11.18%	3.00%	\$ 63,280.54	\$ 8,596.79
PUBLIC SAFETY DISPATCHER	General Unit	G52	3	\$ 20.8539	\$ 45,544.92	\$ 23.8539	\$ 52,096.92	\$ 6,552.00	14.39%	6.25%	\$ 48,995.91	\$ 6,162.00
PUBLIC SAFETY DISPATCHER-VACANT	General Unit	G52	13	\$ 26.8268	\$ 58,589.73	\$ 29.8268	\$ 65,141.73	\$ 6,552.00	11.18%	4.00%	\$ 62,660.14	\$ 8,534.39
PUBLIC SAFETY DISPATCHER-VACANT	General Unit	G52	1	\$ 19.8295	\$ 43,307.63	\$ 22.8295	\$ 49,859.63	\$ 6,552.00	15.13%	6.25%	\$ 46,891.79	\$ 6,162.00
PUBLIC SAFETY DISPATCHER-VACANT	General Unit	G52	1	\$ 19.8295	\$ 43,307.63	\$ 22.8295	\$ 49,859.63	\$ 6,552.00	15.13%	6.25%	\$ 46,891.79	\$ 6,162.00
LEAD PUBLIC SAFETY DISPATCHER-VACANT	General Unit	G56	11	\$ 28.1569	\$ 61,494.67	\$ 31.1569	\$ 68,046.67	\$ 6,552.00	10.65%	6.25%	\$ 63,996.27	\$ 6,162.00
COMMUNITY SERVICES OFFICER	General Unit	G56	13	\$ 29.6116	\$ 64,671.73	\$ 32.6116	\$ 71,223.73	\$ 6,552.00	10.13%	4.00%	\$ 68,510.45	\$ 8,766.09
					\$ 535,352.13		\$ 600,872.13	\$ 65,520.00	12.51%		\$ 571,440.23	\$ 71,403.65

Difference Paid by City

Additional Cost to the City

Police Department Recruitment-Retention

\$4 3%

Position Title	Bargaining Unit	Grade	Step	Current Hourly Rate	Annual Salary	\$4 Increase to Hourly Rate	Increased Annual Wage	Difference in Annual Salary	% of Increase	PERS Reduced by 3%	New Annual Salary after PERS Deduction	Increase in Annual Pay with \$3.00/Hr increase and PERS reduced by 4%
POLICE CAPTAIN	Police Management	P92	13	\$ 71.3181	\$ 148,341.65	75.3181	\$ 156,661.65	\$ 8,320.00	5.61%	6.00%	\$ 147,261.95	\$ 12,271.05
POLICE LIEUTENANT	Police Management	P87	8	\$ 55.5762	\$ 115,598.50	59.5762	\$ 123,918.50	\$ 8,320.00	7.20%	6.00%	\$ 116,483.39	\$ 11,288.75
POLICE LIEUTENANT	Police Management	P87	5	\$ 51.5317	\$ 107,185.94	55.5317	\$ 115,505.94	\$ 8,320.00	7.76%	6.00%	\$ 108,575.58	\$ 11,036.38
POLICE CORPORAL	Police Officers	P71	11	\$ 41.1673	\$ 89,909.38	45.1673	\$ 98,645.38	\$ 8,736.00	9.72%	6.00%	\$ 92,726.66	\$ 10,909.12
POLICE CORPORAL	Police Officers	P71	6	\$ 36.2963	\$ 79,271.12	40.2963	\$ 88,007.12	\$ 8,736.00	11.02%	9.75%	\$ 79,426.43	\$ 10,262.37
POLICE CORPORAL - VACANT	Police Officers	P71	1	\$ 32.0015	\$ 69,891.28	36.0015	\$ 78,627.28	\$ 8,736.00	12.50%	9.75%	\$ 70,961.12	\$ 9,980.98
POLICE OFFICER	Police Officers	P67	7	\$ 33.7213	\$ 73,647.32	37.7213	\$ 82,383.32	\$ 8,736.00	11.86%	9.75%	\$ 74,350.95	\$ 10,093.66
POLICE OFFICER	Police Officers	P67	6	\$ 32.8825	\$ 71,815.38	36.8825	\$ 80,551.38	\$ 8,736.00	12.16%	9.75%	\$ 72,697.62	\$ 10,038.70
POLICE OFFICER	Police Officers	P67	13	\$ 39.2223	\$ 85,661.50	43.2223	\$ 94,397.50	\$ 8,736.00	10.20%	6.00%	\$ 88,733.65	\$ 10,781.69
POLICE OFFICER	Police Officers	P67	8	\$ 34.5813	\$ 75,525.56	38.5813	\$ 84,261.56	\$ 8,736.00	11.57%	6.00%	\$ 79,205.87	\$ 10,477.61
POLICE OFFICER	Police Officers	P67	11	\$ 37.2955	\$ 81,453.37	41.2955	\$ 90,189.37	\$ 8,736.00	10.73%	9.75%	\$ 81,395.91	\$ 10,327.84
POLICE OFFICER	Police Officers	P67	3	\$ 30.4895	\$ 66,589.07	34.4895	\$ 75,325.07	\$ 8,736.00	13.12%	9.75%	\$ 67,980.87	\$ 9,881.91
POLICE OFFICER	Police Officers	P67	3	\$ 30.4895	\$ 66,589.07	34.4895	\$ 75,325.07	\$ 8,736.00	13.12%	9.75%	\$ 67,980.87	\$ 9,881.91
POLICE OFFICER	Police Officers	P67	13	\$ 39.2223	\$ 85,661.50	43.2223	\$ 94,397.50	\$ 8,736.00	10.20%	6.00%	\$ 88,733.65	\$ 10,781.69
POLICE OFFICER	Police Officers	P67	13	\$ 39.2223	\$ 85,661.50	43.2223	\$ 94,397.50	\$ 8,736.00	10.20%	6.00%	\$ 88,733.65	\$ 10,781.69
POLICE OFFICER	Police Officers	P67	13	\$ 39.2223	\$ 85,661.50	43.2223	\$ 94,397.50	\$ 8,736.00	10.20%	6.00%	\$ 88,733.65	\$ 10,781.69
POLICE OFFICER	Police Officers	P67	13	\$ 39.2223	\$ 85,661.50	43.2223	\$ 94,397.50	\$ 8,736.00	10.20%	6.00%	\$ 88,733.65	\$ 10,781.69
POLICE OFFICER	Police Officers	P67	13	\$ 39.2223	\$ 85,661.50	43.2223	\$ 94,397.50	\$ 8,736.00	10.20%	6.00%	\$ 88,733.65	\$ 10,781.69
POLICE OFFICER	Police Officers	P67	13	\$ 39.2223	\$ 85,661.50	43.2223	\$ 94,397.50	\$ 8,736.00	10.20%	6.00%	\$ 88,733.65	\$ 10,781.69
POLICE OFFICER	Police Officers	P67	5	\$ 32.0647	\$ 70,029.30	36.0647	\$ 78,765.30	\$ 8,736.00	12.47%	9.75%	\$ 71,085.69	\$ 9,985.12
POLICE OFFICER	Police Officers	P67	7	\$ 33.7212	\$ 73,647.10	37.7212	\$ 82,383.10	\$ 8,736.00	11.86%	9.75%	\$ 74,350.75	\$ 10,093.65
POLICE OFFICER - VACANT	Police Officers	P67	1	\$ 28.9917	\$ 63,317.87	32.9917	\$ 72,053.87	\$ 8,736.00	13.80%	6.00%	\$ 67,730.64	\$ 12,485.80
POLICE OFFICER - VACANT	Police Officers	P67	1	\$ 28.9917	\$ 63,317.87	32.9917	\$ 72,053.87	\$ 8,736.00	13.80%	6.00%	\$ 67,730.64	\$ 12,485.80
POLICE OFFICER - VACANT	Police Officers	P67	1	\$ 28.9917	\$ 63,317.87	32.9917	\$ 72,053.87	\$ 8,736.00	13.80%	6.00%	\$ 67,730.64	\$ 12,485.80
POLICE OFFICER - VACANT	Police Officers	P67	1	\$ 28.9917	\$ 63,317.87	32.9917	\$ 72,053.87	\$ 8,736.00	13.80%	6.00%	\$ 67,730.64	\$ 12,485.80
POLICE OFFICER - VACANT	Police Officers	P67	1	\$ 28.9917	\$ 63,317.87	32.9917	\$ 72,053.87	\$ 8,736.00	13.80%	6.00%	\$ 67,730.64	\$ 12,485.80
POLICE STAFF SERGEANT	Police Officers	P78	11	\$ 48.9355	\$ 106,875.13	52.9355	\$ 115,611.13	\$ 8,736.00	8.17%	6.00%	\$ 108,674.46	\$ 11,418.09
POLICE STAFF SERGEANT	Police Officers	P78	13	\$ 51.4636	\$ 112,396.50	55.4636	\$ 121,132.50	\$ 8,736.00	7.77%	6.00%	\$ 113,864.55	\$ 11,583.74
POLICE STAFF SERGEANT	Police Officers	P78	8	\$ 45.3743	\$ 99,097.47	49.3743	\$ 107,833.47	\$ 8,736.00	8.82%	6.00%	\$ 101,363.46	\$ 11,184.76
POLICE STAFF SERGEANT	Police Officers	P78	13	\$ 51.4636	\$ 112,396.50	55.4636	\$ 121,132.50	\$ 8,736.00	7.77%	6.00%	\$ 113,864.55	\$ 11,583.74
POLICE STAFF SERGEANT - VACANT	Police Officers	P78	1	\$ 38.0402	\$ 83,079.80	42.0402	\$ 91,815.80	\$ 8,736.00	10.52%	9.75%	\$ 82,863.76	\$ 10,376.63
30					\$ 2,533,897.82		\$ 2,794,729.82	\$ 260,832.00	10.80%		\$ 2,596,169.55	\$ 329,795.12

Difference Paid by City

Additional Cost to the City

PUBLIC SAFETY DISPATCHER	General Unit	G52	11	\$ 25.5089	\$ 55,711.44	\$ 29.5089	\$ 64,447.44	\$ 8,736.00	15.68%	6.25%	\$ 60,611.28	\$ 8,216.00
PUBLIC SAFETY DISPATCHER	General Unit	G52	13	\$ 26.8268	\$ 58,589.73	\$ 30.8268	\$ 67,325.73	\$ 8,736.00	14.91%	5.00%	\$ 64,119.74	\$ 9,993.99
PUBLIC SAFETY DISPATCHER	General Unit	G52	3	\$ 20.8539	\$ 45,544.92	\$ 24.8539	\$ 54,280.92	\$ 8,736.00	19.18%	6.25%	\$ 51,049.91	\$ 8,216.00
PUBLIC SAFETY DISPATCHER	General Unit	G52	13	\$ 26.8268	\$ 58,589.73	\$ 30.8268	\$ 67,325.73	\$ 8,736.00	14.91%	4.00%	\$ 64,760.94	\$ 10,077.19
PUBLIC SAFETY DISPATCHER	General Unit	G52	3	\$ 20.8539	\$ 45,544.92	\$ 24.8539	\$ 54,280.92	\$ 8,736.00	19.18%	6.25%	\$ 51,049.91	\$ 8,216.00
PUBLIC SAFETY DISPATCHER-VACANT	General Unit	G52	13	\$ 26.8268	\$ 58,589.73	\$ 30.8268	\$ 67,325.73	\$ 8,736.00	14.91%	5.00%	\$ 64,119.74	\$ 9,993.99
PUBLIC SAFETY DISPATCHER-VACANT	General Unit	G52	1	\$ 19.8295	\$ 43,307.63	\$ 23.8295	\$ 52,043.63	\$ 8,736.00	20.17%	6.25%	\$ 48,945.79	\$ 8,216.00
PUBLIC SAFETY DISPATCHER-VACANT	General Unit	G52	1	\$ 19.8295	\$ 43,307.63	\$ 23.8295	\$ 52,043.63	\$ 8,736.00	20.17%	6.25%	\$ 48,945.79	\$ 8,216.00
LEAD PUBLIC SAFETY DISPATCHER-VACANT	General Unit	G56	11	\$ 28.1569	\$ 61,494.67	\$ 32.1569	\$ 70,230.67	\$ 8,736.00	14.21%	6.25%	\$ 66,050.27	\$ 8,216.00
COMMUNITY SERVICES OFFICER	General Unit	G56	13	\$ 29.6116	\$ 64,671.73	\$ 33.6116	\$ 73,407.73	\$ 8,736.00	13.51%	5.00%	\$ 69,912.13	\$ 10,167.76
					\$ 535,352.13		\$ 622,712.13	\$ 87,360.00	16.68%		\$ 589,565.52	\$ 89,528.94

Difference Paid by City

Additional Cost to the City



**CITY OF BANNING
BUDGET & FINANCE COMMITTEE REPORT**

TO: BUDGET & FINANCE COMMITTEE

FROM: Ted Shove, Economic Development Manager

MEETING DATE: September 17, 2018

SUBJECT: Potential Modification of Sales Tax Sharing Agreement with Dalia Auto Group and Khan Properties

RECOMMENDATION:

That the Committee provide input regarding Mr. Khan's request to restructure the existing Sales Tax Sharing Agreement.

BACKGROUND:

On December 12, 2016, the City Council approved a Sales Tax Sharing Agreement ("Agreement") with Dalia Auto Group, LLC and Khan Property and Holdings, LLC, doing business as Diamond Hills Chevrolet Buick GMC (collectively "Dealer"), represented by Mr. Alam Khan, per terms of agreement approved by Council on October 25, 2016. The agreement became effective upon full execution on June 13, 2017. The agreement was prompted in response to a change in ownership in FY 2015/16.

The recently approved Agreement provided for: 15 year term; incentive Not to Exceed \$3,200,000; and the following sales tax split: City received 100% of first \$150,000; 15% of \$150,000; Dealer receives excess of this formula. Dealer is required to physically expand and remodel showroom (within 18 months).

Between 2015 (previous owner) and 2018 (current owner), sales tax revenue has increased approximately 43% at the Dealership. *Actual figures are not disclosed as they are confidential.*

Mr. Khan has made a request to amend the terms of the Agreement. In order to accommodate future growth and to assure sufficient working capital, Mr. Khan is requesting an advance of the sales tax rebate, in the amount of \$2,000,000.

Funding Considerations:

Based upon the request made by Mr. Khan, the City could potentially amend the agreement to include an upfront payment of advance payments, with the following amendments to the Agreement terms:

- Provide a \$2,000,000 loan, fully amortized over 11 years with a 4.39% fixed interest rate [Local Area Investment Fund “LAIF” – 10 year average: 0.89% + 3.5% risk premium], no pre-payment penalty;
- Secure loan with a subordinate deed of trust against the Dealer property;
- Extend the term of the agreement to include loan term (11 years), plus 5 additional years, totaling 16 years [upon satisfaction of the (above) loan, sales tax sharing would revert back to original formula];
- Amendment to agreement would not be presented to Council prior to issuance of Certificate of Occupancy for active leasehold improvements; and
- Dealer required to enter into a deposit agreement (initial deposit \$2,500) for legal costs associated with drafting amendment to the Agreement.

FISCAL IMPACT:

Amendment of the existing agreement would result in an upfront expenditure of \$2,000,000, which would be repaid through future sales tax sharing revenues via amendment of current Agreement. Payback period is estimated at approximately 11 years.



**CITY OF BANNING
BUDGET & FINANCE COMMITTEE REPORT**

TO: BUDGET & FINANCE COMMITTEE

FROM: Ted Shove, Economic Development Manager

MEETING DATE: September 17, 2018

**SUBJECT: Request for Land Write Down of City-Owned Real Property
for Business Expansion**

RECOMMENDATION:

That the Committee provide input regarding Mr. Khan's request for the City to provide an economic subsidy, in the form of a land write down, in exchange for job growth and stimulation of property and sales tax revenue.

BACKGROUND:

Mr. Alam Khan of Dalia Auto Group, LLC and Khan Property and Holdings, LLC, doing business as Diamond Hills Chevrolet Buick GMC is actively expanding his business operations and has expressed interest in doing so in Banning to expand the parts inventory and sales divisions. Mr. Khan has noted a lack of local, suitable logistical space for parts sales, not to include, forecasted growth in these divisions.

Mr. Khan has requested that the City convey approximately 50 acres of City-owned real property for a phased project to include a parts warehousing and dismantling operation to support his current retail operation, for both new and used vehicles. The proposed business operation would create approximately 35-40 jobs with an average annual wage of \$32,000 - \$64,000. Additionally, the project could generate approximately \$25,000/year in sales and property tax to the City.

Funding Considerations:

Historically, economic development programs were made available (i.e. CDBG, Cal-RLF) to provide a subsidy for real property and hard costs for new development. For programs that considered job creation, capital investment ranged \$35,000 to \$50,000 per job created (and maintained). Based upon the job creation incentive, this could equate to a land write down (reduction of purchase price from fair market value) of \$1,225,000 to \$2,000,000, not including the increase in property and sales tax revenue potentially created by the project.

Staff is unaware of approximate value of the land in question as it possesses environmental considerations that would impact the land value (i.e. WWTP, Smith Creek, Burrowing Owl). Should the Committee make a recommendation to move forward, staff would bring this item forward to a future Closed Session meeting for Real Property Negotiations.

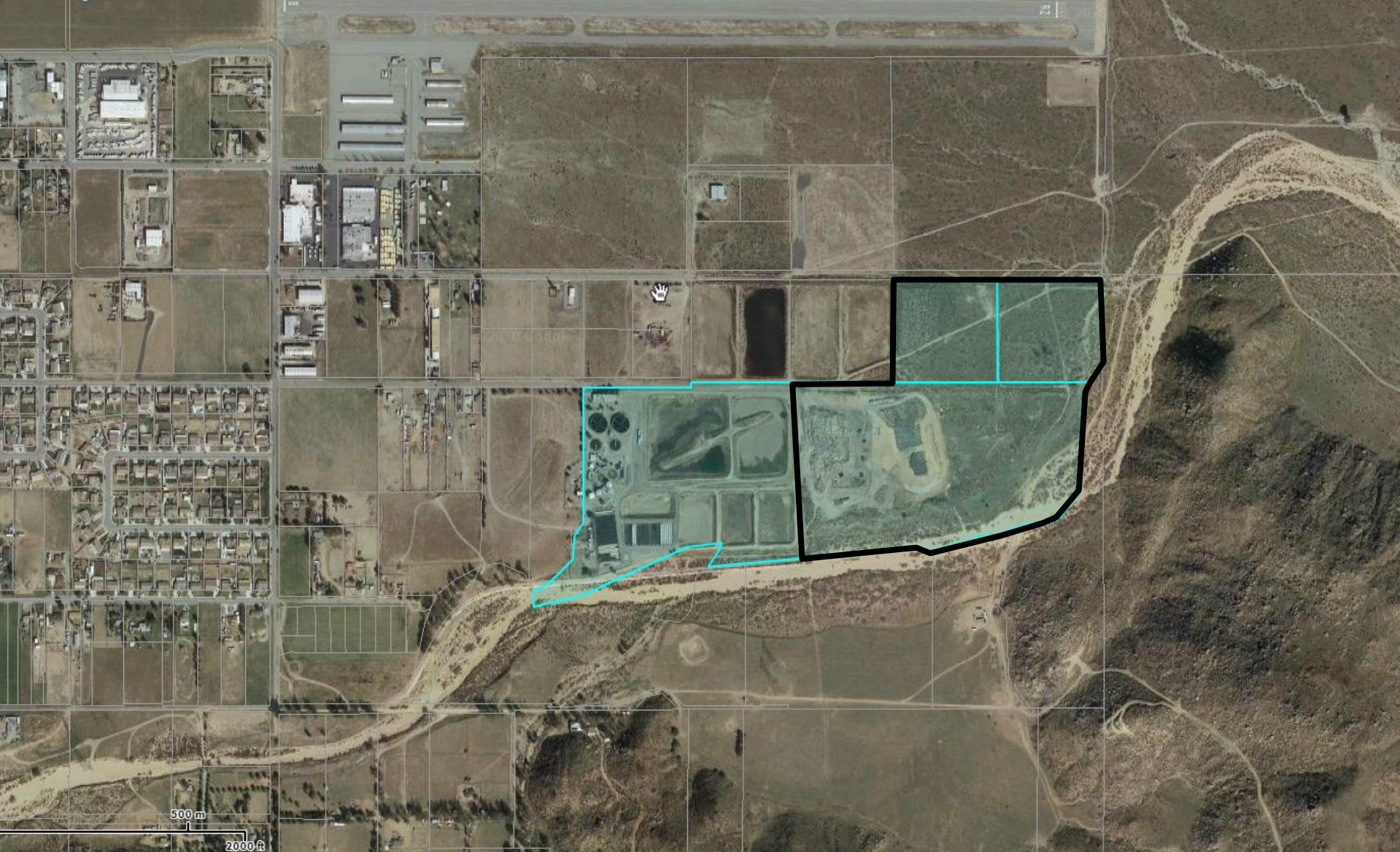
FISCAL IMPACT:

Generally speaking, the identified properties were acquired between 10 and 30 or more years ago and have a low basis to the City. Any subsidy contemplated would reduce the current fair market value, which is not known at this time.

ATTACHMENTS:

1. Aerial Site Plan

City-Owned Real Property—South of the Airport, North of Smith Creek Park Area, East of Hathaway





CITY OF BANNING CITY COUNCIL REPORT

TO: FINANCE AND BUDGET COMMITTEE

FROM: Rochelle Clayton, Interim City Manager

PREPARED BY: Tom Miller, Electric Utility Director

MEETING DATE: September 17, 2018

SUBJECT: Revising the Electric Rate Design for Residential Rate Class

RECOMMENDED ACTION:

Staff recommends that the Finance and Budget Committee review and discuss redesigning the residential class rate structure and provide input to the final work product prior to consideration of the City Council. As a result of a new rate design, staff suggests a review of the qualified low-income, medical, and senior rate subsidies and consider a monthly discount in lieu of a redesigned low-income rate structure.

GOAL STATEMENT:

The goal of the revised residential rate structure is maintaining revenue neutrality for the **average** residential rate user and the electric utility overall. (There is no change in the revenue requirements therefore no impact to rate of return on rate base.) Also, in order to suitably implement the change in the residential rate design, our goal is to simplify and balance the use of privileged subsidies provided by the suggested discount.

COMMITTEE RECOMMENDATION:

Recommendation pending review of the Finance and Budget Committee.

BACKGROUND:

The City is in the process of formalizing the long-term practice of transferring electric enterprise revenues to the general fund. Accompanying the transfer of funds are assurances to freeze electric utility rates for three years. There is some public concern that electric utility rates are not competitive and there is a perception that rates are punitive and unaffordable. There is some customer unrest centered around electric utility

rates. For example, some customers opine that management manipulates the number of billing days in a billing cycle in order to move kWh volume to the highest unit charge thereby earning additional revenue. Staff believes there is opportunity to reduce the discourse through rate restructuring.

The existing residential rate is tiered with inclining rate blocks, with a baseline and seasonal differentials. The structure emphasizes energy efficiency and promotes cross-subsidization between solar and non-solar customers.

JUSTIFICATION:

The purpose of redesigning the residential rate is for the purpose of adhering to and emphasizing the principles of rate making.

Bonbright's Principles for rate making:

- Practical, simple, understandable, acceptable, feasible
- Easy to interpret
- Effective in meeting revenue requirements
- Stable
- Fair
- Non-discriminatory in rate relationships
- Promotes all justified types of amounts of use yet discourages waste

FISCAL IMPACT:

Revenue neutral impact for the restructured rate design.

Potential increase in low-income rate subsidy to be charged against the Public Benefit Fund.

OPTIONS:

1. Approve as recommended
2. Do not approve and provide alternative direction

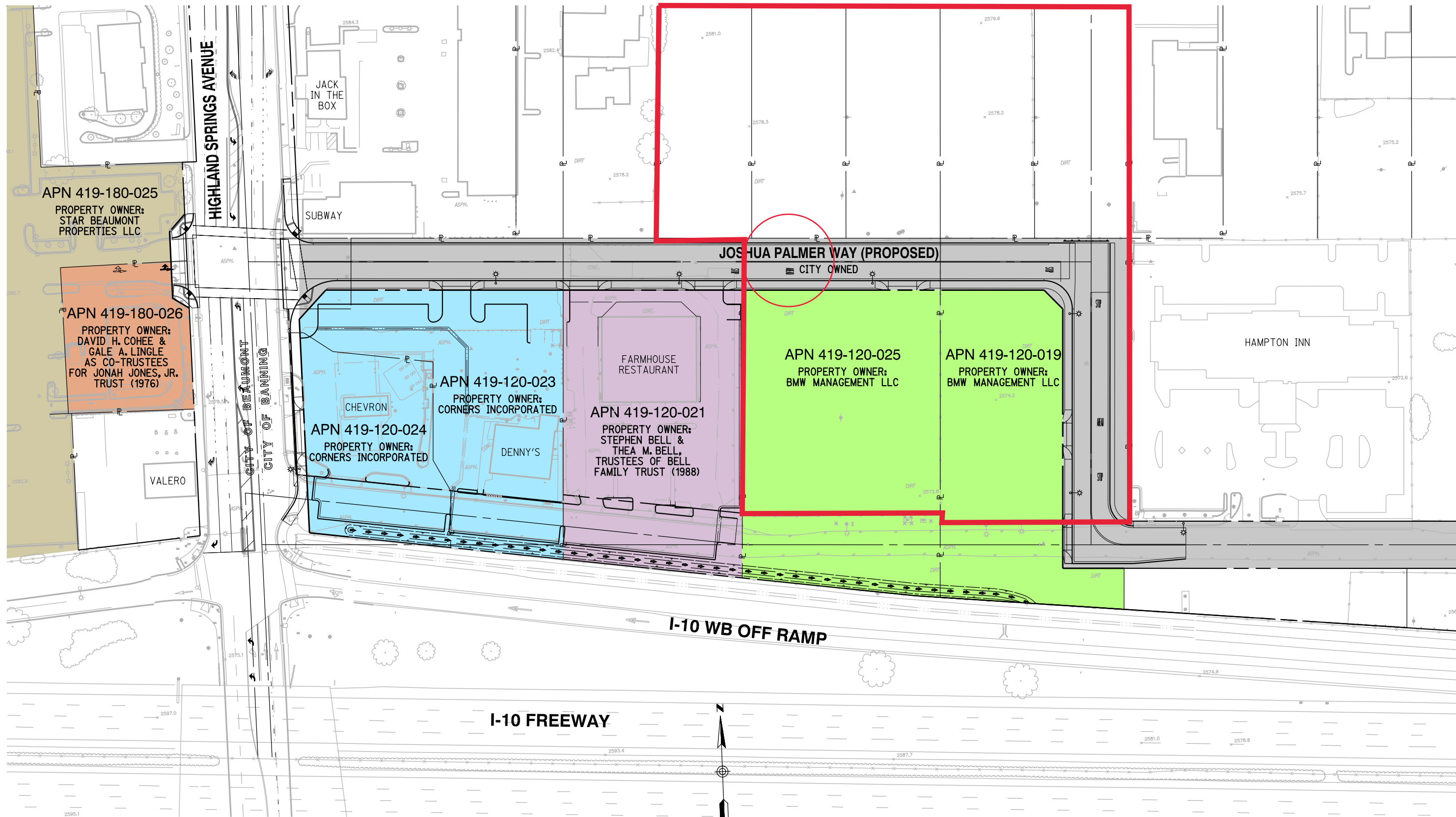
ATTACHMENTS:

1. American Public Power Association –August 22, 2018, Bills and Rates topic article by Ethan Howland, **“Oregon public power utility eyes flat energy rate”**

A Power Point Presentation to be provided during discussion.

ATTACHMENT 1

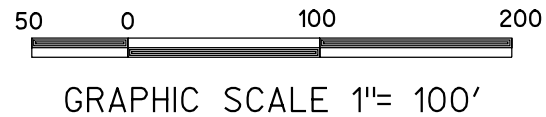
Current BMW R/W Acquisition



**LAND AREA SUMMARY FOR
JOSHUA PALMER WAY REALIGNMENT
POST PROJECT**



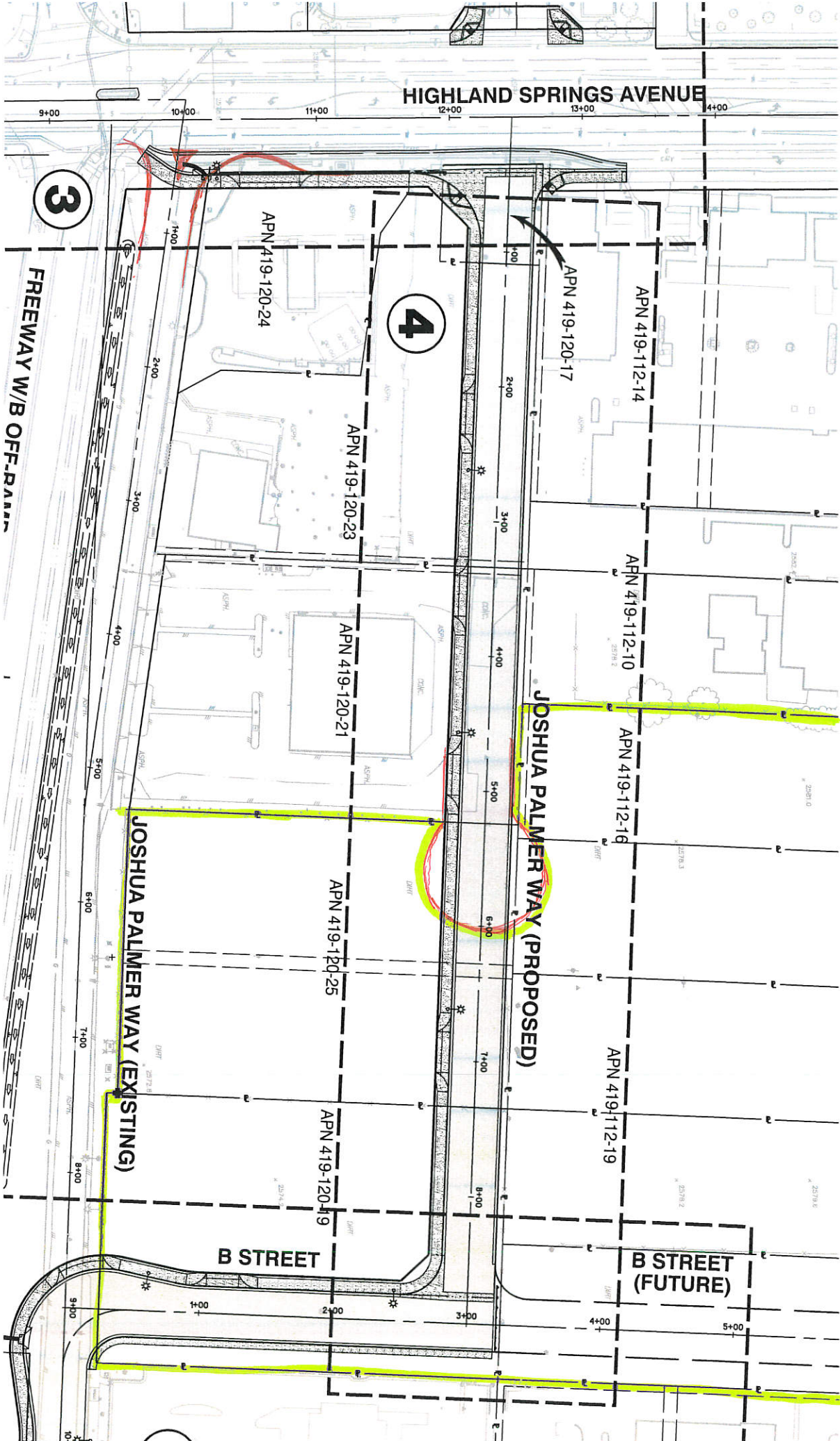
2 SOUTH POINTE DRIVE - SUITE 275
LAKE FOREST, CA 92630
949.588.0707
(FAX)949.588.0709 JN 16573



ATTACHMENT 2

Cul-de-Sac Option

HIGHLAND SPRINGS AVENUE





**CITY OF BANNING
BUDGET & FINANCE COMMITTEE REPORT**

TO: BUDGET & FINANCE COMMITTEE

**FROM: Art Vela, Director of Public Works
Rochelle Clayton, Deputy City Manager**

MEETING DATE: September 17, 2018

SUBJECT: Caltrans Minor Program

BACKGROUND:

The Public Works Department recently met with the Deputy Director of Caltrans District 8 to discuss the Caltrans Minor Program (MP), which allows Caltrans staff to allocate up to \$1,000,000 for minor improvement projects. Caltrans has allocated \$150,000,000 in MP projects in fiscal year 18/19.

The primary purpose of the meeting was to discuss the Highland Springs Avenue Interchange and the 8th Street Interchange with Caltrans staff. During the meeting Caltrans committed to reviewing these projects for inclusion in the MP project list for fiscal year 19/20 and stated that both projects would be good candidates to receive funding from the program.

If funded, the Highland Springs Avenue project would include additional lane capacity to allow for better circulation on and off the I-10.

If funded, the 8th Street project would consist of traffic signals. Currently, the eastbound off ramp is operating at a level of service (LOS) F in the AM Peak Hours and LOS E in the PM Peak Hours. The westbound off ramps operated at a LOS of D in both the AM and PM Peak Hours.

FISCAL IMPACT:

The MP project would require that the local agency fund and take the lead on all of the pre-construction activities such as planning and design. We have estimated that it would require about \$250,000 in funding for each of the two locations.

It is anticipated that the City of Beaumont would fund 50% of the pre-construction costs for the Highland Springs Avenue project. The City of Beaumont Public Works

Director has verbally committed to this funding, which would be formalized in an MOU prior to beginning any work. The City of Banning's share would be funded by Measure A.

If approved, the 8th Street project would be funded by the Traffic Control Facility Fund, which has a fund balance of \$318,000.

RECOMMENDATION:

If these projects are supported by the Budget and Finance Committee the Public Works Department will move forward with the projects and present the MP agreements and the Beaumont MOU to City Council with a recommendation from the Budget and Finance Committee.